

JOURNAL
OF THE
House of Representatives
OF THE
Territory of Alaska
FIFTEENTH SESSION

BEGUN AND HELD AT
JUNEAU, THE TERRITORIAL CAPITAL
JANUARY 27TH, 1941

Adjourned Sine Die, March 27th, 1941

H. H. McCUTCHEON,
Speaker

LAWRENCE KERR,
Chief Clerk

THIRD DAY

HOUSE OF REPRESENTATIVES,
Juneau, Alaska, January 29th, 1941

Fursuant to adjournment the House was called to order at 1:30 o'clock P. M., by H. H. McCutcheon, 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 SENATE

Senators Sullivan, Brownell and Coffey appeared at the bar of the House as a Committee to notify the House that the Senate was organized and ready to proceed with business.

A message from the Senate transmitting SENATE CONCURRENT RESOLUTION NO. 1, which had passed the Senate, was read. By unanimous consent, SENATE CONCURRENT RESOLUTION NO. 1 was advanced on today's calendar for first reading.

FIRST READING OF SENATE BILLS

SENATE CONCURRENT RESOLUTION NO. 1, resolving that the Senate and House meet in joint session in the Assembly Hall of the House of Representatives on Wednesday, the 29th day of January, 1941, at the hour

of two o'clock in the afternoon for the purpose of receiving the message of Honorable Ernest Gruening, Governor of the Territory of Alaska, was read the first time.

It was moved by Mr. Rogge, seconded by Mr. Lyng, that the rules be suspended as to SENATE CONCURRENT RESOLUTION NO. 1, that it be considered read the second and third times and placed upon final passage.

The question being, "Shall the rules be suspended and the Resolution placed upon final passage?", the roll was called with the following result:

Yeas—15: Davis, Egan, Gordon, Herbert, Jenne, Lyng, McCormick, Peterson, Rogge, Shattuck, Smith, Harvey J., Smith, W. Leonard, Stangroom, Whaley, Mr. Speaker.

Nays—1: Lander.

And so the rules were suspended.

The question then being, "Shall the Resolution pass?", the roll was called with the following result:

Yeas—16: Davis, Egan, Gordon, Herbert, Jenne, Lander, Lyng, McCormick, Peterson, Rogge, Shattuck, Smith, Harvey J., Smith, W. Leonard, Stangroom, Whaley, Mr. Speaker.

Nays—0:

And so the Resolution passed.

The Speaker announced that he had signed SENATE CONCURRENT RESOLUTION NO. 1 and ordered the same returned to the Senate.

The Speaker appointed Messrs. Rogge, McCormick and Gordon as a Committee to notify the Senate that the House was ready to meet in Joint Session.

Thereupon the House recessed until 2:00 P. M.

AFTER RECESS

The House was called to order at 2:00 P. M.

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 appointed Messrs. Harvey J. Smith and Egan as a Committee to escort the President of the Senate to the Chair.

The Secretary of the Senate called the roll of the Senate. All members were present.

The Chief Clerk of the House called the roll of the House. All members were present.

The Chief Clerk of the House read SENATE CONCURRENT RESOLUTION NO. 1, which stated the purpose of the Joint Session was to receive the message of the Honorable Ernest Gruening, Governor of the Territory of Alaska.

It was moved by Mr. Lyng, seconded by Mr. Rogge, that a Committee of three be appointed to notify the Governor that the Joint Session was ready to receive his message.

Motion carried.

The President thereupon appointed Representatives Shattuck and Gordon, and Senator Sullivan as such Committee.

The Governor was escorted to the rostrum by said Committee and was introduced by the President of the Senate, Honorable Henry Roden, who said that he had the pleasure and honor to present the Honorable Ernest Gruening, Governor of the Territory of Alaska, and representative of the President of the United States.

The Governor thereupon delivered the following message:

Following tradition, it is my privilege and pleasure to address the legislature at this, its fifteenth biennial session, to report on the state of the Territory, to discuss our common problems and responsibilities, and to make the recommendations from the executive to the legislative branch as is both customary here in Alaska and established practice everywhere under our American system of government.

It is with a sense of profound satisfaction that I can present to the members of the legislature a favorable picture of conditions in the Territory and of territorial prospects in general. Perhaps the best way to appreciate how good these conditions are is to go back eight years and recall the circumstances that then existed as portrayed to the legislature in his last message by my distinguished predecessor, The Honorable George A. Parks. Reporting that the commerce of Alaska in the preceding year, 1932, had reached "the lowest point in nearly two decades," he forecast a still further decline, saying:

"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 . . . Industrial expansion appears to be wholly improbable for some time to come and we cannot hope for new activities that would be sources of revenue . . .

"The revenue for the past biennium declined approximately 25 per cent . . . and present conditions do not warrant the expectation that there will be a material improvement in the near future. In fact, we should anticipate continued decline . . . "

Accurate as this gloomy picture was of conditions then existing in the Territory, we know, now, that, fortunately, the pessimistic forecast proved to be unfounded. Within a few days after this message was delivered, a new national administration took over the conduct of affairs, and the upward and forward march of

the Territory of Alaska, economically and socially, began.

Among the many beneficent reforms inaugurated by that new administration was an increase of 69 1/3 per cent in the price of gold. Today—eight years later—the U. S. Geological Survey reports that the value of gold production of the Territory reached a new all-time high of \$25,375,000 during 1940, exceeding even the highs of the gold rush days, and an increase of \$2,100,000 more than the year 1939. Platinum metals likewise increased both in quantity and value, the past year, 1940, showing an extraction of 28,860 ounces valued at \$1,092,000 as compared with 27,230 ounces to a value of \$997,000 in 1939. The bienium recorded the highest production in the platinum metals, both in quantity, and value, in the history of Alaska. Total mineral production likewise rose, reaching approximately \$27,658,000, a 9 1/4% increase over 1939. Among the new records should be mentioned that more coal was mined in the Territory than in any preceding year—a total of 170,000 tons.

One of the other factors which has contributed to the prosperity of the gold mining industry is the growing participation of the Reconstruction Finance Corporation by assisting mining through loans which afford operators Federal funds at a lower rate of interest than is attainable otherwise.

Nor is there any reason, as the U. S. Geological Survey points out, to assume for a moment that this new peak represents a temporary or accidental circumstance. On the contrary, a water shortage in considerable areas of the interior during a part of the 1940 mining season diminished the production.

In the fisheries industry the picture is less rosy, in that the salmon pack for the past biennium has been substantially below the five-year average.

In 1939 the total pack of canned salmon was 5,263,153 cases, valued at \$34,441,082. This was a decrease of about 23% in quantity, and about 6% in value from the production in 1938 when the pack was 6,806,998 cases valued at \$36,636,897. But in the year 1940, the total pack and its value dropped still further. In the year just ended the pack was 5,028,378 cases, 234,775

cases fewer than the 1939 pack and with a value of \$31,828,451—a diminution in value of \$2,612,631. The decline in production in 1940 was in part due to the small red salmon catch in Bristol Bay which is anticipated every fifth year. There is, of course, no indication of what next year's pack will be, but the successive declines in value would indicate an important tendency in the Alaskan economy, namely, that gold and salmon are getting closer and closer together in economic importance.

Other salmon products showed a corresponding decline. Also, the catch of herring for conversion into oil and meal was off about 59% owing to regulations limiting the taking of herring for reduction purposes—a conservation measure; but herring taken for pickling showed an almost corresponding increase—51.6%.

The halibut catch limited by international agreement and valued at around \$900,000 was about normal. Shell fish, clams, crabs and shrimp, however, all registered substantial increases in both quantity and value.

In furs—Alaska's third largest industry—565,553 pelts shipped in 1940 totaled \$1,958,533. This was \$48,422 more than 1939 and represents the largest number of pelts shipped from the Territory in nine years and the highest value shipped out, with one exception, in ten years.

However, there are other factors of far reaching importance which indicate that the Territory is entering a new era of progress and growth. The 1940 census in its final figures gives Alaska a total population of 72,524, an increase of 22.3%. This percentage of increase was exceeded in the last decade by only two states in the Union—Florida and New Mexico. Alaska, in other words, showed a greater percentage of growth than 46 states. But this is not the whole story. The Alaska census, alone among all the political units under the flag, was taken, not as were all the others on April 1, 1940, but six months earlier, on October 1, 1939. Let it be noted that our census date preceded the initiation of the intensive work on our several major Army and Navy bases, and that it was after October 1, 1939, that the new contingents of our military and naval forces, now amounting to over 5,000, including the advance

guard of their dependents, came to Alaska, and that a further increase in population incidental to these developments took place. Were the census to be taken now, less than a year after the regular census-taking, it would record a larger percentage of increase than any state in the union—an increase of approximately 30% in contrast to the 7.2% increase of the United States as a whole.

However, confining ourselves to the actual figures of the census, we may note that this is the highest figure in Alaska's history. Moreover this all-time high represents for the first time in Alaska's history a natural, an evolutionary, growth. That fact becomes apparent when we study not merely the 1940 federal census figures and the figures of preceding censuses but the Territory's own vital statistics. The 1940 census figures show a Territory-wide growth. Every judicial division shows a substantial increase—the First Division 30.8%, the Second 17.3%, the Third 18.4%, the Fourth 18.9%. Excepting only several communities unfavorably affected by the suspension of mining operations, the entire Territory has registered impressive increases.

