

MESSAGE
OF THE
GOVERNOR OF ALASKA
TO THE
SPECIAL SESSION OF THE
SEVENTEENTH ASSEMBLY
OF THE
ALASKA TERRITORIAL
LEGISLATURE



March 4—April 2, 1946

**Message to the Special Session of the
Seventeenth Assembly of the
Alaska Territorial Legislature
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The sudden and unexpectedly early ending of the war, less than five months after the adjournment of the 17th Territorial Assembly, has made the calling of this special session both desirable and necessary. The nation in general and Alaska no less in particular, are confronted with pressing problems which require attention. In the case of Alaska, the solution of some of these problems could not wisely be delayed until the regular session of 1947.

The call for this special session was issued both in response to public demand, a demand chiefly relating to tuberculosis, and because it also seemed to me necessary, both on account of the tuberculosis emergency and because of the need for action in behalf of our veterans.

So in the call, those two main subjects were emphasized for your consideration: Tuberculosis and Veterans' Legislation, and also a revision of our highway traffic laws.

HEALTH LEGISLATION AND APPROPRIATIONS

It is pretty well known to all of us how serious is our tuberculosis situation in the Territory. The incidence of tuberculosis in Alaska is approximately eight times greater than in the United States. The reason for acting now is that certain facilities, Army and Navy hospitals and medical supplies, are available for the first time, provided we move to take advantage of them and to hospitalize our tuberculosis patients in them.

I will not detain you at this time, therefore, with a detailed discussion of this vital problem. The Territorial Commissioner of Health will be available for that purpose. The program presented for your consideration calls for an amendment to existing laws concerning the care of tuberculous persons and an appropriation of \$250,000.00.

Certain other health proposals will also be presented to you, particularly a vocational rehabilitation bill.

The opportunity to rehabilitate physically handicapped Alaskans is here if the Legislature wishes to take advantage of it. Federal funds are available. The first approach to the problem of aiding disabled civilians was made by Congress 26 years ago in the Vocational Rehabilitation Act. The act was greatly broadened and strengthened in 1943. Under it, Federal funds are annually appropriated as grants and aids to matched State or Territorial funds for the guidance, training, and placement of the physically handicapped and to provide them with the prosthetic appliances necessary for employment. The Federal Government's contribution includes all necessary administrative costs including vocational guidance and placement of handicapped individuals, all necessary costs to provide vocational rehabilitation for war disabled civilians, and one-half of the necessary expenditures for rehabilitation, training, medical examination, corrective surgery, and hospitalization. Restrictions as to Federal expenditures have been liberalized and the Federal contribution may reach as high as 70% of the total cost.

To date, every State and every other Territory—Hawaii, Puerto Rico, The District of Columbia—have adopted the necessary legislation. Again I will not burden you with further details of this program but leave that to our Commissioner of Health. Finally, there is need of an Alaska hospital survey, which is required if we are to be included under a pending Federal Hospital Program.

VETERANS' LEGISLATION—LOANS AND BONUSES

No greater responsibility confronts the Territorial Legislature at this special session than to take constructive action in behalf of our war veterans. Alaska remains the only State or Territory in the Union that has, so far, passed no Veterans' legislation. Other States and Territories began passing such legislation four years ago. At each successive legislative session, their legislators have added to it, until now, a great body of legislation, designed to assist our returning boys (and girls) has become law.

The reasons for such legislation are obvious. Under the G. I. Bill of Rights passed by the Congress, much well-designed and well-intended legislation is, because of local conditions, virtually inoperative. It needs implementation by States and Territories to make it workable and practically beneficial. Without such supplementary legislation, the excellent purpose of the Congress remains, in its practical application, a bitter disillusion and a betrayal to the returned serviceman.

Consider the two outstanding aspects of the G. I. Legislation. Perhaps the most striking is that under which a veteran is entitled to a loan. He is entitled, the G. I. Bill of Rights says, to a loan of \$4,000.00, of which \$2,000.00 is guaranteed by the Federal Government. The purpose of this loan is to enable the returned veteran to set himself up in business or to acquire a home. Unfortunately, in Alaska, and to a somewhat lesser extent in a few of the States, it is virtually impossible for the veteran to secure this loan. The Veterans' Administration reports that no such loans have been made in Alaska and if any have recently been made, they are the startling exceptions and not the rule. Our banks do not find themselves able to comply with the prescribed provision of a 4% interest rate and continue to charge the going Alaskan rate of 8%. In addition to that, for other reasons, the banks do not care to make these loans. Therefore, it seems to me our first duty to our returning veterans, who number between five and six thousand, to make it possible for them to secure loans and to whatever extent may be necessary to enable them to do so, to back their loans with the funds or the credit of the Territory of Alaska.

