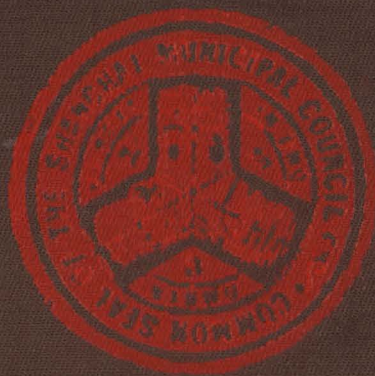


工部局董事会 会议录

第二十八册

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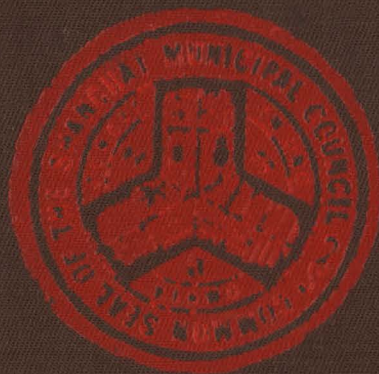


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THE MINUTES OF SHANGHAI
MUNICIPAL COUNCIL

Volume XXVIII

SHANGHAI MUNICIPAL ARCHIVES



Shanghai Classics Publishing House

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THE MINUTES OF SHANGHAI MUNICIPAL COUNCIL

Volume XXVIII

SHANGHAI MUNICIPAL ARCHIVES

Director of the Editorial and Examination Committee Zhang Qian

Deputy Director of the Committee Shi Meiding

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Shanghai Classics Publishing House

工部局董事会会议录

THE MINUTES OF

SHANGHAI MUNICIPAL COUNCIL

(1940—1943)

At the meeting of the Council held on Wednesday, January 10, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. C. S. Franklin (Chairman)

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

J. H. Liddell

R. G. MacDonald

R. T. McDonnell

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Deputy Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. W. J. Keswick

O. Okamoto.

F 30/33

Attempted Assassination of the Secretary & Commissioner General. The Chairman and Members voice their gratefulness at the presence at the meeting of Mr. Phillips, Secretary & Commissioner General, having been spared the attempt on his life by Chinese assassins.

F 5/12

Membership. The Chairman welcomes Mr. J. H. Liddell on his return to a seat on the Council and states that those who have previously served with Mr. Liddell will well understand the pleasure which he feels upon this event.

The Chairman also welcomes Mr. R. T. McDonnell to a seat on the Council. He states that Mr. McDonnell brings to the Council two years' experience as a Councillor at Tientsin and adds that he is certain that members will find Mr. McDonnell's services very useful.

The Minutes of the meeting held on December 13 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Education Board held on December 15 are submitted and confirmed, subject to the following modification.

41/14.

Proposed re-allocation of 1939 Budget appropriation. Reference is made to the recommendation of the Education Board that the unexpended appropriation of \$20,000 contained in the 1939 Budget to provide for children's public

playgrounds and reading rooms be made available and utilized in 1940 for the erection of a reading room or in the event of the Council deciding not to proceed with the reading room project the above-mentioned amount be re-allocated as grants-in-aid for 1939 to individual Chinese schools.

In an explanatory memorandum the Secretary & Commissioner General states that provision was made in the 1939 Budget for a total appropriation of \$220,000 for grants-in-aid to Chinese private schools during 1939. At its meeting on April 14, 1939, the Education Board approved in principle and the Council subsequently confirmed a recommendation, framed by the Sub-Committee on Grants-in-Aid to Chinese Schools, that the sum of \$20,000 out of the approved total grants-in-aid appropriation for 1939, which sum was finally not allocated for grant uses, be ear-marked to provide children's public playgrounds and reading-rooms.

In a report submitted the Treasurer points out that the first alternative contained in the recommendation of the Education Board is entirely contrary to the general accounting practice of the Council, and that an impossible situation would arise if unexpended balances of expenditure appropriations were carried forward from one year to another. As regards the second alternative, he points out that Education Expenditure for 1939 is very considerably in excess of that for which provision is contained in the Budget. He adds that it is of great importance that expenditure be restricted in every possible way and states that there would not seem to be adequate justification for a proposal to distribute \$20,000 to schools which cannot be said to be in urgent need of this money.

In a report submitted the Deputy Commissioner of Public Works states that the cost of a proposed Reading-room in brick and timber construction would be approximately \$9,000 for a single storey and \$16,000 for a two-storeyed building.

In explaining this matter the Treasurer states that the Grants Sub-Committee, before making any distribution to the schools, set aside a sum of \$20,000 out of the total grants allocation made to it. Asked by the Chairman as to the effect of this on the grants made in 1939, the Treasurer states that as regards those schools receiving grants in 1938 and 1939, 80 schools received increased grants in 1939, in 37 cases there was no change and in 5 cases only were the 1939 grants less than those approved for 1938. The reductions involved in these 5 cases were, however, only small and very far from totalling \$20,000. The Treasurer states that the total Education appropriation for 1939 had been exceeded and the deficit would approximate \$50,000. If this deficit was added to the 1940 estimated deficit, the 2% rate would not suffice to cover education requirements, as the Council has stipulated. If the \$20,000 in question were to be added to education expenditure, the 1939 and 1940

deficits would be correspondingly increased.

Mr. Yuan, Chairman of the Education Board, states that he feels that this sum of \$20,000 is due to the Board, since it is the balance of a sum definitely allocated by the Council, and in this view he is strongly supported by Mr. Yulin Hsi.

In reply to Mr. Liddell, the Treasurer reiterates that the sum spent during 1939 on Chinese education is in excess of the budget provision and that the excess in respect of Chinese education alone is well over \$100,000.

The Chairman states that it is his view that education expenditure should be confined within the limit of a 2% rate and land tax, as defined in the Council's education policy. He states that though the sum of \$20,000 was set aside for a specific provision, and was unexpended, an equal amount and more has been expended for other education purposes.

Mr. Kiang states that he favours adoption of the first alternative of the Education Board's recommendation which is before members. He states, however, that this involves the question of deciding as to the actual necessity of a reading room. He therefore recommends provision in the preliminary budget of \$20,000 for a reading room, leaving for consideration the question of necessity. As to grants to schools he considers that these also should be based on the grounds of school needs and that he would favour such needed grants even if involving expenditure in excess of the 2% stipulation. Regarding his proposal for providing in the 1940 preliminary budget for a reading room, he states that if the project is finally not adopted by the Council this year it can be transferred to future budgets and thus kept alive.

The Chairman agrees with Mr. Kiang that the question of spending \$20,000 on a reading room depends on a finding as to its absolute necessity and adds that this is a question of fact which remains to be decided after preliminary appropriation has been made in the budget. He points out, however, that other very necessary and desirable projects, such as hospitals, have for some time been unable to be executed in view of the Council's financial position.

Mr. Yulin Hsi, in strongly representing that the Council is already committed to this further expenditure for education purposes, states that since the Council at one time definitely agreed that this sum of \$20,000 was available for grants, the money should be regarded as remaining in trust for grant purposes and that a breach of faith would be involved by its non-release for grant purposes. He states that as Chairman of the Grants Sub-Committee he would be embarrassed vis-a-vis his fellow members should this promised amount now be withheld.

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January 10, 1940.

The Chairman states that he cannot agree with the description of this amount as being in trust for grant purposes, since the Grant Subcommittee itself was prepared to sanction its use for an alternative purpose. He reiterates that this sum has now been absorbed in the total education expenditure. He sees no reason, however, why a similar amount should not be put into the preliminary estimates and thereafter consideration given as to whether or not the Council can find the money. He states that this does not involve the sum being carried forward from 1939, but that a fresh appropriation should be made in the preliminary estimates specifically for a reading room and be subject to the consideration of the Education Board and the Council.

Mr. Powell states that such a course would appear to coincide with the third alternative suggested in the Secretary & Commissioner General's memorandum and Mr. Haley adds that it would appear to be in accordance with the Council's customary procedure.

Mr. Hsi states that he would agree with this course, provided only that it is understood that if the reading room project is not finally adopted an additional sum of \$20,000 should be allocated for grant purposes. He states that he regards as misleading the Treasurer's figures as to the increased and decreased grants in comparing 1939 with 1938, and states that on a per capita basis and having regard to the increase of pupils in private schools in 1939 a greater total grant allocation should have been made for that year. The Treasurer replies that he can only assure members that his figures are from the Council's official records. The Chairman states that if the total grant allocation was below that which Mr. Hsi considered necessary, this was not because of any allocation for a reading room, but because of the Council's general financial position.

Mr. MacDonald, as a member of the Education Board, states that the alternative projects of a reading room or an increased grant allocation of \$20,000 were both considered important from an education viewpoint and it is to be regretted that neither could be afforded in view of the 1939 education expenditure having exceeded the budget provision.

In concluding the discussion, the Chairman states that he is not against a new allocation for a reading room. It may be found that the Council cannot afford it, but the matter can be revived afresh yearly by the Education Board. He states that it is possible that the Council may be able to finance the project this year and it remains for Mr. Hsi to represent its urgency when the Education Board is considering the project this year. It is thereupon

January 10, 1940. 252.

RESOLVED that provision be made in the 1940 preliminary capital estimates of the Education Department for a Reading Room at a cost of \$20,000, it being understood that if such appropriation is adopted by the Council it will not involve a reduction by this amount from the allocation to be made for school grants.

A 23/1.

Additional Chinese Primary School - Kiaochow and Singapore Roads. Reference is made to the recommendation of the Education Board that the establishment of a new Primary School for Chinese on 8 mow of Council land at the junction of Kiaochow and Singapore Roads be proceeded with urgently and completed in time for the opening of the Spring Term, 1940.

In reply to the Chairman, the Deputy Commissioner of Public Works states that the ground is not yet broken in furtherance of this project.

The Treasurer states that an appropriation for this Primary School existed in the 1939 budget and will be renewed in the 1940 budget. He considers the Council is committed to the provision of a new Primary School. He points out, however, that the Public School for Chinese may shortly be without a home and it has been suggested that, if necessary, this school should also be temporarily housed on the same site until such time as other premises are available.

F 6/8.

Ratepayers' Meeting - Rules of Procedure. A memorandum is submitted by the Secretary & Commissioner General stating that members will recollect that in May last he was given authority to consult Messrs. Hansons and Sir Allan Mossop with a view to the submission of recommendations for improving the Rules of Procedure at the Ratepayers' Meeting. He submits draft rules which have been drafted by Mr. G. H. Wright in co-operation with the Secretariat, and which embody several suggestions made by Sir Allan Mossop. He states that the main object of the new rules is to provide that due notice should be given of any proposed amendment to the Budget. He details the other differences between the old and proposed new rules.

Mr. McDonnell enquires as to the provision for the Chairmanship of general meetings. The Secretary & Commissioner General explains that the election of a Chairman will be provided for under the terms of a Municipal Notification specifying the resolutions to be brought forward at a meeting, and that the absence in the proposed rules of a definite reference as to who shall be the Chairman of the meeting is because the rules are framed to cover both Special and Annual General Meetings, the Chairmanship of the former of which is definitely provided for in the Land Regulations.

In reply to Mr. Powell, the Secretary & Commissioner General states that the purpose of submission of the matter to members at this time is to obtain their definite approval of the proposed new rules, in order that some publicity may be given thereto and thereby the Ratepayers acquainted in advance with the proposals.

In reply to Mr. Liddell, the Secretary & Commissioner General states that whilst it is hoped that the new rules will be adopted at this year's Annual meeting, they will not be applied until any subsequent general meeting.

Members thereupon approve the proposed new rules.

M 1/31. War Memorial on the Bund. A memorandum by the Secretary & Commissioner General

states that in May last, as a result of a complaint by the United Services Association, it was decided to give a trial of improved policing at the War Memorial on the Bund, and that should such policing fail to improve conditions, the question of erecting an enclosure around the Memorial should be considered and the cost be provided for in the 1940 Budget. It was at the same time decided that an approach should be made to the French Council to defray half of any necessary expenditure, having regard to the fact that since the Memorial was originally accepted by the two Councils as a public trust, responsibility for its preservation, therefore, devolves jointly upon the two Councils.

In a letter submitted the United Services Association renews its former suggestion of an enclosure around the Memorial, the Association's proposal involving the provision of wrought iron railings and an estimated cost of \$20,000.

The Commissioner of Police reports that the Police arrangements instituted in May last have resulted in an improvement of conditions at the Memorial and that no complaints have been received. He offers no objection, however, to an enclosure, provided there is no encroachment on road space.

The Commissioner of Public Works submits a less ambitious scheme to meet the desire for an enclosure, the estimated cost of which is \$2,000.

The Secretary & Commissioner General recommends that the scheme of the Commissioner of Public Works be provisionally adopted and that, as a matter of courtesy, this scheme be submitted for the approval of the United Services Association and the French Council. As to the cost estimated at \$2,000, he believes that an approach to the French Council to defray half the cost will be successful.

Mr. MacDonald states that the Public Works Department's project would appear to be skimpy. He believes that a more elaborate project would be favoured by the two Service Associations and that possibly with a contribution from the Council the cost can be raised by them. He therefore suggests that the matter be referred back to the Associations.

The Chairman states that the Council's only hesitancy in not adopting the project submitted was on grounds of finance, since he felt that it could not embark on anything like a cost of \$20,000.

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The Deputy Commissioner of Public Works states that any type of project is possible between the two figures ranging from the Public Works Department's initial proposal involving a cost of \$2,000 and the proposal of the United Services Association to spend \$20,000.

Members agree that the matter be referred back for consideration by the two United Services Associations.

C 11/2.

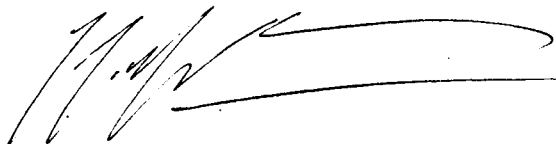
General Hospital - Board of Governors. Members approve the appointment of

Mr. R. T. McDonnell as a Governor of the General Hospital, in succession to Mr. J. W. Carney.

The meeting terminates at 5.45 p.m.

Cornell J. Franklin

Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, January 24, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. C. S. Franklin (Chairman)

W. J. Keswick

W. Gockson

Yulin Hsi

E. Y. B. Kiang

J. H. Liddell

R. G. MacDonald

R. T. McDonnell

O. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Works

The Treasurer, and

The Deputy Secretary.

Absent:

Messrs. G. A. Haley

Y. Hanawa

The Minutes of the meeting held on January 10, are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on January 15 are submitted and confirmed.

K 8/1 (11)

Beggars. In a memorandum submitted, the Deputy Secretary refers to the excessive number of deaths of beggars in the streets this winter, which has been aggravated in the past few days due to the intense cold. The matter has excited considerable public concern and has recently been the subject of editorial and other press comment.

On the authority of Brig.-Morris of the Salvation Army, it is reported that over 400 of the 500 bodies which have been picked up during the past few days were those of children of tender age. As a temporary and immediate remedy, the Salvation Army is from today utilizing a "Hot Rice Bus", which will be instrumental in saving many lives by means of the serving of hot meals during the night. The Salvation Army is seeking public donations towards this particular work.

The Deputy Secretary states that whilst the Settlement's established policy is that the ordinary Municipal funds shall not be used for poor relief, members may consider that there would be no public objection if a sum of \$1,000 was diverted from the proceeds of the Voluntary Entertainment Levy for refugee purposes, and employed immediately as a

matter of urgency as a contribution towards this particular piece of public welfare work which the Salvation Army is undertaking. The Treasurer is prepared to support this proposal.

The Chairman expresses his support of the proposal and it is unanimously adopted.

The Minutes of the meeting of the Staff Committee held on January 18 are submitted and confirmed.

H 6/22

Chinese Staff - Rice Allowance. Mr. Gockson expresses the hope that the Treasurer may explore every means in order to afford some relief to the Chinese staff in respect of the high price of rice and thereby meet a grave situation. Mr. Hsi states that he has been asked to study this matter and to report and that he will proceed in the matter with urgency.

F 5/1
F 6/1

Dates for Election of Council and Annual Meeting of Ratepayers. The dates to be proposed to the Consular Body for the holding of the Election of Council and the Annual Meeting of Ratepayers are fixed for Wednesday and Thursday, April 10 and 11, and Wednesday, April 17, respectively. It is also agreed that the place of the meeting be the Grand Theatre and the hour of commencement, 2.30 p.m.

L 5/66

Proposed Sale of Island Site - Tifeng and Great Western Roads. A letter from the Italian Consul General is submitted reiterating the desire to purchase the Island Site, bounded by Bubbling Well, Great Western and Tifeng Roads, for the purpose of erecting an Italian School, a Church and a Club.

It is noted from the Council minutes of March 8 and September 20, 1939, that the sale of this site to the Italian Consulate was decided upon, subject to an acceptable price being offered.

The Italian Consul General's letter refers to the differences of opinion revealed in the negotiations with the Commissioner of Public Works as to what is an acceptable price, which the Italian Consul General regards as being in the neighbourhood of \$20,000 per mow. The Italian Consul General now offers a higher figure of \$22,000 per mow.

In a report submitted, the Commissioner of Public Works states that as this is the last considerable piece of land in the Council's possession south of the Soochow Creek, and as it is an almost unique site for such municipal needs as schools or hospitals, the Council only decided to sell provided a suitable price could be obtained. He states that he felt, therefore, that the Council should not part with the site at a loss, and recommended that it should not be sold at less than it has cost the Council, viz: the price paid plus 6% compound interest. This amounts to a little more than \$900,000; equivalent to \$36,000 per mow. The Commissioner of Public Works reiterates his view

that, making due allowance for the proposed development of the site in the interests of the Italian community, \$36,000 per mow, or \$900,000, is the most suitable price.

In a report submitted, the Treasurer states that whilst giving due note to the use which it is proposed to make of this land should it be sold to the Italian Government, he feels that it is essential in the interest of the ratepayers that the Council should receive as high a price for the site as can reasonably be obtained. He adds that it is obvious that cost plus compound interest as a means of assessing the sale price of a piece of land is not always practicable, but that in this particular case it would seem to have yielded a figure approximating what can be regarded as a fair price for the land. He states that intensive development of the site on a purely economic basis would probably enable the land to be sold for not less than \$36,000 per mow and would certainly provide a higher taxation revenue than the development proposed by the Italian Consul General. The Treasurer concludes that he accordingly concurs in the recommendation made by the Commissioner of Public Works.

The Chairman states that he has discussed with the Commissioner of Public Works the question of an acceptable price, when it was made apparent that the price considered appropriate by the Commissioner of Public Works was computed on the basis of what the Commissioner regarded as a reasonable price for the land if it was developed with houses.

The Chairman states that in his view such a form of development would not be of benefit to the neighbouring Country Hospital or to the community generally, and was certainly not as desirable a form of development as the proposed civic development contemplated by the Italian authorities.

The Chairman states that the figure of \$36,000 per mow may be regarded as a top of the market price and as involving the prospective development of the site in a manner which the Council would not welcome. On the presumption, therefore, that the Council would prefer a form of civic development of the site, rather than the house development which he understands forms the basis of price computation employed by the Commissioner of Public Works, the Chairman states that it would seem reasonable to make a deduction from the figure of \$36,000 per mow proposed by the Commissioner of Public Works. He suggests that this deduction might be of one lakh from the total price of nine lakhs proposed by the Commissioner of Public Works.

The Chairman states that Mr. Hanawa, who is unavoidably unable to attend the meeting, has expressed the opinion that as the land is required for civic development, favourable consideration should be given to the wishes of the Italian Government and their offer accepted,

notwithstanding their offer may be slightly below the prevailing market value.

Mr. Okamoto expresses the view that the price proposed by the Commissioner of Public Works, \$36,000 per mow, is too high and that some compromise between the Italian Consulate offer of \$22,000 per mow and this figure would be justified.

Mr. Gockson states that land prices are going up and that he sees no reason why the Council should sell under the market price.

The Commissioner of Public Works states that precedents are afforded in other instances of the sale of Council land for development for community purposes. On four occasions land has been sold to the Japanese for schools and such sales were in each instance at the assessed value without deduction in consideration of the civic development of the land. He states that the Council's attitude governing those sales was that the sale should be at the appropriate value and that, if development of the land served municipal interests, it can be recognised by the Council in the form of a grant, as with the Japanese schools. He states that the only other instance of sale of land to a government that his department can trace was also to the Italian Government when the Council asked, and after correspondence obtained, Tls. 50,000 per mow for land which had been purchased four years before for Tls. 28,000 per mow, the increase being considered fair by the Council on account of new road construction. He reiterates that the appropriate attitude for the Council to adopt is to sell at what is judged to be the true value, leaving for later consideration the question of recognising by a Council grant any civic development of the land.

Mr. Keswick states that he has always been opposed to the sale of this valuable site, which is the only large piece of land south of the Soochow Creek left available to the Council. He does not consider that the ratepayers should be involved in any loss in this sale. He states that a price of nine lakhs, based on the Commissioner of Public Works' computation, is justified by reason of the unique value attaching to this piece of land, which has much road frontage and which is not comparable in value with other lots the sale of which has been cited by the Italian Consulate General.

Mr. MacDonald states that he also was originally against the sale of this site and that he would not favour any sale unless a full return is made in the sale price to the Council.

The Commissioner of Public Works states that on the occasion of a land sale made in 1935 the price was fixed at the price the land originally cost the Council, plus compound interest, on the principle that the buyer should pay the cost of servicing the funds which might have been used elsewhere. The principle in this instance gives a price of \$930,000 which can be shown to be an appropriate value for the land.

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Mr. Liddell states that since the Council's decision to sell was reached by only a very narrow majority and since there is a very great difference in the prices offered by buyer and seller, it would seem to be preferable not to sell the land.

The Commissioner of Public Works states that he had been informed last September by the Italian Consulate's representative that the price of \$892,000 for the land was acceptable.

Mr. Powell states that the presumption may fairly be drawn from the discussion attending the Council's original decision to sell this land that the Council was then not a very keen seller. He, therefore, can see no reason why the Council should shave the sale price to suit the desire of a very keen buyer. He adds that it would be with reluctance that he would consent to a sale for less than nine lakhs as proposed by the Commissioner of Public Works.

Mr. Hsi states that if the Council should fail in this deal, it should retain the site, adding that there is a pressing need for school sites.

Mr. Kiang states that a sale was originally agreed upon by the Council because of the need for funds. He states that he favours the sale of the site at its true value and that if \$36,000 per mow represents that value then that figure should be demanded.

The Chairman reiterates that it was his understanding in his discussion with the Commissioner of Public Works that the figure of \$36,000 per mow represented the very top value. Moreover, it was his understanding that this top figure was predicated on a terrace type of development of the site such as would lower the status of the neighbourhood.

In reply, the Commissioner of Public Works states that the value he has stated did not envisage such development which would not realise the exceptional value of the site, but the division into 8 or 10 lots of about 3 mow each for high class modern residences overlooking the Country Hospital grounds.

Mr. Keswick remarks that a consideration which should be borne in mind is the loss of rate revenue that would result to the Council from the form of civic development contemplated by the Italian Consulate.

Mr. McDonnell states that the majority consensus of view would appear to be that the land should be sold at the figure proposed by the Commissioner of Public Works, or otherwise not sold at all.

The Chairman states that his proposal was that there should be some reduction on the figure proposed by the Commissioner of Public Works.

January 24, 1940. 260.

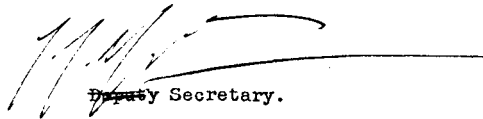
On the matter being put to a vote it is

RESOLVED that reply be made to the Italian Consulate
General that the Council is unable to reduce its sale price
offer for the Island Site below the figure of nine lakhs.

The meeting terminates at 5.30 p.m.



Chairman.



Deputy Secretary.

At the meeting of the Council held on Wednesday, February 7, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Acting Chairman)

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

L. Y. B. Kiang

J. H. Liddell

R. G. MacDonald

R. T. McDonnell

O. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

The Commissioner of Public Health

The Commissioner of Public Works

The Treasurer, and

The Deputy Secretary.

Absent:

Mr. C. S. Franklin

Chairmanship. In the absence of Mr. Franklin, Chairman, Mr. Keswick, Vice-Chairman, takes the Chair.

The Minutes of the meeting held on January 24 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Works Committee of February 1 are submitted and confirmed subject to reference of the Estimates to the Finance Committee.

B 9/18

Public Works Department Estimates of Ordinary Expenditure - Reduction of Chinese Staff. Mr. Yuan enquires as to what form the special consideration will take which Mr. Lee, member of the Works Committee, pleads for on behalf of the Chinese members of the Land Office staff engaged mainly on re-surveying who are to be retired during the year. In reply, the Commissioner of Public Works states that Mr. Lee recognizes that there is no justification for the retention of the services of these employees, since the work on which they have been employed is now practically completed. He states that Mr. Lee's plea was for some retirement benefit over and above the ordinary terms of retirement applying in these cases, and adds that such consideration might take the form of deferring termination for a period of one month, which would be tantamount to the grant of one

month's extra pay.

Appropriation for Land Acquisition for Roads. The Acting Chairman enquires as to the sense in which the expenditure of \$400,000 for the acquisition of land for road extensions and widenings is regarded as unavoidable. The Commissioner of Public Works replies that this expenditure is unavoidable in the sense that no widenings or extensions are being acquired except where rebuilding on roads scheduled for widening or extension makes it unavoidable. He adds that whilst he does not anticipate the spending of the whole of the appropriation of \$400,000, it is inadvisable to reduce this appropriation in view of the fact that the two Transport Companies have loaned money to this amount for road widening which it has not yet been possible to carry out.

The Minutes of the meeting of the Watch Committee of February 2 are submitted and confirmed subject to reference of the Estimates to the Finance Committee.

Estimates of Volunteer Corps, Fire Brigade and Police Force. Mr. Keswick, Chairman of the Watch Committee, in presenting the Estimates of the Volunteer Corps, Fire Brigade and Police Force, states that this year extreme care has been exercised by the Heads of Departments, the Treasurer, and the Watch Committee to cut down the estimates as much as possible. He states that as the minutes presented involve a great deal of detail, and as the Estimates will in due course come before the Finance Committee, he proposes to dispense with a detailed reference to each item unless members have any specific questions to ask. There are no such questions and, accordingly, the minutes are confirmed subject to reference of the Estimates to the Finance Committee.

V.C. B 9/17
F.B. B 9/16
lice B 9/15

The Minutes of the meeting of the Education Board of February 2 are submitted and confirmed subject to reference of the Estimates to the Finance Committee.

Limitation of Education Expenditure to 2% Rate and correlative Land Tax.

With reference to the recommendation of the Education Board that the limitation hitherto imposed by the Council that expenditure on Education be confined within the limits of a 2% General Municipal Rate together with the correlative Land Tax be cancelled, Mr. Okamoto enquires whether the intention is that this limitation should be permanently removed. In reply, the Deputy Secretary states that Council confirmation of the minutes does not imply endorsement of this recommendation, which must of necessity come before the Finance Committee. In reply to Mr. MacDonald, the Deputy Secretary adds that reference to the matter at the Ratepayers' Meeting would be necessary in the event of any proposed abandonment of the 2% limitation.

B 9/19

C 20/2. Projected Coffin Repository - Seymour Road Extension. In January of this year a permit was issued by the Public Works Department for the building of a coffin repository at a site on Seymour Road extension, within the boundaries of the

Settlement proper. The plans of the proposed building received the approval of the Police, Fire Brigade and Public Health Department representatives, as well as those of the Public Works Department, before the permit was issued. After the building permit was issued the Public Works Department received a copy of a Police report stating that there were objections from the neighbourhood against the erection of the proposed repository. The objections are upheld by the Commissioner of Police, who recommends refusal of permission to build the proposed repository.

In a memorandum submitted the Deputy Secretary states that as regards the Council's legal power to control the location or operation of coffin repositories or funeral parlours, the Land Regulations or Bye-Laws do not expressly give the Council zoning powers or powers to licence such establishments. Nevertheless, in the public interest, the Council has attempted to control the location of such establishments. Prior to the Council concerning itself with the matter, there had developed the long-established practice of using guild premises situated within the Settlement proper for the storage of coffins.

At the Council meeting of October 5, 1938, the following decisions were made:-

1. That all Coffin Repositories must obtain the approval of the Public Works and Public Health Departments, such approval to stipulate that it is given only temporarily.
2. That the erection of such repositories in respect of the Western Extra-Settlement district be restricted to the area north of Rockhill Avenue and south of Brennan Road.

These decisions did not expressly preclude the erection of coffin repositories within the Settlement proper.

Since those decisions were made, the Public Works Department has been successful in restricting the majority of the new coffin repositories to the outskirts of the Western Extra-Settlement area.

At the Council meeting in May 1939, consideration was given to an application to establish a funeral parlour in Avenue Haig, the site of which, although abutting on a Council road, was beyond the Settlement boundaries. The Police were opposed to the application on the grounds of the proximity of the proposed establishment to residences. The applicant appealed to the Council and his appeal was successful. Permission for this establishment in Avenue Haig was granted by the Council subject to the following conditions:-

1. That the premises shall conform to the Council's published regulations pertaining to funeral parlours, and to any other requirements of Municipal Departments.
2. That no bands shall attend processions to and from the premises.
3. That no ceremonies on the premises shall cause a nuisance to neighbouring residents, and that if necessary to this end an air-conditioning plant shall be installed whereby to prevent all noise emanating from the premises.

4. That in the event of any breach of the applicant's undertakings or of these stipulations or any other stipulations the Council may make in connection with these premises, or in connection with processions thereto or therefrom, it is agreed that the Council shall have the right of denying road access thereto and any other facilities deemed necessary to prevent operation of its business.

As regards the proposed coffin repository under consideration, the Deputy Secretary suggests if members consider that, since a building permit has already been issued, permission should be granted for the establishment of this particular repository, such permission should be upon the same conditions as stipulated in the case of the Avenue Haig repository above referred to and with similar penalties in the event of a nuisance being caused to its neighbours.

The Deputy Secretary furthermore suggests that members may at the same time wish to consider whether or not it should be laid down as a matter of policy that no new coffin repositories should be allowed within the boundaries of the Settlement proper South of Soochow Creek, and that no expansion of existing coffin repositories within the boundaries of the Settlement proper South of the Soochow Creek should be permitted. In this connection Mr. T. K. Ho, Deputy Secretary, who was delegated to study the question of the growth of coffin repositories, states that there is a growing tendency among the Chinese to prefer the storage of coffins inside the Settlement proper, rather than in a repository in the outside roads area. As the Settlement proper South of the Soochow Creek is already very congested, Mr. Ho recommends that this tendency be checked.

The Acting Chairman states that before discussing this question he again desires the assurance of the Commissioner of Public Health that no danger to public health is involved in these coffin repositories. The Commissioner of Public Health replies that there is no possibility of any health danger resulting from approved coffin repositories, since they are subject to his Department's control and regulation.

The Acting Chairman states that there are two issues before members, the first a decision as to the specific repository in question, and secondly the policy to be followed regarding future applications for repositories in the Settlement proper. With regard to the particular repository under consideration, he states that he considers that the only solution of the question is to permit the operation of the repository, under conditions similar to those imposed in the case of the Avenue Haig repository previously referred to.

Mr. Kiang states that since the building permit has been issued he also favours approval of the repository so long as it agrees to abide by the Council's requirements. He adds that he considers that the Council is now legally bound to permit the operation of this repository and observes that land has already been leased for this purpose and that the Commissioner of Public Health has stated that there is no danger to public health. He

states that the experience in the case of other repositories is that the objections of the neighbours tend to die out.

Mr. MacDonald states that in the case in question the residents in the neighbourhood have registered their objection and that so long as such objection remains he is opposed to the grant of permission. The Commissioner of Police states that the objections emanated from a school and also that the U. S. Marine Corps wish to discuss the matter with the Commissioner of Public Health. The Commissioner of Public Health states that he has not yet been consulted by them.

Mr. Gockson states that since coffins can be removed to Chapei, he can see no reason why they should be permitted storage within the Settlement proper.

Mr. Yuan states that he favours permission for the Seymour Road repository, adding that if permission is granted under penalty of stoppage of operation in the event of a breach of the Council's regulations, it is unlikely that the management would breach these regulations and thus imperil the considerable investment which is to be made on this particular repository.

Mr. Liddell states that a member has pointed out that a repository in Seymour Road is unnecessary, since accommodation is available in Chapei. He is of the view that if accommodation within the Settlement is not essential then the repository should be disallowed. He adds that though repositories may not be unhealthy, they are not a desirable form of development in built-up areas.

Mr. Haley states that objections which are made not on health but on psychological grounds are not without their cogency, and the Commissioner of Police remarks that the objection of the school in the case of the Seymour Road repository is precisely on this ground. The Commissioner of Public Health observes that he has knowledge of two instances where schools have been established in the same buildings as repositories. The Deputy Secretary remarks that experience has shown that objections on purely psychological grounds tend to die out.

Mr. Hsi states that he supports Mr. Gockson's view that this repository should be disallowed since there is accommodation outside the Settlement.

Mr. Kiang states that there is a prejudice, which he considers legitimate under the existing ^{at} normal circumstances, against moving coffins outside the Settlement.

In reply to Mr. Okamoto, the Commissioner of Public Works states that in pursuance of the building permit granted, work on the foundation of the Seymour Road repository has started.

Mr. Haley enquires as to the basis upon which any policy of objection to repositories would be established, and the Acting Chairman replies that such basis is the undesirability of such establishments in the built-up areas. Mr. Haley replies that then the objection should apply in the present case.

The Commissioner of Public Works points out that the repository building in question would actually result in an improvement in the types of buildings in the area in question, since it would replace flimsy structures which are a danger from a fire and health viewpoint. He adds that the area in question is largely industrial.

In the course of the deliberation upon the merits and demerits of this particular repository, considerable discussion ensues as to the desirability of improving the inter-departmental procedure in order to reconcile the building permit and licensing aspects of cases such as the one in question.

The Commissioner of Public Works states that as a result of a recent similar case, all building permits now carry a clear warning that the issue of the permit does not in any way imply that a licence will be issued and that it is therefore imprudent to incur expenses on alterations to premises before official assurance is obtained that a licence will be issued.

In reply to Mr. MacDonald, the Commissioner of Public Works states that it would not be practicable in each case verbally to explain the significance of this particular clause to each of the persons to whom building permits are issued, since this clause is only one of a large number of clauses, several of them of greater importance.

Messrs. Haley and MacDonald enquire whether it would be possible in all such cases for reference to be made to the Council. The Deputy Secretary states that in view of the time limit of 14 days prescribed in the Byelaws for the issue of building permits, reference to members might not be practicable in all cases.

The Commissioner of Public Works states that in view of the misunderstanding between his Department and the Police Department over the case in question, new arrangements have already been made whereby to improve the procedure and to ensure that the Police shall have sufficient time in which to report their views.

The Acting Chairman states that he considers it necessary that the Council should have a complete assurance that the procedure now arranged between Departments is satisfactory and will prevent misunderstandings such as the one which has occurred in the present case. In this connection, the Commissioner of Public Health states that no misunderstanding exists between his Department and the Public Works Department, since his Department is content to leave to the Public Works Department the question of the location

of all coffin repositories, in view of the fact that the regulation of the operation of such establishments is in his control.

The Acting Chairman refers to the policy advocated by Mr. T. K. Ho, Deputy Secretary, as a result of his study of the question of coffin repositories. By a majority vote the endorsement of this policy is decided upon.

The Acting Chairman then puts to a vote the question of approval or disapproval of the Seymour Road repository, stating that he is in favour of its being permitted. By a majority vote of 7 - 5 it is decided to permit the operation of this repository, subject to conditions similar to those stipulated in the case of the Avenue Haig repository previously referred to. It is accordingly

RESOLVED

1. That the proposed coffin repository in Seymour Road Extension be approved, subject to requirements and penalties similar to those stipulated in the case of the Avenue Haig Repository.
2. That it be laid down as a matter of policy that no new coffin repositories shall be allowed within the boundaries of the Settlement proper South of the Soochow Creek, and that no extension of existing coffin repositories within the boundaries of the Settlement proper South of the Soochow Creek shall be permitted.
3. That the Commissioner of Public Works shall report for the consideration of the Works Com. 5 as to the procedure for dealing with building permit applications having a licensing aspect.

Application for Pig Slaughterhouse Licence. Upon the motion of the Acting Chairman, this item is withdrawn from the Agenda.

The meeting terminates at 5.40 p.m.



Cornell S. Franklin

Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, February 21, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. C. S. Franklin (Chairman)
 W. J. Keswick
 W. Gockson
 G. A. Haley
 Yulin Hsi
 E. Y. B. Kiang
 J. H. Liddell
 R. T. McDonnell
 O. Okamoto
 T. S. Powell
 Yu Ya Ching

The Commissioner of Public Health
 The Treasurer, and
 The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa
 R. G. MacDonald
 L. T. Yuan

The Minutes of the meeting held on February 7 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Library Committee held on February 13 are submitted and confirmed, subject to reference of the Estimates to the Finance Committee.

The Minutes of the meeting of the Staff Committee of February 14 are submitted and confirmed.

The Minutes of the meeting of the Orchestra and Band Committee of February 15 are submitted and confirmed, subject to reference of the Estimates to the Finance Committee.

B 9/14.

Budget Appropriation for the Orchestra & Band. Mr. McDonnell enquires whether it is the Council's intention to make provision of an appropriation for the continued maintenance of the Orchestra and Band in the Budget to be presented to the Ratepayers. The Chairman replies that subsequent to the ratepayers' meeting in 1936 at which the Council was instructed by the ratepayers to make such provision, it has been the Council's practice to make such provision in the Budget, leaving it to the ratepayers themselves to move and if possible secure the passing of any resolution for the elimination of the appropriation made.

B 9/33 The Minutes of the meeting of the Finance Committee of February 15 are submitted and confirmed, except in respect of the recommendation that the Report of the Finance Sub-Committee dated February 12, 1940, regarding the Council's Financial Position be adopted by the Council, which recommendation it is agreed upon motion by the Chairman be deferred for consideration at a special meeting of Council to be convened for Friday, February 23.

B 11/13. National City Bank of New York - Temporary Loan. With reference to the recommendation of the Finance Committee on this subject, in a report submitted the Treasurer states that he had called on Mr. Mackay and discussed the possibility of postponing for one year the whole or part of the instalment payment in respect of the National City Bank Loan due in 1941. He explained to Mr. Mackay the effect on the Council's budgetary position in 1941 of conversion into local currency of a portion of the outstanding **Loan**. Whilst fully appreciating the position, Mr. Mackay regretted that he was unable to agree to any change in the terms of repayment of this Loan. The Treasurer adds that it was agreed, subject to the approval of the Council, to convert an amount of \$1,900,000 only, in order to avoid any complications should the proposed Loan of 1940 be authorized and the National City Bank participate therein.

Members concur in the Treasurer's proposals.

C 19/15. The Minutes of the meeting of the Health Committee of February 16 are submitted and confirmed, subject to reference of the Estimates to the Finance Committee, and also subject to the following modification regarding the recommendation pertaining to the Venereal Diseases Clinic.

Estimates of the Public Health Department. Mr. Haley, Chairman of the Health Committee, in presenting the Estimates of the Public Health Department, states that these had been thoroughly combed in order to reduce them to the lowest minimum possible.

Venereal Diseases Clinic. Referring to the recommendation of the Health Committee on the subject of the Venereal Diseases Clinic, Mr. Haley, Chairman of the Health Committee, states that upon the figures which were before the Committee regarding attendances at the Clinic, which showed an amazing drop in attendances in 1939, the Committee felt itself justified in making its recommendation for the closure of the Clinic in the event of no improvement in the attendances after three months. He states that it has since transpired, however, that the figures before the Committee in respect of the 1939 attendances were wrong. Accordingly, he considers that the Committee's recommendation is no longer appropriate and he favours the Clinic being permitted to carry on its operations for a period of six months, the position thereafter to be reviewed.

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In reply to the Chairman, the Commissioner of Public Health states that the amended figures indicate an increase in the attendances for 1939 as compared with 1938, but that the figures have not reached the pre-hostilities figures.

The Chairman states that in view of the altered figures he favours provision being made in the Budget for operation of the Clinic for a full year. Members concur in this view.

Chinese Isolation Hospital. Mr. Yulin Hsi enquires whether the premises of the one Chinese Isolation Hospital which has been closed may be made available for other municipal purposes.

The Commissioner of Public Health replies that it would be dangerous to relinquish these premises for other uses and that though closed they should be retained for use in the event of any sudden epidemic among the Chinese population.

The Minutes of the meeting of the Works Committee of February 19, are submitted and confirmed.

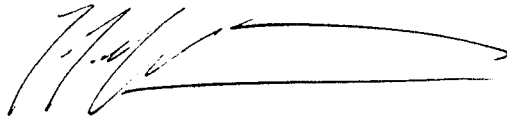
F 6/4.

Annual Meeting of Ratepayers - Chairman. In a memorandum by the Secretary & Commissioner General, it is suggested that the name of Judge Sir Allan Mossop, who has taken the Chair at the Annual Meeting of Ratepayers for the past three years and has unofficially indicated his willingness to serve in this capacity again if invited, be proposed for the Chair at the forthcoming Meeting. This suggestion is adopted by Members.

The meeting terminates at 5.20 p.m.

Conell J. Franklin

Chairman.



Secretary & Commissioner General.

At the Special Meeting of the Council held on Friday, February 23, 1940, at

4.30 p.m., there are:-

Present:

Messrs. C. S. Franklin (Chairman)

W. J. Keswick

W. Gockson

G. A. Haley

Yulin Hsi

E. Y. B. Kiang

J. H. Liddell

R. T. McDonnell

O. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa

R. G. MacDonald

The Minutes of the meeting of February 21 are confirmed and signed by the Chairman.

B 9/33

Financial Position. The Chairman states that the meeting has been specially convened to consider the Report to the Council made on February 12, 1940, by the Finance Sub-Committee appointed to advise on the financial position. He states that since August last members have had before them full data regarding the actual and future estimated expenditure of the Council, furnished in comprehensive reports by the Treasurer which have been submitted to members. He states that the Sub-Committee's recommendations have been framed in the light of the fact that unless the Council receives immediate financial assistance it would be financially bankrupt. The position is so serious that unless such assistance is immediately forthcoming there would not be sufficient money to meet the payroll on March 1st. The circumstances of this serious financial position had been exhaustively investigated by the Sub-Committee and every avenue explored to raise funds to ease the pressing difficulties.

The Chairman states that, in accord with the recommendations contained in the Sub-Committee's report, the Council's bankers are prepared to give assistance, in the form of the underwriting of a public loan issue of 12 million dollars, at a price of 95 bearing interest at 6 per cent per annum, on the condition that the Council will do its utmost to ensure the balancing of its 1941 budget by means of securing the ratepayers' approval

of an increase in the General Municipal Rate, Special Rate and Land Tax of 50 per cent. and the raising of the Licence Fee surcharge from 10 to 50 per cent effective from July 1, 1940. The Chairman emphasises that the Sub-Committee's report made it clear that no further financial assistance in the form of a loan can be expected from any source unless potential lenders are assured that the Council will be able to produce a balanced budget. He states that the assistance of the Council's bankers is essential, since all financial experts are agreed that a Municipal Loan cannot be disposed of to the public on the open market. He reiterates the conclusion reached by the Sub-Committee that temporary assistance would have to be obtained from the Council's bankers to enable the Council to finance its immediate expenses and until the proposed tax increases become effective. The proposed loan to be underwritten by the Council's bankers was expected to be sufficient to tide over the period until it is possible to balance the budget.

The Chairman states that the Council's bankers at first insisted that the Council should balance its current year budget, but that to do so would necessitate a 100 per cent increase of taxes, which members will agree is impossible. It was only after considerable negotiation that the Bank agreed that their underwriting of the proposed municipal loan would be forthcoming at half such a percentage tax increase, effective from July 1 of this year. Adoption of the Sub-Committee's proposals, he states would mean that there would still be a deficit on the 1940 budget of over six million dollars.

In conclusion, the Chairman states that he has exhaustively considered every possible alternative, with the result that he can see no way to avoid a 50 per cent tax increase. It is therefore his earnest recommendation that the proposals of the Finance Sub-Committee be adopted.

Mr. Keswick, Vice-Chairman, states that he fully supports the recommendation of the Chairman. Whilst fully realizing the very heavy burden that the 50 per cent tax increase will impose on every member of the community, he states that no lesser taxation would satisfy the Council's bankers and that the proposals before members are the only ones financially practicable. Granted use of the 12 million dollar loan, the Council still could not carry on satisfactorily with less than a 50 per cent tax increase. Though with great reluctance, he states that he sees no alternative to support of an increase of such an amount.

Mr. Kiang, as spokesman for the Chinese members, states that the Chinese members appreciate the work of the Finance Sub-Committee. Nevertheless, he continues, they are opposed to a tax increase of the amount proposed, which decision had been reached after their thorough consideration of the matter. He states that an essential determinant in deciding the amount of the tax increase is the capacity of the Chinese public to pay, and

recalls that it was only with difficulty that the Chinese public had been reconciled to previous tax increases of considerably smaller amount. A tax burden so heavy as that contemplated by the Finance Sub-Committee will, he states, invite a dangerous reaction on the part of the Chinese public.

Mr. Kiang continues that the Chinese members are not unaware of the Council's serious financial position. They attribute this largely to the Council's commitment to foreign currency loans for which it had failed to make adequate cover. Moreover, the large proceeds of the sale of the Electricity undertaking had been expended in too generous a fashion. Without the introduction of fresh economies, the Chinese members believe that their constituents will not be convinced of the necessity of the exceedingly heavy amount of the increase in taxes proposed by the Sub-Committee. By the introduction of such economies, he states, an increase in the Rate by 5 per cent instead of 9 per cent should, in the estimation of Chinese members, suffice. In view of the existing high cost of living for the Chinese community, the Chinese members very much regret that they cannot support the proposal to increase the Rate by 9 per cent at one stage.

In reply to Mr. Kiang, the Chairman states that the Council's bankers had returned a positive and definite no to the Chinese members' proposal to increase the Rate by only 5 per cent from July 1, 1940, and to add a further 4 or 5 per cent increase from January 1, 1941. He states that not only were the Council's bankers not willing to lend 5 or 6 million dollars to tide over the period until the proposed tax increase on July 1, but they would also refuse to underwrite the proposed 12 million dollar loan, if the Council failed to adopt the Sub-Committee's recommendation. In the circumstances, he invites the Chinese members to submit any alternative proposal they can offer as a solution of the Council's difficulties.

The Treasurer states that he desires to call members' attention to the fact that since the time when the Sub-Committee framed its proposal for a tax increase of 50 per cent, the 1940 budget had increased by 3 million dollars. There is no possibility of the 1940 deficit being cleared by 1941. The 3 millions which he states will be needed in addition to the needs contemplated by the Sub-Committee, comprise in the main 8 to 9 lakhs for rice allowance approved for the Chinese staff, 6 lakhs for the Gaol, and the service on the proposed loan. Moreover, the probability must be faced of the need for a further cost of living allowance to the whole of the lower paid staff. He concludes that the seriousness of the position is exemplified by the fact that the Council has not sufficient cash funds, even including a sum of 9 lakhs shortly to be derived from the sale of the Island Site, to pay the staff at the end of the month.

The Chairman states that if the ratepayers wish to continue in enjoyment of the security that the Settlement affords them, the cost of furnishing which has now multiplied greatly, they must be prepared to

pay for it.

Mr. Kiang continues that when the staff was first accorded a cost of living allowance the Council had suffered an attack by the public. He admits that the Chinese staff rice allowance involves a sum approaching a million dollars, but states that it is necessary to ensure the staff's loyalty. He instances the recent heavy outlay by the Council on the medical expenses of a foreign employee. He reiterates that the Chinese members interpret their constituents' view as being opposed to so large a tax increase in one stage, but states that the Chinese members would not oppose a Rate increase of 5 per cent for the second half of 1940 as a first stage, and a further 4 or 5 per cent increase from January 1, 1941 as a final stage, to meet the 9 per cent figure proposed by the Sub-Committee.

The Chairman again replies that the Council's bankers have negatived the Chinese members' proposal, and are not prepared to tide the Council over its immediate and urgent need upon such terms of a tax increase.

Mr. Powell states that the primary privilege the ratepayers are receiving from the Council's administration is that of security. Such security is afforded primarily through the agency of the Council's staff and essentially through the staff of the Police Department. Accordingly, adequate pay for the staff is fundamental to the public security. To go to the ratepayers without a plan to balance the budget by the end of 1941 would be for the Council to fail in its duty to them.

In reply to suggestions advanced by Mr. Kiang that insufficient time is available before the ratepayers meeting to convince the public of the Council's need, as envisaged in the Sub-Committee's proposals, the Chairman states that the time will be fully availed of before the meeting to make the matter plain to them. Mr. Liddell states that both foreign and Chinese members of Council have been aware since August last of the Council's predicament, and Mr. McDonnell adds that he believes that the man in the street is prepared for and resigned to a large tax increase.

Mr. Okamoto states that he is fully alive to the Council's grave financial position. Nevertheless he anticipates strong opposition from the Japanese community to so enormous a tax increase. He believes that the public will not readily appreciate the Council's needs as they are estimated in the tax proposals of the Sub-Committee. He states that it is generally felt that the Council is committing itself to too heavy an exchange liability and that the whole situation in respect to this liability should be reviewed. He states that there appears to be no end to increased expenditure of the Council's funds and that greater efforts must be made to try to protect the ratepayers' purses. He suggests, if only as a gesture to indicate the Council's concern to minimize its costs, the appointment of a special economy committee.

The Chairman replies that the Council's needs are immediate and will brook of no delay. The Bank's assistance is in fact needed within a week. He, and also Mr. Keswick, express themselves in favour of an economy committee, but he reiterates that its establishment would not assist to relieve the Council's immediate needs. The Chairman suggests that since members have reached their conclusions a vote be taken first on Mr. Kiang's motion, on behalf of the Chinese members, that taxes be increased in the two stages above-mentioned and then ^{the} on/motion for a single stage tax increase of the amount involved by adoption of the Finance Sub-Committee's Report. Mr. Okamoto states that since he has not yet apprised himself of the views of the Japanese electorate he cannot vote in favour of adoption of the Report; but that as he cannot put forward any alternative proposal, he will abstain from voting.

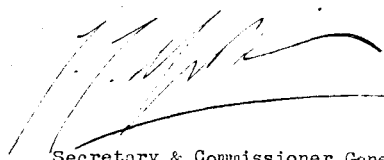
Mr. Kiang's motion is then voted upon and is defeated.

The Chairman thereupon moves the adoption of the Report of the Finance Sub-Committee, including the tax proposals therein contained, and this motion is carried.

The meeting terminates at 5.20 p.m.

H. Keswick

acting Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, March 6, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick
 G. A. Haley
 Yulin Hsi
 J. H. Liddell
 R. G. MacDonald
 R. T. McDonnell
 O. Okamoto
 T. S. Powell
 L. T. Yuan
 Yu Ya Ching

The Commissioner of Public Works
 The Treasurer, and
 The Secretary & Commissioner General.

Absent:

Messrs. C. S. Franklin
 W. Gockson
 Y. Hanawa
 E. Y. B. Kiang

Chairmanship. In the absence of the Chairman, Mr. Keswick, Vice-Chairman, takes the Chair.

The Minutes of the Special meeting held on February 23, 1940, are confirmed and signed by the Acting Chairman.

Financial Position. Mr. Okamoto enquires whether, since he made his observations at the special Council meeting, any consideration has been given to his proposal that a Special Committee be appointed to investigate the possibility of economies. He states that it is his belief that it will be very difficult to obtain the Ratepayers' approval of the Council's tax proposals, unless every evidence is given that the Council is doing all in its power to effect economies.

The Acting Chairman refers to the meeting of the Finance Committee, convened for tomorrow, which will consider further economy proposals, and suggests that decision as to the necessity of an Economy Committee might await conclusion of that meeting.

The Secretary & Commissioner General states that consideration is being given to further economy proposals and that proposals in addition to those to be considered at tomorrow's Finance Committee meeting are in contemplation. He states that concrete proposals can be ready before the next Council meeting within a fortnight, which he hopes will meet Mr. Okamoto's wishes.

B 9/33

Mr. Okamoto states that he is agreeable that decision as to the appointment of an Economy Committee should be postponed until that time.

The Minutes of the meeting of the Watch Committee held on March 4 are submitted and confirmed, with the following exception.

M 7/110.

Parking Space - Foochow and Honan Roads. Mr. Powell refers to the recommendation of the Watch Committee that the offer of the Texas Company for the lease of the site at the corner of Foochow and Honan Roads for use as a parking space and gasoline delivery station, at a rental of \$700 per month, be accepted without inviting tenders for the privilege. In declaring an interest and stating that he has, of course, no intention to vote on the matter, Mr. Powell states that he had noted from the minutes of the Watch Committee's discussion the expression of view that if tenders were called for the concession would in any case be obtained by one of the Oil Companies. Assuming that such will be the case, he expresses the opinion that all Oil Companies should be permitted to tender for this privilege, adding that it is within his knowledge that there will be considerable competition therefor.

The Acting Chairman states that in the light of Mr. Powell's remarks a good case appears to have been made out for the invitation of public tenders for this privilege, which should result in a higher bid.

The Commissioner of Public Works states that his original feeling in the matter was that the existing satisfactory arrangements with the Texas Co. should be maintained. He has since come to the conclusion, however, that as the main interest at this site is to provide parking space for the public, the question of a gasoline supply being merely subordinate, he favours the Council operating the parking space in the public interest. By this means public complaints regarding the availability of parking space would be better handled and the Council would be in a position to make any use of this land at any time it wishes. With regard to a gasoline supply from this site he recommends that the Oil Companies be invited to tender for the lease of the site of the filling station.

The Acting Chairman favours this proposal.

In reply to Mr. Okamoto, the Commissioner of Public Works states that it was intended under the lease to the Texas Co. to maintain the existing very low parking charges, but that these could be altered at any time if the Council controlled the parking space. He states that it was laid down when the space was made available for public parking that it was not primarily to be a revenue producing measure, but was for the purpose of offering low charge parking facilities to occupants of buildings in the neighbourhood, for example the American Consulate and the American Club, since they did not have the free parking facilities available to owners of buildings on the Bund. He adds that if parking space is provided free of

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charge this would result in over-crowding and possibly in the loss to the Consulate and the American Club of the facilities which they now enjoy at a very small charge.

Mr. Powell states that the importance of the site in the eyes of the Oil Companies is not merely that it will serve as a gasolene filling station but also because of the parking facilities available, which the individual Oil Company enjoying the concession can control in favour of its particular clients. He adds that bids for only a portion of this space solely for gasolene delivery will of course be less than for a site comprising both a gasolene delivery station and a parking space.

The Commissioner of Public Works states that this will be so, but that the Council will derive all the revenue from its own control of the parking space.

Mr. MacDonald states that he favours the Council's control of this parking space.

Mr. Haley enquires whether any alternative use can be made of this site. The Commissioner of Public Works replies that the present uses of a parking and gasolene station are of public benefit and that there is need for a gasolene station, in view of the regulations restricting the number of such stations permissible in the Central District.

The Acting Chairman recommends that the Council should operate this parking space at its present rates, subject to the Commissioner of Public Works investigating the possibility of obtaining more revenue by higher parking charges, and that the concession for use of a portion of the site for gasolene delivery should be thrown open to public tender. Members adopt this recommendation.

The meeting terminates at 5.10 p.m.

Cornell S. Franklin

Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on March 20, 1940, at 4.30 p.m., there are:-

Present:

Messrs. C. S. Franklin (Chairman)

W. J. Keswick

W. Gockson

G. A. Haley

Yulin Hsi

E. Y. B. Kiang

J. H. Liddell

R. G. MacDonald

R. T. McDonnell

O. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. Y. Hanawa

The Minutes of the meeting held on March 6 are confirmed and signed by the Chairman.

The Minutes of the meetings of the Finance Committee held on March 7 and March 18 are submitted and confirmed.

B 2/2

Grant to Door of Hope and Children's Refuge. Mr. McDonnell suggests that a reduction of the grant to the Door of Hope and Children's Refuge would appear to penalize an institution that is efficiently conducted and enquires whether the Council would be willing to reconsider its decision should the institution later in the year experience financial difficulties. The Chairman replies that the grant was reduced only because there is no present financial need on the part of the institution and that should such need eventuate there is nothing to prevent the Council's assistance.

The Minutes of the meeting of the Works Committee held on March 14 are submitted and confirmed.

L 5/59

Sale of Cadastral Lot 2530 - Yangtsepoo Wharf. With reference to the recommendation of the Works Committee that a portion of Cadastral Lot 2530, Yangtsepoo Wharf, be offered for sale by public tender at a price not less than the assessed value, Mr. Okamoto, Chairman of the Works Committee, in reply to Mr. Keswick, states that the Commissioner of Public Works was of the view that the value of this land is likely to increase and that therefore the Commissioner favoured some delay in its sale.

The Chairman refers to the previous act in selling a portion of this lot to the then lessee, Messrs. Liddell Brothers & Co. Ltd., instead of inviting public tenders. In his view this departure from the general principle of inviting public tenders was justified by reason of the fact that the lessees were entitled to preferential rights of purchase since they had invested money in the land and had improved it. He mentions that if the same policy had been applied in the somewhat analogous case of allowing the use of the piece of Council land at the corner of Monan and Poochow Roads for the purpose of a gasoline and parking station, this use should have been given to the existing lessees, the Texas Company, since they had spent considerable money on developing the land.

Mr. Powell states that he is in agreement with the policy enunciated by the Chairman.

The Treasurer states that it is the belief of the Commissioner of Public Works that a better price will be obtained for the Yangtsepoo site under consideration, than was obtained by the sale to Messrs. Liddell Brothers & Co. Ltd., in view of the frontage amenities to the site.

The Chairman states that the Treasurer is at the moment in need of money to be derived from this sale and that it is questionable whether a better price will be obtained by waiting. The Treasurer adds that if sold now and developed the Council would also benefit by tax returns thereon.

Mr. McDonnell favours the sale, provided the condition of sale at a price not less than the assessed value is maintained.

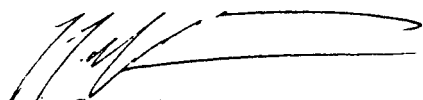
The Minutes of the meeting of the Watch Committee held on March 15 are submitted and confirmed.

F 7/11 Claim in respect of Factory - Columbia Road. There is submitted a memorandum by the Secretary & Commissioner General in the matter of a claim for \$1504.25 in connection with a frustrated factory development project resulting from a conflict of jurisdiction between the French Authorities and the Council regarding the area lying between Avenue Haig, Hungjao Road and Rockhill Avenue. Circularisation of the matter has revealed a difference of opinion among members.

The Chairman states that since the claimant had acted in perfect good faith and as the amount is small he favours payment rather than risk the possibility of a Court of Consuls' case.

After amplification of the facts by the Secretary & Commissioner General, members unanimously agree to settle the claim by making a payment of \$1,504.25 as requested by the claimant.

The meeting terminates at 5.15 p.m.


Secretary & Commissioner General.


Chairman.

At the meeting of the Council held on Wednesday, April 3, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. C. S. Franklin (Chairman)

W. J. Keswick

W. Gockson

Yulin Hsi

E. Y. B. Kiang

J. H. Liddell

R. G. MacDonald

R. T. McDonnell

O. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Treasurer,

Miss E. M. Hinder, Industrial Section, and

The Secretary & Commissioner General.

Absent:

Messrs. G. A. Haley

Y. Hanawa

The Minutes of the meeting held on March 20 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Public Utilities Committee held on March 29, 1940, are submitted and confirmed, subject to the following modification: Shanghai Power Company - Surcharges. The Secretary & Commissioner General suggests a re-wording of the recommendations of the Public Utilities Committee on the subject of the Shanghai Power Company's Surcharges, which although not altering in substance the intended proposals of the Committee will more correctly record their intentions.

G 5/3.

Mr. MacDonald, Chairman of the Public Utilities Committee, agrees that the following recommendation of the Committee as re-drafted by the Secretary & Commissioner General more correctly represents the Committee's proposals:-

That approval be given to the application of the Shanghai Power Company dated March 18, 1940, for permission to impose, in addition to the existing exchange surcharge, a fuel surcharge on the basic rates for General Power, Heating, Cooking and Water Heating, so as to compensate the Company in respect of the abnormal cost of fuel not covered by the present exchange surcharge formula; such fuel surcharge to come into effect in respect of consumption periods ending on and after a date one month after the earliest date on which it is possible to give publicity to the Council's decision, for a trial period of six months; the basis of such surcharge to be agreed between the Company and the Treasurer, and the amount of such surcharge to be subject to monthly checking by the Treasurer, as is the case with the existing exchange surcharge, to ensure, inter alia, that the two surcharges do not overlap.

Members adopt the above recommendation of the Public Utilities Committee.

Mr. Liddell refers to the statement made by him at the Public Utilities Committee meeting that the small consumer of Power is at present paying much less than the large consumer. He states that this statement was made on verbal information provided by the President of the Power Company, but that later written information obtained by him from Mr. Hopkins, correcting the verbal information he had previously supplied, reveals that the statement in meeting was incorrect. Mr. Liddell states that the corrected information supplied reveals that the general Power consumer is on the whole paying a lower but not much lower rate than the medium Bulk Supply consumer.

In reply to Mr. Okamoto, the Treasurer explains that the intention is to afford relief in respect of the surcharge on the ordinary domestic consumer corresponding with the proceeds of the additional surcharge to be paid by the Power consumer. At present the amounts paid by the small Power consumer do not cover the increased cost of coal. Lighting costs will therefore be relieved in so far as the Power consumer makes a more adequate return for the coal costs of their supply.

Mr. Okamoto suggests that it would be advisable to give no publicity to any comparisons offered by the Power Company of their charges with charges in other Cities which take into account the exchange factor.

The Secretary & Commissioner General replies that whilst it may be undesirable to publish such a comparison should it be considered misleading to the public, he considers that in fairness to the Company it should be admitted that the presentation of its case had not in any way misled the Council.

Mr. Okamoto refers also to the high salaries paid to the Power Company's staff as compared with the Council's staff and other Utility Companies. The Secretary & Commissioner General states that this is more apparent than real and that upon taking this question up with Mr. Hopkins he had satisfied himself that the salaries paid to the Company's higher staff were not excessive. He states that the Company had embarked upon a policy of reducing their higher paid foreign staff to a minimum, but for that minimum they had found it necessary to pay the present rates in order to prevent the loss of their services, which, being highly technical, were essential to the Company's satisfactory operation.

F 6/10.

Annual Meeting of Ratepayers - 1940 - Resolutions. Members approve of public notification being given of the following customary Resolutions, which it is proposed should be brought forward at the Annual Meeting of Ratepayers:

Appointment of Chairman and Secretary and Adoption of Rules of Procedure.

Election by the Ratepayers of a Land Commissioner.

Election of four Governors of the General Hospital.

Adoption of Report and Accounts for 1939.

Adoption of Budget for 1940.

C 11/2.

General Hospital - Board of Governors. In a memorandum submitted by the Secretary & Commissioner General regarding the customary election by the Ratepayers of four Governors to the General Hospital Board, it is proposed that Drs. Dunn and Parsons be invited to stand again for election by the Ratepayers. It is also suggested that, subject to their election as Councillors, Mr. J. W. Carney (who has served before on the Board) and Mr. G. A. Haley (present member of the Board) be also invited to stand for election.

Mr. Liddell enquires whether there is likely to be any criticism of the fact that the two Doctors proposed are now employed in an amalgamated firm. The Secretary & Commissioner General states that he had discussed the matter with Dr. Parsons who felt that other medical practitioners were not likely to criticise this aspect of the proposed nominations, but that he was prepared to withdraw if the Council anticipated any criticism. It was pointed out that another British firm who might be considered as eligible to provide a nomination already had a paid appointment in connection with the Hospital Board.

Mr. Keswick states that in his view the fact of the two doctors being in the same firm is subordinate in importance to the fact that they represent different nationalities. Members accordingly adopt the recommendation contained in the Secretary & Commissioner General's memorandum.

M 1/1.

Cost of Living Index. A letter is submitted from the Secretaries of The Employers' Federation of Shanghai suggesting that the "Cost of Living" statistics issued by the Industrial Section of the Council were not truly indicative of the actual cost of living inasmuch as few, if any, workers are now receiving pay comparable with the Index. It is the opinion of the Employers' Federation that the giving of publicity to the index would furnish material for labour agitation. Reports in comment on the subject are furnished by the Chief of the Industrial Section.

Mr. Keswick states that in his opinion the Index provided by the Industrial Section is very misleading; that it is framed on an inadequate basis and that it conveys a wrong impression to the public.

Mr. Kiang states that the question of publicity of the Index must wait upon decision of the question as to whether the Index is or is not in fact true.

Mr. Yulin Hsi states that it is a fact that pay has not been increased commensurate with the increased cost of living, but that the situation has been met by the working classes having reduced their standard of living and eating less. Nevertheless, he states that the Index serves a good purpose and that he does not believe that if the facts adduced are true that publication of the Index will prove misleading.

Mr. Liddell states that it is evident that the workers generally are not being paid in proportion to the increased cost of living as set forth in the Index.

Mr. Powell states that he is very strongly of the view that publication of the Index misleads the public. He states that the results appear to conflict with everything one knows about labour conditions in Shanghai at the present time. He favours non-publication of the Index until such time as it is clear beyond all doubt as to what is the true current basis of living.

The Chairman asks Miss Hinder how the present Chinese cost of living stands. Miss Hinder replies that there was a decline of 2% in March, and that the present Index, on a 1936 base of 100, is 368.

Answering the comments of members, Miss Hinder states that an appropriate wage of approximately \$60 per month had been calculated by the Industrial Section at the request of an important service in Shanghai which desired to know exactly what it cost a family to live at present on a mere subsistence basis. The figure was the equivalent of \$18 to \$20 per month in 1936, recognised as being then an accepted wage. In the computation only bare necessities were included, i.e. the basic commodities of rice, soya bean oil, vegetables, a little meat, and fuel to cook with. Even tea was excluded, hot water only being allowed. Soap was the only other item of a miscellaneous nature.

The Chairman suggests that it may be desirable to refer to a committee of enquiry the matter as to whether or not in fact the Index is misleading.

Mr. Powell states that the salient feature is that the Index is prepared on the pre-hostility standard of living of the year 1936. He considers that the highly misrepresentative feature of the Index, which is liable to be seized upon by the ignorant and by labour agitators, is that it conveys the impression that it shows the cost of living for the current changed living standards. He states that it is precisely at this point that the Index errs, in that the current accepted standard of living is considerably below that of the pre-hostility standard. He states that it does not assist employers of labour that an index should be publicly furnished which assumes the existence of a standard of living which though existing in pre-hostility times ^{no} now/longer exists.

Miss Hinder agrees with Mr. Powell that since wages have not kept pace with the rise in living costs, standards of living have gone down. She agrees that the present day standard could be re-studied with a view to checking the index, but she points out that it is the basic commodities which have risen in price and which are necessary to both the 1936 and present sustenance standards. She adds that what employers continually asked of her was information of the kind represented by the Index,

i.e. what would the standard of 1936 cost today. Miss Hinder suggests that, if members so wish, the Industrial Section could commence a new study of the current post-hostility standard of living, with a view to framing a new Index upon which to make her periodical comparisons of living costs.

Mr. Powell favours members' acceptance of this suggestion.

The Chairman accordingly proposes and members agree that the Industrial Section should undertake to provide a new Index of living costs prepared on the basis of the present standard of living, and that in the meantime publication of the present Index should be suspended.

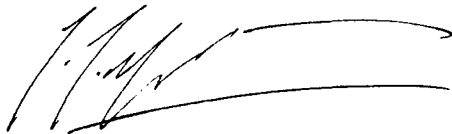
Chairman's Speeches at Ratepayers' Meeting. The Chairman reads the speeches which he proposes to make at the Annual Meeting of Ratepayers in moving the Resolutions for adoption of the Report and Accounts for 1939 and the Budget for 1940.

The text of these speeches are agreed by members, subject to observations by Mr. Kiang on the subjects of refugees and education costs.

F5/14 Appreciation of the Chairman's Services. Mr. Keswick, Vice-Chairman, reminds members that this is the last meeting of Council at which the Chairman, Mr. Franklin, will be in the Chair. He expresses to Mr. Franklin on behalf of his colleagues and himself the very sincere thanks of members for the leadership which he has given as Chairman of Council. He states that the Chairmanship during the past year has had to be conducted under conditions of extreme hazard and difficulty, and that Mr. Franklin has never spared himself in the discharge of his onerous responsibilities and in helping his colleagues. Members express unanimous concurrence in the tribute paid to Mr. Franklin.

In reply, Mr. Franklin thanks his colleagues and the permanent staff for their loyal support and co-operation and wishes the Council future success.

The meeting terminates at 6.30 p.m.



Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Thursday, April 18, 1940, at 12 o'clock noon, there are:-

Present:

Messrs. N. F. Allman
 J. W. Carney
 W. Gockson
 G. A. Haley
 Y. Hanawa
 Yulin Hsi
 W. J. Keswick
 E. Y. B. Kiang
 R. G. MacDonald
 G.E. Mitchell
 T. S. Powell
 L. T. Yuan
 Yu Ya Ching

The Secretary & Commissioner General.

Absent:

Mr. M. Den.

The Secretary & Commissioner General states that, in accordance with Article XXI of the Land Regulations, it is required at the first meeting of a new Council in office that members shall elect a Chairman and Vice-Chairman, who shall hold office for one year.

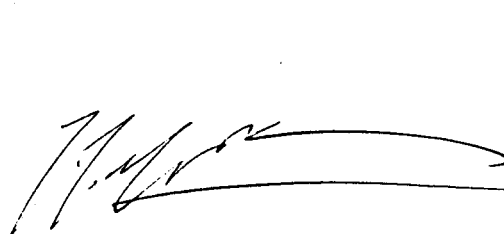
F 5/14. Election of Chairman. Upon the proposal of Mr. Yu Ya Ching, seconded by Mr. J. W. Carney, Mr. W. J. Keswick is unanimously elected Chairman.

Mr. Keswick thanks members for the honour which they have paid him. He states that he is conscious that his predecessors have constituted a line of very distinguished Chairmen and that he hopes he may be able to justify the confidence which members have reposed in him.

Election of Vice-Chairman. Upon the proposal of Mr. Y. Hanawa, seconded by Mr. G. E. Mitchell, Mr. J. W. Carney is unanimously elected Vice-Chairman.

New Member. The Chairman extends a welcome to Mr. N. F. Allman upon his taking his seat, following upon his recent election to the Council.

The meeting terminates at 12.10 p.m.



Secretary & Commissioner General.



Chairman.

At the meeting of the Council held on Wednesday, May 1, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

G. A. Daley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Municipal Advocate

Miss E. M. Hinder

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. W. Gockson

Membership. The Chairman welcomes Mr. I. Okamoto to his seat, to which he has been co-opted in succession to Mr. M. Den.

The Minutes of the meeting held on April 3 are confirmed and signed by the Chairman.

The Minutes of the meeting held on April 18 are confirmed and signed by the Chairman.

M 1/1

Chinese Cost of Living Index. In a memorandum submitted the Secretary & Commissioner General states that it will be recollected that, upon the representations of The Employers' Federation of Shanghai, the Council decided at its meeting on April 3 to suspend the further publication of the Chinese cost of living statistics issued by the Industrial Section, and that the Industrial Section should be requested to provide a new index of Chinese living costs prepared on the basis of the present standard of living. In response to the Council's directions, Miss Hinder has reported in terms of her memorandum which is submitted. It is noted that Miss Hinder has found it necessary for the purposes of her report to "assume" or "assess" what is the 1940 Chinese living standard. Miss Hinder has explained that a practical re-study of the present Chinese standard of living would necessitate collection of statistics of family expenditures of some 50 families over a period of three months, Since

workers' families are unable to fill in their records, field workers would be necessary to make daily visits. It would be necessary to commence with 150 families to ensure ending with 50, and some ten field workers would need to be employed. There is no provision in the 1940 estimates for this expenditure.

The Chairman states that he thinks that on the whole Miss Hinder has made a very good case for the statement in her report that her argument has been proved that the index as published is not misleading but represents the increased cost of even a reduced standard of living.

Mr. Powell enquires whether Miss Hinder has an index of wages. Miss Hinder replies that she has an index but that it applies only to Chinese-owned operations. She states that her statistical work is an inheritance from the former City Government and that that Government had not obtained the co-operation of foreign firms. Miss Hinder adds that she has been attempting to find out what adjustment in wages there has been, it having been ascertained that in some cases there has been more than a 100% increase in wages and allowances.

Mr. Powell states that the index is misleading in the sense of its being regarded as an index of the true cost of living, since it is obvious that the Chinese worker's income in terms of wages received is very far from being adequate to meet the expenditure costs which her findings regard as basic and irreducible. He states that this is proof that certain essential factors have not been taken into consideration in the cost of living study. In illustration of his contention he states that a worker earning \$20 per mensem would, on the basis of the present index figure of 388 as compared with the base of 100 in 1936, be expending on living costs a sum of \$77.60 per mensem. He asserts that the cost of living study and the index founded thereon have failed to offer a satisfactory explanation of this manifest discrepancy of \$37.60 between income and expenditure which would result assuming a 100% wage increase, i.e. from \$20 to \$40.

Mr. Powell questions whether the Chinese worker would be given credit to enable him to accumulate so large a load of debt as \$37.60 per month in respect of his assumed wage level of \$40. He states that he does not question the figures presented by Miss Hinder as to price or her calculations, but he still wishes to know how the worker can raise the large amount of credit in question. He reiterates that in his view the study has not yet achieved his object of furnishing a true picture of the 1940 standard of living in terms of what the worker is at the moment actually spending and what it costs to maintain life on the 1940 standard.

The Chairman states that he is equally convinced by both Miss Hinder's and Mr. Powell's arguments and that therefore he feels that the matter requires further study.

Mr. Mitchell suggests that there is bound to be confusion in assessing the true results of the study, since in his opinion it attempts to cover too wide a range of commodities. He suggests that instead of the wide range of the 58 articles taken into account, these should be reduced to a few basic articles, say 10 in number. Miss Hinder points out that if she were to take the least number of basic articles the living cost would show a still higher rise.

Miss Hinder states that the study has already achieved the object which Mr. Mitchell seeks, in that all unessential commodities have been left out. In respect of the less important commodities the amounts which have been included are infinitesimal. She states that she is not an expert statistician and is able only to interpret the findings of the statisticians in the Industrial Section. She points out, however, that the method of study employed by the Industrial Section is recognized internationally as a proper statistical method.

The Chairman states that Miss Hinder has not answered Mr. Powell's objections and that so long as this is not done the Council cannot feel satisfied that the index is not liable to a misleading interpretation.

Mr. Yulin Hsi states that in his opinion the index is a perfectly accurate statement of living costs and that, furthermore, he remains in favour of its publication. In his view Miss Hinder has succeeded in dealing with the most important articles of consumption. He believes that the comparison with 1936 is true and that it cannot be denied. He has some little doubt as to the rent increase shown, which he suggests may not be as high as the figure given. He shares Mr. Powell's doubts as to the possibility of a debt of \$37.60 being in fact shouldered by the working class and adds that certain of the workers' pay still remains in the neighbourhood of \$20, having by no means doubled to a figure of \$40. He suggests that the clue to reconciling Miss Hinder's living cost figures with actual income received is the fact of the ability of the Oriental worker to suffer a depressed standard of living and particularly to reduce his eating far below what would be considered possible in the Occident. He suggests that the Chinese worker has not only reduced the number of his meals but also the quantities consumed at meals. He suggests that whilst in 1936 the worker may have found it possible to save a few dollars for clothing and education, today there is no savings and he is doing without education.

Mr. Yuan suggests that a simple illustration may be afforded from the cost of upkeep of refugees, which a year ago was \$2 per capita per month and is now \$6, calculated on the same food standard. He states that two factors enter into the consideration of how much a worker spends at the present day, namely the present day cost of goods consumed and secondly his ability to suffer an extremely reduced standard of consumption.

Mr. Kiang states that in his opinion Miss Hinder's index is not misleading. As to the desirability of withholding publication in order not to encourage the workers from requesting an increase in pay commensurate with the living costs shown in the index, Mr. Kiang states that any attempt on the part of employers to keep the workers on the former wage of \$20 would be to demoralise them and to encourage their corruption. None the less he is not fully satisfied as to the wisdom of publication.

Miss Hinder suggests that it might perhaps suffice for the time being to cease publication in the press of the index, but that she should have permission to print it in order that she may meet the many demands of firms and organizations for the index.

Mr. Powell states that it cannot be guaranteed that some of the persons so supplied may not release the figures and that they may thus get into the hands of ^{un}scrupulous labour unions. He repeats that the index figure of 388, as the present Chinese standard of living cost, has not yet been proved. Assuming a more than 100% increase in wages over the \$20 wage, there still remains a weight of debt which has not been satisfactorily explained. He considers it extremely inadvisable that the Council should give its endorsement to an index which is tantamount to an admission to the Council's own staff that their pay levels assume that they are carrying a very heavy weight of debt in order to meet living costs.

A vote is then taken on the question as to whether or not the index as it is at present constituted should be published in the press and such publication is decided against by a large majority. A vote is then taken as to whether there should be any public release whatever of the index figures as at present constituted and by a majority vote it is decided that there shall be no such release.

The Chairman^{then} asks members if they wish further enquiries to be made into the question of Mr. Powell's doubts as to the possibility of the presumed debt load at present borne by the workers. Mr. Carney remarks that it is the universal experience that there is no real conformity between statistics and actual practice.

Miss Hinder enquires as to what her answer shall be to the many enquirers for her study figures, and she is authorized to reply that her figures are at the moment under reconsideration by the Council and that for the present they are not available for issue.

Miss Hinder further states that her foreign cost of living study is ready for submission to members. She reminds members that it was on the Council's instructions that she undertook the foreign cost of living study and that it has been in the Council's name that she has obtained the collaboration of the public. She states that when the foreign cost of living study is published it will naturally encourage questions as to the study of the Chinese cost. The Chairman replies that it will be for the

Council to decide whether or not the foreign cost of living index shall be made public.

As to the possibility of Miss Hinder carrying out a new study of the Chinese cost of living, utilising the services of field workers, Miss Hinder states that her section will shortly be occupied with the 1940 census and that it cannot undertake this field study this year.

Miss Hinder adds that she will attempt to prepare another statement for the Council which will endeavour to answer Mr. Powell's and Mr. Mitchell's points.

Miss Hinder withdraws.

B 1/8. Municipal Charity Lottery. A memorandum by the Secretary & Commissioner General and legal opinions by Messrs. Hansons, Legal Advisers, and the Municipal Advocate are submitted on the question of the desirability of the Council undertaking a Municipal Charity Lottery, in pursuance of the statement by the Chairman at the ratepayers' meeting that the question of a Municipal Lottery for charitable purposes would certainly come under the consideration of the incoming Council.

The Secretary & Commissioner General states in his memorandum that the Council's policy with regard to lotteries has been consistently, with two exceptions, to disallow their operation in the Settlement. The two exceptions are the Chinese Government Lottery which was allowed because it was a governmental enterprise and the French Refugee Lottery which was allowed because it was to cater for a very pressing need and on the express condition that no other lotteries be permitted to operate in the Settlement. The Council later disallowed a request from the Portuguese Consul-General to operate a lottery in the Settlement for charitable purposes. No limit to the operation of the French Refugee lottery was imposed, though it was suggested in the Council debate on the subject that it be allowed to operate only so long as the refugee need existed.

There are also submitted letters from the American and British Consuls-General. The former letter is interpreted to mean that it would be inexpedient to press him for an official expression of his views. The British Consul-General offers to try and obtain a special Order-in-Council that would exempt British subjects participating in the operation of the lottery from legal liability. The Japanese Consul-General has stated verbally that he would have no objection to the operation of a Municipal lottery.

The Secretary & Commissioner General states that it would appear that so far as Chinese law is concerned no practical difficulty arises. So far as concerns British law Messrs. Hansons' opinion is that any British employee of the Council assisting in the conduct, and any British Councillor as a principal or promoter, would be liable to prosecution under the Gaming Acts. As to American law, the opinion of the Municipal Advocate is that he

does not believe that the U.S. Court would take any action against American members of Council in respect of a charity lottery.

The Council has been informed by a Mr. Rankin, of the China University, that should the Council decide to operate a lottery he will take appropriate legal steps to stop its so doing. The Secretary & Commissioner General states that the position under American and British law in the event of such private prosecution is one of some doubt and that American and British members would doubtless wish for further legal advice as to what their position would be if a private prosecution was instituted. Whilst the Japanese Consul-General has not suggested that there would be any legal difficulties, it is noted that no legal opinion in regard to Japanese law has been obtained.

A suggestion made by the Municipal Advocate is that the legal difficulties might be solved by the Council licensing a lottery operated by a group of individuals or a corporation in accordance with the power conferred by Bye-law 34 to license lotteries. The Secretary & Commissioner General comments that this might be a way out, though the persons licensed would, of course, have to be of a nationality whose law did not make criminal the operation of a lottery. It has been suggested, however, that a lottery licensed by the Council will not have the same appeal to the public as a lottery actually operated by the Council.

The Secretary & Commissioner General suggests that should members approve in principle of the operation of a Municipal Charity Lottery, that the word "charitable" be considered to apply to such activities of the Council as Education, Hospitals, Grants-in-Aid, Refugee and Beggar Relief, etc.

The Chairman states that the first matter for members to decide is to whether or not in principle they agree to the operation of a municipal lottery. He states that there has been considerable public support for the operation of a lottery by the Council, having regard to the knowledge that lotteries had been operated or were being operated in the Settlement by the Chinese Government and under French law. He suggests that the public will wish to know the reasons if in principle the Council is against the operation of a municipal lottery.

Mr. Yulin Hsi states that he is in principle against the operation of a municipal lottery. He states that whilst the position in Japanese law is not known to him, it is clear that under the laws of Great Britain, America and China the operation of a lottery is a criminal offence. With regard to the suggestion that the proceeds of such a municipal lottery should in part relieve the Council's budget of its expenditure on education, he protests against education being regarded as coming within the category of a "charitable" activity of the Council. As to the financial merits of the proposal, he considers that an adequate sum

to cover public education, hospitals, grants-in-aid, and refugee and beggar relief, will require at least 6 to 7 million dollars a year, and he expresses considerable doubt that the profits from a municipal lottery will approach those figures. Finally, he objects to a lottery on the grounds that it derives most of its money from the classes who are least able to afford it.

Mr. Kiang states that in his opinion in the eyes of the law it would be wrong for the Council to operate a lottery. He states that two conclusions emerge from the material submitted for members judgment regarding the desirability of a municipal lottery, namely, first its illegality in law and secondly the difficulties encountered in the search for expedients to evade such illegality. He refers to Article 269 of the Chinese Criminal Code which makes the operation of a lottery without permission of the Chinese Government an offence. He states that the documents submitted to members appear to offer to members of Council only two avenues of escape from the penalties of the law, namely, the possibility that the prosecutors will not prosecute and that an opportunity may be afforded to members to withdraw before a prosecution is entered. In his view it is deplorable that members should have to consider such means of escape from the applicability of the law. To resort to such expedients would in his opinion be tantamount to use of the Council's official position to escape its lawful responsibility, and would at the same time be an admission of its moral guilt. With regard to the Chinese Government Lottery, he points out that this was specifically exempted from the penalties of the law by permission of the Chinese Government. In conclusion, Mr. Kiang states that he personally does not wish to be involved in the operation of a municipal lottery.

Mr. Carney states that he wholly endorses Mr. Hsi's views. Furthermore, he believes that a municipal lottery will affect the Council's financial standing and credit. As to the pecuniary advantages to be derived from such a lottery, he suggests that the example of the French Refugee Lottery, which provides an income of only about \$40,000 a month, indicates that insufficient funds would accrue from this source. His conclusion, therefore, is that the arguments in favour of a municipal lottery are specious.

Mr. Yuan states that as a member of the French Refugee Lottery he can confirm that its profits are comparatively small; that certain of its operators have at times suffered a loss, and that he feels certain that a municipal lottery will fail in its objects and is not worth trying.

Mr. Haley states that the established policy of the Council in the past has been to take a stand to the best of its ability against public gambling in the Settlement. Since a lottery is a form of public

gambling he considers it would be inconsistent with the Council's long-established policy to countenance a municipal lottery. Even if the Council violates its long-established principles regarding prohibition of public gambling, he states that it is apparent from a purely financial viewpoint that a municipal lottery will be no easy money-making device. Summing up, he states that he considers that no need has been shown to lower the customary standard of behaviour of the Council in such matters.

Mr. MacDonald states that as a British subject, cognisant of the varying interpretations of British law on the subject of public gambling, he holds suspect the legal aspects of the question. He states that he is in favour of a municipal lottery and that he does not believe that members of Council will have any reason to fear prosecution. He expresses his inability, however, pending the arrival of further information from abroad as to the operation of lotteries, to form any opinion as to the financial merits of a municipal lottery.

Mr. Carney states that in a private discussion with the U.S. District Attorney it had been made clear to him that American Councillors would suffer prosecution if the Council was to operate a lottery.

Mr. Allman concurs that in law a public lottery such as that contemplated would be an offence. He agrees, however, with Mr. MacDonald as to the hypocritical aspects of this question. He states that if he can be assured that a good revenue would accrue from a municipal lottery, he would favour it, but that he has not this assurance. He refers to the operation of public lotteries by the authorities in the Philippine Islands and other places. He adds that one of the merits of a municipal lottery would be the discouragement of less desirable forms of public gambling in the Settlement.

Mr. Hanawa states that in view of the non-objection of the Japanese Consul-General, he does not wish expressly to object, but that he prefers not to express himself affirmatively in favour of the principle of a municipal lottery.

Mr. Powell states that, with all deference to the legal aspects, he is nevertheless in principle in favour of the operation of a municipal lottery. With regard to Mr. Yulin Hsi's argument that the poor can ill-afford to gamble, he states that nevertheless in all probability they are so indulging and that there is little reason why their contributions should not be diverted to beneficial municipal projects. He does not believe that the meagre results of the French Refugee Lottery should influence the decision, since in his view the fact of the Council's sponsorship of a lottery would ensure to it a greater income. Without further information, however, he has no knowledge as to the actual profits that could be contemplated. He states that the present income of the Council permits of

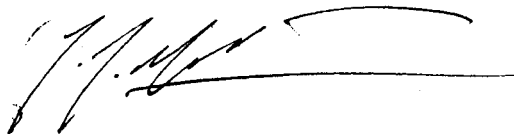
its financing only bare necessities, and that however little a municipal lottery would augment such income, any increase is required in order to meet the much needed extension of the Council's social services, such as hospitals and beggar relief. Regarding the issue as to whether the Council might itself operate a lottery or license another organisation to operate it, he states that this point should be decided on its merits and not be influenced by the doubtful fact as to the probable amount of the profits. As to the ethical aspect of the question and the attitude of other governments and authorities, Mr. Powell states that he is inclined to agree with Mr. Allman that the arguments against a municipal lottery are largely hypocritical. He points out that the attitude of governments in the matter of public gambling changes from time to time, as instanced by the fact that government-authorized lotteries are in operation in Ireland, Australia and the Philippine Islands. Mr. Powell concludes that he is, therefore, in principle in favour of a municipal lottery.

Mr. Mitchell states that he does not agree that no other means are open to the Council to finance its needs for those activities described as charitable. He instances the source of revenue furnished by the Voluntary Entertainment Levy, which has financed the charitable work for refugees and which he considers might in future be applied to beggar relief. He considers that the public can be relieved upon to finance other than by a lottery all the genuine needs of the Settlement for charity work, as illustrated in the remarkable philanthropy shown on behalf of refugees. He, therefore, does not consider that there is any case for a municipal lottery on the ground of the Council's inability to finance an increase of its social services. With regard to the likely returns from a municipal lottery, he does not believe that these would be sufficient to finance any large programme of municipal social relief, and adds that he would not regard as conclusive evidence for Shanghai any information which might be procured showing the financial profits of lotteries conducted elsewhere.

The Chairman then puts to the vote the question of whether members are in principle in favour of a Municipal Charity Lottery and by a large majority members declare themselves against such a project.

Economy Committee. The Chairman states that the membership of the Economy Committee has now been completed by the addition of the name of Mr. G. Yasui, the second Japanese member.

He expresses the Council's good wishes to the members in their work.
The meeting terminates at 5.30 p.m.



Secretary & Commissioner General.



Chairman.

At the meeting of Council held on Wednesday, May 15, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

G. A. Halsey

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

Miss E. M. Hinder, Industrial Section

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. W. Gockson

The Minutes of the meeting held on May 1, are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on May 7 are submitted and confirmed, with the following exception.

Application for Dancing Saloon Licence, 192 Nanking Road. With reference to the recommendation of the Watch Committee that a licence be refused in respect of a dancing saloon at 192 Nanking Road, Mr. Carney, Chairman of the Watch Committee, refers to a letter tabled received from the applicant advancing arguments in support of the issue of a licence. Mr. Carney states that in his view these arguments have already been considered and therefore he sees no reason to vary the recommendation of his Committee.

The Chairman states that he has discussed this matter with the Secretary & Commissioner General. He states that the policy in the past has been not to disapprove the issue of such licences unless (a) the character of the applicant is unsatisfactory to the Police; in this case there is no Police objection; or (b) there is a failure to comply with departmental requirements; but in this case the applicant is prepared to satisfy such requirements; or (c) on grounds of a public nuisance; but the Police have not objected on the grounds of traffic or noise. He states that in the past the guiding principle has been that it is undesirable to refuse licences unless the legal right to do so is clear, since such

I 3/13

refusal may involve a suit against the Council or operation without a licence necessitating the bringing of a suit by the Council.

Mr. Kiang states that he supports the principles which the Chairman has stated should govern this matter. Since there are other dance halls in the near vicinity, and as there is absence of grounds for refusal in this case, he considers that it would be an act of discrimination to refuse a licence.

Mr. MacDonald states that he opposes the issue of a licence for the reason that he believes that the time has arrived for the Council to fix certain areas from which dance halls and liquor establishments should be excluded. In his view Nanking Road is one of these areas. With regard to a dance hall in Kiangse Road, from his own experience this was a nuisance.

The Commissioner of Police states that the Police had originally opposed the application on the grounds of noise and traffic, but that in view of the guarantees that there will be no noise and that operation will not commence until 6 p.m., which will eliminate traffic inconvenience, the Police now have no grounds for objection.

Mr. Yulin Hsi states that he shares the Chairman's view and considers that the Commissioner of Police has disposed of the objections raised by Mr. MacDonald. Mr. MacDonald replies that his objection has not been surmounted, which is that the locality being one for shops and offices is not suitable for a dance hall.

Mr. Yuan states that since the prospective licensee has furnished adequate safeguards and as he is already financially committed, he favours issue of a licence. On the point of these financial commitments, the Secretary & Commissioner General states that commitments entered into in such cases are usually the fault of the prospective licensees in advancing their projects without being assured that the licence will be issued.

Mr. Mitchell suggests that perhaps some distinction should be drawn between the effect of liquor as contrasted with dancing establishments on a given area, since the former involve only isolated visits of patrons as contrasted with the group patronage of dance halls.

It is pointed out by Mr. Powell and the Commissioner of Police that dance halls already exist along Nanking Road and in the near vicinity of the premises concerned.

In reply to Mr. Allman, the Secretary & Commissioner General states that no objection was received as a result of the public notification of the proposed dance hall.

By a majority vote it is decided to issue a licence, and upon the suggestion of Mr. Allman it is agreed that this shall be of a provisional character only.

The Minutes of the meeting of the Orchestra & Band Committee of May 9 are submitted and confirmed.

The Minutes of the meeting of the Public Utilities Committee of May 9 are submitted and confirmed.

G 4/16

Shanghai Waterworks Co. Ltd. - Surcharge on Tariff. In adopting the recommendations of the Public Utilities Committee, including the recommendation that the Waterworks Co. be invited to enter into conversations with delegates appointed by the Council with a view to exploring means whereby consumers may be relieved to some extent of the heavy burden of providing sterling dividends, the Chairman proposes that the Council's delegates be Mr. Mitchell, Chairman of the Public Utilities Committee, the Secretary & Commissioner General, and the Treasurer. Members agree.

The Minutes of the meeting of the Works Committee of May 10 are submitted and confirmed.

The Minutes of the meeting of the Health Committee of May 10 are submitted and confirmed, with the following exception.

C 1/13

Typhus Fever. With reference to the recommendation of the Health Committee that certain measures for dealing with Typhus as outlined by the Commissioner of Public Health be undertaken with the collaboration of the Police, Mr. Carney states that he is in considerable doubt as to whether he should support the recommendation in view of the impression he has gained from reading the Health Committee Minutes that the Commissioner of Public Health is himself in doubt as to the efficacy of his scheme and as to whether the proposed expenditure thereon is warranted.

Mr. Yulin Hsi states that medical opinion was expressed during the Health Committee discussion that the epidemic would be abated with the advent of summer. He, therefore, also doubts the advisability of the proposed measures.

Mr. Gubb, Deputy Secretary, states that he believes that the correct interpretation of the views of the Commissioner of Public Health is that his hesitancy in recommending with any insistency the measures proposed was due to the fact that he felt that he could not guarantee any beneficial results, but that nevertheless the Commissioner favoured the proposed measures, which originally had emanated from him.

Mr. Haley, Chairman of the Health Committee, states that his interpretation of the Committee's viewpoint was that although the Summer might be expected to improve matters, the proposed measures would make some contribution to such improvement; how much improvement it could not exactly be said, but it was generally felt that the measures would not prove useless.

At the request of Mr. MacDonald, the Secretary & Commissioner General reads the material portions of the Health Committee minutes on the subject.

After such reading Mr. Carney states that he is further established in the views that he has just expressed.

Mr. Allman refers to the fact that the Health Committee had advanced the grounds of the psychological effect on the public, in justification of their recommendation. He states that he is not aware that there is any public apprehension concerning the spread of typhus. Mr. Haley replies that this was one of the reasons for the Committee's recommendation, but not the chief reason. He adds that medical opinion was divided as to the efficacy of the proposed measures.

In reply to the Chairman, Mr. Haley states that the capital cost of the scheme is \$6,000 and the monthly cost about \$4,000. As to how long the measures would be necessitated, he states that he does not believe that the Commissioner of Public Health could definitely guarantee that expenditure for only one month would be sufficient. Mr. Powell states that it was clear that at least a full month would be necessary and that therefore expenditure of at least \$10,000 would necessarily be incurred. In reply to Mr. MacDonald, it is explained that the expenditure incurred will be mainly on account of hire of vans, clothing and staff employed.

Mr. Carney suggests that, in the light of the existent doubts, the proposed measures be postponed. Mr. Yulin Hsi concurs, and suggests that the measures might be adopted in the cold weather if they are then deemed necessary.

Mr. Mitchell states that he does not favour the present introduction of the measures. He suggests that introduction might wait upon the projected establishment of a beggar camp, when delousing would be subjected to voluntarily by the inmates.

The matter is then put to a vote and by a majority the recommendation of the Health Committee is rejected.

M1/1. Chinese Cost of Living Index. In answer to points raised by Messrs. T. S. Powell and G. E. Mitchell at the last meeting of Council, a report by Miss Hinder has been submitted further on the subject of the Chinese cost of living index. In a covering memorandum the Secretary & Commissioner General states that although not perhaps strictly relevant to the matter to be decided, namely the release or otherwise of Chinese Cost of Living Figures as compiled by the Industrial Section, he would like to place on record his view that no good reason has ever been produced for what Miss Hinder states is a generally admitted view, namely that "the wage of a principal householder should meet at least minimum family subsistence costs." In his view this is a Western idea and he states that he would not be surprised if in the future the West had to borrow a different view from the East and turn more

to a family economy.

Mr. T. S. Powell, referring to the problem of how a \$20 wage earned in 1936 (\$40 in 1940 under optimum circumstances) could meet expenditures of \$77.60, states that in the light of the additional information given it is obvious that the wage earner did not live on the \$20 earned in 1936, but other members of the family worked also, so that there was more income and more money was spent.

Taking the \$18 wage of the principal householder, which was the average in the 1929 study, in 1936 and 1940 the family income positions would be as follows:-

Assuming the optimum case where all the contributions to family income have increased 100,

	<u>1936</u>	<u>March 1940</u>
Principal Wage earner	18	36
Other family members earned	12	24
Subsidiary Income	<u>4.37</u>	<u>8.74</u>
Total Family Income	\$34.37	\$68.74

These figures are predicated on the information that the wage of a principal householder is 3/5 of the total wages earned, and that wages constitute 87% of the family income.

Mr. Powell states that applying the March index figure of 368.08 given by Miss Hinder, the 1936 living standard would mean that family expenditure needs of \$34.37 had grown to \$126.51, with a monthly accumulating debt of \$57.77. On the 1940 living standard, using Miss Hinder's index figure of 368.30, the family needs would be \$132.36, with an accumulating monthly debt of \$63.61.

Mr. Powell adds that if these are the family debts of the principal \$18 wage earner, those of a \$50 clerk would naturally be considerably more.

Miss Hinder enquires whether she may be permitted to have these complicated figures investigated by a small Committee on which Mr. Powell could sit. She states that she is prepared to accept the Council's direction for suspension of publication of her figures for the time being, if such is considered to be in the public interest, but she is of the view that when times begin to be better the figures will be regarded as a useful index.

Mr. Powell emphasizes that he is not opposed to the Council's publication of cost of living figures; indeed, he feels the Council should do so, but that he regards it as essential that the figures should undisputably be regarded as representative and be responsible for no misinterpretation by the public.

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The Chairman states that the question before members is as to whether they are fully satisfied with the present figures to the extent of warranting their publication, and that it is evident to him that such satisfaction did not at the moment exist. He therefore favours a small investigating committee and members agree that its composition be Messrs. Powell, Hsi and Carney.

H 1/16. Daylight Saving. In a memorandum submitted the Secretary & Commissioner General draws attention to letters in the press advocating the adoption by the Council of a scheme of daylight saving during the Summer months. It is contended that daylight would be saved by advancing the clocks by, say, one hour. This, it is claimed, would have two effects: (1) there would be a saving in household lighting; (2) there would be a longer period of daylight after office hours during which the public would have greater facilities for outdoor recreation. The matter had been discussed with Mr. T. K. Ho, Deputy Secretary, who had spoken to various prominent Chinese who had stated that in the interests of economy most of the large shops, stores and factories had already made adjustments in their working hours. In effect, therefore, in their opinion, a scheme of daylight saving was already in operation.

It is understood that daylight saving has already been adopted in the British Concession in Tientsin, in the Legation Quarter in Peking, and in Hankow.

The matter was recently considered by the Hongkong Government, who set up a Special Committee to investigate and report on the advisability of adopting an official time for the Colony one hour, or part of one hour, in advance of the time of the 120th meridian East of Greenwich for the whole or for part of the year. The Committee recommended that the scheme of daylight saving should not be adopted in the Colony. Reference is also made to the view expressed in a leading periodical as to the possible objection to be faced that unless the same course of advancing the time is adopted throughout the Shanghai time zone i.e. Korea, the Coast Ports, Hong Kong and the Philippines, considerable inconvenience, and not a little confusion, would result.

A scheme of daylight saving was tried out in the International Settlement in 1919 during the course of the Summer, which it is believed proved generally acceptable, but it ultimately failed for the reason that the Customs authorities were unable to get permission from the Government to put their clocks forward by one hour.

The Secretary & Commissioner General suggests that the adoption of a daylight saving scheme would only lead to confusion unless the authorities of the French Concession participated in it, and that if members approve in principle of the idea, that enquiries then be made of the French

authorities and also of the authorities of the surrounding Chinese areas as to whether they will participate in the scheme.

Mr. Carney states that he considers it advisable that outside views, including those of the French Concession, the authorities of surrounding areas and the national Chambers of Commerce should be solicited before the Council is asked to express its views.

Mr. Manawa refers to the delay which would ensue from such a course. The Chairman states that he feels that if members favour the scheme in principle, then it should be pursued with as little delay as possible.

Mr. Mitchell states that the impression he has gained is that the foreign community would welcome this scheme.

Mr. Yuan states that he personally favours the scheme, but that he cannot speak for the Chinese community. Mr. Kiang states that he believes the majority of Chinese would oppose the scheme. Mr. Allman states that the scheme is in effect given practical application by the present working hours of Chinese factories.

Mr. Yulin Hsi states that if the scheme cannot be made compulsory, it will fail if not voluntarily adopted universally in Shanghai. Mr. Haley doubts the wisdom of declaring at this stage that the Council is in favour of the scheme. He states that the scheme may involve a great many difficulties and may throw matters out of gear if not generally adopted.

Mr. Yu Ya Ching states that difficulties will arise if any attempt is made to force the scheme upon the public, and that he favours prior reference to the Chambers of Commerce.

Mr. Mitchell favours an announcement being made that the matter is being considered by the Council in order to test public opinion.

The matter is then put to a vote and members by a majority express themselves in principle in favour of a daylight saving scheme involving advancing of the clock by one hour, and decide that approaches should be made to the French Municipal Administration and Chambers of Commerce with the Council's recommendation of the scheme.

F 30/33. Crime and Lawlessness. The Chairman states that the matter of the prevalent crime and lawlessness has at his request been placed on the Agenda in order to furnish him with an opportunity of expressing his very real concern, which he knows members share, regarding the general lawlessness, gambling, crime, kidnapping and assassination in the Settlement and surrounding area at the present time. These conditions have been the subject of Police reports and of considerable press comment. Particularly in the Western Extra-Settlement Area deplorable conditions exist as a consequence of gambling and opium smoking carried out there. He refers

to a protest received from the Japanese authorities regarding a recent political assassination. The Commissioner of Police has confirmed that crime is rampant and that a great deal of it emanates from outside the Settlement, particular mention being made of No.76 Jessfield Road. The Commanders of the several National Defence Forces responsible for sectors in the Settlement have expressed considerable concern and anxiety over the situation.

The Chairman continues that the Council has full confidence in its Police and in the Commissioner of Police, and is assured that the Force is doing all in its power to combat the present reign of political crime, kidnapping, assassination and robbery. In his view it is essential, however, that if the efforts of the Police are to succeed in suppressing crime, then they must obtain the co-operation of all parties and of the Settlement's neighbour. He states that the position in the Settlement is one of strict neutrality, and that the duty is incumbent upon the Council to leave no stone unturned which may assist in strengthening the forces combatting the present conditions of disorder. He believes that a channel which must now be resorted to is the Consular Body and that the Senior Consul should be addressed in order that the attention of the Consular Body may be drawn to this matter and that the Consuls should be requested to take all steps to secure the suppression of the crime and disorder, much of which emanates from organizations existing on the borders of the Settlement. He recommends that the Council's letter to the Consular Body should express its very gravest anxiety and urge it to take all steps in its power to suppress all such organizations on the borders of the Settlement, which are hampering the Police in the suppression of crime, and that particular reference should be made to the armed strongholds, beyond the Council's jurisdiction and to the narcotic and gambling dens adjoining the Settlement.

The Vice-Chairman, Mr. Camey, strongly seconds the views expressed by the Chairman, adding that he has been similarly concerned during the past two years and that he feels strongly that representations should now be made to the Consular Body.

Mr. Okamoto states that he agrees with the emphasis the Chairman has laid on the Council's concern that the existing crime conditions must be removed. He assures members that the Japanese Army and Gendarmerie are only too willing and anxious to lend their co-operation towards the fulfilment of the Chairman's objects. ~~He expresses concern and doubts as to the ability of the Police under its existing powers to cope with the problem.~~ He states that he will report to the Japanese authorities the attitude and determination of the Council to do all in its power to combat the present conditions of crime. While agreeing with the Chairman in principle he is, however, doubtful whether the method of approach suggested will be effective.

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In replying to Mr. Okamoto's observations, the Chairman states that during the past two years every means and measure have been attempted to combat crime and he is assured that nobody has done more to that end than the Commissioner of Police. He adds ^{that} very considerable concern is now being expressed by all shades of thought. He believes that the Council should now officially report its difficulties to the Consular Body.

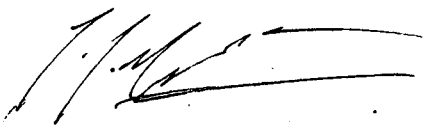
Mr. Allman expresses the view that at least no harm will be done if it is put on record with the Consular Body that the Council is seriously concerned with the matter of crime, and the Chairman adds that the Council is often accused of not taking the matter seriously enough and that it should demonstrate its rebuttal of this accusation.

Mr. Mitchell states that it is evident that the Settlement borders are infested by unscrupulous armed bodies, as a result of which crime within the Settlement is bound to worsen. He considers that the Police are at present taxed to the maximum of their ability to cope with the situation and that the Council is itself bereft of any further policing remedies. He agrees with the Chairman that the Council should enlist every possible support in its endeavour to cope with the problem, and that an official approach might now well succeed to the unavailing unofficial approaches which have already been made.

It is thereupon

RESOLVED that a letter be written to the Senior Consul drawing the attention of the Consular Body to the Council's grave anxiety at the renewal in Shanghai of political armed crime, kidnaping and other forms of lawlessness, and urging the Consular Body to take all the steps within their power to secure the suppression of those organizations on the borders of the Settlement which in the Council's opinion seriously hamper the Municipal Police in the prevention of crime, making particular reference to gambling and narcotic establishments and armed strongholds in the areas adjoining the Settlement.

The meeting terminates at 6 p.m.



Secretary & Commissioner General.



Chairman.

At the meeting of the Council held on Wednesday, May 29, 1940, at 4.00 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Works

The Deputy Treasurer - Revenue

Miss E. M. Hinder

The Treasurer, and

The Secretary & Commissioner General.

The Minutes of the meeting held on May 15 are confirmed and signed by the Chairman.

F 30/33.

Lawlessness. With reference to the Council's letter addressed to the Consular Body on the subject of lawlessness, Mr. Okamoto suggests that particularly in matters affecting the Japanese authorities he might be able to tender advice which would be of service in framing letters such as the one in question. The Chairman states that Mr. Okamoto's offer will be borne in mind.

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Dance Halls and Taverns. At the request of Mr. Carney, it is agreed that figures will be circulated for the information of members comparing the number of dance halls and taverns on Nanking and Bubbling Well Roads for the years 1938 to 1940.

Chinese and Foreign Cost of Living Index. There is submitted the report of the Committee appointed to enquire into the Chinese Cost of Living Index figures furnished by the Industrial Section. The enquiry has been extended to cover the Foreign Cost of Living figures furnished by the Industrial Section.

The Committee recommends that the Council should resume the publication of the Chinese Index, to which there should be appended a statement as follows:

"The above index figures are based on a standard of living ruling in 1936. It is estimated that the lower standard prevailing in April 1940 involves a cost of living 2.63 times as much as that prevailing in 1936."

The Committee also recommends that the Industrial Section's report on the Foreign Cost of Living Index be published and that an expression of appreciation be conveyed to Mr. T. Y. Tsha.

The Committee furthermore recommends the compilation of a Chinese Clerical Workers' Index, at such time as the Industrial Section is able to carry out the work.

The recommendations of the Committee are unanimously adopted by members without discussion.

F 3/43.

Training and Registration of Industrial Apprentices. At the request of Mr.

Hanawa, discussion of this matter is deferred in order to afford him an opportunity to sound out Japanese opinion.

M 7/110.

Central Parking Space - Foochow & Honan Roads. In a memorandum submitted the

Secretary & Commissioner General states that the recommendation contained in the Watch Committee minutes of March 4, that the offer of the Texas Company (China), Ltd., to lease the above site from May 1, for a parking space and gasolene delivery station, at a rental of \$700 per mensem be accepted without calling for public tenders, was not confirmed by the Council. Instead, it was resolved that the parking space be operated by the Council; that an increase in the authorised parking charges be investigated, and that tenders be invited for the leasing of that portion of the site used as a gasolene delivery station. Tenders were called for and that submitted by the Texas Company offering a rental of \$1,060 a month was accepted.

The Commissioner of Public Works has recommended increases in the existing parking charges and that the parking service be operated by the Revenue Office. The Deputy Treasurer - Revenue is unable to agree to the latter course.

The Commissioner of Public Works has thereupon recommended that the parking space be leased to the Texas Company at a rental of \$650 a month for a period of one year and thereafter at six months' notice, with parking charges fixed at the proposed increased rates. This recommendation was referred back to the Commissioner of Public Works for further consideration, since it was contrary to the Council's decision.

The Commissioner of Public Works still favours leasing of the site to the Texas Company without calling for tenders. The Treasurer, while remaining of the opinion that the service should not be operated by the Council, now considers that public tenders should be invited for the leasing of the site, with which view the Secretary & Commissioner General concurs.

The Chairman expresses his belief that if public tenders are now invited for operating the parking site there would be little response. He states that members of the American Club customarily use this parking space, so that an income to the Council would be assured. He thinks it would be to the public benefit for the Council to operate the parking space, and that not improbably some profit could be made.

The Commissioner of Public Works states that the Chairman's view is entirely in line with his own^{and} that when the site was contracted out it was not satisfactory since the contract was farmed out to a second party.

The Deputy Treasurer - Revenue states that he is convinced that his Department cannot operate the parking space as efficiently as a party interested in ensuring profits. Operation by his Department would involve a great deal of checking if irregularities are to be avoided. He believes that any returns from operation by his Department would be small and that if any profit at all is to be made, considerable and expensive foreign control would be needed.

The Commissioner of Public Works states that the profits involved are too small to be considered and it is more important that the Council should be quite sure that the parking space is being fairly operated.

Members thereupon adopt the Chairman's proposal that the Council should operate the site for at least one year, whereafter consideration could be given to the desirability of inviting tenders for such operation under new conditions.

The Minutes of the meetings of the Staff Committee of May 16, 23 and 26 are submitted and confirmed, except in respect of the recommendations regarding Staff Pay - Foreign and Chinese.

The Minutes of the meeting of the Finance Committee of May 24 are submitted and confirmed, except in respect of Staff Pay - Foreign and Chinese.

Staff Pay. Discussion ensues in respect of the Staff & Finance Committee minutes and recommendations above referred to; the Chairmen of the Staff & Finance Committees outlining the character of the debates on the subject of Staff Pay. Mr. Keswick, as Chairman of the Finance Committee, refers to the majority vote of the Committee to inform the Staff Committee that the Council is prepared to consider staff pay proposals which would result in the year 1940 in a cash deficit of approximately \$2,600,000. Thereafter the Staff Committee had met on May 26 and formulated certain final recommendations which are outlined to members by Mr. Powell.

