

Economics and etcetera...

This feature inaugurates a regular feature on economic issues of interest to our readers. It is written by Bill Orfitelli, an Anchorage financial and management consultant, who serves also as an advisor to the TUNDRA TIMES. -Ed.

By Bill Orfitelli

The recent fuss over the Pribilof Island Seal harvest raises a serious question which goes beyond the merits of the harvest itself.

This question involves the black art of mis-using statistics to support one's point of view. A case in point was an article carried on the AP wires which contended that the seal harvest operated at an annual loss of approximately \$4 million. This interpretation illustrates a situation where someone reaches a decision and then decides to find facts to suggest that decision.

It is true that the Pribilof Islands program has an annual cost of about \$3.9 million annually. These expenses grow out of the Bartlett Act of 1966 which obligates the federal government to provide most of the services traditionally provided by a governmental entity, such as electrical generation, sewer and water, and road maintenance. Since the federal government literally owned everything on both islands, it only made sense that it be responsible for these areas.

While these are the only communities where the Department of Commerce provides these services, similar government assistance programs available through the Bureau of Indian Affairs (BIA) and the Department of Health, Education and Welfare (HEW) fulfill the same sorts of functions elsewhere in Alaska and analogous portions of the lower forty-eight. To suggest that these services are a part of the cost of the harvest is a malicious distortion.

The presumption that every American citizen is entitled to certain basic necessities indicates that most of these services would be available regardless of the existence of the harvest.

The writer manages to distort the picture by combining the fixed costs of government investment into the communities with the marginal costs of operating the hunt.

The AP article then proceeds to discuss total federal participation by the Departments of Agriculture, Defense, Health Education and Welfare, Housing and Urban Development and Transportation as equaling \$10 million. While this may be interesting, it is not germane. Some of these funds are one time investments; others represent multi-year expenditures, and none of them really have anything to do with the fur seal harvest. The author is statistically combining "apples and oranges".

The fact is that the fur seal harvest, over the first one hundred years, earned a net profit to the federal government of approximately \$65 million, even including all fixed costs. It has only been since 1970 that the harvest has operated at a "Loss". Over its complete lifetime, the operation has made a net profit for the federal government.

Even had the operation been a net loss, however, a major factor has been ignored in the controversy. The harvest functions as a game management technique. Its intention was to restore and replenish the herd, which at one time was dangerously near extinction. It seems to have been highly successful. Profit or loss questions do not really apply, and merely make it more difficult to have a meaningful dialogue on the differing philosophies of game management.

The point here goes beyond the question of sloppy statistics in a report on the Pribilof Islands hunt. These techniques appear too frequently on both sides of a controversy. The phrase "let the buyer beware" should apply to newspaper readers. Look behind the figures in any story to see if they really make sense. All too often they will not.