This has never happened before. The great jump in population at the turn of the century registered in the 1900 census (with an increase from 32,052 in 1890 to 63,592 in 1900) which was maintained with a very slight increase in 1910, was due, as we all know, to unprecedented gold strikes. The influx of gold seekers was obviously destined to be temporary, and was so proved by a 14.5% decrease in population in 1920, only half of which was recovered by 1930. Moreover, during these changes of population, what gains there were, were spotty and irregular. Now for the first time we can see the steady, long-pull continuing growth of Alaska in full swing. Interesting confirmatory data secured from our Registrar of Vital Statistics show that Alaska's birth rate, both actual, and net—the net being the difference between births and deaths—is steadily increasing. For three successive years our birth rate both actual and net has achieved new highs. The births for 1938, 1939, and 1940 are, respectively, 1,930, 1,963, 2,118.

It is important to emphasize again that all this increase took place before the advent of national defense. Now there are many important aspects to the inclusion

of Alaska in our national defense program, but I wish for the moment to stress some of the economic implications. The establishment of large bases at Sitka, Kodiak, Anchorage, Fairbanks, at Dutch Harbor, and of supplementary establishments near Ketchikan, Yakutat, Nome and at other places as yet undesignated, the development of numerous air fields in between—and all the many other by-products and development growing out of the defense activities—these signify a new and tremendously important factor in securing the permanence and the future of the Territory of Alaska.

It has been evident, to those who have given thought to that future, that the economy of Alaska, as hitherto constituted, has rested none too securely on just two industries, its two major industries—gold mining and salmon fisheries. Invaluable and important—and indeed indispensable—to the economic welfare of the Territory as these are, it must be evident that no community is wholly secure whose economic eggs are, so to speak, in just two baskets. Should any possible unforeseen train of events seriously impair either of these major industries, the consequences to the economy of the Territory, to the well-being of its citizens who directly or indirectly secure their livelihood through these industries, would be serious. It has, consequently, been desirable to develop additional economic props, to diversify our industries, to add as many different kinds of industrial and mercantile pursuits and activities as possible. It would be the task of statesmanship, of Territorial planning, to search for these new fields of effort. My immediate predecessor, the esteemed and beloved John Troy, in both his 1935 and 1937 messages, urged that the Territory ought in every possible way to encourage tourist travel, pointing out that it was a constantly growing and profitable industry which could bring much more money into the Territory, and citing what other states were doing to develop this great new potential asset. I will not digress at this moment to discuss the potential tourist industry in detail, although I strongly believe in its possibilities and might point out the interesting analogy in our other Pacific territory, Hawaii, where tourism developed in the last twenty years, is now a third major industry, coming after sugar and pineapples. The point is, that a third economic prop (or an additional economic prop) as it were, has come to the

Territory through the defense program, furnishing new opportunities of the most varied kind. It affects Alaska differently, and in many respects more favorably than most of the States, since it creates activities that did not exist here before, means more population, more construction, more transportation, more commerce, more employment, and the increased use of many products and services here. I need not belabor this point except to state that the full implications of this program have not yet been sensed and only the very beginnings thereof felt.

For it must be clear that concomitantly with the defense program many other important improvements, for which we have been striving for some years, have come or are coming. They are coming partly in connection with the defense, partly because their time had naturally arrived, partly because the continued effort toward securing these desirable things for Alaska has finally begun to bear fruit. They include the linking of Alaska by regular commercial air transportation with the rest of the United States and the world. Along with it are coming tremendously improved air communications within the Territory. Three million dollars out of the \$40,000,000 nation-wide CAA airport program is about to be expended in Alaska. Great new land airports have been begun or are about to be begun at Ketchikan, Juneau, Cordova, Anchorage, Kodiak, Fairbanks, Nome, Kotzebue. Emergency fields in between and modern aids to navigation—which our pioneering Alaska aviators who blazed the sky trails did without—will annihilate time and space in this vast Territory. New highways will be built, highways which, apart from their military value, will be indispensable to the economic development, prosperity and further growth of our Territory. There will be further harbor improvements, additional aids to marine navigation, beneficial to our fishermen and our sea-borne commerce, and to all those directly and indirectly dependent upon it.

It is of course true that our growth in population brings with it certain problems. With these problems it will be our duty to grapple. But it should be an agreeable as well as a challenging assignment. For, fortunately, we are dealing here with problems of prosperity, not with problems of adversity. We face the

inspiring task of putting together constructively the new assets which have come to us, not a few of them without effort on the part of Alaskans. To incorporate these new materials into a better and more enduring structure, to build for a greater, more prosperous, more self-sufficient, more nearly self-sustaining Alaska—that is our responsibility. I believe that the time has never been more ripe nor the moment more opportune than now, as we move into the fifth decade of the twentieth century. Within the next biennium (next year indeed) we shall have passed the 75th anniversary of the great purchase. Three-quarters of a century will have elapsed since William Seward established his place in history's role of fame by bringing Russian-America under the Stars and Stripes.

Alaska's history under the American flag falls into two periods. First the generation from the purchase in 1867 to the closing years of the century. During that period, Alaska lay empty, dormant, undeveloped. Its population, almost wholly native, was stationary. This was the era of governmental neglect. The rest of America was too busy settling the West to concern itself with its vast unknown Northwestern empire—Alaska.

The great gold strikes in the Klondike, the Yukon Basin and Nome ushered in the second period. A rush of prospectors came to the Territory, each hoping to make his pile quickly. Alaska was viewed by the overwhelming majority of them as a place in which to get rich over night and then to retire from.

They were a hardy race of men. They wrote a great chapter in the American epic—the final chapter perhaps of the Westward march of the pioneer. To their struggles, their privations, their dogged persistence, we owe the opening up of Alaska. But certainly, few if any of them planned to settle here. What they won through their physical efforts, enterprise and luck, they hoped to take "outside" with them. This expectation has to a considerable extent been that of Alaska's second generation. Such an attitude clearly was not conducive to permanence, to the improvement of environment, to the founding of homes. However, as mining continued and improved its methods of extraction, many stayed on. Some earlier communities vanished; some dwindled; some grew. Meanwhile the fisheries, with a some-

what different but in some ways similar kind of pioneering, developed into big business, largely financed, directed and manned from "below." In the last decade has come, in part through normal development, in part through governmental activity, a new stability, evidenced by the population growth to which reference has been made. Today a third generation has begun—a third generation, Alaska-born and bred, which has no sentimental ties with the states "outside," a third generation which knows only Alaska and loves Alaska, a third generation which wishes and expects to stay here, to found homes here, to bring up its children here. It is to this third, this present, this growing generation, which holds the hope and future of Alaska, that we must dedicate our attention and our efforts.

For it must be clear that today still far too much survives in Alaska of the earlier practice of take-it-all-out, take-it-down-below, leave-as-little-as-possible, spend-nothing-in-Alaska.

Indeed, the most serious defect in our Alaska economic and social structure is just that. Too much going out. Not enough staying here. This is not said in any critical spirit. It is the natural consequence of conditions which existed and which to a considerable degree have persisted. Absenteeism is a natural product of circumstances which surrounded the earlier history of a territory which freely offered to the world for the taking vast stores of natural resources in earth and sea. We like to boast in retrospect how wise old Bill Seward was and how in exchange for the \$7,200,000 he paid for the Territory, it has poured two billion dollars' worth of fisheries, minerals and furs into the nation's economy. Quite true. It was a wonderful buy. Alaska has enriched the nation. But it has done relatively little for itself. The time has come when an increasing proportion of that wealth should be kept in Alaska for the further development, progress, and improvement of Alaska and the Alaskans. That is the fundamental issue which faces us here today. That is the challenge which we should meet.

The time has come, in short, when Alaska should move as rapidly as it can with soundness and safety toward building up this Territory as a place of permanent abode, as a community of more and better homes,

as an American community increasingly self-reliant, increasingly self-governing, increasingly supplied with those necessities and conveniences of modern life which we like to believe are an integral part of the American standard of living. This is no selfish program. This is no narrowly exclusive policy. It is, however, an effort to realize for Alaska a new era in which Alaska shall be less and less a mining camp or a cannery camp to which thousands come seasonally to extract what they can and take it all "down below." It is time for us to exhibit a greater and a more enlightened self-interest in terms of the people of Alaska. And when I say the people of Alaska, I mean those who want to live here and stay here and create here and build here. Our task is to speed the permanent establishment in Alaska of the American breed of home-seekers and home-builders. For it must be apparent that it is people primarily who make a nation or part of a nation, that it is their character and their joint purpose in building a society which makes a community. The mountains and the streams running from them which store the great mineral wealth that has been, is being, and will be taken out, and the rivers and seas which hold the great marine wealth which has been, is being, and will be taken out—these by themselves do not constitute Alaska. It is the people who come and make their livelihood and settle, establish the American principles of self-government and the ideals of a democratic society on the basis of the products which they develop—they constitute the Alaska to which we should dedicate our efforts.

Alaska, entering its third generation; hitting its stride in a genuine growth of population; no longer a distant and inaccessible Territory; linked by air to the nation; incorporated in the system of national defense; defense for all the ideals and principles which we Americans hold dear—this Alaska should now aim to secure for itself those things which hitherto it has lacked, those things which are its right and privilege to obtain, those things which will make its life fuller, more nearly complete, more in accord with what other, older, American communities throughout this great land of ours have largely achieved.

What do we need?

Treasury Balance

Our treasury shows a net cash balance on December 21 of \$637,436.91. This is a good showing. It is, to be sure, some \$240,000 less than the balance of two years ago reported to the last legislature, but it is substantially larger than the balances of 1936, 1934, and 1932.