Mr. Carney states that he was at first opposed to the higher of the alternative pay proposals. In view of the reassurances as to the financial aspect of the matter he has now been swayed in favour of the higher proposals and accordingly entirely supports the final recommendations of the Staff Committee.

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H 6/22

Mr. Okamoto states that as a newcomer and stranger to the Council's administration he had refrained from criticisms, especially in respect of the matter of wages and salaries. He states that it might in fairness be regarded as necessary to grant increases in allowances to compensate for exchange and higher commodity prices, but that in his view there must be a limit and that the employees should share the sufferings of the ratepayers. He states that in his opinion, based on information which he has obtained regarding present Japanese and foreign living, the higher paid employees are quite able to live on their existing pay. He is not unsympathetic towards ensuring a proper livelihood for municipal employees, but he points out the need for consistency with the resolution of the ratepayers, framed in connection with the forming of the Economy Committee, requiring a reduction in municipal expenditure. Having regard to the Council's critical financial condition and the conditions of stress in countries abroad, together with what he believes was implicit in the ratepayers' resolution referred to, he states that he cannot but oppose the Staff Committee's final recommendations. He suggests that the more highly paid employees should even be prepared to reduce their present living standard if it cannot be met on their present pay. Nevertheless, whilst consistent with what he believes to be the principle implicit in the ratepayers' resolution, he is in principle wholly opposed to certain of the proposed pay increases, he is constrained to admit that it may be possible to adduce facts warranting some increase in pay. He reiterates that any such increase should, however, favour the lower paid employee and not the higher, since in his opinion the latter can live on a reduced standard. He enquires if it is not necessary to go to the ratepayers in the matter, in view of the fact that the increases recommended involve a considerable increase in the deficit contained in the budget recently adopted by the ratepayers. Finally, Mr. Okamoto states that he has expressed his views without being influenced by any prejudice in the matter and that he has attempted to reconcile the interests of the Council, the ratepayers, and the employees.

Mr. Hanawa states that he shares the views of Mr. Okamoto. In view of the present business depression, which the increase in rates will aggravate, he considers that the staff should accept a sacrifice and share any hardship with the ratepayers. In his view the highly paid employees can be called upon to make the greater sacrifice. Having regard to the Finance Committee's showing that some pay increase can be financed, and since present high prices are imposing hardship on employees, he agrees with Mr. Okamoto that it may be reasonable to grant some increase in allowances. He suggests as a possibility a flat

increase to all employees, foreign and Chinese, of the allowance to 60%. With regard to repatriation pay exchange adjustment he states that an increase may be necessary to some extent. He suggests that this should be assessed specifically in respect of those individual employees who have definite commitments in foreign currency. Those who have no families abroad and no such commitments and therefore can live on the Shanghai standard should be excluded from such exchange adjustment increase. He is prepared, however, to agree to the reduction to $4\frac{1}{2}$ d of the rate on which "A" Class employees get exchange compensation.

Mr. Carney states that there are 80,000 to 90,000 taxable properties in Shanghai and that the cost of the proposed largest pay increases would involve only a small sum per property per annum. In the light of his own knowledge and information obtained from other business houses, the basic pay of municipal employees is comparatively on the low side. He considers that to treat the matter in terms of the amount of percentage increase involved is misleading and he is satisfied that the gross salary which would be involved by the proposed increases would not be out of line with pay given in business firms. He therefore favours financing such increases to the full extent recommended by the Finance Committee.

Mr. Okamoto states that it may be necessary to recognise the need for exchange adjustments in respect of those employees having home education and other foreign currency commitments. He agrees that the standard of living of foreign employees is higher than that of Japanese and Chinese employees, but he cannot agree that there is such a discrepancy as to warrant the proposed largest pay increases. In expressing doubt as to the desirability of their financing by means of the sale of properties, he again expresses sympathy with the genuine needs of employees but questions that those needs are as high as estimated by the Staff Committee. He mentions the fact that in recent years Japanese and particularly Japanese governmental employees, have been called upon to bear very substantial reductions in their pay.

Mr. Allman states that within his knowledge the Council's staff are paid lower than those in certain other firms. He does not consider that the Council's financial position is so desperate, or that the further deficit envisaged is so large, that the situation cannot be met despite the grant of the proposed increased pay.

Mr. Okamoto enquires what the Council's attitude will be if there is no finality to its deficits. He states that even if an increase in pay is granted, the Council may not be able to satisfy and thus retain all its employees.

Mr. Mitchell, in referring to the views of Mr. Okamoto and Mr. Hanawa, states that he believes that certain of the essentials which should determine this matter are being neglected. Admitting that it may be a form of practical socialism, he states that there is a limit to the application of the theory that the rich can be further burdened and the poor relieved. He states that the facts of the matter are that the highly paid employees have suffered oppressive pay conditions for the four years since 1936. Today he considers that the staff is thoroughly underpaid, and especially the most senior employees. He does not believe that it is an apt analogy that municipal employees should be called upon to suffer in respect of their employment by the Council, in the same way as they might be prepared to suffer for their country from patriotic motives. He states that purely business considerations govern in the present case, and that if the Council does not give the pay increases proposed it will lose all its good employees and there will remain only those of mediocre and bad quality. He states that there is a large market for staff personnel of low quality in the local business field, but that he does not consider that the Council would be wise in being in the market for personnel of such type. He states that it is a condition of the world market, and not a feature limited exclusively to Shanghai that American nationals are paid more than British and British more than some other nationals. He states that if the objections to the proposed pay increase involve any possibility of disrupting the existing staff organisation of the municipal administration, he must very strongly oppose such objections. In his view it would be suicidal to economise at the expense of the present organisation of the staff, and any modifications of such organisation that it may be desirable to introduce should be undertaken only gradually.

Mr. Okamoto emphasises his desire to be fair and just to the staff. He states that his opposition to the higher proposals is based not only on the admitted fact that Oriental personnel are able to live at cheaper cost than foreign personnel, but is based also on his knowledge of reduced standards of living accepted in Occidental countries. He remains of opinion that percentage increases in the neighbourhood of 100% are too high.

Mr. Yulin Hsi refers to the Treasurer's report of May 28 in which he states that the cost of the Staff Committee's final proposals for the remainder of the current year will amount to nearly \$3,934,000, of which the Treasurer has stated that he can possibly finance only \$1,500,000, the balance of nearly 2½ million dollars being required to be financed by temporary borrowings or by the sale of surplus assets; and also the Treasurer's expression of view that it is essential that the proposed large pay expenditure for which there is no budget provision should not be

authorized unless steps are taken to ensure that funds will become available when required. Mr. Hsi states that whilst he cannot wholly agree with this final expression of view of the Treasurer, nevertheless, in view of the possibility of a further drop in exchange to 3d. he doubts the wisdom of financing staff pay increase proposals to the last cent which at the moment may seem possible. If the public affairs are to be administered successfully, he considers that the Council must adopt a conservative attitude and not spend every possible cent available. He refers to the doubts expressed by certain members of the Finance Committee as to the desirability of financing by means of the sale of the Council's assets. Mr. Hsi continues that, nevertheless, the cost of living index indicates a real need for increased pay to some extent proportionate to the higher cost of living. He states that his sympathies have, however, always been directed primarily to the lower paid staff rather than the higher paid. He had objected to the first proposals of the Staff Committee for the reason that they disproportionately favoured the higher paid employees. The final proposal of the Staff Committee of a 70% allowance plus a rice allowance met this objection and he favours this percentage for the lower paid staff. In respect of "A" Class foreign employees, as he has previously stated, he agrees that it is essential that the Council should not lose its key-men and that they should therefore receive special treatment. Accordingly he is in accord with an exchange adjustment down to 4½d, but no lower, even should exchange go down to 3d. For "B" and "I" Class foreign employees, if 70% is allowed for Chinese employees, then he agrees they should also get the same percentage, but no more. Mr. Hsi adds that his views are those of the other Chinese members of Council.

Mr. MacDonald states that he would be prepared to risk an addition to the budget deficit, provided the increased allowances are limited to the lower paid staff. He states that he is attracted by the suggestion of Mr. Hanawa that in respect of the higher paid employees only those individual cases who have foreign currency commitments should be given further financial relief. He states that there is an example of a somewhat similar practice among the staff of the Waterworks Company.

Summarising the various proposals so far made, the Chairman states that there are briefly 4 proposals, all of which admits the desirability of an exchange adjustment down to 4½d for Class "A" foreign employees. The four proposals are: that of Mr. Hanawa 60%, Mr. Hsi 70%, Mr. Powell's first proposal of 55% and 75%, and the final proposal of the Staff Committee of 70% plus 25%, i.e. 95% for staff under letters of appointment. He adds that it would appear that everyone is agreed that the present rice allowance should continue and that the low limit of exchange adjustment should be brought down to 4½d.

Mr. Haley states that Mr. Okamoto has made an eloquent plea for sacrifices on the part of the staff. Since the cost of living is about $3\frac{1}{2}$ times what it was, and since the proposals do not contemplate more than the doubling of pay, this sacrifice the staff is already and will continue to be making. In his view the sacrifice is more excessive than it should be. He states that a substantial pay increase would only be fair. He considers that the first proposal of Mr. Powell is inadequate and that the final proposal of the Staff Committee goes a little beyond the needs. He makes a fifth proposal, which is to reduce the Staff Committee's final proposal of 70% to 60%, retaining the other proposed benefits, including rice allowance, an extra 25% subsistence allowance, and the 4 $\frac{1}{2}$ d exchange adjustment. His proposal, in comparison with the four proposals above mentioned would thus involve a figure of 85% for employees on letter of appointment.

Mr. Yu Ya Ching states that his general view is that the higher paid employees should get less increase and the lower paid employees more.

Mr. Yulin Hsi states that there is merit in Mr. Haley's proposal, since by reducing the percentage from 95% to 85% a considerable saving would follow. He states that he remains uncerned, however, as to the differential between the foreign and Chinese percentage, which Mr. Powell first placed at 55% and 75%, i.e. a differential of 20%. The demerit of Mr. Haley's proposal in his view is to widen this differential. Mr. Yulin Hsi states that at most he favours a differential of only 10% i.e. 60% and 70% for Chinese and foreign respectively.

With regard to the desire to ensure the largest possible percentage increase for the very lowest paid staff, the Chairman states that this is cared for by the stipulation of a minimum allowance for Chinese employees of \$16, in conjunction with maintenance of the rice allowance. The Treasurer confirms this and adds that the increase in certain such cases will be as much as 150%. Mr. Carney also produces figures indicating this fact in favour of the lowest paid Chinese employees.

Mr. Mitchell suggests that to assist in resolving the many differences of view on this very complex matter it may be of service to concentrate first on fixing the differential between the percentage increase for staff on letter of appointment and the remainder of the staff. He points out that the type of employee serving under letter of appointment lives to a large extent on imported articles and that therefore their pay is fundamentally related to the exchange factor. He therefore feels that there is no logic in any suggestion that there should be no differential in the percentage. He suggests that an average should be struck between the various proposals submitted.

Mr. Okamoto remarks in this connection that while admitting that Japanese commodities consumed differ in kind from those consumed by foreign non-Japanese employees, there are certain of such commodities, such as vegetables, for which the Japanese community has to pay more than the communities in the Settlement and French area.

Mr. Powell, referring to Mr. Yulin Hsi's quoted figures from the cost of living index, states that these particulars cannot be used with accuracy, and that they involve a comparison of incomparables. Referring to Mr. Okamoto's reference to the ratepayers' resolution, Mr. Powell states that he has no quarrel with his interpretation that the function of the Economy Committee is to attempt to effect a reduction in municipal costs. He states that as the original sponsor of the proposals to increase staff allowances, it was his objective solely to achieve a temporary expedient. He states that the ratepayers having chosen an Economy Committee whose scope would naturally be to investigate basic salaries, he considers that it would be impolitic in respect of the ratepayers for the Council now to attempt an adjustment in respect of such basic salaries. He points out that the Economy Committee will not, however, be in a position to make recommendations effecting the basic terms of service for some months, and that therefore it devolves upon the Council to shoulder on behalf of ratepayers the existing responsibility for maintaining an efficient staff organisation involving adequate pay, for at least until such time as the Economy Committee have made their findings as to such organisation and pay. He states that in relation to the fundamental criteria of the market value of the Council's senior employees and the maintenance of the integrity of the Service, the present rates of pay are dangerously low on both accounts. He concludes that as he does not consider that the Council can evade its immediate responsibility for the staff organisation on behalf of the ratepayers, he now favours the final proposals of the Staff Committee.

Mr. Okamoto states that he wishes to make it clear again that he has no quarrel with the proposal to increase staff pay, but that he questions only the extent of the increase finally proposed by the Staff Committee. He takes this stand notwithstanding that he feels that any increase may be regarded as offending against the principle of the ratepayers' resolution regarding economy. He interposes that he regards the scope of the Economy Committee as being thoroughly exhaustive and reaching down to such fundamentals as examination of the Land Regulations.

Mr. Yulin Hsi states that since all members now appear to be agreed that some increase in staff pay must be granted, there remain the differences only as to the amount. Mr. Mitchell replies that Mr. Hsi and the other members who share his concepts in this matter should be

prepared to agree to a compromise with the concepts maintained by the remaining group of members. He suggests as a compromise 65% for those not on letters of appointment and 85% for those on letters of appointment.

Mr. Hsi objects that this still retains too much of a differential.

The Chairman agrees that some compromise is indicated between the two groups of members who, having knowledge of different sides of the labour market, are each representing their particular side. He suggests a compromise in respect of the differential between those on letter of appointment and others by a reduction in such differential from 25% to 12%. He therefore favours 65% and 77%, with maintenance of the minimum of \$16 and the rice allowance. He adds that all members are unanimous in extending the exchange adjustment down to 4½d, and are agreed on the principle that the very lowest paid should get the highest percentage increase. He further states that his proposal has the merit of being within the bounds of expenditure that it is feasible to finance as a temporary arrangement.

Mr. Kiang favours the Chairman's proposal as a temporary measure.

Mr. MacDonald states that, with the exception of special cases to which he has referred, he remains of the view that nothing more should be done for the higher paid employees, but that lower paid should receive 65% or 75%.

Mr. Mitchell states that for the sake of reaching unanimity he is prepared to support the Chairman's proposal, but that if unanimity is not possible then he favours the final recommendations of the Staff Committee based on the Finance Committee's views as to the feasibility of financing them. He stresses the importance of achieving unanimity in this matter.

The Chairman agrees that his proposal cannot be considered ideal, but that a departure from the ideal is probably justified in view of the importance of reaching unanimity.

The Secretary & Commissioner General interposes that in the opinion, he is sure, of Heads of Departments and in his own opinion any suggestion in a Service of the size and variety of the Council's Service of special treatment of individual cases in the allocation of exchange adjustment would be beset by extreme difficulty and is highly undesirable.

Mr. Okamoto states that he is now inclined to favour Mr. Yulin Hsi's proposal of 70% for all. The Chairman replies that the difficulty remains of reconciling this view with the view of the other group of members that employees on letter of appointment, having higher living

standards, are entitled to more than the other employees. In his view it remains desirable therefore to achieve a compromise that will go some way to meeting all the different views.

Mr. Yulin Hsi states that he too now favours the reaching of a unanimous decision if possible.

The Chairman thereupon invites a vote on his proposal, which he states will not satisfy all shades of thought expressed in the meeting but will attempt to satisfy at least the great majority view.

Mr. Okamoto states that he agrees to the Chairman's proposal, on the understanding that it is only a temporary expedient pending the findings of the Economy Committee. By a large majority it is thereupon

RESOLVED

- (1) a. That for all Chinese employees whose names are borne on the departmental monthly pay sheets and who do not serve under Letters of Appointment the temporary high cost of living allowance be increased from 30% to 65% of monthly pay exclusive of assessed allowances with a minimum monthly allowance of \$16.
- b. That the basis for the issue of the existing Rice Allowance remain unchanged.
- (2) a. That for "B" and "L" Class foreign employees and Chinese employees who serve under Letters of Appointment, the temporary high cost of living allowance be increased from 40% to 65% of monthly pay exclusive of assessed allowances with a minimum monthly allowance of \$16.
- b. That for "B" and "L" Class foreign employees and Chinese employees who serve under Letters of Appointment, there be issued a special allowance of 12% of monthly pay exclusive of assessed allowances.
- (3) a. That in respect of Class "A" foreign employees who receive exchange adjustment on Repatriation Pay the increased allowances under (a) and (b) in paragraph No.2 above apply on two-thirds of their monthly pay exclusive of assessed allowances.
- b. That for Class "A" foreign employees the scale for exchange adjustment on repatriation pay be extended down to 4 $\frac{1}{2}$ d.
- (4) That the above changes come into effect from May 1, 1940.

The Minutes of the meeting of the Education Board held on May 17, are submitted and confirmed.

The Minutes of the meeting of the Public Utilities Committee held on May 24 are submitted and confirmed.

G 9/1.

Shanghai Electric Construction Co., Ltd. - Application for increase in Fares. In supporting the adoption of the recommendation of the Public Utilities Committee in this matter, the Chairman declares an interest.

Mr. Powell suggests that whilst it may theoretically be correct to ask the Company to adjust fares for distances of one mile and over which exceed the maximum rates prescribed in the franchise, he doubts whether this is a course to be commended from a business viewpoint, in view of the fact that the Company has the absolute right to ask for fare increases higher than those they have actually asked for, and since he assumes that the Company knows best where the fare stages should be

located. Mr. Mitchell states that whilst the matter appears trifling, the Public Utilities Committee regards it as an important principle not to allow the Company even minor exceptions to the provisions of Utility franchises.

The Minutes of the meeting of the Library Committee of May 28 are submitted and confirmed.

H 1/16

Daylight Saving. With reference to the Council's decision favouring in principle a Daylight Saving scheme involving advancing the clock by one hour, there are submitted letters from various bodies in response to the Council's enquiries^{as} to their co-operation in the scheme. Particular reference is made to the fact that the French Municipal Council has also agreed in principle to adopt the scheme should the Council decide to go ahead with it. With regard to the French Municipal Council's qualification expressing their wish that the Council will reach an understanding regarding the scheme with other bodies including the Chinese Customs, the Deputy Secretary states that as a result of a conversation with Mr. Brediam it is understood that the French Municipal Council is prepared to adopt the scheme, if the Council does so, despite the objection of the Customs. The City Government of Greater Shanghai has stated that the scheme has its full agreement.

Mr. Allman favours the Council going ahead with the scheme despite the objections of the Customs, since he believes that it is generally favoured among the public. He has also been informed by one Bank that advancing the clock would cause them no real inconvenience.

Mr. Yu Ya Ching states that he is in favour of the scheme.

The large majority of members indicate themselves in favour of the scheme and the Chairman adds that every endeavour should be made to gain the co-operation of all parties and objectors.

The Secretary & Commissioner General suggests that members may wish to take a decision as to whether on a given date the Municipal clocks should be put forward one hour and the co-operation of private and public bodies invited to adopt the same course.

Mr. Haley suggests that it may be wise to allow more time in which to instruct the public as to the merits of the proposal.

The Chairman states that justification for the Council's adoption of the scheme, despite certain objections, is that the general public desires its adoption.

The matter is then voted upon and it is decided to adopt the scheme by which all Municipal clocks will be put forward by one hour and to fix the date for commencement of the scheme in conjunction with the French Municipal Council.

B 1/8

Municipal Charity Lottery. A letter is submitted from Mr. Gordon Morriss regarding the Council's decision to reject the proposal of a Municipal charity lottery and its doubts as to the success of such a scheme even if it was ventured upon. Mr. Morriss suggests that to allay such doubts further enquiries should be made by a committee of investigation, on which he offers to serve.

Mr. Yulin Hsi states that the Council should stand firm on its rejection of the scheme and should not re-open the question in any way, and in this view he is supported by Mr. Carney.

Mr. Allman favours further investigation of the prospects of the success of any such scheme.

Mr. Powell suggests that no harm will be done in accepting the offer of a ratepayer to present the practical aspects of a lottery scheme and in this view he is supported by Mr. MacDonald.

A vote is then taken as to whether the investigation proposed by Mr. Morriss should be undertaken and it is decided to adopt such a course.

F 5/18

Recess. It is agreed that the customary annual recess of the Council for 1940 should approximate to the usual dates and should be effective from Thursday, July 25 to Tuesday, September 3, both dates inclusive.

H 3/476

Municipal Advocate's Salary. A memorandum submitted by the Secretary & Commissioner General refers to the discussions in the Staff Committee of Mr. Bryan's statement to him that he feels that he must resign from the Council's service unless the Council is prepared to pay him a salary of U.S.\$7,500 per annum.

The Secretary & Commissioner General states that in his opinion, taking all the factors into account, the request of the Municipal Advocate should be granted and that he is influenced by two factors:

- (1) in his view it would be almost impossible to replace Mr. Bryan adequately at the present time.
- (2) Although as far as possible staff questions should be decided without regard to the nationality of the employee concerned, this is not altogether possible in an international service. He is further influenced by the view that it would be most unfortunate to lose the services of the Council's one senior American employee.

With regard to the difficulty of drawing any distinction between the Municipal Advocate and other Heads of Departments, the Secretary & Commissioner General suggests that this difficulty would be considerably eased by placing the Commissioner of Police, the Commissioner of Public Works, and the Treasurer on the maximum of their present scales.

In opening the discussion the Secretary & Commissioner General states that he had hoped to be able to submit a formula for dealing with the case of Mr. Bryan, but that he has now found it impossible to suggest any course other than that Mr. Bryan's case should be treated as a special

one by the granting of his request and the placing of Heads of Departments mentioned on the maximum of their present scales.

Mr. Allman states that Mr. Bryan is a very able employee and that he has ascertained that his home commitments approximate U.S.\$4,500 a year. He therefore considers that the pay of U.S.\$7,500 a year requested by Mr. Bryan is reasonable.

Mr. Okamoto states that the effect of this exceptional treatment of Mr. Bryan on other Heads of Departments must be carefully considered. He enquires as to the possibility of avoiding this difficulty by regarding the increase of Mr. Bryan's pay to U.S.\$7,500 a year as a special reward for special work that he might be called upon to undertake. Mr. Okamoto refers to the fact that during Mr. Bryan's absence on leave, it was evident that his Department could be carried on. He does not doubt Mr. Bryan's ability. He also refers to the fact that employees in all Departments naturally look for promotion; that such promotion is desirable and would be rendered possible should Mr. Bryan insist on leaving the service. Mr. Hanawa opposes any special treatment for Mr. Bryan as distinct from other Heads of Departments.

The Chairman states that the fact that the Municipal Advocate's Department was able to carry on for six months during his leave is no criterion as to its ability to carry on permanently with^{out} Mr. Bryan.

Mr. Powell states that the Staff Committee was unable to reach a decision on this question and that he support the two factors named by the Secretary & Commissioner General as influencing a decision in this case. He therefore favours the treatment of Mr. Bryan's case as a special one and the accord to him of the pay that he asks for. He does not consider that the pay of Mr. Bryan and other Heads of Departments is necessarily linked. He is convinced that the other Heads of Departments are underpaid and he favours consideration of their cases as distinct from that of Mr. Bryan and upon their own merits.

The Secretary & Commissioner General suggests that the issue should not be determined in relation to the question of Mr. Bryan's foreign commitments, a factor which applies to many other employees. Moreover, since it is the accepted practice that all municipal employees may at any time be called upon to do extra work and over-time work without special remuneration, he does not consider it wise to grant any pay concessions on the grounds of Mr. Bryan being asked to do any special work.

Members generally feel that if it is decided to pay Mr. Bryan more, such decision should be based purely on the desirability of retaining his services.

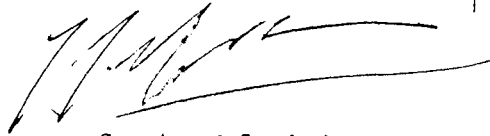
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A vote is then taken as to whether Mr. Bryan's request should be granted, without linking his case to that of other Heads of Departments. Members vote in the affirmative. By a further affirmative vote it is also decided that the remuneration of Mr. Bryan to the extent of U.S.\$7,500 annually which he asks for, should take the form of direct pay, to be issued as a special case.

The meeting terminates at 7.10 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, June 12, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

The Commissioner of Public Works

Dr. H. Pedersen (Public Health Department)

Miss E. M. Hinder

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. I. Okamoto

The minutes of the meeting held on May 29 are confirmed and signed by the Chairman.

B 1/8.

Municipal Lottery. The Secretary & Commissioner General states that whilst, in accordance with members' decision reached at the last meeting, he had taken steps to form the membership of a committee to investigate the practical possibilities of a municipal lottery, there had in the meantime been submitted a letter from H.B.M. Consul-General stating that in the event of such a lottery materialising British members or employees of the Council would remain exposed to the risk of a private prosecution.

Having regard to the receipt of this letter, the Chairman states that both British and American Councillors would appear to be liable to such private prosecution. He invites an expression of members wishes as to their desire to proceed with the proposed committee investigation.

Mr. MacDonald suggests the possibility of the farming out of the lottery to nationals who would not be subject to legal disabilities.

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Mr. Allman states that the legal difficulties had previously been made clear to the Council, but that his understanding was that nevertheless the Council wished to be advised as to the practical possibilities of a municipal lottery.

Mr. Kiang states that since the authorities have confirmed that the operation of a municipal lottery would be an offence in law, he considers that by the setting up of the proposed committee the unfortunate impression might be conveyed that the Council was expecting from them the discovery of some device whereby to circumvent the legal difficulties.

By a majority vote it is decided not to proceed with the proposed committee of investigation.

The Minutes of the meeting of the Works Committee of June 6 are submitted and confirmed.

L 12/3.

Bund Landing Accommodation. Mr. Carney enquires as to the possibility of arranging that the Postal authorities will adopt different times for the sending of their mail bags to the passenger jetties, in order to avoid the inconvenience resulting from the present practice. The Deputy Secretary replies that a letter just received from the Customs authorities indicates that the River Police Hulk will shortly be moved to Footing point and the congestion will thereby be relieved.

L 1/11.

Production of Gas. In reply to Mr. Carney, the Commissioner of Public Works states that he is unable definitely to say what would be the financial results of the scheme of production of gas, until such time as the Gas Company are in a position to estimate what they are prepared to pay for the gas produced.

The Minutes of the meetings of the Public Utilities Committee held on June 7 and 11 are submitted and confirmed.

F 3/43.

Training and Registration of Industrial Apprentices. There is submitted a letter from the Chairman of the Apprentice Committee of the Engineering Society of China inviting the recognition by the Council (as also of the French Municipal Authorities) of a scheme for the training and registration of industrial apprentices.

In a covering comment the Secretary & Commissioner General states that the scheme involves on the part of the Council the promulgation by the Council of non-compulsory regulations framed by the Engineering Society of China governing the training and employment of industrial apprentices, and on the part of the public their voluntary co-operation in agreeing to train and employ industrial apprentices in accordance with the promulgated regulations. To this end the Council is required to undertake the registration of and issue of certificates in respect of such apprentices.

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The scheme envisages the administration of the regulations by the Council's Industrial Section, in co-operation with the Engineering Society of China. Miss Hinder, in a report submitted, favours the Council's adoption of the scheme and indicates the services that her Section is prepared to render in its execution.

It is noted that analogous instances of such non-compulsory regulations promulgated by the Council, which have obtained the public's voluntary support, are those regulations for the registration of medical practitioners and for boiler engineers.

The Secretary & Commissioner General suggests that since the Council's Education Department is not in fact conducting technical education for apprentices, the wording in the regulations reading "conducted by the Local Education Authority or other competent organization" be altered to read "conducted by competent educational or other organizations."

Mr. Hanawa states that he has now had an opportunity to consult Japanese opinion in the matter. He states that the view of Japanese industries is that such an apprentice scheme is out-moded and that Japanese industries feel that they cannot co-operate. He personally, however, has no objection, provided the scheme involves no cost to the Council.

Miss Hinder states that the scheme will not involve great numbers and therefore will entail no cost. Nevertheless, if only a few hundred are cared for under the scheme it will serve local industries.

The Chairman states that since the scheme is non-compulsory, will involve no extra cost, and is an attempt at progress and betterment in the interests of industries, no harm and possibly good will result.

Members accordingly decide to adopt the scheme.

F 30/12. Supplies Sub-Committee Minutes. In a memorandum submitted the Secretary & Commissioner General states that arising from the recommendations of the Supplies Sub-Committee framed at its meeting on May 27 it is necessary to decide whether the Council desires to set up a Control Board of full-time officials for the purpose of fixing the maximum prices of necessary basic commodities and also to decide the main criteria which would guide the Control Board in fixing prices.

In reply to Mr. Allman, the Secretary & Commissioner General states that it is hoped to obtain the full time officials contemplated by seconding existing staff.

Mr. Mitchell expresses considerable doubts as to the results of the functioning of such a Control Board. He expresses the fear that interference with ordinary commerce under the complex local conditions may result in driving goods out of the market. He instances this result

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as having occurred from an attempt to control trade in North China. In his view the report of the Supplies Sub-Committee is equivocal in its terms and creates the impression of an attempt to transfer its own doubts and uncertainties to the Council. He believes that there has been an insufficient consideration by the Committee of the effects of the functioning of the proposed Control Board.

Mr. Allman states that he is in principle opposed to price fixing by a Control Board, but that the formation of some measure of control may be said to be expedient.

Mr. Powell emphasises the doubts and difficulties expressed by Mr. Mitchell. In his view price fixing by a Control Board is liable to lead to disaster. He appreciates that members may be embarrassed by and may find it difficult to go counter to the lead given by the French authorities in this matter. Nevertheless, he considers that without means to control the channels and quantities of supply, the Council cannot succeed in an attempt at price control.

Mr. Kiang states that he also is opposed to a price fixing Control Board. He states that efforts should be devoted rather towards ensuring a sufficiency of commodities, before attempting regulation of the prices of those commodities. He suggests that efforts would better be directed to encouraging a greater supply of commodities and the prevention of hoarding and profiteering, rather than to attempt price fixing. He states that the penalties imposed through the activities of the Supplies Sub-Committee had fallen only on negligible parties, such as minor hawkers, whilst there is no evidence that they have been able to deal with the bigger offenders. He also fears the danger of scaring trade from the Shanghai market.

Mr. Carney states that the evidence is that price fixing has already been attempted and has failed. He therefore is opposed to a price fixing board.

In reply to Mr. Allman, the Secretary & Commissioner General states that the French Authorities had already set up such a Control Board, but that apart from fixing rice prices they had not yet started on fixing the prices of any other basic commodities.

Responding to the Chairman's invitation for an expression of his views, Dr. Pedersen agrees that there are possibilities of considerable danger in attempting to control prices. He is against any attempt at sweeping control of all prices. He feels that the functions of any such control body should be exercised very carefully and gradually and be directed primarily against known instances of profiteering. He suggests the possibility of an experiment in the exercise of price fixing functions by dealing first with one commodity only. He suggests that consultation

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and co-operation of those concerned in the sale of any particular commodity are advisable and that with such voluntary assistance it might then be possible to attempt some measure of price fixing.

The Chairman states that the French authorities have proceeded with the formation of a price fixing board without consulting the Council. It is his belief that the contemplated Control Board cannot successfully control prices. He feels, however, that it may well exercise certain restricted functions, such as dealing with cases of profiteering. As an earnest of co-operation with the French Council he considers that some body should be vested with advisory powers, but not to undertake so fundamental a measure as price control.

Mr. Gockson states that the violent fluctuation of exchange renders price fixing a very difficult task and that the attempt to fix rice prices has failed.

In reply to Mr. Powell's observations as to discrepancies that exist between actual prices and those listed in the published price lists of the Public Health Department, Dr. Pedersen admits these discrepancies. He states that these lists are at present far from perfect but that the aim is to improve them and gradually remove the discrepancies mentioned.

The Secretary & Commissioner General reminds members that the French authorities have definitely decided upon the fixing of prices, and that probably unfavourable publicity will result from the Council's decision not to associate itself with this work. He adds that it will be necessary clearly to define the functions of any price fixing board on which Council officials are represented, in order that it may be understood whether or not there is full delegation of power to the board to fix prices or whether the board is merely to advise and will therefore be required to make reference to the Council in each case.

Mr. Mitchell states that he is opposed to any body having the power to fix prices without reference to the Council. He favours the views of the Chairman that the functions of any Control Board should be limited to preventing abuses and carrying out duties other than those of price fixing.

Mr. Yulin Hsi states that he agrees that it is exceedingly difficult to attempt to control or fix prices. Nevertheless, he feels that something should be done by setting up the machinery proposed by the Chairman, upon the understanding that it is not granted unlimited price fixing powers.

The Chairman states that he considers that to establish a body outside the Council with unlimited powers to fix prices would be a very dangerous proceeding. He states that the Council members are amateurs in the field of economics. He believes that the course attempted

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by the French authorities has been dictated more by boldness than by wisdom and that they will encounter enormous difficulties. He remains of the view that a body with restricted powers, which could explore its way more gradually, is the most that should be undertaken.

Mr. Yu Ya Ching favours efforts by co-operation and persuasion with traders rather than by compulsion, and accordingly he favours the views of the Chairman.

Members finally express themselves unanimously in favour of the functioning of a Council body of full-time officials to work in conjunction with the French Board of Price Control in an effort to curb profiteering, it however being clearly understood that this body will have no authority to fix prices without prior reference to the Council.

L 8/1.

Open-air Cinema - McBain and Majestic Roads. Application is submitted for approval of a site, McBain and Majestic Roads, on which it is proposed to operate an open-air cinema. The Commissioner of Police recommends that the application be refused, owing to the number of objectors and places of amusement already in the vicinity. The Police have, however, no objection on traffic grounds. The Fire Brigade have no objection, provided their conditions are satisfied.

The Commissioner of Public Works recommends approval subject to:

- (1) The applicant abiding by his undertakings and guarantees.
- (2) The closure of the cinema at 11.30 p.m.
- (3) It being stipulated that the Council reserves the right entirely at its own discretion to cancel the licence and require cessation of the cinema at any time, should in its opinion the cinema be regarded as a nuisance. The applicant has already accepted this stipulation.

In a covering memorandum the Secretary & Commissioner General observes that, with reference to the Police views, members will note that the objections are based on the grounds of anticipation of a noise nuisance against the creation of which guarantees have been offered. He states that the operation of a cinema is a permissible trade occupation under the Bye-laws, and that there would appear to be no justification in restricting the number of cinemas. He adds that since the question of a noise nuisance is one of fact and cannot satisfactorily be established in advance, it may be considered reasonable for the Council to accept the guarantees against a noise nuisance offered by the applicant and to require his strict observance thereof upon penalty of the loss of his licence.

Mr. Yulin Hsi states that he supports the recommendation of the Commissioner of Public Works, adding that the proposed premises are not surrounded by buildings as in the case of a previous open-air cinema which was permitted to operate.

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Mr. MacDonald replies that, nevertheless, apartment buildings abut right on to the proposed site.

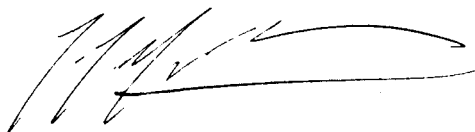
The Chairman favours adopting the recommendation of the Commissioner of Public Works that a licence be granted subject to guarantees and penalties, and in this view he is supported by Mr. Kiang.

By a large majority vote it is decided to approve the site and issue a licence, under the conditions named by the Commissioner of Public Works.

The meeting terminates at 5.30 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, June 26, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

G.E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

• Yu Ya Ching

The Deputy Treasurer - Revenue

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. R. G. MacDonald

The Minutes of the meeting held on June 12 are confirmed and signed by the
Chairman.

The Minutes of the meeting of the Education Board held on June 14 are submitted
and confirmed.

The Minutes of the meeting of the Health Committee held on June 20 are submitted
and confirmed.

The Minutes of the meeting of the Works Committee held on June 24 are submitted
and confirmed.

L 12/3.

Bund Landing Accommodation - Charges. In submitting for decision the
recommendation of the Works Committee, Mr. Mitchell requests that members
will take into consideration the views expressed in a letter submitted by
Mr. Marden, who was absent from the meeting of the Committee. Mr. Marden
is opposed to the principle of the Council making profits in respect of
its operation of the Bund Landing Accommodation scheme.

Mr. Mitchell states that his own view is that the Council is
entitled to produce revenue profits on its operation of the Bund Landing
Accommodation scheme, and in this view he is supported by the Chairman.

Mr. Yulin Hsi states that at the time the Council first intro-
duced its charges there were protests. At that time he had agreed to such
charges since he felt that the Council was entitled to offset the expenses
by revenue. He had not, however, contemplated profits from the operation
of the scheme. He now, therefore, objects to the principle of profits on

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the revenue obtained. He supports the view of Mr. Marden, and states that the two Chinese members who were absent from the Works Committee meeting are also opposed to the increase in charges.

Mr. Allman expresses the view that there may be complaints from wharf operators, competing with the Bund landing accommodation, if the Council were to make inadequate charges for its facilities.

Mr. Yulin Hsi replies that the Council is already in receipt of wharfage dues and licence fees; that it would not be untoward for the Council to give free facilities, and that it is a wrong practice for the Council to compete on commercial lines and to make a profit.

Mr. Haley suggests that under the existing conditions there is no reason why the Council should not obtain revenue from these facilities. He states that the Council needs the money; that the charges are not onerous, and that their absence would invite complaints from competing wharves. He points out that if the principle is now adopted that the Council is not entitled to make any profits on this scheme, rather than increase the existing charges it would have to reduce them as they already yield a profit.

The Chairman states that though his private interests would influence his view against revenue profits on the Bund landing scheme, he is prepared to subordinate them to the desirability, in his opinion, that the Council should profit from the Bund landing scheme. He adds that the Council can ill-afford to lose any of its existing revenue.

With regard to the suggestion that the proposed increased charges will affect the costs to the consumer, Mr. Mitchell points out that should the charges be not increased the difference would accrue only to the shipowners and not to the consumers.

The Chairman thereupon invites a vote on the two issues as to whether the Council should profit from its operation of the Bund Landing scheme and whether it should double the existing charges. By a majority vote members vote in the affirmative on these two issues and accordingly adopt the recommendations of the Works Committee.

The Minutes of the meeting of the Public Utilities Committee held on June 25 are submitted. The recommendation made by the Committee is, however, not adopted.

Shanghai Gas Co. Ltd. - Proposed issue of bonus shares. Mr. Mitchell, Chairman of the Public Utilities Committee, submits for members' consideration the recommendation of the Committee that the intention of the Shanghai Gas Co., Ltd., to issue 140,000 bonus shares of \$10 each as notified in its letter of June 21, 1940, be noted, but that when the Company's tariff of charges is under review in future consideration be given to this issue of bonus shares in making provision for the payment of dividends.

G 7/2.

Mr. Okamoto states that at the Committee meeting he expressed himself as opposed to the issue of these bonus shares. He states that he is anxious to agree if possible with the views of the majority of members, but that he has at present an inadequate knowledge of the merits or demerits of the Company's proposal. He therefore desires postponement of a decision in order that he can satisfy himself as to the correct attitude that he should adopt.

The Secretary & Commissioner General explains the reason for the short time which members have had to deal with this matter. He states that the Company's proposed bonus share issue having come informally to the Council's notice, the Company was requested to furnish information regarding it, as a result of which he had addressed the Company inviting their attention to the fact that under the franchise the Company's liberty to increase its capital is confined to such increases as may be necessary for the fulfilment of its programme and the development of its business, and that this provision would appear clearly to imply that before any increase of capital takes place the Council should have a reasonable opportunity to satisfy itself that the proposed increase is in fact necessary for the fulfilment of the Company's programme and the development of its business.

The Secretary & Commissioner General adds that the Company's intention to make this bonus share issue was anticipated by a notice to shareholders issued as long ago as in 1931 and 1932. Also in 1935 and 1937 issues of capital were made to assist the Company's finances with the inducement that an issue of bonus shares would be forthcoming upon the sale of the Company's old site. He states that the Company's present intention is to inform its shareholders on June 29 of its bonus share issue proposals.

Mr. Mitchell refers to the terms of the recommendation framed by the Committee, the first part of which contains a decision merely to "note" the Company's intention to issue bonus shares. He states that it was not the Committee's intention that the Company should be informed of the second decision contained in the recommendation, namely that when the Company's tariff of charges is under review in the future consideration will be given by the Council to this issue of bonus shares in making provision for the payment of dividends.

Mr. Yulin Hsi suggests that it should suffice merely to note the Company's proposals, without any further comment, since he considers that the Company has every right to issue the shares and the Council equally every right to regulate the Company's share dividends and its tariff of charges. He states that it is his belief that the Company's main aim is to obtain the Council's approval of the share issue, in order that it can

place the construction upon such approval that the issue will not operate unfavourably to the shareholders when the tariff of charges is again under consideration. Mr. Mitchell replies that this is hardly the case, since the Company would not have reported the share issue to the Council unless it had been requested to do so.

Mr. Haley states that consideration should be given as to what would eventuate if the Council disapproved the share issue. In his view the Company would be entitled to proceed despite such disapproval.

The Secretary & Commissioner General states that it would prove embarrassing merely to note the Company's intention without giving it some indication of the proposed reservation and members generally agree.

With regard to the proposal that a written reply should take the form of merely noting the intention to issue shares, and avoid saying anything which would disclose that the Council has in mind the effect of such issue on dividend earning and tariff making, Mr. Carney expresses the view that this would be unfair to the shareholders, since the Company would be entitled to construe such a bare notice as an indication that the bonus shares would receive the same consideration from the Council, in tariff framing, as the existing shares. He considers that it should be made clear to the Company that the Council reserves full liberty of action in connection with tariff framing, in consequence of the intended bonus share issue.

Mr. Mitchell states that, in his opinion, it is extremely difficult to make any reservation, in noting the Company's intention, which will not carry the implication to the Company of the possibility that the Council may if it sees fit regulate the dividends in respect of this bonus share issue.

The Chairman states that the question of the terms of the Council's letter, replying to the Company's notification of its proposed share issue, appears to anticipate the main question as to whether the Company is fully entitled to make such issue and to expect that such issue will not prejudice its future tariff proposals. He states that if he was asked to anticipate this question he would express himself unequivocally to the effect that the Company is fully entitled to make such share issue; that it is good finance to do so, and that it is entitled to normal dividends on such shares.

Mr. Powell supports the Chairman's view. He maintains that the Company is entitled to issue these bonus shares and is also entitled to the same interest thereon as on any other of its capital. He considers that if the Council writes merely noting the Company's intention, the Company would then be entitled to draw the inferences as to its rights as he has described them.

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Mr. Carney states that during the discussion at the Public Utilities Committee meeting there was revealed a difference of opinion as to what interest the Company is entitled to on these particular shares. He considers that no definite decision on this particular point is possible without further study. He does not consider that the Company should be permitted to infer from the terms of the Council's reply what amount of interest it is entitled to on this particular share issue.

Mr. Haley states that in his opinion the only proper criterion to be employed in judging of the reasonableness of the Company's dividends, is whether the proposed bonus share issue involves capitalisation in excess of the needs of the Company's business. Only in the event of the Council deciding that there is watering of the capital would it be entitled to preclude the Company from claiming normal dividends on the whole of its capital.

The Chairman reiterates that he has reached the conclusion on this particular point that the Company is definitely entitled to normal dividends on this bonus share issue.

Mr. Allman states that he agrees that the Company is entitled to increase its capitalisation by this bonus share issue, but that he remains in doubt as to whether the dividend rate regarded as reasonable by the Council should not be affected in respect of this issue.

Mr. Mitchell replies that the Council's express concern is with the Company's tariff and not with its dividends.

Mr. Okamoto enquires whether, despite the fact that the Council's express concern is not with the Company's dividends, it has the power to regulate the Company's tariff. The Chairman replies that the Council unquestionably has this power.

The Chairman amplifies his views regarding the soundness of the Company's financial propositions in utilisation of the profits from the sale of its property. He points out that by the paying off of part of the overdraft, the bank interest rate on which is variable, the consumers interests are better protected. As compared with a bank overdraft, which can at any moment be called and whose rate of interest can be increased, he considers that share capitalisation of the property sale profits is preferable.

Mr. Carney states that the Public Utilities Committee on the whole felt that the Company was acting quite properly in issuing the bonus shares, but that the main disagreement at the Committee's meeting was on the point as to the amount of dividend on such shares to which the Company is entitled.

Mr. Kiang states that this being so, it should suffice to reply to the Company merely noting their proposed bonus share issue.

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The Secretary & Commissioner General replies that if the Company is doing what is right, then it is not fair to it that there should be any doubt implied by the Council in its reply, and that if the bonus share issue is to be held against the Company in respect of future tariff surcharge proposals then the Company should be so informed. He suggests that it might suffice if the Company were verbally informed of the differences entertained by members on this question and were advised that a definite decision will be rendered at the next Council meeting after reconsideration by the Public Utilities Committee. Members agree to this course.

G 2/10.

Proposed Underground Telegraph Cable - Central China Telecommunications Co., Ltd.

There is submitted a letter from the Central China Telecommunications Co., Ltd., requesting the Council to quote an estimate of the cost of laying an underground telegraph cable from the Company's branch office at N9.70 Foochow Road, along Szechuen and North Szechuen Roads to the junction of the latter and Chiu Kiang Road, with a connection along Jinkee Road to the International Radio Office in Sassoon House.

A report by the Commissioner of Public Works is submitted giving estimates of the cost of this work on the proposed route and a cheaper alternative route.

In a memorandum submitted the Secretary & Commissioner General states that before quoting to the Company these estimates the question of permitting such a cable to be laid has to be considered, and a draft permit form, with which the Commissioner of Public Works agrees, based on previous cases where such permission has been granted, is submitted for approval.

The last such case was in 1934 when the Bureau of International Telegraphs of the Ministry of Communications of the Chinese Government was permitted, under similar conditions, to extend its Shanghai-Woosung Telegraph Cable through the Settlement to its office in Avenue Edward VII. The Shanghai Telephone Company offers no objection to the laying of the proposed cable provided it is used for telegraph services only.

Members grant the permission requested, upon the terms of the draft permit submitted.

The meeting terminates at 6.00 p.m.




Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, July 10, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

X. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

The Minutes of the meeting held on June 26 are confirmed and signed by the Chairman.

E 1/10.

The Minutes of the meeting of the Orchestra & Band Committee held on June 23 are submitted and confirmed.

Musicians' Temporary Bonus. Mr. MacDonald, the Chairman of the Orchestra & Band Committee, summarizes the views expressed at the meeting of the Orchestra & Band Committee which resulted in the recommendation that from May 1, 1940, the present temporary bonus of 40% granted to the staff of the Orchestra & Band be increased to 65%, the minimum figure enjoyed by the municipal staff generally. He refers to the staff pay sheet of the Orchestra & Band and confirms from individual figures that the average pay of the musicians is \$200 and \$350 monthly. In strongly endorsing for the Council's approval the recommendation of the Committee, Mr. MacDonald refers to his personal knowledge of the living conditions of the musicians gained through his command of the Police Specials, in which many of the musicians render a service to the community.

Upon it being explained to Mr. Okamoto that only 4 or 5 of the musicians have permanent private engagements providing an income which augments their pay, he states that there may be reason for the view that the musicians generally find it hard to live on their existing pay.

The Chairman of Council states that, whilst not wishing to be dogmatic in respect of his view that the Council is precluded from exceeding the Orchestra & Band budget specially authorised by the ratepayers, he

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feels that he is personally precluded from approving the recommendation which will have the effect of going beyond the ratepayers' mandate.

Mr. MacDonald replies that when the Orchestra & Band budget was limited at \$200,000 by the ratepayers, the purchasing power of the dollar was much in excess of its present value.

Mr. Mitchell states that his reaction is much the same as that of the Chairman, and he adds that the solution of an Orchestra reduced in numbers had been ^{suggested} in order to allow of increased pay, which was the policy that was being carried out in other municipal departments at the dictates of economy.

Mr. MacDonald replies that this suggestion had been thoroughly explored and that, as stated in the minutes before members, the Conductor had confirmed that the efficiency of the Orchestra would be seriously reduced by any cut in staff, and that the view of the members of the Orchestra & Band Committee is that such a cut would be fatal to efficiency.

Mr. Carney expresses the view that members should not permit themselves to be unduly influenced by the fact that the ratepayers had placed a limit of \$200,000 on the Orchestra budget, since he considers that such limitation had not taken into consideration the fluctuating purchasing power of the dollar. He states that he strongly endorses the views expressed by the Committee regarding the justification available to the Council should it find it necessary to exceed a budget limit imposed originally in 1936, and adds that he believes that the ratepayers would also consider the Council was so justified.

In reply to enquiries by Messrs. Allman and Kiang, the Secretary & Commissioner General states that the musicians are Council employees in every sense of the term, except that the ordinary terms of service applicable to the staff generally do not apply to them. Furthermore, since in recent years the continued retention of the Orchestra has been left to decision of the ratepayers in annual meeting, it has been the practice to grant the musicians yearly contracts.

The Chairman states that he cannot altogether agree that the limitation on the Orchestra budget was imposed only in 1936. He considers that the limitation was last re-imposed at the ratepayers' meeting this year, by virtue of the ratepayers' adoption then of a budget similarly limited in amount. He adds that it is possible that the ratepayers at their meeting this year might have refused to pass a budget in excess of \$200,000.

Mr. Haley enquires whether the Committee has satisfied itself that the income of the Orchestra & Band is the maximum possible. Mr. MacDonald replies that this subject has been fully explored; that admission prices for the present summer concerts have been increased, and that prices for the coming winter season will also be increased.

Mr. Mitchell states that as it appears to be a fact that the musicians cannot live on their existing pay, it would not seem unreasonable to pay them more. On the other hand, if it is necessary to reconcile the increased pay with the budget limitation, he suggests that it may be desirable to adopt the Committee's recommendation with a rider to the effect that the numbers of musicians should be reduced in order to give adequate pay to the remainder.

Mr. Yulin Hsi states that if it is decided to retain the Orchestra then adequate pay should be given, leaving it to the ratepayers to decide on its further retention at the next ratepayers' meeting.

Mr. Powell states that he shares Mr. Haley's doubts as to whether every effort has been made by the Committee to ensure the increase of the Orchestra & Band's income to a maximum, and he enquires whether any effort has been made to offset the cost of the proposed pay increases, approximating \$26,500 for the balance of the year, by obtaining increased income. Mr. MacDonald replies that it would be absolutely impossible to increase income to such an extent.

The matter is then put to a vote and by a large majority the recommendation of the Orchestra & Band Committee is adopted.

The Minutes of the meeting of the Watch Committee held on July 3 are submitted and confirmed, except that the recommendation on the subject of Overcrowding is not adopted.

Public Omnibuses - Overcrowding and Smoke Nuisance. Mr. Carney, Chairman of the Watch Committee, refers to the deliberations by the Watch Committee on the subject of the smoke nuisance caused by public omnibuses and the overcrowding of these vehicles. With regard to the smoke nuisance he states that the Committee agreed that as the nuisance is not now prevalent no further action be taken regarding this matter until the Autumn.

Mr. Yulin Hsi states that although the Omnibus Company has been amply warned by the Council regarding the omnibus smoke nuisance it has failed to remedy matters and he does not believe that it has any real intention to effect a remedy. Accordingly, he suggests stronger action against the Company.

Mr. Carney states that, as a member of a firm that supplies fuel for the Company's omnibuses, he has had occasion to talk with the Company's engineers regarding the smoke nuisance. He states that it is difficult to reconcile the conflicting needs of the public for an augmented bus service with the fact that it is the use of certain of the older buses called into use to meet this need that causes the smoke nuisance. He adds that since the French omnibuses do not smoke, it was the general feeling of the Committee that the Company should be called upon to spend further capital in bringing out new omnibuses.

G 6/3. &
G 3/8.

The Commissioner of Public Works states that it does not appear that the Council is at the moment justified in taking action in respect of the smoke nuisance, since the Police evidence on the subject of this nuisance indicates a considerable decline in this nuisance during the current year and only one instance officially reported in the month of June. For this reason he had felt it reasonable to suggest the deferring any action in the matter until the Autumn, when the cooler weather is likely to cause a recurrence of the nuisance if adequate combative measures have not been adopted by the Company.

Mr. Powell states that without a thorough examination of all the technicalities involved, the Council would not appear to be justified in adopting the Watch Committee's recommendation with regard to suggested representations to the Bus Company as to the Council's concern regarding the Company's failure to provide at the present time for the replacement of older vehicles, and expressing the Council's view that the existing single-deck vehicles should be replaced with double-deck vehicles. He states that the two remedies which it is proposed that the Council should advocate to the Company will if adopted involve the Company in considerable capital expenditure. Whilst it might be expected that the Company would naturally wish to transfer some of this cost to the public, the Company has already stated that it cannot look for more income from fares, which are at the moment at the maximum which it feels the public can pay. Accordingly, he considers that should the Council make such representations to the Company and should the Company act upon them general embarrassment and loss may be occasioned and the public may be called upon to pay still higher fares than they can ill afford. Regarding the problematical efficacy of the double-deck omnibuses, he points out that the Commissioner of Public Works has stated that many of the roads are not suited to these heavier vehicles, and that consistent with its call for these heavier vehicles the Council would necessarily have to provide suitable roads. For these reasons he feels that it would be dangerous for the Council to address the proposed representations or any form of censure to the Company.

The Commissioner of Public Works points out that for the past 8 months no stone for the construction of roads has been received, and that only bare maintenance of the roads has been possible by the device of utilising old materials.

Mr. Garney states that whilst the nature of the evidence before the Committee, and judging from comparative figures of the increase in passengers and the increase in vehicles, appeared to warrant its view that the Company had failed to keep abreast with a necessary replacement programme, he recognized that a conclusive opinion could not be arrived at by the

Council without a more detailed examination into all the technicalities involved.

Mr. Allman states that whilst the Council may not at the moment feel itself in a position to adopt the Committee's recommendation in the terms in which it has been framed, nevertheless it does appear that a large percentage of the omnibuses are obsolete, and that some form of representations to the Company are necessary.

Mr. Haley observes that of the two issues before members, the smoke nuisance appears not at the moment to be serious. The other issue, namely bus overcrowding, appears to be worsening. Nevertheless, in view of the evidence that certain of the existing roads cannot accommodate a greater bus traffic, and in the absence of more detailed technical findings, he considers that it may prove to be a serious mistake to ask the Company to provide more omnibuses or to replace single-deck vehicles by double-deck vehicles.

The Secretary & Commissioner General states that the issue expressly before the Watch Committee was that of the overcrowding of buses from the limited traffic aspect, and that the aspects of fleet increases and capital expenditure incidental thereto are more properly the province of the Public Utilities Committee.

In summarizing the position, the Chairman states that on the present facts no strong case against the Company regarding the smoke nuisance would appear to exist, and that it would be better to postpone consideration of this question until the autumn. With regard to the efficacy of an extension of the Company's carrying accommodation, he considers that the Council should be careful in enforcing upon the Company large capital expenditure which burden it is to be expected will be transferred to the public. He feels that the matter should be approached with considerable caution and conclusions reached only after further detailed study. He therefore prefers to adopt a recommendation in less definite terms than those framed by the Watch Committee, and suggests that such might be framed in the sense that the Company be asked to keep the Council fully informed from time to time of its replacement and development programme and to consider the practicability of introducing more double-deck vehicles.

Mr. Klang concurs in the sense of the Chairman's proposed recommendation, with the addition of an invitation to the Company to consider also the practicability of the replacement of old buses by new vehicles.

Mr. Carney suggests that a small Committee might be set up, to include the Commissioner of Public Works and the Company's engineers.

The Commissioner of Public Works agrees that the matter of overcrowding is one of extreme complexity, since a mere multiplication of bus vehicles does not necessarily ensure an increase in carrying capacity as further vehicles on congested roads will only reduce the speed of all traffic.

Mr. Carney agrees that the matter is a highly technical one involving intricate engineering and traffic problems.

Mr. Yulin Hsi supports Mr. Carney's view that the matter should be further examined. With regard to the smoke nuisance, he considers that more drastic action is necessary, if only in justice to private car owners who continue to be prosecuted for this offence.

The Chairman favours adoption of the Secretary & Commissioner General's proposal that no decision regarding overcrowding be made at the moment and that the latter should consult with the Commissioner of Public Works regarding the devising of a procedure to enable detailed investigation of the matter.

The Minutes of the meeting of the Public Utilities Committee held on July 5 are submitted and confirmed.

C 20/2.

Funeral Home (or Coffin Repository) near junction of Columbia and Great Western Roads. An application by the Dah Kung Funeral Home is submitted requesting permission to use a site on Great Western Road near the junction of Columbia and Great Western Roads for the establishment of a funeral home or coffin repository.

The applicant refers to the fact that the Public Works Department has semi-officially verbally expressed itself as unfavourable to the proposition. The reason for this attitude on the part of the Public Works Department was that during 1938-1939 several applications for permission to establish coffin repositories and funeral parlours in the section of Great Western Road concerned were refused by them, consistent with the Council's previous definition of policy that such establishments should be restricted to the outskirts of the Western Extra-Settlement area.

The Commissioner of Public Works is now, however, of the opinion that refusal of the application in question would not be justified. The Commissioner of Public Health has no objection from a health standpoint and there is no Police objection.

From the applicant's letter it is noted that he appears to have considerable knowledge of the limitation of the Council's powers in the Western Extra-Settlement area; that he challenges the right of the Council to attempt to zone properties, or to restrict any type of business occupation provided it is properly conducted; that he maintains that the locality is not wholly residential, and that he quotes precedents

of other funeral homes established in similar districts. Finally, the applicant appears to imply that he intends to proceed with the scheme with or without the Council's approval.

From the report of the Commissioner of Public Works, it is noted that the project contemplates permanent brick buildings and that the coffin storage sheds will be over 200 feet from the road line, the entrance being on Great Western Road. The closest residences are two houses on the opposite side of the road. It is considered probable that the residents on Great Western Road will object to the enterprise on aesthetic grounds, apart from considerations of possible physical nuisances.

From the report of the Commissioner of Public Works it is noted that he is of the opinion that it is difficult to refuse this application, if the customary degree of control is exercised by the Public Health Department, and that it would not appear that a serious nuisance would be caused by the establishment. He refers to the fact that owing to the limitation of the Council's powers in the enclaves off the roads in the Western Extra-Settlement area, it is possible that the site may be developed in a form still more undesirable than that of a coffin repository and that the Council would probably be unable to prevent such development. He points out, however, that if this particular site is approved, it will be difficult to refuse the use for the same purpose of other vacant sites on the north side of Great Western Road.

Regarding the Council's legal power to control the location or operation of coffin repositories or funeral parlours, the Secretary & Commissioner General points out that the Land Regulations or Bye-laws do not expressly give the Council zoning powers or powers to licence such establishments. Nevertheless, in the public interest, the Council has attempted to control the location of such establishments. Prior to the Council concerning itself with the matter, there had developed the long-established practice of using guild premises situation within the Settlement proper for the storage of coffins.

At the Council meeting of October 5, 1938, the following decisions were made:-

1. That all Coffin Repositories must obtain the approval of the Public Works and Public Health Departments, such approval to stipulate that it is given only temporarily.
2. That the erection of such repositories in respect of the Western Extra-Settlement district be restricted to the area north of Rockhill Avenue and south of Brennan Road.

Since those decisions were made, the Public Works Department has been successful in restricting the majority of new coffin repositories to the outskirts of the Western Extra-Settlement area.

At the Council meeting of February 7 of this year, when authorising the establishment of a coffin repository in Seymour Road Extension,

the further policy was defined that:-

No new coffin repositories shall be allowed within the boundaries of the Settlement proper south of the Soochow Creek, and no extension of existing coffin repositories within the boundaries of the Settlement proper south of the Soochow Creek shall be permitted.

When the establishment of this coffin repository in Seymour Road Extension was permitted, the following conditions were stipulated by the Council:

1. That the premises shall conform to the regulations and requirements of Municipal Departments.
2. That no bands shall attend processions to and from the premises.
3. That no ceremonies on the premises shall cause a nuisance to neighbouring residents, and that if necessary to this end an air-conditioning plant shall be installed whereby to prevent all noise emanating from the premises.
4. That in the event of any breach of the applicant's undertakings or of these stipulations or any other stipulations the Council may make in connection with these premises, or in connexion with processions thereto, or therefrom, it is agreed that the Council shall have the right of denying road access thereto and any other facilities deemed necessary to prevent operation of its business.

With regard to these stipulations, it is noted that in the case now under consideration the applicant has already given his undertaking that he is willing to comply with all the Council's requirements to prevent noise and other nuisances and to satisfy the requirements of public health. Moreover, he is prepared to concede to the Council the right to take whatever steps it may consider fit to stop the establishment from functioning if, in the Council's opinion, it causes a nuisance to the public or to residents in the vicinity.

The Secretary & Commissioner General emphasizes that approval of this particular establishment will create a precedent for claims for similar treatment in respect of any future possible applications affecting the area in the vicinity of this site north of Great Western Road. In fact, a preliminary application has been received from a Mr. Peter Loh to establish a repository on the corner of Great Western and Columbia Roads.

Mr. Allman states that in the interest of nearby residents and the Columbia Country Club he strongly objects to the application. He emphasizes that a repository where corpses are stored is involved and not only a funeral parlour where a few corpses are in continual transit. He considers that a cogent ground for refusal of the application is the fact that this area was zoned by the former City Government for residential purposes only.

The Commissioner of Public Works states that despite such zoning, the City Government had in fact permitted funeral parlours in the areas reserved for residential development. From a map which he exhibits he

explains the existing development of the area.

Mr. Mitchell states that from the experience gained of existing repositories it is now definitely established that these repositories cause no smell and that they are unobjectionable on health grounds.

The Commissioner of Public Works states that when such repositories were originally proposed the Council took a serious view of them on the grounds of possible public ~~HEALTH~~ health danger and nuisance. He states that the Commissioner of Public Health has confirmed that such repositories cause no health danger, and he adds that so far as concerns other causes of complaint the experience of the past two and a half years has shown that repositories are less a cause for complaint than most forms of building development.

The Chairman states that coffin repositories are recognized as an old-established practice; it is confirmed that no smells emanate therefrom, and they are subject to careful examination by municipal departments. He adds that complaints are largely confined to those relating to processions to and from repositories, but that this difficulty is cared for by one of the conditions which is stipulated when the establishment of a repository is approved.

Mr. Yuan states that the Council whilst recently ruling that no more coffin repositories shall be established within the Settlement proper, had not decided against the establishment of coffin repositories outside the Settlement boundaries. With regard to the distinction drawn by Mr. Allman between funeral parlours and coffin repositories, Mr. Yuan states that the present general practice of funeral parlours is to combine the functions of a coffin repository. He states that the Council's regulations pertaining to coffin repositories cover all possible dangers and nuisance, and adds that the Chinese practice is to ensure the most careful sealing of coffins before depositing them.

In reply to Mr. MacDonald it is explained that the Council has also ruled that coffin repositories be not establish^{ed} South of Rockhill Avenue or North of Brennan Road in the Western Extra-Settlement Area.

Mr. Carney states that apart from actual physical nuisance, the public feels a repugnance on aesthetic grounds to coffin repositories in residential areas, and Mr. Allman adds that the applicant might be invited to seek a site along Keswick Road.

Mr. Powell refers to the fact that the applicant questions the Council's right to refuse permission and implies that he may proceed with the scheme despite the Council's refusal. He therefore feels that the Council should be well assured of its grounds before any decision is made to refuse the application. As to the effect of the zoning act referred to by Mr. Allman, he suggests that this act has already become a dead

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letter by reason of the intensive industrial development of the zoned area. He further points out that the applicant has already agreed to abide by regulations which are stricter than those the Council has found it possible to impose in respect of industrial development in the same area.

Upon the matter being put to a vote, the majority is in favour of the application being granted.

The meeting terminates at 5.30 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, July 24, 1940, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

E. Y. B. Kiang

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commandant, S. V. C.

The Chief Officer, Fire Brigade

The Deputy Commissioner of Police (in charge)

The Commissioner of Public Works

The Deputy Treasurer - Revenue

The Treasurer

The Municipal Advocate, and

The Secretary & Commissioner General.

The Minutes of the meeting of July 10 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Health Committee held on July 19 are submitted and confirmed, with modification of the recommendation as set forth hereunder.

I 14/1

Control of Poisons. Mr. Haley, Chairman of the Health Committee, states that subsequent to the framing of the Committee's recommendation, members of the Health Committee and the Council had agreed by circular that the proposed municipal notification should be restricted to the adequate containing and labelling of poisons and that the keeping of a register should not be required. Members confirm adoption of this amended recommendation.

F 34/1

Interim Report of the Special Municipal Economy Committee on the Fire Brigade.

The Chairman expresses appreciation of the labours of the Special Municipal Economy Committee as evidenced in the production of their first report, which deals with the Fire Brigade. He considers that this is a most excellent report and accordingly recommends its adoption by members. Members unanimously agree to adopt this report.

F 34/1

First Interim Report of the Special Municipal Economy Committee on the Police

Force. This report, which is also submitted to members, is recommended by the Chairman for adoption.

Mr. Allman states that he is opposed to the Economy Committee's recommendation that the Mounted Unit be disbanded, since he considers that this Unit has a considerable moral effect in the outlying areas.

Mr. Powell, Chairman of the Economy Committee, states that this consideration was naturally borne in mind during the Committee's deliberations. The Committee had taken into consideration the fact that the French Police operate in outlying areas on bicycles. Further, costs for pony fodder are likely to exceed the 1940 estimate. In the considered opinion of the Economy Committee it was felt that a financially embarrassed Council must subordinate the consideration mentioned by Mr. Allman to the factor of the growing costs of maintaining the Mounted Unit. The Committee had been unanimous in its recommendation that the Unit should be disbanded.

Mr. Allman states that he considers that bicycle patrols will prove less effective than the mounted patrols and that a saving of around \$25,000 would not be justified in view of this loss of efficiency.

Mr. MacDonald observes that the animals used are ponies and not horses and that he doubts therefore that it can be said that the Unit is adequately mounted.

Mr. Powell states that the Committee's view was that for dealing with mobs the Reserve Unit using armoured cars would prove more effective than the mounted Police, and that in the Committee's view patrolling on bicycles would improve efficiency.

With regard to the transfer of the Russian Detachment to the Police Force, the Deputy Commissioner of Police (in charge) assures Mr. MacDonald that every care has been exercised in nominating the liaison officer to act between the Detachment's Russian Officers and the Police.

Mr. Allman enquires whether the Economy Committee has made its recommendation for the transfer on the grounds of cost. Mr. Powell replies that the chief consideration of the Committee was to effect an increase in efficiency. The Committee believes, however, that such improved efficiency can also be coupled with the effecting of economies.

Mr. Allman enquires whether the Commandant of Volunteers and the Commissioner of Police are agreed that greater efficiency will result from the transfer. Mr. Powell replies that there was a difference of view on the part of these Officers, but that the Committee had decided that the grounds of opposition advanced by the Commandant were weaker than those presented by the Commissioner of Police in favour of the transfer. The Commissioner of Police won on points.

Mr. Powell adds that he wishes members to appreciate that the very concise reports presented on the Fire Brigade and the Police represent a vast amount of labour, many meetings, and the investigation of much data on the part of the Economy Committee.

Members thereupon, with one dissentient, agree to the adoption of the report on the Police Force.

B 14/5

Taxation of Unregistered but Developed Land in the Settlement. A memorandum by the Secretary & Commissioner General is submitted expressing the view that in equity and legally the Council would be justified in enforcing the payment of land tax on unregistered but developed land in the Settlement, by distraining on the land of such tax defaulters in exercise of the Council's powers under Land Regulation X. He recommends that in cases of default of payment of tax the Council should, by barricading, deny access to the land and should, if necessary, defend any action for damages brought in the Court of Consuls.

The Chairman states that he considers that there is an overwhelming case in equity for the Council to enforce payment of tax in respect of such land. Though disputable, he feels that there are also sound legal grounds for enforcement of such tax. The failure of owners of such land to pay land tax is to penalise those who contribute to provide the amenities which the defaulters enjoy. For these reasons, and in view of the Council's great need for revenue, the Chairman suggests that as a first step the Council should, if necessary, enforce its rights by requiring the denial by the Public Utility Companies of their facilities. Should such a step fail in producing payment, consideration would then be given to adopting more drastic steps, such as preventing access to the property.

Mr. Allman states that he strongly supports the Chairman's views.

Mr. Kiang states that he also supports the view as to the Council's right to levy this taxation. As to the means to enforce such, he is in doubt as to the legality of the step of denying access to property, though he agrees that no accommodation in the way of Public Utility facilities should be given to those who refuse to pay the tax.

In reply to Mr. Hanawa, the Deputy Treasurer - Revenue states that in addition to the 1,800 mow already taxed there are some 5,000 mow not yet assessed. He points out however that a large proportion of this 5,000 mow is situated in the Eastern District and is probably undeveloped and thus not taxable, whilst 790 mow in the Western District is probably all developed and therefore liable to taxation.

Mr. Yulin Hsi agrees that the Council has in equity a good case. He states that whilst in law the Council may also have good grounds for this taxation, the legal aspects surrounding this question have always been complex and in doubt, which has been one of the reasons why there has been so long a delay in enforcing taxation on this land.

Mr. Allman states that he feels that even in law the Council has full rights to levy this taxation.

Members agree that the Council should proceed to enforce this taxation by means first of the denial of Public Utility facilities in the case of those refusing to pay.

B 4/6 Payment of Special Rate in the Northern Outside Roads Area. The Chairman states that consideration of this matter will be postponed, and placed on the next Council Agenda, in view of the fact that the Japanese members hope to arrange this matter to the Council's satisfaction.

H 22/3 Evidence given by Council Employees. The Secretary & Commissioner General states that there is no need to debate this matter, as he has seen H. B. M. Judge since placing the matter on the Agenda and that the Court is now prepared to conform with the established procedure.

F 30/33 Chairman of Council's Letter on Terrorism. Mr. Hanawa refers to the Chairman of Council's letter of July 20 addressed to the Consular Body through the Senior Consul representing the urgent necessity of the co-operation of the Consular Body in measures to combat political terrorism and assassination in the Settlement. He states that his first knowledge that the Chairman had so addressed the Senior Consul had been gained through reading the newspapers in which the letter had been published. He enquires of the Chairman as to whether he does not now consider that it would have been the better course to have informed all his colleagues of his intention to address such a letter, in order that it might have carried the added weight of the prior approval of his colleagues.

The Chairman replies that custom and usage of many successive Councils over a long period of the Settlement's administration had established the privilege and right of the Chairman to exercise such a prerogative in so addressing the Senior Consul. He had felt justified, in a matter of such high importance to the public and of such extreme urgency, in following the practice of his predecessors. He regards as highly desirable the future continued maintenance of the right of the Chairman. As to the procedure involved in giving Press publicity to the letter before members of Council had had an opportunity to be informed of it, he states that he had considered that the most urgent publicity was necessary in this particular case by reason of the urgent and widespread public concern over the matter involved. With regard to the contents of the letter, the Chairman states that they had expressed his own personal views, but he had no reason at the time of writing or now to believe that those views did not

represent the views of his colleagues.

Mr. Hanawa states that he does not refer to the contents of the letter, nor is he disputing the right of the Chairman to so address a letter, but he questions the correctness of the procedure of giving publicity to this letter prior to members having been advised thereof. He suggests that as soon as the letter had been despatched and before its publication members should have been informed of the Chairman's action by circular notice.

Mr. Mitchell states that he himself in the past had, like Mr. Hanawa, represented the necessity of a procedure whereunder there would be maintained constant consultation between the Chairman and his colleagues in the discharge of the former's prerogatives. He had, accordingly, found it necessary on a given occasion to protest a departure from this procedure. Nevertheless, he states, he wishes to make it clear that in his view this procedure itself derives from and is dependent upon the exercise of the Chairman's own discretion. Whilst members would doubtless be justified in feeling dissatisfaction were the Chairman not generally to exercise his discretion in favour of observing this procedure of consultation with his colleagues, he considers that the fact that it is within the Chairman's own discretion justifies the exercise of his own judgment in any particular case, such as the one under consideration, where the necessities of urgency and speed had dictated a course involving a special exception to the accepted procedure of consultation.

Mr. Allman concurs in the view that the procedure of consultation with his colleagues, generally practised by the Chairman, derives from the inherent right of exercise of his own discretion and that such right cannot be detracted from despite the risk entailed of an exercise of wrong judgment.

Mr. Okamoto states that he had had occasion only recently to represent before a Council meeting the need for prior consultation by the Chairman with his colleagues in the case of a somewhat similar letter addressed to the Senior Consul. At that time he had requested that in future he might be kept informed in such matters. He was therefore very much disappointed at the Chairman's failure to consult himⁱⁿ the present case. Nor had he been informed of the letter's dispatch, of which he learned only through the Press. Apart from his doubts as to the propriety of the Chairman expressing his personal views in an official form, he enquires whether the Chairman believes that value will be achieved by the particular representations he had addressed to the Consular Body, adding that it is his opinion that nothing can be achieved in this matter without the co-operation of the army of occupation. He further enquires whether the representations made cannot be construed as a confession of the inability of the Settlement Police to check terrorism. So far from achieving good, he

considers that the representations addressed may be productive of harm, since he believes that they will cause offence in some quarters.

After Mr. Okamoto has assured members that he shares the common anxiety to find means to combat political terrorism, and the Chairman has replied that his representations were made in the utmost good faith and were designed precisely to explore an avenue offering hope of such means, it is mutually agreed between them that the continuation of the discussion should avoid touching upon the contents of the letter to the Senior Consul and their possibly differing political views, but should be directed towards an attempt to reconcile their differing viewpoints regarding the procedure involved in the Chairman's action.

Mr. Okamoto then enquires why, if the Chairman considers that the proprieties of procedure were satisfied, there was no discussion with members of the subject matter of the letter to the Senior Consul; and if the matter was considered too urgent to permit of that course, why there was no report to members prior to publication.

The Chairman replies that having suddenly been confronted with a situation that he had deemed to have grown urgent, he had acted in what he believed to be the best public interest and in a manner that he believed conformed with the proprieties and rights exercised by his many predecessors in office. By reason of his view as to the urgency of the matter and of the fact that the situation confronting him happened to develop on a Saturday morning, he had deemed the exercise of his own initiative and authority warranted.

/ In reply to a question by Mr. Okamoto the Secretary & Commissioner General states that on a previous occasion - not involving urgency - the then Senior Consul had privately asked the former Chairman to avoid publicity of letters to the Consular Body until such letters had been circulated to the Consular Body.

Replying to the Chairman, Mr. Okamoto expresses doubt as to the wise exercise of his judgment in regarding the matter of such urgency as to preclude consultation with his colleagues. In requesting future adherence to the principle of consultation, he urges such a course especially in matters affecting Japanese interests.

Mr. Mitchell, in agreeing with Mr. Okamoto as to the necessity of maintaining the principle of consultation and in referring to his earlier remarks, states that he desires to emphasize his view that such principle must be reconciled with the principle of the Chairman's right to exercise absolute discretion, which derives from the fact of the trust implicitly reposed in him by his colleagues who have elected him.

Mr. Okamoto enquires whether it is indeed a fact that the Chairman's discretion is not qualified by any written regulation. The Chairman replies that it is wholly consistent with the Standing Orders that he should on his own initiative in a case of urgency act in the name of his colleagues. The present understanding as to the Chairman's discretion having the sanction of many years of the Settlement's history, he states that he could not advise the introduction now of a regulation fettering his or his successors' discretion in such matters.

Mr. MacDonald states that the procedure of consultation would not appear to have been offended against, since in the present case it is established that such consultation was precluded by the urgent exigencies of the case. Mr. Okamoto replies that he is unable to agree that the suggested urgency is established in fact. He states that the subject matter of the letter had an earlier history, and that as in the previous case regarding which he had questioned the procedure, the matter was of concern to the Japanese members of Council. Proof of this, he states, is afforded in the fact that the Japanese Press had invited his explanation of the Chairman's letter. Far from recognizing the interest of Japanese members, he states, the Chairman of Council had failed even to report to his colleagues the exercise of his discretion, as required under Standing Order 41. The Chairman replies that such a report would be customary, but that in the present case it would have been superfluous, since he had the assurance that his action would rapidly be brought to members' knowledge precisely because of the publicity he immediately gave to it.

Mr. Okamoto enquires whether, since contrary to his own view the Chairman considers that the exercise of his own discretion as to non-consultation was justified in this instance, he (Mr. Okamoto) would be justified in publicly dissociating himself from any responsibility for the Chairman's act in addressing the Senior Consul.

Mr. Mitchell suggests that Mr. Okamoto can determine the answer to his query in relation to whether or not he does or does not regard the Chairman's discretion as having in fact been wisely exercised. He states that whilst the Chairman is entitled to act in such matters in his own judgment, members are entitled to express themselves on the wisdom of such judgment by means of vote in debate.

Mr. Haley agrees that unqualified discretionary powers should be enjoyed by the Chairman, especially to meet urgent situations. As to occasions upon which it would be appropriate that he should consult with his colleagues, he suggests the examples of matters involving a change of policy or the incurring of heavy expenditure.

Mr. Hanawa states that he does not quarrel with the right of the Chairman's discretion, but that he also regards it as an elementary right of members that they should be informed of important matters before the general public.

Mr. Carney states that, as the oldest member of Council present, he recollects several instances where this question of the Chairman's sole discretion and members' rights have required reconciliation. Such has customarily been afforded, he states, at the first Council debate succeeding the exercise of such discretion.

Mr. Okamoto enquires whether he may be given an assurance that in a similar case there will be consultation with members. The Chairman replies that whilst he has, in the exercise of his discretion in the past, merely followed the practice of his predecessors, and as regards the future he feels himself precluded from giving an unqualified assurance absolutely binding on himself or his successors, he will continue to act in the best interests of all and will certainly bear in mind everything the Japanese members have said.

Mr. Hanawa, in affirming the right of the Chairman to address the Senior Consul as his own discretion guides him, suggests that the procedure be prescribed that members of Council be always informed by circular as soon as possible.

Mr. Yulin Hsi states that it appears that two points are involved, namely the procedure of publication and the exercise of the Chairman's discretion. As to the procedure he suggests that if members so wish it could now be ruled as to whether members should be notified prior to publicity. As to the Chairman's rights, he considers that the Chairman is entitled to exercise a measure of discretion in addressing letters. He agrees that ^{for} special questions the more consultation with members that the Chairman can afford the better.

Mr. Powell expresses the view that sole discretion should remain with the Chairman both in the matter of action taken and decision as to publication of such action.

Mr. Mitchell suggests that after the taking of action by the Chairman at his sole discretion members should be immediately advised thereof and also be informed of his decision whether to give publicity thereto or not.

Mr. Okamoto states that he remains of the wish that the Japanese members should be consulted beforehand prior to action being taken where Japanese interests are concerned.

The Chairman states that he agrees with Mr. Hanawa and that his suggestion will be adopted to inform members of action taken at the earliest possible moment. He adds that he will bear in mind all that Mr. Okamoto has said; that he can assure members that he will act in his sole discretion only when it is imperative to do so, and he expresses the hope that members will find that such discretion has been correctly exercised.

The meeting terminates at 6 p.m.



Chairman.



Secretary & Commissioner General.

At the Special Meeting of the Council held on Friday, August 16, 1940, at 10 a.m., there are:-

Present:

Messrs. W.J. Keswick (Chairman)
 N.F. Allman
 J.W. Carney
 W. Gockson
 G.A. Haley
 Y. Hanawa
 Yulin Hsi
 R.G. MacDonald
 G.E. Mitchell
 I. Okamoto
 T.S. Powell
 L.T. Yuan
 Yu Ya Ching
 The Secretary & Commissioner General.

Absent:

Mr. E.Y.B. Kiang

K 6/5.

Settlement Defence Sectors. The Chairman refers to a letter received from the Shanghai Defence Force Committee, the material part of which is as follows:-

"At a meeting of the Defence Force Commanders on Thursday, August 15, the following motion was passed by a majority vote:-

That the Japanese Forces be allotted that portion of "D" Sector now allotted to the British Forces and that the American Forces be allotted "B" Sector now allotted to the British Forces.

"The Japanese member voted against the above motion and reserved the right to submit alternative plans to the Defence Committee. The Italian member abstained from voting.

"The above action is, of course, subject to the approval of the Shanghai Municipal Council and of the Governments concerned."

The Chairman states that the matter involved is one of grave importance to the Council and the Settlement. The Council's responsibility in the matter is indicated by the statement in the Defence Committee's letter that the above motion passed by the Defence Committee is subject to the approval of the Council. Consequently it had become necessary urgently to convene a meeting of Council in order that it may express its views. The Chairman states that his view as to the proper course of action of the Council is set forth in a formal resolution, which he submits, in the following terms:

"That the Council supports the proposal made by the majority of the Defence Committee, namely, that the "B" Defence Sector should be taken over by the United States Marines, and that that part of "D" Defence Sector now allotted to the British Forces should be taken over by the Japanese Forces, and will communicate such support to the Defence Committee. Noting, however, that the Officer Commanding the Japanese Naval Landing Party has stated his intention of bringing forward a counter proposal, the Council reserves its right to give full consideration to such counter proposal should it be communicated to the Council by the Defence Committee in time to enable arrangements to be made before the withdrawal from "B" and "D" Sectors of the British Forces."

The Chairman states that the resolution which he proposes for members' adoption supports the proposal made by the majority of the Defence Committee. He expresses the hope that it will have the unanimous support of his colleagues. Mr. Carney seconds the Chairman's resolution.

Mr. Okamoto states that the majority decision of the Defence Committee represents a compromise proposed by the non-Japanese members of the Defence Committee following upon the opposition of the Japanese members to the original proposal. He states that the compromise was also, however, rejected by the Japanese minority. He refers to the fact, stated in the Defence Committee's letter to the Council, that the Japanese member voted against the Defence Committee's majority motion and reserved the right to submit alternative plans to the Defence Committee. Mr. Okamoto states that the view of the Japanese community is that such a matter should not have been decided by the Defence Committee by means of a majority vote, but that complete unanimity on the part of the Defence Committee is essential. He states that he has knowledge that the Japanese Defence Commander was not happy regarding the majority decision reached by the Defence Committee.

Mr. Okamoto states that a decision in such a vital matter that is reached without complete unanimity indicates an unpleasant breach in relationships of the parties concerned. He expresses the view that without the Defence Committee reaching complete unanimity any decision it may render could not be carried out. He states that any attempt to carry out a decision of the Defence Committee reached in the face of a minority objection on the part of the Japanese Defence Commander may result in creating a collision. He states that a collision is the last thing the Council should desire and that therefore it should do nothing whatever which could be interpreted as support of a decision which if acted upon may create a collision. He urges upon the Council to refrain from action which may be so interpreted, in view of the unpleasant consequences which he envisages will ensue. He states that in his view there is no purpose in the Council coming to a decision in support of the Defence Committee's majority motion, and adds that such action on the part of the Council not only would be of no use, but may create added difficulties. He states that the Japanese will regard any action by the Council in supporting the Defence Committee's majority

motion as an exercise of further undue pressure to obtain Japanese acceptance of the Defence Committee's majority decision. He states that the Japanese for their part feel that yesterday's decision of the Defence Committee was an unpleasant and unfriendly act on the part of other countries. He reminds members of the view recently recorded by the Consular Body, in response to the Council's representations on the subject of political terrorism, that all countries concerned should recognise the actual situation existing around Shanghai today.

Mr. Okamoto states that whilst he expresses his purely private opinion, he requests that members should take full cognizance of his views. He states that his opposition to the Chairman's resolution is not merely for the sake of being in opposition, but that the expression of his views is designed to assist towards the Defence Committee's realising the necessity of reaching a decision which will achieve real peace and order in the Settlement. Finally, he expresses the hope that the Council will refrain from any decision regarding the Defence Committee's majority motion until such time as the Defence Committee has reached fully unanimous agreement.

Mr. Hanawa supports the views of Mr. Okamoto and requests that the Council should refrain from making any decision at the present time, pending the Defence Committee's reconsideration of the Japanese Commander's views in opposition to the majority decision of the Defence Committee.

The Chairman states that the public will expect an expression of the Council's views for or against the majority decision of the Defence Committee. He states that he considers that the terms of the resolution which he has introduced cannot be considered in any wise obnoxious, since his resolution takes due note of the intention of the Japanese Commander to forward a counter proposal.

Mr. Okamoto reiterates his view that a majority decision on the part of the Defence Committee in such a matter does not suffice for its solution. He considers that the Defence Committee's decision cannot be considered as final and therefore he considers that it is not necessary for the Council to take any decision in the matter at the moment. For the Council to take such a decision, he states, would in the eyes of the Japanese community appear to be the exercise of unnecessary and undue pressure in favour of a decision which has had an unfavourable reception on the part of the Japanese public.

Mr. Mitchell states that since the Defence Force Committee has already announced to the public its decision and has also announced that such decision is subject to the approval of the Council, he does not see how it can be deemed other than perfectly appropriate for the Council to express its opinion. He states that for the Council to comply with the invitation of the Defence Committee to express its views on the Committee's

decision, would, in view of the Japanese Defence Committee members reservation, involve only an expression by the Council of a purely interim opinion, which would leave to the Council the right to express a final opinion upon any alternative decision that may be rendered by the Defence Committee. Mr. Mitchell states that he, therefore, sees no harm in the Council expressing a decision in support of the majority decision of the Defence Committee, while at the same time noting that the Council reserves the right to express its approval or disapproval of any alternative decision of the Defence Committee.

Mr. Okamoto replies that adoption by the Council of the Chairman's resolution would involve a decision to support the present majority motion of the Defence Committee. He suggests that if there is any likelihood of some other decision of the Defence Committee being supported, he then sees no reason why the Council should commit itself at all at the present time.

Mr. Allman states that in his view the Chairman's resolution appears to be couched in eminently reasonable terms and that a Council decision upon the communication from the Defence Force Committee would seem to be justified.

The Chairman states that he personally feels himself justified in favouring the adoption of the Defence Committee's proposals regarding the allocation of sectors, and that a reason that particularly commends itself to him is the fact that non-belligerent American Forces are involved in the taking over of a sector relinquished by the British Forces. He states that it is honest belief that the Defence Committee's majority proposals are in the interests of the Settlement. If yet better proposals should emanate from the Defence Committee, the Council still will have the right to consider them.

The Secretary & Commissioner General states that one factor which would appear to influence a decision as to whether the Council should declare itself on the Defence Committee's motion is the need of the Council's two representatives on the Committee for some guidance as to the Council's attitude towards the Defence Committee's decision.

Mr. MacDonald states that in view of the fact that the British Defence Forces may be departing very shortly there is a measure of urgency in the matter of the taking of a decision by the Council.

Mr. Okamoto reiterates his view that the issue should not in any way be forced and that the Council should take cognizance of the fact that real power in Shanghai rests with the Japanese who occupy all the surrounding areas.

The Chairman replies that notwithstanding cognizance is taken of the factor mentioned by Mr. Okamoto, the fact is that the Council's responsibility remains in respect of an International Settlement where the interests of many Powers are involved. Mr. Okamoto replies that the constitution of the Defence Committee cannot be regarded as fully representing all of the many national interests involved in the Settlement.

Mr. Powell states that in his view the resolution as proposed by the Chairman leaves the gate very wide open for a later alternative decision by the Council, though he states that he personally will vote in favour of the Chairman's resolution. He emphasizes the necessity of members reminding themselves during the present time of international strain that their responsibility as Councillors is not in their individual national capacities but in their capacities as representatives of an international community. He considers that the Council will be remiss in its duty if it fails to express its views on this matter in the capacity of an international body responsible to an international community. He states that the Defence Committee has invited an expression of the Council's views, and he is of opinion that an expression of those views in terms of the resolution proposed by the Chairman would be merely to discharge the Council's duty and to discharge it in a most tactful way.

Mr. Okamoto states that he wishes to express the further view that since the Defence Committee's majority decision could not be regarded by the Committee as a final decision, it was unfriendly of them to have addressed a communication at this stage to the Council.

Mr. Carney states that he was struck by the impartiality of the majority decision reached by the Defence Committee. In his view the decision took regard of American interests involved and also took full cognizance of Japanese desires. He considers that the majority decision of the Defence Committee was therefore eminently fair and reasonable and accordingly he supports it.

Mr. Okamoto states that it is evident that Mr. Carney is unaware of the feelings at the meeting at which the Defence Committee reached its decision. He states that the Japanese do not regard the decision as a fair one.

Mr. Allman states that he agrees particularly with the point made by the Chairman in support of the Defence Committee's decision, namely, that a sector has been allotted to a non-belligerent Force.

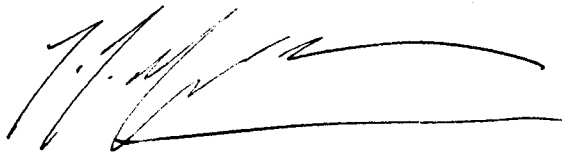
August 16, 1940. 357.

The Chairman thereupon puts his resolution to a vote and it is carried by a majority, the two Japanese members voting against the resolution and the Chinese members abstaining from voting.

The meeting terminates at 10.30 a.m.

A handwritten signature in cursive script, appearing to read "H. Keswick".

Chairman.

A large, stylized handwritten signature, possibly reading "J. A. ...".

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, September 4, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

The Deputy Commissioner of Police in Charge

The Deputy Treasurer - Revenue

Miss E. M. Hinder

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. E. Y. B. Kiang

Yu Ya Ching

The Minutes of the meeting of the Orchestra & Band Committee held on August 13, are submitted and confirmed.

J 2/8 The Minutes of the meeting of the Watch Committee held on September 2, are submitted and confirmed, subject to the following observations.

Traffic Conditions. Mr. Mitchell emphasizes the necessity of the steps recommended by the Watch Committee to prevent obstruction by empty motor cars waiting outside theatres on the conclusion of performances. He enquires whether the impression he has derived from the wording of the Watch Committee minutes is correct, that cars carrying special licence plates are privileged in this respect. He states that his understanding was that cars carrying special licence plates are not privileged in respect of observation of traffic regulations. The Secretary & Commissioner General replies that in respect of cars carrying special licence plates, which so offend, the Police have not been at fault, since the practice has been established for the Police to report such breaches whereupon representations are made to the head of the Diplomatic mission concerned. Mr. Mitchell suggests that consideration might be given to instituting a prosecution when there is more than one offence on the part of a driver of a car carrying special licence plates.

Mr. Haley expresses the view that the police on duty at theatres appear to be far too lenient in dealing with traffic offenders, and Mr. MacDonald also agrees that there should be stricter control of traffic at theatres.

The Chairman proposes and members agree that the gist of members' remarks should be conveyed to the Commissioner of Police.

p 15/5

Census of Population and Industrial Census. A Secretariat memorandum refers to reports by Miss Hinder, Chief of the Industrial Section, regarding the Council's undertaking the usual 5-yearly census of population, which under normal circumstances falls due to be taken in 1940. In addition to the population returns, a census of industries is also contemplated. The proposed dates for the taking of the population and the industrial census are Tuesday and Wednesday, October 22 and 23. There is budget appropriation in the sum of \$8,000 for the taking of the census this year.

Miss Hinder's reports states that the former manual system of tabulating census returns is now, owing to the large population, impossible. It is necessary, therefore, to replace the manual by a mechanical process.

With regard to the proposed industrial census, members will recollect that the taking of such a census was approved in principle in May of this year, upon the need for such a census being represented to the Council by the British Chamber of Commerce and the Industrial Section, who are in receipt of many demands for industrial information from trading circles.

Members will note the considerable cost of taking a census of population, being approximately \$150,000 for a population of 3,000,000 and approximately \$134,000 for a population of 2,500,000. The cost of taking an industrial census only would approximate \$14,000.

The census taking contemplated involves the distribution and collection of the census forms by the personnel of the Revenue Office and the Police Force, and the tabulation of results by the Industrial Section. From the submitted report of the Deputy Commissioner of Police in Charge, members note that the Police are unable to provide personnel for the distribution and collection of census forms and that they recommend that the census of the population be deferred until more normal times, though they do not object to the taking of an industrial census this year. The Deputy Treasurer - Revenue has stated that the matter of the lack of Police personnel will prove an insuperable obstacle to the taking of the population census this year, since there is no possibility of substituting other distributing and collecting personnel in lieu of the customary Police assistance.

With regard to the question of cost, the Treasurer, in a report submitted, states that it appears doubtful whether the results of a census

taken at the present time would indicate the true growth of the population of the Settlement in view of the abnormal conditions prevailing and the fact that a large proportion of the present population is probably of a transient character. Bearing in mind the urgent necessity for the exercise of every possible economy, the Treasurer states that it would appear to be a matter for consideration whether the taking of the census should not be deferred until a return to normal conditions, by which time more funds might be available for this purpose.

Draft forms for both population and industrial census, in English and Chinese, are submitted. These forms are being tested as to their suitability, and the industrial forms are being circulated to Chinese and foreign employers and trade organisations for comment,

With regard to the proposed population census, Mr. Carney expresses the opinion that in view of the need for economy and having regard to the present abnormal population conditions the taking of a census of population should be deferred. On the grounds of economy, Mr. Okamoto concurs in Mr. Carney's opinion. By a vote it is decided to defer the taking of a population census.

With regard to the proposed census of industries, the Secretary & Commissioner General in reply to Mr. Powell reads a report just submitted by Miss Hinder regarding the results of tests of the industrial questionnaire form.

Mr. Hanawa expresses the opinion that the taking of an industrial census should be deferred, since industrial conditions at the present time are abnormal and changing. The Chairman agrees with Mr. Hanawa.

Mr. Haley enquires as to what demand there has been for the taking of an industrial census. Miss Hinder replies that this cannot be properly indicated pending receipt of replies from organizations who have been approached in the matter. She states that the initial request for an industrial census came from the British Chamber of Commerce. She adds that it has been gauged by the Industrial Section that there is a very considerable interest in such a census, which will afford valuable information to prospective exporters of factory materials.

The Chairman and Mr. Mitchell state that they do not attach any great weight to the request emanating from the British Chamber of Commerce, and Mr. Mitchell adds that he is against the taking of an industrial census at the present time.

Miss Hinder suggests that a decision be deferred pending the receipt of the views of the organizations which she has approached. Mr. Powell, Mr. Haley and Mr. Yulin Hsi state that since not much cost is involved in an industrial census they are disposed to agree to Miss Hinder's suggestion.

By a vote it is agreed to defer a decision regarding the taking of an industrial census.

F 30/33

Compassionate Grant for dependents of the late Mr. V. Krasson. In a

Secretariat memorandum it is observed that members have already indicated their agreement to some tangible recognition of the public-spirited act of Mr. V. Krasson in grappling with the murderer of the late Mr. Samuel H. Chang which unfortunately cost him his life.

When the matter was first submitted to members, they were divided in view as to whether a sum of \$2,500, as suggested by the Treasurer, would suffice or whether a sum of \$4,000 should be issued. A further view expressed was that a sum of \$2,500 should be issued coupled with free education of any children. There is one child of 11 years of age.

It now appears that the child would not be a suitable recipient of free education and therefore it remains for members to determine the amount of the monetary payment which should be made. The widow is in straitened circumstances.

In reply to Mr. Yuan, the Deputy Secretary (Mr. T. W. Gubb) explains it is because of the impermanent character of Mr. Krasson's family that the view has been expressed that the child would not be a suitable recipient of free education. With this explanation Mr. Yuan agrees that a grant in the amount of \$4,000 should be made.

The Treasurer refers to the existence of a fund established by the Shanghai Evening Post amounting to from \$11,000 to \$12,000 for the benefit of Mr. Krasson's dependents and suggests that the Council's grant might be issued to supplement this fund, which is to be administered by an organization in favour of the recipients.

The Chairman favours a grant in this manner of \$4,000 and members unanimously approve.

H 1/16

Daylight Saving. There is submitted for members' decision the question as to when the daylight saving scheme should be discontinued and the clocks retarded by one hour. The Council decided in May last to introduce a scheme of daylight saving and public notice was given that at 12 midnight on the night of 31st May/1st June, 1940, all municipal clocks in the French Concession and International Settlement would be advanced by one hour until further notice. The Council had previously ascertained that the French Municipal Council would take similar measures in the French Concession should the Council decide to adopt the daylight saving scheme. The City Government of Greater Shanghai had also stated that the scheme had its full agreement. The date for commencement of the scheme was fixed in conjunction with the French Concession.

The Chairman states that though there have been many critics of the daylight saving scheme he believes that the majority of the public have approved thereof.

Mr. Yuan suggests that October 1 might be a suitable date for discontinuance of the scheme. Mr. Allman suggests October 15, as roughly coinciding with sun time. Mr. Powell states that in Great Britain summer time ends on October 6 and he also favours October 15 as a suitable date. Mr. Mitchell suggests that the week-end of midnight on Saturday, October 12, might best suit, and members agree to his proposal subject to the agreement of the neighbouring authorities.

B 4/4

Voluntary Entertainment Levy. Members approve that Mr. Yuan should succeed to the seat of Mr. Kiang on the Committee which assists the Treasurer in disbursing the proceeds of the Voluntary Entertainment Levy.

The meeting terminates at 5.05 p.m.



Secretary & Commissioner General.



Chairman

At the meeting of the Council held on Wednesday, September 18, 1940, at 4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Yulin Hsi

R. G. MacDonald

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commandant, S. V. C.

The Commissioner of Public Works

The Deputy Treasurer - Revenue

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa

E. Y. B. Kiang

G. E. Mitchell

The Minutes of the meeting held on September 4 are confirmed and signed by the Chairman.

E 2/12

The Minutes of the meeting of the Works Committee held on September 10 are submitted and confirmed.

The Minutes of the meeting of the Orchestra & Band Committee held on September 17 are submitted and confirmed, with the following exceptions.

Winter Concert Season. With regard to the recommendation of the Orchestra & Band Committee that season tickets be sold at a discount of 10% and providing the privilege of the purchaser retaining the same seat throughout a series of eight concerts, Mr. Powell expresses the opinion that, in view of the privilege of retention of the same seat, such tickets should be at a premium rather than at a discount. He suggests that at least as an experiment no discount should be allowed on the tickets for the first series of eight concerts. The Chairman agrees with this view. Mr. MacDonald, Chairman of the Orchestra & Band Committee, states that the Committee would probably agree to removing the proposed discount.

Upon the Chairman's suggestion, it is decided to refer the matter back for reconsideration by the Orchestra & Band Committee.

With regard to the customary issue of complimentary tickets for performances of the Orchestra, Mr. Powell suggests that the matter be re-examined in order to ensure that such are restricted to a minimum. Mr. MacDonald states that apart from issues to the French and Italian Authorities, in view of their subsidies to the Band, the remaining issues are primarily for the purpose of promoting publicity of the Orchestra's activities. On the Chairman's suggestion, it is agreed that this matter also should be referred back to the Orchestra & Band Committee with a view to reducing the complimentary list to a minimum.

F 30/31

Chinese Soldiers' Internment Camp. Reports on the recent rioting at the Chinese Soldiers' Internment Camp have been circulated to members and a further report of developments today is tabled. In reply to the Chairman, the Commandant states that at present all is quiet at the camp, but that no settlement has been reached giving promise that there will be no further disorders.

In reply to Mr. Okamoto as to the reasons for the outbreak, the Commandant states that whilst the tedium of the men is relieved by the vocational training on which they are employed, the unemployment of the officers tends to making them restive. Whilst he believes that the underlying cause of restlessness at the camp is the long period of internment, he states that the immediate pretext for the rioting was resentment at the carrying out of necessary maintenance work at the camp. He assures members that there has been no severe treatment of the camp inmates, but rather that good treatment meted out has been rewarded by insults to the camp guard.

The Chairman agrees with the Commandant that unrest may reasonably be attributed to internment over so long a period as three years.

Mr. Okamoto agrees that the men are probably unhappy as a result of the long duration of their internment. He expresses the view that a solution of the problem should be sought on humanitarian grounds.

Mr. Allman suggests the possibility of parole of the prisoners, with the consent of all parties.

The Chairman expresses the view that full support should be given to the Commandant of any measures he may find it necessary to impose for the maintenance of order and discipline at the camp. He states that no immediate solution of the difficulty seems possible and he recommends that all members should consider means providing a solution, in the hope that something definite may evolve by the time the Council meets again.

In reply to Mr. Yulin Hsi, as to the further incidents which happened today, when a sentry fired a shot which it is believed took effect, the Commandant confirms that this shooting was brought on as a result of a violent attack with stones on the sentry, and that he is

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unable to say whether the wounded man has succumbed.

In reply to Mr. Haley, the Commandant states that whereas formerly there were numerous cases of tuberculosis amongst the camp inmates, their present health is somewhat better.

Mr. Carney states that he is in agreement with Mr. Okamoto that means should be taken to liquidate the camp.

Mr. Yuan states that care should be exercised regarding the present position at the camp whereby food is denied access to the inmates. The Commandant replies that whilst no food is going into the camp at present, there is probably a store of rice in the camp. He states that as soon as the inmates consent to their proper disciplining, communication with the camp and a supply of food will be restored to normal.

Mr. Yulin Hsi expresses the view that without waiting for a solution, the supply of basic food needs such as rice and vegetables should be resumed. He believes that such action will conduce to a solution. He expresses apprehension that a continuance of the riot may cause misconceptions among the Chinese public and arouse antagonism to the Council. He adds that it is admitted that the normal treatment of the camp inmates is good.

The Chairman states that the normal access of food to the camp inmates would appear to be physically precluded by reason of the undisciplined conditions at the camp. This factor apart, he states that the denial of food supplies is a reasonable and humane means of ensuring the restoration of essential discipline at the camp.

Mr. Powell states that it is the responsibility of the camp inmates, as soldiers, to recognise the importance of discipline. He states that the present rioting involves an attack on the Council's authority, which it is the duty of the Council to resist. He considers that the Council is in a strong position to answer any criticisms of its control of the camp.

Mr. Okamoto states that in his view the considerations named by Mr. Powell should be subordinated to the paramount need to find an early solution of the problem presented by the existence of this soldiers' internment camp.

The Chairman states that whilst he agrees with Mr. Okamoto that this is a paramount need, the immediate necessity is to support the camp Commandant in his measures to restore discipline. In his view the best means to restore such discipline and prevent further rioting is to prevent access to the camp of supplies and food.

Mr. MacDonald agrees with the Chairman. He states that if further outbursts of rioting occur a far more serious incident than has so far occurred may arise, necessitating much more drastic disciplinary measures on the part of the guard. He considers that the first need is to restore order at the camp.

Mr. Carney makes the suggestion that should there be no more rioting over a period of say 24 hours, food supplies should be permitted into the camp, to be withheld once again should further rioting occur.

The Secretary & Commissioner General stresses the importance of supporting all of the terms laid down by the Commandant for the restoration of discipline, since to do otherwise would be to undermine the Commandant's authority and thus generally prejudice the possibility of maintaining discipline in future at the camp.

Mr. Yulin Hsi suggests the possibility of appointing a body to investigate and settle the disturbance.

The Chairman states that the immediate need is to support the Commandant's measures for the restoration of discipline, whilst concurrently exploring means for a permanent solution of the problem presented by the existence of this camp.

Mr. Haley expresses the view that the denial of food supplies to the camp is the most humane method to restore discipline, since alternative disciplinary measures involve the risk of the ultimate use of firearms.

Upon the motion of the Chairman, members agree (1) to support measures adopted by the Commandant for the restoration of discipline in the camp, and (2) to endeavour to find a solution to the problem presented by the existence of this camp.

M 5/13

Interim Report (No.3) of the Economy Committee. With regard to the Economy Committee's recommendations respecting the Municipal Gazette, Mr. Haley enquires as to the desirability of making a charge for copies of the Gazette supplied. Mr. Powell replies that the Gazette is one of the smaller municipal amenities to which the ratepayers apparently attach very different values. He considers that it will be to the Council's advantage that the Gazette should reach the estimated 1000 parties contemplated under the new arrangement and that to such limited extent the Gazette should be supplied free of charge. Mr. Powell emphasizes that since the demand for copies of the Gazette is unknown, the Economy Committee is unable to guarantee that an economy will in fact eventuate from the new arrangement, but that it felt that an experiment with the new arrangement at least holds prospects of effecting an economy.

September 18, 1940.

The Chairman states that he considers that the Gazette should continue to be issued free, but upon the basis recommended by the Economy Committee of issue only on request. Members agree with this view, and accordingly members adopt the report and recommendations of the Economy Committee in respect to the Municipal Gazette.

F4/28
Education. Mr. Powell, Chairman of the Economy Committee, states that whilst the Economy Committee felt itself incompetent to study Municipal Education, it was of the view that this question needed study both from the financial and organizational points of view. In reply to Mr. Haley, he states that this feeling of incompetency has relation to the fact that the Economy Committee felt that this study is a specialised one requiring the advice of educationists.

Upon the proposal of the Chairman, members agree that the question of Municipal Education be studied by a Committee to be specially appointed at some suitable later date.

234/1
Sources of Revenue. Members note and approve the intention of the Economy Committee to form a Sub-Committee to investigate Sources of Revenue, and agree to give publicity to an invitation to the ratepayers to offer any suggestions they may care to make for the provision of more revenue.

15/124
British Military Sites. The Chairman refers to a circular submitted to members by the Secretary & Commissioner General stating that, in accordance with past policy and in the interests of economy, it is proposed to make the sites formerly occupied by the British Forces available for the urgent needs of the Council's hospitals and schools now housed in unsatisfactory and very expensive leased premises. He states that Mr. Okamoto has requested that a decision on this matter be deferred until a final decision is reached in regard to "D" and "B" Defence Sectors. The Chairman states that it would appear to be reasonable to postpone decision in the matter as wished by Mr. Okamoto. Mr. Carney agrees to such postponement, provided it is not for too long. The Chairman agrees that the matter cannot be postponed indefinitely and proposes a postponement temporarily and for a reasonable period of time, leaving it to members to raise the matter again whenever they think fit. This course is unanimously agreed upon.

B14/5
Taxation of Unregistered but Developed Land in the Settlement. In a memorandum submitted the Secretary & Commissioner General refers to the fact that at the Council Meeting held on July 24 it was agreed that the Council should proceed to enforce this taxation by means, first, of the denial of public utility facilities in the case of those refusing to pay. He states that he is now able to report that the Public Utility Companies have agreed to co-operate in this matter.



Six lots have been carefully selected by the Deputy Treasurer - Revenue, and he requests members to pass the following formal resolution:

"That the Secretary & Commissioner General be authorised to instruct the Shanghai Power Company and the Shanghai Telephone Company to deprive of their respective utility services the following premises should the owners thereof fail to make payment to the Council of outstanding Land Tax:-

House 9, Lane 162 Chengtu Road
" 8, " 152 " "
" 17, " 152 " "
No.56 Chengtu Road
House 16, Lane 301 Weihaiwei Road
" 7, " 60 Tamsui Road
" 7, " 154 Gordon Road "

Mr. Carney suggests that the resolution be modified by provision for a final warning, and the Secretary & Commissioner General states that it is intended to give ten days' notice. The Secretary & Commissioner General adds that the particular cases have been carefully selected; that they are parties who have been obstinate in refusing payment and that the tenants of the houses on the land are the actual land-owners themselves. Members unanimously adopt the proposed resolution, subject to a prior warning being given.

The meeting terminates at 6 p.m.



Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, October 2, 1940, at 4.30 p.m.,
there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

G.E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. E. Y. B. Kiang

R. G. MacDonald

The Minutes of the meeting held on September 18 are confirmed and signed by
the Chairman.

E 2/8. &
E 2/10.

Orchestra & Band. In reply to the Chairman, the Secretary & Commissioner
General states that members have already been informed by circular that
Mr. Powell's views regarding the elimination of any discount from
Orchestral season tickets and reduction of the complimentary ticket list
have been endorsed and acted upon by the Orchestra & Band Committee.

F 30/31.

Chinese Soldiers' Internment Camp. In stating that all is now quiet at
the camp, the Chairman expresses members' thanks to Messrs. Yu Ya Ching
and Gockson and Mr. T. K. Ho, Deputy Secretary, for their assistance in
the settlement of the recent troubles at the camp.

B 14/5.

Taxation of Unregistered but Developed Land. The Secretary & Commissioner
General informs members that the final notices to pay expired today; that
none of the persons warned has paid, and that there have been threats of
litigation, though whether against the Council or the Utility Companies
is not yet clear.

The Minutes of the meeting of the Staff Committee held on October 1, 1940 are
submitted and confirmed.

H 6/22

Chinese Staff - Rice Allowance. Mr. Powell refers to the recommendation
of the Staff Committee that there be issued with effect from September 1,
1940, to all Chinese employees who are in receipt of monthly salaries

whose names are borne on the monthly pay sheets and who do not serve under Letter of Appointment, a rice allowance. The allowance to be half the difference between a basic rice price of \$42 per picul of 176 lbs and the average daily price of rice per picul of 176 lbs for the period from the 16th day of the preceding month to the 15th day of the month for which the rice allowance is being computed, with a maximum allowance in any one month of \$16. Employees who receive any consideration from the Council in respect to messing shall not participate in the rice allowance. It is further recommended that the new price range shall apply from September 15, 1940 and that the allowance for September be fixed at \$10.

Mr. Powell states that subsequent to the framing of this recommendation by the Staff Committee consideration had been given to the effect of the recommended allowance on Public Works Department outdoor staff. The Commissioner of Public Works had been negotiating a new scheme of remuneration for outdoor staff. A number of such staff were inherited from the Public Health Department and under ordinary circumstances would qualify for the betterment in rice allowance proposed under the Staff Committee's recommendation. To include them would be to make difficult for the Commissioner of Public Works the carrying out of his uniform scheme for the treatment of his outdoor staff. Accordingly Mr. Powell recommends that a rider be added to adoption of the Staff Committee's recommendation to provide for the exclusion of the outdoor staff of the Public Works Department, who if the recommendation of the Commissioner of Public Works is adopted will receive their remuneration in the form of cash and rice issues.

Mr. Yulin Hsi states that he would like certain of his views recorded. Under the Staff Committee's present proposal the effect would be at the moment to set a basic price for rice ranging from \$42 to \$74. He states that he had not been clear as to the kind of rice on which the price range was established for the purpose of computing the monthly allowance. He had considered that first class Saigon rice should be allowed in computing the allowance. This was formerly the case, but now he understood that the standard now adopted was 2nd class Saigon rice, which Mr. Ho had stated the majority of Chinese now consume.

