

MESSAGES

OF THE
GOVERNOR OF ALASKA
TO THE

EXTRAORDINARY AND REGULAR
SESSIONS OF THE

NINETEENTH ASSEMBLY
OF THE

ALASKA TERRITORIAL
LEGISLATURE



JANUARY 11, 1949

AND

JANUARY 25, 1949

MESSAGE OF THE GOVERNOR
TO THE
XIXTH TERRITORIAL LEGISLATURE
EXTRAORDINARY SESSION

January 11, 1949

Mr. President of the Senate, Mr. Speaker of the House, Honorable Senators and Representatives, members of the 19th Territorial Legislature assembled in special session.

This is the third extraordinary session of the Legislature in Alaska's history. The first was called by Governor John W. Troy in 1937 to permit the Territory to take advantage of recently enacted Federal Social Security programs. The second was called by me in 1946 to enact veteran's legislation and take care of other transitional matters between war and peace, attention to which became imperative because of the termination of the war.

This third extraordinary session in Alaska's history is necessitated by a condition which in many respects is more critical than that which demanded the previous two.

The reasons for calling this session were set forth in the message of notification received by each of you. As predicted in that notice, the financial condition of the Territory has since deteriorated further. I am informed by the Treasurer of Alaska that the cash balance in the general fund on December 31 was \$6,289.40. On that same date the Auditor of Alaska was holding back in his office, for lack of funds, some 700 claims against the Territory totaling \$758,209.59, the general fund deficit exceeding three-quarters of a million dollars.

The accounts which the Territory is unable to pay because of lack of revenues cover a wide range of personal services and governmental activities. There are unpaid bills for clothing and shoes for dependent children, for food for welfare cases, for school and office supplies, and for school transportation. The claims include those of hospitals and funeral parlors and truly cover the whole field of territorial responsibility from the cradle to the grave. Total school refunds owed to incorporated cities and independent school districts approach half a million dollars. The University has been kept open because of voluntary loans, repayment of which is a pending obligation. Amounts owed hospitals, private individuals and sanatoria for tuberculosis care exceed \$33,000. Most of this is owed to institutions in Alaska—the Seward tuberculosis sanatorium alone is owed \$10,444.00, which the Territory is unable to pay.

Some of the organizations and individuals represented by these claims are facing actual hardship because of the inability of the Territory to pay its bills. In effect these creditors have made advances to the Territory in varying amounts similar to those more publicized cash advances, totaling \$200,000, which was pledged to the University. The difference, if any, is that most of these creditors have advanced goods and services in the expectation that they would be paid promptly and many of them are not in a position financially to wait for payment longer.

In addition to all this—and equally important—the integrity, good name, and credit of the Territory are being seriously impaired.

Some have stated that while all this may be true there was no necessity for calling a special session since the matter could have been taken care of at the regular session which would convene only three weeks later. Actually, as we all know, action on revenue legislation has never been taken by an Alaska legislature until the closing days of a session. Rather than work further hardship on the Territory's creditors, and rather than postpone the receipt

of needed revenues for another quarter, I felt it my duty to call the legislature in an extraordinary session which would be devoted exclusively to the solution of this critical and pressing problem.

Moreover it is highly important that such revenues as are to be procured by action of this Legislature start flowing into the Territorial treasury at the earliest possible moment.

It is obvious that even after such action is taken by the Legislature, a certain amount of time is required for our Territorial Department of Taxation to organize and set in motion the measures required for collection. Forms and informational literature will need to be printed and distributed. If an income tax with withholding provisions should be enacted, the sooner these become operative, the better. These are the reasons why I have felt it necessary to call this special session. With a short special session rectifying past omissions, the 19th Legislature can apply the qualities of statesmanship throughout its regular session to the problems and opportunities of Alaska's future.

I think we need not dwell on the reasons why we find ourselves in the present situation. They presumably are known by all of you and by the people of Alaska generally. The needs of the Territory, as presented by the various agencies of the Territorial Government and approved by the Board of Budget, were available at the beginning of the last regular legislative session. The various untapped sources of revenue were also specifically outlined in my message to the 18th Legislature. Yet no action was taken to meet the situation.