Not all veterans will desire loans. Some will return to their old jobs or find employment in such a way that they do not require a loan either for business purposes or to establish a home. It is among those veterans that there is, instead, a desire and demand for a bonus. A number of States have adopted bonuses and an increasing number are doing it in their present legislative sessions. In this connection, I desire to read to you several letters from Alaskan returned veterans, which I think express a fairly typical view.

THREE LETTERS FROM ALASKAN VETERANS OF WORLD WAR II.

"It has been brought to my attention that the special session of the Territorial Legislature will consider some form of additional compensation for Alaskan Veterans of World War II.

"May I, as a discharged Alaskan Veteran, suggest that I should like to see a cash bonus which would help defray the additional expenses incurred by Alaskan Veterans returning to civilian life, plus some form of loan at low interest.

"Many of us upon returning to civilian life have encountered great difficulty in finding a place to live.

"Such a system of loans would greatly aid a married man like myself to establish himself in a home of his own.

"If the discharged veteran were not interested in building a home, he might want to use such a loan to start in some business."

SECOND LETTER

"This letter is written with the sincere hope that a bill of great importance will be passed on in the special session of the legislature. This bill is to benefit the Veteran in many ways; a bonus or a small interest loan is what we need to start us in business or to buy our home.

"I am a photographer wanting to start my own small business and planning marriage but financially I feel that both are away out of reach. This is not the way conditions should be, Governor.

"I DO NOT WANT CHARITY OR ANYTHING FOR NOTHING. All I want is an opportunity . . . a little capital to give me half a chance with a competitor. They laugh at me when I ask about a loan under the G. I. Bill of Rights . . . and yet, there is no one with as good qualifications as myself to justify such a loan.

"Yes, I sincerely hope that the bill now pending will be passed . . . we need help."

THIRD LETTER

"After giving the matter considerable thought and discussing it with several other discharged veterans, I have come to the conclusion that legislative action should consist of some form of cash compensation, plus a system of loans at a low rate of interest which would enable the returning veteran either to build his own home, and thus help to relieve the acute housing shortage which prevails in all Alaskan towns of any size, or, if the veteran prefers, give him a start in some of the many small businesses or industries which might profitably be entered into in the Territory.

"Such a system would aid the Territory by encouraging many small enterprises which are lacking in Alaska at this time, and thus the Territory would be less dependent on a few large corporations to provide a livelihood for a large portion of its population, and at the same time stimulate thinking and personal interest along the lines of permanent welfare and progress in Alaska. In Alaska today economic and political questions in many towns are decided on the score of how they will affect one corporation or industry rather than the present or future welfare of the Territory as a whole. Such thought springs from the fact that the people believe their livelihood of today is centered on that one unit. Diversified industry should go a long way to correct this attitude.

"If the contemplated legislation should provide for compensation in cash according to the length of service, then the loan system should make it possible for the average veteran to borrow an amount making the total of loan and cash compensation amount to about \$7,000.00, as that would be the amount needed for any home-building venture or perhaps a small fishing boat. Such a loan would also help a man to get a start on a farming or mining venture, as well as other small enterprises."

These letters were all written within recent weeks and they are from Alaskan servicemen. I share their views wholeheartedly, and I hope the Legislature will likewise do so.

EDUCATIONAL PROVISIONS FOR VETERANS

No less important than the loaning provisions of the G. I. Bill of Rights, are the educational provisions. Under these, the Federal Government permits the returned veteran either to return to school or college and complete his unfinished education, or to secure additional education, technical training, or training of any kind, that will better fit him for the battle of life. These provisions of the Federal Government have been widely applauded and acclaimed. They give the returning boy or girl the opportunity to secure this training, equivalent in length to the time they have spent in the service. They provide that the tuition be paid by the Federal Government, and an allowance of \$65.00 a month is made for single students and \$90.00 a month for married.

The difficulty, however, is that many of our educational institutions are already filled up to capacity. In many cases, they cannot take care of the students who feel themselves legitimately entitled, either by residence or otherwise, to go to such institutions. The applicant from another State or Territory is definitely excluded. The returning Alaskan G. I., looking for fulfillment of his educational opportunities, will be able to find them, if at all, only in Alaska. Unfortunately, he cannot get them here in Alaska either. The limited facilities of our excellent University of Alaska near Fairbanks will be crowded to capacity when the Fall term begins. What, then, is to become of our returning veterans who wish to take advantage of this educational opportunity?