Mr. Yulin Hsi also refers to the fact that the Staff Committee's recommendation provides for a maximum allowance of \$16 in any one month, but fails to provide for a minimum. He states that if the rice price is below \$42 then the staff will get no allowance and thus be worse off than they are at present. He considers that a minimum fixed at \$7 would be reasonable.

With regard to exclusion of Public Works Department outdoor staff, he considers that the idea of the Commissioner of Public Works is a good one.

Mr. Powell states that he does not agree with the views expressed by Mr. Yulin Hsi regarding the class of rice and the fixing of a minimum allowance. He considers that a sound basis is that of the rice which the majority of the staff use. It was clear at the Staff Committee's discussions that such discussions were in terms of the rice which the majority were eating, namely 2nd class Saigon. Since for some time the standard used in computing the allowance had been 2nd class Saigon, no change in that respect is involved under the present recommendation.

As to Mr. Yulin Hsi's proposed minimum, he states that his views overlook the factor that the scale must reflect the cost of living. If the price should go down below \$42, it will be necessary to revise downwards the cost of living allowance which would automatically lower the basic price of rice taken for the purposes of the rice allowance. He considers that the Staff Committee has introduced a satisfactory flexible scheme.

The Chairman states that he considers that Mr. Powell has afforded a complete answer to Mr. Yulin Hsi's views. Mr. Yulin Hsi reiterates that he had not previously known that a basis of 2nd class Saigon rice had been used.

Mr. Haley states that such was the case was clear to him. Mr. Mitchell concurs and agrees with Mr. Powell that it is appropriate to take as a basis the rice which the majority are using.

The Secretary & Commissioner General states that it is desirable to have it on record that if the cost of living allowance is raised, then automatically the rice allowance will be reduced by an increase in the basic rice price upon which the allowance is computed. Members all agree.

In reply to Mr. Haley, the Treasurer states that if the rice allowance is in fact raised from the present figure of \$7 to the maximum of \$16 and the recommendations of the Commissioner of Public Works approved, an extra cost in a full year would be involved of a \$1½ million.

The Chairman states that previous to members adopting the recommendation of the Staff Committee and thereby voting an increase in municipal expenditure of so large an amount, he wishes to point out once again the difficulty of financing increased municipal expenditure and that by sanctioning such expenditure members are in effect indicating the need for an increase in taxes.

Mr. Yulin Hsi refers again to the desirability of fixing a minimum rice price in order to safeguard employees. Mr. Carney suggests that in the event that the price of rice goes to a point where the allowance is less than the present figure of \$7 the matter should be reconsidered. It is agreed that this be recorded.

Mr. Powell states that he is satisfied that the formula framed by the Staff Committee affords all the necessary safeguards and assurances to the staff.

It is thereupon decided to adopt the recommendation of the Staff Committee, subject to the rider proposed by Mr. Powell excluding Public Works Department outdoor staff.

34/1.

Interim Report No.4 of the Municipal Economy Committee. Members unanimously adopt the Interim Report of the Municipal Economy Committee on the Public Works Department.

L 31/3.

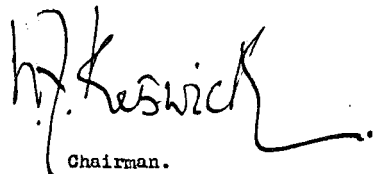
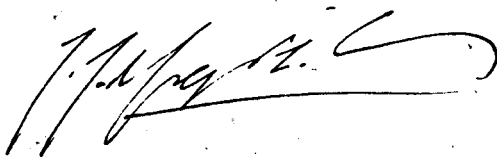
Floods. In reply to the Chairman's enquiry, the Commissioner of Public Works states that the reason for the present floods is the combination of the circumstances of an exceptionally heavy rainfall with the highest tide of the year, and winds of typhoon violence which serve to bank up the water. He states that the river water level was at one time 2½ feet higher than the lowest road levels in the Central District. He states that whilst the area between Honan Road and the Bund can be shut off from tidal flooding, the pump cannot deal with heavy rains as well. He states that yesterday during the 24 hours the rainfall was only 10% less than the record in 1865.

Mr. Mitchell suggests that members should not remain satisfied with the explanation that flooding, which in the last few years has occurred as never before, is due solely to a combination of the phenomena named.

The Commissioner of Public Works states that if the municipality had an unlimited purse then only could flooding caused by such exceptional circumstances be coped with. He states that the pumping scheme contemplated by the French Concession was estimated to cost \$80,000,000 and take 10 years to construct. He states that any vast engineering scheme adopted in the Settlement would necessitate the co-operation of the French area, as the areas are one during heavy floods.

In reply to Mr. Okamoto, the Commissioner of Public Works states that no health danger is anticipated as a consequence of the floods.

The meeting terminates at 5.10 p.m.



Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, October 16, 1940, at
4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

Miss E. M. Hinder

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. E. Y. E. Kiang.

The Minutes of the meeting held on October 2 are confirmed and signed by the
Chairman.

The Minutes of the meeting of the Public Utilities Committee held on October 9
are submitted and confirmed.

B 2/16.

Shanghai Telephone Company - Application for Revision of Tariffs. Mr.
Mitchell, Chairman of the Public Utilities Committee, refers to the
several recommendations of the Committee regarding the application of the
Shanghai Telephone Company for a revision of its tariffs and states that
this complicated question has to some extent been simplified for the study
of members of Council by reason of the submission to individual members
of all the documents which were before the members of the Public Utilities
Committee.

Mr. Yuan points out that to reduce the free call allowances and
to increase the charge for extra calls, each of which involves a substan-
tial increase in the charge for service, together represent a large
increase and enquires whether it is necessary to adopt both these measures.
Mr. Mitchell explains that the Company is experiencing an abnormal demand
for service which it feels is partly due to the low charges in force
which have remained unchanged since 1936, and partly to overcrowded con-
ditions and business activity which may not be permanent. To meet this
demand it would be necessary to change from the existing five digit to a

six digit system, involving enormous expense for new switching equipment. Since it is not convinced that this demand will be permanent, the Company wishes to avoid the expenditure of the large amount necessary at present exchange rates to purchase this equipment, the charges on which would be an exceedingly heavy permanent burden on future subscribers should the demand prove transient. The Company had accordingly designed its proposals generally with the purpose in view of avoiding as much of this expenditure as possible, and the object of the reduction in the free call allowances and the increase in the charge for extra calls was not so much to obtain an increase in revenue as to reduce the calling rate, or use made of each telephone, and thus enable more telephones to be connected to the existing switching equipment at relatively low capital cost.

Mr. Yulin Hsi considers that the suggested compromise proposal is sound in that while agreeing to the building up of a special depreciation reserve to meet the peculiar difficulties confronting the Company at this time, the Council does not accept the principle of basing depreciation on replacement cost which in his opinion is unsound. He draws attention however to the fact that the compromise proposal makes provision for the return to subscribers of the extra depreciation provided by them only in the unlikely event of a sale of the Company. He points out that the extra depreciation so provided amounts to approximately \$6,000,000, a year and if existing conditions continue for some time the Company will have at its disposal a large sum which in the event of a rise in exchange, will no longer be required for the purpose for which it was raised. In his opinion the compromise proposal should contain provision for the return of this sum to those who provided it, i.e. the subscribers, when it is no longer required to meet difficulties caused by abnormal conditions. Mr. Hsi remains unconvinced by the explanations afforded him that this extra depreciation will not be available to the Company in cash, since part of it will be utilized in replacement of existing plant and the remainder in financing expansion. He maintains that only a comparatively small portion will be used for replacement and any of the balance employed for expansion would be replaced by raising new capital as provided for under Clause 2 of the proposal; that it is the function of the Company and not subscribers to finance expansion; and that funds provided by subscribers and utilised for this purpose owing to exceptional circumstances should be returned to them when such circumstances no longer exist. He also expresses opposition to expansion at the present time beyond the possibilities of existing plant.

Mr. Mitchell states that his understanding of the matter is that should the extra depreciation provided under the compromise proposal be found at some later date to be in excess of replacement requirements, this excess would find its way back to subscribers in the form of lowered

tariffs, which would be designed to provide the Company with insufficient revenue which, in turn, would be augmented from the amount in the special depreciation account no longer required for replacement. Mr. Hsi replies that if this is the intention of the proposal he is satisfied.

The Secretary & Commissioner General states that this is not the intention of the compromise proposal, under which no part of the extra depreciation provided will be returned to subscribers except on a sale of the Company. He explains that the funds so provided will not remain in cash, but will be wholly used in the purchase of plant mainly for expansion. These funds would only be replaced by raising new capital in the event of so much of the special reserve having been used for expansion that no funds are available for replacement. There will therefore never be cash available in this reserve for augmenting any deficiency in revenue caused by lowering the tariffs as visualised by Mr. Mitchell. The Secretary & Commissioner General considers that this method of meeting the present difficulty will prove considerably less of a burden on subscribers than the only alternative of raising new capital at the present time on which they will have to provide the franchise return.

The Treasurer confirms the Secretary & Commissioner General's statement that no part of the extra depreciation once provided will be available for return to subscribers in the event of the hoped for rise in exchange, but points out that in such an event, under the compromise proposal the amount of depreciation in local currency will be automatically reduced thereby making possible an adjustment in tariffs. The depreciation formula approved between the Company and himself under the proposal provides for the revaluation each year of the Company's assets and have regard to both the prevailing exchange rate and the exchange rates ruling at the time the assets were purchased. In the event of a considerable improvement in exchange following a period of low exchange the Treasurer anticipates that the Company will apply for reversion to the method of computing depreciation on original cost. The Treasurer states that at a conference with French Administration officials it was proposed to allow the Company depreciation based on actual replacements made year by year, but that efforts to induce the Company to agree to this method had not succeeded mainly because of the Company's inability to raise funds at this time for capital development. He considers however that the Council is reasonably safeguarded by the compromise proposal.

The Chairman agrees that the Council is well protected under the compromise proposal which is the best solution of the problem. Mr. Powell also considers the scheme as sound under the circumstances. Mr. Carney points out that the scheme is a temporary measure only and avoids a decision as to the two schools of thought on whether depreciation

should be based on original or replacement cost.

After further discussion, during which Mr. Yulin Hsi continues to express dissatisfaction with the feature of the compromise proposal raised by him, the recommendations of the Public Utilities Committee are adopted.

H 1/28 &
H 6/22.

The Minutes of the meetings of the Staff Committee of October 11 and Finance Committee of October 12 are submitted and confirmed.

High Cost of Living Allowance. With regard to the recommendations of the Staff Committee and Finance Committee to authorize and to finance an increase in the high cost of living allowance from 65% to 85% from October 1, 1940, Mr. Yuan on behalf of himself and Mr. Yu Ya Ching states that they will find it very difficult to face their Chinese constituents if the cost involved ultimately necessitates an increase in rates.

Mr. Yulin Hsi states that he also formerly held the view that approval of the proposed increased cost of living allowance should be conditioned by the rider that there should be no rate increase. He has, however, formed the opinion that the proposal can be financed with a not too great increase of the inevitable deficit.

With regard to the proposed allowance of 85%, Mr. Yulin Hsi suggests that a minimum be established, which was at \$16 when the allowance was 65%. Mr. Powell agrees to a minimum and suggests that it should be based pro rata on the percentage increase in the allowance. It is agreed that the minimum be \$20.

The Treasurer points out that to finance the proposed allowance, increased borrowing from the extraordinary budget will be necessitated and even then financing up to March next only will be possible. Unless some \$5,000,000 additional revenue for 1940 can be found an increase of the rates will be inevitable.

Messrs. Mitchell and Allman state that since the financing of the increased allowance is for the time being practical, it is premature to consider the effect on the rates. Mr. Yulin Hsi reiterates that he does not oppose the increased allowance but agrees with Mr. Yuan that any increase of the rates will prove a very troublesome matter.

The Chairman states that the time to consider any rate increase is when the Budget is under examination and that the financing of the increased allowance does not in itself commit the Council to an increase in the rates.

Mr. MacDonald states that he cannot support the proposed increased allowance so far as concerns those members of the staff drawing over \$2,000 per month. Though only a very small number of officials would thus be excluded, he considers that their exclusion would be a gesture which the public would appreciate. The Treasurer states that the exclusion of these employees, 8 in number, would effect an economy of perhaps

\$36,000 a year.

Mr. Powell states that he cannot see that there is any reason to make an invidious distinction and penalise any particular group of employees. He points out that the basis of the Council's high cost of living allowance is to compensate employees only for approximately half of the extra living cost.

Mr. Okamoto states that whilst the exclusion of employees receiving over \$2,000 a month would mean only a small economy, nevertheless he agrees with Mr. MacDonald that such exclusion would create a favourable public opinion.

Mr. MacDonald's proposal is thereupon put to a vote and is lost. The proposal of the Staff and Finance Committees is thereupon approved, with a minimum allowance of \$20.

F15/5.

Industrial Census. Members endorse the recommendation of Miss Hinder that the taking of an industrial census be postponed until such time as a population census can be taken.

F 34/1

Fifth Interim Report of Municipal Economy Committee. Members adopt and endorse the Chairman's expression of appreciation of the Report of the Economy Committee on Municipal Departments comprising the Police Force, Secretariat, Industrial Section, Chinese Studies and Translation Office, and on the subject of Motor Transport.

The meeting terminates at 5.45 p.m.

The block contains two handwritten signatures. On the left is a large, stylized signature, likely of the Secretary. On the right is a signature that reads 'W. J. Keswick', with the word 'Chairman.' printed below it.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, October 30, 1940, at

4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commandant, S. V. C.

The Commissioner of Police

The Commissioner of Public Health

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. E. Y. B. Kiang

I. Okamoto

The Minutes of the meeting held on October 16 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Education Board held on October 18 are submitted and confirmed.

The Minutes of the meeting of the Health Committee held on October 25 are submitted and confirmed, subject to the following understanding.

Standard of Milk Supply to Municipal Institutions. With regard to the recommendation of the Health Committee that the supply of milk to municipal institutions be of part T.T. and part non-T.T. quality, Mr. Yulin Hsi states that if nurses require T.T. quality then he considers that this quality should be supplied to all patients, without discrimination against patients at the Police and Chinese Isolation Hospitals.

The Commissioner of Public Health states that distinction will be made in the supply between that required for drinking purposes and that for cooking purposes, without discrimination against the institutions named by Mr. Yulin Hsi.

The Chairman agrees with Mr. Yulin Hsi and the Commissioner of Public Health that all milk for municipal institutions required to be drunk raw should be of T.T. quality and if not required to be drunk raw that non-T.T. quality will suffice. Members agree to the establishment of

m 7/57.

this practice in future and the Chairman expresses the hope that by so ruling the periodical review of this question may be rendered unnecessary. The Minutes of the meeting of the Watch Committee held on October 25 are submitted and confirmed.

I 13/3.

Hawkers. Mr. MacDonald states that the recommendation of the Watch Committee that the licensing of hawkers of other than foodstuffs be not proceeded with was adopted by a majority of only one. He states that he has learned that it is the practice of cities elsewhere to require all hawkers to be licensed. Whilst considering that a similar requirement should be imposed in the Settlement, he states that he is against permitting the operation of other than food sellers, in view of the unfair competition against small shop-keepers which general hawking will cause. Mr. Allman also expresses himself in favour of licensing.

Mr. Carney states that he sympathises with the views of Chinese members that to mulct all hawkers in fees would be to put many of them out of business, thus rendering them destitute and causing them to become public charges.

The Commissioner of Police states that it is for the Council to decide on the primary issue as to whether it wishes to give facilities for general hawking or whether it wishes the Police to restrict such activities. If the latter course is desired, then it is the Police view that licensing will assist the end desired. He agrees that it may be impossible to commend licensing on purely humanitarian grounds.

Mr. Yulin Hsi states that he fully shares Mr. Carney's sympathies with the need of the hawkers to make a livelihood by hawking.

In reply to Mr. Powell as to the practical effects of licensing, the Commissioner of Police states that at present unlicensed hawkers can only be charged with obstruction, whereas if licensing is introduced charges can be brought for non-possession of a licence as well as obstruction. He adds that the present practice is to impose a fine and to confiscate the possessions of offending hawkers, but not to send them to gaol.

Mr. Mitchell states that any measure which would increase poverty is hardly to be commended, especially during the present difficult times.

By a large majority the recommendation of the Watch Committee is adopted that licensing of other than food hawkers be not introduced.

F 7/5.

Barriers on Extra-Settlement Roads. As a consequence of reference made by several members to the barriers erected by the Japanese Gendarmerie across certain Western Extra-Settlement Roads, it is decided that representations be addressed to the Japanese Consul-General regarding the inconvenience occasioned to the general public and inviting the removal of the barriers.

H 26/3.

S. V. C. Sergeant-Major. A memorandum submitted by the Secretary & Commissioner General refers to the view of the S.V.C. Sub-Committee of the Economy Committee that Corps Sergeant-Major Feltz should be released upon the expiry of his contract and a substitute obtained locally at a salary bearing a reasonable relation to that of other Headquarters' staff. Subsequently, the Commandant has reported that he sees no hope of obtaining a suitable substitute locally and that he considers it essential to have one professional man on his staff. He refers to the Treasurer's view that it would not be unreasonable for Corps Sergeant-Major Feltz's pay to be increased to \$500 or \$550 per mensem, but that anything beyond that figure would tend to disturb the balance of the scales of pay in the Corps. It is for members to decide whether they wish the Commandant to make an effort to retain Sergeant-Major Feltz's services with pay at not more than \$550 per month.

The Commandant states that he considers it will be impossible to replace Sergeant-Major Feltz locally at this figure. In view of this difficulty, the Chairman states that he feels that it is advisable to offer Sergeant-Major Feltz \$550 in the hope that his services may be retained. Mr. Allman concurs in this view, adding that there is need in the Corps for Sergeant-Major Feltz's professional knowledge.

Mr. Powell states that he finds himself unable to support the proposal to offer \$550 a month in the hope of retaining Sergeant-Major Feltz. He points out that such a salary will not serve to remove his present financial disabilities, since he would still not be paid at a rate commensurate with what he would receive if he returned to his Regiment, namely about \$1800, as contrasted with about \$1350 which he would get at \$550 plus allowances. He states that the Economy Committee felt that they could not generally adopt the criterion that other than local market rates should be paid in order to gain or retain an employee's services. He therefore does not consider that any attempt should be made to persuade Sergeant-Major Feltz to remain at a figure which is admittedly financially embarrassing to him.

Mr. Powell points out that other Municipal departments are in need of professional employees, but that they too are precluded from always paying foreign market values. Mr. MacDonald replies that the case of the S.V.C. is hardly parallel with that of other departments, since the Corps will have only one professional soldier if Sergeant-Major Feltz goes.

Mr. Mitchell states that he prefers to abide by the finding of the S.V.C. Economy Sub-Committee that a local substitute should be found for Sergeant-Major Feltz at a salary bearing a proper relation to that of others of the Headquarters' staff. He states that he is not convinced of the necessity to have a professional in this post. Rather than disturb the principle which the Economy Committee is introducing of paying on a

local basis, he would rather that Sergeant-Major Feltz was released.

In reply to Mr. Haley, the Secretary & Commissioner General states that \$550 is the most that could be offered to Sergeant-Major Feltz without causing invidious comparisons among the Headquarters' staff. Mr. Powell agrees, but reiterates that to pay him at his true market value would conflict with the rates paid to the others, and accordingly he remains of the view that no pressure should be brought to induce him to stay on pay at a rate admittedly lower than such home market value.

Members then vote on a proposal to offer \$550 per month to Sergeant-Major Feltz in the hope of retaining his services. By a narrow margin the motion is defeated.

B 4/6.

Outstanding General Municipal Rate due by Japanese Nationals. At the request of Mr. Hanawa, who desires an opportunity to discuss this matter with his colleague and with the Japanese Consul-General, it is agreed that discussion of this matter be deferred and that it be placed on the agenda of the next meeting of Council.

F 30/12.

Rice. The Chairman states that the problem of the insufficient rice supplies for the community continues to be one of pressing urgency. He states that there has been a great deal of misconceived criticism of the Council's failure to remedy matters. Mr. Okamoto, whom he had asked to represent the matter on the Council's behalf, had made useful suggestions and had taken up the matter with the Japanese Military. Beyond these steps, however, the Chairman considers, and he desires to know whether members generally share his view, that the Council is precluded from taking any further action to alleviate matters. He states that the Council is powerless in the matter and that means are quite beyond it to assist in any financial way. The Council's reply to the unwarranted criticism that it has no policy in dealing with the rice problem is, the Chairman states, that everything possible within its powers has already been done.

Mr. Carney concurs in the views expressed by the Chairman. He refers to the representations that have already been addressed to the Japanese Authorities and states that nothing that the Council can do will suffice and that the true solution is the removal of the restriction upon the free movement of rice, which is a matter beyond the Council's control.

Mr. Powell states that no fundamental solution of this matter is within the Council's compass. It is precluded from any concrete measures by reason of its lack of money, ships, or any other of the facilities essential to cope with a problem that derives fundamentally from the fact that the local movement of rice has been restricted. He considers that the Council is fully justified in its view that, apart from rendering every possible moral support, it is altogether outside the bounds of practicability for it to solve the problem. Mr. Mitchell

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October 30, 1940.

conours, adding that the remedy that might be afforded of subsidising rice purchases is beyond the Council's financial capacity.

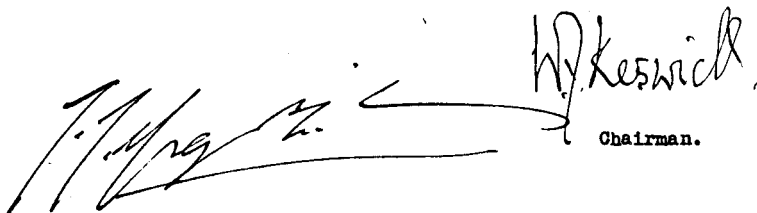
Mr. Yulin Hsi states that since the problem is of so great moment to the community, he is averse to the Council's adoption of the position that the matter is beyond its powers. Whilst he appreciates that the Council has taken considerable trouble in making representations to the proper authorities, he points out the serious disturbances that may arise if such representations are unsuccessful and if conditions worsen. He admits that he has no concrete suggestion to offer, and that the Council's finances preclude it from attempting to remedy the matter by financial means. Nevertheless, he points out that the Council on a previous occasion did in fact find it desirable to adopt this means to alleviate the situation.

Mr. Powell states that the rice trade is one of the largest in the City and that it is in a considerably better position than the Council, in the present weakened state of its finances, to undertake so major a financial project.

Mr. Yulin Hsi agrees that the financial problem is too big for the Council to cope with. He suggests that if the Council is in fact unable to do anything fundamental to alleviate the rice problem, then it would be the best policy to make known this fact to the public, in order that they may be fully aware as to whom they should look for a remedy.

In reply to Mr. Mitchell's enquiry as to whether it is in fact the view of Chinese members that a public pronouncement in this sense should be made by the Council, Mr. Haley suggests that such a pronouncement at this stage might have a disturbing effect and that it would be better if it were delayed at least until the result of the Council's representations is known. The Chairman concurs in Mr. Haley's view and members generally agree.

The meeting terminates at 5.45 p.m.



The block contains two handwritten signatures. The signature on the right is 'W. Keswick' and is positioned above the title 'Chairman.'. The signature on the left is larger and more stylized, positioned above the title 'Secretary & Commissioner General.'.

Chairman.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, November 13, 1940, at

10 a.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G.E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

The Commissioner of Public Health

The Commissioner of Public Works

The Municipal Advocate

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. E. Y. B. Kiang.

The Minutes of the meeting held on October 30 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Staff Committee held on November 5 are submitted and confirmed.

H 26/4

Volunteer Corps - Pay and Allowances - Russian Detachment. In adopting the recommendations of the Staff Committee it is decided that they shall be effective from October 1, 1940.

10/6
H 3/27.

Long Leave. Mr. Carney states that at the Staff Committee meeting he was not in favour of the recommendation pertaining to the restoration of in so far as it provided only tourist class for "A" employees long leave, but that he had deferred to the views of others in not opposing the recommendation. He suggests, however, that it would be more befitting the dignity of the Council that first class passages be granted to "A" class employees instead of tourist class as recommended. Mr. Mitchell replies that since the grant of tourist class only is an economy that certain commercial firms adopt, the Staff Committee considered it reasonable to grant no higher than this class of passage.

The Treasurer, in response to Mr. Haley, states that if first class passages were granted to "A" class employees, 50 first class passages would be required next year, at a difference in cost of £60 per passage or a total additional cost of say two lakhs. The Chairman states that it would seem reasonable that passages should not exceed the tourist rate for any class of employees.

Mr. Powell states that though he was at first inclined to agree with Mr. Carney, he feels that on the whole it is advisable that passages should not exceed the tourist rate for any class of employees, having regard to the fact that the circumstances are abnormal and that the leave taking is not compulsory. Mr. Okamoto concurs in this view.

Mr. Yulin Hsi states that he is of the view that the restoration of long leave, as recommended by the Staff Committee, should be subject to the prior approval by the Finance Committee of the cost involved. The Secretary & Commissioner General suggests that more correctly the issue that is before members for decision^{is}/as to whether provision for the restoration of long leave should be made, leaving it for the Finance Committee to find the necessary means to meet financing. The Chairman agrees, stating that since the recommended leave restoration is to be effective from the beginning of next year it is appropriate that provision for its cost should be the care of the framers of the budget. Mr. Yulin Hsi points out that a precedent for his suggestion of reference from the Staff Committee to the Finance Committee exists in the recent procedure adopted in connection with cost of living increases.

Mr. Yuan states that he considers that the Chinese ratepayers will find it difficult to appreciate the necessity to restore long leave, which restoration he feels can be further postponed. He points out that the cost of \$3,000,000 involved during 1941 is a very appreciable sum.

The recommendations of the Staff Committee pertaining to the restoration of long leave are then voted upon and are adopted by a majority.

F 30/12. Cheap Rice Sales. The Chairman refers to the views expressed by Sir Robert Calder-Marshall, the Chairman of the Supplies Sub-Committee, that if the free flow of domestic rice cannot be secured it would appear to be necessary to make provision for the sale of rice to the poorer classes. He states that it would not be practicable for the Council and the French Council to shoulder the whole loss that would be entailed, but suggests a monthly grant of say \$10,000 by both Councils towards funds to be contributed to finance the cheap sales of rice. An alternative suggestion made by a member of the Supplies Sub-Committee is that certain of the proceeds from the Voluntary Entertainment Levy might be diverted to this purpose.

In a report submitted the Treasurer states that he is opposed on principle to the issue direct of Council funds for the alleviation of the rice situation and as regards the suggestion that funds from the Voluntary

Entertainment Levy be diverted for this purpose he points out that the conditions under which this levy was instituted preclude the use of such funds other than for measures of refugee relief. However, as the Shanghai Refugee Relief Association is receiving regular grants from these funds in increasing amounts, and as it may reasonably be assumed that the volume of work undertaken is decreasing by this time, he suggests that it might be appropriate to ask this organization to give support to the project now under consideration.

Mr. Yuan and Mr. Yulin Hsi explain that the refugee problem has by no means been liquidated and that probably refugees to the number of around 10,000 will remain to be financed from the Voluntary Entertainment Levy proceeds. These remaining refugees comprise old persons and children who cannot work and who cannot be repatriated. Mr. Yulin Hsi also refers to the increasing cost of the rationing of refugees.

The Chairman states that there are three conflicting claims for money, for the remaining refugees, for beggars, and for the provision of cheap rice for the poor.

Mr. Yulin Hsi urges the necessity of the continuance of the cheap sales of rice and favours a contribution by the Council thereto, to be provided from its general funds and not from the proceeds of the Voluntary Entertainment Levy. The Chairman states that this involves the principle as to whether the Council should contribute for such a purpose from the general funds of the public. Mr. Allman states that he considers that the Council has a moral obligation to make a contribution if it is financially practicable. Messrs. Yuan, Hanawa and Cookson agree and endorse the views of Mr. Yulin Hsi that any contribution made should be from the Council's general funds.

The Commissioner of Police refers to a police investigation in the Central "A" Division which indicated that many of those comprising the rice line were residents of Pootung and other outside areas. He suggests that this aspect should be cared for by the distributors of the cheap rice. Mr. Ho, Deputy Secretary, points out that since the distribution is carried out at 80 rice shops scattered throughout the Settlement, investigation in any one particular area cannot be regarded as truly representative. He states that it is hardly likely that any large number of those comprising the rice line are non-Settlement residents and he expresses the hope that the benevolent activity in question will not be discouraged by the possibility that other than Settlement residents may be benefitting therefrom. Mr. Yulin Hsi observes that in practice it would prove very difficult to distinguish between residents and non-residents. Mr. Powell suggests that there might be some value in giving

publicity to the fact that the rice benefit is designed purely for Settlement residents, so that those in the rice lines may report non-residents. The Chairman suggests that though it may not be possible to make it a stipulation that the rice lines shall consist only of Settlement residents, he considers that an expression of a strong wish to this end could appropriately be conveyed to the cheap rice sales organization. Upon the recommendation of the Chairman it is decided to make a grant towards the funds contributed to finance the cheap sales of rice of a sum of \$10,000 per month for a period of three months, the matter to be reviewed thereafter, with an expression of the hope that the French Municipal Administration may be prepared to make a similar grant, and with an offer of Police assistance to the rice sales organization in ensuring that the beneficiaries are Settlement residents.

B 4/6.

Outstanding Rates due by Japanese Nationals. Mr. Okamoto states that the matter has been taken up with the Japanese Authorities who will endeavour to ensure payment of outstanding rates by Japanese nationals, after the necessary methods to ensure such payment have been discussed by both sides.

F 34/1

Sixth Interim Report of the Municipal Economy Committee. The Chairman presents and expresses members' appreciation of the Sixth Interim Report of the Municipal Economy Committee. He refers to the recommendation that the appropriation for books for 1941 be increased from \$20,000 to \$40,000 and states that he has not any great sympathy with this recommendation having regard to the financial demands of the more essential needs of the Council. He favours the increased publicity of the Library's facilities which the Economy Committee recommends. Mr. Haley enquires whether secondhand books cannot be purchased and donations of books be invited from the public. The Treasurer states that secondhand books are on occasion purchased.

Mr. Powell states that certain cultural amenities, such as the Library and the Orchestra, have by reason of the ratepayers' own decision become ^{their} established prerogatives, precluding the Council's decision as to the justification for their maintenance. Since the ratepayers wish for a Library it would appear to be the responsibility of the Council to ensure that it is a good one. Mr. Yulin Hsi endorses this expression of view and adds that an efficient Library is in fact an economical one, which was the aim of the Economy Committee to ensure.

Mr. Mitchell states that it would seem inappropriate for the Council to attempt to economise on the findings of an Economy Committee appointed by the ratepayers themselves.

The Sixth Interim Report of the Municipal Economy Committee is thereupon unanimously adopted.

K 8/1. Beggars. There is submitted a letter from the Rotary Club of Shanghai on the subject of the beggar problem. The Rotary Club states that they have appointed a Committee to consider this problem, with a view to their acting as a receiving and distributing Committee for the organization and maintenance of a camp for Chinese beggars in Shanghai, such camp to be solely managed by the Salvation Army. The Rotary Club applies to the Council for a piece of Municipal land of approximately 20 mow within the boundaries of the Settlement proper for the purpose of housing the proposed camp and further asks for diversion to the beggar problem of a portion, if possible 80%, of the proceeds of the Voluntary Entertainment Levy.

The Commissioner of Public Works states that an area of so large an extent as 20 mow of Municipal land can only be provided by offering the greater part of Kiaochow Road Park, which he has learned would be a very acceptable site to the Salvation Army for the purpose of a beggars' camp. The ordinary park visitors would not be greatly affected by loss of the use of this area. The only serious aspect would be the dispossession of those using Kiaochow Park for the playing of organized games.

The Chairman states that it is apparent that Kiaochow Park has not proved very popular for the ordinary park visitor and Mr. Yuan adds that even for the playing of organized games it is the least popular sports ground. Mr. Yuan and Mr. Carney express themselves in favour of the allocation of a part of the Kiaochow Park for the purpose of a beggar camp. Mr. Yulin Hsi states that it is essential to provide for a beggar camp and that if no other Municipal space is available of appropriate size then he favours the use of Kiaochow Park. He enquires, however, as to the possibility of using a ^{lesser} ~~larger~~ area than 20 mow and refers to the possibility of using the 8 mow ear-marked for a Chinese School Children's playground. Mr. MacDonald states that he is unable to endorse the allocation of Kiaochow Park until he has received information as to the extent to which it is used by park visitors.

It is decided that either 20 mow in Kiaochow Road Park or the 8 mow area of the School Children's playground be allocated to provide a site for a beggar camp, according to decisions to be reached by the Commissioner of Public Works with the beggar camp sponsors as to the area of land deemed essential for the camp.

Regarding the financing of the beggar camp, it is decided to

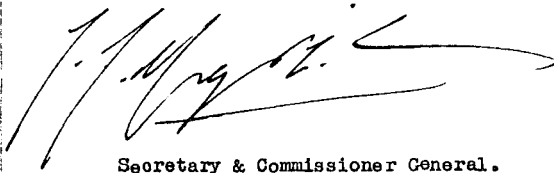
refer to the Committee for the distribution of the proceeds of the Voluntary Entertainment Levy the question of the possibility of a re-allocation of the levy to the end that a part may be diverted to the maintenance of the beggar camp.

In reply to Mr. Powell and Mr. MacDonald, Mr. Mitchell states that it is the intention of the Rotary Club to approach the French Administration in connection with the beggar problem to the end of ensuring possible co-operation with the scheme in the Settlement and for a grant of financial support.

B 14/5. Court of Consuls Case. The Secretary & Commissioner General informs members that suit has been brought against the Council in the Court of Consuls in respect of the Council's attempt to enforce the payment of land tax on unregistered but developed land.

The meeting terminates at 11.20 a.m.


Chairman.


Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, November 27, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

G. A. Haley

Yulin Hsi

R. G. MacDonald

G.E. Mitchell

I. Okamoto

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Works

The Municipal Advocate

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa

E. Y. B. Kiang

T. S. Powell

The Minutes of the meeting held on November 13 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Health Committee held on November 20 are submitted and confirmed.

The Minutes of the meeting of the Works Committee held on November 22 are submitted and confirmed.

L 11/22.


Quinsan Garden Square. At the instance of Mr. Mitchell, the Treasurer states that he will rectify the position whereby the value of this land is shown in the Council's accounts at \$764,464, corresponding to the assessed value placed by the official assessors thereon in 1933, notwithstanding that under agreement with the Shanghai Land Investment Co. its value in the event of return to the Company is only Tls.23,742. The Treasurer points out that the present cash position is no way affected by the writing down of the value of this land.

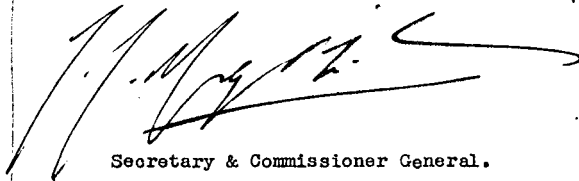
The Minutes of the meeting of the Education Board held on November 22 are submitted and confirmed.

Public & Thomas Hanbury School for Boys. With regard to the remarks of a member of the Education Board, relating to the proposal to remove this school, wherein he suggests that the proprieties have not been observed so far as the functions of the Education Board are concerned, the Secretary

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and Commissioner General explains the circumstances and states that after necessary consultations with Departments concerned are concluded the Education Board will be given an opportunity to consider the matter. The Minutes of the meeting of the Orchestra & Band Committee held on November 25 are submitted and confirmed. The meeting terminates at 5.10 p.m.


Chairman


Secretary & Commissioner General.

At the Special meeting of Council held on Friday, December 6, 1940, at 2 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

N. F. Allman

J. W. Carney

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

I. Okamoto

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

The Deputy Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. W. Gockson

G. A. Haley

E. Y. D. Kiang

T. S. Powell

H 5/15.

Staff Pay. The Chairman states that owing to the seriousness of the situation regarding the pay of the Chinese Branch of the Police Force and other branches of the service, he attended a meeting of the Staff Committee held yesterday at which the matter was placed on the Agenda.

At this meeting the requests submitted by the Chinese Police for increases in pay and improved terms of service were discussed and it was left to an informal Committee consisting of himself, the Chairman of the Staff Committee and Mr. Yu Ya Ching to recommend any necessary further adjustments to meet the grievances of this branch of the service. This Committee now proposes that the High Cost of Living Allowance be increased from 85% to 150% on basic pay for the whole service as suggested by the Chairman of the Staff Committee to that Committee yesterday, but with a minimum allowance of \$40 instead of \$42. The Chairman of the Staff Committee also suggested that the basic price of rice on which the Rice Allowance is calculated be reduced from the present figure of \$47 per picul to \$40 per picul. The Committee of three however suggest that the basic price be further reduced to \$35, i.e. that the Rice Allowance be half the difference between the basic rice price of \$35 per picul of 176 lbs. and the average price per picul of 176 lbs. of second grade Saigon rice on the 25th day of the month for which the allowance is calculated, with a minimum allowance of \$15 and no maximum as at present. It was the opinion of Mr. Yu Ya Ching,

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December 6, 1940.

the Commissioner of Police and Mr. Yao, Deputy Commissioner, with whom the matter had been discussed that the minimum monthly amounts on which policemen could be expected to live was \$110 for a single man and \$128 for a married man. The proposals put forward by the Committee of three, although meeting in most respects the requests also submitted by the Chinese staff of the Fire Brigade, did not provide what Mr. Yu Ya Ching and the Commissioner and Deputy Commissioner of Police regarded as the minimum necessary to satisfy the Chinese Police. Exhaustive consideration was given to this point and it was decided that prevailing conditions ^{which} under the Police worked warranted adoption of the practice followed in the French Police of granting a special duty allowance to make up the difference between the proposals submitted by the Committee of three for the whole service and the minima regarded as necessary for the Chinese Police. The Committee accordingly recommend the granting to the Chinese Police of a monthly Special Duty Allowance of \$14 for single men and \$28 for married men. The recently increased Housing Allowances for the Chinese Police, the proposed general increase in the High Cost of Living and Rice Allowances with the Special Duty Allowance would, with the price of rice ruling on the 25th of last month, raise the minimum pay and allowances for the Chinese Police to \$108 a month for single Constables and \$128 a month for married Constables, while the average Sergeant will receive \$167 a month. All concerned consider these proposals fair and reasonable and recommend their approval. Subject to members' agreement it is proposed that they should be announced as soon as possible to the Chinese Police by the Senior Officers of the Force with the assurance that the other grievances submitted will be considered in due course by their senior officers.

After thorough consideration and discussion between members the proposals, with an increase in the monthly Special Duty Allowance to \$15 for single men and \$30 for married men giving a minima of \$109 and \$130 for single and married Constables respectively, are unanimously approved.

Lengthy discussion then ensues on the suggestion that the Committee of three be given discretionary powers to grant slight increases in the terms in the event of the proposals proving unacceptable. Mr. Yu Ya Ching considers it desirable, from the point of view of the psychological effect, that whoever carries on the negotiations should have the power to increase the total minimum pay and allowances to double the present figure without entailing the delay necessitated by further reference of the matter to the Council. Mr. MacDonald opposes this course on the grounds that as a disciplined force the Chinese Police committed a serious offence in leaving their posts and that bargaining with them would amount to condonation of such action. In his opinion they should be informed of definite increases in their pay and allowances approved by the Council and

discretionary powers to the Committee should be limited to the other grievances submitted. Mr. Allman supports this view and considers that it should not be necessary to buy the loyalty of these employees. The Chairman and Messrs. Mitchell, Yulin Hsi and Okamoto consider that the negotiators should be given authority to grant slight increases in the terms should it be found that minor concessions are necessary to avoid the extremely serious situation which would arise from a strike of the Chinese Police.

The Secretary & Commissioner General considers that the negotiators, whoever they may be, would feel bound to assume some discretion in the matter if by doing so a strike could be averted. Such discretion in his opinion could be exercised in various ways, for instance the date from which the increases are to become effective would be of considerable value.

Asked for his views, the Commissioner of Police replies that if the suggested proposals are not acceptable he does not consider that the slight increases in the terms suggested by members would have the effect desired. He however feels that the proposals will be acceptable.

Replying to further questions the Commissioner of Police states that he proposes to announce the Council's proposals immediately by addresses direct to the men by himself and senior Officers of the Force. He considers that no further negotiations should take place between Mr. Yu Ya Ching and representatives of the men since these negotiations have now served their purpose of the submission of a definite list of grievances. In his address the Commissioner also proposes to agree to certain of the other minor requests made which are regarded as reasonable. Mr. Yao states that he has read the Commissioner's draft address with which he agrees and that he concurs with the future procedure for handling the matter suggested by the Commissioner. He also considers that the proposals will be acceptable to the men.

The question of applying the increased High Cost of Living and Rice Allowances approved for the Chinese Police to the remainder of the Municipal Staff is then considered.

Mr. Hanawa states while the higher paid staff may, as stated at the Staff Committee meeting yesterday, be suffering some hardship; he is still of the opinion that it is necessary to consider the sentiments of Ratepayers who are also suffering hardships under prevailing abnormal conditions. He has accordingly prepared two proposals which he submits for consideration as alternatives to the suggestion made to the Staff Committee to increase the High Cost of Living Allowance of 85% to 150% for all grades.

H 1/28 &
H 6/22.

The first proposal is that on the first \$200 of monthly basic pay the H.C.L. Allowance be 150%; between \$201 and \$500, 120%; between \$501 and \$1000, 100%; and above \$1000, 97%. The second proposal is that on the first \$500 of monthly basic pay the H.C.L. Allowance be 150%; between \$501 and \$1000, 120%; and above \$1000, 100%. The second proposal is then considered.

Mr. Yulin Hsi states that many Chinese firms use this sliding scale scheme providing for a higher percentage increase on the lower salaries which he supports.

Asked for his opinion Mr. Mitchell states that his only objection to the proposal is that it makes another division in the already complicated divisions of the staff. He is however prepared to support the proposal if unanimity amongst members is obtained.

Mr. Carney considers that the proposal provides an inadequate increase for the higher grades and refers to the remarks made at the Staff Committee meeting yesterday on the inadequacy of the salaries of senior employees.

Mr. Yulin Hsi considers that prevailing abnormal circumstances would justify the Council in giving special consideration to cases of senior employees who contemplate resigning owing to the inadequacy of their salaries where the retention of their services is regarded as essential to the service.

The Secretary & Commissioner General states that as reported to the Staff Committee yesterday he regards with grave concern the number of resignations now being received from foreign employees. He considers however that the proposal submitted by Mr. Hanawa would go a considerable way towards meeting the situation.

Asked for his views on the proposal, the Deputy Treasurer suggests that the H.C.L. Allowance applicable to the second \$500 of monthly basic pay be increased from 120% to 125% so as to even the spread between the other two figures of 150% and 100%. Mr. Hanawa offers no objection to this suggestion which Mr. Yuan however does not regard as necessary.

Replying to Mr. Mitchell, Mr. Hanawa states that it is his intention that his proposal should apply to two-thirds only of the basic pay of "A" Class employees as is the case with the present H.C.L. Allowance.

The Chairman states that in this International community with different standards of living it is extremely difficult to formulate a scheme of this nature with which everyone would agree. He thanks Mr. Hanawa for the trouble ^{he} ~~has~~ has taken in devising his proposal and emphasizes the importance of arriving at a unanimous decision on the matter.

Mr. Hanawa's proposal, with the modification suggested by the Deputy Treasurer increasing the allowance on the second \$500 of basic pay to 125%, is then put to the meeting and unanimously approved.

H 1/27/

The Secretary & Commissioner General suggests that since this is the first time that "A" Class employees in the higher salary grades will be treated differently in the matter of H.C.L. Allowance than other employees it would have considerable psychological effect if the Council were to restore first class passages to these employees under the modified long leave scheme under which tourist passages only are granted to all employees. He remarks that Mr. Carney had favoured this and Mr. Okamoto had been sympathetic on this point.

The Chairman and Mr. Hanawa express agreement with this suggestion to which Mr. Mitchell records his objection. The latter observes that as pointed out by the Treasurer at a previous meeting a considerable additional sum of money is involved. The Secretary & Commissioner General expresses the opinion that the Treasurer's calculation of the additional cost of providing first class passages for "A" Class employees was based on maximum requirements and passage rates, and that the actual cost will be less than that estimated. The Deputy Treasurer confirms that the Treasurer's estimate was based on the cost of passages to Canada and that since a number of employees will probably proceed to Australia the cost will be less.

Mr. Yulin Hsi suggests that the Secretary & Commissioner General be given discretionary power to grant "A" Class employees first class passages if tourist class is unavailable, but this proposal does not find favour with members, who with Mr. Mitchell dissenting, agree to the restoration of first class passages for "A" Class employees proceeding on long leave under the modified scheme recently approved.

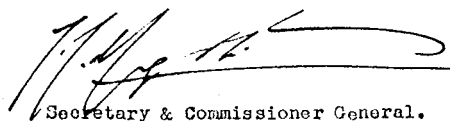
H 5/14.

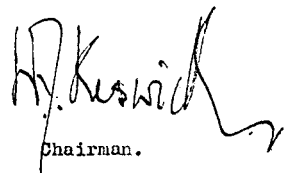
The Commissioner of Police raises the question of the pay and allowances of the Indian Branch of the Police Force and is informed that the measures approved for the Chinese Branch are to be applied to the Indian Branch with such adjustments as may be necessary, in respect of which adjustments discretion is given to the Secretary & Commissioner General and the Commissioner of Police.

In reply to the Deputy Treasurer the Chairman states that on receiving a detailed report as to the cost involved by the decisions he will submit recommendations as to financing them.

The Minutes of the meeting of the Staff Committee held on December 6 are confirmed.

The meeting terminates at 3.25 p.m.


Secretary & Commissioner General.


Chairman.

At the meeting of the Council held on Wednesday, December 11, 1940, at 4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

W. Gockson

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

The Municipal Advocate

The Commissioner of Public Works

The Deputy Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. G. A. Haley

E. Y. B. Kiang

Yu Ya Ching

The Minutes of the meeting held on November 27 are confirmed and signed by the Chairman.

The Minutes of the Special meeting held on December 6 are confirmed and signed by the Chairman.

H 1/28.

Staff Pay Allowances. The Chairman states that the Commissioner of Police has brought to his attention the discontent that has been caused by the dating of the increased staff pay allowances for foreign employees and those on Letter of Appointment from December 1, whilst the Chinese staff increases have been granted from November 1. The Chairman states that the original intention was that the increases for the Police should date from November 1 and he does not think that there was any intention on the Council's part to make the distinction in dates. Upon his suggestion, members agree that the date November 1, shall apply to the whole of Council's staff.

H 31/1.

Saltpetre and Sulphur Bureau. There is submitted a letter from the Senior Consul inviting the Council's comment upon a communication addressed to the Consular Body by the Provincial Saltpetre and Sulphur Bureau. The communication asserts the authority of this Bureau to require application to it by all parties in the Settlement dealing in saltpetre and sulphur and other explosives, and requests that the Consular Body will instruct the Municipal Police to afford co-operation to officers

of the Bureau functioning in the Settlement in the prevention of smuggling of these commodities.

The Secretary & Commissioner General states that this matter has a long history and that similarly for a long time in the past have Chinese Bureaus sought to exercise functions in the Settlement in respect of these dangerous commodities. He states that the Council has consistently followed the policy that the matter is primarily one for the Consular Body, but that the Council has in principle always been opposed to the establishment in the Settlement of monopolies or to any extension of taxation in the Settlement by Chinese authorities. Whilst the Council has insisted on the sole right of its own officers to function administratively in the Settlement, it has in certain agreed instances yielded co-operation to the Chinese Authorities in carrying out their requirements in the Settlement. He recommends that the Council should continue its former policy and leave this matter primarily to the discretion of the Consular Body.

The Municipal Advocate states that the regulations in question which this Chinese Bureau desires to enforce in the Settlement are only of a provincial and not of a national character, and that moreover they conflict with Byelaw 35 which grants power to the Council to licence and regulate the dangerous commodities in question. He states that it has been a recognized practice that where there is express provision for the Council's functions in the Land Regulations and Byelaws such shall take precedence over any provision in Chinese law. In 1931 the Consular Body had accepted the views of the Council on this question and had refused this Bureau the right to function in the Settlement. The Municipal Advocate adds that any claim on the part of the Chinese Authorities to tax under the Saltpetre and Sulphur laws has no parallel to taxation, for example, under the Salt Laws, since the latter unlike the former is a national law making it a criminal offence to smuggle salt; whilst the private dealing in saltpetre and sulphur is not a criminal offence in Chinese law. He points out that the arrangements for the functioning and taxation by the Chinese Authorities in respect of the Tobacco and Stamp Tax laws are by virtue of special agreements made with the Consular Body, which does not exist in respect of the saltpetre and sulphur law.

Mr. Okamoto expresses the hope that some friendly arrangement providing for co-operation may ultimately be reached.

Upon the Chairman's suggestion, members agree that at this stage the Council should be required only to address the Consular Body in reply to their communication giving the past history of the question, and referring to the legal position as well as the Council's rights under Byelaw 35.

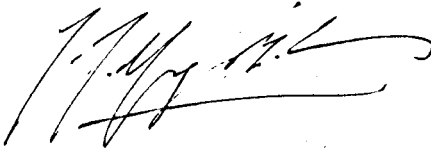
2 30/33.

Blockade in Western Extra-Settlement Area. Mr. MacDonald refers to the blockade imposed in the Western Extra-Settlement area, which he characterizes as a scandal involving considerable inconvenience and hardship to Settlement residents. He states that it is obvious that the barricades, which have been in existence for 11 days, have been ineffective for the purpose for which they were presumably erected, namely the apprehension of an assassin, and that he can only conclude that their continued existence is for an ulterior political purpose. He refers also to the interference with the operations of the public transport companies and to assaults on the Council's police officers. He considers that the circumstances warrant a strong protest, accompanied by a reminder to the Japanese authorities that the co-operation for which they have asked the Council involves mutual assistance to the Council on their part.

The Chairman states that the Senior Consul has already taken up these questions with the Japanese Authorities and that the Chairman of Council has made representations regarding the infringement of the public transport franchises and the assault on the Council's police officers. He states that these matters are very serious and that they do not conduce to the furtherance of good relations. He therefore invites the assistance of the Japanese members in remedying the present state of affairs.

Messrs. Hanawa and Okamoto state that they have been considerably exercised over these matters and that they will continue to be made their concern, in the hope that the blockade may prove to be only a temporary measure and that relief may soon be afforded.

The meeting terminates at 5.05 p.m.



Secretary & Commissioner General.



Chairman.

At the meeting of the Council held on Friday, December 27, 1940, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

T. S. Powell

Yu Ya Ching

The Ricscha Control Officer

Dr. H. Pedersen (Public Health Department)

The Commissioner of Police

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman

E. Y. B. Kiang

I. Okamoto

L. T. Yuan

'1 & K25/6

The Minutes of the meeting held on December 11 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on December 13 are submitted and confirmed.

The Minutes of the meeting of the Special Ricscha Committee held on December 17 are submitted.

Ricscha Rental, Ricscha Fare and P.M.A.A. Contribution. Mr. Yulin Hsi, Chairman of the Special Ricscha Committee, states that the recommendation to increase the maximum rental charge authorized for each public ricscha from 98 cents to \$1.25 per day, inclusive of 11 cents as the contribution to the P.M.A.A., was reached by only a narrow majority. He states that he personally had favored a new maximum rental of \$1.40 per month. He considers it illogical, when conditions are worse as they are at present for the owners, that a net profit of only \$2 per month should be allowed to the owners, when formerly a profit of \$6 was considered reasonable. He states that the pullers at the present time are able to make higher earnings than before and with regard to the proposed passenger fare table the puller usually asks for and is able to obtain more than the prescribed minimum fare. On this latter point, Mr. MacDonald expresses doubt and is inclined to the view that the puller customarily is able to obtain

less than the prescribed fare. The Police view is, however, that the puller is able to bargain for even more than the prescribed fare.

The Ricscha Control Officer states that the rental of \$1.25, recommended by the Committee, is in accordance with his suggestion and is computed on a net profit for the owners of \$2 per month based upon an assessment of their monthly cost of operating a ricscha of \$33. He is satisfied as to the ability of the pullers to pay a rental of \$1.25, which is paid by two daily shifts, each of which averages in takings from \$4 to \$5 a shift per day. The assumed owners' profit of only \$2 is, he states, only an assessment and the owner may earn more. A rental of \$1.25 will, he states, enable the owner to make a reasonable profit and at the same time permit him to keep the vehicle in proper repair.

It is noted that since the hostilities the authorized ricscha rental has moved upwards from 77 cents to 83 cents to 98 cents and now \$1.25 is proposed. The Secretary & Commissioner General points out that, taking into account the included P.M.A.A. contribution, the proposed rental increase is in effect from 91 cents to \$1.14.

Mr. Powell states that he is inclined to agree with Mr. Yulin Hsi that the proposed rental charge, which assumes a net profit to the owners of only \$2 per month, is unfair to the owners.

Mr. Ho, Deputy Secretary, states that the suggestions of members of the Committee as to an appropriate rental charge ranged between \$1.10 and Mr. Yulin Hsi's figure of \$1.40, the majority view favouring \$1.25. He states that whilst each daily shift may be able to make \$4, a month's earnings of the puller comprises only 20 shifts, since it is too strenuous for the pullers to pull more than that number.

Reference is made to the habit of the owners to overcharge on the standard rental and the likelihood that they will in practice charge more than the proposed \$1.25. The habit of the owner to charge more than the standard rental affords, in the opinion of Mr. MacDonald, grounds for fixing a rental lower than \$1.25 rather than higher. Mr. Powell suggests that, if it is admitted that present control is ineffective, that is rather an ^{argument} ~~agreement~~ in favour of attempting control of the ricscha trade at least in one particular, namely, to ensure to the owner reasonable profits by assessing a proper rental charge.

The Treasurer states that the figure of \$1.25 provides a return of 8 $\frac{1}{2}$ % per annum on the cost of a ricscha after allowing for ~~tax~~ depreciation and management expenses. Mr. Mitchell, however, considers such a return inadequate for the trade in question. In concurring in the view of Mr. Yulin Hsi, favouring more generous treatment of the owner, he suggests a compromise rental figure somewhere between \$1.25 and \$1.40.

Mr. Haley states that the figures involved in the computations being only assessed, it would appear to matter little whether the rental is fixed at \$1.25 or \$1.40, since it is difficult to ensure accurate rates.

Mr. Carney expresses doubt as to the adequacy of the recommended new minimum passenger fare of 15 cents per half mile. The Riosha Control Officer states that there is no means of enforcing the scale, which however is of value to the Police in providing a criterion in the case of disputes. He believes that the proposed figure of 15 cents is what is now customarily paid as a minimum. Any higher figure would probably be ignored by the public.

The Chairman states that having heard members' views he feels satisfied to accept the figures of the experts and to agree to a rental of \$1.25.

The matter is then put to a vote and by a majority it is decided to reject the recommendation of the Riosha Committee and to agree to a maximum rental charge of \$1.40 per day, inclusive of the P.M.A.A. contribution of 12 cents per day, in place of the present rental of 98 cents per day. The passenger fares recommended are adopted. On the suggestion of Mr. Yulin Hsi the contribution for P.M.A.A. is raised to \$3 a month in view of the decision to raise the rental to \$1.40.

D 1/13

The Minutes of the meeting of the Library Committee of December 20 are submitted and confirmed.

Removal of Books from Reading Room. At the instance of Mr. Powell, Mr. Yulin Hsi states that the possibility of the removal of discarded books placed in the reading room will receive the attention of the Library Committee.

X 7/1

Public Gambling. A report by the Commissioner of Police states that the efforts of the Police to prevent public gambling are negated by the necessity at present of obtaining a warrant in each case before a raid is made. He suggests that the Consular Body be addressed and informed of the intention of the Police in future to make raids on public gambling establishments without the prior obtaining of a warrant, subsequently immediately informing the authorities of those concerned who claim extra-territorial rights and prosecuting those concerned under their respective national laws. Alternatively, he suggests that all Consulates be requested to agree to issue long term warrants. The Commissioner of Police states that the arbitrary measure of imposing a blockade of such establishments is not suitable to all types of premises, such as apartments, where the innocent are penalized.

In reply to Mr. Mitchell, the Secretary & Commissioner General states that legally a Police Officer so acting without a warrant might be subject to a private suit in the Court of his own nationality, where he could plead the immunity to liability provided to the Council's Officers under the Land Regulations. The alternative would be a suit against the Council in the Court of Consuls, the result of which could not be anticipated. The Secretary & Commissioner General states that the defect of the alternative proposal of the Commissioner of Police, that all Consulates be requested to agree to issue long term warrants, is the possibility that there may not be unanimity of agreement among the Consuls.

The Chairman states that as the local authority responsible for law and order, he favours the Council adopting the first course suggested by the Commissioner, namely that the Police should act without applying for warrants. In this view he is supported by Mr. Gockson, and members unanimously concur that this course be adopted and the Consular Body informed of the Police intention to so act without warrants.

F 30/12

Basic Commodities. There are submitted the Minutes of the meeting of the Supplies Sub-Committee of December 20, recommending the adoption of Dr. Pedersen's view that, whilst the Council should still continue its collaboration with the price fixing measures practiced by the French Authorities, it should not itself attempt compulsory price control.

In this view Dr. Pedersen is strongly supported by Mr. Powell and the Chairman, who concur with Dr. Pedersen that whilst co-operation with the French Authorities should continue it should not go beyond assisting voluntary price fixing, but should concentrate rather on effecting the fundamental solution of removing the restriction on the free flow of commodities. Members unanimously concur in adopting Dr. Pedersen's recommendations.

With regard to the proposed "Measures to be introduced in the Rice Market", Mr. Yulin Hsi and Mr. Ho favour at least the trial adoption of the proposed regulations, as evidencing the Council's support of the reputable rice dealers and discouragement of speculators.

Messrs. Mitchell and Powell are, however, in principle against regulations which they believe interfere with the capability of the rice trade to organize itself and which involve the danger of the creation of a monopoly.

Lacking fuller knowledge of the reasons actuating these proposed measures, members decide that the matter be referred back for further recommendation by the Supplies Sub-Committee.

3 4/5

Financial Position. The Chairman states that the present financial position emphasizes the imperative necessity, in his opinion, of the imposition from the commencement of next year of an increase in Municipal Rate and Land Tax, which, to prevent a shortage of \$20,000,000 by the end of next year, requires an increase in General Municipal Rate from the present gross figure of 27% to approximately 38% effective from January 1. If delayed until April 1, the rate would have to be about 43%. He understands that the French Municipal Council have introduced a further rate increase, which approximates that which he proposes should be effective from January 1. He is convinced that the dictates of sound finance and the Council's responsibility to the public necessitate the convening of a special meeting of ratepayers for the purpose of securing a rate increase to about 38% gross from January 1. The advantage of this course, he states, would be that the ratepayers would be able to review their position in about three months' time, at the customary Annual General Meeting. A further factor in favour of not delaying the rate increase until April is the desirability of taking immediate advantage of the proposals for the increase of licence fees at present under examination by the Sources of Revenue Sub-Committee of the Economy Committee. Furthermore, he believes that the public is at the present moment psychologically receptive to the idea of an increase in rates.

Mr. Hanawa states that he does not believe that the Japanese community can be induced to support a proposal to increase the rates from January 1 of next year, and that they favour the matter being left for decision at the customary Annual General Meeting rather than being made the subject of an immediate special meeting of ratepayers.

The Chairman replies that the requirements of sound finance and the Council's responsibility to the public do not justify the Council in postponing the obtaining of an immediate decision regarding a rate increase. He believes that such a postponement, involving probably a 43% instead of a 38% rate, would be to invite severe criticism of the Council's failure earlier to apprise the public of the financial position and to rectify it in the least burdensome way.

Mr. Haley considers that it is to the benefit of all sections of the community to act immediately and that it would be unjust to the public not to take the issue to them now. Moreover, he points out that if a rate of 38% is introduced now it may suffice to keep it at that figure, whereas a delay until April may entail the future continued maintenance of the higher rate of 43%.

Mr. Powell refers to the difficulty of assuming any fixed exchange rate in framing the Budget, and states that the public is fully conversant that there is operating today not only the external fluctuating exchange factor but also the factor of internal inflation. He considers it would be a very unwise course on the part of the Council not to provide the public with an opportunity forthwith to even out their next year's tax burdens.

Mr. Carney states that since last July, when it became fully apparent that expenditure was further unbalancing the Budget, he has favoured taking the matter at once to the ratepayers in meeting. He therefore strongly favours the convening of a meeting of ratepayers at the earliest possible moment.

The Chairman states that this unbalancing of the Budget is clearly apparent in the fact that the staff high cost of living allowance was budgetted for at only 40%, whereas it is now 150%. The Council is so far behind its budgetted position that he believes that a policy of drift would be very unsound finance, and that it is only the right and proper thing to report the position forthwith to the ratepayers and to afford them an opportunity for a decision which they will be in a position again to review in three months' time.

Mr. Yulin Hsi states that a large deficit on the Budget is now an accepted fact and that an increase in the rates is unavoidable. The Chinese members prefer that this should take the form of a surcharge and that it should be limited to suffice to cover actual anticipated expenditure. As to the wisdom of taking the matter to the ratepayers in meeting now or later he states that the Chinese members have no strong views.

The Treasurer emphasized the desirability of obtaining the full benefit of the recommendations respecting increased licence fees to be made by the Economy Committee and the effect of doing so in reducing to some extent the increased rate necessary.

Mr. Mitchell states that he can see no advantage whatever to the public in delaying the introduction of the increased rate.

The Chairman therefore moves that the Council should initiate the convening of a special meeting in January for the purpose of obtaining the ratepayers' approval of an increase in the General Municipal Rate to approximately 38%, ~~with~~ by means of a 40% surcharge on the present gross Rate of 27%, with a correlative increase in Land Tax.

The matter is voted upon and the Chairman's motion is adopted by a majority.

It is thereupon decided that the date for the special meeting of ratepayers be fixed for Thursday, January 23.

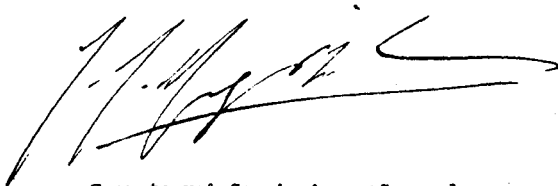
It is also agreed that there be submitted for adoption of the ratepayers at this meeting the new licence fee schedule based upon the recommendations of the Sources of Revenue Sub-Committee of the Economy Committee, such recommendations to receive the prior consideration of the Council at a special meeting of Council to be convened for Monday, December 30, at noon.

The meeting terminates at 7.00 p.m.



W. Keswick

Chairman.



Secretary & Commissioner General.

At the Special Meeting of Council held on Monday, December 30, 1940, at
12.00 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

W. Gockson

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Deputy Treasurer - Revenue

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman

E. Y. B. Kiang

I. Okamoto

B 9/1.

Schedule of Rates, Taxes, Dues and Fees. Reference is made to the decision

reached at the last meeting of Council to give consideration to such of the unanimous recommendations as have been reached by the Sources of Revenue Sub-Committee of the Economy Committee regarding increases in licence fees, with a view to their adoption by the Council and their submission for approval of the ratepayers at the Special Meeting to be convened in January next.

A report is submitted by the Deputy Treasurer - Revenue, endorsed by the Treasurer, summarizing these recommendations of the Sources of Revenue Sub-Committee, and referring also to the provisions to be made in the 1941 Tax Schedule for General Municipal Rate, Land Tax, and Special Rate, and this report is the subject of members' consideration.

In noting that the provision for General Municipal Rate and Land Tax is for a 40% increase over existing gross rates effective from January 1, 1941, it is decided to leave to the decision of the Secretary & Commissioner General the wording, in consonance with the Land Regulations, of the text respecting the levy of Land Tax.

In observing that the existing Special Municipal Rate is 24% gross, the recommendation of the Deputy Treasurer - Revenue, endorsed by the Treasurer, is that no change in the amount of this levy be made.

In support of this recommendation it is stated that conditions in the Western Extra-Settlement Area have worsened so much of late that any increase in the Special Rate levy would probably result in mass refusals to pay. The majority of contributors feel that the present rate is unwarrantably high having in view the restricted Municipal amenities available and the inconveniences arising from military blockades. Furthermore dual taxation is becoming more and more general in this area and much of the present revenue is only obtained through threat of withdrawal of water or telephone services.

Mr. Mitchell expresses himself as opposed to this recommendation. He considers that since the conditions in the Western Extra-Settlement Area are no fault of the Council's, it is entitled to assess its taxation in this area irrespective of such conditions. He suggests that it would be unwise to discriminate in making the Rate levy on the grounds of varying conditions as they affect specific areas comprised in the taxable limits under the Council's control, since to do so may encourage claims for such discrimination in respect of areas not only outside the Settlement but also within the Settlement itself. He states that in the past the Council has not made such discrimination, but has recognized merely the geographical distinction between the area inside the Settlement and that outside the Settlement by a differentiation of only 2% in the Rate. He feels that a distinction assessed in this amount is sufficient and that the same amount of difference should continue. In reply to his enquiry, the Deputy Treasurer - Revenue states that so far as concerns actual expenditure by the Public Works Department in the Extra-Settlement Areas, this is more than compensated for by the income from the Special Rate. Mr. Powell observes, however, that such a comparison hardly presents a true picture without taking into consideration the cost of administrative overheads.

The Treasurer states that notwithstanding the unsatisfactory conditions in the Extra-Settlement Areas the usual principal Municipal amenities continue to be provided. As against this factor is the circumstance that many houses in these areas are required to make Rate payment to the Special Municipal Government. Furthermore, he feels with the Deputy Treasurer - Revenue that to further increase a Rate which is already considered by many of the outside Settlement residents as being unwarrantably high may have the effect of encouraging defaults in meeting the Council's taxation.

The Deputy Treasurer - Revenue states that the 2% distinction in the levy between the areas inside and outside the Settlement is of

comparative recent date and that for many years preceding the distinction was 50%. Moreover, he estimates that as many as 80% of the Chinese outside Settlement residents and a large number of foreign factories in the Western Area are involved in dual taxation by reason of having to make rate payment to the Special Municipal Government. He states that, based upon the very close contact of his Department with Extra-Settlement ratepayers, he is certain that if the Special Municipal Rate is increased beyond its present amount, the sum effect will be a lessened and not an increased income from this source.

Mr. MacDonald states that he is inclined to endorse the views of the Deputy Treasurer - Revenue regarding the probability of an increase in the Special Municipal Rate encouraging further defaults.

Mr. Mitchell continues that he considers it would in principle be wrong for the Council to assess the Rate levy in the Extra-Settlement Areas in the light of the fear of its inability to make tax collections on the proper basis. He therefore considers that the Special Municipal Rate should continue to be fixed in accordance with the Council's well-established principles and that later, if necessary, the position can be reviewed in the light of the nature and extent of any actual default to pay on the proper basis.

The matter is then put to a vote and it is decided that the 40% surcharge applying to General Municipal Rate shall apply equally to the Special Municipal Rate, and allowing only as at present for a distinction of 2% in the basic Rate levy in the two areas.

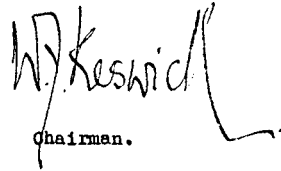
Consideration then turns to the Schedule of Licence Fees. It is explained by the Deputy Treasurer - Revenue that these new fees, proposed to be submitted to the ratepayers to have effect from January 1, represent those recommendations of the Sources of Revenue Sub-Committee of the Economy Committee which have been unanimously reached by its members. The Schedule omits to deal with certain of the licence fees including those for Theatres, Hotels, and Taverns, and the question of mileage fees in respect of Omnibuses and Trams which will be taken up with the Companies in terms of their respective franchises. It is intended that those licence fees, increases for which have not yet been definitely formulated, shall be decided upon later and in time for submission to the ratepayers at their Annual Meeting in April, instead of at the Special Meeting in January.

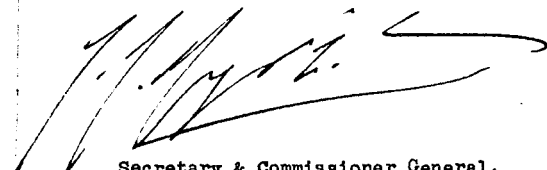
Members thereupon unanimously adopt the Schedule of Licence Fees presented in the report of the Deputy Treasurer - Revenue, for

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December 30, 1940.

submission to the ratepayers at their Special Meeting in January.

The meeting terminates at 12.20 p.m.


Chairman.


Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, January 8, 1941, at 4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

G. E. Mitchell

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Public Health

The Deputy Commissioner of Public Works
(Mr. C. H. Stableford)

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. W. Gockson

E. Y. B. Kiang

I. Okamoto

The Minutes of the meeting held on December 27 are confirmed and signed by the Chairman.

The Minutes of the Special meeting held on December 30 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Education Board held on December 30 are submitted and confirmed subject to the following remarks.

1/29. Polytechnic Public School for Chinese - Pakhoi Road. With regard to the desire of the Education Board that the premises of the Polytechnic School in Pakhoi Road be restored to the Education Department, the Chairman refers to a report tabled by the Commissioner of Public Health and states that in view of the difficulties in finding suitable alternative hospital accommodation this very laudable desire cannot be achieved at present, though members sympathize with it as an ultimate aim. Members agree.

1/2. School Fees. Mr. Yuan, Chairman of the Education Board, reads a memorandum from the Secretary & Commissioner General which states that in order to make it possible to announce as quickly as possible the increases recommended in respect of school fees, a circular was sent to the Council. All the suggested increases were approved except those in regard to Chinese Primary Schools and Night Schools. A conference has

since taken place between Mr. Yulin Hsi, the Treasurer and the Secretary & Commissioner General, suggesting the following:-

1. ^{The} Night School fees be doubled, as recommended by the Education Board.
2. In regard to Boone Road School, where the present fee is only \$5, the fee be raised to \$7.50 in the Spring term and to \$10 the following term.
3. In regard to the Sinza Road School, where the parents come from a more wealthy class than the parents of other schools, the recommendation of the Education Board be adopted, namely, that the fees be doubled.
4. In regard to the other Primary Schools, that the fees be increased by 50 per cent. commencing with the Spring term.

In answer to a query from Mr. Hanawa, Mr. Yulin Hsi states that in recommending the fees proposed consideration was given to the fact that Chinese children from a more wealthy class attend the Sinza Road school and scholars from poorer families the other schools; at the Boone Road School, however, the present fee is very low; he assures Mr. Hanawa that the suggestions now before members received very careful study before submission and he considers them reasonable.

In reply to Mr. Haley, the Treasurer states that by adoption of the proposals before members there will be a difference in receipts of some \$30,000, i.e. \$370,000 as opposed to \$400,000.

The compromise suggestions submitted by the Secretary & Commissioner General are adopted.

The Commissioner of Public Health and the Deputy Commissioner of Public Works withdraw.

The Minutes of the meeting of the Public Utilities Committee of January 6 are submitted and confirmed.

1/2.

Shanghai Gas Co., Ltd. - Surcharge on Tariffs. Referring to the Gas Company's application to increase its surcharge on tariffs Mr. Mitchell, Chairman of the Public Utilities Committee, informs members that since the last meeting of the Public Utilities Committee it has been learned that the French Municipal Administration will probably be unable to consider the proposals submitted by the Gas Co. until the end of the month.

Mr. Garney states that he is not in favour of the proposal to allow the Company to increase the temporary surcharge on gas tariffs to 250% in respect of accounts for consumption periods ending on and after February 15, 1941, for a period of three months, nor is he in favour of the Company being allowed a sufficient return to enable it to pay a dividend of so much as 8% per annum on its share capital. He favours the Company being permitted to increase the temporary surcharge on gas tariffs to 240% and a dividend of 6%.

In reply to Mr. Allman as to whether any provision is contained in the Gas Company's franchise as to the rates of dividend payable by the Company, the Secretary & Commissioner General states that the franchise only states that the rate charges for gas shall be fair and reasonable.

Mr. Yulin Hsi is in agreement with Mr. Carney that a dividend to shareholders of 8% is too generous and he is in favour of the Company being allowed to pay a dividend at the rate of 6%.

Mr. Mitchell states that under prevailing conditions he would not care to invest in the Company's shares with an 8% return in depreciated currency. He further points out that the Company's depreciation on plant etc., has been based on the original local currency cost and not on replacement cost. He adds that the difference between 6% and 8% dividend amounts to a very small proportion of the Company's expenditure.

Mr. Yulin Hsi considers that the fact that bonus shares were recently issued should not be ignored. Mr. Hanawa states that he is inclined to agree with Mr. Yulin Hsi that the issue of bonus shares to shareholders of the Company should be taken into consideration in determining what percentage dividend should be allowed shareholders. The Chairman points out that the bearing of the bonus share issue on this question has already been disposed of, after full examination, by the Council's decision that this share issue should rank equally with the Company's existing share capital.

The Treasurer reminds members that in 1939 the Company's profits were some \$400,000 in excess of the amount required to pay an 8% dividend, which surplus, at the Council's request, was carried over into 1940 and used in reduction of the cost of coal.

The Chairman states that in view of the Council's previous decision the bonus shares referred to by Mr. Yulin Hsi does not affect the issue and it is for the Council to consider whether a return of 8% to shareholders of a Utility Company is fair or not, taking into account all the factors and bearing in mind that present bank interest is at 8%. He considers that 8% in the case of the Gas Company is not excessive interest. Answering Mr. Carney, the Treasurer says that local banks will today give 5% or 6% on fixed deposits. The Chairman comments that there is no parallel between the risks in the two investments.

The Treasurer points out that the recommendation with regard to the surcharge is based on allowing the Company an 8% dividend on share capital, subject to the concurrence of the French Municipal Administration. The latter authorities in the past had considered a 6% dividend sufficient and when the surcharge was last under consideration by the Council this rate was agreed upon in deference to their wishes.

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He is satisfied that the Company should be allowed to pay an 8% dividend and adds that the Gas Company is paying 7% to its Bankers on its overdraft.

Messrs. Haley, Powell and Allman agree as to the inadequacy of a 6% return under existing circumstances and having regard to the Company's calculation of depreciation on original dollar values they favour 8%.

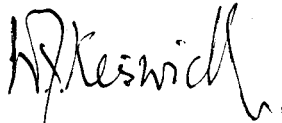
After further discussion the matter is put to a vote and by a majority it is agreed that the Treasurer be authorised to negotiate with the French Municipal Administration with regard to allowing a sufficient return to enable the Company to pay a dividend at the rate of 8% per annum on its share capital.

7/10. Western Area Police Agreement. The Chairman states that several members have asked for more time to study the proposed Western Area Police Agreement and in the circumstances it is decided to postpone discussion on the subject.

The meeting terminates at 5.35 p.m.



Secretary & Commissioner General.



Chairman.

At the meeting of the Council held on Wednesday, January 22, 1941, at 4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

Dr. D. S. Chen

Messrs. W. Gockson

G. A. Haley

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Municipal Advocate

The Commissioner of Police

The Deputy Treasurer - Revenue

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa

Yulin Hsi

5/11. Membership. The Chairman, on behalf of himself and members, welcomes Dr. D. S. Chen on taking his seat.

The Minutes of the meeting held on January 8 are confirmed and signed by the Chairman.

13/115. Commissioner of Police - Long Leave. The Secretary and Commissioner General states that when this matter was circulated a member requested consideration in meeting. He adds that Major Bourne is over-due for long leave. Members approve of the Commissioner of Police proceeding on long leave about the end of July 1941, and of Captain H. M. Smyth, Deputy Commissioner of Police, assuming charge of the Police Force during the Commissioner's absence.

13/9. Appeal against refusal of Licence. Consideration is given to a protest against the decision of the Council, on the recommendation of the Watch Committee, to refuse the issue of a licence to conduct a tavern and dancing saloon at No.577 Bubbling Well Road. The Chairman states that it seems to him that no case exists to withhold issue of the licence applied for especially since the premises have twice previously been licensed as a night club.

Dr. Chen states that as a member of the Watch Committee he was one who opposed the granting of the licence applied for. Legal arguments which have been advanced in favour of the issuance of a licence have however made him alter his views and he does not now oppose the issue of a licence.

Members unanimously approve of the granting of a Dancing Saloon and Tavern licence in respect of the Cosmo Club at No.577 Bubbling Well Road.

34/1. Reports of the Economy Committee.

Sources of Revenue. The Chairman says that he is sure that all members would like him to congratulate members of the Sources of Revenue Sub-Committee on the very thorough way that they have gone into a most complicated subject. Two points in particular contained in their report require consideration.

The Sub-Committee made the observation that the Council may consider that favourable reception of the higher licence fees in respect of places of Entertainment would be encouraged if the proceeds were wholly earmarked for meeting expenditure on social services, such as hospitals and schools. He is of the view that adoption of the suggestion would create a dangerous precedent and that the long established and recognised practice, that revenue should go into the Council's general funds and not be earmarked for any particular expenditure, should not be departed from.

Mr. Mitchell agrees and Mr. Powell remarks that it was felt by the Sub-Committee that it is possible that application of the licence proposal concerning places of entertainment would be resisted by the entertainment industry and that if it were announced that the sums raised by the new taxation proposal will go towards meeting expenditure on social services there might not be resistance to their being imposed.

Mr. Haley asks whether even if ear-marked as suggested entertainment licence fees do not stand the same chance of meeting with opposition as increases in respect of other licences.

The Secretary and Commissioner General states that in regard to increases in respect of other licences, protests might be made but the increases could be legally enforced. There is an element of doubt in regard to the proposed entertainment licence fees.

In answer to the Chairman, the Municipal Advocate gives it as his opinion that the legality of the proposed licences on places of entertainment is doubtful and the only way would be to have a test case brought which would not, in his view, be an open and shut case in favour of the Council.

Mr. Allman declares his interest in the Entertainment industry and informs members that he will make every endeavour to persuade the Company on whose board he serves to agree to the licence fees recommended. He is not in favour of the revenue from these fees being earmarked for any particular purpose. Members agree to adoption of the licence fees in respect of places of entertainment but not to any part of the proceeds from this source of revenue being earmarked for meeting the expenditure on social services.

Mr. Okamoto considers the increase in Dairy Licence Fees excessive and wonders whether the matter should not be reconsidered and some compromise arrived at.

The Chairman replies that the total revenue from licence fees charged to dairies last year amounted to the small sum of \$700. The Council is asking the Dairies to pay about 40% of the cost of the services rendered by the Public Health Department and the proposed new fees are estimated to produce about \$40,000. The turnover of Dairies during the past year is estimated at \$8,000,000. The new fees would not in his opinion be a hardship on the Dairy owners amounting as they do to one half of one per cent. of the value of milk sold.

Mr. Powell in agreeing with the Chairman states that the Dairy industry has been carefully nursed and improved by the Public Health Department bringing it to its present high standard and in his view it is only right that they should refund a portion of the expense for Health Department services; he considers the proposed licence fee very fair.

Mr. Haley informs members that it has been mentioned to him that it is wrong in principle to tax a cow and that it is not done in any country. He sees no reason why the Council should be guided by this.

Dr. Chen states that he is inclined to agree with Mr. Okamoto that an essential industry should not be so heavily taxed, and Mr. Yuan also considers the increase rather a large one.

Messrs. Allman and MacDonald in agreeing that close supervision which is required should be partly paid for by the Dairies, consider the amount proposed negligible. Mr. Okamoto remarks that the increase will fall on consumers of milk. To this the Chairman answers that \$40,000 on a turnover of \$8,000,000 is very small. It is agreed that the increase in the Dairy licence fee as proposed by the Sources of Revenue Sub-Committee should be imposed.

In respect of the Sub-Committee's recommendation pertaining to increased revenue from Chinese Clubs, and the rider that the present fees for Chinese Clubs should only be changed provided the Council finds it possible to undertake the licensing of foreign Clubs on similar lines,

Members unanimously agree, since it is not possible to licence foreign Clubs, that the licence fees for Chinese Clubs remain unchanged, Terms of Service. In surveying the proposals which the Terms of Service Sub-Committee recorded in their minutes but did not embody in their recommendations, Mr. Powell explains that they were designed to reduce the Council's contingent liability in foreign currency. They were considered but not recommended for adoption in view of existing unsettled conditions. It must be remembered that the contingent liability would diminish with any improvement in exchange. He adds that members may be interested to know that the Council's Pension liability in terms of local currency is probably at its peak.

The Chairman on behalf of members thanks Mr. Powell for the information given and members unahimously adopt the reports of the Sources of Revenue and Terms of Service Sub-Committees.

30/12. Control of Rice Market. The Chairman states that he is impressed by the comments by Mr. Hoehnke that the recommendations made to control the rice market are fundamentally the same as those made in April last year and approved by the Council. That they have now been worked out in more detail and follow the regulations which the Rice Guild itself promulgated on their own accord and only a few additions have been made with a view to greater safeguard against transgressions and it is not expected that the Guild will offer any objection. The regulations can therefore hardly be termed an interference with the trade. The Chairman personally has no strong views nor has Mr. Mitchell, and Mr. MacDonald states that, if adopted, the measures proposed should cause a certain control of the rice market.

Mr. Powell in expressing his opposition to the Council being a party to any control measures to be enforced in the rice market states that if it is the feeling of members to allow these measures to be introduced, they should be given a trial over a period. Members, with Mr. Powell dissenting, approve of the control measures suggested being forwarded to the Rice Market for trial until further notice.

& # 6/1. Election of Council and Annual Meeting of Ratepayers, 1941. In a memorandum submitted the Secretary and Commissioner General recommends that it be suggested to the Senior Consul that the Election of Council be held on Wednesday and Thursday, April 2 and 3, and that owing to the incidence of the Easter holidays which this year fall on April 11, 12 and 14, (Friday, Saturday and Monday) the Ratepayers' Meeting be held on Thursday, April 17, instead of the customary Wednesday, so as to allow for two clear working days before the meeting. It is also recommended that the Ratepayers' Meeting be held at the Race Club Public Stand and that the hour of commencement be fixed at 2.30 p.m. as was the case

of place and time last year.

Members generally express agreement with the Chairman, who favours the holding of the Ratepayers' Meeting on Wednesday, which being a bank and brokers' half-holiday is a day on which the largest number of business men are free to be away from their offices, despite the objections of the Deputy Treasurer - Revenue, who regards two clear working days before the meeting as necessary after the Easter holidays to accomplish the last minute work involved.

The recommendations of the Secretary and Commissioner General are accordingly approved with the exception of that regarding the date of the Ratepayers' Meeting, which it is agreed should be held on Wednesday, April 16.

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Finance Department - Staff. A comprehensive memorandum by the Treasurer containing his recommendations with regard to the staffing of the Finance Department necessitated by a number of resignations, a termination of unsatisfactory probationary service and the dismissal of one employee for defalcations of funds, is submitted, together with a memorandum by the Secretary and Commissioner General endorsing the Treasurer's recommendations and making further recommendations which he considers necessary in view of the serious situation in the Finance Department.

During the ensuing discussion Mr. Powell expresses the opinion that the proposed terms in connection with the transfer to the Finance Department of Mr. W. H. Helm, Public Works Department Accountant, whose abilities were, he is aware, highly commended by the Accounts Subcommittee of the Economy Committee, are not sufficiently generous. This step is an important transfer designed to strengthen the Finance Department staff and Mr. Powell considers that Mr. Helm should receive a larger immediate increase in pay. Mr. Mitchell suggests that Mr. Helm's promotion should be considered in six months instead of 18 months' time. The Treasurer does not consider such action, which will necessitate similar treatment for Mr. L. F. Stokes, as necessary. Mr. Powell's suggestion however is supported by the Secretary and Commissioner General and members generally who also support the Secretary and Commissioner General's proposal that the 18 months' seniority in scale recommended by the Treasurer for Messrs. A. G. P. Dewing and E. Beeching be increased to 3 years' seniority.

The Secretary and Commissioner General's proposals on the Treasurer's recommendations for the staffing of the Finance Department are accordingly approved except that consideration is to be given to the promotion of Messrs. W. H. Helm and L. F. Stokes in 6 months' instead of 18 months' time.

5/21. Election Procedure. In the absence of the expected interim report by the Special Election Committee the Secretary and Commissioner General submits for consideration the following recommendations with regard to procedure to be followed at the next Elections:-

1. That the minor changes in the Election Rules recommended by the Deputy Treasurer - Revenue in his report of September 10, 1940, be approved.
2. That the Conditions to be fulfilled by Indirect Ratepayers to qualify as Voters contained in the Secretary and Commissioner General's memorandum of January 18, 1941 be approved.
3. That the Consular Body be informed that no claims to vote will be received after a date one month before the date fixed for the holding of the Council elections, and that no persons be permitted to vote unless their names appear in the final Voting List; those whose names are omitted owing to purely clerical errors only excepted.
4. That consideration be given to the appointment of an Advisory Committee of three persons to advise the Secretary and Commissioner General in regard to disputed claims to vote.
5. That land owners acquiring land on or after January 1 of the year of election be required to pay Land Tax on that land for the first half of that year before qualifying for a vote. In regard to any other matters affecting election, the Secretary and Commissioner General proposes to follow existing practice in regard to the compilation of the Voting List unless he is instructed to the contrary by the Council.

The Chairman states that he understands that the interim report of the Special Election Committee which has been signed this afternoon is not unanimous on two important points, namely the land vote and the tests for indirect ratepayers. On the first point the Committee is equally divided and on the second while the tests were unanimously endorsed three members added a reservation that these tests be not applied at the next election. Since it is necessary to proceed with arrangements for the elections without further delay, the Chairman proposes adoption of the Secretary and Commissioner General's recommendations to which he can see no objection.

With regard to the proposed advisory Committee the Secretary and Commissioner General points out that the Election Committee unanimously recommended a Committee of five. Mr. Mitchell states that the Election Committee, of which he is a member, was concerned with other more important matters and did not give very close consideration to this point. It was originally recommended by a member that the advisory Committee should consist of six members but this was reduced to five.

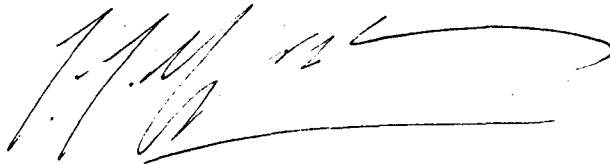
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January 22, 1941.

Members consider that a Committee of three would be more practicable. The Secretary and Commissioner General's recommendations are thereupon approved for adoption.

The meeting terminates at 5.35 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Tuesday, February 4, 1941, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

J. W. Carney

N. F. Allman

Dr. D. S. Chen

Messrs. W. Gockson

R. G. MacDonald

G. E. Mitchell

I. Okamoto

T. S. Powell

L. T. Yuan

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. G. A. Haley

Y. Hanawa

Yulin Hsi

Yu Ya Ching

The Minutes of the meeting held on January 22 are confirmed and signed by the Chairman.

- 5/14. Election of Vice-Chairman. The Chairman informs members of his intention to take a short holiday commencing Thursday or Friday, February 6 or February 7, and states that in view of the impending departure from Shanghai of the Vice-Chairman, Mr. J. W. Carney, it is necessary to elect a Vice-Chairman.

On the proposal of the Chairman, seconded by Mr. Allman, Mr. G. E. Mitchell is unanimously elected Vice-Chairman of the Council.

The Chairman places on record his personal appreciation and thanks and those of members present for all that Mr. Carney has done for so many years for Shanghai. Mr. Carney thanks members.

- 4/29. Committee to investigate inequalities of taxation. The Chairman refers to a memorandum by the Secretary & Commissioner General in which it is stated that ratepayers were informed at the adjourned Special Meeting that the Council was prepared to appoint immediately a Committee to investigate the inequalities of taxation as between owner-occupiers and tenants, etc. and that this Committee would be requested to report in time for its recommendations, if approved, to be adopted for submission to the Annual Meeting of Ratepayers in April. That it is clear that if such a Committee is to do its work in the time involved, it must be a small

Committee of those who have some knowledge of the problem and can bring expert minds to bear upon it. The Secretary & Commissioner General recommends that the following gentlemen be invited to serve:- Messrs. J. R. Jones, O. Okamoto, C. S. Franklin, Pan Shu-lun and N. F. Meyers, and that the Terms of Reference, which are tabled for consideration, be as follows:-

"To consider any inequalities of taxation which in the Committee's opinion exist in the rating of owner-occupied property and tenanted property and to devise practical means for remedying such inequalities as may be found."

The Chairman states that it is desirable to appoint an international committee and he considers that those suggested for membership by the Secretary & Commissioner General most representative; he favours adoption of the Terms of Reference recommended.

Dr. Chen states that one of the members recommended for appointment to the proposed Committee, Mr. Pan Shu-lun, is away from Shanghai and is not likely to return for some time. The Secretary & Commissioner General suggests that the Chinese Councillors should be asked to submit the name of a suitable Chinese gentleman for appointment to the Committee. Members agree.

Mr. Allman feels that since there are few outsiders on the proposed Committee there is likely to be some lack of public confidence in and criticism of the Committee as constituted. The Secretary & Commissioner General states that the point made by Mr. Allman is a good one, however, it must be borne in mind that the Committee must act very quickly and deal with a technical and difficult problem and Members of the Committee should have some knowledge of the subject. He adds that one of the members suggested, Mr. Meyers, is a well-known critic of the Council's taxation measures.

Mr. Powell is of the view that experience by members of the Committee is of more importance than their public appeal and adds that the public want results without delay.

Mr. Allman wonders whether real estate interests should not be represented on the Committee and the Secretary & Commissioner General replies that it would be in the interest of the real estate representative to keep property prices down. He suggests that a public statement might be issued to the effect that ratepayers who wish will be given an opportunity of expressing their views to the Committee. The Chairman and Members consider the suggestion a good one. Mr. Allman fears that the charge of being Council biased will be levelled against Members

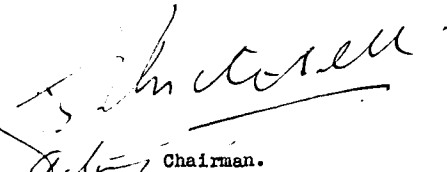
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of the suggested Committee and the Chairman answers that if so it should be popular in this case; in his opinion the proposed Committee is most qualified to deal with the difficult matters which will come before it and if there are any criticisms, critics can be asked to express their views to the Committee. The Secretary & Commissioner General points out that three of the Members of the proposed Committee are professional men and he suggests that they should be remunerated for their services; he adds that Mr. Meyers would not accept any fee.

In answer to Mr. MacDonald the Secretary & Commissioner General states that there is precedent for such payment being made. Members agree.

Members unanimously approve of constitution of the Committee as suggested by the Secretary & Commissioner General and of the Terms of Reference for that Committee.

The meeting terminates at 4.55 p.m.


Chairman.


Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, February 19, 1941, at 4.30 p.m., there are:-

Present:

Messrs. G. E. Mitchell (Acting Chairman)

N. F. Allman

Dr. D. S. Chen

Messrs. W. Gockson

G. A. Haley

Y. Hanawa

R. G. MacDonald

Dr. R. J. McMullen

Messrs. I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commandant, S.V.C.

Lieut. Col. G. H. Mann

The Commissioner of Police

The Commissioner of Public Works

The Deputy Commissioner of Public Health,

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. W. J. Keswick

Yulin Hsi

12. Membership. The Acting Chairman extends a welcome to Dr. McMullen on his taking his seat and states that he is sure that Dr. McMullen will prove of great assistance to the Council. Dr. McMullen expresses his thanks. The Minutes of the meeting held on February 4 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Works Committee held on February 17 are submitted and confirmed.

4. S.V.C. Annual Inspection Parade. The Acting Chairman refers to a report by the Commandant in which he states that in view of the fact that the Corps has been, and still is, regularly engaged in perimeter duties, he is of the opinion that it would be inadvisable to hold the usual Annual Inspection Parade of the Corps this year. He suggests that a much more useful and informative procedure would be for each Unit to be inspected by the Commandant, and for a report thereon to be submitted to the Council. This would save the expense of Guests Stands, issue of invitations, Tea, Transport, etc., and would eliminate unproductive time spent in preparing for the Inspection Parade. He further suggests

that Units should be inspected for Turnout, Drill and Mob dispersal Drill, specialist Units being called upon to give a practical demonstration in their own particular line. When this report was circulated certain members expressed doubt as to whether the proposals would be welcome to the Units of the Corps or the Public. Mr. MacDonald states that he feels that it would be a pity to abandon the usual parade since the expense is comparatively small, the amount of Drills by members of the Corps for such an occasion is little and the public look forward to these parades. Mr. Allman states that members of his own Unit, which is a Mounted one and put to much individual expense in hiring and maintaining their ponies, are agreeable to the Commandant's suggestions for the current year. The Acting Chairman remarks that the Annual Parade is regarded as a spectacle and is no doubt appreciated by many and he asks the Commandant whether Unit Commanders are against the holding of the parade this year. The Commandant replies that a majority of them are.

The Commissioner of Police informs members that the Police are anxious that if a Parade is to be held it will not be held on Bubbling Well Road because of the congestion to traffic which will be caused and has occurred in the past.

In answer to the Acting Chairman, the Commandant states that the Shanghai Race Club's grass track in front of the Stands can only be used on a fine day. The same applies to the Polo ground at the Race Course; the parade, after arrangements have been made, must be held wet or fine. He adds that all Units of the Corps are at present doing good work and decision to hold the Annual Inspection Parade would be asking a lot from these men for much extra time will be required for practice drills.

Mr. Yuan agrees with the Commandant that as the Corps is still regularly engaged in perimeter duties it would be inadvisable to hold the Parade this year.

Mr. Haley concurs and adds that it should be made clear that there is no intention to abandon these Parades permanently.

The consensus of opinion supports the Commandant in his proposal that the Annual Inspection Parade be not held this year and instead each Unit be inspected by the Commandant and a report thereon submitted to the Council.

4/2.

Appreciation of Col. Hornby's services. The Acting Chairman states that on behalf of himself and his colleagues he desires to record the Council's regret at the severance of Col. Hornby's services with the Council on his departure from Shanghai and to thank him for the help so readily given. On behalf of members he wishes him good fortune in

the future. Col. Hornby expresses his thanks.

The Commandant and Lieut. Col. Mann withdraw.

C 9/5. Site for Camp & Cemetery for European Refugees. The Acting Chairman refers to a report by the Commissioner of Public Works in which he states that he has recently been approached for assistance in the provision of a site for a camp and cemetery for European refugees and recommends that a portion of the Council's property, Cad. Lot 6510, Hochien Road, be leased for 5 years at a nominal rent of \$10 per annum for the first year, the Council reserving the right thereafter to increase the rental to any figure it considers appropriate on giving one month's notice. The Commissioner further recommends that it be stipulated that in the area used as a cemetery the graves should not be spaced further apart than they have been in the present cemetery in Columbia Road and that no more burials be permitted in the latter cemetery after the new site is available.

The Acting Chairman is not in favour of the proposal to lease the land for 5 years and remarks that once land is allocated for use as burial ground it appears to him that it should be continued to be used for such purpose.

The Commissioner of Public Works replies that in his view it is preferable to lease the land which is now idle since for some reason or other it may later be found to be inconvenient for the Council to allow permanent use of this site. If his proposal is adopted the rate at which the land will be used for burials will be about one mow per year. The Acting Chairman states that he favours making available a site for a camp but feels that the local Jewish community should be able to provide a cemetery site. The Council could, if there is real need, provide an additional cemetery for use for indigents of all faiths.

In answer to a question, the Commissioner of Public Works states that there is burial space at the Columbia Road cemetery specially set aside for the use of those of Jewish faith but the area is considered too small and this burial ground is too far from the Eastern District where there is a large settlement of indigents. He does not favour a sale of the site suggested since this would be a more definite commitment; he adds that the Council is under some obligation to provide burial ground for indigents generally. In reply to Mr. Allman, he states that only those of Jewish faith who can afford it are buried at the Baikal Road cemetery.

The Acting Chairman considers the leasing of land for a cemetery unsound in practice and is of the opinion that it is better for the Council to set aside a site for indigent burials and to make rules for its use. Mr. Haley agrees that any site provided should be for the use of all indigents.

The Commissioner of Public Works states that if a cemetery is set aside for indigents in the Eastern District, additional staff will be required by the Public Health Department and the Deputy Commissioner of Public Health states that his Department does not wish, unless it is considered absolutely essential, to extend its field of action requiring operation in the Eastern and the Western districts.

The Commissioner of Public Works informs Mr. Hanawa, in reply to his question, that there is no restriction in the Settlement as to the creation of new cemetery sites but there is in the French Concession.

In answer to Mr. Hanawa's query, the Commissioner of Police states that the Jewish faith precludes cremation.

The Acting Chairman suggests that the burials of indigents should continue to be made in the sector set aside in the Columbia Road cemetery and when the area is becoming full, consideration should be given to what should be done; he reiterates that in his view it is a mistake for the Council to cede a piece of land to be isolated for the use of any particular section of the community.

Mr. Nash, Acting Deputy Secretary, remarks that the main consideration would appear to be the need of a destitute community of say 15,000 persons, whose death rate is fairly high, residing in a particular locality of the Settlement, to have free burial facilities in the interest of public health, and that the proposal of the Commissioner of Public Works would appear to be commended on the grounds that the site recommended is in the locality where this large community lives and not several miles distant as is the case with the present site. Moreover, it would be an economy for this site to be administered and maintained, in accordance with Jewish rites, solely at the expense of this community.

The Acting Chairman is inclined to agree that a site might be set aside to be administered by the Jewish Community and the Commissioner of Public Works considers that the matter can be regarded as a special problem.

Mr. MacDonald, whilst he agrees in part with the views expressed by the Acting Chairman, considers that the Jewish community should and can raise the funds required for a cemetery for their needs.

The Acting Chairman refers to the decision taken by circular in December 1939 to set aside a portion of the Columbia Road cemetery for use by the Jewish refugee community. In that circular the Secretary & Commissioner General stated that the previous policy of the Council had been to refuse to set aside a separate portion for any one group of people. It seemed to him, however, that the circumstances existing were very exceptional, and he recommended, with the concurrence of the Commissioner of Public Health, that the request for a portion of the Columbia Road cemetery be set aside for the burial of indigent European Jewish refugees. Since then burials have taken place in the area specially allocated.

The Commissioner of Public Works remarks that the section set aside in the Columbia Road cemetery will in his opinion be filled in one year, besides, there is complaint as to the surroundings and the distance and the Deputy Commissioner of Public Health states that unfortunately the graves were wrongly laid and this has been a further complaint by the Jewish community.

Mr. MacDonald thinks that if the allotted area in the Columbia Road cemetery is to be fully occupied within a year it is better for the Council to explore the possibilities of another cemetery site either by the renting of property or by the provision of a site for indigents.

After further discussion it is

RESOLVED

- (a) That there be leased to the Jewish community, as recommended by the Commissioner of Public Works, a site of about 18 mow for use as a camp, the lease to be for five years at a nominal rental of \$10 per annum for the first year, the Council reserving the right thereafter to increase the rental, on giving one month's notice, to any figure that it may consider appropriate.
- (b) That further consideration be given to the cemetery problem by the Commissioner of Public Health and the Commissioner of Public Works, and that a further report be made to the Council as to the desirability of either selling a site to the Jewish community for the purpose of a cemetery to be administered by that community, or the establishment by the Council of another cemetery for indigents as a whole.

The Commissioners of Public Works and Health withdraw.

2. Cheap Sales of Rice. Mr. Yu Ya Ching states that many difficulties have arisen in connection with the cheap sales of rice to the needy but the main one has been the impossibility of preventing the sales of this rice to people from adjoining areas; he is endeavouring to find better means to cope with the problem. The Council has promised the Cheap Sales of Rice Committee a sum of \$10,000 per month for a period of three months from November; so far the sum of \$10,000 has been paid and the question now arises as to whether, in view of all the circumstances mentioned in the Police reports which have been circulated, the Council feels that any further payment should be made. Reports have been received from rice shops stating that disturbances were created by bad characters who insisted on making large purchases and were angry with the shops and the rice shops have expressed unwillingness to continue the sales to the poor. In view of this, arrangements have been made by the Cheap Sale Committee for hot congee and cheap cooked rice to be distributed from the premises of the Nioh Wong Sei Branch Temple, Wuting Road, in the name of the Nyl Chih Benevolent Association, and in the premises of the Native Banks Association, North Honan Road, in the name of the Yellow Swastika Society. Broken rice is supplied by the Committee and sold at these centres at a reduced price of 10 cents per lb. so that the needy is being benefitted. The sale of hot congee will terminate when the weather becomes warmer.

Mr. Yu Ya Ching feels that the sale of cooked rice is better than uncooked rice with less trouble to all concerned; no tickets are required, no long waiting troublesome queues which have been a problem to the Police, and, corrupt practices are removed by the new plan of relief.

Mr. Gockson states that having served on the Rice Cheap Sale Committee he is able to say that the problem is a most difficult one and Mr. Yu Ya Ching has worked very hard indeed in the public interest. He feels that the cheap sales of rice should continue.

The Acting Chairman remarks that the only question up for consideration at the moment is the disbursement of the balance of the Council's grant. On the basis of a letter from the Rice Cheap Sale Committee, he considers that the Committee should receive the funds earmarked by the Council for the purpose, and, should there be a request for further financial aid the whole matter could then receive further consideration.

The Commissioner of Police states that the new suggestion that cooked rice be sold instead of uncooked rice is more feasible. He adds that the Rice Cheap Sale Committee appears to have misread the Police report on the matter of the Police not being able to distinguish between

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residents and non-residents making purchases. The Police were not able to distinguish in advance non-residents in the queues and any strict endeavour to do so would almost certainly have led to trouble.

Dr. McMullen states that he has been connected with relief work of this kind for over 30 years and realizes how difficult the task is; it is, he agrees much easier to disperse cooked rice.


Dr. Chen considers that it would be a good thing to turn over the funds allocated by the Council for the cheap sales of rice to the Salvation Army since that organization has experts and is better able to handle the problem.

The Acting Chairman's understanding is confirmed by Mr. Yu Ya Ching that if the Salvation Army is prepared to undertake the work the grant from the Council will be paid to them.

Mr. Ho informs members that the Rice Cheap Sale Committee has not been in touch with the Salvation Army and he agrees with the Acting Chairman that the Council's grant already allotted should continue to be paid to the Committee for poor relief and that if a further grant is applied for by the Committee the matter be reviewed afresh.


It is finally agreed that the balance of the Council's grant of \$30,000 be remitted to the Shanghai Rice Cheap Sale Committee. It is understood that pending the working out of a better plan the cheap sales of uncooked rice under the previous plan is not to continue.

The meeting terminates at 5.30 p.m.



H. J. Keswick

Acting Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, March 5, 1941, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

G. E. Mitchell

N. F. Allman

Dr. D. S. Chen

Messrs. G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

Dr. R. J. McMullen

Messrs. I. Okamoto

T. S. Powell

L. T. Yuan

Yu Ya Ching

The Commissioner of Police

The Commissioner of Public Health

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. W. Gookson

The Minutes of the meeting held on February 19 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Health Committee held on February 18 are submitted and confirmed.

The Commissioner of Public Health withdraws.

The Minutes of the meeting of the Watch Committee held on February 20 are submitted and confirmed. With regard to Fire Brigade Estimates of Ordinary Expenditure Mr. Powell enquires whether the full number of cadets recommended for appointment by the Economy Committee has been provided for and reply is made in the affirmative.

Dr. McMullen enquires whether uniformity has been maintained in estimating for passages, to which the Treasurer replies that provision has been made for the appropriate classes of passages for those employees who have indicated their intention of proceeding on long leave this year and that the booking of passages has now been centralised. The Secretary & Commissioner General adds that while the Treasurer is better able to state the method used in estimating for passages, in actual practice owing to the scarcity of ships and the necessity for making arrangements for as many employees as possible who are due for leave to proceed, it has been necessary in some cases to allow employees

entitled to second-class passages to travel first-class to Australia provided the amount to which they are entitled is not exceeded. The present rules provide for first or second class passages, according to the employee's grading, to Montreal only.

The Commissioner of Police withdraws.

9/22. The Minutes of the meeting of the Library Committee held on February 21 are submitted. With regard to Library Estimates of Ordinary Expenditure, the Chairman draws attention to the rider contained in these Minutes that the appropriation for books be further increased by \$10,000 to \$50,000 if finances permit which he regards as irrational and irregular. He points out that the Economy Committee had recommended that the appropriation for books be increased to \$40,000 and that the Librarian has stated that available accommodation does not permit the expenditure of more than \$40,000 for the purchase of books this year. The Treasurer remarks that it is extremely unlikely that the rider will be acted upon since it is doubtful whether finances will so permit. Mr. Yulin Hsi in explanation states that General Municipal Rate has been increased since the Economy Committee's recommendation of an appropriation of \$40,000 for new books was made and, furthermore, that he does not agree with the opinion of the Librarian that accommodation is insufficient for more than \$40,000 worth of new books. It is, however, agreed that the appropriation for new books be limited to \$40,000. Subject to this proviso, the Minutes are confirmed.

The Minutes of the meeting of the Staff Committee held on February 24 are submitted and confirmed.

9/14. The Minutes of the meetings of the Orchestra & Band Committee held on February 25 and March 3 are submitted and confirmed. In reply to the Chairman, Mr. MacDonald states that the increase in receipts from the Orchestra & Band are in proportion to the increase in expenditure.

The Minutes of the meeting of the Works Committee held on February 26 are submitted and confirmed.

The Commissioner of Public Works withdraws.

19 &
20. The Minutes of the meeting of the Education Board held on February 28 are submitted. With regard to Education Department Estimates of Ordinary Expenditure, the Secretary & Commissioner General suggests that the recommendation that appropriations for Grants-in-aid be increased in the same ratio as the cost of operating the Council's schools to an amount sufficient to maintain the volume of educational work at the same level as that approved in the 1937 Budget be referred back to the Education Board for reconsideration in view of the Treasurer's report on Grants-in-aid to Foreign and Chinese schools dated February 28, copies of which have been circulated to members.

The Treasurer states that the reference in these Minutes to the establishment of an additional Night School for Chinese needs clarification. Mr. Yulin Hsi requested that provision be included in the Budget to cover a new Primary School to be operated at night for the Eastern District. He was informed that owing to the difficult budgetary position such provision could not be included. A compromise was suggested whereunder a sum of \$20,000 be earmarked for the provision of a Primary School from the allocation for Grants-in-Aid to Chinese schools on the understanding that should the Council's financial position later in the year justify the provision of a Primary School from General Funds the amount earmarked from Grants-in-Aid would become available for distribution to Chinese Schools. In reply to the Chairman the Treasurer states that under this compromise arrangement the Council is not committed to the provision of a new Primary School for Chinese.

Mr. Mitchell suggests that as a Special Education Committee is sitting to consider the matter of policy, it would be better to wait for the Committee's report before coming to a decision on any matter affecting grants-in-aid. The Secretary & Commissioner General, however, states that it is necessary to make provision for this sum in the Budget which cannot be deferred until the receipt of the Special Education Committee's report.

Subject to the proviso with regard to Grants-in-Aid for Foreign and Chinese Schools these Minutes are confirmed.

34/1

Special Municipal Economy Committee (Final Report). In suggesting that the Special Municipal Economy Committee's Final Report be adopted, the Chairman expresses appreciation for the excellent work performed by this Committee.

Mr. MacDonald enquires whether the reference in the Report to the Orchestra & Band necessitates the submission of a Resolution at the forthcoming Annual Meeting of Ratepayers to authorise the excess in expenditure over the limitation approved by the Ratepayers in 1936. The Secretary & Commissioner General replies in the negative, adding that the necessary appropriation will be made in the Budget and the matter will be left to those interested to bring up at the Ratepayers' Meeting if they so desire.

The Final Report of the Special Municipal Economy Committee is then adopted.

11/16.

Daylight Saving. The Secretary & Commissioner General states that no papers have been circulated in connection with this matter as members are undoubtedly fully familiar with the subject. The Council took the initiative last year in introducing this measure and some members had suggested that Daylight Saving be brought in this year in April.

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The Chairman expresses the opinion that the measure was a success last year although it had many critics, and suggests that authority be given to the Secretary & Commissioner General to negotiate with neighbouring authorities with regard to its introduction this year.

Mr. Powell suggests the introduction of Daylight Saving at midnight on March 29, which date Mr. Haley regards as possibly too early for the general convenience of the public.

It is, on the Chairman's suggestion, agreed to authorise the Secretary & Commissioner General to negotiate with neighbouring authorities with a view to the introduction of Daylight Saving, if possible, at midnight on March 29.

6/21 Supply of Electricity - Restrictions. Consideration is then given to a letter from the Shanghai Power Company dated March 3 submitting its proposals for restriction of the consumption of electricity which has become necessary owing to shortage of supplies of fuel due to the lack of shipping. The Company has informed the Council that it has no assurance that it will now be able to secure fuel from sources other than Kailan consisting of 25,000 tons of coal monthly or approximately one-half of current requirements. Reserve stocks of fuel, including bunker fuel oil, amount to the equivalent of 150,700 tons of coal, sufficient for three months' requirements.

Briefly summarised the Company's proposals are:-

- (a) that a consumption base be determined on which restriction is to apply. The Company considers that to determine a fair normal for each consumer is almost impossible and in its opinion the least unfair base is to take the maximum amount of electricity used by each consumer in any month since January 1, 1940.
- (b) that having determined such base, allocations to each consumer should be such portion of that base as may be supplied from current receipts of coal.
- (c) that since some consumers are of greater importance to the well-being of the community than others and since priority of service cannot be determined by any specific formula, bulk supply and small power consumers using over 1,000 kilowatt-hours per month be classified into groups in order of importance. For purposes of illustration the Company submits the following classifications listed in order of decreasing importance:-
 1. Law and Order
 2. Health and Food
 3. Maximum Labour
 4. Buildings - Housing
 5. Manufacture for Export
 6. Luxury
 7. Amusement and Entertainment

The Company suggests that these groups, the classification of consumers into them, and the allocations of the percentage of total coal receipts to the groups, be determined by an independent committee of two or three persons appointed by the Council at the Company's expense. The Company suggests the names of Mr. Eric Davies (Consulting Engineer) and Mr. R. Toyokawa for this committee. It is considered by the Company that such a committee working full-time and with the full-time assistance of the Company's staff, would complete the task of classifying the 288 bulk supply and 6,500 small power consumers in 10 days.