Deficits

However, some deficits have been incurred—the Territorial Treasurer estimates that \$20,000 will be needed for hair seal bounties in excess of the \$60,000 appropriated for that bounty by the last legislature. There likewise is a deficiency of \$60,000 conditional upon the legislature's approval, incurred by the Department of Public Welfare for those unfortunate indigent Alaskans suffering from tuberculosis or other serious diseases, hospitalized in sanatoria in Alaska or in the States. The Board of Public Welfare faced the alternative last May of suddenly removing these unfortunates from the sanatoria and hospitals or asking those institutions to carry the patients on credit until the matter could be presented to the next legislature. Likewise it should be recalled that, fearing an empty treasury and exercising proper prudence, the Board of Administration temporarily rescinded some \$200,000 of the allocations for roads and trails, and one or two other projects authorized by the last legislature, but for which funds were not surely in hand. The determination as to the reallocation of these funds is a matter for this legislature to decide. It should, however, be noted that if appropriations had been made to cover the requirements for hair seal bounties, hospitalized indigents, and to carry out safely the last legislature's wishes for roads and other projects we should now have a balance of \$357,436, the lowest on record since 1933.

Increases for Regular Departments

As for the requirements for the next biennium, the regular departments of the government show increased requirements amounting to about \$600,000. The chief items in this increase are some \$42,100 for schools and for the office of the Commissioner of Education requested by the Board of Education; \$56,650 for the running expenses of the University of Alaska; \$160,000 for Old

Age Assistance; \$6,000 for Mothers' Allowances; \$48,000 for administration for the Department of Public Welfare; \$28,700 for the Pioneers' Home, including both Sitka and Goddard, and various lesser items.

Decreases

There are some decreases. No request has been made by the Board of the Budget for eagle bounties, a matter of \$10,000, or for Dolly Varden trout bounties, \$25,000. The Territorial Highway Engineer has decreased his request substantially, for reasons set forth in his biennial report which I commend to your attention.

National Guard Armories

There are other needs. Last July four companies of National Guard were formally authorized for Alaska. Last spring while Congress was in session, in anticipation of this authorization, every effort was made to secure federal funds for construction of the armories which are required by federal regulations. The estimated cost of these four armories in Alaska was \$600,000. Delegate Dimond and I personally sought the assistance of the War Department for legislation from Congress to secure funds for these armories. However, it has been the established policy of the War Department not to appropriate money for armories and to consider that a responsibility of the states and territories. War Department officials further pointed out that in the coming year some \$25,000,000 would be expended on national defense in the Territory of Alaska, and that under the circumstances the precedent that had been established should not be waived and the funds should come from the Territory. The legislature was not then in session and there was no authority to commit it to any expenditures. Nevertheless, in the face of the national emergency, it was unthinkable that Alaska would not do its part—and do at least a part of what the other territories, Hawaii and Puerto Rico, had done much earlier and on a larger scale. The sum involved is substantial. Nevertheless, I shall ask this legislature to appropriate that amount for the four armories in question. These armories will be of great social value beyond the defense purposes for which they are required. For National Guard needs, the federal requirements are merely for a building of certain floor dimensions which must be absolutely fire-proof and burglar-proof so as to permit the

safe storage and custody of arms, ammunition and other equipment provided by the federal government. The actual military use of the armory is relatively limited—an average of one night a week for drill. But these structures can be used for community purposes and they respond to a basic need in our Alaska life. One of the great problems which it is our duty to face here and throughout the Territory is that of our youth. Alaska communities do not at present provide adequate recreational facilities for their youngsters during the long winter months. The intensive use that is made of such few facilities as there are, such as the gymnasiums in the high schools, where they exist (and wherever they exist they are seldom sufficient) is an evidence of the great need of such additional facilities. In the absence of these sorely needed opportunities for exercise and play, youngsters drift into undesirable places. I know of no greater responsibility that Alaska faces than to provide adequate facilities for exercise and healthful recreation for this growing generation of youngsters. I know of no way in which our funds can be expended more fruitfully. It is an investment in good citizenship, in public health, in community morality, in Americanism. These armories would six nights and seven days in the week, offer facilities for basketball, volleyball, handball, for a great variety of games, the physical facilities for which are now lacking.

The desires of our four largest cities to which these National Guard units have been allocated are not necessarily the same. It is my suggestion that the sum of \$150,000 for an armory in each of them be appropriated, giving each community the opportunity to modify and to add to the armory plans so as to furnish such special recreational facilities, such use of the building as a civic center, as each city desires. The people of Ketchikan have offered to contribute some \$25,000 additional or maybe more, if necessary, so that their armory may contain the variety of facilities which that city feels are badly needed.

Federal and Territorial Building

In Juneau, while the recreational needs are fully as great as anywhere in the Territory, we have also another problem confronting us which is not merely local—the shortage of office space for the steadily increas-

ing and expanding federal and territorial agencies. When the present Federal and Territorial building was completed, it was destined before long to be overcrowded; three years later a new wing to house the additional personnel was deemed necessary. Plans for such a wing were drawn, and steps taken to see whether an additional federal appropriation could not be secured for that purpose, but these efforts proved unavailing. Meanwhile the congestion increased still further, new agencies came into existence—a situation only slightly relieved by the expenditure of \$20,000 for a small Territorial building. Still other governmental agencies are coming into being and existing agencies are further expanding so that before long another building of almost the capacity of the present federal and territorial buildings will be required: at this moment half again as much office space as we now have is imperative. Some federal and Territorial agencies are scattered throughout the city in rented space. It has been suggested that a new building could include the armory, the necessary governmental offices, the territorial museum and library, which has likewise outgrown its present quarters; and possibly by arrangement with the Juneau municipal authorities, based on a proportionate division of costs, provide adequate quarters for the municipality which are now lacking. I urge the legislature to give this matter the fullest consideration.

Territorial Museum

In connection with the territorial museum, I would like here to quote from the report made by the Alaska Historical Library and Museum Commission—consisting, as you know, of the Treasurer of the Territory, the Auditor, the Attorney General, the Commissioner of Education, a member of the Historical Society, who is Dr. J. P. Anderson, and the Governor, because I am in complete accord with that recommendation. I quote:

“The Library and Museum has never had the financial support from the Territory that its importance demands. Funds appropriated for its support have been barely sufficient for its maintenance. It has remained almost stagnant at a time when there should have been a rapid growth, in keeping with other Territorial institutions and the increase of the Territory

in population and importance. Every year large quantities of material of historical, ethnological and other scientific value are shipped out of the Territory to enlarge the institutions of the States. Some of this material is simply priceless and can never be duplicated. If Alaska is to have a museum of which the Territory can continue to be proud it is imperative that much of this material be retained here. To do so requires more liberal appropriations than we have had in the recent past. Thousands of dollars have been appropriated for temporary and transient objectives while the Library and Museum was being cramped for funds and its growth all but checked. Pieces purchased for the Library and Museum not only retain their value but become more valuable as time goes by. The time to act is now before many kinds of valuable material are too badly depleted.

"In this connection we wish to call attention to the Wickersham Library. This is one of the very best reference libraries dealing with the history of Alaska and of the times and nations concerned in its discovery and development. In this respect few if any libraries in the world surpass it in value. It would be a shame and a crime to let this valuable collection leave the Territory if it could be prevented by any reasonable means. We recommend that library be acquired for the Territory should it be available at a fair appraised value.

"The Commission also considers it very desirable that several of the famous paintings of Alaskan scenes by the late Sydney Laurence be acquired. Paintings by other artists depicting native races and some of their fast passing customs are of great historic value and should be acquired for the Museum

"The past several Legislatures have appropriated \$200.00 per biennium for the purchase of rare books with no funds whatsoever for purchase of other books and specimens. This is the chief reason for the lack of normal expansion. We recommend that the sum of \$5,-

000.00, at the very least, be appropriated for the coming biennium for the purchase of books, pictures and specimens and for the hire of extra temporary help, especially during the tourist

That is the end of the quotation. I would like to add my belief that the late Sydney Laurence was not merely a great painter but that his stature will increase as time goes on and that his hundreds of paintings—so many of them the prize possession of an Alaskan home—form a unique scenic and cultural record of Alaska. Man does not live by bread alone. And while the recommendation of the Museum Commission, if accepted by the legislature, would provide some \$5,000 during the next two years instead of \$200 for the purchase of books, specimens, paintings, etc., I would like to urge specifically that the legislature in the first session after Mr. Laurence's death authorize in whatever form seems most desirable the acquisition by and for the Territory of not fewer than six Sydney Laurence paintings, three to represent what appear to me the six chief themes of which the late Sydney Laurence was so fond and which he pictured so inimitably: a Mount McKinley; one of the "Off to the Potlach" paintings; a marine (for Sydney Laurence was unique in that he was a great painter of seascapes as well as of landscapes); a scene typical of the Alaska frontier, showing perhaps a food cache, a trapper's cabin or a prospector in action; one of his winter scenes in which one can fairly feel a temperature of 50 degrees below; a scene of native life such as

In this connection I feel confident that if the legislature makes this start and provides an appropriate place where these paintings may be exhibited, the collection will grow without further expense. One long-time resident of Alaska has assured me that he would leave his notable collection of Sydney Laurence paintings to the Territory if the Territory provided a suitable and safe place where the public could see them: and later he added that he would do this before his death if and when such a place were provided. I need not point out that the cost of acquiring the six type pictures to which I have referred is really negligible when one considers what is involved, and that there has been and ever will

University of Alaska

The University of Alaska has made a request for new buildings and equipment amounting to \$386,500. If there is one institution of which the Territory may rightly be proud, it is the University of Alaska. No other agency has pioneered so usefully in the very direction in which I believe we should now be headed—the direction of furnishing adequate educational opportunities for Alaska youth and of making the Territory increasingly self-reliant and self-dependent. But for the University of Alaska, many of our boys and girls would have been denied the opportunity for a higher education and for the technical training which it has supplied. My contact with other colleges and particularly with the other territorial universities—in Hawaii and Puerto Rico—has led to the conclusion that our unpretentious institution on the hill at College is of the most practical usefulness, completely integrated with the needs of the Territory, adapted, as far as funds to date have permitted, to serving Alaska's special needs. Moreover, I know of no one who has been able to make a dollar go further than its president, Dr. Charles E. Bunnell. The requests now made by the president and trustees for new buildings and equipment are in response to the demand and desire of Alaska young men and women to attend our University which cannot now accommodate all who want to go there unless these additional facilities are granted. I sincerely hope that the legislature will not hesitate to appropriate for this construction.

