

COLONIAL OFFICE

ANNUAL REPORT ON HONG KONG FOR

THE YEAR 1946



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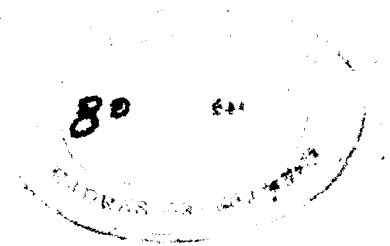
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COLONIAL OFFICE

ANNUAL REPORT ON HONG KONG

FOR THE YEAR

1946



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ERRATA

Page 7, line 14	...	For "each villager or group of villagers" read "each village or group of villages."
Page 9, line 26	...	For "1945" read "1946."
Page 47, line 11	...	For "1945" read "1946."
Page 81, line 28	...	For "15,000 k.w." read "1,500 k.w."



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ILLUSTRATIONS.

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PART I.

GENERAL.

The Liberation.

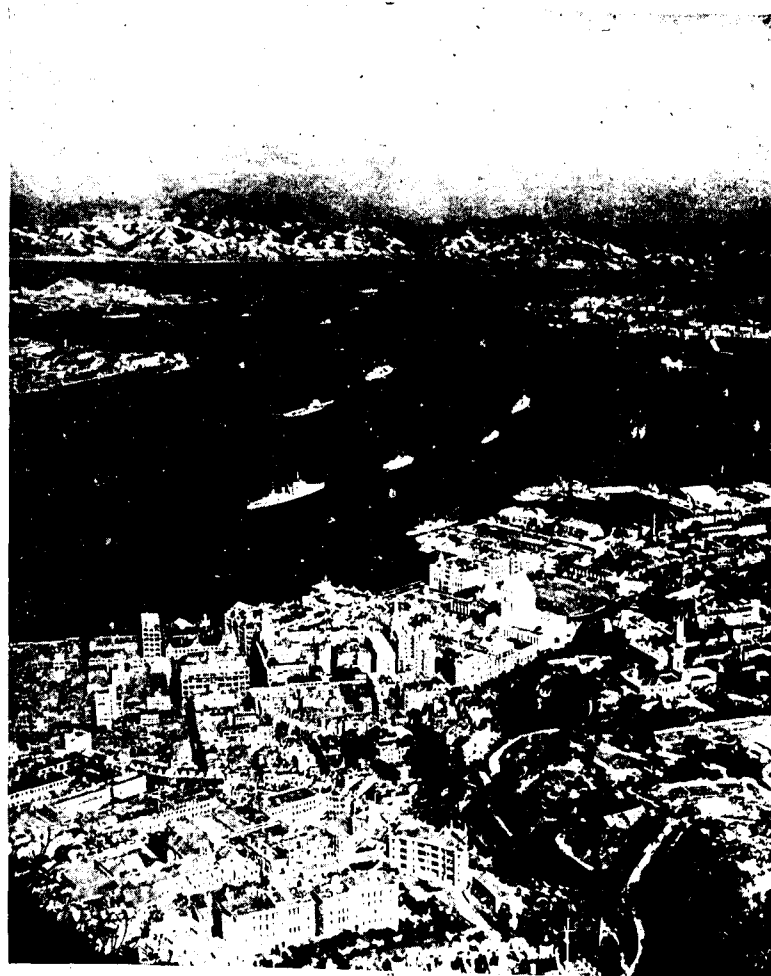
After almost exactly 100 years of British rule the Colony was captured by Japanese forces on Christmas Day, 1941, and remained in Japanese hands until August, 1945. The Japanese regime came to an end rather gradually since Japan's defeat was virtually accepted by the local Japanese authorities some fourteen days before Allied forces were able to reach the Colony. During this uneasy interregnum the former Colonial Secretary, Mr. F. C. Gimson, C.M.G., and many of his colleagues, who had been interned in Hong Kong throughout the Pacific war, contrived to leave the internment and prisoner of war camps and to set up an interim government. Law and order for this brief period continued to be maintained by the Japanese, ex-internees and prisoners of war were able to move freely in the streets, food supplies and distribution were sufficient for the moment and Japanese officials accepted with a somewhat surprising fatalism their gradual eclipse.

On 30th August, 1945, units of the British Pacific Fleet, under the command of Rear-Admiral C. H. J. Harcourt, C.B., C.B.E., flying his flag in H.M.S. 'Indomitable', re-entered the waters of the Colony. The enemy forces were made prisoner and a military administration was set up under Rear-Admiral Harcourt as Commander-in-Chief.

Since 1943 a small planning unit had been working in London, under the direction of the War Office and the Colonial Office, on the task of producing a plan for the resumption of British administration in Hong Kong. Their plans had necessarily been based on the assumption that the Japanese surrender in Hong Kong would be preceded by military operations. When the war suddenly ended the planners were hurriedly flown to the Colony where they assumed senior appointments on the staff of the Civil Affairs Unit, which was responsible to the Commander-in-Chief for all matters concerning civilian administration. Pending their arrival on 7th September, 1945, the civilian side of the administration was carried on under the direction of Mr. Gimson.

The Military Administration.

The Military Administration lasted until 1st May, 1946, and more headway was made with the initial and basic work of reconstruction than might have been expected. Much that was done would have been impossible without the cheerfulness and resilience of the Chinese population, and the whole Colony owes a great debt of gratitude to the British Fighting Services for their help in the unfamiliar tasks of Government. Outstanding services were performed also by those who, having been recovered from prison camps, were willing to



Hong Kong harbour from the Peak. The tip of the Kowloon peninsula appears on the left.

Photograph by Hedda Morrison

defer their repatriation in order to assist in the urgent work of rehabilitation. Most of these men had worked all their lives in the Far East and their special knowledge and experience made them well nigh irreplaceable in the early days of the liberation; many of them remained at their posts until after the resumption of Civil Government.

During the Pacific war very heavy material damage had been caused through military operations, looting and neglect. The speed with which material rehabilitation could be undertaken was limited firstly through the shortage of qualified men and, more important, through lack of supplies. But the resumption of commerce, which is the foundation on which Hong Kong's prosperity has always rested proceeded more quickly. It proved possible formally to open the Colony to private trading, with the exception of dealings in a few reserved commodities, on 23rd November, 1945. This step which was taken sooner than had been expected went far to strengthen public confidence in the Administration and in the future of the Colony. Merchants, both Chinese and foreign, were quick to avail themselves of these facilities and the volume of trade increased rapidly.

The keynote of the Military Administration was hasty improvisation, desperate overwork, a sense of close community of interest between the people, the civil officials and the Fighting Services and progress which, though appreciable in retrospect, was barely perceptible at the time. Pre-war experience and routine had to be applied with great caution for it was possible only gradually to extend the activities of Government to cover all its normal fields. Whatever was most urgent was done in the easiest and quickest way. Whatever could be postponed was forgotten for the time. Only in a very few undertakings was it found possible to look further ahead than a few months and no question of long term policy was ever considered unless an irrevocable decision could no longer be postponed. As the period of the Military Administration drew to a close administrative arrangements were made to conform more and more with the normal pattern of civil government and the change-over took place without undue dislocation. Many Service personnel remained for the time being on temporary loan to the Civil Government and those who were discharging permanent civil functions were only gradually replaced by civil officials. Thus, even at the end of 1946 certain Police duties were still being carried out by garrison troops and this assistance would continue as long as the Army could spare the troops or until the Police establishment was fully brought up to strength.

Constitutional Reform.

Civil Government was restored on 1st May, 1946; Sir Mark Young resumed the Governorship of the Colony, the Legislative and Executive Councils were reconstituted and

normal administrative organisation was restored as far as possible. Up to this time Government's efforts had been confined to the day-to-day tasks of rehabilitation and considerations of long term reform would have been neither appropriate nor practical, but the first official announcement made after the restoration of the Civil Administration looked to the future and was concerned with constitutional reform. At the ceremony of the re-establishment of Civil Government, the Governor announced that His Majesty's Government had under consideration the question of the best method whereby the people of the Colony might be given a fuller and more responsible share in the management of their own affairs. He stated that he had been instructed to examine the whole question in consultation with representatives of all sections of the community and to submit at an early date recommendations as to the way in which the constitution might best be revised on a more liberal basis. The Governor indicated that one possible method of achieving this end would be by handing over certain functions of internal administration, previously exercised by the Government, to a Municipal Council constituted on a fully representative basis, which would give to all communities in the Colony an opportunity of more active participation, through their chosen representatives, in the administration of the territory. In the following month invitations were extended to a wide selection of representative bodies, both Chinese and non-Chinese, to put forward their views on the form which the revision of the constitution should take and on some of the questions which would be involved if they favoured the establishment of a Municipal Council. At the same time those members of the public who felt that they were in a position to express the opinions and wishes of any part of the community were also invited to express their views. Many representations, to which much care and thought had been devoted, were received both from public bodies and from private individuals, after careful consideration of which the Governor, on the 28th August, 1946, made a broadcast address to the people of the Colony. The general trend of the representations received having shown that popular opinion favoured the establishment of a Municipal Council, the Governor in his broadcast address outlined tentative proposals for the formation of such an authority which, he emphasized, were meant as a basis for discussion and on which he invited further written proposals. In brief the Governor proposed that a single Council, having the urban area of the Colony as its administrative area, should be composed of two-thirds members elected in equal numbers by Chinese and non-Chinese voters and one-third appointed in equal numbers by Chinese and non-Chinese representative bodies. He also indicated the nature of the franchise, the qualifications which would be required of councillors and the functions which might be entrusted to the Council and spoke of the aim that the Council

should exercise the fullest possible control over municipal finance. Many individuals and representatives of public bodies and of local communities came forward during September and October, 1946, and put forward their further views on the question of constitutional reform. At the end of the period under review the Governor's recommendations were receiving the consideration of the Secretary of State for the Colonies.

Colonial Development and Welfare Act.

It had also been necessary to set aside until the resumption of Civil Government the task of considering how the Colony's interests might best be served in the application of the Colonial Development and Welfare Act, 1945. Under the terms of the Act the sum of £1,000,000 had been allocated by His Majesty's Government for the development of the Colony's resources and for the furtherance of the people's welfare, and a separate sum had been set aside to enable individual Colonies to participate in approved central schemes such as research projects. In June, 1946, the Governor set up a Committee of ten persons to consider the relative merits of various schemes already put forward and to produce a comprehensive and detailed plan for the development and welfare of the Colony during the period 1946-1956, bearing in mind the principle that the cost of such a plan should be borne not only by the Colonial Development and Welfare Fund but also by such contribution from the Colony's revenue as might prove possible. At the end of 1946 this Committee, which was under the chairmanship of the Secretary for Development and which included both official representation and unofficial representatives of all communities of the Colony, was still in session. In November, 1946, the membership of the Committee was enlarged with a view to making it still more fully representative of all communities and at the same time six sub-committees were appointed to consider in detail questions related to Housing and Town Planning, Port Development, Public Health, Natural Resources, Welfare and Education respectively.

Commerce and Industry.

The economic and commercial progress made by the Colony since the war has already been briefly referred to; at the end of August, 1945, the economic life of Hong Kong was dead. The population was greatly reduced in numbers; utilities were barely functioning; there was no food, no shipping, no industry, no commerce. Rice was brought in early from Siam and an adequate ration provided, while other supplies began to come in from the mainland, though supplies from overseas were slow in coming forward. The people with their native industry and genius for improvisation set themselves at once to the task of restoring Hong Kong to its proper

place in the commercial life of the Far East. In November, 1945, the Colony was formally opened to private trading and the total value of foreign trade jumped from HK\$12 million in November to \$28 million in December. By January, 1946, imports were running at a value in excess of pre-war; exports topped the pre-war level first in March. By the end of the year foreign trade amounted to HK\$194 million per month as against the pre-war level of \$100 million. Shipping too made as rapid a recovery as could have been expected. British shipping was returned to the area as quickly as possible and every effort was made to resume as soon as possible the provision of normal facilities for the ships of all nations. Port facilities, although in a bad state of repair, were speedily rehabilitated so that by the middle of 1946 turn-round was almost normal. By the end of the year ships entering the port had reached about 40% of the pre-war level and the tonnage of cargo discharged and loaded approached nearer to the normal level.

Industry did not recover quite so quickly owing to lack of raw materials. Matches and rubber shoes were first in the field as they were able to make a start with raw materials found in stock. Ship-repairing was also re-started without delay. But the biggest single industry - cotton weaving and knitting - was largely at a standstill throughout the year as no cotton yarn was available anywhere in the world. The first shipment, of two million pounds, was on its way from Japan in December and the industry seemed ready to resume operations in early 1947, although the all-important question of the level of local costs as compared with world costs was still a matter for conjecture. Trade with Japan was re-opened during the year, but only on a Government to Government basis. Japan supplied coal and piece-goods, and Hong Kong gave food and matrush in exchange. During the year law and order and a stable currency had attracted much business to Hong Kong. Business men had been encouraged to rebuild their concerns and many who had no pre-war interest in the Colony had established themselves and commenced operations. For most of the year it was a sellers' market, but difficulties were by no means absent. As an entrepôt Hong Kong must depend in the long run on prosperity in the markets she serves. Economic instability in China may give a temporary local advantage, but so long as there is political and economic instability in China, Hong Kong's prosperity cannot be secure. Further, war-time scarcities and controls have in the Far East, as elsewhere, denied commercial access to a large sector of pre-war trade, which has either not materialised at all or has remained in Government hands; in a world of controls an entrepôt is something of an anomaly.

Greater Responsibilities for Local Staff.

In Admiral Harcourt's report on the Military Administration it was written:—

"In those difficult days the Administration relied on its Chinese and Portuguese assistants. Without them the personnel position would have been untenable, and it can hardly be denied that they thereby established credentials which it would be hard for any future Government to ignore."

After the resumption of Civil Government the question of giving wider opportunities for promotion to locally recruited officials came under early consideration and in September, 1946, the Governor, in his address to the Legislative Council during the debate on the Budget for 1946-1947, said:

"The policy of Government is to ensure that every opportunity shall be given to locally recruited persons not only to enter but to rise in the service of the public up to the highest posts and to fulfil the highest responsibilities of which they are capable or can be assisted to become capable."

A beginning has been made in the Medical Department by the promotion of some local officers to grades of Medical Officer, Nursing Sister, and Health Inspector, and in the Education Department to the grade of Master, all these grades having hitherto been confined to non-local officers. Two local engineers have been appointed to the Kowloon-Canton Railway. Steps are being taken to recruit local officers for certain technical appointments in the Public Works Department and the first Chinese candidate to be selected for training for the Colonial Administrative Service is now undergoing a course at Oxford University. With the intention of reducing as soon as possible the number of subordinate European officers in the Police Department the number of local officers has been increased. Facilities by way of scholarships in the United Kingdom and elsewhere to enable suitable persons of local domicile to obtain additional qualifications to fit them for higher posts have been made available from Colonial Development and Welfare Funds, in addition to normal Government scholarships. Several such scholarships have already been awarded.

Labour Advisory Board.

The Labour Advisory Board, which had existed before the war, was set up again after the re-occupation on a much wider basis so as to include members of the Services and the Civil Affairs Unit and representatives of the larger European employers of labour. The duties of this Board were to advise Government on labour matters and to negotiate with the representatives of labour when disputes arose. On the resumption of Civil Government the Board was reconstituted on a tripartite basis, its members representing the interests of European and Chinese employers and, for the first time, of Chinese labour. The advice of this Board has been sought



Hakka peasant women.

Photograph by Hedda Morrison

on all important questions concerned with Labour and it may be said that Hong Kong has had no more than its fair share of strikes during the year under review.

Elections in the New Territories.

The first elections of public officials ever held in the Colony took place during 1946 in the New Territories under informal arrangements made by the District Officer. The New Territories comprise an area of 347 square miles of mainland and islands, the greater part being barren hillside unsuitable for cultivation; the 170,000 people who live in this area are mostly farmers, small traders and fisherfolk whose general welfare and supervision is the responsibility of the District Officer. To assist him in his duties and to advise him on local matters each villager or group of villagers had before the war its village elder or elders. There was no clearly defined method of making these appointments, which were considered unimportant and aroused no great interest amongst the people. The District Officer might appoint a local dignitary in view of his past service to Government but the elders were often self-appointed persons who happened to be the most substantial or vociferous individuals of their village or district. Age, which is revered in China, counted for a good deal. There was also a Senior Advisory Council; the members of this Council were the most prominent of the village elders and its numbers were maintained by the members of the Council themselves co-opting other elders as and when they thought fit. During the Japanese occupation some of the elders died and though many declined to have dealings with the invaders some were prepared to collaborate with the Japanese in order to obtain privileges and monopolies. With the return of British administration, it was discovered that one of the results of war had been to create a schism between the older men and the younger men. In those villages where the old elders tried to resume control, they were soon faced with opposition if they attempted to disregard the opinions of the younger men, and the younger men, where they had taken control, were intolerant of the advice given by the older men. The only method of choosing a council of elders who could be regarded as representative and on whose authority Government could rely, was by popular election in each district. This method of choosing elders, although quite new to the people, appealed to them and the elections held during 1946 were successful, not only as a method of choosing those persons to manage affairs who could command most popular support, but in creating increased interest in public affairs and appreciation of communal interests. The method of deciding which persons should vote had to be simple and so devised as to exclude any non-local influence which might seek to exploit the villagers. To qualify for a Government rice ration in the New Territories it is necessary to prove seven years' residence

in the Colony, so possession of a rice ration card was accepted as qualification to vote. This arrangement was recognized as fair in every district in which an election was held. As a preliminary to the voting, an election committee selected by local organisations, such as the Agricultural Guilds, Traders' Associations, Sports Clubs, etc., was held responsible for drawing up the list of suggested candidates, and for explaining the method of election to the simple country people. The election committee was, in some cases, presided over by the District Officer, but often was left to run the election on its own. In order to help them decide which persons were eligible as candidates, it was agreed beforehand that candidates had to be local men, with local occupation, over 20 years old, and of good character. The District Officer reserved the right to veto any candidate whom he considered unsuitable, but in no case did this prove necessary.

Elections have so far been held in 21 rural districts and there still remain 17 districts for which elections have been planned. When the election of elders is complete it is intended that all those elected shall themselves elect a Senior Advisory Council from among their number.

PART II.

Chapter I.

POPULATION.

When the last official census was held in 1931 the total population was found to be 864,117; it is impossible to give an accurate figure for the population during 1946. In 1941 an unofficial census was carried out by the Air Raid Precautions wardens and the population was then estimated to be 1,600,000 of whom 150,000 were fisher-people living on junks. This very considerable increase over the 1931 figure had been due partly to a gradual and normal rise in population but mainly to the influx of refugees which followed the Japanese landings in South China at the end of 1938.

During the Japanese occupation of the Colony from 1941 to 1945 there was a heavy reduction of population; numbers made their unobtrusive way to Free China in 1942 and in 1943-1944 the Japanese instituted drastic forms of compulsory deportation in an effort to bring down the population to the number they could feed. At the time of the Japanese surrender the population was estimated to be less than three quarters of a million.

During the first two months of the Military Administration it became clear that another great influx of people from South China was taking place. Although no accurate figures are available it is certain that the population increased steadily and rapidly through the year under review. Estimates based on rations issued, on water consumed, and on extrapolation methods based on births and deaths recorded give varying results but it is considered that at the end of 1945 the total population was most probably in the neighbourhood of 1,600,000. The great majority are of course of Chinese race but other residents too hurried back to the Colony after the war. At the end of the year there were in the Colony, excluding Services personnel, about 6,000-7,000 British subjects from the United Kingdom and the Dominions, and about 2,500 Indians, the next largest community; 870 Portuguese citizens were registered and to that number must be added some 3,000 British subjects of Portuguese race, many of whom had spent the war years in the uneasy security of the neutral Portuguese colony of Macao, 40 miles away across the Pearl River estuary. There were 250 Americans, about 250 stateless persons and a sprinkling of almost every nation and race in the world.

Chapter 2.

OCCUPATIONS, WAGES AND LABOUR ORGANIZATION.

Primary Products and Commerce.

Primary products in Hong Kong are limited by reason of the territory's small area; the prospects of the fishing industry are bright, but its expansion will necessarily be gradual and the fisherfolk are in any case a race apart in that they live aboard their boats and are by habit self sufficient and migratory, thus forming a literally floating population.

The people who make Hong Kong their home are primarily engaged in commerce. Hong Kong's magnificent natural harbour has made it inevitably the main entrepôt of South China's trade, both inward and outward. The majority of the working population is thus engaged in occupations concerned with the import and export business, shipping, ship-building and ship repairing, stevedoring, etc., and it is from such occupations that most of the Colony's wealth is derived.

Local Industry.

Before the war against Japan local industry, as opposed to industries ancillary to the entrepôt trade, such as ship repairing, had been expanding rapidly; raw materials from the Pacific area were available at low cost and a ready supply of comparatively cheap labour was to hand, so that the development of local industries such as the refining of Java sugar and the manufacture of footwear from Malayan raw rubber was natural and rapid. During the earlier years of the Sino-Japanese conflict—1937-1941—uncertainty and instability in China contributed further to the growth of such industries. The reconstruction of these local industries has been slower than that of occupations bound up more closely with the entrepôt trade and their future is still dependent to a great extent on local production costs which have greatly increased and on unknown factors governing world trade as a whole.

Labour Office.

The Labour Office was first established in 1938 as a sub-department of the Secretariat for Chinese Affairs and was re-established as part of that secretariat for the immediate post-war period, September, 1945 – June, 1946. At the end of June, 1946, it was set up as a separate and independent department. Throughout the Military Administration and almost up to the end of 1946 staffing presented a perpetual difficulty since such personnel as were available were mostly inexperienced and were subject to frequent transfers. By the end of the year staffing problems were to some extent solved and the following personnel had been assigned to the department from the permanent staff of the Civil Govern-



Cutting timber for junk building at Aberdeen.

Photograph by Hedda Morrison

ment:—a Labour Officer, a Deputy Labour Officer, one European and one Chinese Assistant Labour Officer, two senior European Inspectors of Labour, Factories and Workshops, four Chinese Assistant Inspectors (two of whom were women), five clerks and two office attendants.

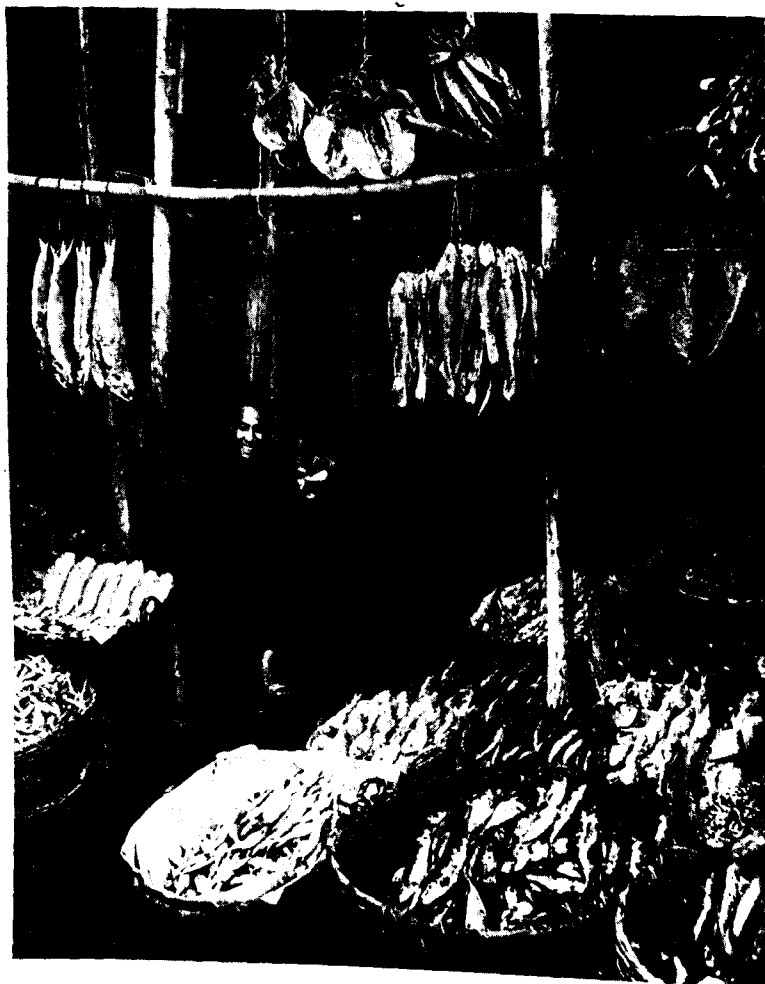
The first task of the department was to ascertain the extent to which industrial undertakings were able to function after the very considerable damage to buildings and plant suffered as a result of the war, during which period industrial production had practically ceased. Re-registration of factories and workshops was begun at the same time. In spite of the manifold difficulties to be overcome, including a serious shortage of skilled labour, the natural resilience of the Chinese population led to a more rapid rehabilitation of local industry than could have been anticipated, and at the end of the year there were 903 factories and workshops in operation. In 1941 the number of factories in operation was approximately 1,200. Since the middle of the year (1946) a shortage of raw materials has restricted output and in many cases caused a temporary closure of factories particularly in the textile industry, but it is anticipated that this position will be progressively improved. When in full operation, a total of approximately 30,000 workers (20,000 males; 10,000 females) will be employed in these factories and workshops, as compared with approximately 90,000 workers (male and female) employed in 1941. Factory inspection was regularly carried out, with the aim, principally, of re-educating factory management in the safety and health provisions of the Factories and Workshops Ordinance, No. 18 of 1937. Prosecution was used only as a last resort in cases of repeated failure to observe the warnings given by the department. There were 7 prosecutions for employing females and young persons during prohibited hours and one prosecution for unfenced machinery. The total number of accidents reported was 45, of which 4 were fatal. None of these was due to unfenced machinery. These totals compare with 160 reported accidents in 1939, of which 15 were fatal.

Trade Disputes and Arbitration.

On the re-occupation of the Colony, there was a serious shortage of labour both skilled and unskilled. Both grades, but particularly the skilled workers, had been enormously reduced in numbers since 1941, through death or departure from the Colony. Those that remained were suffering from malnutrition, and were incapable of a full day's work at a normal level. It was consequently a primary aim of the department to see that all workers, and particularly those engaged in heavy manual labour, received adequate wages and food. At the same time the price of the staple diet, rice, was controlled. For the first few months the Colony remained remarkably free from strikes or labour disputes, but early in

1946 there occurred a series of disputes, which affected most of the docks and public utility companies. In February a sit-down strike occurred in one of the big commercial dockyards (the Taikoo Dock), and was followed shortly afterwards by a similar strike in the Royal Naval Yard. In neither case was prior notice of the intention to strike given but the actual stoppage of work was in each case of short duration, work being resumed on the initiation by the Labour Office of joint negotiations. The causes of dissatisfaction on both occasions were minor inequalities in pay and conditions of service in those yards as compared with other yards operating in the Colony. The disputes were settled on the basis of equating working conditions in all the dockyards. A short strike in the Gas Company, which followed, was settled after the management had agreed to pay all salaries and allowances on a monthly basis and had made *ex gratia* payments to two temporary employees who had been dismissed on grounds considered inadequate by their fellow workers. The re-introduction of piece-work payment for some of the employees, who had for some months been engaged on a time basis, led to a strike in the Hong Kong & Whampoa Dock, but a settlement was quickly reached. In May, the cost of living, which had been steadily rising, reached its highest point. This was undoubtedly the underlying cause of two rather serious strikes in the Hong Kong Electric Co. and the China Light and Power Co. which led to the formulation of a common standard of wages and working conditions in these companies. This standard was also applied to the Hong Kong Tramways, the Hong Kong Telephone Co. and the Gas Co. In the case of the strike in the China Light & Power Co., which operates on the Kowloon mainland, there were, for the first time, a few instances of suspected sabotage and intimidation.