The last regular session of the Legislature made provision for a survey of a Southern branch of the University of Alaska and that survey has been made, in a preliminary way, despite the limited time available.

The arguments for such a Southern branch are overwhelmingly clear, and there is, of course, ample precedent for the division of the university plant into two parts, as has long since been done in various States such as California and Idaho, regions of much smaller area than Alaska.

The Southern branch of the University of Alaska is needed to take care of Alaska's higher educational needs. For, although

the University at College has served the needs of northern Alaska admirably, it is too distant to serve the First Division with equal adequacy. This may be demonstrated by the statistics: The University has graduated five students from the Second, Third, and Fourth Divisions to one from the First Division, although the First Division high school enrollment is greater than that of the other three divisions combined. Next, is the fact that many studies which are important to Alaska, such as the fisheries and forestry and other vocations related to the sea, cannot be successfully taught in the interior, but can be on the coast. Actually, what is needed is provision at the earliest possible moment, for a Southern Branch of the University and for such additional facilities as may be required for the Northern Branch.

It is true that it is late. We should have started planning for this some time ago. It will be difficult to get any sort of a program in operation with the speed necessary to meet the situation fully, but the longer we delay, the longer we are inactive, the worse will become our dilemma and that of our returning students. It may not be possible to formulate in detail, exactly to what extent this program can be initiated and carried on in the twelve months, but this special session certainly has the opportunity for constructive creative action along a path that is clearly indicated both by duty and obligation to our returning soldiers, by duty and obligation to the present and coming generation of school boys and girls, and by our duty and obligation to the future of Alaska.

I understand that the Board of Regents of the University, three of whom are members of this Legislature, have been called in meeting for next Monday here in Juneau, thus, happily, speeding the opportunity for constructive action.

APPRENTICE TRAINING FOR VETERANS

Another item dealing with education for the returning veteran is the provision for their apprentice training.

Under the G. I. Bill of Rights, the Federal Government pays subsistence to veterans while they are taking apprentice training. But the Act makes no provision for developing training programs nor supervision of the training of apprentices.

In the States and other Territories, this is taken care of by their Departments of Education. I have, therefore, discussed this matter with the Territorial Commissioner of Education and secured his assent to being designated as the official in the Territory to approve educational institutions, as well as to approve places for giving apprentice training under this Act. Now, the demand for apprentice training is increasing rapidly and the Department of Education cannot adequately take care of this new and big load unless the Legislature can supply some assistance. I deem it desirable, therefore, and recommend that after consultation with the Commissioner of Education—and I believe the Board will likewise be available this month—an appropriation be made for the purpose of employing at least two supervisors of apprentice training to work under the direction of the Commissioner of Education, together with adequate funds for travel and the employment of necessary clerical and other assistance. It is only in this way that we will be able to give our returning veterans a fair chance to secure well rounded apprentice training programs.

The great body of acts and statutes steadily issuing from the capitols of the States and other Territories, indicate the interest and solicitude which the legislative authorities of those areas have given to the care and assistance of their returning veterans. Alaska's page on this subject is a blank. But the moment has come to write on that blank page a stimulating and constructive chapter of our legislative history. The opportunity is here to do our part—the part of the civilians who stayed at home—for those who went out, made every possible sacrifice, gave up valuable years of their youth, and now return to start life anew. They did not fail us when the call came. Shall we fail them now?

FINANCING THE PROGRAM

Now as to the revenue for taking care of such obligations. The decision of how much money is to be needed rests with the Legislature. A sufficient variety of methods of raising revenue have been proposed in recent years, many of them sound and desirable, that there should be no difficulty in choosing from them, although there remains always the problem of enacting

complex legislation in a limited period of time. Only one form of tax seems to me definitely objectionable for reasons which I have stated in my previous messages—namely a sales tax. A sales tax would fall, almost wholly, upon the resident Alaskans and especially those who live here 12 months of the year, but would be largely evaded by those who come up here during the summer season and take away substantial earnings from mining operations and the fisheries. Such a tax would increase mail order purchasing to the further detriment of Alaska's economy. Such a tax would further increase our living costs, which we are now trying, through various means, such as a revision of the rates on the Alaska Railroad, and a thorough examination of the entire problem of steamship rates, to keep from rising further. A sales tax as a means of financing a veterans' aid program would, in effect, be taking from the veterans—or at least substantially diminishing—in higher living costs, the benefits that were being extended to them. It would seem fantastic to propose a sales tax when the Territory has as yet—uniquely among States and Territories—neither an income tax nor a property tax.