Vocational Education

There is another aspect of our educational problem that I would like to stress at this time. Alone among the states and territories of the Union, Alaska today does next to nothing in the important field of vocational training. Back in 1934, under new federal legislation, a program was devised by which the federal government would match dollar for dollar the funds provided by a territory and state for vocational education. In the 1935 legislature, \$30,000 was appropriated, federal funds in like amount were thereupon allocated, and the program was launched. Like many new undertakings in their initial stages, it was not altogether successful; there were grounds for criticism of the federal-

territorial set-up and upon recommendation of the Board of Education the territorial appropriation was not made again by the 1937 and 1939 legislatures, and of course the federal contribution likewise lapsed. I have no hesitation in saying that the set-up of those early days left much to be desired, and that the fullest benefit from the federal funds was unquestionably not secured, partly indeed because of the very special conditions which exist in Alaska with our widely scattered and relatively small communities. However, since that time, vocational education — training the youngster for a trade or craft, equipping him in a practical manner to earn his livelihood, giving him a fair start in the world with technical skills—has gained immense headway. Vocational education has spread tremendously in the last three or four years, and it is no longer right that Alaska boys and girls should be denied these opportunities. It has been especially noticeable in the last year when the Governor's Office was making an intensive effort to secure the employment of Alaskans, particularly on the new federal construction projects, that many a boy would have been assured of an excellent job at high wages had he possessed even a moderate degree of skill as a carpenter, in any of the building trades, or in one of several forms of mechanics. There is today and will increasingly be throughout America a shortage of skilled workers. Every state in the Union is now heavily engaged in providing its young people with this type of education in addition to the older classical instruction. Alaska should not do less.

However, it is desirable that the program be intelligently adapted to Alaska's special requirements. I have discussed this matter with several members of the Board of Education and found them open minded and receptive concerning the newer needs for such training. It is my belief that industrial schools, specializing in the particular fields that offer good prospects for employment—the building trades, engine and machine shop work, navigation, radio operation—should be established, and that vocational or industrial training be re-introduced in a practical and useful way appropriate to our special conditions and needs. I hope that the Board of Education at its meeting here in February will devote itself to this problem and in conjunction with the legislature make a tangible beginning in this

field. It is no longer fair to our boys and girls to limit them to the old-fashioned type of academic education, which, whatever its merits (and I do not decry it) in the case of so many of them who cannot afford to go higher and are not particularly adapted to book learning, equips them to do nothing well. A feeling in South-eastern Alaska which has been expressed to me is that the University, for geographical reasons, serves that part of the Territory less than it does western Alaska. It might be well for this new industrial and vocational schooling which has been discussed in connection with the possible establishment of junior colleges to be included in the work of the University by the establishment of a southern branch or branches.

The University now conducts extension courses throughout the Territory. Some training in fisheries and in fur farming is contemplated for its students at the new Fisheries Products Laboratory in Ketchikan and the Experimental Fur Farm near Petersburg—both of these joint federal and territorial undertakings. I see no reason why, as in some states of the Union, the state university—here the territorial university—cannot be expanded by means of branches in different parts of the Territory in order to serve our widely scattered areas more effectively. It is clear that some subjects can be more effectively taught in one section than in another. If the interior of Alaska is ideal for instruction in mining then the coast is certainly indicated as the region in which to teach occupations related to the sea.

Summarizing, I feel that nothing is second in importance to the furnishing of opportunities of every variety—educational, technical, recreational, mental, physical and spiritual—for our growing generation of Alaskan boys and girls. We want to make sure that they stay here and find in Alaska those things, those opportunities and incentives which will automatically lead to their staying here.

Pioneers' Home

No more uniquely Alaskan institution exists than the Pioneers' Home. It is there that the veterans of the conquest of the Alaskan wilderness receive, in their declining years, the care, security, and support which the Territory has rightly felt was their due. During the past biennium the Pioneers' Home has cared for a

daily average of between 180 and 190 men. Of these some 20 have been domiciled at Goddard. There has been a constant waiting list of between 30 and 40 men.

Worthy and qualified applicants have sometimes had to wait a year before admission, and many have had to wait six months, often thereby undergoing considerable mental and physical distress, which we surely should try to relieve.

In an effort to alleviate the situation, even if temporarily, the 1939 legislature purchased Goddard Hot Springs for \$20,000, and made a further appropriation of \$20,000 "for necessary repairs and improvements to the buildings and grounds and for operation and maintenance costs for the next biennium." Superintendent Eiler Hansen in his biennial report declares that acquisition by the Territory of Goddard Hot Springs was essentially that of the land only; that the main building is an old delapidated frame structure the upkeep of which is progressively expensive; that such equipment as has not already been junked will have to be replaced within a brief time; that the dock is in need of repairs; that the fresh water system should be repiped and properly dammed. It is a serious fire hazard.

Coupled with the need of expensive repairs and replacements Superintendent Hansen believes, based on his two years' experience with Goddard, that it is too small a unit to operate economically. His report reveals that whereas the average daily maintenance cost at Sitka is \$1.24, at Goddard it is \$1.87; at Sitka the daily food cost is \$.25, at Goddard it is \$.51—differentials, respectively, in maintenance and food costs, of 51% and 104%. These facts and figures are sufficiently startling to call to the legislature's special attention. The Board of Trustees of the Pioneers' Home recommends that in relation to the annual visit of the legislature's committee to Sitka, this visit be made early in the session so that the whole important problem may have full study and careful consideration in time for reasoned and well-deliberated action. This investigation should include an estimate of the total cost of rehabilitating the existing structures at Goddard, rendering them fire-proof, plus the added costs of maintenance and operation. The legislators could then weigh these costs of rehabilitation plus the higher costs of mainte-

nance and operation against Superintendent Hansen's recommendation to abandon Goddard, and to build an annex at Sitka connected with the present Pioneers' Home sufficiently large to eliminate the constant and growing waiting list. The cost of the proposed annex is \$175,000. Likewise there are no funds for the transportation of pioneers from different parts of Alaska to the Home. An opinion from the Attorney General indicates that funds appropriated for the operation and maintenance of the Pioneers' Home are not available for the transportation of Pioneers. Since April 1, 1939, the funds for their transportation and maintenance en route have come from the Relief of Destitution fund of the Department of Public Welfare, the total cost in these 21 months for 95 pioneers being \$3,765. An appropriation of \$4,500 for the next biennium would therefore appear sufficient for that purpose.

Need for Additional Revenue

It seems obvious that even with the determination to hew to the line for efficient and economical administration, more revenues will be required in the next biennium and henceforth. "Economy," a favorite and useful watchword, and one I thoroughly endorse, does not mean how much you save but how much value you get for what you spend. The farmer who tries to raise crops from his field without ever using any fertilizer is not economical. Nor is he fore-sighted or intelligent. We cannot expect to reap a good harvest in any field of human activity unless we are willing and ready to plow back substantially into the soil of our endeavor. Nor is it to be expected here in Alaska that with an increase in population as substantial as that which has come to us—an increase which has only barely begun—we should not expect to appropriate more money to take care of the increased needs of an increased and further increasing population. If we are wise, we shall be able to profit immensely by this bonanza which has come and is continuing to come to us in the shape of more people and more activities. As I have said before, the growth of population has created new problems which it is necessary to meet. Present facilities, in school accommodations, in communications, in public utilities, in housing, in public health, in roads, in many other ways which possibly were adequate for a population of fifty-odd thousand are not adequate for a population of

over 80,000. That is what our population will be before the end of this year, and from that point it will move rapidly higher.

I know that there are those who will be inclined to say:

"Let the federal government do it. We are a relatively small number of people. We can't afford to do this, that, and the other thing. Also we are a Territory, and therefore a sort of a ward of the federal government. If Uncle Sam wants to include us in the national defense program, let Uncle Sam pay all the bills."