Immediately after adjournment of the 18th Territorial Legislature, therefore, I issued a statement pointing out that this session had established a new precedent in that it had incurred for the Territory a potential deficit of three and three-quarter million dollars. This estimate, on the basis of present indications, turns out to have been

about right. The Board of Administration, faced with the realities of the situation, one week after the adjournment of the 1947 Legislature froze the expenditure of \$1,038,000.00, which had been appropriated for University, school, and hospital construction and other purposes, which we had no choice but to defer in view of the anticipated deficit in revenues. Meanwhile the Board of Administration enjoined all Territorial agencies to practice the most rigid economy. This has been done and Territorial agencies have held their spending to a bedrock minimum.

Even so, the deficit—when we take into account not only the general fund deficit, but also the expenditures which were frozen and the repayments which had to be demanded from the World War II Veterans fund—exceeds two million dollars, not counting over a million dollars in loans and bonuses to which our veterans were entitled under the Veterans Act of 1946, but which would not be paid because of lack of funds. So actually we are at present tragically short of our legislative commitments. That the deficit will grow substantially more embarrassing until new revenue measures are not only adopted but in operation as additional income produces is a certainty. Along with this, we have what one Alaska newspaper described editorially as “a deficit in governmental services.” Old age pensions have had to be cut to a level far below the minimum necessary to maintain life in an era of inflated prices. Child welfare services and benefits have been reduced. Health services have suffered. Vocational rehabilitation had to be suspended. Crippling blows have been dealt to our University, schools, veterans and other institutions and responsibilities of Territorial government.

It is true that the bank balance of the Territorial treasury shows \$1,971,162.50 as of December 31. Some have suggested that all this Legislature needs to do is to release ear-marked funds represented in that total so that they may be used to meet the general obligations of the Territory. The fact is that almost half of the money in the

so-called ear-marked funds is not Territorial money at all, strictly speaking, but was deposited in such funds, chiefly by the federal government under matching programs. There are federal moneys on deposit, for instance, for old age assistance, child welfare services, mothers' allowances, unemployment compensation, tuberculosis control, etc. There is no way in which the Legislature, even if it desired to do so, could convert these funds to other purposes than those for which they are specifically held in trust.

The rest of the ear-marked funds included contributions from the Alaska Tuberculosis Association, Alaska Crippled Children's Association, and bequests and donations to the museum. I think no one would suggest that any of these funds be diverted to pay the bills for general operation of the Territory. There is also a fund of \$139,425.57 for teachers' retirement. This consists not only of Territorial contributions (which, it might be noted, are now a year and a half in arrears) but also of sums deducted from teachers' pay checks. The fund is of course being built up to pay retirement benefits to Alaska's teachers. It too carries the highest moral obligation inherent in any trust fund.

There are also special funds in the Treasury ear-marked for World War II veterans' loans and for highway, airfield and boat harbor improvements. These were created by legislation clearly stating in the statutes themselves that the money was to be restricted to special purposes.

So there is no easy way out of our financial difficulty through transferring money from one pocket to another. What the Territory needs, as it has needed for all the fourteen years I have been acquainted with it, and indeed since its first days as an organized Territory, is a system of basic legislation to provide the revenues which are needed in any democracy to discharge governmental obligations.

Whatever the biennium's General Fund revenues prove to be when the biennium ends, next March 31st,

an advance word of caution is in order concerning comparison of income during the biennium with 1947 appropriations. First, it will be necessary to remember that income realized from the gross sales and services tax, which expired June 30, 1948, and, from the motor fuel tax creating ear-marked funds are unavailable for General Fund purposes.

Also it must be remembered that 1947 appropriations were not the only authorized charges against the General Fund during the biennium. There are a number of continuing authorizations from earlier sessions which are Territorial obligations and for which General Fund revenues must be provided by successive sessions.

Finally, the school biennium does not end until June of 1949—which means that school expenditures will run three months beyond the end of the regular Territorial Biennium, and will increase the 1947 created deficit by their amount.

These aggregate authorized charges against a General Fund for which provision was neglected two years ago account for our critical condition today.