The Company considers that it will not be possible to so classify Residential and Commercial Lighting, Heating and Cooking services, since about 70,000 consumers are involved, and that while the smaller consumers in these classes can effect little reduction in consumption, those using over 1,000 K.W.H. per month can do so and reductions can be enforced by heavy rates on consumption in excess of allotments.

- (d) that pending allocation of current fuel receipts to groups of consumers as suggested above all consumers whose monthly consumption since January 1, 1940, exceeded 1,000 K.W.H. be notified that from the next reading of meters the following procedure will be enforced:-
- (1) The consumer will be advised that his normal consumption is _____ kilowatt-hours per month. (This figure is to be his maximum monthly consumption since January, 1940, inclusive.
 - (2) That the consumer be requested in the public interest to limit his next month's consumption to 70% of (1).
 - (3) That in the event the consumer meets request (2) then the charge for such consumption will be computed on the basis of the current rates of the Company.
 - (4) In the event the consumer is found to have exceeded the 70% allotment, then such consumer shall be billed for such excess kilowatt-hours at rates which shall be three times as great as the rates billed to him for the 70% allotment.
 - (5) Revenue under (4) shall be accounted for by the Company as follows: 33-1/3% shall be taken into the regular revenues of the Company; and 66-2/3% shall be credited to a reserve to be known as the Fuel Conservation Reserve.
- (e) that the revenues credited to the Fuel Conservation Reserve shall not be subject to the 5% Royalty to the Council and that these funds shall be utilized for refunds to consumers when such refunds are authorized by the Council upon the recommendation of the Company. Funds in such reserve shall not be the property of the Company but shall be spent for the best interests of the Company's consumers when, as and in such manner as the Council and the Company may agree. Such funds may be kept in Chinese dollars, or in such other currency as may be agreed upon by the Council and the Company, on deposit with the Hongkong & Shanghai Banking Corporation, or in such other bank as the Council and the Company may agree upon.
- (f) that it is intended that funds collected under (d)(4) above shall restrict the use of electrical energy and thereby conserve fuel. If charging triple rates to consumers does not accomplish this purpose, then during the period of fuel emergency the Council and the Company shall agree to adequately increase such rates without prior notification to the public.
- (g) that this authority shall be continued, rescinded, and/or modified whenever a workable basis of allocating and restricting the use of power is determined upon.

Opening the discussion, the Chairman states that three important points in the Company's proposal require decision e.g. (1) the consumption base to be applied (2) the interim proposals while a scheme for allocating available coal receipts is worked out and (3) the appointment of a committee to devise an allocation scheme, and asks Mr. Mitchell, who was Chairman of the Special Committee appointed to consider the matter, for the views of that Committee.

Mr. Mitchell in reply states that the Special Committee held three meetings, but it soon became apparent that membership of the Committee was not suitable for the purpose. Three of the members had little technical knowledge of the subject and two of the members were interested parties being connected with the cotton mill industry. Discussion had proceeded in two directions e.g. the question of obtaining coal and the consumption base on which restrictions were to apply. With regard to the first point the cotton mill representatives had emphasised the importance of obtaining more coal irrespective almost of price since the industry could bear considerably higher charges for power better than restriction. While the second point i.e. consumption base, had not been discussed at great length counter-suggestions to the Company's proposal of the maximum in any one month since January 1, 1940 had been considered. No vote was taken on this point but members had been asked for their opinions with the result that three had expressed preference for the average consumption for 1940 while one supported the Company's proposal. Members had agreed that a more impartial committee was required and Mr. Mitchell had taken the liberty of tentatively dissolving the Committee pending the Council's decision in the matter.

Stating that negotiations for obtaining more coal from sources in China which are now in motion will take some time to conclude, Mr. Okamoto expresses the opinion that some form of restriction of supply is a necessary precaution and that restriction on the basis of maximum monthly consumption since January 1, 1940, is reasonable.

The Chairman, while declaring an interest in the matter as a cotton mill owner, expresses agreement with Mr. Okamoto and observes that this basis was taken on two occasions in the past when restriction became necessary.

Dr. Chen considers that the Company's proposals are unworkable, since if consumers are in desperate need of electricity they will use it irrespective of the restriction placed on them and the penalty for excess usage. Furthermore, he doubts whether the penalty of triple rates for excess use over allotments, which he regards as in the nature of a fine and therefore objectionable, could be enforced in the courts. He therefore suggests that this proposal be ruled out.

Replying to Dr. Chen, Mr. Mitchell observes that the Company's proposal, under which an appeal will be made to consumers to restrict consumption to 70% failing which triple rates will be charged for consumption in excess of 70%, is a temporary arrangement pending the allocation of supplies to consumers in order of their importance.

Mr. Allman considers that consumers should be forced by the Company to restrict their consumption, to which reply is made that there are 288 bulk supply and 6,500 small power consumers and technical difficulties in checking quantities used by each consumer makes it impossible for the Company to exercise control in such a manner.

Mr. Yulin Hsi expresses the opinion that the first step is to make every effort to obtain more coal and the second to devise a scientific scheme for restricting consumption. In connection with the latter he points out that restriction based on the monthly maximum for 1940 affects to a greater extent consumers who have operated at or close to maximum capacity during the year than those who for some reason or other have curtailed operations during the year. He therefore suggests that consumers be given the option of restriction be based on 70% of the maximum consumption in 1940 or 80% on average consumption in 1940. Mr. Yulin Hsi also suggests that as Chinese interests in the problem are large, a Chinese expert be added to the committee of two suggested by the Power Company.

Mr. Haley regards the base on which restriction is applied as a highly technical matter on which it would possibly be dangerous to disregard the Power Company's advice. The Chairman states that his understanding is that the Company's attitude on this point is largely governed by the capital charge made in respect of all bulk supply contracts. Mr. Powell explains the operation of the capital charge under which bulk supply consumers pay a fixed charge based on 50% of their maximum load irrespective of whether any current is consumed or not, and while stating that whatever base is adopted will have unequal results for different consumers, expresses preference for that suggested by the Company.

Replying to Dr. Chen's suggestion that since a delay of a week or so will not affect the position greatly the Company's interim proposals be submitted to the Special Committee for decision, the Chairman states that any delay means depletion of the Company's reserve stocks and the Special Committee has been dissolved. The Chairman suggests adoption of the Company's proposals which are not irrevocable and can be changed if found necessary.

While not convinced that the base proposed by the Company is the most equitable that could be devised, Mr. Mitchell favours adoption of the Company's other proposals.

Mr. Yulin Hsi also expresses agreement with the Company's proposals and withdraws his suggestion for an alternative base.

Mr. Allman draws attention to the Company's suggestion that the committee to classify industries and allocate supplies be paid by the Company and suggests that it would be preferable for the Council to pay these fees. This is agreed after brief discussion, during which Mr. Mitchell suggests that the fees of this committee could be paid out of the Fuel Conservation Fund.

With Dr. Chen dissenting, it is agreed to adopt the Company's proposal with the provisos that the committee to classify industries and allocate supplies is to include a Chinese member and that the fees of members of this committee be paid by the Council.

Consideration is then given to a letter from the Company dated March 4, stating that a tentative and confidential proposal has been made to it by a group which is prepared to purchase available ships and transport coal from India provided the Company contracts for the transportation of approximately 150,000 tons of coal from Calcutta to Shanghai at a freight rate of Rupees 50 f.i.o. per ton approximately, delivery to be completed during a period of one year.

The Company states that while the delivery of such an additional quantity of coal would help to assure consumers of a continuous supply of electricity, it is not prepared to assume the responsibility involved in contracts for such a large quantity of coal and freight, the charges for all of which would be in foreign currencies, without some assurance that the Company will be able to meet its obligations. The present basic rates of the Company provide for coal costing about Chinese \$10 per ton landed in Shanghai, and the Company requests (a) the Council's concurrence in entering into such contracts and (b) the Council's assurance that the relief afforded the Company by the present surcharge arrangements, which are temporary and can be terminated by either the Council or the Company at any time, will not be withdrawn or reduced until such contracts are fully complied with and the actual delivery under such contracts is utilised and paid for by the Company's consumers.

Mr. Yulin Hsi enquires, assuming approval of this proposal, what the cost of such coal would be, to which reply is made that while this has not been stated it is understood that such coal would cost in the vicinity of \$300 per ton on delivery in Shanghai.

Mr. Mitchell suggests that authority be given to the Company to proceed along the lines suggested, but that the Council reserves the right to decide how the cost of this coal is to be recovered, i.e. whether it is to be recovered from all consumers alike or whether it is to be charged for under higher tariff rates for supply in excess of allotments.

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Replying to Mr. Powell's query as to whether the Council has the authority to give such authorisation, the Secretary & Commissioner General states that he can see no objection. In this connection, he quotes the franchises for long periods granted the several public utility companies.

Replying to Mr. Mitchell's suggestion that the Japanese members give the Council advice on this matter, Mr. Hanawa suggests that the Company should negotiate for a smaller quantity than the 150,000 tons stipulated. In view of the heavy commitment involved, Mr. Yulin Hsi expresses agreement with this suggestion.

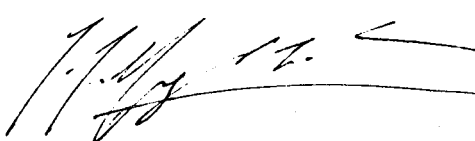
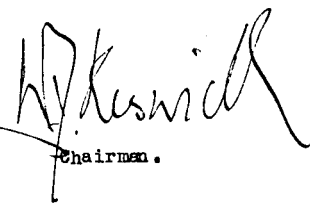
In view of the employment the purchase of this coal would give to workers who otherwise may be thrown out of employment, and the opinion of cotton mill owners that their industry can bear higher electricity charges necessitated by higher priced coal, Mr. Powell suggests that the Company be given authority to proceed.

Mr. Yu Ya Ching, on the other hand, considers that the freight rates quoted are too high.

Dr. McMullen considers that provision should be included in any such contracts for steady deliveries of coal throughout the contract period so as to avoid deliveries of large quantities of high priced coal at times when shipping may be available and cheaper coal procurable.

After some further discussion it is agreed that the Company be authorised to negotiate for contracts for the transportation of 150,000 tons of coal from Calcutta to Shanghai on the terms and conditions stated in the Company's letter of March 4 but on a monthly average basis, provided it is not possible as the Council hopes it will be, to contract for a lesser quantity and at more favourable rates, and that an assurance be given the Company that the present surcharge arrangements will be continued or equivalent protection given until such contracts are fully completed and the coal delivered thereunder has been utilised and paid for by the Company's consumers, the Council to be informed before a contract is finally entered into.

The meeting terminates at 6.35 p.m.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, March 19, 1941, at 4.30 p.m.,

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

G. E. Mitchell

N. F. Allman

Dr. D. S. Chen

Messrs. G. A. Haley

Y. Hanawa

Yulin Hsi

R. G. MacDonald

Dr. R. J. McMullen

Messrs. I. Okamoto

T. S. Powell

L. T. Yuan

The Chief of the Industrial & Social Division

The Commissioner of Public Health

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. W. Gockson

Yu Ya Ching

The Minutes of the meeting held on March 5, 1941, are confirmed and signed by the Chairman.

4/23

5/9

Circular re Council Minutes. The Secretary & Commissioner General informs members that Mr. Haley has suggested that it is not really necessary to send a circular to members informing them of the approval of Council Minutes by the Chairman and that copies are available in his Office for members' perusal, and that it should be understood that the Minutes will be open for inspection a few days after the meeting in question or a few days before the next meeting. Members agree.

The Minutes of the meeting of the Joint Finance & Health Committees held on March 7, 1941, are submitted and confirmed.

The Minutes of the meeting of the Finance Committee of March 7 are submitted and confirmed.

9/1. The Minutes of the meeting of the Finance Committee held on March 17, 1941, are submitted, surveyed by the Chairman and confirmed subject to the following remarks.

Schedule of Rates, Taxes, Dues & Fees for 1941. The Secretary & Commissioner General states that the Commissioner of Public Health wishes the fees for Cold Storage charges shown in the Schedule of Rates, Taxes Dues and Fees for 1941 altered to read "by special arrangement." Members

approve.

9/6.

Budget 1941 - Ordinary Income & Expenditure.

Education Department. The Secretary & Commissioner General informs members that one recommendation contained in the Treasurer's report on the Education Budget which came before the Finance Committee on March 17 requires members' approval. The Treasurer in his report stated that it would appear to be no longer possible to meet education requirements from the product of a 2% General Municipal Rate together with correlative Land Tax and suggested that the Education Estimates as now submitted should be approved and that the Education Board be instructed to recover as large a portion of this deficit as is possible from a further increase in school fees. Members approve the Treasurer's suggestion.

The Minutes of the meeting of the Education Board held on March 11, 1941, are submitted and confirmed.

9/2. The Minutes of the meeting of the Health Committee held on March 17, 1941, are submitted and confirmed subject to the following remarks.

Proposed New Health Bye-laws and Amendments to existing Bye-laws. Mr. MacDonald states that in his opinion the proposed penalty or fine of \$25 mentioned in the proposed Overcrowding Bye-law is too low and suggests that it should be \$100.

Mr. Yulin Hsi remarks that to his mind this Bye-law is not workable; the influx of Chinese into the Settlement since the outbreak of hostilities has increased the population in the Central and Western Districts making overcrowding unavoidable and if the Bye-law is strictly applied a great majority of the Chinese residents will be offenders. It does not appear workable at the present time and he is therefore not in favour of its introduction. Mr. Yuan agrees.

The Secretary & Commissioner General states that there has always been a certain amount of difficulty in getting new Bye-laws passed and suggests that the Overcrowding Bye-law as drawn be included in the Code but not enforced until the Council rules. Mr. Powell supports this suggestion and says that the Courts would not necessarily have to exact a fine; in imposing fines the Courts would take into consideration all factors and the Police would be careful in charging offenders. He adds that the Bye-law has been introduced to educate people in health measures.

Mr. Allman states that without a penalty the Bye-law would be useless.

Mr. Haley informs members that the Bye-law is proposed since the Commissioner of Public Health has pointed out cases of scandalous overcrowding due to exploitation and the Bye-law before members will give the Commissioner power to act. He has no objection to an increase in the amount of the proposed penalty.

The Chairman suggests that the Overcrowding Bye-law should be adopted but not enforced in toto; it is designed to improve the health of the City.

Mr. Yulin Hsi remarks that the Bye-law will affect the poor and will lead to trouble. The City is faced with housing difficulties and it is a waste of time to enforce the Bye-law if no remedy for the housing situation is possible. Mr. Haley reiterates that the proposed Bye-law is not aimed against the poor but against those who have no consideration for people under their power such as brothel keepers.

Mr. Okamoto considers that something should be done but it does not seem practicable to enforce the over-crowding Bye-law at the present time. Mr. Allman remarks that the Health Department will of course use reasonable discretion and Courts need not fine offenders \$25 under the proposed Bye-law; it states "not exceeding \$25".

Mr. Haley remarks that enforcement would of course be gradual. Mr. Powell states that when giving publicity to the proposed Bye-laws the Council should explain in simple language what its policy will be in respect of the proposed Bye-laws; the overcrowding Bye-law would be enforced only in glaring cases.

Mr. Okamoto suggests that apart from calling the attention of the poor to the overcrowding conditions which exist and the necessity of improvement required under the Bye-law, no other action should be taken against these people.

Dr. Chen says that the proposed Overcrowding and Spitting Bye-laws should be worked into a health campaign. Mr. Haley replies that the Bye-laws are aimed against those who are not interested in health campaigns.

Mr. Yulin Hsi states that he appreciates that it is essential to have the proposed Overcrowding Bye-law; he hopes that it will not be enforced for the present and that members will agree that the Commissioner of Public Health should present the first few cases of offenders to the Health Committee for a ruling as to what action should be taken. Members agree that this should be done.

Dr. Chen states that he is opposed to the introduction of the Spitting Byelaw since it is unenforceable. Mr. Haley states that the Chinese member of the Health/^{Sub-}Committee which dealt with these Bye-laws was definitely of the opinion that the proposed Bye-law should be introduced. Education work directed against spitting had proceeded for many years.

Dr. McMullen remarks that the spitting habit is very annoying to street users and he is of the view that the putting into operation of the Bye-law will prove most difficult. Someone has suggested to him that places for people to spit should be provided.

Mr. Haley states that it must be realized that spitting is a dangerous habit and it should be suppressed.

Mr. Yulin Hsi considers that to commence with the fine for spitting should not exceed \$1 for every offense.

The Chairman's proposal is approved, that the new Health Bye-laws and Amendments to existing Bye-laws as submitted by the Health Committee be recommended to the ratepayers for adoption but that it be understood internally that the Overcrowding Byelaw only be enforced in glaring cases which will, as suggested, be submitted to the Health Committee until a definite practice is established.

Mr. Haley informs members that in respect of the Bye-law dealing with the registration of deaths it is considered desirable to add the word "true" before the word "cause". He adds that it is necessary to submit these proposed Bye-laws to a Special Meeting of Ratepayers. Members agree.

The Minutes of the meeting of the Public Utilities Committee held on March 18, 1941, are submitted and confirmed.

19/5. Cemetery for European Refugees. The recommendation of the Commissioner of Public Works that Cad. Lot 6087, Point Road, measuring 2.487 mow, be allocated free of charge to the Jewish Community for use as a Cemetery for Jewish Indigents,, is approved.

4/21/ Power Reduction - Suggestions for Elimination of Waste. Mr. Powell is of the view that certain of the suggestions put forward by the Chief of the Industrial & Social Division should be dealt with and given publicity, if thought fit, by the Power Company. As regards the suggestions for the saving of waste in personnel, he is not in favour of them as they stand and suggests that the subject should go before the new Committee to which matters from the Industrial & Social Division will in future be referred.

Mr. Haley enquires whether industrialists have been consulted in regard to the proposals now before members and the Chief of the Industrial & Social Division replies that certain Chinese industrialists, mainly Cotton Mill Owners, have been consulted who appreciated the necessity for the proposed measures. The Chief of the Industrial & Social Division adds that measures to safeguard the earnings of workers are of great importance.

It is agreed that the suggestions for the elimination of waste in the use of power and personnel should be referred to the new Committee to be appointed.

5/4. Council Election - Appointment of Scrutineers and Officials. Members approve of the appointment of Messrs. H. Berents and R. Bringert as Scrutineers and Messrs. R. Middleton and P. Comery as Officials to receive the votes of Ratepayers at the forthcoming election of Councillors and a Land Commissioner.

Shanghai Gas Co., Ltd., - Restriction of Supply. A letter from the Shanghai Gas Co., Ltd., is submitted stating that the Company has been informed by the Asiatic Petroleum Company that owing to the prevailing shortage of shipping, further supplies of fuel oil are most unlikely and that for the same reason the possibility of obtaining further supplies of Indian Coal is remote. There is also the possibility that the Kailan Mining Administration may be compelled to cease supplying the Company with coal.

The Company's letter continues that assuming gas sales do not exceed the estimates for 1941 i.e. the same domestic consumption as for 1940 and an increase in the industrial consumption for 1940 of 15%, fuel oil supplies will be exhausted by the end of April, after which date the Company will have no alternative but to reduce the calorific value of gas from 400 to 350 British Thermal Units per cubic foot, and that if K.M.A. coal deliveries cease after the end of March, coal stocks will be exhausted by the end of October necessitating closure of the plant until further supplies of fuel become available.

In view of this position the Company considers that the available stocks of fuel should be conserved to the greatest possible extent compatible with meeting, first, normal domestic requirements representing 70% of total sales and secondly, industrial requirements, and with this object in view requests the Council's authority to put the following measures into effect forthwith subject to revision with the Council's approval as circumstances demand:-

1. To decline to supply gas to new domestic or industrial consumers.
2. To limit the monthly consumption of gas by any consumer to a quantity not exceeding that consumer's consumption during the corresponding month in 1940.
3. To charge for gas consumed, in excess of the fixed monthly maximum consumption, at twice the prevailing rate and should this not prove a deterrent, to discontinue the gas supply for excessive consumption. The amount paid in excess of the prevailing price of gas to be placed in a Reserve Account and used for the best interests of gas consumers.

In a subsequent letter submitted the Company amends 3 above as follows:-

3. To charge for gas consumed, in excess of the fixed monthly maximum consumption, at twice the price prevailing during the period in which the excess consumption occurs. The amount paid in excess of the prevailing price of gas to be placed in a Reserve Account and used to the best interests of gas consumers.

The Chairman recommends adoption of the Company's proposals.

Referring to the statement in the first paragraph of the Company's letter with regard to supplies of fuel oil, Mr. Powell states that the position has now changed somewhat and he does not anticipate that it will be necessary for the Company to lower the calorific value of gas. While the question of supplies is bound to be

problematical under prevailing conditions. Mr. Powell sees no reason for assuming that the Company's fuel oil supplies will be exhausted by the end of April. Replying to the Chairman Mr. Powell states that he favours adoption of the Company's proposals since such are designed not to reduce consumption but to prevent an increase over last year's consumption.

Observing that the electricity restriction scheme provides for treble rates for excess consumption, Mr. Allman enquires as to the reason for the Gas Company proposing only double rates. Reply is made that when the Company's proposals were formulated it was expected that lack of fuel oil would necessitate lowering the calorific value of gas and that the Company considered that double rates for excess consumption for reduced quality gas would be sufficient. Mr. Allman however refers to Mr. Powell's statement that there is now no reason for assuming that it will be necessary to reduce the calorific value of gas and suggests that lower rates for excess consumption for gas than for electricity may lead to consumers of the latter changing to the former, to which Dr. McMullen points out that such will be prevented if approval is given to the Company's request to refuse new applications. Mr. Mitchell observes that electricity is of ^{far} greater importance to the community than gas and consequently high punitive rates for excess consumption of electricity is a greater necessity and in any case the Company can request an increase if the proposed rates do not prove a deterrent.

Messrs. Haley and Hanawa enquire whether the Council will have control over the proposed Reserve Fund, to which the Secretary & Commissioner General replies that express provision therefor can be made in the Council's letter of approval. The Treasurer points out that control over the fund is automatic since it must be included in the Company's accounts submitted when the surcharge is reviewed, and suggests that the simplest method of utilising the fund for the benefit of consumers would be to use it in reduction of the surcharge.

The Company's proposals are then approved.

12. Rice and Flour Situation. The Chairman states that the outstanding point is the matter of fixing maximum prices for rice and he refers to the recommendation of the Supplies Sub-Committee that the Council in co-operation with the French Municipal Administration should by means of periodical press notifications announce the maximum prices at which the sale of imported rice is authorised, the notifications to show how the prices are arrived at and to state that sellers of rice in excess of the fixed prices will be prosecuted according to law. He says that

there is no doubt that the local rice situation is extremely critical and he feels that the Supplies Sub-Committee has so far failed to solve this problem. There are of course many difficulties. Price fixing has failed in almost every country where it has been tried. If the Council should go into trading by itself importing stocks of rice it would incur enormous risks. Before embarking upon any such scheme the Council must be thoroughly convinced that there is no other course open and must be extremely careful what it does. He suggests that two or three members of Council should be asked to go into this complicated subject with the Supplies Sub-Committee and give particular consideration to the matter of the fixing of prices for rice and the importation of stocks.

Mr. Yulin Hsi states that the Supplies Sub-Committee has not been able to offer any solution and that the prices previously fixed by the Chinese Organization were lower than replacement price and brought about black market trading and encouraged hoarding. In the past the Council has felt that for various reasons it should not go into the rice business but the present position is most critical and a panic is near. If the Council does not do something rice will probably be \$150 to \$200 per zah and beyond the reach of the poor; looting on the streets will then be common place. Labour unrest has again broken out and to-day the Bus Company workers walked out and before long, unless something is done, strikes will spread. He reminds members of the recent Police disturbance. He emphasizes that the Council cannot afford to leave the matter untaokled and suggests that what was done by the Council in 1937 should be repeated. The Council should place orders for foreign rice to be sold to the rice shops upon arrival; these shops would put up a margin on the placing of orders by the Council on their behalf and pay the Council in full when cargoes arrive. There would be no risk on the Council's part. Only by this direct way can the much needed relief be brought. He suggests that his proposal be put to a Committee to be appointed to go into the matter without delay.

Mr. Powell states that he agrees with Mr. Yulin Hsi that some positive action by the Council is necessary. The problem involves big issues, including transportation, stocks, co-operation with neighbouring authorities and the distribution of stocks. He agrees that a small Committee should be formed to submit proposals to the Council.

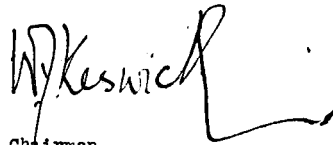
Mr. Allman feels that the Council must go into the rice business whether they wish to or not and agrees that a small Committee should be formed without delay.

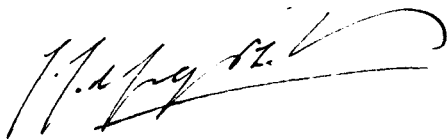
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Mr. Mitchell proposes that two or three Councillors should be deputed to make a study of the rice situation and to report back to the Council; he is not in favour of a Committee since there would inevitably be delay.

Upon the proposal of Mr. Allman, Mr. Mitchell and Dr. McMullen are appointed to study the rice situation and to report to the Council. Messrs. Yulin Hsi and Hanawa undertake to give Mr. Mitchell and Dr. McMullen the benefit of their advice and co-operation.

The meeting terminates at 6.07 p.m.


Chairman



Secretary & Commissioner General.

At the Special meeting of the Council held on Thursday, March 27, 1941, at 4.00 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)
 G. E. Mitchell
 N. F. Allman
 G. A. Haley
 Y. Hanawa
 R. G. MacDonald
 Dr. R. J. McMullen
 Messrs. I. Okamoto
 T. G. Powell
 L. T. Yuan
 The Chief, Industrial & Social Division
 The Deputy Treasurer - Revenue
 The Treasurer, and
 The Secretary & Commissioner General

Absent:

Dr. D. S. Chen
 Messrs. W. Cockson
 Yulin Hsi
 Yu Ya Ching

/12.

Rice. The Chairman on behalf of members thanks Mr. Mitchell and Dr. McMullen for the examination made by them into the rice situation and the report submitted which is before members for consideration. He states that the essence of the report is that the Council should do everything in its power to obtain transportation facilities for rice supplies and he asks Mr. Mitchell whether he has anything further to add to what was contained in the informative report. Mr. Mitchell says that all those consulted agreed that the root cause of the present situation is the contemplated shortage in shipping; this has been the main factor bringing about the unduly high prices for rice now ruling. It is recommended that the Council should do all that it possibly can to secure ships, acting in close collaboration with the French Municipal Administration and the Shanghai Municipal Government.

The Chairman enquires who will finance and be the principals in taking the ships and Mr. Mitchell answers that the suggestion is that the Council should be responsible to ship-owners and that the space should be sold to established and approved rice importers at rates of freight sufficient to cover the charter hire plus a small margin against contingencies. In booking space for these ships, the Committee suggested under the scheme will require shippers to undertake

that space will be used only for carriage of the cheaper grade, and that their contracts with dealers will contain a clause to the effect that the rice concerned will only be sold within Shanghai, and only to retail shops which are members of the Shanghai Rice Retail Shops' Association, under penalty that failure to comply with this clause shall warrant the refusal of the Committee to book any further supplies destined for the same buyer and shall incur publication of the name etc. of the delinquent. He adds that the Council's bankers are prepared to advance any out of pocket expenses incurred by the Committee empowered to charter ships; these expenses to be recoverable from importers of rice.

Mr. Haley enquires whether the report under consideration has been seen by members of the Supplies Sub-Committee and if so what their views are. Mr. Mitchell replies that a copy of the report was forwarded to the Chairman of that Committee and Mr. Mellor, a member of that Committee, was shown the draft report. The Supplies Sub-Committee agree that the root cause of this fear of shortage, and, therefore of the present high prices, as compared with world values, is due to the existing dearth of shipping facilities, and Dr. McMullen adds that the views of members of the Supplies Sub-Committee were obtained when they interviewed them at a meeting.

Mr. Hanawa enquires whether the intention is that chartering of ships should be done monthly and Mr. Mitchell answers that the proposal is that charters should be made for ships sufficient to carry 15,000/20,000 tons of rice from Rangoon to Shanghai each month until the situation improves. He suggests that a small Committee or Board should be set up without delay consisting of three or four gentlemen with skilled knowledge of the shipping and Rice business who shall, on behalf of the Council, establish and maintain a position whereby they will secure under charter ships sufficient to carry the quantity of rice mentioned from Rangoon to Shanghai monthly.

Mr. Powell states that the scheme outlined in the report is excellent as far as it goes but that success depends upon the carrying out of the three conditions enumerated in the report. He suggests that when publicity is given these three conditions should be re-emphasized and a hint made that if the scheme introduced does not work satisfactorily the Council might have to go further. The Chairman remarks that the Council will not be committed under the proposed plan to an enormous amount of liability and is in fact only committed to try to get rice for the people of Shanghai.

Mr. MacDonald enquires whether it is intended to work in conjunction with the French Municipal Administration and Mr. Mitchell replies that it has been agreed that it would be better for the three municipalities to work independently but on parallel lines. Mr. Yuan

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expressed by Mr. Mitchell but feels that the effects of the cost of this coal on the Company's tariffs should be a matter for consideration by the Public Utilities Committee. The Secretary & Commissioner General remarks that the point made by Mr. Mitchell has been provided for in a recent letter to the Company.

The Chairman suggests and members agree that the Council should assent to the Power Company entering into a contract on the terms set out in the Company's letter of March 27, 1941.

On the matter of time charters referred to in the Company's letter of March 24, 1941, the Chairman states that very big risks are involved.

Mr. Powell in referring to the Company's requirements from March 1 to the end of 1941 of coal or oil placed at 488,000 tons assumes that this figure is for the full normal requirements and does not make any allowance for curtailment of supply and observes that the Company has considerable reserve stocks. His own opinion is that additional oil stocks will be forthcoming and taking these factors into consideration he suggests that the Council should agree in principle to time charters being entered into for a limited quantity only.

The Chairman states that it appears to him that the Council is being called upon to perform the work of the Directors of the Shanghai Power Company when all that the Council should do is to decide on general principles. He proposes that the Council should delegate power to a small Committee, who can be got together easily, to make the best arrangements with the Company and thus avoid delays which might be costly to consumers. The shipping situation is such that rates are liable to rise rapidly and offers must be taken up with the least possible delay.

Mr. Hanawa says that he does not favour taking the risks of time charters. Mr. Mitchell agrees that authority should be delegated to two or three persons to act on behalf of the Council since it is impossible to decide on hypothetical rates and conditions.

Mr. Haley feels that it is unnecessary to arrange time charters for 151,000 tons but charters should be underwritten up to the extent of 50,000 tons.

The Chairman considers that it would be wise to inform the Company that the Council does not in principle object to time charters for limited amounts. Mr. Okamoto states that a certain amount of coal, he hopes 100,000 tons, will be available through negotiation with the Japanese authorities and in the circumstances and with the prospect of getting more coal he thinks that it would be wise to limit the quantity to be obtained under time charters.

Mr. Powell agrees with the Chairman that the Council ought not to take over the responsibilities of the Directors of the Shanghai Power Company. He agrees in principle that if the Power Company think that the best way to bring coal here is by time charters they should so act. The onus should be with the Power Company who could call on the delegates appointed to act on behalf of the Council. Dr. McMullen states that he hesitates to say that he is in favour of time charters. Further coal is expected from North China, there is the possibility of further fuel oil arriving and there is also the possibility of a reduction of electrical energy. He is hesitant of running the risks involved by time charters.

The Chairman draws members' attention to the fact that the Company does not invite the Council's approval to the proposed time charters but says in its letter of March 24 that it should like the concurrence of the Council to their proceeding with negotiations for additional ships on a time charter basis, if and when necessary.

It is finally agreed that time charters up to 50,000 tons be approved in principle and that such contracts be approved by a Committee consisting of Messrs. Keswick, Hanawa and Mitchell prior to acceptance by the Company.

4/2.

Suggested Bye-law in connection with Assessments for Taxation Purposes. Mr.

Hanawa enquires whether there is any urgency in giving consideration to the suggested Bye-law since he has not had time to give it careful study. The Secretary & Commissioner General replies that if the proposed Bye-law is to go to the Ratepayers for approval at a Special Meeting on April 17, as is the intention, the matter must be treated as urgent. A letter must be despatched to the Senior Consul and notice of the Resolution moving adoption of the suggested Bye-law must be published within a specified time. Mr. Hanawa enquires whether the proposed Bye-law in any way affects the case of the Japanese Cotton Mill Owners' Association, recently put to the Council by Mr. Tsutsumi, and upon the Secretary & Commissioner General stating that the matter is in no way related Mr. Hanawa says that he has no objection to the Bye-law being discussed at this meeting.

Mr. MacDonald refers to condition 4(e) of the proposed Bye-law and the Secretary & Commissioner General answers that it has been so drafted to suit administrative machinery.

After further discussion members approve of the proposed Bye-law in connection with assessments for taxation purposes being submitted to Ratepayers for adoption at a Special Meeting of Ratepayers to be convened for April 17, 1941.

√38.

Control of Excessive Rentals. Members agree that no action should be taken.

10. &
1/2.

Annual Meeting of Ratepayers 1941 - Resolutions. Members approve of public notification being given of the following customary Resolutions, which it is proposed should be brought forward at the Annual Meeting of Ratepayers:-

Appointment of Chairman and Secretary and Adoption of Rules of Procedure.

Election by the Ratepayers of a Land Commissioner

Election of four Governors of the General Hospital;
Mr. G. A. Haley
Dr. R. J. McMillen
Dr. T. B. Dunn
Dr. W. S. Parsons

Adoption of Report and Accounts for 1940

Adoption of Budget for 1941

1/21.

Electricity Supply to French Concession. The Secretary & Commissioner General states that an urgent letter dated March 27, 1941 has been received from Mr. N. Maas of the Special Committee appointed to study in conjunction with the Shanghai Power Company possible allocation of supplies of electrical energy to various classes of consumers in accordance with the supply of fuel available. He states that the matter raised requires immediate decision. The letter states that the Committee has had its attention drawn by the Shanghai Power Company to the case of the electricity supply granted by them to the Compagnie Francaise de Tramways et d'Eclairage Electriques de Shanghai operating in the French Concession.

The established usage of this company is about 800,000 kilowatt hours per month, but, at the present time, the Compagnie Francaise is requesting a much larger allotment for the reason that they are experiencing, in addition to difficulties in regard to an adequate supply of fuel, a major breakdown in their generating machinery, so that they find it very hard to meet consumers' requirements even although they have taken steps to reduce consumption. The Compagnie Francaise does not only supply private consumers of all kinds, but also provides the greater part of the utilities in the French Concession such as street lighting, tramways and water supply, so that the Committee feels that they are entitled to special consideration, for a limited period, to enable them to enforce the proposed curtailment of supply to their consumers.

With this in view the Committee recommends that an allotment of 1,400,000 kilowatt hours be granted by the Shanghai Power Company to the Compagnie Francaise as a temporary measure for the month of April 1941, any excess to be charged at three times the normal rate, it being understood that every effort will be made by the Compagnie Francaise to reduce consumption in the interval and the position reviewed at the end of that month, bearing in mind that eventually they would have to reduce in the same ratio as every other large bulk supply

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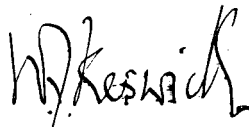
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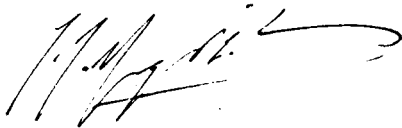
Mr. Haley wonders whether it would be reasonable to expect the Compagnie Francaise to transfer a quantity of fuel to the Shanghai Power Company if the electricity supply asked for is granted; possibly the amount would not be worth while.

The Chairman states that no one wants to see chaotic conditions in the French Concession and as the proposal is as a temporary measure for one month only and has been recommended by the Special Committee appointed by the Council and the Shanghai Power Company, he recommends that the allotment applied for be granted.

Mr. Hanawa considers that the amount applied for is excessive. With Mr. Hanawa dissenting, members approve of the allotment of 1,400,000 kilowatt hours by the Shanghai Power Company to the Compagnie Francaise de Tramways et d'Eclairage Electriques de Shanghai for the month of April 1941.

The meeting terminates at 5.07 p.m.


Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, April 2, 1941, at 4.30 p.m.

there are:-

Present:

Messrs. W. J. Keswick (Chairman)

G. E. Mitchell

N. F. Allman

G. A. Haley

Y. Hanawa

R. G. MacDonald

Dr. R. J. McMullen

Messrs. I. Okamoto

T. S. Powell

L. T. Yuan

The Chief, Industrial & Social Division

The Deputy Treasurer - Revenue

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Dr. D. S. Chen

Messrs. W. Gockson

Yulin Hsi

Yu Ya Ching

The Minutes of the meeting held on March 19 are confirmed and signed by the Chairman.

The Minutes of the Special meeting held on March 27 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on March 21 are submitted and confirmed.

44/5.

The Minutes of the meeting of the Watch Committee held on March 28 are submitted and confirmed.

Proposal to licence the handling of dangerous and inflammable liquids.

Mr. Haley enquires whether premises handling dangerous and inflammable liquids are not now licensed and if it is the intention to issue one licence and not dual licences. Miss Hinder replies that these premises are not now licensed and only a single licence would be imposed.

Mr. Powell declares his interest and refrains from giving his views at the present time.

The Minutes of the meeting of the Health Committee held on March 31 are submitted and confirmed.

Before withdrawing from the meeting to attend another engagement, Mr. Allman states that if a vote is to be taken on the reports of the Special Committee to Investigate Inequalities of Taxation, he would like his vote cast in favour of the majority report.

14/29.

Report of the Special Committee to Investigate Inequalities of Taxation and the Minority Report of Mr. J. B. Etherington. The Chairman states that he feels less qualified to give an opinion than the five experts who have submitted the Majority Report. Personally he is in favour of adoption of the Majority Report. He remarks that he does not understand the statement made at the foot of page 3 of the Minority Report that it would have been more logical if a uniform supplement of 50% over the assessment in force at 30th June 1937 had been recommended, instead of the variable percentages provided for in the tables set out in the Majority Report, for which variations there is no justification seeing that the so-called increase in value on certain types of properties in different districts is already clearly reflected in the rentals now being paid for the various types of occupancy in the said districts.

The Secretary & Commissioner General states that he had been present at a majority of the meetings held by the Special Committee. The adoption of a flat rate had been fully considered by that Committee but since any flat rate would not take into consideration the different rental trend since 1937 in various districts, and as between various properties, the flat rate was impracticable.

The Deputy Treasurer - Revenue confirms that a different rental trend had been definitely established, for example, in the Eastern District.

The Chairman reiterates that in his view the Majority Report should be adopted.

Mr. Yuan demurs and states that the matter is of too great import to the Chinese to be dealt with at short notice - he had only received the reports that day - and in the absence of other Chinese members he is not prepared to agree to adoption of the report.

The Chairman says that he understands Mr. Yuan's position but Ratepayers had been promised a speedy investigation by a Committee especially appointed whose report it was said would be made public before the forthcoming Annual Meeting of Ratepayers. In his opinion the Minority Report is not practicable and is based on false premises. There is little time to spare before the Ratepayers Meeting and a translation of the report into Japanese, together with the Council's recommendations, is necessary and the matter cannot be withheld from the public for long.

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Mr. Hanawa asks Mr. Yuan how long he would like postponement of consideration of the report and Mr. Yuan answers that as the only Chinese member present, and being precluded from obtaining the views of the other Chinese members (excepting Mr. Yulin Hsi who also feels that decision on the matter should be delayed), he is not prepared to take the responsibility of agreeing to adoption of the Majority Report.

The Chairman suggests that consideration of the matter be postponed until Friday at a Special Meeting.

Mr. Okamoto states that he sympathizes with Mr. Yuan and asks whether it is absolutely necessary to decide before the Annual Meeting of Ratepayers. The Chairman answers that ratepayers have been promised a report in time for their forthcoming meeting which is to be held on April 17.

Mr. Mitchell suggests that a decision be deferred until Friday, as suggested by the Chairman, which would allow Mr. Yuan time to consult Mr. Yulin Hsi the only other Chinese member at present in Shanghai, and a decision could be taken at the suggested meeting. Mr. Yuan states that insufficient time has been given for study of the recommendations and no decision should be taken by the Council on this all-important matter in the absence of the Chinese members.

Mr. Okamoto suggests that the matter might be left to the new Council after its constitution and when four Chinese members will be present. He enquires whether there is any legal objection to this. The Secretary & Commissioner General states that the difficulty is not only a legal one; taxes must be collected on some basis and the Council can ill-afford to do without them even for a short period. The Chinese member of the Special Committee took a prominent part in the discussions at their meetings and supported the Majority Report.

Upon the proposal of the Chairman it is agreed to defer consideration of the subject until Friday, April 4, to afford Mr. Yuan time to discuss the matter with Mr. Yulin Hsi and others; and other members would give further study to the subject and a decision one way or the other is to be taken on Friday.

4/12. Rice Situation. The Chairman invites Mr. Mitchell to make a statement on the rice situation and Mr. Mitchell says that under the plan, when ship space is available, it will only be given by the Special Committee to approved wholesalers and steps will be taken to ensure that stocks imported will reach recognized retailers. Up to the present no ships have been secured by the Special Committee authorized by the Council to charter ships, but one or two hot offers have been received. In the meantime supplies are arriving and the local rice situation seems eased.

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v9.

Chairman's Speeches at Ratepayers' Meeting. The Chairman reads the speeches which he proposes to make at the Annual Meeting of Ratepayers in moving the Resolution for adoption of the Report and Accounts for 1940 and the Budget for 1941.

The text of these speeches are agreed by members, subject to observations by Mr. Yuan relative to inequalities of taxation and those by Mr. Powell on the comparison of the pay of staff.

The meeting terminates at 5.40 p.m.



Chairman



Secretary & Commissioner General.

At the Special Meeting of Council held on Friday, April 4, 1941, at
11.30 a.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)
G. E. Mitchell
N. F. Allman
G. A. Haley
Y. Hanawa
R. G. MacDonald
Dr. R. J. McMullen
Messrs. I. Okamoto
T. S. Powell
The Deputy Treasurer - Revenue
The Treasurer, and
The Secretary & Commissioner General.

Absent:

Dr. D. S. Chen
Messrs. W. Gockson
Yulin Hsi
L. T. Yuan
Yu Ya Ching

4/29.

Report of the Special Committee to Investigate Inequalities of Taxation

and the Minority Report of Mr. J. B. Etherington. The Chairman states that he understands that Mr. Yuan is unable to attend to-day's meeting. Further considerable thought has been given to adoption of the Majority Report of the Special Committee to Investigate Inequalities of Taxation. He suggests adoption of the Majority Report in toto with the exception of recommendations Nos. 2 and 3 to be left to the incoming Council to implement. All the other recommendations made in the Majority Report seem to be acceptable to everyone.

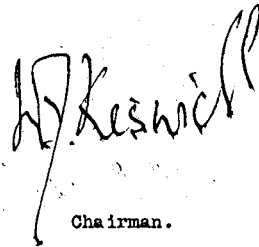
Mr. Okamoto asks whether it is the intention that the incoming Council should give consideration to enforcing these recommendations and the Chairman replies that the intention is that they will consider recommendations 2 and 3 of the Majority Report.

The Secretary & Commissioner General states that he had received a helpful letter from Mr. Meyers, a member of the Committee who had signed the Majority Report. Mr. Meyers pointed out that the adoption of Mr. Etherington's recommendations would result in Land Tax payers having their contribution to the Municipal revenues reduced by over \$2,000,000 and also would result in the public as a whole contributing an extra \$3,000,000 to Municipal revenue. The

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function of the Committee was to endeavour to equalise taxation burdens and not to obtain more revenue for the Council. Members unanimously adopt the Majority Report of the Special Committee to Investigate Inequalities of Taxation with the exception of recommendations Nos. 2 and 3 which will be left to the incoming Council to implement.

The meeting terminates at 11.34 a.m.

A handwritten signature in dark ink, appearing to read 'H. Keswick', written in a cursive style.

Chairman.

A handwritten signature in dark ink, consisting of several sweeping, stylized strokes.

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, April 16, 1941, at 4.30 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)
 G. E. Mitchell
 N. F. Allman
 G. A. Haley
 Y. Hanawa
 R. G. MacDonald
 Dr. R. J. McMullen
 Messrs. I. Okamoto
 T. S. Powell
 The Chief, Industrial & Social Division
 The Commissioner of Public Works
 The Treasurer, and
 The Secretary & Commissioner General.

Absent:

Dr. D. S. Chen
 Messrs. W. Gockson
 Yulin Hsi
 L. T. Yuan
 Yu Ya Ching

The Minutes of the meeting held on April 2 are confirmed and signed by the Chairman.

The Minutes of the Special meeting held on April 4, are confirmed and signed by the Chairman.

The Minutes of the meeting of the Finance Committee of April 10 are submitted and confirmed.

Child Welfare Institutions. The Chairman states that in connection with this matter the Secretary & Commissioner General has had a conference in regard to Child Welfare Institution grants with the Treasurer and Miss Hinder. It is felt that it would have been preferable, as pointed out by the Chairman at the Finance Committee meeting, that the matter should not have been submitted to the Finance Committee until examination had been made into the accounts of the various Institutions concerned. During the course of the discussion between the Secretary & Commissioner General, the Treasurer and the Chief of the Industrial & Social Division, the conclusion was reached that the Council's procedure in regard to grants-in-aid is capable of improvement. It is difficult under the present system to weigh fairly the various claims of institutions of different types. At an appropriate time next year it is intended to recommend that a Special Committee be set up to study grants-in-aid composed of representatives

W/2/64.

of the Finance Committee, the Health Committee and the new Committee which it is proposed to form to deal with the affairs of the Industrial & Social Division. In the meantime, in regard to the Child Welfare Institutions' grants for this year, the Secretary & Commissioner General, the Treasurer and the Chief of the Industrial & Social Division suggest that the allocation between the different institutions be left to them subject of course to the right of any institution to have its case put before the Finance Committee should their decision not prove acceptable. These recommendations are approved by members.

The Minutes of the meeting of the Works Committee of April 15 are submitted and confirmed.

4/21. Restrictions of Power Supplies. The Chairman refers to a memorandum dated April 16 by the Secretary & Commissioner General in which he states that he regrets the necessity of bringing this matter before members on such short notice, but it would be unfortunate that an emergency decision should be asked from the incoming Council who are not familiar with the background of the subject. The Secretary & Commissioner General this morning discussed the position with Mr. Hopkins of the Power Company who, while appreciating that the Council will need time to study the report of the Special Committee and the comments upon the report supplied by the Shanghai Power Company, feels that it is important that some immediate action be taken further to conserve fuel supplies. Mr. Hopkins has stated that the present restrictive charge is not adequate to bring about the reduction of usage of power which is required and feels that the increase of the present charge from three times the average all-in charge per kilowatt hour to six times the average all-in charge per kilowatt hour will (a) assist to secure reduction in usage and (b) assist to secure funds for purchasing high-priced coal. When this matter first came before the Council the Shanghai Power Company's stock of coal amounted approximately to 150,000 tons. On April 1, the Shanghai Power Company's stock of coal amounted to 120,000 tons. It is suggested that members should approve an immediate increase of the present restrictive charge from three times to six times the average all-in charge per kilowatt hour.

Mr. Powell asks how the figure of six times is determined and whether it bears any relation to coal or is an arbitrary figure. The Secretary & Commissioner General states that Mr. Hopkins informed him that it is an arbitrary figure.

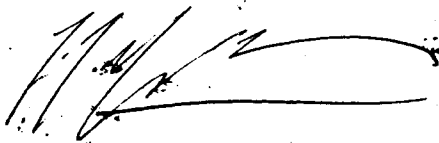
Replying to Mr. Mitchell the Secretary & Commissioner General states the proposal is merely a continuation of the existing scheme under which consumers of over 1000 kilowatt hours monthly are allotted 70% of their established usage at existing rates with however an increase in

the restrictive charge for excess usage over allotments of three times existing rates to six times pending consideration of the Special Committee's report. Mr. Hanawa considers that as a temporary measure a sixfold restrictive charge should be adopted and Dr. McMullen remarks that the use of power has increased and not diminished because of the fact that it is only three times existing charges; he wonders whether a sixfold restrictive charge is sufficient. Mr. Mitchell states that it can only be tried as a check and the Chairman agrees with Mr. Hanawa that it will be wise to adopt the proposed sixfold restrictive charge as a temporary measure. Mr. Mitchell suggests that when publicity is given to the matter it should be emphasized that the extra revenue obtained from the restrictive charge will not benefit the Company but will be used to finance the purchase of inordinately high-priced coal for those consumers able and willing to pay for it without calling on consumers who do not exceed their allotments to bear the full cost of such high priced coal. It is agreed that pending consideration by the incoming Council of the report submitted by the Special Committee appointed to investigate allocations of supplies of electricity, that approval be given to the Company's request for continuation of the existing restriction scheme, with however an increase, effective from the next reading of meters, in the charge for electrical energy used in excess of the allotment of 70% of established usage, from three to six times that charged for the allotment.

4/5/41. Appreciation of Chairman's Services. The Vice-Chairman on behalf of himself and his colleagues expresses thanks to Mr. Keswick for his very able Chairmanship during his tenure of office. He adds that Mr. Keswick has had a very hard year and all members are most grateful to him for the way he has performed his office. Mr. Okamoto associates himself with Mr. Mitchell's remarks and says that he regrets that Mr. Keswick is leaving Shanghai and thanks him warmly for all that he has done in the interests of the community.

The Chairman in thanking Messrs. Mitchell and Okamoto and members states that the help of his colleagues has been invaluable and he desires to place on record his thanks to the Heads of all Departments and officials for the assistance given him at all times during his Chairmanship.

The meeting terminates at 5.00 p.m.



Chairman

Secretary & Commissioner General

At the Special Meeting of the Council held on Monday, April 21, 1941, at

4.00 p.m., there are:-

Present:

Messrs. W. J. Keswick (Chairman)

G. E. Mitchell

N. F. Allman

G. A. Haley

Y. Hanawa

R. G. MacDonald

Dr. R. J. McMullen

Messrs. I. Okamoto

T. S. Powell

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Dr. D. S. Chen

Messrs. W. Gockson

Yulin Hsi

L. T. Yuan

Yu Ya Ching

#30/12. Importation of Rice from Hong Kong. Mr. Mitchell informs members that a situation has arisen in connection with rice requiring the Council's decision today. Efforts by the Special Committee appointed by the Council to obtain ships have failed: in only one case was the Committee able to get a firm offer of a ship free to proceed to Rangoon and then ^{the} rate of freight proved unattractive to importers.

The Controller of Rice for the Hong Kong Government is at present in Shanghai and informed him this morning that the food control authorities in Hong Kong are prepared to enter into arrangements with this Council to supply Shanghai with rice from Hong Kong. The suggestion is that the Colony should sell to Shanghai the excess rice over what is needed by Hong Kong and it is anticipated that they will be able to let Shanghai have from 20,000 to 25,000 tons monthly. It is possible to arrange with the Hong Kong Government authorities not to sell their surplus rice to any one in Shanghai except the Shanghai Municipal Council or those designated by the Council. The suggestion is that the Council should act as Agents for the Hong Kong Government for the sale of rice here, and it would be possible to arrange in such a way that the Council would be relieved of all financial and other responsibilities: differences as to quality, weight etc., would be for settlement between buyers and the Hong Kong Government. As Agents the Council would complete sales contracts for the Hong Kong Government and by requiring buyers to enter into freight contracts it would be possible to impose a condition ensuring that the rice

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concerned would be sold at fixed prices to local retail shops. Mr. Mitchell states that it is desirable in order to avoid expense in the engagement of staff etc., to sell to as few importers as possible. It is suggested that arrangements should, if possible, be made with the Rice Guild to appoint six of their members to handle this business. Mr. Haley remarks that this is also the wish of the Hong Kong Food Controller. Mr. Mitchell further states that before seeing the Rice Guild the views of the Council are required; he proposes to contact members of the Rice Guild tomorrow.

The Chairman enquires whether there is sufficient coast freight to bring rice here and Mr. Mitchell replies that he thinks space will be available. It is not intended to interfere with the imports of rice from Rangoon. Mr. Mitchell points out that the high Shanghai price of rice is reacting on prices in Hong Kong and Rangoon and the Hong Kong Government is anxious to get a control on their price.

The French Concession Authorities hope to secure 10,000 tons of rice monthly through an organization under their control and Mr. Mitchell considers that the Council should accept the offer made by the Hong Kong Government, thus ensuring supplies of rice for the Settlement. Mr. Ho says that in 1937 the Council had some experience in the sale of rice. ^{The} Retail Shops Association can pay the Council in advance for rice booked for them. In fact it is possible to conclude arrangements with either the Retailers or Wholesalers Association whereby the Council will be free from obligation.

Dr. McMullen enquires whether any estimate has been made of what price the rice can be brought here from Hong Kong and Mr. Mitchell answers that the Hong Kong Government will sell their surplus rice at replacement cost plus 1 1/2% for expenses. Mr. Mellor of the Council's Supplies Committee informed him that at-to-day's basis the price would be attractive to the local market. The Chairman explains that this is largely because the freight link is cheaper than in respect of direct shipment from Rangoon to Shanghai. Mr. Powell says that he presumes that the Hong Kong authorities will place an embargo on the export of rice except to the Shanghai Municipal Council and Mr. Mitchell answers that this will be so.

Mr. MacDonald asks whether sales will all be on a cash basis and Mr. Mitchell answers that bargain money of 50% will be payable here when orders are placed and the balance paid in Hong Kong at the time of delivery. Answering the Chairman, Mr. Mitchell states that all claims in connection with rice brought here would be against the Hong Kong Government and in reply to Mr. Powell he says that there would be no

exchange responsibility for the Council's account. Mr. Hanawa asks whether buyers' default has been taken care of and Mr. Mitchell says that this is covered by requirement of payment of 50% of the cost when orders are placed here and the balance of 50% to the Hong Kong Government before delivery of stocks. The Chairman states that under the proposed scheme there will be only one buyer of rice and one buyer of freight which will be an advantage not only to Hong Kong but to Shanghai. The Council has failed to secure ocean ships of neutral tonnage which means that the Council has failed to get supplies of rice for Shanghai. The rice from Hong Kong would come without any risk to the Council and he feels that the Council should accept the offer leaving details to the Special Committee to settle. Mr. Hanawa agrees provided the Council is not burdened with any obligation.

Dr. McMullen remarks that the Council's plan to charter ships would also be pursued and Mr. Mitchell adds that there is just a chance of getting a ship at a very cheap rate of freight and that the Council will merely be acting as Agents for the Hong Kong authorities in respect of the Hong Kong rice and can do other business should it so wish. Mr. Haley says that the Council must however show its ability to handle a considerable quantity of the rice offered by Hong Kong.

The Chairman states that any freight secured which is not used for rice could be used for coal supplies.

Mr. MacDonald asks whether there is any hope of getting rice from the occupied areas and Mr. Hanawa answers that rice in occupied territory is more expensive than that in Shanghai.

It is agreed that the Special Rice Transportation Committee appointed by the Council should conclude arrangements with the Hong Kong authorities for the importation of 20,000 to 25,000 tons of rice monthly for Shanghai on the understanding that the Council will not be committed in any way and will merely be acting as Agents for the Hong Kong Government.

The meeting terminates at 4.30 p.m.



Chairman

Secretary & Commissioner General.

At the Special informal meeting of Council held on Saturday, April 26, 1941,

at 11.00 a.m., there are:-

Present:

Messrs. G. E. Mitchell (In the Chair)

N. F. Allman

Y. Hanawa

R. G. MacDonald

Dr. R. J. McMullen

Mr. T.S. Powell

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Dr. D. S. Chen

Messrs. W. Gockson

G. A. Haley

Yulin Hsi

I. Okamoto

L. T. Yuan

Yu Ya Ching

12. Importation of Hong Kong Rice. Mr. Mitchell reports that terms were agreed with the Controller of Rice for the Hong Kong Government before his departure and a quantity of 5,000 tons was granted for the first shipment to Shanghai. A meeting was arranged with the Rice Guild for Tuesday afternoon but only one representative attended who was informed of the Council's plan and said that he would consult his Committee. On Thursday another meeting was held and terms were agreed and the first offer from Hong Kong of 5,000 tons of rice was put before the Guild's representative for consideration. The price of this rice worked out at about \$20 per picul cheaper than the rice at present sold by the Retail shops. Yesterday the representative of the Guild called on Mr. Ho and stated that the Rangoon rice previously brought here sweated and the Wholesale trade was therefore not keen on accepting the Council's offer. Besides, they had no money to finance the business and it was obvious that they were not prepared to co-operate with the Council. Continuing Mr. Mitchell says that Mr. Ho arranged for the representative of the Guild to see Messrs. Knipschildt and Mellor who were informed of the above and that unless the wholesale trade were free to sell to all and sundry, the wholesale trade were unable to agree to finance the business as speculators were actually the people financing the import of rice at present. The wholesalers' representative stated that the stipulation that the rice must go direct from the wholesaler to the retailer was

unacceptable to the wholesaler. Briefly it seems that the wholesale merchants have a big speculation position which they intend to defend, and that firm measures by the Council are now necessary and it is evident that the only course open, if there is to be an improvement in the local rice market, is for the Council to finance the purchases of rice from Hong Kong. Mr. Mitchell suggests that Messrs. Knipschildt and Mellor be invited to attend to express their views.

Messrs. Knipschildt and W. Mellor attend.

Mr. Knipschildt states that Mr. Ho informed him and Mr. Mellor by telephone yesterday at about 5 p.m. that the dealers were not interested in the Council's offer, one of the alleged reasons being that they were afraid of the quality of the rice since recently some lots had arrived from Hong Kong in bad condition. The answer was that the Controller's selling terms distinctly stipulated good and sound condition as per British Chamber of Commerce certificates. Mr. Ho suggested that Mr. Kiang Hong Ping, representative of the Cereal & Rice Guild, had better see him and Mr. Mellor and added that Mr. Kiang had suggested to him (Mr. Ho) that the rice should be sold by the Council direct to the retail trade.

Mr. Kiang Hong Ping accompanied by a Mr. Wilson S. Chu subsequently called at the offices of Messrs. Knipschildt & Eskelund Ltd., and in an interview at which Mr. Mellor was also present, stated:

- (1) The terms of the Council's sale contract limited their profit to 2½% (actually 3½%) while there was no limit to their loss. It was explained that the Council's contract terms entitled them to sell at the maximum price fixed or at replacement cost, whichever was the higher, and that consequently they would benefit from any advance in replacement cost.
- (2) They finally explained that unless they were free to sell to all and sundry, they were unable to finance, as speculators were actually the people financing the import of rice at present. The stipulation that the rice must go direct from the wholesaler to the retailer was therefore unacceptable to the former.
- (3) They again suggested that it would be better for the Council to sell the rice direct to the retail trade.

Mr. Ho confirms Mr. Knipschildt's report of the interview.

Dr. McMullen states that there is likely to be trouble between wholesale dealers and retailers if the Council makes a direct approach to the retail trade and the Council must therefore be prepared to handle the whole business. Mr. Ho does not entertain such a fear and thinks that if the Council carries out Mr. Mitchell's suggestion and buys rice and passes it on to retail shops it will have a very good effect and is not likely to meet much opposition.

Mr. Powell remarks that the wholesalers realize that if the importation of Hong Kong rice under the Council's scheme materializes their speculation bubble will burst and they think that the Council is not in a position to insist upon conditions of sale; furthermore that retailers will hesitate to help the Council.

Mr. Mitchell states that the intention to import Hong Kong rice received very good publicity in the Press and that the Council should capitalise on that and announce that since it has been unable to arrange with the wholesalers to take up the rice from Hong Kong the Council has been compelled itself to import this rice. Mr. Allman says that if the wholesalers refuse to take up the Hong Kong rice, the Council being free from the payment of commission etc., could sell the rice still cheaper when it arrives. Mr. Knipschildt answers that it is unnecessary to make a sacrifice and that if the Hong Kong rice is sold today without strings there is no risk involved. Mr. Ho states that if the Council's price is lower than the market price retail shops are bound to buy from the Council.

In answer to a member, Mr. Mitchell says that it is not suggested that the Council should go into the business permanently but only at the present time in order to break the existing position and he therefore asks authority for the Council to make purchases from Hong Kong. Mr. Powell enquires whether importations require immediate financing and Mr. Mitchell answers that it is hoped to obtain long credit from Hong Kong in which case no money need be put out by the Council.

The Secretary & Commissioner General states that it is desirable if members decide upon the importation of rice by the Council for the work to be undertaken outside the Council; the Council has not the machinery and for various reasons it is best for the business to be dealt with by one or more commercial concerns.

Mr. Mitchell suggests that the actual commercial end of the business be delegated to someone to work on behalf of the Council for a fee and he suggests that Mr. Mellor's firm and Mr. Knipschildt's firm should be asked to undertake this work. The Treasurer remarks that there is an exchange risk in the business to be undertaken and he would prefer if possible a loan in local currency to cover the cost of rice. Mr. Powell agrees but says that there should be no difficulty with 60 days credit on the cargo in arranging exchange with the bank.

Dr. McMullen states that if the wholesale dealers are determined to oppose the Council's scheme they will do it strenuously and difficulty with retail shops can be expected. It may then be necessary for the Council to do some retailing.

Mr. Mitchell states that an announcement that the Council has decided to import itself should be made and when the first shipment arrives the Council should announce the prices and the effect of competition will bring sales. Mr. Hanawa says that the rice business is a difficult one and the Council must expect to bear some loss.

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Mr. Powell considers it important that the Council's prices should always be before the public, if necessary daily, giving the Hong Kong price, the Council's price, local wholesalers' prices and retailers' prices so that the public can see the exact position.

Mr. Ho remarks that apart from sales through the retail shops, if any difficulty is experienced in disposing of the rice imported, it could be sold to public utility companies and through consumers' co-operative societies and the Treasurer adds that the Council could issue rice instead of a rice allowance to its Chinese staff. Mr. Powell enquires whether it is the intention to offer the Hong Kong rice exclusively to established retail shops and Mr. Mitchell replies that the matter has not yet received full consideration and that he thought that sales would be made ex-godown to shops, to public companies and for consumption.

Mr. Powell states that in his view the Council must be most careful in its method of disposal of any rice imported and that nothing should be done to antagonise the retail dealers. He feels that the Council should not sell any of the imported rice to companies or others outside the trade until the trade has definitely refused to work with the Council.

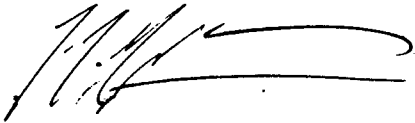
Dr. McMullen states that by sales to large organizations the Council would be defeating its wish to benefit the poor and he agrees with Mr. Powell that sales should be made either through the retailers or wholesalers if they later agree to fall in line with the Council's scheme. Members agree.

Mr. Mitchell suggests that the Council's Special Rice Transportation Committee should be strengthened by the co-option of Dr. McMullen and Mr. Hanawa. Dr. McMullen agrees to serve and Mr. Hanawa says that he will assist if necessary.

Consideration is given to the appointment of a firm to undertake the commercial end of the rice business to be entered into by the Council. Mr. Hanawa informs members that his firm deals in rice.

After discussion it is unanimously agreed that the Council should for the time being arrange for the importation of rice from Hong Kong, delegating the commercial end of the business of importation to Messrs. A. R. Burkill & Sons, Ltd., and Messrs. Knipschildt and Eskelund & Co. Ltd., at a fee to be considered later.

The meeting terminates at 11.25 a.m.



Chairman.

Secretary & Commissioner General.

At the meeting of Council held on Thursday, May 1, 1941, at 4.30 p.m., there

are:-

Present:

Messrs. N. F. Allman
 J. D. Carriere
 Theodore C. Chang
 A. Glathe
 Y. Hanawa
 Jabin Hsu
 J. H. Liddell
 R. T. McDonnell
 Dr. R. J. McMullen
 Messrs. I. Okamoto
 T. S. Powell
 R. von der Grone
 Y. Yazima
 L. T. Yuan
 The Treasurer, and
 The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi
 G. E. Mitchell

The Secretary & Commissioner General states that, in accordance with Article XXI of the Land Regulations, it is required at the first meeting of a new Council in office that members shall elect a Chairman and Vice-Chairman.

05/14.

Election of Chairman. Upon the proposal of Mr. N. F. Allman seconded by Mr. I. Okamoto, Mr. J. H. Liddell is unanimously elected Chairman.

In expressing appreciation of the honour paid him, Mr. Liddell states that he is sensitive of the many problems which confront the Council and realises that he does not possess full knowledge of many Municipal matters since he has not been on the Council during the past year. He knows that he will have the full co-operation of all members and he hopes that he may be able to justify the confidence which his colleagues have placed in him.

Election of Vice-Chairman. Upon the proposal of the Chairman seconded by Mr. Y. Hanawa, Mr. I. Okamoto is unanimously elected Vice-Chairman.

Mr. Okamoto thanks members for the honour which they have paid him and states that it will be his earnest endeavour to merit the confidence which members have reposed in him.

11/17. Council's representation on Waterworks Board of Directors. On the proposal of the Chairman seconded by Mr. T. S. Powell, it is unanimously

RESOLVED that Messrs. R. G. MacDonald and L. T. Yuan be renominated as the Council's representatives on the Board of Directors of the Shanghai Waterworks Company.

11/2. General Hospital Board of Governors. The Chairman refers to a memorandum dated April 30 by the Secretary & Commissioner General stating that it has for many years been customary for the Council to submit 4 names to the rate-payers of gentlemen to serve on the General Hospital Board of Governors. The 4 names submitted this year were Mr. G. A. Haley, Dr. R. J. McMullen, Dr. T. B. Dunn and Dr. W. S. Parsons. The 4 names submitted have usually been 2 members of Council and 2 doctors representative of the American and British communities which have been the largest users of the General Hospital.

In 1919 when the Council accepted financial responsibility for the General Hospital, it was agreed between the Council and the Hospital that 2 Members of Council should serve on the Hospital's Finance Committee. It does not follow that these two Members need necessarily also be Governors of the Hospital, though in practice the same two gentlemen have usually served both as Governors and as Members of the Finance Committee. This year only one member of Council has been elected as a Governor.

The Chairman feels that a departure from past practice can be made and upon his suggestion members agree that it is unnecessary to appoint another member of Council to serve on the Finance Committee of the General Hospital.

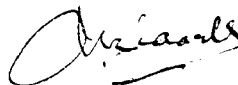
11/4/6. Committee Membership for Municipal Year 1941-1942. The Secretary & Commissioner General states that since circulation of the suggestions made for appointment to the various Council Committees, Mr. Okamoto has submitted certain revisions of Japanese names for membership of various Committees. Mr. Okamoto suggests that Mr. T. Haraguchi be substituted for Mr. K. Kuroda on the Works Committee, Mr. Y. Noda for Mr. Nakagawa on the Health Committee and Mr. K. Kuroda for Mr. G. Matsukata on the Education Board. Mr. Yuan suggests that Mr. C. H. Chen should take the place of Mr. B. Chih Chen who has resigned from the Works Committee.

Subject to the above modifications the Committee list as circulated is approved.

The meeting terminates at 4.45 p.m.



Secretary & Commissioner General.



Chairman

At the meeting of the Council held on Wednesday, May 14, 1941,

at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi

G. E. Mitchell

The Minutes of the meeting held on May 1 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Education Board held on May 9 are submitted and confirmed with the following remarks.

Office of the Superintendent of Education. Mr. Carriere states that from the Secretariat memorandum of May 14, which is tabled, it would appear that at the time of Mr. Huckstep's appointment to the post of Foreign Education Assistant no promise to the other members of the Education staff was made that if and when the post of Superintendent of Education fell vacant it would be open to all senior education staff to apply and as no promise was made to Mr. Huckstep on his appointment that he would succeed to the post of Superintendent.

if and when it fell vacant, the position is a negative one and it would seem that members of the Council's Education staff should be invited to apply for the vacancy. He has, however, now heard from Dr. McMullen the reasons for recommending the appointment of Mr. Huckstep. Dr. McMullen refers to page 7 of the Education Board Minutes where reasons for the appointment of Mr. Huckstep are given and explains that a careful search has been made into the Council's records and what is now known, but was not known at the Education Board's meeting of May 9, is that the Council's hands are not tied. Had this been known at the meeting of the Board members would have recommended the appointment of Mr. Huckstep as successor to the Superintendent of Education. The Chairman remarks that the real reason for Mr. Huckstep's appointment is that he is the most suitable candidate for the post.

After further discussion Mr. Carriere suggests and members agree that the recommendation of the Board be amended to read:-

RECOMMENDED that on the retirement of Mr. Healey from the post of Superintendent of Education, Mr. H. G. Huckstep be promoted to that office since he is most suitable for that post.

The Minutes of the meeting of the Public Utilities Committee held on May 8, are submitted and confirmed.

Shanghai Power Company - Restriction of Electricity Supplies.

Mr. Powell states that members will have observed from the Secretariat memorandum and the letter from the Power Company dated May 13 that the new proposals now submitted by the Shanghai Power Company considerably modify the recommendations of the Public Utilities Committee; there are six factors given which will affect the Company's fuel situation. The Company recommends that the report of the Special Committee be adopted and published but be not enforced pending clarification of the uncertain position as regards supplies of fuel and that in the

meantime the present temporary arrangement should continue. When the fuel position is such in the Company's opinion to warrant enforcement of the allocation scheme recommended by the Special Committee, or falls to a stock in hand of 100,000 tons, the Chairman and Secretary & Commissioner General will be consulted regarding the fuel supply basis on which the scheme is to be applied. In support Mr. Powell refers to the fluctuating fuel position which makes estimation or future supplies impossible. Deferment of the scheme will also provide those affected time to study the scheme and time for appeals to be considered and decided.

Mr. Allman declares his interest in the cinema business and states that he cannot agree with Classifications 6, 7, and 8 in Exhibit "B" of the Special Committee's report which in his view are unfair and inequitable. Discrimination is made against 514 firms who use 4% of the power consumption. He suggests that the trades under Groups 5, 6, 7 and 8 shown in Exhibit "B" be put in the same category as regards allocations of electricity.

The Chairman informs members that he invited Mr. Maas, the Chairman of the Special Committee, to discuss the report with him and at the interview he questioned him regarding the so-called luxury industries and Mr. Maas explained that the greatest difficulty was found in classifying industries and those shown under Groups 6, 7 and 8 referred to by Mr. Allman were considered as luxuries which could be done without in an emergency. The Committee aimed to provide as much power as possible for general industry as large employers of labour. The Chairman states that he did not query the basis of allotment for cinemas but for breweries, tobacco and silk factories but Mr. Maas was adamant and stated that if additional power was given to industries classified as luxuries, the power allocated to general industry would have to be correspondingly reduced. Mr. Allman states that up to the present no opportunity has been given to the people concerned to be heard and that

a flood of protests can be expected when the report of the Special Committee is published. He sees no reason why employees in the industries under Groups 6, 7 and 8 should suffer, and states in reply to the Chairman that he considers the manufacture of cosmetics and operation of beauty parlours industries. Mr. Powell remarks that the Committee is justified in basing allotments on industries of the greatest value to the community. It would be disappointing to the community if the Council ruled that cinemas, cosmetics and beauty parlours should not suffer more than cotton and other industries.

The Chairman agrees with Mr. Powell that there would be public criticism if no difference were made between the general and luxury industries and Mr. McDonnell also agrees that the aim should be the greatest good for the greatest number.

Mr. Powell states that if the Power Company's latest recommendations are adopted and the report of the Special Committee is published an opportunity would be given for appeals and cases could be put to the Council for reconsideration. Mr. Allman states that if the Special Committee's report is adopted, the Shanghai Power Company is sure to be involved in litigation over the matter of discrimination, and Dr. McMullen remarks that there is bound to be discrimination under any scheme.

The Chairman says that the Council is not in a position to consider litigation which would have to be dealt with if and when it came.

The Secretary & Commissioner General states that on the matter of appeals to the Special Committee, if the Company's recommendations are adopted that part of the Company's recommendation making the Special Committee's decisions on appeals final would have to be altered since the final appeal would be to the Council. Mr. Powell states that there were some discussions on this point in the Public Utilities Committee whose opinion was that consumers have an inherent right to appeal to the Council. Members agree.

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May 14, 1941.

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Mr. Allman states that he desires it placed on record that in his opinion Groups 5, 6, 7 and 8 of Exhibit "B" of the Special Report should be equally treated as regards allotment of power. With Mr. Allman dissenting members approve of adoption of the recommendations contained in the Special Committee's Report and the Power Company's letter of April 15, 1941, as modified by the Power Company's letter of May 13, 1941, and the decision recorded above as regards appeals.

The Minutes of the meeting of the Finance Committee held on May 9 are submitted and confirmed, subject to the following remarks. Loan of 1941. The Chairman reports on the discussions of the Finance Committee on the matter of the new Loan for 1941 and states that the Treasurer proposes a loan of \$9,000,000 in order to repay the balance of the Council's temporary Loan from the National City Bank of New York amounting to approximately \$2,250,000 and the overdraft with the Hongkong & Shanghai Banking Corporation which at April 30 amounted to \$6,800,000. The Hongkong & Shanghai Bank, as the holders of the Council's 1939 Loan for £435,000, have agreed to the flotation of the new loan provided the Council makes arrangements to set aside £30,000 a year so as gradually to reduce the S.M.C. sterling loan of 1939. The Treasurer explained that he could arrange for this by fresh borrowings in local currency. The Treasurer proposed that the loan should be issued at a price of 92½, bearing interest at 6% per annum and that it be secured by the income from the Entertainment Tax on Cinemas, Theatres, etc. The National City Bank of New York have expressed willingness to accept part of the new loan in repayment of the Council's indebtedness to them and Messrs. Benjamin & Potts have offered to underwrite the remaining \$6,500,000 at one-half of 1%, so ensuring the success of the loan. Continuing the Chairman states that

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these proposals were approved by the Finance Committee, except that it was felt that, due to the proposed drastic restrictions of power, the income from the Tax on Cinemas, etc., might not be sufficient to service the Loan. Consequently whilst the loan was approved by the Finance Committee, it was left to the Treasurer and the Secretary & Commissioner General to discuss the question of security again with the Hongkong & Shanghai Banking Corporation and the underwriters. The Chairman states that he joined them in their discussions and it was eventually suggested and agreed that the surplus of revenue derived from surcharges on the Public Utility Companies after servicing the 1940 Loan should be earmarked for the service of the new Loan in addition to the revenue from the Entertainment Tax. This seems satisfactory to the Treasurer and also to the underwriters and the Chairman expresses the hope that members would approve of it. The Chairman states that it later occurred very forcibly to him that, as the 1940 Loan, which was issued at a price of 95, was offered to the public and fully subscribed, the new Loan to be issued at 92½ should in fairness also be offered to the public in case they wish to subscribe to it. He informs members that the Secretary & Commissioner General agreed with his view, which led to another visit to the Hongkong & Shanghai Banking Corporation, who, together with the underwriters, have agreed to fall into line with his wishes if they have members' approval. The Chairman states that he has been told that no large subscriptions can be expected from the public but he feels that it is right to give them an opportunity to take up the Loan. Finally, the Chairman reports that the Hwa Shing Bank has expressed a wish to subscribe \$2,000,000 to the Loan and Mr. Jabin Hsu has advised the Treasurer that the Central Reserve Bank of China would like to subscribe another \$1,000,000. Members agree with the Chairman that this support is very satisfactory.

Dr. McMullen enquires the reason for reduction of the loan from 95 to 92½ and the Chairman answers that the general view is that the money market is at present unable to absorb the Municipal Loan at 95, and the Treasurer adds that at the time the Loan was first mooted the market rate was 93 for debentures and since then the general debenture market has not moved up. Dr. McMullen remarks that the demand for the new Loan is not negligible and therefore wonders whether the Council would not be justified in asking a higher price. The Chairman answers that the Council cannot afford to issue a Loan which may not be fully subscribed.

Mr. Allman asks whether the Cinema security has been discounted and the Chairman replies that the Council's bankers and underwriters are satisfied with the security offered.

Mr. Powell enquires what the Cash position would be when the Loan was floated to which the Treasurer replies that the present overdraft is approximately \$5,000,000 and assuming that the Loan produced \$5,500,000 in cash there would be a credit balance at the Bank of about 5 lakhs. The Treasurer adds that by the end of the month there will be an overdraft again. In reply to a further question from Mr. Powell the Treasurer states that the Council's Bankers charge interest on overdraft at the rate of 7% but that under an offsetting arrangement with them interest at 5½% per annum is allowed on the balance at Credit up to the amount of the overdraft of the General Hospital.

Members unanimously approve of the proposals for the 1941 Loan.

Gambling Establishments-Western Area. The Chairman reports that the Commissioner of Police had advised him that whereas he had hoped that the Gambling establishments in the Western Area would be closed down in the near future, he had recently received information that the establishment called Farrens, which has been closed for some time, has recently been

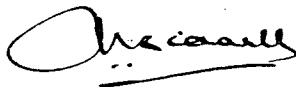
May 14, 1941.^{8.}

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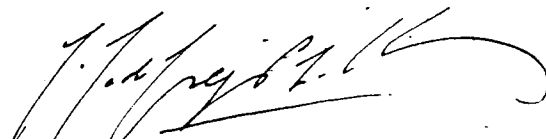
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reopened. The Chairman says that he has discussed this matter with the Secretary & Commissioner General and that it is their opinion that informal representation of the matter should in the first place be made to the Mayor of the Shanghai Municipal Government. The Chairman states that he intends during the course of the next few days to seek an opportunity of paying an official call on the Mayor. On this occasion there may be an opportunity of speaking informally to him. If not, the Chairman suggests that the Secretary & Commissioner General should approach the Mayor informally as soon as he is able to. The Chairman states that he has discussed the matter with the Vice-Chairman who agrees to the action proposed, and he asks members whether they also approve. Members unanimously approve of the action suggested.

The meeting terminates at 5.45 p.m.



Chairman



Secretary & Commissioner General.

At the meeting of Council held on Wednesday, May 28, 1941, at ¹⁵⁸

4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Municipal Advocate

The Commissioner of Police

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General

Absent:

Messrs. Yulin Hsi

G. E. Mitchell

The Minutes of the meeting held on May 14 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Works Committee held on May 12
L5/159 are submitted and confirmed subject to the following observations.

Ewo Road, Wayside Public Wharf, Chinwangtao Road and Jetty -
Letter from Messrs. G. E. Marden & Co. Ltd. Mr. McDonnell states that the Committee's recommendation does not say so but the Committee not only overruled the protest of Messrs. G. E. Marden & Co. Ltd. against the proposal to exchange

the present sites of Ewo Road and the Wayside Public Wharf for alternative sites to the west and east, but also approved of the transfer of the Jetty. The Secretary & Commissioner General says that that is true but the only subject before the Works Committee on May 12 was the protest of Messrs. G. E. Marden & Co. Ltd.; the matter of the transfer of the Jetty having been dealt with previously.

The Commissioner of Public Works withdraws.

The Minutes of the meeting of the Orchestra & Band Committee held on May 20 are submitted and confirmed.

The Minutes of the meeting of the Health Committee held on May 20 are submitted and confirmed.

G4/16 The Minutes of the meeting of the Public Utilities Committee held on May 22 are submitted and confirmed subject to the following remarks.

Shanghai Waterworks Co. Ltd. - Surcharge Increases. Mr. Hanawa enquires what dividends the Company has paid during the past 3 years and the Treasurer answers that shareholders of "A" shares who are entitled to a return of 9% received 7% to 7½%; shareholders of "B" shares entitled to a return of 7% received 5½% to 6%, and shareholders of "C" shares entitled to a return of 8% received 6% to 7%. Mr. Hanawa remarks that if the Company wishes to pay a dividend of 9% he would object but if the dividend is 6% or 7% he would offer no objection. The Chairman states that in order to pay its dividends the Company has had to draw on all its reserves; the Waterworks Company is entitled under its franchise to guaranteed dividends on capital in foreign currency. In reply to Dr. McMullen the Treasurer states that it is likely that the Company will have to award further high cost of living allowances to its staff for which there is no provision in the Company's estimates upon which the basis of dividends are

based and further that in the event of power restrictions being introduced the Company's revenues will be adversely affected. Mr. Powell observes that estimated revenue will also be adversely affected since the increased surcharge will now become effective from a date later than anticipated by the Company. After further discussion members approve the application of the Shanghai Waterworks Company Ltd. for an increase in its surcharge from 110% to 250%.

G5/3 Shanghai Power Company - Additional Surcharge. In reply to Mr. Okamoto Mr. Allman states that the China Trade Act was introduced in 1922 and he gives details of its operation.

G7/8 Shanghai Gas Company Ltd. - Restriction of Supply. Dr. McMullen states that the present recommendations are a modification of the Council's previous decision and he is unable to understand recommendation No.2 limiting the monthly consumption of gas. Mr. Powell says that the Council's previous decision had not found favour with the French Municipal Administration and that the proposals now before the Council are those acceptable to the French Authorities. Dr. McMullen remarks that by the introduction of the present proposals all restrictions will be removed and the Chairman replies that there is some restriction, though small, on excessive use. Mr. Allan (Deputy Secretary) informs members that condition 2 of the proposals now before members has been drawn up to provide for cases where there is no corresponding consumption period in 1940 on which to base a limit and where consumption in such periods was abnormally low due to absence from Shanghai etc. Dr. McMullen states that if Mr. Allan's explanation of what is meant is correct, he is satisfied. The Secretary & Commissioner General states that the intention could be made clear in the

Council's letter to the Company. Mr. Powell states that it is clear that the French Administration is not taking the matter of restriction of supply very seriously and it is due to their insistence and not to the Company's that the present modified proposals have been made. If there is any important alteration in wording the French Municipal Administration would have to be consulted and they may not agree. What is before the Council is merely a formula which could be used should the fuel situation become worse. Dr. McMullen feels that condition 2 should be made perfectly clear and it is agreed that this should be done in the Council's letter to the Company.

The Minutes of the meeting of the Watch Committee held on May
J ^{4/1} 23 are submitted and confirmed.

Imposition of Fines by the Police for Traffic Offences.

Mr. Powell states that it does not appear from the papers before members whether the Municipal Advocate has expressed his views on voluntary fines. The Municipal Advocate answers that he has not expressed his views; speaking offhand he is of the opinion that the collection of voluntary fines under threat of prosecution is not proper and he points out that under the Land Regulations the right to impose fines for breaches of the Land Regulations and Bye-laws rests with the authorities concerned and not with the Council. The Chairman states it is obvious that if the Council decides to collect voluntary fines its act will not be strictly correct. Mr. Allman says that no offender need be compelled or threatened but merely asked to pay the voluntary fine and in cases of refusal the Council could prosecute. Mr. Powell states that he is not happy with the present proposal. The Police will charge an offender with an infringement and will say to him in spite of your guilt we will take \$5. He agrees with the remarks made by Mr. Okamoto and Mr. Hoehnke

May 28,

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at the Watch Committee meeting that the inconvenience¹⁵⁶ caused by court proceedings probably acts as a greater punishment than the payment of a fine especially in the case of the better off classes. The Commissioner of Police answers that the Police will not be authorized to collect fines. Reports will be made to the Officer in Charge of the Traffic Department in the usual way, who will consider reports in the light of offenders' records; if his record is a bad one instead of being taken to court the offender will be afforded an opportunity to pay the fine which would be inflicted by the Court. On the whole the measure suggested is in the public interest and not that of the Police. Mr. Allman states that it would also appear to be in the interests of the Police since in order to obtain a conviction in most cases the evidence of more than one member of the Force is necessary and by adoption of the proposal the waste of much Police time would be saved. He mentions that in some towns tags are placed on the cars of offenders. The Commissioner of Police states that this practice obtains in the United States where slips are issued. If an offender does not call at a stated Police Station to pay a fine he is summoned to appear in Court. The Chairman refers to the suggestion made by the Commissioner of Police that the voluntary fines should be greater than those usually imposed by the Courts and enquires how much higher it is intended to make them. The Commissioner of Police replies that he considers that the voluntary fines should be slightly more but not double those usually inflicted by the Courts and that a schedule of the proposed fines is being prepared for submission to the Watch Committee. The Chairman remarks that the well-to-do will no doubt pay the fines and the poor will go to Court. The Municipal Advocate states that the matter before members seems to

him to be rather one of policy than of law; technically the Council has no right to collect such fines. In America fines are collected by the Police in some States but in such cases the measure is authorised by law and passed by the legislature. Mr. Allman states that some national authorities in Shanghai might not agree to their subjects paying the fine. Mr. Powell suggests that in view of the difficulties involved the opinion of the Consular Body on the measure should be obtained. Mr. Carriere is of the view that this is unnecessary for there would appear to be no reason why individuals should not be given the option of paying a voluntary fine. Mr. Okamoto feels that the Council should have certain power and that it would be best to have the backing of the Consular Body in whatever measure is proposed. Mr. Powell remarks that with the backing of the Consular Body the legal arguments advanced by the Municipal Advocate would no longer exist. The Municipal Advocate suggests that a new Byelaw be drawn and presented to the Consular Body for approval. He further suggests that the procedure adopted in the United States in respect of fines be followed. He feels that by adoption of his proposal expeditious action is possible. The Chairman in supporting the Municipal Advocate's suggestion enquires whether the Commissioner of Police sees any objection. The Commissioner of Police offers no objection. Mr. McDonnell asks whether the Council is subordinate to the Consular Body and the Chairman answers that the Council is not and is governed by the Land Regulations with the amendments recently approved at the Special Meeting of Ratepayers. The Secretary & Commissioner General adds that the powers of the Provisional Council are except in regard to taxation the same as those previously enjoyed by the Council but that by the

cc. F5/23

Resolution passed at the Special Meeting of Ratepayers the Council can now do certain things which hitherto required the approval of ratepayers in meeting. Byelaws only need the approval of a majority of the Foreign Treaty Powers before being enforced. Mr. McDonnell enquires whether the Council's powers are available in pamphlet form and the Chairman states that the Council's powers are those under the Land Regulations and the Resolution recently passed at the Special Meeting of Ratepayers. The Secretary & Commissioner General supports the Municipal Advocate's suggestions and members agree that a Byelaw should be framed and submitted to the Council for approval prior to its being forwarded to the Consular Body.

Advertising on Ricshas. Mr. Carriere suggests that a condition should be added to the effect that charges for advertising on ricshas will be subject to the approval of the Council. The Chairman remarks that the fee of \$1 per ricsha seems high and Mr. Carriere replies that if the advertising charges are high, the fee at \$1 per ricsha would be a gift. The Chairman answers that this fee could always be increased on notification and Mr. Allan points out that it is possible that the French Municipal Administration will also require a fee of \$1 per ricsha which would make the charge for both areas \$2 per ricsha.

On the understanding that should the flat rate of \$1 per ricsha per month be found too low it be increased, the proposals in regard to advertising on the back panel of public ricshas are approved.

Complimentary Park Season Tickets. After discussion it is ~~111/1~~ agreed that complimentary Park season tickets be issued only to Members of the Works and Orchestra and Band Committees.

Relief Lottery. The Chairman states that he is sure that every-
K 7/3 one will agree that it is not desirable to continue forever relief lotteries in Shanghai but that if absolutely needed

to assist charity the present lottery should be permitted to continue. He invites members' views. Mr. Carriere feels that there is need for continuance of the present lottery and suggests that Mr. Rankin's remarks should be ignored. Mr. von der Crone agrees with Mr. Carriere and Mr. Powell says that through the lottery the poor are being benefitted and the lottery should in his opinion be allowed to continue. Mr. Yuan reports on the very satisfactory way under which the lottery is managed having served on its Committee and attended many of its drawings. He is in favour of the lottery being allowed to continue. Mr. Okamoto remarks that it must be left to the law of individual countries.

The Chairman states that it has been pointed out to him that a small part of the disbursement is not used in Shanghai and the Secretary & Commissioner General answers that the amount referred to comes under the sum which the French Consul General arranges for disbursement to charity.

Dr. McMullen states that he has never purchased a lottery or raffle ticket and he is opposed to them. He reminds members that at the last meeting of Council the Chairman and the Secretary & Commissioner General were authorised to arrange with the Mayor of the Shanghai Municipal Government for the suppression of public gambling at "Farrens". The Council's attitude appears inconsistent and certainly not straight forward and he feels that the Council should not permit this or any other form of gambling in the Settlement. The Council can find better things to do than to authorise gambling. He however wishes to dissociate himself with Mr. Rankin's remarks.

The Chairman states that there is no intention to approve of a permanent lottery. Profits from the present lottery greatly benefit the poor and it would be extremely difficult at the present time to find funds to meet the work that is being done in the interest of the community. It

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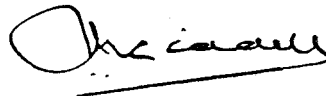
would therefore be a pity to stop the present lottery. Mr. Yuan also speaks in favour of continuance of the present lottery which benefits the needy.

Dr. McMullen calls attention to a statement in a report by the Lottery Committee to the effect that the Nantao Area Supervisory Committee has decided to maintain the hospital and clinic they have been operating in the Nantao Zone as a memorial of the work of Rev. Father Jacquinot and the members of the Nantao Committee and much of the lottery funds will be needed to support the hospital and clinic and to provide for its future. The aim at permanency seems to him apparent. The Chairman reiterates that there is no question of the refugee relief lottery being allowed to be conducted permanently; when the situation improves operation of the lottery will cease.

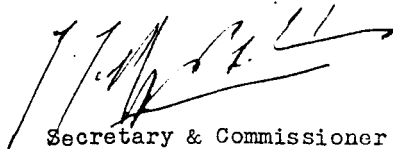
With Dr. McMullen dissenting and Mr. Allman refraining from voting, Members approve of no action being taken on Mr. Chas. W. Rankin's letter of April 18, 1941.

Industrial & Social Affairs Committee. After discussion it is F4/31 agreed not to increase the membership of this Committee by the co-option of Mr. Mothersill and that the Employers Federation be informed that the Council is unable to agree to invite Mr. Mothersill to serve on the Committee but will invite and welcome liaison with the Federation from time to time.

The meeting terminates at 6 p.m.



Chairman.



Secretary & Commissioner General.

At a meeting of the Council held on Wednesday, June 11, 1941,

at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. G. E. Mitchell

T. S. Powell

R. von der Crone

Y. Yazima

L.T. Yuan

The Municipal Advocate

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Y. Hanawa

Yulin Hsi

Welcome. The Chairman on behalf of himself and Members welcomes

Mr. Mitchell and expresses the hope that he has entirely

recovered his good health. Mr. Mitchell thanks Members.

The Minutes of the meeting held on May 28 are confirmed and
K 25/8 signed by the Chairman, subject to the following
modification.

Advertising on Ricshas. Mr. Carriere explains that a point he made on the matter of advertising on ricshas, when the matter was discussed at the last Council meeting, is not correctly recorded. He feels that the amount of the fee which the Council charges for the privilege of advertising on the panel of ricshas should be related to what is received from advertising. The Council should accordingly be

informed of the advertisement rates.

The Minutes of the meeting of the Staff Committee held on May 29
H 1/28
& H 6/22 are submitted.

Staff Pay. The Chairman asks Mr. Powell whether he has anything to add to the discussions on Staff Pay at the meeting of the Staff Committee on May 29. Mr. Powell says that he has and apologizes to the other members of the Staff Committee for not having discussed his views with them in advance. He emphasizes that his statement gives his own views and not his views as Chairman of the Staff Committee. Mr. Powell then reads the following statement:-

"At the Staff Committee Meeting of 29th May we were considering pay adjustments in the light of April's cost of living. It is true that we were informed at the time that May figures would shew further increases but as a newly formed Committee I think we were unwilling immediately to amend suggestions which had been framed by some more experienced than ourselves in the intricate problem of staff remuneration. As Chairman of the Committee I accept my full share of the responsibility for that decision but it is with a sense of that same responsibility that I now ask the Council not to pass our resolution.

The Secretary & Commissioner General will tell you of the reaction of various departmental heads to the Staff Committee's proposals and those of us who are members of that Committee have since received a copy of a foreign policeman's family budget. We have also had time individually to consider our proposal in the light of May figures officially published.

I want everyone here to understand what the Staff Committee's resolution means to our employees so perhaps you will allow me to give you some details, although I will try to limit myself to approximate figures. In December last the Council was faced with a strike by some members of the Police Force and by the ever increasing numbers of employees anxious to resign. The Council then authorised a scale of allowances which have been in force without change until now. Meanwhile the cost of living for foreigners and Chinese alike has increased a further 40% between December and last month and the Council in the terms of the resolution before us asks the staff to meet three-quarters of this rise by additional personal economies.

In times like these I believe each one of us accepts two principles: First that all employees, and I hope employers, should adjust their standards of living continuously and progressively and secondly that the degree of adjustment should be greatest in the class which can best achieve it. Both have been unflinchingly and, in my opinion, drastically applied in fixing the allowances to Council employees and even by December of last year our staff was in not too enviable a position.

This position can be easily and accurately established. We have figures, which the Council itself has examined and the publication of which it has approved, which demonstrate the adjustment in the standards of living which various classes of our employees had already accepted.

These figures, for instance, demonstrate that our lowest paid coolie who, everyone knows, lived pretty close to the bone even four years ago, had cut even that standard of living by approximately 17%. Our "B" class staff on letters of appointment had already reduced their standards to the extent of 25%, and our senior clerks not on letters of appointment by considerably more.

Now, if that was fair last December, what would be the position in May if we adjust the pay in accordance with our resolution?

By the operation of the rice allowance and the raising of the minimum sum payable as H.C.L., the coolie and the very junior clerks might be enabled to maintain about the same standards but for others for instance "B" class employees who are the backbone of our service we would be saying this: By December you had cut your standard of living to spend 75 cents where before you needed \$1. In May in order to maintain even your December standard we know you would need \$1.05 but we propose to give you only 82 cents. The choice before you is run into debt to the extent of 20 odd cents in every \$1 of your bills or revise your standards of living by cutting it a further 20%. Those of you who saw that policeman's budget will know what the answer to these alternatives is liable to be.

In my opinion if we adopt the practice which the former Council followed these last two years and only periodically adjust our allowances when the situation is critical, we will run the serious risk of losing more of our employees and demoralising many who remain. The time has come when the principle of progressive economies effected by the employees themselves must be sparingly applied and the situation calls for a system whereby our allowances to the staff must be adjusted automatically with the fluctuations in the current cost of living. Some of you may oppose my suggestion in the belief that the cost of living figures upon which my arguments are based tend to be unreal. I will forestall that argument and answer it with three points:-

If the Council authorises their publication, as it does, it takes the responsibility for their reality.

If we accept them officially our staff have the right to frame their own budgets upon them.

Lastly, if the figures are unreal the remedy lies in this Council instructing its Industrial & Social Division Committee to investigate their compilation and to assure us that we are dealing with realities of contemporary life.

If we adjust our allowances only once every three or six months, as we have done in the past, the

staff are liable - I say are bound - to run into debt very soon. If we determine the allowances by a scale operating on the basis of published figures we give the staff the advantage of being able to budget in advance and to cut their coat according to the cloth with which their employers see fit to provide them.

In my opinion this resolution before us provides inadequate cloth for our staff's May coats and I would like to put before you two alternatives. You will either amend the resolution to provide a higher percentage of High Cost of Living Allowances than that proposed or you will refer this matter back to the Staff Committee with instructions to devise some automatic scale. By that I do not mean that you should authorise the Staff Committee to devise a scale applicable to all times or one liable to involve the Council in almost unlimited expenditure. You will only have in mind a scale with which we might experiment for the next six months at least, even if it should be necessary to limit the expenditure which its operation might incur."

The Chairman thanks Mr. Powell and invites Members to express their views.

Mr. McDonnell enquires whether the intention is to refer the matter back to the Staff Committee for compilation of a scheme and Mr. Powell answers that it is but that the Staff should be advised that whatever increase is decided upon will be effective from May 1. It may be found necessary to adjust the Council's cost of living figures but this will require careful study. The Staff Committee should experiment with a scale whereby adjustments in pay would be automatic. Replying to the Chairman, Mr. Powell says that it is preferable that the Council should give the Staff Committee its opinion on principle. Mr. Mitchell says that he agrees almost entirely with what Mr. Powell has said. Based on present cost of living indices a high cost of living allowance of more than 175% is justified and in his view an automatic scheme would be better than the existing one; he feels that an endeavour should be made to evolve some automatic scheme. Until satisfied with the method of drawing up the cost of living figures, he would not tie the Council's figures to the cost of living index. He would like more information on the cost of living figures and suggests that the matter of staff temporary cost of living allowances be referred back to the Staff Committee for

consideration of an automatic scheme. The Chairman remarks that if the Staff Committee succeeds in devising such a scheme the matter would again come before the Council.

Mr. Okamoto states that he does not know whether such a scheme is really practical or not but he agrees with Mr. Powell's suggestion that the matter should be studied by the Staff Committee; he feels that it should also go to the Finance Committee. Sources of revenue also require examination. The Staff Committee should approve of the best plan that can be formulated. The Chairman remarks that the only chance of collecting sufficient money to offset the increase in the staff high cost of living allowances, is the effort of the Sources of Revenue Committee and the Council has urged that Committee to make its recommendations as quickly as possible.

Dr. McMullen states that it is very unsatisfactory to have to constantly review pay and that if it is possible to formulate some sliding scale of adjustments it will be preferable. He feels that the Council should know more than they do how accurate the Industrial & Social Division's Cost of Living figures are. He heartily agrees with what Mr. Mitchell has said and he feels that there must be some scale. The Chairman in agreeing states that the Staff should be notified that the matter is under consideration and that any increase granted will be effective from May 1.

Mr. Powell says in the light of comments expressed by members the cost of living figures should be re-examined before the Council adopts them as any basis for cost of living. He suggests that members should reject the Staff Committee's recommendation and give the Staff Committee two instructions:-

- (1) To amend the resolution to provide a higher percentage of high cost of living allowances than 175%, and
- (2) To devise some automatic scale.

He further suggests that the Industrial & Social Division's Cost of Living figures should be examined by that Department's special committee, recently appointed.

The Chairman refers to a foreign policeman's family budget which has been circulated to members. School fees seem to take up a very big part of his pay and he wonders whether consideration should or should not be given to the issuance of an allowance to married men under present conditions. Mr. Mitchell informs members that an attempt was made last year by the Council to get away from special allowances for married men and the Secretary & Commissioner General adds that these childrens' allowances were abolished some time ago and a petition for their re-instatement was rejected last year. The Chairman says that it seems to him reasonable, under the extraordinary conditions which prevail, for the Council to do something for its married staff. If the High Cost of Living allowance is insufficient then it must be more so in respect of married men. The Treasurer states that the French Municipal Administration allow their married employees 30% more than their single men. The Chairman states that perhaps the Staff Committee will give the matter consideration, and suggests that the question of the high cost of living allowance be referred back to the Staff Committee as proposed by Mr. Powell. Mr. McDonnell wonders whether the Council should not for the time being give increases based on the present figures of the Industrial & Social Division until new ones are devised. Mr. Mitchell feels that it is not correct for the Council to tie staff salaries to figures with which it is not satisfied. Mr. Powell states that a special Sub-Committee investigated the reality of the cost of living figures last year and was satisfied with their accuracy. He does not think that more reliable figures can be found but as some doubt has been cast they should be re-examined and a report made to the Council. Dr. McMullen states that he does not challenge the figures, they may be correct but it is most important that they should be accurate if Council's salaries are to be based on them. The Chairman agrees that this is important.

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Members agree that the proposals submitted by Mr. Powell should be referred to the Staff Committee and the Cost of Living figures should be re-examined.

The Minutes of the meeting of the Supplies Committee held on F 30/12 June 2 are submitted and confirmed.

The Secretary & Commissioner General informs members that the Chairman of the Supplies Committee reported this afternoon that the Fuel Sub-Committee had commenced work and that the Japanese authorities have said that they will do anything that they possibly can to help to obtain Coal supplies for Shanghai. The Chairman of the Supplies Committee said that he hoped to report something more concrete in the near future. The Chairman says that he is sure that members will agree that this news is most satisfactory.

The Minutes of the meeting of the Education Board held on June 4 F 4/28 are submitted and confirmed subject to the following remarks.

Report of Special Education Committee. Mr. Carriere states that the Superintendent of Education has been requested to report as to the number of bona fide withdrawals owing to inability to pay the increased school fees, when consideration would be given to the provision of relief measures. He asks whether any time limit for information of the number of withdrawals has been set. He states that if the Council waits too long before receiving this information, parents who are unable to pay the increased fees will try to find something else for their children. He feels the Council should come to some conclusion before the summer season starts as to whether the increased fees will or will not adversely affect attendances. He asks whether parents are being informed that those who cannot afford to pay should state their inability^{to}/do so. Dr. McMullen replies that they have not been asked to do so and that in these difficult times almost everyone would call with a complaint.

There is a long waiting list for admission to Chinese schools and as regards foreign schools in one or two instances withdrawals might be as high as 10%; in one or two other schools possibly only 3%. If an announcement is made inviting protests a lot of trouble would be caused. He refers to the American School where fees were put on a gold basis; no one was encouraged to protest and the school management gave consideration to those who could not afford the higher fees.

The Chairman asks whether it is the practice for parents to give notice of the return or otherwise of their children for new terms. Mr. Carriere states that he understands that there is no need for them to give such notice and students automatically attend at the commencement of a new term.

Mr. Mitchell suggests that in cases where parents state that they are unable to meet the increased fees the Education Department should reply to the effect that if they will place their cases before a small Committee of the Education Board, if the facts justify, it may be possible to afford them some relief. Dr. McMullen states that bursaries have been increased in the same proportion as fees and if the demand for relief is great cases will be investigated. If necessary the Council will be asked to increase the number of bursaries. He believes that the situation will be met in the case of foreign schools by the bursary scheme which grants remission or partial remission of school fees in necessitous cases. It is suggested that when a headmaster or headmistress learns of a pupil's non-return the parent of the child should be invited to state his case. Members agree.

Mr. Powell states that adoption of the Report of the Special Education Committee involves an increase in the 2% limit of rate and land tax for educational expenditure.

The Treasurer answers that the present budget is nearer 4% and Dr. McMullen states that it has been impossible in other departments to work on their budgetted figures and this has also been the case with the Education Department. Whether a new percentage or a flat rate should be adopted can be decided by the Council at a later date. He feels that schools should be carried on as at present as best the Council can. Mr. Powell states that he feels fairly certain that adoption of the system of inspections of national schools will increase the cost of education by no mean sum. The Chairman remarks that the present suggestion is that there be no increase in staff but that to start with the present staff undertake the inspection work. Dr. McMullen remarks that before making a grant to a school the Council should have the right to ascertain the standard of that school through its own officers; only schools which are worthy of support should receive it. Mr. Powell agrees but adds that he thought that the tendency was for the overhead expenses of education to be reduced and for schools to be more self-supporting. The engagement of inspectors would mean additional expenditure by the Council. The Chairman asks Mr. Powell whether he is opposed to the inspection of schools on the grounds of expense and Mr. Powell answers that if the national community are prepared to meet the cost of a greater part of their schools the Council should not concern itself too closely with the standard of education at these schools. Mr. Carriere feels that the Council should inspect all grant-aided schools and Dr. McMullen states that public schools are not expected to give much trouble in the matter of inspection and the standard of education in private grant-aided schools must be investigated. He says that there is a difference of opinion between members of the Council's staff whether any increase in personnel is necessary to carry out these inspections. Mr. Okamoto states that so far as Japanese schools are concerned, they come under the care of the

Japanese authorities and all teachers must meet with their approval; so that as regards Japanese schools nothing would require to be done except an examination of their expenditure when consideration is being given to the grant of a subsidy. He feels that it is not necessary to attach so much importance to the inspection of schools. He suggests that the conduct of all schools should be left to their respective national bodies. Dr. McMullen feels that the Council must be very careful in making grants to private schools and careful investigations should be made. That each school has national standards will of course be borne in mind. It is not however right for the Council to make an educational grant to a fire-proof building which may not be worthy of being called a school at all. The Chairman agrees in principle to the inspection of private schools and suggests that the Council should watch as time goes on and see what this work will cost; if the expenditure is excessive the matter can be reviewed. Mr. Yuan states that Chinese schools have always considered that it is part of the duty of the Council's Education Department to inspect their schools. There is no need to be concerned at the present time over the cost of increased personnel for this work; when the time comes for considering whether the existing staff is insufficient to cope with the work the matter of cost can be gone into. The Chairman and members agree.

Members thereupon adopt the Report of the Special Education Committee and the recommendations contained therein.

The Minutes of the meeting of the Finance Committee held on June 6 are submitted and confirmed.

The Minutes of the meeting of the Public Utilities Committee held on June 9 are submitted and confirmed subject to the following remarks.

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China General Omnibus Co. Ltd. - Increase in Fare Charges.

The Secretary & Commissioner General mentions that it may be necessary to go back to the Utilities Committee on one point. It may be necessary to give the French Concession Authorities a part of the Royalty from omnibuses operated on Avenue Edward VII and Avenue Foch. He suggests that that matter be left for further consideration and adjustment by the Public Utilities Committee. Members agree.

The Treasurer suggests that it might be well to inform the China General Omnibus Co. that their dividend is restricted to 8%. The Chairman remarks that he was about to make a similar point. Mr. Mitchell fears that such a course might lead the Council into danger in that limitation of the Company's dividend to 8% might provide grounds for a request from the Company for a guarantee of this rate. He agrees with the Chairman's suggestion that the object could be achieved by stipulating that the amounts provided for depreciation be used for that purpose only which suggestion is approved.

Electricity Allocation Scheme - Suggested Amendment of Power

G5/21
(b) Company Franchise. The Chairman thanks the Secretary & Commissioner General and the Municipal Advocate for their lengthy opinions which have been circulated to members. He says that personally he is more impressed by the arguments put forward by the Secretary & Commissioner General. He refers to the last paragraph of the Secretary & Commissioner General's memorandum which states that if the suggested amendment will strengthen the hand of the Power Company in resisting lawsuits arising from their carrying out the Council's decision, the suggested amendment should be made. Having made a decision, the Council should not be nervous in taking every possible step to enable it to be carried out.

Dr. McMullen states that whether the Council has the right to do what is proposed seems to be a legal question.

If what is proposed will secure the right then it should be tried. Mr. Allman states that under the restriction scheme there is a saving of only 1% of energy by discriminating against 500 consumers. The Power Company cannot discriminate and must apportion their energy among consumers pro rata. The Secretary & Commissioner General says that Mr. Allman's point as to the small saving to industry by restricting the last three groups will remain entirely open to discussion. Those affected can appeal to the Council which will review the matter on its merits. The allocation of electricity might be accomplished by providing for two classes. That can be decided later. Mr. Powell states that lawyers may disagree whether the Power Company can receive instructions regarding distribution of its energy. But if an emergency arises in the Settlement, the Council must use its discretion to take steps to safeguard the interests of the community. The Council not only ought to but must use its discretion. There is no case for any one to go to the Power Company and to ask for a definite proportion of energy. He has no hesitation in approving the scheme for the regulation of the distribution of power. Details of the scheme may be wrong but there are means for appeal.

The Municipal Advocate submits that there is no difference of opinion between lawyers. He says that the Municipal Advocate is the legal adviser to the Council and the Commissioner-General is the Commissioner-General. If his opinion is not satisfactory he suggests that the opinion of another disinterested lawyer should be obtained. There seems to be a misunderstanding as to the status of the Council. The Council is not a sovereign state and never will be until its status is changed. The relations between the Council and the Power Company are governed entirely by the Franchise. The Council has no authority to regulate or control the Power Company, except as provided in the Franchise.

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The Land Regulations and Byelaws do not authorize the Council to regulate Public Utility Companies. Continuing the Municipal Advocate states that the Council, in attempting to allocate electricity, is interfering with the extra-territorial rights granted to American citizens by virtue of the Treaties between China and the United States of America. If the Council has power to regulate the Power Company, it may also regulate the Asiatic Petroleum Co., Butterfield & Swire, and the various banks in the Settlement. Such was never intended by the Land Regulations. The Council's powers are limited to those specified in the Land Regulations, and any interference with the Extra-territorial rights of the various nationals in Shanghai is, not only ultra vires, but a very dangerous precedent. The Municipal Advocate further states that he wishes to clearly put on record that in his opinion the action of the Council, in attempting to allocate electricity, is ultra vires and illegal. Members of the Council, he says, are not exonerated from personal liability by the Land Regulations. The Council, in allocating electricity, is exceeding its authority, and the individual members of Council are personally liable in damages to the injured parties in the Courts to whose jurisdiction they are subject. The Secretary & Commissioner General in his arguments has presumed that the Council is a sovereign state; this is not so. Any lawyer would say that the Council's action is illegal and the Council will certainly lose if sued in the Court of Consuls.

Dr. McMullen remarks that in the midst of a difficult situation to say that there is nothing that we can do will not solve the problem. Something should be done and it is not right for the Council to maintain the attitude that it cannot do anything. The Municipal Advocate answers that it is up to the Power Company to apply to the

American Court to have a Receiver appointed. Mr. Mitchell states that the Council is governed by the Court of Consuls. In his opinion the Council should act on the proposal before members and see what happens. What has been proposed is very definitely in the interests of the community of Shanghai.

Mr. Allman remarks that no one who wants electrical energy and cannot get it from the Power Company will be deceived by the Council saying that it has acted and if its action meets with disapproval an action can be taken against the Council in the Court of Consuls. Those discriminated against would go to the American Court where they would take the Power Company; they would not waste time in taking the Council to the Court of Consuls. Continuing Mr. Allman says that in a recent discussion with Mr. Pharis of the Power Company, Mr. Pharis remarked that he knows that the Power Company cannot discriminate. The Chairman remarks that a circular was sent round to Members of Council with all the letters from the Power Company and one from Mr. Hopkins in which the Power Company recommended the Council to adopt the report of the Special Committee on the Restriction of Supply of Electricity. The Chairman adds that taking into account all the factors it is for the Council as the governing body to do what has been done.

Mr. Powell states that he recently read in the papers a report of a statement by a prominent American that "In these days there are more important things than midnight baseball." He favours adoption of the proposed amendment to the Franchise suggested by the Secretary & Commissioner General.

Mr. Carriere remarks that he is prepared to support adoption of the proposal even if it will subject him as an

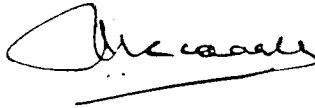
- 15 -

individual member of the Council to punishment under the laws of the Netherlands Government.