I am convinced that this is not the spirit in which we want to tackle our problems nor is it, I feel, the true Alaska spirit. Permit me, also, to point out what perhaps is not fully realized by everyone—that the Federal Government, particularly in the last eight years, has been more than generous with the Territory of Alaska. (That does not mean that I shall not make every effort, and that we should all not do our utmost, to continue to secure all federal appropriations possible wherever it is fair and reasonable to try to secure them.) But let us review what the federal contributions to Alaska have been under this administration. Up to the end of 1940 the Work Projects Administration had spent \$6,962,777. The Public Works Administration had spent a total of \$5,426,552. Their predecessors, the FERA and the CWA, spent respectively \$4,047,000 and \$502,000, a total for those four special agencies of \$17,485,860. I want to say, in passing, without any thought of political emphasis but merely as a reasoned observation, that the combination of the New Deal administration, with Tony Dimond on the job, early and late, in Washington, has proved beneficial to Alaska to a degree that could scarcely have been dreamt of or anticipated eight years ago. And I want to add this personal note that I believe that only one who has seen Delegate Dimond in action day in and day out in the Committee rooms of Congress, on the floor of the House of Representatives and over in the Senate Chamber and in the countless offices of the numerous Departments, agencies and bureaus in Washington can appreciate how invaluable and how matchless his service to Alaska has been. Apart from the seventeen million dollars distributed by these four agencies above mentioned, let us note such new Federal con-

tributions as \$2,904,000 spent in the last year in the installation of radio beam stations and air fields by the Civil Aeronautics Administration, plus the recent allocation of \$3,000,000 for major airports to be constructed this year. Incidental to the past year's construction, the Civil Aeronautics Administration has accepted the transfer from the Alaska Aeronautics and Communications Commission of six radio communication systems, namely Nome, Fairbanks, Anchorage, Cordova, Juneau, Ketchikan, and the beam station at Gravina Island, effecting an annual saving henceforth to the Territory of \$60,000 for their operation and maintenance.

Besides, most of the regular services of the federal government in Alaska have substantially increased their appropriations for the Territory. In the last eight years, the Army Engineers alone have expended in Alaska \$1,717,294 on river and harbor projects which included the development of small boat harbors, or harbor improvements, in Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Skagway, Cordova, Valdez, Nome and \$643,620 on flood control projects chiefly in Seward and Fairbanks, a total of over two million and a quarter dollars in the Territory. In Nome, the Army Engineers continue to spend money for dredging, having made their single largest expenditure there, \$404,008 in the last eight years, which brings up the total federal expenditures since the beginning of that project to \$322,585—quite a sum. It is not necessary for me to go through the various federal appropriations to prove my point. Of course we expect the federal agencies which are common to the whole United States to serve Alaska as they do any other area, but I do wish to emphasize that the Federal Government has by and large done its part. Take the Weather Bureau for instance: its appropriation 12 years ago was \$21,960 for Alaska. In 1932 it was \$39,203. In 1940 it was \$123,528 and in 1941—this year it will be \$292,500—fourteen times what it was 12 years ago, nine times what it was eight years ago. Similarly, the appropriation for the Office of Indian Affairs in Alaska for 1940 is over double what it was in 1930. For 1941 it reaches a new all-time high, with \$1,508,000. Since this honorable body last met this Federal agency has taken over seventeen rural schools formerly operated and maintained by the Territory, thus saving us annually the sum of \$73,000. The United States Forest Ser-

vice expenditures in Alaska last year were over five times what they were eight years ago, \$172,684 in 1933 as against \$928,807 in 1940.

We have not always gotten from Washington everything we have asked for. It is certainly no secret that we have battled unceasingly, and at times effectively, and shall continue to see that Alaska gets its rightful share of various appropriations, including public roads monies. However, let us grant that, all things considered, the Federal Government in the last eight years has treated Alaska handsomely. And so, when needs arise here for which Federal funds are not obtainable, it seems to me that it should be our duty as well as our pleasure to do these things for ourselves.

I have been impressed, in reading through the messages of my predecessors to the legislature and their annual reports, by the uniformity with which they have urged a greater extension of powers to the Territory—a fuller form of Territorial government. In his first message to the first legislature back in 1913, Governor Walter Clark so urged, and in his last report to the Department of Interior, last year, Governor Troy so urged. With this desire I am in complete sympathy and in complete accord; I wish to do everything in my power to speed the advent of the fullest amount of Territorial control of Territorial affairs and of the fullest amount of Territorial self-government. But I submit that the first steps necessary in that direction and the simplest and most direct way of achieving that desirable objective is: first, to make use of such powers as Congress has granted us; second, to stand more and more on our own feet; and third, to show that when the occasion arises we are able to reach out in good old pioneer fashion, and secure for ourselves, by our own efforts, what we need and what we ought to have. That is the way to establish our independence from such remote controls as we may consider distasteful or objectionable and no longer justified.

Taxation Studies

That we can afford these things and a great many more which our various communities need and seek is beyond controversy. Over two years ago, long before I had any thought that I should be honored with ap-

pointment to the Governorship, my predecessor, Governor Troy, requested the Alaska Planning Council to undertake a survey of taxation in Alaska. This was done and a most excellent preliminary study comprising 94 printed pages was issued in the late fall of 1938. The Territory was fortunate in securing the services of Mr. James C. Rettie, planning technician of the National Resources Planning Board, attached to the Pacific Northwest Planning Commission in Portland. That first publication has been available, and I think that most of you have had the opportunity to read it. The investigation continued and a second publication, prepared by the staff and approved by the whole Planning Council was issued last month. It was evident to Governor Troy, and to earlier Governors, as their messages reveal, that such tax legislation as the Territory had gradually accumulated in its statutes was deficient in various respects in which a tax structure should be adequate, and that we should be fully informed on this subject so as to be able to meet any exigencies that might arise.

Believing that the more information we could have on this vital subject the better, and that several views were better than one, I asked the U. S. Treasury Department to lend an expert to make a study of Alaskan taxation. The Secretary of the Treasury delegated Mr. Frederick C. Lusk, Assistant Legislative Counsel of the Treasury Department, one of the Treasury Department's experts on tax matters, and one of its draftsmen on revenue bills. He came to the Territory last spring, and spent over two months here, following a careful study of our tax legislation in Washington and continuing that study after he returned.

Mr. Lusk has submitted recently a lengthy and comprehensive report of which I am having several copies made and which will shortly be available to members of the legislature or anyone else interested. There have been other studies by qualified tax experts. In a number of states, tax surveys have been made at considerable expense to the state involved. Alaska has been more fortunate in having several competent studies made and now available without expense to the Territory itself.

Present Tax System

Even though the Territory were without need of revenue in addition to that which now comes into the treasury, the unanimous opinion of all those who have studied Alaska's tax system—opinions arrived at wholly independently—is that Alaska's system of tax laws is a patchwork, the complete overhaul of which is overdue. In 1939 almost three-quarters of the Territorial revenues were derived from direct taxes upon the fishing and mining industries. These taxes being based almost wholly upon gross value of the product or upon the number of units produced, the Territorial revenues fall and rise with the annual variations in the salmon pack and the mineral output. Alone among all American states, territories and possessions, Alaska levies no tax for Territorial purposes on land or other property. While most professions and some business enterprises are licensed for revenue purposes, many of our citizens conduct profitable business enterprises in the Territory and contribute either nothing at all or a mere \$5 poll tax to maintain the Territorial government under which they live and successfully pursue these activities. Even where the present laws do affect them, the methods provided by our present statutes in determining the amounts which each contributes lack scientific foundation. All experts agree that apart from its inequities, the revenue secured by the existing tax system is between a third and a quarter of the amount which could readily be secured from taxable sources, without the imposition of taxes unduly burdensome, and without going beyond accepted and reasonable tax practice and rates as established elsewhere throughout the Union—in other words, that Alaska could easily, and without impairing its business activity or growth, raise from three to four times its present tax revenue, if that revenue were desired.

Revision of Tax Laws Recommended

A program of revision of the tax laws is therefore recommended for the following general purposes: (1) to provide an equitable tax system which will distribute the burden fairly and in proportion to the ability to pay; (2) to insure a dependable flow of revenue independent of fluctuations which at present greatly vary the expected income of the Territory; (3) to eliminate some of the injustices and inequalities which now exist;

(4) to diminish some of the evils which have been allowed to develop as the result of not controlling our absenteeism sufficiently; (5) to rid Alaska businesses and professions of the so-called nuisance taxes which, while contributing no substantial revenue to the Treasury, are a constant source of annoyance and irritation to those affected; (6) to raise more revenue.

I propose three basic taxes: a personal net income tax, a corporation net income tax, and a general property tax.

Personal Income Tax

The income tax principle is in my judgment the soundest of all tax principles. It is based upon ability to pay. It taxes those who can afford to pay in proportion to their ability to do so, and not otherwise. The taxes proposed should be and can be moderate.

One of the greatest problems, one of those unfavorable aspects of absenteeism which we should control, is the vast amount of money that goes out of the Territory every year in the form of wages paid to non-residents. We are all familiar with this problem. Every spring thousands of workers come here in the fisheries and on the placers, work a few weeks or months, spend little or nothing here, and go out with their season's earnings virtually intact. Some of them, incredible as it may seem, actually receive their pay after they have left the Territory. Many of them, with board and lodging provided by their employer, do not even expend for those necessities. It is not fair to Alaska and the Alaskans that some share of this great sum derived from the exploitation of Alaska's natural resources is not left in the Territory.

It is therefore proposed to put a 2% tax on all incomes earned in Alaska with no exemption for non-residents, but with an exemption of \$1,000 for residents who are single, \$2,000 for residents who are married and an additional \$400 exemption for each child or other dependent. It seems reasonable enough that the man who comes here and works for two months in the fisheries and takes out a thousand dollars shall pay the Territory \$20 for the special opportunities which are granted him here, which are distinctly superior to those available to him "below." For the man who earns \$1500 in the

course of five or six months on the placers, the modest sum of \$30 will accrue to the Territory.