In all these disputes the conciliation machinery available through the Labour Office had been sufficient, in conjunction with joint discussions between workers and managements, to effect settlements. But in the case of disputes which occurred in the two cross-harbour ferry companies strikes were called by the men while negotiations were still in progress. These strikes caused great inconvenience to the general public and it became necessary to make use of Royal Naval personnel for a short period to maintain a skeleton ferry service across the harbour. The deadlock was eventually broken and work was resumed on agreement between both parties to refer the matter to arbitration. An *ad hoc* Arbitration Board, to which nominees of both parties and of the Government were appointed, was set up under the chairmanship of a judge of the Supreme Court. The award, which was accepted, only slightly increased basic wages, but raised the total remuneration by the institution of a special "passenger-carrying" allowance. A short strike by the printers of vernacular



Salt fish seller.

Photograph by Hedda Morrison

papers, and a threatened strike of stevedores, were each settled by wage increases and improvements in working conditions. Apart from these major disputes, the department throughout the year was called upon to mediate in a number of minor disputes, to assist in drawing up new conditions of service and to advise on wages. This aspect of the department's work has become an increasingly important factor in gaining the confidence of both employers and employees.

Cost of Living.

The cost of living for all classes of people has risen greatly as compared with pre-war conditions and considerable adjustments in the levels of wages and salaries have been necessary. During the transitional period under review it was not possible to secure sufficiently comprehensive information to compile a completely representative cost of living index. Information was however available as to the average retail prices of the staple foodstuffs and other necessities of the wage-earning classes. These prices have fluctuated considerably during the year, owing, in the main, to the irregular supply of these essential commodities. At the end of the year the prices, as compared with 1939 levels, were as follows:

	1939.	1946 (end).
*Rice (3rd grade), per catty in the free market	\$0.07	\$0.84
Fresh fish, per catty	\$0.28	\$1.65
Salt fish, per catty	\$0.24	\$1.95
Beef, per catty	\$0.35	\$2.45
Pork, per catty	\$0.54	\$3.25
Oil, per catty	\$0.24	\$2.30
Firewood	10 cents for 5.6 catties.	10 cents for 1 catty.

Other living costs have increased for all classes of the community. For Europeans it is difficult to estimate the increase, but it can safely be said that it costs at least three times as much to maintain a standard of living considerably lower than that normal in 1941.

Wages.

In the early days of the re-occupation virtually the only sources of employment were to be found within the various branches of the Military Administration and a few of the larger European owned industrial establishments which were in a position immediately to commence the work of reconstruction. The most urgent problem was to establish basic wages for skilled and unskilled industrial labour which, while

*A limited rice ration was supplied at the controlled price of 30 cents per catty.

providing the workers with a sufficiency, would not flood the very limited commodity markets with cheap money and start the Colony on an inflation spiral. As a purely temporary expedient unskilled labour was engaged at \$1.00 per day with skilled labour at \$2.00 per day, and shortly afterwards a rehabilitation allowance of \$1.00 per day was paid to all grades. It was obvious that the wage structure then established was far too rigid to endure for more than a very limited period of time and the matter was investigated by a Committee composed of members of the Administration and employers with a view to producing a more permanent scale. The recommendations of the Committee were accepted by the Administration after discussion with representatives of the Chinese Engineers Union. They provided a graduated scale of basic rates (calculated on an hourly basis) ranging from \$0.80 per day for light weight coolies to \$3.20 per day for skilled artisans, together with a rehabilitation allowance which varied with the "Food and Fuel" figures produced by the Labour Office. These figures were based on the average retail price of a limited range of essential foodstuffs and firewood. Originally these rates were based on a 9 hour day, which had been general before the war, but subsequent Trade Union negotiations secured acceptance of an 8 hour day for the same overall wage and also a basic minimum of \$2.00 per day for all men who were employed as skilled tradesmen. These basic wages represented an approximate increase of 38% on the mid-1941 rates. In May, 1946, a further increase in the cost of living necessitated a 100% increase in the rehabilitation allowance, but towards the end of the year a decrease in the cost of many of the essential foodstuffs was observable, and there was accordingly reason to expect that the variable rehabilitation allowance might decrease during early 1947.

The wages of approximately 30,000 workmen employed by the larger European firms and by the Government are governed by the scale described above. Owing to the shortage of skilled labour many of the smaller Chinese firms and, in the case of motor drivers, many private employers are paying wages which are five or six times pre-war rates. Clerical wages have similarly increased, particularly in commercial firms, and whereas before the war few clerks were in receipt of over \$100 to \$150 per month, the present wage for a capable clerk averages \$300 to \$400 per month, while chief clerks receive between \$500 and \$600 per month. High cost of living or rehabilitation allowances are added to these amounts, the rate of rehabilitation allowance for the last six months of the year being \$84 per month. Owing to the present financial position of the Colony it has been found very difficult to increase to any marked extent the wages of Government officers and the overall emoluments of the clerical

and other monthly paid junior employees is probably some 20% to 40% lower than commercial rates.

The all-round increase in wage rate levels may be seen from the following tables:

Average Rates of Wages for Labour.

Daily Paid. (Dockyards, Utility Companies, etc.)	Pre-war.	1946. (Last six months including Rehabilitation Allowance).
Skilled Tradesmen	\$0.75 - \$1.40	\$5.00 - \$6.20
Skilled Workmen	\$0.70 - \$1.00	\$4.50 - \$5.00
Ordinary Workmen	\$0.60 - \$0.75	\$4.20 - \$4.50
Coolies.	\$0.40 - \$0.60	\$3.20 - \$3.60
<i>Monthly Paid.</i>		
(Transport Workers).		
Tram Drivers	\$36 - \$45	\$154 - \$174
Bus Drivers	\$27 - \$55	\$169 - \$184
Tram Conductors	\$30 - \$39	\$140 - \$164
Bus Conductors	\$20 - \$35	\$139 - \$159

In factories and workshops similar increases have been made, and are best illustrated by a comparison of the daily wages of women factory workers who before the war earned on the average from 25¢ to 60¢ daily as against present averages of \$1.50 to \$3.00 (male workers 1946 \$2.00 to \$6.00). Typical scales included in these averages are:

	Pre-war.	1946.
Low	Battery Factories. 15¢ - 35¢	\$1.50 - \$3.00 (males up to \$5.00)
	Perfumery Factories 20¢ - 40¢	\$1.20 - \$1.70 (males up to \$4.00)
	Preserved Ginger & Fruit Works 15¢ - 60¢	\$1.00 - \$1.50 (males up to \$3.00)
High	Rattan Works 30¢ - \$1.00	\$2.00 - \$4.00 (males up to \$8.00)
	Rubber Shoe Factories 35¢ - \$1.05	\$2.00 - \$5.50 (males up to \$6.00)

In 1946 the lowest paid factory workers were women feather workers earning 70¢ to \$1.30, and the highest were male weavers earning \$2 to \$10.

The present factory working hours are from 7.00 a.m. to 5.00 p.m., with an hour off at mid-day. Overtime from 6.00 p.m. to 8.00 p.m. is at the rate of time and a half. About 90% of the male workers are provided with board and lodging.

Trade Unions and Guilds.

Statutory framework for the registration of Trade Unions in the Colony is in the course of preparation. Since the re-occupation, as in pre-war years, guilds and societies, including labour guilds, have continued to register voluntarily with the Secretariat for Chinese Affairs. By the middle of 1946

there were 136 guilds registered with memberships ranging from a few hundred up to five thousand. Many of these guilds are joint organisations composed of masters and men, and, as with mediæval guilds in Europe, their object is to provide social intercourse together with sickness, funeral, and other charitable benefits for their members. During the two decades before the war several of them had begun to develop along the lines distinctive of modern trade unionism. The Japanese occupation, however, brought their further development to a complete standstill. They are now in the process of recovery. A few of the larger and more influential of the Labour Guilds are:

Name.	No. of Members.	Established.
Chinese Engineers Institute.....	4,500	1908
Hong Kong Seamen's Union	5,000	1937
Hong Kong Barbers' Guild	1,600	1918
Taikoo Dockyard Workers' Club.....	2,000	1946
Tung Tak Coolies Guild	1,700	1921
Chap Yin Stevedores Guild.....	2,000	1917
H.M. Naval Yard Workmen's Club...	3,000	1946
Motor Drivers' Guild	2,800	1920
Hong Kong Government Junior Employees Association	3,000	1946
Hong Kong Restaurant and Tea House Workers Guild	3,200	1921
Hong Kong Hawkers Trade Union....	1,000 masters 4,000 men	} 1939
Hong Kong Junks General Association	2,000 masters 6,000 men	
Hong Kong Spinning & Knitting Workers General Guild	1,200 (900 females)	1939
Hong Kong Tramways Employees Association	800	1931
Hong Kong Foreign Labour Union (Hotel & Domestic Workers)....	2,000	1938

Labour Advisory Board.

During the Military Administration a Labour Advisory Board was set up, the membership of which consisted of representatives of several of the larger European firms and of the Services, under the chairmanship of the Labour Officer. On the resumption of Civil Government the Board was reconstituted on a tripartite basis, its members representing the interests of European and Chinese employers and of Chinese labour. The Labour Officer continued to preside as *ex officio* chairman. The Board held a number of meetings during the

year as a result of which recommendations were made to the Government on wage rates and on projected trade union legislation.

Legislation.

Existing labour legislation includes:—

- (1) **The Factories & Workshops Ordinance** (Ordinance No. 18 of 1937) which provides for the registration and inspection of factories. Regulations ensure the efficient guarding of machinery, and the provision of fire and health precautions, and place restrictions on the employment of women and young persons in dangerous trades or during the night. The Ordinance was formerly administered by the Chairman of the Urban Council as Protector of Labour, but by an amending Ordinance (Ordinance No. 24 of 1946), the powers previously exercised by this officer were transferred to the Labour Officer.
- (2) **The Employers & Servants Ordinance** (Ordinance No. 45 of 1902) which provides, *inter alia*, for the giving of one month's notice or the payment of a month's wages in lieu thereof before dismissal in the case of monthly contracts of service. Contracts for over one month must be in writing.
- (3) **The Trade Boards Ordinance** (Ordinance No. 15 of 1940) which provides the machinery for fixing minimum wages, determining normal working hours and fixing overtime rates in trades where the wage standards are unreasonably low.

Projected legislation includes:—

- (1) **A Trades Unions and Trades Disputes Ordinance.** A Bill providing for the registration of Trades Unions was drafted during 1946 and is now under consideration. This Bill also provides the machinery for the voluntary submission to arbitration of trade disputes where a settlement by other means has not been obtained.
- (2) **A Workmen's Compensation Ordinance.** A Bill was drafted in 1939, but had not been passed into law before the war. This Bill is now being revised.
- (3) **A Labour Code,** to give effect to International Conventions as they are ratified by the United Kingdom and applied to this Colony.

Chapter 3.

PUBLIC FINANCE AND TAXATION.

Up to and including 1939, the Colony's financial year coincided with the calendar year but thereafter the financial year was changed to the twelve months ending on the 31st March. The budget for 1940/41 thus covered the period of fifteen months from the 1st January, 1940, to the 31st March, 1941. Owing to the occupation of Hong Kong by the Japanese at the end of 1941, no final figures are, of course, available for the year 1941/42. The Colony was under British Military Administration from August, 1945, up to the 30th April, 1946, and Civil Administration was resumed from the 1st May, 1946. The current Estimates accordingly relate to the period of eleven months from the 1st May, 1946, to the 31st March, 1947.

Revenue and Expenditure.

The foregoing will explain the gaps in the following table of Revenue and Expenditure for the last five years for which figures are available:—

	<i>Revenue</i>	<i>Expenditure</i>	<i>Surplus</i>	<i>Deficit</i>
	\$	\$	\$	\$
1938	36,735,854	37,175,897		440,043
1939	41,478,052	37,949,116	3,528,936	—
1940/41 (15 months)	70,175,114	64,787,556	5,387,558	—
1941/42 (Estimated)	56,786,000	60,642,715	—	3,856,715
1946/47 (Estimated) (11 months)	51,308,300	167,854,576	—	116,546,276

In view of conditions in the Colony after the re-occupation, the estimates given above for 1946/47 were necessarily inexact, as no accurate data were available on which they could be based. The actual figures of revenue and expenditure are not yet to hand, but it is probable that the deficit will be much lower than the estimate. The expenditure will be much less than was budgetted for, and the revenue, which would in any event have been in excess of the estimate because of the comparatively rapid economic recovery of the Colony, has been further increased by the imposition of new taxes and by an all-round increase in the rates of existing taxes (See paragraph 7). The expected reduction in expenditure is not entirely welcome since it means that rehabilitation has not proceeded as quickly as was hoped.

Revenue.

The major revenue items provided for in the year's Estimates are:—

(a) Duties on Liquor, Hydrocarbon Oils, Tobacco, Proprietary Medicines, etc.	\$18,200,000
(b) Rates (Assessed Taxes)	5,750,000
(c) Internal Revenue including Entertainment Tax, Estate Duty and Stamp Duties.....	7,000,000
(d) Water Revenue	2,600,000
(e) Postal Revenue	3,098,000
(f) Kowloon-Canton Railway	3,402,900
(g) Miscellaneous Fees, Payments for Services and Sales of Government Property, the biggest items being fees chargeable by the Custodian of Property, \$2,000,000; and proceeds of trading activities by the Supplies, Trade and Industry Department, \$1,283,300	6,140,500
(h) Miscellaneous Licences, Fines and Forfeitures.....	1,716,400
(i) Miscellaneous Receipts, including Royalties.....	1,491,000

Import and Excise Duties.

There is no general customs tariff in Hong Kong, import duties being confined to liquor, tobacco, hydrocarbon oils, toilet preparations and proprietary medicines and table waters. A special foreign registration fee of 20% of the value of a motor vehicle is payable in respect of any vehicle not produced within the British Empire. The duties on imported liquor range from \$1.50 per gallon on beer to \$4.00 on Chinese liquor and to \$44.00 on European sparkling wines. A reduction in duty is allowed in respect of liquors manufactured or produced within the British Empire.

The duties on tobacco range from \$1.95 per lb. on the lowest taxed unmanufactured tobacco to \$7.00 per lb. on cigars. A reduction in duty is allowed on tobacco of Empire origin and/or of Empire manufacture. A duty of 80 cents per gallon is payable on all light oils, imported into the Colony, 40 cents per gallon on all heavy hydrocarbon oils used as fuel for any heavy oil road vehicle and 10 cents per gallon on other hydrocarbon oils. Duty is payable on toilet preparations and proprietary medicines at rates between 10% and 20% of the retail price. A duty of 24 cents per gallon is payable on Table Waters imported into or manufactured in the Colony. Excise duty is levied at the same rates on the above dutiable commodities manufactured in the Colony. There was no income tax in the Colony before the war but instead taxes were levied on salaries, interest, business profits and property under a War Revenue Ordinance. This Ordinance is now being completely recast. Estate duty is charged on estates situated within the Colony on a sliding scale varying from 1% on \$500 to 52% on \$30,000,000 and over. It is expected that the estimated revenue of \$1,200,000 from this source will be considerably exceeded.

Assessment Tax.

As will be seen from the figures in paragraph 3, one of the largest revenue producing items is the assessment tax (rates). There is a general rate of 15% plus a water rate of 2% on assessed rateable value. Properties in outlying districts which have unfiltered water pay a water rate of 1%, and this rate is remitted altogether if no water is available. Owing to the condition of the waterworks after the Japanese occupation it was not possible satisfactorily to filter the water supply for a time, and consequently the normal water rate of 2% was reduced in some districts to 1% until 1st October, 1946, when a properly filtered supply was afforded to all districts.

New Taxes Introduced in 1946.

The following additional revenue measures were introduced during the latter part of the year:—

- (a) Increases in the duty on imported liquor and tobacco, the present rates being as indicated on page 19.
- (b) An amendment to the Stamp Duty Ordinance to provide for an excess duty of 10% leviable on any increase in the purchase price of land or buildings in respect of which conveyances were executed on or after the 30th September, 1946. It was found that land prices since the re-occupation had risen very considerably as compared with the pre-war figures, in some cases by as much as 300%, a curious feature of the property market being that a vacant site or a site on which stood "blitzed" ruins commanded a higher price than a similar site with habitable buildings. This was probably due to the rent restriction provisions, which did not apply to new buildings. The tax was imposed primarily for revenue purposes and also to check unhealthy speculation in property.
- (c) A new tax on meals and intoxicating liquors sold in public hotels, restaurants and other licensed premises. The tax is at the rate of 10% on the retail price of all liquors, irrespective of cost, and on meals costing more than \$5.00.
- (d) Increases in port dues, water charges, licence fees, tax on sweepstakes, etc.

Expenditure.

The estimated expenditure for 1946/47 is \$167,854,576. This is greatly in excess of the average expenditure for previous years, mainly owing to Special Expenditure items arising out of the Japanese occupation and the period immediately preceding it. These include:

- (a) \$12,000,000 to meet claims against the Government relating to 1941. During the latter part of that year, the Government requisitioned vehicles, food-stuffs, etc., on a large scale, and the relative claims, where reasonably substantiated, are now being met.
- (b) \$5,000,000 as *ex gratia* payments to certain categories of Government employees who received no pay or pension for the period of the Japanese occupation.
- (c) \$3,500,000 for the cost of operating Electricity Companies in the early days following the re-occupation when operation on a normal commercial basis was impracticable.

Other abnormally heavy items of expenditure of a non-recurrent nature include:

- (d) Education Department (mainly to replace equipment and for building and other grants to schools)\$1,951,600
- (e) Harbour Department and Air Services (for replacement of equipment, etc.) 6,476,140
- (f) Kowloon-Canton Railway (general repairs and replacement of locomotives, etc.) ... 8,740,000
- (g) Public Works Extraordinary (mainly restoration and replacement of buildings, roads and waterworks)16,127,000
- (h) Relief Services—Relief of Destitutes, Refugees, etc. (partly recurrent) 2,087,850
- (i) Cost of the new Department of Supplies, Trade and Industry necessitated by supply difficulties 1,283,300

Public Debt.

The public Debt of the Colony as at the 31st December, 1946, totalled \$26,238,000 comprising three issues:—

- 4% Conversion Loan raised in 1933, and repayable not later than the 1st August, 1953....\$ 4,838,000

The Sinking Fund of this Loan, which is fully invested, amounted to £176,394.15s. as at the 30th September, 1946. The figure at the 31st December, 1946, is not available.

- 3½% Dollar Loan raised in 1934..... 10,080,000
3½% Dollar Loan raised in 1940..... 11,320,000

The two latter loans are redeemable by twenty-five annual drawings which have been suspended since 1941.

Chapter 4.

CURRENCY AND BANKING.

The Currency.

The unit of currency in the Colony is the Hong Kong dollar the value of which in terms of sterling fluctuated considerably until the silver standard was abandoned in December, 1935. The Currency Ordinance, 1935, set up an Exchange Fund and provided that the note-issuing banks should surrender to the fund all silver previously deposited against note issues and should deposit full sterling cover for all note issues thereafter. Since 1935 the value of the Hong Kong dollar has been maintained at approximately one shilling and three pence both before and after the Japanese occupation.

The Occupation Period.

During the Japanese occupation the Hong Kong dollar at first circulated side by side with the Japanese Military Yen, a currency which was imposed by the invading forces and which had no coverage or exchange relation or any other link with external money, an arbitrary exchange rate of Military Yen 1.00 = Hong Kong Dollars 4.00 being fixed on 24th July, 1942. On 1st June, 1943, the use of the Hong Kong dollar was forbidden and from that time until the end of the war the only currency permitted was the Military Yen, the purchasing power of which dropped steeply with Japan's reverses until it became almost worthless at the time of the Japanese surrender.

The Liberation.

On 13th September, 1945, the former Hong Kong currency was formally restored by Proclamation of the Military Administration and Military Yen consequently lapsed into oblivion. This action caused less dislocation than might have been expected as many hoarded notes emerged and Government contrived to import adequate supplies of new notes. The subsidiary nickel coinage used before the war had entirely disappeared and was not revived during the period under review.

Note Issue and Banks.

Notes of denominations from five dollars upwards are issued by the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia and China and the Mercantile Bank of India. The Government issues notes of one dollar, ten cents, five cents and one cent. The Colony is included in the sterling bloc and the authorised banks for dealing in foreign exchange are, in addition to the three note-issuing banks mentioned above:

Thomas Cook and Sons, Ltd.
Chase Bank
National City Bank of New York, Inc.
American Express Co., Inc.

Nederlandsch-Indische Handelsbank
Netherlands Trading Society
Banque Belge pour l'Etranger
Banque de l'Indo-Chine
Bank of China
Bank of Communications
Bank of Canton
Shanghai Commercial and Savings Bank
Bank of East Asia
Overseas Chinese Banking Corporation
Chinese Postal Remittances and Savings Bank
Farmers Bank of China
China and South Seas Bank.

In addition to these incorporated banks, there are in the Colony many Chinese banks which handle a considerable volume of remittances from Chinese living overseas to their relations in China.

Irregular Issue of Notes by the Japanese.

On the liberation of the Colony, Government had to consider the position which had arisen from the seizure and issue by the Japanese authorities in Hong Kong, during the occupation of the Colony, of a large number of previously unissued notes mainly of the Hong Kong and Shanghai Banking Corporation. When information was first received during the war of the irregular issue of these notes His Majesty's Government had issued a warning through the Chinese Government to the effect that the notes might not in due course be recognised as legal tender in Hong Kong, and on the liberation of the Colony notes of the Hong Kong and Shanghai Banking Corporation of denominations of over ten dollars and within the range of certain serial numbers were excluded from recognition as legal tender by the Military Administration. The position was complicated by the action of counterfeiters who found it possible to alter the serial numbers, the date of issue and even the signatures on the Japanese-issued notes. On April 2nd, 1946, after consultation between the Hong Kong and Shanghai Banking Corporation and the Military Administration, the "duress notes" issued from that bank were honoured by the bank and admitted as legal tender by the Administration. All doubts concerning the legal status of the notes were removed by the Bank Notes and Certificates of Indebtedness Ordinance, 1946, which provided for their validation notwithstanding any irregularity in the manner of their issue and contained the terms and conditions of the agreement whereby the bank and the Government shared the liabilities incurred by their recognition. The ordinance did not apply to the notes of the other two note-issuing banks which were issued or put into circulation during the period of enemy occupation and negotiations on the subject were still in progress at the end of the year.

Chapter 5. COMMERCE.

The following table shows the value of the Colony's imports and exports during 1946 (excluding Government sponsored cargo) and gives the corresponding figures for 1936-1940:

Imports.	Exports.
(In millions of HK\$ HK\$ 1s. 3d. sterling).	
1936.....452.4	1936.....350.9
1937.....617.1	1937.....467.3
1938.....618.2	1938.....511.9
1939.....594.2	1939.....533.4
1940.....752.7	1940.....621.8
1946.....933.5	1946.....765.6

The increase shown in the 1946 figures does not represent an increase in the volume of commodities handled, since the value of all goods was very much greater than the value of similar goods before the war. The importance of this factor is shown in the following table of wholesale price indices (unweighted):

(1938 = 100)				
	1939.	1940.	1941 (first six months only).	1946.
Foodstuffs	96.8	124.6	155.4	704.8
Textiles	91.2	124.8	138.3	769.1
Metals and Minerals....	100.0	141.8	160.2	287.3
Miscellaneous Articles ..	100.4	138.4	168.9	604.5

There are no figures available for an exact quantitative comparison, but it is estimated that about 50% of the volume of pre-war trade was handled.

Imports.

In the early part of the year foodstuffs formed the major single group of commodities imported but as the year progressed and general rehabilitation got under way, the demand shifted to textiles and capital goods. Over the whole year foodstuffs headed the list of imports (about \$210 million) followed by oils and fats (\$114 million) piece-goods (\$100 million), Chinese medicines (\$66 million) paper and paper-ware (\$41 million) and metals (\$40 million).

Exports.

The largest item of exports in 1946 was oils and fats (\$143 million), followed by piece-goods and textiles (\$128 million), foodstuffs and provisions (\$116 million), Chinese medicines (\$60 million), metals (\$39 million) and paper-ware (\$31 million). Trade returns do not differentiate between re-exports of overseas commodities and those produced in the Colony, but exports of those goods in which local factories are interested show that singlets, shirts, etc., (value \$13 million), electric torches and batteries (\$9 million) and rubber shoes (\$3½ million) were exported.

Sources and Destinations of Goods.

The countries with which Hong Kong traded during 1946 were mainly those which border the Pacific Ocean, and India. Compared with pre-war conditions there was little trade with Japan and the Netherlands East Indies and no trade with Germany. The figures are as follows:

Imports from:	(In millions of HK\$)	Exports to:	
China	327.2	China	301.4
United States	119.5	British Malaya	161.9
Macao	78.5	United States	83.7
British Malaya	69.2	Siam	45.9
French Indo-China ..	59.1	Macao	33.5
India	55.4	French Indo-China ..	32.2
United Kingdom	43.9	India	21.8
Australia	42.6	Philippines	18.0
Siam	29.3	United Kingdom.....	16.5
Total British Empire.	248.4	Total British Empire.	214.8

Imports from the British Empire countries amounted to 26.6% of total imports during 1946 (17.2% in 1938 and 13.8% in 1939). Of these 4.7% were from the United Kingdom (6.7% in 1939), 4.6% from Australia (1.2% in 1939) and 5.9% from India (1.7% in 1939). Imports from non-Empire countries declined from 86.2% in 1939 to 73.4% in 1946.

28.1% of the goods exported from Hong Kong during 1946 were exported to British Empire countries (16.3% in 1938 and 20% in 1939). Three quarters of these goods went to British Malaya whose share in Hong Kong's total export trade was 21.1% (8.6% in 1939). The United Kingdom accounted for 2.2% and India for 2.9%. In 1938 exports sent to non-Empire countries amounted to 83.7% of the whole

export trade. This figure declined in 1939 to 80% and in 1946 to 71.9% apportioned as follows: China 39.4%, U.S.A. 10.9%, Siam 6%, Macao 4.4%, French Indo-China 4.2%, all other foreign countries 7%.

Factors Assisting Revival of Trade.

The comparatively rapid revival of commercial activity in and through Hong Kong was made possible and encouraged by the following factors: law and order and the legal framework within which commercial transactions could take place were re-established without avoidable delay and the physical security of goods, money and merchants became reasonably assured; the insatiable demand for food and consumer goods to meet the requirements of a market which had been starved for three and a half years by a regime of oppression and isolation, together with the Chinese merchants' enterprise and resource, ensured that all possible sources of supply were tapped; the port facilities of Hong Kong had fortunately not been entirely disabled during hostilities; and finally, in accordance with Hong Kong's traditional status as a free port, restrictions on trade were kept to a minimum. The market was so favourable to the sellers that there was a mushroom growth of firms engaged in commercial enterprise. Many of these were new concerns set up by Chinese, British and foreign business men who had not previously traded in the Colony. The close of the year showed an increasing demand for industrial products from Europe, the U.S.A. and Australia. The demand for goods from the United Kingdom is considerable, for their quality is respected in the Far East and they can in general be sold at competitive prices in Far Eastern markets when they are available.

Price Control.

A measure of retail price control was brought into force during 1946 through the medium of the temporary Department of Supplies, Trade and Industry. This was necessarily a gradual process since in the early days of the re-occupation the only goods available were local products or goods from neighbouring parts of China and any attempt at strict price control would have discouraged their production or entry at a time when they were most needed. As goods began to arrive from the world's markets in adequate quantities, price control was gradually extended. Various means were used to enforce it, apart from straight price fixing backed by legal action. For example, goods were directed into selected retail shops which had guaranteed to sell at control prices and thus acted as a check on the market. The Supplies Department went into business and made bread, confectionery, towels and shirts which were sold under its control.

One difficulty arose and was never wholly solved during the period under review. In order to encourage the revival of entrepôt trade it was necessary to impose the minimum control on exports; but if exports were uncontrolled control of retail prices would merely drive goods out to more profitable markets. A partial solution was to permit the re-export of stipulated percentages of all imports. The co-operation of the mercantile community in matters of price control was satisfactory and by the end of the year the system could be regarded as fairly effective.

Chapter 6. PRODUCTION.

