

There are adequate
 and they must
 await the report of the
 Com. before definitely
 determining as to the proposed
 transfer

to be the
 for the
 gross profit for over
 the net profit - on the
 basis of the lease of the
 Perak forest with
 which you are no doubt
 acquainted.



EAST AFRICAN PROT.
 No. 16181

DOMESTIC
 16181
 REC 7 MAR 06

Individual.

(Subject.)

1906

Transfer of Arabuko Forest Lease

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previous Paper.

See as to proposed transfer to Mr Pauling
 expresses opinion proposed annulling of lease +
 submit of one on lines of Behoki Com. would be
 a rash measure. asks for interview

388

(Minutes.)

Mr Read

You saw Mr Gedge to-day
 (a) I see nothing to show that the
 lease to the East Africa Estates
 Co. was in fact for Mr Pauling
 (b) There is no evidence of the
 distribution of the money having been
 taken place during the negotiations for
 the lease
 (c) The original lease which
 Mr Gedge drew up as far as
 equalled sums to me anything
 had equalled to the East Africa
 and part of the profits of the
 Arany lease. Mr T. O. Allan

Jan 24 1906
 Com. of 27. 25 May 06

Subsequent Paper

388

the above & previous that the Co.
 did plant not exceeding 5000 rubber
 vines for error. I have assumed
 on 14388 that this amount does
 compel them to plant some rubber trees
 but it could certainly be satisfied
 by planting a very small number.
 At present it does not seem
 necessary to do more than let the
 said say the matter must await
 the Comd's report, and send
 copy of the Comd. with refer to our
 precedents.

Mr. Entolme.

So proved? in light reported &
 into conversation. I am less what he has
 told in the letter. I will be that he
 would let him have a name as soon as
 he could. I am afraid that I have very
 little influence with Mr. G. Mr. Carne, the
 General Manager, told me that Mr. G. used to
 foster him with a series of rotten schemes &
 that he finally had to ~~rescind~~
~~understand~~ tell him that until he had
 something reasonable to put forward, the way of
 only pushing him on & Mr. Carne's hands
 of responsibility that he was very hard to
 a similar procedure.

W. G. R.
 14/5

the above & previous that the
did plant not exceeding 5000 rather
more for error. I have compared
on 14388 that this amount does
compel them to plant some rather more
but it could certainly be satisfied
by planting a very small number.
But I fear it does not seem
necessary to do more than ask the
and say the matter must await
the Commr's report, and read
copy of the Commr. will refer to as
previously.

W. J. R.

My intention

So proved? in light of what I
have written in my letter. I tell him that he
would like to have a name as soon as
he could. I am afraid that I have very
little experience. Mr. G. is in charge. The
General Manager told me that Mr. G. used to
put him with a view of getting schemes &
that he finally had to ~~transcend~~
per se. I tell him that, until he had
something reasonable to put forward, the way of
going to the General Manager is that he was
only speaking for the General Manager. I
will explain that to you. I will explain
a similar procedure.

W. J. R.

14/5

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16181

THE BATH CLUB
34, DOVER STREET W.

Perf
1906

May 5th 1906

A.L. ANTROBUS, Esq., C.B.,
Colonial Office,
Whitehall.



Sir,

I beg to acknowledge receipt of your communication of April 28th., with reference to the Transfer of the Aroboko Forest to Mr. George Pauling.

I regret to note that Lord Elgin considers the reasons which I gave in my letter to you of April 24th. as being an inadequate justification for the Transfer, and suggesting the possibility of a new Lease under totally different conditions on lines similar to those of the Sekoki Concession. I venture to think that in my letter to you, I did not adequately emphasize the points in question, or in such manner as to furnish Lord Elgin with the means of weighing the true merits of the situation, so with your permission, I will now, if possible, endeavour to do so.

a. Firstly, I would bring to your notice that the East Africa Estates Company, virtually held the Lease of the Aroboko Forest on trust for Mr. Pauling under certain conditions.

b. I would further directly draw your attention to the fact, that it was entirely owing to the initiative of Sir G. Elist that the application was made in the first instance. It was then clearly understood that the Forest contained very considerable quantities of Rubber, which was the primary inducement for entering the scheme. When however occupation was effected, after

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the lapse of many months, pending the necessary formalities for the completion of the Lease, it was found that owing to lack of the necessary supervision and restrictions, the rubber had been practically destroyed by the Hindis and natives, who had been allowed full liberty to ransack the Forest.

It is presumed that in all business negotiations the obligations entailed, cannot be entirely on one side or the other, otherwise there can be no consideration as is generally understood in such cases.