For residents, the same rate of tax, subject to the exemptions, might well apply with rates graduated for higher incomes on whatever scale the Legislature may see fit. There may be some question as to the constitutionality of this differential between residents and non-residents. But there is ample ground for belief that with the special, peculiar, even unique situation created by the great seasonal influx and the almost total absence of expenditure within the Territory by this group, the courts will give this matter favorable consideration. A good precedent exists in the differential between the present resident and non-resident fisherman's license tax. In any event, the issue ought to be tested once and for all. Five million dollars annually in wages are paid in the canned salmon industry alone to non-residents, who have no stake here whatever and no concern with the Territory except what they can take out of it during their relatively short sojourn here. The poll tax payment should be credited against this income tax payment. The tax would be collected at the source by deduction from the payroll and thus be collected with a minimum of expense. The statute can and should be drawn so that this slight and reasonable tax cannot be passed on to the employer.

Corporation Income Tax

The net corporation income tax, which in my judgment should be fixed at a flat 4%, would reach a great many businesses now paying relatively little to the Territory or paying taxes on an arbitrary basis based on gross volume of business, bearing no relation to actual income earned. In exchange for this tax, the mercantile and professional license taxes should be abolished, except where these latter are levied for regulatory purposes. In order to obviate double taxation, a credit should be given against this Territorial income tax for federal license taxes paid which accrue to the Territory.

It is my belief that this tax, if correlated closely with the federal income tax, will not involve great cost of collection and that it will furnish the fairest kind of a levy. It will equitably differentiate in the mining industry between those corporations which make large profits and those which make slight ones. It will es-

establish a just differential between those operators whose costs are high and those whose costs are low.

At this point it is appropriate to discuss this net income tax in relation to gold mining.

Seven years ago last fall, the federal government increased the price of gold from \$20.67 to \$35 an ounce. This was a great windfall. There are few, if any, parallels or analogies to it anywhere else in the business or commercial world in which overnight a commodity whose market was guaranteed and not subject to competition received such an increase. Let us conjecture what might have happened had the President, before definitely determining on this step, called the gold operators of the nation, actual and prospective, into assembly, announced this as a possible action on his part and asked them what proportion of this increase they would be willing to return in taxes, if and when the action took place. I venture to say that, had this hypothetical situation occurred he could have secured a pledge of a substantial part of that amount. Actually, of course, no such thing happened. As far as Alaska was concerned, there was for three years no material change in its tax on gold. In 1935, with a \$16,432,325 production of gold, the total Territorial tax on all mining, including gold, was only \$189,678—a trifle over 1%. Then in 1937 a Territorial tax, called a gross tax, of 3% was put on gold and platinum metals while at the same time the previous graduated net income tax, still applicable to other mining, was removed from gold and platinum metals. Actually it was not a 3% gross tax. With an exemption of \$10,000 from 1937 to 1939, and since then an exemption of \$20,000, what does this so-called 3% gross gold tax really mean? The enterprise which takes out \$30,000 worth of gold pays actually one per cent on that amount. Those who take out \$40,000 pay 1½%, \$60,000, 2%, \$100,000 pays 2.4%, and so on up, most operators paying substantially less than 3% and only those who take out large quantities paying a sum which approaches that rate. But no one actually pays the full 3%. Now there is one basic fact about the extraction of minerals which is peculiar to it and fundamental. We have in the Territory a fisheries industry which takes out of the sea products which, varying, depending upon quantity and price, range about 40 million dollars in value each year. But that 40 million,

granted the continued application and improvement of our conservation measures, will always be here. It will be here and furnish livelihood, employment and tax income, next year, the year after, and a generation hence. Not so with the minerals. Not so with gold. Every ounce of gold extracted from the rock or gravel of Alaska once gone, is gone for all time. Its extraction will never again give employment to another worker, will never pay a cent of tax to Territory or Nation. Every ounce of gold taken out of the soil of Alaska depletes the wealth of Alaska by that amount irrevocably, finally, forever. Is it not right and proper that that fundamental fact should have appropriate consideration? Is it not right and proper that for every ounce of gold taken out of Alaska some slight equivalent be left for the Territory and its people? I think so.

For remember, prosperous as the outlook may be at any given time, the supply is not inexhaustible. We see the evidence of that around us on every hand. Other states once booming and prosperous with mining activity have vast areas of ghost towns and ghost camps. Alaska has them.

Take the conspicuous example of Kennecott. This was one of the several really famous mines in the history of copper. Its discovery, the construction of the railroad over glacial streams and deep mountain gorges, is one of the romances of modern business and a tribute to the enterprise of the prospector, the engineer, the financier. Some \$200,000,000 worth of copper was taken out in the course of a generation. What has the Territory of Alaska to show for those two hundred million dollars today? A hole in the ground? No, worse than that. It actually has a relief problem. And three towns dependent in varying degree on the activity of Kennecott are either on their way to becoming ghost towns or are seriously impaired. A man whom many of you know formerly had a hotel business in Chitina. He was forced to abandon it—property which he deemed worth \$70,000—and try to start life anew elsewhere. The dividends from Kennecott went far and wide. They enriched many individuals who never saw Alaska and had no thought of ever coming here, or doing anything for the Territory; but relief payments paid for by the people of the Territory doubled in Cordova the year after Kennecott shut down. And whenever mines near

a community, based in large part on mining, shut down, the real sufferers and the real victims are the innkeepers and the shopkeepers and the little home owners who have put all they had into these local enterprises and homes. A wiser policy in those days would have been to levy appropriate severance as well as income taxes, which could easily have been borne, upon Kennecott's production and to have invested that money in an Alaska fund for the support of our schools, to build more roads, to maintain our Pioneers' Home. The example of Kennecott should be a warning. We are now in the fine flush of a mounting gold production. Now is the time to profit by our past experience.

Now what would be a reasonable severance tax to place on an ounce of gold—this gold which once taken never returns? Would one dollar upon a \$35 fine ounce of gold be unreasonable? Would it be unreasonable, especially in view of the 69 1/3% increase enjoyed for seven years by the industry? Would it be unreasonable in view of the expenditure in that same period of over a third of the Territorial tax income received from mines, in roads and other aids directly beneficial to the mining industry? Certainly one dollar severance tax for the Territory on a \$35 fine ounce of gold seems very reasonable. Well that dollar an ounce is the 3% so-called gross gold tax. Only let us henceforth not call it and not consider it as a gross gold tax. Let us call it and consider it, a severance tax. Let us consider it a tax which has no relation to costs, income and profits, but which is simply a repayment to the Territory, to a very slight fractional degree, for a natural asset irrevocably removed. But if it is a severance tax, if it is a tax of approximately one dollar on each \$35 fine ounce of gold taken from the ground, then let it be paid on every ounce of gold that is extracted.

Do you realize how much gold, under the \$20,000 exemption, is actually leaving Alaska without being taxed? It is not possible to give this figure with absolute accuracy. We know that in 1939, 180 operators, who did pay a gold tax to the Territory, removed \$3,600,000 worth of gold on which they were not liable to a tax. Of the more than 600 smaller operators, who could, under the present law, remove up to \$20,000 without paying any tax to the Territory, it is highly probable that they took out upwards of \$1,000,000. The Territorial

Department of Mines estimates that over \$4,600,000 of gold was taken out without tax in the year 1939. For the year 1940 the Department estimates that over five million dollars will have been taken out without paying a cent to the Territory. And it is gone forever!

Clearly, this is not right. It seems to me reasonable and proper that we should continue as a matter of course our present 3% tax which we may roughly consider a dollar for each \$35 fine ounce; and that we should (after these seven years of exemption) abolish the exemption, making it a true severance tax, and then tax the profits of mining by the proper device of a corporation income tax based on net income, at a rate which I have suggested be 4%. This, I view as a reasonable and moderate proposal, which will give the Territory some participation, and will in no sense burden the industry.

General Property Tax

Alaskans who live in incorporated towns pay general property taxes, the rate of which varies between 10 and 20 mills; by law it cannot exceed 20 mills. Alaskans who live outside these incorporated towns pay no property tax. Their number is increasing. Highways are provided for their convenience; transportation is provided for their children to modern schools largely maintained by the Territory. Out of public funds tuition is paid for these children by the Territory; in short all of the services provided by the Territory for the urban taxpayer are extended to the rural non-taxpayer. This is an unjust discrimination against those who live inside incorporated towns. A Territorial property tax which is limited by the Organic Act to 10 mills—certainly not an excessive rate—would go far to equalize the present unjust disparity. This Territorial tax would be refunded to the residents of the towns who are already paying a property tax. The refund could be accomplished in several ways.

While this statute should be broad enough to apply to all types of land and interests therein, certain classes of property may well be exempted from taxation. Intangible personal property should be exempted partly because of the difficulties of collection and partly because a tax on personal income would seem a far more equitable way of reaching the proceeds of such intang-

ibles. Likewise the taxing of household goods and furnishings of the home owner seems undesirable; we should encourage the improvement of homes and their furnishings. The property of charitable and religious organizations should of course be exempted.

A second great value of this property tax would be to permit the recovery of a vast expanse of patented land and patented mining claims, the owners of which have died, or disappeared. This dead hand upon hundreds of thousands of Alaskan acres cannot be removed by any other practical method than taxing this property, however lightly, and permitting foreclosure upon it for non-payment of taxes after a period of years. An inventory by the Alaska Planning Council, as of May 30, 1939, showed a total of 132,476 acres of mineral lands and 138,164 of non-mineral lands surveyed for patent within the Territory. Only a small fraction of these surveys were not perfected and patented. Some of these tracts are owned by corporations now dissolved or not doing business in the Territory. Some are individually owned but their owners have left Alaska; in most instances their whereabouts are unknown. These lands fall into three types—mineral, agricultural, industrial.

Among the mineral lands are numerous lode mining claims located mainly in Southeastern Alaska. Virtually all of Douglas Island and much of the mineral area in the Ketchikan district are in this category. But similar lands, including some placer ground, are found in almost every section of the Territory.

