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Government of Madras.

Revenue DEPARTMENT.

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*Proceedings of the Madras Government, Revenue Department,
12th July 1861.*

No. 176. Read the following Proceedings of the Military Finance Department, dated Calcutta, 21st June 1861, No. 910:—

Read the following paper from Superintendent Calcutta Gazette,—Printed correspondence on the subject of the Pegu Teak Forests.

Foreign Department.

THE PEGU FORESTS.

From WILLIAM WALLACE, Esq., to the Secretary to the Government of India, Foreign Department, dated the 28th January 1861.

SIR,

I had the honor, on the 10th December last, to address a communication to Dr. Brandis, the Superintendent of Forests in Pegu, on the subject of opening up the Forests of Pegu, generally, to legitimate private Commercial Enterprize, and specially requesting permission to work those Forests in the Province of Pegu known as the Hline Forests.

I further had the honor, on the 24th idem (not having then received any reply to my communication of the 10th idem to Dr. Brandis) to address Lieutenant-Colonel Phayre, the Commissioner of Pegu, on the same subject, having previously handed to him a copy of my said previous letter of the 10th idem, to the address of Dr. Brandis. I have since then (just previous to my leaving Rangoon, on the 15th instant, for Calcutta, on urgent business) had the honor of a personal interview with Colonel Phayre, who has assured me that the matter is under his especial consideration, and that he is fully aware of the vast importance of the subject to the vital interests of the commerce and prosperity of the Province, and I may further state,—without, I think, any breach of personal confidence—that I am aware that Colonel Phayre is altogether favorable to the opening of the Forests in Pegu, as well as quite favorable to the granting to me the required permission to work those Hline Forests.

The grounds on which I have advocated the opening of the Forests of Pegu to private commercial enterprize, and, also, those on which I have based my special application for those Hline Forests, have been so fully stated in my separate communications, *viz.*, in my letter of the 10th December last, to Dr. Brandis, and in my letter of the 24th idem, to Colonel Phayre, of which copies are annexed, that I am quite prepared to abide by any decision based thereon.

Copies of both these communications, moreover, are in the possession of the Commissioners (Mr. Temple and Colonel Bruce) recently deputed to visit Pegu, and I feel very confident that both these gentlemen, as well as Colonel Phayre, the Commissioner of the Province, from their knowledge of the subject and of all the circumstances, will be prepared to coincide with the spirit and tenor of my abovementioned communications.

In the meantime, valuable time is being lost, and I would, with all deference, suggest that such action as may seem to the Government of India to be proper and necessary should be taken in the matter with as little delay as possible, so as to enable the policy that may be decided on to be enunciated, through the proper channels, with the least possible delay.

This one especial ground I beg with deference to urge as a *special reason* (beyond those other more broad and general reasons put forth in my communications of the 10th and 24th December last to Dr. Brandis and Colonel Phayre) *for a speedy decision, regarding the permission required by me to work those Hline Forests, viz.*, that I have recently, *with the concurrence and sanction of Government here*, contracted—on terms considerably more favorable than those offered by any other party or parties—to supply to the East India Railway Company, *in Calcutta, within the period of nine calendar months*, reckoning from the 2nd instant, a quantity of not less than 8,000 tons of converted Teak Timber of the most superior quality, of which 6,000 tons is to consist of Moulmein Timber, and 2,000 tons to be Rangoon Teak. That I have already, by the simple application of the necessary amount of capital, been able to secure

the necessary quantity of Moulmein Teak of the most satisfactory description and quality, and all that I now have left to get accomplished to fulfil, to the entire, my engagement to the East India Railway Company and to Government, *quoad the 6,000 tons of Moulmein Teak Timber*, is to employ the necessary labor in Moulmein to convert the Timber and to complete my arrangements for the subsequent shipping of it off from Moulmein, and for the delivery of it in Calcutta—all which (in consequence of having been able to secure the rough Timber at Moulmein without any undue delay) *I shall be able to complete and to finish well within the stipulated time.*

The above 6,000 tons of Moulmein Timber, I ought to mention, is entirely derived (as is indeed nine-tenths of all the valuable Timber shipped from Moulmein) from the independent Foreign States in the interior of the country *beyond the boundaries of the Martaban and Tenasserim Provinces.*

Regarding the 2,000 tons of Rangoon Teak Timber to be supplied by me, I am subjected to great and harassing anxiety.

There has been no stock of such Timber of a satisfactory quality, available for purchase in Rangoon, for a long time back, and, out of a supply of about 2,000 logs advertized for early sale by the Forest Officer in Rangoon, when I left that place on the 15th instant, I feel assured that hardly 200 logs could be selected of a description and quality that would, when converted, ensure their acceptance by the East India Railway Company, and by Government, *when brought to Calcutta.* In fact, the whole batch is about *on a par* (certainly *not better* in point of quality) *with the two or three cargoes, furnished from this same Government Timber from Rangoon,* some three years back, to the Marine Department here, and which has proved to be of the most execrable quality.