The main primary product of Hong Kong is fish. Agriculture is limited by reason of the rugged and mountainous terrain and mineral resources are believed not to be great. Local industry includes shipbuilding, ship repairing, engineering and a wide range of light industries, the main products of which are textiles, rubber goods, buttons, leather goods, cigarettes, matches, preserved ginger and confectionery, tinned goods, glass ware and paint. The majority of Hong Kong's working population is engaged in occupations connected with commerce rather than production but enterprise and capital are not lacking when an economic demand arises which can be satisfied by the expansion of local industry. The cost of all Hong Kong's products, both primary and industrial, has risen considerably as a result of the high post-war cost of living; the effect of this development cannot yet be assessed.

FISHERIES.

Major reorganisation of the fishing industry in Hong Kong which had suffered very heavy casualties at the hands of the Japanese was undertaken at the end of the war against Japan.

During the period immediately following the Japanese occupation of Hong Kong at the end of 1941 the fishing industry came almost to a standstill. Few fishing junks put to sea, as the junk masters were unable to obtain enough rice to feed their crews, and in consequence many of the larger vessels left Hong Kong for the duration of the war. Others gave up fishing and took to conveying merchandise and rice but many of these were sunk during hostilities.

Effects of the War.

At the end of the war in the Pacific in August, 1945, the fishing fleet was in very poor condition. Few junks were sea-worthy and nearly all gear needed a complete overhaul. The fisherman and his family were dressed in rags and half-starved; their only money was worthless Japanese Yen; and the export trade, the mainstay of the industry, was at a standstill. A survey carried out in September, 1945, showed that in the village of Aberdeen alone there were more than 1,500 fisherfolk without boats and without means of livelihood. In other fishing centres the death rate from starvation had been very high indeed. This survey showed that there were 26,257 fisherfolk as compared with 77,451 in 1938. A survey of all the fishing vessels in the four main fishing villages of the Colony yielded a total of 2,424 vessels. These surveys were made possible because the Government provided a rehabilitation loan of \$100,000 to the fisherfolk; this sum was lent at the rate of \$4.00 per head, irrespective of age



Junk building.

Photograph by Hedda Morrison



Junk building.

Photograph by Hedda Morrison

and sex. Each junk master was required to give details of his boat and personnel before he received a loan on their behalf. At the same time everything that was possible was done to provide the fisherfolk with salt, rice, kerosene and other essential commodities. These initial gestures encouraged fisherfolk who had left the Colony during the occupation to return with their junks at an early date.

Post-war Reorganization.

During the period of internment in Stanley Camp, a new scheme had been planned for the setting up of a Department of Fisheries and the reorganization of the fishing industry. The new plan was based on the establishment of two organizations; a Fisheries Department to be financed by the Government, and a Fisheries Co-operative designed to be self-supporting. Until such time as the Co-operative was capable of running itself it was to be under the guidance and direction of the Fisheries Department. The primary object of the new organisation was to ensure that the fisherman received a fair price for his fish and that the profits went to him, the producer, rather than to the middlemen. The Government established by statute a wholesale fish market in which all marine fish, whether fresh or salted, had to be sold.

Fisheries Co-operative and Syndicates.

The Fisheries Co-operative organization was built up on a very simple plan. In each of the main fishing villages a district organization called a syndicate was established. The first four were opened in September, 1945, in the four main fishing centres of the Colony; four more syndicates were started during 1946 and there remained at the end of the year two more projected syndicates not yet opened. The main wholesale fish trade was concentrated in the Government fish market on Hong Kong Island and in August, 1946, a small additional wholesale market was established at Tai Po to serve the northern part of the Territories. A third market is in due course to be opened in Kowloon. Each village syndicate has several functions, the primary one being the collection of the fish from the fisherman and the transportation of the fish from the village where it is landed to the market. The necessary land and water transport for this purpose is being gradually acquired. Each syndicate also serves as a food and stores depot where rice, flour, salt, ice and other commodities are sold to the fishermen at the lowest possible prices and as a sort of bureau where advice can be given to the fisherman on the numerous problems which confront him. It serves too as a centre for social welfare and education. Vernacular schools have been opened for the children of the fisherfolk at the four main villages, and the daily attendance is over 1,100. These schools are at the syndicates' headquarters and their establishment was made possible by grants

and assistance from the Fisheries Co-operative. Other schools are to be opened shortly.

Control of Wholesale Marketing.

For the first time in the history of the Colony the wholesale marketing of fish under the new system was by public auction instead of by private bidding. Any person may register as a buyer provided that he can get reputable firms to guarantee him. Registered buyers are allowed forty-eight hours' credit and buyers who are not registered may bid at the auction provided they first pay a deposit. The fisherman is paid the whole amount bid for his fish, usually within an hour of the auction, less a 6% commission which is deducted to finance the Fisheries Co-operative. This 6% commission covers the cost of the collection of the fish, its transport to the market, the handling and auctioning of the fish in the market and transport to the registered buyer's place of business. A reserve fund is being created to finance future projects.

Loans and Savings.

The fisherman could no longer turn to his wholesale dealer when in need of a loan; in July, 1946, Government lent HK\$250,000 to the Fisheries Co-operative for the purpose of financing loans for the necessary repair of boats and gear during the off-season. The Fisheries Department, on behalf of the Co-operative, has underwritten this amount. Loans are available to any fishermen of good character, honesty and integrity. Up to the end of the year \$150,000 had been lent and \$48,000 of this had already been repaid. A small interest is charged on these loans and repayment is made gradually by means of an increase in the percentage deducted from the sale of fish. After some months deliberation, the Co-operative instituted a form of compulsory savings or, as the Chinese call it, "returnable commission", whereby an additional 2% is deducted from all sales and banked in the name of the fishermen. Twice a year, on 31st December and 30th June, these deposits may be withdrawn by the fishermen together with interest at 2%.

Extension of Co-operative System.

There still exist middlemen in the fishing community, usually known as "small laans", which organize the collection of the fish from the fishermen and sell it on their behalf in the wholesale market. The fishermen now realise that in the new system that has been adopted there is no need for the old type of fish collecting unit; they are, therefore, forming among themselves small co-operative societies to replace these small "laans" and each main fishing village has already at least one of these units. In addition to these, consumer co-operatives are being formed especially on the islands where in the past dealers' profits have been unjustifiably high; of these the most



Purse-seiners landing salt fish at Aberdeen, a fishing village on the south coast of Hong Kong Island.

Photograph by Hedda Morrison

interesting are the small consumer co-operatives, which have proved quite successful, formed by the children in the fisheries vernacular schools.

After the re-occupation of the Colony in August, 1945, there was a considerable increase in the number of fishermen and junks based on the Colony. The number of fisherfolk had risen by December, 1946, to over 56,000 and of junks to 5,000, representing an increase of about 100%. The staff of the Fisheries Department remained at 19 but that of the Fisheries Co-operative increased from 146 in October, 1945, to 272 at the end of 1946.

The New Wholesale Market.

The figures for the weights and values of fresh and salt fish sold in the Kennedy Town Market in the 15 months from October, 1945, when the new scheme was inaugurated, to the end of 1946, are of interest; comparative figures for November and December of both years are also given:—

	Fresh Fish		Salt Fish		Total	
	Quantity (Piculs)	Value (HK\$)	Quantity (Piculs)	Value (HK\$)	Quantity (Piculs)	Value (HK\$)
Nov. 1945	2,043.95	164,091.28	14,811.76	754,929.56	16,855.71	919,020.84
Dec. 1945	1,262.96	112,802.22	14,093.41	1,121,138.89	15,356.40	1,233,941.11
Nov. 1946	4,535.96	426,521.06	30,644.95	2,346,685.80	35,180.91	2,773,206.86
Dec. 1946	2,361.67½	219,534.60	25,375.10½	1,546,224.31	27,736.78	1,765,758.91
Total for the period Oct. 1945 to Dec. 1946 inclusive.	30,198.94½	3,157,332.90	248,813.94½	21,041,756.39	279,012.89	24,199,089.29

It will be noted that the ratio of salt to fresh fish sold in the market is 8:1 whereas before the war it was of the order of 3:2. There are three reasons why the weight of fresh fish handled is so much less than before the war. In the first place no Japanese trawlers are bringing fresh fish into the Colony; secondly, there are only one-third as many long liners in operation as before the war, and these are the vessels that bring in most of the fresh fish; thirdly, some fresh fish is not being handled by the Co-operative. The amount of fresh fish being handled by the Co-operative has been greatly increased since the opening of the Tai Po

market; in December, 1946, for example, this new market sold a weight of fresh fish almost exactly two-thirds of that sold in the larger market. During 1946 the fresh fish landed scarcely met the needs of the local population and the retail price was high; but of the salt fish sold in the market at least 60% was exported, monthly exports being valued at more than HK\$1,000,000. Of this about four-fifths went to China, the rest being very widely distributed to North and South America, Honolulu, Macao, Malaya and Australia.

AGRICULTURE.

The position of agriculture in Hong Kong has changed considerably as a result of the war. Before the war about a tenth of the population lived on the land. The main products were rice, vegetables and fruit. The amount of rice which the Colony could produce was negligible from the point of view of the needs of the population, for it could not supply them for a fortnight. The rice, however, was of a particularly good quality and was largely exported to the United States, while Hong Kong's main needs were met by the import of rice of average quality produced in Indo-China and Siam. In vegetables the Colony produced about one-fifth of its needs; its fruit production was slight. The farmers maintained a fair quantity of livestock, mainly pigs and ploughing cattle, but even in pork, the meat most consumed by the Chinese, they produced only a very small proportion of the people's needs. The dairy industry was only in the early stages of development. The rearing of poultry was for the most part unscientific and, though considerable numbers of chickens and ducks were raised, the needs of the population had largely to be satisfied from the Chinese mainland. Just before the war it was beginning to be realised that the natural resources of Hong Kong could be developed and that, though the total area of the Colony was only 391 square miles, there was a need for a Department of Agriculture. Plans were made in 1941 for its establishment but the war came before they were realised.

Effects of the War.

During the war, when the Colony was under Japanese occupation for over three and a half years, the progress of agriculture and of animal farming suffered a severe set-back. The population was, by the usual Japanese methods, greatly reduced. There was inadequate manpower for tillage and there was an almost complete lack of fertilizer. As there was a great shortage of rice in the Colony, the farmers devoted every available piece of land to it and for the first time made a serious effort at dry rice cultivation on the higher slopes of the hills. The production of vegetables fell off considerably. Owing to the frequent raids upon their livestock the farmers ceased to raise either animals or poultry, with the result that



Threshing rice.

Photograph by Hedda Morrison



Drying the rice grain.

Photograph by Hedda Morrison

the stock population dropped to a fraction of what it had previously been.

At the time of the Japanese surrender, therefore, the population of the agricultural area was depleted, the land was exhausted through absence of fertilizer, the established economy of a balanced growth of rice and vegetables was upset, the strains of seeds had deteriorated, the number of pigs was reduced to one-fifth of what it had been before the war, the number of water-buffaloes and draught cattle was wholly inadequate for ploughing needs (the fields are too small to permit of mechanical ploughing), and the number of poultry was reduced almost to nothing. The Chinese are a resilient people, and through their efforts some improvement soon became apparent. They were helped by the fact that the higher prices prevailing in Hong Kong encouraged the importation of livestock from the Chinese mainland, so that the Hong Kong farmers were able to purchase stock animals and poultry at favourable prices; but their purchasing power was small since any money which they had saved during the war years was in Japanese currency, which was worthless after the recovery of the Colony.

The New Department of Agriculture.

The Department of Agriculture was set up without delay after the re-occupation and such action as was possible to assist the farmers was put in hand at once, with the object not only of restoring the farming industry to what it was before the war but also of establishing it on a much sounder basis with a view to steady development on scientific lines. The most immediate need was for fertilizers. Before the war the fertilizer most commonly used was human manure, brought from the urban areas. This supply practically ceased during the occupation, and there was no substitute for it, since, owing to the serious reduction of livestock, there was an almost complete lack of animal manure. Owing to the danger of the spread of disease through the use of human manure it had been decided before the war to build maturing-tanks where it could be stored until it was disease free. The Japanese built some tanks, but never used them. They were consequently brought into use by the Agricultural Department, and were capable of dealing with twenty tons a day. After a period of maturation the manure was distributed to the farmers and thus a beneficial, though still inadequate, supply of fertilizer began to reach them regularly. Plans to build additional tanks and increase the quantity were still under consideration at the end of 1946. This form of manure is suitable mainly for the cultivation of vegetables. To meet the need of the rice growers the Agricultural Department took over the output of peanut cake, which is the residue after the extraction of oil from peanuts, and arranged its distribution to the farmers on a rationed basis. The Colony's quota of

artificial fertilizer allotted by the international distribution board was similarly distributed, due regard being paid to soil conservation as well as to the immediate needs of production.

Increased Production.

With this help and with the assistance also of supplies of seeds brought from England and Australia and of insecticide in various forms, the production of both rice and vegetables began to increase immediately. The growing of upland rice was almost entirely abandoned, as the yield had proved poor, and the fields devoted to it could be much more profitably used for vegetables. Efforts were made to introduce new strains of rice but these made little progress during 1946. An experiment made by the Japanese in this direction had had the effect of turning the growers against any such attempts. The Japanese had planted a certain amount of Formosan rice seed which was expected to produce a much heavier crop than the ordinary Hong Kong rice; but the experiment had been disastrous, for the wider stem of this rice plant permitted the development of a new parasite which had hitherto not been able to be propagated in the small stem of the Chinese plant, and a devastating swarm of rice-destroying moths appeared. Fortunately this occurred at a time shortly after the Colony's liberation when adequate remedies were available, and swift action by the Government led to the discovery of a form of spraying which destroyed the pests.

Drought in the Spring.

In the spring of 1946 the Colony experienced a serious drought and the first rice crop (two crops are raised each year) was badly affected. Though the agricultural area has sufficient streams to water all the rice-growing land, it has never been necessary to construct an irrigation system depending on them, since there is usually sufficient rain to keep subsidiary streams and channels supplied with water. This time the rain supply failed, many streams dried up, and great areas of rice-fields were left without water. The Royal Air Force put into operation all the available pumps and for several weeks these were used night and day to pump water into the dried-up fields. The rice harvest was materially increased by this assistance, but even with it the total amount of the crop was far below the pre-war average. Indirectly the drought conferred a benefit, for many rice-fields gained by being allowed to lie fallow for half the year. The second rice crop of the year was one of the best within living memory.

Control of Wholesale Marketing.

The next great need of the Hong Kong farmers was a satisfactory system of vegetable marketing. From time immemorial wholesale dealing in vegetables had been in the hands of a group of dealers, and farmers had been discouraged



Vegetable cultivation.

Photograph by Hedda Morrison

from growing vegetables by the low prices paid for them. It was therefore decided that the entire wholesale marketing of vegetables should be taken over by the Government until co-operative management by the farmers themselves could be established. Since it was certain that this reform would meet opposition, and possible that the importation of vegetables from China would be for a time adversely affected, the new scheme was in the first place applied only to the mainland of the Colony, so that the importers might be still free if they wished to bring their produce to the island, where the wholesale dealers continued their business. The new Government wholesale market was opened in Kowloon on 15th September, 1946. From that date all the vegetables produced on the mainland were brought to this market for sale to the retailers by public auction. The system worked well during the period under review and as detailed arrangements were improved in the light of experience it met with fairly general approval from the farmers. It soon found favour with the importers too, and a large number of them have requested that its operation should be extended to the entire Colony. This was under consideration at the end of 1946.

One result of the Government control of vegetable marketing was that it brought the Agricultural Department into very close relations with the farming population. The agricultural area is divided into well-defined districts, each of which has representatives appointed to deal with the market in all matters concerning the farmers. These men oversee the daily transport of the produce and the auctioning by which it is sold to the retailers, and are responsible for delivering payment to the individual growers. They also supervise the distribution of fertilizers and seeds, and convey the requests of the growers for any help they need from the department, whose officials visit the farmers as often as may be necessary. The farmers were at first inclined to regard governmental intervention with suspicion but they are gradually coming to value the advice and help which is available.

Extension of Co-operative System.

The general trend of the Government's dealings with the farmers during the year under review was towards the organization of co-operative production. Progress was slow and will inevitably continue to be so since of all farmers the Chinese farmer is perhaps the most conservative; but the direction in which progress could be made was already becoming clear during 1946. Collective marketing was established in a few areas among tomato-growers, and a plan was taking shape for these groups to arrange the export of their own produce, since tomato growing is one of the few branches of the farming industry in Hong Kong that cater for export. Collective growing began in one district and every encouragement was given to the people to combine in the management

of all matters relating to their tillage and animal husbandry. A long period of education is necessary before the tempo of progress can be expected to increase appreciably.

Experimental Station.

A small Government Experimental Station existed in the New Territories before the war and this was re-started after the re-occupation. The main emphasis was on intensive experiments with crops easily grown by the local farmers. The demonstration plots were visited by many people from various districts, and the interest shown by the farmers appeared to be growing. For example one group of farmers who had combined to undertake collective growing were sufficiently impressed with some of the foreign vegetables produced in the Experimental Station that they were preparing at the end of the year to sow them, as a co-operative village undertaking, for the first crop of 1947. A much larger area of land was allotted by Government towards the end of the year and this will be brought into use as soon as the soil has received the necessary treatment.

Fruit Growing.

Conditions were not favourable for the development of fruit growing during 1946. The trees were for the most part neglected during the Japanese occupation, and considerable attention will have to be given to them before they can bear good crops.

Animal Husbandry.

As regards animal husbandry the most urgent need in September, 1945, was for an adequate supply of animal feed. The import of rice bran from Malaya and Burma for this purpose gave a valuable impetus to pig-raising and to the development of the dairying industry. The bran was distributed on a quota basis by the Agricultural Department. Help was also required by the farmers when mild outbreaks occurred first of rinderpest among the cattle and then of swine fever. In both cases the outbreaks were combated by the immediate importation of serum, but preventive measures on a large scale are still required and are under consideration. Steps were taken to improve both the quantity and the quality of pigs in the Colony by the establishment of a pig-breeding station. An up-to-date, but unused, piggery in the middle of the farming district was acquired by the department and a number of good quality cross-bred boars purchased and put there under expert care. The number of boars in the Colony had been reduced to a very small number during the war and the service of these animals was given at a nominal charge. Prejudice against boars of a breed different from those ordinarily used in the Colony was gradually broken down after the quality of the new litters had demonstrated the value of the new blood.



Gathering seaweed for pig food.

Photograph by Hedda Morrison

FORESTRY.

Before the war with Japan there was a Botanical and Forestry Department which took charge both of the Botanical Gardens and Government grounds and of the afforestation of the hillsides of the Colony. After the war it was decided that this department should be replaced by two independent departments one for forestry and one for gardens. The former Botanical and Forestry Department included an herbarium, a library, greenhouses, etc. The herbarium has survived because it was sent to Singapore for safe-keeping before the war but not a brick remained of any building and not a book or paper was recovered. The Forestry Department was therefore accommodated in temporary buildings throughout the year under review.

In the past, the main concern of the forestry sub-department was the afforestation of the hillsides of the Colony, especially in the catchment areas serving the reservoirs. The department was also responsible for the planting and maintenance of avenues of trees along the roads of the Colony. When the Sino-Japanese war extended to South China in the autumn of 1938, there was a great influx of poor and destitute refugees into the Colony, swelling the population very considerably. From then onwards forests on Crown land suffered severely as a result of illicit tree cutting, for the most part done by refugees in search of fuel. In the year prior to the war, when a serious shortage of firewood was caused by Sino-Japanese hostilities, it was found necessary, in order to augment supplies of firewood which Government was bringing in from Borneo and Malaya, to cut down many thousands of trees on Crown land. The daily consumption of firewood in the Colony in those days was more than 500 tons. At one time the firewood reserves of the Colony decreased to only three days supply and the exploitation of woodland on Crown land could not be avoided. During hostilities in December 1941, and for about two months after the occupation of the Colony by the Japanese, no effort was made to prevent tree-cutting on the hillsides and as a result the south side of the hills behind Kowloon was devastated and many thousands of young trees were removed. Later, the Japanese imposed restrictions on all unauthorised tree-cutting with very severe penalties. During the latter part of the war the Japanese were reduced to using wood as fuel for the power stations and a great deal of timber was systematically cut on the more accessible hillsides and along the roads. Finally after the liberation of the Colony firewood was again scarce and further fellings had to be carried out to augment imports.

During the year under review the main task of the new Forestry Department was to protect existing woodlands and to establish nurseries for tree-seedlings both on the island and in the New Territories. Several tens of thousands of tree-seedlings were raised for transplanting and 30,000 lbs. of pine

seed (*Pinus Massoniana*) were broadcast on the more exposed hillsides of the Colony. De-forestation of the hillsides causes soil erosion which has serious consequences in catchment areas and near reservoirs. Priority in the reafforestation programme was therefore given to such areas. The department was also responsible for the clearance of brushwood in places where mosquitoes might otherwise breed and for the removal of vegetation bordering and encroaching on the main roads. Such work had been wholly neglected during the Japanese occupation.

During the year an experiment in the growing of tung-oil trees was started; nurseries were prepared and young trees (*Aleurites montana*) grown there were budded with a view to their being established in plantations in the hills near Kowloon. This is the tree from the seeds of which wood-oil is extracted.

MINING.

Minerals come last on the list of Hong Kong's primary products. What little mining is done is entirely in the New Territories. The workings are all on Crown land which has been leased to the several companies for periods varying from 10 to 75 years. Only five small mines are at present being worked; one produces lead and silver, two are working wolfram deposits with indifferent success and the other two produce kaolin and magnetite respectively. The silver, lead and wolfram are mined mainly for export to Europe, while the whole produce of the magnetite mine is sold to the local cement works. Japan was the market for kaolin before the war and preparations are being made for the resumption of this export trade. The mines vary considerably in type and extent from surface workings to quarries and in the case of the wolfram mines to deep penetrations into the hillside by adit and cross-cut. There was before the war considerable prospecting activity but deposits have so far proved small and veins irregular.

INDUSTRIAL PRODUCTION.

The main range of industrial production in Hong Kong has been briefly indicated in the introduction to this chapter. Engineering and shipbuilding are the only heavy industries and the bulk of the Colony's production is in the light industry field. It is almost entirely in Chinese hands, most of the factories being Chinese owned and managed. The outbreak of war with Germany had a stimulating effect on the Colony's industries, particularly on the larger dockyards and on those local factories which were able to undertake the manufacture of war equipment; during the war against Japan industrial activity in the Colony was brought virtually to a standstill. By the end of 1946 the recovery of production capacity varied from 20-50% of pre-war levels. Industry had been



The graving dock,
Taikoo Dockyard.

Photograph by Hedda Morrison

handicapped by loss of equipment, lack of raw materials, high cost of raw materials and the excessive costs of labour. The number of factories registered at the end of the year was 366 and a further 537 had applied for registration. The number registered in 1941 was 1,200. Labour costs were very high throughout the period under review.

Effects of the War.

On the whole little direct war damage was done to factories except to the shipbuilding and repair yards and to a sugar refinery which was totally incapacitated. Machinery was in many cases removed by the Japanese and could not be recovered. What remained was in most cases in a poor state of repair as a result of under-maintenance and neglect; but this factor was not a major obstacle to the recovery of industry, except in ship repairing, since in almost all cases the equipment which remained was adequate to cope with the limited raw materials available. There was a shortage of skilled labour since many skilled men were killed during the war and many returned to China and have not yet come back to Hong Kong. Even in normal times the greater proportion of the technicians required for development was imported and an additional reason for the post-war shortage of skilled labour was the closure during the war of local centres of technical education.

The lack of raw materials has already been mentioned and further reference will be made later when individual industries are dealt with. In addition to the shortage of raw materials for production, the shortage and high prices of building materials, and in particular of timber, put a severe brake on the re-building of damaged factory premises. Shipping difficulties were experienced not only in the shortage of shipping space to bring materials to the Colony, but also in the lack of local water transport and land transport upon which the movement of materials and stores within the port is dependent.

Textile Industry.

Before the war more persons were employed in the textile industry than in any other single industry. There were 150 factories engaged in cotton weaving and 450 in knitting, employing 25,000 and 15,000 workers respectively. At the end of 1946 there were 90 cotton weaving factories in operation, and practically no knitting factories. The weaving industry specialised in cheap shirtings and prints for export largely to Malaya, Ceylon and East and West Africa. One obstacle to the re-establishment of this industry was the depreciation of machinery amounting to as much as 50%, due to lack of maintenance. But the principal difficulty was the shortage of yarn throughout the world. Limited stocks were found in godowns on the liberation of the Colony and these were issued

to factories almost solely for the production of cloth linings for the rubber shoe industry. In addition some enterprising firms bought yarn at a high cost from China and went into production; but the products were very expensive and became increasingly difficult to sell. At the end of the year over 5,000 bales were *en route* from Japan and it was hoped to secure regular supplies sufficient to keep the industry at not less than 50% of full production. The knitting industry was in similar circumstances at the re-occupation, except that no captured stocks of raw material were available. The button making industry is one which recovered more rapidly since large supplies of raw materials such as ivory nuts, bones and mother-of-pearl are available locally. As a result the Hong Kong button makers were able to capture some of the markets formerly supplied by their Japanese competitors.

Production of Rubber Shoes.

At the end of 1946 the production of rubber boots and shoes was about 20% of pre-war. Whereas the trade used to be mainly with the United Kingdom, South Africa and the Netherlands East Indies, post-war export was primarily to China, Siam and Annam. Lack of adequate supplies of material, damage to buildings and loss of machinery prevented the larger factories from re-opening, but there was a considerable growth of small factories. Although the cost of production was about ten times as high as pre-war, and wages about seven to ten times, markets were not hard to find owing to the world-wide shortage of the products and the temporary elimination of most low-cost competitors.

Paint Industry.

The paint industry recovered during the period under consideration to about 70% of its pre-war production. Little machinery had been lost and most of the materials used can be imported from China. The four pre-war factories resumed operation and their combined production for the year was about 305,000 gallons. Half of this was sold locally and the remainder found an easy market in Malaya, Netherlands East Indies and India. The price was about 200-250% of pre-war.

Tobacco and Match Industries.

There were adequate stocks of low-grade leaf tobacco and cigarette paper in the Colony at the time of the re-occupation to keep the principal factories operating until new stocks arrived and by the end of the year production was approaching the pre-war level. In the local market considerable competition is met from the U.S.A. and United Kingdom products. The two match factories were fully up to pre-war production in 1946 (2,400 gross boxes in all per month). Costs were very high at first owing to the difficulty of obtaining timber and chemicals, declining by the end of the year to

a level about five to six times as high as before the war. Considerable competition was felt from U.S.A. matches not only in the normal overseas markets of Malaya and the Netherlands East Indies, but also in the home market in Hong Kong.

The Dockyards.

In the field of shipbuilding and repair work a partial recovery amounting to 30-40% was made in spite of war damage and the removal of a considerable amount of valuable equipment by the Japanese. Raw materials were hard to obtain and labour costs were three to six times as high as before the war. At the end of 1946 there were 5,000-7,000 workers employed in ten dockyards as against 12,000-15,000 before the war. With the return of many vessels to the area after war service there was much more work to be done than the dockyards could handle.

Torch Batteries.

The manufacture of electric batteries gave work before the war to some 2,000-3,000 workers in twenty factories. Ten factories resumed operation during 1945-1946 but at the end of the period under review they were employing only 400-600 workers. Production was restricted to about 20% of pre-war, partly owing to the heavy loss of machinery amounting to 30% and partly to an initial lack of raw materials and particularly of zinc sheets. With wages at 800% of the pre-war scales and cost of production at 400%, markets were hard to obtain and prospects for the industry were not good.

Preserved Ginger.

Before the war there were eleven factories engaged in the manufacture of preserved ginger all of which resumed operation during 1946; but the total number of employees amounted only to 500 as against 3,000 in 1941 and production was far below the pre-war level. Apart from the difficulty of obtaining the raw ginger and sugar required for the industry and the very high price which had to be paid for them, the market for this luxury product was limited. The loss of the market for this product was also heavy. White sugar equipment and special utensils was also heavy. White sugar was supplied from United Kingdom stock with a view to production for export to the United Kingdom, the principal pre-war market. Some difficulty was experienced in bridging the gap of over 50% between the price offered by the Ministry of Food and local production cost, but an agreement which gave the industry a small margin of profit was finally reached in respect of 300 tons of the product.