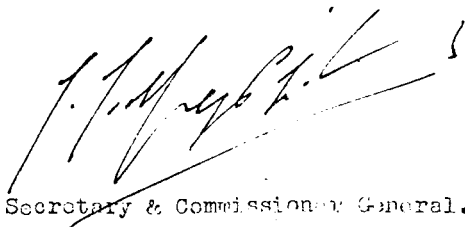
A vote is then taken and with Mr. Allman dissenting Members approve of the Shanghai Power Company's Franchise being amended as proposed by the Secretary & Commissioner General.

Recess. Mr. McDonnell enquires whether there is any significance F 5/18 in the dates proposed and the Chairman answers that there is not and that the dates suggested follow previous years. Members approve of the period of Council recess being from July 24 to September 2 inclusive.

The meeting terminates at 6.30 p.m.



Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, June 25, 1941,

at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glothe

Y. Hanawa

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. G. E. Mitchell

T. S. Powell

R. von der Crone

L. T. Yuan

The Commissioner of Public Works

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi

Y. Yazima

The Minutes of the meeting held on June 11 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Industrial and Social Affairs Committee held on June 12, 1941, are submitted and confirmed.

The Minutes of the meeting of the Education Board held on June 18 F 30/29 are submitted and confirmed.

In reply to a question by Mr. Mitchell, Dr.

McMullen explains that the sum of \$30,000 referred to in connection with expenditure on the transfer of the Primary School from Seymour Road to Great Western Road covers not only expenditure on making the huts fire proof but also

repairs to the huts necessary as a result of the recent fire. In reply to a question by Mr. Carriere the Commissioner of Public Works states that the phrase "fire proof" refers to treatment of the roof. He considers that there is no undue fire hazard. There are no boarders in the school, and the huts used will be one-storey huts with easy means of exit. Mr. Carriere states that he is satisfied with this explanation.

The Minutes of the meeting of the Works Committee held on June 19 are submitted and confirmed.

The Commissioner of Public Works withdraws.

The Minutes of the meeting of the Public Utilities Committee G 5/21 held on June 19 are submitted.

Electricity Restriction Scheme Appeals. Mr. Mitchell, as Chairman of the Public Utilities Committee explains to Members the reasons which had actuated the Committee in framing their recommendations. Mr. Hanawa points out that although reference is made to what sounds a small extra curtailment of the supply for industry, namely, a curtailment of 1%, the extra curtailment in kilowatt hours is substantial. Mr. Allan, Deputy Secretary, states that assuming a supply of 35,000 tons of coal per month, the extra curtailment to industry would approximate 840,000 k.w. hours per month. Mr. Powell remarks that it must be remembered that what is being discussed is extra curtailment of an already heavily curtailed supply. The Chairman remarks that recommendation No.1 submitted by the Committee is very definite in terms and suggests that it might be desirable to insert the words "for the time being" or the word "temporarily". It could be announced that in the meantime the Council was giving further study to the allocations recommended in the Special Committee's report. The Secretary & Commissioner General stresses the desirability of making as definite an announcement as possible.

He points out that if those concerned are merely told that for the time being their allotments will be the same as the allotments given to industry, they will be faced with the risk of their allotments being reduced at any time as the result of the Council's further consideration. If the majority of the Council is of the view, that, given a certain quantity of fuel, Groups 5, 6, 7 and 8 should receive the same allotments, he advocates an announcement to this effect in order to remove acrimony and the risk of possible litigation which would be troublesome. Dr. McMullen states that the considerations to be borne in mind are the desirability of giving further study to the Report, the importance of asserting the Council's right to allocate supplies should the need arise, and at the same time the desirability of not restricting unfairly any particular classes of consumers when the necessity to restrict them has not yet arisen. Mr. Powell emphasises that at the present time no one is restricted; there is merely an extra charge for consumption over 70% of established usage. What is being discussed is what will be done should the supplies of fuel decrease. He does not favour the Secretary & Commissioner General's view that a definite announcement should be made that so long as there is between, say, 25,000 and 45,000 tons of available fuel, Groups 5, 6, 7 and 8 should be classified together. Such an announcement would take away from the Council the right to reconsider this point unless a situation arose when stocks fell below 25,000 tons. The Secretary & Commissioner General, however, again expresses the view that if it is the Council's opinion that so long as there is at least 25,000 tons of available fuel those groups should be classified together, this opinion should be stated. Dr. McMullen, while again asserting the Council's right to allocate in case of necessity, considers that the effect obtained by restricting Groups 6, 7

and 8, as opposed to Group 5, is not commensurate with the trouble involved. Mr. Mitchell stresses the difficulty of deciding fairly into which group various industries should be placed. He takes the instance of a paint factory and a brewery. He would find it hard to justify restricting the brewery more than the paint factory.

Mr. Okamoto enquires whether it is not the fact that arrangements are being satisfactorily made for further supplies of fuel and asks whether there is any likelihood of the available supply falling below 25,000 tons. The Secretary & Commissioner General replies that he understands that negotiations are proceeding satisfactorily and he does not consider that there is any likelihood of the supply falling below 25,000 tons. On the other hand, it might do so if everything went wrong at the same time.

Mr. McDonnell asks whether it is proposed, in replying to those who have threatened litigation, to stress the Council's rights. In reply to a question from the Chairman the Secretary & Commissioner General asks that, as he has not at the moment the letters in question in front of him, he may be given discretion as to the form of reply. Members agree.

The Chairman again stresses the desirability, if Members are not fully satisfied, of giving further study to the groupings and allocations recommended by the Special Committee in their report. All Members agree with this view.

Dr. McMullen remarks that, should it become necessary, consumption of power by places of amusement could be restricted by means of a curfew.

Mr. Allman states that in order to make his position entirely clear he would like to state that he has an interest in Companies in Groups 3, 4 and 5 as well as in Group 8. Although his major interest is in the proposed favoured groups he feels that the Companies in those groups are not entitled to any privileged position. Pro rating may be necessary, and essential services might first be given the power required by them on the ground of sheer necessity, but all other groups must be treated alike. Too much weight has been given to the report of the Special Committee. If allocations are necessary they ought to be worked out on a basis of real facts, and one essential piece of information would be the amount of capital and the number of employees in the various groups. A man who works for a brewery needs a job just as badly as a man who works for a transportation company.

After further discussion it is decided that it be announced that so long as the available supply of fuel is between 25,000 and 45,000 tons of coal, the allotments to Groups 5, 6, 7 and 8 shall be the same.

Attention is then given to the recommendation of the Public Utilities Committee in regard to the applications from undertakings which had properties under construction or equipment ordered or purchased on or before March 4, 1941. Members generally agree that the recommendation of the Public Utilities Committee is fair and reasonable. The Secretary & Commissioner General states that it has been pointed out to him by the Shanghai Power Company that there is a risk of certain persons faking documents in an endeavour to show that they had placed orders before March 4, 1941. The Power Company therefore asks that those falling under this recommendation should be required to make their applications within, say, one week. Members agree that this is reasonable.

Subject to the above observations, the Minutes of the meeting of the Public Utilities Committee held on June 19, 1941, are confirmed.

5/5 The Chairman then asks Mr. Mitchell if he will deal with the Meeting of the Public Utilities Committee held this afternoon. Mr. Mitchell states that this meeting was called at short notice to consider a letter from the China General Omnibus Company dated June 24, 1941. He invites Members to study the report of the Acting Treasurer dated June 25, 1941, made in comment on this letter. Mr. Okamoto expresses the view, with which Members agree, that the Acting Treasurer's views are reasonable.

The recommendation of the Public Utilities Committee is that a reply be addressed to the Company on the lines of the Acting Treasurer's report. The attention of the Company will also be drawn to the fact that the proposed

amendment of the franchise to provide that a royalty be payable to the Council is a permanent amendment and furthermore that the Council will at any time (i.e., even if fares again fall below the 10 cent maximum) assert the right to satisfy itself as to the reasonableness of the Company's fare charges. Members agree with the recommendation of the Public Utilities Committee.

The Minutes of the meeting of the Health Committee held on June 20, 1941, are submitted and confirmed.

New Sources of Taxation Sub-Committee: Interim verbal report.

B 4/30 The Chairman states that he has had a conversation with Mr. Gadow, the Chairman of the Sub-Committee. One of the plans under consideration by the Sub-Committee is that of a tobacco tax. The Revenue Office estimate that a tax of 5 ¢ per 100 cigarettes with a minimum levy of 1¢ would produce approximately \$5,500,000 a year.

Members ask what method of collection has been suggested and the Chairman replies that this is a matter which will be taken under consideration by the Sub-Committee. The Revenue Office have suggested the affixing of stamps to packets or tins.

Mr. Allman suggests that it might perhaps be practicable for the Council to obtain from the Consolidated Tax Authorities a share of the Consolidated Tax. The Chairman remarks that the chief difficulty that might have to be faced is opposition from Chinese national authorities on the ground that the Consolidated Tax is the only tax on tobacco that should be levied.

Mr. Carriere remarks that should the tax be levied only in the Settlement and not in neighbouring areas, it will not be practicable for the retailers to pass the tax on to the public and, therefore, retailers in the Settlement will suffer from what in effect would be increased licence fees as opposed to retailers in neighbouring areas.

The Chairman replies that this again is one of the points that will be taken under consideration by the Sub-Committee who at this time merely request a decision in principle from the Council.

Mr. Yuan considers that the tax would be passed on to the consumer.

Mr. Okamoto asks whether the tax could not be collected at the source in order to avoid smuggling. This, too, the Chairman considers is a point for the Sub-Committee to take under consideration. Mr. Okamoto states that though he realises that there may be difficulties, he considers that some solution should be possible.

Mr. Powell remarks that experience all over the world has shown that where taxing authorities impose a tax requiring an addition to the price of e.g. 1¢ a packet, retailers are likely to increase the price by e.g. from 2¢ to 5¢ a packet. This he feels is a point that should be watched by the Sub-Committee.

After further discussion, members generally agree that the Sub-Committee should be requested to prepare a scheme for a tobacco tax.

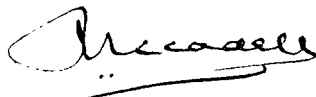
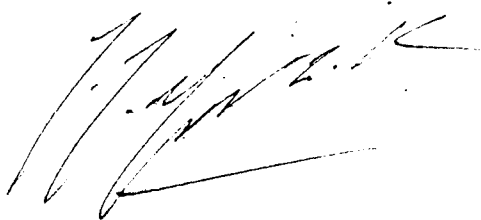
The Chairman states that another point put to him by Mr. Gadow was the possibility of a tax on exchange transactions and other banking transactions. The Chairman has discussed this matter with Mr. Henchman, the manager of the Hongkong & Shanghai Banking Corporation, and Mr. Henchman has the matter under consideration in regard to its practicability. The Chairman formed the impression that Mr. Henchman was favourably disposed to the plan.

Rice. Mr. Mitchell reports to Members that the Rice Committee F 30/12 has decided to purchase the 2,700 tons of rice which had been purchased by the Rice Granary Committee. It was felt

that only confusion would be caused if there was suddenly placed on the market a small quantity of rice at a price below the Council's price. Members approve of this purchase. Mr. Yuan asks whether it can be stipulated that the profit made by the Rice Granary Committee shall be devoted to public purposes. While taking the view that the Council has no right to make this stipulation, Members request the Secretary & Commissioner General to take up this matter with Mr. T. K. Ho, Deputy Secretary, who is Chairman of the Rice Granary Committee.

Mr. Mitchell further reports that it has been decided not for the time being to sell further quantities of rice to wholesalers. Dr. McMullen adds that this decision would result in it being possible to maintain the price at \$110 per zah for a longer time.

The meeting terminates at 6.30 p.m.

Chairman

Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, July 9, 1941,

at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

N. F. Allman

Theodore O. Chang

A. Glathe

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. G. E. Mitchell

T. S. Powell

R. von der Crone

L.T. Yuan

The Commissioner of Police

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. J. D. Carriere

Y. Hanawa

I. Okamoto

Y. Yazima

The Minutes of the meeting held on June 25 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Library Committee held on June 30 are submitted and confirmed.

The Minutes of the meeting of the Watch Committee held on July 3 are submitted and confirmed, subject to the following remarks.

Public Ricscha Rental. Mr. McDonnell states that he agrees with the remark made by Mr. MacDonald at the meeting of the Watch Committee on July 3 that the figure of 17 cents in

the proposed fare table appears to be an awkward one. Mr. Mitchell answers that the increase is consistent with the increase in the rental charge. In answer to the Chairman the Commissioner of Police states that the lowest charge of 17 cents is placed on the fare table which is exhibited on ricschas in order to protect coolies against those who want to pay too little.

As regards cleanliness of ricschas, the Chairman says that ricscha owners can afford to keep their vehicles clean and he strongly endorses the recommendation of the Watch Committee that the Police be empowered to suspend up to a period of one month licences of ricschas found to be in an unsatisfactory condition. Members agree.

Terrorism. The Secretary & Commissioner General suggests that the recommendation of the Watch Committee should be amended to read "that Police reports in connection with terrorist outrages, when circulated to the Council, should also be circulated to Members of the Watch Committee, unless the Chairman of Council decides otherwise." He explains that one or two cases might arise where it would be injudicious to circulate police reports to persons not members of Council. Mr. Mitchell thinks that the amendment, for the reasons stated, would meet the wishes of the Watch Committee and the Chairman states that only in very extreme cases would he decide that such reports be not circulated.

Staff Committee Meeting of July 9 - Temporary High Cost of Living Allowance. Mr. Powell refers to the recommendations of the Sub-Committee appointed to consider the High Cost of Living Allowances. These recommendations, circulated to members, came before the Staff Committee this afternoon and received approval. He reminds members that the Staff Committee are hoping to evolve a system for adjusting staff pay regularly and to that end had set up its own sub-committee to experiment with various suggestions. The proposals now before

members did not claim to represent the final system but were adjustments considered necessary in the light of changes in the cost of living since the scales of high cost of living allowances were last revised by the Council in December 1940. Mr. Powell explains that the fact that the allowance suggested for Chinese staff not on Letters of Appointment was static for May and June, despite a slight rise in the cost of living for the second month, was due to the sub-committee's discovery that the rate of compensation to the staff which they wished to introduce had been slightly exceeded by the temporary allowance already paid to these members of the staff for the months of May and June. The proposals retained a principle inaugurated in the Hanawa formula that lower paid employees should benefit relatively more than those on higher salaries. Generally speaking the proposals aimed to compensate the staff for approximately half the increase in the cost of living which had occurred since last December and which was judged to be about 33% for Chinese industrial workers and 40% by the Foreign index. If the Staff Committee's recommendations are adopted by the Council Mr. Powell states they will enable the lower paid Chinese staff not serving under Letters of Appointment to maintain approximately the same standard of living as they had last December. In the case of the foreign staff on Letters of Appointment they would involve a further slight reduction in the standards to which they must have reduced their living by December 1940. Mr. Powell mentions that the proposals involve the payment of the high cost of living allowance on only two-thirds of the monthly pay of those of the foreign staff in Class "A" who are in receipt of the Exchange Adjustment on Repatriation Pay.

The Acting Treasurer informs members that the increases under consideration would involve expenditure approximating \$100,000 per mensem over and above that due to the provisional scheme approved as from May 1. He recalls

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that this was estimated to cost some \$300,000 per mensem so that for the eight months from May 1, unprovided for expenditure will be incurred of approximately \$3,200,000.

After further discussion members unanimously approve that the temporary High Cost of Living Allowance be as follows for the months of May, June and July, 1941:-

Chinese Employees not serving under Letters of Appointment.

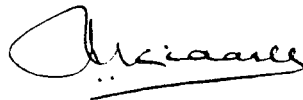
<u>May</u>	<u>June</u>	<u>July</u>
1st \$200 at 195% over \$200 at 165% Minimum allowance of \$50	1st \$200 at 195% over \$200 at 165% Minimum allowance of \$50	1st \$200 at 190% over \$200 at 155% Minimum allowance of \$50

Foreign Employees; and Chinese Employees serving under Letters of Appointment.

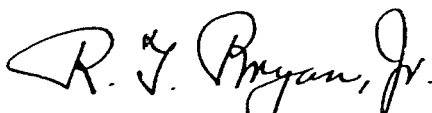
<u>May</u>	<u>June</u>	<u>July</u>
1st \$500 at 190% 2nd \$500 at 155% over \$1000 at 125%	1st \$500 at 195% 2nd \$500 at 165% over \$1000 at 130%	1st \$500 at 200% 2nd \$500 at 170% over \$1000 at 135%

"A" Class employees who receive exchange adjustment on one-third of pay shall receive the allowances on the above basis on two-thirds of their monthly pay only.

The meeting terminates at 5.00 p.m.



Chairman


for Secretary & Commissioner General,

At the meeting of the Council held on Wednesday, July 23, 1941,

at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

Y. Hanswa

Sabin Hsu

H. T. McDermell

Dr. R. J. McMullen

Messrs. G. E. Mitchell

T. S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Superintendent of Education

The Commissioner of Public Works

The Acting Deputy Treasurer - Revenue

The Acting Treasurer and

Mr. R. T. Bryan, Jr. (for Secretary &
Commissioner General).

Absent:

Messrs. I. Okamoto

Yulin Hsi

The Minutes of the meeting held on July 9 are confirmed and signed
by the Chairman.

The Minutes of the meeting of the Works Committee held on July 21
are submitted and confirmed.

The Minutes of the meeting of the Education Board held on July 18
are submitted.

School Fees. Dr. McMullen reports that following the sub-
mission of the Acting Treasurer's report of July 22 he has,
in consultation with the Acting Treasurer, the Superintendent

of Education and the Chairman, given further consideration to the Board's recommendations on ~~bursaries~~ as a result of which he now recommends that the Council should adhere to its recent decision to increase school fees in all schools and that the Superintendent of Education be authorised to circularise all parents of the four foreign schools (and not only the two Hanbury schools as recommended by the Board on July 18) giving them an opportunity to apply for bursaries, such applications to be treated as confidential and to be carefully investigated and each case dealt with on its merits. He further recommends that the Superintendent of Education be authorised to grant bursaries to deserving cases in any of the four foreign schools to the limit of the Bursary Fund, and if necessary to a further limit of 20% of the extra revenue to be derived from the increase in school fees on the basis of last term's enrolments. Continuing Dr. McMullen states that the amount dispersed for bursaries since 1935 has been limited to \$6,500 per year; the Fund is derived from the additional revenue accruing from the reduction in family discounts, and awards are made at the discretion of the Superintendent of Education on the recommendation of the Headmasters of Schools. Although a greater sum has been available, through the surcharges on school fees, awards have been limited to \$6,500. The present proposal before members, if adopted, will mean that in addition to the existing Bursary Fund some \$70,000 will be set aside for bursaries. The question of family discounts has again received consideration but it is felt that the recommendations now made are best. Dr. McMullen adds that while the Superintendent of Education does not consider that more than 10% of the extra revenue derived from the increase in school fees will be required for this purpose, it would be as well to have more available in view of the fact that the Council will be in Recess while applications for bursaries are being considered which will make it difficult to obtain authorisation

for extension of the scheme at short notice.

Mr. McDonnell enquires how the amount is arrived at, when it is not known how many pupils will enrol, and Dr. McMullen replies that the figure is based on last year's enrolments. In reply to the Chairman, the Acting Treasurer states that 20% of the extra revenue from the increase in all foreign school fees, on the basis of last year's enrolments, would be equivalent to about 50% of the extra revenue from the increase in school fees at the two Hanbury schools as recommended by the Board.

After further discussion members unanimously approve the recommendations submitted by Dr. McMullen, as set out above.

Subject to this amendment the Minutes of the Meeting of the Education Board of July 18 are confirmed.

The Minutes of the meeting of the Staff Committee held on July 9 are submitted and confirmed.

The Minutes of the meeting of the Finance Committee held on July 15 are submitted and confirmed.

The Minutes of the meeting of the Public Utilities Committee held on July 17 are submitted and confirmed.

New Sources of Taxation Sub-Committee - Interim Report. The Chairman states that since the Council is going into recess the interim report of the New Sources of Taxation Sub-Committee has been submitted to members before it has gone to the Finance Committee. Members might feel that they have not had sufficient time to study the proposals and that before a decision is taken the views of the Finance Committee should be sought. The final proposals decided by the Council will, under the Resolution recently passed at the Special Meeting of Ratepayers, have to be submitted to a Special Advisory Committee. Such Committee, as members are aware, has not yet been formed. It seems to him that one or two points

should be borne in mind. A special tax of 10% is at present imposed on cinemas and whether or not they should be charged a business tax as well will require consideration. Also some enterprises pay what may appear to be rather high license fees; and may consequently require special consideration. The Acting Deputy Treasurer - Revenue informs members that these points have been gone into and that what is proposed is an additional tax.

The Chairman remarks that the restriction of electricity supply and re-assessment of property may lead people to think that industry is being called upon at this time to bear a rather heavy burden; some may feel that the proposals are somewhat excessive and that perhaps half the tax should be imposed to begin with. He invites members views.

Mr. Powell says that it would not be fair to endeavour to collect what he takes it to be, an annual fee, on very short notice. The Chairman replies that he has been advised that if the Council approves of the recommendations they could not reasonably be brought into effect before January 1, 1942. Mr. Allmen agrees with Mr. Powell that in order to adjust their budgets firms would have to have notice. Mr. Powell states that it is obvious that the Council needs the money and the community must provide it. He enquires whether there would be any harm if the Council released the Interim Report together with a communique announcing that the matter is under consideration so as to give those concerned ample warning and afford an opportunity to obtain the reaction of Ratepayers.

The Chairman answers that he would prefer not to release the Report under discussion until it has received further study by the Council and its Finance Committee. It should be possible to give notice of whatever proposals are approved early in September to be come effective in January, which should give ample notice.

Mr. Yuan reports that a translation of an article from a Japanese paper setting out the present proposals appeared in this morning's Sin Wan Pao. He feels that very careful study should be given to the proposals and no hasty action taken.

Mr. Hanawa says that he is not quite clear on several points and would like further time for study. The name of the proposed tax "business tax" is misleading since the tax is not on business turnover but is based on the rateable value of premises occupied. The Chairman agrees that another name for the proposed tax would be preferable. Referring to Category "A", Mr. Hanawa feels that the proposed tax would bear heavily on some trades which require spacious premises and also on small businesses. He wonders whether more categories could be provided. The Chairman states it is to be presumed that the Sub-Committee considered that the tax for Category "A" was fair and that Category "B", i.e. Stock, Gold Bar, Commodity Exchanges and Pawnshops did a sufficiently remunerative business to warrant a higher tax. Mr. Hanawa enquires whether it is intended that a minimum should be set on which no tax would be assessed and the Chairman replies that this does not appear to be so. Mr. Hanawa then enquires how the tax would be calculated in cases where two or more persons or firms occupy one space. The Chairman replies presumably the tax would be based on the assessed value of the space occupied by each person or firm.

Mr. Yuan feels that the proposal is an extremely important one and requires very careful consideration. Pawnshops for instance might go on strike and where would the poor then raise money. Mr. Mitchell remarks that premises which are used for making money will be required to pay higher rates and that this appears to him to be right. The French Concession scheme may possibly divide businesses into a greater number of categories. Mr. Allman suggests that the French Concession's scheme should be studied.

Mr. Chang replies that the French Concession scheme received study. If the rates proposed by the Sub-Committee are considered too high and a third or fourth category is considered necessary the matter could be referred back to the Sub-Committee for reconsideration or to the Finance Committee.

Mr. Greig informs members that the method employed in the French Concession is as follows:-

Tax on Business and Professions. This tax is levied on all business, professions and industries. It is based on the assessed value of the premises occupied. There are two categories as follows:-

Category "A" All business (Shops), Industries (Factories, godowns) and trades (Manual) with the exception of those specified in Category "B".

Category "B" Banks, brokers, finance companies, realty companies, rent collection agencies, commercial companies⁺, law offices, commercial agents, insurance agents, and offices occupied by liberal professions.

⁺ Each Branch of a Company as well as the Head Office must pay a separate tax.

Category "A" is assessed at an annual fee of 8% of the first \$2,400 of the assessed value of the premises occupied and at 6% on the balance. Minimum \$5.00 per annum.

Category "B" is assessed at 12% on the first \$2,400 and at 10% on the balance. Minimum \$10.00 per annum.

Continuing Mr. Greig states that the Sub-Committee feels that the two categories proposed by them are preferable to those under the French Concession scheme. The Committee's proposals are practically in line with the increased tax which the French Authorities propose to impose from January 1, 1942. Mr. Greig adds that the Sub-Committee's report has now been signed by all members.

Mr. Glathe suggests that the proposals should be referred to the Finance Committee before the Council takes any decision. Members unanimously agree. It is also agreed that no publicity should be given at the present time to the Report.

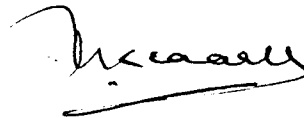
Rice. Mr. Mitchell reports that the price of rice is declining and that in the free market rice is selling at only 50 cents per zah over the Council's price. It seems that hoarders are worried for various reasons, but mainly because of the new crop which is expected. The Council's Rice Committee is holding its stocks to maintain control. Since the Council's rice business now involves a very large sum of money, he feels that the Council owes it to itself and to Ratepayers, to appoint a firm of Auditors, not necessarily the Council's Auditors, to keep a check and to submit periodical reports to the Council on stocks, sales, etc. of the Council's rice. In making this recommendation he desires to state that he has no reason to suspect the Council's Agents but he feels that it is the Council's duty to have this check made since the volume of business has grown so considerably. Mr. Hanawa supports the recommendation and members unanimously agree.

Resignation of Mr. G. E. Mitchell. The Chairman states that he is very sorry to have to report that he has received a letter from Mr. Mitchell advising that in view of the state of his health it is necessary for him to leave Shanghai for three or four months and accordingly tendering his resignation from the Council. It is, the Chairman continues, permissible for the Council to grant members leave of absence, but in view of the problems facing the Council and the amount of work to be done he feels reluctantly compelled to recommend acceptance of Mr. Mitchell's resignation. To fill the vacancy thus created the Chairman advocates the co-option of Mr. G.A. Haley who having served on the Council before, has a considerable knowledge of its affairs.

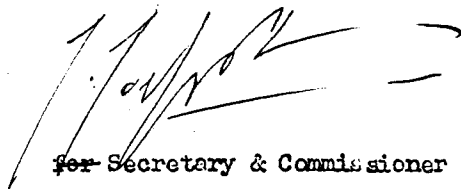
In referring to Mr. Mitchell's resignation as a great loss to the Council, and stating that having served with Mr. Haley before and knowing him as a hard worker, Mr. Allman supports Mr. Haley's co-option.

Mr. Mitchell's resignation is reluctantly accepted with expressions of regret by members and the Chairman's proposal to invite Mr. Haley to fill the vacancy thus created is adopted unanimously.

The meeting terminates at 5.45 p.m.



Chairman.



for Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, September 3,
1941, at 4.30 p.m., there are:-

Present:

Messrs. J.H. Liddell (Chairman)

I. Okamoto

N.F. Allman

J.D. Carriere

Theodore C. Chang

A. Glathe

G.A. Haley

Y. Hanawa

Jabin Hsu

R.T. McDonnell

Dr. R.J. McMullen

Messrs. T.S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Municipal Advocate

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Mr. Yulin Hsi

The Minutes of the meeting held on July 23 are confirmed and signed by the Chairman.

Welcome. The Chairman welcomes Mr. Haley in taking his seat and
F5/12 says that everyone is glad to have him back on the Council.

The Minutes of the meeting of the Finance Committee held on August 18 are submitted.

B11/10 Shanghai Land Investment Co. Loan.- The Chairman explains to members that the Land Investment Company's original offer to lend \$3,000,000 for one year was discussed with the Manager of the Hong Kong & Shanghai Bank but in view of the shortness of the term it was felt that it would be unwise to receive a large sum on deposit which it might be inconvenient to repay

when the time came to do so. The Finance Committee subsequently recommended that the Council should accept a loan of \$1,250,000 at say the end of October, 1941, as a loan for three years at a rate of 5% interest per annum subject to the Acting Treasurer first consulting the Council's bankers and their having no objection. Such consultation took place and the Chairman explains that the Council's bankers advise the Council to continue its regular policy of making short term borrowings, when necessary, from the bank, these being liquidated upon a debenture issue taking place.

Members agree with the Chairman that the Council should not borrow from outside sources when money is easy and expect its Bankers to assist the Council when money is tight, and it is agreed that the Shanghai Lend Investment Company's offer of a loan should not be accepted.

Special Rate on Business Premises.- The Chairman invites B4/10 members to express their views on the matter. In reply to Mr. Glathe, the Chairman states that it is proposed to introduce the rate from January 1, 1942. He understands that the Revenue Office would need that time to carry out work in connection therewith. The Acting Treasurer informs members that it will take months to survey 80,000 business and residential premises and carry out other necessary preliminary work. He enquires whether brokers who deal in exchange mentioned in Category "B" should be required to pay the rate in respect of their offices on the same scale as exchanges. The Chairman remarks that the suggestion requires consideration and that the New Sources of Taxation Sub-Committee might have other views on the taxing of brokers. Mr. Haley states that he believes that the subject is being enquired into and Mr. Powell states that the Acting Treasurer's suggestion is quite distinct from that in view. The rate is not on businesses but on premises and the Chairman adds that exchange brokers have no central premises of their own. Mr. Haley

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wonders whether members are quite satisfied that it will not be possible to apply the rate before January 1, 1942. It seems to him a long time to await its introduction particularly since the Council is in need of funds.

The Chairman answers that the difficulty is in obtaining information from a large number of small premises. It was also thought that the public should get fair warning. The Acting Treasurer states that he had been assured by the Acting Deputy Treasurer - Revenue that it will take the best part of four months for the Revenue Office to be ready for its imposition. The Chairman says that the names of the Advisory Committee should be available in a few days when they could be circulated to members for approval.

There has been no discussion as yet as to who should be the Chairman of that Committee or how he should be elected. The Chairman suggests that the Secretary & Commissioner General should for a short period act as Chairman, without a vote, as his experience would be of very great help to the Committee. When members of the Committee have had some experience they could, if they wished, arrange for the appointment of their own Chairman. He invites members views. Dr. McMullen suggests that the Secretary & Commissioner General might be made a member of the Committee without a vote and they should be left to appoint their own Chairman. Mr. Powell states that the only object in the Secretary & Commissioner General attending meetings of the Advisory Committee is to direct the business and he can only do it as Chairman.

Mr. McDonnell remarks that members may agree that no feeling should be created that the Advisory Committee is being steered by the Council, which impression might be got if the Secretary & Commissioner General is appointed its Chairman.

The Chairman states that there is no suggestion that the Secretary & Commissioner General should act permanently as

Chairman of the Advisory Committee. Dr. McMullen feels that once appointed they would not wish to replace the Secretary & Commissioner General as Chairman. The Chairman says that there is no wish to dictate to the Advisory Committee but they might at first find it difficult to get on with their work and with the Secretary & Commissioner General in the Chair it would probably be a great help to them. Mr. Powell adds that if they are not lent an experienced man they might find themselves with a Chairman who they would not have chosen after they had had a few meetings and were able to assess members' qualifications.

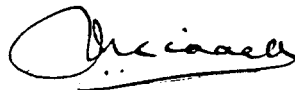
Members agree with the Chairman that it be suggested to the Advisory Committee at their first meeting that the Secretary & Commissioner General be their Chairman, without a vote, until such time as they wish to appoint some one, it being recorded that the Council would not wish the arrangement to be a permanent one. Thereafter the Secretary & Commissioner General will attend their meetings in an advisory capacity.

Subject to the above remarks the Minutes of the meeting of the Finance Committee held on August 18 are confirmed.

Loterie de Bienfaisance (Relief Lottery) - Dr. C.W. Rankin's letter.

Members unanimously approve of the recommendations made by the Secretary & Commissioner General in his memorandum of August 29, 1941.

The Meeting terminates at 5.04 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, September 17, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J.D. Carriere

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Commissioner of Public Works

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. G. A. Haley

Yulin Hsi

The Minutes of the meeting held on September 3 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Library Committee held on September 4 and September 12 are submitted and confirmed with the following remarks.

D4/1 Removal of Library Premises. The Chairman states that although not entirely approved of it seems that the only accommodation available for the removal of the Library is that on the top floor of the Council's Foochow Road Market building. Mr. von der Crone draws attention to the fact that removal of the Library to the Foochow Road premises makes it necessary for the Orchestra & Band to move to other quarters. Movement of the Orchestra & Band to one of the former Army Huts at 65

Great Western Road is under consideration but the Orchestra & Band Committee has not yet had an opportunity to go into the matter.

He suggests that since it appears advisable to remove the Library to other quarters at an early date, if the Council approves of its removal, the Council should at the same time authorise the Orchestra & Band Committee to arrange for the removal of the Orchestra & Band to Great Western Road on the understanding that a report would be submitted to the Council at one of its next meetings. Continuing Mr. von der Crone says that the cost of the necessary alterations to the Great Western Road Hut is estimated at \$35,000 but that there are additional expenses, such as the cost of moving the Department, which will have to be reckoned with. Should the Council however feel that it would prefer not to give a blank cheque to the Orchestra & Band Committee, he suggests that decision regarding removal of the Library be deferred for say two weeks when the views of the Orchestra & Band Committee should be available.

In reply to the Chairman the Commissioner of Public Works states that the Orchestra & Band does not have to move from its present premises adjoining the new premises for the Library as the partition could be made soundproof if necessary and he sees no good reason for postponing a decision.

In reply to an enquiry, Mr. von der Crone points out that it would be an inconvenience to remove the Orchestra during the middle of its Winter Season and since Musicians are on leave during September it is desired to take advantage of this and complete removal during that month.

The Chairman suggests and members approve of adoption of the recommendation of the Library Committee. Removal of the Orchestra & Band offices to 65 Great Western Road is approved in principle subject to the needs of the Orchestra & Band being put to the Council after discussion by the Orchestra & Band Committee.

The Minutes of the meeting of the Staff Committee held on September 5 are submitted and confirmed.

The Minutes of the meeting of the Public Utilities Committee held on September 12 are submitted.

G5/3

Shanghai Power Company - Surcharge on Tariff. Mr. McDonnell states that he desires to compliment Mr. Powell and the Secretary & Commissioner General on the most thorough memorandum which they have prepared and submitted. Mr. Powell informs members that he has never been provided with more concise figures and that all the work was done by the staff of the Council and the Power Company.

G7/9

Paulun Hospital - Supply of Additional Gas for Water Heating. Mr. Glathe states that he is under the impression that the recommendation of the Public Utilities Committee was made without full knowledge of the working of the hospital. The hospital is in a very difficult financial position at the present time and if the request is granted an economy of some \$10,000 a month would be effected. Members may not be aware but the largest part of the hospital's work is philanthropic, benefitting mainly poor Chinese and many casualty cases from the streets of Shanghai receive attention. There is no charge for much of this treatment. He feels that the application from the Paulun Hospital should receive sympathetic consideration.

The Chairman states that he is glad to have the comments made by Mr. Glathe. He had hoped that something could be done but the Public Utilities Committee has pointed out that other requests have been refused and the coal situation must be taken into account. It has been agreed by the Council that all applications for new Industrial and Domestic supplies where a change to use of Gas is desired for reasons of economy should be refused. Taking into account the factors mentioned by Mr. Glathe and any other arguments which the Hospital might be able to put forward, upon reconsideration it might however be felt that a special case has been made. Mr. Carriere suggests that a case has been made for re-consideration of the Public Utilities Committee.

After further discussion Members agree that the Paulun Hospital should be afforded an opportunity to put forward further arguments in support of its application, and when received these should be submitted to the Public Utilities Committee for reconsideration of the case.

Subject to the above remarks the Minutes of the Public Utilities Committee held on September 12 are confirmed.

I 3/3 The Minutes of the meeting of the Works Committee held on September 15 are submitted.

L31/3

Flood Prevention. The Chairman informs members that the Finance Committee met earlier this afternoon and voted that \$400,000 should be allowed this year for the flood prevention work as proposed by the Commissioner of Public Works in his report of September 11. This means virtually that a further \$3,600,000 will be required next year to complete the work. The Finance Committee, in unanimously approving the scheme, took into account the fact that the money market is easy and the debenture market strong, also that there is every prospect of it being easier to raise money in 1942 than it was in 1941.

There is, the Chairman adds, no doubt that the proposed work is necessary and he is impressed by a statement by the Acting Treasurer that he had been assured by the Commissioner of Public Works that should it be necessary to close down on the work the money already spent would not be wasted - there would be some improvement.

Dr. McMullen asks whether it is intended to accord authority for the expenditure of \$400,000 only or \$4,000,000 to cover the cost of the entire work. The Chairman answers that approval of the recommendation of the Works Committee would imply that if money is available the Council would approve of expenditure of the necessary funds next year. Dr. McMullen remarks that in the execution of a scheme such as the one under consideration it will surely be necessary for the

Commissioner of Public Works to commit the Council to a greater sum than that mentioned in the recommendation of the Works Committee. Presumably it will be necessary to place orders well in advance for machinery, etc. and he feels that the Council should approve of expenditure of approximately \$4,000,000 for flood prevention work so that the amount is definitely earmarked.

The Commissioner of Public Works informs members that in connection with other works of magnitude, involving several millions of dollars, such as the erection of new buildings and installation of the sewage system, the programme was approved in principle and each year a sum of money was voted.

The Secretary & Commissioner General has informed Departments that with every project involving a total expenditure of \$50,000 or over, a full explanation should be submitted and that such projects would be submitted to the appropriate Committee for consideration before the Estimates are submitted as a whole. For reasons given in his report it is desirable for the Council to vote the sum required for flood prevention work now rather than to wait until November when the Estimates are customarily dealt with. Messrs. Allman and Carriere consider that authority should be given for the work to proceed. In answer to Mr. Carriere the Commissioner of Public Works states that it will be necessary to commit himself this year for about three quarters of the total sum asked. Should the Council be unable to complete the scheme it would only be necessary to pay contractors the amount of the profit they would miss through curtailment of the work.

Dr. McMullen enquires what the commitment for pumping machinery would be and the Commissioner of Public Works answers that the cost would not exceed 5 lakhs.

The Chairman remarks that it would be more correct to approve the whole scheme and place the sum of \$400,000 in this year's budget. Mr. Okamoto considers that something must be done to prevent floods and enquires whether it is necessary

to consider what steps the French Concession Authorities will take to ameliorate flood conditions in their area.

Mr. Powell states that unless there is collaboration with the authorities of the French Concession it is possible that the Council's scheme will be ineffective, particularly along the boundary roads between the Settlement and the French Concession.

The Commissioner of Public Works states that he proposes to inform the French Municipal Authorities of his scheme for flood prevention and to invite them to construct a similar scheme.

In answer to Mr. Powell the Commissioner of Public Works says that should the French Concession Authorities decline to do so it would be a simple matter to exclude their floods from the Settlement at a cost of some 2 or 300,000 dollars.

Dr. McMullen remarks that the Commissioner of Public Works has stated the Council's problem and it remains for the Council to act in its own interest and Mr. McDonnell adds that the Works Committee went into the matter very thoroughly and the Council should proceed along the lines suggested by its Commissioner of Public Works.

Mr. Hanawa agrees that the scheme proposed should be adopted without delay. Members agree.

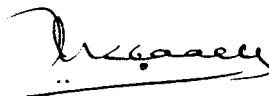
After discussion it is unanimously agreed that expenditure of \$4,000,000 for flood prevention work as outlined in the Commissioner of Public Works' report of September 11, be approved and that \$400,000 of this amount be included in the current year's budget for this purpose.

Subject to the above remarks the Minutes of the Works Committee of September 15 are confirmed.

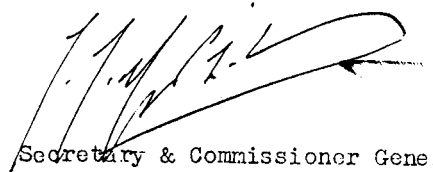
7/1/41 Daylight Saving. The Chairman informs members that the Secretary
H1/16 & Commissioner General has learnt from the Shanghai Power
Company that there would be no saving of electricity after
the end of October should daylight saving be continued.
Mr. McDonnell remarks that actually extra fuel would be
required since labourers would have to rise earlier. An
extension of daylight saving time would inflict hardship
for not only would additional electricity be used but
kerosene as well by the poor.

After discussion members agree that subject to
arrangement with the other Municipalities, daylight saving
time cease about the middle of October.

The meeting terminates at 6 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, October 1, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J.H. Liddell (Chairman)

J.D. Carriere

Theodore C. Chang

G.A. Haley

Y. Hanawa

Jabin Hsu

R.T. McDonnell

Dr. R.J. McMullen

Messrs. R. von der Crone

L.T. Yuan

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. N.F. Allman

A. Glathe

Yulin Hsi

I. Okamoto

T.S. Powell

Y. Yazima

The Minutes of the meeting held on September 17 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Finance Committee held on September 26 are submitted and confirmed.

The Minutes of the meeting of the Orchestra & Band Committee held ^{E2/12} on September 26 are submitted and confirmed subject to the following observations.

Winter Symphony Concert Season. Dr. McMullen notes that the Winter Symphony Concert Season is to close in May 1942 and remarks that the matter of retention or otherwise of the Municipal Orchestra & Band is usually brought up at the Annual Meeting of Ratepayers in April. Since no meeting of Ratepayers will be held next April he enquires what the

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position of the Orchestra & Band will be. The Chairman answers that the matter of retention or otherwise of the Orchestra & Band has been brought before Ratepayers on several occasions, the Council at least on one having moved a resolution for its abolition; but Ratepayers had voted its retention. It is the Council's stated policy to leave the matter of retention or otherwise of the Orchestra & Band entirely in the hands of Ratepayers.

The Secretary & Commissioner General states that now that there will be no Ratepayers Meeting it will be in order for any Councillor to move, when the Budget is under consideration, that the provision for the maintenance of the Orchestra & Band be excised. He informs members that the Council is committed from May of one year to May of the next since Musicians are given agreements for that period. The Acting Treasurer adds that it is for the Council to decide when the next Budget is framed whether or not provision should be made for the Orchestra & Band up to May only or for a full year. Members agree.

The Chairman enquires how the entrance fees for Municipal Concerts compare with those charged by cinemas. Mr. von der Crone replies that the Orchestra & Band Committee has gone into the matter and feels that entrance fees could not be higher at the present time without the risk of driving people away. The Orchestra has generally been playing to full houses. The Chairman further asks whether it would be possible to increase entrance fees before the Season is over and states that the relation of revenue to the total cost of maintaining the Orchestra & Band should not be allowed to deteriorate too much which would afford critics an opportunity of attacking the Orchestra. Mr. von der Crone replies that the point raised has not escaped attention and that if cinemas increase their prices consideration will be given by the Orchestra & Band Committee to a further increase in entrance prices to the

Municipal Symphony Concerts. Unfortunately the seating accommodation at the Lyceum Theatre is very limited and no better premises can be obtained.

E1/4 Removal of the Orchestra & Band Premises. Mr. von der Crone informs members that no decision has yet been taken on the removal or otherwise of the Orchestra & Band Offices. The Public Works Department is to report whether or not the present offices can be made soundproof and when the report has been received it will go before the Orchestra & Band Committee for consideration.

G7/8 The Minutes of the meeting of the Public Utilities Committee held on September 29 are submitted and confirmed subject to the following remarks.

Paulun Hospital - Additional Supply of Gas for Water Heating.

Dr. McMullen says that he finds himself wondering about the recommendation made by the Public Utilities Committee. He can see reasons for placing all charitable hospitals in a separate class and supplying them with enough gas to keep them going. He however feels that it would be wrong to accord special treatment to the Paulun Hospital. Furthermore the recommendation of the Public Utilities Committee is not altogether satisfactory from the Paulun Hospital's point of view for it would be placed to expense if it installs equipment for the heating of water and the arrangement is suddenly terminated.

Mr. Carriere states that if all charitable establishments are to be accorded similar treatment the Public Utilities Committee would have to go into the subject again and besides Dr. McMullen's suggestion would be one inviting other institutions to change from coal to gas, which the Gas Company and Council desire to prevent.

The Chairman says that in his own view the Paulun Hospital has made a special case. By granting gas supply there would be a saving of about 19½ tons of coal for the town and a financial saving to the hospital. A circular could be sent to other hospitals explaining why the Paulun Hospital has been

October 1, 1941

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given gas supply. Other similar institutions making a case would be considered upon application for like treatment.

Mr. Haley wonders whether the Council should not first of all refer the matter back to the Shanghai Gas Company and ascertain what the granting of gas supply to all charitable hospitals would involve. The Chairman states that certainly the views of the Gas Company should be obtained before any circular is sent to hospitals.

Dr. McMullen says that it was not his intention that notices should be despatched to other hospitals but he feels that there are a very great number of institutions similar to the Paulun Hospital who should also benefit and he feels that many can make just as good a case.

In answer to the Chairman Mr. Allan, Deputy Secretary, states that he doubts whether the Gas Company would be able to estimate the consumption involved if other hospitals came into the scheme.

The Secretary & Commissioner General remarks that the Paulun Hospital has made a case and in meeting the wishes of the hospital economy will be effected and a supply of coal freed for the local market which stands in need of supplies. He asks whether it is necessary to draw attention to what is to be allowed the Paulun Hospital and suggests that there is no need for the Council to invite applications. Dr. McMullen feels however that this information will get around and reiterates his view that hospitals as a class should all receive similar treatment.

Mr. Carriere states that in view of the new arguments put forward by Mr. Clathe, the Public Utilities Committee was asked to look in to the Paulun Hospital case only and if it is now felt that all hospitals should be given like treatment then the Committee should reconsider the matter. He suggests the Council should adopt the present recommendation of the Public Utilities Committee, which contains protective clauses, and ask

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the Public Utilities Committee, after the views of the Gas Company have been obtained, to go into the matter.

Mr. Haley says that everyone will agree that if it can be done it would be a very good thing to assist all deserving hospitals by supplying them with gas. He asks whether the Council should now approve of allowing the Paulun Hospital say three months supply of gas in the event of the hospital hesitating to instal equipment. Mr. Carriere states that by a change to gas there would be an obvious economy to the hospital and he would leave it to them to take up the subject with the Council. The Chairman adds that it might be left to the Public Utilities Committee to decide, if the time comes to discontinue gas, whether extra time should be allowed the Paulun Hospital.

Members agree that the recommendation of the Public Utilities Committee relative to the Paulun Hospital should be adopted but that there should be no advertisement or concealment of what has been accorded.

Report of Advisory Committee on Special Rate on Business Premises.

B4/10

The Chairman asks the Secretary & Commissioner General whether he has anything to add to his memorandum of September 26 which has been circulated to members. In reply the Secretary & Commissioner General says that he has nothing to add to his written memorandum; he would be glad to answer any questions.

Members approve the recommendations of the Advisory Committee on the Special Rate on Business Premises.

Daylight Saving. Mr. Hanawa asks whether any decision has been

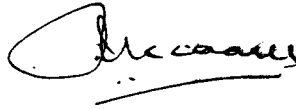
H1/16

reached on the termination of daylight saving time; he adds that there are conflicting reports in this morning's Japanese papers. The Secretary & Commissioner General informs members that no decision has yet been reached and that the confusion has arisen through the change of office hours to normal winter hours. The French Municipal Administration will consider the matter

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of termination of daylight saving time at a meeting to be held
by them next Tuesday, October 7, and ^{an} announcement should appear
in the Press by next Thursday. It is not likely that the date
of termination, provisionally agreed with the French Concession
Authorities, i.e. November 1, will be changed. It merely
requires confirmation by the French Council in meeting.

The meeting terminates at 5.12 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, October 15, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J.H. Jiddell (Chairman)

I. Okamoto

N.F. Allman

J.D. Carriere

Theodore C. Chang

A. Glathe

G.A. Haley

Y. Hanawa

Jabin Hsu

R.T. McDonnell

Dr. R.J. McMullen

Messrs. T.S. Powell

R. von der Crone

L.T. Yuan

The Acting Commissioner of Police

Miss E.M. Hinder

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi

Y. Yazima

The Minutes of the meeting held on October 1 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on October 8 ^{18/8} are confirmed and approved subject to the following remarks.

Summary Imposition of Fines by the Police Force for Traffic Offences. Mr. McDonnell informs members that with reference to the proposed revision of Bye-law XXXVI so as to provide for an increase of the maximum fine for a minor traffic offence from \$25 to \$100, it has been suggested since the meeting of

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the Watch Committee, that as the Council is raising this question of fines due to the decline in the value of the Chinese dollar perhaps consideration should also be given to increasing the maximum fine of \$100 to which a person is liable for major offences such as driving recklessly, causelessly creating any noise or disturbance, wilfully causing any obstruction to traffic, etc.

If the maximum fine for a minor offence is to be raised from \$25 to \$100 it seems necessary to increase the maximum fine for a major offence from \$100 to \$400 in order to preserve the balance between the two.

The question of fines for major offences has not received consideration by the Police or Watch Committee.

Mr. McDonnell enquires whether when one talks of major offences if they are not felonies. The Secretary & Commissioner General answers that owing to the different laws to which persons are subject, it has been found convenient for the Council to proceed against offenders under the Bye-law in cases where there are no appropriate national laws or where such are not applicable in Shanghai.

Mr. Haley wonders whether the matter of fines for major offences should be referred to the Watch Committee for its views. The Secretary & Commissioner General expresses the view that it is unnecessary for this to be done. It seems logical to apply the same principle to fines for major offences and simply multiply the figure mentioned in the Bye-law i.e. \$100, by 4. No study appears necessary. Amendments to the Bye-law would of course have to be submitted to the Consular Body for approval. Mr. McDonnell remarks that it was evident from the discussion at the Watch Committee meeting of October 8 that members felt very strongly that the proposed voluntary fines for minor offences should be increased and he is confident that the proposal to increase the maximum fine for major offences would receive the full support of that Committee.

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After further discussion members approve of Bye-law XXXVI being revised so as to provide for an increase of the maximum fine for a minor traffic offence from \$25 to \$100 and for a major traffic offence from \$100 to \$400.

The Minutes of the meeting of the Public Utilities Committee held 05/21A on October 8 are submitted and confirmed subject to the following remarks.

Shanghai Power Company - Hire of Equipment. Mr. Powell states that the hire of equipment is a feature which should be kept under observation; conditions may change resulting in a reduction in consumption by industries sufficient to enable the lifting of all restrictions.

Mr. Carriere informs members that this point was borne in mind by the Public Utilities Committee and that it is intended that the measure should be a temporary expedient only.

The Minutes of the meeting of the Staff Committee held on October 13 HL/2 are submitted and confirmed, subject to the following observations.

Exchange Adjustment on Repatriation Pay. Mr. Powell gives reasons for the Staff Committee's decision not to recommend any reduction in the low limit for repatriation pay exchange adjustment. He goes on to say that whilst it does not affect his view of the matter it is perhaps advisable that members should realise, in regard to an "A" and a "B" employee who received roughly the same total remuneration in September, that the "B" man will get an 11% increase in October whereas that coming to the "A" employee will be rather over 7%. In reply to a question the Acting Treasurer states that the effect will be most apparent in the month of October. In the example that has been taken the "A" employee will continue to get less than the "B" employee throughout but there will not be a recurrence of what will happen in October. Members agree with the view Mr. Powell has expressed and do not favour lowering the low limit in the exchange adjustment scale applicable to "A" Class employees.

HL/28
6/22 Temporary High Cost of Living Allowance - October Pay. Members

approve the recommendations made by the Staff Committee.

Mr. Powell refers to the question of publication of the Council's cost of living figures and states that it is the feeling of the High Cost of Living Allowance Sub-Committee that the Council should consider discontinuance of giving publicity to these figures. It is felt by certain people that they contribute psychologically to inflation but members all know that the cause is very much deeper than that. However it is a fact that when the Council's figures appear in print, showing increases, there is an almost automatic increase in all commodity prices. Continuing Mr. Powell says that ever since he joined the Council he has taken a keen interest in the work of the Council's Industrial & Social Division and knowing the value of the Department he reluctantly comes to the conclusion to recommend discontinuance of publication of the figures of high cost of living prepared by that Department. Members might feel that this is a matter which might well be referred to the Industrial & Social Affairs Committee for its views.

Replying to Mr. Haley, Mr. Powell states that the suggestion is that the Council should for the present suppress publicity of the indices of cost of living; the Council owes it to ratepayers to publish the high cost of living allowances granted from time to time to its employees.

Mr. McDonnell informs members that a prominent Chinese gentleman called to see him this morning and after discussion on various other matters, out of the blue he referred to the cost of living and said that certain Chinese thought that the Council should stop publishing its figures as retailers increase their prices so soon as the Council's figures are made known. The Council appears to lead where the Council should follow. Every employer is beset to increase staff salaries correspondingly.

The Chairman states that he has been told several suggestions of non-publication of the Council's figures have been

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made. He is however in doubt as to the wisdom or otherwise of publishing the figures. The availability of figures has in certain cases reminded employers of the position and they have been able to adjust salaries and avoid strikes. It may be felt that the figures made known are now being misused.

Dr. McMullen remarks that many firms follow the Council's figures as a basis to fix their allowances to their staff and the Council's reports have been of great help to them.

The Chairman says that the Industrial & Social Division will continue with its work in compiling figures and these will presumably be available to those who require them. Mr. Valey remarks that it would then be simple for the Press to obtain a copy and themselves give publicity. Members agree that the matter of publication or otherwise of the cost of living figures be referred to the Industrial & Social affairs Committee for consideration.

Letter from Chairman of Sub-Committee on New Sources of Taxation.

B4/30

The Chairman states that he asked a few members of the Council to have a talk with him yesterday on the proposals submitted by the Chairman of the Sub-Committee on New Sources of Taxation in his letter of October 13. Those who attended the meeting felt that the Secretary & Commissioner General should write to the Shanghai Stock Exchange and the Shanghai Exchange Bankers' Association asking them to co-operate and inviting their views. He asks the Secretary & Commissioner General whether he has anything to add. The Secretary & Commissioner General informs members that in the case of banks it is proposed to say in the Council's letter that the Council would appreciate their voluntary co-operation while in the case of the Stock Exchange it is proposed to say that the Council intends to impose a tax and invites their co-operation. In reply to Dr. McMullen, the Chairman states that it is impossible to collect the tax from Banks unless they agree to co-operate. In the case of

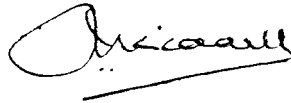
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banks it would be a voluntary tax and apart from the legal aspect it would be almost impracticable to impose and collect a compulsory tax.

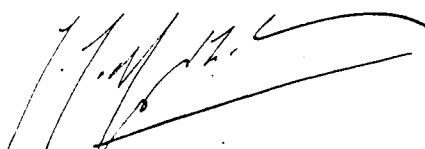
Mr. Okamoto agrees that letters might be forwarded as suggested.

Mr. Allman says that Councillors know many of the Bankers and could urge them to co-operate in the voluntary scheme. Members agree.

The meeting terminates at 5.30 p.m.



Chairman.



Secretary & Commissioner General.

At the Special Meeting of the Council held on Saturday, October 18, 1941, at 11 a.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

M. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glothe

G. A. Haley

Y. Hanawa

Jabin Hsu

R. T. McDonnell

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

L. T. Yuan

The Municipal Advocate, and

The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi

Y. Yazima

Price Control. The Chairman states that the meeting has been called to discuss the question of Price Control and the matter of making application to the Exchange Stabilization Board of Hong Kong for exchange to cover imports of flour required by Shanghai.

He refers to the memorandum by the Secretary & Commissioner General of October 16, which has been circulated to members, on the question of Price Control. In 1940 it was felt that nothing could be done; at that time it was not a question of price control so much as a shortage of supplies and there was no shortage of supply. As the Secretary & Commissioner General has pointed out in his memorandum a new situation appears to have arisen. In regard to certain commodities there probably is today a shortage of supply.

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In regard to other commodities there is so widespread a belief that there may be in the near future a shortage of supply that the same conditions exist as if there was an actual shortage. Moreover, it is far easier today for the Council to obtain the passage of a Bye-law than it was in 1940. There is widespread public belief that in many cases importers and wholesalers charge reasonable prices to retailers and the retailers charge unreasonable prices to the public. It is, the Chairman states, not necessary to try to persuade members that some form of control is necessary. The Secretary & Commissioner General has pointed out that it is important not to attempt too much at once and he has suggested that the Council should concentrate for the time being only on the control of retail prices. He has suggested to the Secretary & Commissioner General that instead of the word "necessaries" which ^{he} explains might lead to difficulty, the words "articles under control" should be substituted in the preamble to the draft Bye-law. He invites members to express their views on the Secretary & Commissioner General's memorandum and draft Bye-law.

Mr. Okamoto says that it is very necessary for the Council to do something to control profiteering and that no one will be opposed to the Secretary & Commissioner General's idea. There are however certain practical difficulties. Even with the support of the Consular Body the Council will be faced, in dealing with the problem of price control, with practical difficulties. The Japanese authorities have under consideration the adoption of certain steps to check prices in the area North of the Soochow Creek. There will be a number of matters in connection with their scheme in which the co-operation of the Settlement Authorities will be necessary. To mention one difficulty only, there is the matter of payment North of the Creek for commodities in Japanese notes. He informs members that he, Mr. Hanawa and others concerned met yesterday to discuss the subject of price control and that the

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more they went into the matter the greater were the difficulties found to be. He and Mr. Hanawa suggested that a special committee should be appointed to give the subject most careful consideration before the Council decides on the forwarding of a Bye-law to the Consular Body for approval. The Chairman sees no objection to such a Committee considering details of control and feels that the Council should pass a suitable Bye-law which should in the meantime be presented to the Consular Body for consideration. It is suggested that as a start only articles imported from abroad should come under control. This need not necessarily mean that there will be any interference with articles coming from Japan. Mr. Hanawa is of the view that the passing of a Bye-law to restrict the activities of retailers only will be of little value since before prices can be controlled information must be available as to the costs of importation and distribution; so that one should really start with the wholesalers and importers.

The Secretary & Commissioner General states that he appreciates the point made. It is a very difficult subject and it is felt by many that importers and wholesalers have charged reasonable prices to retailers who have been unreasonable to the public. It is felt that a start must be made and that retailers should be dealt with first and if the co-operation of importers in furnishing information as to prices charged to retailers is unobtainable then consideration could be given to measures to be taken to compel importers to supply the information required. Furthermore if an attempt is made to deal with wholesalers and retailers at the one time there will be much delay in the tackling of a most complicated problem. Mr. Allman can see no objection to the Council approving the Bye-law in principle and sending it on to the Consular Body for approval; in the meantime details could be worked out.

In reply to a member the Chairman states that it will be necessary for the Council to work along with the Authorities

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of the French Concession. Mr. Okamoto remarks that collaboration with the Japanese Authorities will also be necessary. The Chairman agrees.

Mr. Hanawa reverting to the subject of a difference between Japanese and foreign imported articles reminds members that Military notes are used North of the Soochow Creek. The price of articles bought South of the Creek and sold North of the Creek would have to be adjusted frequently since the value of the Yen fluctuates.

The Secretary & Commissioner General remarks that there is no suggestion at the moment that merchants should be controlled but only retailers. If the Japanese Authorities are able satisfactorily to control military Yen prices North of the Creek, it would be satisfactory to the Council. Mr. Allman considers that the matter would arbitrarily take care of itself.

Mr. Hanawa feels that there will be little or no improvement in the price situation unless the Council is in a position to control stocks.

Mr. Carriere says that all appear to agree that some sort of control is essential. Whilst he agrees with Mr. Hanawa that there are many difficulties he considers that the Council should first pass a Bye-law and then go into the difficulties. If control of prices is decided upon, a small Committee would no doubt be needed which could deal with these difficulties.

Mr. Hanawa is of the view that it would be harmful for the Council to have a Bye-law passed which may later be found to be useless. Mr. Powell agrees, and says that he is not absolutely satisfied that even if the retail market is controlled it will have the effect thought. If there is a real shortage of commodities and price control is introduced it would appear to be necessary to have a rationing scheme. He agrees in principle that the Council should start slowly and take the easiest items for control first. There is a disadvantage in the scheme; quite fantastic profits are being made today in the

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sale of certain articles. If the amount of profit is controlled on these articles speculators will move to other articles, the sales of which will give them greater profit. It must be borne in mind that the Council are not themselves importers.

The Chairman replies that most of Mr. Powell's arguments could have applied to the control of rice prices. But the position as regards rice is reasonably satisfactory. The Council cannot control flour unless it can bring stocks here; when flour is brought here, if exchange is granted by the Exchange Stabilization Board, the same control over flour as obtains over rice will work. The Commissioner of Public Health has listed certain other articles which might be imported if exchange can be got from the Board. Mr. Powell says that the rice scheme was successful because the Council could ensure that there would be no shortage and through its own sales control the market. If the Council cannot make good a shortage, measures of control and price fixing would work against those instituting it. It is unwise to raise false hopes that the Council is getting powers before the Council is satisfied that what is approved is workable. The Secretary & Commissioner General remarks that the mere fact that the Council is seeking powers should have effect on the market and possibly lessen profiteering.

Mr. Haley suggests that control should cover basic commodities only and that it would be as much as the Council could do to fix prices on those articles. He does not consider it necessary to introduce such a wide Bye-law as that under consideration. Mr. Allman points out that under the draft Bye-law "necessaries" would be announced from time to time by the Council by Municipal Notifications and their prices fixed.

Dr. McMullen is of the view that the Bye-law should be made applicable to wholesalers and retailers; he cannot believe that all the trouble which exists is due to the activities of retailers and that wholesalers are above reproach. He suggests that the Council's Committee should study the subject. Retailers are very much more numerous and it is possible that there are more offenders among them. What constitutes a wholesale and

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what constitutes a retail transaction has yet to be defined. In his view the fullest possible powers should be applied for under the new Bye-law. Mr. Okamoto remarks that without some punishment no regulations can be enforced. He would like to hear the Municipal Advocate's views. In certain Consular courts fines would be very light. He does not know whether the Consular Courts would agree to stocks being examined; under the Council's scheme it would be necessary for them to be. The Municipal Advocate states that there is some doubt in his mind as to whether or not the extraterritorial courts would uphold action by the Council under the proposed Bye-law. Under Chinese law a fine of \$1000 or one year's imprisonment can be imposed. Three successful prosecutions against rice merchants have been brought. Under Land Regulations XVII a fine not exceeding \$300 or imprisonment not exceeding six months could he thinks be imposed. The Secretary & Commissioner General, in answer to a question by Mr. Haley as to whether the Council's Bye-law could be more general in terms, states that it could be but he fears that the Consular Body might not agree to pass the Bye-law unless the Council is more specific. As to Dr. McMullen's suggestion that the Bye-law should apply to wholesalers as well as retailers, not only members of Council but the Consular Body is very concerned about exterritorial rights. It would he thinks be easier to obtain approval of the Bye-law against retailers than if wholesalers were included. As to Mr. Okamoto's question of punishment for offences, the Council has powers in regard to Chinese, which cannot be applied to foreigners. In regard to the extraterritorial courts to which foreigners are subject it would be necessary to obtain the passage of a Bye-law. The Bye-law could be applied only where no national law is applicable. Mr. Haley wonders whether the Council could not get over the difficulty through imposing a clause in the Licence Conditions of establishments. The Secretary & Commissioner General says that a Condition could be imposed giving the Council the right to revoke a licence if the

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licensee is an offender.

Dr. McMullen feels that in trying to solve the problem the Council should seek authority to apply the Bye-law to Wholesalers and Retailers.

Mr. McDonnell refers to the successful control of prices in Hong Kong and wonders whether their scheme could not be applied here. The Chairman answers that all residents of the Colony are subject to one Court. He states that personally he has no objection to the Bye-law being drawn to include wholesalers.

The Secretary & Commissioner General in reply to the Chairman states that he sees no objection to the words "by retailers" being omitted from the draft Bye-law provided it is made clear that if the Consular Body is unwilling to grant such wide powers, power be granted to control retailers.

Mr. Powell suggests that the Council should this morning pass a general resolution favouring application to the Consular Body for the grant of additional powers to control prices and distribution. That a small Sub-Committee be formed to consider the powers required and thirdly that several small Committees of three or four persons should be appointed to recommend positive measures for adoption by the Council if additional powers are granted. He feels that the Council should not lose any time in getting into grips with any difficulties which might arise. He would like to see a Committee appointed to deal with practical difficulties.

Replying to Mr. Allman, Mr. Powell suggests that the Council should apply to the Consular Body for the widest powers that they can get. The Chairman asks the Secretary & Commissioner General whether it would be reasonable for the Council to put a proposed Bye-law to the Consular Body with a few illustrations as to its applicability attached. The Secretary & Commissioner General replies that this might be done but there is the danger that the Consular Body might refuse and ask the Council what powers it exactly wants. The Chairman suggests that the Council

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might submit a wide Bye-law and attach something like the one now before/to it, and the Consular Body could themselves decide which to approve.

The Secretary & Commissioner General states that there is precedent for the Council requesting an opportunity to give its views to the Consular Body in meeting and that this might be done in connection with the proposed Bye-law.

Mr. Okamoto considers that it is necessary for the Council to have certain powers as soon as possible and that the Consular Body should be approached.

Mr. Allman feels that the Council should not go to the Consular Body without a concrete proposition. Dr. McMullen considers that it will be unwise to ask for specific powers and later find that additional powers are required. Perhaps it will be best to appoint a Committee to study the matter and to say that as a result of our study we seek the following powers and are prepared to act if they are given to us. The Chairman reminds members of the Secretary & Commissioner General's suggestion that the Council should not attempt to do too much at one time. These Bye-laws could be amended if found necessary.

The Secretary & Commissioner General states that if the Council is going to try to get a perfect Bye-law it will take a considerable time. In view of existing conditions and the immediate need of a Bye-law he suggests that the Consular Body should be asked to approve the Bye-law which the Council not submits and if the Special Committee after deliberation feels that additional powers are needed the Consular Body could be asked to agree to the granting of the powers required.

Mr. Haley asks whether if the Bye-law is approved all the requirements stipulated must be carried out by all concerned. The Secretary & Commissioner General replies that only those which may be from time to time defined. The Bye-law might be reworded to read "The Council may from time to

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time require compliance with the following rules".

Mr. Powell says that the public must be convinced that the Council is doing something and suggest the release of a communique. The Secretary & Commissioner General says that there is no harm in letting the public know that the Council is doing something but the immediate thing is to approach the Consular Body. Mr. Yuan refers to certain erroneous reports which appeared today in the Chinese Press. One paper has it that the Council intends to import all necessaries. A very clear announcement should be made by the Council to remove misunderstanding. The Chairman agrees. Dr. McMullen agrees with the Secretary & Commissioner General that haste is required to bring about an improvement and that the Bye-law should go without delay to the Consular Body for its approval. Under the psychological conditions which exist haste is required. The Chairman states that the Council should proceed as Mr. Powell has suggested with the appointment of a small committee to draft a Bye-law which would be considered by the Council before it goes to the Consular Body. The Secretary & Commissioner General expresses the view that the public will not be satisfied until the Council has a Bye-law. He asks that those appointed to do the drafting should only be those able to give a lot of time to it as it is essential to get on with the work. Mr. Glathe remarks that if the regulations are too severe there is nothing to prevent importers from diverting stocks en-route to Shanghai and exporting what they have from Shanghai.

After discussion Messrs. Glathe, Okamoto, Powell and Von der Crone are appointed to draft a Bye-law to be submitted to the Council for consideration at a meeting of Council at 9.30 a.m. on Monday, October 20.

The small committee recommended by the Secretary & Commissioner General in his memorandum of October 16 is approved.

It is also agreed that a brief communique be issued to the effect that the control of prices is receiving the Council's

October 18, 1941

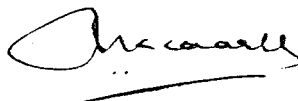
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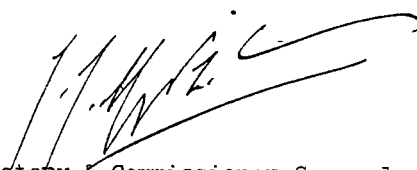
consideration and a small committee has been appointed to draft a Bye-law which will be forwarded to the Consular Body and the Council hopes to issue a further communique within a few days.

Flour. The Chairman states that he does not think that anyone will object to the Council endeavouring to obtain exchange for the importation of flour for Shanghai's needs. Mr. Haley enquires whether the Council would be acting on behalf of importers and would be exercising the same control over the flour to be imported as applies at the present time to imports of Council's rice. Mr. Von der Crone says that that is the idea. Members unanimously approve the suggestions contained in the Secretary & Commissioner General's memorandum of October 17, 1941.

The meeting terminates at 12.25 p.m.



Chairman.



Secretary & Commissioner General.

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At the Special Meeting of the Council held on Monday, October 20, 1941, at 9.30 a.m., there are:-

Present:

Messrs. J.H. Liddell (Chairman)

I. Okamoto

N.F. Allman

J.D. Carriere

Theodore C. Chang

A. Glathe

G.A. Haley

Y. Hanawa

Jabin Hsu

R.T. McDonnell

Dr. R.J. McMullen

Messrs. T.S. Powell

R. von der Grone

L.T. Yuan

The Municipal Advocate, and

The Secretary & Commissioner General.

Absent:

Messrs. Yulin Hsi

Y. Yazima

Price Control. The Chairman states that the only business before this ~~F30/12~~ Special Meeting of Council is to consider the recommendations of the small Committee of Councillors appointed on Saturday who met on Sunday morning to go into the matter of a Bye-law to control prices. A draft of the Bye-law as unanimously agreed by the small Committee has been circulated to members. The small Committee recommend that the Council should recommend to the Consular Body a Bye-law in general terms rather than in specific terms and the Bye-law which is now before members has been so drawn. He asks the Secretary & Commissioner General to inform members of other points which the small Committee has gone into. The Secretary &

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Commissioner General says that the first point discussed yesterday was as the Chairman has stated, whether the Bye-law should be in general terms or made specific. The general feeling of the small Committee was that in seeking to control prices the Council is entering upon a new field of activity and that it would be best to seek for a general power to issue such rules as experience may show to be necessary rather than to endeavour at once to formulate specific rules as part of a Bye-law. Members of the small Committee unanimously agree that the Council should approach the Consular Body first and explain in its letter the difficulties and what the Council has in mind. Continuing the Secretary & Commissioner General states that the next point considered was whether the Bye-law should apply to retailers only or include wholesalers. There was unanimity that the Council should at this time seek power only to promulgate rules in respect of those who sell commodities by retail. It was felt that successful carrying out of measures of price control depends on the co-operation of importers and wholesalers and that it would be best not to create fears of interference with trade and commerce which might hamper the flow of commodities to Shanghai and do harm rather than good. If a Bye-law applicable to wholesalers were passed they would be reluctant to call on and give the Council information which would be of value to the Municipality in fixing retail prices. It is suggested therefore that the Council should for the present merely seek the co-operation of the importers of essential commodities. If that co-operation is forthcoming it should be practicable, if the Bye-law is passed, to prevent excessive profiteering and to fix prices without much risk of diverting commodities from the Shanghai market. Furthermore an attempt to go beyond the retail trade might raise alarm as to infringement of extraterritorial rights. Should, however, after experience it be found that powers are required to deal with importers and wholesalers then steps could be taken to effect an amendment to the Bye-law now before members.

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Finally, the Secretary & Commissioner General states that it would be made clear that as regards penalty the Council would not go beyond its existing powers. Those subject to extraterritorial courts would be punishable under Land Regulations XVII or such other punishment as may seem just to the court having jurisdiction or by suspension or cancellation by the Council of their licence or licences, or to both punishment and suspension or cancellation of licence or licences. Chinese offenders would also be subject to Chinese laws applicable.

Mr. Allman enquires as to the powers conferred under Land Regulations XVII and the Secretary & Commissioner General answers that the Regulation states that for a breach of the Land Regulations the offender may be summoned and if convicted punished either by a fine not exceeding \$300 or by imprisonment not exceeding six months or in such other manner as may seem just.

Dr. McMullen states that he is impressed by the remarks made by Mr. Glathe on Saturday morning that the Council must be careful that through its measures commodities are not diverted from Shanghai. In view of what has been said as to securing real co-operation from wholesalers and importers, although the Bye-law proposed savours of discrimination, he is prepared to waive his objections for the present. Mr. Allman enquires what action could be taken against wholesalers found profiteering. The Chairman remarks that when the Council experienced difficulty in dealing with the wholesalers of rice it went straight to the retailers and benefit has accrued.

Mr. Allman considers that it would be risky to confine the Bye-law to retailers only; retailers might go into the whole-sale trade.

The Chairman says that success of the Council's plan of control depends on the co-operation of importers and it is believed and hoped that their co-operation will be forthcoming. He adds that it must be borne in mind that the Council has no

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power to compel importers to bring stocks here and should the Council's regulations be considered severe there is nothing to prevent importers from exporting stocks.

Mr. Haley states that the points made were aired very fully in Council meeting on Saturday morning and considered at length by the small Committee on Sunday. The matter having received exhaustive consideration he suggests that the Council should adopt the draft Bye-law and send it without further delay to the Consular Body.

The Chairman asks whether members feel that the Council should go further than an attempt to control retail prices at the present time. The Secretary & Commissioner General states that without wishing to press the point obstinately he feels that as a first measure in dealing with a complicated problem the Council should restrict action to retailers. He reiterates that if the co-operation of importers and wholesalers is not forthcoming the Council could go back to the Consular Body and seek the necessary powers.

Mr. Hanawa says that he agrees with the comments made by Mr. Allman and he fears that it will be difficult to exclude wholesalers. He is therefore in favour of the Council seeking wider powers. Mr. Allman suggests that the words "by retail" should be omitted from the draft Bye-law which could then be applied to wholesalers if they fail to give the co-operation which is expected from them. In answer to a question from the Chairman, the Secretary & Commissioner General states that wholesalers are licensable by the Council.

The Secretary & Commissioner General states that from experience it is quite clear in the rice trade and now in the case of the flour trade, that co-operation is the first move. The Council should in his view try to get a 100% co-operation of the wholesalers. He fears that if the Council goes over their heads and applies to the Consular Body for a Bye-law to

which they are to be subject they may be unwilling to ⁰⁷⁶ give the Council the co-operation which they might give without a Bye-law. There would certainly be resentment to the Council examining their books and probably there are other objections.

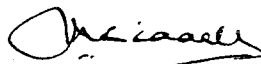
Mr. Powell in agreeing states that at this critical stage the Council should do nothing to alarm importers. Until the Council has the confidence of traders the Council must not make the position worse. He is therefore in favour of the Bye-law being restricted to action against retailers only for the present.

Mr. Jabin Hsu fears that if wholesalers are included in the Bye-law alarm would be created and he is therefore in favour of the Bye-law being applicable to retail dealers only for the moment.

Mr. Haley states that when he came to the meeting on Saturday he held the view that the Bye-law should apply to wholesalers as well; however, after hearing the arguments advanced he is convinced that they should be excluded for the time being on grounds of expediency.

After further discussion a vote is taken and with Messrs. Allman and Hanawa dissenting on the question of confining the Bye-law to the retail trade, members approve of the Bye-law as drafted by the small Committee being forwarded to the Consular Body together with an explanatory letter.

The meeting terminates at 9.57 a.m.



Chairman



Secretary & Commissioner General.

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At the meeting of the Council held on Wednesday, October 29, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

G. A. Haley

Jabin Hsu

R.T. McDonnell

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

L. T. Yuan

The Chief Officer, Fire Brigade

The Acting Commissioner of Police

The Acting Treasurer

Miss E. M. Hinder, and

The Secretary & Commissioner General

Absent:

Messrs. Y. Hanawa

Yulin Hsi

Y. Yazima

The Minutes of the meeting held on October 15 and the Special meetings held on October 18 and 20 are confirmed and signed by the Chairman.

Fire off Szachuen Road between Nanking & Ningpo Roads, October 28.

~~18/2~~
 1.18/2

A report by the Chief Officer of the Fire Brigade dated October 29 and enclosure is tabled for consideration.

Mr. Allman states that it appears that the Chief Officer requires more staff and an increase in the fine stipulated in Bye-Law XXXV for the storage of hazardous materials without a licence. The Chairman replies that the

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implication in the report is that the Brigade needs increasing if the promiscuous storage of inflammable materials in unsuitable places is to be prevented.

In reply to Mr. Carriere's enquiry as to whether an increaseⁱⁿ the fine prescribed in Bye-Law XXXV is practicable, the Secretary & Commissioner General states that while it is impossible to predict what attitude the Consular Body would adopt towards such a request, and it is doubtful whether a larger maximum fine for a breach of the Bye-Laws than that specified in Land Regulation XVII for breaches of the Land Regulations, namely \$300, would be agreed to, there can be no harm in making the attempt. Both the Municipal Advocate and Mr. G.H. Wright agree that the point in regard to Land Regulation XVII is a difficult and doubtful one.

Mr. Haley points out that not only inflammable but explosive substances were stored in the godown which caught fire and that the storage of such substances in a congested city is a criminal act in respect of which a fine of \$300 or \$1000 is entirely inadequate. The Chairman suggests that the Council should try to obtain an increase in the maximum fine and issue a communique drawing attention to the criminal aspect of storing such materials in an endeavour to obtain the co-operation of the public.

In expressing doubt as to the efficacy as a deterrent of any fine that could be imposed Dr. McMullen suggests that possibly better results would be obtained by licensing premises used for storage purposes. The Chairman replies that not only has the Council no authority to licence godowns, but the control of dangerous materials by the withdrawal of such licences would in practice be difficult. The Chief Officer states that the storage of hazardous materials is subject to licence under which the indiscriminate storage of the materials in the godown in which the fire occurred would not be permitted. In the Chief Officer's opinion it would be extremely difficult

effectively to define a godown for the purpose of licensing, since under prevailing conditions practically all premises are being used for the storage of goods. As regards the godown in question the Chief Officer states that in December last instructions were issued for the removal of a quantity of sodium nitrate known to be stored therein; this was removed in January of this year, but apparently restored at a later date. Numerous efforts had also been made to effect removal of the persons living in the godown but without success.

Mr. Yuan expresses surprise that the Insurance Companies have not paid more attention to the matter of the indiscriminate storage of hazardous materials. In reply to Mr. Haley, the Chief Officer states that the godown in which the fire occurred was insured, whereupon Mr. Haley suggests that pressure should be applied on the Insurance Companies. In supporting this suggestion, which finds favour with members, Mr. Glathe cites an instance in which to his knowledge goods were insured despite the fact that the insurance company concerned was aware that hazardous materials were stored in the same premises.

In reply to the Chairman's enquiry the Secretary & Commissioner General states that the Chinese Court could be approached with a view to inflicting imprisonment as provided in Bye-Law XXXV instead of a fine for breaches of the Bye-Law. This action is also approved by members.

Mr. Allman again raises the question of an increase in the maximum fine and in response to the Chairman's suggestion that this might be increased four times, as was decided upon in the case of the fine for major breaches of the Traffic Regulations, members generally consider this insufficient. The figure of \$10,000 is mentioned. The Secretary & Commissioner General expresses doubt as to whether the Consular Body would agree to so large a figure and suggests that the highest possible fine be advocated. This is agreed.

Mr. Carriere recommends that the Municipal Advocate be instructed to prosecute the owner of the godown, which recommendation is also approved.

In declaring his interest in this matter since his firm deals in inflammable products, Mr. Powell states that while he has taken no part in the discussion he wishes to draw attention to the fact that in their craze to invest in any kind of commodity the majority of the public are entirely ignorant of the danger attendant upon the storage of certain materials. Mr. Powell suggests the advisability of informing the public of materials which are dangerous. In this connection the Chief Officer refers to the communique recently issued on this subject, which the Secretary & Commissioner General suggests might be followed up by further articles inspired by a press conference. This suggestion is also agreed.

The Chief Officer informs members that he has just received a message stating that the Chinese Fireman injured at yesterday's fire has died. The Chairman expresses members' deep regrets over this tragedy and asks the Chief Officer to convey the Council's condolences and sympathy to the fireman's relatives.

The Chief Officer, Fire Brigade, and the Acting Commissioner of Police withdraw.

The Minutes of the meeting of the Finance Committee are submitted and confirmed.

Proposed New Loan. Mr. Allman in agreeing with the Committee's recommendation expresses the opinion that it is better sense to issue one loan than two, and also agrees with the suggestion that the recent practice of allocating specific security for loans be abandoned.

Mr. Carriere states that the impression he gains is that while the Council's bankers and advisers admit that the issue of a small loan now would be successful, they nevertheless advise postponement until a time when conditions may not be so advantageous. In this connection Mr. Carriere inquires what would be the amount of the combined loan next year and whether it

would amount to \$30,000,000. The Acting Treasurer replies that while he cannot say at this time what amount would be required next year he does not anticipate that the amount would be as large as \$30,000,000.

Mr. Okamoto enquires why a loan of \$5,000,000 is required now when the flood prevention requirements for this year amount to only \$400,000. The Chairman replies that while only \$400,000 is required this year for flood prevention work the contracts entered into commit the Council to a much larger sum. It was also considered that advantage might be taken of the easy conditions now prevailing.

While expressing agreement with ^{the} view of the Council's bankers that a small loan issued now would be no indication of the success of larger loan next year, Mr. Powell doubts whether, when the time comes for considering the issue of a large loan, the Council's bankers and advisers will adhere to the view that such loan should be floated without specific security, a point on which he (Mr. Powell) holds strong views. The Chairman replies that he put this point very clearly to the Council's bankers and that he feels that since any large loan would require active support by the large financial interests such support might ^{not} be forthcoming so readily if the advice of these interests is disregarded at the present time.

Dr. McMullen states that since next year's needs are unpredictable at the present time he does not see why advantage should not be taken of prevailing favourable conditions to obtain a part of the funds for future needs, and that while he does not oppose the Committee's recommendation he is still unconvinced by the arguments advanced in support of the recommendation. The Chairman replies that although Dr. McMullen has probably voiced the feelings of most members, the Council's bankers have agreed to grant such overdraft facilities as may be required until new financing can be arranged. Mr. Carriere recalls that in the past the banks granted the Council loans in foreign currencies and that the Council has been bearing the burden ever since.

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The Committee's recommendation with regard to the proposed new loan is then endorsed.

32/19 Royal Asiatic Society - Grant-in-Aid. In reply to Mr. Carriere's enquiry as to whether the original grant to the Society was in fact based on the General Municipal Rate levied the Chairman states that it appears unfortunate that the two amounts clashed. The Acting Treasurer states that according to his recollection the grant was at one time rather more than the rates. Mr. Carriere offers the suggestion that in the past the Society was exempted from payment of rates in view of the nature of the Society's activities and that when it was decided to levy rates grant was made to offset the additional expenditure.

Mr. Haley observes that the Society appears to be under this impression and suggests that it should be disabused of this idea which in his opinion is an undesirable principle on which to base a grant.

The Secretary & Commissioner General quotes from a Council Minute dated November 10, 1932 in which a member suggested that the grant to the Society should approximate but not equal the rates, thus showing that the Council of that time attempted to get away from this principle.

On Dr. McMullen's proposal the Committee's recommendation is endorsed.

The Minutes of the meeting of the Industrial and Social Affairs Committee
M1/1 held on October 24 are confirmed and approved.

Publication of Cost of Living Figures. Mr. McDonnell states that the Committee's recommendation leaves him rebuked but unconvinced. Mr. Powell states that he also is unconvinced by the arguments advanced in the Committee's minutes and considers that the recommendation is wrong.

Mr. Allman points out that only a few personal opinions as to the harm done by publication of the figures have been expressed and that no concrete evidence of such harm has been submitted.

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In response to the Chairman's request for the opinion of Chinese members Mr. Yuan states that if the Council considers that the figures are useful they should be published, but if it is considered that they are harmful publication should cease. He agrees that it would be undesirable to compile the figures and issue them on application without publication. Mr. Chang concurs with this view.

The Chairman states that if concrete evidence is submitted of the harm done the question of publication can be reconsidered; he feels however that the figures have done good in appraising employers of the actual increase in the cost of living and thus enabling them to forestall labour troubles.

Mr. Carriere expresses the opinion that those now opposing publication would be the first to ask for publication in the event of a decline in the cost of living.

Dr. McMullen feels that without publication of these figures labour might have demanded considerably larger increases in pay than the actual increase in the cost of living justified.

The Committee's recommendation is finally endorsed.

The Minutes of the meeting of the Public Utilities Committee held on October 27 are submitted and confirmed.

G7/2 Shanghai Gas Company Ltd. Surcharge. The Chairman expresses the opinion that it is very satisfactory that the Gas Co., which effected a considerable reduction in its surcharge recently, is able to continue the reduced surcharge.

Staff - Pay and Regrading of Captain H.G. Reed, Chief Officer of the H3/234 Fire Brigade. Mr. Powell informs members that a meeting of the Staff Committee, at which this subject was considered, was held prior to the Council Meeting. The Committee unanimously recommends that Captain Reed should be granted the maximum pay of his present grade with effect from the date on which his normal triennial increment was due, but on the suggestion that the post of Chief Officer of the Fire Brigade should be regraded to equal the post of Deputy of a Senior Department no decision was reached, the

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voting being 5 for and 5 against. In reply to Mr. Allman the Chairman states that the maximum basic pay to which Captain Reed is entitled under his present grading is \$1,940 per mensem which is \$300 per mensem less than the maximum basic pay for a Deputy of a Senior Department.

Mr. Carriere states that the argument presented against regrading was that the Scales of Pay, which were drawn up some years ago, should not be revised in these abnormal times. So far as a general revision is concerned Mr. Carriere supports this view, but he sees no objection to regrading of a specific post if justification therefor exists and he maintains that justification for regrading of the post of Chief Officer does exist in view of the greater responsibilities attaching to this post at the present time as compared with those existing when the present Scales of Pay were laid down. In reply to the Chairman Mr. Carriere states that he is not referring to Captain Reed in particular but to the post of Chief Officer generally. Mr. Allman expresses agreement with Mr. Carriere's views.

The Chairman enquires whether regrading of the post of Chief Officer would affect the other senior officers of the Brigade, to which the Secretary & Commissioner General replies that as the other senior officers have recently received increases in pay, regrading of the post of Chief Officer could be carried out without affecting them.

Dr. McMullen considers that this is not the time to regrade the post and in this connection refers to the difficulty of evaluating the responsibilities of this post and that of Police officers.

Mr. Powell points out that regrading will not benefit Captain Reed as he reaches retirement age in two years, i.e. before being entitled to another pay increment, and suggest this as an additional argument against regrading. The Secretary & Commissioner General observes that while he may not benefit personally therefrom, regrading would please Captain Reed.

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Mr. Glathe suggests that this point be referred back to the Staff Committee for further consideration, which suggestion is supported by Mr. Jabin Hsu who observes that the regrading of this post may have repercussions on other senior posts. The Chairman however proposes that as the Staff Committee, which consists of Members of Council, was unable to arrive at a decision it would be preferable for the Council to decide the matter without further reference to the Staff Committee.

Mr. Powell recalls the Economy Committee recommendation which was accepted by the Council, that revision of the Scales of Pay should not be undertaken until more normal conditions permit of proper evaluation of the various posts in the service and the varied duties and responsibilities attaching to them. In expressing entire agreement with this view Mr. Carriere maintains his previous attitude that regrading of the post of Chief Officer, which in his opinion is amply justified, need not involve general revision of the Scales of Pay.

Mr. Haley expresses the opinion that insufficient reasons have been advanced for regrading this post.

After further discussion the matter is put to a vote and it is unanimously agreed that Captain Reed's pay be increased to the maximum provided under the present scale; the proposal for regrading the post of Chief Officer of the Fire Brigade is however lost by a considerable majority.

Price Control. The Secretary & Commissioner General informs members ^{730/12} that a meeting of importers was held this afternoon to discuss the proposed press announcement tabled for members' consideration. The announcement, which does not commit the Council in any way, was approved. The Secretary & Commissioner General adds that the importers present at the meeting not only showed themselves very willing to cooperate with the Council but indicated that they were also very willing to undertake a great deal of the work which any scheme for control of prices would entail.

October 29, 1947.

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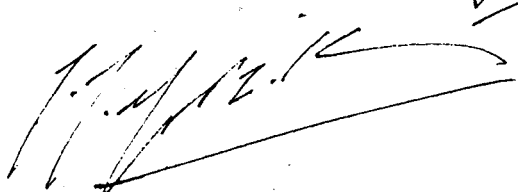
The proposed announcement is unanimously approved.

Exchange - Chairman's and Dr. McMullen's Visit to Hongkong. The Chairman informs members that it is proposed that he and Dr. McMullen should visit Hongkong to discuss the Council's exchange problems with the Currency Stabilisation Board. A good many letters and telegrams had passed, but it was felt that a good deal more could be accomplished by personal representations than by letters and telegrams.

This proposal is unanimously approved without discussion

The meeting terminates at 6.10 p.m.


Chairman.


Secretary & Commissioner General.

At a Special Meeting of the Council held at 11 a.m. on Sunday,
November 9, 1941, there are:-

Present:

Messrs. I. Okamoto (Acting Chairman)

N.F. Allman

J.D. Carriere

Theodore C. Chang

A. Glathe

G.A. Haley

Y. Hanawa

Jabin Hsu

R.T. McDonnell

T.S. Powell

R. von der Crone

Y. Yazima

L.T. Yuan

The Acting Commissioner of Police

Miss E.M. Hinder, Chief, Industrial
 and Social Division, and

The Secretary & Commissioner General.

Absent:

Mr. J.H. Liddell

Dr. R.J. McMullen

Mr. Yulin Hsi

Rice. A memorandum by the Secretary & Commissioner General dated
 F30/12 November 8, 1941, containing proposals submitted by the Rice
 Committee for controlling the sale and price of Rice, is tabled
 for consideration.

Opening the discussion the Chairman, while expressing regret for calling members together on a Sunday, states that the importance of the subject and the necessity of reaching an immediate decision on the Rice Committee's proposals warranted the step. The Chairman expresses the Council's grateful appreciation of the extremely hard work put in by the Committee and especially by Mr. von der Crone who has lately devoted his whole time to the task, which remarks are received with acclamation.

Mr. von der Crone in reply to Mr. Jabin Hsu states that it is estimated that the free rice in Shanghai amounts to about one million bags or enough to last about three months. This estimate is regarded as on the conservative side and Mr. von der Crone feels that there is considerably more. Replying to enquiries by other members he states that while there is not much Council rice in stock at the moment, consignments are arriving all the time and some 150,000 bags will arrive between now and the end of the month. With regard to the difficulty of fixing on a flat sale price for all imported rice in view of the different grades on the market, Mr. von der Crone states that most of the stocks in Shanghai are Rangoon rice which could fairly be sold at the proposed rate of \$130. There is some cheap broken rice which sells for less and some 50,000 bags of Saigon rice the owners of which might be penalised to some extent by being forced to sell at this price. The quantity of the latter however forms but a very small proportion of the total stocks. The proposed sale price of \$130 would therefore cause little hardship since it is necessary, owing to increased freight charges etc., to increase the price of Council rice to this figure. In this connection Mr. Powell observes that had the Council taken the action now proposed in May, a price of about \$90 would have been fixed and as some of the free rice in stock was purchased about that time a price of \$130, allows ample profit.

With regard to complaints that firms had not been able to obtain Council rice for their staffs and that residents of the Western Extra-Settlement Area paying Special Rate had not been able to obtain any rice and were in a desperate situation, Mr. von der Crone states that these points are being attended to. Two depots have been opened for retail sales and two more depots will commence functioning tomorrow morning, one for sales in quantity to firms for their staffs and one in the Western Extra-Settlement Area for sales to residents of that area on production of their Special Rate receipts.

Replying to Mr. Jabin Hsu's enquiry as to whether any arrangements had been made for co-operation with the Mayor of the Shanghai Special Municipal Government, the Secretary & Commissioner General states that the Mayor is out of Shanghai but that it may be assumed that that administration is making every effort to obtain supplies. Immediately on the Mayor's return the Secretary & Commissioner General will endeavour to obtain similar action to control prices in the neighbouring areas which would make the Council's task much easier. Replying to the Chairman the Secretary & Commissioner General states that while Council rice cannot be allotted to the Special Government, arrangements might be made with regard to free rice.

Referring to proposal No.7 in the Secretary & Commissioner General's memorandum Mr. McDonnell enquires whether the Volunteer Corps has been mobilised, to which reply is made that the Corps has been placed on precautionary mobilisation and that an inlying picquet of 200 will be mobilised tomorrow. In this connection Mr. Allman stresses the importance of mentioning this fact in the Council's publicity so that employers will not object to their staffs being turned out.

Mr. T. K. Ho, Deputy Secretary, states that he has a number of points to bring to members' attention, namely

- (1) A survey made on November 5 reveals that stocks of rice in 82 godowns in the Settlement, French Concession and Pootung amount to 915,736 bags of which 244,432 bags are in Pootung and Hongkew. The amount in Pootung is over 150,000 bags.
- (2) There are 32 grades of rice quoted in the Chinese press this morning of which one is quoted at \$128, the remainder ranging from \$131 to \$216 per zah of 80 kilos
- (3) Rice shops in the Settlement, French Concession and Western Extra-Settlement Area equipped for retail sales number approximately 900.

While fully appreciative of the hard work performed by the Rice Committee Mr. Ho expresses apprehension over the proposals

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submitted by the Committee and doubts as to whether the ⁰⁶² scheme will work. Stocks in retail shops can be controlled - various grades will no doubt be mixed and sold at the fixed price, but Mr. Ho doubts whether shops will be able to obtain further supplies when their stocks, estimated at 60,000 bags or enough for about 6 days, are exhausted. Stocks in godowns, Mr. Ho fears, will be transferred to nationals with extra-territorial rights and the Council will be unable to get these stocks on the market at the price proposed. Stocks in Pootung Mr. Ho continues, will probably be sold outside the Settlement where higher prices prevail, and in this connection Mr. Ho observes that in Wusih, a rice producing district, the price for good rice was \$150 per zah some ten days ago. He is therefore extremely apprehensive as to what will happen when the stocks in the shops are exhausted and considers it his duty to inform members accordingly.

In reply, the Chairman states that there will undoubtedly be many difficulties, but these must be faced and overcome - the Council must take effective action to control the situation. Mr. von der Crone observes that even if no free rice is forthcoming there will be enough Council rice to supply 10,000 bags a day - if the shops refuse to handle this rice and close more depots will be opened by the Council. Mr. Powell expresses gratification for the points raised by Mr. Ho which are to the point and important. It would be a great mistake for the Council to agree to the proposals submitted without fully appreciating the difficulties involved and the further action that may be necessary. Rice is not the only commodity which requires controlling and if the Council's efforts in this connection are successful, speculators will no doubt transfer their activities to other commodities the control of which will involve equally drastic measures. In the forthcoming battle over rice however, Mr. Powell expresses the opinion that the Council's armoury is well stocked with weapons - it has an excellent record of co-operation with the neighbouring authorities, it has he believes the full support of the Consular Body and most

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important it has the full confidence of the Hong Kong Rice Controller and the Stabilisation Board. Mr. Powell accordingly feels that the Council will be fully supported. The Secretary & Commissioner General adds that the Council has the full support of the Japanese Authorities which is necessary with regard to stocks in godowns situated in Hongkew and that he has been assured confidentially by the British Consul General of his support in connection with stocks in British owned godowns. He is also confident that the full support of the Consular Body will be forthcoming.

In reply to Mr. Haley's enquiry as to whether he can suggest other better measures Mr. Ho states that in May when the rice market showed signs of nervousness the Council sold 50,000 bags and this action resulted in a quick decline in price. The recent restriction in the quantity sold to individuals had again caused nervousness which would be increased by the proposed increase in the price of Council rice from \$117 to \$130. He considers that the Council has not issued enough in the past and should now issue all it possibly can. Mr. Haley enquires whether the Council is getting all the rice it can from Hong Kong to which the Secretary & Commissioner General replies in the affirmative adding that efforts are now being made by Mr. Liddell to obtain more freight so as to be able to import still more rice. Mr. Powell states that the Council has in the past imported ample supplies for legitimate needs. The trouble at the moment is that many of the public are purchasing Council rice and immediately selling it at a profit back to the shops, who in turn classify it as free rice and sell again at a profit. This can only be stopped by selling all rice at the same price. Replying to the Chairman's enquiry as to whether the Police are confident that trouble can be prevented the Acting Commissioner of Police states that arrangements have been made to station Police at the rice shops and depots and that the Military will patrol

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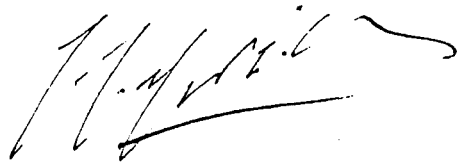
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areas in which rice shops are situated.

Mr. Yuan enquires whether the Council would lose money if the present price of \$117 for Council rice is retained and Mr. von der Crone replies in the affirmative, adding however that there should be no difficulty in maintaining the increased price of \$130 for some time to come. Referring to proposal (3) in the Secretary & Commissioner General's memorandum, Mr. Yuan asks if the Council will retain the profit in the event of stocks being purchased at \$120 and stresses the importance of restricting profits to the minimum. Mr. von der Crone replies that after allowing for transportation and loss of weight there will be very little profit from purchases at \$120. Mr. Yuan then enquires what action will be taken if owners refuse to sell at \$120 and the Secretary & Commissioner General replies that the Council will then have to consider confiscation. Replying to Mr. Allman, Mr. von der Crone states that the retail profit per bag now is \$7 to \$8 net. Mr. Jabin Hsu enquires whether under the new bye-law the Council has the right to confiscate hoarded rice, or any other commodity, without resorting to legal proceedings in the competent Courts. The Secretary & Commissioner General replies that while he can only express his opinion it is that in an emergency such as the present if reasonable measures are adopted and a fair price paid, the Court of Consuls would support the Council. Mr. Allman concurs.

The Rice Committee's proposals contained in the Secretary & Commissioner General's memorandum of November 8, 1941, are then unanimously approved.

The meeting terminates at 11.50 a.m.



Chairman.

Secretary & Commissioner General.

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At the meeting of the Council held on Thursday, November 13, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. I. Okamoto (Acting Chairman)

N. F. Allman

J. D. Carriere

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. T. McDonnell

T. S. Powell

R. von der Crone

L. T. Yuan

The Acting Commissioner of Police

The Commissioner of Public Health

The Municipal Advocate

The Acting Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. J. H. Liddell

G. A. Haley

Yulin Hsi

Dr. R. J. McMullen

Mr. Y. Yazima

The Minutes of the meeting held on October 29, 1941, and the
 Special meeting held on November 9, 1941, are confirmed and
 signed by the Acting Chairman.

Visit of the Chairman and Dr. R. J. McMullen to Hong Kong. The
 F30/12 Acting Chairman refers to a telegram received from the Chair-
 man reporting the successful conclusion of the mission on
 which he and Dr. McMullen had proceeded to Hong Kong and
 their return in a few days.

Committee Meetings - Leakage of Information. Prior to presenta-
 R4/27 tion of the minutes of the Health Committee of October 31,

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1941, Mr. Glathe states that at a meeting of a small Committee held on November 12, to hear the complaints of the owner of the Model Dairy, it was obvious that the latter was fully aware of the discussion which had ensued and the decision reached on the subject of the degrading of this dairy at the meeting of the Health Committee. Mr. Glathe enquires whether he is correct in understanding that the documents submitted to and the discussions at and decisions of Committees are confidential until confirmed by the Council, and if so, what steps can be taken to keep such information confidential, which in his opinion is most necessary. The Secretary & Commissioner General replies that Mr. Glathe's understanding is correct and that the only step he can suggest is for the Council to instruct him to draw the attention of all Committee members to the matter with the request that such information be kept confidential and to issue instructions accordingly to the staff. The Secretary & Commissioner General is instructed to take the action proposed.

The Minutes of the meeting of the Health Committee of October 31,
I5/1 1941, are submitted and confirmed.

The Model Dairy - Proposed Degrading. Mr. Carriere states that he was present at the meeting held to hear the complaints of the owner of this dairy referred to by Mr. Glathe, and that he wishes to be recorded that he is not in entire agreement with the recommendation of the Health Committee, and that he is not convinced that the owner has not grounds for complaint regarding the Health Department's treatment of his dairy. Whilst appreciating that technical points may be involved and that the Commissioner of Public Health is desirous of obtaining an immediate decision he would like to investigate the matter further.

The Commissioner of Public Health states that the point at issue is not only technical but also the dirtiness of the dairy animals, a point which had been commented on

unfavourably by two former Chairmen of the Health Committee, one of whom was Brig.General Macnaghten who took a keen interest in dairies. The dairy was operated on what he regarded as Grade "B" standards and it was not honest or fair that the milk should continue to be classed as Grade "A". Referring to the complaint of prejudice against the dairy by his Department made by the owner, the Commissioner of Public Health states that the only prejudice which exists is that the animals are not always clean when milked which results in dirty milk. Mr. Glathe remarks that if the Health Department is unable to obtain maintenance of Grade "A" standards of operation the milk should not be sold as Grade "A". Mr. Allman expresses a similar view.

Mr. Carriere asks how long ago Brig.General Macnaghten was Chairman of the Health Committee, and on the Commissioner of Public Health replying that this was about five years ago, Mr. Carriere observes that as this unsatisfactory condition has existed for five years no harm would be done by allowing a little further time and suggests that the owner be given three months in which to comply with requirements.

Mr. McDonnell states that his understanding is that the Council has not had the machinery to take action in the past, but that now that it has there is no reason for delaying action.

The Health Committee's recommendation is then put to a vote, and with Mr. Carriere dissenting, is confirmed.

The Minutes of the meeting of the Education Board of November 5, 1941, are submitted and confirmed.

The Commissioner of Public Health withdraws.

The Minutes of the meeting of the Watch Committee of November 5, 1941, are submitted.

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Renewal of Private Motor Car Licences. The Acting Chairman draws attention to the Acting Treasurer's report of

November 10, containing suggestions for amendment of the Watch Committee's recommendation on this subject. The Acting Chairman expresses agreement with these suggestions which are approved without discussion. 056

With this exception the Watch Committee minutes are confirmed.

The Minutes of the meeting of the Finance Committee of November 6, 1941, are submitted and confirmed.

The Minutes of the meeting of the Staff Committee of November 10, H5/15 are submitted and confirmed, and the proposals contained in a H5/14 memorandum by the Secretary & Commissioner General dated November 13, 1941, regarding Special Duty and Housing Allowances for the Chinese and Indian Branches of the Police Force, are approved; the increases in staff pay, allowances and exchange adjustment to become effective from November 1, 1941.

H 1/2 Exchange Adjustment on Repatriation Pay of Class "A" Foreign Employees. The Secretary & Commissioner General states as a matter of record that the Acting Treasurer has reported that the estimated cost of the proposal under this heading stated by him at the Staff Committee meeting as \$40,000 a month was made without having the necessary papers available, and that the actual cost is estimated at between \$60,000 and \$70,000 a month.

The Acting Commissioner of Police and the Acting Treasurer withdraw.

Suggested Further Price Control Bye-law. A memorandum by the F30/12 Secretary & Commissioner General dated November 11, 1941, and a proposed new Bye-law are submitted for consideration.

The Secretary & Commissioner General states that although the Rice Committee has asked for a new Bye-law the Committee has not had an opportunity of considering the draft.

Referring to Clause 6(c) Mr. Powell enquires whether it is the intention that the compensation referred to should be paid by the Council as this is not clear. The Secretary & Commissioner General confirms that this is the intention and

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recommends the addition of the words "by the Council" after "compensation" to make the point clear. The Municipal Advocate concurs. The suggested addition is approved.

Mr. Hanawa states that as he only received the agenda late yesterday afternoon he has not had time to study the draft Bye-law carefully. He however expresses apprehension over cases in which importers have sold stocks but have not made delivery for various reasons and cites three cases in which his firm has sold stocks destined for outports but owing to shipping delays is still in possession of the stocks. He foresees trouble in obtaining approval for the proposed Bye-law unless some provision is made for sale contracts entered into prior to action being taken to prevent removal of stocks, and in this connection remarks that most of the outport business in rice is in the hands of Japanese. The Secretary & Commissioner General in reply states that the proposed Bye-law does not commit the Council to taking action, but merely gives the Council the power to do so without the necessity of going back to the Consular Body for further authority. Mr. Powell remarks that the point raised by Mr. Hanawa is only one of the many problems which will require consideration by the Rice Committee and the Council. In view of the importance of the point raised by Mr. Hanawa the Secretary & Commissioner General's suggestion that the question of commitments already entered into by importers be submitted to the Rice Committee tomorrow for consideration is agreed.

Subject to the assurance that contracts already made by importers will be given due consideration and to the amendment suggested by the Secretary & Commissioner General, the proposed Bye-law is agreed for submission to the Consular Body for approval.

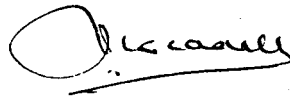
Movement Permits for Sugar. Mr. von der Crone states that the Police F30/12 had reported considerable movements of sugar out of the Settlement and French Concession, and while the situation was not serious, as there were stocks enough to last about 12 months, the Rice Committee considered that it would be advisable to

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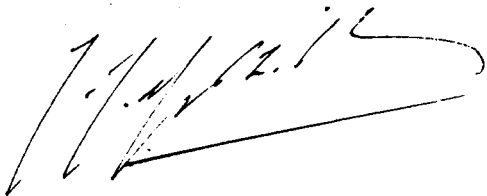
introduce a removal permit system. It was not intended to prevent removal but merely to obtain accurate information as to movements so as to enable action to be taken if necessary to ensure retention of adequate stocks. The Rice Committee also considered that the holders of sugar and wharf and godown companies should be required to register stocks. If this action is approved Mr. von der Crone suggests the inclusion of a rider in the notification which will be issued, to the effect that there is no intention for the time being of preventing removal or seizing stocks. In this connection Mr. Hanawa remarks that the interior is dependent on Shanghai for its sugar.

The Rice Committee's suggestions to require removal of sugar from the Settlement to be covered by permits and to call for registration of stocks of sugar are approved.

The meeting terminates at 5.40 p.m.



Chairman



Secretary & Commissioner General.

At the Special Meeting of the Council held on Wednesday,
November 19, 1941, at 4.30 p.m., there are:-

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Present:

Messrs. J.H. Liddell (Chairman)

I. Okamoto

J.D. Carriere

Theodore C. Chang

A. Glathe

Dr. R. J. McMullen

Messrs. T.S. Powell

R. von der Crone

L.T. Yuan

The Commandant of Volunteers

The Acting Commissioner of Police

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. N.F. Allman

G.A. Haley

Y. Hanawa

Yulin Hsi

Jabin Hsu

R.T. McDonnell

Y. Yazima

The Minutes of the meeting held on November 13 are confirmed
 and signed by the Chairman.

Exchange Allotments for Commodities. The Chairman states
 F30/12 that he intended to submit a memorandum on the results
 of the negotiations conducted by Dr. McMullen and himself
 with the Currency Stabilisation Board in Hong Kong, but
 pressure of work since his return had prevented this and
 he trusts that members will be satisfied with a verbal
 report.

The Chairman expresses the opinion that the most
 important accomplishment had been to convince the Board
 of the impossibility of working on exchange allocated ,

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month by month for a city the size of Shanghai, and as a result the allocations granted were for a period of four months up to the end of February. While they had not succeeded in obtaining all that was required, it was considered that, taking into account the time it would take to get goods here, the grants obtained would prove adequate, and both Dr. McMullen and he felt that it would be easier to obtain revision of the allocations in January or February, if necessary in the light of experience gained in the interim, rather than to hold out for more at the present time. In this connection the Chairman refers to the difficulty of assessing an adequate amount of exchange. The Board had particularly requested that the total amount involved, should not be made public, but no restrictions had been placed on the allocations as regards time of use; the Council could use the whole amounts at one time or distribute them over the four months' period as it wished. The allocation for rice was sufficient to provide for 140,000 tons which should meet all needs. With regard to flour and vegetable oils the allocations while insufficient for full requirements should, in the Chairman's opinion, prove adequate until the end of February, and particularly in the case of vegetable oils in which connection it was not the intention to provide for full requirements but merely for enough to reduce the price which ^{was} unduly high. It had not been the original intention to apply for a direct allocation for coal but just before leaving Shanghai the Kailan Mining Administration and the Hongay Company had made representations and the matter had been taken up with the Board, with the result that while an allocation had been granted, the Council had been saddled with the responsibility of distributing the allocation for the whole of Shanghai including the Power Company's requirements. The adequacy of the allocation would depend upon the freight obtainable and while it was considered that the allocation would be sufficient for the K.M.A. and Indo-China coal available, it probably would not be enough to

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cover imports from other sources. It would therefore be necessary to devise some rationing or other scheme to ensure fair distribution. Finally there was the allocation for the Council's staff requirements which had been granted in full.

Concluding his report the Chairman states that while the Board's request that the total amount of the allocations granted be not made public had been agreed to, he had explained to the Board that it would be necessary for him to inform members of the amounts of the various allocations should they desire this information. He is accordingly prepared to answer any questions members wish to ask in this connection.

There being no questions, Mr. Carriere expresses the opinion that the full thanks and appreciation of the Council and the Community are due to the Chairman and Dr. McMullen for their efforts and the successful conclusion of their negotiations on this vitally important subject. Mr. Okamoto supports this statement to which other members respond with acclamation.

Withdrawal of U.S. Marines. A memorandum by the Secretary & Commissioner General dated November 18, 1941, suggesting that on the withdrawal of the Fourth Regiment, United States Marine Corps, official notice of which has been received by the Council, it should be proposed that the control of "B" and "C" Defence Sectors should revert to the Municipal Police with the Volunteer Corps in reserve, is submitted for consideration.

At the Chairman's request the Secretary & Commissioner General reads a draft of a letter which it is proposed to address to the Secretary of the Defence Committee in the event of the proposal contained in the Secretary & Commissioner General's memorandum being approved.

In reply to the Chairman's request for expression of members' views on the proposal, Mr. Okamoto while stating he can see no objection to the proposal and to the Council taking a decision thereon, queries the necessity for the proposed letter to the Defence Committee. He points out that as the

remaining Defence Forces consist only of the Japanese Forces and a small Italian Force the Japanese Forces may have to take responsibility.

Mr. Powell states that his understanding of the matter is that as the Commandant of Volunteers and the Acting Commissioner of Police are members of the Defence Committee, it is necessary for them as Municipal employees to have the Council's instructions as to the attitude they are to adopt.