When talking on the subject of Teak Timber, a few weeks ago, with the Superintendent of Marine here (Captain Rennie, C. B.), that gentleman took occasion to refer to these identical cargoes of Rangoon Government Timber, and to remark that they were of the most worthless description, and that he had hardly been able to get a decent plank out of them.

I mention the above details to show the practical difficulties I shall have to contend with in supplying, under my present contract with the East India Railway Company, the 2,000 tons of converted Teak Timber *of first class quality, so immediately required to be available for shipment* from Rangoon to Calcutta.

While one cannot depend on the wretched supplies of worthless Timber brought down to Rangoon by the Forest Department there from the forests of British Pegu, the supplies of foreign Timber from beyond the frontier (unlike the supplies of foreign Timber in Moulmein) are, in consequence, *partly*, of the Royal Monopolies of the article in Birmah Proper, and, *partly*, owing to the restrictions in force at our frontiers (both the Meaday frontier on the Irrawaddy, and the Tounghoo frontier on the Sittang), in the shape of Transit duties *not* to be depended on.

Under these circumstances, the only relief immediately at hand is to permit one, under proper and reasonable Covenants and Regulations, to bring one's self from the Forests of the Province that Timber which is known, more or less, to abound therein, and which can be brought down of a satisfactory quality when worked, like other business, by private parties possessing an adequate command of capital and enterprise.

In these Hline Forests alone there is a sufficiency of *Timber already killed* (and which has been left standing in that state ever since the British occupation of the country) sufficient to enable me to implement my engagement in question for the delivery, in Calcutta, of Rangoon Teak Timber ten-fold if required.

I have been made aware that the general question of the management of the Forests of Pegu will fall to be discussed *along with* all the other many and most weighty questions awaiting solution at the hands of Government regarding the affairs of that Province.

At the same time, if I have succeeded in showing special reasons for an *immediate decision*, if practicable, regarding these Hline Forests, I would, with the utmost deference, suggest that such is most easily practicable *by a reference to the Financial Commissioners before mentioned.*

These gentlemen, from the opportunities they have had of thoroughly investigating the whole subject, and from the intimate knowledge they must possess of the views and opinions of the local Officers of the Government, must be in a position to give a decided opinion on the *vexata quæsti* of the present application, without, in the slightest degree, embarrassing Government when subsequently deciding on the general question of Forest management in Pegu.

Requesting to be favored with the early decision of Government regarding my present application.

From WILLIAM WALLACE, Esq., to Lieutenant-Colonel A. P. PHAYRE, Commissioner of Pegu and Governor General's Agent, dated Rangoon, the 24th December 1860.

SIR,

I have the honor to enclose impression copy of a communication addressed by me to Dr. Brandis, the Superintendent of Forests, on the 10th instant, regarding which I had the honor of a personal interview with yourself this morning. I have expressed my views so fully in this letter, that it is unnecessary I should further enlarge on the various considerations I have adduced, which pronounce against the present system of Government Forest management. I should wish, however, to add one or two explanatory remarks.

When I suggested that Government should concentrate their endeavors for the present season on the Tharawaddy Forests, I meant (and should have said specifically) that they should continue, *for this season*, to work all the Forests on the Irrawaddy and its tributaries, *with the exception of those on the Hline River*, as arrangements could not now be made so late in the season for working them under the Permit system, and as, besides, Government had already, last season, been using great exertions to procure Timber from these Districts, which endeavors were likely to bear fruit, more or less, this season. *The Hline Forests*, on the other hand, I am willing to undertake to work this present season, although so late; further, Government have not brought Timber thence for many years (if at all), and, further, in some districts of these Hline Forests the Forest Department have the (to them) great difficulty to contend with, of clearing a creek for many years blocked up and impracticable. The staff which the exertions of the Superintendent of Forests have enabled him to collect, will, I believe, be found quite inadequate to grasp so great an amount of Forest business as he undertakes in retaining in his own hands all the Forests on the Irrawaddy, including those of the Hline River. It will assist much more to the credit of the Department to work with some vigor certain Districts which are within the compass of its means, and under the Superintendent's own close supervision, than to waste its energies over a vast tract of country when it cannot hope to achieve creditable results. *These considerations are quite independent of the great compelling causes, based on the general principles which I have endeavored to enunciate*, which, I feel satisfied, will force the Superintendent of Forests eventually to *resign entirely* the working of the Forests, and to avoid which compulsion it is eminently advisable for him to avail himself of every opportunity of opening the Forests to private enterprise.