Canning Industry.

The canning industry before the war enjoyed an established reputation and its products went largely to overseas

Chinese. Although little machinery was lost, the number of persons brought back into the industry amounted in December, 1946, to only 40% of the number employed before the war. The chief difficulty was high labour costs and expensive raw materials. Soya beans had to be brought from North China at eight times the pre-war cost, while tinplate was scarce and very expensive. Wages increased tenfold. Nevertheless the production in 1946 amounted to 4,000,000 dollars. The export market lies principally in Malaya and the Philippine Islands.

Other Industries.

During 1946 confectionery production reached about one-third of the pre-war figure, supplying mainly the local market. Glass exports to Manila, Singapore and Bangkok amounted to about 10% of pre-war exports. Tanning returned to about 60% of its former output whilst the manufacture of perfumes owing partly to high costs and partly to the large supplies of foreign cosmetics reached only about one-fifth of the pre-war level. Finally the production of joss sticks was seriously affected by the internal strife in Indo-China which was formerly the principal market for this export trade.

Chapter 7. SOCIAL SERVICES.

EDUCATION

The System and the Schools.

Education in Hong Kong is voluntary and is largely in the hands of Government and of missionary bodies. The present system may be said to have started in 1913 when the Education Ordinance from which the Director of Education derives his legal powers came into operation. Under this ordinance all schools unless specifically exempted are required to register with the Director of Education and must comply with the regulations made under the ordinance governing staff, buildings, number of pupils and health. In 1920 Government set up the Board of Education of which the Director of Education is the *ex officio* chairman. The present constitution of the Board is seven official and ten unofficial members.

The schools in the Colony may be classified as follows:—

- (1) Government Schools which are staffed and maintained by the Education Department;
- (2) Grant Schools which are schools run mainly by missionary bodies with the assistance of a grant from Government under the provisions of the Grant Code;
- (3) Subsidized Schools which are those schools in receipt of a subsidy from Government under the Subsidy Code;
- (4) The Military Schools and certain others which are exempted from the provisions of the Education Ordinance, 1913;
- (5) All other private schools.

Under the terms of the Grant Code introduced in 1941 and modified slightly in 1946 Government pays the difference between approved expenditure and income of the grant-aided schools. Approved expenditure includes all salaries, incidentals, other charges, passages and leave pay for teachers entitled to them, and the rent of school premises. In the case of a grant-aided school which owns its own building the approved expenditure may include a percentage, not exceeding 3 per cent. of the capital value of the building, to be used solely for the purpose of a rebuilding fund. Grants may also be made up to 50 per cent. of the cost of new buildings and of major repairs. Local teachers in grant-aided schools receive the same salaries as those in equivalent grades in Government schools, and those with approved British or American qualification receive the Burnham scale of salaries irrespective of race or nationality, together with an overseas allowance in the case of those not normally domiciled in the Far East. Five per cent. of their salary is deducted and paid into a provident fund, to which Government contributes another 5%, since these teachers do not come under a Government pension scheme. The objects of the Subsidy Code under which subsidized schools operate are three-fold: (a) to

enable properly qualified teachers to open schools without running into debt; (b) to keep fees at a reasonable level; and (c) to ensure proper salaries for teachers. Were it not for the subsidy many of these schools would be compelled either to charge exorbitant school fees in order to pay their teachers or to balance their budget by paying unreasonably low salaries and consequently lowering the standard of their tuition. The number of schools receiving subsidy varies from year to year; the size of each subsidy is determined by the school's deficit and is in any case not less than half the difference between expenditure and income.

Private schools are those which are not in need of or do not merit Government assistance. A school may at any time apply for Government subsidy or the Director of Education may approach the school manager and propose a subsidy if it appears that it is in the interests of the children or of the children's parents that this should be done. The private schools vary considerably both in size and in character. Education may be conducted in these schools either in English or in Chinese and their enrolments vary from 100 pupils or less to large schools with an attendance of about 900 children.

The medium of instruction in schools varies from one category to another. In some English is the sole language, in others Chinese, and a number of schools have classes in both languages. The grant-aided schools mainly use English although one school is entirely taught in Chinese. Teaching in subsidized and private schools is usually carried out in Chinese.

The Military schools cater for the children of serving officers and men under the age of eleven. The staff of these schools is recruited from the Army Education Corps and the Queen's Army Schoolmistresses. They are exempted from the provisions of the Education Ordinance.

Normally secondary education in English is to a great extent in the hands of Government and grant-aided schools, while subsidized schools and private schools are largely concerned with though not confined to the field of primary education.

Within the urban area in 1941 there were 649 schools. The vast majority of these—529 in number—were private schools: 91 were subsidized, and of the remainder 9 were Government and 20 grant-aided schools. The Government schools gave education to 1,500 primary and 1,199 secondary pupils, and the Grant Schools to 6,346 primary and 3,274 secondary pupils. Owing to the destruction of records no accurate information is available as to the number of pupils being instructed in subsidized private schools in the urban area before the war, but in the whole Colony subsidized schools accounted for 16,353 primary and 6,931 secondary pupils, while the private schools had an enrolment of 50,814 primary and 25,951 secondary pupils. The Grant Schools had no part in the field of rural education but two Government primary schools catered for 400 pupils in the rural areas.

Evening classes for adults were carried on under the aegis of the Evening Institute. Both technical and educational subjects were on the syllabus, classes being held in mechanical and electrical engineering, construction, shipbuilding, English, handwork and art, bookkeeping, shorthand and pharmacy.

The training of teachers was one of the most pressing problems with which the education authorities were concerned. To this end Government maintained the Northcote Training College for the training of teachers for urban schools both English and vernacular. The course of instruction covered a period of two years, and about 75 students were in training at a time.

The War.

The ravages of war and of the occupation were responsible for considerable damage being done to school buildings in the Colony. Among Government schools alone, the three largest, King's and Queen's Colleges and Belilios Girls' School as well as two others at Saiyingpun and Gap Road were completely destroyed; on this count alone educational accommodation for 2,400 children was lost. This was not the sole material aspect of the damage wrought to the educational fabric of the Colony. There was a heavy loss of school books, and of equipment and furniture, much of which was used as firewood during the period of enemy occupation. Possibly more far-reaching in its effects was the great degree in which education was interrupted during the war years. So far as can be ascertained the largest number of pupils receiving education at any time during the Japanese occupation was less than one-tenth of the 1941 total of 120,000, and the number had shrunk by August, 1945, to as little as 3,000. This unfortunate state of affairs was reflected in the serious increase in juvenile delinquency which was observed in the months following the liberation of the Colony. The gravity of this increase lent urgency to the efforts of the education authorities to repair the Colony's educational structure. A further spur to their efforts, if one were needed, was provided by the great demand from all quarters for the provision of adequate education.

Rehabilitation.

The Grant Schools were found to be in satisfactory order since they had been in continuous occupation during the war. With considerable assistance from Government twelve of them, with an enrolment of 6,000, were in normal operation by the middle of October, 1945, and by the end of that month an additional 52 private and 4 Government schools opened providing educational facilities for a further 12,000 children. From that date there was a steady expansion of the educational facilities provided and the number of pupils in schools steadily increased. To assist in this process a system of housing two schools in one building was adopted, one session

taking place in the morning and the other in the afternoon. In this way a school which would normally cater for 200 pupils now provides education for 400. Each session has its own headmaster and staff. While this results in a slightly shorter number of hours tuition the necessity of providing education for as many children as possible makes it the only practical solution. The morning schools are opened for 27 hours a week and the afternoon schools for 25 hours a week. One feature of this general expansion has been a very large increase in the number of Government schools in which instruction is carried on in Chinese. Before the war there were only two such but in the period since the liberation of the Colony this number has been increased to ten.

By the end of 1946 there were actually more pupils attending primary schools than in 1941. In the urban area Government schools catered for 3,142, or twice the 1941 total, Grant Schools for 7,583 as against 6,346, subsidized schools for 8,909 and private schools for 32,366. The last two categories include night schools with an enrolment of 2,678 and 11,733 respectively.

Secondary education on the other hand did not show such a startling revival. Although the Government and Grant Schools reached their pre-war enrolment, neither the subsidized nor the private schools came anywhere near the 1941 figures. The total result is that against 37,355 who were receiving secondary education in 1941 there was at the end of 1946 a total of only 12,105.

Rural education continues to be mainly in the hands of private and subsidized schools, although Government maintains three primary schools, one at Taipo, one at Un Long and one on the island of Cheung Chau. Private schools have not yet resumed on anything like the same scale as in 1941 when there were 48 in the rural areas, but subsidized schools which cater for almost 10,000 primary pupils show an increase from 123 to 144.

Since the liberation of the Colony a determined effort has been made to cope with the problem of educating the children of the fishing community. Four schools have now been provided for these children three of which receive subsidies from the Education Department and further assistance from the Fisheries Department. In one of these schools accommodation is provided for the children.

Damage and looting of equipment have so far prevented the reopening of the Government Trade and Technical Schools. The position at the close of 1946 was that no resumption was to be expected for some months. Some of the large quantity of equipment required to re-equip entirely the Trade School was expected to arrive early in 1947. The first course of training was to be a wireless operators' course, and plans were being made for a course in building for those who had been within three months of completing their course in 1941.

The resumption of other activities is entirely dependent on the somewhat uncertain arrival of equipment from the United Kingdom.

The Evening Institute reopened during the year, and has an enrolment of six hundred. Courses at present on the syllabus include bookkeeping, shorthand, English, physical training, pharmacy and the training of teachers. In all there are eleven courses which meet two or three times a week for periods of two hours at a time after business hours.

The Northcote Training College for Teachers was reopened in March, 1945, when many former students resumed their interrupted studies. Owing to the lack of training during the war years it has been found necessary to introduce evening classes for the training of older teachers and to provide an intensive summer course for those who have several years' experience. A further step in the training of teachers was taken when a Rural Training College was opened in September, 1946, at Fanling in the New Territories. This is a residential training centre for those who intend to take up teaching in the rural schools. The students are instructed in rural occupations in addition to educational subjects, and spend much of their time in practical agriculture. Both men and women are included among the students, who number about 25.

Government expenditure on education during the year under review amounted to over HK\$6,000,000, of which over HK\$2,000,000 were allotted in grants and subsidies. In spite of this heavy expenditure it was estimated at the end of the year that there were still some 60,000 children of school age who were receiving no education at all. Many of these are temporary residents for whom it would be difficult to make provision.

Education in Hong Kong is not free although 10 per cent. of the pupils in Government schools are awarded free places, these children being mainly from poor families. In addition scholarships are awarded to the top pupil in each class. The fees in Government schools are \$5 per month for primary and \$10 per month for secondary classes. This is approximately on the same level as the charge for instruction in the grant-aided schools where fees are generally on the scale of \$6 to \$12 per month. The subsidized schools charge \$8 per month and the rural schools are less expensive, fees ranging from \$1 to \$5 per month. The highest fees in the Colony are charged in the private schools where the average is \$15 per month but this does not in all cases necessarily represent the total cost of education as additional charges are also often made for "extras". One unhappy result of the great demand for education which is evident among all classes of the population is that it has opened a way for the charging of exorbitant school fees because the number of applicants exceeds the school accommodation available. This has to some extent

been counteracted by the opening of free evening classes and by keeping the fees of Government, grant-aided and subsidized schools as near to their pre-war level as is economically possible. Assistance to pupils to continue their education after leaving school is given by Government in the form of fourteen scholarships to Hong Kong University. Many of those who are awarded these scholarships later take up teaching as a career.

The University.

The University of Hong Kong was incorporated in 1911 and formally opened in 1912. It had therefore reached the thirtieth year of its existence when the Japanese war broke out towards the end of 1941. That year had been a year of expansion. Not only was a new science building opened only a few weeks before the outbreak of war but plans had also been approved for a temporary annexe to house a large number of new students many of whom had flocked to Hong Kong from Malaya. There were in existence in addition to classroom accommodation for about 500 students, six hostels, laboratories, staff residences, a Students' Union, a gymnasium, workshops and playing fields.

The supreme governing body of the University was the Court, which comprised life members, *ex officio* members and nominated members, with the Governor as chairman. The Council, which was the executive body was composed of the Chancellor, the Vice-Chancellor, the Treasurer, certain Government officials, Chinese members of the Legislative Council, the Deans of the Faculties, two representatives of the commercial community, and two additional members appointed by the Governor. The Senate was composed of the Vice-Chancellor, the Director of Education, and the Professors and Readers. There were in existence four faculties, medical, engineering, arts and science. Unfortunately, the destruction of records precludes an accurate statement of the number of students attending the University in 1941 but certainly they were considerably more numerous than in 1939-1940, when a total of 516 in the four faculties was recorded. In addition the hospitality of the University was extended to some 500 students of Lingnan University driven from Canton by the incursion of the Japanese, while the Chinese Maritime Customs School also held classes within the University.

The prospects of a very successful session were abruptly dispelled by the invasion of Hong Kong in December, 1941. An immediate effect of the fall of the Colony was the grievous material damage wrought on the University buildings by wholesale looting. Every vestige not only of scientific equipment but also of fittings and woodwork was removed from the newly opened Northcote Science Building and from the medical schools. The only buildings which escaped serious damage were the main floor of the University in which is

housed the main Library, and the Fung Ping Shan Chinese Library and Tang Chi Ngong School of Chinese Studies. Even after the Japanese surrender in 1945, some looting persisted, adding to the tasks of rehabilitation with which the University was faced in 1946. Fortunately the libraries suffered least. The University Library, including the Morrison Collection and the Hankow Library, was intact with the exception of a number of books dealing with the Pacific area. The Fung Ping Shan Chinese Library also remained almost intact, and of three private collections housed in the Fung Ping Shan Library for safe-keeping two still remained whole while the third, belonging to the National University of Peking, was removed by the Japanese but has now been recovered in part and restored to the National University. No less serious than the material damage suffered by the University was the grievous loss sustained by the teaching staff. During hostilities one member of the staff was killed and one seriously wounded. The years of the occupation also took a heavy toll, three Professors, the University Treasurer and two Lecturers losing their lives.

Very soon after the Japanese occupation two European members of the University staff succeeded in escaping to Free China where they were able to render assistance to the many students who had also made their way there from Hong Kong. Arrangements were made for over 200 to continue and complete their studies in Chinese universities. In this connection it is gratifying to be able to record that Lingnan University which had succeeded in establishing itself in a temporary campus in Free China, did not overlook the hospitality previously accorded to its students in refuge in Hong Kong and offered to many Hong Kong students shelter and the opportunity to pursue their studies. In recognition of this assistance the Hong Kong Government recently voted the sum of HK\$20,000 to assist the rehabilitation of Lingnan University.

Early in 1946 the Secretary of State for the Colonies appointed a Committee, established by Order in Council under the title of the University of Hong Kong Provisional Powers Committee, to deal in London with the liquidating of the University's obligations to its staff and to purchase supplies and equipment for an early reopening. The powers of this Committee were similar to those of the Council. Supplies were obtained but the scarcity of shipping space caused serious delay. On December 31st, 1945, the Secretary of State appointed a Committee to advise on the future of the University, both immediate and more distant. The terms of reference were:

- (a) whether or not the University of Hong Kong, as such, should continue to exist and if so the policy which should govern its resuscitation and
- (b) the steps necessary to re-start such of the work hitherto undertaken by the University as is essential

for the needs of Hong Kong, whatever the decision arrived at on the broader issue.

This Committee reported in July, 1946, and at the end of the year questions of long term policy were still under consideration. No steps could in the meantime be taken to fill the large number of vacant senior posts.

In June, 1946, a Matriculation Examination was held, the papers being set and marked by London University examiners. There was a good pass list. A further step was the formation of the University Interim Committee with functions similar to those of the former Senate, and on October 23rd it was possible to reopen first year classes leading towards courses in medicine, engineering, arts and science, the enrolment for the autumn term being as follows:—

	<i>Men.</i>	<i>Women.</i>	<i>Total.</i>
Medical students, or students in science leading to medicine.....	32	9	41
Engineering	8	—	8
Arts	18	18	36
Science	20	4	24
Total.....	78	31	109

Steps were taken during the year to rehabilitate the Northcote Science Building, one of the hostels and four staff residences, and at the end of 1946 a further programme of rebuilding was under consideration.

HEALTH.

The Medical Department.

Matters of public health are the responsibility of the Medical Department, the functions of which are separated into different divisions, *e.g.* hospitals, health, investigation and relief. The hospitals division, which includes out-patient departments and public dispensaries, cares for the sick and injured in fifteen separate hospitals, fourteen dispensaries and two poly-clinics. The hospitals provide approximately 2,800 beds for accidents, infectious diseases (including tuberculosis), mental and general diseases. Most of the hospital accommodation is on Hong Kong Island and a smaller number of beds is available on the Kowloon Peninsula and in the New Territories. Appendix 1 to this chapter contains the returns of infectious diseases for the year 1946.

The health division has a variety of functions. Besides the supervision of the cleanliness of houses, streets, and open spaces, these include the control of anti-epidemic measures such as vaccination, inoculation, disinfection, the care of expectant and parturient mothers, the neo-natal care of infants, and the inspection and treatment of school children. This division is also responsible for malaria control, port health work, food and drug control, public health propaganda, the treatment and prevention of social diseases, the supervision of markets and slaughter houses, and the registration of births and deaths. Vital statistics for the year under review are given in Appendix 2.

The investigation division is subdivided into pathological laboratories (one on each side of the harbour), a chemical laboratory, a bio-chemical laboratory, and public mortuaries where autopsies are carried out on all bodies of persons where the cause of death is in doubt.

On 31st December, 1946, the staff of the Medical Department consisted of:—

Doctors	— 108 of whom 30 were Europeans
Nurses and Hospital Dressers	— 647 of whom 59 were Europeans
Health Inspectors	— 109 of whom 40 were Europeans
Others (including technicians, subordinate and menial staff)	— 1,963

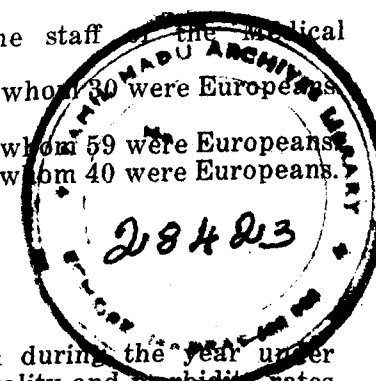
Low Mortality.

The standard of public health during the year under review was extremely high, the mortality and morbidity rates being the lowest on record. The Colony was afflicted in the autumn with an epidemic of smallpox, more serious than any since the previous high record of 1938, and there was a somewhat less serious outbreak of cholera in the summer months;



Hakka countrywoman with straw gauntlet for grass-cutting and "lampshade" hat.

Photograph by Hedda Morrison



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but even with these, and with the loss of life accompanying other preventable conditions, such as tuberculosis, malaria, cerebrospinal meningitis, relapsing fever, typhus, enteric fever, dysentery and diphtheria, the total mortality was still remarkably low. Tuberculosis continued to be of all preventable conditions the worst single killing disease. In contrast to the tens of thousands of deaths from starvation, beri-beri and other gross malnutritional conditions which were prevalent during the Japanese occupation, only two deaths were attributed to starvation in 1946.

This record is all the more remarkable in the light of the fact that some 20,000 dwellings were destroyed during the war, displacing about 160,000 persons; although 2,118 were European-type houses representing loss of better type accommodation for 7,237 persons, the great majority were dwellings which would normally have housed Chinese persons of the poorer classes. The resultant overcrowding of those tenements still remaining intact was inevitable, and the influx of population during the year under review was such that thousands of homeless persons could find shelter only in partially demolished buildings or in insanitary shacks lacking hygienic facilities and other essentials. These groups provided the main foci for dangerous infectious diseases.

Infection Risk.

The clearance of bomb rubble was slow through shortage of transport and the bombed areas were a serious source of danger to the public health. It was difficult to prevent their misuse as general dumps for refuse, human wastes and even the bodies of those who had died of smallpox and other infectious diseases. Again they provided a harbourage for the colonies of rats with which the urban areas were swarming at the time of the re-occupation. With the Colony's unenviable reputation of having been one of the plague spots from which spread the plague epidemic of the 'nineties, and with plague in neighbouring ports along the China Coast, these accumulations of refuse gave cause for considerable anxiety.

Sewage.

War damage to sewers and the illegal connecting up of closets with the storm water system, constituted another danger to health, particularly from cholera and other acute intestinal diseases. Most of the human wastes in Hong Kong and Kowloon are still dealt with by a pan-conservancy system, whereby the pan contents are deposited in sewage barges along the bunds. A proportion of this is taken to the New Territories, and rendered relatively innocuous in maturing tanks before being distributed to farmers as fertiliser. The greater part is dumped at sea, pending the construction of additional batteries of tanks in the New Territories.



The Queen Mary Hospital at the Western end of Hong Kong Island. In the distance is Lamma, one of the larger islands of the New Territories.

Photograph by Hedda Morrison

Water.

Some anxiety was entertained in regard to the water supply during the year. The Water Authority succeeded in delivering sufficient water of excellent chemical and bacteriological purity to the community, but it was necessary in the early autumn to restrict the hours during which a service was maintained from 6 a.m. to 10 p.m. daily.

Food.

The Colony's food supply also presented problems. A rudimentary form of rice rationing was set up shortly after the liberation and a ration of one catty (1 $\frac{1}{2}$ lbs.) per day was distributed. It soon became impossible to maintain this ration in view of the world shortage of rice and the ration was reduced towards the end of December, 1945, to 17 ozs. It was not possible to extend the rationing scheme to any other commodities at that time for the reason that no supplies were available. A new and stricter system of rationing was introduced in January, 1946, which made provision for extension as supplies became available.

Even with extensive local purchases (which were sold retail at a loss to the revenue of about 35 cents per catty), it was not possible to maintain the rice ration and on 16th February it was reduced to 8 ozs. the cut being partly offset by a flour ration of 6 ozs., later cut to 4 ozs. in April. By the end of January the rapid growth of the population was again outrunning supplies and it became necessary to restrict new registration for rations to those who had lived in Hong Kong for at least seven years before the war.

In May the ration was reduced again to 7 ozs. of rice and 2 ozs. of flour. By this time rations of 2 lbs. of sugar per person, four to five tins of sweetened condensed milk and 4 lbs. of peanut oil had been added. At the end of May, the rice ration was lowered to 5 ozs. and the flour increased to 4 ozs. Apart from minor and momentary fluctuations (e.g. army biscuits were issued in lieu of half the rice ration for a few days in July), these rations were maintained to the end of the year. The price of rationed rice at the end of the year was 25 cents per catty as compared with about 7 cents in 1937.

The introduction of flour in the ration instead of rice was not popular; flour is more expensive in time and fuel to prepare and is not considered by those whose staple diet is rice to be as satisfying. But whatever disadvantages may have attended the shortage of rice, the nutritional state of the community as a whole was better than it had ever been during the whole decade 1936-1945. Serious degrees of malnutrition were rare and several surveys carried out through different sections of the community at varying age levels showed that the proportion of patients in hospital with beri-beri was less than one-tenth of the pre-war level.

HOUSING.

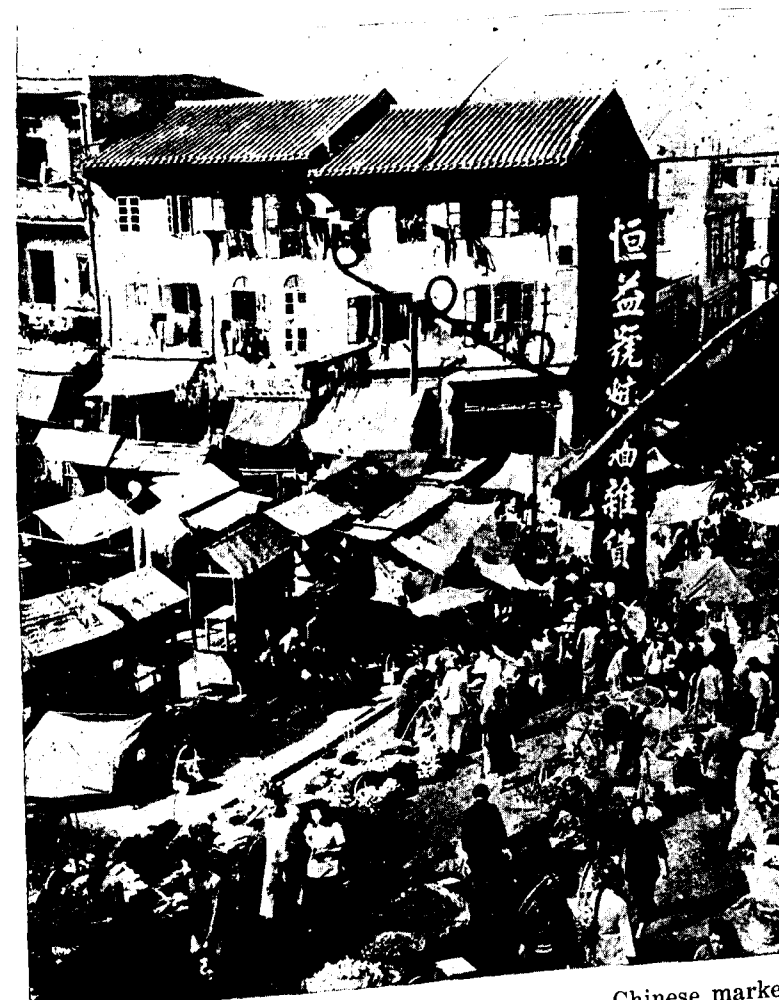
Urban Housing.

The majority of the population lives in the older Chinese tenement houses of Victoria City and of Kowloon. These houses, which are built back to back in rows separated by scavenging lanes, vary in height from two to four storeys, the poorer section of the population being housed mainly in the upper floors. Each floor is sub-divided into rooms or cubicles of not less than 60 square feet and may accommodate three or four families. A communal kitchen is provided, but in the old type of building no provision is made for latrine or ablution accommodation: public latrines and bathrooms have been erected to meet this shortcoming. Buildings of this type are now disappearing, being replaced by more modern structures. Virtually all such tenement houses are owned by Chinese landlords though some of the larger industrial undertakings, both Chinese and European, provide housing for their employees. A large proportion of the city of Victoria was erected in the early days of the Colony when town planning was little practised even in Europe, and the major defects of housing are due to the absence at that time of planning and of modern legislation. The Buildings Ordinance of 1903 was framed to conform with the standards of structure and hygiene then accepted. In the light of modern practice many of its provisions and many of the buildings originally constructed in accordance with those provisions are out of date. Control of domestic building is now effected by the operation of a newer Buildings Ordinance, introduced in 1935, which provides also for improved lighting and ventilation in buildings originally made to conform with the less advanced legislation.

The urban sections of Hong Kong Island and of Kowloon are divided into five areas, with a Health Officer responsible for the cleanliness of each; the areas are divided into districts and each district is under the charge of a Health Inspector. House to house inspection is part of the Health Inspector's daily routine and the residents of each house and each storey are required by law to carry out the cleansing of their premises under the supervision of the Health Inspector's staff. Tanks containing kerosene emulsion solution are provided for cleansing purposes generally, and for complete immersion of smaller articles of furniture, such as bedboards. During the period from 1st May, 1946, to 31st December, 1946, the whole of the urban district was cleansed in this way on three occasions.

Rural Housing.

The housing of the rural population is very different. Only the urban area is affected by large-scale influxes of population such as took place in 1939-1941 and during the year under review. The population of the New Territories is



Chinese market.

Photograph by Hedda Morrison



Village in the
New Territories.

Photograph by Hedda Morrison

very stable, and the villages were for the most part built several generations ago. The houses are huddled together, often surrounded by a wall and sometimes by a moat; many of the walled villages still retain their heavy gates and some adhere to the traditional routine of bolting the gates at sunset against bandits. Village houses in the New Territories are known as "ancestral property" and are handed down from father to son and almost without exception occupied by the owner, who pays a small annual Crown rent to Government. They are usually built of locally made blue brick or cut granite with a tiled roof and cement floor though some of the poorer type are built of sun-dried mud-brick faced with plaster. A typical village dwelling consists of one ground floor room, entrance being made through the front door—there is no back door—into a partially roofed-over space, one side of which is reserved for cooking, and the other side for storage of dried grass, the principal fuel. An inner door gives entrance to the single room, the rear portion of which is screened off with wooden partitions for the use as a bedroom. Over this rear portion, raised some 8 feet above floor level, is a wooden platform or gallery known as the "cockloft", which is used for storage purposes or for extra sleeping accommodation if the family is large. The house has no ceiling, except the rafters and tiles, and no chimney. Windows are rare.

