

IN THE SENATE OF THE UNITED STATES.

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L E T T E R

FROM

THE SECRETARY OF THE TREASURY,

IN RELATION TO

*The leasing of the rights to engage in taking fur seals from the islands of Saint Paul and Saint George.*

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FEBRUARY 13, 1890.—Ordered to be printed to accompany bill S. 1969.

IN THE SENATE OF THE UNITED STATES.

JANUARY 13, 1890.—Mr. Plumb (by request) introduced the following bill; which was read twice and referred to the Committee on Commerce.

A BILL to repeal so much of the act of July first, eighteen hundred and seventy, chapter one hundred and eighty-nine, as authorizes the leasing of the rights to engage in taking fur seals from the islands of Saint Paul and Saint George, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That all authority heretofore conferred by law upon the Secretary of the Treasury to lease the said right to "The Alaska Commercial Company," or to any other company, corporation, individual, or individuals, or to renew or extend any existing lease of said right heretofore made by the Secretary of the Treasury with the said Alaska Commercial Company, by virtue of any law, is hereby repealed.

SEC. 2. That from and after the passage of this act the lease of said right now existing between the Alaska Commercial Company and the Government of the United States and all rights, privileges, and authority created thereby or existing thereunder shall terminate.

SEC. 3. That the Secretary of the Treasury, for and on behalf of the Government of the United States and subject to the restrictions and conditions contained in chapter three of the Revised Statutes "Relating to the unorganized Territory of Alaska," and in the act of March 24, 1874, entitled an act to amend "An act to prevent the extermination of fur-bearing animals in Alaska," except as the same may be modified by the provisions of this act, is hereby authorized and directed to assume management and control of the taking and killing of seals in the islands of Saint Paul and Saint George, and of any and all otter,

mink, marten, sable, or other fur-bearing animals within the limits of Alaska Territory, or in the waters thereof.

SEC. 4. That the Secretary of the Treasury is hereby required to promulgate regulations prohibiting the taking and killing of seals or other fur-bearing animals by any but natives, and shall prescribe the number of fur seals which may be taken and killed in each year, and the mode of such killing, and impose all other restrictions now in force; and all skins when taken shall be transported to San Francisco, California, or some other city in the United States, annually, there to be sold in the open market, for cash, to the highest bidder, after due notice of such sale shall have been given by proper advertisement, for at least thirty days' publication in such leading newspapers in the United States as the Secretary of the Treasury may select.

SEC. 5. That all moneys derived from such sales, after deducting all expenses incurred by the Government in carrying out the provisions of this act, shall be paid into the Treasury of the United States, and shall be set apart and constitute a fund for the education of the native inhabitants of said Territory of Alaska, to be used and applied to such purposes as Congress may hereafter provide.

SEC. 6. That the Secretary of the Treasury is hereby authorized to appoint such agent or agents as may be necessary to carry into effect the provisions of this act.

OFFICE OF THE SECRETARY,  
TREASURY DEPARTMENT,  
Washington, D. C., January 22, 1890.

SIR: I have the honor to acknowledge the receipt of a letter from your committee dated the 15th instant, inclosing Senate bill 1969, "to repeal so much of the act of July 1, 1870, chapter 189, as authorized the leasing of the rights to engage in taking fur seals from the islands of St. Paul and St. George, and for other purposes," and requesting me to furnish the committee with such suggestions as I may deem proper touching the merits of the bill and the propriety of its passage.

The bill provides that the present system of leasing the right of taking fur seals from the well known rookeries in Behring Sea for an agreed compensation paid to the Government shall be discontinued, and that the Secretary of the Treasury shall assume the management and control of such business in all its details. The bill seems further to direct the Secretary of the Treasury to "assume management and control of the taking and killing \* \* \* of any and all otter, mink, marten, sable, or other fur-bearing animals within the limits of Alaska Territory or the waters thereof," and of marketing the skins of such animals in a prescribed manner.

I will take the liberty of assuming that the last-named provision of the bill (if, indeed, its present wording is not the result of inadvertence) will scarcely require extended comment or suggestion from this Department. Probably it will not be seriously proposed that the Treasury Department shall, in co operation with the native Alaskan hunters and trappers or otherwise, engage in the business of catching fur-bearing animals of all kinds over a territory of land and sea equal in extent to half an average continent and then marketing the resulting peltries on Government account.

The main proposition embodied in the bill, which looks to the abandonment of the leasing system in the management of the Government

seal interests, has been repeatedly brought forward ever since the subject of properly caring for the seal rookeries of Alaska was first brought to the attention of the Government in 1868. During that period it has often been discussed within the Treasury Department or before the several committees of Congress which have been charged at different times with the investigation of the question. Whenever the Department or Congressional committees have reported upon this matter they have decided in favor of the existing law and method.

The following are examples of the uniform conclusions thus reached: Mr. Secretary McCulloch, who was in charge of this Department when Alaska, including the seal islands, was ceded to the United States, and who thus had occasion to study carefully the problem now under consideration, said in his annual report for 1868:

The United States can not, of course, administer such a trade as a Government monopoly, and the only alternative seems to be to grant the exclusive privilege of taking these animals to a responsible company for a series of years.

