

Journal of the House  
of Representatives

OF THE

Territory of Alaska

ELEVENTH SESSION

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BEGUN AND HELD AT  
JUNEAU, THE TERRITORIAL CAPITAL  
MARCH 6, 1933

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Adjourned Sine Die, May 4, 1933

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JOE McDONALD  
Speaker

C. H. HELGESEN  
Chief Clerk

DAILY ALASKA EMPIRE PRESS---JUNEAU, ALASKA

eign countries now off the gold standard and whose currencies are greatly depreciated on the foreign exchange, and that the same condition existing with reference to the halibut industry in that Canadian halibut fishermen import their catches into the United States and receive in payment thereof, American funds, the value of which is enhanced from twelve to twenty per cent upon the same being transferred into the Dominion of Canada, and asks that immediate steps be taken to enact an emergency legislation along the lines set forth in depreciated currency bill (HR13999) to meet due conditions, was introduced, read the first time, and referred to the Judiciary Committee.

#### MESSAGES FROM THE SENATE.

A message from the Senate transmitting Senate Concurrent Resolution No. 1 providing for a Joint Session of the Senate and House of Representatives, to be held in the Hall of the House at the Capital at Juneau, Alaska, at the hour of 2 o'clock in the afternoon, Wednesday, March 8, 1933, for the purpose of receiving the biennial message of the Governor of the Territory of Alaska, which passed the Senate, was received and read. Mr. Hellerich moved, seconded by Mr. Hofman, that the Rules be suspended, Resolution be read, which reading shall be considered as the first, second and third reading and be immediately put on its final passage. The motion carried unanimously.

The question then being, "Shall Senate Concurrent Resolution No. 1 pass?," the roll was called with the following result:

Yeas, 16:—Baronovich, Blake, Green, Hellerich, Hofman, Judson, Kehoe, Lingo, McCutcheon, Nerland, Nordale, Patterson, Scott, Swanberg, Taylor, Mr. Speaker.

Nays, 0.

And so the Senate Concurrent Resolution No. 1 passed.

The Speaker announced that he had signed the Resolution and ordered it returned to the Senate.

Mr. Green moved, seconded by Mr. Hellerich, that the House adjourn until 10 A. M., March 8, 1933.

C. H. HELGESEN,

Clerk of the House.

Approved, March 8, 1933.

JOE McDONALD,

Speaker of the House.

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### THIRD DAY.

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House of Representatives,

Juneau, Alaska, March 8, 1933.

Pursuant to adjournment the House was called to order at 10 o'clock A. M., by Joe McDonald, Speaker.

Roll call showed all members present.

Prayer was offered by the Chaplain.

The Journal of the proceedings of the Second Day was read and approved.

#### MESSAGES FROM THE GOVERNOR.

A message from the Governor, transmitting copies of the Report of the Board of Managers of the Alaska

Report of the Territorial Commissioner of Health to the Committee on Education, Public Health and Morals.

It was moved by Mr. Nerland, seconded by Mr. Hellerich, that the privilege of the floor be extended to any former members in case they wanted to be present. Motion carried.

It was moved by Mr. Taylor and seconded by Mr. Lingo, that anyone not a member of a Federal office or a Territorial office addressing the House be limited to fifteen minutes for their speech. Motion carried.

House declared a recess until 1:30 P. M.

#### AFTER RECESS.

House was called to order at 1:30 P. M. by the Speaker.

#### JOINT SESSION.

The Sergeant-at-Arms announced the President and members of the Senate, who were received at the bar of the House and seated with the members of the House.

The Speaker called the Joint Session to order and appointed Mr. Taylor of the Third Division and Mr. Green of the First Division to escort the President of the Senate to the chair.

The Secretary of the Senate then called the roll, all members being present.

Prayer was offered by the Chaplain of the House.

The President of the Senate assumed the chair, announced that the purpose of the joint session was to hear the message of the Honorable George A. Parks, Governor of the Territory of Alaska, and appointed Messrs. Hellerich of the House and DeVane of the Senate to escort the Governor to the rostrum.

Whereupon the Governor delivered the following message:

Mr. President, Mr. Speaker, Members of the Legislature:

Realizing that the efficient administration of our Territorial Government depends at all times on close cooperation between the executive and legislative branches, the first Legislature invited the Governor to appear before them and present a report on conditions in the Territory. This procedure has been continued by each succeeding Legislature, and you have elected to adopt the custom established by your predecessors. Therefore, I esteem it a privilege to address your Honorable Body on this opening of the Eleventh Biennial Session.

The unusually adverse conditions that have existed for nearly three years have developed a serious condition, which will require the most careful and unselfish consideration of every governmental agency if we are to carry on successfully the essential functions of government and render efficient service to the people of Alaska.

It is one of the duties of the Chief Executive to submit such suggestions and recommend such policies as he may believe to be for the best interests of the Territory, but under our system of government the final responsibility, for the laws which shall govern our people and for the burden of taxation which they must bear, rests solely on the members of the Legislature.

We have passed through two years of the most adverse conditions that have existed in the past several decades and we have emerged without having incurred obligations to oppress those who must assume the responsibilities of government when we are relieved of them. Of this record we should be justly proud. Now we are entering what may prove to be one of the most critical periods in our history and the future prosperity of the Territory will depend, to a large extent, on the outcome of your deliberations and the wisdom of the policies which we elect to follow. We may choose, and I am confident that we will, to be guided by experience and sound principles of business and curtail our expenditures or we may pursue the easier course and in so doing place added burdens upon the people and industries of the Territory. We can not lose sight of the fact that in the last analysis the individual must assume the costs of government.

We all are too well aware of the depressed economic situation and the critical conditions which exist, not alone

in our own country but throughout the world. Organized relief, sustained by local contributions, which usually meets the needs of every community, has in most instances proven wholly inadequate, and states, counties and cities have been forced to borrow funds to meet the demands of those who are unfortunate and without food, clothing or shelter. It should be a source of great pride to every Alaskan that so far every community in our Territory has cared for its local problems and we have not been required to apply for relief funds from any source. This has not been achieved without great effort and much sacrifice and could not have been accomplished without the whole-hearted support of every resident. Full measure of credit is due to those who are giving their time to this work. We cannot expect a quick recovery in economic conditions and must anticipate continuing and further demands, but I feel confident that they will be met as they have in the past with sympathetic consideration and satisfied through the local relief organizations.

It is not a pleasant duty to appear before you and present a situation which demands drastic reductions in all appropriations, but unless we recognize and squarely face the true conditions we can not expect to cope with the serious problems which must be solved. In submitting recommendations for appropriations, that are in every case far below the estimates that were prepared by the various Departments, we have endeavored to provide sufficient funds to carry on the essential functions, administrative, eleemosynary and educational, of the Territorial Government for the next two years. It has been necessary to eliminate many items that have appeared for several years, not because we do not favor the projects, many of them are meritorious, but for the sole reason that the probable revenues which we may reasonably anticipate will not be sufficient to provide the funds that would be necessary to carry them.

Two years ago there was reason to believe the lowest point had been reached and some degree of recovery seemed imminent, but the anticipated improvement in economic conditions did not materialize and we are now confronted with a situation which is even more grave and which will require greater sacrifices on the part of every one. Fortunately our natural resources are unimpaired, our opportunities for development are greater than ever before, and each one of us has an abiding faith in the

future of Alaska. We are certain that prosperity will return, and if we are skillful in the administration of our affairs, we will be in an enviable position and able to take full advantage of our opportunities in the future. We may well be proud of the fact that we are not in debt and that every dollar of revenue may be expended for public purposes instead of interest on bonded indebtedness. We can balance our budget without impairing the efficiency of our necessary institutions. In doing this, we must exert every effort to provide assistance for dependent children, needy aged citizens, and others who are destitute, to enable them, insofar as our resources will permit, to live in a dignified, self-respecting manner. Any other course would be inhuman and contrary to our traditions. The future welfare of the Territory demands that we shall maintain unimpaired the efficiency of our schools. To achieve these aims we must abandon many important but less necessary activities during the next two years.

#### GENERAL CONDITIONS.

Economic conditions throughout the Territory are not as satisfactory as they were two years ago. The consumption in the Territory of the products of our local industries is almost negligible and we must rely on other markets for an outlet for our fish, lumber, and minerals. During the past two years there has been a steady decline in market values on nearly all commodities and at present the average value is about two-thirds of what it was in 1929. In some classes of products the present values are lower than they were in 1913. This condition has had a two-fold effect on our fisheries. It has reduced the market value of salmon and halibut to below the average cost of production and reduced the price of competing food products to a point where they may be purchased at prices below that at which it is possible to place our products on the market.

