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MESSAGE
Of The
GOVERNOR OF ALASKA
To The
SEVENTEENTH LEGISLATIVE
ASSEMBLY



JANUARY 25, 1945

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The overshadowing fact, as we meet here for the biennial session of the Seventeenth Legislative Assembly, is that our nation is still at war. It is deeply engaged in an all-out, total war, the duration of which no one can foretell. That was also true when we met two years ago. Then, a small fraction of Alaska was still held by enemy forces, the only part of America thus occupied. But while that aspect of the war has, viewed from a purely regional standpoint, terminated successfully, it is plain that Alaskans, as a part of our whole people, are more deeply engaged now than we were then. Today our nation is called upon to make even greater efforts to furnish manpower for the battlefield and for war industries. I believe, and I think you will all agree with me, that the primary task of our joint efforts as representatives of the legislative and executive branches of our government is to do our part, whatever it may be—however great or small, direct or indirect—to help bring that war to a successful conclusion and to achieve lasting peace.

Alaska Service Men

Over five thousand Alaskan boys have gone into the armed forces. The exact number is not to be revealed, but it is reasonable to assume that within the period that the war is certain to last, additional thousands will bring the total to more than ten percent of our population. Some of these boys have already made the supreme sacrifice; tragedy has struck homes in every part of Alaska. Everyone here in this assemblage knows personally some of the fine boys who have lost their lives; nearly everyone here has grieved with friends who were the parents, wives, brothers and sisters of the gallant loved and lost. More will lay down their lives in the same great cause.

In the actual winning of the war our duties are fairly well prescribed; and I believe we can say conscientiously that we in Alaska have tried to do our part. Throughout the Territory men

beyond the age of active service have given their time unstintedly to the work of the draft boards and other civilian war activities. Our war bond quotas have been oversubscribed; our Territorial Guard has been and is ready for whatever service it might be called upon to perform. In doing this we have only performed our elementary duty as Americans, and we have been glad to do it, regretting often that we could not do more, and conscious of the great inequalities in the sacrifices that are being made. We shall continue, I know, to do cheerfully whatever we are called upon to do.

The larger question now confronts us—what special duty, what particular undertakings is it incumbent upon us, here gathered, to consider?

One of the obvious problems that every American community faces, and indeed the whole nation and its component political parts—states and territories—is that some of the veterans of this war are already returning, and an increasing number will return from month to month. Over 300 Alaskans have already been discharged. Thus, we meet two tendencies which, in a certain sense, appear to be in conflict. While on the one hand, we are completely dedicated to the prosecution of this war, we also have, at the same time, the beginning of our post-war problems. We must start handling both simultaneously.

Our supreme duty, I feel, as representatives of the government of the Territory, is to make plans for the discharged service men—and women. It is our responsibility to do everything possible to see that they are returned to our society with the maximum of opportunity for their reestablishment back home. It is a solemn obligation for us to show—by our actions—our appreciation and our gratitude for what they have done, for the precious years they have lost, for the suffering they have undergone. We owe them a debt, which even if we cannot fully repay, we can endeavor to repay in part by making it possible for them to resume their places, or other places, as they choose, in civil life, with a maximum chance for an adequate, satisfactory, dignified livelihood. In addition to Alaska's own thousands, there will be others; many service men who have been stationed here have already expressed their desire and intent to settle in Alaska; there will be still others who,

for one reason or another, desire to come to Alaska to make their way. Their urge will be similar to that which has brought to Alaska a very substantial part of its present population.

We must not let them down. And I may point to the gratifying fact that in preparing Alaska as a place of more economic opportunity, we are not only doing our duty by helping these ex-service men; we are likewise developing Alaska as a whole and helping all Alaskans.

An Alaska Development Agency

My first and specific suggestion is for the Legislature to establish some agency, authority or commission to which may be attached the word development, reconversion or rehabilitation, as you will. Every one of the 48 states, and our only other incorporated Territory, our Pacific neighbor Hawaii, have already established such an agency. We should do likewise, creating an agency suitable to Alaska's needs and to Alaska's special physical, geographic and economic conditions. I have secured from the governors of the 48 states and our sister Territory information concerning their respective agencies of this nature. I have looked through this considerable material, and the Secretary of the Territory, Mr. Lew Williams, has studied it all carefully, so that his familiarity with it will be available to all of you, in addition to the original material, should you care to examine it. These agencies differ somewhat in their composition, but they virtually all have the underlying purpose of developing the economic resources and opportunities of their respective states with a view to furnishing opportunities for returning service men.

In the case of Alaska's development agency, a number of special assignments seem clearly indicated. First, there is, and for some time has been, a tremendous volume of inquiries. These have been coming for a year or more to government agencies, to the Governor's Office here in Juneau, to various Federal agencies, both in the Territory and in Washington, to chambers of commerce, to individuals. They contain every conceivable variety of inquiry; the writers want to know the opportunities in this, that or the other field; they want to know how to invest funds, including the funds which will be available under the G. I. Bill of Rights to returning veterans. (Under

that bill each ex-service man is entitled to borrow \$4,000, half of which is guaranteed by the Federal Government.) Our first task is to organize all information now available and answer such inquiries, and then to secure, as rapidly as possible, the information sought which is not now available. Next, and most important, is a larger task of trying to develop and create opportunities in Alaska. That should be the real purpose of this agency. Opinions will differ as to the potentialities of this Territory. Some of us are more optimistic than others, but I think that everyone will agree that far more opportunities than now exist can, with ingenuity and enterprise, be developed in our vast Territory, with its sparse population of only one person to every eight square miles. In the development of these opportunities, we should and can call upon, not merely all the Federal and Territorial agencies that now exist, including the Congress and some Federal agencies specially dedicated to the task of reconversion, but on private enterprise and on potential investors and developers throughout the nation. What we naturally wish to avoid at all costs is to have the influx of ex-service men and ex-defense workers haphazard, without adequate preparation and without adequate information. We cannot prevent such of the American people as desire to come here from coming—the only limitations being boat and airplane space. They have a right to come, just as many of the people here now have come. But for their sakes, for their future well-being, for their contentment, for the avoidance of disappointment and disillusionment, we owe it to them to furnish them, in advance if possible, with the proper information about what they will and will not find here and to work out as many sound economic opportunities as possible.

I hope that this agency will be designed to be a functioning, active body that will go to work immediately with vim and vigor; it should appreciate that the need for some action is urgent, and at the same time, that orderly development and the organizing of new industries and new activities, for the purpose in hand, will require some study. The new agency should coordinate the plans already made, some of them fairly complete, of public works and other improvements in many of our towns, and make further plans for the unsettled areas in between. In the tragic fact that our war will probably last for

several years longer there is at least this one measure of consolation; that it gives us time, if we are so inclined, to do a good job of getting ready for the returning service men.