In the report of their investigation of this subject by the Committee of Ways and Means, which was adopted by the House of Representatives of the Forty-fourth Congress, occur these words:

It is quite certain that the Government as such could not perform this trust. All experience teaches that governments are poor factors and rarely pursue any industry involving the manufacture and sale of products with success or profit. We think Congress acted wisely in rejecting the recommendation \* \* \* to conduct this business of seal catching on Government account. \* \* \*

In the report of the Committee on Merchant Marine and Fisheries, submitted to the House of Representatives of the Fiftieth Congress, less than one year ago, this conclusion is reached after an exhaustive investigation of the whole matter:

It did not require the testimony of witnesses to convince the committee that the Government itself could not successfully manage this business, or that it would (not) be wisdom on its part to repeal the laws which protect seal life in Alaska, and open these waters to all comers and invite the speedy destruction of this valuable industry. \* \* \* Your committee therefore recommend that the act entitled "An act to prevent the extermination of fur-bearing animals in Alaska," amended as recommended by the committee, be continued in force, believing that not only the system it adopts, but the method of carrying it into effect, are well adapted for the purpose intended.

The reasons which underlie the practically unbroken series of conclusions reached by both the legislative and executive branches of the Government, under both political parties, are briefly these:

(1) It would seem to be foreign to the spirit and well-established policy of our Government, in common with all governments of like character, for the Government itself to engage permanently in a producing industry or a mercantile pursuit for profit. While the seal industry, because of its peculiar nature, might at first appear to form a reasonable exception to this rule, a closer examination only renders clearer the impolicy of such a departure. The step, once taken, might readily constitute a precedent with results as pernicious as they would be far reaching. With one industry absorbed and administered for profit by the Government, equally plausible reasons could be adduced from time to time for a Government absorption and administration of other lines of industry. With the principle—the unwritten law of the Republic—done away, it might become simply a question of what industries should be so appropriated and administered, how soon and how completely.

(2) It does not appear that the interest of the natives of the seal islands, or of the Government, or the preservation of the industry requires such a radical and questionable change of policy. Certainly

the moral and material condition of these natives has greatly improved under the present system, and there is every reason to expect a further advance under a continuance of that system, properly administered.

As certainly the results to the Government have been satisfactory during the first and experimental period of twenty years, as shown by the records of this Department and repeated investigations by Congress. The interests of the Government and of the natives have been fully protected under the supervision of the agent of the Department during the existence of the contract with the late lessees, and any contract that may be made under the existing law will contain ample provision for the "comfort, maintenance, and education" of the three or four hundred natives of these two islands, which constitute the only territory to which the former contract related and to which the contemplated future contract will apply.

For the future, with equally judicious and competent management, the pecuniary returns to the Treasury should be increasingly important. And in this connection it ought to be said that there is no apparent reason why the sealing franchise, let as it is proposed to be let under existing laws, after a genuine and fair competition, to which the present statutes seem to interpose no obstacle, shall not bring to the Government all it is worth—that is, all that proper and responsible parties under the known conditions are willing to pay.

With the contract thus periodically relet after competitive bidding, and with the skins sold annually to the highest bidder at public auction in the chief market or markets of the world, after wide advertisement, as is done under the present system, it would seem that the interests of the Government would be adequately protected and that the objectionable features of what is necessarily in some sense a monopoly would at least be reduced to a minimum.

So far as the leasing system affects the preservation of the seal herd and the industry based thereon, all the testimony of Government officials shows that it has been uniformly beneficial.

(3) The proposition that the Government shall undertake the marketing of the annual catch of seal skins, and in a place and manner prescribed by law without regard to the requirements and long established customs of a world-wide traffic, would, in my judgment, result in the speedy destruction of the organized seal-fur trade, which has required years to build up, and upon the stability and continued prosperity of which depends the value of the seal rookeries of Alaska.

A review of the history of the fur-trade markets in the last century shows that the demand and price are extremely erratic and capricious, depending largely upon the whims of fashion which can not be foreseen or controlled. The successful conduct of such a business calls, therefore, for a peculiar confidential service on the part of the agents of a private corporation, which the Secretary of the Treasury could not wisely delegate to Government officials. The agents of the Department charged with the duty of selling the merchandise would be at the mercy of well-organized combinations of buyers, for the reason that such agents could not and would not be permitted to enter into those necessary confidential business relations with the trade customary with private parties, and could not and should not be supplied with money with which to protect the Government against adverse conditions of the market and discreetly stimulate demand by timely and judicious advertising, etc.

Such a method of conducting the Government business would evoke incessant charges of fraud, collusion, and embezzlement, no matter how

honestly the work might be done; the whole business would be involved in continual scandal and annoyance, and the Secretary would be harassed until the subject became simply unendurable. Following such a failure would probably come an attempted return by the Government to the contract system, but with a market meantime demoralized or destroyed, and the value of the seal industry correspondingly depreciated.

In my judgment any minor faults attending the contract system can better be removed by increased vigilance of administration than by an abolition of the system itself, and the substitution of a policy which is open to objections so many and so fundamental.

In view of these self evident difficulties the present system commends itself to my judgment as the wisest and best for the Government to adopt for the future.

As it now stands absolute control and full supervision of the conduct of the sealing industry on the islands and the protection of the interests of the Government and the natives thereon is vested in the Treasury Department. The details of this part of the business the Secretary of the Treasury can master and enforce; but the management of the sales of peltries, either in a home or foreign market, he can not be reasonably asked to assume. For these reasons I believe that neither the interests of the Government nor of the natives on these islands would be subserved by the passage of this bill.

Respectfully yours,

WILLIAM WINDOM,  
*Secretary.*

Hon. WILLIAM P. FEYE,  
*Chairman Committee on Commerce, United States Senate.*