

the right to take fur-seals in Alaska, signed and executed by William A. Richardson, as Acting Secretary of the Treasury, in behalf of the United States, and John F. Miller, in behalf of said company, was made and executed in pursuance of law.

WAS THE LEASE, AS MADE, TO THE BEST ADVANTAGE OF THE UNITED STATES, ACCORDING TO THE OFFERS OF OTHER BIDDERS?

To afford a proper and intelligent answer to this inquiry, it becomes necessary to give a brief history of the antecedent events which occurred prior to the execution of the lease. By the convention between the United States and Russia, concluded March 30, 1867, ratifications exchanged June 20, 1867, and proclaimed same day, the government of Russia ceded to the United States all her possessions on the continent of America, and the islands adjacent thereto, for the equivalent of \$7,200,000. The United States entered into immediate possession by military occupancy. This addition to our territory is known as Alaska. The two islands of Saint George and Saint Paul, subsequently leased to the Alaska Commercial Company, for seal-catching, were a part of this possession. For many years preceding the session of this territory to the United States, the government of Russia had leased these to a Russian company called the Russian-American Company.

By the terms of the treaty, all concessions existing of this character became abrogated, and the Russian-American Company ceased to have any privileges at all, under their then existing contract with Russia, to take fur-seals from those islands. Simultaneously with the ratification of the treaty, after it was known that all rights and privileges of the Russian Company were annulled, a Mr. H. M. Hutchinson, a citizen of San Francisco, proceeded to Alaska, and purchased of this company all their goods, chattels, houses, vessels, &c., as contained on the inventory of their total property which had been employed in seal-killing. He subsequently established the firm of Hutchinson, Kohl & Company, who prosecuted the business under a permit obtained from the Secretary of the Treasury. These parties thus became the representatives of the Government, acting under its protection, and by its permission, until Congress should provide by law some permanent disposition of the matter.

Mr. Boutwell, the then Secretary of the Treasury, did not approve the policy of leasing the islands, nor of continuing the arrangements as then existing, which had been entered into with his predecessor, Mr. McCulloch. He proposed a different course, recommending to Congress such legislation as would place the killing of the seals and direction of the social and religious training of the natives altogether under the management of Government agents. Congress did not carry out those suggestions. It enacted the law approved July 1, 1870, entitled "An act to prevent the extermination of the fur-bearing animals in Alaska." This law provides for the general care and protection of the seals, the welfare of the natives of the seal islands, and the authorization of a contract for twenty years, by which the exclusive privilege of taking the seals should be granted under certain stipulated restrictions and conditions. (See secs. 1960 to 1972, R. S.)

In pursuance and by direction of this act, the Secretary of the Treasury awarded the lease to the Alaska Commercial Company. In his examination by the committee, Mr. Boutwell, the Secretary, stated, "that the contract was made by my direction, after such investigation as we thought it necessary to make upon the point whether the bid in behalf of what is called the Alaska Fur-Seal Company was entitled to preference as against other bids that were made, which upon their face

were more favorable to the Government than the specific bid made by the Alaska Company."

The correspondence between the Secretary of the Treasury and the Attorney-Generals Hoar and Ackerman, the several bids, and all the attending correspondence between the bidders and the Treasury Department, together with the contract as made, may be found in Ex. Doc. first session Forty-first Congress, No. 108. The committee, in considering the question whether the award to the Alaska Commercial Company was made to the best advantage of the United States, have been obliged to consider, first, whether, admitting that a more favorable offer in money had been made by others, the Treasury Department could have omitted to respect the clear and palpable discrimination in favor of that company by the act of Congress.

The action of the Secretary, based upon opinions of his official legal advisers, appear to conclude this question in the negative. It is very evident that no new and inexperienced parties in the business, unprovided with the necessary capital, implements, and knowledge, could have complied with the requirements of the law, which had to be incorporated into the contract itself. In order to preserve the fur-seals from total annihilation, as has been done in the South Pacific Ocean, and indeed everywhere except on a small island belonging to Peru and two small islands belonging to Russia, none but experienced, judicious, and cautious parties should have been intrusted with the privilege of killing them. The old fur-seal fisheries have been destroyed by the foolish avarice of those who had access to the seals, who, in their thirst for large immediate gains, have killed in excess of the proper number each season, which led to the eventual extermination of the seals themselves at those points.

It does not appear that either of the parties who put in bids for this lease had had any experience in the business, or were provided with the necessary facilities for the faithful execution of the lease had it been awarded to them, except the Alaska Commercial Company, who were the successors of Hutchinson, Kohl & Company, and in possession of the business at that time, with persons in its employment of skill and experience, and which was composed of capitalists of conceded strength and high character. If the lease had been made with any firm or company who had failed in its execution, or who had proved faithless to the obligations incurred, the loss to the Treasury might have proved very serious, in the extermination of the seals, and the loss of the large revenue now being derived therefrom, and likely to be continued for many years to come, under the present management.

An additional proof of the advantage to the United States of having this source of revenue in competent and honest hands may be found in the fact that on the 18th February, 1871, the Russian government entered into a similar contract with the Alaska Commercial Company in the name of Hutchinson, Kohl & Company for the exclusive privilege of taking the fur-seals on the Commander islands (Behring and Copper) and on Robben islands. This lease, however, was granted upon terms far less advantageous to that government than the one we have. Instead of \$55,000 per year rent, as the United States receive, the Russian government gets but 5,000 roubles, equal to \$3,900 in gold; and instead of \$2.62½ tax it gets but 2 roubles, equal to \$1.56 per each skin; and instead of a limitation as to the number of seals killed, the company are permitted to take as many as in its judgment may seem proper, with a minimum number of one thousand. (See Appendix B.)