To secure Federal financial assistance for such planning and projects, an agency such as this is required by law. The so-called George Bill passed by the last Congress contains the proviso "that no loans or advances shall be made with respect to any individual project unless it conforms to an over-all state, local or regional plan, approved by competent state, local or regional authority," and elsewhere the bill provides that the word "state" shall include Alaska.

There are other things that we ought to consider to make life better and more secure in the Territory. I would like to reiterate my basic proposition that, as far as our means will permit, we should try to develop and exercise more self-reliance and more autonomy. As one who has tried never to overlook any possibility, or even probability, of securing Federal assistance, either financial or otherwise, for the Territory and its subdivisions, and will naturally continue efforts in that direction, I nevertheless feel that our path of progress lies in the direction of trying to do the maximum amount for ourselves. Not only is this right in itself, but I believe in that way we will often get more help from the outside than otherwise. And where the Territory needs something urgently, it seems to me wise to try to go ahead and do it ourselves, and not sit back and wait for the Federal Government to do it. I firmly believe in the principle of home rule and self-government.

Referendum on Statehood

And in this connection and without wishing to digress long from the theme which I have begun, I want to point out that both political parties in this Territory, at their last conventions, endorsed statehood for Alaska. Our recent and universally esteemed Delegate to Congress, Anthony J. Dimond, was a vigorous proponent of statehood at the earliest possible moment. The two nominees of the Republican and Democratic parties for Delegate to succeed Tony Dimond ran on a statehood plank in their campaigns. I think there is no question that few, if any, Alaskans, reject statehood in principle. Where Alaskans would differ, I believe, is only on the timing; some would want it as

soon as possible; some in the relatively near future; some at some distant time when the Territory will have attained certain objectives deemed, by this group, as desirable. We know that in their reaction to Delegate Dimond's bill for statehood, the various Federal Departments which gave their views, felt that any positive action by the Congress granting statehood to Alaska should be deferred until after the war, and with that, I believe, there will be no substantial disagreement.

But first of all, it seems to me essential that the people of Alaska themselves register their desire, and I hope that this Legislature will provide for a referendum to that end, with a provision for voting by Alaskans in the armed forces. In order that the voters may be well informed, also, and really understand all the pros and cons of statehood, or of retaining for a longer period our Territorial status, it would seem to me highly advisable to have the pertinent information compiled impartially and prepared for publication. Within a period of six months or a year at most, it should be possible to collect the data on just what statehood would involve financially, economically, politically and otherwise. In order to avoid needless duplication of agencies, this task of research and compilation could be performed under the direction of the above mentioned development agency. If this material, gathered factually and without bias, were then published in pamphlet form and circulated in the Territory and to Alaskans in the armed forces, the referendum will enable the people to express their desires and give the Congress a clear mandate concerning the aspirations of Alaskans. For, remember, there are two steps toward achieving statehood; the people of Alaska must themselves desire it, and second, Congress must then, should the desire of Alaskans be affirmative, be persuaded to grant it.

In the interval, and in pursuance of the general objectives above mentioned, any moves toward increasing Territorial self-government, toward increasing our permanent population, toward diversifying and strengthening our economy, will be steps forward, as well as steps toward membership and full equality in the family of states.

Dead-Hand Land Ownership

One of the obstacles to progress which has long confronted Alaska and is growing steadily worse through the years, is the

amount of patented land, patented for mining, agriculture or other purposes, the owners of which have left the Territory and cannot be found. Many of them have died; their heirs are unknown, and mail addressed to them is returned to the sender. This dead hand upon thousands of Alaska acres blocks prospective development. It is a serious problem in the Matanuska Valley; it will be a serious obstacle to returning service men desiring to homestead, to mine, or engage in other activities. A simple bill requiring registration of all real property, with a fine for non-compliance, would solve this problem. The fine becomes a lien against the land which can, in time, be sold by the Territory and become again available. A bill for this purpose, introduced in the last session by Senator Norman R. Walker, passed the Senate unanimously but failed in the House by a small margin. It is difficult to see any possible objection to this measure which can be administered at virtually no cost. Those critical of various types of land withdrawals by various Federal agencies should realize that the Territory has in its power to rectify what in effect is a particularly flagrant type of withdrawal—one which, through inaction, holds some of the most desirable lands indefinitely out of all possible use.

Full Time Health Commissioner

One of the pressing problems of the Territory is that of health. We cannot blink the fact that our tuberculosis rate is much higher than it should be and that we are not making much progress toward coping with this dread disease which is likely to strike anywhere. Our public health setup needs reform. Under our present law, the Commissioner of Health of the Territory must be a practicing physician, who does his work as Health Commissioner on a part-time basis. This is not adequate, and the present Health Commissioner, the medical profession generally in Alaska, and all those who have given the matter serious thought, feel that the present part-time arrangement should be abolished, and in its place a full-time health commissionership established, headed by a man particularly trained in public health work. Public health work has become a specialty, moreover, for which the average practicing physician's experience, however excellent he may be in the treatment and care of individual patients, is not sufficient. I think

you should realize in this connection that the Federal Government contributes to our health work more than twice what the Territory appropriates.

Tuberculosis

Likewise I feel that we should make a beginning, at least, of taking care of our tuberculosis cases which now number thousands and are now found in every walk of life.

In the hope of securing some of the hospital facilities created by the Army, which are no longer needed, I went around trying to get some of the military hospitals reserved for that purpose. At first I was unsuccessful, because as part of the conduct of the war, the equipment and fixtures in some of the hospitals which were being abandoned were deemed essential to some other theatre of war, and, as most of these buildings were of temporary construction, they were, after being stripped, of relatively little value. However, I was able to secure from the Northwest Service Command, the military hospital at Skagway, with an actual capacity of 150 beds. I tried to get Federal Lanham Act funds in order to start operating the hospital, at least for the duration, with the understanding that the Territory would have the chance to take over after the emergency if the Legislature desired. These funds were, however, ruled as not available for tuberculosis. So the Office of Indian Affairs sought and secured an appropriation which will enable it to operate this hospital.

I did, however, manage to secure the military hospital in Seward also, with a capacity of about 150 beds, and to persuade the War Department to hold its equipment, which was in process of removal, until this Legislature could decide what it desired to do. This Seward hospital is available to the Territory, if you wish it. Under the Surplus Property Act, recently passed by Congress, however, equipment may not be transferred even to other agencies of the government without reimbursement; it must be paid for, and the War Department has fixed the sum of \$14,500 for the entire equipment of the hospital, which I think I may fairly say is a reasonable price. It would be my recommendation that the reorganized Health Department be given the authority and the funds to operate this hospital. These two hospitals together—Skagway and Seward, totalling

300 beds—would take care of perhaps ten percent of the Territory's active TB cases which need to be hospitalized. It may not seem like much, but I would consider it an important beginning, multiplying the Territory's present bed capacity for TB more than five times, and, in the two years between the close of this session and the next, the Territory will have gained an experience which will be invaluable in any future program. Nor would I expect that the Territory will be obliged to carry the entire burden itself. However, I believe our opportunity to secure Federal assistance is all the better if we make a start. I believe it would be useful if the appropriate committees of the Legislature would carefully examine the financial aspects of this undertaking and see how nearly such a hospital may be made self-supporting and how much actual financial assistance it will require.