To a more limited degree, this is true of agricultural land, a factor of increasing importance now that agriculture is beginning to develop in central Alaska and the need for food production is being accentuated both on military grounds and for the general purpose of increasing the self-sufficiency of the Territory. In the Matanuska Valley, progress is definitely impeded because considerable areas of good farm land required for the extension of existing farms are held by vanished owners.

Among the industrial plants are abandoned salmon canneries and other fishery manufacturing plants. In a number of places, the equipment has been removed from the buildings, which are not kept in repair and are

evidently abandoned. Others have not been operated for years.

The problem of restoring these properties to use is being steadily aggravated with the passage of time, and has been the subject of study and concern by former executives of the Territory and legislators. The tax and foreclosure method is apparently the only practical way in which this important situation can be met and is one of the most compelling reasons for the enactment of a general property tax.

Likewise it is possible to classify lands for tax purposes. Farm lands should be classified at a purely nominal rate for the time being, solely for the purpose of recovering lands held for speculative purposes or whose owners have disappeared. In general, this form of taxation will serve usefully to prevent speculative holding of land and interests therein at no cost whatever to the holder.

To avoid unduly increasing the tax burden upon mines and fisheries, I recommend that the property tax upon the operating properties of these industries be allowed as a credit against the mining severance tax and the pack tax on fisheries products.

To recapitulate, this program—consisting of a personal net income tax, corporate net income tax and a general property tax along the lines here suggested, together with the existing severance tax on mining and the existing gross pack and fishing license taxes—will permit the outright repeal of the Territorial license taxes on cold storage plants, meat markets, bakeries, power, light, telephone and water companies, sawmills, optometrists, dentists, osteopaths, attorneys, undertakers, employment agencies and public messengers. Furthermore, it will amount to virtual repeal, by allowance of credits against the net income tax of the miscellaneous federal license taxes upon hotels and restaurants, theatres, drug stores, jewelers, insurance agents, public halls, bowling alleys, pool and billiard rooms, abstract offices, real estate dealers, transfer companies, itinerant physicians, patent medicine vendors, peddlers, taxidermists and pawnbrokers.

The enactment of these three new revenue laws, should the legislature see fit to adopt them, would of

course involve a certain expansion of the existing machinery of tax administration and collection in the Territory. For purposes of assessment, a final tax authority or board of review is necessary. It has occurred to me that such a board might well consist of the Territorial Treasurer, Auditor and the Attorney General—three elected officials having the confidence of the community, whose functions ex-officio qualify them supremely by experience and present duties to deal with revenue measures. They will probably require an executive secretary or other administrative officials whose selection may be left to them if the legislature so desires, or be appointed by the Governor subject to confirmation by the legislature if you prefer, or some third alternative. These are details of administration, though important ones.

The drafting of tax legislation, or indeed of any legislation, is a technical and often somewhat complex assignment. Certain members of the legislature during recent months have expressed to me the desire to secure competent legal draftsmanship for the assistance of the legislature during its session. Following this indication, I sought to obtain such service. I approached the Public Administration Clearing House of Chicago, a well known, highly reputed, endowed, non-profit agency which has specialized in furnishing assistance of various types to federal, state, county and municipal governments. Through this agency I was fortunate in securing, without expense to the Territory, the loan for a period of three months of Mr. Alfred Harsch, Professor of Law at the University of Washington, who has specialized in problems of taxation and is the author of several publications on the subject. He began his tax work over 12 years ago in the State of Washington, participating in the drafting of that State's net income tax initiative, which was approved in 1932. Mr. Harsch in 1933 acted as technical advisor to the revenue committee of the Washington House of Representatives, and assisted in the preparation of the Business and Occupation Tax Act. From 1933 to 1935 he acted as Counsel for the State Tax Commission and prepared a complete revision of the excise tax laws of the State, including a corporate and personal net income tax measure, which the Legislature adopted in 1935. Since the fall of 1935, Mr. Harsch, while acting as Professor of Law at the

University of Washington and teaching taxation, has also acted as consultant upon local tax problems.

While Mr. Harsch has been engaged during the last few weeks in preparing for your consideration drafts of these broadly outlined tax proposals, he will, during the balance of the session, be at the Legislature's disposal for such drafting work, such legal advice, and other assistance as you desire. In this capacity, he will be available not for the purpose of projecting any particular ideas of his own, but to assist you in formulating in technically correct and legally competent form such legislation as you may desire to introduce. I consider that we are all fortunate in being able to avail ourselves of Mr. Harsch's technical competence and broad experience. The services of Mr. George Folta should likewise be available to you, subject to the limitation of his duties as counsel for the various federal agencies.

Inheritance Taxes

Aside from the general program of tax revision which has been previously discussed, a strengthening of the existing inheritance tax law appears worth considering. Under the federal estate tax, a credit to the extent of 80% of the basic federal tax is allowed in the case of a decedent who has paid this amount as inheritance tax to the state in which he was domiciled. Alaska's inheritance tax does not always equal 80% of the federal tax. An amendment to take full advantage of the provision for the credit on federal tax seems desirable because it would not increase the total amount of estate and inheritance taxes paid by an Alaska decedent, but would permit the Territory to retain a portion of the tax which is now paid into the federal treasury. In other words Alaska would get what now goes outside. There is also need for a redefinition of the transfers of property subject to inheritance taxation. Since the adoption of Alaska's inheritance tax law, judicial interpretation and conveyancing devices have made possible certain avoidances of the Territorial inheritance tax. Federal and state statutes, generally, have been amended to prohibit this avoidance and it seems advisable likewise to amend the Alaska statute, and so prevent these needless leaks. This does not involve any increase in rates.

Juvenile Delinquency

Various other matters I desire to call to the Legislature's attention, although I have trespassed too long on your time and would like to reserve the privilege of addressing you again later in the session should the need arise. Other new legislation, is, I believe, desirable. Our statute concerning juvenile delinquency is defective in that dependent children who, through no fault of their own, happen to be in unsuitable homes or have been guilty of minor offenses, are classed as criminals and are thus stigmatized for life. A bill to correct this, prepared with the assistance of the United States Children's Bureau and modeled closely after widely-accepted state legislation will be submitted to you with the recommendation of the Department of Public Welfare and the endorsement of various civic bodies in the Territory. I bespeak for it your most sympathetic consideration.

Mothers' Aid

Likewise the provisions for allowances to mothers for support of indigent children, in which Alaska pioneered, should be liberalized to permit their application in cases where the responsible guardian is an aunt, grandparent, other relative or qualified person.

Property of Persons Receiving Relief

The Territory requires better protection in the case of individuals receiving relief who are property owners. Present statutes, as interpreted, give a prior lien to the Territory, in case of death, for reimbursement of amounts paid to individuals as relief, but give the Territory no prior claim during the lifetime of a relief recipient. I therefore suggest legislation empowering the Territory to file liens against property of such recipients. This will establish the claim of the Territory in such a way as to discourage or prohibit transfers of property during the lifetime of any relief recipient, which in the past have resulted in the Territory's being deprived of its right to reimbursement.

Employment of Alaskans

Under the far-reaching provisions of Federal Social Security Legislation, and thereupon adopted in cooperation with the Federal government by state and territorial legislatures, as it was here four years ago, govern-

ment, for the first time, made employment—the opportunity and the right to earn a livelihood—a matter of its own concern. Here in Alaska it became possible for the first time for those desiring work to register with a public agency, the Territorial Employment Service, and to be put in touch without cost with all possible opportunities for employment. Likewise this was a valuable service for the employer. Here in Alaska our own Territorial Employment Service has a special significance related to the imperative necessity to secure for Alaskan residents the first right to work in Alaska. You probably know that discrimination against Alaskans took place even on some of the Navy defense projects at the start. A contract between Seattle labor unions and the contractors favored workers from “outside” in priority of employment and other respects. I considered this an outrage, but I am happy to report that as a result of vigorous representations which I finally found necessary to carry personally up to the Secretary of the Navy, this situation has changed and the Territorial Employment Service now gets first consideration from the Navy in its efforts to place properly qualified residents of the Territory. The Service is increasingly being recognized and utilized by other employers. The struggle to give Alaskans first claim on Alaska employment is an important sector on our larger battle front; that struggle must be intensified, must be carried on unrelentingly and uncompromisingly and extended to every branch of private industry as well as to public undertakings. The record of this Territorial Employment Service is most gratifying and deserves to be called to your special attention. In 1938, its first year, it placed 3,606 Alaskans in jobs; it placed 5,231 in 1939, and 6,917 in 1940.

Unemployment Compensation

Unemployment compensation is a natural corollary of the governmental effort to help secure employment. Adopted throughout the Union, unemployment benefits from the Alaska Unemployment Compensation fund first became payable here two years ago. As first drawn the law applies only to employees in establishments employing eight or more for twenty weeks, but since that time this provision has been generally liberalized. It seems distinctly unfair that an employee working with seven others is entitled to these benefits, while one

working in a smaller establishment is not. The Social Security Board is urging all States to revise and liberalize their laws to include all employees under the unemployment insurance laws. Such an amendment seems to me just and desirable.

Traffic Law

With the impending extension of our highways (for it is my conviction that the construction of the trunk highway system sponsored by the Territorial Highway Engineer will shortly begin), I recommend the enactment of a Territorial traffic law. The Alaska Planning Council is now completing a factual study of traffic legislation in the States which will be of material assistance in adapting the best practice elsewhere to the Territory's special conditions. Reckless driving, with serious injuries and fatalities, is likely to increase unless adequate steps are taken to establish a punitive code and provide for its enforcement. Regulations concerning the weight of loads and dimensions of trucks, and their relation to automobile license fees, should be part of this.