Dwellings are sometimes built in rows of a dozen or so in the larger villages, with the front of one row facing the back of another row; whilst at other times they are built haphazard to conform with "Fung Shui" ("wind and water"), a form of Chinese necromancy which traditionally governs the siting of dwellings and graves. The streets between the dwellings are usually not more than six to eight feet wide, and the drainage is primitive. Lavatories are erected apart from the dwellings, and are similar, though inferior, to those still found attached to some rural cottages in the United Kingdom. The houses are for the most part kept in reasonable repair and the structural design is never altered. Furnishings consist usually of trestle beds, perhaps a table, and a few small stools.

European-type Housing.

In normal times—and the year under review was far from normal—the European resident lives in a suburban-type villa, flat or small house not unlike the equivalent in the United Kingdom. Increasing numbers of permanent Chinese residents also favour the European type of house. The Kowloon European-type suburbs developed extensively during the period 1930-1940, the houses built being not unlike those in an average London suburb with the addition of servants' quarters and, in most cases, of the verandahs which the semi-tropical climate requires. At the western end of the island of Hong Kong the higher altitudes have been developed for European-type dwelling houses by a system of roads cut into the steep hillsides. The temperature at 1,200-1,400 feet is

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normally about 6° lower during the summer than the temperature at sea-level but against this advantage must be set the higher humidity during the damp spring season.

Effects of the War.

A great deal of domestic accommodation was destroyed or seriously damaged during the war against Japan. A Building Reconstruction Advisory Committee was appointed during the Military Administration and reported in April, 1946, that tenement-type housing for 160,000 persons and European-type housing for 7,000 persons had been destroyed or seriously damaged. The damage to European houses was caused mainly by looting and the destruction of tenement houses was due chiefly to Allied aerial bombardment. Most of the housing deficiency caused by this destruction could be made up only by new construction or major repairs, and these were slow to start since owners were discouraged by the high cost of building materials and labour (a looted European-type house might cost twice as much to repair as it had cost to build ten years before). In spite of this factor plans for the following repairs and construction were submitted to and approved by Government during the year under review:

Structural reinstatement of

- (a) European-type houses — 40
- (b) Tenement buildings — 395

Major repairs to

- (a) European-type houses — 103
- (b) Tenement buildings — 390
- New tenement buildings — 70
- New European-type houses. — 20

Overcrowding.

With about 20% of the Colony's poorer class housing destroyed, the rapid rise in the population after Japan's surrender caused very serious overcrowding during the year under review. Many of the newcomers from China had no knowledge of urban life and were ignorant of the rudiments of sanitation. Thousands sought shelter in damaged premises with no sanitary fittings and drew their water from polluted wells. It was necessary to give the Health Officers powers to compel owners to make their damaged premises as far as possible proof against such squatters. At the end of 1946 the overcrowding of urban dwellings was even more serious than it had been during the period 1940-1941, when three quarters of a million refugees were estimated to have sought refuge in the Colony as a result of Japanese aggression in South China.

Town Planning.

The laborious and expensive process of reconstruction can hardly overtake the demand for some time to come. Meanwhile a good opportunity exists to remedy for the future

the defects which are due to the lack of town planning and of modern standards of hygiene in the past. At the end of the year staff for a Town Planning Section of the Public Works Department was being recruited and a Housing and Town Planning Sub-committee of the Colonial Development and Welfare Committee had already been set up.

Shortage of European-type Housing.

The shortage of European-type accommodation was no less acute. 72% of this type of housing had been heavily damaged or destroyed, with the result that at least 7,000 persons were estimated to have been temporarily or permanently displaced. This remarkably high percentage was due to the fact that many buildings of this type had stood empty throughout the Japanese occupation, and were subject during that period to considerable looting. In most cases all sanitary fittings and everything made of wood including roof timbers had been removed and exposure to the weather had completed the destruction.

By the beginning of 1946 there had been a certain amount of rehabilitation of hotels. The four principal European-type city hotels were left in a dirty but workable condition, and these were requisitioned and used to house officials of the Administration and returning members of the commercial community. Maximum use was also made of such houses as had survived the Japanese occupation but the large garrison which had to be maintained during the Military Administration constituted an additional demand on the limited accommodation available, particularly since heavy damage had also been sustained by houses and barracks formerly used by the fighting services. The main hotels were de-requisitioned in June, 1946, and the hotel companies continued to work in co-operation with Government and to restrict as far as possible the cost of living for those compelled to live in hotels.

This arrangement met the requirements of the then European population which at the middle of the year was practically all male, but with the gradually increasing return of wives and families the shortage of European-type accommodation became more and more serious. As hotels reached saturation point and the momentum of returning families increased, the opening of boarding houses and hotels was fostered by the Government and some institutional buildings were taken over for use as temporary hostels. Up to the end of the year these expedients proved just adequate to provide a very low and uncomfortable standard of temporary accommodation for returning personnel. Most single hotel rooms were housing three persons and it appeared that in 1947 the degree of overcrowding would grow still greater.

SOCIAL WELFARE.

The re-establishment of the Hong Kong dollar and the consequent worthlessness of the yen presented the Military Administration in September, 1945, with a situation in which ninety per cent. of the population had no money and little immediate prospect of obtaining any. Amongst the emergency measures adopted to meet this situation was the allocation of \$150,000 to provide free food for the destitute, and the inauguration of a large-scale public relief work programme whereby between thirty and forty thousand unskilled labourers were employed daily in clearing and cleaning the city streets.

The subsequent relief programme centred in a system of free rice distribution through kitchens in all areas of the Colony whereby about 25,000 destitute persons were fed each day. These figures were never substantially reduced throughout the period of the Military Administration, and in March it was estimated that some 22,000 persons were in receipt of this first-line relief. At the same time some 2,000 basic rations were being issued daily to the staffs and inmates of charitable institutions and orphanages. A further 3,000 persons were provided for from a depot organized by the Relief Department, where rice and army rations were issued to needy persons, either free or on partial repayment.

Centres were opened where destitutes, mostly non-Chinese, were accommodated and fed. The first of these was Rosary Hill, taken over from the International Red Cross and administered by the British Red Cross. Subsequently four more centres were opened, where approximately 820 persons of all nationalities were provided for by representatives of the Salvation Army, British Red Cross, St. John Ambulance War Organisation and the Relief Section of the Military Administration. In these centres a system of graded relief was introduced whereby the gradual independence of the inmates was stimulated and every possible assistance was afforded them in finding occupation and lodgings.

In February, 300 tons of used clothing were received from UNRRA and distributed over as wide a field as possible. Minor welfare organizations throughout the Colony were co-ordinated under the Bishop of Hong Kong and \$30,000 was granted by the Administration to the Bishop's Social Welfare Council for distribution and for case work.

The Administration's relief obligations were not limited to the residents of the Colony at the time of the re-occupation. A constant stream of destitutes entered Hong Kong from Macao and China, and it is estimated that food, accommodation or clothing were provided for some 10,000 persons in this category. In addition, temporary relief was extended to 2,300 UNRRA-sponsored repatriates bound from Australia, Manila and elsewhere for the interior of China. In January,



Brother and sister.

Photograph by Hedda Morrison



Mother and child.

Photograph by Hedda Morrison

the Army RAPWI organization closed down and the housing, feeding, payment and documentation of the 200 remaining repatriates and of repatriates in transit through the Colony were undertaken by the Relief Section.

The Civil Government thus inherited from the Military Administration considerable responsibilities in the field of relief, and the Relief Section continued its work as a sub-department of the Medical Department. The free food kitchens were maintained throughout the year and a system of assisted repatriation was set up whereby destitute Chinese persons were given free transportation back to their homes in the interior of China. This was made possible by co-operation between the Hong Kong Government and CNRRA, an agency of UNRRA which operates in China. Shelters were opened for street sleepers where they could stay in warmth and safety and obtain a free evening meal. Expectant and nursing mothers and infants in need of extra food were given free milk and nutritious congee, a gruel made from rice, to supplement their scanty diet. On all these works, and in subsidies to charitable bodies and hospitals, Government spent about HK\$5,000,000 during 1946. Valuable assistance was given throughout the period by the British Red Cross, the Salvation Army and such local agencies as the Hong Kong Social Welfare Council, the Society for the Protection of Children, the Boys' and Girls' Clubs Associations and various religious bodies.

The repatriation of over 2,000 Chinese labourers who had been taken from Hong Kong to Hainan Island by the Japanese was carried out in May. These men had been cajoled or conscripted by the enemy for the purpose of working in the Hainan iron mines and the end of the war found them stranded in labour camps at various points on that island and in urgent need of food, clothing and medical attention. Plans were made in consultation with the Chinese Government, CNRRA and the Royal Navy, and 2,343 persons were brought to Hong Kong in two trips by H.M. Hospital Ship "Empire Clyde" in the second half of May. The detailed arrangements for collecting clothing, feeding and supervising the repatriates were in the hands of a Medical Officer of the Hong Kong Medical Department assisted by CNRRA officials.

At the end of the year plans for setting up a Social Welfare sub-department of the Secretariat for Chinese Affairs were under consideration and an administrative officer was receiving special training in the United Kingdom in social welfare work.

APPENDIX I

RETURN OF INFECTIOUS DISEASES FOR 1946.

Month 1946	C S. M.		Chicken- pox		Cholera		Diphtheria		Dysentery		Enteric Fever		Malaria		Measles		Puerperal Fever		Rabies		Relapsing Fever		Smallpox		T. B.		Typhus Fever		Scarlet Fever	
	Cases	Death	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.	C.	D.
January	1		8		1	1	41	5	10	2	11	3	437	42	2		2	1					1		241	125	1		1	
February	8		19				16	5	3	1	16	9	234	35	15								3	1	206	102	2			
March	63	12	26		6	5	9	7	1	5	20	12	256	56	124	3			1	1	8	1	12	9	254	160				
April	76	14	2		29	12	8	4	4	3	5	8	136	57	77	10					14		5	2	144	153			1	
May	50	5	3		24	9	7	1	11	5	19	8	247	95	50	6					24		16	10	257	178	6			
June	20	5	1		281	137	7	6	18	12	23	14	207	82	13	1					15	5	32	32	169	145	10			
July	13	2			118	51	8	1	18	3	19	12	117	64	8	3	1	1			7	1	73	60	199	146	9	1		
August	11	4	1		48	19	7	5	12	3	37	19	213	52	6	4					8		80	64	295	149	2			
September	7	5	3		7	5	8	1	19	11	23	9	195	30	9	3							126	87	264	146	1			
October	9	4	5				16	5	30	4	17	8	153	31	3	2	1		1	1			271	179	292	150	3			
November	12	4	23				18	11	30	5	14	4	125	54	5	3	2						819	530	249	140	7			
December	15	3	32				16	9	16	5	17	6	102	2	5						1	1	560	331	231	158	1			
Total	293	58	123		514	239	161	60	172	59	221	112	2422	10	317	35	6	2	2	2	77	8	1998	1305	2801	1752	42	1	2	

Nil returns for plague and yellow fever.

APPENDIX 2.

VITAL STATISTICS FOR 1946.

Estimated by extrapolation methods on the normal intercensal increase, the population at mid-year 1946 would amount to 1,168,815. Inevitably, such estimates must be very approximate, since they are based on the last census which took place fifteen years ago. In view of the violent fluctuations of population since then, this figure must be regarded as considerably below the actual total which was probably not less than one and a half million. See the chapter on Population at page 9.

A. BIRTHS.

Records for births are incomplete owing to the hostilities in December, 1941, and the subsequent lack of interest in birth registration manifested by the Japanese during the period 1942-1945 (August).

<i>Year.</i>	<i>Births.</i>
1940	45,064
1941	45,000 (estimated)
1942	10,343
1943	20,732
1944	13,687
1945	3,712 (to 31st August only)
1946	31,098

The birth rate per mille in 1946 is estimated to be 26.6 as compared with 41.9 for 1940, the last year for which accurate figures are available. There is, of course, no proof that the age-sex make-up of the population was identical for the two years in question.

B. DEATHS.

While death registration was equally unsatisfactory throughout the occupation and many thousands of bodies never received burial in recognised cemeteries, such records as are available are given in the following table with those for 1940, 1941 and 1946:

<i>Year.</i>	<i>Deaths.</i>
1940	61,010
1941	61,324
1942	83,435
1943	40,117
1944	24,936
1945	23,098 (to 31st August)
1946	16,653

Death rates per mille for 1940 and 1946 were 56.9 and 14.2 respectively.

This very marked fall in the post-war death rate after forty-four months on a very low dietary for most of the community and in the face of high prices of necessities of life and strict rationing, provides food for conjecture.

One theory that has been advanced suggests that the weaker went to the wall under rigorous siege conditions. It is, however, an undoubted fact that a third of the bodies examined at autopsy soon after the liberation showed evidence of death from food deficiency of one sort or another. Another theory suggests that the rationing of rice and its partial replacement by flour has resulted in a better balanced diet and a greatly lessened incidence of beri-beri and other nutritional diseases. This hypothesis is unproven.

C. INFANT MORTALITY.

Although the deaths of infants under one year of age formed a fifth of deaths for all ages, the number of infant deaths per thousand live births was only 109. This figure compares with 327 for 1940 and 617 in 1931. This figure is the lowest to be found in any of the records saved from destruction going back to the earliest days of the existence of the department.

D. CAUSES OF DEATH.

(i) Acute Infectious Diseases.

(a) Smallpox.

The first case of smallpox occurred at the end of January. The outbreak did not appear to be serious and smouldered on until August when it became apparent that many foci of infection existed. The peak was reached in November and the epidemic showed definite signs of declining by the end of 1946.

1,306 of the total of 1,998 cases were fatal, giving a mortality rate of 65.3 per hundred cases.

Low vaccinal state, concealment of cases, importation of florid cases from Canton, Shanghai and other outports and the dumping of dead, thus preventing disinfection of premises and vaccination of contacts, all tended to the dissemination of the disease.

Counter measures included the vaccination of 1,525,105 persons with the assistance of volunteers from St. John Ambulance Brigade; intensive house-to-house searches by the Health Inspectorate for cases; the isolation of 938 cases with 254 deaths; vaccination of contacts; examination and vaccination, where necessary, of all arrivals and departures by sea, air and land; disinfection of premises and effects; cremation of bodies illegally dumped in streets to avoid disinfection of premises, etc.; and, lastly public health propaganda through mobile

loud speaker, cinema and the Chinese and English press. Penicillin and sulfadiazine lowered the mortality in cases treated to 10%.

(b) Cholera.

Cholera first put in an appearance early in January, but the outbreak did not attain serious dimensions until the hot weather set in in June. A total of 246 deaths was recorded out of a total of 514 cases, a mortality rate of 47.9 per centum. The mortality rates in the two hospitals where cholera was treated were 37.7 and 21 per centum respectively. Treatment with solutions of brilliant green (1-2,500) appeared to have a beneficial effect and reduced the carrier rate. Half an ounce every hour for eight doses was found to be the optimum dose. As in the case of smallpox, so with cholera, numerous inoculation stations were set up on both sides of the harbour and every encouragement was given to the general public to accept what protection cholera inoculation may afford. All passengers arriving from cholera-infected ports and all intending passengers from Hong Kong were also inoculated.

The last case of cholera was isolated on 26th September, and the Colony remained free from the disease for the remainder of the year.

(c) Typhus.

Typhus of the so-called "scrub" variety in which the vector is believed to be a mite carried by a rodent was reported on several occasions. There was no obvious connection with these cases which affected men in all classes of society. The mode of infection remained a mystery, although contact with rat-infested places was a factor in some of the patients. During the year, 42 cases were reported with two deaths. The vector was not discovered.

(d) Enteric Fever.

The enteric group of diseases was more commonly diagnosed, amounting to 221 cases with 115 deaths, a case mortality of 52 per centum.

(e) Cerebro-spinal Meningitis.

Cerebro-spinal meningitis was most prevalent in April and 293 cases were reported of which 85 or 29 per centum proved fatal.

(f) Diphtheria.

Diphtheria accounted for sixty-two deaths in 161 cases (38.5 per centum) and stimulated an active immunization campaign in schools. 3,452 children were protected with alum precipitated toxoid.

(g) Dysentery.

Dysentery, mostly of the bacillary type, was notified in 172 cases of whom 60 or 34.9 per centum proved fatal.

(h) Malaria.

Some 720 deaths took place in 2,422 cases of malaria, a rate of 29.7 per centum. In the majority of cases *P. falciparum* was the infecting parasite.

(i) Relapsing Fever.

Relapsing fever accounted for 31 deaths in 77 recognised cases. A case mortality of 40.2 per centum is unduly high and suggests that a number of cases failed to be recognised. The type met with resembled louse-borne *Sp. obermeiri*.

(ii) Other Diseases.

(a) Tuberculosis.

Tuberculosis constituted by far the most serious single killing disease in 1946. Some 1,818 deaths were registered as due to this cause forming almost 11 per centum of all deaths. Intensive propaganda was carried out both through Government and private agencies in an effort to combat this scourge. The Hong Kong Anti-Tuberculosis Association launched a publicity campaign aiming at the reduction of indiscriminate spitting, the early reporting of cases, improvement in housing and nutrition.

With assistance from Sir Robert Ho Tung, the Association has purchased a mass X-ray unit and it is hoped to deal with up to 50,000 persons annually. Naval, Military and Air Force Services have agreed to co-operate in this work. The Association intends to construct a sanatorium to supplement the rather slender resources of Government in so far as such institutions are concerned. Films on "Nutrition" and "Housing and Slum Clearance" were shown to the general public and school children and aroused considerable interest. Tuberculosis clinics are planned for both sides of the harbour to give advice and treatment to sufferers. Much valuable material is lost both in Government and in commercial circles by neglect of tuberculosis in the early stages.

(b) Deficiency Diseases.

After a long period on a starvation dietary, it might have been expected that a considerable proportion of the inhabitants would still be found to be suffering from the results of privation. The reverse was the case. Only one death was attributed to rickets, two to scurvy, twenty-eight to pellagra and 1,318 to beri-beri out of a total of 16,653 registered in 1946.

(c) Rabies.

Two deaths from human rabies occurred in 1946. Dogs were examined and Negri bodies were found. The general public was warned to report all cases of dog bite and 388 courses of anti-rabic treatment were given during the year. At one period an urgent appeal had to be made for the virus fixe, so that enough vaccine could be prepared locally. The co-operation of the Police was obtained to enforce the muzzling order and additions were made to the dog kennels to enable strays and suspected dogs to be kept under observation.

(d) Leprosy.

No deaths from leprosy were registered in 1946. The Japanese had their own methods of eliminating leprosy from Hong Kong during the occupation and the Leper Settlement purchased by the Government prior to the Pacific War had been allowed to fall into ruins by the Japanese. The few lepers who survived and escaped into Kwangtung territory started to trickle back in 1946. In the absence of suitable accommodation in Hong Kong, the present policy is to send such patients to Sheklung where they are cared for by the Sisters of the Immaculate Conception in charge of St. Joseph's Leper Asylum. One European leper was admitted to the isolation block of Kowloon Hospital and a few cases were treated at out-patient departments pending transfer to Sheklung. At a census carried out some years before the Second World War, there was evidence of about a thousand lepers in Hong Kong. The number at present, is probably less than one-tenth of that figure.

(iii) Helminthic Diseases.

Ascariasis continued to be the commonest helminthic infection in Hong Kong. Clonorchis and trichuris infections come second on the list, and ankylostoma and fasciolopsis are relatively rarely met with. No specimens of stools examined in either laboratory showed enterobius infection.

Chapter 8. LEGISLATION.

The Military Administration.

At the end of August, 1945, when Hong Kong was liberated, the laws of the Colony as they had stood at the end of 1941 were still in being, although they had remained inoperative during the Japanese regime and the occupying power had superimposed Japanese "legislation".

An interim administration was set up on 1st September, 1945, by means of a proclamation issued from H.M.S. 'Indomitable' by the Rear-Admiral in command of the Eleventh Carrier Squadron of the British Pacific Fleet. This proclamation established the Military Administration and assumed for the Commander-in-Chief of the liberating forces full judicial, legislative and executive powers; it enjoined respect for existing law—i.e. the law as it had subsisted on 25th December, 1941—and revoked all legislation which purported to have been made by the occupying power. The Military Administration so established lasted until 1st May, 1946, and during this period legislation was by proclamation and by orders or regulations made under powers given by proclamation.

The proclamations so made covered a wide range of subjects. Proclamation No. 5 related to Currency, Proclamation No. 6, the Moratorium Proclamation, imposed a moratorium whereby "no rights, remedies or powers in respect of any debt incurred before the date of the Proclamation shall be exercised or enforced by process of law while the moratorium continues in force". Proclamation No. 8 established Military Courts in substitution for the Courts subsisting in 1941 until such time as Civil Government should be resumed. Proclamations Nos. 10 and 11 dealt with Custody of Property and of Enemy Property. Proclamation No. 14 provided for the demobilisation of the Hong Kong Volunteer Forces. Proclamation No. 15 governed the relationship between landlords and tenants in the light of the acute shortage of residential accommodation. The need for this measure remained throughout the period under review and it was still in being at the end of 1946.

The Resumption of Civil Government.

Civil Government was restored on the 1st of May, 1946. The termination of the British Military Administration was effected by its last proclamation, No. 35, which announced that the governor of the Colony had returned and provided for the formal cessation of the British Military Administration and of all powers assumed by Proclamation unless continued by the lawfully constituted authority. From that date legislative power reverted to the Governor and the Legislative Council on the basis of the constitution of the Colony.

The last proclamation of the Military Administration and the first ordinance of the reconstituted legislature were passed on the same day, 1st May, 1946. The purpose of this Ordinance, No. 1 of 1946, is sufficiently summarised in its long title which reads: "An Ordinance to restrict the taking of legal proceedings in respect of certain acts done and payments made during the war period and to validate certain proclamations, rules, regulations, orders and other legislative acts issued, made and passed, and sentences, judgments and orders of certain courts and officers given and made during the war period". By Ordinance No. 2, the Law Amendment (Transitional Provisions) Ordinance, 1946, all the legislation of the Military Administration was either incorporated, with or without modification, into the law of the Colony or repealed. Ordinance No. 3, the Administration of Justice (Transitional Provisions) Ordinance, 1946, gave to the Supreme and Magisterial Courts jurisdiction over offences committed during the period of the British Military Administration but not disposed of by the Military Courts. These three ordinances were passed through all their stages on 1st May, 1946.

Other Legislation during the Year.

During the period 1st May, 1946, to 31st December, 1946, thirty-one ordinances, including those mentioned in the preceding paragraph, were enacted. Much of this legislation was designed to meet needs arising from the war in general and from the Japanese occupation of the Colony in particular. Ordinance No. 7, the Chinese Collaborators (Surrender) Ordinance, was enacted to provide, with proper safe-guards, an expeditious procedure for surrendering to the Chinese Authorities persons sheltering in Hong Kong who, during the war period, had collaborated with the Japanese in China. Ordinance No. 16, the Protected Places (Safety) Ordinance, 1946, was made necessary by the serious increase in crime which had made itself felt after the war. There had been persistent theft of Government property and stores of the fighting services and the ordinance gave to certain classes of sentries and guards authority to use firearms where necessary for the protection of certain classes of premises. The necessity for this ordinance is to be reviewed from time to time with a view to effecting its repeal as soon as conditions permit.

Two ordinances were repealed during the year, the Peak District (Residence) Ordinance and the Cheung Chau (Residence) Ordinance. These two ordinances had provided that no person should reside in the Peak area of Hong Kong Island or in certain areas of Cheung Chau Island without the permission of the Governor-in-Council.

Chapter 9. JUSTICE, POLICE AND PRISONS.

JUSTICE.

The Military Administration.

The only courts which functioned before the resumption of Civil Government on 1st May, 1946, were the Military Courts set up in September, 1945, by Proclamation No. 8 of the Military Administration; these courts exercised no civil jurisdiction but dealt with all offences committed by civilians against the Proclamations or subsidiary enactments and with all offences committed by civilians against the ordinary law of the Colony. Although styled Military Courts they were in each case presided over by a qualified barrister or solicitor attached to the Legal Branch of the Administration. A Summary Court was constituted by a barrister or solicitor sitting alone and had powers of imprisonment up to five years and of fine up to HK\$1,000. These courts also acted in the more serious cases as committal courts to the General Military Court which had power to impose any lawful sentence. A General Military Court consisted of a president and two members. There was a permanent president who was a barrister and members were selected from a panel which included but was not confined to persons with legal or court-martial experience. Appeal lay by way of review to the Chief Civil Affairs Officer who was also the confirming authority for all sentences requiring confirmation. In addition to sentences of death, any sentence imposing a term of imprisonment exceeding two years or a fine exceeding two thousand dollars or forfeiture of goods of an equivalent value, required confirmation. Upon the restoration of Civil Government, the sentences of the Military Courts were validated by ordinance and powers of confirmation and review were vested in the Chief Justice. There were a few pending cases and provision was made for the trial of these cases by the Supreme Court or by the Magistrates.

Although the Military Courts as such had no civil jurisdiction provision was made by Order and by Proclamation respectively enabling the President of the General Military Court to make grants of probate and issue letters of administration and to act as an Appellate Court from the Tenancy Tribunals which had been established under the Landlord and Tenant Proclamation to assess or vary the standard and controlled rent of premises and to evict tenants and others from premises in the few cases where eviction was permitted. These tribunals, staffed by a panel which included laymen as well as barristers and solicitors, all of whom gave their services gratis, did valuable work and were still functioning at the end of the year under review. With these exceptions no civil jurisdiction was exercised until after the restoration of

Civil Government. Even then, the business of the Civil Courts was restricted by the continuance in force of the moratorium which prohibited the exercise of any rights or remedies in respect of debts arising before 13th September, 1945, and prohibited with certain exceptions transactions in land and transfer of shares. These provisions were considered necessary to preserve the *status quo* while the various problems and implications resulting from the liquidation of Allied banks by the Japanese, the abolition of the Hong Kong dollar as legal tender and the general disregard by the Japanese of the rights of private property and international law, were examined. The moratorium was still in force at the end of the year.

The Supreme Court.

At the resumption of Civil Government on 1st May, 1946, the normal judicial system was restored. Considerable difficulty was encountered as a result of the loss of virtually all the records of the Supreme Court in all its jurisdictions. The Supreme Court consists of two permanent judges, the Chief Justice and a Puisne Judge. The present Chief Justice, Sir Henry Blackall, Kt., K.C., Ll.D., assumed his appointment on 5th July, 1946. Additional judges may from time to time be appointed temporarily under section 10 of the Supreme Court Ordinance, No. 3 of 1873, for the purpose of certain appeals, and for the latter part of the year under review an additional judge, having the powers of a Puisne Judge, was appointed to help with the unusually large volume of work before the courts, which is likely to increase further when the moratorium is lifted.

The Supreme Court has the same jurisdiction as His Majesty's Courts of King's Bench, Common Pleas and Exchequer lawfully have or had in England and is a Court of Oyer and Terminer and Gaol Delivery, Assize and Nisi Prius, with jurisdiction in Probate, Divorce, Admiralty, Bankruptcy and Criminal matters. It is also a Court of Equity with such and the like jurisdiction as the Court of Chancery has or had in England, and has and executes the powers and authorities of the Lord High Chancellor of England with full liberty to appoint and control guardians of infants and their estates and also keepers of the persons and estates of idiots, lunatics and such as, being of unsound mind, are unable to govern themselves and their estates. The practice for the time being of the English Courts is in force in the Colony and such of the laws of England as existed on the 5th April, 1843, are in force in the Colony except so far as the practice and laws are inapplicable to local circumstances and subject to legislative modifications thereto. All civil claims above the sum of \$1,000 are heard in the Court's Original jurisdiction as well as all miscellaneous proceedings concerning questions arising on estates, appointments of trustees, company matters, etc. Civil claims from \$5.00 up to and including \$1,000 are heard

in the Court's summary jurisdiction by the Puisne Judge, as are all matters arising out of distraints for non-payment of rent. Cases in the Probate, Divorce, Admiralty and Bankruptcy jurisdictions of the court are usually heard by the Chief Justice. Indictable offences are first heard before magistrates and are committed to the criminal sessions which are held once every month; these cases are usually divided between two judges.