There are a greater number of unemployed and the annual earnings of a very large number of others are materially less because of curtailed industrial operations and reduced wages. In the larger communities it has been necessary to care for an unusual number of people through organized relief committees. It is my belief, however, that we are less distressed and in far better condition than most of the States or other Territories. I am

apprehensive that because of this situation we may be confronted with an unexpected influx of men seeking employment during the coming year.

According to the report of the Collector of Customs the total commerce of Alaska in 1932 was \$60,894,150.00, and this is the lowest point in nearly two decades. The balance of trade in favor of the Territory descended to a new low level of \$19,873,674.00. Of all our industries gold mining appears to be on the upward trend. There has been an increased production annually for the past four years and this is most encouraging. The copper mining industry experienced a sharp decline and the total value of the output in 1932 was 75 per cent less than in 1931. There does not appear to be any probability that there will be an increase in the price of copper or lead in the near future and we may expect a further decline in the production.

The fishing industry is our most important asset. From it we derive more than 75 per cent of our taxes and the total value of its products exceeds that of all other industries. Statistics compiled from the records of the past five years indicate that the annual production is fairly well stabilized and we may anticipate with reasonable accuracy the quantity and kind of fish products that will be available from the industry each year. We can not foresee the fluctuations in market prices, and this always will be an important factor in determining the output on which we now depend for our revenues. Scientific management has rehabilitated the fisheries, which were almost destroyed, and unless we again permit unregulated fishing we are assured of a normal supply, but so far human ingenuity has not conceived a workable plan for stabilizing prices. If we fail to recognize this we are inviting disaster.

The records of the past four years are an impressive illustration of what may occur. The output of the salmon canneries in 1931-32 was about 7 per cent more than in 1929-30, but the estimated value of this output for the last two years is 25 per cent less than that of the previous biennium. A large number of the canneries operated at a loss and unless there is an improvement in sale prices they can not continue to pack salmon. The outlook for the next two years is not encouraging.

Each year the fishing industry provides employment for several thousand non-residents and if local people were given preference in this industry nearly all of our surplus labor could be absorbed. Many of the canneries do employ all of the available local labor and cooperate with local authorities. In approaching this problem there are many factors which must be considered. It is apparent that there are certain positions that require skilled labor, which probably can not be supplied in the Territory. Moreover, the canneries have but a very short operating period and they must be assured of their labor supply during the season when they are permitted to fish. They must equip the canneries for the season's operations. This involves great expense and they can not be expected to jeopardize their investment by neglecting to safeguard themselves against a shortage of labor. The chief difficulty appears to be the absence of means of contact between the laborer seeking work and the employer. In those communities adjacent to canneries this could be effected through local commercial organizations. In the isolated districts some plan could be provided whereby the unemployed in the larger communities could be informed sufficiently far in advance so that all necessary arrangements could be made for them to report for work.

The value of the furs that were exported in 1931-32 was about 46 per cent less than in 1929-30. This sharp decline is due to the low prices rather than to a decrease in the quantity. Approximately the same number of pelts were shipped. The decrease in one variety was balanced by an increase in another. Early sales do not indicate that there will be a material increase in fur prices during this biennium.

It is apparent that we must expect a decline in the operations in our major industries during the next year and possibly the year following. It is almost certain that Federal appropriations for public works will be curtailed, and our own resources will not permit normal allotments for these purposes. Consequently, there is a certain to be an increase in the number of unemployed unless some plan is revised for providing work.

## FINANCES

The Territorial treasury is not in as satisfactory condition as it was two years ago and the outlook for the next two years is far less encouraging. December 31, 1932 the apparent cash balance in the treasury was \$239,953.40 as compared with \$552,820.31 on December 31, 1931. Of this amount approximately \$45,000 is credited to special deposits and permanent funds which can not be expended, leaving an available balance of \$195,627.57. Outstanding obligations and deficiencies will, in all probability, reduce this amount to approximately \$100,000.00, and this represents the surplus after all obligations that were incurred in 1931-32 have been paid. In 1930 the revenues were \$904,168.81 and the disbursements \$1,191,625.28, while corresponding figures for 1932 are \$994,529.60 and \$1,019,940.04 respectively. These statistics show that for the biennium the disbursements exceeded the receipts by \$322,866.91. In other words, when all of the accounts have been paid we will have depleted our revenue to the extent of about \$350,000.00. The net cash balance, February 28, 1933 was \$517,561.44 or \$77,672.23 less than it was in 1931, but it should be clearly understood that this includes a major part of all revenues that will be collected in 1933 and out of it we must meet the expenses for this year.

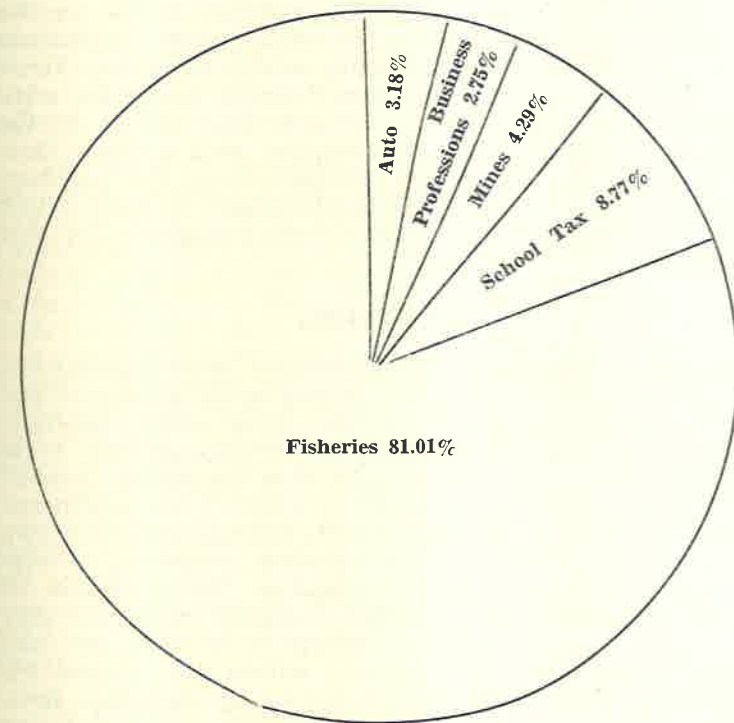
The following table shows the revenues that have been collected by the Territory from all sources during the past 10 years. This will provide a basis for comparing the receipts of previous years with those of the past biennium.

	Increase	Decrease
1923-24 .....	\$1,779,564.25	
1925-26 .....	2,239,050.52	\$459,496.27
1927-28 .....	2,426,164.20	187,113.68
1929-30 .....	2,419,893.19	\$ 6,271.01
1931-32 .....	1,898,698.41	521,194.78

The probable revenues for 1933-34 under the present tax schedules have been estimated by the Budget Board after a careful consideration of all available data. Assuming these estimates to be as nearly correct as it is possible to anticipate at this time, it is apparent that there will

be a decline of approximately \$300,000.00 in the receipts for this biennium as compared with 1930-31 and that our total revenues will be the lowest since 1921-22. The Budget Board estimates the total revenues available for expenditure during the next two years to be \$1,582,827.57.

During the two year period ending December 31, 1932, revenues were derived from the sources and in percentages as shown in the following graph.



## DELINQUENT TAXES

The Territorial Treasurer has compiled a list of delinquent taxes for the past four years. This report discloses that approximately \$40,000.00 remains unpaid and due to the Territory. This represents all of the delinquent taxes for the past four years and is approximately one per cent of the total revenues that have been collected.

This is an excellent record and I doubt very much whether or not any other political subdivision in the United States can show such a small percentage of outstanding taxes. There is every reason to believe that at least 50 per cent of these revenues will be collected. The report further shows that the larger items in the list are due from canneries, salteries and reduction plants and that in many instances the same companies are delinquent over the entire period. I believe that the Territorial Treasurer should be given authority to require a good and sufficient bond from a company which has not paid taxes for the preceding year before issuing them a license to continue their operations. This procedure would insure the Territory against loss of revenue and would not place additional burdens on those who do pay their taxes. At the present time those who are delinquent may continue their operations and remove their products from the Territory long before it is possible for the Treasurer to begin action against them or to hold their current production for past taxes.

### TAXATION.

Taxation probably has provoked more discussions, brought forth more theories, caused more dissension and aroused more protests than any other public question. From every organized community throughout the world have come protests against the ever increasing burden, not alone on the individual but on industry and commerce. We do not need to seek beyond the boundaries of our own country to find evidence of growing sentiment in support of organized resistance against the collection of taxes. In every kind of human endeavor those who may be engaged in a particular enterprise, if they are successful, keep their expenditures within the normal expected returns, which are controlled by economic laws. When there is a depression they meet it by reducing expenditures. Taxes are a fixed charge and in many cases a very considerable factor in the yearly budget. Moreover, they are a factor that can not be reduced by the one who must pay them. All other phases of his business are subject to his control. I believe it is generally conceded by economists that one of the causes which is retarding the return of normal business conditions is the almost unbearable and apparently irreducible load of taxes. No one pays taxes without a feeling of protest,

but every citizen realizes that each one must contribute to the support of the government and he will make every endeavor to assume his share. There may come a time when he can no longer do this, and whenever a majority of the people find themselves in this situation there is grave danger to our established institutions of government.