Health Department

I consider it important that our Department of Health be legalized, and furnished with the powers and facilities to cope with the new and important health problems, made greater by the recent influx of newcomers and by the steady growth of our widely scattered population. I hope that this session will enact a suitable law aiming to achieve this objective.

City Manager Law

Acute growing pains afflict a number of municipalities, and existing facilities for water supply, sewage disposal, fire prevention and policing, street and dock space are sorely overtaxed. These communities need assistance, often guidance, in meeting their problems in conformity with modern methods. The recent success of the Alaska Planning Council in obtaining from the National Resources Planning Board, without cost to the Territory, the services as consultant on municipal problems of an Alaskan engineer familiar with the problems of the Territory, is most gratifying, and will be highly useful. In addition, I deem it helpful to en-

act legislation to permit such communities as may desire to hire a City Manager—a competent engineer familiar with and especially trained in the great variety of municipal problems. Several communities have expressed to me an interest in this form of government. Under present Alaskan law, such expert in city management could serve only for the length of the term of the municipal council that hired him; and the best talent could probably not be secured for such a short tenure.

Territorial School Lands

An inventory of the surveyed land of Alaska as of May, 1939, listed 100,881.71 acres of public school lands, and University of Alaska school lands 11,845.93 acres. There is a deficiency in these items of 29,115 acres. Under the Act of Congress, if the Territory is to obtain lands in lieu of this deficiency, it will be necessary for the Legislature to create a land board and specifically authorize it to select the lieu lands. Inasmuch as the amount of school lands and deficiencies will increase as the program of rectangular surveys is carried out by the U. S. General Land Office, it seems wise that provision be made for the Territory to protect its interests.

I believe it unnecessary to create a salaried board for this purpose, and suggest that an ex-officio board composed of heads of Territorial departments now in existence be authorized and empowered to handle this matter.

Bounties

Over a quarter million of dollars—\$260,000—were expended on bounty payments in the last biennium on wolves, coyotes, hair seals, eagles and trout. The usefulness of these various bounties, the amount of damage done by the predators on which bounties are paid, the effectiveness of the bounty method of extermination as against some other method where extermination appears desirable—these are varyingly controversial issues. With so large a sum involved it would seem only proper that those who desire to expend these public monies should assume the burden of proof that these expenditures are essential and represent the best method of dealing with the situation.

Since the last meeting of the Territorial Legislature, eagles, on which the Territory has been paying a bounty of \$1.00, have been protected by Federal statute. It is now against the law to kill an eagle anywhere in the United States except in Alaska. While Alaska was exempted out of consideration for existing Territorial legislation, it would seem reasonable for us to move in the direction of practice now established everywhere else and at least to cease paying a bounty on this national bird.

Twenty-five thousand dollars was appropriated for the last biennium for Dolly Varden trout bounties. There seems to be little question that quantities of rainbow trout tails and young salmon tails have been included in the trophies presented for collection. Further, Dolly Varden trout are admittedly predators on stickleback which in turn are destructive of salmon. The Fish and Wildlife Service has expressed to me its view that such expenditures are unwarranted unless and until careful research establishes their value. However this is a question for the Legislature to decide. Meanwhile no request has been made for funds to continue eagle and trout bounties.

The matter is treated more fully in the current biennial report of the Territorial Board of Budget, signed by the Treasurer, Auditor and Governor, and I commend this fuller treatment to your attention. A good deal of the bounty legislation in the past has been in part motivated by the economic needs of Alaskans, who are assisted through these bounties. It is, I think desirable not to confuse this issue with relief. Federal and Territorial appropriations are increasingly taking care of that aspect of the problem.

Permanent Conciliator for Alaska

Every season disputes between employer and employee which apparently could not be settled by discussion and agreement have stopped the wheels of industry, created unemployment, interrupted the orderly flow of commerce throughout our communities. When strikes have been called and after they have continued for some time it has been customary for one or both parties to the conflict to call upon the Conciliation Service of the United States Department of Labor to send an arbitrator from the States. Believing that Alaska was entitled to

a full-time official with these duties, both because of our general objective to cease being considered and treated as an appendage of some unit "down below," and because such an official constantly on the job here would tend to speed settlement of industrial disputes, I requested and secured the full-time services of such a conciliator, who beginning last spring was stationed here and will so continue. Every effort should be made to arrive at a peaceful settlement of industrial disputes because of the damage and cost to the entire community of the interruptions caused by strikes.

Workmen's Compensation Act

In an effort to improve industrial relations certain inherent weaknesses that experience seems to have revealed in the Territorial Workmen's Compensation Act ought to be corrected.

1. The existing law provides coverage only in operations where **five or more** employees are engaged. It is manifestly hard on a worker who loses an arm or an eye to receive no compensation if there happen to be only four fellow-workers or fewer. Complete coverage would seem elementary justice if we accept the principle of compensation for injuries, which I assume all do.

2. Coverage should also be extended to include Territorial employees. Federal employees are now protected by Federal law. Let's do as much for our own.

3. The present law requires that all disputed compensation cases may be settled only by compromise or by suit in Court. Settlement procedure should be simplified in cases where relatively small sums are involved. By authorizing some existing Territorial official or agency to assist in the collection of small claims where employers fail or unreasonably delay settlement, we may rectify an occasional injustice and at the same time avoid setting up costly and cumbersome administrative machinery.

4. Employers should be made accountable to some Territorial board or agency, to which reports should be made at regular intervals regarding the collection and use of the so-called medical and hospitalization fund, to which employees contributed. At present there is no such accounting.

5. The clause in the existing Workmen's Compensation law which provides that when a fatality occurs to an unmarried person without dependents the payment of a certain sum be made to the Territory, "to be credited to the current appropriation for allowance to aged residents," has been declared unconstitutional. Its unconstitutionality arises from the diversion of the money to a purpose unrelated to the subject of the act. Competent authorities have suggested that a legally sound substitute for this clause may be framed by providing that the sum paid to the Territory be credited to a Rehabilitation and Second Injury fund, to be used for the sole benefit of those entitled to participate therein. A study of the advisability of incorporating such a clause in the law is recommended.

Investigation of Steamship Freight Rates

In 1939, the legislature adopted a joint memorial asking for an investigation of the freight rates on water carriers operating between the States and Alaska, stating that they were excessive and that further unjustified increases were expected which would threaten the economy and well-being of Alaska. In Washington last spring, I transmitted this memorial to the United States Maritime Commission, requesting action thereon. An investigation was ordered, and hearings were held last summer at Seattle, Ketchikan, Juneau and Anchorage. Meanwhile the anticipated further increase had been made and the commission permitted the new rates on condition that should they be held unjustified, all increases collected thereunder would be refunded to the shippers. The decision of the Maritime Commission should be available shortly, but meanwhile I have a copy for each member of the legislature of the brief presented by the commission's attorneys. While we do not know that the Maritime Commission will act upon the recommendation of its attorneys, it is interesting to note that they sustain the legislature's contention that the freight increase of last spring was unjustified.

Conclusion

I have noted that my predecessors in their messages have urged the legislature to refrain from sectionalism, and I think it may be said at this time that there is so much in prospect for each section of Alaska, if we live

up to our opportunities, that no division and no part of the Territory need feel seriously concerned about its share of the general welfare. The program which I hope you will see fit to adopt here will be of such far-reaching benefit to all Alaska that we will have little time or concern for keeping books on which section gets the most. I would like to urge, also, that in view of the importance of our problems, consideration of them be begun promptly and be not deferred to the latter days of the session. Sixty days are none too many for mature consideration of the many matters before you.

Finally, at this time of crisis in world affairs when our system of government by consent of the governed is challenged from within and without as never before in its history it behooves all of us public servants to feel more keenly than ever our responsibility to make our democratic system work, and to demonstrate by actions our faith that whatever may be its faults it is still the best system yet devised by man.

ERNEST GRUENING,

Governor.

It was moved by Senator Walker, seconded by Representative Rogge, that a rising vote of thanks be extended to the Governor for his splendid message. Motion unanimously carried.

It was moved by Senator Coffey, seconded by Representative Rogge, that the Joint Session adjourn. Motion carried, and so the Joint Session adjourned.

IN THE HOUSE

After adjournment of the Joint Session the Speaker called the House to order.

PRESENTATION OF PETITIONS, MEMORIALS AND RESOLUTIONS

HOUSE JOINT MEMORIAL NO. 2, by Messrs. James V. Davis and Harvey J. Smith, addressed to the Congress

of the United States, urging the passage in Congress of a bill known and designated as H. R. No. 94, entitled: "An Act to forbid the appointment of any person but a resident of the Territory of Alaska to the office of Governor of said Territory," was received, read the first time and referred to the Committee on Judiciary and Federal Relations.

ORDER OF THE DAY

The Speaker announced that a reception was being held this evening at the Governor's Mansion, to which all members of the House were particularly invited, and expressed the hope that all members would attend.

Mr. Lyng, Chairman of the Committee on Rules, advised that immediately after adjournment the House Committee on Rules would meet with a like Committee from the Senate.

Thereupon, on motion of Mr. Rogge, seconded by Mr. Harvey J. Smith, the House adjourned until 10 o'clock A. M., January 30th, 1941.

LAWRENCE KERR,

Chief Clerk of the House.

Approved:

January 30, 1941.

H. H. McCUTCHEON,

Speaker of the House.