A right of appeal exists in all the above cases. Appeals are heard by a Full Court consisting of two or more judges. Under the Magistrates Ordinance, 1932, as amended by Ordinance No. 19 of 1935, any person aggrieved may appeal to a judge from the decision of a magistrate in a summary way. This form of appeal is heard by a single judge who may reserve the appeal or any point in it for consideration by the Full Court, or may direct the appeal or the point to be argued before the Full Court.

The Registrar of the Supreme Court also acts in the capacity of Official Trustee, Official Administrator and Registrar of Companies, administering trust estates and deceased persons' estates and registering companies under the Companies Ordinance, 1932. Bills of Sale are also registered with the Registrar.

The Lower Courts.

Before the war each of the two districts of the New Territories had its land court and small debts court where the District Officer sat to hear land and small debts cases. These courts were not revived during the year under review.

The lower criminal courts are the magistrates' courts, three for Hong Kong Island, two for Kowloon, including the whole area south of the Kowloon hills, and one for the northern section of the New Territories, in which the District Officer is the magistrate.

Work Done in the Supreme Court.

The following figures refer to cases which came before the Court during the eight months May to December, 1946. Figures for the twelve months in 1938 are shown in brackets. 143 actions were instituted in the original jurisdiction and 45 in the summary jurisdiction (1938: 196 and 1,383 respectively). In the Probate jurisdiction, 339 grants (220 probates and 119 letters of administration) were made by the Court; 13 grants by other British Courts were sealed, making a total of 352 grants made during the eight months, compared with 384 in 1938. 315 persons were indicted at the criminal sessions and 255 were convicted (1938: 426 cases, 347 convictions); two appeals were heard against conviction or sentence at criminal sessions (7 in 1938), two appeals were heard against magisterial decisions (13 in 1938), there were two appeals in respect of civil actions (8 in 1938) and 56

appeals were heard against the decisions of the Tenancy Tribunals. Eleven actions were filed in the Admiralty jurisdiction and sixteen petitions were filed in the divorce jurisdiction (1938: three and six respectively). Fifteen trust estates were in the hands of the Official Trustee at the end of the year (twenty-one at the end of 1938). The estates of thirty-five deceased persons were taken into the custody of the Official Administrator (twenty-five in 1938) and administration of two of them was completed. 380 Hong Kong companies and 41 foreign corporations were registered during the year, bringing the total number of Hong Kong companies on the register to 1,399 (764 at the end of 1938), and the total number of registered foreign corporations to 364.

Cases Heard in the Lower Courts.

The figures below show the penalties which were awarded at the Hong Kong and Kowloon Magistracies in respect of cases heard during the period May to December, 1946. Corresponding totals for the whole of the year 1938 are also given:—

	Hong Kong.	Kow- loon.	Total for 1946 (May-Dec.)	Total for 1938 (12 months).
Prosecutions against adults & juveniles	25,518	10,730	36,248	72,752
Convictions against adults & juveniles	20,707	8,577	29,284	67,600
<i>Adult Offenders.</i>				
Fined	9,394	5,755	15,149	47,182
Imprisoned in default of payment of fine	721	346	1,067	9,317
Imprisoned without option.....	1,766	2,023	3,789	5,886
Bound over	1,319	105	1,424	2,606
Cautioned or discharged	5,632	1,805	7,437	7,888
Defendants fined and allowed time to pay fine	15	10	25	967
<i>Juvenile Offenders.</i>				
Fined	589	30	619	1,544
Sent to reformatory	99	66	165	292
Committed to approved institution...	15	70	85	16
Bound over	45	45	90	313
Placed on probation	45	33	78	23
Cautioned or discharged	2,579	101	2,680	508
Whipped	55	63	118	190
<i>Maintenance Cases.</i>				
Orders made	10	6	16	14

749 criminal prosecutions were brought before the District Officer sitting in his court in the New Territories.

War Crimes Trials.

War crimes courts were, during the year, set up in Hong Kong by Royal Warrant with authority to try Japanese war criminals in respect of any war crime committed in the South East Asia Command theatre, as directed by H.Q., ALFSEA. The courts were also competent to try cases of war crimes committed against British Empire nationals elsewhere, *e.g.* in China, Formosa, Japan or on the high seas, by arrangement with the Allied power concerned. The first court was set up on 20th March, 1946, under the presidency of a Scottish lawyer later succeeded by a British barrister from India who was still sitting at the end of the year. The second court was set up in September with an English barrister as chairman. The prosecutors are a Canadian, an Australian and an Indian, all qualified lawyers, and the legal officer of the investigation team is a Chinese qualified in English law and commissioned in the British Army.

Out of the 10,000 Japanese who surrendered in Hong Kong in August, 1945, 239 were in July, 1946, still detained in the Colony as war crimes suspects. Others were later recovered from other territories and some of those detained were sent for trial to other parts of south-east Asia. Many were released and repatriated to Japan as no case could be proved against them. During the latter half of 1946, 58 Japanese and Formosans were sent to Hong Kong to face charges of atrocities against British prisoners of war in Formosa. Ten Japanese who had been repatriated from China to Japan were brought from Japan to Hong Kong and charged with crimes committed against British nationals in the Shanghai area during the war. At the end of the year, arrangements had been made for the recovery from Japan of a further 31 Japanese to face similar charges.

The accused are defended by qualified Japanese lawyers assisted in matters of procedure by British advisory officers. In only one case tried before the Hong Kong war crimes courts has any novel point of law or procedure arisen; this point concerned the difference between Japanese and Allied custom in the allocation of responsibility for the safety and lives of the passengers between the captain of a transport vessel and the officer commanding the troops carried in such a vessel.

Up to the end of 1946, 50 Japanese had been tried, 9 condemned to death, 9 to imprisonment for ten years or longer, 26 to shorter terms of imprisonment and 6 had been acquitted. Sentences of imprisonment are served in the civil prison at Stanley. With 78 prisoners still awaiting trial at the end of the year, it appeared likely that the courts would remain in being until the end of 1947.

The Hong Kong war crimes trials included those of Colonel Noma, who was head of the Japanese Gendarmarie in the Colony during the greater part of the occupation; Colonel Tokunaga, the officer-in-charge of all prisoner of war

The War.

When the Japanese attacked Hong Kong the Force was called out by Proclamation to serve as militia and some seventy casualties were suffered. On the fall of the Colony all European Police were interned for the duration of the Pacific war and many of the Asiatic members of the Force made their way into Free China.

Re-establishment of Law and Order.

At the time of the re-occupation the establishment of law and order was one of the more urgent and difficult tasks facing the Military Administration. The number of firearms in the Colony was disturbingly large and their use for criminal ends was widespread. Looting of abandoned or empty premises and illicit felling of trees were serious problems. The burden of maintaining law and order fell chiefly on the fighting services in the early days of the re-occupation. Ex-internees did what they could to help and without their valuable experience it would have been very difficult to make a start at all; but it was clear that very few were fit for duty and that they must be repatriated as soon as possible. Of the Asiatic rank and file only a nucleus was available for re-employment, and many of these were found medically unfit. The Police Branch of the Civil Affairs Unit was seriously under strength for the first few months of the Military Administration; by December, 1945, of the ex-internees all British officers, all but 12 British inspectors and all Indian personnel had been sent away on recuperative leave. The Police Branch of Civil Affairs had 32 British inspectors against an establishment on paper of 115, whilst only 50% of the commissioned establishment had been filled. Recruitment of Chinese personnel had been put in hand without delay and an extempore Police Training School had been established in October, 1945, but the strength, discipline and training of the Force as a whole left much to be desired.

During early 1946 progress towards the establishment of an effective force first became apparent. It was possible to employ temporarily some British inspectors who had previously served in the Shanghai Municipal Police Force, and semi-trained personnel from the improvised training school began to be turned out for duty. Newly recruited inspectors began to arrive from the United Kingdom in February, many of them having considerable experience in various British Police Forces. Discipline picked up in the spring and it became possible gradually to take over from the Services some of the police functions they had been discharging.

Resumption of Civil Government.

When Civil Government was resumed on 1st May, 1946, although the Force was still under strength all police duties had been taken over from the Services except the policing of



In from the country.

Photograph by Hedda Morrison

the New Territories. The reconstituted force was being shaped on lines rather different from the pre-war pattern. It was decided before the re-occupation of the Colony to increase the responsibilities of the local Cantonese inspectorate and to make a start in training them. As a first step it was necessary to increase the establishment in order to have the requisite number to take over from the European inspectorate. The establishment was therefore increased from 44 posts to 87. At the same time it was the intention to reduce the total number of European non-gazetted ranks to a target figure of about 120, and although it was not possible to make this reduction immediately, as the force required training by and the supervision of trained officers, the rank of European sergeant was abolished and a substantial reduction was made in the number of European non-gazetted officers. The conditions of the reorganisation and the very considerable increase in the responsibilities of the Police necessitated the creation of an additional 9 gazetted posts. While the overall establishment of the rank and file of the Force has been slightly increased, the proportions of the different contingents have been varied somewhat. Owing to the fact that training was suspended during the war years and to the absence of the Indian contingent on recuperative leave during the year, the effective strength of the Force has been only about three quarters of the authorized strength.

Progress by the End of 1946.

By the end of the year the Force was still more than 600 below the authorised establishment but most of the pre-war permanent personnel had resumed duty except the Indian contingent; all police duties had been taken over except the policing of the frontier area which was still in the hands of the troops, an arrangement likely to continue until the spring of 1947. It had been possible to withdraw the military detachments from several outlying islands where their presence had previously been required to maintain law and order. Throughout the period under review the co-operation between Police and Services had been close and cordial, and the help given by the Services had formed a solid contribution to the establishment of such law and order as the Colony enjoyed at the end of the year. Hong Kong was particularly fortunate in having 3 Commando Brigade as part of the garrison throughout the period under review and the Police Force was greatly indebted to this formation and to other units of all three Services for much assistance very willingly given.

Types of Crime.

The year had not been easy, but the increase above normal of crime figures was less than might have been expected; serious crime from 1st May, 1946, to 3rd December, 1946, showed an increase of 25% above the pre-war normal, the total

being 9,908 cases. This increase was largely accounted for by a higher incidence of robbery, burglary and storebreaking. There were 522 reports of robbery and 20 cases of assault with intent to rob. There was also a serious increase in piracy of fishing and passenger craft. Illicit possession of firearms was common and the free use of arms by the criminal classes resulted in 73 encounters, two police officers being killed and eight wounded. During the latter half of the year a new form of criminal activity, typical of disturbed post-war conditions, made itself felt. The proprietors of a large number of premises, including hotels, restaurants and theatres, received anonymous demands for money under the threat of bomb explosions. Nearly 150 such letters were sent and twelve actual explosions took place; fortunately the only death which resulted was that of a gangster who blew himself up with a bomb he was carrying, and of the thirteen injuries caused the most serious was the loss of an arm sustained by another gangster whilst placing a bomb in position. The gang responsible operated both in Chinese and in British territory, which added to the difficulties of detection, but arrests were made and convictions secured. The strain on the Police Force was nevertheless considerable since at one period it was necessary to provide protection for 82 premises which had been threatened. The public was not seriously perturbed.

Material Shortages.

Material difficulties were by no means solved at the end of the year. Of thirty-eight pre-war Police stations the majority had suffered serious structural damage as a result of hostilities and looting, and only fourteen had been repaired and re-occupied; thirteen temporary stations had been established. Out of an estimated requirement of six sea-going launches it had been possible to commission only two; progress in rebuilding the Force was being made but much remained to be done before deficiencies in training, equipment, personnel, accommodation and transport could be made up.

PRISONS.

The Prison Buildings.

Hong Kong formerly possessed three prisons, but from the re-occupation of the Colony until the middle of 1946 it was possible to bring into use only the main gaol, Stanley Prison. This prison is situated in rural surroundings on Stanley Peninsula in the south-eastern area of Hong Kong Island. It was in the grounds of this prison and the adjacent area that Allied civilian internees were confined during the Japanese occupation. Built in 1937, it is architecturally a fine prison and admirably suited for housing convicts, old offenders and hardened criminals. But the lack, during the early days of the re-occupation, of any facilities for segregation was a

serious disadvantage. The former female prison, which was situated on the mainland in the outskirts of Kowloon, suffered very heavy damage as a result of the war and could not be repaired and brought into use during 1946. It was therefore necessary as a temporary measure to accommodate women prisoners in Stanley. They were segregated as far as possible and were housed at the end of the year in the old printing shop building round which a screening wall was built.

Victoria Remand Prison, which is situated in the urban area of Hong Kong, had suffered considerable damage during the war. Its situation is convenient for the Courts, and cell accommodation for 150 remand prisoners was repaired and brought into use during 1946. Young offenders on remand are also housed in this prison and are segregated as far as possible. The building is far from satisfactory, being the remains of the old Victoria Gaol, the Colony's first prison and a dungeon-like relic of Victorian prison design. The oldest part of this prison was destroyed by aerial bombardment during the war.

Temporary Reformatory.

In December, 1946, it was possible to open a temporary reformatory for boys up to 16 years of age. This is situated in concrete storage huts which were built before the war to store food reserves and which were converted to suit the present purpose. This reformatory, which constitutes Hong Kong's first "open" institution for delinquents, is in the Stanley area and is administered from the main Stanley Prison, but is some distance from the Prison itself and segregation is now complete. There is much hard work for the boys to do in clearing and reclamation alone, and educational classes as well as technical instruction in rattan work, carpentry, cooking and photography have been started.

Need for Borstal Institution.

There is so far no Borstal institution in the Colony and lads of Borstal age are housed in Stanley Prison. They are kept as far as possible separate from hardened criminals but the arrangement is not satisfactory and plans for the setting up of a separate institution of the Borstal type are under consideration.

Prisoners.

The total number of persons committed to prisons during the year 1946 was 8,963 as compared with 16,146 in 1939. The daily average of persons serving sentences was 1,214, of whom 36 were female. Of these the great majority were Chinese offenders; for example, figures on 31st December, 1946, were as follows:—European 15, Indian 5, Chinese 1,415, Japanese war criminals 23, total 1,458. Prisoners in Stanley are employed in shoe-making, tinsmith's work, tailoring, car-

penalty, weaving, gardening, laundry work, domestic duties and minor repairs to prison buildings. Months of work by gangs of hundreds of prisoners were required during 1946 to clear Stanley of the rubbish and filth left behind by the Japanese. In addition the limited available level ground, which had deteriorated into a wilderness, was transformed into a thriving and productive market garden with a piggery and poultry farm in their early stages nearby.

Prison Staff.

During the battle for Hong Kong, the whole European and most of the Indian prison staff were mobilised as a fighting unit of the Hong Kong Volunteer Defence Corps. The European staff suffered heavy casualties, eight officers out of sixty-four being killed. The remainder were interned. At the re-occupation, those who had been in prison camps resumed duty, although many of them were unfit for service. The worst cases were quickly repatriated, but a nucleus of British prison officers stayed on until the department was once again on its feet, and much praise is due to their work. The repatriation of the British and Indian staff was completed in October, 1945, and the Prison at Stanley was handed over as a going concern to the military authorities. Three British prison officers returned from retirement or leave, and with the assistance of prison officers from Shanghai the Prison was able to fulfil its functions under the Military Administration. British prison officers began to return from recuperative leave in April, 1946, and all the functions of the department were gradually taken over from the military. With the resumption of Civil Government, it was found that even when all subordinate British officers had returned the establishment was still more than 50% under strength; by local recruitment during the year the number of officers was brought to 31 out of an establishment of 55. The shortage of trained British staff was a serious difficulty and it was impossible to replace satisfactorily with temporary local recruits the trained Indian staff. The return of the Indian staff is expected shortly, and a British prison officer is being sent to India to assist their return. Many of these Indian warders were outstandingly loyal and courageous during the occupation, and though a small minority of the former staff of 220 were reported for cruelty to Allied prisoners in Stanley, the Indian staff on balance acquitted themselves well under very difficult conditions.

Chapter 10.

PUBLIC UTILITIES.

The Colony's water supply is undertaken by the Public Works Department of the Government. The generation of electric power is in the hands of two private companies, one of which operates on the island of Hong Kong and one in Kowloon and the New Territories. Domestic gas is supplied on both sides of the harbour by the Hong Kong and China Gas Co., Ltd.

Water.

There are no large rivers or underground sources of water and the Colony has to depend for its water supply on the collection in impounding reservoirs of the rains falling on upland gathering grounds. These reservoirs are thirteen in number and collect the heavy south-west monsoon rains between May and September. Little rain falls in the remaining months of the year, so that the storage necessary to provide for an all-the-year-round supply and for occasional droughts is relatively heavy. The total capacity of existing reservoirs is 5,970 million gallons, only 2,362 of which are on the Island. Of the 3,608 million gallons on the mainland, 2,921 are contained in the Jubilee Reservoir at Shing Mun. This reservoir is the largest in the Colony and the dam forming it is the tallest in the Empire. To augment the run-off from areas draining directly into the reservoirs about 33 miles of catchwater channels have been constructed on the hillsides to lead the water from other areas, normally draining elsewhere, into the reservoirs. About 40% of the Island consumption is supplied from the mainland reservoirs, the water being conveyed across the harbour in two 21" diameter submarine pipes. On account of the hilly nature of the Island a big percentage of the water has to be pumped, and in some areas re-pumped, necessitating a large number of pumps and service reservoirs. Most of the water supplied is both filtered and purified by chemical treatment and a satisfactory standard of purity is maintained. All water is supplied to consumers through meters and the charge is based on the total cost of provision including capital charges.

On the re-occupation in September, 1945, it was found that no serious damage had been sustained by the reservoirs but plant and piping had suffered severely. Six electric centrifugal pumps installed in 1939 had disappeared, together with a complete new rapid gravity filtration plant capable of handling 8,000,000 gallons of water per day; much of the waste detection equipment was gone; a great deal of piping had been removed from outlying areas and leakage was prevalent; 30% of the meters were missing, and nearly all the fire hydrants were out of action; the catchwater system and



Jubilee Reservoir, Shingmun.
From the slopes of Taimoshan.

Photograph by Hedda Morrison

all remaining plant had been neglected and allowed to fall into disrepair. Many plans and records were lost though some had been preserved throughout the occupation by the Chinese staff.

The European waterworks staff were able to leave the internment camp in late August, 1945, before the relieving force arrived and thanks to their efforts a continuous water supply was provided during the confused days of the Japanese surrender. Rehabilitation of plant and equipment proceeded steadily during the early months but the collection of revenue was difficult as there was no record of consumers and many meters had disappeared. By the end of 1945, 16,000 consumers had been re-registered and meters were being repaired or replaced as far as available supplies and materials allowed. One of the missing rotary pumps was found on the top of the highest mountain in the Colony where it had formed part of the equipment of a Japanese radar station. Other temporary pumps were installed where necessary. 70,000 feet of main pipes were laid on the Peak and in outlying areas. Filtering plant and catchment systems were overhauled, and fire hydrants were made serviceable.

By the end of 1946 fair progress had been made and throughout the year the supply was interrupted only by the imposition of water restrictions made necessary through inadequate rainfall (the development of water resources has always lagged behind demand in Hong Kong, and such restrictions are common even in normal circumstances). The repair of the neglected slow sand filter-beds was still outstanding and much replacement equipment including meters was still awaited. A good deal of work remained to be done before the water supply services could regain pre-war efficiency.

Electricity.

In 1941 the generating plant of the Hong Kong Electric Co., which supplies the island of Hong Kong, had consisted of two high steam pressure turbines and five low pressure turbines, giving a total generating capacity of 54,000 k.w. On the re-occupation of the Colony it was found that 10,000 k.w. of plant had been removed and a further 20,000 could not be made serviceable until replacement parts could be obtained from the makers. Rubbish, rubble and dirt were piled high in the generating station and this had to be removed before it was possible to examine the plant itself which had not been in operation for several months. The plant appeared to have been run until it broke down without any attempt at maintenance or repair; two boilers had been removed by the Japanese and of those that remained two were clogged with ash and sawdust through having been fired with wood fuel; boilers and pipework were pitted and corroded through the use of impure water; of the ancillary plant, one large circulating pump, two of the latest boiler feed pumps, and some of

the switchgear had been removed and were never traced; all the coal handling plant and gear was in a worn and neglected condition, and much work was put in before it was fit for operation.

After superficial repairs had been carried out, it was found that two generating units having a total output of 17,000 k.w. were capable of being operated; at the beginning of October, 1945, it was possible to supply current to a limited area and sufficient power was available to operate a limited tram service. From that time the load rose steadily, often far above the limits usually considered safe in relation to the amount of standby generating plant. Two further machines were repaired and brought into commission during 1946, raising the total capacity to 38,000 k.w. As in many other undertakings the need for a comprehensive plan and policy for rehabilitation had to be subordinated to the importance of supplying immediate needs. Repairs had to be carried out on a short term basis and much improvisation was necessary in the replacement of substations and distribution equipment which had been damaged or looted and without which some areas could not be served at all. In spite of these difficulties a reasonably reliable supply was carried to most of the areas supplied before the war. When demand exceeded supply priority was given to transportation, lighting supply and power for rehabilitation purposes.

At the end of the year about three quarters of the pre-war load was being supplied and a cross-harbour cable had been laid capable of supplying to the Island 15,000 k.w. from the China Light and Power Company.

The charges to consumers had risen considerably:

	1941.	1946.
Lighting	16¢	48¢
Power	5½¢	16½¢

Coal costs were a great deal higher than the pre-war level, stores and materials had increased 300 — 500% and wages had trebled. The company had considerable indents outstanding in the United Kingdom for stores necessary to the further rehabilitation of the undertaking and to its efficient maintenance. Plans had been made for the purchase of a 15,000 k.w. high pressure turbine, boiler and ancillary plant, which it was hoped would be in service before the end of 1948.

The circumstances of the China Light and Power Company, Ltd., who are the suppliers of electricity to Kowloon and the New Territories, were slightly better than those of the Hong Kong Electric Co. in that no generating plant was lost as a result of the war; but the plant, buildings and distribution system were in a similar state of neglect. Much equipment, records and valuable tools had been lost or looted and the boilers, which had been converted for wood firing, needed considerable repair before they could be brought into use.

The plant in operation at the end of the year under review consisted of three 5,000 k.w. turbines all comparatively old and not in the best of condition. The boiler plant in use had been restored to fair condition but it had so far been possible to repair only the low pressure boiler plant. Repair of the main substations and distribution equipment had been satisfactory although some of the repairs effected were of a temporary nature only since replacement equipment was still awaited from the United Kingdom. The services provided for the public were similar to those existing before the war but the rates charged had increased as follows:

	1941.	1946.
Lighting	18¢ + 10%	71.28¢
Power	7¢ + 10%	27.72¢
Cooking/Heating..	5¢ + 10%	19.8 ¢

Bulk power was also available at special rates dependent on load conditions and consumption.

At the end of the year rehabilitation of plant was still continuing although some equipment ordered from the United Kingdom had still not been delivered. The existing high pressure boiler plant together with one 12,500 k.w. turbo-alternator were undergoing major repairs and a new 20,000 k.w. turbo-alternator with a new large high pressure boiler equipped for oil burning were on order.

Gas.

The Hong Kong and China Gas Company, which supplies domestic gas to consumers on both sides of the harbour was first established in the Colony in 1861. During the Japanese occupation the company's plant was at first worked by the Japanese until stocks of coal were exhausted and was then left to stand idle for the last two years of the war. At the time of the re-occupation the equipment was in the same condition of neglect and under-maintenance as that of the other public utilities. Many mains and supply pipes were broken or choked with earth and street lighting equipment had suffered severely as the Japanese had removed most of the lamp posts for use as scrap and had discarded the lanterns.

The plant was brought into operation in January, 1946, and the service to the public was gradually extended as mains and piping were replaced. By the end of the year the supply in the Kowloon area was normal but some of the distribution system on the island of Hong Kong had still not been repaired. Street lamps had been replaced in the most essential positions but many were still missing. Some domestic appliances had been recovered and repaired and further supplies, for which there was a considerable demand, had been promised from British factories.

Chapter 11.

COMMUNICATIONS.

The Port.

The fortunes of a major port and commercial entrepôt are to a great extent dependent on the efficiency of its communications, both internal and external, and in particular on its shipping. Before the war frequent scheduled passenger and cargo services connected Hong Kong with Europe, Africa, Australia, America and the Middle East. Ships of many nations were to be seen in the harbour, the most frequent callers, apart from the British P. & O., Blue Funnel, Ben Line, Bank Line, Ellerman's and Canadian Pacific Lines, being American, Scandinavian and French ships. In addition to the ocean-going tonnage there was a considerable traffic in cargo and passengers between Hong Kong and the neighbouring provinces of China; this was largely carried on by sailing and motor junks, but river steamers, British and foreign, also accounted for a fair proportion. A large number of steam launches and junks served the port as ancillary craft for the larger shipping.

The port facilities were seriously impaired both as a direct result of hostilities and also through neglect during the Japanese occupation. Government engaged the services of an adviser on salvage work and chartered three salvage craft to deal with wrecked and sunken vessels. Three out of eleven major wrecks within the harbour limits were cleared before the end of 1946, and the removal of the remainder was in hand. Of seventy-two small craft sunk in the harbour twenty-one of the most dangerous were lifted. It was estimated that the cost of removing the wrecks would amount to HK\$1,000,000 and that a proportion of this sum would be recovered from the sale of salvage material.

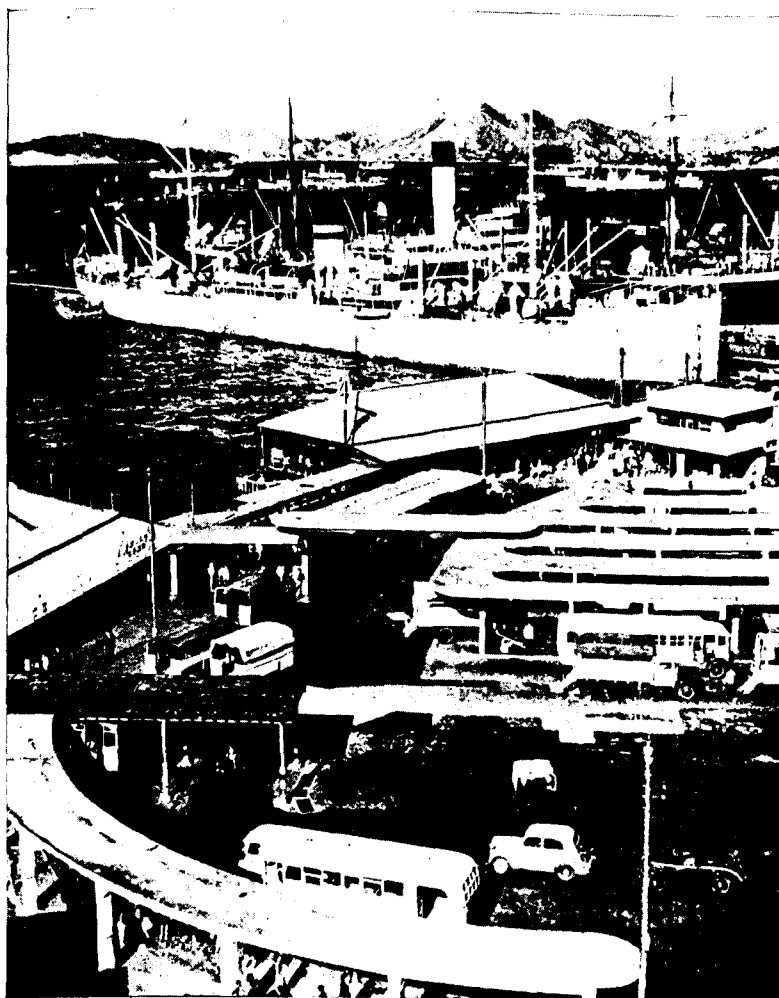
A further obstacle to the restoration of the port was the lack of lighterage and of storage space. In 1941 there were approximately 2,000 craft in use as lighters or short-distance cargo boats in the harbour: in 1945 only about 500 could be mustered. The difficulties were to some extent eased by the allocation of surplus craft to the Colony by the Ministry of Transport which not only facilitated the satisfactory disposal of sewage and waste matter, but also provided both for Government and for commercial interests a supply of powered craft otherwise unobtainable. At the end of the year there were 900 lighters in commission. In order to ensure that the craft available were used to the best advantage of the Colony as a whole, all lighters were requisitioned in 1945 and allotted to users by the Government. Storage space was in equal demand; 170,000 tons of the 860,000 operated in 1941 by the three principal warehouse and wharf operators were destroyed during the course of hostilities and no new construction was possible during the year under review.