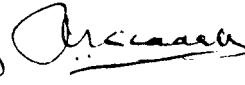
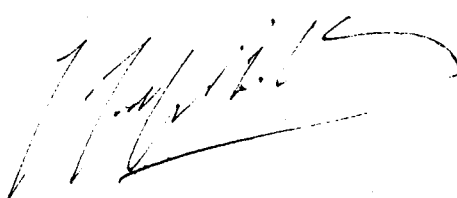
The Chairman agrees that it is necessary for these two members of the Committee to have the Council's instructions and expresses the opinion that it is in order and desirable for the Council to express its views officially in the form of the proposed letter.

Dr. McMullen in reply to Mr. Okamoto's enquiry states that while the authorities will not state when the U.S. Marines will be withdrawn he feels certain that the withdrawal will take place within ten days.

The Commandant states that the sequel to despatch of the proposed letter will be that the Secretary of the Defence Committee will circulate the letter to members of the Committee, and if objections are raised the Chairman of the Committee will call a meeting for discussion of the matter.

It is thereupon unanimously agreed that the proposal contained in the Secretary & Commissioner General's memorandum be approved and that the proposed letter to the Secretary of the Defence Committee be despatched.

The meeting terminates at 4.55 p.m.



Chairman

Secretary & Commissioner General.

At the meeting of Council held on Wednesday, November 26, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

J. D. Carriere

Theodore C. Chang

A. Glathe

Jabin Hsu

Dr. R. J. McMullen

Messrs. T. S. Powell

R. von der Crone

Y. Yazima

L. T. Yuan

The Commissioner of Public Health

The Chief, Industrial & Social Division

The Treasurer

The Acting Deputy Treasurer - Revenue, and

The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman

G. A. Haley

Y. Hanawa

Yulin Hsi

R. T. McDonnell

The Minutes of the Special meeting held on November 19 are confirmed and signed by the Chairman.

Rationing. A memorandum by the Secretary & Commissioner General dated November 20, 1941, covering a report of the same date by the Chief, Industrial & Social Division, is submitted for consideration.

Opening the discussion the Chairman makes the following observations:- that the expenditure involved should not be allowed to deter consideration of the scheme for if such proves to be necessary the Council, in his opinion, would deserve criticism for not having

taken the necessary measures; that a fee might be charged for registration cards which would to some extent offset the expenditure; he agrees with the Secretary & Commissioner General's suggestion with regard to the appointment of a Committee to consider the matter, but considers that extreme care should be taken not to alarm the public; he feels that while it can safely be said that there are sufficient essential commodities on hand or in sight to last until about the end of February, the Council should proceed with the proposed census and make plans for a rationing system. The Chairman finally draws attention to the importance of the Commissioner of Public Health's statement quoted in Miss Hinder's report, that a large proportion of the population purchase cooked food.

Mr. Glathe enquires whether it is known that the authorities of the Western Extra-Settlement Area and the French Concession would be prepared to take similar measures, and the Chairman replies that endeavours would be made to obtain the co-operation of these authorities.

Referring to the important point mentioned in Miss Hinder's report that the scheme would break down if there were collusion between buyers and sellers not to fill in ration cards, Mr. Glathe considers that this is very likely to happen and enquires what penalty could be enforced in such cases. Miss Hinder replies that while many such loopholes would be found in any emergency scheme hastily improvised, these could be provided for if there is time to prepare a well considered scheme.

Dr. McMullen, in reply to the Chairman, states that from his considerable experience of such matters in connection with famine and flood relief measures he shrinks from contemplating the operation of a rationing scheme by the Council owing to the immense difficulties involved. Nevertheless, and quite apart from any **worsening** in the situation in the Pacific generally, he feels that the

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present position in Shanghai, due in part to the difficulty in obtaining shipping space, is sufficiently serious to warrant adoption of the proposed measures, and that the Council would be regarded as remiss in not making preparations.

The Chairman expresses apprehension over the time stated as necessary to take a census, namely three months, and enquires whether this could not be reduced by taking the briefest kind of a census and simplifying identification cards. The Acting Deputy Treasurer - Revenue replies that it would take about 5 weeks to complete the census and Miss Hinder states that another 3 months would be required to analyse the material and obtain the necessary information as to age groups, numbers eating in their houses or out, etc. etc. Miss Hinder adds that every effort to save time would be made by confining the information required to essential basic material. Both Dr. McMullen and Mr. von der Crone agree that it would be of great assistance in obtaining supplies to have accurate information on the number of people to be dealt with and age groups. Dr. McMullen considers that identification cards should be issued on a family basis and not to individuals and with this view Mr. Powell concurs.

Referring to the tremendous difficulties which will be confronted in any scheme of rationing, instances of which he cites, Mr. Yuan states that while he supported the proposal to abandon, on the ground of economy, the quinquennial census due to be taken last year, he agrees that the position has changed and now warrants the expenditure.

Mr. Okamoto agrees that the difficulties will be great but considers that some method to ensure distribution of essentials is necessary. He proposes that the suggested measures be approved in principle and that a Committee and possibly experts be appointed to consider the matter in detail. Members approve this proposal and the Secretary & Commissioner General's suggestion that such Committee should have power to act without further reference to the Council.

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Referring to the Chairman's state^{ment} at the commencement of the discussion that care should be taken not to alarm the public, with which he concurs, Mr. Carriere states that it should be appreciated that the public will immediately realize from the decision to take a census that rationing is contemplated. Mr. Powell agrees and suggests that the publicity issued should emphasize that any measures taken do not necessarily mean a reduction in supplies but their fair distribution. Mr. Carriere then suggests that it be stated outright that the census is a prelude to rationing should such become necessary, with an appeal for the co-operation of the public. Dr. McMullen also considers that whether confidence is engendered or otherwise will depend upon the publicity issued.

Asked by the Chairman for his views as to the composition of the proposed Committee the Secretary & Commissioner General suggests that as most members of Council are now more than fully engaged on a variety of other matters, members of Committees be drawn on, and suggests Mr. Yuan, Mr. H. E. Arnhold and Mr. O. Okamoto.

Mr. Yuan, after expressing doubt as to his qualifications, agrees to serve and it is agreed that the proposed Committee be appointed with power to co-opt other members if considered necessary and to institute a rationing scheme.

Membership. The Chairman reads letters from Mr. Powell and Mr. F5/12Carriere, tendering their resignations as members of Council owing to their departure from Shanghai on leave, and in referring in grateful terms to their services, regretfully proposes acceptance.

Mr. Okamoto supports the Chairman's expression of appreciation of the services rendered by Mr. Powell and Mr. Carriere.

Messrs. Powell and Carriere express their thanks for the sentiments expressed and indicate their intention to return to Shanghai.

November 26, 1941

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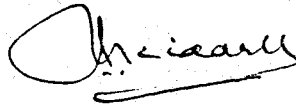
The resignations are reluctantly accepted with expressions of regret by other members.

The Chairman states that the Vice-Chairman has agreed that the many pressing problems facing the Council necessitate early filling of these two vacancies. He therefore proposes that Mr. F. A. Pollock and Mr. C. J. Schaap be invited to fill these vacancies on the Council.

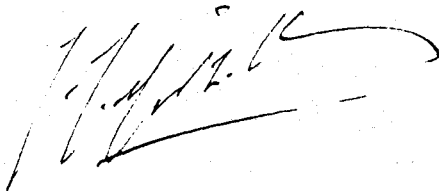
This proposal which is seconded by Mr. Okamoto is unanimously approved.

Control of Rentals. The Chairman reads a memorandum by the
F4/36 Secretary & Commissioner General on the public demand for control of the rentals charged by chief tenants to sub-tenants, payment of key money and kindred subjects and the suggestion that a joint Committee of representatives of the Council and the French Municipal Administration be formed to consider the matter. The Secretary & Commissioner General's suggestion that Mr. Allman, Mr. Glathe and a representative of the Shanghai Property Owners' Association together with the Municipal Advocate be appointed as the Council's representatives on this joint Committee is approved.

The meeting terminates at 5.20 p.m.



Chairman



Secretary & Commissioner General.

At the Special Meeting of the Council held on Wednesday, December 3, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)
 I. Okamoto
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 Dr. R. J. McMullen
 Messrs. F. A. Pollock
 C. J. Schaap
 R. von der Crone
 Y. Yazima
 L. T. Yuan
 The Acting Commissioner of Police
 Miss E. M. Hinder
 The Treasurer, and
 The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman
 G. A. Haley
 Y. Hanawa
 Yulin Hsi
 R. T. McDonnell

Membership. The Chairman welcomes Mr. Pollock and Mr. Schaap on F5/12 taking their seats on the Council and thanks them for their willingness to assist in solving the difficult problems now before the Council.

Flour Stocks. A Secretariat memorandum dated December 1, 1941, is F30/12 submitted.

The Chairman draws attention to the statement in the memorandum that the registration conducted shows that the stocks of flour in the Settlement are about 600,000 bags or sufficient to last approximately two months, about a quarter of which is claimed to have been sold for export. The amount purchased by the Council is quite small by comparison with requirements and this will not arrive until the beginning of January at the earliest. The position is therefore quite acute and he asks

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for members' views on the proposal to refuse to allow the movement of flour intended for export. This proposal is unanimously approved without discussion.

With regard to the second proposal to purchase these stocks the Chairman enquires whether the suggested method of payment i.e. to allow a profit of say 10% on the original C.I.F. value is equitable and provides for all charges at a reasonable profit. Mr. von der Crone replies that the proposed profit of 10% is on the low side and might reasonably be increased to 15% which should give a net profit of at least 10%. He considers it desirable to avoid the risk of causing undue hardship.

The Chairman observes that there is also the question of financing these purchases but that he assumes that the Council's bankers will be prepared to finance such purchases of flour stocks on the same basis as the importation of flour and other commodities. Mr. von der Crone agrees.

With regard to the Chairman's enquiry as to whether it would not be preferable to fix a purchase price per bag rather than allow a percentage profit on the C.I.F. value, Mr. von der Crone after some thought agrees with the Chairman's suggestion and suggests that the price per bag to be offered be left to the Price Control Committee to fix. Mr. von der Crone adds that it will be necessary to err a little on the high side in fixing prices in order to avoid undue hardship. Dr. McMullen explains that the basis referred to in the memorandum was proposed in order to avoid criticisms which had appeared in the press on the method adopted in purchasing rice stocks. He agrees that the basis proposed by the Chairman would be a simpler method. Mr. Ho, Deputy Secretary, also agrees that a fixed price per bag would be a more suitable basis as flour stocks have changed hands so many times that it may be extremely difficult to ascertain the original C.I.F. value.

Replying to Mr. Schaap's enquiry as to whether holders are under an obligation to sell, the Chairman replies in the negative and states that what is suggested is merely the

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Council's offer to purchase.

It is unanimously agreed that the Council should offer to purchase existing stocks of flour in the International Settlement intended for export at fixed prices per bag to be determined by the Price Control Committee.

Beggar Camp. A memorandum by the Secretary & Commissioner
KS/1 General dated November 30, 1941, and a report by Superintendent W. H. Widdowson, S.M.P., dated November 29, 1941, are submitted.

Opening the discussion the Chairman compliments Superintendent Widdowson, who is in attendance, on his extremely lucid report and continues that he feels that the Ratepayers and the public generally would greatly regret withdrawal of support from the camp and the consequent placing of these destitutes back on the streets very probably to die. While it will cost a considerable sum to continue this camp, he feels that it should be done. Members concur and it is agreed that the Council should accept financial responsibility during the coming Winter for maintaining the beggar camp operated by the Salvation Army.

With regard to the second question in the Secretary & Commissioner General's memorandum as to whether the camp should be operated to full capacity or about one third capacity as at present, the Chairman considers that as no one is put into the camp unless it is necessary the same argument as regards continuation of the camp applies, and he considers that the camp should be operated to full capacity. Mr. Yuan supports this view.

The Treasurer suggests that if the Council considers that the camp should be operated to full capacity an endeavour should be made to persuade the Rotary Club to sponsor a public appeal for contributions. He also suggests that confiscated rice and flour should be sent to the camp with a view to reduction of expenses. With

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regard to the latter suggestion, Mr. von der Crone states that the Committee's idea is that the money obtained from the sale of confiscated rice and flour should be placed in a special fund to be made available for the Salvation Army's night food buses and other projects for distribution of food to the poor. In connection with the Treasurer's first suggestion, the Chairman observes that the beggar camp project was originally sponsored by the Rotary Club but that the matter has now been left in the Council's hands.

The Secretary & Commissioner General states that in his numerous circulars to the Council on this subject reference has been made to the view expressed by the Chairman. He states, however, that as a result of numerous interviews with members of the Rotary Club it is now clear to him that the Committee's intention was merely to start the project and leave it to others to continue. He is convinced that the view held up to now that the Council has been left to carry the burden is due to a genuine misunderstanding between Mr. G. E. Mitchell, a former member of Council, who negotiated the matter, and the Rotary Club. With regard to the Treasurer's suggestion that the Club should sponsor an appeal he states that this is contrary to the policy of the Club and that the efforts made to persuade the Club to do so had failed. The position now is that the camp must be either disbanded or maintained by the Council. Mr. Boissevain is also endeavouring to obtain a contribution from the French Municipal Administration and he suggests that this matter be left in Mr. Boissevain's hands. With regard to the suggestion made by the Chairman that the Salvation Army might sponsor an appeal for funds, the Secretary & Commissioner General replies that the Salvation Army feel that such an appeal would prejudice public support for the Army's general funds. Superintendent Widdowson states that the Salvation Army is still receiving contributions from time to time for the beggar camp and confirms the Secretary & Commissioner General's

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statement. The Secretary & Commissioner General concurs with the Chairman's further suggestion that in giving publicity to this matter the Council may make an appeal for contributions to the Salvation Army for this specific purpose, which suggestion is agreed by members, as is Mr. Glathe's suggestion that the Chambers of Commerce be asked to support such an appeal.

In connection with the further questions in the Secretary & Commissioner General's memorandum as to whether the Council will accept responsibility for repatriating persons from the camp, and if so, whether a whole or part of the funds in the hands of what he has called the "Repatriation Committee" should be used for this purpose, Mr. Yuan, while agreeing that beggars should be repatriated where possible and not allowed to go back on the streets, suggests that the funds in question be ear-marked either for both the repatriation of beggars and the repatriation of refugees by the Shanghai Refugee Relief Association or equally divided between the camp and the Association. In this connection Mr. Yuan points out that there was close connection between the original "Repatriation Committee" and the S.R.R.A. and that the latter still has some 10,000 refugees on its hands of which it is hoped to be able to repatriate three or four thousand.

The Secretary & Commissioner General remarks that the drawback to Mr. Yuan's first suggestion is that the camp authorities would never know what funds would be available for repatriation and therefore the second suggestion would appear to be preferable. The Chairman suggests that one half of the funds be allocated to the beggar camp and that when these are exhausted consideration be given to the disposal of the balance.

In view of the rationing scheme now being considered Miss Hinder strongly suggests that the beggar camp be used as far as possible for repatriation and that every effort be made to pass all destitutes on the streets through the camp

and repatriate them.

In reply to the Chairman's enquiry as to the cost of repatriation and where these people are sent, Superintendent Widdowson states that repatriation of beggars had been started but that not more than approximately 5% had been sent away. There remained in the camp a number of maimed, blind and sick beggars and a number who had no homes and it had not been possible to repatriate these. The most effective method which had been devised had been to place them on an express train for Nanking. Only express trains were used to ensure that the persons concerned did not disembark at intermediate stations and return to Shanghai. They were provided with a regulated suit of clothes, \$1. or \$2. in cash and their tickets were handed to them as the train moved out. Some of them had been repatriated in ships and a few sent as far away as Tientsin. It was extremely difficult to state the cost of repatriation which would possibly amount to \$10. a head, a considerable portion of which represented cost of the necessary pass. Superintendent Widdowson concludes that the previous object of the camp was merely to take objectionable beggars off the streets, but the idea now is to take all destitutes and those suffering from malnutrition and to feed, clothe and repatriate them.

After further brief discussion Mr. Yuan's suggestion that half the funds in the hands of the "Repatriation Committee" be allocated to the Beggar Camp and half to the Shanghai Refugee Relief Association as and when required for repatriation purposes, is unanimously agreed.

The meeting terminates at 5.10 p.m.



Chairman.

Secretary & Commissioner General.

At the Special Meeting of the Council held on Monday, December 8, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

Theodore C. Chang

A. Glathe

Jabin Hsu

Dr. R. J. McMullen

Messrs. F. A. Pollock

C. J. Schaap

R. von der Crone

Y. Yazima

L. T. Yuan

The Acting Commissioner of Police

The Chief, Industrial & Social Division, and

The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman

G. A. Haley

Y. Hanawa

Yulin Hsi

R. T. McDonnell

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The Chairman states that he wishes to inform members of what has happened to-day from the Council's point of view. Early this morning the Japanese Consul General called on a few members consisting of the Vice-Chairman, Dr. McMullen and himself and the Secretary & Commissioner General in this building. The Japanese Consul-General handed to him a letter dated December 8 the contents of which he reads as follows:-

"I have the honour to inform you, at the request of the Commanders-in-Chief, of the Japanese Army and Navy in the Shanghai area, the following:

In view of the state of war which has now arisen between Japan on one hand and the United States of America and the British Empire on the other, the Japanese Military detachments shall henceforth be

sent in the International Settlement to meet the military requirements in the area. While taking the above steps, the Japanese Military Authorities will minimize their activities in the Settlement to the sheer military necessities in cognizance of the ever greater responsibility now resting on the Shanghai Municipal Council in preserving the welfare of the general public. It is assured that the Japanese Authorities will not begrudge the helps required by the Shanghai Municipal Council as far as possible. It is therefore requested that the Shanghai Municipal Council will carry on its normal function for the welfare of the Settlement."

He put a few questions to the Japanese Consul-General and ascertained that the Japanese Authorities wish the staffs of the Council and the Public Utility Companies to continue their normal functions. He also requested that the banks declare a moratorium for three days. The Chairman states that he requested that the bank moratorium should be as short as possible as it was necessary for Chinese as well as foreigners to draw money for food and other necessities. There had been a further meeting at noon, at which Mr. H. C. Hopkins, Chairman of the Foreign Exchange Bankers' Association was present, the result of which it is not possible to disclose at the moment. The Chairman, however, expressed the hope that it will be possible for the banks to open at the earliest opportunity. In the meantime it is necessary to reply to the Japanese Consul-General's letter and he suggests that the Council should agree to function as long as it was possible to do so. The Chairman feels that this is the right course to adopt under the circumstances. He continues that he may find that his duty to the Council conflicts with his duty as a British subject and that while he sincerely hopes that such a conflict may not arise, he will inform the Council immediately if it does. He assures members that they may rely upon him to serve the Council to the best of his ability for as long as it is possible to do so. He suggests that he and the Secretary & Commissioner General should draft a reply to the Japanese Consul-General along the lines that full co-operation will be accorded by the Council.

Mr. Okamoto states that he has little to add to the Japanese Consul-General's letter beyond emphasizing that the Japanese authorities are very anxious to obtain the Council's co-operation and that they will do everything possible to avoid trouble and to ensure the smooth running of the Settlement. It is not intended by the authorities to place restrictions on the transportation of necessities and while there may be some restrictions and examination at the barriers on the Settlement boundary on routes leading to the French Concession and other areas, these will not be any more severe than may be necessary. He asks members to let him know if the Japanese Naval or Military Authorities prove too energetic in the exercise of their duties.

As the only American Councillor present Dr. McMullen assures members that he will wholeheartedly give every assistance as long as it is possible for him to do so and until his Government orders otherwise. He hopes that the Japanese authorities will make it possible for him to give his assistance as long as possible for the good of the whole community.

Mr. Jabin Hsu states that it is most gratifying to hear these assurances from the Chairman, the Vice-Chairman and Dr. McMullen, and particularly gratifying to hear the assurances given by the Japanese Authorities through the Vice-Chairman. He is confident that he is voicing the sentiments of Chinese members in expressing extreme satisfaction at the request expressed in the official letter from the Japanese Consul-General that the staffs of the Council and the Public Utility Companies should continue their normal functions. As a member of the Central Reserve Bank he is especially interested in the Chairman's remarks on the banking moratorium and expresses the view that a moratorium for three days is too long. He continues that he has just left a meeting during which it had been decided that his bank should assure all commercial banks, including the Chungking banks, of its full support and he expresses the hope that the Chinese banks will accept this assurance and resume their normal

functions as soon as possible. He concludes that the public is naturally most anxious over the situation and considers that this meeting is most timely in order to allay suspicions and remove misunderstandings.

Reply to the Japanese Consul-General's letter on the lines suggested by the Chairman is approved.

Replying to Mr. Yuan's suggestion that publicity on the Council's activities is most essential the Chairman states that the question of publicity at the moment is a difficult one as all foreign papers have ceased publication and he is not aware of the position as regards Chinese newspapers. The matter is to be discussed with Mr. Teraoka, Deputy Secretary, at the conclusion of this meeting and it is possible that the Council may be able to arrange for radio publicity and possibly the issue of a handbill giving the results of the meeting. The Secretary & Commissioner General states that the question of publicity had been mentioned to the Japanese Consul-General at a meeting at noon and it had been suggested that the Council be given a list of the Radio Stations which will be permitted to function so that the public may be informed of which stations and at what times Council publicity may be expected. Mr. Teraoka states that Radio Station X.M.H.A. will continue to function. Mr. Yuan emphasizes the importance of stressing in any publicity issued the fact that the Council is co-operating with the Japanese Authorities.

Mr. Yuan also refers to the necessity of stationing police at markets in order to maintain the supply of food-stuffs at reasonable prices and the Acting Commissioner of Police states that this is being attended to.

The Acting Commissioner of Police enquires as to members' views regarding the institution of curfew at an earlier hour, adding that the French Authorities had suggested to him the advisability of imposing curfew at 10 p.m. Mr. Okamoto states that the Japanese authorities do not desire any extraordinary steps to be taken, but wish everything to remain normal. The Chairman accordingly suggests

December 8, 1941

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that consideration of the question of curfew be deferred for a day or so. The Acting Commissioner of Police agrees that the matter is not urgent, adding that there will probably be a self-imposed curfew tonight. Members agree.

Replying to Mr. Yazima's enquiry as to whether he had anything to report on the maintenance of law and order, the Acting Commissioner of Police states that every possible precaution has been taken and that while there was some uneasiness when the Japanese troops commenced entering the area South of the Creek, this soon subsided and there had been no incidents reported up to the time he left his office to attend the meeting.

Mr. Glathe suggests the issue of a proclamation on the present situation to which the Chairman refers to his previous remarks on the difficulties of issuing publicity at the moment and states that all possible avenues of informing the public as to the Council's activities will be explored.

Referring to the banking moratorium Mr. Schaap enquires whether any information can be given as to the time this is likely to continue. The Chairman replies that it is fully appreciated that the functioning of the banks as early as possible for the ordinary purposes of living is a first necessity and that it was emphasized by the Chairman of the Foreign Exchange Bankers' Association at the conference held with the Japanese Consul-General at noon that some form of clearance as soon as possible was of utmost importance.

Mr. Glathe enquires whether there is any objection to members disclosing the results of this meeting, to which the Chairman replies that there is not only no objection but that this is to the advantage of all.

Replying to Mr. Jabin Hsu's enquiry as to the status of the Hongkong & Shanghai Bank the Chairman states that so far as he is aware the status of this bank is no different from that of any other American or British bank.

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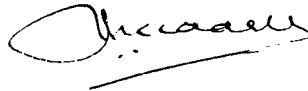
Mr. Pollock observes that the Shanghai & Hongkew Wharf godowns have been sealed and enquires whether arrangements can be made for the release of rice and flour stored therein. Mr. Teraoka replies that arrangements are being made for the release of these commodities. The Chairman states that the Japanese Consul-General had informed him that guards had been placed over certain godowns and the Public Utility Companies' plants but that these were merely precautionary measures and in this connection mentions that while it was extremely difficult to proceed along the Bund earlier in the day he noticed that restrictions had been lifted very considerably just before the meeting.

Mr. Pollock then enquires whether an office has been set up for the issue of passes. Mr. Teraoka replies that too many people had applied for passes and that it had not been possible to issue them to everyone. It was the original intention of the Japanese authorities that no passes would be necessary to move to and from the Settlement, the French Concession and the Western Extra-Settlement Area, but apparently some change had been made at the last moment and persons without passes had been turned back at the Settlement barriers. He had, accordingly, dispatched an assistant to the Japanese Consulate-General in an attempt to make arrangements for passage through the barriers without passes since the necessary number of passes required could not be issued immediately. He is not yet aware of the result of these negotiations, but had in the meantime made arrangements for the stationing of Japanese Municipal Police at the barriers in order to facilitate passage. He feels confident that persons without passes could get through by producing cards and indicating that they wish to proceed to their home. The Acting Commissioner of Police confirms that Japanese Police have been stationed at the barriers.

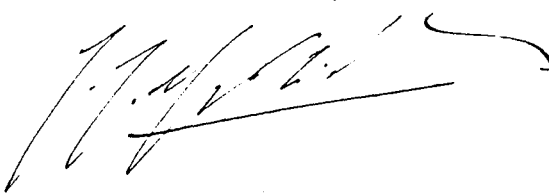
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The Acting Commissioner of Police reports that in response to his request to be informed of the number of Japanese troops in the Settlement, Col. Hayashi had given him the number and the points at which these forces were stationed.

The meeting terminates at 5.25 p.m.



Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, December 10, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

Theodore C. Chang

A. Glathe

Jabin Hsu

Dr. R. J. McMullen

Messrs. F. A. Pollock

G. J. Schaap

R. von der Grone

Y. Yazima

L. T. Yuan

The Chief, Industrial & Social Division

The Commissioner of Public Works

The Treasurer, and

The Secretary & Commissioner General.

Absent:

Messrs. N. F. Allman

G. A. Haley

Y. Hanawa

Yulin Hsi

R. T. McDonnell

The Minutes of the meeting held on November 26 and the Special Meeting held on December 3 are confirmed and signed by the Chairman.

F35/3

Confirmation of the Minutes of the Special Meeting held on December 8 which have not been circulated to members is deferred.

The Minutes of the meeting of the Education Board held on December 1 are submitted.

A16/1

Medical Treatment of Primary School Children. Dr. McMullen states that as Chairman of the Board he attempted to discourage the passing of this recommendation as he feels that while the amount involved is small the recommendation

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opens the door for considerable expenditure. While he is in favour of allocating as much money as possible for the extension of clinical services he considers that hospitalisation and payment of operation expenses for pupils which so far as he is aware is not carried out elsewhere in China or other countries is not advisable. Members of the Board however with the exception of himself were unanimous in passing this recommendation.

The Chairman suggests that since members of the Board are so strongly in favour of this recommendation that the matter be regarded as an experimental measure only and that Dr. McMullen's remarks be recorded. Members agree.

A23/6

Proposed Amalgamation of Public & Thomas Hanbury, and Western District Public Schools. Mr. Jabin Hsu enquires whether it is not possible to simplify the name for the combined school, to which Dr. McMullen replies that while the proposed name is complicated it is necessary to retain the name Thomas Hanbury under the Trust Deed and it is felt that as this name must be retained the names of the other two schools should also be retained. It is however proposed to encourage the use of the terms Junior School and Senior School.

The Minutes are then confirmed.

The Minutes of the meeting of the Works Committee held on L 1/14 December 2 are submitted.

Sale of Surplus Land. The Secretary & Commissioner General states that in view of developments since the Committee passed its recommendation, the Commissioner of Public Works suggests that the present is not a suitable time to obtain offers for the sale of land and it is suggested that this recommendation be deferred. Members agree.

Subject to this amendment the Minutes are confirmed.

The Minutes of the meeting of the Health Committee held on December 4 are submitted and confirmed.

The Minutes of the meeting of the Finance-Committee held on 029
 B4/10 December 5 are submitted and confirmed subject to the substitution of Dr. Korff for Mr. Gađow on the Sub-Committee to consider claims for exemption from payment of Special Rate on Business Premises.

Transport Board.

F35/10 (a) Formation. Mr. von der Crone states that the Price Control Committee feels that the formation of a Transport Board is necessary in order to provide transportation for necessities such as rice, flour, coal, etc., and to conserve gasoline stocks. It was also considered necessary to prepare for transportation by man-propelled vehicles. A Committee had accordingly been formed consisting of Messrs. W. J. Hawkings, E. Brook, E.C. Baker, Deputy Commissioner of Police, N. W. B. Clarke, Deputy Commissioner of Public Works, T. Beesley, a Chinese familiar with the hand-cart trade and himself. Notifications have been issued prohibiting the transportation of goods without permit and requiring the registrations of gasoline stocks held by transportation Companies. It is felt today that stocks of gasoline held by other than transportation companies should be registered as well as stocks of fuel oil. The Japanese Authorities also require information regarding the requirements of essential services such as the Police, Fire Brigade, Ambulances, Public Utility Companies, etc. Mr. von der Crone accordingly asks for the Council's approval of the action taken.

Mr. Glathe enquires whether the registration is to cover the Western Extra-Settlement Area, to which Mr. von der Crone replies that these were only intended to apply to the Settlement. Mr. Glathe then observes that possibly large stocks of gasoline and oil will remain unregistered. The Chairman states that before any registration can be applied to other areas the approval of these authorities must be obtained and suggests that the Mayor's approval be sought for the extension of these regulations to the Western Extra-Settlement Area including the Hungjao Area.

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The Chairman's suggestion and the formation of the Transport Board are approved.

(b) Bus and Tram Services and Cinema etc. Performances.

G 3/16
I 3/10

Mr. von der Crone states that it is proposed that Bus and Tram services should cease at 9 p.m. and that cinemas, etc., should close at 8 p.m., the idea being to conserve fuel, particularly Diesel Oil for buses which is running short. The Chairman enquires whether the proposals are sufficiently drastic, to which Mr. von der Crone replies that they are a first step.

Mr. Okamoto doubts whether it is necessary to take this step in connection with trams in view of the negotiations now being conducted with the Japanese Authorities in connection with the supply of coal for the Power Company.

The Chairman enquires whether information is available as to the amount of fuel which will be saved by the proposed measures and, on Mr. von der Crone replying in the negative, suggests that the matter be deferred until this information is available.

Mr. Teraoka, Deputy Secretary, states that any measures taken to reduce fuel consumption would be much appreciated by the Japanese Authorities and that any reduction in services however slight must save some fuel.

The Secretary & Commissioner General states that the Power Company is submitting proposals for further restrictions on electricity supply and that it would possibly be better to defer consideration of restriction of tram services until these proposals are received.

In reply to the Chairman, Mr. Allan, Deputy Secretary, states that the Bus Company stock of Diesel Oil is sufficient for about one week and Dr. McMullen states that the Power Company and the Gas Company have sufficient stocks of coal to last about two months, and about ten weeks respectively.

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It is thereupon decided to cease the operation of buses at 9 p.m. and to defer consideration of the restriction of tram services for two or three days.

With regard to closing hours of places of public entertainment it is decided that restrictions are unnecessary but that these places be asked to close as early as possible.

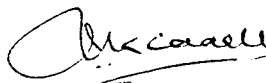
Suggested Flour Proclamation. Dr. McMullen draws attention to
F35/6 the intention to confiscate, without payment of compensation, any flour found being moved in contravention of the Proclamation and unregistered stocks, which is an innovation.

Mr. von der Crone states that the Rice Committee desires the same conditions to apply to confiscation of rice stocks.

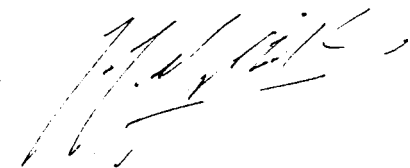
The proposed Flour Proclamation and the confiscation of unregistered stocks of flour and rice and the movement of such stocks in contravention of regulations, without payment of compensation, are approved.

Meetings. It is agreed that regular meetings of the Council be
F5/18 held every Wednesday.

The meeting terminates at 5.30 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, December 17, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

I. Okamoto

Theodore C. Chang

A. Glathe

Jabin Hsu

Dr. R. J. McMullen

Messrs. F. A. Pollock

C. J. Schaap

R. von der Crone

Y. Yazima

L. T. Yuan

The Acting Commissioner of Police and
 Mr. W. Duncan, Assistant Commissioner
 of Police.

The Commissioner of Public Works, and
 Mr. N. W. B. Clarke, Deputy Commissioner
 of Public Works

The Treasurer

The Acting Deputy Treasurer - Revenue

The Chief, Industrial & Social Division

The Secretary & Commissioner General, and
 the 3 Deputy Secretaries.

Absent:

Messrs. N. F. Allman

G. A. Haley

Yulin Hsi

R. T. McDonnell

Membership. The Chairman reads a letter from the Vice-Chairman,
 F 5/12

Mr. I. Okamoto, tendering his resignation from the Council
 on his departure from Shanghai and recommending Mr. K. Okazaki
 as his successor on the Council.

Mr. Okamoto expresses his great regret at having to leave
 Shanghai, particularly under present circumstances. In referring
 to the emphasis placed by him prior to the outbreak of war in the

Pacific on the necessity for co-operation between Japanese and other interests on the Council, Mr. Okamoto expresses regret that his knowledge of Council affairs has not been sufficiently wide to enable him to carry out his duties as a Councillor to the extent which he desired. While extremely sorry to leave the Council he states that he is glad to be able to leave with the very pleasant impressions he has of the co-operation of Members and the Council's staff. While stating that conditions may become even more difficult in the future, Mr. Okamoto expresses the hope that the Council will continue to meet the difficult problems facing it with success.

In reply, the Chairman states that Mr. Okamoto belittles his efforts as a member of Council which have been extremely valuable and all members will be very sorry to see him go. The Chairman feels that members are losing a very good friend and one the Council can ill-afford to lose in these times. He is glad that Mr. Okamoto will be leaving with pleasant impressions of the time he has been a member and wishes him every success in his new field of duties. The Chairman concludes his remarks by thanking Mr. Okamoto for the courtesy and assistance extended to him since he has been Chairman of Council.

Mr. Okamoto then takes leave of his colleagues and the staff present, and withdraws.

On the Chairman's proposal, seconded by Dr. McMullen, it is unanimously agreed to invite Mr. K. Okazaki to fill the vacancy on the Council created by the resignation of Mr. Okamoto. The Minutes of the Special meeting held on December 8 and the regular meeting held on December 10 are confirmed and signed by the Chairman.

Emergency Committee Organisation and Membership. A memorandum by the Secretary & Commissioner General dated December 16, 1941, is submitted and verbal reports of the various Emergency Committee activities are made as follows:-

Food Supplies Committee - Mr. R. von der Crone. It is regretted that the situation in regard to the distribution of Rice and Flour is very serious. This is due to the sealing of the godowns

in which these commodities are stored and with one or two exceptions efforts to have these godowns opened have so far not been successful. It has however been promised by the Japanese Authorities that godowns will be opened today. A few bags of rice were moved late this afternoon from certain previously sealed godowns.

Rice. In order to simplify retail sales, the quantity to be sold to any one person has been increased from 2 shuns to 3 shuns (equal to 5.28 lbs.). At the same time the price has been fixed for this quantity at \$4.00 which is equal to about \$133.- per zar. This means an increase of a little over 2% which will go towards paying the expenses of the Council's Price Control Office.

In order to prevent hoarding, retail sales to children below the age of 14 have been prohibited.

With a view to controlling all Rice in the International Settlement, a proclamation has been issued to the effect that storage companies have to deliver Rice stored in their godowns upon demand against delivery orders issued by the Council. Payment will be made to the owners at \$158.95 per 224 lbs. for sound rice equal to the Council's rice. A letter has been written to all godowns in which more than 200 bags of rice are stored advising them that the Council will issue delivery orders to them.

The Rice Permit Office has been opened again to issue Removal Permits to offices, factories, hospitals, schools, charitable organizations, etc. owning rice. Such permits are however only issued for limited quantities.

In order to produce revenue to cover truckage expenses for the Council's Price Control Office, the Movement Permit fee for Rice has been increased from \$0.20 to \$1.00.

A memorandum is being submitted to the Japanese Authorities regarding Rice and supplies which will be required by the Foreign Areas.

To encourage entry no movement permits are required for native rice.

Flour. The limited quantity for retail sale to any one person has been increased from 1.1 lb. to 5.5 lbs. as the former quantity was not sufficient for requirements especially for the Northern

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people who prefer flour to rice.

Bread. After careful study the price for bread has been fixed, based on a flour price of \$40. per bag of 49 lbs. This compares with the wholesale prices fixed by the Council a week ago of \$36.- and \$38.- and retail prices of \$38.- and \$40.-. The Bread prices fixed should give the bakers a profit of about 15%. Certain bakers appear unwilling to sell at these prices and a meeting with them has been arranged for tomorrow.

The question is being studied of prohibiting the baking of cakes, rolls and any luxury breads in order to conserve the stocks of flour and ^{it is} hoped to give a full report by next Wednesday.

Lard and Vegetable Oils. The sale by retail to any one F35/13 person has been limited to one catty, which equals 1.1 lbs. The Sub-Committee handling oils will start functioning during the next few days and the question of the best method of distribution will be taken in hand as soon as possible.

Sugar. A Notification calling for registration of sugar F35/18 stocks will go out in a day or two, and Movement Permits for sugar will be introduced at the same time.

Office space. Efforts are being made to find office F35/4 space for the various sections of the Council's Supply and Price Control Offices in one building. It is hoped that with the help of the Japanese Councillors a building for this purpose can be obtained.

Coal Control Committee - Dr. R. J. McMullen. This Committee F35/8 is making a survey to ascertain stocks and has called for the registration of stocks. It is hoped by the end of the week to have a fairly accurate picture of stocks and the Committee is also making a survey of requirements based on consumption of the past month. It is evident however that the situation as regards coal is extremely serious and that relief can only be expected on obtaining the following assurances:-

- (1) The release at the earliest possible moment of stocks at present sealed

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- (2) The Japanese Authorities to be prepared to release stocks held in Pootung

In this connection Dr. McMullen states that representations are receiving sympathetic consideration and the Japanese Authorities are awaiting completion of the survey referred to above.

- (3) Further shipments to Shanghai.

Dr. McMullen states that unless these assurances are forthcoming it may be necessary to prohibit the use of coal for purposes other than cooking.

In reply to the Chairman, Dr. McMullen states that no action is being taken at the present time except to discourage the use of coal. The Committee however feel that it is unfair to prohibit the use of coal for industry while electricity continues to be supplied for industry, In this connection the Secretary & Commissioner General states that members should know that the Power Company feels that it should continue to supply power for industry as long as possible even if coal is not available direct for this purpose.

F35/4 Package Goods and Enforcement of Regulations Committee. A memorandum by the Secretary & Commissioner General dated December 17, 1941, on the proposal to enforce regulations by means of Police fines is submitted.

In reply to the Chairman Mr. von der Crone states that he has nothing to add to the remarks contained in the Secretary & Commissioner General's memorandum except to state that it is necessary to take prompt action in devising some form of punishment for breaches of Council regulations until such time as the Courts re-open.

The Chairman suggests that in the circumstances there would appear to be no other way to enforce the regulations except by a system of fines, and suggests that if this is agreed to the Municipal Advocate be added to the Committee.

Mr. Chang expresses the view that the Chinese Court will re-open shortly and does not favour the taking of direct action by the Council as proposed. He feels that such action

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will lead to malpractices by the Chinese police.

Miss Hinder explains that the procedure as regards the proposed fines would be the same as that adopted in connection with the closure of shops for breaches of regulations, viz. that charges, which must be supported by documentary evidence, are investigated and the offender is given an opportunity of explaining the offence. If it is then decided that punishment should be inflicted the offender would be informed by letter of the fine imposed and the reason therefor.

In referring with appreciation to the efforts and work of the Price Control Committee the results of which are also very greatly appreciated by the public, Mr. Yuan submits that the proposal to institute a system of fining is a very delicate subject and one which would impose very heavy responsibility on the Enforcement Committee which it is doubtful whether the Committee has time to deal with adequately. He suggests that such a proposal should not be agreed to without very thorough consideration. Mr. von der Crone replies that the matter has been given very thorough consideration and that the Enforcement Committee is prepared to take the responsibility involved, because there is no other action possible at the present time and prompt steps are necessary.

Mr. Jabin Hsu endorses the views expressed by his two Chinese colleagues and states that he does not see how a fine will prove any greater deterrent to breaches of regulations than confiscation. He continues that the keepers of small rice and other food shops are not a very intelligent class and could easily be abused by the Police. He feels that a grave principle is involved in such a departure from the provisions of the Land Regulations and asks for an explanation of the position under the Land Regulations. The Secretary & Commissioner General replies that there is no authority under the Land Regulations for such a measure which would be taken purely as a temporary emergency expedient.

The Chairman states that the difficulties and objections to such a proposal are fully appreciated and asks

what other alternatives can be suggested.

Mr. Ho, Deputy Secretary, states that there would appear to be 3 means of enforcing the Council's regulations:-

- (1) Cancellation of Licences where these exist
- (2) Confiscation of stocks which he suggests should be in accordance with the gravity of the offence, and
- (3) Publication of a black-list of offenders.

Mr. Yazima suggests that confiscation of stocks is preferable to fining.

The Secretary & Commissioner General states that there are only two ways to enforce the Regulations effectively viz. by fining or by confiscation of stocks. He refers to the pressure of work on the staff at the moment and states that any method adopted must be a simple one. He feels that there will be no time for drawing up scales under which confiscation would be carried out and that an offence in respect of a particular article should result in confiscation of all the stocks of that article held by the offender.

Dr. McMullen holds a contrary view and considers that confiscation should be in accordance with the gravity of the offence, otherwise hardship will result in that the holder of large stocks of a particular commodity might be punished to a far greater extent for a minor offence, than the holder of small stocks of the same commodity for a much graver offence.

Mr. Glathe expresses the opinion that this is far too important a matter to be decided quickly and suggests that decision be postponed for a day or two in order to enable members to give thought to the matter.

Mr. Pollock suggests that offenders be given the option of confiscation of stocks or payment of a fine.

The Chairman suggests that decision be deferred to a Special Meeting of the Council to be called shortly and in the meantime asks Chinese members to consider and discuss the matter with a view to arriving at an equitable solution. This suggestion is agreed and the Secretary & Commissioner General states that an attempt will be made to draw up a scale of fines

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and confiscation varying with the gravity of offences.

F35/10 Transport Control Committee. Mr. von der Crone reports that this Committee is engaged in registration of trucks, registration of stocks of gasoline, fuel oil, motor oils and greases - granting of transport permits for trucks for essential commodities and perishable goods only - taking over by the Council for essential services of gasoline stocks held by firms and/or individuals obviously in excess of requirements - confiscation of a small quantity of unregistered gasoline & taking over of gasoline from pumps - registration of hand-carts and other man-propelled vehicles.

Mr. N. W. B. Clarke, Deputy Commissioner of Public Works, adds that the Committee is also engaged in organising a pool of trucks and a pool of hand-carts. He states that the yield from the registration of gasoline has been disappointing. About 12 tons of Diesel Oil has been collected today which would keep the buses running about one week and it is hoped to get more of this oil.

The Secretary & Commissioner General reads communications to and from the French Municipal Administration on the proposal submitted by that authority for the prohibition of the use of private motor-cars for other than essential services. He adds that this matter has become urgent owing to a telephone communication just received from the French Police that it is the wish of that authority to enforce this prohibition at the earliest possible moment.

The Chairman observes that this is a somewhat extraordinary way for the matter to be put forward, but as it is submitted as being so urgent he assumes that the proposal must have the support of the Japanese Authorities. Mr. Glathe observes that as stocks of gasoline are so limited the use of private motor cars must cease sometime soon in any case. While agreeing with Mr. Glathe, the Chairman states that he had hoped that private motor car owners would be able to retain small stocks so as to enable them to use their cars in case of sickness or other extreme emergencies.

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Mr. Teraoka states that he has made representations to the Japanese Authorities regarding the necessity for the supplies of gasoline for essential services such as Police, Fire Brigade, Ambulances, Garbage Removal, etc., but that it would appear that the only stocks which will be available to the Council are those now in the area South of the Soochow Creek. As he understands from Mr. Clarke that these stocks amount to only 30,000 gallons and that it would appear necessary to take immediate steps to conserve these stocks as far as possible.

Mr. Yazima states that he understands that similar measures will be applied to Japanese nationals North of the Creek.

On ascertaining from Mr. von der Crone that the estimated monthly consumption for essential services is about 50,000 gallons which must be drastically reduced, Dr. McMullen agrees that the elimination of private motor cars is necessary and that drastic restrictions may assist Mr. Teraoka in his negotiations with the Japanese Authorities.

It is thereupon agreed that the prohibition of the use of private motor cars except for essential purposes be enforced in accordance with the proposals submitted by the French Municipal Administration.

F35/11 Medical Supplies Committee. Mr. Glothe states that while a full report on the Committee's activities is not available, two meetings have been held and Notifications have been issued calling for the registration of certain drugs and prohibiting their movement. A committee consisting of three Japanese, two Germans and one Briton has been formed to control the price of medical supplies.

F35/13 & 14 Oils and Fats Committee and Fodder Milk and Dairy Produce Committee. Members are informed that the first meetings of these Committees will be held tomorrow.

Rationing. A memorandum by the Secretary & Commissioner General dated F35/17 December 16, 1941 and a report by the Commissioner of Public Works of the same date are submitted.

The Chairman states that the position today is very different from that existing when it was decided to take a census as

a preliminary step to the institution of a rationing system, and the matter requires reconsideration in the light of the memorandum which is submitted.

Mr. Gimson states that as Commissioner of Public Works he is not competent to express opinions on rationing and that the views put forward by him are not his but those of officials in the Police, Revenue and other Departments who have had experience of census taking and other related matters. He has also consulted the Commissioner of Public Health and Dr. Pedersen who both agree that rationing is impracticable and could not be effectively operated below retailers and bulk consumers.

The Chairman expressed the opinion that it would be fatal to institute a system of rationing unless the Council is assured that supplies will be available. Miss Hinder adds that it is for this reason that the Rationing Committee recommends abandonment of a rationing scheme.

Dr. McMullen states that it is very evident that the situation as regards all types of food is extremely critical and that as much encouragement as possible should be provided for people to return to their homes in the country. From his considerable experience in relief work he feels that any scheme of rationing, which is bound to give the impression that food will be available, will not only tend to stop movement of population away from the Settlement, but will attract a considerable influx. He thinks that the people will be bound to link the taking of a census with rationing and that any census, to be of value from the point of view of provision of food, must be a detailed one which will differentiate between people who need help and those who have funds or stocks.

Mr. Yuan feels that any census taken is bound to be inaccurate as the Chinese population is disinclined to give full information and details regarding the persons in their households. Mr. Gimson adds that he is informed by those familiar with Chinese psychology that the Chinese traditionally link census with compulsory service which is an additional reason for expecting inaccuracy.

Replying to the Chairman's enquiry as to whether the Japanese Authorities attach importance to the taking of a census and the institution of a rationing scheme, Mr. Teraoka, Deputy Secretary, states that the Japanese Authorities have no practical knowledge of conditions in the Settlement and require definite facts and figures to convince them of the quantities of supplies needed. He continues that these authorities hold very optimistic views of the stocks available and the time they will last and are not satisfied with the present means of distribution which they regard as being easy to abuse. As an example he states that the Japanese Authorities feel that under the present system people can obtain more rice than they actually need; he therefore feels that in order to convince the Japanese Authorities of the quantities of supplies needed a census which will produce some definite figures should be taken and that the rationing scheme should be proceeded with in order to ensure equitable distribution of supplies.

The Secretary & Commissioner General states that he gathers the impression that Mr. Teraoka feels that it would be better to have very appropriate ^{figures} figures than none, which Mr. Teraoka confirms. The Commissioner of Public Works states that it may be possible to devise some other form of rationing from that proposed, such as the street group system used in Japan, and suggests that the various Departments familiar with this matter confer and attempt to devise some simplified system.

The Secretary & Commissioner General suggests that a memorandum setting out the difficulties to be faced in connection with the institution of any rationing system in Shanghai be prepared in consultation with Mr. Yazima and Mr. Teraoka for submission to the Japanese Authorities, and that in the meantime the taking of a simple census in order to obtain some figures be approved. This suggestion is approved.

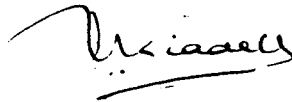
Chief Committee. The Chairman reports that a Committee has been formed ^{R35/15} to discuss means of providing free food for people who may otherwise starve and that the members of this Committee agree that the best way to collect funds for such a purpose would be for an appeal to be

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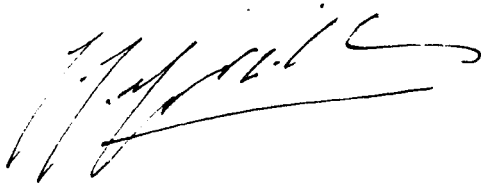
issued by the Council. In this connection he states that he has asked Mr. #. Okazaki of the Wha Hsing Bank whether it would be possible to make funds in Wei Hua accounts available for this purpose. The issue of an appeal by the Council for funds for this purpose is approved.

Special Meeting. The suggestion to hold a Special Meeting of the
F5/18 Council on Friday, December 19, at 4.30 p.m., is agreed.

The meeting terminates at 6.25 p.m.



Chairman



Secretary & Commissioner General.

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At the Special meeting of Council held on Friday, December 19, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)
 Theodore C. Chang
 A. Glathe
 Y. Hanawa
 Jabin Hsu
 Dr. R. J. McMullen
 Messrs. K. Okazaki
 F. A. Pollock
 C. J. Schaap
 R. von der Grone
 Y. Yazima
 L. T. Yuan
 The Acting Commissioner of Police
 The Commissioner of Public Works
 The Municipal Advocate
 The Chief, Industrial & Social Division
 The Treasurer
 The Secretary & Commissioner General and
 the 3 Deputy Secretaries.

Absent:

Messrs. N. F. Allman
 G. A. Haley
 Yulin Hsi
 R. T. McDonnell

Enforcement of Regulations by Fines - Further consideration. A
 F35/4 memorandum from the Chief of the Industrial & Social Division
 is tabled. The memorandum has been agreed with the Municipal
 Advocate. Mr. L. T. Yuan states that the Chinese Members of
 Council are in agreement with the proposals contained in the
 memorandum. Mr. Schaap suggests that there should be a minimum
 penalty in view of the fact that even 30 times the value of
 goods may in certain cases prove an inadequate deterrent.
 Mr. T. K. Ho deprecates too much discretion being left to those

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who have to enforce penalties. The Secretary & Commissioner General, however, points out that some discretion must be left to those who have to enforce regulations and discretion is needed if injustice is not to be done. Mr. Glathe suggests that the first suggestion in the memorandum should read: "Confiscation of goods to the value of at least 10 times the amount," instead of "Confiscation of goods to the value of 10 to 30 times the amount." This suggestion is accepted. It is further agreed to delete the word "the" before the words "heavier penalties". It is also provided that there should be a minimum penalty for selling at prices exceeding official prices, viz: a penalty of confiscation of goods to the value of \$100. It is further agreed that the imposition of a penalty in excess of this sum should require specific reference to the Enforcement Committee. Subject to the above modifications, the proposals contained in the memorandum prepared by the Chief of the Industrial & Social Division are unanimously approved.

Power Company Restrictions - Recommendations of Special Committee.

G5/21A

There are submitted the minutes of the Special Committee which was set up to consider the proposals made in the letter from the Shanghai Power Company dated December 10, 1941. There are also tabled a letter from the Shanghai Power Company dated December 16, 1941, and a further exhibit entitled Exhibit E-5A. Mr. Pollock summarises the various recommendations of the Special Committee. Recommendations I, II and III of the Special Committee are unanimously approved. Recommendation IV is also unanimously approved and approval is given to assistance being given by the Police to the Shanghai Power Company to enforce disconnection should such become necessary. Recommendations V, VI, and VII of the Special Committee are unanimously approved.

Discussion then takes place on Recommendation VIII (one shift day). The Chairman enquires whether the object

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desired would not be attained by requiring all shops and offices to be closed before dark or before, at this time of year, say 4 p.m. He points out that many people who are not at the present time fully employed would have a much pleasanter day if they could work from say 10 - 4 than from 8 - 1, which would involve rising in the dark in the early hours of the morning and then being left with no occupation for the whole of the afternoon. Dr. McMullen draws attention to the importance of restricting the use of lighting in shops and offices at the time of the peak loads which come between 5 p.m. and 6 p.m.

The discussion is then interrupted for a few moments while the Chairman welcomes Mr. K. Okazaki and expresses the Council's pleasure at his addition to its number.

It is unanimously decided to adopt the recommendation of the Special Committee, viz: that the Special Allocation Committee be asked to explore the possibilities of an adjustment of working shifts for industry together with the kindred question of the closing of shops and offices before dark.

Discussion then takes place in connection with Recommendation X, viz: that study should be given as to the practicability of restricting water supplies and public lighting. The Acting Commissioner of Police and the Commissioner of Public Works point out that a very small saving would be effected by restricting public lighting and that such a course might be dangerous from the point of view of crime prevention. Members unanimously agree. It is accordingly decided to take no action at the present time in regard to public lighting and to request the Shanghai Waterworks Co. to explore the possibilities of some form of restriction of supplies of water in order to effect reduction in the Company's electricity consumption.

In connection with Recommendation XI of the Special Committee, viz: the closing of places of public entertainment, Mr. Pollock makes it clear that the proposed restriction is intended to apply also to restaurants. As thus clarified, Recommendation XI is unanimously approved. Recommendation XII of the Special Committee is unanimously approved.

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In connection with recommendation XIII, which relates to the supply of electrical energy to the French Power Company, there is tabled a memorandum from the Secretary & Commissioner General dated December 18, 1941. The Chairman makes it clear that the temporary agreement reached with the French Authorities of course envisaged a continuation of adequate coal supplies. He points out and members agree that while there is little if any hope of obtaining further adequate supplies of diesel oil, it must be assumed that reasonably adequate supplies of coal will be forthcoming. In this connection, Mr. Teraoka, Deputy Secretary, comments that the Japanese Authorities hope that by gradual stages the consumption of electrical energy may become based on an allocation to the Shanghai Power Company of 25,000 tons of coal per month. Dr. McMullen points out that if supplies to the French Power Company are continued less than 25,000 tons of coal will be available for Settlement consumers. Mr. Teraoka remarks that he believes that the figure of 25,000 tons was considered without relation to the needs of the French Concession. Mr. Okazaki states that a reduction to even 20,000 tons a month may become necessary. The Japanese Authorities he states are prepared to accept for the time being the basis of 32,000 tons a month. He believes that it will be practicable to reduce this basis substantially in view of the fact that many industries may be compelled to close down through lack of raw materials. The Japanese Authorities are fully aware of the desire of keeping labour employed as long as possible.

Mr. Yuan enquires whether the 32,000 tons mentioned include existing Shanghai Power Company stocks. To this question, Mr. Okazaki replies that the Japanese Authorities envisage that for the time being 32,000 tons will be available for the Shanghai Power Company whether from existing stocks or other sources. Mr. Glothe enquires whether additional coal will be available other than the coal required for the Shanghai Power Company. Mr. Okazaki replies in the affirmative. It is agreed to continue the existing arrangements with regard to the French

Company for the time being but that the coal situation shall be anxiously and regularly watched.

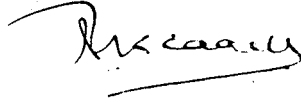
Tramway Services North of the Soochow Creek. There is tabled a
K35/10 memorandum from the Secretary & Commissioner General dated December 19, 1941. The Chairman suggests that if the problem of power supplies is to be considered from the point of view of the interests of both the French Concession and the Settlement, a similar view should be taken in regard to public transport services. Dr. McMullen expresses his strong agreement. It is accordingly decided to recommend that immediate study be given to the best use of available public transport and fuel supplies therefor in the interests of the Settlement as a whole and of the French Concession.

Rationing. The Secretary & Commissioner General reports that the
F35/17 French Authorities take the view that the taking of a house to house census not intended to serve as a basis of rationing will be of no real value under present conditions. He states that the French Authorities also feel that however great the difficulty is some attempt must be made to lay the foundations for a rationing system. Accordingly, he suggests that for the time being the decision to take a simple house to house census be abandoned and that immediate study take place in conjunction with the French Authorities as to the practicability of taking a census at an early date which might serve as a basis subsequently for rationing should such become necessary. Mr. Okazaki emphasises the desirability of giving early statistical information to the Japanese Authorities in order to support the Council's request for food supplies. Mr. Hanawa confirms the desirability of providing figures. The Commissioner of Public Works suggests that a house to house census might proceed without prejudice to a subsequent distribution of identification cards for rationing purposes. At the suggestion of the Secretary & Commissioner General it is finally agreed that Mr. Okazaki and Mr. Teraoka be requested to be good enough once again to consult the Japanese Authorities and

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to convey their final view to the Secretary & Commissioner General who is given discretion to proceed immediately with plans for a census on the lines finally decided upon without further reference to the Council.

The meeting terminates at 5.35p.m.



Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, December 24, 1941,
at 4.30 p.m., there are:-

Present:

Messrs. J. H. Liddell (Chairman)

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

Dr. R. J. McMullen

Messrs. F. A. Pollock

C. J. Schaap

E. von der Crone

Y. Yazima

L. T. Yuan

The Deputy Commissioner of Police,
 Mr. E. C. Baker

The Deputy Commissioner of Public Works,
 Mr. N. B. B. Clarke

The Municipal Advocate

The Treasurer

The Secretary & Commissioner General, and
 Messrs. T. K. Ho and J. W. Allen,
 Deputy Secretaries.

Absent:

Messrs. N. F. Allman

G. A. Haley

Yulin Hsi

R. T. McDonnell

K. Okazaki

The Minutes of the meeting held on December 17 and the Special meeting held on December 19 are confirmed and signed by the Chairman.

Finance Committee Meeting of December 24, 1941. As this meeting was held at 3.00 p.m., and the Minutes are not yet available the Chairman gives a detailed verbal explanation of the matters before the Committee and its recommendations which are confirmed.

Staff Pay for January. A memorandum by the Secretary & Commissioner General dated December 23, 1941, is submitted. The Chairman H 1/12 informs members that the proposals submitted in the memorandum before them have been put forward by several senior members of the Council's staff and will result in a very heavy reduction in salaries for the most senior members of the staff. He feels sure that members will appreciate the suggestions made. While he feels that saving involved, amounting to approximately \$2,000,000 per annum, is disappointing, the Chairman states that this merely tends to show how great a proportion of expenditure on pay and allowances goes to the lower paid staff.

Mr. Yuan expresses the opinion that this is a wise and generous action which will be much appreciated. Mr. Hanawa also speaks in appreciative terms of the proposals put forward which he considers will have a good effect and which he supports.

The Treasurer states that it may interest members to know that the proposals put forward mean a reduction in salary in the cases of two senior officials of 66%.

The Chairman expresses members' thanks for these proposals which are approved.

Driving Permits - Applications from Banks. A letter dated December 19, P 35/10 1941, written on behalf of the Joint Provisional Committee of the Chinese Modern and Native Banks in Shanghai, a letter of the same date from the Secretary of the Shanghai Foreign Exchange Bankers' Association, a report dated December 22, 1941, from the Deputy Commissioner of Public Works and a memorandum of the same date by the Secretary & Commissioner General are submitted.

The Secretary & Commissioner General states that since these papers have been circulated to members other arrangements have been made which he asks Mr. Baker, Deputy Commissioner of Police to explain.

Mr. Baker reports that Mr. J. D. Chu applied on behalf of the Chinese banks for permits for the use of 12 treasure vans and a number of private motor-cars. It was explained by Mr. Chu that the executives of the Chinese banks are called out at all times on urgent conference and consequently must have some

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transportation at their disposal. Mr. Chu had given an assurance that the motor-cars would be used only for urgent business purposes and it had been arranged as a temporary measure subject to the Council's confirmation that permits would be issued for a pool of 10 private motor-cars and 7 treasure vans for the use of the Chinese banks. Mr. Baker adds that these banks will supply their own gasoline from sources other than the black market.

After some discussion it is agreed to confirm this temporary arrangement until such time as the Police consider that the scheme requires alteration.

It is also agreed that a similar arrangement be made for the foreign banks by the Police.

Omnibus Services. Letters from the China General Omnibus Company G 3/16 dated December 18 and 22, 1941, and a memorandum by the Secretary & Commissioner General dated December 24, 1941, are tabled. The Secretary & Commissioner General informs members that the Company's proposals were submitted to the Transport Control Committee this afternoon and asks Mr. Clarke, Deputy Commissioner of Public Works, to give an explanation of the Committee's views.

Mr. Clarke states that the Committee considers that the Company's proposals are not sufficiently comprehensive and recommends that the whole question of Bus services be referred to the Committee to investigate with the Company's officials. This recommendation is approved.

The Secretary & Commissioner General reads a report on the difficulties being experienced by the Company in connection with labour troubles. Mr. Allan, Deputy Secretary, states that he has been informed by the Secretary of the Bus Company that the men are refusing to accept the Company's terms and that the Company may be forced to operate full services in order to obtain sufficient revenue to meet the men's demands sufficiently to avoid a strike.

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The Chairman states that the Bus Company's problem is no different from that of many other Companies and should be dealt with in the same way, i.e., arrangements should be made with the banks to draw funds for paying off the staff which it will be necessary to release. In reply to Dr. McMullen's query as to whether the fuel used by the Bus Company could be put to better uses, the Chairman replies that a Transport Board is to be formed to consider the whole question of transport for the Settlement and the Concession and that this would be a matter for the Board to consider. The Secretary & Commissioner General adds that the Transport Control Committee is making a survey of fuel oil stocks and requirements.

Mr. Allan states that it might assist the Company in its negotiations with its employees if the Council were to state definitely that it is not prepared to agree to the resumption of full services in order to provide revenue to appease the staff. On the Chairman's suggestion it is agreed that the Company be informed accordingly.

F 4/36 Rental Notification. A draft Notification on rentals is submitted.. The Chairman explains that a Committee sitting under the Chairmanship of Mr. Glathe has been considering the question of rentals and submitted a notification for the Council's approval. This Notification was altered in some respects at the suggestion of the French Municipal Administration and the revised draft is now submitted.

Mr. Glathe expresses agreement with the revised draft which he regards as an improvement on that submitted by his Committee,

In reply to Mr. Follock's enquiries as to whether the proposals contained in the Draft Notification are the utmost the Council can do, the Chairman states that this is merely a first step and that, as the proposed Conciliation Board gains by experience, it and Mr. Glathe's Committee will no doubt make further suggestions.

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The draft Notification is then approved, as is the Secretary & Commissioner General's suggestion that the 3 members to be appointed by the Council to the Conciliation Board be left to the Chairman, Mr. Glathe and himself to decide.

The meeting terminates at 5.25 p.m.

Chairman

Secretary & Commissioner General.

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At the meeting of the Council held on Wednesday, December 31, 1941, at 4.30 p.m., there are:-

Present:

Messrs. J.H. Liddell (Chairman)

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

Dr. R.J. McMullen

Messrs. K. Okazaki

F.A. Pollock

C.J. Schaap

R. von Ger Crone

Y. Yazima

L.T. Yuan

The Municipal Advocate

The Chief, Industrial & Social Division

The Treasurer, and

The Secretary & Commissioner-General.

Absent:

Messrs. N.F. Allman

G.A. Haley

Yulin Hsi

R.T. McDonnell

The Minutes of the meeting held on December 24, 1941, are confirmed and signed by the Chairman.

Reports from Emergency Committees. The Secretary & Commissioner

General states that he thought members would wish to have reports from the Emergency Committees on their activities and accordingly arranged with the Secretaries of these Committees to submit weekly reports which he had intended to have copied and forwarded to members for consideration at the weekly Council meetings. In view however of the large amount of stationery involved in supplying copies of these reports he enquires whether members wish individual

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copies. The alternatives would be the submission of monthly reports which would reduce considerably the amount of stationery involved, to read the reports at the Council meetings which would require some time, or to circulate the reports so that members could ask for any further information required at the Council meetings.

The Chairman's suggestion is adopted that weekly reports of the Emergency Committees be circulated to members.

Special Rate on Business Premises. A memorandum by the Secretary
B.4/10
A Commissioner General dated December 30, 1941, is submitted. The Secretary A Commissioner General explains that the statement contained in his memorandum that members of the New Sources of Taxation Sub-Committee felt that it was not within their province to express an opinion as to whether or not this Special Rate should be collected in the present circumstances is not quite correct, and he reads members' comments made on a circular in which the general opinion is expressed that, while the present is not regarded as an opportune time to collect this rate, it is felt that the matter should be left to the Council to decide. Mr. Chang, who is a member of the Sub-Committee, confirms this view and expresses the opinion that collection of this rate in addition to General Municipal Rate would cause considerable hardship in present conditions.

The Chairman states that since a Notification must be issued on or before January 1 if this rate is to be collected, it is necessary to come to a decision as to whether in the present circumstances collection of the rate should be deferred and the General Municipal Rate increased if additional funds are required.

Mr. Pollock suggests that the matter be deferred for one month and re-considered prior to February 1, which suggestion Mr. Glathe supports.

Mr. Hanawa expresses the opinion that one month's deferment is too short and that it would be preferable to

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defer the collection of the Special Rate for the time being and to increase the General Municipal Rate if additional funds are required. He does not propose that the idea of the Special Rate should be abandoned but merely deferred until conditions improve.

In reply to the Chairman, the Secretary & Commissioner General states that the budget in final form is usually ready about the end of March, and the Treasurer in reply to a further question states that preliminary budget figures should be available about the end of January or beginning of February. The Treasurer suggests that the question of the Special Rate be deferred for 3 months, by which time the budget will be available and the Council will be in a better position to decide on the best method of collecting any additional funds required.

In reply to Mr. Hanawa the Treasurer states that it was estimated that the special rate would bring in additional funds amounting to \$6,250,000, which is the equivalent of a 4% General Municipal Rate.

It is unanimously agreed to defer collection of the Special Rate on Business Premises until the budget figures for 1942 are available.

Proposed further Notification on Rentals. A memorandum by the Secretary & Commissioner General dated December 30, 1941, and a proposed notification are submitted.

F.4/36

The Chairman states that the only comment he has to make is in connection with Clause 4 of the Notification which reads, "the Conciliation Board, in settling disputes between landlords and tenants, shall apply, as far as practicable, the general principles of equity and fair dealing." He suggests that when rough ideas of these general principles have been formed the Committee should submit these ideas to the Council for approval before proceeding.

Mr. Glathe states that the submission of appeals as a result of publication of the proposed notification will give

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the Committee some practical examples, and that it should be possible to give more definite ideas of the principles on which the Conciliation Board will work after the next meeting of the Committee. He agrees with the Chairman's suggestion that these ideas should be submitted to the Council for approval.

Mr. Okazaki suggests that another member of Chinese nationality should be added as many premises are owned by Chinese. He points out that both the Municipal Advocate and the Assistant Municipal Advocate may be regarded as technical men, and that it would be advisable to have a layman of Chinese nationality.


Mr. Glathe states that there is advantage in this suggestion, but considers that such a member should be representative of tenants rather than landlords.

Mr. Okazaki then proposes that the Chinese members of Council should suggest an additional member for consideration at the next Council meeting. In reply to Mr. Glathe's observation that it is necessary to proceed with the work of the Committee without delay Mr. Okazaki states that the work of the Committee should not be delayed, but proceeded with and the additional member added later.

Mr. Yuan considers the suggestion a good one, but points out that it will be difficult to find a suitable candidate who can give the necessary time to the work. After brief discussion with Mr. Jabin Hsu, Mr. Yuan states that Mr. James H. Lee would be a very suitable person and that Mr. Hsu will endeavour to secure his agreement to serving on the Committee.

The proposed notification is then approved.

The meeting terminates at 4.55 p.m.

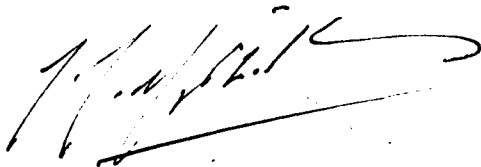


Chairman.

Secretary & Commissioner General,

the Japanese Authorities wish members to be informed that the present temporary agreement between the various powers regarding the election of members of Council is regarded by the Japanese Authorities as being still in force. Although some members have now resigned, these vacancies will not be filled for the time being. He is not able to predict as to the future as this is a matter of politics. Mr. Okazaki further states that although the members of American, British and Netherlands nationality have resigned from the Council, he proposes to ask the Secretary & Commissioner General to circulate a note to the staff stating that employees of these nationalities are expected to continue with their work. Mr. Okazaki proposes that such a statement should be circulated to the staff in order to allay any anxiety employees may feel as to their future and hopes that members will approve such an announcement. The Chairman's proposal is unanimously approved.

The meeting terminates at 4.45 p.m.



S. & C. G.



Chairman

At the meeting of the Council held on Wednesday, January 14, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. von der Crone

Y. Yazima

L. T. Yuan

The Acting Commissioner of Police

The Treasurer, and

The Secretary & Commissioner General.

The Minutes of the meeting held on January 7 are confirmed and signed
 by the Chairman.

Places of Public Entertainment etc. - Closing Hour. A memorandum by
 13/10 the Secretary & Commissioner General dated January 9, 1942, and
 appeals from various Dancing Saloons, Bars and Cafes, appealing
 for an extension of the existing 10 p.m. closing hour, are
 submitted, together with a report from the Acting Commissioner
 of Police dated January 5, 1942, and a letter from the
 Shanghai Power Company dated January 6, 1942, containing the
 views of the Special Committee on the Restriction of Supply of
 Electricity on the appeals. A letter from Col. L. Fabre dated
 January 10, 1942, with a French Police report and the Secretary
 & Commissioner General's reply dated January 12, 1942, are also
 submitted.

In reply to the Chairman the Secretary & Commissioner
 General states that he has nothing to add to his memorandum on
 this subject and that he regards this as a relatively unimportant
 matter. Mr. Teraoka, in reply to the Secretary & Commissioner
 General's observation that the Japanese Authorities may have
 their own ideas on the subject, states that the Japanese Consular
 Authorities are strongly in favour of adherence to the 10 p.m.
 closing hour for establishments of this nature.

Mr. von der Crone states that before learning of the views of the Japanese Authorities he was inclined to the view that an extension of the present closing hour could well be given a trial. He considers that patronage of such establishments will gradually decrease as people will not have the money to spend in such places and therefore feels that no harm would be caused by an extension of the closing hour so as to enable such establishments to continue operation as long as possible. In view, however, of the attitude of the Japanese Authorities he does not press this view.

Mr. Yuan supports the suggestion that an extension of the closing hour might be given a trial. Many of these establishments consider that they will be compelled to close under existing restrictions, but may be able to continue if the closing hour is extended.

Mr. Glathe expresses the opinion that if the closing hour is now extended questions will be asked as to why the 10 p.m. rule was enforced in the first place. He does not consider that the additional use of electricity involved can be afforded at this time. In this connection Mr. von der Crone points out that extension of the closing hour does not necessarily involve the use of additional electricity as the establishments concerned will still be required to keep within their allotments.

The Chairman states that he has discussed this matter with the Japanese Authorities, who feel that if the French Authorities extend the closing hour the Council will be placed in a difficult position if it does not do likewise. On the other hand the Japanese Authorities are opposed to extension of the closing hour in the Area North of the Goochow Creek which further complicates the situation. The Chairman enquires whether it would be possible to arrange for the earlier closing of cinemas so that those wishing to do so would have time to patronize Restaurants, etc., before 10 p.m. The Secretary & Commissioner General replies that this suggestion could be investigated, but feels that such a measure would be opposed by

the Cinema operators on the ground that it would be necessary to eliminate one showing.

Mr. Yazima suggests that if it could be arranged for cinemas to close between say 7 p.m. and 9 p.m., an extension of the closing hour for places of public entertainment, restaurants, etc., to 10.30 p.m., should satisfy all concerned. He further suggests the possibility of an extension on say Saturday or Sunday nights.

After some further discussion the Chairman's proposal is adopted that investigation be made by the Secretariat into the possibility of the earlier closing of cinemas and the additional usage of electricity involved in extending the closing hour of places of public entertainment, restaurants, etc., to midnight on Saturdays and Sundays. It is also agreed that in the meantime the 10 p.m. closing hour be adhered to.

Submission of Departmental Estimates to Committees. A memorandum

B. 9/32 by the Secretary & Commissioner General dated January 9, 1942 is submitted.

In reply to the Chairman the Secretary & Commissioner General states that this question has been raised purely as a matter of economy in stationery. He considers that the estimates must be either submitted in full or in a summarized form and that no half-way measure would be of any value.

In reply to Mr. Glathe's question as to whether there would be any objection to any Committee calling for full details of proposed expenditure, the Treasurer replies that full details will be available at the meetings of all Committees. He points out that the estimates of the larger Departments run to 60 or 70 large-sized sheets.

It is unanimously agreed that departmental Estimates for 1942 be submitted to Committees in the form of the Treasurer's report together with a Summary of the estimates, the Committees and members being left free to

call for any further details required.

Annual Report - Form of Publication. A memorandum by the Secretary & Commissioner General dated January 9, 1942, is submitted. The Secretary & Commissioner General states that the customary publication usually amounts to 400 odd pages and that, as in the case of the previous item, a summarized version would result in considerable economy in paper and expenditure.

The Treasurer states that it is estimated that the usual publication would cost about \$200,000 at present prices and that a summarized version could be compiled for approximately half this figure. The Secretary & Commissioner General, in reply to the Chairman, states that any additional information required by members would of course be provided, but points out that the report, which usually contains a vast amount of statistics, is more useful to others than to members, and is exchanged with a number of other authorities.

It is unanimously agreed as an economy measure to publish a summarized version of the Annual Report for 1941.

Bicycle Licence. A memorandum by the Secretary & Commissioner General dated January 13, 1942, and a letter of the same date to the Director General of the French Municipal Administration is submitted.

The Secretary & Commissioner General states that the position has changed since his memorandum was written, in that while the French Authorities have now indicated agreement in principle with the idea of an inter-area Bicycle Licence, word has been received from the Chinese authorities that they are experiencing difficulty in obtaining the agreement of their various bureaux in this connection. The Secretary & Commissioner General suggests therefore that the Council should express its views on the matter, leaving it to him to negotiate with the Chinese Authorities.

The Chairman expresses the opinion that it would be a considerable hardship if Bicycles were required to have two

and possibly three licences in order to operate in the Greater Shanghai Area.

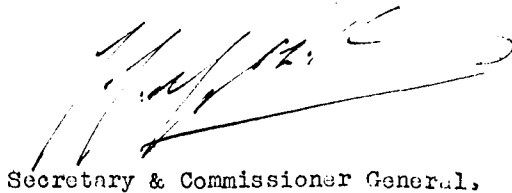
In reply to Mr. Yazima, the Secretary & Commissioner General expresses the opinion that the original refusal of the French Authorities to agree to an inter-area licence was probably due to the loss of revenue involved.

It is unanimously agreed that the idea of an inter-area Bicycle Licence be approved in principle.

The meeting terminates at 5 p.m.



Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, January 21, 1942, at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

R. von der Crone

Y. Yazima

L. T. Yuan

The Treasurer, and

The Secretary & Commissioner General.

The Minutes of the meeting held on January 14 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Finance Committee held on L. 31/3 January 16, are submitted and confirmed.

Flood Control. In reply to Mr. Glathe the Secretary & Commissioner General states that if it is not possible to provide funds for the completion of this work the amount already spent will not be completely wasted and some benefit, but not full value, will be derived therefrom.

The Minutes of the meeting of the Education Board held on January 19 are submitted and confirmed.

Closure of Rice Shops. A memorandum by the Chairman of the F. 35/5 Food Supplies Committee and a petition dated January 16 from representatives of closed rice shops are submitted.

In reply to the Chairman Mr. von der Crone, Chairman of the Food Supplies Committee, states that, while he has nothing to add to his memorandum, it is necessary to emphasize that with deliveries of rice reduced to 7,000 bags daily there would not be enough to supply about 800 shops in the Settlement and the Concession if they all remained open.

Referring to the petition submitted by the representatives of the closed rice shops, and to the dispute referred to therein as taking place in the rice market between Messrs. Chu Tseng-wo and Sz Hung-Hsuing as to who was responsible for choosing the shops to be closed, Mr. Chang enquires as to who these two persons are and their authority. Mr. Chang also expresses the opinion that, if the complaints raised in the 7 points enumerated in the petition can be substantiated, the manner in which the closure of these shops was carried out appears to be unfair.

In reply Mr. von der Crone states that a list of shops to remain open was submitted by Mr. Chu, but that the Rice Agents also submitted a list independently on instructions from himself, based on the turnover of the shops, and that it was on the basis of this list, and not the list submitted by Mr. Chu, that the shops to be closed were finally chosen.

Referring to point 1 of the petition that shops which have been punished for breaches of regulations have been allowed to remain open, Mr. Chang considers that this action is unfair.

In reply, Mr. von der Crone states that this complaint has been investigated and that the Rice Agents have no knowledge of the irregularities alleged to have been committed by the shops concerned.

Mr. Chang considers that the closure of shops should have been effected by drawing lots, which would be a fairer method than that adopted.

Mr. von der Crone expresses disagreement with this suggestion, which he points out might have left certain districts with insufficient shops, while under the method adopted deliveries are made to each district on a pro rata basis. He repeats that the shops to remain open were chosen on a basis of turnover as being those best situated and equipped to meet

the needs of the public and that these shops should have preference. Mr. Chang however still expresses preference for the choosing of shops by drawing lots.

Mr. Yuan, while expressing appreciation for the hard work performed by members of the Food Supplies and Coordinating Committees, who he feels sure did their best, points out that the choosing of shops for closure is an extremely difficult task and one likely to involve serious consequences. Some of these shops have been in existence for periods ranging from 10 to 30 years and it is impossible for them under their system of operation to settle their accounts and wind up their affairs at short notice. Mr. Yuan suggests that it would be preferable to suspend rather than cancel the licences of these shops and merely to disqualify them from selling imported rice while permitting them to sell native rice or other cereals. If the shops are closed the owners lose everything. Referring to the question of compensation for closed shops, Mr. Yuan expresses the opinion that it would not be possible to provide sufficient funds for this purpose as the employees would demand at least \$400 to \$500 compensation each. Mr. Yuan accordingly suggests that some measure other than closure of the shops be devised.

Mr. von der Crone in reply states that he can see no objection to Mr. Yuan's suggestion that the licences of the shops concerned be suspended instead of withdrawn, provided the shops remain closed for the time being and until other arrangements can be made which may take some time. This suggestion is accordingly unanimously approved.

Mr. T. Beesley, Assistant Secretary, points out that the publicity given by the press to the closure of rice shops has been of great value in bringing home to the public the scarcity of supplies and the necessity for repatriation. He suggests that if publicity is given to the decision to suspend

rather than cancel the licences of these shops, the movement for repatriation desired by all the authorities may be retarded. The Chairman suggests that there is no need to give publicity to this decision.

Regarding the references made in the petition to the parts played by Mr. Chu Tseng-wo and ^{Mr.} Sz Hung-Hsuing in the closure of rice shops Mr. Yuan states that while he is not aware of the identity of Mr. Sz he knows Mr. Chu and has spoken to him on the matter. Mr. Chu states that he gave a full explanation of the position at the Rice Market and that while he has been threatened, he is prepared to answer fully for his actions. Mr. Yuan continues that the fact that an altercation took place in the Rice Market is most regrettable and that every effort should be made to avoid such occurrences and the spreading of rumours, such as that Mr. Chu owns six rice shops all of which have been allowed to remain open. Mr. Yuan therefore suggests that the Food Supplies Committee be strengthened by the addition of another Chinese member and in this connection submits the name of Mr. S.U. Zau, one of the original Chinese Councillors. Mr. Zau has had considerable business experience and, being retired, has the time to devote to the large amount of work involved. There is, Mr. Yuan continues, one difficulty and that is the question of a driving permit and supply of gasoline for Mr. Zau which no doubt can be arranged. In reply to Mr. Glathe, Mr. Yuan states that Mr. Zau is not connected with the rice trade.

Mr. von der Crone states that he would welcome another Chinese member on the Committee in addition to Mr. Wilfred Wong.

It is thereupon unanimously agreed that Mr. S.U. Zau be invited to serve as a member of the Food Supplies Committee.

Referring to point 2 in the petition, Mr. Glathe enquires whether it is correct that Messrs. Knipschildt & Eskelund closed the shop referred to and whether the closure of shops is within the competence of the Rice Agents. Mr. Beesley replies that this statement is incorrect and that only the Council could take such action and not the Rice Agents. Mr. von der Grone adds that not only is this statement incorrect in this respect but also points out that the shop concerned is situated in the French Concession and is therefore not within the jurisdiction of either the Rice Agents or the Council. Mr. von der Grone adds that the Rice Agents are only authorised to refuse to sell rice to shops which do not observe the regulations laid down. Referring to point 4 in the petition Mr. Beesley states that only one of the six shops referred to is in the Settlement, the others being in the French Concession.

It is accordingly agreed

- (1) that the complaints contained in the petition from representatives of closed rice shops be thoroughly investigated and reported on by the Food Supplies Committee.
- (2) that the licences of the closed rice shops be regarded as suspended and not cancelled, provided these shops remain closed for the time being until other arrangements for them are made, and that no publicity be given to this decision.
- (3) that Mr. S. U. Zau be invited to serve as a member of the Food Supplies Committee.

Rice Agents Remuneration. A memorandum by the Secretary & Commissioner General dated January 19, 1942, is submitted.

F.35/5

In reply to the Chairman, the Secretary & Commissioner General states that he has nothing to add to his memorandum and that the expert on this matter is the Chairman of the Food Supplies Committee.

Mr. von der Crone, Chairman of the Food Supplies Committee, states that it is necessary to bear in mind that the work now undertaken by the Council is a big business with a turnover of \$30,000,000 monthly, and that the Rice Agents have accordingly large responsibilities. They have, Mr. von der Crone continues, worked extremely hard and have long hours in re-organizing the business on the interruption of importations from Hong Kong. Mr. von der Crone states that he has consulted the Chairman of Council and Messrs. Glathe and Hanawa, his two colleagues on the Food Supplies Committee, and that the proposed remuneration for the Rice Agents is regarded as fair.

Mr. Jabin Hsu states that he feels far from satisfied with the services rendered by the Rice Agents in view of the complaints received of the aggressive action taken by the Agents against the rice shops, which action, and the manner in which these shops have been dealt with, appears to him to be arbitrary and unjustified. He expresses the opinion that the Rice Agents have a great influence with the Food Supplies Committee as the members of this Committee, being busy men, naturally have no time to give consideration to details. He does not consider that the agents have rendered satisfactory services and that the whole question should be thoroughly investigated with a view to appointing new agents with good reputation and background who can be depended upon to act in a manner so as not to cause such embarrassment to the Council.

The Chairman observes that according to the statements made by the Chairman of the Food Supplies Committee, this Committee and not the Rice Agents considered and dealt with the closure of rice shops. Mr. von der Crone states that the Rice Agents have not been members of the Committee and have not attended meetings of the Committee since last July

or August, and that both Mr. Hanawa and himself have considerable knowledge and experience of the rice business gained when their firms were engaged in this trade. He therefore refutes the accusation that members of the Committee have been influenced by the Rice Agents. Mr. von der Crone continues that the closure of the Rice shops was thoroughly considered and fully discussed by both the Food Supplies Committee and the Co-Ordinating Committee. Mr. Hanawa supports the statements made by Mr. von der Crone and confirms that the Rice Agents have not been present at meetings of the Committee since July or August and adds that the running of such a big undertaking is an extremely difficult one, in connection with which dissatisfaction and complaints cannot be entirely avoided. Mr. Hanawa expresses the opinion that the Rice Agents have carried out their work in a satisfactory manner.

Replying to the Chairman's enquiry as to whether the statements made by Mr. von der Crone and Mr. Hanawa that the Committee was not influenced by the Rice Agents satisfies him, Mr. Jabin Hsu states that the Rice Agents and not the Committee are in close contact with the rice shops, and that if the agents desire to exercise control over the shops by unauthorized means they would have opportunities of doing so. While not wholly accepting the complaints made in the petition, Mr. Jabin Hsu states that he regards the complaints as justified to a considerable extent.

The Chairman suggests that as the Food Supplies Committee is to investigate the complaints made, the Committee would no doubt welcome any concrete instances of abuses which Mr. Jabin Hsu desires to submit.

Mr. von der Crone states that the accusations made by Mr. Jabin Hsu should be directed not to the Rice Agents, but to himself as Chairman of the Food Supplies Committee, since the Agents consult him and obtain his instructions daily on all matters of policy.

The Chairman states that pending investigation of the complaints against the Rice Agents and the manner in which they have carried out their work, it is still necessary to decide upon the remuneration to be paid to the Agents and the work they have done since they ceased to act on a commission basis. The Chairman considers that in view of the work involved the suggested remuneration is not too much and should be approved. Members unanimously agree.

Rice Agents - Auditing of Accounts. Mr. von der Crone reads a F. 35/5 report from the Treasurer in which the suggestion is made that the Council's Auditors be appointed to provide whole time services of one foreign Auditor and 3 Chinese Assistants in the Rice Office at a fee of \$8,250 per mensem, such fee to be reduced if it is found that the work is less than that anticipated.

The Treasurer states that unless some such arrangement is made the staff of the Finance Department must be increased to undertake this work. He considers that the business conducted by the Rice Agents is of such magnitude, involving a turnover of \$30,000,000 a month, that the whole-time services of Auditors must be provided. It would in his opinion be more expensive to increase the staff of the Finance Department to carry out this work than to pay the suggested fee to the Council's Auditors. Replying to the Chairman the Treasurer states that prior to the outbreak of the Pacific hostilities the accounts of the Rice Office were audited monthly by Messrs. Thomson & Company. Late in December the Council approved his recommendation that Messrs. Thomson & Company undertake an investigation of the activities of the newly established Rice Department and prepare accounts showing the financial results of the operation of certain Depots. Apart from providing shroffs and the correct accounting of cash received from sales of rice no action could be taken by the Finance Department owing to shortage of staff.

Mr. Glathe while considering that the appointment of auditors is necessary suggests that as the proposed fee amounts to approximately \$100,000 a year, members should have a little more time to consider the matter.

It is accordingly decided that the matter be referred to the Food Supplies Committee for consideration and report in the first instance.

H.1/16 Daylight Saving. The Secretary & Commissioner General asks for the Council's authority to arrange with the neighbouring authorities regarding a date for the commencement of Daylight Saving Time. He adds that while no official communications have been received on the subject he understands that the neighbouring authorities may wish to institute Daylight Saving from February 1, and that there may not be time to consult the Council in the matter. The Secretary & Commissioner General is authorized to act accordingly.

F.5/12 Membership. The Chairman states that he regrets to have to inform members that a letter has been received from Mr. Y. Hanawa tendering his resignation from the Council owing to his departure from Shanghai. As Mr. Hanawa has been promoted to his Company's head office there is nothing that can be done to prevent his departure.

The Chairman states that it has been proposed by Mr. Y. Yazima that Mr. G. Kambe be invited to fill the vacancy caused by the resignation of Mr. Hanawa. Mr. Glathe seconds this proposal, which is unanimously approved.

Mr. Hanawa then expresses his thanks to his colleagues for the favours and courtesies extended to him during his membership of the Council.

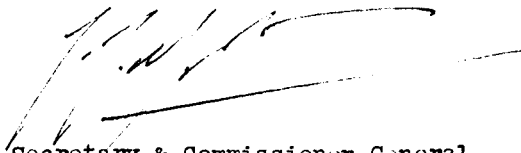
The Chairman expresses appreciation of the very fine work performed by Mr. Hanawa as a member of Council and numerous Committees and feels confident that he is expressing the views of all members in expressing regret

in losing the services of Mr. Hanawa and in congratulating him on his promotion. The Chairman's remarks are responded to by members with acclamation.

The meeting terminates at 5.30 p.m.



Chairman.



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, January 28, 1942,

at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

G. Kambe

R. von der Crone

Y. Yazima

L. T. Yuan

The Acting Commissioner of Police

The Municipal Advocate

The Chief, Industrial & Social Division

The Treasurer, and

The Secretary & Commissioner General.

Membership. The Chairman welcomes Mr. Kambe on taking his seat on 4.3/12 the Council. In reply to the Chairman's welcome Mr. Kambe states that he fully appreciates the extremely difficult situation facing the Council and the consequent grave responsibilities devolving on members. He asks for members' assistance and co-operation in fulfilling his obligations as a member of Council.

The Minutes of the meeting held on January 21, 1942 are confirmed and signed by the Chairman

The Minutes of the meeting of the Watch Committee held on January 23, 1942, are submitted and confirmed.

Proposed Licence Conditions Governing Sub-tenancies. Draft conditions for a Licence to Sub-Let Premises, a report by the Chief of the Industrial & Social Division dated January 17, 1942, on the subject of controlling charges in Boarding Houses and Hotels and a covering memorandum by the Secretary & Commissioner General dated January 20, 1942, are submitted. 4.4/36

In an explanation of the points requiring members' decision the Secretary & Commissioner General draws particular

attention to three of the most important of the proposed licensed conditions. He points out that condition No.3 is the most important of all and draws attention to the maximum profit of 20% which it is proposed to allow principal tenants. While this profit may at first sight seem large the Secretary & Commissioner General explains that chief tenants are responsible in many cases for the payment of charges and it is considered only fair to make allowance for bad debts.

The Secretary & Commissioner General also draws attention to condition No.5 under which a charge of 15% of the net rental is allowed for furnished premises and states that while the expression "adequately furnished" is somewhat vague it is the best that Heads of Departments and himself could devise.

The Secretary & Commissioner General continues that condition No.4 regarding further sub-letting by sub-tenants is criticised by the Police, who consider that if sub-tenants are not to be permitted to profit by sub-letting it would be preferable to prohibit such sub-letting altogether. A revised draft of condition 4 covering the Police proposal is handed to members.

With regard to condition No.5 Mr. Glathe points out that it is proposed to limit charges for furniture to 15% of the net rental of the premises and enquires whether it would not be preferable to base the charge on the value of the furniture. In reply, the Secretary & Commissioner General states that while Mr. Glathe's suggestion is obviously theoretically sound, this point received careful consideration and the rental basis was chosen in order to avoid placing on the Council the responsibility of estimating the value of furniture in a very large number of sub-let premises which would be an impossible task.

In reply to Mr. Glathe's question as to how it is proposed to distinguish between sub-let premises and lodging or boarding houses, the Secretary & Commissioner General and

Miss Hinder state that where services are provided additional to those mentioned in condition No.3, the premises could be regarded as lodging or boarding houses which are at present licensed.

Mr. Yuan states that while he fortunately has not had personal experience of key money he understands that the abuse of this practice commenced about ten years ago and has steadily grown, owing to the shortage of housing accommodation, until now exorbitant sums are charged for even small houses and apartments. Evacuation of people to the interior has, Mr. Yuan continues, eased the position somewhat as compared with even a few weeks ago and advertisements for empty premises are now to be seen. He considers that it will be extremely difficult to draw up regulations for the control of rentals which will satisfy everyone and doubts whether the Police proposal to prohibit sub-letting by sub-tenants will be possible to enforce.

Messrs. Yazima and Glathe, Miss Hinder and the Municipal Advocate express agreement with the Police proposal.

Mr. Yuan suggests that one point in this connection must be made clear and that is whether the proposal to prohibit sub-letting by sub-tenants is to apply to new tenancies, or whether it is proposed to cancel existing arrangements between sub-tenants and their sub-tenants. Mr. Yuan considers that it would be an impossible task for the Council to attempt to cancel existing arrangements with regard to sub-tenancies, the ramifications of which are most complicated and intricate and often extend to a number of stages of sub-tenancies. To attempt to interfere with these arrangements would in Mr. Yuan's opinion lead the Council into endless arguments and disputes which it would be impossible to solve, and he therefore suggests that, if approved, prohibition of sub-letting by sub-tenants be confined to new tenancies. Mr. Ho strongly supports the views expressed by Mr. Yuan and illustrates the difficulties which would be encountered. In this connection he

refers to the question of key money which he explains has been paid by a large number of chief and sub-tenants and also constitutes a form of deposit by tenants who are not always able to make regular payments of rental and other charges. If this and other contractual obligations in connection with sub-tenancies are abolished the Council will be faced with the settlement of thousands of complicated disputes. Mr. Ho accordingly favours the confining of the prohibition of sub-letting by sub-tenants to new tenancies as suggested by Mr. Yuan.

The Secretary & Commissioner General states in reply that while fully appreciating the difficulties involved, it would be unfair to control the rentals charged by chief tenants and at the same time to allow sub-tenants to charge what they like and make unlimited profits.

While appreciating the soundness of the point made by the Secretary & Commissioner General Mr. Yuan and Mr. Ho further illustrate the difficulties involved in attempting to cancel existing arrangements between sub-tenants, and adhere to the view that prohibition of sub-letting by sub-tenants should be confined to the future.

The Treasurer states that it is estimated that some 60,000 premises will be affected by the proposed licence and suggests that the proposed prohibition of sub-letting be applied to new tenancies immediately and that six months' notice be given of the intention to cancel existing sub-letting arrangements.

In reply to Mr. Glathe the Municipal Advocate states that in his opinion there would be no legal difficulty in applying the proposed prohibition to new tenancies and not to existing tenancies.

Further discussion on the difficulties involved ensues, and the Chairman suggests that in view of the different view points expressed and the complicated nature of the proposals, a hasty decision would not be wise. His proposal that the matter be deferred for further consideration is unanimously approved.

Places of Public Entertainment, Restaurants, Taverns, etc. - Closing
I.3/10 Hour. Letters from the Shanghai Power Company dated January 20, 1942, the Asia Theatres Inc., dated January 22, 1942, Mr. Chow Hung Kiang, dated January 8, 1942, containing the information requested at the last meeting of Council, and a covering memorandum by the Secretary & Commissioner General dated January 28, 1942, are submitted.

In reply to the Chairman the Secretary & Commissioner General states that all he has to add to his memorandum is that a message has been received from the French Police stating that they are very strongly in favour of extending the closing hour for such premises to 11.30 p.m. The Chairman expresses the opinion that it is rather too early to consider the extension of the closing hour at the present time but that the matter might be reconsidered in April or May when the days are longer. In view of the fact that an emergency still exists and in the interests of peace and order he doubts whether the Japanese Authorities would be prepared to consider an extension of the closing hour at the present time for such premises situated North of the Creek. Whilst sympathising with the proprietors of such premises and the employees who may be thrown out of employment, he does not consider that the present is an opportune time to extend the closing hour.

Mr. Yuan expresses the opinion that possibly the loss of revenue in taxes is influencing the French Authorities in their desire for an extension of the closing hour and suggests that an exception might be made during the China New Year holidays.

The Chairman considers that extension of the closing hour during the China New Year holidays could be arranged, but that unless agreement is reached with the Japanese Authorities he does not favour a general extension.

Mr. Von der Crone adheres to the view previously expressed by him that the time will come when people will not wish to patronize such establishments, particularly during

the hot weather when air conditioning will be greatly curtailed and states that he is in favour of an extension of the closing hour, provided the Japanese Authorities agree, so as to enable such establishments to continue operation as long as economic conditions permit them to do so.

Mr. Chang suggests that if possible the closing hour be extended for two weeks at China New Year as many of these establishments have been waiting for these holidays to make up losses incurred.

The Chairman states that he will take the matter up with the Japanese Authorities and while it may be possible to arrange for an extension for several days during the China New Year holidays he doubts whether it would be possible to extend the period for as long as two weeks. It is accordingly decided to make no change in the present closing hour pending discussion of the matter with the Japanese Authorities.

Rice. A memorandum by the Chairman of the Food Supplies Committee dated January 27, 1942 is submitted.

In explanation Mr. von der Crone states that while reluctant to reduce sales to two shun per person, the stock position forces the Committee to propose this measure in order to make stocks last as long as possible. The measure will undoubtedly impose hardship on the public but no other course is open.

Mr. Chang expresses agreement with the proposed measure for the time being in view of the stock position.

Mr. Yuan, while also agreeing that no other course is open under present circumstances, states that the proposal will cause a great deal of alarm and perturbation amongst the public. He continues that while numbers of people who have received compensation on losing their employment are evacuating to the interior, a very large number, at least 1,000,000, will not be able to afford to evacuate and will starve unless stocks are obtained.

Mr. Glathe states that the proposal is the result of very careful consideration by the Food Supplies Committee and should be approved.

Mr. Chang suggests that attempts be made to obtain supplies of rice from Hong Kong, to which the Chairman replies that, according to his information, only 3 months supplies are available at that port and the authorities are encouraging evacuation therefrom. He considers that it will not be possible to obtain supplies from Hong Kong.

The proposal of the Food Supplies Committee is accordingly approved.


Chinese Staff - Good Service Allowance. The Secretary & Commissioner ^{H. S. /} General states that a Good Service Allowance of half a month's pay is made to the Chinese staff annually at China New Year and the question to be decided is what percentage High Cost of Living Allowance is to be allowed on the basic allowance. The High Cost of Living allowance on pay for December and January was 285%.


The Chairman states that in view of the Council's cash position it is felt that an arbitrary figure of 200% is all that the Council can afford this year.

Replying to Mr. Glathe the Treasurer states that the total amount involved at 200% ^{is} approximately \$600,000 and at 285% an additional \$200,000 would be required.

The Chairman's suggestion is approved that the Good Service Allowance be augmented by a High Cost of Living Allowance of 200%.

The meeting terminates at 5.40 p.m.


Chairman


Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, February 4, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

G. Kambe

R. von der Grone

Y. Yazima

L. T. Yuan

The Acting Commissioner of Police

The Municipal Advocate

The Chief, Industrial & Social Division

The Treasurer, and

The Secretary & Commissioner General.

The Minutes of the meeting held on January 28, 1942, are confirmed
 and signed by the Chairman.

Proposed Licence Conditions Governing Sub-tenancies. The Secretary &
K.12/6 Commissioner General states that in accordance with the decision
 reached at the last meeting of the Council the proposed licence
 conditions to govern sub-letting have been reconsidered by the
 officials concerned, principally Miss Hinder, and it has been
 decided to recommend that the conditions originally proposed
 (copies of which have again been supplied to members) be approved.
 The Secretary & Commissioner General adds that the points raised
 by Mr. Yuan and other members at the last meeting were most
 useful and as a result of the difficulties referred to by members
 involved in any attempt to prohibit sub-letting by sub-tenants,
 it had been decided to recommend abandonment of this idea. With
 regard to the point raised by Mr. Glathe in connection with
 the differentiation between lodging or boarding houses and sub-
 letting, the Secretary & Commissioner General states that this
 would be provided for by definitions making the sub-letting
 licence not applicable to lodging houses and by defining the
 latter as premises in which sleeping accommodation is provided

nightly or for undefined periods.

The proposed licence conditions governing sub-tenancies submitted with the Secretary & Commissioner General's memorandum of January 20, 1942, and the proposed initial employment of a staff of four Inspectors for the enforcement of these conditions at an estimated annual cost of \$60,000 per annum, are unanimously approved. It is further approved that a monthly fee of \$3 per Licence be charged and that for the time being no attempt be made to control charges of hotels and boarding houses.

Places of Public Entertainment, Restaurants, Taverns, etc. - Closing


I.3/10 Hour. While not on the Agenda the Chairman states that he has had further discussions with the Japanese Authorities on the question of the closing hour of Places of Public Entertainment, Restaurants, Taverns, etc., and that while it is appreciated that the French Authorities are strongly in favour of an extension of the closing hour to 11 or 11.30 p.m., the Japanese Authorities are still reluctant to agree to this proposal. The Chairman continues that he feels that as daylight saving time has now been instituted, it would be reasonable to extend the closing hour for such establishments at all events from April, when daylight will be longer and little if any increased consumption of electricity will be involved. He has accordingly submitted this view to the Japanese Authorities and thinks that it may receive favourable consideration. In the meantime and pending a decision on the matter by the Japanese Authorities, he asks for the Council's authority to agree to whatever decision is arrived at by these Authorities without further reference of the matter to the Council. In this connection the Chairman expresses the opinion that the maximum extension to which the Japanese Authorities would agree would be one hour, or possibly extension of the closing hour during the Chinese New Year holidays and Saturdays and Sundays only, but he hopes that it may be possible to arrange for a general extension of one hour in the near future.

The Chairman's proposal to make the best possible arrangements with the Japanese Authorities and to take the necessary action without further reference to the Council is unanimously approved.

The meeting terminates at 4.45 p.m.



Chairman



Secretary & Commissioner General.

At the meeting of the Council held on Wednesday, February 18, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

G. Kambe

R. von der Grone

Y. Yazima

L. T. Yuan

The Treasurer, and

The Secretary & Commissioner General.

~~XXXXXX~~
~~XXXXXX~~
~~XXXXXX~~
 The Minutes of the meeting held on February 4, 1942, are confirmed
 and signed by the Chairman.

The Minutes of the meeting of the Staff Committee held on February
13, 1942, are submitted.

^{H:1/12}
^{H:23/4} Staff Pay. Following Mr. Yazima's explanation of the Staff
 Committee's recommendations on this subject, the Chairman, in
 expressing regret over the necessity for reducing the pay of
 Municipal employees at this time when the staff is working
 harder than in normal times, states that the financial position
 of the Council makes it necessary to resort to such a measure.

Referring to the Committee's recommendation that the
 maximum annual payment to pensioners be increased from
 \$20,000 per annum, as originally proposed, to \$24,000 per annum
 in order to bring pension payments into line with the \$2,000
 maximum monthly withdrawal from bank accounts permitted American
 and British nationals, the Chairman states that he has discussed
 this matter with Mr. Kaheida Okazaki, the Financial Adviser to
 the Council. It was pointed out that as the Japanese Government
 has been informed that Japanese nationals in American and
 British territory are not permitted to withdraw from bank
 accounts as much as American and British nationals in Japanese
 territory are permitted, the maximum amounts which the latter

may withdraw may be reduced. It would therefore in the Chairman's opinion be dangerous to link these two payments which might necessitate a reduction in the pension payments to Council employees later on. The Chairman accordingly suggests that it would be preferable to adhere to the \$20,000 per annum maximum for pension payments, with the proviso that in special cases, such as where an employee's entire income is derived from his pension, special consideration will be given by the Council to increasing pension payments to a maximum of \$24,000 per annum.

Referring to the proposed maximum salaries for the four groups of employees quoted by Mr. Yazima, the Treasurer states that it should be made clear that it is not intended that there shall be a reduction of more than 90% on any part of an employee's November salary except to limit payment to \$4,000 per mensem and that the maximum figures quoted by Mr. Yazima should be increased accordingly. The Secretary & Commissioner General remarks that the misunderstanding was not due to Mr. Yazima but to a lack of clarity in his own memorandum.

The Secretary & Commissioner General states that it has just been brought to his attention that the proposals in a few cases conflict with the provision in the Terms of Service that either six or three months' notice, as the case may be, shall be given employees of any change in the integral part of the Terms of Service. There is no technical necessity to give notice of a reduction or abolition of the High Cost of Living Allowances, but "A" Class employees are entitled to their basic pay plus exchange compensation and any reduction in these amounts cannot strictly be made under the Terms of Service without giving notice. The Secretary & Commissioner General continues that certain "A" Class employees will be affected in this respect by the proposals and while he is sure that they would wish to be treated in a similar manner to the rest of the staff he considers that the point should be brought to members' attention.

The Chairman expresses regret that the Council is unable to fulfil its contractual obligations to the staff.

In reply to the Chairman's request for members' opinion on the proposals, Mr. von der Crone states that in view of the Chairman's remarks he agrees that it would be dangerous to link the maximum pension payment with the maximum amount which American and British nationals may withdraw from the bank accounts.

The recommendations of the Staff Committee are thereupon confirmed, subject to the maximum pension payment being limited to \$20,000 per annum with the proviso that in special cases consideration will be given by the Council to increasing this maximum to \$24,000 per annum.

Post of Commissioner of Police. The Chairman states that it is quite clear that Major K. M. Bourne, Commissioner of Police, who is now on long leave, will not be able to return to Shanghai, and the Japanese Authorities, who are partly responsible for the maintenance of peace and order in the Settlement, request through the Japanese Consulate that the post of Commissioner of Police be held by a Japanese national in order to ensure full co-operation between the Police Force and the Japanese Garrison in Shanghai. The Chairman accordingly proposes that Mr. M. Watari, now Chief Deputy Commissioner of Police, be appointed Commissioner of Police.

In supporting this proposal Mr. Yuan expresses the opinion that Mr. Watari is the right man for the post, having had considerable Police experience in Tokyo for some years and that the Council is fortunate in having the services of Mr. Watari.

The appointment of Mr. M. Watari as Commissioner of Police is thereupon approved.

The meeting terminates at 5.00 p.m.

H. Tencks

Secretary & ~~Commissioner General.~~

K. Shanon

Chairman

At a Special Meeting of Council held on Saturday, February 21, 1942.

at 10.30 a.m., there are:-

Present;

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

G. Kambe

R. von der Crone

Y. Yazima

L. T. Yuan

The Commissioner of Police

The Treasurer, and

The Secretary & Commissioner General.

Police Force - Retirements and Promotions. The Chairman states
 H.3/255
 H.3/768 that as Members will see from the papers before them, which
 have been circulated, the new Commissioner of Police has
 recommended certain retirements and promotions in the Police
 Force which are made in compliance with the wishes of the
 Japanese Authorities. He explains that the Authorities
 concerned in maintaining the peace and order of the Interna-
 tional Settlement are of the opinion that in case of an
 emergency, which may arise in any form and at any time of the
 war, they cannot wholly rely on enemy nationals although they
 may be acting as neutrals. There is also the language difficulty
 which prevents a proper liaison being established. In order
 that there may be effective liaison and a sense of security in
 the event of an emergency, the Japanese Authorities have
 requested that certain Police positions be occupied by
 Japanese and the Commissioner of Police's proposals are the
 main recommendations. Continuing, the Chairman says that
 Members will note that there are altogether nine persons who
 are asked to retire. With the exception of Assistant
 Commissioner G. J. Bennett all are to be awarded full Super-
 annuation and the Pension benefits to which they are entitled.

In the case of Assistant Commissioner Bennett it is recommended that he receive a proportionate pension in accordance with the precedents established in the cases of retirements due to retrenchment or reorganization. It is further recommended by the Commissioner of Police that in order to fit in with the contemplated reorganization, two Officers of the Specials, Deputy Commissioner R. G. MacDonald and Assistant Commissioner W. J. Gande, be thanked for their services and requested to resign.

The Chairman states that if he could express his personal views, the requests of the Japanese Authorities are in a way reasonable. In the case of Mr. W. C. Grant, Governor of Gaol, he will shortly reach the age of 55 when he would in the normal course of events have been retired. As for the promotions recommended, these follow the natural course to be taken after approval of the retirements advocated; the positions must be filled and it is necessary at the moment that Japanese Officers of the Police Force should for liaison reasons and in case of emergency occupy certain positions.

The promotions are not all Japanese, for Members will observe that it is recommended that Deputy Commissioner T. M. Yao, be made Chief Deputy Commissioner. In making this recommendation it is felt that in view of the preponderance of Chinese nationals and their large interests in the Settlement, a Chinese Officer should occupy an important position in the Police Force. All those recommended for promotions are entitled thereto by reason of their periods of service and good work.

The final recommendation is that Mr. T. Kawashima, Chief Assistant, be transferred from the Civil Staff to the Uniform Branch of the Force as Superintendent. The Chairman concludes by saying that he would very much like Members to approve the recommendations submitted.

Mr. Yuan says that he is certain that the recommendations have the full support of Members. Members approve.

Police Force - Change of Designations. The Chairman informs Members
 H.5/6 Part 3. of a recommendation submitted by the Commissioner of Police that
 H.5/11 Part 3. the designations Foreign Branch Section I and II be abolished

forthwith and that henceforth Section I be known as Foreign Branch and Section II as Japanese Branch. Members approve.

Police Force - Acting Commissioner of Police - Captain H. M. Smyth.

H.3/1536

The Chairman states that he very much regrets to say that Captain Smyth, the Acting Commissioner of Police, has asked the Council to permit him to resign. He had a personal talk with Captain Smyth and asked him to change his mind and remain in the Force, but, for various reasons, Captain Smyth wishes to resign from the Force in a friendly way. After several discussions, in an endeavour to persuade Captain Smyth to alter his decision, there is the Chairman informs Members no alternative but to accept Captain Smyth's resignation. Captain Smyth has been asked whether he would accept a position as Adviser to the Commissioner of Police since his Police experience gained over a period of years must be invaluable to the new Commissioner of Police and besides Captain Smyth would be a good Liaison Officer between the Foreign and other branches of the Force. Captain Smyth has informed him that he would accept the post if it is offered by the Council. Subject to Members' approval, it is proposed to ask Captain Smyth to act as Adviser to the Commissioner of Police and as recompense for his services to grant him the same salary that he now receives as Chief Deputy Commissioner of Police. Mr. Jabin Hsu recommends that Captain Smyth's resignation as Chief Deputy Commissioner of Police be accepted and that he be made the offer outlined. In approving, Members request that the Council's thanks and appreciation for his distinguished service as Acting Commissioner of Police during a difficult period be conveyed to Captain Smyth.

Secretary & Commissioner General.

H.3/760

The Chairman states that he has now reached a very sad moment in the proceedings. He very much regrets to have to inform Members that the Secretary & Commissioner General, Mr. Godfrey Phillips, has expressed his desire to resign - this also is a friendly resignation from the Council's service. He has had several talks with Mr. Phillips and tried to persuade him to change his mind for, as Members are

well aware, Mr. Phillips has been a most faithful and valuable employee of the Council and is held in high esteem by all.

For various reasons Mr. Phillips regretted that he could not change his decision and he invites Mr. Phillips to address Members. In response to the Chairman's invitation to make any remarks that he wished to make, the Secretary & Commissioner General states that he welcomes the opportunity to say a few words about his forthcoming resignation. He desires to thank all Members of Council for their constant consideration to him during his term of office. In thanking present Members of Council he feels that he is recording his thanks also to past Members of Council. His job has been an interesting one largely because of the relationship it involves with Members of Council, whose confidence he hoped he had had. It was possible to speak very frankly in the Council Chamber of certain matters, and there were certain qualities of the service of the Shanghai Municipal Council which were unique owing to its international character. He wishes to give two examples of what he means. His acquaintanceship with Mr. Glathe had begun when Mr. Glathe first served on a Council Committee. He hoped that he might be allowed to say that he valued Mr. Glathe's friendship and that possibly only in Shanghai today could a new friendship have come into being between two people whose countries were at war. Similarly Mr. Phillips states that he had served now as Secretary of the Council under five Chairmen, with all of whom and under all of whom he had enjoyed work. It was pleasant to be able to say that one of his permanent recollections of his service with the Council would be the consideration and courtesy in big things and in small things that had been shown to him by Mr. Okazaki during the recent difficult period. In conclusion, Mr. Phillips states that he tenders his resignation with great regret, and that he hopes that Members will assist him in letting it be known that his resignation has been tendered in the most friendly spirit and that it was due in no way to personal difficulties

with anybody. He wishes to record his appreciation of the confidence and support of Municipal employees especially Members of the Secretariat Staff.