The control of taxation is a function of the legislative body and you must determine the course that will be followed for the next two years. Expenditures may be reduced and kept within our expected revenues or they may be increased and taxes increased. I believe that the first course is the most logical and the one that will prove to be the best for the Territory.

The equitable distribution of taxes is a difficult problem. Many theories have been advanced and many plans have been devised in attempts to distribute the costs of government fairly among those who should bear the burdens. Our Territorial tax system is peculiar in that we do not base our revenue measure on a more or less stable property valuation but on the uncertain and exceedingly variable production of our major industries. In years of normal production the receipts may exceed our expenditures but in unfavorable years when the production declines we suffer a corresponding decline in our revenues. Under wise provisions of existing law we can not incur obligations beyond our revenues, and since it is impossible to anticipate the fluctuations in the production of our industries, the only safe way in which we may guard against a depleted treasury is to maintain a reasonable surplus at all times. Any other course may lead to serious and far-reaching damage to our economic structure.

The revenue during the past biennium declined approximately 25 per cent as compared with 1929-30 and present conditions do not warrant the expectation that there will be a material improvement in the near future. In fact, we should anticipate further decline. The fishing industry is the source of approximately 80 per cent of our taxes and if existing market conditions prevail there will be a reduction in the output of the fisheries this year. We know from past experience that the pack of red salmon in Bristol Bay in 1935 will be almost negligible and we must anticipate a sharp decline in the

revenues. The Commissioner of Fisheries has announced that fishing will be restricted in that district during that season. However, irrespective of future regulations we are certain that the fish will not be available and we can feel assured that our revenues from that source will not be more than 30 per cent of normal. The taxes received by the Territory from mines and mining during the past two years are almost 50 per cent less than in 1929-30, and while we do not expect a similar reduction in the future we can not hope for an appreciable increase.

Industrial expansion appears to be wholly improbable for some time to come and we can not hope for new activities that will be sources of revenue. It may be contended that we should increase taxes on existing industrial operations, but I do not believe this is advisable under present economic conditions. Many of our industries are in a precarious situation and an increase in the cost of production in the face of lower market prices and more keen competition may force them to suspend their operations. Should this occur, we would not only be deprived of the revenues but many of our people would be without means of earning even a meager living.

I believe that our expenditures during the next two years can be controlled so that they will not exceed our revenues and that it will not be necessary to change our present schedules. I am convinced that this can be done without impairing the efficiency of our institutions and I can conceive of no greater service that we can render to our Territory and its people.

### BUDGET

The Budget Board has carefully considered the estimates that have been submitted by the several departments of the government for the ensuing biennium. We have most carefully estimated the probable revenues, using as a basis the most dependable available data, and we have brought the recommended appropriations within this estimate. The proposed expenditures far exceeded the probable revenues and it was necessary for the Board to make drastic reductions on every item within our control. In justice to the other members of the Board, it should be stated that we have been endeavoring to apply the reductions in such a manner as will least affect the essential functions of the government. We have given first con-

sideration to those appropriations which directly and vitally affect the welfare of our people, education, care of pioneers, care of dependent children and relief of destitution. These functions must be performed and we have provided estimates which should, in the absence of unexpected emergencies, be sufficient to meet the demands during the next two years. We have estimated the available revenues to be \$1,582,827.57 and the recommended appropriations are \$1,563,927.56, leaving a balance of only \$18,700.00.

### BUILDINGS

Two years ago a commission was created to consider the problem of providing more desirable housing facilities for the Pioneers' Home. The Territorial Highway Engineer has been working on this matter for some time and a report will be submitted for your consideration. Four years ago I recommended the creation of a fund for this and other necessary building projects. The fund now amounts to \$218,000.00. \$178,000.00 of this is invested in Government bonds and \$40,000.00 in Wrangell school bonds. The present market value of these securities is less than their cost and they should not be sacrificed. It is very doubtful whether or not a suitable building could be erected for the available money and I am convinced that we can not provide additional funds during this biennium. I recommend that the construction be not undertaken and that further allotments to the building fund be suspended for the next two years. The interest on the bonds is \$9,800.00 per annum and in two years the total should reach \$238,000.00. In the meantime steps should be taken to acquire title to the present site in the event that it is selected as the most satisfactory place for the institution. Some repairs will be necessary. The present buildings are not fireproof nor are they equipped with adequate fire escapes. These should be provided at an early date.

### UNEXPENDED APPROPRIATIONS

Before the close of 1931 it became apparent that the expectation we had entertained, that there would be an increase in revenues, was not to be realized and it was clearly apparent that if we were to carry on the necessary functions of government, support our schools, and provide funds for the pioneers and dependent children,

drastic reductions in expenditures were imperative. It was necessary to choose between curtailing the allotments of funds for all of the less essential projects, thus providing sufficient funds to carry on the essential functions, or approving expenditures that had been authorized by the Legislature and be confronted with a certain and unavoidable deficiency long before the close of the biennium. It was found that the best interests of the Territory could be served by the first plan and it was adopted. Careful estimates of the probable revenues were prepared by the Treasurer and the funds allotted accordingly. Sufficient funds were available at all times to meet outstanding obligations and the close of 1932 there was an unallotted balance in excess of \$190,000.00 in the treasury. I shall not take time to list the various appropriations that were not expended suffice it to state that the appropriations exceeded the receipts by approximately one-half million dollars, and if we had not withheld the funds we would have been compelled to suspended payments to our schools and deny assistance to our pioneers and dependent children.

The Territorial Treasurer at the beginning of the session estimated the revenues that would accrue during the biennium to be \$1,890,390.00 and the audit discloses that we actually received approximately one-tenth of one per cent more than the estimate. We were able to meet our obligations because of the surplus which had been accumulated in previous years. This surplus has been depleted and for the future we must rely on our current revenues to meet expenditures. I desire to urge a most careful consideration of this situation because if the appropriations for the next two years are equal to the estimated revenues and there should be a decline in the receipts, which may easily occur, there will be serious consequences.

The present method of closing the biennial period on December 31st, and creating appropriations which expire March 31st and July 1st, is confusing and always causes an uncertainty in estimating available returns. It would be much more satisfactory if all of these dates were concurrent. Under the present law canneries are required to submit a statement of their pack January 1st. Actually this statement accompanies their tax returns and sometimes is not available until March 15th, when the

taxes become delinquent. Until this statement is received it is impossible for the Treasurer to accurately estimate the amounts due the Territory from the preceding year's pack. The information is available to the operating companies shortly after the close of the fishing season and it should be filed with the Territorial Treasurer not later than November first. An amendment for the present law, which will provide for the change, is desirable.

#### DEPENDENT CHILDREN.

Ever since man emerged from his primitive state and began to associate with his neighbors, the better to combat the forces which opposed his existence, he has been confronted with the problem of caring for those who are unable to sustain life by their own efforts. The care of dependent children is one of the most difficult and by far the most important phases of this problem. It is difficult under normal conditions, but the burden is enormously increased in times of economic depression because these children come from the homes that are the first to feel distress and fear of unemployment. It is of the utmost importance that they be cared for and given proper training in their youth because if they are not many of them are destined to be a burden for the duration of their life. Their condition is due not to their own incapacity or negligence but the result of circumstances over which they have no control. A majority of them are normal children and if they are given a fair opportunity to develop they will become useful citizens. If we fail to recognize our obligation and neglect to provide for them, we are evading a responsibility that will bring us face to face with a great problem in the future. The last Legislature authorized the appointment of a committee to study this problem in the Territory and directed that they should submit a report of their findings for your consideration. This committee, under the leadership of one of the senior Senators, has prepared a report and it will be transmitted to you. It is worthy of your careful consideration.

I view with apprehension the increasing costs of this work and realize that unless we can decrease the per capita cost we can not care for those who will come to us in the future. At the beginning of the biennium we had 142 children on the rolls and the monthly cost was ap-

proximately \$2,300.00. Now we have 170 on the rolls and 27 pending applications, which if allowed at the authorized rate, will require an expenditure of \$3,600 per month during the next two years. \$70,000.00 was appropriated by the last Legislature and this was expended or obligated by October, 1932. Since that time all applications have been placed in the pending file and the petitioners so notified. Assuming that the demands for the next two years will increase as they have in the past, we must provide a fund of \$90,000.00 to meet them.