With his energies *again concentrated, this season, on the Forest Districts to which he has previously given such close attention*, it is certainly to be expected that the Superintendent will succeed in securing a very considerable supply of Timber for this reason. *It will be the fruit and result of many years' labor, and it will be strange indeed if he fail therein*, unless his personal health fail from continued exposure in unhealthy districts, and all the results of years be sacrificed from the inability of Government to procure betimes a man of adequate vigor and intelligence for the appointment, who shall be content at the same time to waste his energies in endeavoring after (what are under Government management) impracticable results.

The success of the Superintendent in bringing down even a good supply of Timber for one season, the fruit of many years' exertions, will not, certainly, demonstrate the advisability of Government continuing to monopolize the functions of private traders, or dispose of the reasons which unanswerably demonstrate that Government must of necessity strangle the development of trade, the prosperity of the country, and the natural improvement of their own revenues, by a persistence in such a system.

When I had the honor of the personal interview with you, you referred to the question of Government's conservancy of the Forests, when I drew your attention to my having specially reserved this function, *meanwhile*, for Government in my communication to Dr. Brandis. I mentioned to you, however, that I considered Government should feel very diffident in introducing in Pegu such stringent Regulations as had been adopted, many years since, with the small extent of Forest land in the hands of private parties in the Tenasserim Provinces (Moulmein), and which still exist there. In support of this I give the following reasons:—

From these Forests in Tenasserim would seem to have originated the Teak Timber trade of Moulmein, which was probably at first carried on in a very small way and without adequate capital. Difficulties in this way may have arisen in the removal of the longest and most valuable Timber, which may have led to the felling of undergrown trees and to other detrimental practices. Certain it is that these Forests have been in parts greatly exhausted, and this probably *not the necessary consequence of a simple demand for Timber*, which might be supposed, under certain circumstances, as capable of leading, in a legitimate manner enough, to the exhaustion of the supplies from the nearer Districts. I do not consider it is the duty of Government, *under all circumstances*, to preserve Forests of Timber however valuable they may appear. Forest land is not supposed to be at all so valuable as a cultivated country, hence we see it disappear in great part as the population and development of the resources of a country increase; whilst the demand for Timber, which increases in proportion to a country's development, at the same time that it does not retain under simple Forest land any considerable portion of the country itself developed, leads to the prosperity and the development of ruder countries, and to the commencement therein of the clearance of uninhabited Forest lands, and to their more civilized and more profitable culture. Government may therefore sometimes greatly err in insisting on the strict preservation of Forest lands, and should avoid hampering, by any unnecessary restrictions, those operations in the economy of nature by which the nature of a country becomes changed and its prosperity advanced, without any assistance from Government further than that important aid indirectly afforded by the proper exercise of Government's only legitimate functions, the preservation of external and internal tranquillity and security and the administration of justice. Such an error (of unnecessary preservation of Forest lands) could not well occur in England, where private proprietors have the entire possession of the land, and are influenced by their interests, present and future, in their management; but in India, under present arrangements, it might readily occur, more readily in the more populous Districts of India Proper, and less readily and immediately in the thinly peopled Provinces of this coast.

The development of the Timber Trade of Moulmein, however, *has naturally removed all inducements to bring down undergrown Timber; for, the local requirements for house-building and other purposes of the Port and neighbourhood [to supply which smaller Timber (unfit for export) was probably previously brought down] are much more cheaply met now from the excellent well grown wood procured from the slabs of large logs which are invariably sawn square for facility of stowage on board ships when exported; and from the proportion of full sized Timber which is always found more or less unsound when subjected to the test of being converted into squared logs, and which is consequently often found unfit to bear the expense of export even to the nearest Indian market.*

That I am correct in what I state is manifest from the absence of undersized Timber in the immense supply received in Moulmein from foreign territory, against the introduction of which (undersized Timber) there is no regulation or prohibition such as exists regarding Timber from British territory.

The development of the Timber Trade of Rangoon would bring about the same results, and would naturally lead to the cessation of the felling of such undersized Timber as has hitherto found a ready market in Rangoon in consequence of there being no cheaper material available from the non-development of the Timber Trade of Pegu, owing to the unfortunate Forest manage-

ment of the Indian Government since the British occupation, and to the previous prevention of the use of Elephants in the Forests when the Province remained under the barbarous government of the Kings of Birmah, added to the insecurity of life and property then prevailing.

Nor would a free trade in Timber in Pegu now suffer under the disadvantages of inadequate capital, which doubtless hampered the early beginning of the Timber Trade of Moulmein in former times. However profitless may have been the resources of Pegu in Timber, they have obtained some development in other branches of trade since the British occupation, wherein wisely Government attempted no monopoly; capital has been attracted into the country, and would be readily applied to any business offering good prospect of profit were the trade thrown open.

Despite of these various reasons, however, which go far to show that the Government conservancy of the Forests should be confined simply to the prevention of wanton or ignorant destruction, let the Government continue, for the present, to exercise their conservancy in Pegu on the stricter principles now prevailing; let the present system stand the test of experience, and by its result let it be judged.