Mr. Glathe states that he would like to say a few words in connection with Mr. Phillips' retirement which he very greatly regrets. He is convinced that all the other Members will whole-heartedly share his feelings. During the time he had the pleasure of working with Mr. Phillips, which undoubtedly has been one of the most difficult periods in the history of the Council, Mr. Phillips has unfailingly demonstrated his loyalty towards the Council and the Settlement's administration. All Members not only learned to value his extraordinary competence but above all his wonderful personal qualifications. The reasons for which he most of all regrets the parting with Mr. Phillips is the perfect quality of his character which has rendered collaboration with him by all Members exceptionally pleasant. Where fate will lead Mr. Phillips no one knows but it is certain that all of Mr. Phillips' co-workers in the Council are at present moved by the same feeling which is to express to him their whole-hearted and sincere thanks for the true and loyal collaboration which he has given. Mr. Glathe concludes by saying that he knows that all Members would like to wish Mr. Phillips everything of the best in the future.

Mr. Yuan says that he is glad that Mr. Glathe has expressed what all Members feel. He has known Mr. Phillips for several years and greatly admired his qualities and he hopes that he will have his friendship for many more years to come.

The Chairman states that Mr. Glathe and Mr. Yuan have expressed the feelings of all present and they will be placed on record.

The Secretary & Commissioner General withdraws.

The Chairman recommends that Mr. Phillips, though not entitled to a pension, be given one since he has rendered the community 8 years of valuable service and there is precedent in the case of Mr. J. R. Jones. He therefore strongly recommends and will be very pleased if Members would approve of the

granting of a maximum pension of \$500 per year to Mr. Phillips. Mr. Yezina wonders whether Mr. Phillips would agree to act as an Adviser to the Council. The Chairman replies that Mr. Phillips has been approached on the matter but felt that he could not accept such an appointment but would be glad to assist the Council in any way if called upon. He thinks his desire to assist if needed is frank and sincere and he would be glad if Members would authorize the retirement of Mr. Phillips effective from March 1, 1942, on a maximum pension. Members unanimously approve.

Upon the Secretary & Commissioner rejoining the meeting the Chairman states that he is very glad to tell him that all Members have agreed that he should receive the maximum pension as an exceptional case for valuable services rendered to the community. Mr. Phillips in thanking Members states that the act was most unexpected and that he is very grateful indeed for their kindness.

¹
Secretary of Council - Mr. K. Terzoka. The Chairman states that on H. 3/392 F. 5/24 Mr. Phillips' resignation there is a vacancy to be filled. He is not saying this as Mr. Terzoka is a countryman of his, but Mr. Terzoka has since his appointment to the Council's service worked extremely hard and particularly at this time is he being called upon to perform arduous duties which he has shown great ability to undertake. He therefore has much pleasure in recommending the appointment of Mr. Terzoka as Secretary of Council effective from March 1, 1942. With regard to the duties of the Commissioner General they are mostly in assisting the Chairman especially in matters of a political nature and in co-ordinating the work of Departments. The Chairman feels that the work of the Secretary and the Commissioner General are different. Especially at the present time is the work of the Secretary onerous and in his view only a very experienced person of Mr. Phillips' training could combine both positions. He has tried to

find some one but it has not been possible, besides for reasons of economy the Council should not engage another person. He has therefore decided, subject to Members concurrence, that no appointment of a Commissioner General be made and that he would himself take on in an honorary capacity the duties hitherto performed by the Commissioner General and assume the responsibilities. He invites Members to express their views.

Mr. Yuan says that he is sure that all Members fully appreciate the Chairman's offer to take on additional work and he supports his proposal.

Mr. Phillips states, in connection with Mr. Taraska's appointment as Secretary, that as Head of Mr. Taraska's Department he would like to record that the Council was in his opinion very fortunate in being able to offer the post to Mr. Taraska, whom he had found to be a most loyal and intelligent colleague and who had the great quality of having ideas of his own which he was not afraid to put forward. Mr. Yuan states that he is very glad that Mr. Phillips has mentioned Mr. Taraska's qualities.

Members unanimously approve the appointment of Mr.

Taraska as Secretary of Council effective from March 1, 1942.

Planning Board. The Chairman apologizes to Members for not having submitted a memorandum on the subject and states that there has been no time within which to submit papers. As Members are aware, it is almost impossible at this time to secure raw materials for Settlement needs except through the efforts of the Japanese Authorities. The Chairman explains that in Japan they have a Central Planning Board and here the Asia Development Board is responsible for such work and they put in their needs to the Central Planning Board in Tokyo. In view of the fact that the Settlement may not be able to get supplies from any other source, he has spoken to the Japanese Authorities and they have undertaken to supply the Settlement with its requirements, or such part as they are in a position to supply, provided the Council makes a survey and submits its needs to the Japanese authorities. He therefore recommends that the Council establish an office to

(do the work) and to be temporarily named Planning Board Office. This Office would ask the various Departments for information and consumers' needs would be obtained through the present Council Departments. The Planning Board would submit its survey, when the information needed has been collected, to the Council who in turn would forward it to the Japanese Authorities. In view of the necessity of curtailing expenditure and practicing economy under present circumstances he would not like to appoint any new personnel to the proposed Planning Board Office. In connection with the Planning Board he suggests that such Members of Council who may have time should serve thereon and proposes, subject to Members' agreement, that the Council Members be Mr. von der Crone, Mr. Glatho and himself and of the permanent staff Mr. Teruoka and Miss Hinder who would assist with Mr. Beesley as Secretary with others assisting him if necessary. The necessary personnel as Secretaries to the various offices dealing with the Board it is proposed should be found from among the present staff of the Council. The matter of Planning is of some urgency since the information required is required by the end of March, which is the time limit for the report to be made to the Central Planning Board in Tokyo. It is realized that the work involved in securing and making available the data sought is not light. It is hoped that the Council will be able to provide the information by the time limit fixed. Members approve of the formation of a Planning Board as proposed by the Chairman as also his other suggestions.

S.V.C. Training and S.V.C. Staff. The Chairman says that he would like K.6/30 & H.3/1075 to recommend that for the time being S.V.C. training be suspended, the reason being that there are armed forces in the Settlement who are maintaining peace and order and any other armed force might make things difficult since the Japanese Forces are at war with certain countries and if the Volunteer Corps continues functioning it might result in misunderstanding between the armed forces. He therefore recommends that Volunteer training be suspended and that the Headquarters' staff and other personnel attached to the S.V.C.

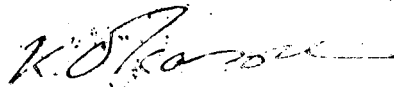
revert to their previous duties in the Departments from which they were seconded for duty with the S.V.C. The Secretary & Commissioner General requests Members' authority for him to use discretion as to the arrangements for the placing of the staff concerned in different Municipal Departments. This authority is accorded by Members.

Mr. Yuan touching upon the suggested suspension of training of the Volunteer Corps, desires to place on record the grateful appreciation of the Council and the community of the valuable services rendered by Members of the Corps during troublous times in the past. In concurring with the views expressed by Mr. Yuan Members adopt the proposals made by the Chairman.

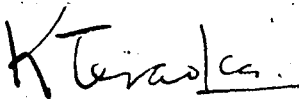
Meeting. The Chairman suggests, and Members agree that the next meeting of the Council be held on Wednesday, March 4, 1942.

F.5/18

The meeting terminates at 11.25 a.m.



Chairman



Secretary

At the meeting of the Council held on Wednesday, March 4, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

R. von der Crone

Y. Yazima

L.T. Yuan

The Commissioner of Police

The Deputy Commissioner of Police

The Commissioner of Public Works

The Treasurer, and

The Secretary.

Absent:

Mr. G. Kambe

The Minutes of the meeting held on February 18 are confirmed and signed
 by the Chairman.

The Minutes of the Special meeting held on February 21 are confirmed
 and signed by the Chairman.

The Minutes of the meeting of the Industrial & Social Affairs Committee
 B.9/29 held on February 20, are submitted and confirmed. The Estimates
 for 1942 are approved for submission to the Finance Committee after
 any necessary adjustments have been made by the Treasurer.

The Minutes of the meeting of the Health Committee held on February 23
 B.19/13 are submitted and confirmed. The Estimates for 1942 are approved
 for submission to the Finance Committee after any necessary
 adjustments have been made by the Treasurer.

Sunagawa Dairy - Proposed Degrading. The Chairman states that the
 I.5/1 recommendation of the Health Committee that the Sunagawa Dairy be
 degraded is reasonable in view of past offences by this Dairy
 and should be approved by Members. Members approve.

The Minutes of the meeting of the Watch Committee held on February 24
 are submitted and confirmed.

2.

Volunteer Corps - Extraordinary & Ordinary Expenditure. It is noted B.9/17 that revised Estimates of the Volunteer Corps, as a result of the Council's recent decision regarding suspension of Volunteer training and the return of the seconded personnel to the Municipal Departments in which they formerly served, will be circulated to Members of the Watch Committee for approval prior to submission to the Finance Committee.

Police Force - Extraordinary & Ordinary Expenditure. Members note B.9/15 that in order to avoid calling another meeting the Police Estimates of Ordinary Expenditure will be revised by the Treasurer, in view of the recent staff changes and the return of seconded personnel from the Western Area Special Police Force, and circulated for the approval of the Watch Committee prior to submission to the Finance Committee.

The Minutes of the meeting of the Orchestra & Band Committee held on B.9/14 February 26 are submitted and confirmed.

Estimates for 1942. The Chairman states that it is very gratifying to the Council to learn that the French Concession Authorities and the Italian Government are likely to increase their contributions towards the maintenance of the Orchestra & Band. He remarks that financially the Council may not be in a position to provide for an Orchestra during the war, on the other hand the Municipality cannot under existing conditions disband its Orchestra without giving the musicians some assistance. It may be possible to transfer the enterprise to some other management, however, for the present nothing has been arranged or decided so Members are asked to approve the Estimates as framed for submission to the Finance Committee after any necessary adjustments have been made by the Treasurer.

The Minutes of the meeting of the Library Committee held on February 27 B.9/22 are submitted and confirmed.

Estimates for 1942. The Chairman states that the Estimates for 1942 have received much consideration by the appropriate Committee and

3.

he suggests that they should be approved for submission to the Finance Committee after any necessary adjustments have been made by the Treasurer. Members agree.

Purchase of New Books for March 1942. The Chairman observes that D.2/1 an important point made by the Library Committee is that the policy is to make only essential purchases of new books and not to build up the Library for the time being; he thinks this very reasonable and Members concur.

Pao Chia System in the Settlement. The Chairman apologizes to Members ~~P.15/6~~ K.S/39 for not having placed the matter of the Pao Chia System on the agenda and for not having circulated any documents on the subject. He says that as Members are well aware, whenever terrorist acts take place the Defence Authorities throw cordons around the sections concerned resulting in innocent people in the area suffering. It has now been made clear that the Japanese Authorities will give special consideration to the matter of cordoning to the areas where the residents organize a Pao Chia system. Therefore if the whole Settlement is organized by a Pao Chia system it would alleviate the sufferings of innocent people as well as help the Police in preventing terroristic activities and in the maintenance of peace and order. He therefore asked the Police to devise a scheme on behalf of the Council. Expenses should be borne by the Shanghai Municipal Council. The Shanghai Municipal Police would take the leading role in this organization and some outside members could be invited in the office when it is found necessary. The main units of the organization should correspond to the Police Districts in the Settlement and each chief of the Police Station should be responsible for its respective unit. This organization being a semi-official one, the Chairman of the Council would be the president and be responsible for all its activities and the Commissioner of Police as Vice President would be responsible to the Chairman in carrying out all the necessary arrangements and controlling the activities.

This Organization is to be formed in the Districts south of Szechow Creek first and when this is completed, the existing Pao Chia System north of the Szechow Creek would be amalgamated into the same Organization. The Chairman further states that the expenses of the Organization are not yet known but they are not likely to be great and until details of the scheme have been more fully drafted expenses cannot be stated but will be submitted later to the Council for approval.

For the time being the scheme will be applied to Chinese residents only who are the greatest sufferers when borders are thrown. In principle the Organization should embrace all residents, Chinese and foreign, however in practice at least for the present it will apply to Chinese only since certain foreigners enjoy extraterritorial rights which would make application of the system to foreigners difficult.

It is also proposed that citizens certificates should be issued to residents of the Settlement for two purposes. Firstly to help the Pao Chia system; the authorities would know who persons are and secondly the certificate may also prove useful in various other ways, such as to enable holders to pass through certain restrictive areas during an emergency period. However the issuance of citizens certificates will take the Police some time to organize. A certain amount of expenditure is involved, i.e. the cost of certificates and establishing offices and it would appear just and proper for the Council to charge a fee to cover the cost which would not be a great burden on the people. The Chairman remarks that the issue of certificates would be useless unless similar certificates are given by the Authorities of the French Concession and the Shanghai Special Municipal Government, and there is an interchange and recognition of the certificates. He undertakes to approach the two adjoining Authorities to obtain their agreement to the proposals which have the strong backing of the Japanese Authorities.

Finally the Chairman states that the Pao Chia system, which will take some three months to complete, has been approved by the Watch Committee by circular, subject of course to approval being obtained from Members of Council. He will be glad to answer any questions which Members may wish to put.

Mr. Glathe enquired whether the Citizens Certificates will be issued to men and women alike and the Chairman replies that both will receive them but not babies; after consultation with leading Chinese a decision will be taken as to ages at which children will be required to obtain certificates.

Mr. Glathe asks whether it is intended that the volunteers working in the Pao Chia Organization shall be in uniform. The Chairman remarks that uniforms have not been considered since it is desired to do the work with the least possible expenditure but that volunteers will wear arm-bands.

Mr. Jabin Hsu states that as Chairman of the Watch Committee he heartily endorses the proposals; the idea was well conceived by the Chairman. The Pao Chia system was an exclusive Chinese way to combat crimes in olden days when Police protection was inadequate. Although Police protection is available, terrorism has spread and the Pao Chia system will undoubtedly help to rid the Settlement of terrorists. It is, he says, very gratifying to the Chinese community that the Japanese Authorities share their views that the cordon system inflicts hardship on innocent residents and they welcome a definite scheme, such as the one envisaged, organizing the populace to co-operate with the Police to stamp out terrorism. Certain newspapers have hinted that the proposed organization is by outsiders and this has been resented by thinking Chinese but, as explained by the Chairman, the authority is in the hands of the Shanghai Municipal Council and its Police. So long as the authority so remains the Chinese will have confidence that the system will work out well and all will assist harmoniously to combat terrorism in the Settlement. He heartily approves of the scheme.

Mr. Yuan states that he was recently requested to attend a meeting to discuss the Pao Chia system and acted as Chairman with the wish to assist in formulating a scheme whereby the good of the community would be served. He considers that the system as outlined by the Chairman is an excellent one and will do good for the residents of Shanghai. He informs Members that he has had many enquiries as to the system and as to whether residents should collaborate and he has advised all to render every possible assistance. He earnestly hopes that existing cordons will soon be removed. The Chairman replies that it is proposed to complete the Pao Chia system in cordoned areas first of all and as quickly as possible and that when this has been done the Police Authorities will approach the Japanese Naval Authorities on that question. The Commissioner of Police confirms this and the Deputy Commissioner of Police adds that he will do his best but the decision lies entirely with the Naval Authorities.

The proposals submitted by the Chairman are approved in principle by Members on the understanding that the estimate of expenses will be submitted in due course.

The meeting terminates at 5.25 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, March 11, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)

Theodore C. Chang

A. Glathe

Jabin Hsu

R. von der Crone

Y. Yazima

L. T. Yuan

The Commissioner of Public Works

The Treasurer, and

The Secretary.

Absent:

Mr. G. Kambe.

The Minutes of the meeting held on March 4, 1942, are confirmed and signed by the Chairman.

The Minutes of the meeting of the Works Committee held on March 3, 1942, are submitted and approved subject to the following remarks, and to the Estimates for 1942 being submitted to the Finance Committee after any necessary adjustments have been made by the Treasurer.

Road Widening and Extension Plans - 1942. Since no new Road Schedulings for 1942 are contemplated and the alterations are merely those approved by the Council in the course of 1941, Mr. Yuan suggests that there may not be any need to go to the expense of advertising inviting inspection of the Road Plans for 1942. The Commissioner of Public Works is of the view that since land owners, agents and proprietors had the right for 3 months after the publication of the Notice last year that the Plans were opened to inspection, to protest against any schedulings, and as there has been no change in the road plans since that time of which the public has not been given proper notice, that the publication of an official Notification appears unnecessary. The Deputy Secretary (Mr. Allan) remarks that he believes that under the Land Regulations it may still

be necessary to afford interested parties an opportunity to protest against any proposed roads, extensions or widenings of roads, etc.

The Chairman suggests that the opinion of the Municipal Advocate should be sought and, with Members' approval, upon receipt of that opinion and after consultation with the Commissioner of Public Works and other interested Municipal Officials, he will take a decision as to whether publication of an official notice is necessary or not. Members approve.

The Minutes of the meeting of the Education Board held on March 5, ^{Apr. 22/42} 1942, are submitted and approved subject to the following ^{B. 7/19} remarks, and to the Estimates for 1942 being submitted to the Finance Committee after any necessary adjustments have been made by the Treasurer.

Schools in the Settlement. The Chairman reports on the requests from the Japanese Authorities with reference to Educational Institutions in the Settlement, and the Council's reply thereto which he has dispatched. After the proposed reply to the communication had been considered and approved by the Education Board, the Chairman states that he gave further consideration to the subject and certain amendments were made by him in the final reply which has gone and of which he will now inform Members. Under the heading "Municipal Schools for Chinese" (a) it has been made clear to the Consulate General that the Council's Schools are not using text books of an Anti-Japanese nature and a paragraph has been added stating that all text books used can be placed at the disposal of the Japanese Authorities for censorship, if required. Under the heading (b) requiring the teaching of the Japanese language from the 5th grade of the Primary School, in order that the Council may use its discretion as to how many teachers it should employ, instead of being committed to the appointment of one Japanese teacher to each school, the Council's reply states that a lesson of the Japanese language shall be made a required subject and for this purpose a suitable number of

Japanese teachers shall be employed by the Council (a lady teacher in the Secondary Schools for Girls). The hours of the Japanese lessons will be gradually increased and so will the number of Japanese teachers. This amendment of the originally proposed reply should result in a saving of expenditure to the Council.

Continuing the Chairman states that paragraph (c) has been altered to a clearer statement of fact, which is, that it has been the Council's policy to replace the foreign teachers by Chinese teachers in the Council's Schools for Chinese and as a result of that policy only six teachers of British nationality are at present in the Council's schools for Chinese. There are no other teachers coming under the category of British, American and/or Allied nationalities. The British teachers will be retired as soon as they are qualified for pensions.

With regard to paragraph 2 headed "Municipal Schools for Foreign Children", the Chairman remarks that this has been a very difficult question. In their letter of February 20 the Japanese Authorities requested that the Council's schools for foreign children should continue except those which are intended for foreigners of British, American or Allied nationality. It has been pointed out to the Authorities that if the Council were to agree to the request there would be injustice since foreigners of the nationalities referred to who reside in the Settlement contribute towards the Municipal coffers by the payment of Municipal Rates and Taxes and if Educational facilities are denied the Council could not reasonably expect them to pay Municipal dues. After negotiations with the Japanese Authorities their provisional concurrence to the Council's schools for foreign children being continued as at present for the time being, was, the Chairman states, obtained. The question of text books used for the study of the Chinese language in foreign schools has been dealt with by the Council in its reply which states that text books used for the study of the Chinese language shall be replaced by Chinese text books to be supplied by the National Government while the previous suggested

reply was that these books would be submitted for approval to the Authorities concerned. It is hoped that the reply as framed and submitted will result in the Council receiving the gift of Chinese text books for foreign schools from the National Government. As in the case of the Council's schools for Chinese, a lesson of the Japanese language will be introduced and a suitable number of Japanese teachers will be employed by the Council. Finally the reply which has been sent states that with regard to the employment of Japanese teachers in Council's schools for Chinese and foreign children, the Council would greatly appreciate any assistance from the Japanese authorities in the appointment of suitable candidates. The Chairman concludes by saying that the requests are partly reasonable and in one or two respects perhaps a little hard, but in the circumstances the Council must comply with the requests made to a certain extent. Members approve of the action taken.

New Sources of Taxation. The Chairman states that as Members are aware ^{B.4/11} _{F.5/18} the New Sources of Taxation Sub-Committee is now giving consideration to new forms of taxation. It is the opinion of most of the Members of that Committee and some of the Members of the Finance Committee that the Council's deficit this year will be fairly substantial and without much hope of the Council raising any large loans. The value of fapi is depreciating and debentures are not attractive; to a certain extent it may be possible to arrange loans but these borrowings would also be restricted and it is therefore necessary for the Council to obtain its financial needs as far as possible from rates, taxes, dues and fees and any other new sources of taxation considered practicable. The Chairman proposes that if the report of the New Sources of Taxation Sub-Committee is available very soon, a meeting of Council should be held next Wednesday to consider the report. It is hoped to send to Members a memorandum together with the relative papers for study in good time before the meeting.

When the report from the New Sources of Taxation Sub-Committee has been dealt with by Members, and since the

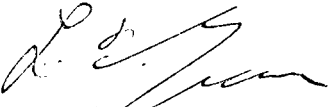
March 11, 1942.

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Council's activities are becoming normal, Members may agree to the return to fortnightly meetings of Council being held.

He hopes Members will give this suggestion their consideration.

The meeting terminates at 5.15 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, March 25, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. I. T. Yuan (In the Chair)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
R. von der Grone
Y. Yazima
The Treasurer, and
The Secretary.

Absent:

Mr. K. Okazaki

Mr. Yuan on behalf of himself and his colleagues expresses regret of the loss suffered by the Chairman on the death of his brother, and states that in the absence of the Chairman, he will take the Chair.

The Minutes of the meeting held on March 11 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Staff Committee held on March 16 are submitted and confirmed.

The Minutes of the meeting of the Finance Committee held on March 23 are submitted.

B.9/6 Part 3.

~~4.5/42. F. 4/27~~

The Acting Chairman, before calling upon Mr. Jabin Hsu to present the minutes of the Finance Committee of March 23, refers to the fact that information relative to the Council's deficit has received publicity. At 10 o'clock on Monday night a statement was read over a Radio Station to the effect that there had been a meeting of the Council's Finance Committee that day, and what the Council's deficit would be, and mentioning the figure of the deficit arrived at by Members of the Finance Committee in the Council Chamber.

The next morning, editorials and short notes appeared in the Japanese Press on this subject. Today, the Treasurer's report to the Council appears in full in the Tairiku Shimpō together with figures and a resume of what took place at the Meeting of the Finance Committee on Monday.

It is, the Acting Chairman states, most unfortunate that this information has been given to the Press and an enquiry is being made as to how this leakage of information came about.

He asks the Secretary once again to call the attention of all Members of Council Committees and permanent officials to Standing Order No. 89, which provides that all Committee business is strictly confidential and may not be made public until decisions have been officially confirmed by the Council, and that all documents circulated are for the personal and confidential information of the Committee Member concerned. Premature disclosure of Committee and Council business, either in the Press or to individuals, might cause considerable embarrassment to the Council. Members will, the Acting Chairman states, be requested to cooperate by ensuring that Committee and Council papers, and information concerning Council affairs, do not fall into unauthorised hands. All newspapers should be made to

realize that information on Council matters can only be obtained from the Secretariat Publicity Office and Members of Council and Committeemen should invariably refuse to give any information on Council affairs to the Press. He is sure that Members fully endorse what he has said.

The Acting Chairman asks Mr. Jabin Hsu to present the minutes of the Finance Committee.

Mr. Jabin Hsu before presenting the minutes of the Finance Committee says that in view of the remarks by the Acting Chairman and in fairness to his colleagues on the Finance Committee (actually there were only four members of that Committee present at their meeting on March 23, including himself) he must state that he is sure that no Member of the Finance Committee gave the information complained of to the Press and that all Members of the Finance Committee strictly observe Standing Order No. 89 to which Mr. Yuan has referred. Mr. Jabin Hsu then presents the Minutes of the Finance Committee of March 23.

The Acting Chairman thanks Mr. Jabin Hsu for presenting the minutes and informs Members of a request which has been received from the Japanese Authorities that before the Council finally adopts the Budget they be afforded an opportunity of making, if thought necessary, certain suggestions to the Council and presenting any views that they may wish the Council to consider.

It is suggested that it would be an advantage to defer adoption of a Budget for one week, during which time the Chairman of Council is expected to be back in Shanghai to inform Members at the next Council meeting of the views of the Japanese Authorities. The Acting Chairman states that perhaps it would save time if Members at to-day's meeting, discussed the Budget and recorded their views for confirmation or otherwise at the next meeting of Council. No final decision should be taken at to-day's meeting. He invites Members to give their views on the Budget.

Mr. von der Crone remarks that one item in the Budget, namely provision of \$10,000,000 for feeding, housing and clothing prisoners at the Ward Road Gaol, appears to be extremely high and an unfair financial burden upon the community. He feels very strongly that if not the entire cost then part of this not strictly Municipal undertaking should be borne by some one else and not residents of the Settlement alone. The Acting Chairman agrees that the cost of maintaining the Gaol is heavy and enquires whether it is suggested that the Chinese authorities should be approached. Mr. von der Crone replies that the Council could approach the Japanese Authorities to arrange if possible for the Chinese Authorities to share in the cost. \$10,000,000 for the Gaol out of an income of \$84,000,000 is a very heavy drain on the community faced with an unbalanced budget. It should also be pointed out that the French Concession Authorities are not called upon to bear the cost of the maintenance of their Gaol.

The Acting Chairman in endorsing Mr. von der Crone's remarks states that it would be a fair thing for the Council to appeal to the Authorities for relief from this heavy expense.

The Secretary states that, if Members agree, when forwarding the Budget to the Japanese Authorities he will suggest that the cost of the Gaol should not be borne by the

Council and especially since the French Concession are freed from this expense. Members agree.

Mr. Glathe states that he would like to call attention to what appears to him to be inadequate provision under Grants-in-Aid to non-Municipal Hospitals. The sum of \$198,000 has been included in the Budget for 1942 which is before Members for Grants-in-Aid to some 20 Hospitals. A great public service is being done by grant-aided hospitals which in many cases give free treatment to Chinese and foreigners and he feels that the attention of the Grants-in-Aid Committee should be drawn to the small amount provided in the Budget and their views invited as to what amount they consider should be set aside for non-Municipal Hospitals. The Acting Chairman agrees that the sum budgeted is low for the work which is being undertaken in the public interest and thinks that it would be a good idea to refer the matter to the Grants-in-Aid Committee as suggested by Mr. Glathe.

The Secretary informs Members that consideration is being given by the Japanese Authorities to their taking over and managing certain Hospitals now operated by American and British Institutions. Should the Japanese Authorities decide to operate the Hospitals the situation may change and in view of this he suggests that consideration as to whether increased grants to non-Municipal Hospitals should be allowed, be deferred until the decision of the Japanese Authorities is known. The Secretary suggests that the Budget should go forward with the grants-in-aid to non-Municipal Hospitals as now shown. Mr. Glathe remarks that when the views of the Authorities are ascertained, it is possible the Council may have to grant additional funds for non-Municipal Hospitals. The Secretary agrees, and in reply to Mr. Glathe states that he does not know how soon the decision of the Japanese Authorities can be expected; he undertakes to inform Members as soon as it is received. Mr. Glathe suggests that he should submit the views of the Grants-in-Aid Committee to the Council when they have gone into the matter at their next meeting. The Acting Chairman states that Mr. Glathe's views should be recorded and it is unanimously agreed that Mr. Glathe should present the views of the Grants-in-Aid Committee after its next meeting.

Mr. Yazima refers to provision for Flood Prevention work and suggests that, as is the practice in Japan, to cover this expenditure it would be reasonable to impose a special tax on those residing in the areas benefitted. Mr. Theodore Chang states that most residents already feel that the rates paid by them are sufficiently high for the amenities provided, especially under present difficult conditions, and he feels that flood prevention work is one which it is the duty of the Council to attend to; the cost thereof should come out of the general funds of the Council. He fears that it would be most difficult to impose and collect a special tax on residents in flood areas where work is undertaken; whatever prevention work is done will be to the benefit of the community as a whole.

The Treasurer says that the main question is whether the Council can raise the sum of \$4,000,000 to meet the cost of the work. The Acting Chairman points out that in the flood prevention scheme, if it is carried out, the French Concession would also enjoy some benefit. He agrees with the Treasurer that the only question is how to obtain the funds with which to proceed with the work. If the

Financial Adviser, Mr. Kaheida Okazaki, is able to arrange a loan in Tokyo the scheme can be carried out, if not, then perhaps only part of the work should be proceeded with for the time being.

The Secretary informs Members that Mr. Kaheida Okazaki is not arranging a loan for the Council in Tokyo but has, he understands, left word that a loan will be made available to the Council in Shanghai. The Acting Chairman hopes that in the circumstances the flood prevention scheme may be carried out.

Mr. von der Crone in referring to the maintenance or disbandment of the Municipal Orchestra states that as Chairman of the Orchestra & Band Committee he naturally favours retention of the Orchestra. In other countries affected by the war, where financial conditions are certainly no better than Shanghai, Orchestras are being retained. He suggests that before a definite decision is taken the views of the Chairman should be obtained for he learnt from the Chairman that he is personally not in favour of disbandment of the Orchestra if such meant that musicians who have served with the Orchestra for many years would be placed on the streets.

The Secretary states that the Chairman did not appear to be particularly keen to retain the Orchestra as a Municipal enterprise but was anxious that everything possible should be done to see that musicians are in some way taken care of. Mr. von der Crone, touching upon ways and means to obtain additional financial backing for the Orchestra, states that the Orchestra throughout the winter season plays in a theatre situate in the French Concession and during the summer months in parks in the French Concession to the great benefit of the many music lovers of that area. He feels that the French Municipal Authorities could reasonably be expected to defray one-third of the cost of the upkeep of the Orchestra. One suggestion is that when the Radio Corporation has been formed it should take over the liability of the Orchestra and the two Councils could each make an annual grant to the Corporation to assist in maintaining an Orchestra. Another suggestion is that a special Association might be formed to take over the management of the Orchestra and receive a subsidy from the two Administrations. The Orchestra could broadcast over the Radio, make records, give concerts and be used by certain Companies for advertising purposes, which would bring in fees and help to reduce the cost of the Orchestra. The Acting Chairman states that for a number of years the retention or disbandment of the Orchestra has come up for debate. Some of the Chinese community think the Orchestra is too costly and should be disbanded, others that it is well worth keeping as it is of cultural benefit. He notes that grants are now given by the Italian Government and the French Concession Authorities, but that these grants are small. He agrees means should be found to reduce the Council's liability. A number of Chinese have suggested that the Orchestra could reduce its cost by its Band section attending funerals.

The Secretary points out that Musicians contracts will shortly expire and a decision must be reached as to their future services. He suggests that they should be informed that the Council does not intend to renew their contracts; that the Council should make a subsidy towards the upkeep of the Orchestra until other arrangements have been made to take over the organisation. Mr. Theodore Chang

endorses the Secretary's suggestions which he considers are excellent. In view of the Council's financial stringency and the criticism by ratepayers of expenditure of this kind he feels that the Council should act along the lines suggested by the Secretary. The Acting Chairman agrees.

Mr. Jabin Hsu suggests that the Council should decide not to renew musicians' contracts; to grant a subsidy and leave it to the Orchestra & Band Committee to decide what that subsidy should be. Mr. Kambe remarks that the Orchestra & Band Committee and the Council must also decide for how long the subsidy should be. The Acting Chairman agrees and adds that it should be for as short a period as possible.

Mr. Yazima wonders whether it would not be possible for a tax to be imposed on the owners of radios and part of the funds thus obtained applied towards the upkeep of an Orchestra.

Members unanimously agree that the Council should give notice to musicians of its intention not to renew their contracts at their expiry; that a subsidy should be decided after obtaining the views of the Orchestra & Band Committee and paid for a fixed period, at the expiry of which the Council's liability for the Municipal Orchestra will cease apart from any possible annual grant which may be decided upon later.

With the above remarks the Minutes of the Finance Committee of March 23 are endorsed subject to the Budget together with these Minutes being forwarded to the Japanese Authorities for their views prior to final decision by the Council.

New Sources of Taxation. The Acting Chairman points out that all
B.4/11 Public Utility Companies have financial Supervisors and before adopting the recommendations of the New Sources of Taxation Sub-Committee concerning the Public Utility Companies, the Council should ascertain the views of the Japanese Supervisors.

The Secretary remarks that these Companies are also under the supervision of the Japanese Authorities and besides there are other forms of taxation mentioned in the report before Members on which the views of the Japanese Authorities are also required. If Members agree in principle with the views put forward by the New Sources of Taxation Sub-Committee in their report dated March 14 he will transmit the report to the Japanese Authorities together with the Council's Budget and point out that the Council sorely needs additional revenue. When the Japanese Authorities have taken a decision on the proposals the Council can go into them fully.

The Treasurer states that he is not in favour of the introduction of any form of stamp tax in the Settlement at the present time; there is a shortage of paper and the cost of printing stamps would be exorbitant, in fact, the cost of stamps would probably exceed the revenue to be received. He states that revenue can be collected without the introduction of stamp taxes, mainly through the operation of movement permits. The Treasurer refers to his recommendation that the Council should collect the proposed tax on supplies of electricity and water to neighbouring authorities. This would involve payment of the tax by the French Tramway Company in respect to the supply of power, the French Municipal Administration in respect to water supply; and the Western District Power Company in regard to power, etc.

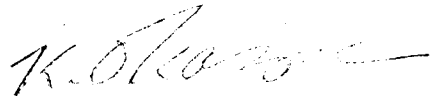
The Acting Chairman is of the view that the French Concession Authorities would agree the payment of 5% on the cost of electricity obtained through the Shanghai Power Company. The Treasurer remarks that even with these taxes the Council will be \$8,000,000 short in revenue and that he fears that the New Sources of Taxation recommended will not bring in the sum required. The Acting Chairman refers to the proposed tax on Hotel Bills, Meals, Drinks, etc., served in hotels, restaurants, etc., he states that during the past four years the Refugee Relief Association collected on an average a little over \$100,000 monthly. Payments were voluntary and there were no doubt leakages. If a tax is decided upon, as recommended by the New Sources of Taxation Sub-Committee, since business in these establishments is good at the present time the Council can, he thinks, count on receiving about \$2,000,000 per year. He agrees with the Treasurer on the matter of stamp taxes.

Mr. Glathe wonders whether or not it is possible to increase the tax proposed on Tobacco and Alcoholic drinks to 10%. He considers that the tax collectable from the Telephone and Gas Companies should be the same and the tax from the Shanghai Power Company should be higher.

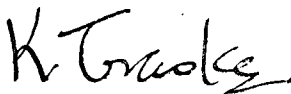
The Treasurer states that there is little likelihood of the Western Area imposing a higher tax than 5% for Tobacco and Alcoholic drinks and that if the tax in the Settlement is higher than that imposed in the Western Extra-Settlement Area residents will buy these commodities in that area.

The Acting Chairman suggests and Members agree that the report of the New Sources of Taxation Sub-Committee be approved in principle prior to detailed consideration.

The meeting terminates at 5.50 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, April 15, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
R. von der Crone
Y. Yazima
L. T. Yuan
The Commissioner of Public Health
The Treasurer, and
The Secretary.

The Minutes of the meeting held on March 25 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Special Grants-in-Aid Committee held on March 31 are submitted.

B 2/65

Grants-in-Aid for 1942 - Hospitals. In presenting the minutes Mr. Glathe states that taking the Council's index figures for 1936 there is a difference of 800% and therefore an increase in the grant allocation to hospitals is justified. Provided hospitals get financial support when needed, he is prepared to agree not to specifically hold in reserve in the Budget the sum of \$236,000 recommended by the Committee to meet future contingencies, such as the outbreak of epidemics and the issue of supplementary grants. Asked by the Chairman whether he wishes to add anything to his report dated April 7, the Treasurer states that it is contrary to normal procedure to provide for contingencies such as those contemplated by the Committee and he feels that budget provision should be limited to \$268,000. Should epidemics or other causes during the year make further hospital grants desirable, the Council can be asked to provide the necessary funds.

The Chairman enquires whether the increased grant for hospitals now recommended by the Committee after grants-in-aid had been approved by the Finance Committee, need be referred to the Finance Committee. The Treasurer replies that since the increased grant amounts to only \$70,000 the Council can approve it without referring it back.

Mr. Glathe agrees that such a small amount need not be referred to the Finance Committee and adds that one of the few items in the budget which has not been increased for over five years is the one under discussion. The Treasurer suggests that if Members of Council approve of the increase recommended that as a matter of courtesy a circular containing details of the Grant authorized should be sent to Members of the Finance Committee informing them of the Council's decision.

Mr. von der Crone states that he supports Mr. Glathe. When overheads are high and are likely to be higher, he feels that provision in the budget for grants-in-aid to hospitals for 1942 should be as recommended by the Grants-in-Aid Committee, i.e. \$504,000.

The Treasurer remarks that if there is an outbreak of epidemics the Council could consider recommendations by its Health Committee. If the Council provides in its budget the sum of \$236,000 as recommended by the Grants-in-Aid Committee to be held in reserve to meet future contingencies, it would be inviting hospitals to apply for supplementary grants. Mr. Glathe says that the sum recommended need not be entered in the budget as a reserve to meet grants to hospitals but stated to meet epidemics. He adds that if there is no reserve in the

Council's budget it may be necessary to hold a number of meetings before steps can be taken and funds are provided. Mr. von der Crone observes that if there is an appreciable rise in prices hospitals may not be able to continue to operate and it would appear wise to have a reserve in the Council's budget to meet such a situation. The Secretary points out that the reserve recommended is equal to the total allocation proposed for the year for grant-aided hospitals. As a matter of principle Grants-in-Aid and the reserve fund for the Emergency requirements are different and should not be confused. Mr. Glathe agrees. The Secretary mentions that the Japanese Authorities have asked for some help in connection with the Cholera campaign which is being undertaken; some of their expenses may have to be met by the Council. The Commissioner of Public Health states that there is provision elsewhere in the budget to meet the expenses of the Cholera campaign.

The Treasurer says that while he is not objecting to an increase in grants to hospitals he feels that it would be unreasonable, especially in these times, to call upon ratepayers to provide revenue for a reserve which the Council may not require.

In reply to a point raised by Mr. Kambe, the Secretary states that the Grants-in-Aid Committee has power to allocate the sum approved by the Council for grants-in-aid but has no authority to decide on increased grants. It is for the Council and its Finance Committee to decide how much should be spent on grants-in-aids.

The Chairman remarks that there are two different questions involved: That is, a recommendation to be made by the Grants-in-Aid Committee for giving more help in future to hospitals facing financial difficulties, and a question of expenses to be spent by the Council as an emergency measure in case of the outbreak of epidemics. It should not take long for the Health Department to submit recommendations in the event of an outbreak of epidemics for consideration by the Health Committee or the Council, and he is sure that in such an emergency the Health Committee or the Council will make a decision in the shortest possible time. If for financial reasons hospitals require supplementary grants during the year their applications need not be decided in a day and could be submitted to the Grants-in-Aid Committee and then to the Council. In his view from the financial position of the Council it would be better to budget for as small an amount as possible. Should there unfortunately be an outbreak of epidemics during the year requiring the issue of supplementary grants or additional funds a report could be circulated to Members of Council for approval. Mr. Glathe expresses himself as being satisfied with the Chairman's suggestions and it is agreed by Members that provision in the budget be limited to the allocation to hospitals amounting to \$268,000 as set out in the Minutes of the Special Committee on Grants-in-Aid of March 31, 1942.

The Minutes of the meeting of the Finance Committee held on April 10, are submitted.

B 4/11

Report of New Sources of Taxation Sub-Committee. The Chairman explains the financial position of the Council for 1942 and states that roughly speaking the Council needs about CRB\$15,000,000 and by its estimated revenues should get approximately CRB\$86,000,000 which means a deficit on the budget of about CRB\$30,000,000 which must be found. The present plan before Members is to impose a telephone tax, a tax on hotel bills and meals, drinks, etc., served in hotels, restaurants, etc., and if possible a commodity sales tax. Those proposed taxes will not however, if imposed, provide the revenue required and it is estimated that the Council will still need an additional CRB\$15,000,000. As a last resort the Council could increase the Land Tax and General Municipal Rate in the usual way. In this connection the Treasurer has furnished him with figures to show how the deficit could be covered by percentage increases on Land Tax and General Municipal Rate and his report is being studied. If essential steps will have to be taken to announce increases.

Continuing the Chairman states that as Members would have observed from the Minutes, the Finance Committee did not approve all these suggestions by the New Sources of Taxation Sub-Committee; the tax on Utility Companies would for reasons given work hardship and it is not proposed for the present to collect a tax on cosmetics. This does not mean that the Council waives its right to do so but pending negotiations with the Nanking Government the imposition of a tax is deferred. In the meantime no time should be lost in collecting taxes where the Council has the means to do so. For the present the Finance Committee recommends the collection of taxes on telephones and hotel bills, etc., leaving the proposal for a commodity sales tax to the New Sources of Taxation Sub-Committee for consideration and report to the Council.

The Chairman informs Members that after the Finance Committee had decided on the proposed taxes on telephones, he had several discussions with the Japanese Authorities who point out that the Public Utility Companies are suffering heavy losses and will be unable to carry on financially unless they are permitted to increase their charges. The Shanghai Telephone Company is at the moment calculating the amount of increase of their fees which is necessary and he feels that when they submit their report the Council will have no alternative but to approve of increased fees payable to the Company by subscribers because of the unsatisfactory financial position of the concern. In the circumstances it is felt that if the tax on telephones, i.e. \$10 per residential telephone line per mensem and \$20 per office telephone line per mensem, as recommended by the Finance Committee is imposed it will work very great hardship on the public. After various discussions he feels that the points made by the Authorities cannot be disregarded and that the Council must consider the Telephone Company's present financial position. He therefore suggests that the Council agree to the original recommendation that the tax per residential telephone line be \$5 per mensem and per office telephone line \$10 per mensem. Upon Members agreeing, the Chairman suggests that these taxes be taken up as soon as possible with the Company in order that they may be effective from May 1.

Members agree with the Chairman that the proposed Commodity Sales Tax should be referred to the New Sources of Taxation Sub-Committee for consideration; they approve of it in principle. The Chairman remarks that the rate of this tax should not be too high, say 2%, otherwise it may work hardship on the community.

Finally the Chairman says that with the additional taxes proposed there may still be a deficit to be met. If there is the Council could take up with the Nanking Government and the Japanese Authorities the matter of taxes on other Utility Companies and other possible taxes which might help the Council in balancing its budget. There will be a reserve of about \$5,000,000 which is payable to the Council from the Shanghai Special Municipal Government for work in the Western Extra Settlement Area done on its behalf. He feels that he will be successful in obtaining this sum from the Shanghai Special Municipal Government but, sooner or later the Council will have to revise the salaries of its employees who are, as Members well aware, not at present receiving sufficient remuneration. With the funds from the Shanghai Special Municipal Government the adjustment in staff pay may be possible. There is one other matter which he should refer to and that is the Council's revenue from rice. There are certain contingent liability in respect of shipments of rice made from Hong Kong when the Pacific War broke out which never reached Shanghai. An endeavour is being made to clarify the position and the sum set aside to meet the liability may be reduced.

Mr. Ho enquires whether it is proposed to approve the recommendation of the Finance Committee that a tax of \$50 on each new telephone installation and a tax of \$20 on each transfer of telephones be made. The Chairman answers that those requiring

telephones would not object to the proposed tax and that the matter should be studied by experts to see whether it would be worth while to increase the taxes further.

Mr. Yuan in referring to the proposed tax on hotels, restaurants, etc., states that for 3 years restaurants have paid voluntary contributions by means of a tax on their bills which money has been used for refugee relief. By compulsory collection the Council's revenue will be very much greater. The present organization is just winding up its affairs so that there would be no duplication of collection.

K 5/39

Pao Chia System - Proposed Standing Committee. The Chairman informs Members that since the introduction of the "Pao Chia System" will be on a large scale and its expenditure quite appreciable it is felt that a Standing Committee should be appointed to handle financial matters, such as budget making, the raising of finances, expenditure in connection with the scheme and to receive and investigate the opinions submitted by Settlement Ratepayers on the enforcement of the "Pao Chia System" in the Settlement. It is proposed to make an announcement to this effect and in view of uneasiness regarding contributions for initial expenses it is proposed to state that where the Council has approved expenses, they will be paid and adding that voluntary contributions towards the cost of the scheme will be welcome. He suggests that Mr. Yuan should consult his Committee when the proposed statement is ready and obtain their concurrence before its release. Mr. Yuan agrees with the Chairman that publication of the statement by the Council is most desirable. In view of the high cost of everything the expenditure in connection with the scheme will be more than was originally expected. With regard to the demand for payment of half a month's rent from tenants to meet the cost of the "Pao Chia" scheme, some Members of the Chinese public feel that it is unfair to call upon many who are unable to bear the expense to meet it and that the well to do should be made to pay. As there has been no official statement, some feel that there is squeezing in the enforcement of collections. In his view if an announcement is made that only voluntary contributions are asked for, quite a considerable sum of money may be expected. It has been suggested that it would do good to devote a week to propaganda by Radio broadcasts and publication of notices in the press and elsewhere of the work of the "Pao Chia" system to educate the populace and remove misapprehension.

The Chairman thanks Mr. Yuan for his suggestions and Members agree that the Chairman, Mr. Yuan and the Police should agree a statement for release to the press and study ways for improving the "Pao Chia System".

With the above observations the Minutes of the Finance Committee held on April 10 are confirmed.

The Minutes of the meeting of the Health Committee held on April 13 are submitted.

C 5/17

Mr. Glathe states that since further discussion on the only matter contained in Minutes of the Health Committee is taking place, it is suggested that consideration of the subject be deferred until a further meeting of the Health Committee has been convened and when the Commissioner of Public Works has had an opportunity to report on the points raised at the last meeting of the Health Committee. Members agree.

F 7/10

Western Area Policing Agreements - Abrogation. The Chairman states that the subject now under consideration is a delicate one and he hopes that Members will treat the matter as strictly

confidential. He asks the Secretary whether he wishes to add anything to his memorandum of April 13. The Secretary outlines the position and adds that there appears to be nothing left for the Council to do but to agree to the abrogation of the agreement. The Chairman informs Members that he received a formal enquiry asking whether the Council would concur in the abrogation of the Western Area Special Police Agreement and he replied to the Mayor's representative that he could not express his views until he had ascertained the opinion of Members of Council and promised that the matter would be brought up at the next meeting of Council.

The Chairman says that in view of the political situation there is not much that the Council can do in that area at the present time and in fact it was expected by Mr. Phillips and others when the agreement was reached that in time the Council would have to face a situation such as the present. The Council is mainly concerned in ensuring that residents in the Outside Roads are protected; beyond that the Council has not much to say even under the Agreements concerning that Area. When the agreement is abrogated the Roads will still remain the Council's property and in accordance with the financial agreement the Council will continue to co-operate with the City Government in Works, Health and Fire Brigade matters as provided in the Agreement. Furthermore the Council will recommend the appointment of an Accountant to help to supervise the accounts in that Area. He has, the Chairman states, talked the matter over with officials of the Nanking Government and the Japanese Authorities and it seems that the present situation was expected and that we must agree to abrogate the Agreement on the understanding that we will take every possible step to protect the interests of foreigners residing in that area. Continuing the Chairman states that the Secretary is discussing the matter of abrogation with the Mayor's representative and if Members of Council approve of abrogation of the Western Shanghai Area Special Police Agreement he will have a talk with the Mayor and agree a date for abrogation as also a statement which should be released for publication. In addition to a formal notification to the effect that the Council and the City Government of Greater Shanghai have agreed to abolish the agreement it is proposed to issue a very brief statement announcing that the agreement has been abolished and that every effort will be made by the Council to ensure the protection of the interest of foreigners residing in that area. The Chairman reiterates that the general opinion after the Agreement was concluded was that jurisdiction in that area would be out of the Council's hands sooner or later and it seems the time has now come for the Council to agree to abrogation. Furthermore the Police seconded by the Council under the Agreement for duty in that Area having been withdrawn, the vacancies cannot be filled unless the Council agree to abrogation of the Agreement. Finally the Chairman remarks that it does not at the present time matter much in whose control the Western Area Extra-Settlement is; the Roads still belong to the Council and the Council may be able to adjust matters to their own liking after the war. He invites Members to express their views.

Mr. Jabin Hsu in concurring with the views expressed by the Chairman states that there is nothing else for the Council to do except to agree to have the Agreement abrogated. It has not been in force since the outbreak of the war and as the Chairman has pointed out the Council's Police have been withdrawn and the only step is what the Chairman has suggested namely the agreement should be abrogated at a suitable moment. Mr. Yuan remarks that the Outside Roads matter is one of long history. Mr. Phillips felt when the Police Agreement was reached that it would never prove very satisfactory. He agrees that the only thing to do is to agree to its abrogation.

Mr. Theodore Chang in agreeing with the views expressed adds that money is due the Council at the present time from the Shanghai Special Municipal Government and with the abrogation of the Agreement the Council will not be called upon to spend funds and to endeavour to recover them later.

Mr. von der Crone says that there is nothing left for the Council to do and it will probably be just as well to clarify the unsatisfactory situation in that area by agreeing to abrogation of the Agreement.

Members agree to abrogation of the Agreement and to leave it to the Chairman to arrange the date of abrogation and decide the notification and communique for publication in the Press.

B 9/6 Part 3

Budget - 1942. The Chairman states that the Budget has been discussed in Council meeting but a decision postponed until the Japanese Authorities had had an opportunity to give their views on it as also on the New Sources of Revenue. Having reported the views of the Japanese Authorities when dealing with the Minutes of the Finance Committee of April 10 there is no need to go into the subject again. The Council can now approve the budget recommended by its Finance Committee but with certain items not yet included such as expenses for the "Pao Chia System" which matter has gone to the various Departments for comment and later will reach the Finance Committee. Supplementary Police expenses for reorganization of the Police are being studied and will later be submitted to the Council. He suggests that Members should now approve the Budget. Members approve.

The Treasurer remarks that the New Sources of Taxation approved by the Council must in accordance with the Resolution passed at the Ratepayers' meeting be referred to a Special Committee set up for the purpose. If that Committee approves the Council can apply the taxes immediately. Members agree that the matter should be put to the Special Committee at the earliest possible date.

C 11/2

General Hospital - Board of Governors. The Secretary informs Members that the Board of Governors of the General Hospital consists of 3 Members nominated by the Consular Body, four by the Shanghai Municipal Council and two by the French Municipal Council. Governors are appointed annually and the Senior Consul has notified the Council of the appointment of three Members of the Consular Body to serve on the Board of Governors during 1942.

The Council's representatives are normally elected at the Annual Meeting of Ratepayers. It is, the Secretary states, proposed to inform the General Hospital direct of the Council's nominations this year. It is recommended for Members' consideration that Dr. Muto-Nardone, Mr. Y. Yazima and Dr. R. J. McMullen, who are at present Governors, be re-nominated and that in place of Dr. T. B. Dunn, Mr. A. Glathe be nominated. This will maintain the practice of ensuring that two of the four nominees are Members of Council. The gentlemen proposed have expressed their willingness to accept. He asks Members whether they are prepared to approve these nominations.

The Chairman states that it is necessary to have two Councillors on the Board and he hopes that Mr. Glathe would kindly agree to serve. Mr. Glathe consents. Members thereupon approve the recommendations made by the Secretary.

The meeting terminates at 5.55 p.m.

H. Tracks

Secretary.

K. Okazaki

Chairman

At the meeting of the Council held on Thursday, April 30, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 G. Kambe
 R. von der Crone
 Y. Yazima
 L. T. Yuan
 The Commissioner of Public Health
 The Treasurer, and
 The Secretary.

The Minutes of the meeting held on April 15 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Watch Committee held on April 20 are submitted.

K 25/1

Public Ricsha Rental. Upon the Chairman inviting Members to express their views on the subject Mr. Theodore C. Chang states that at the meeting of the Watch Committee he pointed out that the last increase was authorized as recently as February 1 of this year. It seems to him that the increased rental charge for public ricshas now recommended, i.e. from \$2.50 to \$4.50 per ricsha per day is too high; he suggests \$3.50 instead. Mr. Yuan says that he shares Mr. Chang's views that the proposed increase is too great. The Chairman of the Watch Committee has lucidly informed Members of the necessity for agreeing to allowing an increased rental charge but there are one or two points which appear to him to require most careful consideration before the Council authorizes the increase recommended. If an increase is allowed ricsha coolies will have to pay ricsha owners higher charges than those now paid which would be a great burden to them. He is of the view that if the rental is increased from \$2.50 to \$3.50 it would be adequate for the present. Mr. Chang agrees with Mr. Yuan that the coolies' lot will be affected by any increase allowed.

The Treasurer states that at a previous meeting of the Watch Committee he recommended that the rental should be raised to \$3 but the Committee felt that it should be \$2.50. It is now known that pullers at present are paying \$4.50 to which figure the Council is now asked to raise the rental. He is of the view that if the official figure of \$4.50 is reduced to \$3, the pullers will not benefit therefrom. The Chairman remarks that this is likely to be so as pointed out by Mr. Yuan; the pullers will be asked by the owners to pay more.

Mr. Jabin Hsu states that if an insufficient increase is given, ricsha owners will not be in a position to purchase tires and to repaint their vehicles. It is, he says, true that coolies may have to pay more for the hire of ricshas from the owners but there is no getting away from the fact as most clearly shown in the formidable list of detailed expenditure for the up-keep of a ricsha, submitted by the Ricsha Control Officer, that an increase is absolutely justified. The Ricsha Control Officer has pointed out that the public ricshas are run chiefly by small owners who have no resources to lay in large stocks of materials for maintenance and repairs.

In view of the prevailing conditions regarding the cost of commodities, and the difficulties of preventing rental over-charges, owing to the reluctance of the pullers in reporting such cases, the Ricsha Control Officer has suggested that the Council's

control on ricscha rental and passenger fares be relinquished, say for a period of six months, during which time the law of supply and demand would operate.

Members of the Watch Committee, however, felt that it would be dangerous to relinquish control, in fact control must be maintained and a reasonable rental accorded.

Mr. Ho states that at the present time, the ricscha rental approved of by the Council is \$2.50 per day but the owners are actually charging from \$4 to \$4.30 per day. There is a great danger that when the Council sanctions a rental of \$4.50 per day, it will be increased by the owners to \$5 or more per day. Since the number of public ricscha licences issued are limited, ricscha owners enjoy a monopoly. Public ricscha owners and their contractors now secretly employ unauthorised pullers and keen competition exists between authorised and unauthorised pullers, which has put the rental up beyond the amount allowed by the Council. As to the minimum fare recommended by the Watch Committee of 60 cents, it is unworkable since many ricscha users are unable to pay this amount and if the Council fixes a minimum fare of 60 cents it will not actually benefit the pullers. He states that he has given the subject much thought and from his enquiries he feels that if the Council agrees to increase the rental charged for public ricschas to \$3.50 per ricscha per day, the owners complaint will be partly met, and the burden on the pullers will not prove too heavy.

The Chairman says that, undoubtedly, Members are confronted with a very difficult question and he enquires whether the matter is of such urgency that an immediate decision must be taken; he feels that if a decision could be deferred Members might like to give the matter further study. Mr. Jabin Hsu replies that the matter is urgent but he raises no objection to the postponement of a decision. In the circumstances, the Chairman suggests that consideration be given to the points raised by Members for a few days and that the Secretary should circulate what is thought to be a fair solution for Members to consider. Members agree.

The minutes of the meeting of the Health Committee held on April 21 are submitted.

o 5/17

Report on Country Hospital and Victoria Nurses' Home. Mr. Glathe reports that he is unable to submit a recommendation on this subject since a number of questions have been raised, including proposals by the Board of Governors of the Shanghai General Hospital. A Sub-Committee has been appointed to go into the matter of the housing of Municipal nurses in the Isolation Hospital and to investigate whether or not the Council's nursing staff should be reduced. So soon as the Sub-Committee's report is available, the matter will be dealt with by the Health Committee and presented to the Council.

o 17/3

Cholera Inoculation Campaign. In presenting the Minutes on this subject, Mr. Glathe states that because of urgency the Committee's proposal for a cholera inoculation campaign in conjunction with the Shanghai Epidemic Prevention Committee at an estimated cost of \$33,162 over the Budget provision was referred to the Co-ordinating Committee for approval. This was obtained and he hopes that Members will also confirm the proposal. Members approve.

There remain for Members' approval, recommendations 2 and 3 as set out in the Minutes which Members have received, and on which Mr. Glathe now briefly reports. The Chairman states that from an economy point of view the recommendations are important. The estimated cost of \$33,162 for the Cholera Inoculation Campaign seems to him to be very reasonable. The Health Committee

are performing very useful services and the Council and community are grateful to Members of this Committee for their most useful work.

Members approve the recommendations of the Health Committee in connection with the Cholera Inoculation Campaign.

The Minutes of the Meeting of the Finance Committee held on April 23 are submitted and, subject to the appended observations, confirmed:-

3 9/1

The Chairman in presenting these Minutes, states as will be seen from the Minutes various questions were discussed. Recommendation (a) of the Committee is that "in preference to an all-round increase of licence fees, a tax of 10% instead of 5% be imposed as from May 1 on all bills of \$10 or over rendered in hotels, restaurants, taverns, and tea-rooms, etc. including for accommodation, meals, drinks and any form of entertainment in any such premises and subject to the requirements as to payment, inspection of books and penalty as suggested by the New Sources of Taxation Sub-Committee." Members of the Finance Committee were of the opinion that at present a tax of 10% is not unreasonable on such bills apart from the fact that the Council stands in need of a great sum of money to enable it to carry out its various functions. For these reasons the Committee felt that the tax should be 10% instead of 5% as originally recommended. As regards the wording of the resolution passed by the Finance Committee, the Chairman remarks that Sing-Song Girls, etc. attending restaurants would be taxed as also Dance Hostesses. Members agree with the Chairman that those who can afford to pay for Sing-Song Girls, etc. and Dance Hostesses should be able to afford to pay the tax.

Continuing, the Chairman states that the next proposal of the Committee was that a commodity retail sales tax of 2% be collected effective from June 1 on sales which take place in establishments paying general Municipal Rates but excluding all markets, stalls, hawkers, etc. the licence and other fees of which in view of their exemption from the Commodity Retail Sales Tax to be subject to an increase of 100% as from June 1. That premises liable to this Tax be subject to requirements as to payment, inspection of books and penalty as suggested by the New Sources of Taxation Sub-Committee. It was suggested by a few Members of the Committee that there should be the strictest enforcement possible and that it should be carried out by staff to be engaged who should be carefully selected, adequate and well paid. It is expected that the proposed Tax will bring the Council considerable revenue and it is regarded as a very important Tax to the Council. Every endeavour will be made to enforce and collect the Tax recommended.

Regarding the essential control of foodstuffs such as rice, flour, maize, etc. it was felt that a tax of 2% is not high if the recent percentage of increases in the price of milk and other goods is taken into consideration. The 2% can, in the future, be included in the control of prices. If the tax on foodstuff were excluded, there would be difficulty in collecting the tax and additional expenses would be incurred. Consideration will be given by the Council's Price Control Committee as to whether the price for rice, maize and flour can bear an additional 2% to cover the Commodity Tax; if not, the price of rice will not be increased.

The Chairman next refers to the proposed increase of Rates, Taxes, Dues and Fees and says that the various recommendations received very careful consideration. Since collections are quarterly it is proposed that Land Tax at 2.5% and General Municipal Rate at 50% be collected with effect from July 1 and the Entertainments Tax of 30% and the taxes on telephones be introduced effective from May 1.

After very careful consideration, some alterations in the proposals are now recommended. One comes from the Special Advisory Committee convened in accordance with the resolution passed at the last Ratepayers Meeting when the powers of the Special Council were defined. After most careful discussion, Members of the Special Committee agreed to all of the three new taxes proposed but strongly and unanimously recommended that the Council should give serious consideration to the exemption from taxation of bills of less than \$10 for food, drinks, entertainment, etc. provided in hotels, restaurants, etc.

As to the proposed tax on telephones, the Chairman refers to his memorandum of April 30 which states that the Japanese Authorities have suggested that in addition to the tax of \$5 per mensem on residential exchange telephone lines and \$10 per mensem on office exchange telephone lines, a tax be made on each extension for such lines on the basis of \$2 per mensem for residential telephones and \$4 per mensem for office telephones. It is estimated that the number of extensions is approximately 10,000. In this connection, the Chairman remarks that there has been some misunderstanding or omission and that the matter has now been settled. Most offices can well afford to pay the proposed tax which would provide the Council with an additional \$300,000 to \$400,000 which is much needed. He would, therefore, like to recommend a telephone tax on extensions. Members approve.

As for the Entertainments Tax of 10% on hotel bills, meals, drinks, etc. served in hotels, restaurants, cabarets, etc. which is expected to provide the Council with \$6,000,000 it was proposed by the Finance Committee that this Tax be collected from May 1 but, in view of the fact that it is customary to give previous notice to the public, the Treasurer has suggested that the tax of 10% on all bills of \$5 and over inclusive of charges for any form of entertainment in any of these establishments be levied from May 8 instead of May 1. As Chairman of the Finance Committee, he desires to express the opinion that the proposed withdrawal of exemption of restaurant bills of less than \$10 seems too hard for the general public, especially for the poorer classes of Chinese, if a flat 10% on bills is imposed on their meals. If exemption is agreed, the Council may not get enough revenue to compensate for the complaints which might be raised. After consideration, it is recommended that all bills of less than \$5 should be exempted. Finally, the Chairman states that Members will have seen that it is recommended that market stalls and hawkers be exempted from the proposed tax and to offset loss of revenue to the Council, the licence fees for market stalls be doubled. On discussing this matter, the point has been made that it would not be fair to exclude certain controlled foodstuffs from payment of the tax when they are sold in markets. There is likely to be a difference in the price of the same commodities in markets and outside markets. He suggests, therefore, that decision on this matter be deferred pending further study of the subject. Subject to Members' approval, it is proposed to publish the Budget as presented by the Treasurer, together with the preamble and without any reference being made to markets. A decision on markets can be taken within a week and if it is decided to impose the tax an announcement can be made.

B 9/6

Budget, 1942 - Ordinary and Extraordinary Income and Expenditure. The Chairman states that various observations were made at the Finance Committee Meeting as recorded in the Minutes of that Meeting and it is therefore unnecessary for him to go into the subject in detail. It is recommended that subject to the observations and the amendments recommended, the Budget of Ordinary and Extraordinary Income and Expenditure as submitted by the Treasurer be adopted. He is very pleased to inform Members that at last the Council can balance its Budget and carry on with its functions during the current Municipal year. Members will agree

with him that a very great effort has been made by the Treasurer and the Secretary to attain the happy end and he knows that his colleagues would like to join in expressing thanks. Members concur.

Upon the Chairman inviting an expression of views by Members, Mr. Glathe expresses himself in favour of a tax on all hotel, restaurant, cabaret, etc. bills of \$5 and over and mentions that attempts are likely to be made to split up \$20 bills to avoid payment of the tax and enquires what steps are contemplated to check against this and what penalties will be imposed. The Chairman replies that he is unable to say at the moment exactly what penalties will be imposed but the Treasurer will be given authority to engage inspectors to inspect books, bills, etc. and they will endeavour in every possible way to eradicate opportunities for abuse; however, a certain amount of evasion cannot be prevented.

A flat tax on all bills would give hardship to the poorer classes and any lower figure would mean a loss in revenue to the Council. Any exemption is bound to give loopholes to evade payment. Members of the Finance Committee have gone into the matter very fully and it remains for the Council to take a decision. He asks the Treasurer whether he has any ideas as to the imposition of penalties.

The Treasurer states that in cases of fraud legal proceedings would be instituted. On the other hand, licences may be cancelled and in flagrant cases premises may be closed. He suggests that it is dangerous to impose a limit on bills of less than \$5 and feels that the tax should be 10% on all bills, excluding Chinese eating houses, Chinese tea houses and a number of small Chinese hotels. With these establishments, licence fees can be increased; at present the fees are nominal. The checking of the accounts of the establishments mentioned is, the Treasurer adds, almost impossible.

The Chairman remarks that the Treasurer's proposal raises a matter of principle. The Council as an International body cannot favour one section of the community; if consideration is shown to the Chinese community, it would be extremely difficult not to accord similar treatment to other nationalities, such as needy Russians and Jews. He does not, therefore, think that the Council can exclude Chinese restaurants and tea houses only.

If the tax is a flat tax of 10%, he feels that there will be a number of protests. His private impression is that a fairly large sum of money will accrue from the Commodity Sales Tax which will help to make up for what is lost on bills under \$5 which it is proposed to exempt from the tax on meals, drinks, etc. For these reasons he supports the proposal submitted by the Finance Committee. Mr. von der Crone remarks that if establishments are required to give itemised bills it would help to prevent abuse. Mr. Glathe agrees that this would be a safeguard. Mr. von der Crone adds that since the Council is in a position to judge prices, if a bill is drawn for a smaller amount than it should be the personnel engaged on checking bills should be able to detect it; he therefore suggests that the Council should give the proposal submitted by the Finance Committee a trial for two months to see how it works. The Chairman says that if Members agree the \$5 limit should be set and if insufficient revenue is received the collection of this tax can be reconsidered by the Council.

Mr. Yuan remarks that with present prices most bills are for not less than \$10 in hotels and restaurants. However, in the case of the poorer classes, such as coolies, a bowl of rice or soup costs less than \$5. In connection with the Entertainment Tax he

gained some valuable experience when the Shanghai Refugee Relief Association handled the collection of a voluntary tax. Hotel and restaurant boys played certain tricks and it was difficult to prevent them from retaining part of the revenue. Patrons left receipts on the tables for the payments which they had made and these receipts were given by the boys to new patrons. In the introduction of the proposed tax, great care must be taken and he feels that establishments should be made responsible for the proper collection of the tax. There is another important matter and that is the selection of staff by the Council to attend to the enforcement. The collection of the tax affords opportunities for the demanding of squeeze; however, he feels that the Council need not worry and that everything will run smoothly.

The Chairman says that he hopes that the Treasurer may call upon Mr. Yuan from time to time for his advice which will be a very great help. Mr. Yuan says that he will be glad to be of assistance.

Mr. Yazima states that enormous work will be involved in the collection of the proposed tax from hotels and restaurants; it is practically impossible, unless some regulation is introduced, to check how many bills were over \$5 out of the total amount collected. He suggests that it would be easier if the Council were to take 5 or 10 per cent. of the total amount collected by hotels and restaurants. The Chairman answers that the proposed tax is one on consumers and not on restaurant and hotel owners. It has been found by the Committee studying the matter that it would be difficult to impose a tax on businesses. The National Government of China considers such a tax is collectable by them. Mr. Yazima's suggestion is a good one but, unfortunately, not practicable in Shanghai.

Mr. Theodore C. Chang says that the Committee has gone into the subject several times and the present proposal is submitted after most careful consideration. He illustrates that there is basis for commencing collection of the tax on bills over \$5 by stating that at the present time a bowl of rice costs \$1.60, a second bowl 80 cents and that the average coolie eats 3 bowls of rice, which would mean a cost of \$3.20. To this must be added the charge for some cabbage or soup which would bring the bill to about \$4.80; the figure of \$5 has therefore been taken. With the better class of Chinese, most bills are much higher than \$10. Mr. Chang feels that the date of enforcement does not give all those concerned much time to make the necessary preparations. The Chairman agrees and adds that early collection is necessary since the Council stands in urgent need of funds and one week's grace has been given to enable restaurants, hotels and cinemas to prepare themselves in connection with the proposed tax; it is regretted that no further extension of time is possible. Mr. Jabin Hsu suggests, and Members agree, that the proposals as submitted by the Chairman be approved and that the Budget for 1942 as presented is approved. The Chairman states that now that the Budget has been approved it is proposed to publish the preamble and the Budget in Japanese, English and Chinese in the press tomorrow.

B 4/11

Byelaw XXXIV - Proposed Amendment. The Chairman reads an extract from the report of the New Sources of Taxation Sub-Committee dated March 14 relative to a Tax on Gold Bar, Stock and Commodity Exchanges that in order that as soon as they are reopened the Council may be able as previously recommended by this Committee, to tax Gold Bar, Stock and Commodity Exchanges, it is recommended that Byelaw XXXIV as changed by Notification No. 5802 be amended by inserting after the word "places" in the third line, the following words:-

"own or operate a gold bar exchange, stock exchange, or commodity exchange."

Since this amendment of the byelaw as recommended in no way commits

the Council to imposing this tax but merely provides the necessary authority if and when required, it is suggested that the proposed amendment be submitted to the Consular Body for approval. Exchanges were, the Chairman states, closed owing to the emergency. The closure was temporary and there now seems some hope of the exchanges being permitted to reopen and to operate. The Japanese Authorities have agreed that a tax should be imposed if and when exchanges are reopened. Members approve of the amendment as submitted.

G 4/17

Shanghai Waterworks Company Limited - Directorate. The Chairman informs Members that Article 25 of the Shanghai Waterworks Company's franchise provides that two Directors of the Company shall be persons nominated by the Council. The Council's representatives at the present time are Mr. R. G. MacDonald and Mr. L. T. Yuan. It is customary for the Council to review its appointments to the Waterworks Board every year and the Council's nominees need not necessarily be Members of Council. He has gone into the files and read various discussions as to the nature of the appointees, whether they are on the Board to supervise the franchise for the Council or whether the Council was requested by the Waterworks Company merely to nominate responsible gentlemen to serve on the Board; just citizens of the Settlement. The discussions did not come to any conclusion but the first practice was that in most cases, Members of Council were nominated to serve on the Board. At present, Messrs. Yuan and MacDonald are the Council's nominees. In view of Mr. MacDonald's position, it is proposed that Mr. Yuan and Mr. Kambe be nominated by the Council to serve on the Board as the Council's Directors. Mr. Jabin Hsu supports the Chairman's suggestion and Members unanimously approve.

H 3/1853

Shanghai General Hospital. The Chairman reads to Members two letters received from Mr. Yazima, Chairman of the Board of Governors of the Shanghai General Hospital relative to the decision to retire Dr. H. Cooper Patrick and to the suggested appointment of Dr. Vio as his successor. The Chairman states that Dr. Jordan was interviewed by a member of the Secretariat concerning the request from the Board of Governors that Dr. Vio be allowed to act as Superintendent of the Shanghai General Hospital continuing to undertake his radiologist duties thereat. If the Council so wishes, Dr. Jordan would raise no objection but he would like it made clear that whilst so acting Dr. Vio would be unable to be of any assistance to the Health Department. If so instructed Dr. Jordan will endeavour to arrange for Dr. Vio to take over the duties performed by Dr. Cooper Patrick as from May 1.

The request is a sudden one which has been hastily brought before the Council since it is desired to replace Dr. Cooper Patrick as from tomorrow. Members decide to accede to the request of the Board of Governors of the Shanghai General Hospital that the services of Dr. Vio be seconded to the Hospital so that he may undertake temporarily the duties of Superintendent pending completion of arrangements for the appointment of a successor to Dr. Patrick.

5/18

Council Meetings - Frequency. The Secretary states that he regrets that this matter was not placed on the Agenda but a definite decision as to whether meetings should be held weekly or fortnightly would save the work of sending a circular around each week. At the meeting of the Council on March 12, Members were asked to give the matter consideration but no decision has been arrived at. He enquires whether Members are now ready to express their views. Mr. Jabin Hsu remarks that there is insufficient business to justify weekly meetings and therefore recommends that, until further notice, meetings be held fortnightly. Mr. Glathe agrees with this suggestion, and the Chairman adds that since the Budget has now been approved, meetings can be held fortnightly and should there be any special matter requiring urgent consideration a special meeting could be convened. Members agree.

The Meeting terminates at 6.05 p.m.

K. L. ...
Secretary.

R. ...
Chairman.

At the Meeting of the Council held on Wednesday, May 13, 1942,
at 4.30 p.m., there are:-

Present:

- Messrs. K. Okazaki (Chairman)
- Theodore C. Chang
- A. Glathe
- Jabin Hsu
- G. Kambe
- R. von der Crone
- Y. Yazima
- L. T. Yuan
- The Treasurer, and
- The Secretary.

The Minutes of the Meeting held on April 30 are confirmed and signed
by the Chairman.

The Minutes of the Meeting of the Education Board held on May 7 are
submitted and confirmed.

The Minutes of the Meeting of the Pao Chia Standing Committee held on
May 8 are submitted and, subject to the appended observations,
are confirmed.

K-39

Pao Chia System - Estimates of Expenditure for 1942. The Chairman in reporting on the first Meeting of the Pao Chia Standing Committee states that Members first discussed the Estimates of Expenditure for the current year. Although an estimate was inserted in the Council's Budget, which has been released, the figure included was only a temporary one and not approved by the Committee which had not, when the Council's Budget was adopted, been set up. The Pao Chia Standing Committee at their inaugural Meeting examined in detail the various items provided for and finally approved the Budget of \$2,373,896. However, all this money will not be spent at once and a part of the appropriation may not be spent at all this year, for instance, there is provision for the foreign section of the Pao Chia and the funds will not be spent until the Council decides that the foreign section of Pao Chia be organised. The Pao Chia Standing Committee examined in detail the various provisions in the Estimates of Expenditure for 1942 which they consider reasonable except the provision made for salaries of Pao Chia Officials for the Chinese section and the pay of Japanese Officers also in that section. The Committee considered the Estimate was too low. In view of the Yen situation the provision for pay for the Japanese Officers works out at a little over Yen 200 per mensem and it is doubted whether reliable staff can be engaged at this figure. The Committee therefore adopted the suggestion that the Commissioner of Police should be permitted to engage competent men on the basis of the pay provided in the Estimate, if such is possible, and at a little higher pay, if necessary, subject to reference of each individual case to the Treasurer and himself.

The Estimate of over \$2,000,000 for the Pao Chia System is, the Chairman states, a heavy burden for the Council but there was urgent need for the introduction of the System and bearing in mind the high cost of materials the view of the Standing Committee was that the Pao Chia System could not be successfully operated with less funds than that budgetted for.

Continuing, the Chairman says that as Members may be aware the Police took some time to organise the system and to build kiosks and gave batons to Corps Members as also certain equipment such as desks, ink, paper, typewriters, etc. for which no funds had been advanced by the Council but the cost was met from voluntary contributions or money advanced by the public. If the Budget is approved, it is understood that the Commissioner of Police should refund the money advanced. The Council will, of course, welcome absolutely voluntary contributions otherwise all the money advanced will be refunded.

May 13, 1942.

The Chairman states that he is glad to inform Members that the Budget has been circulated to Members of the Finance Committee who have given their endorsement to it so that it now remains for Members of Council to decide whether they wish to approve the Budget now presented or, if they have not had sufficient time to study it, to defer taking a decision. He invites Members to express their views.

Mr. Jabin Hsu states that he wishes to raise one matter in regard to the Minutes for the information of Members. He refers to the second paragraph on page 2 of the Minutes which states that in enquiring whether or not money expressly advanced for the purpose of operating the Pao Chia System would be refunded when the Estimates have been approved by the Council, Mr. Yuan informed Members of the Standing Committee that the preparatory Pao Chia Committee had advanced some \$40,000 and that he himself had advanced approximately \$5,000 for the purpose of sundry items, such as the erection of kiosks, etc. and the Deputy Commissioner of Police replied at that Meeting in the affirmative. The Chairman has made reference to this matter but he feels that by way of information he should state that, through no fault of his own, he was elected Chief of a "Chia" for the Bund and Nanking Road Area. After acceptance of the post the first duty of the Organization was to ask him to contribute money; the requests came by circular and forms and he has also received a copy of the decision made by the "Pao" stating that a large sum of money had been advanced and must be refunded. Instead of asking for voluntary contributions, the suggestion was made that those approached should contribute amounts classified from \$100, \$200, \$500 and \$1,000 and as a Bark his concern should give the maximum amount. Fortunately, the Minutes of the Council's Pao Chia Standing Committee which he has referred to arrived just in time to stop him from giving his cheque for the maximum amount asked. It was perfectly clear from the Minutes that contributions are to be voluntary whereas the impression has been created by means of circulars, etc., issued by the Pao Chia Organisation that contributions in respect of the Pao Chia Expenditure are not voluntary but expected. Continuing, Mr. Jabin Hsu states that he has learned that other "Chia" and "Pao" heads have also been faced with demands for contributions and are in the difficulty that he was in as to what to give and whether it is compulsory or voluntary. As he has said, the requests were so worded that it seemed that by popular consent the people approached would have to give the amounts shown in the circulars. However, the Council's Minute makes it clear that the contributions are voluntary which is not generally known. He has further learned that attempts are being made to collect as much as \$10,000 from Banks and, evidently, Banks and firms have all been approached for contributions and not voluntary gifts. He knows that it was not originally the intention of the Council or the Pao Chia Committee to compel people to contribute and he hopes that the Council and the Committee will look into this matter. He feels sure that Members will agree that no collection should be made by force or influence or by high officials appointed to the "Chia" using their positions to approach people. He knows that Members will agree that abuse must be removed.

The Chairman thanks Mr. Jabin Hsu for the good advice given and states that the complaint made by Mr. Jabin Hsu was brought to the notice of the Council and he personally discussed the matter with the Commissioner and Deputy Commissioner of Police who understand the situation and have given instructions that no forcible collections should be made. There is, however, some difficulty; a number of the "Pao" and "Chia" Chiefs know that the Japanese Authorities are most anxious to have the system properly introduced in the Settlement and that the Council have not sufficient funds for the purpose. In order to please the Police and the Japanese Authorities, some of the "Pao" and "Chia" Chiefs have

tried to force people to pay in order to secure funds which they know that the Council is in need. He is also informed of the requests made to Banks and he told certain Bank Managers to refuse the requests made to them and he informed the Commissioner of Police of those cases. The public should, the Chairman states, be informed that forcible collections would not be welcomed by the Council or the Japanese Authorities. It might help to eradicate any misunderstanding if the Council issued a communique for publication in the Press.

Mr. Yuan states that a clearly worded advertisement was published when the Pao Chia System was first started stating that only absolutely voluntary contributions would be welcome. He has also informed a number of people of this and added that the Council as a body is in this matter working for the best interests of the public and if those who can afford to make voluntary contributions will do so they will be very welcome. He gathers that the seven "Pao" divisions appear to be under the impression that there is a competition to see which division can collect most funds; possibly some Japanese Official has remarked that one division has collected a certain amount and enquired why another division has not collected as much. Having been invited to attend a party this evening to discuss the matter of Pao Chia contributions he will seize the opportunity to point out that only absolutely voluntary contributions will be welcome.

Mr. von der Crone suggests that the public should be informed by the Council by means of a public announcement that contributions are voluntary and that they should be made direct to the Council. This should do away with public criticism and abuse.

Mr. Kambe remarks that certain "Pao" divisions must defray certain expenses and may possibly require special funds for the purpose so he suggests that contributions should be made to the Chief of the "Pao" who would obtain permission from the Commissioner of Police before he makes any expenditure and he would show the purposes for which the funds are required.

The Chairman states that if the Estimate before Members is approved the various "Pao" will be provided with all the necessary equipment at the Council's expense and he therefore feels that perhaps Mr. von der Crone's suggestion is the best. All voluntary contributions received would be held by the Council. The Chairman agrees with Mr. Kambe that any chief of "Pao" requiring any extra funds could then apply to the general fund for same. The Chairman adds that it is dangerous to allow any one to collect money other than accredited representatives of the Council. He explains that misunderstanding has arisen partly out of the Provisional Regulations of May 8, Article 4 on the organisation of the Pao Chia Vigilance Corps which states that the expenses of the Vigilance Corps shall be borne by all residents of the Pao Chia district concerned. These Regulations were tentative and when they were formulated, it was not known that the Council would be willing to bear the expenses involved. This article was circulated to various "Chias" and has since been cancelled but the various "Chias" do not appear to be aware of this, and they must be so informed; also the Council's views should be made known to the general public. Members agree.

K 5/39

Citizenship Certificates. The Chairman reports that specimen forms were submitted to the Standing Committee and a point was raised whether a saving could not be effected by having the certificates printed at the Municipal Gaol Printing Department. It was agreed that so soon as conditions permit, more printing jobs should be placed with the Gaol since excellent work is done there by the Gaol Printing Department. The Committee also went into the requirement that applicants for Citizenship Certificates should

have their names photographed with the person. This is repugnant to Chinese susceptibilities; and is mostly done by the Police for criminals. It was, therefore, agreed to expunge this requirement.

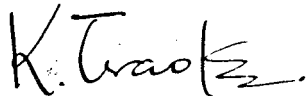
As for the regulations concerning the Pao Chia Vigilance Corps and the issue of Citizenship Certificates, since they were drafted some time ago and do not meet present requirements, the Commissioner of Police will be requested to submit a revised draft which will be submitted in due course to the Pao Chia Standing Committee.

Upon the Chairman enquiring whether Members would prefer to defer the passing of the Estimates or to take a decision at to-day's Meeting, Mr. von der Crone remarks that as the Estimates have been very carefully gone into by the Pao Chia Standing Committee and have been endorsed by the Finance Committee, they should be adopted by the Council. Mr. Kambe proposes and Members approve of the Estimates of the Expenditure of the Pao Chia System submitted by the Commissioner of Police with his report of April 10 subject to the observations contained in the Minutes of the Pao Chia Standing Committee of May 8.

The Meeting terminates at 5.18 p.m.



Chairman.



Secretary.

At a Special Meeting of the Council held on Saturday, May 16, 1942,
at 11 a.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
R. von der Grone
Y. Yazima
L. T. Yuan

G 5/3
G 4/16
G 7/2
G 9/1

The Treasurer, and
The Secretary.

Public Utility Company Charges - Increase. The Chairman opens the Meeting by stating that from the Council's position he is putting forward a very difficult and complicated matter. He refers to the papers before Members and says that he should first make it clear that the correct procedure in dealing with the matters now before Members has not been followed since it is customary first of all for the Public Utilities Committee to consider the subject and make their recommendations to the Council for consideration. Furthermore, the various Utility Companies should have sent petitions to the Council whereas in this case the Japanese Consul-General has written to the Council. Continuing, the Chairman states that the calculations submitted do not show whether the increases are to be on basic tariffs or constitute revisions of the surcharges, etc. Neither have the usual details and figures been submitted to justify the increases so the Council has been unable to make any investigations. These, from the Council's point of view, are irregularities.

The Chairman goes on to explain that since Utilities are essential to public safety and the defense of the area under Japanese control, the Japanese Authorities cannot countenance the control of public utilities by enemy firms at the outbreak of the Pacific War. Certain Japanese Companies were ordered by the Japanese Forces to operate these public Utility Companies so, in fact, the Japanese Companies operating public Utility Companies have nothing to do with the Council but are responsible to the Japanese Forces in Shanghai.

In the case of the Shanghai Power Company, the Company is unable to submit its application to raise its present tariff but cannot carry on unless it is permitted to raise its present tariff. As Members are aware, the cost of coal is very high and the Power Company is, as a result, losing approximately \$12,000,000 per month. The price of coal is now more than five or six times what it was. Although the Shanghai Power Company obtains a cheaper supply of coal than other Utility concerns, they still have to pay Yen 105 per ton as compared with the highest price previously paid of about \$100 per ton.

The Japanese Companies ordered to operate these Public Utility Companies cannot bear the losses and finally with the agreement of the Japanese Forces they were on the point of deciding to put into effect increases in tariff. However, the Japanese Consulate Authorities stepped in and have tried to solve this very difficult legal situation. The view of the Japanese Consulate was that since these public Utility Companies still use facilities provided by the Council, such as roads, it is necessary to obtain the Council's agreement to the revised tariffs. The Japanese Consulate has, therefore, informed the Council of what is proposed and requested the Council to consider the revised tariffs. The Council can adopt either of two courses: (1) As the Japanese Authorities do not observe the Council's franchises in the present cases the Council will have nothing to do with the Companies concerned and will not share any responsibility, or (2) to approve the revised tariffs, taking into consideration the practical point which is that the Companies are not going to profit but merely wish to be in a position to make their ends meet. That the tariffs are bona fide revised and

are therefore approved by the Council. By this means, the Council can continue to maintain in part its franchise rights until better days return when the Council can recover fully its rights under the franchises

Surveying the increases, the Chairman mentions that the revised tariff for electricity means an increase of about 200 per cent. generally, except in a few cases where the increase is around 150 per cent. The increase for water is not substantial being 30 per cent. by reason of the present charges and surcharges being payable in Central Reserve Bank Currency. As for Gas charges, the tariff rates submitted are not very clear but he would say that their increase is mostly 500 per cent. which is a very big increase. The Japanese Authorities supply coal to the Utility Companies according to the importance of the Company. The Shanghai Power Company supply electricity which the Authorities regard as of primary importance. It is thought that wealthier classes use gas and for this reason a higher price for coal is quoted to the Shanghai Gas Company which must, therefore, increase its tariff to a greater extent than the Shanghai Power Company. The Shanghai Waterworks Company does not use an appreciable amount of coal so there is no need to raise their tariffs much more than that recommended.

In referring to the Shanghai Tramway Company, the Chairman states that that Utility Company is making some profit at the moment so there is no immediate necessity of raising their tariffs but when the Tram service North and South of the Soochow Creek is amalgamated, it might be necessary to adjust the tariff since in one area tram fares are in Yen and, in the other, Chinese currency. Until the amalgamation takes place, there may not be need to go into the matter of tramway fares unless revised tariff of electricity substantially affects the Company's finances. He hopes that he has made the situation as clear as possible regarding the various Utility Companies and adds that it is for Members to consider whether or not they agree to the increased tariffs. He invites Members to express their views.

Mr. Glathe enquires whether Royalties payable to the Council have been calculated and included according to the revised tariffs. The Chairman answers that it is not mentioned but he believes that the Companies have calculated for Royalties in submitting their tariffs. Mr. Glathe remarks that if this is so, the Royalties receivable by the Council will be increased, which will be helpful to the Council. The Chairman states that the Companies are honestly endeavouring to pay Royalties to the Council. They state that in order to continue to operate, the tariffs must be increased since they are not receiving any financial aid from the Japanese Authorities. They merely wish to operate without incurring a loss and if there is any money left they will pay Royalties to the Council, but they cannot pay Royalties out of their own pockets.

Mr. Theodore C. Chang is of the view that under present conditions, the Council must accept the revised tariffs which have been submitted.

Mr. Glathe feels that the Council must accord approval since increases are justified because of the increased cost of coal and other materials required by the Utility concerns.

The Chairman states that he realises that the Council's staff have had no time to examine and to report on the revised tariffs submitted.

Mr. Yazima refers to the charges for Gas Meter rentals and enquires why an increase is applied for when there is no coal consumption involved. The Chairman replies that the increase required by the Gas Company must be distributed between the various users and if this is not done, the Gas tariff would have to be higher than it is.

Mr. Glathe enquires how it is proposed to publish the various increased tariffs, whether the announcements would be issued by the Companies or the Council.

The Chairman suggests, and Members agree, that the Council issue a communique for publication on Monday to the effect that the Council had approved the revised charges to be made by the public Utility Companies of which notification would be given by the Companies concerned.

Mr. Jabin Hsu states that as pointed out by the Chairman the revised tariffs have been forced down the Council's throat without an opportunity being afforded to give the matter full consideration. In principle, the Council should approve the revised tariffs so that the Council can continue to hold some control over the companies and at the same time obtain Royalties under its franchises. However, he feels that the Council would be justified in requesting that the usual details and particulars be supplied to enable the usual investigations to be made so that the Council can come to some conclusion as to how rational the increases are. In view of the fact that Utility Companies have had to face increased charges for coal and materials in general, he is in favour of voting for the increased tariffs applied for. He suggests that in the Council's reply, mention should be made of the fact that franchises are in existence and that the Council counts on and expects payment of the Royalties provided for thereunder.

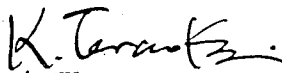
The Chairman says that his idea was that in replying to the letter from the Japanese Consulate General, he would make the points made by Mr. Jabin Hsu, particularly regarding Royalties and ask for details as to how the various revised charges were arrived at in order that the Council may check the figures, etc. In answer to an enquiry from Mr. Theodore Chang, the Chairman states that the Companies have said that they cannot carry on unless they are granted permission to revise their tariffs and it is regretted that a decision cannot be deferred and the public given a longer notice. It is proposed that the revised tariffs become effective from May 20. The Treasurer mentions that in the past, one month's notice has been given to consumers of increases. Mr. Glathe enquires whether the bills from the Utility Companies from April 20 to May 20 will have to be paid according to the new or old tariffs and Mr. Ho remarks that it would take some time to read meters so that it may be difficult to apply the new tariffs on May 20. The Chairman states that he understands that the proposed new charges will be calculated from May 20 and that if approved the Companies will do what they can to expedite the reading of meters and, in fact, he believes a number of meters North of the Soochow Creek have already been checked and the readings recorded. The Treasurer says that it is possible that the Company might continue with the old practice of giving one month's notice in effect, but the Chairman doubts this in view of its precarious financial position.

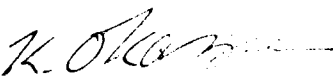
Mr. Yuan is of the view that the Council must accept the tariffs suggested and adds that the Council has to thank the Japanese Consul-General for acting as its medium otherwise the Council would be in a very awkward and difficult position.

The Chairman in agreeing with Mr. Yuan states that the Consulate did very well indeed on the Council's behalf although it is not shown in the documents which are before Members. Members agree with him that in the Council's reply he should convey an expression of the Council's appreciation to the Consul-General for the efforts made on the Council's behalf.

The proposed increases in the tariffs of Public Utility Companies as contained in the letter dated May 14, 1942, from the Japanese Consul-General, are approved.

The Meeting terminates at 11.37 a.m.


Secretary.


Chairman.

At the meeting of the Council held on Wednesday, June 3, 1942, at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
 L. T. Yuan
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 G. Kambe
 R. von der Crone
 Y. Yazima
 The Municipal Advocate
 The Treasurer, and
 The Secretary.

The Minutes of the meeting held on May 13 are confirmed and signed by the Chairman.

The Minutes of the Special meeting held on May 16 are confirmed and signed by the Chairman.

Tramway & Telephone Companies - Increase in Tariffs. There are submitted a letter, dated June 1, from the Japanese Military Controlled Shanghai Electric Construction Co., Ltd., making application for increases in Tramway fare charges and proposals on other tramway matters with a covering Secretariat memorandum dated June 2, and a letter from the Japanese Military Controlled Shanghai Telephone Company, dated June 1, making application for an increase in Telephone charges with a covering Secretariat memorandum dated June 2.

G 9/2
 G 2/16

Referring to the application for increases in Tramway fare charges the Chairman states that he understands that the French Concession Tramways have already increased fare charges and that it was foreseen when the increases in the Electricity, Gas and Water charges were discussed that it would be necessary to increase Tramway fare charges in the Settlement. As in the cases of increases in other Public Utility charges the present applications are not in strict conformity with past practice in that insufficient time has been given the Council to investigate the increases and the necessity therefor and to submit the matter to the Public Utilities Committee for consideration and recommendation. A further departure from past practice is that the applications are submitted by the Japanese Consulate, although in the case of the Tramway Company letters from the General Manager were received yesterday which the Chairman reads. The Chairman continues that while the Council should welcome the proposal to reinstitute through services between the areas North and South of the Soochow Creek, the proposed increases in tram fares will result in considerable hardship to the general public. On the other hand the charges for electricity, which the Company uses for motive power have increased greatly so increases in fare charges are natural. The Chairman draws attention to the suggestion contained in the Secretary's memorandum that the question of payment to the Council of Royalty, Mileage Fee and other charges to which the Council is entitled, in respect of operations in the area North of the Soochow Creek both in the future and during the period the Company's vehicles have been operating in that area, be taken up with the competent Authorities. As to the actual amount of the increases the Chairman, whilst stating that he is no expert and no opinion has been expressed thereon by the Public Utilities Committee, expresses the view as a layman, that the increases appear justifiable.

With regard to the increases in telephone charges, the Chairman states that these are more difficult, as not only is no advance notice to be given to the public but it is proposed to

June 3, 1942.

make the increases retroactive from June 1. The Chairman points out however that Telephone subscribers have been relieved of some of the burden that they might otherwise have had to bear by the lower tax on Telephones than that which the Council originally proposed. The Chairman also points out that when the last increase in Tramway fare charges was approved the Council agreed to reduce the full period of notice required under the franchise and in practice telephone subscribers will have some advance warning of the increases as they will not receive bills for a few days at least after notice is given. Details of the proposed increases are contained in the papers submitted and while the present rates look low by comparison with those charged outside owing to depreciation in the value of fapi, on the other hand from an exchange point of view the increases look very large as the charges have been changed to C.R.B. currency and increased by 100%, making a total increase of 400%. The Chairman points out however that all prices have increased greatly since the last increase in Telephone charges which came into effect on December 7, 1940.

Asked by the Chairman whether he has any views to express, the Treasurer states that while there has not been time to make anything by a cursory examination of the figures submitted, the estimates put forward by the Tramway Company, which provide for a monthly nett profit of approximately \$100,000 appear to be reasonable. On the other hand the Telephone Company appears to be budgetting for a monthly profit of approximately \$1,000,000 which seems extremely high especially having regard to the fact that \$1,000,000 a month is also provided for depreciation. The Treasurer adds that the large profit budgetted for may contain provision for dividends on capital in U.S. currency.

The figures submitted are then queried by members in several respects and after examination the Chairman and Secretary explain that some of the figures have been transferred into wrong columns owing to an error in translation.

Mr. Glathe states that the fact remains that the proposed profit of \$1,000,000 a month with \$1,000,000 for depreciation makes a gross profit of \$2,000,000 a month. The Chairman states that these figures also struck him as being high and that he made an enquiry on the points raised and was informed that the figure for depreciation is less than that previously provided and that the large profit is required for improvements to the system and equipment. He adds that next year such a large sum may not be required and it may be possible to reduce charges accordingly. The Treasurer states that this means that the subscribers of today are putting up the capital required for improvements to the system and that some provision should be made for this capital to be returned to them, but he appreciates that under prevailing conditions there is no other way for the Company to obtain these funds as it would be impracticable to raise new capital at the present time. The Chairman states that this is true and further states that he has an assurance from the Authorities concerned that the funds obtained from Settlement subscribers will be used only in the Settlement.

Mr. von der Crone points out that there does not appear to be any provision for payment of Royalty to the Council in the figures submitted and the Chairman explains that there has been some difficulty with the Japanese Military Authorities over the payment of royalties to the Council by Public Utility Companies and that in the case of the Telephone Company provision therefor has been included under the heading of "Other Expenses of Operation" so as not to draw undue attention to the matter of royalty. The Chairman considers that as provision has been made for payment of royalties by both Companies, approval of the

proposed increased charges will enhance the Council's prospect of obtaining these payments.

Referring to the increased Tramway charges Mr. Yuan states that the public expects increases in accordance with the depreciation in fapi, but that the extra increase will cause considerable hardship. Since the increases are to come into effect on June 5 there is no time to ask for reconsideration of the matter and it would appear that there is no course but to agree to the proposals. The Chairman, in reply, states that the question is as to the best attitude for the Council to adopt; whether to agree to the increases as a pure formality or whether to refuse to have anything to do with them. He adds that without adopting drastic forcible measures the Council cannot prevent the Companies from putting the proposed increases into effect and can only express its objection thereto if it so wishes. Mr. Hsu recalls that the Chairman himself went on record in the previous cases of large increases in Public Utility tariffs that the matter was practically forced down the Council's throat, and he feels that the Council should go on record that the procedure adopted with regard to increases in Public Utility Tariffs is irregular, but that in view of the present emergency there is nothing else for the Council to do but to agree to the increases and to hope for better days. He feels that the Council should voice its objection to not having had sufficient time for investigation of the increases and for submission of the proposals to the Public Utilities Committee. In this connection he points out that the Council has spent one hour at this meeting discussing technical and accountancy details, consideration of which should be given by the Council's staff and the Committee appointed for this purpose. In reply to the Chairman's enquiry as to whether Mr. Hsu desires that his views, if agreed to by other members, should be conveyed to the Japanese Consul General, Mr. Hsu replies in the affirmative and Mr. von der Crone suggests adding that this manner of dealing with increases in Public Utility tariffs is not in the best interests of the public and causes considerable hardship. Members endorse the views expressed by Mr. Hsu and Mr. von der Crone and approve the conveyance of these views to the Japanese Consul General.

The proposed increases in Telephone charges and the proposed increases in the Tramway fare charges and other proposals submitted by the Tramway Company are thereupon approved.

Payments by the Council - Currency. There are submitted for consideration a report by the Treasurer dated April 25, an opinion by the Municipal Advocate dated May 8, a further report by the Treasurer dated May 12, commenting on Municipal Advocate's opinion, a letter from the Chairman of the Executive Committee of the Chinese Staff Association dated May 20, a report by the Treasurer in comment thereon dated May 23, and the Minutes of the meeting of the Special Committee held on May 21. There has also been circulated to members an undated memorandum by Mr. K. Kambe.

The Treasurer states that decisions have been reached by the Co-Ordinating Committee on most of the points raised and that there only remains to be considered the question of the currency in which debenture principal and interest is to be paid. The Secretary explains that the points were submitted to the Co-Ordinating Committee because of the necessity of arriving at an immediate decision in connection with certain staff payments and Mr. von der Crone adds that the decisions arrived at by the Co-Ordinating Committee were only in respect of internal matters in which the general public is not affected.

In reply to Mr. Yuan's enquiry as to the decision as regards the Staff Superannuation Fund the Treasurer suggests that it would perhaps be simpler if he explained the decisions reached

by the Co-Ordinating Committee which he does as follows:-

Provident Fund: This Fund is for employees not participating in the Superannuation Fund and as payments are a charge on the Budget, it was decided to make payment in C.R.B. currency.

Superannuation Fund: In addition to the principal in the Fund there is payable a cash bonus which at present amounts to 270%, and the Co-Ordinating Committee decided that this bonus should be payable in C.R.B. currency while the principal should remain payable in fapi. In cases where employees are entitled to exchange compensation in respect of the principal in the Fund it was decided that an exchange rate of 35/32d to C.R.B.\$1 should be taken.

Savings Bank: As the Savings Bank is only used by Municipal employees and the total amount involved is only approximately \$500,000, it was decided that payments should be payable in C.R.B. currency.

Contract and Licence Deposits: It was left to the Treasurer's discretion as to what currency refunds should be made in, on the understanding that if there were no obligations to refund in C.R.B. currency payments would be made in fapi.

Fixed Deposits: It was decided that as a general rule fixed deposits would be refunded in fapi except where there were special obligations to pay in C.R.B. currency.

Messrs. Kambe and Hsu express the view that in principle the decisions of the Co-Ordinating Committee to effect payments in C.R.B. currency as specified are wise and reasonable and these decisions are approved.

The Treasurer suggests that this opportunity be taken to obtain a decision on the payment of debenture principal and interest and, in view of the recent currency proclamation recommends payment in fapi, thus leaving it to debenture holders to take action in a court of law if dissatisfied with this decision and in this way settling the matter once and for all. Mr. von der Crone agrees that this is the only way of dealing with the matter unless the Council wishes to make a gift to debenture holders which would be extremely dangerous. The Treasurer's recommendations are thereupon approved.

Loan Redemption - 6% Loans of 1940 and 1941. There is submitted a report by the Treasurer dated June 1.

B 11/1

In amplifying his report the Treasurer recommends that redemption of the drawn debentures in these two loans be deferred for the following reasons:-

- 1) The uncertain future financing of the Council.
- 2) A loan of \$5,000,000 has been obtained to finance the Flood Prevention Scheme, in addition to which \$3,000,000 will be required to finance the Budget of Extraordinary Expenditure.
- 3) It is considered advisable for the Council to purchase a reserve stock of rice the cost of which will amount to approximately \$12,500,000.

The Treasurer continues that in his opinion it would be no hardship to debenture holders if redemption were deferred, on the other hand the Council has the money to redeem the drawn debentures if it so wishes.

Mr. von der Crone expresses the opinion that it would be better to spend the money on the purchase of a reserve stock of rice than to redeem the drawn debentures. The Chairman agrees that the rice problem is most important and states as an instance that if a period of rainy weather ensues, it may not be possible to obtain rice with which to supply the public unless the Council has a reserve stock in hand. He considers that the minimum reserve should be 30,000 bags or sufficient for 5 days; it would be better to have 50,000 bags, but he personally would prefer a reserve of 75,000 bags. If the money is available he considers that the Council should have as large a reserve stock of rice as possible and the Council cannot achieve both objects he favours deferment of the redemption of debentures. Mr. Yuan agrees that it would be wise to acquire a reserve stock of rice and also agrees that no hardship would be caused to debenture holders by deferring redemption.

The Chairman emphasizes that it is not proposed to defer redemption indefinitely and he expresses the hope that there will be sufficient surplus at the end of the year from the new taxes which the Council is imposing to adjust staff salaries and to plan for resuming the redemption of debentures. He considers that provided interest is paid regularly, the confidence of the public in the Council's debentures will not be lost if two or three redemptions are deferred.

It is accordingly agreed that redemption of the debentures in the 6% loans of 1940 and 1941 drawn in December last be again deferred and that the redemption of debentures in these two loans recently drawn be also deferred.

The meeting terminates at 5.50 p.m.


Chairman.


Asst. Secretary.

At the meeting of the Council held on Wednesday, June 24, 1942, at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
R. von der Crone
The Treasurer, and
Mr. J. C. Greig (Assistant Secretary)

Absent:

Mr. Y. Yazima

The Minutes of the meeting held on June 3 are confirmed and signed by the Chairman.

The Minutes of the meetings of the Health Committee held on June 11 and 22 are submitted and confirmed subject to the following remarks.

C 28/2

T. B. Sanatorium, Macleod Road. The Treasurer states, in reply to the Chairman, that he understands that the Anti-T.B. Association, by means of a campaign, raised funds with which they wish to purchase or build a hospital. It would seem that if the Council decides not to dispose of its property the Association would acquire other property and the Council would then be left with a Sanatorium which has not been used by the Council since 1937 and which is not likely to be used by the Council for some time to come.

In answer to the Chairman's enquiry as to how the Anti-T.B. Association is administered, the Treasurer replies that the Association is international in composition with a majority of Chinese members. The campaign organised last year to raise funds to combat Tuberculosis in Shanghai was most successful and the sum raised approximated one million dollars. The Association is well known and has done good work. Mr. Ho adds that the Association is a purely charitable one and although a number of American Missionaries are associated with it the Association has no political affiliation.

Mr. von der Crone states, in answer to the Chairman's enquiry, that the site which the Association desires to acquire from the Council measures 21,28 mow and the price offered works out at CR\$20,000 per mow which in his view is fairly attractive.

Mr. Glathe agrees provided the Council obtains payment in cash upon the sale being consummated. Members agree.

C 19/13

Jewish Refugee Hospital. The Chairman asks whether the Jewish Refugee Hospital would hand over to the Council the equipment which it possesses in the event of the Council adopting the recommendation of the Health Committee. Mr. Glathe states that it is likely that they will but should they decline to do so, as pointed out by the Commissioner of Public Health in his report of June 20 there would be an expenditure by the Council of about \$20,000.

Invited by the Chairman to express his views, the Treasurer says that he sees very great difficulties and danger if the Council follows the recommendation of its Health Committee. If the Council accepts liability it will prove very costly. Apart from the question of hospitals there is the matter of schools.

A large number of children are being educated and there is a possibility of the schools being closed down due to lack of funds. He is in sympathy with the needs of the Jewish community for hospitalisation but there are many factors which should be carefully weighed before the Council assumes liability. There is for one thing the matter of transportation of infectious cases and whether the Council can provide sufficient Isolation Hospital accommodation for Jewish refugees. In this connection the Treasurer refers to a report from the Commissioner of Public Works dated June 23. Continuing the Treasurer states that it might be cheaper for the Council to finance the Jewish Refugee Committee and allow them to continue their Hospital work in their present premises for which they pay a nominal rental. As regards mental cases, the Council has an interest in the Mercy Hospital and there is the Country Sanatorium on Keswick Road which might be able to accommodate a certain number of cases. If not, all the mental cases could go to the Mercy Hospital.

Mr. Glathe states that the Treasurer has touched on the matter of responsibility for the education of Jewish Refugee children and he feels that the Council cannot accept responsibility. As for infectious cases among the Jewish Refugee community he feels very strongly that the Council cannot allow these people to move about in the Settlement or be treated in private homes and thus be a danger to the community as a whole. The Chairman is informed by Mr. Glathe that the present charge per day for these cases is about \$15 per patient. There are altogether 49 Jewish refugee patients in the Hospital and of this number 7 are mental cases.

The Treasurer states, in reply to the Chairman, that the possible capital expenditure is \$220,000 and Mr. Glathe remarks that if the Council were to decide upon the issue of a grant-in-aid, the sum of \$50,000 or \$60,000 would be totally inadequate. Since the Jewish Association no longer receives remittances from America the Council would have to make a grant of from \$200,000 to \$400,000, which may even be found inadequate, and besides the Council would exercise little or no control over the hospital. He reiterates that the Council cannot accept responsibility of serious infectious cases being treated in the homes of residents.

In reply to the Chairman the Treasurer states that he has no idea of the amount of grant which the Association will require to maintain its hospital but the thought came to him that it might be best for the Council to limit its responsibility by making a grant, since if the Council takes over hospitalization of Jewish refugees, most of whom are resident North of the Soochow Creek, the Council will have among other things to meet the cost of transportation of patients to hospitals in the Western Area. However, Mr. Glathe has made a point when he stated that the Council will exercise little or no control over the Jewish Refugee Hospital and since the Council apparently has the nursing staff and the accommodation available it might be better in the long run to follow the recommendations of the Health Committee.

The Chairman in summarising the position states that the Council does not know if the equipment, the property of the Jewish Refugee Hospital, will be handed over to the Council nor how much the hospital would require in the way of a grant-in-aid in order to continue. It has been pointed out that in any case there would be no adequate control over the hospital were the Council to give a grant, yet on the other hand, as the Treasurer has pointed out, assuming liability for the hospitalization of Jewish refugees will be costly for the Council, however, the Council has the nursing staff and accommodation can be made

available and arrangements should be made in case there is an epidemic this summer.

The Treasurer remarks that assuming the sale of the T.B. Sanatorium in Macleod Road is completed there will be a certain profit, part of which could be earmarked for the reconditioning of the huts referred to by the Commissioner of Public Works in his report and for the purchase of necessary equipment; this would ease the Council's capital budgetary position for this year.

Mr. Glathe, in answer to the Chairman, states that the accommodation which will remain available should be sufficient to meet any serious epidemic. Several huts could be repaired and used.

The Chairman enquires whether other patients than those of Jewish faith would be admitted to the hospital and Mr. Glathe states that they will.

The Chairman asks whether non-Settlement residents may be admitted, and the Treasurer states that if the Council assumes liability for the hospitalisation of Jewish refugees the Authorities of the French Concession and the Western Area should be liable for hospital expenses for patients from their area; he feels that this should be clearly understood. The Chairman agrees that the Council should limit its responsibilities to persons residing in the Settlement and that others, non-residents, should be taken care of by the adjoining Authorities. Members agree.

The Minutes of the meeting of the Watch Committee held on June 19, are submitted and confirmed subject to the following remarks.

B 9/15
Police Force, Supplementary Estimates, 1942. The Chairman informs members that a certain amount of saving has been possible in the Police Estimates, for since they were submitted two months have elapsed during which time much discussion on the Estimates, by the Secretariat and the Police, have taken place and although the Police wanted the Estimates passed they were delayed by the Secretariat in order that they might be gone into thoroughly and wherever possible economies effected. Members can rest assured that every care was taken in making these estimates and that the Watch Committee covered many points which were discussed and fully explained by Departments and in meeting.

The Treasurer states that Members will be pleased to learn that \$3,500,000 was included in the budget for 1942 to meet the Supplementary Police Expenditure and there should be, as a result of the economies now effected, a balanced Police budget.

K 25/1
Public Ricshas - Rental Charge. Mr. Glathe considers that the Council should allow minimum public ricsha fare charges to be paid in old fapi. Members agree that the public will themselves, without the Council specifically issuing a statement, pay minimum fares in subsidiary old fapi notes.

The Chairman in referring to the rental charge of \$3.50 (fapi) to CRB\$3.50 states that he does not know how Mr. von der Crone feels but as Chairman of the Price Control Committee Mr. von der Crone has come across many cases of conversion of fapi prices into C.R.B. The Council seems now in this case to be changing what is allowed in the way of conversion of prices as announced by Municipal Notifications.

Mr. von der Crone states that the change can be allowed since when the Council last discussed the matter it was then felt that the rental of \$3.50 (fapi) per ricsha per day was not enough

June 24, 1942.

and, similar to the case of milk, a case has been made for converting ricscha rentals to CRB\$3.50 per ricscha per day. Mr. Glathe agrees.

Mr. Kamke suggests that in order to avoid any public misunderstanding the Council could change the figure of CRB\$3.50 to CRB\$3.40 or CRB\$3.70, this would remove comment.

The Chairman states, and Members agree, that Public Ricscha fares and rentals ought to be placed on a CRB basis and that it is generally understood that small charges can be paid in fapi.

The Minutes of the meeting of the Education Board held on June 22 are submitted and confirmed, subject to the following remarks.

A 23/7

Payment of Rates as a Condition for Participation in Municipal Educational Facilities. Mr. Glathe refers to recommendation 1 on page 4 of the Education Minutes and remarks that if parents are unable to pay rates he does not see how they can pay a 50% extra charge on school fees for their failure to pay rates.