### PIONEERS' HOME.

The biennial report of the Superintendent of the Pioneers' Home will be transmitted to you by the Board of Trustees. One member of the Board resides in Sitka and through him, we maintain close contact with the institution. Frequent inspections have been made by other members and we have ascertained that the affairs of the Home are well managed and the pioneers are well cared for by the Superintendent and his staff. Throughout the past two years the average daily attendance has been 105 and we have had approximately 25 applicants on the waiting list. Some patients, because of their condition, have been cared for in other institutions while awaiting admission to the Home. The situation is not of recent development and is not serious but must continue until a new Home is available. The question of providing a new institution is discussed elsewhere in this report.

The sum of \$110,400.00 was appropriated for the support of the Pioneers' Home during the past two years. Careful management by the Superintendent has resulted in a decrease in unit costs of approximately 10 per cent and there is an unexpended balance of approximately \$10,000.00 which will revert to the treasury. This is an excellent record and the Superintendent is entitled to commendation for his efforts.

The report of the Physician in Charge is very satisfactory, and he should be complimented for the excellent service he is giving to the pioneers.

### PENSIONS

Many baffling problems have emerged from the complicated structure of modern society, not the least of

these is the status of a large number of people who reach mature age and find themselves without funds for an opportunity to engage in gainful occupations. In our eagerness to achieve industrial supremacy, we have created organizations in which there is an ever decreasing demand for the services of labor. Every improvement in methods of production makes it more difficult for those who have arrived at middle age to find suitable employment. As a result, there is an increasing number who are forced, against their will and despite their best efforts to avoid it, to seek assistance. This situation is becoming more acute each day. Everywhere economists and legislative bodies are devoting their earnest efforts to find a practical way to meet the situation. The ideal situation would provide some means whereby those in need could earn a living in a manner that will permit them to maintain their dignity and retain their self-respect.

In Alaska we have elected to grant pensions to those who can qualify under our law, but this plan cares for only a limited number and can not be expected to include others without jeopardizing the allowances that have been granted. We should undertake a careful study of the situation so that when it is necessary to adopt some other plan we will be prepared to recommend a law that will achieve the desired results and place the least burden on the Territory. In the meantime, we are confronted with the most pressing problem of administering our present Pension Law.

Section 9, Chapter 65, Session Laws of 1929, places responsibility for adjudicating applications for allowances in the Board of Trustees of the Pioneers' Home. In my Message two years ago I brought this matter to your attention and requested authority under which the Board, if it deemed it necessary, could cause investigations to be made by an agent of the Territory before granting the allowance. This recommendation was made because we had received so many complaints alleging that allowances had been made by those who did not deserve them. The situation has not changed and I wish to renew the request. I am convinced that no other government places a like responsibility in a Pension Board and so limits their facilities for obtaining necessary information on which to base their action. I do not wish to be understood to

imply that there is fraud on the part of those who file petitions with the Board. On the contrary, I believe that the records are remarkably free from cases of misrepresentation, intended or implied, but I am sure that our present procedure invites deception, if there were those who wished to avail themselves of the opportunity to attempt it. Presumably it was the intention of the Legislature to provide the maximum amount that could be granted and that the Board should exercise discretion in each case, allowing to the applicant such a sum as his circumstances might require. This is wholly impracticable under the present procedure. As long as the Board can not investigate the case we must allow the same amount to every applicant.

Throughout the biennium the Board has held meetings at stated intervals and granted allowances at the beginning of each quarter. For the first time since the Pension Law was enacted there is a decline in the percentage of new applications. There are 368 on the roll at the present time and the quarterly disbursements approximate \$23,265.00.

The following tabulation shows the number of persons drawing the allowance to aged residents March 1, 1933:

	Women	Men	Total
First Division .....	13	120	133
Second Division .....	2	25	27
Third Division .....	5	95	100
Fourth Division .....	5	103	108
Totals .....	25	343	368

The Board is not unmindful of the fact that the Legislature increased the authorized allowances to \$35 and \$45, but at no time since the law was changed has there been a sufficient appropriation to permit the Board to incur the added obligation. During the past two years, at the rates which prevailed prior to 1929, the total disbursements were \$174,990.00. If the Board had raised the individual allowances to the amounts prescribed by law, the expenditures would have been approximately \$306,-

000.00 or \$76,000.00 more than the appropriation. The Budget for next biennium contains an item of \$185,000.00 for pensions. This estimate is based on the present rates, and if it is the wish of the Legislature that the pensions be increased to the maximum allowed by law the amount should be placed at \$325,00.00.

The following table shows the amounts expended for pensions each year beginning with 1921:

1921 .....	\$14,779.25
1922 .....	19,427.75
1923 .....	26,965.25
1924 .....	29,499.50
1925 .....	45,123.69
1926 .....	57,193.49
1927 .....	66,454.50
1928 .....	75,824.92
1929 .....	82,650.00
1930 .....	86,070.00
1931 .....	85,500.00
1932 .....	89,490.00

The expenditures for 1932 are almost six and one-half times those of 1921.

#### RELIEF OF DESTITUTION.

The report of the audit of the books of the Treasurer for the past biennium discloses that 20.52 per cent of all disbursements were made for eleemosynary purposes. These include the Pioneers' Home, old age pensions, care of dependent children and relief of indigents. I am not aware of any other State or Territory which devotes as great a proportion of its revenue to these purposes and I am convinced that we do not exercise adequate control over the expenditures.

Authorization for appropriations for the Relief of Destitution are contained in Articles 3 and 4, Chapter 65, Session Laws of 1929. The first, provides a fund for distribution under the Office of the Governor; and sec-

ond, provides for an allotment of funds to the Federal Judges, but stipulates that the funds shall be allotted to the Judges in each Division by the Governor. This dual system is inefficient and wholly unnecessary. I am convinced that the funds should be combined and entire authority for their allotment placed in the Governor.

The present law provides for an Advisory Board to be created, by and in the discretion of the Governor, but years of experience have demonstrated that it is impracticable to create such a Board unless there are Territorial or Federal officials who will consent to act as members. I believe every one will concede that when relief is necessary it should be immediately available, otherwise it loses much of its value. Under the present system, insofar as the fund available to the Governor is concerned, this is impossible, and unless the applicant is in a community where the District Judge may be situated relief can not be granted without the exchange of correspondence.

Probably within the past two years every community in the nation has gained more experience in the distribution of relief funds than they have during any period within our recollection. It has been demonstrated very clearly that the most satisfactory way of relieving distress is through local organizations. This is especially true in small communities such as we have in the Territory, where the local officers are thoroughly familiar with the circumstances of every one within their jurisdiction. Moreover, every community should bear a fair share of the cost of relieving those who are so unfortunate as to require assistance. This burden should be distributed among all of the tax payers and not be collected by subscription from a few. Under the present system pursued in the Territory we are gradually drifting into the preliminary phase of the much condemned and ill-advised dole system. This is abhorrent to our traditions and we should make strenuous efforts to avoid it. There are certain cases, of course, which can not be relieved except by direct contribution, but I am satisfied that there are a very large number of those who are receiving assistance who would gladly perform services in exchange for the food and clothing that they require.

I believe the only practical method of meeting the situation is the one that I suggested to the last Legisla-

ture; namely, that the Governor be empowered to enter into agreements with the authorities in incorporated communities, under which all relief in the community will be under the direct supervision of the local authorities, and that the Territory will reimburse them for not exceeding 50 per cent of the funds so expended. The Governor should be able to require them to show that the funds so expended have been given for services actually rendered by the beneficiaries. It should be required that necessary public work within the community be undertaken and that the laborer should be paid on a basis to be determined by the circumstances, which would assure those who are working of sufficient funds to purchase actual necessities. Further, it should be required that the employment should be so arranged that each laborer will be permitted to work only a sufficient time during each month to provide funds required by his particular circumstances. It is possible under some plan of this kind to provide relief in a manner that will permit the applicant to maintain his self-respect and dignity. It has the further advantage that it will assure a fair contribution toward the relief of destitution and practically double the available amount that may be appropriated by the Territory. We have been unable to obtain accurate data as to the number of those who are receiving relief in the Territory at the present time, but we may safely assume that the number that must be cared for during the ensuing biennium will be at least 50 per cent greater, and I wish to urge you to give this matter your most careful consideration.

#### AMERICAN RED CROSS.

The American Red Cross, through its local Chapter in the Territory, has contributed flour and clothing for the relief of destitution. The value of the commodities sent to the Territory is approximately \$15,000.00 and during the next few months additional shipments of flour will be sent to some of the Chapters. These supplies have afforded relief to destitute people in many localities and I feel that the American Red Cross should be commended for assisting in the relief of destitution in the Territory.