Veterinarian

While on the subject of health, I desire to call your attention to an urgent need of Alaska's important and growing dairy industry. For some years there has been only one veterinarian in the Territory, stationed in the Matanuska Valley. Once a year he endeavors to swing around the Territory and examine the herds for tuberculosis and Bang's disease and whatever else may ail them, and to give such other help and advice to the dairymen as he can in his brief stay.

One veterinarian is no longer sufficient to do the work for the entire Territory. When discussing this problem with Matanuska Valley farmers last summer and others in the neighborhood of Anchorage, they were most emphatic in their statements that the annual departure of Dr. Graves to make his swing around the Territory was a serious hardship to them. As one of them put it, "Whenever he goes away, something happens." Conversely, I have corresponded with the dairymen in other parts of the Territory, in the Tanana Valley, on Kodiak, in Prince William Sound and southeastern Alaska, and have talked with the local dairymen, who appear to be unanimous and emphatic in their desire for a greater measure of veterinary service than is now available. This situation can be taken care of by supplying another veterinarian, who should be stationed in southeastern Alaska and who would divide the work of the whole Territory with Dr. Graves. Apart from the indispensable

health aspects of this situation, it is also clear that dairying is one branch of agriculture which has been a demonstrated success in Alaska. At present there are not enough fresh milk and dairy products to satisfy existing demands; many families whose children now need fresh milk cannot get it, and expansion of this industry is a sound contribution to the whole of Alaska's economy and definitely a stabilizing influence. With the return of men from overseas, the shortage of farm hands, which has somewhat retarded the expansion of this essential industry in Alaska, will be ended. Meanwhile, it is important to safeguard the dairy herds we now have.

Agriculture

In this connection I want to say a word on the subject of agriculture. I am convinced that its surface in Alaska has not yet been scratched and that it can play a new and important part in the development of the Territory. The expansion of victory gardens in the last year produced astonishing results. The Farm Security Administration which established an office at Anchorage two years ago has been most helpful in assisting farmers to get started. I feel confident that the Federal Government can be persuaded, as part of a national program, greatly to increase its efforts in the essential field of agricultural research. One of the tasks of a Territorial development commission would be to ascertain what part the Territorial authorities should take in a joint program with the appropriate Federal agencies to bring up our agricultural production as nearly as possible to our levels of consumption. Across Bering Sea in eastern Siberia agriculture is being developed, as a result of experiment and research, to an unprecedented degree in latitudes that were formerly deemed unsuitable, and is forming the basis of support of new settlers there.

Unemployment Compensation

There is considerable legislation which seems desirable to improve our way of life in the Territory and which bears pretty closely on the matter of returning service men. In connection with the establishment of new opportunities, the creation of new jobs, I believe that both our Unemployment Compensation and Workmen's Compensation Acts should be strengthened. The Unemployment Compensation Act as originally drawn, at

the time when social security was adopted in the Territory, applied only to employees in establishments employing eight or more. The duration of payment is for sixteen weeks, and there is a waiting period of two weeks before this unemployment compensation may be drawn on. The tendency throughout the states is to liberalize these provisions; the Social Security Board has long since recommended liberalization. It seems distinctly unfair that whereas, on the one hand, an employee working with seven others is entitled to these benefits when he becomes unemployed, one working in an establishment with only six others or fewer is denied them. Especially would this be important if, in the process of developing Alaska's resources, many small new industries are set up, as we confidently hope they will be. The present weekly payment, \$16.00, also seems a little meager. It is pretty hard to live on that. An amendment making compensation applicable to all workers regardless of the total employed and raising the benefit somewhat would seem to be just and desirable. Owing to the great prosperity which the Territory has enjoyed in the past four years, the present unemployment compensation fund is amply able to meet any foreseeable demands upon it.

Workmen's Compensation

One of the most important acts on the books of any state or territory is the workmen's compensation act. With adequate provisions and properly administered, it safeguards the workman and his family, from an economic standpoint at least, when misfortune, in the shape of a crippling or fatal accident, strikes him down. A good workmen's compensation act is essential to the well-being and security, not merely of the workers themselves, who constitute so large a part of our population, but of the entire community itself. Our Workmen's Compensation Act, passed sixteen years ago, has, in my judgment, fallen far behind the needs of the times. In preparation, not merely for the returning veterans, many of whom will want to resume their former places in industry, but for all of our workers, it seems to me desirable to amend and strengthen this Act substantially.

The Workmen's Compensation Act of the Territory has several weaknesses that ought to be corrected. First, it should be extended to include Territorial employees. Federal em-

ployees are now protected by law; we should do as much for our own. I have, within the past two years, received very moving letters from Territorial employees pointing out that they have no prospect of a pension, no provision for retirement and are completely unprotected in case of accident.

Second, the Act at present provides coverage only where five or more employees are engaged. It seems most unfair that if a worker should lose an arm or an eye or suffer any other serious disability or be killed, he and his kin receive no compensation whatever if there happen to be only four fellow workers or fewer. There is no logic in this arbitrary figure of five or more. Every worker should be protected as a matter of elementary justice.

Third, occupational diseases contracted by workers should be included as causes for compensation. They can be, and often are, just as debilitating, crippling or fatal as a sudden injury. Silicosis, the chief occupational disease of certain types of mining, should certainly be included in a Territory in which mining is so important an industry. Shrimp poisoning, which affects our shrimp pickers, is another.

Fourth, the rates of compensation fixed in 1929, sixteen years ago, for various injuries, fatal or otherwise, seem scarcely adequate today. When the law was passed, in Alaska and elsewhere, it represented so great an improvement over the previous lack of any compensation that the standards of what the loss of a hand, an arm, loss of eyesight or hearing, or any other injury were worth to the victim, were not too closely weighed. These rates should now be revised in accordance with the present scale of living to which the totally or partially incapacitated and his dependents, or the surviving dependents of a workman fatally injured, must adapt themselves.

Fifth, the original law fixed the age at 16 as the upper limit of dependency, providing benefits for each child below that age in the case of a workman killed. I believe this limit should be raised to 18 years, which would be in line with practice generally adopted elsewhere.

Sixth, the medical and hospitalization charges should not be deductible from employees' wages as at present.