In this case, Mr. Pauling having undertaken to pay certain fixed charges, and fulfil certain obligations to the Government, it was on the other hand naturally assumed that the Government would, as far as possible, see that his interests were adequately protected and the rubber, to which he looked as the primary source of profit, duly conserved, during the period occupied in completing the negotiations.

You will I am sure pardon my making the following observations, not from any desire to give offence, but as the briefest manner of describing the matter from a purely business standpoint, and which is that when the Lease was completed, the Government had really nothing to offer in the shape of Rubber as a consideration for the terms of the Lease, and the principal asset therein. I mentioned this fact in conversation with the late Commissioner, Sir J. Stewart, who fully appreciated the inequality and harshness of the arrangement.

The destruction of the Rubber vines practically deprived the East Africa Estates Company of their source of revenue, and altered the whole situation materially, as they looked to the supply of rubber to recoup them in some measure for their outlay on

improving the forest and now they were faced with the prospect of continuous expenditure, and nothing coming in, for a term of some years, and in view of all the circumstances, it seems a peculiarly harsh measure on the part of the Government now to suggest annulling the Lease and substituting a fresh one on much more onerous terms.

d. With regard to the suggestion of a new Lease on the lines of the Sekoki Concession. I would venture respectfully to suggest that whoever was responsible for the drafting of such a Lease cannot but have had a vastly exaggerated notion of the value of the property in question. Let me examine some of its main features for a moment:-

1. A Royalty of 5% on the gross value of the timber and other produce at Mombasa. In this case, as is quite conceivable, should the Market prices for the produce show a loss to the Tenant as against the cost of production and working expenses, nevertheless irrespective of this fact, the Government mulcts him still further, a manifestly unequal arrangement, and one to which I venture to think few would subscribe.

2. The Tenant to fell and export not less than 1000 trees each year. Here again an obligation is enforced, quite irrespective of taking into consideration whether the cutting and exporting of the Timber is profitable or otherwise to the Lessee.

3. The Tenant to expend not less than £3,000 in two years etc. from the date of the Lease.

Having gone thoroughly into all the questions on the spot and with facts and figures at my disposal relating to all the possible sources of profit, the utmost expenditure, including the

rent, which could be justified from a business point of view, ought not to exceed £400 a year for the next 3 or 4 years. During that period all that could be expected as a set off in the way of any returns for expenditure, would be a small local sale of Timber, and a little shellac, pending the fresh growth and new planting of timber vines.

In any case for this period the books would show a balance on the debit side for each year's work. It is to be assumed that the Government wishes the occupiers of the land under their control to make some profit out of their various undertakings, but in this case it really seems as if this fact had been overlooked, and the Tenant obliged to expend a large sum, based apparently on an entirely supposititious hypothesis and without any regard for or knowledge of the business aspects of the question. My own personal investigations in this direction compel me to this view, and I think with justification and reason.

The Original Lease granted to Mr. Pauling took all the issues into consideration, from a business view, and was drafted so as to give the Government a fair revenue and allow a prospect of the same to the Lessee, and was on both sides considered a satisfactory and equitable agreement.

In permitting the Transfer to Mr. Pauling, the Government will be merely sanctioning the reversion of the Lease back to the original applicant, who has paid the rents in full and is willing to fulfil his obligations in all other respects, and I venture to suggest that in view of the condition in which the forest was handed over, and the other questions involved, also bearing in mind the money already expended without a return of any description, it would only be a just and equitable proceeding.

Handwritten notes in the top left corner, partially obscured and difficult to read.

THE BATH CLUB,
24, SOVER STREET, W.

on the part of the Government.

I shall be glad if you will kindly give me an opportunity
of a further conversation with you on the matter.

I have the honour to be,

Sir,

Your most obedient servant,

Emmeline Pankhurst

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16181

E. A. P.



DRAFT.

E. Gudge to

MINUTE.

- Mr. Ellis 22 May
- Mr. Read 22
- X Mr. Antrobus.
- Mr. Cox.
- Mr. Lucas.
- Mr. Graham.
- Sir M. Ommamney.
- Mr. Churchill.
- The Earl of Elgin.

[Handwritten flourish]

Copy made to Comr
LF w.r. to No 224

Copy Comr 27 25 May 06

24th May '06

Sir I am directed by the Earl of Elgin to ack. the receipt of your letter of the 5th inst on the subject of the transfer the lease of the Araboko Fact in the E. A. P from the East Africa Estates Co. to Mr. George Pauling, and to inform you that he is willing to give a final answer to your application pending the receipt of the report of the Comr of the E. A. P. I understand he has asked