#### EDUCATION.

Expenditures from the Territorial treasury for educational purposes for the period ending December 31, 1932,

amounted to 56 per cent of the total disbursements. In other words, 56 cents out of each dollar taken from the treasury during the two-year period was expended for our school system. The disbursements for the biennium ending December 31, 1916, were \$17,011.70 and for the period ending December 1, 1932, they were \$1,056,181.17, including deficiencies and the appropriation for the Agricultural College. This is an increase of approximately 6100 per cent in 16 years. If we exclude the College funds, the increase is approximately 5400 per cent. During this time the enrollment has increased approximately 61 per cent. We may well pause and consider whether or not we have wisely expended these funds and ascertain where we can effect economies without impairing efficiency.

Our school system is one of our most cherished institutions, and because it vitally influences the future stability of our government, it is the duty of the Territory and every community therein to provide adequate facilities so that every child may be afforded an opportunity to acquire an education. We have met this responsibility in fairly satisfactory manner and we shall do so in the future insofar as our finances will permit.

Two years ago I invited your attention to the fact that the burden of maintaining our school system is not fairly nor equitably distributed among those who are receiving the benefits from the schools, and again I wish to present the matter for your careful consideration. The report of the Commissioner of Education discloses that parents who are residing adjacent to many of our larger communities are sending their children to the city schools and are not contributing toward the cost of maintaining these institutions. The Territory pays \$30 per year for each pupil outside of the district and in addition, provides transportation in nine localities at an average cost of \$70.98 per pupil. The cost to the Territory for transportation and tuition during the school years 1931-32 was \$37,590.88. The tuition of \$30 does not reimburse the school for the cost incurred in educating the child, as is shown by the statistics compiled by the Commissioner of Education. The average cost per pupil in the incorporated school districts last year was \$122.89. It is apparent, therefore, that the difference, \$92.89, must be contributed by the Territory or paid by the tax payers within the district. In the larger districts, under the present law,

70 per cent is borne by the Territory and 30 per cent by the tax payers.

The existing law should be amended to bring property adjacent to incorporated cities and school districts within the jurisdiction of such school districts, thus requiring all persons who are receiving benefits from the schools to contribute to their support.

The entire cost of rural schools is borne by the Territory. The local residents do not bear any share of the burden except the \$5 tax collected from all males over the age of 21. Very often this is not paid, especially in the isolated districts. Perhaps this generous policy was justified in the early development of our school system, but I believe that if the residents in the small communities were required to pay a fair proportion of the cost of the schools they would have a greater interest in the attendance of the pupils and the proper conduct of the schools.

Fifteen years ago the Territory embarked on a policy of refunding to school districts a share of the total cost of maintenance. In the succeeding years the percentage contributed by the Territory has been gradually increased until now we are refunding 70, 75 and 80 per cent of the cost of the schools, depending on the total enrollment. In addition to the refund many new buildings have been constructed under special appropriations. It is worthy of note, as disclosed in the report by the Commissioner of Education, that 100 per cent of the cost of every expansion in the school system since its inception has been paid by the Territorial Government. Fortunately up to the present we have been able to increase revenues to meet the increased expenditures but now that we must retrench it is only fair that reductions should be made in the appropriations for the largest item in our budget.

The Budget Board decreased the estimates submitted by the Commissioner by taking 8 1/3 per cent from all salaries and by reducing the amounts to be refunded 10 per cent. These reductions, if adopted, will save \$127,000.00 during the next two years. Incorporated school districts would receive 60, 65 and 70 per cent in refunds instead of the 70, 75 and 80 per cent which they obtain under the present law and rural school districts would contribute 10 per cent of the cost of local institutions.

The Commissioner of Education states that the proposed reductions will not impair the efficiency of the schools.

The following table of expenditures for schools, exclusive of the Agricultural College, each year since 1917 shows the increase in this item:

1917	\$ 75,521.49
1918	185,608.66
1919	225,009.80
1920	216,914.97
1921	259,790.97
1922	239,087.61
1923	344,077.09
1924	209,184.63
1925	340,822.08
1926	380,000.29
1927	430,276.27
1928	418,838.27
1929	410,023.24
1930	525,581.36
1931	477,796.84
1932	472,036.83

Expenditures last year were six times those of 1917. There are many factors that have contributed to this increase. We find that we have almost doubled the number of schools, erected many new buildings, increased salaries and added to the curriculum. This situation is not peculiar to Alaska. On the contrary, nearly every public and private school in the United States has encountered the same experience and those in charge are confronted with the problem of reducing the rapidly increasing cost of maintaining these institutions. Recent reports disclose that approximately 50 per cent of the rural schools in the United States have been closed and many of the private institutions have been forced to suspend operations.

In the past the Territory has not followed a preconceived plan for new school buildings and, as a result, we

find that the requirements have not been properly fulfilled. A careful survey has been made and information on the facilities, available and required, in each community has been compiled. We can not provide all of the necessary improvements during the next two years but we should adopt a program which will meet the demands and authorize construction over a period of years. The amount to be expended in each year must be determined by the available funds. Full responsibility for the program should be in the Commissioner of Education.

For many years the Commissioner of Education was selected by the Board of Education. Four years ago the law was changed to provide for popular election of the Commissioner. The prevailing opinion among those who direct the public school systems throughout the United States is that this is not in the best interests of the schools. The policy of selecting the director of education by election has been tried and abandoned by a majority of States because it was found to be unsatisfactory. We should profit by their experience. Neither was the Territorial Board of Education, as it existed formerly, satisfactory. It could not function properly since it convened only once in two years. We should have a Board of Education composed of qualified citizens who will accept the responsibility and serve for a period of six years. This Board should be authorized to select the Commissioner of Education and he should hold his office at the pleasure of the Board. His duties and responsibilities should be prescribed by the Board and his term of office should depend on his ability to maintain the system in an efficient and economical manner.

The Commissioner of Education has prepared an exhaustive report on every phase of our present school system. This report merits most careful consideration by those who are interested in our schools. Your attention is particularly invited to his recommendations pertaining to the distribution of costs, a program for buildings, and a change in the Board of Education and the selection of the Commissioner.

#### CITIZENSHIP NIGHT SCHOOL

Statistics compiled from the records of Citizenship Night Schools indicate that the enrollment has declined

and the average daily attendance is below fifty per cent. Under the present law the Territory pays all of the expenses for these schools, and as long as there was a sustained interest and reasonable number of students, this was justified. We should not continue them unless there is a demand for the instruction. The best evidence of interest on the part of those who derive benefits from the schools would be their willingness to contribute a share of the cost. It is recommended that a nominal enrollment fee of \$10.00 be required from each student. There may be a few instances where the students could not pay this fee and in that event the school board should be authorized to permit attendance without charge. Under the above plan the cost to the Territory of Citizenship Night Schools probably would be less than \$500.00.

#### ROADS, TRAILS AND LANDING FIELDS

The present practice of expending Territorial road funds under cooperative agreements with the Federal road-building agencies under the supervision of the Territorial Highway Engineer, appears to be the most satisfactory arrangement that can be made at the present time. It is advantageous to the Territory because it permits the expenditure of a large percentage of our appropriations on local improvements and allows the Federal organizations to expend their allotments on the major projects. On July 1, 1932, the Alaska Road Commission was transferred from the War Department to the Interior Department and all of the activities, which were directed by the Engineer Corps of the United States Army, are now under the supervision of the Chief Engineer under the direction of the Governor.

Prior to the transfer Congress reduced the appropriations, which for a number of years have averaged between \$800,000.00 and \$1,000,000.00, to approximately \$500,000.00. The present Congress appropriated the same amount for the next fiscal year. The allotment is sufficient to maintain and improve existing projects but it will not permit the Road Commission to undertake any new work. In fact, it is the announced policy of Congress to restrict road work to those projects which had been undertaken prior to 1931. All items for new work were stricken from the estimates by the Budget and efforts to have them reinstated by Congress were of no avail. The

appropriations for forest roads and trails under the Federal Highway Act, which formerly yielded approximately \$900,000.00 for expenditure on Territorial projects, were reduced by Congress to approximately \$350,000.00. Under existing law the allotments for projects of this kind are based on the area of the National Forests in the Territory as compared with the total area of National Forests in the United States, the area of vacant Public Lands in the Territory, and other minor factors. However, because of representations that were made in Congress, the allotment to which we are entitled under the law was reduced to the arbitrary figure of \$350,000.00 and the restrictions placed on the allotment by the last Congress were continued in the present session. Congress, therefore, has reduced the Federal Road Appropriation approximately \$1,000,000.00 and we can not hope for an increase in these items during the next two years.