The Treasurer states that the present practice as regards foreign schools is that if fees are in arrears for one month pupils are automatically excluded from attending school. He feels that the present recommendation from the Education Board will work real hardship and may place the Council in a difficult position vis-a-vis the City Government.

Mr. Ho states that the recommendation has been made since the Finance Department recommended that those parents, Chinese and foreign, unable or unwilling to pay Municipal rates should have their children excluded from attending Council's schools and the Education Board wanted to be more lenient. By their recommendation which is now before members a family would pay whichever is easier either Municipal Rates or a 50% extra charge on school fees for non-payment of rates.

Mr. Yuan, Chairman of the Education Board, states that he appreciates that the Council should not introduce any step which might result in ratepayers not paying rates but the Board felt that the recommendation proposed would be a warning to the public against non-payment of rates and that in any case all who can afford to pay rates to the Council will do so. Those who are too poor to pay rates will not send their children to the Council's schools.

The Treasurer mentions that from January 1 of the current year rates in the Western External Area are not payable to the Council but to the Western External Area Authorities. The majority of the children attending the Council's foreign schools reside in the Western External Area. The Council is at present bearing the full cost of education of the Western External Area children but it is hoped to obtain from the Shanghai Special Municipal Government the proportionate cost of maintaining the schools in that area: if this does not eventuate the Council will have to consider the question of raising the fees or closing the schools. He suggests that if Members are not certain as to what course should be taken in regard to the first recommendation of the Education Board, a fair procedure would be to make no change for the next term and to consider the matter at the end of the year or when the question of payment by the City Government has been clarified. Mr. Yuan remarks that this would be following the action taken in respect of Chinese schools. Mr. Glathe in agreeing adds that it would be dangerous to adopt the present recommendation of the Board and thus enable those who wish to evade payment

of Municipal Tax to do so.

At Mr. Ho's suggestion Members agree that recommendation No.1 be referred back to the Education Board for reconsideration and approval is given to recommendation 2 of the Education Board.

F35/9

Co-Ordinating Committee. The Chairman, in referring to his memorandum of June 20 to Members, states that since its inception the Co-Ordinating Committee has met daily at 10 a.m. except on Saturdays and Sundays; it is a Committee of the Council in session daily and there are three Councillors on this Committee. It has been found expedient to refer very many matters to this Committee. The originally delegated powers of the Co-Ordinating Committee are set out in his memorandum to Members. Today, in view of urgency, the Co-Ordinating Committee is in many cases asked for a decision on ordinary Municipal matters. However, matters of policy and principle have as hitherto been referred to the Council but decisions have been taken by the Co-Ordinating Committee on ordinary Municipal matters which were previously referred to Standing Committees. Members of the Co-Ordinating Committee realizing that they have been dealing with such matters without the necessary authority and that at the present time it is most expedient that matters are referred to the Co-Ordinating Committee for decision, have therefore suggested that the subject be placed before Members of Council and he has accordingly presented the situation to Members in a memorandum. Members are asked to delegate to the Co-Ordinating Committee the authority to deal with matters as set out in his memorandum of June 20 which includes the right to deal with all urgent Municipal matters.

As to the constitution of the Co-Ordinating Committee, the Chairman states that he would like to give his personal opinion on the matter. He was not, at the time of the formation of that Committee, a Member of that Committee so he is not quite clear as to the reasons why no Chinese member of Council was invited to serve, but a very likely reason is that as the meetings of the Co-Ordinating Committee take place every morning and the Chinese members of Council may be too busy to attend, it was probably decided not to invite any member to serve. At the present time the Co-Ordinating Committee does not take a decision on the spot in connection with many matters; very important subjects are discussed and a decision deferred until careful consideration has been given to the matter, therefore, if one of the Chinese Members of Council would be good enough to accept an invitation to serve on the Co-Ordinating Committee he could attend meetings of the Co-Ordinating Committee on such occasions when his presence is actually needed. Such Member would receive the Minutes of the Co-Ordinating Committee and attend meetings of that Committee when he likes or whenever the Committee feels it is necessary and desirable for him to be present to discuss matters on which his views would be appreciated. Continuing the Chairman states that the Co-Ordinating Committee has functioned since its formation without much fault. There are two points for the Council to decide on, the first is whether or not Members of Council will delegate authority to the Co-Ordinating Committee to deal with Municipal matters, as referred to in his memorandum of June 20, and the other is whether any Chinese Member of Council would like to attend the daily meetings of the Co-Ordinating Committee or when considered necessary. In placing these two points before Members for consideration he invites Members to express their very frank opinions. There are many ordinary Municipal matters which Heads of Departments do not care to decide themselves but require quick decisions and these are being dealt with by the Co-Ordinating Committee. The Chairman invites Members' views.

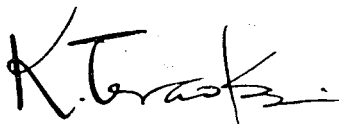
Mr. Yuan states that he appreciates the volume of work done by Members of the Co-Ordinating Committee. During the present period of emergency Members of that Committee have devoted much of their time daily in dealing with all sorts of Municipal problems and the Community is grateful. As regards the attendance of a Chinese Member at the meetings of the Co-Ordinating Committee, he would like to give his personal view which is that his colleagues and himself unfortunately cannot give the time. He suggests that in future if there is any subject which really concerns Chinese Councillors which is to come up before the Co-Ordinating Committee, Chinese Members of Council might be invited to attend the discussion of the Co-Ordinating Committee. Mr. Theodore Chang concurs in these views.


Mr. Jabin Hsu states that he would like to make the views of the Chinese Members unanimous. He wishes to endorse Mr. Yuan's remarks regarding the good work of the Co-Ordinating Committee. It is important that the Council should in all affairs keep abreast of the times. In cases involving principle and policy he expresses the hope that the Co-Ordinating Committee will be good enough to refer these cases to the Council, as in the past, and he is strongly in favour of delegating to the Co-Ordinating Committee all the power that it is possible to confer on that Committee. As regards the appointment of a Chinese Member to that Committee he suggests that Mr. Yuan should be invited to serve since he is free in the mornings and enjoys the confidence of all: he would be a most suitable member. Mr. Yuan informs Members that whilst he is now free in the mornings he expects very shortly that he may not be able to attend the daily meetings of the Co-Ordinating Committee.

The Chairman suggests that Mr. Yuan becomes a member of the Co-Ordinating Committee on the understanding that he need not attend meetings of that Committee every day. He should attend whenever he considers he would like to be present at its discussions. He suggests that he should send an invitation a day or two before a meeting when an important matter is to come up for discussion. As to ordinary matters the Co-Ordinating Committee will not trouble him to attend daily since Mr. Yuan is busy with many other matters. Members agree as also to the delegation of the powers to the Co-Ordinating Committee sought by the Chairman in his memorandum of June 20.

Currency. The Chairman informs Members that the Co-Ordinating Committee considered it advisable for the Council to issue a Notification relative to the use of old fapi in the International Settlement making it clear that as from June 25 Central Reserve Bank currency shall be the legal tender. Members agree with the Chairman that the action taken was advisable.

The meeting terminates at 6.25 p.m.


Secretary.


Chairman

At the meeting of the Council held on Wednesday, July 15, 1942,
at 4.30 p.m., there are:

Present:-

Messrs. K. Okazaki (Chairman)
 L. T. Yuan (Vice-Chairman)
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 G. Kambe
 R. von der Crone
 Y. Yazima
 The Commissioner of Police
 The Commissioner of Public Works
 The Chief, Industrial and Social Division
 The Treasurer, and
 The Secretary.

The Minutes of the meeting held on June 24, are confirmed and signed by the Chairman.

The Minutes of the meeting of the Industrial and Social Affairs Committee held on July 8 are submitted and confirmed, subject to the following remarks.

K 1/11 Abandoned Children. In reply to Mr. Glathe, Miss Hinder states that there is a hospital in the present Beggars Camp which is able to accord medical attention to sick children found on the streets, and the more serious cases are taken to outside hospitals.

Mr. Glathe enquires what it is intended to do with the beggars who are at present in the Beggars Camp when this Camp is turned into a Camp for receiving abandoned children. He does not feel that it would be advisable to eject them from the Camp.

Mr. Chang, Chairman of the Industrial & Social Affairs Committee, states that he appreciates the point raised by Mr. Glathe but there are only about eighty adult beggars in the Camp at present and his Committee has not studied the matter as the question of adult beggars was not under consideration.

The Treasurer states that the position in regard to the beggars has arisen through abandoned children being sent to the Beggars Camp as no other accommodation was available. In regard to the disposal of adult beggars, repatriation should be considered in cases where it is ascertained that they have homes in their native districts. Mr. Ho adds that with reference to the disposal of the adult beggars in the Beggars Camp which it is proposed to turn into a Camp for receiving abandoned children the beggars camp on Singapore Road is capable of accommodating 1,500 beggars and further that the compound of the camp is large enough to permit of segregation. Mr. Chang further adds that it is preferable to have a home for receiving abandoned children instead of putting these children into a beggars camp as there is more likelihood of their adoption from a children's home.

The Chairman in summarising the position states that the question of beggars and abandoned children is an important one but the Council must be careful in its policy in order that no impression is given which might make it appear that the

Council is encouraging the care of beggars and abandoned children which would result in an increase in the Settlement in the number of beggars and abandoned children. Any measures before being put into practice would receive the careful study of the Chief of the Industrial and Social Division and the Secretariat and if necessary would be re-submitted for consideration by the Industrial and Social Affairs Committee. Members agree.

The Chief of the Industrial & Social Division withdraws.

The Minutes of the meeting of the Works Committee held on July 10, are submitted and confirmed subject to the following remarks.

L 17/3 Re-Assessment of Land in the Settlement. Mr. Kambe, Chairman of the Works Committee, adds his personal views which have occurred to him subsequent to the meeting of the Works Committee, stating that the work of re-assessment is an important one as it serves as a fundamental tax of the Council. He feels that the re-assessment work should be done with great care in a way which will be both fair and reasonable to the public and all concerned. Although the Works Committee recommended that the re-assessment be completed in time to be effective, if necessary, by January 1, 1943, he does not feel that a hasty and expedient method is advisable and suggests that a sound and authoritative return be completed even if it should take more time, particularly since the last re-assessment was done eight years ago and the present one will be based on a new currency.

Invited by the Chairman to express his views, the Commissioner of Public Works states that he does not expect to have sufficient evidence of land values in the new currency to permit him to make his recommendation before the end of September. In the past, the Council has engaged a committee of expert land valuers and paid them a fee to re-assess land. Having appointed such a committee of paid experts, the Council had no alternative but to accept its recommendations. The present proposal leaves both the Works Committee and the Council free to criticise, or reject, or refer back for revision, the new re-assessment, which should be sufficient protection against any hasty or ill considered decision.

In reply to Mr. Glathe, the Commissioner of Public Works states that he does not propose to engage any additional staff or to incur any extra expenditure.

Mr. Kambe remarks that as the date of January 1 was conventionally decided upon in case the Council required additional funds in 1943 the introduction of the re-assessment could be deferred until such time as the Council wishes to apply it.

The Chairman agrees that it is most important that the work of re-assessment be carried out with the utmost of care and states that it is both necessary and reasonable that a re-assessment be carried out at this time. Members agree.

The Commissioner of Public Works withdraws.

Police Re-organization. The Chairman states that as can be seen from the papers before Members a letter has been received from the Japanese Consul General requesting an appropriate re-organization of the Council's Police Force which has become necessary since the outbreak of the Great East Asia War to maintain close co-operation and liaison between the Shanghai Municipal Police and the Japanese Authorities. The Commissioner of Police when asked for his views has replied that even before the receipt of the letter from the Consul General he had held the opinion that it was necessary to effect certain re-organization and was therefore pleased to learn that the Japanese Authorities entertained similar views. The Commissioner of Police therefore recommends that certain members of the Force be retired and the services of others, who are not considered desirable to retain in the Police Force in order to effect close co-operation and to maintain smooth relations with the Japanese Authorities, be terminated. The former number about 38 members and the latter are around 36. These numbers are only given so as to provide Members with a rough idea of the number of persons being retired or whose services are being terminated. It is therefore possible that the actual number of persons who are retired or whose services are terminated may be more or less than the numbers now mentioned. As the matter requires utmost care and speed, it is recommended that the question of selection of the personnel be left to the discretion of the Commissioner of Police and himself.

" It is also recommended that the men who are being retired or whose services are being terminated be given six months' full pay in lieu of notice and also the issue of proportionate pensions and gratuities where the employees have duly earned such benefits.

" He fully realizes that this is a delicate matter and he would like to say, not as Chairman of Council but as a Japanese national, that the Japanese Authorities have no intention to interfere with the Settlement's Administration but from their point of view, in view of the present changed conditions, it has become necessary to have Police Officers in certain positions who can maintain close and friendly co-operation and liaison with the Japanese Authorities concerned. There is in addition not only the question of language difficulty but that of custom. In the proposed re-organization certain positions such as the Officers-in-charge of Police Stations and important Detective Work will be given to Japanese Officers and thus those members of the Foreign Branch holding such positions will be permitted to retire. It is fully appreciated that it is a difficult matter for the Commissioner of Police to say to his subordinates that their services are no longer required but in view of the present extraordinary conditions in Shanghai it is felt that the Council must recommend the retirement of the personnel concerned. Due mainly to the efforts of the Commissioner of Police, the Chairman states that the number of members of the Foreign Branch whose services are being recommended for retirement or termination is comparatively small and in any case not too excessive. The Chairman states that he has received an assurance from the Commissioner of Police that there will be no unnecessary disturbance in the functions of the Police Force and he has also the added assurance that the Police Force can maintain its efficiency as heretofore.

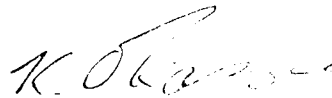
In reply to the Chairman, the Commissioner of Police re-affirms his assurance that there will be no disturbance in the Police Force after the proposed re-organization.

In reply to Mr. Yazima, the Commissioner of Police states that his proposal will not affect members of the Russian Auxillary Forces.

Members having no further views, it is unanimously agreed that the proposed re-organization of the Police Force be approved and that the selection of the personnel who are being retired and whose services are being terminated be left to the discretion of the Commissioner of Police and the Chairman.

Price Control Office. The Chairman states that for the information of Members he wishes to explain that there will shortly be sent to Members a Circular recommending certain changes in the Price Control Office. The Price Control Office at the outset was established as an Emergency measure but in view of the recent volume of work which has evolved upon this Office, it is considered that some proper form should be given to this Office with its functions clearly defined. It is now suggested that the Price Control Office be made into the Price Control Division attached to the Secretariat under the Secretary, and a Chief would be appointed to this Division. Up to the present Mr. Von der Crone has been kind and good enough to voluntarily devote his time and services in the Price Control Office but as he is not on the staff of the Council and it would be unfair to ask him to continue indefinitely to assume all the responsibilities - and they are likely to be increased - it is felt that some permanent official should be appointed to this important post and the functions of the Division clearly set out so that it may continue to carry on smoothly and effectively. This matter was this morning approved by the Coordinating Committee and as the next Council meeting will not be held for a fortnight, the Chairman states that he takes this opportunity to inform Members of the matter and to let them know that a Circular will be prepared and submitted to Members for formal approval.

The meeting terminates at 5.25 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, September 2, 1942, at 4.30 p.m., there are:

Present:-

Messrs. K. Okazaki (Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
R. von der Crone
Y. Yazima
Major H.S. Bartley, Staff Officer, S. V. C.
The Treasurer, and
The Secretary.

Absent:-

Mr. L.T. Yuan (Vice-Chairman)

The Minutes of the meeting held on July 15, are confirmed and signed by the Chairman.

In welcoming Members to today's meeting after an absence during the summer, the Chairman states that although there was no summer recess this year owing to the special circumstances prevailing he has refrained from calling a meeting unless he felt that it was absolutely necessary. He adds that the Coordinating Committee has dealt with most matters which were more or less of a routine nature and has also confirmed the Health Committee Minutes of the meeting which was held since the last Council meeting.

K 6/35

Disbandment of the Shanghai Volunteer Corps. At the request of the Chairman, the Secretary reads his memorandum dated August 31, wherein he informs Members that the proposed disbandment of the S.V.C. has been requested by the Japanese Consul General, who has written to the Council on behalf of the various Japanese Authorities. The view of the Japanese Military and Civil Authorities concerned is that under the present circumstances obtaining in Shanghai there is no further necessity for the Shanghai Volunteer Corps to be retained and they have requested the Council to take the necessary steps to meet their wishes.

The Secretary further adds that since the Defence Forces in Shanghai are fully able and prepared to maintain law and order in the International Settlement and as S. V. C. training has been suspended for an indefinite period, and there is no practical value in maintaining the S. V. C., he recommends that the Council should approve of the immediate disbandment of the Corps.

The Chairman states that owing to the present circumstances prevailing if the S.V.C. were to continue to function it would create the possibility of conflicting with the Japanese Forces in and around Shanghai, due to difficulties of language, different training and regulations. In the past, the S.V.C. was maintained mainly as a means of defence against rebels of the Chinese Government who might attempt to seize this important center of China.

The S.V.C. came into existence at the time of the Taiping Rebels and since then it has remained the duty of the S.V.C. to defend Shanghai against outside bad elements. It has never been the main object of the S.V.C. to maintain peace and order in the Settlement.

At present, the Japanese Forces maintain peace and order in and around Shanghai and therefore, there remains no further practical value for the continued retention of the S. V. C.

There is precedent in the past where the S. V. C. after having been formed was disbanded. It was later formed again and has since remained in existence. There is now no practical reason against its disbandment. However, the Council would remain free to re-establish a Corps if in future after the war it is considered necessary.

The Chairman further adds that should it be decided to disband the S. V. C., various questions, mainly details, must also be considered, such as the question of employees, the Rifle Range, S. V. C. Club, transport, ammunition "stores", silver trophies, equipment and armoury on long loan from the British and American Governments, Kit with Volunteers, disposal of Corps Funds, etc.

The Volunteer Corps has had great sentimental value to the Settlement and the Council, with its glorious past and honour. The Corps has been in existence for 89 years, having been found in 1853, and the Chairman, realizing the close ties existing between the Corps and the Council, now proposes with deep regret the disbandment of the S.V.C., if only for the duration of the war. He enquires whether Members have any views.

Mr. Jabin Hsu supports the Chairman and states that as pointed out by the Chairman since the S. V. C. in the past was charged with the main duty of defending the International Settlement against external elements, there is no further practical value in its retention. There is authority maintained in the areas around Shanghai. All are sorry that this glorious institution must now go and he regrets that due to present circumstances, the Council is constrained to recommend that the S. V. C. be disbanded. The services of the S. V. C. are no longer required and it was earlier foreseen, at the time when the training of the S. V. C. was suspended for an indefinite period, that this present step would have to be taken sooner or later. The services of the S. V. C. have been deeply appreciated and he proposes that it be placed on record that the Council and also the Shanghai community, especially the Chinese Community, have always greatly appreciated the services rendered by the Shanghai Volunteer Corps.

In reply to the Chairman, Major Bartley states that he has nothing to add to what has been said.

Members agree that the S. V. C. must now be disbanded as an unavoidable consequence arising out of the present situation.

The Chairman then outlines the preliminary studies made by the Co-ordinating Committee, in anticipation of the Members' approval of disbandment, in connection with the details referred to earlier, which must be dealt with.

The Chairman enquires whether Members will agree to authority being delegated to the Co-ordinating Committee to further consider and act on the preliminary recommendations made. Members approve.

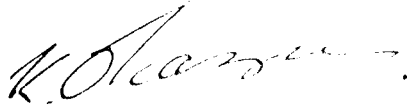
September 2, 1942.

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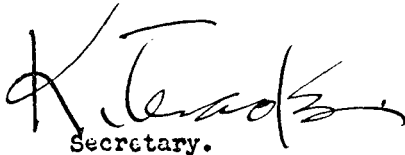
It is also decided that a press release be issued on the disbandment of the S. V. C. expressing the Council's deep appreciation of past services rendered and that of the Community.

Members further agree that an official letter be written to the Shanghai Volunteer Corps conveying the decision of the Council that the S. V. C. should be disbanded and also expressing the Council's and the Community's deep appreciation of the services rendered by all Members of the Corps.

The meeting terminates at 5 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, September 23, 1942, at 4.30 p.m. there are:-

Present:-

Messrs. K. Okazaki (Chairman)
 L. T. Yuan (Vice Chairman)
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 G. Kambe
 R. von der Crone
 Y. Yazima
 The Acting Commissioner of Police
 The Commissioner of Public Health
 The Acting Chief, Industrial & Social Division
 The Treasurer and
 The Secretary.

The Minutes of the meeting held on September 2, are confirmed and signed by the Chairman.

The Minutes of the Meeting of the Industrial & Social Committee held on September 1, are submitted and confirmed.

The Acting Chief, Industrial & Social Division, withdraws.

The Minutes of the Meeting of the Pao Chia Committee held on September 3, are submitted and confirmed.

The Minutes of the Meeting of the Joint Health and Watch Committees held on September 21, are submitted and confirmed.

The Minutes of the Meeting of the Watch Committee held on September 21, are submitted and confirmed.

The Acting Commissioner of Police and the Commissioner of Public Health withdraw.

H 3/476

The Retirement of Mr. R. T. Bryan, Jr., Municipal Advocate. The Chairman raises with regret the question of the retirement of Mr. R. T. Bryan, Municipal Advocate. He informs Members that he has privately discussed this matter with Mr. Bryan, in view of the increasing ill-feeling towards enemy nationals especially since the reports on the treatment received by Japanese repatriates in the U.S. have been received, from the first repatriation-ship.

Since there are prospects of another evacuation ship when Americans would be taken, he had taken the liberty of advising Mr. Bryan that it would be in his own interest to avail himself of the opportunity of evacuating. It was, of course, left to Mr. Bryan's discretion whether he would repatriate or not. There are many British employees in the Council's service but as yet there are no signs of a repatriation ship for British subjects. If however, did there appear a repatriation ship for British subjects in future, he feels that he would have to advise British employees also to avail themselves of the chance of making use of such a ship.

Mr. Bryan has understood the situation and agreed to follow the advice which has been suggested. If his retirement is decided, it will really be a great loss to the Council considering his valuable services and qualifications. which in addition to his many others, includes his ability to read and write Chinese. He has always been a faithful servant of the Council.

In consideration of the valuable services which he has rendered to the Council, the question of according him full retirement benefits has been considered by the Co-ordinating Committee, which has recommended that this case is one in which the pension should be arbitrarily fixed at £500 a year but that whilst Mr. Bryan is resident in America his pension be U.S.\$2,433 a year. It was noted that when cases such as this arise consideration is generally given to compensation as retirement involves loss of employment through no fault of the employee. Mr. Bryan entered the Council's service on June 1, 1928 and will be 50 years of age on October 13.

There have been precedents of granting maximum pensions of £500 where an employee has not had the service qualification, in the cases of Messrs. Fessenden, Jones and Phillips. As, however, Mr. Bryan will be going to the United States, it is considered that his pension should be given in U.S. Dollars.

In reply to the Chairman, the Treasurer confirms that the figure of U.S.\$2,433 is based on the old parity rate between the U.S. Dollar and the pound sterling. The Treasurer adds that this pension of U.S.\$2,433 will be more than the pension received by Mr. Fessenden which is £500 but if Mr. Bryan returns in future to Shanghai, he will only receive £500.

The Chairman, therefore, submits this matter for sympathetic consideration of Members and adds that if agreed in principle, details will be arranged between Mr. Bryan and the Secretary.

Mr. Yuan states that he is indeed sorry to see Mr. Bryan must go since he has known Mr. Bryan for more than 30 years in Shanghai. However, in the present circumstances, there seems no alternative to letting him go.

In reply to an enquiry by Mr. Yazima, the Treasurer states that if Mr. Bryan goes to the United States no payments of his pension will be made to him during the duration of the present War. He further points out in connection with the proposed pension of U.S.\$2,433 that Mr. Bryan upon leaving duly qualified for a pension, would have been entitled to elect to have his pension paid in U.S. Dollars. In answer to a further enquiry by Mr. Jabin Hsu, the Treasurer states that maximum pension payments are limited to \$20,000 per annum in Shanghai.

Mr. Jabin Hsu enquires whether Mr. Bryan's services would still be available after Mr. Bryan's resignation if he still remains in Shanghai. He refers particularly to Mr. Bryan's membership on the Land Regulations Amendment Sub-Committee. He feels that it would be valuable to have his attendance at the meetings of this Sub-Committee.

The Chairman expresses the opinion that there would be no objection to avail of Mr. Bryan's services on any advisory Committees. For him to remain in the service may give rise to possibilities that certain quarters may have objection to having Mr. Bryan retain the authority of prosecuting on behalf of the Council at the Chinese Courts. In view of the present situation, he feels therefore that it would be advisable to appoint a suitable successor and he

has in mind someone from the Japanese Ministry of Justice. He has felt that it would smoothen the Council's position with the Courts. He adds he has taken the liberty of making informal enquiries through the Japanese Consulate General and has learnt through one of the Consuls who has gone to Japan that there is at present a very suitable man available. Although there is no repatriation ship in sight as yet he adds that due to the question of the establishment of the Greater East Asia Ministry there is the possibility that the Council may not be able to avail of the services of the present proposed candidate. That is, should this matter be delayed until there is a repatriation ship available, the present candidate would be transferred to the New Ministry and not be available to the Council, in which case it may be difficult to get good man to replace Mr. Bryan when he goes. Again there is the possibility that an official request to have Mr. Bryan replaced may come from the Nanking Government. This would then result in the Courts objecting to Mr. Bryan and his subordinate practising in the Courts and he, therefore, is inclined to permit Mr. Bryan to retire at this time.

Mr. Jabin Hsu states that although he greatly regrets to see Mr. Bryan go in view of the fact that having known Mr. Bryan for over 20 years he has come to appreciate his high character and valuable services but in the light of the present circumstances which are beyond control, Mr. Bryan must be allowed to retire. Mr. Bryan will be a hard man to replace since he, having been born in China and having lived here for so long, knows Chinese. He, therefore moves that Mr. Bryan be permitted to retire and it be placed on record that his services have been deeply appreciated by the Council. Members unanimously approve.

The meeting terminates at 5.40 p.m.

H. O. ...

Chairman.

K. ...
Secretary.

At the meeting of the Council held on Wednesday, October 21, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
G. Kambe
K. von der Crone
Y. Yazima
The Treasurer, and
The Secretary.

The Minutes of the meeting held on September 23 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Joint Works and Health Committee held on September 30, are submitted and confirmed, subject to the following remarks.

L34/1

That the recommendation "that in principle, the owner and occupier of any building be made responsible for supplying and maintaining latrine facilities for all those living, working, or catered for on the premises" be further studied by the Departments concerned in order to set out steps by which owners and occupiers would be held responsible as recommended. Action to be deferred pending study into details.

The Minutes of the meeting of the Health Committee held on September 30 are submitted and confirmed.

The Minutes of the meeting of the Watch Committee held on October 19, are submitted and confirmed.

Advertisement on Electric Poles. The Chairman refers to a memorandum dated October 16 by the Secretary dealing with an application from Mr. S. Wushida for permission to advertise on the Shanghai Power Company poles. As pointed out in the Secretary's memorandum, the Chairman states that it has been the past general policy of the Council not to permit advertising on public utility street standards. While pointing out that he is not asking reconsideration of the Council's past general policy on this matter because of the fact that the applicant is a Japanese, the Chairman states that this matter might be re-considered for the following reasons:-

M13/2

1. At the present time, a variety of posters have appeared on public utility street standards in violation of the Council's ruling and it might be advisable to permit such advertisements to responsible parties with strict control so that the electric poles may be kept clean and devoid of advertisements with undesirable effects.
2. The applicant in question according to the documents submitted by him seems to be fully experienced in this line of work.

The Chairman adds that although he has no strong views he feels inclined to let this present applicant try his advertisement scheme as the type of advertising submitted by the applicant appears to be similar to those approved of in

Japan and may improve the present situation under some sort of control and therefore invites Members' views.

Mr. Glathe expresses the opinion that the suggestion proposed seems to be worthy of a trial and therefore suggests that the scheme be approved for a trial period of say, three months.

Mr. Jabin Fou states that if the present applicant proceeds with his advertising campaign, he will no doubt be put to large capital expenditure as well as other sundry expenses and fears that if the trial period is limited to a short period, the applicant might not consider that it is worth his while to proceed with his scheme.

Mr. Theodore Chang expresses agreement with Mr. Jabin Fou's remarks and states that a trial period of at least one year should be permitted if this scheme is approved.

On Members' enquiry regarding the details and conditions which might be imposed in connection with permission for advertisement on electric poles, the Secretary explains that this matter has been submitted to Members for decision regarding the Council's policy. If the Council approves in principle of the advertising scheme submitted details will be studied by the Departments concerned and submitted for approval to the appropriate Committees.

Mr. Glathe enquires whether the applicant has approached the Shanghai Power Company for permission to utilize their poles and the Chairman replies that according to the document before Members this permission apparently has already been given by the appointed trustees of the Shanghai Power Company.

In explanation to Members' enquiries of the question of monopoly which might be enjoyed by the applicant, Mr. Wushida, the Chairman states that in view of the prevailing circumstances there would not be too much business obtainable by the party given the work. It follows therefore that although explicit monopoly would not be given to the applicant approval of the present applicant's request will be in practice a grant of a monopoly and he would have to remove other unapproved advertisements. He would also be required to include S.M.C. notices, notifications, etc.

Mr. Kambe expresses the opinion that there should be a Police regulation so as to enable control of advertisements in order not to impair the appearance of the city.

Mr. Yuan supports the view expressed by Members and adds that since the applicant has already received the approval of the Power Company to utilize their poles for the purpose of advertising and as the present man appears to have had considerable experience in this type of advertising, he trusts that the applicant's advertising will be carried out satisfactorily, and suggests approval of the application for a trial period.

In reply to Mr. Yazima's enquiry, the Chairman states that if it is felt that it would be preferable not to grant the present applicant a monopoly the Council could

stipulate that only a certain portion of the space available for advertising could be allowed to him and the remaining portion could be reserved for other parties.

After further brief discussion, Members unanimously agree that the application to advertise on the power Company's electric poles be approved in principle for a trial period of one year.

Ewo Road Jetty - Sale to the Japanese Army. The Chairman requests consideration of the memorandum dated October 19, submitted by the Secretary on the proposed sale of the Ewo Road Jetty to the Japanese Army. The Chairman points out that although at first it had been agreed to effect an exchange of sites, this agreement had not been carried out and the Japanese Army now offered to purchase the land, Wharf and pontoon together with the Buildings on the above-mentioned Jetty for the sum of ¥94,500, to be paid in three installments, the first instalment to be Military Yen 384,500; interest at the rate of 6% per annum to be paid on the outstanding amount. At the present time, it is considered that the public is not so concerned with wharfrage accommodation in that district due to the fact that there are not so many factories functioning and also due to the fact that during the Shanghai Incident of 1937 a large area of Wangtzeppoo District was destroyed and which has not been repaired. The Treasurer has raised no objection to this offer and the Works Committee to whom this matter was circulated prior to submission to the Council have recommended the proposal for approval in principle and have also expressed concurrence with the views of the Treasurer. The Chairman invites Members' views.

In answer to an enquiry by Mr. Kambe regarding Shengko referred to in the memorandum by the Secretary, it is explained that the term Shengko means to enter (waste land, foreshore or accretions) for taxation. When land for which there is no title becomes available for use it may be shengked. It is an understood rule that the owner of the lots adjoining the land to be shengked have a prior right to it. In reply to Members' enquiries concerning possible objections to this proposed sale and whether it would not be advisable to exchange the above mentioned site for other suitable jetty accommodation on some other part of the waterfront, the Secretary states that consideration has been given to this question. As the Japanese Military Authorities have been using the above site since May, 1940, if the Council does not agree to sell, it would still not have access to the public road which has been closed by the Military. The Treasurer points out that when the Council closes a public road, it must provide for an alternative road in the vicinity.

Mr. Kambe enquires whether the Council could not request the Japanese Military to reserve the right to require the release of land, wharfrage accommodation, etc. at some future date. The Chairman, in reply, explains that the Japanese Army Authorities cannot agree to provide an alternative site now although originally it had been the Army's intention to offer an alternative site to the Council.

Due to the outbreak of the Great East Asia War, the situation has changed and the Army Authorities cannot dispose of enemy property. Moreover, the exchange factor has dropped. It is not therefore possible to obtain a definite proposal of exchange of sites but the Council would try to obtain a promise from the Army that they will give consideration to this question in future.

At the meeting of the Council held on Wednesday, January 7, 1942,

at 4.30 p.m., there are:-

Present:

Messrs. Theodore C. Chang

A. Glathe

Y. Hanawa

Jabin Hsu

K. Okazaki

R. von der Crone

Y. Yazima

L. T. Yuan

The Municipal Advocate

The Chief, Industrial & Social Division

The Treasurer, and

The Secretary & Commissioner General.

Election of Chairman. On the proposal of Mr. Y. Hanawa, seconded
F. 5/14 by Mr. L. T. Yuan, Mr. K. Okazaki is unanimously elected
Chairman.

Election of Vice-Chairman. On the proposal of Mr. Y. Hanawa,
F. 5/14) seconded by Mr. A. Glathe, Mr. L. T. Yuan is unanimously
elected Vice-Chairman.

The Minutes of the meeting held on December 31 are confirmed and
signed by the Chairman.

The Minutes of the meeting of the Staff Committee held on
December 31 are submitted and confirmed.

Proposed Bye-Law Governing Sub-Tenancies. A memorandum by the
F. 4/50 Secretary & Commissioner General dated January 3, 1942, and
a proposed Bye-Law are submitted.

In reply to the Chairman, Mr. Glathe states that
he has nothing to add to the Secretary & Commissioner
General's memorandum except to say that he considers it
necessary that the proposed Bye-Law should be approved,
and that it will meet with the long-felt wish of residents.

The Chairman, while considering that the proposed
Bye-Law is a good one of which he approves, expresses the

opinion that this will be a difficult matter to enforce and involve much hard work especially in the area North of the Soochow Creek.

The Secretary & Commissioner General remarks that the practical difficulties will be evident when the licence conditions come before members for approval.

In reply to Mr. Glathe, the Municipal Advocate states that the proposed Bye-Law if approved by the Consular Body can be amended subsequently, if considered necessary, under the same procedure governing approval of the Bye-Law by the Consular Body. Mr. Glathe expresses the opinion that it may be necessary to amend the Bye-Law as a result of experience gained under actual working conditions.

Mr. Chang refers to the practice of demanding payment of large sums of key money and expresses the opinion that every effort should be made to ensure abolition of this practice.

The proposed Bye-Law is then unanimously approved for submission to the Consular Body.

Council Meetings. Mr. Glathe enquires whether it is proposed to
 F.5/18 continue weekly meetings of the Council. Mr. Chang considers that weekly meetings should be continued, with which view Mr. Yuan concurs.

In reply to the Chairman, Mr. von der Crone states that he has no objection to the continuance of weekly meetings which he regards as useful since questions may arise at short notice which require prompt decision.

The Chairman's proposal is then unanimously approved that for the time being weekly Council meetings be held on Wednesdays, at 4.30 p.m.

Membership of Council and Staff. Mr. Okazaki expresses appreciation of
 F.5/12 the honour conferred on him by his election as Chairman of
 and Council and states that, while the task will be no easy one in
 H.1/27 these difficult times, he will do his best with the support of the Vice-Chairman and other members. Mr. Okazaki continues that

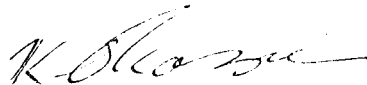
The Treasurer enquires whether the period of payment of the second and last instalments of the payment could not be definitely fixed. He also suggests that with reference to the question of an alternative site and the provision of a public road, perhaps the Council could now schedule a road in that area. The Chairman suggests that the date of the instalment payments be mentioned in the Council's reply and the second point regarding the scheduling of a road could perhaps be considered by the Public Works Department and the Works Committee. Mr. Kambe adds that if the Council is able to overrule any objections that might be raised, he is agreeable to the sale. In this connection, the Chairman adds that as the price offered is considered reasonable, he feels that the Council should agree to the sale.

Mr. Jabin Hou supports the Chairman and suggests that the Council sell the Ewo Road Jetty and Wharf now and that the Works Committee give consideration to the scheduling of a new road. He suggests that in the agreement of sale it be requested of the Army Authorities that they will at some future date, when possible, offer an alternative wharfage accommodation to the Council in exchange for the Ewo Road Jetty and Wharf. Members agree.

Mr. G. Kambe - Resignation. The Chairman states that he regrets to inform Members that Mr. Kambe must leave Shanghai about the first part of next month. Mr. Kambe has been promoted to the Head Office in Tokyo and the Chairman on behalf of himself and his colleagues offers congratulations, and also appreciation of the valuable services rendered by Mr. Kambe during his connection with the Council.

Mr. Kambe, in reply, thanks the Chairman and his colleagues for the kindness and cooperation which has been accorded to him. Although he has only been here a short time, pleasant thoughts about Shanghai and the Council will remain with him, as he has enjoyed happy days here. He prays that the S.M.C. will carry on successfully. He states that he feels that the critical period of difficulty of the S.M.C. has been successfully lived over and to his mind the future prospects of Shanghai appear very hopeful. (Cheers) In closing, he extends an invitation to Members of Council to visit him should they find themselves in Tokyo.

The meeting terminates at 5.45 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, November 18, 1942,
at 4.30 p.m. there are:-

Present:

Messrs. K. Okazaki (Chairman)
Theodore C. Chang
A. Glathé
Jabin Hsu
R. von der Crona
Y. Yazima
The Treasurer
The Assistant Commissioner of Police (Mr. M. Oikawa) &
The Secretary

Absent:

Mr. L.T. Yuan

The Minutes of the Meeting held on October 21 are confirmed and signed by the Chairman.

Absence. The Chairman tenders Mr. L.T. Yuan's apologies for not being able to be present at to-day's Meeting.

Travelling Expenses for Japanese Police Recruits. The Chairman H7/19 informs Members that the strength of the Police Force is 130 short of the Budget provision and it is proposed to complete the strength authorized by appointing recruits. He explains that normally the Council sends a Police Officer to Japan to conduct examinations and appoint suitable candidates. At present, according to the Commissioner of Police who has recently visited Japan, it is very difficult to get suitable men there whereas the Council expects that quite a number of men will be available for appointment when their services end with the Japanese Army in China. It is considered that it would be an advantage to recruit these soldiers on their discharge from the Army. Continuing, the Chairman informs Members that in the ordinary case they are soldiers so long as they remain in China and as soldiers the Council cannot examine them but on their return to Japan on being discharged they may be examined. However, by special arrangements with the Army Authorities it has been agreed that an examination of these men may be held in China but, in accordance with Army Regulations, they will obtain their discharge from the Army in Japan. It would be hard to call upon the men selected to defray the cost of their passage fares from Japan to Shanghai so the Co-ordinating Committee at a Meeting on November 16, decided to recommend that the cost of passages from Nagasaki to Shanghai for police recruits enlisted on discharge from the Japanese Army should be defrayed by the Council and that this proposal should be submitted to the Council meeting for confirmation. The Chairman adds that in meeting the cost of passages additional expenses will be incurred by the Council but a saving will be made in not having to send an Officer to recruit men from various localities in Japan. He hopes Members will approve the recommendation before them. Mr. Jabin Hsu enquires whether the travelling expenses involve a return trip and is informed that the passage will only be from Nagasaki to Shanghai. The Secretary informs Members that upon retirement from the service they will be provided with a passage to Japan and the Chairman adds that the appointments will be presumed to be "Abroad" and not Local.

In connection with recruiting, the Chairman points out that the Terms of Service allow an outfit bonus of \$40, Second Class passages and half pay from date of departure from a Japanese port. The outfit bonus was fixed in normal times and

the Secretariat considers that it should now be \$144, in Yen at \$24.30 = ¥35.00. He states that he doubts whether even the amount of ¥35.00 will be sufficient for the men to obtain suitable outfits but it is better than the amount previously granted, and the Secretariat think that ¥35.00 may help a little.

Members approve these recommendations.

Abolition of Marriage Allowance Limits of Police Force. The Chairman explains that in the Police Force the standing rule is that recruits are required to be single men. As regards marriage after appointment and entitlement to marriage benefits, the following rule applies to members of the Japanese Branch:-

For employees engaged prior to November 1, 1941.

H17/3 Probationary Sergeants are not permitted to marry until they have completed three years' service. All men wishing to marry must first obtain permission from the Commissioner of Police. Married quarters are provided or a suitable allowance to cover rent, fuel and light is authorised for issue to those living outside official quarters.

For employees engaged on or after November 1, 1941, the following rule applies:-

Probationary Sergeants are not permitted to marry until they have completed five years service. Sergeants are not permitted to marry until they have completed five years service since date of joining the Force. All men wishing to marry must first obtain permission from the Commissioner of Police. Married quarters are provided or a suitable allowance to cover rent, fuel and light is authorised for issue to those living outside official quarters.

As regards the Foreign Branch, the following rule applies:-

Probationary Sergeants and Assistant Warders are not permitted to marry. Sergeants and Warders may obtain permission to do so after the expiration of the first five years of service. Married quarters or a suitable allowance in lieu are provided.

Until last year, all members of the Japanese Branch were permitted to marry after three years service with the grant of marriage benefits. The present five year rule was adopted late in 1941 at the time the pay and certain other conditions of service of the Japanese Branch were brought into line with the Foreign Branch.

It has, the Chairman states, become increasingly difficult to recruit suitable single men for the Japanese Branch of the Force, and in Japan, especially since the outbreak of the Pacific War, earlier marriage is encouraged. If permitted to marry, it would be very hard for the men to live decently without a marriage allowance. Moreover, the testimony of past Commissioners of Police has been that married men are more amenable to discipline than single men, and that generally speaking married men are steadier in their work and tend to make their career in the Force. It is therefore felt that the time has come when present restrictions in marriage should be withdrawn as affecting the Police Force - Japanese and Foreign Branches, and it is therefore recommended that married men be not debarred from recruiting and that when a married man is taken on he receives no marriage benefits for the first six

months but that, thereafter, such benefits be extended to them. Also that single men recruited be permitted to marry and receive marriage benefits as stated for married recruits. Further, that single men now in the force may marry and receive marriage benefits provided they have served six months; this would apply both to the Foreign and Japanese Branches. Finally, the Chairman states that the Co-ordinating Committee on November 6 approved in principle, these recommendations which are now submitted to Members. The Chairman reiterates that it is necessary to abolish the marriage allowance limits of the Police Force since difficulties are being experienced in engaging single men. He is a little worried whether the Council has sufficient quarters to house the married men and he points out that the expenses which the Council will have to pay in the form of marriage allowances might be very high but the Police say that they will find the quarters and somehow arrange to accommodate the married men taken on. There is, the Chairman remarks, no danger of many of the present Members of the Force deciding to marry and thus adding to expenses since there are only a few cases of prospective marriage. Personally he feels that it would be better to abolish the marriage restrictions and have good men in the Force.

Mr. Jabin Hsu asks whether he is right in assuming that the marriage allowance will benefit all Members of the Force irrespective of nationality. Assistant Commissioner Oikawa answers that the present proposals will apply to both the Foreign and Japanese Branches and that Chinese Constables can now marry at any time without restriction. In reply to Mr. Jabin Hsu, he states that they receive a marriage allowance. Mr. Jabin Hsu moves that the restrictions on marriage in the Police Force be abolished and this is unanimously approved by Members.

The meeting terminates at 4.55 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, December 9, 1942,
at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
L.T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
R. von der Crone
Y. Yazima
The Assistant Commissioner of Police
(Mr. M. Oikawa)
The Commissioner of Public Works
The Treasurer, and
The Secretary.

Absent:

Mr. T. Komuro

The Minutes of the Meeting held on November 18 are confirmed and signed by the Chairman.

Statues and Monuments, Road Names and Municipal Coat of Arms or Seal.

M1/41
L27/1
M 1/2
With reference to the three items on the agenda, the Chairman explains that as they are more or less inter-related, he wishes to discuss the subjects together. He states that he has been given to understand that certain influential people hold the opinion that under the present circumstances, it is not appropriate for certain statues and monuments to remain in the International Settlement. They also feel that the designations of certain roads named after Britons and Americans are not appropriate, while the present Municipal coat of arms is obsolete. Two letters have been received from the Anti-American-British Society, which is an influential body suggesting that certain statues and monuments in the Settlement be removed and that certain road names which have been named after Britons or Americans be changed. Upon receipt of these letters, the Coordinating Committee discussed the matters but recommended that until further pressed, no steps be taken for the time being. Although no official letter on this matter has as yet been received from any outside authority by the Council, the Chairman feels that consideration should be given to the subject before the receipt of any such official request so that the Council may be in a position to reply immediately in accordance with the wishes of its Members.

The Chairman then refers to the memoranda submitted, which have only presented the facts in detail and are impartial, not having sided with one way or the other. He invites Members' frank views and states that if so desired by Members no record shall be taken of the ensuing discussion. As the Coordinating Committee has already dealt with the matter of the Municipal insignia and has made a recommendation, he requests discussion of the matter of statues and monuments and road names, which he adds is a serious and embarrassing question for the Council.

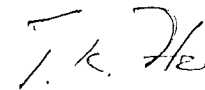
After discussion, Members agree to defer decision on the matter of statues and monuments and road names until there is some official request. Members agree that should such a request be received, then the Council will consider the individual merits of each case in connection with statues and road names. It is pointed out that changing a road name is a costly business to the firms and residents living on such a road: their stationery, etc., has to be reprinted; their addresses in directories changed, and for a period of years there will be confusion between the old and new names.

Members also approve the recommendation of the Co-ordinating Committee that the Council should announce the holding of a competition for the design of a new Council Coat of Arms or Seal, prizes to be given for the first, second and third best designs; Municipal employees not to be debarred from taking part in the competition. It is agreed that the prizes be \$3,000 (first prize), \$2,000 (second prize) and \$1,000 (third prize) and that if a new design is selected, it be not introduced until all existing stationery has been used up and existing flags, uniform buttons, etc. are ready for renewal so that there would be no undue strain on the Municipal coffer.

The meeting terminates at 5.40 p.m.



Chairman.



for Secretary.

At the meeting of the Council held on Wednesday,
January 13, 1943 at 4:30 p.m. there are:

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice Chairman)
Theodore G. Chang
Jabin Hsu
T. Komuro
R. Von der Cronc
Y. Yazima
The Commissioner of Public Works,
The Chief, Industrial & Social Division,
The Treasurer, and
The Deputy Secretary.

Absent:

Mr. A. Glathe.

M1/16 Mr. Glathe's Absence. The Chairman informs Members with regret that Mr. Glathe is in hospital. Although he is now out of danger, he may still be confined to hospital for sometime. The Chairman proposes and Members agree, that a letter be sent to him expressing the Council's regret for his absence from today's meeting, and also best wishes for his speedy recovery.

F5/12 Welcome. The Chairman introduces and welcomes to the meeting Mr. T. Komuro, who has been co-opted a Member of Council to succeed Mr. G. Kambe. The Chairman adds that Mr. Komuro has much experience and is the Manager of the local offices of the Mitsui Bussan Kaisha and expresses the hope that the Council may benefit by his membership.

Mr. Komuro thanks the Chairman in reply and states that he considers it an honour and pleasure to be able to serve on the Council. He adds that he is not fully versed with Municipal problems, and he knows there are many which are important and difficult, but with the assistance of the Chairman and other members, he expresses the hope that he may be able to be of some service to the community.

A8/1 The Minutes of the Meeting held on December 9, 1942 are confirmed and signed by the Chairman.

The Minutes of the Education Board held on January 8, 1943 are submitted and unanimously approved.

World Red Swastika Society - Beggars' Camp. The Chairman then refers to the subject of the proposed Beggars' Camp by the World Red Swastika Society mentioned in the brief memorandum by the Deputy Secretary. He explains that this matter was raised towards the end of last year and had been under consideration for some time before. The matter became urgent suddenly due to the fact that during the past recent cold spell, there were found on the streets on one night alone about 517 persons who had died from exposure to cold. It became apparent that something should be done to relieve the sufferings of the poor and as a result, discussions were held with the Society and representatives of the other administrative areas.

The matter is now placed before Members for decision as to policy since hitherto the Council has refrained from becoming involved in undertakings of this sort, although it

has from time to time helped by financial contributions such as to the Salvation Army, where beggars and other poor Chinese have been looked after. If this proposal is approved, the Council is deviating from its past practice and will be granting a considerable sum towards relief. The relief work will be undertaken by the World Red Swastika Society.

With reference to the financial aspect of the matter, there will be needed in all about \$4,300,000, of which about \$440,000 can be met by the Society, leaving a balance of approximately \$3,800,000, which must be found. The Shanghai Special Municipal Government has announced that they are prepared to contribute \$1,500,000 (of which \$500,000 is to be raised by the World Red Swastika Society on behalf of the Special Municipal Government). The French Concession authorities have also indicated their willingness to contribute \$750,000. It is asked that the Shanghai Municipal Council contribute \$1,500,000. The basis for computing the amount of contribution has been the rates of 2:2:1, based on population.

A point in favour of this project raised by the French Concession authorities is that this Society will not only take in destitutes and beggars but at the same time will train them for some useful work. This has contributed towards their willingness to grant financial assistance.

With reference to the Society, the Chairman explains that it is an influential body and well known, having done much useful work in various parts of China; its personnel consists of good and reliable persons. The Society proposes to gather the destitutes in the three Administrative Areas and take them to the proposed training camp near New Lungwha, where they will be clothed and fed, and after due training, released again. It is understood that the work will be under strict supervision by the three Administrative Areas both as regards finance and relief work. The Chairman adds that he has been given to understand that this winter is especially severe and there are possibilities of even colder days to come. The matter is therefore extremely urgent. The Society has further requested that if this scheme meets with the Council's approval, they be given an advance of \$150,000 in order to enable them to commence with their work.

In connection with the supervision of the Society's work, various sub-committees have been recommended, whose membership will consist of representatives of the three Areas. The Chairman invites the free opinion of Members.

Mr. Yuan states that he is fully in support of the proposed scheme as it is an absolute necessity. He observes, with regret, that the project appears rather late in starting but feels that the Society can still do much valuable work. He adds that many years ago he visited the old place when it was functioning where much valuable training was given. The premises have been damaged but are repairable at a cost of approximately \$80,000.

Mr. Chang states that when he saw Commissioner Lin of the Bureau of Social Affairs, he learnt that the sum of

\$1,000,000 had been provided in the Shanghai Special Municipal Government's Budget for 1943 and \$500,000 could be easily raised by contributions alone, so that with the support of the three Municipalities, the Society should be able to carry out its aims.

The Chairman states that during a period of emergency the Council is justified in going a little beyond the Council's former policy.

Mr. Von der Crone suggests that the voluntary fines payable by various shops which have been penalized by the Enforcement Committee for infringement of the Council's regulations should be utilized for this purpose. He understands that about four lakhs have already been collected.

The Treasurer explains that he has set aside \$1,000,000 in the Budget to meet the payment required for the Society. He adds that there is or will be available approximately \$500,000 from voluntary fines imposed. Although at present the Council's cash position is good, if the figure of one million dollars is required annually, it would be a heavy liability on the Council's future budgets. He further points out that it should be borne in mind that the proposed training camp is situated outside of the Settlement.

The Chairman explains that he understands that this contribution is only for one year, although he realizes that if the Council once embarks on this relief campaign it would be difficult for the Council to discontinue. He endorses Mr. Von der Crone's suggestion that the Council utilize the fines collected for the relief of the poor.

After further discussion, Members approve the proposal that the Council contribute \$1,500,000 to the World Red Swastika Society for 1943 and that an initial advance of \$150,000 be made available for promotion of the project; payment of the balance of the principal sum to be made by monthly instalments after due supervision of the Society's work.

Complaint re Petty Officials of Pao Chia. With the Chairman's permission, Mr. Jabin Hsu states that, with regret, he must raise a complaint against certain petty officials of the Pao Chia. He is averse to putting in a formal complaint as he fully realizes that the Pao Chia Organization has done much good work and contributed greatly towards the peace and good order of the Settlement. However, in such a large organization, there are bound to be certain petty officials who may abuse their positions. He mentions a specific case where his grand-nephew is involved. His grand-nephew, who resides in the Gordon Road district, was requested by the Pao office to put in an appearance. When his grand-nephew attended at the place and hour as requested, he was told to read a notification which was to the effect that the drawing of names would be carried out for War Labour Service. Mr. Hsu thought that there might be some misunderstanding, but upon further enquiry, discovered that his grand-nephew's report was correct. Mr. Hsu knew that it could not be an order for military conscription as under the Chinese conscription laws, only sons are exempted and his grand-nephew is an only son. He further learned that his grand-nephew had been informed by the officials of the Pao office that if

his application for exemption from such War Labour Service could be endorsed by some influential person, exemption would be granted. Upon enquiry at the headquarters of the Pao Chia organisation, Mr. Jabin Hsu states they denied any knowledge of such a scheme.

In reply to the Chairman's enquiry, Mr. Jabin Hsu states that there can be no room for mistaking that this War Labour Service might have been the Youth Movement of the Pao Chia, as the Chinese characters for the two words are greatly different. There have been rumours from time to time which are used by certain persons to cultivate nefarious schemes. He expresses the hope to the Chairman that an investigation into this case be made and if possible, a suitable statement issued which would remove all rumours of such War Labour movement.

The Chairman states that he has also heard of rumours that conscription will be imposed. He also was aware of the rumour that certain limitations would be imposed on bank payments immediately after China's entry into the War which caused a temporary run on local banks. However, as soon as a statement was issued by the Finance Minister that there would be no restrictions, the run ceased and banking business returned to normal again. The Chairman observes that they are all rumours without any foundation. As to conscription, he has heard of no such cases in any areas under the Nanking Government and certainly not in the Settlement. He does not favour issuing a statement as he feels that if such a statement is required, it should be issued by the Nanking Government. If, however, it becomes necessary he will issue a statement but he would like to wait for the time being.

With reference to the Youth Movement, the Chairman explains that the Commissioner of Police has recommended that such a movement is necessary and advisable as the young people of the Settlement have not taken part in the Pao Chia as much as desired, and as the young people are the future mainstay of the Settlement, it is only right to encourage them to manifest an interest. The recommendation has been approved in principle and Estimates have been submitted and approved by the Finance Sub-Committee.

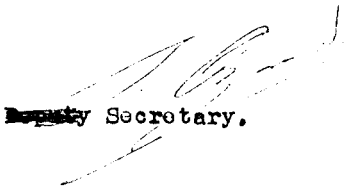
New movements are sometimes misunderstood by the lower classes. Certain individuals are also apt to twist the ideas and try to make personal profit. The Chairman promises that the persons concerned will be warned. He also promises to have this particular matter investigated.

Mr. Jabin Hsu thanks the Chairman and adds that although the Youth Movement is in itself a marvelous thing with noble principles involved, due care should be taken in the selection of personnel as in the case of the Pao Chia, there were found to be abuses at first. The Chairman promises to bear Mr. Jabin Hsu's advice in mind.

The Meeting terminates at 5:35 p.m.



Chairman



Deputy Secretary.

At the meeting of the Council held on Wednesday,
February 3, 1943, at 4:30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
Theodore G. Ohang
Jabin Hsu
T. Kikuro
R. von der Grona
Y. Yezima
The Treasurer, and
The Secretary.

Absent:

Messrs. L. T. Yuan (Vice-Chairman)
A. Glathe

The Minutes of the meeting held on January 13 are confirmed and signed by the Chairman.

The Minutes of the meeting of the Finance Committee held on January 22 are submitted and confirmed subject to the following observations.

B9/6
B4/14

At the request of the Chairman the Treasurer summarizes the recommendations reached by the Finance Committee. The Chairman then explains that owing to the necessity of safe-guarding essential foodstuffs for the general public the Co-Ordinating Committee had approved in principle the exemption of the payment of the Council's Sales Tax on certain essential foodstuffs, which for the time being would include coal and coal briquettes and all flour products such as bread, Yeu-Za-Kwei, etc. It is also proposed that the payment of the tax from sales of sugar and edible oil should not be required but as these two products are not under the control of the Council it was considered that it would not at present be practicable to grant exemption from payment. Should the distribution of sugar and edible oil come under the Council's distribution system, consideration might be further given. These exemptions will result in a certain decrease in the Council's revenue but it is hoped that such exemption will not jeopardize the Council's financial position.

Furthermore as these exemptions will be in the interest of the public welfare it should be well received and also would do away with the complaints which have been raised about the Sales Tax question. The Chairman therefore requests that the proposal regarding the exemption of Sales Tax from certain essential foodstuffs and commodities be approved in principle and requests members' views.

The Treasurer suggests that if exemption is approved in principle such exemption might be put into effect from February 15, 1943. The Treasurer points out that this exemption will result in a decrease in revenue of roughly several lakhs but he feels that it would be safe to proceed with the exemption now as up to the present the payment of the Sales Tax on certain essential commodities such as coal, and coal briquettes has been withheld in certain cases, which has not affected the Council's revenue too much.


Mr. von der Crone points out that the French Municipal Authorities have not yet reached a decision on this matter. They propose to raise the matter at the next inter-Municipal conference.

The Chairman explains that the Council's decision will be made on the condition that the French Authorities take a similar decision. Mr. von der Crone points out that it is necessary that the French Authorities act in uniformity with the Council.

After further discussion members agree that exemption of the payment of the Sales Tax on certain essential commodities such as coal, coal briquettes and all flour products should be approved in principle.

Mr. Theodore C. Chang states that he would like to endorse the views of Mr. Jabin Hsu expressed at the last Finance Committee meeting placing on record appreciation of the hard work done by the Special Finance Sub-Committee and the Finance Committee in preparing the Budget. Members agree.

The meeting terminates at 4:50 p.m.


Chairman.


Secretary.

At the Meeting of the Council held on Wednesday,
March 17, 1943 at 4:30 p.m. there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
T. Komuro
R. von der Crone
Y. Yazima
The Commissioner of Public Works
The Acting Treasurer and
The Secretary.

The Minutes of the Meeting held on February 3 are confirmed and signed by the Chairman.

The Minutes of the Meeting of the Works Committee held on February 19 are submitted and confirmed unanimously.

The Minutes of the Meeting of the Finance Committee held on March 12 are submitted and confirmed, subject to the following observation.

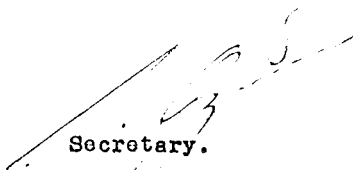
B9/24

The Chairman points out that there is a clerical error on Page 12 of the Treasurer's Report on the Financial Statement under "Public Ricksha Pullers' Licences issued during the year 1942" which should read 31,641 licences instead of 15,175. Members also note that "Land" under the heading "Ordinary Income" on Page 3 of the Treasurer's Report on the Financial Statement, should be amended to read "Land Tax" and that on Page 5, in the first line of the last paragraph, the word "Income" should be inserted after the word "Ordinary".

The Meeting terminates at 4:55 p.m.



Chairman.



Secretary.

At the Meeting of the Council held on Wednesday, April 21, 1943
at 4.30 p.m. there are:-

Present:

Messrs. K. Okazaki (Chairman)
 L.T. Yuan (Vice-Chairman)
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 R. von der Crone
 The Treasurer and
 The Secretary.

Absent:

Messrs. T. Komuro and
 Y. Yazima

Apology. The Chairman states that he has been asked by Mr. Yazima to express his apologies for not being able to attend today's Meeting due to illness which Members may already know since the Meeting which was scheduled for yesterday to be held in his honour was suddenly cancelled. Mr. Yazima is shortly leaving for Japan and since today's Meeting was perhaps the last one he could attend, he wanted to do so very much but regrets that owing to his illness he is not able to be present today.

Mr. T. Komuro. The Chairman states that Mr. T. Komuro has also asked to be excused today owing to illness.

Quorum. Referring to the absence of two Members of Council, the Chairman explains that in the Land Regulations it is laid down that three Members of the Council shall constitute a quorum for the despatch of business and states that since only two Members are absent, today's Meeting is in order.

The Minutes of the Meeting held on March 17th are confirmed and signed by the Chairman.

Council's Seal & Insignia. The Chairman refers to the memorandum submitted by the Secretariat dated April 19 which is self-explanatory. He states that the three persons - Messrs. T. Yamamoto, A. Hartmann and W.Z.L. Sung - who were appointed to serve as Judges to examine and judge the insignias submitted met in two long meetings and after very careful study of the designs submitted first selected 13 out of the 119 designs submitted. In a subsequent meeting after further careful study, they have finally selected the four designs which have been recommended for the awards. The Chairman points out that the Council is of course free to select other designs than those recommended by the Judges. The Chairman states that there are 3 questions for Members' decision, namely:- (1) Whether the 3 prizes shall be issued in the order recommended by the Judges; (2) whether the Council wishes to accept any of the designs submitted for use as its new Municipal Insignia and also for use as the centre of the Municipal Flag; and (3) whether any honour should be recommended for the design submitted by the runner-up. The Chairman further adds that he was personally surprised with the decision of the Judges as the designers of the 1st and 2nd prizes recommended were Japanese and the designers of the 3rd prize and the runner-up's were Chinese. The Judges of course did not know beforehand the nationalities of the designers when they made their final decision and it was therefore purely a co-incidence that the designs were selected in the above order. There has of course been no favouritism with respect to nationality. Regarding the point whether the Council should decide now to accept any of the designs submitted

for use, the Chairman states that this is an important question in view of the recent announcement that the Settlement will be returned to China in the not so distant future. Under the circumstances, although the prizes should be granted as promised, perhaps it would be as well to only keep on record the designs submitted for the time being and not to decide to change the present flag, Seal or insignia until the situation becomes clearer. He invites the frank opinion of Members.

Mr. Glathe expresses the view that it will perhaps be advisable to defer decision on the question of whether or not to adopt any of the designs submitted in view of the fact that after the Settlement has been returned the Flag and Seal might have to be changed again which would only mean additional unnecessary expense.

Mr. Jabin Hsu states that he wishes to express his frank views on the three designs recommended for the awards. He fully realizes that the three Judges have exerted their best efforts in examining the designs and have made their own judgment. In the selection of the designs there have been no view points and no national feeling, and the man who has submitted the best design should of course be entitled to receive the first prize. Mr. Jabin Hsu adds that he is viewing the designs for the first time today. He feels that the designs selected for the 1st prize is too simple and does not show any activities of the Council. Simplicity is a virtue when it can be utilized to cover all aspects, but of course loses its significance when it does not do so. He feels that even to stress one's imagination it is difficult to understand that the two characters shown on the design represent Shanghai and the Municipal Council. With reference to the design submitted for the 2nd prize, Mr. Jabin Hsu also states that he feels that the design as it stands is too simple to represent the intricate characteristics of the Shanghai Municipal Council. It would tend to give the impression that it represents the crest of a small bureau or even a family crest. He therefore strongly advocates that the design selected for the 3rd prize be given the 1st prize even though an obsolete department has been represented and two present departments have been omitted. The thought is all there and represents the best features; the design is familiar to us as we have become used to the present design which has our affection. The three ribbons extending from the center of the circle is associated with the Council, and the Chinese Flag appearing in the center is a happy one for the Chinese. The design of the flag which has been submitted by the designer is another question, as the colour scheme is too complicated. However this could be modified appropriately by an artist. With reference to the design submitted by the runner-up, he also states that it contains good ideas which show the active part played by the Council in the creation of a new order in East Asia and is a better representation of our thoughts. In his own personal view, Mr. Jabin Hsu recommends that the design selected for the 3rd prize be given first prize, the design submitted for the runner-up be awarded the 2nd prize and the design submitted for the 1st prize be given the 3rd prize. With reference to the point of whether the design should be accepted for adoption by the Council, Mr. Jabin Hsu expresses agreement with Mr. Glathe, and recommends no change at present. When the designs were first called for there was of course no thought that any change would occur in the present situation. He, therefore, feels that the design should be kept for future reference by the incoming authorities. He further adds that with respect to some of the designs which were selected for further study

after the first examination of the total designs submitted, he recommends that some suitable compensation should be given as some of the designs submitted are things of beauty showing that plenty of time has been spent in preparing them.

Mr. Yuan states that he is in entire agreement with the views of Mr. Jabin Hsu and also feels that the design selected for the 3rd prize deserves 1st prize in view of the idea and meaning conveyed. He also observes that the two characters shown in the design selected for the 1st prize are too simple.

Mr. Theodore Chang inquires whether all the designs could not be referred back for reconsideration by the judges. On this point, Mr. Yuan voices objection stating that it would be a pity to think that the time and energy spent by the 3 judges in having examined the designs had been wasted. Mr. Jabin Hsu states that he has a clear conscience in making his recommendations. He feels that it would only serve to embarrass the Committee to refer them back for reconsideration and is therefore in favour of deciding the designs now instead of wasting any further time of the Judges. Mr. Yuan also feels that it would perhaps be better to decide now. Mr. Glathe expresses his agreement with the views of Messrs. Jabin Hsu and Yuan that the matter be not referred back and instead be decided at this meeting. He also suggests that the design recommended for 3rd prize be given 1st prize, the design recommended for 1st prize be given 3rd prize and the design recommended for runner-up be given 2nd prize.

Asked for his views, Mr. von der Crone expresses agreement with Messrs. Glathe and Jabin Hsu.

The Chairman explains that he attended one of the meetings of the Judges as observer at which time he was able to see how the Judges worked very conscientiously for long hours. They compared each design one by one and while so doing changed their decisions often. The Chairman continues that as a matter of fact, the Judges at first glance had also intended selecting the design recommended for 3rd prize for 1st prize, but changed their views after hours of further comparison and study. Having personally watched their efforts he feels that it would be a pity to alter their decision. With reference to the awarding of the prizes, in order not to give any disappointment to the Judges, he suggests that the prizes be divided into two best ones, that is, to award an equal amount to the designs recommended for 1st and 3rd prizes respectively and not award any 1st prize at all. If this suggested compromise is approved in principle, then he would like to recommend that the next prize money be also equally divided for awards to the designers of the recommended 2nd and 4th designs.

Mr. Glathe suggests that the prize money be increased to \$8,000 so that consolation prizes might be given to some of the other designers who deserve honourable mention.

Mr. von der Crone supports Mr. Glathe's suggestion.

Mr. Jabin Hsu states that he is agreeable to the compromise suggested, although the Council would have to pay more.

Upon Mr. von der Crone pointing out that there are usually no two first prizes in a competition, the Chairman suggests that the prize money be increased to \$7,000 in total and divided as follows:- Combining the 1st and 2nd prizes and awarding prizes of \$2,500 each to the designers of the designs

originally selected for 1st and 3rd prizes. The designers of the design selected for the 2nd prize and the design submitted for runner-up would be awarded prizes of \$1,000 each. He also agrees that the Council awards consolation prizes of \$500 each to those designers deserving honourable mention, to which members unanimously agree.

After further consideration and examination of the designs which are placed before Members, it is

DECIDED to award prizes of \$500 to the designers of designs Nos. 64 and 36.

Commodity Control Department - Duties of Officers. The Chairman next refers to the memorandum dated April 20 submitted by the Secretary H1/3 on the duties of the Commissioner of Commodity Control. Although the Commodity Control Department has been functioning for some time now and it is rather belated to raise the matter, in view of the necessity to define the duties which should be assigned to the Commissioner of Commodity Control, a set of draft duties is now submitted for Members' approval. With reference to the draft the Chairman suggests that two amendments be made: (1) Under Clause 2, the Chairman states that it has been agreed with the Secretary to delete the words "required by the Council from time to time" in view of the fact that activities of all Departments are understood to be under the control of the Council and it therefore would appear unnecessary to have a repetition in this clause. (2) Also in Clause 3 it is agreed to insert the word "shall" in place of "must be prepared to" in view of the fact that the Commissioner of Commodity Control must attend all meetings of the Commodity Control Committee. This wording is not new since it is worded similarly in the assigned duties of other officers of the Council. The Chairman further points out that Articles 1, 3, 4, 6 and 9 are the usual duties required of the other Heads of Departments and only Articles 2, 7 and 8 are new which pertain to the duties of the Commissioner of Commodity Control. After further discussion the assigned duties as set out in the memorandum by the Secretary subject to the two amendments made by the Chairman are unanimously approved.

Municipal Holidays. The Chairman then refers to the memorandum dated April 20 submitted by the Secretary of the Co-ordinating Committee H1/1. He explains that although the raising of this particular subject is rather sudden, it has had to be done due to the fact that although it had first been thought that the banks and the Chinese Maritime Customs would observe the Easter Holidays it was only recently learned that they are not observing the Easter Holidays this year. He states that it had occurred to him that during these war conditions it might not be appropriate if only the Council observes the Easter Holidays. The Co-ordinating Committee considered this matter at its meeting on April 20 when it was recommended that the Council observe Monday as a holiday and keep the Municipal Offices open to public business on Friday and Saturday. It was further recommended that at the discretion of the Heads of Departments, employees may take one half-day off on Friday (either morning or afternoon), April 23 or on Saturday, April 24 in order to enable employees to attend religious services should they wish to do so. In view of the urgency of this matter it has been submitted today in meeting for decision.

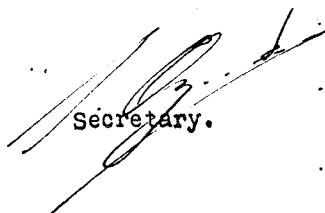
After further consideration, wherein it is pointed out that the French Municipal Administration will observe Monday only as a holiday, Members unanimously

APPROVE the recommendation of the Co-ordinating Committee that the Municipal Offices be open for public business on Friday, April 23 and Saturday, April 24, and remain closed for one day only on Monday, April 26.

The Meeting terminates at 5.40 p.m.



Chairman.



Secretary.

At the meeting of the Council held on Wednesday, May 12, 1943, at 4.30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
T. Komuro
R. von der Crone
The Treasurer, and
The Deputy Secretary.

Membership. With reference to the departure for Japan of Mr. Y. Yazima which has caused a vacancy on the Municipal Council, the Chairman F5/12 states he wishes to propose, seconded by Mr. T. Komuro, that Mr. K. Kuroda be appointed as Mr. Yazima's successor.

Members unanimously approve.

Mr. K. Kuroda is then asked to attend the meeting.

In introducing Mr. Kuroda to Members, the Chairman states that the Council is fortunate in being able to have Mr. Kuroda on the Council in view of the fact that he has a wide experience of Council affairs, having served for many years on various Council Committees as well as on the Board of Governors of the Country Hospital.

In thanking Members, Mr. Kuroda states he appreciates the importance of the task which has been placed on him as a Member of Council. With the kind guidance and co-operation of Members, he expresses the hope that he may be able to carry out his duties satisfactorily.

The Minutes of the meeting held on April 21 are confirmed and signed by the Chairman.

Proposed Abolition of Post of Commissioner General. The Chairman refers to the memorandum dated May 7, 1943, submitted by the Secretary on the proposed abolition of the post of Commissioner F5/24 General which has been discussed and recommended by the Co-ordinating Committee. The Chairman in explanation states that this question has been raised at his request in view of the fact that his occupation of this post in an honorary capacity for the past year has made it clear to him that its retention serves no useful purpose. He further adds that the holding of this post by him in an honorary capacity has at times led to confusion since he is asked at certain times to intervene in purely routine matters due to the fact that he is Commissioner General and at other times matters only go to the Secretary without his having any knowledge of such matters owing to the fact that it is not known whether he is acting in the capacity of Chairman of Council or Commissioner General.

Members unanimously

APPROVE the abolition of the post of Commissioner General.

Duties of Secretary. In view of the abolition of the post of Commissioner General, the Chairman states that it is necessary to H1/32 reconsider the duties of the Secretary since in the "Duties of Officers" the Secretary and Commissioner General's duties are listed together.

He then refers to the proposed duties of the Secretary which has been considered and recommended by the Co-ordinating Committee and which is now submitted for Members' approval. Referring to the memorandum on this subject, he states that as Members will have noted, the duties of the Secretary remain unchanged with the exception of Article I which has been amended to read "The Secretary shall conduct affairs relating to the Council Administration and shall co-ordinate the work of Departments of the Municipal Service, subject to the instructions of the Council;" and Article 4 which now reads "He shall be in close touch with the Chairman, or in his absence, the Vice-Chairman relative to the affairs of the Council generally and assist him on political, municipal and public matters, and with the Chairmen of Committees as to matters within their special province."

Members unanimously approve.

S.M.C. Committees - Reorganization. The Chairman refers to the memorandum dated May 11 on the re-organization of S.M.C. Committees. He explains that the main reason for the reorganization of the Council's Committees is due to the recent retirement of British, American and Dutch members as well as other members who have left Shanghai or resigned. He adds that it becomes necessary therefore if the committees are to continue to function to replace those members who have retired. At the same time the opportunity is taken of reorganizing certain committees, abolishing those which are not functioning and rendering more active those committees which shall remain. Up to the present the meetings of the committees have been very infrequent, which has been partly due to the fact that departments have obtained Committee decisions through circulars rather than at meetings. It is now proposed that committee meetings be held at least once a month and much more frequently if required. This will enable members of committees to be more fully informed of the activities of various departments.

As Members will note from the memorandum, the Chairman states that it is proposed to divide the committees into two classes, viz: Standing Committees and Emergency Committees; that the Library Committee and the Board of Film Censors be abolished; that the Civil Air Defence Committee, at present classed as an Emergency Committee, be made a Standing Committee with an increase in the number of members; that the Commodity Control Committee, at present also classified as an Emergency Committee, be made a Standing Committee, since it is a Committee concerning a Senior Department; and that the following emergency committees, viz: New Sources of Taxation Sub-Committee, Coal Control Committee together with the Industrial and Domestic Sub-Committees dealing with coal problems be abolished, as well as the Planning Board.

With reference to the proposal that the Transport Control Committee be abolished, the Chairman adds that it is proposed to reorganize the present Transport Board to include representatives from the Shanghai Electric Construction Co., and China General Omnibus Co., Mr. M. Ikoma, Shanghai Manager, Nippon Yusen Kaisha, who is versed in transportation problems, the Commissioner of Public Works and the Deputy Commissioner of Police, Traffic and Air Defence Branch. This Board will be asked to consider the co-ordination of transport facilities, as well as the fixing of bus and tram fares. Ricksha and pedicab problems may also be considered if required, when additional members will be required to serve.

He invites Members' views.

Mr. Jabin Hsu states that the need of re-organizing the Council's Committees and the strengthening of various committees has been felt for some time. In his opinion this is a very wise move, and he heartily endorses the whole proposal. He adds that the Co-Ordinating Committee is to be thanked for making this suggestion and for working out the system of reorganization.

Members agree and unanimously approve the proposals submitted for the reorganization of the Council's Committees.

Council's Grants-in-Aid to Schools. The Chairman refers to the letter from Mr. A. Glathe to himself, dated May 7, 1943, concerning Grants A9/14 to the Kaiser Wilhelm Schule, Minutes of the meeting of the Sub-Committee on Grants to Foreign Schools held on April 27 and a copy of a report by the Treasurer dated April 21, 1943 on Grants to Foreign Schools. He states that last year the allocation of grants to the various foreign schools was made on the basis of \$100 per capita according to the number of pupils resident in the Settlement attending each school. The same principle has been followed in the allocation of grants for this year save that the sum per capita has been increased to \$133.40. There is however one exception in this respect, viz: the Shanghai Japanese Schools. The number of pupils resident in the Settlement attending the Japanese Schools is so large that if they were allocated grants on the basis of \$133.40 per capita, the grants to them alone would absorb almost the entire amount provided in the Budget for Grants-in-Aid to foreign Schools. They have therefore been allocated grants on the basis of a little over \$100 per capita, which in the circumstances however is unavoidable.

The Chairman continues that when the question of the allocation of grants was discussed by the Grants-in-Aid Sub-Committee, it was remarked that the Kaiser Wilhelm Schule was only granted \$9,500 this year as against \$23,000 last year, whilst the grant to the Shanghai Jewish Youth Association School was increased from \$10,000 to \$77,503. It has been pointed out by Mr. Glathe that this year's appropriation to the Kaiser Wilhelm Schule is much too small, with which the Chairman states he quite agrees. It has also been pointed out that although many of the German nationals reside outside of the Settlement their offices are situated in the Settlement in respect of which they pay taxes to the Council. It has further been pointed out that the question of prestige arises if the grant to the Kaiser Wilhelm Schule is reduced to such a low figure.

The Chairman states that personally he is in agreement with the views expressed by Mr. Glathe. On the other hand this decision regarding the grants-in-aid to schools was reached by the Grants-in-Aid Sub-Committee after taking into consideration the number of students in each school resident in the Settlement and computing the grant on a per capita basis. He observes, however, that the Shanghai Jewish Youth Association School has many pupils who are almost entirely destitute or are refugees, and whose families are in many cases unable to pay any taxes to the Council. Strictly speaking it can therefore be said that if the question of payment of rates to the Council is taken into consideration the amount of the grant-in-aid to this school should be much less, and the decision to give them such a large grant took into consideration the fact that in a sense it was made in the nature of a charity grant.

Asked whether he has any further views to express, Mr. Glathe states that he wishes to thank the Chairman for his support. He adds that he wishes to make it clear that he is not being partial in this matter. He would have taken up this question if a similar case had occurred in respect to another school. With regard to the point that the grants made on a per capita basis took into consideration the fact whether the parent is a Settlement resident or not, he points out that many German parents although resident outside of the Settlement have their offices in the Settlement and thus pay considerable rates to the Council. Moreover, the Kaiser Wilhelm

Schule does an important public service as this school does not only cater to pupils of German parentage but also to other pupils of non-enemy nationality. This percentage is roughly 33%. In view of the large increase in the cost of running schools he enquires whether the total sum set aside for grants-in-aid might not be increased at this time. He wishes to make it clear, however, that if the grant-in-aid to the Kaiser Wilhelm Schule is increased at the expense of another school, such an increase would not be acceptable.

Mr. Glathe also observes that when those institutions receiving grants-in-aid from the Council prepared their budgets for this fiscal year they expected increases in the annual grants, and if this was not forthcoming they expected at least to receive an amount equal to that received in the past year.

The Chairman in reply states that the point raised by Mr. Glathe regarding an increase of the total sum of grants-in-aid was not expected to be raised or discussed at today's meeting. He is however of the opinion that the suggestion made is a reasonable one and if Members so desire the question can be referred to the appropriate committee for further consideration.

With regard to Mr. Glathe's statement that an increase in the grant to the Kaiser Wilhelm Schule at the expense of another school would be unacceptable, the Chairman suggests that since the large grant-in-aid to the Shanghai Jewish Youth Association School was made in the combined sense of a charity contribution and an educational grant-in-aid, the amount be decreased by a sum which will make the grant-in-aid to the Kaiser Wilhelm Schule equal to that granted last year. This difference to the S.J.Y.A.S. could be made up by a contribution from the Council's charity fund.

In reply to an enquiry by Mr. Glathe, Mr. Ho states that the French Municipal Administration hardly makes any grant to schools in the Settlement. He cites an example where the St. Francis Xavier's College received in 1942 a contribution of \$750. from the French Municipal Administration.

Asked for his views, Mr. Yuan expresses his entire agreement with the Chairman's suggestion.

After further discussion, Members unanimously approve that the Kaiser Wilhelm Schule be given a grant-in-aid equivalent to the grant-in-aid for 1942; this increase to be taken from the grant to the Shanghai Jewish Youth Association School, and the difference to the latter school to be made up by a contribution from the Council's charity fund.

The meeting terminates at 5.35 p.m.


Chairman


Secretary.

At the meeting of the Council held on Wednesday, June 2, 1943,
at 4.30 p.m. there are:-

present:

Messrs. K. Okazaki (Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
T. Komuro
K. Kuroda
R. von der Crone
The Commissioner of public health
The Treasurer and
The Secretary.

Absent:

Mr. L.T. Yuan (Vice-Chairman).

The Minutes of the meeting held on May 12 are confirmed and signed by the Chairman.

Western Outside Roads Area - Proposed Supplementary Agreement. A memorandum by the Secretary dated May 27, 1943, and a draft F7/6. Supplementary Agreement on Financial Matters in West Shanghai are submitted.

The Chairman states that the purpose of this Supplementary Agreement is two-fold. So far the City Government had not approved the Council's estimates for 1942 and 1943 in respect of the Western Area. By this Agreement the City Government approves the Council's estimates and also agrees in principle to repay all monies due to the Council for past and future expenditure in their area. Further, the City Government also agrees to pay part of the expenditure in cash.

Secondly, the Agreement covers arrangements for the handing over by the Council to the City Government of certain activities in the Western Area, such as the health administration, as well as the gradual handing over of part of its other activities. In short the Supplementary Agreement clarifies all those points in connection with the Agreement on Financial Matters in West Shanghai which had not so far been clarified, and it has been mainly due to the efforts of the Secretary, the Chairman states, that an understanding with the City Government has been arrived at on these points.

The Chairman concludes that the Secretary will be pleased to answer any questions which Members may wish to ask in connection with this Agreement.

Mr. Jabin Hsu states that the Supplementary Agreement very clearly sets forth the Council's position vis-a-vis the City Government in respect of the Council's expenditure and functions in the Western Area, and that the Secretary is to be congratulated on his satisfactory conclusion of this Agreement. He heartily endorses the Supplementary Agreement as drafted, and moves that the Secretary be authorised to sign the agreement on behalf of the Council on June 3. Members unanimously approve.

Road Names and Monuments in the International Settlement. The official report of the Committee on Road Names and Monuments in the L27/1 International Settlement dated May 15, 1943, and estimates by the M1/41. public Works Department showing the total cost of carrying out the recommendations are submitted, together with the Chairman's confidential letter to Mr. T.Y. Chao, Secretary General of the Shanghai Special Municipal Government dated May 22 and Mr. Chao's reply dated May 23.

The Chairman states that as Members are perhaps aware the Anti British-American Association, sponsored by the leading members of the Chinese community, took the initiative in the movement of purging British and American influence from Shanghai. They have twice petitioned the Council to remove all the statues erected in memory of British or Americans as well as to change all road names of British or American origin. The Council appointed a special committee of four members to study these questions, which Committee has now submitted a very exhaustive and well-considered report for the Council's consideration.

The Chairman observes that although there is not at the present much agitation in the press on this score, the undercurrent is fairly strong. Those concerned are keeping quiet on this matter because they know that the Council has appointed a Committee to study the question. If, however, action in this respect is much delayed, he feels sure that fresh agitations will be started again.

The Chairman continues that as will be seen from the estimates submitted by the Public Works Department, the cost for putting up cast iron street name plates on top of existing ones will be \$886,030, while that for putting up timber plates will be \$308,730. The cost for demolishing and removing two statues on the Bund will be \$5,000 while if the statues are to be preserved, the cost will be approximately 20% higher.

Although the Committee recommends the removal of two statues only, there may, if this is known, be agitations for the removal of the other two statues, and if this is done, the cost will be proportionately more.

With regard to the changing of the road names, the Chairman states that as Members are perhaps aware, when Thibet Road was renamed Yu Ya Ching Road, there was a strong movement on the part of the residents on this road against such change because of the various inconveniences arising therefrom. Also, recently last year, on the anniversary of Mr. Akagi's death, the Japanese Residents' Corporation decided to petition the Council to rename Boone Road Akagi Road in his memory. At that time both the Japanese and Chinese residents on Boone Road were strongly against this change of road name, and the matter was dropped by the Japanese Residents' Corporation.

It has therefore, the Chairman observes, to be borne in mind that the matter of renaming roads is one of very great importance to the residents concerned, and is a question which requires very careful consideration before any action is taken.

In connection with the whole matter of road names and monuments, the Chairman refers to the correspondence exchanged between himself and Mr. T.Y. Chao, Secretary of the Shanghai Special Municipal Government. He informs Members that before writing to Mr. Chao, he had had a conversation with him on the matter, when he was given to understand that the City Government desired to remove the statues and change the road names themselves. He confirmed this understanding in his letter, and the City Government's attitude is clear in Mr. Chao's reply to the effect that he has been instructed by the Mayor to inform the Council that the City Government will take up these matters soon after the rendition of the Settlement. In this connection the Chairman refers Members to the Committee's report wherein it is stated that "The Committee after carefully reviewing the question as referred to it by the Council comes to the conclusion that, whereas in the event of the ultimate retrocession of the Settlement to the Chinese Government, the existing road names and statues and monuments, which are in some cases out of consonance with Chinese

custom and tradition will have to be subject to scrutiny, it is therefore deemed advisable to make study in advance in order to prepare the public for any possible change that may in that course of events be considered necessary."

The Committee itself thinks that the Council should undertake such measures, but that in the main it should be left to the City Government on rendition of the Settlement to put them into effect. Of course the City Government may not entirely approve the recommendations submitted by the Committee, as they may have their own views on the matter, but if the City Government wishes to carry out such measures themselves, the Chairman states he personally feels that the Council should leave the matter to them since rendition of the Settlement appears now only to be a question of time. Although as pointed out in his letter to Mr. Chao, he feels it is desirable from the Council's viewpoint to handle this matter itself since it would create a favourable impression on the majority of the population, it is also important for the City Government to create a good impression on the public through the taking of such action on their part soon after rendition of the Settlement.

There are therefore, the Chairman concludes, two points for Members' consideration. Firstly, whether the recommendations of the Committee are approved, or whether there should be any amendments; and secondly whether these measures should be carried out by the Council or by the Shanghai Special Municipal Government. He invites Members' expressions of opinion on this matter.

Referring to the estimates of the Public Works Department, Mr. Glathe enquires if the estimates are based on the cost of entirely new name plates, or whether the Department has taken into account the proceeds the Council would derive from the sale of the old plates. The Chairman replies that the estimates submitted are based on the cost of entirely new name plates. It may, however, be possible to recast the old name plates.

With regard to the Chairman's first point, Mr. Jabin Hsu suggests approval of the recommendations in principle, reserving however the right to further study the details in this connection. With regard to the second point, he suggests that the Council carry out the removal of the two statues, leaving it to the City Government to carry out the change of road names after rendition of the Settlement.

The Chairman observes that the removal of the statues is easily done at a very small cost, and would create a favourable impression on the public. With regard to the changing of the road names, he points out that whilst in one respect this would be welcomed by the public, there would on the other hand be many complaints and objections on the part of those residents concerned. Whilst he personally shares Mr. Jabin Hsu's views, still it would appear that the Council carried out the easier part of the measures, leaving the difficult part to the City Government. This might also give the impression that in changing the road names the City Government was only following the example of the Council, and the purpose of the City Government to create a favourable impression on the population might not be achieved. Although Mr. Jabin Hsu's suggestion is the most welcome one from the Council's standpoint, still if he were to look at the matter from the Shanghai Special Municipal Government's viewpoint, the Chairman states he would certainly feel that the whole and not part of the project should be left to them to carry out, if at all.

Mr. Jabin Hsu states that he sees the Chairman's point, and suggests that the Council discuss with the City Government the best way of carrying out the matter of removing the statues and changing the road names.

After further discussion, members unanimously

APPROVE in principle the recommendations contained in the reports submitted by the Committee on Road Names and Monuments in the International Settlement, on the understanding that the details in this connection may be referred back to the Committee for reconsideration; that the Council, through its Secretary, ascertain from the Shanghai Special Municipal Government their views regarding the proposed measures; any objections raised by them and considered reasonable by the Secretary shall be referred to the Committee.

It is further DECIDED that if the recommendations, as they stand or as amended, are acceptable to the City Government, discussions shall be held with their Government in order to decide on which recommendations the Council shall take action. Should the Municipal Government Authorities desire that the Council should commence the change of road names, the latter shall do so, using wooden plates showing the new road names on top of the existing ones.

The Meeting terminates at 8:15 p.m.

[Handwritten signature]
Chairman.

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Secretary.

At the Meeting of the Council held on Wednesday,
June 23, 1943 at 4:30 p.m. there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
T. Komuro
K. Kuroda
R. von der Crone
The Commissioner of Public Health
The Superintendent of Education
The Treasurer and
The Secretary.

The Minutes of the Meeting held on June 2 are confirmed and signed by the Chairman.

The Minutes of the Meeting of the Education Board held on June 8 are submitted and confirmed unanimously.

The Minutes of the Health Committee held on June 9 are submitted and confirmed unanimously.

B2/25 Grants-in-Aid. Before submitting the Minutes of the meeting of the Grants-in-Aid Committee held on June 10, Mr. Glathe states he would like to bring up for Members' consideration the Chairman's suggestion that an increase be made in the total grant-in-aid to Hospitals. The Budget provides for only a sum of \$402,000 for this purpose, and he is strongly of the opinion that the amount is far from sufficient. He refers mainly to the Chinese Hospitals which have been facing and will have to face very difficult times especially in view of the approaching season for epidemics. If the Council allows these Hospitals to be forced into financial embarrassment and stringencies, he is very much afraid they will have to close down, and the closing down of even one hospital cannot be afforded.

As Members will remember, he was strongly in favour of building a hospital, and whilst he acknowledges that in the present circumstances this cannot be done for the present, he would strongly emphasize the urgent need of maintaining the existing hospitals in a sound condition. If any of the hospitals are allowed to close down, he feels that not only will the hygienic standard of the city be lowered, but the poor classes of the population will also suffer therefrom. He strongly advocates therefore that an increase be made in the grants to the Hospitals.

Mr. Glathe then submits the Minutes of the Meeting of the Grants-in-Aid Committee for Members' consideration.

The Chairman states that there are two points for decision: approval of the recommendations made by the Grants-in-Aid Committee and the question of reserving an additional grant from the Council's Charity

Fund to be issued to the Chinese Infectious Hospital in case of a serious epidemic. Personally he feels that the recommended additional grant of \$20,000 to this Hospital is insufficient having regard to present price levels. Also at the time the Budget was drawn up, an appropriation of only \$402,000 was made for grants to Hospitals since the building of an Isolation Hospital for Chinese was under consideration. Now in view of the difficulties of obtaining materials and the high cost of building, etc., the project has been temporarily suspended. In his view, therefore, the Council should grant additional funds from its General Revenue to assist existing hospitals for infectious diseases. In this connection he recommends that instead of the \$20,000 which was recommended be set aside from the Council's Charity Fund, a sum of \$200,000 to be appropriated from the Council's Ordinary Income be placed at the disposal of the Grants-in-Aid Committee for distribution to the Chinese Infectious Diseases Hospital in the case of necessity. Members agree, and the Minutes of the Meeting of the Grants-in-Aid Committee held on June 10 are confirmed unanimously subject to the above amendment.

135/5 30% Entertainment Tax - Application for Exemption: An application dated June 22 from the Shanghai Various Circles' Association For Affording Urgent Relief to North China for exemption from the Council's 30% Entertainment Tax in respect of the various entertainments to be held by them for the purpose of raising funds to relieve the famine-stricken areas in North China, together with a Memorandum dated June 23 by the Secretary, are submitted.

The Chairman explains that as can be seen from the Secretary's memorandum this matter was discussed by the Coordinating Committee on June 18 when Mr. Wong raised the matter verbally. Although the Council's practice has been to limit its charity activities mainly to the locality it administers, the Chairman states that since Shanghai is a part of China, in certain special instances such as the present case there would appear to be no reason why Shanghai should not do its part towards relieving the acute distress in another part of China. Precedent exists where the Council has participated in certain relief work outside of the sphere of the Council's administration. It is recommended, therefore, that the Council should in principle accord relief to North China through the above-mentioned Association, and if Members approve he invites their opinion as to the sum the Council should donate from its Charity Fund in addition to the amount collected as Entertainment Tax.

Mr. Yuan states that he is one of the three Chairmen of this Association. He deeply appreciates the remarks made by the Chairman. There is real distress in North China and he informs Members that the people in Shanghai have responded wholeheartedly in all the activities for the raising of funds for the famine-stricken areas. He adds that no deductions are being made from the proceeds of the charity entertainments; the entire proceeds are being donated en toto for the famine in North China.

Mr. Cheng enquires whether the amount to be donated by the Council should not depend upon the revenue which is received from the proposed charity performances. In this connection Mr. von der Gronc points out that the amount the Council would derive from the tax on these performances can be regarded as extra revenue, and he feels that the matter need not be considered.

The Chairman states that the additional donation to be given by the Council must be considered in relation to the amount of the Council's Charity Fund, which is in the neighbourhood of \$1,500,000. The Council is utilizing this Charity Fund for various charitable works. For instance, he mentions the recommendation of the Chief of the Industrial & Social Division that a sum of \$680,000 be reserved from this Fund for the proposed project dealing with the beggar children who are in dire straits. The Council's Charity Fund is not entirely sufficient for meeting the grants which are made to all the charity organizations in which the Council is interested. In his opinion a maximum of \$200,000 would be adequate, having regard to the Charity Fund available, although if Members so wish a larger amount might be given.

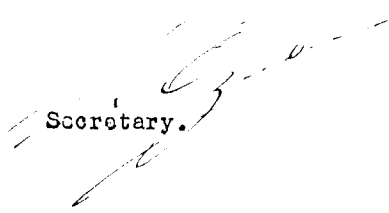
Mr. Glathc suggests that when the amount collected as Entertainment Tax is known, and it is found that it substantially exceeds the sum of \$200,000, the Council might consider increasing its donation proportionately.

After further discussion it is DECIDED that in principle the Council donate a sum not exceeding \$200,000 to the S.V.C.A. for Affording Urgent Relief to North China in addition to the Entertainment Tax collected, and that in the event of an increase in the amount of the Council's donation being considered appropriate this will be circulated to Members for approval.

The Meeting terminates at 5:15 p.m.



Chairman.



Secretary.

At the Meeting of the Council held on Wednesday,
July 14, 1943, at 4:30 p.m., there are:-

Present:

Messrs. K. Okazaki (Chairman)
L. T. Yuan (Vice-Chairmen)
Theodore C. Chang
A. Glathe
Jabin Hsu
K. Kuroda
R. von der Grone
The Chief, Industrial & Social Division
The Commissioner of Public Works
The Deputy Treasurer and
The Secretary

Absent:

Mr. T. Komuro

Absence.- The Chairman states that he has been asked by Mr. Komuro to express his apologies for not being able to attend today's meeting due to illness.

The Minutes of the meeting held on June 23 are confirmed and signed by the Chairman.

The Minutes of the Industrial & Social Affairs Committee held on June 25 are submitted and confirmed unanimously.

K8/1

In connection with the reports of the unsatisfactory condition of the Salvation Army Beggars' Camp, the Chairman informs Members that he personally paid a visit to the Camp which he found was in a deplorable condition. The Coordinating Committee discussed this matter several times, and it was decided to turn the management of the Camp over to the Chinese Young Women's Christian Association. It was also decided that the Council should give the Young Women's Christian Association its full financial support, and to this end it was agreed to expend a sum of \$36,000 for the improvement of the site, and to issue a sum of \$200,000 to the Young Women's Christian Association for initial outlay plus a monthly sum of \$40,000 for the maintenance and upkeep of the Camp. The Chairman adds that the Salvation Army is at present receiving about \$28,000 a month from the Council in the form of issues of rice, oil, coal, etc. Whilst the cost of maintaining the Camp under the Management of the Young Women's Christian Association is slightly higher, the Chairman points out the greater benefits which will be derived by these poor children, and states it is hoped that the conditions in the Camp will greatly improve on its being taken over by the Young Women's Christian Association. Members note.

The Chief of the Industrial & Social Division withdraws.

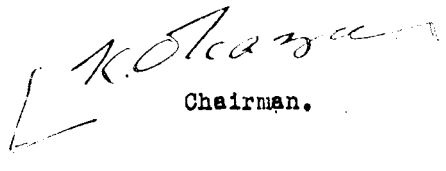
The Minutes of the Works Committee held on July 7 are submitted and confirmed unanimously.

The Commissioner of Public Works and the
Deputy Treasurer withdraw.

Verbal Report by Chairman on the Development of
Negotiations re Rendition of the Settlement. Upon
Instructions of the Chairman, no minutes are
recorded on this subject.

The Meeting terminates at 5:00 p.m.


Secretary.


Chairman.

At the meeting of the Council held on Wednesday, July 28, 1943,
at 4.30 p.m. there are:-

present:

Messrs. K. Okazaki (Chairman)
L.T. Yuan (vice Chairman)
Theodore C. Chang
A. Glathe
Jabin Hsu
K. Kurbda
R. von der Crone
The Commissioner of police
The Commissioner of public health
The Commissioner of public Works
The Treasurer and
The Secretary

Absent:

Mr. T. Komuro

The Minutes of the Meeting held on July 14 are confirmed and signed by
the Chairman.

The Minutes of the Meeting of the public utilities Committee held on
July 16 are submitted and confirmed unanimously.

The Minutes of the Meeting of the Health Committee held on July 26 are
submitted and confirmed unanimously.

The Minutes of the Meeting of the Transport Board Committee held on
July 26 are submitted and confirmed unanimously.

The Country Hospital.- The Chairman refers to the memorandum submitted by the Secretary on the Country Hospital, dated July 26. He explains to Members that on handing over the Council Administration to the Shanghai Special Municipal Government all the Council's properties and assets, etc., would be turned over to them at the same time. In the case of the Country Hospital, however, this was presented to the Shanghai Municipal Council being the Council for the Foreign Community of Shanghai, and the Deed of Gift provides that the Country Hospital shall be for the use and benefit of the Foreign residents of Shanghai without distinction as to nationality or religious belief with power to the Governors in their discretion and having regard to the space available from time to time and at any time to admit such other persons (including Chinese) as they shall think fit provided only that no person shall be admitted as a patient who does not conform to European habits.

The new Administration cannot be termed an Administration for the Foreign Community of Shanghai, and even if some arrangements could be made concerning this point, the question arises as to whether the Chinese Authorities would acquiesce to this hospital being maintained mainly for the foreign residents of Shanghai and agree to bear its deficit and issue a grant and otherwise take care of the Hospital as the Council has been doing for the past years.

The problem of the Hospital is a difficult one, the Chairman continues, as although the Council has been given the Hospital nothing is contained in the Deed of Gift authorising the Council to transfer, surrender, release or otherwise dispose of this institution.

A great deal of study has been given to this matter and the concensus of legal opinion is that the Council has no power to make any decision concerning the disposal of the Country

Hospital in any way. It is recommend therefore that the Consular Body be approached for a decision in this matter.

Mr. Glathe agrees that this is the only solution to the problem. He draws Members' attention to the fact, however, that in any event it is of utmost importance that the Country Hospital should continue to function in view of the lack of sufficient hospital accommodation, and suggests that a decision be obtained as quickly as possible before the rendition. The Chairman states that the matter will be taken up immediately with the Consular Body, but that pending a decision it has been agreed with the Shanghai Special Municipal Government that the Country Hospital is to continue to function.

It is thereupon

DECIDED that the Consular Body be approached for a decision in the matter of the Country Hospital.

The Commissioner of Police, the Commissioner of Public Health and the Commissioner of Public Works withdraw.

Verbal Report by Chairman on the Development of Negotiations re Rendition of the Settlement.- Upon instructions of the Chairman, no minutes are recorded on this subject.

Appreciation of Chairman's Work.- Mr. Jabin Hsu states that since this is probably the last regular meeting of the Council, he wishes to express his deep and sincere appreciation for the leadership, wisdom and courage displayed by the Chairman of the Council during his tenure of office. He is sure that he is voicing the sentiments of his colleagues on the Council when he says that they could not have had a better leader than the one in Mr. Okazaki.

Under his leadership and under his direction, Mr. Hsu continues, the Councillors have risen to great heights in their loyalty towards the International Settlement. A greater patriotism was engendered, a patriotism unlimited by national lines of demarkation. In other words, each Councillor, patriotic as he was, as a Chinese, a Japanese, a German or a Swiss, had the interest of the whole community at heart when he served the Council.

Opinions may differ regarding the Council's achievements, Mr. Hsu continues, but one thing is sure, and that is each and every Councillor did his best during his tenure of office. He had no regrets. He had no apologies to make. He worked under the most trying circumstances. Sometimes, he took his life in his hand when he rendered services to the Council. Now that the work had been done, he could look back with the most pleasant memories during the two years of association with the retiring Council, which had functioned under an atmosphere of absolute harmony and in a spirit of sincere co-operation!

In conclusion, Mr. Hsu states that he wants therefore to pay his highest tribute to the Chairman for his able leadership; and to express his greatest appreciation for the spirit of co-operation rendered by his colleagues.

Mr. Glathe follows up Mr. Hsu's remarks by saying that he wishes to endorse every word of Mr. Hsu's and asks that the Secretary be instructed to enter into the minutes of the meeting all what Mr. Hsu has said so that it could be made unanimous. The suggestion is unanimously approved by the other members.

The meeting terminates at 5.15 p.m.

Secretary

Chairman.

At the Special Meeting of Council held on Friday, July 30, 1943, at 4.30 p.m. there are:-

present;

Messrs. K. Okazaki (Chairman)
 L.T. Yuan (Vice-Chairman)
 Theodore C. Chang
 A. Glathe
 Jabin Hsu
 K. Kuroda
 R. von der Crone
 The Chief Officer, Fire Brigade
 The Superintendent of Education
 The Chief, Industrial & Social Division
 The Commissioner of Police
 The Commissioner of Public Health
 The Commissioner of Public Works
 The Municipal Advocate
 The Commissioner of Commodity Control
 The Deputy Treasurer - Revenue
 The Treasurer and
 The Secretary

Absent:

Mr. T. Komuro

Absence.- The Chairman states that he has received a letter from Mr. T. Komuro expressing his regret that due to ill-health he will be unable to be present at the meetings and ceremonies attendant on the rendition of the Settlement, and asking him to convey his best wishes to all Members of Council.

Proposed Sale of General Hospital.- The Chairman reports briefly that a meeting of the Board of Governors of the Shanghai General Hospital was convened on July 25 to discuss an offer received for the purchase of the General Hospital. Out of eight members of the Board present four were pro and 4 were against the sale of the Hospital, and the Board of Governors decided therefore to submit this matter to the Council for decision.

Mr. Jabin Hsu states that whilst he is vigorously opposed to the sale of the General Hospital, he would at the same time draw Members' attention to the fact that since no decision was reached by the Board of Governors, technically the Council considers that the case was never submitted to it.

The Chairman states that under the terms of the Deed of Trust he is not quite sure whether the Council has the legal right to transfer the General Hospital to the new administration succeeding it. He suggests therefore that the Legal Department be asked to study the question of the Council's right as to the disposal of the property and also as to the status of the General Hospital after rendition. If the consensus of legal opinion is that the new Administration can take over the Hospital, then the whole question will rest with the new Administration. If the consensus of legal opinion is that decision must rest with the Provisional Council, then the matter will be brought up again, even after the rendition, before ex-Council Members. The whole question, meanwhile, shall be considered as never having come before the Council in meeting. Members unanimously agree.

Thanks by Chairman.- On the occasion of the last meeting of Council, the Chairman states he would like to place on record his appreciation of the most valuable services rendered by the Members of Council during these very difficult years. There

might have been room for improvement in its functioning, but ^{that} the Council has been able to continue the work as it has done is entirely due to the guidance of and sacrifices made by the Members of Council, for which he would like to express his deepest and sincerest thanks. Municipal work has been a new experience to him, and he will always carry with him the very friendly and cooperative spirit of the Members of Council during his tenure of office.

Mr. Yuan states that he would also like to express on behalf of Members their appreciation of the hard work of the Heads of Departments and the very able manner in which they have carried out their various lines of duty.

The last meeting terminates at 5.15 p.m.



Chairman.



Secretary.

At the Meeting of the former Council held on Friday,
December 17, 1943, at 4 p.m. there are present:

Messrs. L. T. Yuan (Chairman)
Theodore C. Chang
R. von der Crone
A. Glathe
Jabin Hsu
The Special Secretary
The Treasurer
The Deputy Treasurer (Mr. M. Kumashiro), and
K. Ikeda (Secretary)

Absent:

Messrs. T. Komuro
K. Kuroda

In extending a warm greeting to all Members, the Chairman states that a last meeting of the Council has been convened in order finally to wind up the affairs of the Council which are still outstanding.

Tentative Balance Sheet & Financial Statement.- The Chairman explains that two outstanding matters which require Members' approval are the questions of the Balance Sheet and financial statement of the former S.M.C. as on July 31, 1943, and the estimated value of S.M.C. properties on that date as submitted by the S.M.C. Property Assessment Committee.

Referring to the first question the Chairman states that the Settlement Rendition Committee has gone into this matter fully, and the minutes of the meeting held on November 17 containing their recommendation have been previously circulated to Members. He now invites Members' views.

Mr. Jabin Hsu states that in his opinion it is highly desirable to have such matters discussed in detail in meeting. He noticed from the Minutes of the Settlement Rendition Committee that the Treasurer had placed on record his dissension from the recommendation, and he feels that the Treasurer's views should be carefully studied and ample consideration given to the point of his dissension. He suggests that the Chairman of the Settlement Rendition Committee be invited to explain the position in this regard, and that the Treasurer be then invited to give his views.

In the absence of the Chairman of the Settlement Rendition Committee, the Chairman invites Mr. von der Crone to explain to Members.

Mr. von der Crone explains that although the circular sent to Members asked for approval of the tentative Balance Sheet and Financial Statement, together with the recommendation that the Trust Funds be restored to the original entries on the basis of 1:1, it had been the intention of the Committee to ask for only approval of the latter point. It had all along been understood that the question of approving the Balance Sheet and Financial Statement would be submitted to the Council in meeting.

He continues that subject to the Treasurer's correction it is his understanding that the reasons the Treasurer has opposed the recommendation are that the former Treasurer had written off the Trust Funds on the Balance Sheet at 2:1, and that he saw no reason for changing his predecessor's policy, especially since it was in

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accordance with the regulations promulgated by the Authorities on the conversion of fapi funds into C.R.B. currency by which he considers himself bound. Members of the Settlement Rendition Committee however felt there were no grounds from the legal point of view why the Council should not give the staff the benefit of a 1:1 conversion, in line with the actual practice adopted by the Council, viz: pay to the staff, collections of G.M.R., licence fees, dues, etc. He further observes that the Committee felt that the value of the monies which the staff had contributed to their Funds was actually much higher than the amounts which they would receive today even if given the benefit of a 1:1 conversion owing to the depreciation in the currency today, notwithstanding the fact that the staff are given a cash bonus of 270% on top of their basic amounts.

Members therefore were of the opinion that since the Council had a large exchange reserve, the least it could do would be to give its staff the benefit by converting the amount standing to the credit of their retirement benefits at 1:1.

The Treasurer confirms the explanation given by Mr. von der Grone regarding his position in the matter.

Mr. von der Grone then suggests that in order to protect the position of the Finance Department the Trust Funds be recorded as converted from fapi into C.R.B. at the rate of 2:1, but that since there is a large exchange reserve the Council donate to the Trust Fund an amount equivalent to the sum required to adjust the Trust Fund as if it were converted at the rate of 1:1.

Mr. Jabin Hsu states that the Council has always felt the greatest sympathy for the staff in their financial difficulties, and that the measure proposed by Mr. von der Grone would safeguard their interests and somewhat alleviate their financial distress. He therefore seconds Mr. von der Grone's proposal.

It is thereupon unanimously RESOLVED

That the Council shall from its Exchange Reserve donate to the Trust Funds a sum equivalent to the amount required to adjust the Trust Funds as converted at the rate of 1:1.

The Balance Sheet and the Financial Statement are then tacitly approved by Members.

Estimated Value of Former Municipal Council Properties. - Referring to the report submitted by the S.M.C. Property Assessment Committee, the Chairman on behalf of Members and himself expresses appreciation of the comprehensive study and long hours which has undoubtedly been put in in compiling their report. He mentions the importance of the work undertaken by the Committee, and compliments them on the very successful conclusion of their task under the able guidance of Mr. Glavin as Chairman.

Mr. Jabin Hsu states that he wishes to endorse the complimentary remarks made by the Chairman on the work of the Committee. The membership of the Committee has been composed of experts in their special fields. Their

technical knowledge is well recognized and the Council can accept their report with the fullest confidence.

Remarking on the value of S.M.C. properties, which has been estimated at \$11,949,793,000, Mr. Jabin Hsu observes that the figure is staggering. Now, he feels sure, realized the extent of the value of the Council's various assets and properties, and Members of Council can well feel proud of the fact that they were able to hand over in tact such a large number of properties and assets of very great value to the new Administration. He feels that it may be recorded that during its tenure of office the Council has, so to speak, acted as the "watch-dog" of these properties which they now hand on a "silver platter" to the new Administration with these compliments.

Mr. von der Grent suggests that when the accounts are published, it should not only be stated in the Press Release that the value of the former Council's assets has greatly increased, but that also great increases in the amount of certain liabilities like Pension, Superannuation, etc., have occurred. Members agree.

Mr. Glathé also points out the very important point that care should be taken to avoid giving the impression in the Press Release that estimation of the value of the Council's properties has been guided by the prices ranging in the Black Market. He states that it was exceedingly difficult for the Committee to discover a basis of computation. It could neither be guided by the book value nor by the black market values, and the Committee has selected a very conservative medium upon which to assess the properties having regard to present day values. Members agree.

Mr. von der Grent observes that although the question of the Council's stock and stores has not been considered by the S.M.C. Property Assessment Committee, he would draw to Members' attention that naturally the value of this item has also greatly appreciated in value. He enquires therefore whether due record has been made by the Finance Department in this aspect. The Treasurer replies that this point has not been overlooked.

The report of the S.M.C. Property Assessment Committee is thereupon unanimously accepted.

Remuneration to Members of S.M.C. Property Assessment Committee - (Sub-Committee).

Mr. Glathé informs Members that in order to carry out the assessment of the Council's properties, three members of the S.M.C. Property Assessment Committee formed a sub-committee amongst themselves, viz: Messrs. S. Okano, H. Berents and E. Busch, He emphasizes the diligence and long hours which were put in by these three Members, and suggests that in accordance with past precedence whereby the Council has compensated technical assistance, a suitable remuneration be offered to these gentlemen as a token of the Council's appreciation.

Members agree, and Mr. Glathé undertakes to communicate with the Treasurer on this matter.

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In conclusion, the Chairman states that it has indeed been a great source of pleasure to have presided over the last Council meeting. He wishes to express his gratitude for the very successful work which has been terminated by the Council, and feels sure that Members join him when he states that he is happy to have been again of service to the community of Shanghai.

He thanks all Members.

The Meeting terminates at 5 p.m.



Chairman.



Secretary.