Seventh, the Act requires better administration than it has had. Workers having suffered serious injury should not be com-

pelled to undergo additional mental suffering by fear and doubt as to whether they will be properly compensated for their injuries without a long controversy and litigation as to the character and extent of the compensation due them and its payment. The logical place to center the responsibility for administering workmen's compensation would be the Department of Labor.

To assure the certainty of payment to workers in the event of default by employers, some states compel the employers to insure themselves with private companies. In other states a state insurance fund, especially for the purpose, is set up. I would hesitate to recommend either of these alternatives until we have demonstrated evidence of failure to pay such claims in Alaska because of insolvency. The record of industry's solvency here has been good in recent years, and it would seem inadvisable to place the extra burden on Alaska's employers of taking out private insurance, or that we should endeavor to set up a Territorial compensation insurance agency until experience indicates the necessity for either one of these moves.

Teachers' Retirement

In connection with the lack of provision for the retirement of Territorial employees, a bill has been prepared by a committee of the Alaska Education Association to provide for payment of retirement salaries to the Territory's teachers, which, I understand, has the support of the teachers. There may be some criticism of the proposed draft because, for one thing, it does not provide for the pioneer teachers, those few veterans of our teaching force who have served and already retired. Provisions should be made to let them pay their proportionate amount and share in the benefits. There may be other minor controversial aspects in the draft of the bill itself, but I, for one, find it difficult to disagree with the soundness of the principle of a retirement fund in which both the beneficiaries and the government are contributors. Economic security is essential to happiness and well-being. Federal employees all have it under the Ramspeck Act, and as soon as possible, we should try to work out the equivalent for our own Territorial employees.

Old Age Assistance

The present allowances for old age assistance should be examined with a view to determining their adequacy. The

present maximum is \$45.00 a month, but many do not receive this maximum. It is clear that in many cases where these allowances constitute the total income, where perhaps also special care is required, that maximum is insufficient. I hope the Legislature will look into this situation carefully and sympathetically.

Housing

A scarcity of housing afflicts nearly every Alaskan community. In some of our towns it has reached a point where it seriously hinders the routine of daily existence. Where the shortage is a direct consequence of war activities, it is possible to get a certain amount of "war housing." Both Anchorage and Fairbanks have received a number of units, although apparently not quite enough for their needs. In an effort to relieve this situation I have asked the Federal Housing agencies to send representatives up here to see what might be done, now as well as for the future, since this situation is bound to become steadily aggravated. Several years ago, when a National Housing Act previously passed had failed to include the Territory of Alaska, the Congress was persuaded to rectify this omission. The Act is permissive. It gives the Territory, if it desires, the opportunity to secure some Federal funds for housing by setting up a housing authority of its own. A bill, of the type passed by various states, Hawaii and Puerto Rico, to make this possible, is available. Before taking any action on it, I recommend that the Legislature give a hearing to a representative of the National Housing agencies, who will be here shortly and will be able to explain to you whatever you may want to know on the subject, particularly the question of whether it is desirable to enact such legislation at this session or not.

Recompilation of Laws

As a part of the general process of setting our Territorial house in order, a recompilation of our laws is needed, and is in fact overdue. The last compilation was made twelve years ago—in 1933. At the end of this session the laws passed by six regular and one special, sessions will have accumulated. It appears to be the unanimous and urgent desire of the entire bar and bench of the Territory that this recompilation be provided for at this session and that the work be placed in the

hands of a competent outside firm, experienced in this kind of work.

Defective Statutes

However, I think you will enjoy hearing a telegram of one attorney: "Favor recompilation but suggest that Legislature first wipe all the rust and fungi off present collection laws then do some serious amending, bold repealing and intelligent clarifying so that your firm of outside experts can present us with a clean, authoritative restatement, well indexed and annotated."

I think that most of us who have had to do with the laws realize the soundness of this advice. Many inconsistencies are to be found in the Territorial statutes. There are cases where the Attorney General, when asked for his interpretation, can only shake his head and say in effect, "This is what the law says but this is what's always been done," or say, "Well, each Commissioner interprets the law in his own way."

Let me give you one example, though there are many. Chapter 89 of the Session Laws of Alaska, 1931, providing for absentee voting, has been amended to permit applications for absentee ballots and their delivery to the applicants to be made by mail. Yet neither Section 4 of that Act, requiring the marking of the ballot by the voter in the presence of the commissioner, nor Section 14, providing for the administration of the literacy test by the commissioner and giving any person present at the time the right to challenge the applicant, has been amended and therefore these sections are wholly irreconcilable with the amendatory statute permitting applications for ballots to be made by mail and the marking of the ballot to be done before one who is not a commissioner.

In this particular case it is possible that one of these days we shall have a very close election to some important office and the matter will be thrown into the courts which will be compelled to try to untangle a situation which could really have been straightened out by the Legislature.

There are many other inconsistencies of this kind which are discoverable only upon close scrutiny or study of the particular act itself and sometimes only upon a comparison thereof with other laws relating to, or having a bearing on, the same subject.

Also there are many other acts which have long since become obsolete; appropriations for them have not been made for years, yet they clutter up the books. I would venture to suggest to the Legislature that it try to meet both the problem of removing the contradictions and ambiguities in our legislation, ridding ourselves of the dead wood and getting a professional and workmanlike recompilation.

How Much Revenue Needed

We now come to the ever-troublesome questions: (1) how much money should we raise for the forthcoming biennium; and (2) how should we raise it? These of course are matters wholly within the discretion of the Legislature. It is the Governor's duty only to discuss the problem, to present his point of view, to offer some of the arguments for and against a particular course of action, and then to leave the decision to the elected representatives of the people.

The report of the Territorial Board of Budget indicates its view that the anticipated revenues for the coming biennium will be approximately three and a half million dollars and that the approved estimates of the various government agencies will be somewhat in excess of five million one hundred and sixty thousand dollars, leaving a prospective deficit of \$1,655,576.

Of course the Legislature need not approve the Board of Budget's estimates. It can cut some of the appropriations. But it is difficult to see how savings can be made sufficient to make up this difference. Then there are other undertakings, some of which I have suggested, and still others desired by the legislators themselves, which will require additional expenditures. It is of course not surprising that there is a deficit, since revenues from gold have disappeared owing to suspension of the gold mining industry during the war, and no provision exists in our present tax structure to take up the slack or to take advantage of the many great opportunities which the war afforded us to compensate for the disappearance of revenue from gold.