I have no wish to recommend any changes which may be open, in any way, to the charge of being simply theoretical. *The great thing at present required is that the working of Timber from out of the Forests should be entrusted by Government to private parties in place of their attempting it themselves.* The question of the proper scope of conservancy may well be left for further consideration.

In the foregoing lengthy remarks, I have merely endeavored to show that the dangers of the destruction of the Teak Forests from the cupidity of private individuals *will probably be found a bugbear*, and that the free course of nature will be found in forest matters, as in others, to be that which is really best.

The example of severity in Forest restrictions introduced by Government in Moulmein to prevent the destruction of the private Forests of the Tenasserim Provinces, has always been held *here as a weighty precedent and has been much copied; but I greatly doubt whether it has had any good effects, whilst it has certainly grievously hampered the small trade which still exists in Timber from these private Tenasserim Forests*, as I can state from my own experience as the proprietor in recent times of two of these Forests. Let the present system of conservancy, however, continue in Pegu for the present; just now, however, I fear the conservancy of the Forests, and the girdling of the trees which Government has undertaken, *can receive but little practical attention when the energies of the Department are so thoroughly absorbed in other duties beyond the proper sphere.*

One duty of the Government I have not referred to, which would always, I presume, necessitate a Forest Establishment, namely, the collection of the Government revenue from the Timber felled and removed.

In conclusion, I would urge the special claims which I consider I have upon Government on public grounds from the amount of capital I have laid out here permanently in a manufacturing business, which is dependent for its success on an ample supply of rough Timber, which has been denied to me hitherto through a Government monopoly. It is not the interest of Government to be the active cause of loss and discouragement to private traders, and I trust the proposal I have made, by which I would free myself from the present starvation (of Timber) under which my Timber business in Rangoon still suffers, will meet with your cordial support. The position in which I have been placed by the Government monopoly is certainly a very grievous one; other Merchants can afford to wait till Government realize the advantages to the country and to themselves of a more enlightened policy; *to myself, however, all delay involves heavy loss!*

As regards the great considerations of general policy which should induce Government to abandon, with all speed, the false system hitherto pursued, I can add nothing to what I have already written to Dr. Brandis; the soundness of the general principles on which they are based will certainly commend them to your favorable consideration.

I trust to your powerful aid in the introduction of a sound system of Forest management whereby the resources of the country will be developed, its general prosperity vastly increased, and the revenues of Government correspondingly augmented.

From WILLIAM WALLACE, Esq., to DR. BRANDIS, Superintendent of Forests, Pegu, Tenasserim, and Martaban Provinces, dated Rangoon, the 10th December 1860.

SIR,

I had the honor recently to make personal application to your Department for permission to work the Teak Forests on the Iline River, known as the Mezallee and Magalay Forests. At first I was induced to suppose that my application would be successful, but on your arrival from the Upper Country I was informed that my proposal could not be entertained, as it was your resolve to continue to endeavor departmentally to procure the Teak Timber from these Forests. I need not say that I regret exceedingly that such was your determination; it closes to me an enterprise which appeared desirable for many reasons, and leaves me in the same painful uncertainty, as to the future supply of Teak Timber in Rangoon, which has year after year existed hitherto. You are aware that I have a greater stake in the Timber trade of this Port than any other Firm, having, on the faith of the Government representations of the large supply of Teak that would be available, embarked a large amount of capital in a steam Saw Mill, for which I find it impossible to procure a sufficient and suitable supply of Timber in Rangoon on moderate terms; thus necessitating my supplying myself in part with the rough material for my manufacture from Moulmein at a heavy expense for freight and charges, a most unnatural operation.

Had I been sufficiently fortunate to obtain permission to work the Forests I have named, I should have had some certainty of supply of Timber for my Mills, besides, I was already engaged in experimental operations in Iron Woods in their immediate neighbourhood, which would have enabled me to organize the Establishment necessary to work these Teak Forests without any difficulty, and to commence operations at once, thus having a special inducement to engage in forest business in that quarter.

There are many considerations which, in my estimation, should satisfy Government of the inadvisability of their attempting themselves to work the Teak Forests; were private enterprises carried on under Government Regulations and restrictions, they would necessarily prove equally unsuccessful and unprofitable.