Territorial appropriations for roads have fluctuated between wide limits and have been controlled by funds available in the Territorial treasury. When the balance on hand has been above normal large appropriations have been justified and when there has been a decline in revenues the road funds have been proportionately reduced. Last biennium \$300,000.00 was appropriated but because of the sharp decline in our revenues only about one-third of this amount was allotted and there remains somewhat in excess of \$200,000.00, which was not expended. The Territorial Highway Engineer has submitted an estimate for the coming biennium and requested an appropriation of \$300,000.00 for roads and trails. This has been reduced by the Budget Board to \$100,000.00 and we believe this is all that can be allowed if our expenditures are to be kept within our probable revenues. We all realize that roads and trails are necessary in the development of the Territory. Nevertheless, when we are confronted with a situation such as exists at the present time, of providing sufficient funds to maintain our schools and other functions of a similar nature, I believe we are justified in reducing the road appropriations rather than in impairing the efficiency of our educational systems or eleemosynary institutions. The allotment of \$100,000.00 will permit only the necessary maintenance work on existing projects. Many of these projects have deteriorated during the past two years because of the lack of funds, and the Road

Board should be permitted to allot funds for rehabilitation of the most essential of these projects.

In the past there has been a growing tendency on the part of the Legislature to direct the allotment of road funds and divert them for other purposes, although this is specifically prohibited by the Organic Act. The results of this procedure are not serious when ample funds are available, but they do prevent a proper and equitable distribution of funds when appropriations are limited, as they must be during the coming biennium.

There is another factor which must be given most careful consideration in allotting our funds. It is very apparent in the hearings before the Appropriation Committee in Congress that the members of the committee feel that we should show our interest in actual road-building projects by allotting reasonable funds for cooperative work. They are fully aware of the limited funds at our disposal and apparently have no desire to base their appropriations on the amounts that we may be able to contribute. Rather they base their action on the proportion of our total appropriations which we are willing to allot to cooperation projects. It is almost certain that if we continue to divert road funds to other purposes as we have in the past the Federal appropriations will be reduced accordingly.

For several years we have expended approximately one-fifth of our road appropriations for landing fields and hydroplane ports. This was necessary and most desirable but I believe that the urgent demands have been met and that the only necessary expenditures in the immediate future are for maintenance work on some of the existing fields. In the past two years there has been a tendency to change the type of landing gear on the aircraft in the Territory and substitute pontoons for wheels. It seems to be the opinion of those who are directing the operations that the latter type is better adapted for transportation in the Territory. There will be a limited number of planes equipped with wheels that must be used in some of the districts, but it is quite probable that many of the fields constructed in the past will no longer be needed. We should not undertake any new projects until we are certain as to the requirements that will be necessary and the type of planes that will be used.

During the last two years a limited amount of funds has been expended for repair of shelter cabins. There appears to be no urgent demand for new structures and we should confine our expenditures during this biennium to necessary repairs. A small appropriation should be sufficient.

### AVIATION

Experience gained during the biennium indicates that our laws pertaining to aviation are, in most respects, satisfactory, and ample authority for enforcement is vested in the Territorial Highway Engineer. Some amendments may be necessary and these are fully discussed in a communication from the administrative officer. Many of the difficulties that were apparent two years ago have been overcome. The larger companies have equipped their planes with facilities for wireless communication and now they are able to maintain contact with ground stations at all times. This one factor has materially reduced the hazard of air transportation. Two years ago I requested an appropriation of \$2,500 for the purpose of providing carrier pigeons to be used by airplanes in the Interior of the Territory. This appropriation was not expended because of the arrangements that were made for wireless communication. Transportation by airplane continues to be one of the important factors in the development of the Interior of Alaska and, no doubt, present facilities will be materially improved during the next two years. It was hoped that the Post Office Department would grant air mail contracts in Alaska, but this seems unlikely as long as present conditions prevail.

### PREDATORY ANIMALS.

For several years prior to 1931 the Territory and the Federal Government cooperated in a plan for the control of predatory animals. The last Legislature declined to continue this cooperation on the assumption that better results could be achieved by offering a bounty, and for the past two years we have been paying bounties on wolves, coyotes, eagles and hair seals.

The sum of \$40,000.00 was appropriated to pay bounties on wolves and coyotes and of this sum \$20,139.50 remained unexpended December 31, 1932. \$5,000.00 was

made available for the bounty on eagles. This appropriation was exhausted and the Territorial Treasurer has on file claims for \$2,500.00. Chapter 48, Session Laws of 1927, placed a bounty of \$2.00 on hair seal and the last Legislature set aside \$17,500.00 for this purpose. The appropriation was exhausted sometime ago and the Treasurer has a record of unpaid bounties amounting to \$8,500.00.

It was contended by those who urged an increase in the bounty on wolves and coyotes that if the Territory increased the amount paid for each animal captured it would stimulate the annual catch and afford necessary protection to game animals and the reindeer herds. This apparently is not sustained by the records. In 1929-30 2,002 wolves and coyotes were presented for bounty while during the past two years 1,618 bounties were collected from the Treasurer. Apparently the increase in the bounty did not have any material effect on the number of wolves captured. Wolves and coyotes are a menace to all other wild life and I believe that under ordinary conditions we should continue our efforts to exterminate them to the extent that may be warranted by our finances, but in the present situation, when we are forced to curtail the expenditures for other and far more necessary functions, I feel it would be wholly inconsistent to continue paying bounties.

For several years it has been a moot question as to whether or not eagles actually inflict serious damage on smaller animals and the fish. Without doubt there are cases where they carry off small foxes, and I presume they do destroy a certain number of salmon, but I am not convinced that the damage is sufficient to justify the Territory in continuing the bounty, particularly during the next two years.

The records disclose that 8,741 hair seals were presented for bounty during the past biennium. The policy of paying the bounty on hair seals was inaugurated at a time when it seemed apparent that they were a contributing factor in depleting the salmon runs. It was very evident from the statements of fishermen, and others who were in a position to know the conditions, that the animals were destroying a large quantity of fish and fishing gear. Since that time the annual run of salmon has been rehabilitated and apparently there is no further need of continuing the bounty system.

There is another phase of the problem, however, which we must take into consideration. A very large number of the claims presented for bounty originate with Natives and others who resort to their capture as a means of providing themselves with the necessary funds to purchase food and clothing, and I believe that if the bounty is discontinued a certain number of those who have earned money by killing the seals will have to appeal to the Indigent Fund for relief. Nevertheless, I am convinced that we should suspend payment of these bounties during the next biennium. I am not moved to make these recommendations because I do not favor the bounties, because I believe they do accomplish good results, but solely because I believe that if we devote funds to these purposes we will have to deprive some of our more necessary projects of funds necessary to maintain them efficiently.

#### FUR FARMING AND DAIRY INSPECTION.

Chapter 53, Session Laws of 1927, authorized the appointment of an experienced Veterinarian to assist and advise those who are engaged in the propagation of fur-bearing animals in the Territory. In 1929, in accordance with recommendations submitted to the Legislature, the duty of examining all dairy cattle was assigned to the Territorial Veterinarian. This plan was most satisfactory and a considerable sum was saved by the consolidation. During the last session authority was requested to combine the work of the Territorial Veterinarian with that of the Agricultural College and School of Mines and this was granted. Early in 1932 a satisfactory plan was devised whereby the Territorial Veterinarian could be assigned to the Agricultural College and his salary paid out of Federal funds appropriated for that purpose. It appeared, after careful investigation, that he could render the same service to the fur farmers and dairymen as has been given in the past, and the consolidation was approved. This consolidation saved approximately \$12,000.00 of the last appropriation and will result in the saving of some \$20,000.00 during the ensuing biennium.

Chapter 55, Session Laws of 1919, provides among other things that where the Territorial Veterinarian finds it necessary to destroy live stock the Territory will pay a part of the appraised value. During the past biennium approximately \$1,800.00 was expended and an appropria-

tion of \$2,500.00 should be ample for this purpose during the next two years.

### RECUE AND RELIEF OF LOST PERSONS.

Chapter 31, Session Laws of 1917, as amended by Chapter 41, Session Laws of 1919, authorizes United States Commissioners to organize searching parties for the rescue and relief of lost persons who are lost or who have disappeared and the cost of these parties is paid out of a fund provided by the Territory. All of funds appropriated in 1931 have been expended and there is a deficiency of approximately \$1,000.00.

I am convinced that the present practice is inefficient and undesirable because it prevents the control of these funds by administrative officers of the Territory, and cases have arisen where the Commissioners, under the direction granted by the Act, have incurred obligations which appear to be greatly in excess of what should be expended to achieve the necessary results. The law should be amended so that a limit will be placed on the amount that may be expended by a United States Commissioner, and he should be required to obtain approval of the Governor before exceeding the minimum amount authorized by the law.