In 1941 there were forty-eight commercial moorings in commission, maintained by the Harbour Department. Only two of these survived the Japanese occupation, the remainder having been sunk or removed by the Japanese. By the end of 1946 there were thirty-three moorings in use, and the remainder were due to be replaced as soon as materials were available. Ten special moorings for use under typhoon conditions were in service. Of the navigational lights, none of which was functioning at the time of the Japanese surrender, all had been replaced except two. One of the two main approach lights to the Colony, that on Waglan Island, had suffered extensive damage by bombing, and temporary lighting was rigged with captured Japanese equipment pending the arrival of replacement apparatus.

The shipbuilding and repair yards had suffered very extensive damage but good progress was made towards their rehabilitation. At the end of the year, after dry docks and a 100-ton crane had been reconditioned and put into service, not only general repairs but also shipbuilding could be undertaken.

In 1940 Sir David Owen was engaged to report on the future control and development of the port. One conclusion drawn by Sir David in his report was that a public trust might be established to control the port. During the latter part of 1946 a Committee was appointed locally to consider the recommendations contained in the report and to advise whether the establishment of a Port Trust should be proceeded with. This committee's recommendation was that the proposed Trust should not be established and the Government accepted their advice and decided that a new Port Committee should be formed on which should be represented British and Chinese commercial and shipping interests as well as the Harbour, Public Works and Railway Departments. The Port Executive Committee, formed in 1945 to exercise control over the port, will continue for the time being to discharge its functions of day to day administration.

The total shipping entering and clearing the Colony during the year under review amounted to 45,484 vessels of 11,244,311 tons. This, compared with 1939, showed a decrease of 29,133 vessels and a decrease of 19,653,637 tons. 37,922 vessels (10,988,770 tons) were engaged in foreign trade, compared with 23,881 vessels (29,196,466 tons) in 1939, British ocean-going shipping showed a decrease of 1,993 vessels (5,599,056 tons) and foreign ocean-going shipping declined by 2,267 vessels (8,412,983 tons). British river steamers entering and clearing were fewer by 5,708 vessels (5,497,203 tons) and foreign river steamers by 402 vessels (167,199 tons). Steamships not exceeding 60 tons in foreign trade, showed an increase of 2,491 vessels (57,044 tons). Junks in foreign trade showed an increase of 21,920 vessels (1,411,701 tons). In local trade, steam-launches decreased by 22,605 vessels (687,393 tons) and junks decreased by



Bus and ferry terminus,
Kowloon.

Photograph by Hedda Morrison

20,445 vessels (728,615 tons). As is shown by the following quarterly arrival figures for ocean-going ships, there was a steady increase in the number of vessels using the port:

1946.	British vessels.	Tonnage.	Foreign vessels.	Tonnage.	Total.	Total Tonnage.
1st quarter	104	323,542	48	168,647	152	492,189
2nd quarter	203	578,745	163	378,014	366	956,759
3rd quarter	258	653,637	238	611,943	496	1,265,581
4th quarter	279	743,215	293	666,809	572	1,403,024

The Ferries.

Before the war the Colony was well provided with ferry services. A large number of services crossed the harbour on various routes with convenient frequency and there were sailings to the more important islands. On the shortest harbour crossing, from the tip of the Kowloon Peninsula to the nearest point on Hong Kong Island, a five minute service was maintained by the Star Ferry Company. Other services ran to various points on the Kowloon Peninsula, and a vehicle ferry was in operation between Hong Kong Island and the Yaumati district of Kowloon. Scheduled services ran also from the urban areas to the islands of Cheung Chau, Lantau and Ping Chau and to points on the mainland as far as afield as Castle Peak, about fifteen miles west of the harbour.

Both ferry companies suffered heavy material loss during the course of hostilities and during the occupation of the Colony by the Japanese. Twelve of the largest ferries belonging to the Hong Kong and Yaumati Ferry Company were scuttled in 1941 after assisting in the evacuation of the garrison from Kowloon; most of these vessels were subsequently raised by the Japanese. None of the six ferries operated by the Star Ferry Company was found to be fit for service at the end of the Japanese occupation. The ferry piers had sustained heavy damage largely owing to the lack of maintenance: two had been completely destroyed and others were blocked and could not be used. As soon as the Colony was liberated steps were taken to put into operation as many services as possible. The piers were repaired and a number of ferries were put into running order. The shortage of serviceable ferry craft made it impossible to resume pre-war schedules, and some routes could not be resumed at all for some time. The main Star Ferry service from Hong Kong Island to the mainland at first ran three times every hour, but a 10-minute service was introduced during 1946. The cross-harbour vehicle ferry which before the war ran to a 10-minute time-table was at the end of the year running once every 40 minutes. Other services approached more nearly to pre-war schedules. Some delay in the rehabilitation of the services is to be expected in view of the world shortage of some of the

materials needed to complete the repairs, but plans are in hand for complete rehabilitation; in the case of the vehicle ferry, for instance, it is hoped that a 20-minute schedule will be in operation by June, 1947, and a 12-minute schedule by the end of that year. The traffic using the services operated at the end of the year was considerable. During 1946, some 30 million passengers and 150,000 vehicles were transported in the vessels of the Hong Kong and Yaumati Ferry Company, while the passengers using the Star Ferry increased throughout the year, and a total of 67,000 was recorded on one day. Operating costs and wages were much higher than before the war and fares were increased. In the case of the Star Ferry the increase was 100%, the first class fare for the harbour crossing being 20 cents at the end of the year, and the third class fare, 10 cents. Similar fare increases were introduced in the cross-harbour services operated by the Hong Kong and Yaumati Ferry Company.

Air Services.

Hong Kong is a most important link in the network of post-war aviation and to retain its place it requires above all things a first-rate modern aerodrome. Saigon in Indo-China is $5\frac{1}{2}$ hours flying distance away and Singapore can be reached in 9 hours flying on the direct route. The journey to Nanking, the capital of China, takes 4 hours, Manila in the Philippine Islands is only $4\frac{1}{2}$ hours journey, and Japan can be reached in one stage by flying boat in $9\frac{1}{2}$ hours. A weekly flying boat service to the United Kingdom was set up by British Overseas Airways Corporation in August, 1946 (the journey takes 6 days), and the Colony is connected by the services of Chinese air transport companies with the Chinese airports of Shanghai, Nanking, Chungking, Kunming, Hainan Island and with Canton, only 40 minutes' flying time from the Colony.

The Colony's only airfield, Kaitak, is to the north-east of Kowloon and 15 minutes' drive from Kowloon's main hotel. Situated as it is close under a range of steep hills rising at one point to a height of 1,800 feet, it is an airfield which by modern standards leaves much to be desired. The Japanese during their occupation of the Colony carried out a considerable extension of this aerodrome, doubling its size at the expense of adjacent Chinese houses and fields and of the former civil airport buildings and hangars and constructing two new concrete runways. In spite of these improvements the aerodrome remained inadequate for heavy aircraft and its shortcomings were emphasised by the aeronautical developments which had taken place during the war. Early in the Military Administration site formation for the construction of a new aerodrome in the north-eastern area of the New Territories was commenced but this had to be abandoned because the site selected would not fully have conformed with the

safety requirements of modern civil aviation. The search for a suitable airfield site was continuing at the end of the year under review. In the meantime Kaitak continued to serve the growing needs of commercial air traffic as well as those of the Royal Navy and the Royal Air Force. Civil air lines were not slow to resume operations after the liberation although British aviation was not well represented, carrying only 10% of the year's passenger traffic. China was the predominant user of the Colony's airport and half of the departures were Chinese-registered C-46 and C-47 aircraft bound for the interior. Throughout the year passenger traffic steadily increased, the total for December, 1946, being nine times that for January, 1946, and the year's total of 25,000 three times as great as in 1938. Freight traffic also increased though not in the same proportion. Arrangements for the reception of passengers, including medical and customs examinations, were perforce of a somewhat austere nature during the year under review, since all terminal buildings and offices as well as the hangars and workshops were removed by the Japanese in the course of their extension of the airfield. Some of these buildings have now been replaced, and the construction of a temporary terminal building was in hand by the end of the year.

In spite of the sometimes hazardous approach to Kaitak, no accident occurred to any civil aircraft during 1946. Five civilians were killed in a service aircraft and this was the first casualty to a fare-paying passenger since flying began in 1930. Various navigational aids were provided by the Royal Air Force and a number of wireless telegraphy channels were opened by the Directorate of Air Services for operational communication. The navigational aids included high frequency and very high frequency direction finding, radar beacons, a medium frequency beacon and a beam approach beacon system; of the civil aircraft using the field during 1946, only the British Overseas Airways Corporation aircraft were equipped to use radar aids.

The Railway.

Kowloon is the southern terminal of a railway system extending to the north as far as Hankow in central China. From Shumchun on the border of the New Territories northward to Canton the route is now operated by the Canton-Hankow Railway, and is referred to as the southern section of that line. From Shumchun south to Kowloon, a distance representing 36 kilometres out of a total of 183 kilometres from Kowloon to Canton, the railway is operated by the Hong Kong Government and is known as the British section of the Kowloon-Canton Railway. As the railway is operated in two sections an agreement was in force prior to the Japanese occupation whereby each section collected its own local fares while the rates for through traffic between Kowloon and Canton were divided in the proportion British section 28 per

cent. and Chinese section 72 per cent. At the present time, pending the conclusion of a new agreement, the British section is receiving a share amounting to 20 per cent. of the receipts and a terminal charge of 20 cents per ton on all traffic originating at Kowloon.

It was clearly a matter of importance both to Hong Kong's and to China's economic recovery that the railway from Hong Kong to Canton should be put into effective operation as soon as possible after the conclusion of hostilities, but the task of re-equipping the railway was a heavy one. During the period of occupation the Japanese had carried out no adequate maintenance of railway property, not even of the locomotives which were still in use at the time of the Japanese surrender, and the workshops at Kowloon had been so stripped of machinery that completely new workshop equipment was required. In the meantime, pending the arrival of new machinery, overhauls to rolling stock of every description had to be carried out with the minimum of tools and with plant improvised from local resources. By 14th November, 1945, a through train service between Hong Kong and Canton had been re-started. For most of the year under review it was possible to run only one train a day from each terminus but in November, 1946, a second train a day each way was added to the schedule. During the same period the running time for the journey from Kowloon to Canton was progressively reduced from 8¼ hours to 4½ hours. By the end of the year it was considered that there was sufficient passenger traffic for a third daily train but through lack of rolling stock and difficulties of maintenance it had not so far been possible to introduce this extension of the service. At the end of the year there were as many passenger train services running between Kowloon and Canton as there were in 1938 but local services and goods trains were not as frequent as in that year. Passengers carried in 1946, compared with 1938, were about 1½ millions against 2¼ millions. Similar figures for tonnage of goods carried on the railway showed a decrease from 482,000 to 197,000 tons. One factor which delayed the rehabilitation of the railway was the lack of replacements for normal railway material such as rails, sleepers, signalling apparatus, workshop plant and tools. Many months passed before any major equipment for the railway was received in the Colony, with the exception of certain bridge material and a number of locomotives. Some assistance was rendered by the Canton-Hankow Railway and the Chinese Ministry of Communications' local supply office which lent a quantity of rails, sleepers, fish plates, and bolts, but at the end of the year much work remained to be done.

The operation of the railway during 1946 earned for the British section about 4 million dollars, against which must be set an expenditure of about 2½ million dollars, a rather greater excess of revenue over expenditure than the 1938 figure.

On the average fares from Kowloon to Canton increased over 1938 figures by 500/600 per cent., while freight costs were about 900 per cent. of the 1938 level.

Roads.

The building and maintenance of roads in Hong Kong are subject to unusual topographical and climatic difficulties. In most parts of the Colony the construction of a roadway, by virtue of the hilly nature of the country, involves considerable blasting operations. On the other hand the rock is not difficult to blast and is suitable for road making so that there is no shortage of roadmetal in the Colony. The climatic difficulties are no less considerable, since the heavy downpours of rain which are common during the summer months are sufficient to cause grave damage to any road surface which falls short of a high standard of maintenance and the repair of the damage once caused is liable to be made more difficult and expensive by further rains. In spite of these difficulties and Hong Kong is reasonably well served with roads. Although the total area of the Colony is only 390 square miles, over 400 miles of roads are maintained, 173 miles of which are on the island of Hong Kong, 106 in Kowloon, and the remainder in the New Territories. About 90% of these roads are of modern metalled construction. Although little damage was caused to the roads through actual hostilities, except in the heavily bombed urban areas, it was found when the Colony was liberated that the road system had suffered considerably as a result of neglect during the occupation. A number of bridges in the New Territories which had been demolished by the retiring British forces in 1941 remained unrepaired; the better quality roads surfaced in concrete or tarred macadam had suffered comparatively little damage but waterbound macadam roads were found to be in very poor condition. Little repair work was done by the Japanese beyond the surfacing of certain short portions of road with poor quality concrete. The fact that the damage during the occupation was not greater can be attributed in part to the fact that traffic during the occupation was light, and the heavy traffic which was soon resumed after the re-occupation greatly accelerated the process of deterioration caused by lack of maintenance during the war years. Two new roads—both in the New Territories—were built during the Japanese occupation and an attempt was made to construct a new bridge at the frontier; this bridge either collapsed or was never completed. One road to the top of the Colony's highest mountain, Tai Mo Shan, was built to serve a Japanese early-warning radar station set up on the top of that mountain, whilst the other new road, which leads to a large village named Saikung, was designed to facilitate Japanese military operations against the Chinese guerillas who operated in the eastern areas of the New Territories. Both roads are useful and will be maintained.

Tramways.

The Hong Kong Tramway Company before the war operated just over 19 miles of track. With 112 passenger tramcars, of which 93 were daily in use, the company used to transport about 80 million passengers a year; car mileage in 1941 was about 4¾ million miles. When the company's officials resumed possession of the undertaking from the Japanese on 1st September, 1945, only 15 of their 112 passenger tramcars were found to be serviceable; overhead equipment had been to a great extent dismantled, and the workshops, stores and maintenance departments had been stripped of machinery, tools and plant. The company was fortunate to find the track and permanent way and all depôt premises, car sheds and offices substantially intact although records and everything movable were lost. As soon as the war was over energetic reconstruction work was started. Most of the main workshop machinery was traced and reinstalled. By the end of 1945 most of the pre-war routes were again in operation though on a restricted scale since only 45 tramcars were serviceable. During 1946 the service was improved and the number of tramcars in operation rose to 63. The main difficulties were the uncertain arrival of replacement material, the strain on maintenance facilities and the restrictions from time to time on the supply of electric power. Labour and operating costs showed a considerable increase and the cost of the service supplied to the public stood at the end of the year at twice the pre-war rate.

Omnibus Services.

The motor bus companies faced similar difficulties when the Japanese war ended. The Japanese had confiscated almost all the buses and stocks of spare parts and few could be traced. Skeleton services were put on as soon as possible through the most populous areas of the city with those remaining buses which could be put in order; the Military Administration lent a number of three-ton Dodge trucks to the bus companies for conversion to makeshift buses and with this assistance the routes were extended and the services made more frequent. By the end of 1946 deliveries of new buses ordered from England some months before had begun and the services were being further improved. Fares had more than doubled in that passengers on almost all routes were required to pay twice the pre-war first class fare for their journey.

Other Vehicles.

When the relieving forces came ashore in 1945 they found little serviceable road transport. Of the many vehicles in use in 1941, some had been shipped out of the Colony to Japan and elsewhere and the remainder had been allowed to fall into serious disrepair. A limited number of service vehicles were brought in during the Military Administration and to

supplement the very inadequate transport then available, importers were soon able to bring in new vehicles on a commercial basis, both from America and the United Kingdom. By the end of the year, registration had been taken out for 1,450 private cars, 195 taxis and hired cars, and 1,152 load-carrying vehicles.

The Postal Service.

The surrender of the Japanese in August, 1945, found the Hong Kong General Post Office practically undamaged and in use by the Japanese for its normal purposes. Although pre-war postal records had been almost totally destroyed a large number of Colonial postage stamps and a quantity of British postal orders were recovered. No great difficulty was encountered in reassembling the Post Office staff or in recruiting sufficient personnel to replace resignations, and all the principal services were restored fairly shortly after the re-occupation of the Colony. The Mail Department, General Post Office, and the Central Post Office, Kowloon, were re-opened on the 1st September, 1945, and the first local deliveries were made 3 days later. For some weeks all postage was free but at the end of September stamps were placed on sale and the free service was confined to ex-internees and ex-prisoners of war. Two branch offices were re-opened during October and a further four, including two in the New Territories, during November, 1945. When Civil Government was resumed on 1st May, 1946, seven of the ten branch offices had already been reopened and two were ready to open. Restoration of surface despatches was a gradual process: the first to be restored were the shortest and by October, 1945, regular despatches were being sent to South China and Macao. Mails to India and the United Kingdom were resumed about the same time and three weeks later the first postal communication was resumed with the United States of America and Canada. By the end of 1946 surface mails were being despatched to all parts of the world as opportunity offered. For some time limitations were imposed on the despatch of mails by the lack of shipping facilities but this situation improved steadily month by month. The first air mail services to be resumed were by Royal Air Force Transport Command aircraft to Calcutta, to connect with the British Overseas Airways Corporation for London, and to Australia via Leyte. In November, 1945, air mail service to Singapore and Shanghai was resumed. By May, 1946, there was regular air mail communication with London, Singapore, Sydney, Auckland, Saigon, Bangkok, Rangoon, Calcutta, Cairo, Johannesburg and various cities in China. The first direct air mail by British Overseas Airways Corporation to the United Kingdom began on the 27th August, 1946, and provided the Colony with a weekly service giving delivery in the United Kingdom within ten days. The volume of traffic passing through the hands of the Post

Office showed a steady increase during the period under review and the increase was reflected in the sales of stamps which in December, 1946, reached the total of \$604,934.80, the highest ever recorded.

Telecommunications.

Telecommunications plant and equipment had suffered extensive damage. Practically all pre-war equipment was either destroyed, removed or unusable. Radio transmitters had been brought into the Colony by the Japanese for point to point and broadcasting work and although they were installed in cramped underground cellars and appeared to have been poorly maintained, it was possible to renovate them sufficiently to carry on broadcasting and point to point services for the Administration until new equipment could be procured and installed. Radio Station buildings had been extensively damaged and in the absence of any suitable alternative provision they had to be repaired piecemeal without interruption to the heavy traffic being carried. A long distance short-wave radio service to ships was re-established early in 1946 with the co-operation of the Royal Navy, and the improvised equipment brought into use at the same time for a medium wave service was replaced some months later with standard equipment. A radio service was also improvised for reporting inward shipping. Aeronautical radio services presented some difficulties but with the assistance of the Royal Air Force a start was made and several channels brought into operation. A large volume of meteorological messages was handled through many radio channels. The requirements of the Police Force including the Water Police had to be met as far as possible with improvised equipment and comparatively little headway was possible in this field.

On their release from internment members of the staff of Cable and Wireless, Ltd., took over the Japanese commercial wireless services which were operated from two bombproof basement stations, one on Hong Kong Island and one in Kowloon. Contact with the outside world was quickly established, point to point services being opened during the month of September with Macao, Colombo, Chungking, Manila, Canton and Shanghai. Traffic for the United Kingdom was passed via Colombo. All the company's pre-war wireless telegraphy equipment had been either removed or destroyed by the Japanese and the process of bringing in new up to date equipment continued throughout the period under review. By the end of 1946, the transmitting and receiving stations were fully equipped for radio telegraphy and some progress had been made with the procurement of gear for resumption of radio telephone channels. Rehabilitation of the cable service had to await the arrival of cable ships working eastwards from Colombo. From the outset it was known that the Japanese had made considerable changes in the disposition of cables in

the Far East and had eventually abandoned them entirely owing to interruptions. A cable ship arrived in the Colony at the end of March, 1946, and it was found that owing to the depredations of the Japanese and of some of the more enterprising local fishermen some 30 miles of cable out of the first 50 miles of the submarine cable to Singapore had to be replaced. This was done and communication was resumed. All the other cables running out of the Colony were later found to be in like state, and many miles of new cable will be required before further links can be restored. Commercial traffic grew rapidly from the first restoration of communications and by the spring of 1946 already exceeded the volume of traffic handled in pre-war days.

Broadcasting.

Broadcasting equipment was overhauled and renovated, and with the erection of two efficient medium-wave transmitters the pre-war double programme in English and Chinese was re-introduced. The short-wave programme was resumed on the pre-war frequency of 9.52 megacycles. The transmission was weak and unreliable during 1946, and at the end of the year steps were being taken to procure more suitable equipment and to provide a more efficient short-wave service.

Telephones.

An automatic public telephone service is provided by the Hong Kong Telephone Company, Limited. In 1941, the company was serving 14,000 lines on Hong Kong Island and 5,100 on the mainland as well as a system of 500 government and military lines on a separate automatic exchange. Trunk calls could be made to Canton and there was a radio-telephone service to Manila and elsewhere. On the liberation of the Colony some 8,000 lines were rapidly put into operation by those members of the company's staff who were released from internment. The equipment had suffered the usual neglect and under-maintenance and a good deal of movable stores and equipment was lost; but a workable service was supplied to Government and essential services from the earliest days of the re-occupation and the public demand was met as far as possible. The first telephone directory appeared within three months. During 1946, major damage to cables was repaired and the service showed a steady improvement. The cost of service had risen only 50% above 1941 rates, a very moderate increase when compared with the general rise in costs. At the end of the year there were 16,357 subscribers and additional demand existed which could not be met as the plant was loaded to capacity. Comprehensive plans for rehabilitation and expansion were in hand with a view to providing service for 28,000 lines as soon as the necessary trained staff and equipment were available.

Chapter 12.

RESEARCH.

During the years prior to the war a good deal of research was carried out in fisheries and marine biology, in natural history and in archæology. A summary is given below with references to the more important publications in these fields.

Fisheries and Marine Biology.

Research in these subjects began in 1930. Large collections of fish and other marine organisms were made and studied by experts in several countries. Many papers were published in the "Hong Kong Naturalist" on the results of this work, including more than 200 pages on the fishes of the China Seas and a similar number of pages on other marine fauna and flora. These papers provide a useful background for present and future fisheries research.

Early in 1938 Government made a small grant to the Hong Kong University which enabled the salary and expenses of Mr. S. Y. Lin, a Chinese research worker, to be met. Mr. Lin carried out a very careful and thorough survey of the marine fishing industries of Hong Kong and also of fish culture in fresh-water and brackish water ponds in the New Territories. Papers on this work and on other aspects of local marine biology were published in the first two numbers of the "Journal of the Hong Kong Fisheries Research Station", in February and September, 1940. A book on the "Common Marine Food Fishes of Hong Kong" was published and was sold out; a second enlarged edition, in which 50 species were described, appeared in March, 1940. Another book was in the press dealing with the crabs, prawns and shell-fish of the Colony but the manuscripts and proofs were lost as a result of the war. A small fisheries research staff was appointed and plans were prepared for the building by government of a Fisheries Research Station on Hong Kong Island. Research meantime continued at a temporary field station and in the Biology Department of the University. Unfortunately in the subsequent hostilities all preserved specimens, records and books were completely destroyed. In 1941 the Hong Kong Government voted the sum of \$220,000 to cover the cost of the building of a Fisheries Research Station, and building was commenced on a site near the village of Aberdeen in the autumn. This was interrupted by the Japanese attack on the Colony. During the months immediately preceding the Japanese attack research was carried out on the tanning of nets and on the extraction of oil from the livers of different local fish. This work showed that it was possible to increase greatly the efficiency of the Chinese method of tanning by a small and easily grasped modification, and, secondly, that the livers of large sharks yielded oil very

rich in vitamin A. Enough livers were obtained to yield a quantity of valuable oil suitable for hospital use and a small reserve of this oil was built up against an emergency. Mr. Lin, who during the Japanese occupation remained in Hong Kong, was able to continue the manufacture of this oil and to supply Stanley Internment Camp with it through the medium of the International Red Cross. Thousands of internees received the oil as a prophylactic against vitamin A deficiency and it proved of great value in the treatment of tropical ulcers and eye troubles caused by the deficiency of this vitamin in the camp diet.

Natural History.

The flora of Hong Kong has been very fully, though not completely, described in the "Flora Honkongensis" by G.B. Bentham, published in 1861 and in the "Flora of Kwangtung and Hong Kong" by S. T. Dunn and W. J. Tutcher, published in 1912. Attention has in particular been paid in recent years to the flowering shrubs and trees and the orchids; numerous papers in the "Hong Kong Naturalist" and three small books have been published on these plants. The only book published on the fauna of the Colony was one on the "Butterflies of Hong Kong" by Mr. J. C. Kershaw in 1905. This book has been out of print for many years and is extremely scarce. Attention has been paid in particular to the snakes, birds, mammals and butterflies, and many papers have been published. There is a need for a comprehensive natural history book dealing with the more conspicuous flowers and trees, the commoner insects and the larger animals.

Archæology.

Prior to 1932, Dr. C. M. Heanley, Mr. W. Schofield and Professor J. L. Shellshear, D.S.O., had made some investigations into local archæology, and in that year Father D. J. Finn, S.J., began an intensive study of the subject. Between 1932 and 1936 he published in the "Hong Kong Naturalist" thirteen detailed and very fully illustrated articles (245 pages) on his own discoveries which he correlated with archæological work on the Chinese mainland. Serious research on this subject suffered a set-back in 1936 with the death of Father Finn, but his work had drawn the attention of archæologists in all parts of the world to this corner of East Asia. Father Finn's conclusion as to the date of the sites which he excavated was that they were representative of the middle of the first millenium B.C., and extended over the third quarter of that period. Since Father Finn's death, Father R. Maglioni has done some work in Hong Kong and considerably more in Kwangtung province, and has correlated the archæology of Hong Kong with that of the mainland. His most recent paper appeared in the "Proceedings of the Third Congress of Prehistorians of the Far East", Singapore, January, 1938.

PART III.

Chapter 1.

GEOGRAPHY & CLIMATE.

Hong Kong ("Fragrant Harbour") lies just within the tropics, south of the mainland of the Kwangtung Province of China, and east of the Pearl River estuary. The Colony includes the territories of Hong Kong Island (32 square miles), on which is situated the capital city of Victoria, the southern tip of the mainland peninsula of Kowloon (3¼ square miles) and Stonecutters Island (¼ square mile), as well as the New Territories which consist of an area of the hinterland together with numerous islands (355 square miles). The New Territories, which were leased on 1st July, 1898, for 99 years, extend north to the Shum Chun River and include the seabeds of Deep Bay to the west and Mirs Bay to the east. The total area of the Colony is thus about 390 square miles, most of which is steep and unproductive hillside.