Territorial Salary Increases

You will note that the Board of the Budget has recommended a blanket increase of 25 percent for all Territorial officials and employees, administrative as well as clerical. In

this, its purpose is more or less to equalize the salary of Territorial employees with that of Federal employees, virtually all of whom have, in recent years, been granted a 25 per cent differential above those holding corresponding positions in the States because of the higher cost of living in Alaska. In addition to that, the Federal employees receive overtime for the duration of the war, amounting to some 21 percent of their basic salary, though not to exceed \$600 annually—but in return for which they are expected to work Saturday afternoons and longer hours generally. Furthermore, Federal employees have retirement provisions which Territorial employees do not enjoy. Whether the Legislature desires to approve such an increase in blanket form, or to examine the individual needs of the particular position in each case and the qualifications of the incumbent, is a matter for its discretion.

Need of a Sinking Fund

There is one other aspect of raising revenue that requires your serious consideration. Most states, in anticipation of their postwar needs, have established sinking funds, some of them having been inaugurated several years ago and already amounting to very substantial sums. These are put aside, not to be touched until the postwar period, when money for public construction, for matching Federal appropriations, and for other purposes will be needed. It seems clear that, on the one hand, as long as the war lasts in its present intensity, there can be little or no construction except that directly related to war needs; but on the other hand, that the longer the war lasts, the greater will be the need of such construction when its hour arrives. Moreover, I think there is no question that there will be a large Federal program of public works, dedicated not merely to reemployment, but to supply the many public projects which the suspension of the war years has rendered absolutely necessary. It is almost certain that the greater part of these appropriations will be on some sort of a matching basis, although not necessarily equal matching. Judging from the experience of the past, I think we may safely assume that the Territory's part in such matching will be fractional. But, if we are to benefit by such a program and get our proper share, it is advisable to have some kind of a nest egg for the purpose.

Highways

Further along these lines, it seems to be generally agreed that the Territory needs more roads—indeed they are indispensable to its development—and an effort will and should be made, undoubtedly, to include Alaska in the Federal Highway Act, as are the 48 states, Hawaii and Puerto Rico. Alaska alone was not included because the apportionment of funds is based in part on area, and because of Alaska's vast area, our share would have been disproportionate to the Territory's then considered needs, and far beyond that of any state. Moreover, under the Act, while the Federal Government supplies the funds for construction, the state or territory must provide maintenance. An effort will be made to get Congress to make an exception for Alaska by allocating road funds on the basis of half the Territory's area and then allowing these funds to be used also for maintenance. But there is no certainty that Congress will agree to this, and we should be prepared, in the postwar period, both for the development of the Territory and to do our part in giving employment, to have Territorial funds available for road construction. I therefore feel and would recommend that provisions be made beyond the current needs of the biennium to set aside some fund for our postwar program and to define and strictly limit its uses to that purpose. I firmly believe in the soundness of such foresight. I would consider it an investment, a wholly constructive act, a proof of our sense of obligation to our men in the service, a pledge of our good faith to them, an evidence of our confidence in Alaska's future. Should anything arise that would change the soundness of such a move, it would be entirely possible for the next Legislature to make other provisions. In doing this, we would not be pioneering or trailblazing; we would simply be doing belatedly what has been done throughout the states of the Union.

University of Alaska

Among the type of projects for which we should be setting aside funds is our University of Alaska. There is an institution of which the Territory may rightly be proud. As Daniel Webster said of Dartmouth College in his famous argument before the Supreme Court of the United States: "It is a small college but there are those who love it." The activities of the University

have in the last two years been greatly curtailed through the Army's need for and occupation of its buildings. That phase is now past; the public's demands on the University will henceforth be greater, but of course, it will not be operating at its full potentialities until the war is over. Then its facilities will be in great demand, far beyond anything it has experienced.

First will be the Alaskan boys and girls who interrupted their education to go into the services and will desire to complete it.

Second are the great number of other Alaska veterans who may never have gone to the University and have completed grade school or high school educations, who may, under the G. I. Bill of Rights, wish to take some special training.

Third will be the children of the military stationed in Alaska at the close of hostilities. Alaska will never again become defenseless, and we shall have permanently stationed here substantial Army and Navy contingents. During the long war years the children have been separated from their fathers in the armed services. Those fathers, stationed in Alaska, will want their youngsters near them, will want them educated at the institution of higher learning closest by—namely the University of Alaska.

Fourth will be the many other ex-service men from other parts of our country who want to settle in Alaska and to take advantage of the Federal Government's provision for further training by enrolling in the University's courses in mining, agriculture and other subjects. For this surely foreseeable influx of young people—though young people who have been disciplined, matured and sobered through the bitter experience of war—there will not be adequate accommodations, either of dormitory, classroom or laboratory space unless we plan to build them.

Finally, there is the important and stimulating project of creating a southern branch of the University in southeastern Alaska. For this there is not only adequate and excellent precedent in California, where that great Pacific State has the northern and southern branches of its University to take care of its students in both regions, but here in Alaska with its greater distances, the need is even more imperative. But there is still another reason for this project. The southern branch of

the University to be located, under present plans, at or near Ketchikan, will provide training in subjects of great importance to the Territory, for which instruction cannot suitably be given at Fairbanks. There will be given training of the most practical sort in the vast and by no means fully explored fields of the fisheries, in forestry, in navigation, in marine engineering and architecture and in other subjects closely related to the sea. In addition to providing instruction in important fields not now provided, and serving a portion of the Territory that, because of distance, cannot be fully served by the present plant of the University alone, such a program will do much to promote the unity, self-sufficiency and stability of Alaska.

Now it is clear that we cannot and should not build these structures while the war is on. Priorities for critical materials and manpower will not be available, so that this particular project and others like it are probably not for actual undertaking in the next biennium. But we should look ahead in preparation for V-day and the no less challenging task thereafter, and make every possible plan, down to the last architect's drawing, and second, put aside money for this work when the time comes. Judging from past experience, those communities which are ready, which can proceed with their public works at a moment's notice are the ones which will secure the greatest amount of Federal help. I believe it the part of wisdom for the Territory to provide at least enough to take care of this important project and a few others.

Vocational Training

Among these others may be considered a trade school, which should possibly be located in the Capital, Juneau. Vocational training and retraining will be required for many of our service men. Our younger children coming along, for whom it is not now provided in our school system, should have it. Again, I am confident that we will also receive Federal aid if we make ready to receive it.

The University, highways, vocational training—all undertakings that we shall need, if not in the next two years, certainly thereafter—these and others are projects for which funds should now be accumulated and earmarked.

How Should Revenue Be Secured?

We now come to the difficult and, shall I say painful—or perhaps not too painful—question of how we are going to raise the money. This is a really vital question of continuing, constant and permanent importance to the life of the Territory. Four years ago, following some excellent studies that had been made on the Alaska tax structure—studies by competent and qualified experts, studies which give us really all the information we need and which are available to any member of the Legislature—the studies by Mr. Frederick Lusk of the U. S. Treasury Department and the two studies issued by Rettie and Pegues, under the auspices of the Alaska Planning Council, a complete revamping of our tax structure was proposed.