### ORTHOPEDIC HOSPITAL.

For several years the Territory has appropriated funds to reimburse the Orthopedic Hospital in Seattle for the care of Alaskan children. The Territory is without adequate facilities for treating cases of this kind and it is unfair for us to expect the Seattle Hospital to care for the children without reimbursement. Always they have given the same care and consideration to the children from Alaska as they have to those from the State of Washington, and we know that they will continue to do this even though they can not be paid for the excellent services that they render. They are operating under great difficulties and must rely on contributions for all operating expenses of the institution. I feel that those who are in charge should be commended for the unselfish services they are giving to the children. I believe that no one will question the assertion, that a few hundred dollars spent on those children who are so unfortunate as to need this, is wholly justified. Certainly if we can restore them to

a normal condition so that they will be enabled to care for themselves, we will have performed a most meritorious service and relieved the Territory of a continuing expense in the future. During the biennium 10 children were treated at a cost of \$4,106.25, leaving a balance in the fund of \$893.75.

### HEALTH AND SANITATION.

Conditions affecting the health of the people in the Territory have been most satisfactory during the past two years. Alaska has been remarkably free from serious epidemics and contagious diseases during the biennium. Diphtheria and influenza have appeared in many of the localities but with two exceptions they did not reach the proportions of an epidemic. Typhoid fever appeared in one or two communities, but prompt action by the local authorities prevented widespread contagion.

In keeping with the policy established some years ago the Territorial Health Officer has supplied serums and vaccines wherever they were required, and at the present time we have a supply in the custody of each Assistant Health Officer in strategic locations throughout the Territory.

The United States Public Health Service continued its cooperation with the Territorial officers and has examined and vaccinated the majority of the cannery employees before they embark for the Territory. The results of this precaution are far reaching and the benefits are very apparent in the improved conditions, especially in the coastal sections.

### INSANE OF ALASKA.

The present method of caring for the insane of Alaska has been discussed by every session of the Legislature since its organization. I think that generally it is agreed that the contract system now in effect is contrary to the best practice and that we can not expect the patients to receive the same degree of care in a private institution under contract as they would in a public hospital. Repeated efforts have been made to prevail on Congress to provide a suitable institution, preferably in the Territory, but if this is not possible somewhere in a desirable location elsewhere. I feel certain that if normal conditions

had continued the project would have received favorable consideration, but under conditions as they exist at the present time I do not believe we can expect that any action will be taken. We must anticipate a continuation of the present system in the next few years.

There are at the present time 282 patients at Morningside Sanitarium. During the bienium 58 were committed and 47 died or were discharged. We have received excellent cooperation from the Public Health Doctor stationed at the institution and have received but few complaints regarding the conditions. In every instance we have investigated the complaints and it has been ascertained that the action taken by those in charge of the hospital was in keeping with the accepted practices.

#### STOCKING PUBLIC LANDS IN ALASKA.

Chapter 51, Session Laws of 1925, authorizes the expenditure of funds for placing fur-bearing animals on certain public lands in the Territory. Each year since then one or more projects have been under way and a variety of wild animals have been placed in regions where it was hoped that they would increase and be a source of food for the people or supply fur for the trapper. Many of the projects that were undertaken have been successful, and under normal conditions a continuation of the program would be justified, but I feel that we can suspend the operation of this law during the next two years without affecting the projects which have been undertaken or depriving the Territory of benefits which might accrue. During the past two years less than \$400.00 has been expended. The greater part of this has been for feed for the animals that were placed in various sections of the Territory in previous years. There is an available balance of \$12,714.06 and I wish to recommend that the provisions of this law be suspended during the coming bienium.

#### ALASKA HISTORICAL LIBRARY AND MUSEUM BUILDING.

Several years ago the Territory purchased the building on the corner of Third and Seward Streets at a cost of \$15,000.00. Subsequently approximately \$6,000.00 was spent in repairs, and the building was used by the Territorial officers and the Historical Library and Museum until

the completion of the Federal Building. Since that time we have expended necessary funds to keep it in reasonable repair. During the last session of the Legislature the Governor was authorized to deed the property to the Federal Government in the event that all of the other property in the block should be purchased and converted into a park. For some time there was a reasonable expectation that the Federal Government would acquire the other property, but under existing conditions it is not at all probable that funds will be available and we can not hope for an appropriation for this purpose. Each year we expend several hundred dollars keeping the property in repair, and since there is but little probability that the Territory will again have use for the building it seems advisable to dispose of it. It is recommended that necessary authority be given to the Governor to dispose of it in a manner most advantageous to the Territory and to deposit the proceedings of the sale to the credit of the permanent building fund of the Pioneers' Home.

#### PROSPECTORS' AID.

For the past six years appropriations have been made available to pay transportation for prospectors who desired to pursue their calling but were without sufficient funds to transport themselves or their supplies to the scene of their activities. The last Legislature appropriated \$20,000.00 for this purpose, but owing to the emergency which arose it was necessary to withhold a part of this fund and on December 31st there was an unexpended balance of the appropriation of \$9,181.37. Since this law was enacted there has been a very material change in economic conditions. Gold is at a premium and I am of the opinion that present conditions are such that it is unnecessary to continue to give aid to prospectors. There is such a demand for gold that bona fide prospectors should have little difficulty in obtaining funds to enable them to obtain the necessary supplies. There was a number of other States which provided similar funds and some, if not a majority of them, have discontinued the practice. The law has been in operation a sufficient length of time to enable you to judge whether or not the results achieved in your respective districts are commensurate with the expenditures that have been made by the Territory. The Budget Board did not include an item for this appropriation in its estimate.

### DESTRUCTION OF PREDATORY ENEMIES OF SALMON.

Chapter 90, Session Laws of 1929, authorizes appropriations to be expended in cooperation with the United States Bureau of Fisheries for clearing salmon streams and for the destruction of trout and other predatory enemies of the salmon. The last Legislature appropriated \$25,000.00 for this purpose and approximately 50 per cent of this amount was expended.

A detailed report, prepared and submitted by the Agent in Charge of the Bureau of Fisheries, will be transmitted to you for your examination. It will be noted that practically the entire amount expended was for bounties paid to those who destroyed trout in the waters tributary to Bristol Bay. It is the opinion of the Bureau of Fisheries that the destruction of trout in the salmon streams is of great benefit to the industry.

The appropriation served another very useful service in that it provided means whereby Natives and others in those districts could earn sufficient funds to support themselves and their families. Without doubt if it had not been for the relief thus afforded there would have been increased demands for relief of destitution. In the four years that the law has been in operation the Packers Associations have contributed approximately \$25,000.00 to share in the expenses of this work and they consider it of great value. If we were not faced with such a serious situation, I would unhesitatingly recommend further appropriations under this law. But under the circumstances and in view of the fact that all similar appropriations have been stricken from the Budget's estimates, I feel that such a recommendation is inconsistent with the policy that we must pursue during the coming two years.

### BOXING COMMISSION.

The commission for the control of pugilistic encounters in the Territory created under an Act of the Legislature has functioned in a manner that is very satisfactory. The members have been diligent in the performance of their duties and the rules and regulations that were promulgated by them appear to meet the requirements. The report to the Secretary will be transmitted to you in due course.

### PUBLICITY.

An appropriation of \$2,000.00, to be expended by the Governor, for the dissemination of information about Alaska and the publication and circulation of pamphlets, was made available by the last Legislature. Of this sum we have expended approximately \$400.00. A new edition of the booklet on the history of the Territory was printed and several thousand copies of it have been distributed. I believe that we have a sufficient supply of these on hand to meet the demands during the next two years and there appears to be no reason why further appropriations should be made at this time.

### FIRES AND FIRE PATROL.

Chapter 46, Session Laws of 1927, authorizes the appointment of fire wardens in certain districts and the expenditure of funds in cooperation with the Federal Government for the prevention and suppression of destructive forest fires. During the past two years no expenditures were incurred under this law, since it was believed to be one of the items that could be curtailed without seriously jeopardizing the interests of the Territory. A few fires were reported but most of them were in districts where it was impracticable to attempt to control them and where but little damage could result to our forests or grazing land. A further appropriation under this Act is not necessary at this time.

### AGRICULTURAL FAIRS.

Chapter 38, Session Laws of 1927, authorizes an allotment of \$2,000.00 each year to Fair Associations in the Territory. Prior to 1930 only three such associations qualified under the Act, but during that year a fourth association was organized and applied for assistance. The last Legislature appropriated \$16,500 to be expended under the provisions of the above Act and on December 31st there remained an expended balance of \$10,500.00.

Early in 1932, when it became apparent that there would be a decline in our revenues, I communicated with the managers of the various Fair Associations and asked them to cooperate with the Territorial Government by curtailing their expenditures so that it would be unnecessary for them to apply for assistance. This request met with prompt response and, as a result, the several

Fair Associations last year did not receive the \$2,000.00 provided by the Act. I wish to commend those in charge of the Fairs for their cooperation, and while I believe that these local Fairs are of material benefit I feel that it is unnecessary for the Territory to make further contributions to them until such time as there is an improvement in our financial situation.