The Government scale of remuneration is not usually such as suffices to secure thoroughly reliable men of sufficient vigor and intelligence for the carrying out of such duties as must necessarily devolve on the inferior Officers of your Department when Government undertake the working of the Teak Forests; nor, where such have been secured, does the prospect of advancement generally suffice to retain such men in Government service; besides, I presume that Government Regulation admit of their being entrusted with only a very moderate share of that discretion and responsibility which it is absolutely necessary should rest on them if their duties are to be efficiently performed. No private enterprise can prosper where the Assistants are not specially selected for the work, and each in his sphere and degree trusted in the duties devolved on them, and entrusted with responsibilities and a liberal discretion, whilst an efficient general supervision is exercised by the Principals. Such arrangements are, without doubt, as thoroughly necessary to the success of Government in similar enterprises; but it is impossible that Government can so arrange, for, in such case, the men chosen must all be suitable and efficient, and they must be entrusted with duties and responsibilities commensurate with their capabilities, and a supreme control and responsibility must be entrusted to the head of each Department, that all under him may work harmoniously and systematically to the desired end.

In private enterprises the Principals are responsible to no one, and the results of their management (subject, of course, to unforeseen contingencies) approve or condemn their capacity and prudence and lead to their success or to their misfortune. The Heads of Government

Departments, on the other hand, are not at liberty to exercise a free discretion, and the results of their management do not necessarily effect their advancement and are frequently but little known or realized.

These are some of the general considerations which place Government at a most grievous disadvantage in entering on any of the operations of trade. I have not therein hinted at the possibility of extortion and coercion being exercised by the inferior Officers of a Department when employed in the Districts; but such things are not impossible, and they would necessarily place Government at a serious disadvantage, and render working for Government extremely distasteful to the natives of the country. Such misdeeds could not readily accompany the management of private enterprises, as the advancement of each man employed would necessarily depend on his successful management, whilst the position of a private *employé*, with reference to the people of the country, would be vastly different from that of a Government servant.

The same general considerations which should deter Government from entering on any of the operations of trade tell with particular force in such matters as Forest business. When so much of the value of an article, when brought to market, has been spent on rude labor, as is the case in removing rough Timber from the Forests and bringing it to market, it is very necessary that the arrangements made for this labor should be well and efficiently carried out, and that vigor and intelligence should be exercised, and that the parties entrusted with the arrangements should have a liberal discretion allowed them as to rates to be paid for various kinds of labor on logs of all various sizes and under all various circumstances, in order that the larger and more valuable Timber may not remain in the Forests, as might possibly, and not improbably, be the case under certain unalterable rates and regulations. The self-interest of private individuals engaged in Forest business would ensure their removing the most valuable Timber.

Another serious objection to Government working the Teak Forests is the very large Establishment which, it is probable, would have to be maintained to enable any large amount of Timber to be brought down, the risk of mismanagement being increased as well as rendered more serious by extended arrangements.

Rumor declares that there is one special consideration by which Government will be influenced in continuing the working of the Teak Forests themselves, namely, a desire to supply an extensive demand for Teak for ship-building purposes on the part of Her Majesty's English Government as well as of that of India. It cannot seriously be believed that Government can possibly be influenced by any such consideration. The expense of freight forms a most serious item in the cost of Teak Timber in England, or in Calcutta or Bombay, and in the management of freight matters with economy it is essentially necessary that none of those delays and misunderstandings, should arise which unfailingly accompany operations involving the simultaneous action of two or more separate Government Departments. Private Merchants would certainly be able to realize a handsome profit from prices in England or elsewhere, which would fail to keep Government operations, undertaken under similar circumstances, free from actual loss. Besides the sound principle of Government non-intervention in trade has long been so thoroughly recognized in England, that any attempt on the part of Government to interfere in the Timber trade to that country would not for a moment be tolerated.

It is further asserted that Government have some idea that it may conduce to their interest to hoard the supply of Teak Timber existing in the Government Forests, with the view to obtaining for it exorbitant prices hereafter. This rumor is even more ridiculous than the preceding. No private individual fails to realize his merchandize at the earliest opportunity, except under extreme circumstances. It is not his interest, nor is it the interest of Government, to have money unprofitably invested, bringing in no return, and not available for further operations. Besides, prices of Teak Timber of recent years have been much higher than the average of former times, and it is unlikely they will permanently assume a much higher level than at present, whilst they may just as likely experience a moderate decline.

The *English market* has previously drawn much the largest export of Teak Timber; but *there* it forms only a very small portion of the Timber employed in ship-building and other suitable purposes, and is replaced by other good woods when prices, from shortness of supply, rise to an exorbitant level.

Further, it would be excessively reprehensible for Government to hoard their realizable property when reduced to such straits for money as at present.

The natural duties of the Government Forest Department would seem to me to be confined to matters of conservancy, in which might be included the duty of girdling the trees. The Teak Forests would, in this way, be preserved from ignorant or wanton destruction. Such duties would seem to me likely to be much more agreeable to yourself and the Officers of your Department than the endeavoring to fell, drag, raft, and bring down Timber from the thinly inhabited jungle Districts of the Upper Country, such labors not being rendered the more agreeable by the very limited amount of success which, I would respectfully submit, must almost of necessity wait upon the endeavors of Government when they encroach on the sphere of private trading.