It seems to me that there is one direct method of meeting this problem, a method which would obviate the possibility of dissension and difference of opinion in the brief thirty days available for this session. It would be worse than unfortunate if dissension over the manner of raising the necessary revenue were to jeopardize the enactment of the desirable legislation for our tuberculosis sufferers and our veterans.

That simple and direct method is to bond the Territory. Bond issues have been widely used throughout the States to meet the needs of Veterans and for other post war expenditures. Under our Organic Act we are still denied the right to bond ourselves without the passage of an enabling act by Congress, but there is no question whatever that Congress would pass such legislation and pass it quickly. We can safely proceed on that assumption, using meanwhile, if desired, for whatever initial expenditures may be required to carry out such a program, the more than one million dollars of unobligated balance in the Territorial Treasury. Moreover, bonding

the Territory would allow time to consider between now and the next regular session, a year hence, what revenue measures may be needed to meet the interest and amortization on those bonds.

There is no question that an Alaska bond issue, the first of its kind, and for the purpose indicated, would not only be popularly over-subscribed, but that bidders for it would be numerous and eager. I commend this solution to your earnest consideration.

Included in the call was likewise, a highway act. This measure was deemed to be among those immediately timely, since, with the ending of the war and the undertaking by the Dominion Government of the maintenance of the so-called Alaska Military Highway, we shall be faced with new problems or additional problems on our highways. There may be quite a rush of tourists coming overland this next summer. This bill proposed is not the bill which was drafted prior to the previous session by the former Highway Engineer, but represents the combined efforts of the Attorney-General and the present Highway Engineer, who likewise have, I understand, taken into careful consideration the criticisms made of the previous draft.

This completes discussion of the major subjects upon which the call for the special session was based. However, it is my duty to call your attention to the other matters which were proposed by various groups and individuals in Alaska for consideration by this session. This list, while not necessarily complete, is as follows:

To transfer to the office of the Commissioner of Taxation, the collection of various taxes not specifically transferred to it by the Act creating the office.

To provide funds to carry out the administration of the Land Registration Act.

To establish a Prospectors' Aid Program to encourage new discoveries.

To act on various labor bills previously tabled.

To provide a school building program.

To amend the Teachers' Retirement Act.

To extend refunds to independent school districts.

To supplement appropriations for the Welfare Department to meet expanded post-war needs.

To modernize Birth Registration and Adoption laws.

To expand Alaska's Aeronautics and Communications Service.

To authorize referendum on Territory's taking over wholesaling and retailing of liquor.

To adopt potato grade regulations and potato seed certifications.

To prohibit deposit of Territorial funds in banks which charge exchange in cashing checks drawn on Territorial Treasury.

To amend code governing municipal corporations to authorize cities to operate compulsory garbage disposal systems; to create planning commissions and enforce zoning ordinances.

To adopt Basic Science Law.

To pass a recodification law.

To establish community houses for the aged dependent on relief while waiting for admission to Pioneers' Home.

To change laws regarding the professions to make it easier for qualified veterans to start practicing.

To establish system for care of sick and disabled fishermen.

To establish non-allopathic practitioners' board.

To prohibit misrepresentation in the sale of surplus property.

To provide adequate revenues.

To repeal act limiting outside travel by authorized Territorial officials.

To consider bills not acted upon at the last session.

I have also been informed that there has been dissatisfaction in some quarters because certain specific road projects

were not provided for out of the general road appropriation made at the last session. I refer in particular to the Naknek road—and there are doubtless others. The ending of the war has made road construction of even greater importance for the development of the Territory. For some weeks my work in Washington has included efforts looking toward securing more Federal road appropriations for Alaska. They, however, if secured, will be for specific, designated projects. If there are other projects which are deemed desirable by this Legislature, appropriation for them will not only be useful in itself, speed the development of Alaska, and improve its economy, but will tend to increase Federal allocations for our highways.

And so I will conclude, with the hope that the 30 days of special session will be productive and profitable to the people of Alaska, and with the assurance of my earnest desire to cooperate with you in every possible way.

ERNEST GRUENING,
Governor of Alaska.