Need of a New Tax Structure

It was clearly the view of these analysts, and it was mine, that our tax structure was a patchwork that bore no relation either to the financial capacity of the Territory, to its needs, or to its possible fluctuations in income. It is not my intention to rehearse the whole subject here in great detail. Those interested will find it in my 1941 Message to the Legislature. It was not, and was never designed to be, a burdensome program. It advocated the abolition of virtually all existing Territorial taxes, the elimination of Federal taxes paid in the Territory by crediting them against the new taxes, and the substitution therefor of three relatively simple taxes—a personal income tax, a corporate income tax and a property tax. All were to be light. The property tax was designed to equalize the existing unfairness of having Alaskans who live in the incorporated towns pay property taxes, while those just outside, a number steadily increasing, do not. It would not have added one cent of property taxation to those living in towns, and it would have borne lightly on those outside, since the Organic Act establishes a maximum of one percent; and moreover, as drawn, personal property, such as furnishings, household goods, was to be excluded from the new taxation.

Income Tax

As for the income tax, with moderate rates, it would have been the fairest tax of all, and still is, reaching everybody, but in relation to ability to pay. But fully as important as this should

be provisions going to the heart of our most fundamental Territorial problem. That problem is to prevent, or at least to diminish, the constant drain, or removal, from the Territory of its natural wealth, either in the form of materials or wages, without leaving any modest equivalent behind. Any tax bill should, as far as possible, be accompanied by provisions aiming also at taxing the income of non-resident companies and non-resident individuals earning income in the Territory. We should aim to secure revenue properly due from the absentee corporations as well as the thousands of non-resident fishermen, cannery workers, placer miners and others who come to the Territory for a few weeks or a few months to benefit from the high wages received, and then go outside, leaving nothing here. In the case of thousands of these non-resident cannery workers, we know that even today, they do not even receive their pay in Alaska, but get it when they return to Seattle. The Territory gets nothing from them. The Territorial economy gets next to nothing from them. Until this, and some other forms of absenteeism, are corrected, or at least modified, it will be difficult to answer the question of how to build up the population of Alaska.

I may ask at this point, and it is pertinent to the discussion: "What reason is there for any worker in these seasonal industries to live in Alaska?" Of course, I can answer that question in part by saying that many people love Alaska, that it is probably the most beautiful part of our America, that its freedom, its abundance, its friendly people provide an emotional appeal that is a sufficient answer to some. But, to many others, these factors do not make an appeal, or at least not a sufficient appeal, and certainly little in the way of nourishment. The Alaskan, who is a fisherman, a cannery worker or a placer miner, gets his pay for an entire year during a few weeks or months in the working season. If he stays here, he is subject during the balance and greater part of the year, not merely to unemployment (I am, of course, speaking of non-war periods), but is subject also to the substantially higher living costs which prevail here. The seasonal worker from down below, on the other hand, gets the same wages. In some industries, such as the canneries, he gets his round-trip transportation paid and then, having harvested his season's wages in Alaska, he goes back

"outside," both to secure another job in the fall, winter and spring, and in any event to enjoy, during the larger balance of the year, a lower cost of living. Let us face the fact that from an economic standpoint, from a practical standpoint, from a dollar and cents standpoint—and these standpoints, after all, motivate more people than any other standpoint—there is today no advantage, but great disadvantage, for a large part of our people to live in Alaska permanently. Here lies a part of the answer, at least, of why Alaska's population has not grown more. It's not the only factor, but it is certainly an important one. It is a part of our basic problem which we should endeavor to correct.

There are various ways to meet this problem. Extending tax differentials, such as now exist between the cost of the resident and nonresident commercial fisherman's license, and between the resident and nonresident hunting license, is one approach. Creating opportunities in private industry for all year 'round employment—an important part of the proposed Development Agency's job—is another. Raising the standard of life in Alaska with better housing, improved health services, broader educational opportunities, more recreational facilities for the children; legislation extending various aspects of social and economic security, such as recommended earlier in this message—all these would tend to create more permanent residents of Alaska. But to return to the subject of taxation.

Now, had we adopted this tax program proposed four years ago, we would have no financial problem today. Not only would we have plenty of money in the treasury for our present and post-war needs, but we could actually reduce such tax rates as we had established four years ago. In the past four years hundreds of millions of dollars have been expended in the Territory by private contractors on defense jobs. Since they were all operating on a cost-plus-fixed-fee basis, it is not even certain whether these companies would have had to pay the taxes themselves or whether they would not have been passed on to Uncle Sam.

In any event the Territory would have gotten the money. Think of the millions of dollars that were expended in the Territory for Defense workers' wages on these projects. Think of the tens of thousands of men, accustomed to a pre-war wage of

six, seven, eight dollars a day, who were getting sixteen, eighteen and twenty dollars a day. Do you think that the man earning twenty dollars a day would have missed the two percent, the forty cents, that it was proposed to withdraw from his pay envelope as a Territorial tax? Of course not! But what this would have meant to the Territorial Treasury in the aggregate it is now somewhat depressing to contemplate. Think of the fortunes that were made by many Territorial merchants in these bonanza years. One business man of one interior town told me two years ago that he had made more money in the preceding two years of his business than in the previous 27, but under the small license fee which, under the existing system, he was required only to pay, the Territory got nothing of all this. His case is typical.

Well, that's past now and there is no use deploring it, but it may serve to guide us in the future. No one enjoys paying taxes, and, believe it or not, I do not enjoy proposing a tax program. But wouldn't it be well to have one that will rid us of the gross inequalities which now exist, wherein some persons and groups pay moderately and some not at all? What sense is there in a tax system under which our transportation companies pay nothing to the Territorial Treasury? We have, for instance, three steamship companies, all of which bear a name that indicates that they are in the Alaska trade. They have one port outside of Alaska and numerous ports within Alaska. Their entire business is derived from Alaska. The regulation of their rates, the character of their accommodations—all these are beyond the control of any Alaska authorities. But certainly Alaska could, if it would, secure a reasonable, slight part of their profits when profits are made. The same is true of the growing and potentially tremendous air transport industry. We have a bus-line traffic developing in the interior. Is there any particular reason why these transportation agencies should not contribute to the support of the government which supplies them with many facilities and maintenance at public expense?

We shall have a substantial construction industry when the war ends. Is it likewise to be immune from taxation?

Of course whenever a tax program is proposed, its opponents say: "Now is not the time." Four years ago, the argument was advanced that we were going into an emergency and we

would shortly be paying high Federal taxes. So then "was not the time"—although, in fact, it was the greatest of all times. Two years ago the argument was that we were paying high Federal taxes, and again we heard, "now is not the time," although we still had millions of dollars in defense contracts flowing into the Territory. Sooner or later we will discover that the argument is always that now is never a good time to put through a tax reform program.