I am aware that you have been personally superintending Forest matters in the Districts all throughout the rains this season, and that no personal labor and inconvenience have been avoided by you; and I feel satisfied you will not suppose I in any way disparage the indefatigable zeal you have exerted in the public service. I only regret it should have been exercised so unprofitably in duties beyond the province of a Government, and that the results should, from the very nature of circumstances, have proved so inadequate and so eminently unsatisfactory.

Were the Teak Forests of Pegu thoroughly thrown open to private enterprise, a supply of Timber would then certainly be obtainable in Rangoon commensurate with the capabilities of the Forests. The necessary capital in Elephants, and however else required, would be applied to the development of this Forest Trade, which would bring money to the coffers of Government, besides spreading prosperity among the population of the Forest Districts and all engaged in the transport of the Timber to this Port, and in its subsequent conversion. The important increase in the sea-going shipping of Rangoon, resulting from the development of the Teak Timber trade, would likewise greatly assist the increase of the prosperity of the Port, and the interests of Government are likely to be much more materially advanced by the great benefits indirectly accruing to the revenues from the development of trade and the general increase of prosperity, than even by the receipt, at the same time, of money for the value, in the Forests, of the large supply of Teak Timber which exists there unprofitably at present. It is pre-eminently the duty of Government, with the better appreciation of true political economy in these times prevailing, to abolish all those restrictions and impediments which so ruinously hamper the development of the resources of the country by trade, and it ill becomes them to become themselves the very impediment to the prosperity of the country and the healthy increase of their own revenues.

You are aware how seriously I have suffered from the non-development of the Forest business of Pegu; and you will not be surprised that I feel in this matter very bitterly, whilst I feel satisfied at the same time that the scarcity of Timber has resulted naturally from the Teak from British Territory having been made a Government monopoly.

It is not perhaps to be expected that *very large* supplies of Teak Timber should *immediately* follow the opening of the Teak Forests of Pegu to private enterprise. No great results can be achieved without adequate means, and capital is required for Forest business as well as for any other operation of trade. Confidence in the Government in the exercise of their controlling power over the Forests must likewise be gradually established before the trade can be developed to its utmost capabilities. The earlier, however, that Government adopt a sound policy in these matters the better; and I feel satisfied that in no case, even for the first year after the Forests shall have been thrown open, will the results be so poor as have hitherto waited on the Government endeavors, whilst the subsequent development of the trade will probably be

very rapid. It is necessary that confidence should be felt that Government, after abandoning their monopoly, are not bent on resuming it on any pretext of private enterprise failing in the endeavors. Such a feeling of uncertainty could seriously deter private individuals from engaging in the trade; and, to create the necessary confidence in the honesty of the Government in adopting the new system, it would be extremely advisable to make the change of system throughout the entire Forest Districts as rapidly as possible, that it might be evidenced thereby that Government were using their best endeavors to extend the system as rapidly as the change could be effected. Of course it is not to be expected that a sufficient number of reliable people will be found to take up all the Government Forests simultaneously, but this renders it the more incumbent on Government to lose no opportunity of commencing the new system.

I am aware that the Permit system has already been introduced in the Government Forests on the "Setang," *the most inaccessible and least enticing Forests in the Province*; and I have no doubt the result, even there, will be satisfactory, notwithstanding the great difficulty in procuring reliable men with any capital to undertake their working, whilst the policy of Government remained so uncertain, and, *in other Districts*, so adverse to private enterprise. Certain objectionable Clauses in the Permits granted have also much deterred men with any thing to risk undertaking the working of these Government Forests; these are, a Clause giving Government liberty to resume the Forests after the Permit-holder has worked them for one year only, by which time it would be impossible for any one prepared to act comprehensively and with fore sight to obtain any adequate return on the capital required in such case to be employed, as his endeavors would not bear good fruit until one season at least had passed. The other objection is to the Clause which requires that Permit-holders themselves should work the Forests in person, whereas very few of the men who would proceed to the Forests actually to work in them possess any capital whatever.

This latter Clause should be completely erased; and, as to the former, either the option should be given to the Permit-holder to extend his occupancy to three years, or the Forests should at first be given out under Permit for that period.

Besides the Pegu Forests of the "Setang," I am aware that Government have likewise very recently thrown open to the public *in Moulmein* the very moderate extent of Forest land they possess in the Thoungyeen Districts in *the Province of Martaban*. The Permits there have been put up to public auction, a system which might perhaps be adopted with advantage *hereafter* in the Forests of Pegu under suitable regulations and when sufficient competitors shall have come forward for the extensive Forest Districts here available. The introduction of such a system here at present would probably be premature, as it would probably be a difficulty with Government to secure a sufficient number of reliable Permit-holders. In Moulmein, however, the Permits expressly stipulate that the term of occupancy is only one season, a grievous disadvantage to the Permit-holder, to Government, and to the effective working of the Forests, and one which will probably be found to deter people of means from embarking in the enterprise.