#### WARBLE FLY.

Chapter 85, Session Laws of 1929, authorizes cooperation with the Biological Survey in the study of methods for the control of the warble fly and other reindeer parasites. At that time an agreement was entered into whereby the Biological Survey contributed the services of a Parasitologist and the Territory assumed the obligation for his expenses, the purchase of necessary materials and for the labor required in the experiments. The last Legislature appropriated \$6,000.00 to continue this work. In 1932, when Congress failed to make necessary appropriations, the Biological Survey was forced to withdraw the services of the Parasitologist and, accordingly, the entire program was abandoned. Approximately \$2,500.00 remain in the fund and this will revert to the Territory. A complete report on the progress of the work was submitted and is available for your consideration. The control of parasites which infest reindeer herds is essential if the industry is to derive the maximum value from the hides and other products, but the cost of such a project is far beyond the limited resources of the Territory at the present time and I believe the investigation must be abandoned until such time as the Federal Government will again participate in the undertaking.

#### ELECTION LAWS.

The Constitutional Amendment, which provides for changing the date on which the President of the United States assumes his office and the new Congress convenes, has been ratified and beginning in 1936 Congress will convene early in January. If Alaska is to be represented by a Delegate in the new Congress of that year, it will be necessary for us to change the date of our election. The present method of canvassing the votes and issuing the certificates of election requires that the returns be transmitted to the Clerks of the Court and to the Office

of the Governor immediately after the date of election. Owing to the infrequency of the mail and the long distances which must be covered, all of the returns are seldom received in Juneau until about February 15th, and the Canvassing Board can not certify to the election of candidates until after that date. In the event that circumstances arise which require a recount of the ballots or a delay in issuing the certificates, conceivably it would be well into March before the successful candidate could be given proper credentials. We can not expedite the transmittal of the returns because this depends on agencies beyond our control. Therefore, the only solution of the problem is to advance the Territorial election to a date which will assure the performance of the duties required of the Canvassing Board and allow for all contingencies that might arise so that the Delegate can be in Washington on the convening of the Congress. Careful consideration has been given to this problem and I believe that we should hold our Territorial elections early in September, preferably on the first Tuesday after Labor Day. If the elections are advanced to this date it will be possible to have all of the returns in Juneau in ample time for action by the Canvassing Board. Moreover, at that time of the year those residents of the Territory who contemplate spending the winter away from their usual residence will be able to avail themselves of their rights to vote and the necessity for an absentee voting law will be very largely obviated. This situation is so apparent that it needs no argument and should receive early consideration.

If the date of the general election is advanced as recommended careful consideration should be given to the desirability of changing the date on which the Legislature convenes. Without doubt it would be more convenient for many of the members if the session began early in January. It would be more desirable if the cannerymen and other large tax payers could be advised early in the year of the schedules that would be applied to their production during the next operating season. As it is most of them must make their plans some time in advance of the adoption of the tax schedules. The 60-day session of the Legislature if convened early in January, would be completed before March 31st, and all appropriations could be made to expire at the close of the fiscal year, thus avoiding the necessity for making provisions in

current appropriation bills for deficiencies which may occur. Each session of the Legislature prepares Memorials and Resolutions for consideration by Congress, and if the Territorial Legislative session was concurrent with that of Congress these Resolutions and Memorials would be immediately presented by the Delegate. I desire to present this matter for your deliberation.

There is a lack of uniformity in the dates when elected officers assume their duties. It will promote efficiency if the new officials begin their terms on the first day of the new fiscal year. This is especially desirable if the date of the legislative session is advanced to January.

Congress has devoted a large amount of time to the consideration of legislation intended to change existing laws relating to the manufacture and sale of intoxicating beverages. It seems certain that the next Congress will enact some form of an amendment and in all probability such action will not be taken until after your adjournment. The Territory should be prepared to avail itself of any benefits from possible revenues that may accrue under whatever law may be approved. Legislation which will permit the Territory and the municipalities therein to levy and collect such revenues as may be authorized under the law when it is enacted, should receive your careful consideration.

#### THE BANKING SITUATION.

Within the past week a crisis developed in the banking situation throughout the United States. To meet the emergency and to safeguard the financial structure of the nation the President, on March 6th, proclaimed a four day holiday and directed all banking institutions in the United States, Territories and insular possessions, to remain closed or to operate under regulations that will be promulgated by the Secretary of the Treasury. Our Territorial banks, of necessity, transact business with the banks in many States and are, therefore, affected by the situation that has developed outside of the Territory. We must take such action as is necessary to safeguard depositors and the institutions in which they have placed their funds. For the present, the best procedure seems to be to adopt measures that are in conformity with those in force in the States and other Territories.

We can not now anticipate what further steps may be necessary, the conditions are changing too rapidly, but we must keep fully advised and be ready to take such action as may be warranted by the situation as it develops. We are placed in this position, not because of the conditions in the Territory but because of conditions elsewhere over which we have no control.

#### DEFICIENCIES.

Expenditures during the biennium have been kept within the appropriations in every case where the allotment of funds is under the direct supervision of Territorial officers. In three instances: namely, bounties on eagles, bounties on hair seals, and rescue and relief of lost persons obligations have been incurred in excess of the amounts appropriated. The Territorial Treasurer has in his files claims for approximately \$2,500.00 under the eagle bounty law and \$8,500.00 under the law which provides for bounties on hair seal. The appropriation for rescue and relief of lost persons was entirely expended and we have on file claims for approximately \$1,000.00. Statements of these deficiencies will be transmitted to you for such action as you may deem it advisable to take in each case.

I am advised that many of the business men throughout the Territory have advanced money on bounties for eagles and hair seals in anticipation of favorable action by the Legislature. In many instances they have by their action enabled residents of the Territory to obtain funds for the purchase of necessary supplies and their claims should receive most careful consideration.

#### REPORTS.

In compliance with the law an audit of the books in the Office of the Secretary and the Auditor has been made by a Certified Public Accountant. The report will be transmitted to you for your information and such action as you may deem it advisable to take on the recommendations that have been included therein. The data contained in this report will serve as an excellent guide in considering the appropriations for the biennium.

Reports on the activities of the various Departments of the Territorial Government and the independent commissions have been prepared by the officials in charge

of the respective offices and they will be transmitted to you in accordance with the instructions contained in the laws. Each report discloses the details of the administration and shows the results that have been achieved during the past two years. They have been very carefully prepared so that you may be fully advised concerning the administrative activities of those who have been entrusted with the responsibilities in their respective offices during the biennium. These reports should be the basis for your action on requests for appropriations and I am sure that each officer in the preparation of his report has been guided by the experience he has gained as a result of intimate association with the problems of his office, and if for no other reason the recommendations merit your thoughtful consideration.

The preparation of the Message of the Governor and the reports of the several departments consumes a considerable period of time. The estimates, balances and recommendations for appropriations are based on what is believed to be the best information available at the time the text is written. I wish to call this to your attention because of the unusual and unforeseen developments of the past few days. In all probability the rapidly changing economic situation will have far-reaching effects on our industries and our revenues. No one can anticipate what may develop within the next sixty days. Under these circumstances, when the time arrives to consider the recommendations that have been made, the data that has been submitted should be supplemented with such additional information as you may have received and interpreted according to the then existing conditions.

Legislative sessions are limited by law to sixty days and within this time problems of grave importance to the Territory must be solved. Our laws generally are satisfactory and there is but little apparent need of new legislation. Every effort should be made to dispose of all legislative business early in the session. Frequently the closing days of the session are devoted to routine matters that could have been completed earlier if they had been pressed. It is not unusual to find that congested calendars near the end of the session prevent consideration of meritorious legislation.

From time to time, as necessity may require, I shall transmit to you additional reports and recommendations.

The Territorial officials are prepared to aid you in your work. All of the facilities of the several offices are available to you and those in charge will be glad to give you information pertaining to matters that are within the jurisdiction of their offices.

In conclusion may I state that I am confident that when the session is adjourned the records will show that the welfare of our people and the best interests of our Territory have been our chief consideration.

Mr. Hess of the Senate moved that the Eleventh Legislature of the Territory of Alaska in joint session extend to Governor Parks its sincere thanks for the able message that he delivered and for the clear manner in which he brought to the attention of the Legislature the many problems that confront us. Seconded by Mr. Helmerich. Motion carried.

House declared a fifteen minute recess.

#### AFTER RECESS.

Pursuant to adjournment. House called to order at 3:35 o'clock.

#### MESSAGES FROM THE SENATE.

A message from the Senate transmitting Senate Bill No. 1, which passed the Senate, was received and read.

#### INTRODUCTION AND FIRST READING OF SENATE BILLS.

Senate Bill No. 1, by Mr. Hess, entitled, "An Act to authorize the Territorial Banking Board to declare a banking holiday, and to authorize banks to postpone payment of deposits, and giving this Act immediate effect," was introduced, read the first time and referred to the Committee on Banks, Banking and Corporations.

House declared a recess until 3:45 o'clock P. M.