However, I will grant that this year is not nearly as good a time as four years ago or two years ago. Some defense work is still going on, although of course it is tapering off. And surely we all appreciate that we are now paying high Federal income taxes, that many Alaskans, like other Americans, are now paying Federal taxes who never paid them before. But I still contend that the problem is with us and will continue to be with us until we settle it right, and that every postponement makes it more difficult. One of the weaknesses of our tax structure, as I pointed out four years ago, is that we have most of our eggs in just two baskets—canned salmon and gold—and that if anything happened to either, the financial position of the Territory would be seriously impaired. Well, it has happened here. We need more diversification of Territorial income, and we need a broader base.

One other aspect of tax legislation which I think was made clear four years ago and which I need to repeat: drawing up an income tax and, to a lesser degree, a property tax, is a highly complex, technical job. It requires an expert. It requires a specialist long trained in this particular type of work, who has followed the gradual development, during the last generation, of new tax methods, who understands the many pitfalls and jokers which experience has brought to light. Very few people possess those qualifications. It is a fact that if this body—all forty members—rose to a man and shouted: "We want an income tax!" (I don't expect this to happen, but I am merely using this for purposes of illustration), in other words if all declared their desire and purpose for such a tax, it could not be drawn here by anyone in the Territory and approved within sixty days. This is not a peculiarity of Alaska. Every state legislature hires its tax experts when tax legislation is on the docket. So, four years ago, in anticipation of this technical problem,

I secured the services of a very excellent man who, for the preceding twelve years, had not only drawn up all the tax legislation for the Washington State Legislature, but had presented it to the appropriate committees of that Legislature and worked with its legislators to produce the acts which are now on that State's statute books. Four years ago I was able to get his services paid for by a non-profit agency interested in public administration, the Public Administration Clearing House.

After consulting with a few members of the Legislature, I have again secured, for a limited period, the services of the same man, Mr. Alfred Harsch, although this time the Public Administration Clearing House is paying only a part of his expenses. He has made a draft of a bill for your consideration. He will come up from Seattle and explain it and discuss it with the membership of the Legislature whenever they desire. I think I have already made plain that I have done this only because I deemed it a desirable service to the Legislature, and, obviously, making it possible for the Legislature to have available a well-drawn and authoritative income tax bill, with someone who can answer questions and discuss proposed modifications, does not imply any obligation on the Legislature's part to accept this bill. It will be presented for your consideration. This proposed bill differs from the bill of four years ago in several respects, although in principle it is not far different, and whatever its suggested rates, should the Legislature decide that it wishes to adopt an income tax bill, those rates can be modified of course. This bill follows closely the new Federal procedure, having as large an element as is possible of pay-as-you-go and being accompanied by tables which make it clear what each tax payer is likely to pay. As now drawn, the rates have been fixed at a small fraction of the Federal rate. It is likewise proposed, in which respect the draft differs from the first draft presented four years ago, to credit the Federal salmon pack taxes against the income tax.

I will go no further into the subject of this general tax program except to say that there are plenty of other ways of raising money, but I, for one, retain my strong opposition to a sales tax, which would be particularly unjustified in the Territory, would add to its existing high costs of living and would

be escaped largely by the seasonal visitors, falling instead on the all-year-round Alaskan resident.

One final word concerning the income tax bill. I have spoken of the difficulty inherent in even getting such a bill drafted. A similar difficulty confronts the question of getting it adopted even if we assume, for the sake of argument, that a majority desires such a bill. For experience has shown—the experience which it really required the Federal government a generation to obtain, and the benefit of which experience we now have—that it must, to be a sound bill, be a long bill. Many of its provisions are bound to be somewhat technical and complex. Those provisions are necessary for the soundness of the bill, for the protection of the entire community that adopts it, and to make it an effective instrument. So I venture to suggest that it be understood in advance that this bill is of necessity, long, intricate, and that its study—the kind of study that it merits—requires time and patience. Given our sixty-day limitation no bill would be easier to defeat, if its defeat is desired, by the tactics that go under the general head of “filibustering.” I hope that whatever the action of the Legislature may be, it will be based on considerations of general policy.

Increased Pack Tax

Of course there are other and simpler ways of raising money. At the last session when it seemed that a little more money was needed, the canned salmon industry came forward and offered a nickel a case tax good for just the biennium. The industry could well afford this, since its prices were the highest in history, being more than double what they had been six years previously. Taking the summer of 1938 as the last full pre-war year, meaning by that the European war, we find the following prices: Cohos, \$6.29 a case. During the last three years cohos have been respectively \$11.48, \$11.94 and \$11.90 a case. In 1938, chums were \$3.61 a case. For the last three years chums have been respectively \$7.56, \$7.54 and \$7.50 a case. Pinks were \$3.86 a case in 1938. For the last three years they have been \$7.94, \$7.90 and \$7.85 a case. In 1938 kings were \$7.50 a case; in 1942-3 and 4, kings were \$15.18, \$15.44 and \$15.40 a case respectively. Reds, in 1938, were \$7.77 a case; and in the last three years reds have been \$15.00 or more a

case. Nor have the payrolls increased in anything like the same proportion. It may be anticipated that these same high prices will last throughout the war, so that it would be a very simple thing, to raise whatever revenue will be needed, or a very substantial portion of it, by an added case tax. A tax of 50 cents a case on last year's pack would have yielded approximately two and a half million dollars. A variation of such a tax, based more closely on the relative values of the different varieties of salmon, such as 35 cents a case for pinks and chums, 50 cents a case for cohos and 75 cents a case for reds and kings, would have yielded about the same amount. This industry could, at its present prices, afford to pay this. This tax would have the great advantage, from a purely Alaskan standpoint, of being borne by the consumer throughout the world and cost the Alaskans nothing. These happen to be prosperous years for the salmon industry, and the very same war which has deprived us of the revenue from gold makes it possible for us to obtain increased revenue from salmon. The disappearance of the one source, and the increase of the other source are due to exactly the same cause. It would therefore seem hard, in face of these facts, to present opposition to such a tax. Nevertheless, I do not favor it and do not recommend it. For, raising money by such a method would be, as I said two years ago of the nickel a case tax, adding merely one more patch to the existing patchwork. It would be a mere stop-gap. The time will come again when salmon prices will be low and when such a tax would be unjust and burdensome. It is far wiser to develop a tax structure which has a flexibility and a universality, which in some slight degree touches all persons and all activities and does not fluctuate too much with changing circumstances. So, while I present this increased pack tax for your consideration, I do not urge you to adopt it.

Moreover, there is a much more useful and desirable tax which we should consider in connection with the fisheries. Of course, it is obviously not my expectation or thought that all the taxes which I am discussing will be adopted in part or in whole. They are to a degree alternatives. If you decide that we need to raise more money, you have the choice of several methods, or the combination of certain methods, and the tax

that I am now about to discuss has an importance far beyond that of the mere securing of revenue, although it will do that.