To return to my own application for the Mezales and Megalay Forests on the Hline River in Pegu, I believe you have raised an objection to the *partial* introduction of any change of system in a District, *this* notwithstanding the control afforded by the various Government Timber Stations throughout the Districts. To meet this objection, however, I beg to intimate my willingness to undertake the working of *all the Forests of the Hline River*. I do not think that any serious objection can be raised, because some small portion of the Timber from the Tharawaddy Forests eventually enters the Hline River. From the nature of the communications there should be no difficulty, I would submit, in Government exercising the necessary control to prevent any confusion; and *Government are bound to exert themselves*, and to encourage in every way private enterprise, to relieve them of the working of the Forests as soon as it is possible. As for myself I shall be most happy, in the working of any Forest, to assist in the carrying out of all necessary Government Regulations. Should Government object to entrusting one individual with the working of all the Forests of the Hline, I am prepared to associate with myself other reliable parties whose names could be inserted in some of the Permits.

The proposal I have the honor to make is, I am satisfied, greatly for the interest of Government at once to accept; from the Forests for which I at first applied no Timber has been received for many years past; the principal Creek is blocked up, and Government have already failed in one endeavor to clear it. For myself, being free from Government Rules and Regulations in the detailed arrangements of my business, I should be prepared to face this difficulty, and should expect to commence removing Timber this approaching season; whilst I am satisfied that, under Government management, no great quantity will come out of these two Forests, perhaps even for two seasons, and possibly, and not unlikely, for a longer period. Government should confine their operations this season entirely to the Tharawaddy Districts, which it is too late now to throw open for this season. If they do so, there is some chance of their concentrated exertions there leading to some better results than their scattered management in previous years.

I should require an early answer to my proposal to enable me yet to commence operations with vigor the present season.

The general views I have expressed on Forest management have resulted from much serious consideration of the subject practically forced on me by the exigencies of my business. For myself, I feel satisfied of the soundness of the arguments I have advanced, and I trust they may commend themselves to your judgment on consideration.

Under an improved system the Timber business in the Government Forests of Pegu should have special advantages in its development over that from Moulmein. The Timber from the Pegu Forests may not perhaps be of such very large girth, or so very sound in quality and regular in form as much that reaches Moulmein (this remains yet to be seen); but, in the Forest Districts of Pegu, order and good government more or less prevail, and, *except perhaps the Tounghoo Districts*, all are accessible and not far distant. In Moulmein, on the other hand, the great bulk of the yearly supply, indeed of recent years almost the entire supply, has been of Timber from independent States beyond our borders, all of them distant, and very many of them extremely remote, where bands of dacoits infest the Forests and render life and property insecure. There consequently few men of capital venture anything in the Forest Trade *directly*, and the Foresters obtain the money necessary to their business only at exorbitant rates of interest commensurate with the risks incurred by the lender under such a state of things. If then a free Trade in Timber leads to so liberal and satisfactory a supply of Timber in Moulmein, where the difficulties in procuring it are so great, how rapid ought not the development to be of the trade of the Government Teak Forests of Pegu, which possess such advantages of security for life and property, and where capital can be directly applied economically to the purposes of the trade.

The Government system of working the Forests of Pegu themselves *has had a fair trial*. It is time it should now give place to a better state of things more in accordance with the enlightened principles of political economy, which commence to influence the arrangements of Her Majesty's Indian Government.

From Lord H. U. BROWNE, Officiating Under-Secretary to the Government of India, Foreign Department, to Lieutenant-Colonel A. P. PHAYRE, Commissioner of Pegu, dated the 16th February 1861.

SIR,

1. I am directed to forward to you the accompanying copy of a letter from Mr. W. Wallace on the subject of opening up the Pegu Teak Forests generally to private enterprise, and requesting that he may be permitted to enter into some arrangement that will enable him to work the Hline Forests at once, with a view to the fulfilment of a contract for the supply of Teak Timber into which he has entered with the East India Railway Company.

2. A compliance with Mr. Wallace's application will be in accordance with the views expressed in the Report on Birmah, recently submitted to Government by Mr. Temple and Colonel Bruce, which views are stated by those gentlemen to have met with your concurrence; and I am directed, therefore, to state that, if you are aware of no objection to the arrangement

proposed by Mr. Wallace, the President in Council authorizes you to give that gentleman at once a lease of the Hline Forests, or such part of them as you may think proper, for three years on liberal terms, but subject to strict conditions and penalties as to the breach of Forest Regulations.