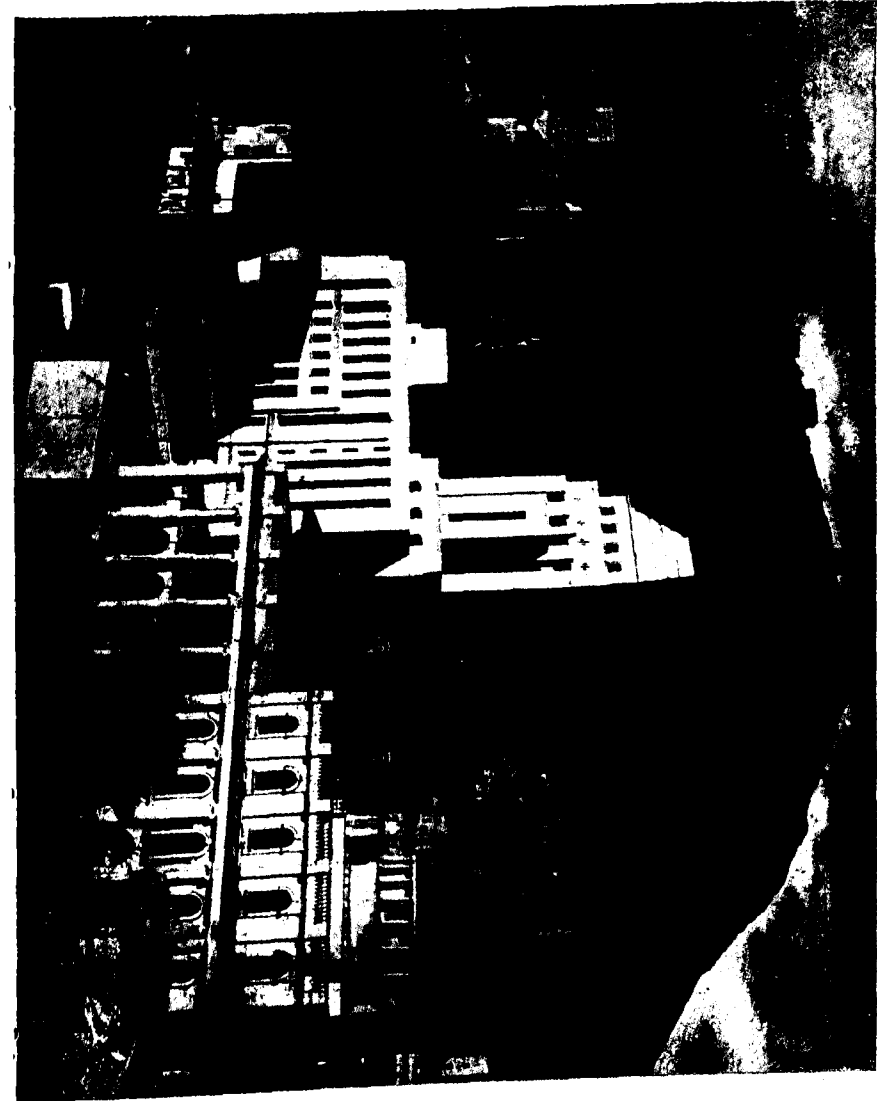
Hong Kong Island is eleven miles long from east to west and varies in width from two to five miles. It rises steeply from the northern shore to a range of treeless hills of volcanic rock of which the highest point is Victoria Peak (1,823 feet) at the western end. Between these hills and the island's northern waterfront, stretching east and west for over four miles and facing north across the harbour towards Kowloon, lies the city of Victoria. Most of the urban area is flat reclaimed land though streets and houses have straggled some way up the steep foothills away from the harbour.

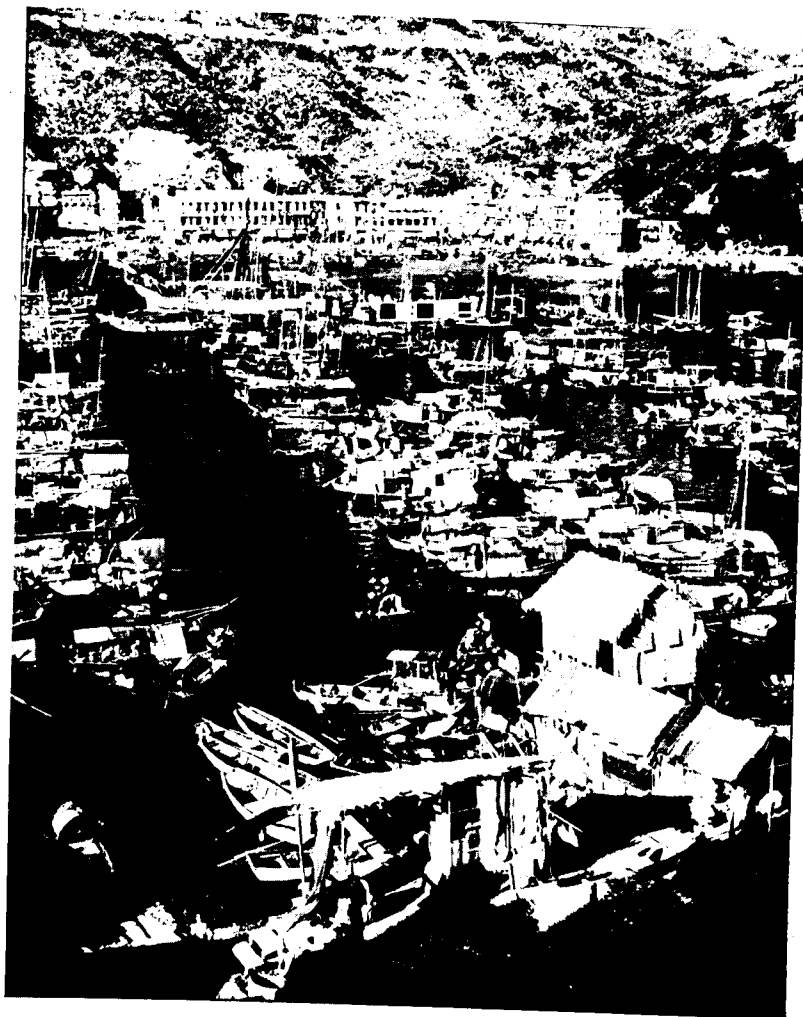
The island is separated from the mainland by an almost landlocked natural harbour, varying in width from one to three miles, entered from the east by a deep water channel through Lyemoo Pass, a quarter of a mile wide, and protected from the west by a group of islands through which a shallower channel gives access for coastal vessels. This harbour has become the gateway to South China, lying midway between the main ports of Haiphong in Indo-China and Shanghai at the mouth of the Yangtse River.

The Kowloon Peninsula which is fairly flat and has been extended in area by various reclamations has developed extensively as a residential suburb, and contains also the main industrial area of the Colony; wharves for ocean-going ships occupy its western shore, and the terminus of the Kowloon-Canton Railway, which connects at Canton with the network of the Chinese railways, is at the extreme southern tip of the peninsula. The Unicorn range of hills, similar to those on the island, forms a barrier between Kowloon and the New Territories to the north.

The greater part of the New Territories, both islands and mainland, is steep and barren, the highest point being the mountain called Taimoshan which lies seven miles north-west

The centre of the city, showing the Supreme Court on the right, the Hong Kong & Shanghai Bank in the centre and Government House (rebuilt by the Japanese) on the upper left.
Photograph by Hedda Morrison





Aberdeen harbour.

Photograph by Hedda Morrison

of Kowloon, 3,130 feet in height. North-west of this mountain the Colony's largest area of cultivable land stretches to the marshes on the eastern shore of Deep Bay. The eastern half of the New Territories mainland, mountainous and unproductive, extends to the rocky and deeply indented coastline of Mirs Bay. Wherever cultivation is made possible by the presence of flat land and water, villages exist and crops are raised. Intricate terracing brings the maximum land under cultivation and the traditional methods of the Chinese farmers have changed as little in Hong Kong as they have in neighbouring China.

The New Territories include 75 adjacent islands few of which show any trace of the impact of western civilization and many of which are uninhabited. Productive land is even scarcer than on the mainland and the estimated island population of 60,000 includes many fisherfolk living aboard their boats. The largest island is Lantau, a rugged and beautiful place lying west of the harbour. Lantau is more than twice the size of Hong Kong Island itself and its highest peak is over 3,000 feet; though the island is well watered the gradients are such that even the patient Chinese farmer has been able to secure only a few precarious footholds and there is little cultivation. Well-wooded ravines and scrub-covered spurs, where wild boar and barking deer are plentiful, slope steeply upwards to a bold and lonely skyline. The rest of the islands are much smaller, the smallest inhabited island being Ngai Ying Chau with an area of $8\frac{1}{2}$ acres and a population of three and sometimes five.

The climate is sub-tropical and is governed to a large extent by the monsoons, the winter being normally cool and dry and the summer hot and humid. The north-east monsoon sets in during October and persists until April. The early winter is the most pleasant time of the year, the weather being generally sunny and the atmosphere often exceedingly dry. Later in the winter cloud is more frequent, though rainfall remains very slight; in March and April long spells of dull overcast weather may occur. Warm southerly winds may temporarily displace the cool north-east monsoon during this period and under these conditions fog and very low cloud are common. From May until August, the prevailing wind is the south-west monsoon, a warm damp wind blowing from equatorial regions. Winds are more variable in summer than in winter, for the south-west monsoon is frequently interrupted. The weather is persistently hot and humid, and is often cloudy and showery with frequent thunder-storms. The summer is the rainy season, three quarters of the annual rainfall falling between the months of May and September.

From June to October Hong Kong is most liable to be affected by typhoons, although they are sometimes experienced before and after this period. A typhoon whose centre passes over or near the Colony is accompanied by winds of

hurricane force, resulting in widespread damage and loss of life. Sixteen such disasters have occurred in the last sixty-three years. Spells of bad weather with heavy rain and strong winds are normally experienced several times in each summer owing to the passage of typhoons at varying distances from the Colony.

The mean monthly temperature ranges from 59°F in February to 82°F in July, the average for the year being 72°F. The temperature very rarely rises above 95°F or falls below 40°F. In spring and summer the relative humidity of the atmosphere is persistently high, at times exceeding 95%, while in early winter it may fall as low as 20%. The mean monthly duration of sunshine ranges from 94 hours in March to 217 hours in October. The mean annual rainfall is 84.26 inches.

During the first four months of 1946, rainfall was deficient and with April completely dry the drought assumed serious proportions. Unusually heavy rain then fell in May and June but from July to November rainfall was again below normal; finally December produced more than three times the normal quota. The total for the year was 78.60 inches, some six inches below the normal. On 18th July a typhoon passed 30 miles to the south of Hong Kong causing seven hours of gales and a maximum gust of 106 m.p.h. at the Observatory.



Rice and vegetable fields
at the head of Tide Cove,
New Territories.

Photograph by Hedda Morrison

Chapter 2.

HISTORY.

Before 1841 the island now known as Hong Kong was inhabited by a few fishermen, stone-cutters and farmers, and provided a notorious retreat for smugglers and pirates. In that year it was occupied by British forces partly as a reprisal for the treatment of British merchants in Canton, and partly to provide a secure base from which trading might be continued with the merchants of South China.

Foreign intercourse with China dates from the sixteenth century when expeditions from the maritime states of Europe—Portugal, Spain, Holland and England—penetrated into Far Eastern waters in the hope of establishing a direct trade by sea with the Moluccas or Spice Islands. At the end of the century, Queen Elizabeth herself addressed a letter to the Emperor of China. Though this letter was probably never delivered it marks the beginning of official support for a whole series of adventurous attempts to share in the trade of the Eastern countries. At the beginning of the next century a monopoly of the East Indian trade was created in favour of "The Governor and merchants of London trading in the East Indies". An early trading-station at Bantam in Java soon led to the extension of the sphere of action to Japan and China, and it was off the coast of South China that the East India Company had to face both the hostility of the Chinese authorities and an intense commercial rivalry with the Dutch merchants.

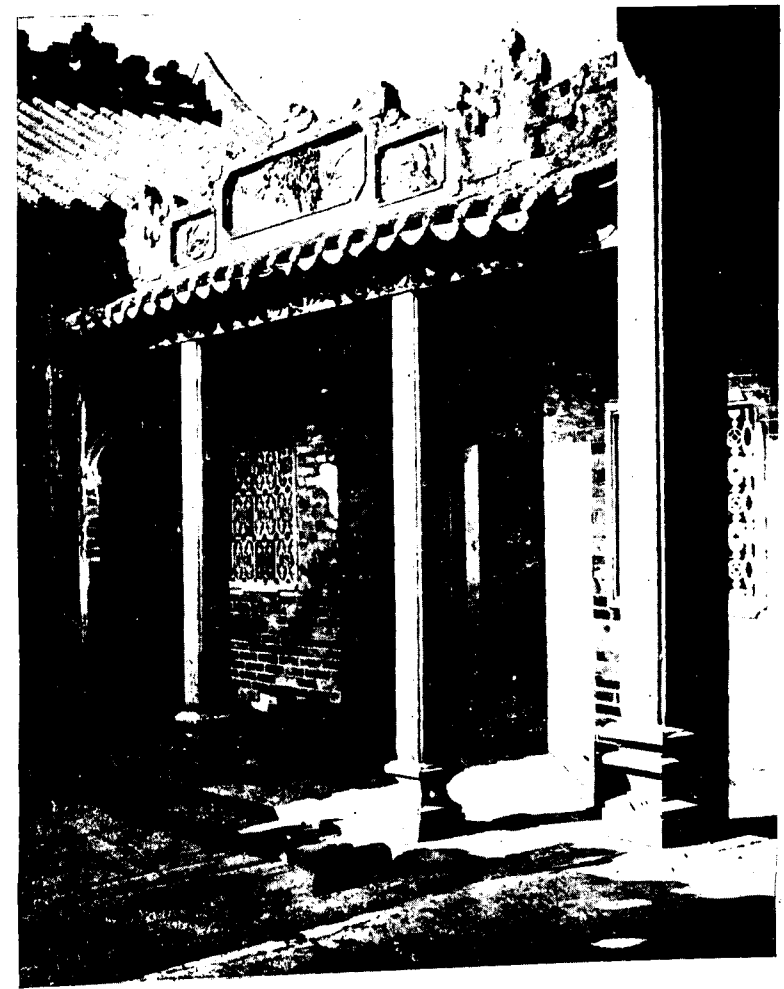
The Portuguese had already founded the settlement of Macao from Malacca. It was probably the existence of this European foothold that concentrated foreign attention on Canton. In 1681 the East India Company secured a house in Macao and a little later an approach was made to Canton itself. By 1715 a regular seasonal trade had been commenced with a shore-staff residing during the season in the Canton "Factories" and, during the summer months, in the Company's Macao premises. The French, Dutch and Americans were not long in following the Company's lead, and, by the end of the eighteenth century, Englishmen trading on their own account were beginning to share the benefits of this precarious intercourse. It was into the hands of these newly arrived adventurers that the opium trade fell when, in 1800, the Company declined to carry opium in its ships owing to an Imperial edict forbidding the importation of the drug into China. For some thirty years this state of affairs continued, during which time the Chinese authorities, angered by the persistence of the illicit trade which they were unable to check, put increasingly arbitrary restrictions on the Company's legitimate activities.

Meanwhile two abortive attempts had been made to establish official relations with China—by Lord Macartney in 1793 and by Lord Amherst in 1816. The separate trends which British intercourse with China had hitherto taken—the activity of the East India Company, whose monopoly expired in 1831, and the unsuccessful official missions—were united in 1834 by the arrival of Lord Napier in Canton as His Majesty's Chief Superintendent of Trade.

Lord Napier's efforts at improving relations with the Chinese authorities for the benefit of British trade resulted in conspicuous failure and he died in Macao in October, 1834. Captain Elliot, R.N., succeeded him as Chief Superintendent and for five years negotiations were intermittently continued while the position of the British merchants became more and more difficult. The ultimate result of this protracted period of undeclared hostilities was the withdrawal of British merchant ships to Hong Kong Bay, a blockade of the Canton River in 1840 and the peaceful occupation of Hong Kong Island in January, 1841.

The cession of the island to the British Crown was confirmed by the Treaty of Nanking in August, 1842. The Convention of Peking of 1860 added the Kowloon Peninsula and Stonecutters Island to the Crown Colony and under a further Convention of Peking, signed in 1898, the area known as the New Territories, including Mirs Bay and Deep Bay, was leased to Great Britain for a period of ninety-nine years.

Almost a century of uninterrupted peaceful development followed the Treaty of Nanking. One of the world's greatest harbours grew up naturally in the Colony's enclosed waters; the freedom of the port and the freedom of entrance and egress for all persons of Chinese race were preserved in accordance with a policy which ensured for the Colony the role of entrepôt both for the trade and for the labour of China's southern provinces; reclamation, afforestation, a network of motor roads cut into the hills, public health administration and anti-malarial measures combined with the steady and natural growth of the city itself to present to the ocean-going ships which lay in the harbour in 1941 a picture very different from that which met the first reluctant pioneers when they explored the inhospitable hills in peril from the indigenous pirates. The rich interior of China was connected by railway with the wharves and warehouses built for the world's shipping; schools and a university were established; Chinese, European and American air lines met in the Colony's airport; shipyards which could build the hulls of 10,000 ton ships and docks able to accommodate the world's largest liners were constructed; light industries were born and thrived. Less tangible, the Colony became known as an impartial refuge during the internecine strife which ensued in China after the inauguration of the Chinese Republic in 1911 and, later, when China was attacked by Japan.



Old temple near Fanling,
New Territories.

Photograph by Hedda Morrison

In Hong Kong the shadow of Japanese aggression was scarcely perceptible when Manchuria was attacked, darkened somewhat with the fall of Shanghai in 1937 and lay over the Colony, heavy and menacing, after the fall of Canton at the end of 1938. The Colony's population grew to over one million and a half, swelled by homeless refugees from South China who could be neither housed nor turned away; after the outbreak of war in Europe the precarious security of Hong Kong carried little conviction.

Shortly after dawn on 8th December, 1941, reconnaissance and bomber aircraft of the Japanese air force based at Canton appeared overhead and the first bombs fell on the Colony's aerodrome. At the same time first-line troops of the Japanese army deployed and methodically crossed the frontier from the points in occupied Chinese territory where they had been drawn up for a carefully planned attack. After 48 hours Shingmun Redoubt, vital point in the New Territories' defence line, had been assaulted and had fallen with many casualties on either side. The garrison fell back on Hong Kong Island which in turn was successfully assaulted on the night of the 18th-19th December, 1941. On Christmas Day, after a week's fighting on the island, the Colony was surrendered to the Japanese forces.

It remained in Japanese hands for over three and a half years. The population fell quickly from about one and a half million to less than half that number. In the face of increasing oppression and brutality the fundamental loyalty to the Allied cause of the Chinese who remained was never in doubt; parts of the New Territories remained in the hands of Chinese guerillas throughout the war, in spite of the most vigorous punitive measures which the enemy could devise; passive resistance to every enemy enterprise was nicely calculated; Allied personnel escaping or evading capture were assured of assistance from the peasants of the New Territories (one American fighter pilot, landing by parachute in early 1943 within half a mile of the urban area of Kowloon, found himself spirited to safety); Allied subversive organisations had no difficulty in securing the help of every class of Chinese resident in the Colony.

The Colony was liberated by units of the British Pacific Fleet on 30th August, 1945.

The preceding chapters have attempted to outline the circumstances of the Colony and its people at the time of the re-occupation and to describe such headway as was made with the tasks of reconstruction during the year under review.

Chapter 3.

ADMINISTRATION.

The Government of Hong Kong derives its constitutional authority from Letters Patent and Royal Instructions issued from time to time and is administered by a Governor assisted by an Executive Council and a Legislative Council. The Executive Council, which is consulted by the Governor on all important administrative matters, includes the senior Military Officer, the Colonial Secretary, the Attorney General, the Secretary for Chinese Affairs, the Financial Secretary (who are members *ex officio*) and such other members, both official and unofficial, as may be appointed. At the end of 1946 there were seven official members (including the five *ex officio* members mentioned above) and four unofficial members, two of whom were Chinese.

The Legislative Council consists of not more than nine official members, including the same five *ex officio* members listed above, and not more than eight unofficial members. At the end of 1946 there were nine official members and seven unofficial members. The procedure of this Council, with the advice and consent of which all legislation is enacted and by which all expenditure from public funds has to be approved, is based on that of the House of Commons. There are three standing committees of the Legislative Council—the Finance Committee, the Law Committee and the Public Works Committee—and select committees are from time to time set up to advise on matters before the Council.

The English Common Law forms the basis of the legal system, modified by Hong Kong Ordinances of which an edition revised to 1931 was published in 1938. The law as to civil procedure was codified by Ordinance No. 3 of 1901. The Colonial Courts of Admiralty Act, 1890, regulates the jurisdiction of the Supreme Court in Admiralty cases.

During the first five months of 1946 the Colony was still under Military Administration and administrative authority was concentrated in the hands of the Commander-in-Chief who governed by Proclamation. The laws of the Colony as modified by the Proclamations of the Military Administration had become effective again from 1st September, 1945, when the first Proclamation was issued, and at the end of 1945 Admiral Harcourt, the Commander-in-Chief, had delegated full powers to the Chief Civil Affairs Officer, Brigadier D. M. MacDougall. The criminal jurisdiction of the Supreme Court and of the magistracies was exercised during the Military Administration by a General Military Court and by Summary Military Courts respectively. Civil jurisdiction was suspended but rent tribunals were set up at the end of 1945 to deal with cases arising out of rent restrictions and tenancy disputes.

The structure of the Civil Affairs Unit which during the Military Administration discharged the routine functions of the Civil Government was based partly on the normal governmental system and partly on the pattern evolved for the civil administration of territories which had been occupied or liberated during the earlier stages of the war. The senior posts were held by British Army officers, many of whom were Colonial Service officials, together with a few Royal Air Force officers and civilians; the junior appointments were held partly by British Service personnel (for example there was a complete Royal Army Service Corps Transport Company which was part of the Civil Affairs Unit) and partly by locally recruited candidates including many permanent Government servants of local domicile who had either contrived to remain in Hong Kong during the Japanese occupation or who had returned from China when the war was over. The Civil Affairs Unit was divided into branches which corresponded roughly to the departments of Civil Government, and as the Military Administration drew to a close the administrative machine was gradually modified to conform as far as possible with the pre-war system. When Civil Government was resumed on 1st May, 1946, all permanent officials were granted local demobilization and normal administrative organisation was set up with the addition of certain temporary departments.

The system is briefly as follows:

Under the general direction of the Colonial Secretariat, the staff of which has been considerably increased to deal with the volume of work in the immediate post-war period, the administrative functions of Government are discharged by some thirty departments, all the officers of which are members of the Civil Service. There are five legal sub-departments, excluding the judiciary. Since 1938 the Financial Secretary has assumed a purely administrative function in the Secretariat and under his direction the Treasury is responsible for the public accounts, the Assessor's Office deals with the assessment and collection of rates and the Department of Inland Revenue is concerned with the collection of miscellaneous indirect taxation. The Superintendent of Imports and Exports is charged with the collection of import and excise duties and with the direction of preventive work.

The Secretary for Chinese Affairs is a senior administrative officer and has a wide and general responsibility in all matters affecting the Chinese community. During the year under review the Labour Office which had previously been a part of the Secretariat for Chinese Affairs, became for the first time a separate department. The Medical Department and the Sanitary Department deal with public health and the Public Works Department is concerned with roads, buildings, waterworks, piers and similar matters.

The Head of the Sanitary Department is, *ex officio*, the chairman of the Urban Council. This Council's functions and authority are more restricted than its title suggests, and are subordinate in many respects to the executive authority of Government. The Council's power to originate subsidiary legislation in matters concerning public health and conservancy is subject to confirmation by the Legislative Council.

Local administration in the New Territories, which include the many islands within Hong Kong's territorial waters, is in the hands of a District Officer. In addition to his administrative duties this officer is magistrate and land officer for his district, and is empowered to hear small debts cases and to decide summarily certain types of cases concerning land. The rural area was formerly divided into two districts, the northern and the southern, each under its District Officer, but since the re-occupation it has so far been found more convenient to have one officer responsible for the whole area. Other permanent departments are: The Audit Department, the Education Department, which controls the Government schools and supervises all private schools within the Colony, the Fire Brigade, the Harbour Department, the Department of Air Services, the Police Department, the Railway Department, the Post Office, which controls telecommunication services and broadcasting, but not the telephone service which is maintained by a private company, the Prisons Department, and the Royal Observatory.

Since the war a Press Relations Office has been set up and it is intended that this should become permanent. Another new and senior appointment which is intended to be permanent is that of the Secretary for Development. This officer is responsible for all matters concerning the exploitation of the Colony's natural resources; under his general direction there have been set up four new sub-departments dealing with fisheries, agriculture, forestry, and public gardens respectively. The pre-war Botanical and Forestry Department has been abolished and its functions absorbed by these new sub-departments.

Several temporary departments were set up during the Military Administration and continued to function during the year under review. The Department of Supplies, Trade and Industry was established primarily to handle the large volume of supplies imported by Government after the re-occupation; by the end of 1946 normal Government procurement had to a great extent been taken over by the Stores Department, but the importation of bulk foodstuffs and controlled commodities on Government account, the administration of an elementary rationing system, and the gradual imposition of a system of price control were still in the hands of the Director of Supplies, Trade and Industry. The Quartering Authority is responsible for such improvisation as is possible to meet the Colony's

serious shortage of European-type accommodation and the Custodian of Property is responsible for the control both of enemy and of abandoned property. A Reparations Claims Office has been set up to review and register the many claims which are made by the public in respect of property lost and damaged as a result of hostilities.

Chapter 4.**WEIGHTS AND MEASURES.**

The weights and measures in use in the Colony consist of the standards in use in the United Kingdom and of the following Chinese weights and measures:

1 fan (candareen)	=	.0133	ounces	avoirdupois
1 tsin (mace)	=	.133	ounces	avoirdupois
1 leung (tael)	=	1.33	ounces	avoirdupois
1 kan (catty)	=	1.33	pounds	avoirdupois
1 tam (picul)	=	133.33	pounds	avoirdupois
1 check (foot)	=	14 $\frac{5}{8}$	inches divided into 10 tsun (inches) and each tsun into ten fan or tenths.	

The full set of standards was not recovered on liberation, but it was found possible to resume control of weights and measures in August, 1946. At the end of the year the possibility of repealing Ordinance No. 2 of 1885, under which control is now exercised, and of introducing more modern provisions based on those in force in Malaya was under consideration.

EXTRA

FLEET ENTERING

The first communique from the Hongkong Government to the people of Hongkong since December 1941 was issued this morning at 11 o'clock as follows:

"Rear Admiral Harcourt is lying outside Hongkong with a very strong fleet. The Naval Dockyard is to be ready for his arrival by noon to-day.

"Admiral Harcourt will enter the harbour having transferred his flag to the cruiser Swiftsure which will be accompanied by destroyers and submarines.

"The capital ships will follow as soon as a passage has been swept.

"The fleet includes two aircraft carriers Indomitable of 23,000 tons, and the Venerable; the battleship Anson of 35,000 tons and carrying 10 14-inch guns, the Euryalus and the Swiftsure carrying 10 5.2-inch guns; the merchant ship Maidstone of 8,500 tons, the merchant cruiser Prince Rupert, Canadian registry, and the Hospital ship Oxfordshire.

"A considerable number of other ships will follow in a day or two.

"The formal surrender is likely to follow the proceedings at Tokyo."

(South China Morning Post and
The Hongkong Telegraph)
AUGUST 30, 1945.

Chapter 5.

NEWSPAPERS.

The English language newspapers published in Hong Kong are: The China Mail, (daily; founded in 1845 and the oldest English newspaper on the China Coast); The Sunday Herald, published by the same company as the China Mail; The South China Morning Post (daily, including Sundays) and the Hong Kong Telegraph, (an afternoon paper published daily excluding Sundays), both produced by one company.

All these newspapers continued to appear throughout the period of hostilities in December, 1941, in spite of bombing and of severe and increasing technical difficulties due to the hostilities. On the re-occupation of the Colony the liberating forces were surprised to find when their leading units came ashore that a British newspaper was already being distributed; this was a single-sheet "extra" edition of the South China Morning Post, announcing the impending arrival of Admiral Harcourt's forces.

There are nine morning papers and five evening papers published daily in Chinese. The leading morning paper is the Wah Kiu Yat Po. This newspaper, the Sing Tao Jih Pao and the Kung Sheung Daily News together form the backbone of the local vernacular press and it is in these three papers that Government notices are published. The leading evening paper is the Hsin Sheng Wan Pao. The Chinese newspapers represent all shades of opinion.

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