Fish Trap Legislation

The proposal to come has a powerful bearing on the subject of absenteeism, and if adopted, would, in my judgment, serve greatly to strengthen the Alaskan economy. It would go far to solve certain problems which afflict Alaska.

I am going to talk about fish traps. This subject hasn't been brought up for several years in legislative proceedings, but it continues a matter of wide and intense general discussion. It is what is known as a controversial issue—highly controversial. Those who have opinions on the subject hold them strongly, and their opinions are varyingly based on firm conviction, often derived from experience, from observation, from self-interest, and from the variety of sources by which men make up their minds.

We know that in general fishermen oppose fish traps. They feel that the fish trap, catching as it does, more fish than any other form of gear, is in competition with other types of gear which they use. They would like to see the fish traps abolished. They point out that fish traps have long since been abolished from other salmon areas of our country, the Canadian Province of British Columbia and the States of Washington, Oregon and California. They feel that this constitutes a logical precedent for their abolition here. Fish trap owners and those related to the profits of fish traps in the cannery business naturally take the opposite view. The Fish and Wildlife Service of the Department of the Interior, whose function it is to apply conservation regulations so that a maximum supply of fish can be caught each year without depletion of the permanent supply, considers that the fish trap is an indispensable piece of gear. The Fish and Wildlife Service is not concerned with the economic and social aspects of the fish trap; it is not concerned with what might be called the monopolistic aspects of the fish trap, or at least it feels that these are not its function to attempt to regulate or correct. Since the Fish and Wildlife Service has the responsibility under Federal law of maintaining and preserving our fish supply, it is not the province of the Territory, or indeed, I think, within the power of the Territory, to legislate concerning the

number and location of fish traps. This number and these locations are so closely related to the questions of supply and conservation that it is wholly proper, and indeed is so provided by law, that whatever is the regulatory authority, the responsibility be centered there. That responsibility is centered in the Federal Government.

However, the Territory has open to it a field of action bearing on the economic and social aspects of fish trap ownership that I would like to discuss with you and commend to your earnest consideration.

Some months ago, I asked the Fish and Wildlife Service to give me an analysis, or breakdown, of the ownership of fish traps. I will confess that I was somewhat startled by the figures which it furnished me. I consider these figures of vital importance and pertinent to the discussion of this question.

Out of 434 fish traps in the Territory, 396, or 91 percent, are owned by non-residents.

Out of 434 fish traps in Alaska, 245, or well over half, are owned by eight large, non-resident canning companies.

One non-resident company alone owns 60 fish traps. The second largest company, likewise non-resident, owns 58. Thus, two absentee-owned companies own well over one-fourth of all Alaska's fish traps.

I don't know how this appears to you, but to me it seems to be an undue concentration of ownership in a few hands and an undue amount of absenteeism. It would seem to me to be the part of sound Alaskan policy to try to diminish, by legitimate and proper means, the intensity of this monopoly and the extent of this absentee ownership. The Territory can legally do this. My suggestion would be the establishment of a graduated tax scale somewhat like the chain store taxes in the states, which would increase with each trap owned, with some consideration also for the number of fish caught. It may be desirable to establish a differential in the tax on fish traps owned by absentees and residents. We do that now for resident and non-resident fishermen. To accomplish this, I recommend setting up in the Territory a fisheries commission which would administer the granting of licenses as these increased taxes on multiple or non-resident ownership tend to diminish the monopoly and to transfer the traps to a greater number of residents. I believe it

proper and desirable that more Alaskans own more Alaska fish traps. I would like to see that ownership scattered and diversified so as to make fish traps available to Alaskan fishing communities, to fishing villages, to groups of fishermen, to fishermen's cooperatives, and to Alaskan individuals. This reform seems to me in every way desirable. If properly administered, it should in no way interfere with the essential supply and conservation of fish. But it would, first, strengthen the economy of Alaska; second, promote its welfare and the permanence of residence in Alaska; third, be an important step toward self-government on the desirable path of Alaska's undertaking more responsibility in managing its own natural resources. Under the Organic Act, passed 33 years ago and now pretty obsolete, Alaskans are limited in the number of responsibilities they can undertake in self-government. They often urge that they be given more opportunity and more responsibility, and quite properly and understandably. But until we undertake such responsibilities as are permitted by law, which we have hitherto not undertaken, it seems to me that such protests have less validity. Let us, in Alaska, assume the maximum responsibility permitted to us by law and carry out that responsibility well. Then we will be in a better position to ask for more, if we so desire, and to obtain it.

CONCLUSION:

Build Up Alaska's Economy

There are, of course, other things we can do to set our house in order, to prepare for the morrow and for the return of our sons. And it is with thought of them that I want to conclude, as I began.

First, let us live up, at home, to the principles for which American boys of every race, creed and color are giving all they have. Let us get rid of the soul-searing race discriminations in our midst to the extent that we can do it by legislative action.

Next, we all know that the Federal Government has passed a G.I. Bill and that under it the returning service men will be entitled to certain financial benefits. I venture the opinion that such legislation will not, in itself, suffice. (I might say, parenthetically, that we are still struggling, and have been for nearly

a year, to make certain that we shall have a regional office of the Veterans' Administration in Alaska rather than in Seattle. The matter is still under investigation. To me, and to all others, I think, who understand our problems, it is more than evident that you cannot run that office, or any other important office dealing with Alaska matters, from a thousand miles or more away.) So I repeat my belief that the G.I. legislation, even if supplemented with other legislation of similar character, will not in itself be adequate. I ask you to visualize, to imagine in all its aspects, the return to civilian life of our young men, many of whom have served under conditions of unparalleled hardship for long years—already four years or more for some—undoubtedly five, six or seven, before V-day. Their readaptation to civilian life will not be easy. Many precious years of their youth and early manhood will be gone. Some of them will need long months to readjust themselves; some, longer. Their discharge pay, their legally established borrowing capacity, whatever else the Federal Government, under the law, hands them, may, despite all efforts to the contrary, be soon dissipated. Is our obligation to them thereby discharged? I think not. Our obligation is to prepare our part of America so that, as far as we can make it so, it will be for them a land of continuing opportunity, of growing potentialities, of expanding vistas. That challenging objective will not be attained for them merely by legislating benefits, however desirable and deserved in themselves such benefits may be. It will be attained only by building up our economy, by expanding and diversifying it, by enriching the American way of life to which they will return, by making the American dream a living reality for all of them. In preparing for them well, we shall be preparing also for future generations of Alaskans, for the sons and daughters of our sons. That, it seems to me, is the great goal toward which we should jointly strive.

ERNEST GRUENING,

Governor.