3. If it should appear to you objectionable to grant this advantage specially to Mr. Wallace from there being other parties who may be willing to pay more for it than Mr. Wallace, or from its being desirable to admit more than one party to the privilege of working the Hline Forests, you are in that case authorized to take such steps as you may consider most advisable for leasing those Forests, and also any other Forests which you are of opinion may be advantageously leased to English capitalists, or others capable of working them.

4. Whenever leases are granted, the functions of the Superintendent in respect to the Forests should be confined to those of conservancy, including the girdling of trees fit for the market, for, in the opinion of the President in Council, it is important, as one of the conditions to be imposed, that no Timber not marked by the Officers of the Forest Department, and especially that no undersized Timber, should be removed or cut down by the Agents of the lease-holders.

5. If this and other necessary conditions can be enforced, and the President in Council is aware of no reason why they cannot be, there is little doubt that the Forests will be worked with more vigor and to greater advantage by private agency than by that of a Government Establishment both as regards the public Revenue and the Timber trade of Rangoon.

6. You will be so good as to report the decision at which you may arrive for the information of Government.

		Copies.	
* Controller of Military Finance,	Madras.....	5	RESOLUTION.—Resolved to forward copies of the reports on the Pegu forests to the Officers as per margin,* and to request they will be good enough to distribute them to Officers of Departments, with the object of collecting and placing at the disposal of Government all useful information on the subject that may be available. It is particularly requested
Commissary General,	Calcutta.....	5	
Do. do.	Madras.....	5	
Do. do.	Bombay.....	5	
Inspector General of Ordnance,	Madras.....	10	
Do. do.	Calcutta.....	10	
Do. do.	Bombay.....	10	
Executive Commissariat Officer,	Pegu.....	15	
Chief Engineer,	Calcutta.....	5	
Do. do.	Madras.....	5	
Do. do.	Bombay.....	5	
Do. do.	Calcutta.....	3	
Controller of the Dock yard,	Indian Navy.....	3	
Commander-in-Chief,	Bombay.....	3	
Secretary to Government,	Madras.....	3	
Do. do.			

that attention may be given to those remarks respecting the description of Timber required.

(Signed) G. BALFOUR, Colonel,
Chief of the Military Finance Department.

No. 177. ORDER THEREON, 12th July 1861, No. 1,393.

Ordered that the Board of Revenue, and Acting Conservator of Forests be each furnished with a copy of the enclosures of this letter, together with a copy of the Resolution of the Finance Department.

(Signed) J. D. SIM,
Secretary to Government.

No. 910

PROCEEDINGS OF MILITARY FINANCE DEPARTMENT.

CALCUTTA, 27th June 1861

READ the following paper:—

*From Superintendent Calcutta Gazette.
Printed correspondence on the subject
of the Pegu Teak Forests.*

Resolved to forward copies of

<i>Controller of Mily Fin. Madras 5</i>	<i>the reports on the Pegu Forests to</i>
<i>Commissary General Calcutta 5</i>	<i>the Officers as per margin, and to</i>
<i>Do Do Madras 5</i>	<i>request they will be good enough</i>
<i>Do Do Bombay 5</i>	<i>to distribute them to Officers of</i>
<i>Indy Genl of Ordnance Madras 10</i>	<i>Departments, with the object of</i>
<i>Do Do Calcutta 10</i>	<i>collecting and placing at the dis-</i>
<i>Do Do Bombay 10</i>	<i>posal of Government all useful</i>
<i>Ex Commr Officer Pegu 15</i>	<i>information on the subject that</i>
<i>Chief Engineer Calcutta 5</i>	<i>may be available. It is particularly</i>
<i>Do Do Madras 5</i>	<i>requested that attention may be given to those</i>
<i>Do Do Bombay 5</i>	<i>remarks respecting the description of timber required.</i>
<i>Controller of Dockyard Calcutta 3</i>	
<i>Commander in Chief Indian Navy 3</i>	
<i>Secretary to Government Bombay 3</i>	
<i>Do Do Madras 3</i>	

*J. N. M. A. Colonel.
Chief of the Mily Finance Dept.*

To
The Secretary to Government of Madras.

*copy
sent by letter
19/7/61
J. N. M. A.*

Recd 1851 ~~Sept 15~~
No. of Govt for value
to 1859.

No. of the Military
Finance department

Oct 25 1851
Nov 24 1851
Dec 24 1851

Enclosed

From the Office of the
Sergeant Major

Respecting Copies of
Reports on the Office
of the Secretary, requests that
they may be distributed
to the appropriate
departments of the
army and such information as
may be required may be
sent to the proper
authorities.

No. 1393. 12. July.
With the same

No. 1393
Enclosed there are

Board of Management in
the Department of the
Army and the Department of the
Navy. The Secretary of the
Department of the Army and
the Secretary of the Department
of the Navy.

Secretary of the
Department of the Army
and the Secretary of the
Department of the Navy.
No. 1393. 12. July.
With the same