This is the sixth occasion on which I, as Governor, have delivered a message to an Alaska Legislature. In my very first message in January of 1941, I remarked to the 15th Legislative Assembly that Alaska's system of tax laws was a patchwork, the complete overhaul of which was already overdue. At that time I recommended revision of Alaska's tax laws for the following general purposes:

“(1) to provide an equitable tax system which will distribute the burden fairly and in proportion to the ability to pay; (2) to insure a dependable flow of revenue independent of fluctuations which at present greatly vary the expected income of the Territory; (3) to eliminate some of the injustices and inequalities which now exist; (4) to diminish some of the evils which have been allowed to develop as the result of not controlling our absenteeism sufficiently; (5) to rid Alaska businesses

and professions of the so-called nuisance taxes which, while contributing no substantial revenue to the Treasury, are a constant source of annoyance and irritation to those affected; (6) to raise more revenue.”

All these considerations which called for enactment of basic tax legislation in 1941, and at every session since, call for it even more insistently today. The objective not having been realized in 1941, I again stated my views in addressing the 16th legislative assembly in 1943, favoring complete revision of the Territorial tax structure. Referring to my message to the previous session, I said in 1943, “I felt then, and I feel now, that the program proposed was thoroughly sound and desirable. Not only has my view not changed, but I feel that the situation that has developed in the past two years has increasingly justified my criticism of our existing tax patchwork and my conviction that tax reform is the first step toward Territorial progress.”

Alaska's tax structure, and the kind of tax structure Alaska might have under ideal conditions, have been the subject not only of legislative consideration, but of intensive technical study. This study started before I had any thought of being appointed Governor of Alaska. My predecessor, Governor John W. Troy, in 1938 requested the Alaska Planning Council to undertake a survey of taxation in Alaska. This was done and an excellent preliminary study was prepared at that time by Mr. James C. Rettie, who was loaned to the Territory by the National Resources Planning Board. Copies of his report are still available and most of the findings are still pertinent.

About a year later I asked the United States Treasury Department to lend an expert to make a study of Alaska taxation, in the belief that the more information we could have on the subject, the better. The Secretary of the Treasury delegated one of the department's experts on taxation, Mr. Frederick C. Lusk, Assistant Legislative Counsel of the Treasury Department, to review the Alaska picture. He submitted a comprehensive report, cop-

ies of which likewise are still available.

Later, similar thought was given to the problem by Alfred Harsch, a specialist in the field of taxation, whose services were made possible through a grant by the Public Administration Clearing House.

It was clearly the view of all these analysts that our tax structure was a patchwork that bore no relations either to the financial capacity of the Territory, to its needs for revenue, or to possible fluctuation in its income. I believe there has developed general agreement on the major features of the kind of basic tax system Alaska should have. It is pretty well agreed that we should get rid of the patchwork and enact several simple, though comprehensive tax measures. These are a graduated net income tax, corporate and individual; a property tax, and an equitable trade license tax.

In my message to the 17th legislative assembly in 1945, as I have stated many times before and since, the matter of just how the Territory should raise money is one wholly within the discretion of the Legislature. It is the Governor's duty only to discuss the problem, to make known 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 decision up to this time, as hardly needs to be noted, has been negative. I think it has been negative not so much because many legislators in earlier sessions opposed enactment of basic tax legislation, as because final action in putting into effect measures approved by the majority was prevented, through one means or another, by people and interests who had and have little concern for the problems of the permanent residents of Alaska, and no real concern for the Territory's welfare, development and progress.

But that welfare, that development, that progress are our concern. Particularly are they your concern and responsibility in the weeks ahead, when by your action you can make the welfare of the people of Alaska, and

the development and progress of our great Territory a living reality. That the realization of this great objective has long been delayed, has indeed been repeatedly deferred, makes your task harder, but it also makes your opportunity correspondingly greater and more challenging. It is more than obvious that we must first put our Alaska house in order, then move forward to our great destiny. As in the case of any house, long neglected, left largely unrepaired, the task, when finally assumed, is a larger, more difficult and more costly enterprise than had it been undertaken in good season. The stitch in time which saves nine was not taken years ago.

So this session is appropriately named "extra-ordinary" in that it finds itself obliged to meet extra-ordinary needs and consequently extra-ordinary expenditures to make up for past continuing omissions.

On top of this crisis, due to past evasions, the cost of government, like other costs, have arisen greatly. Throughout the nation, the state legislatures are facing very substantially increased needs and are preparing to meet them with increased revenues. In Alaska we therefore confront a doubly difficult task. That clearly is not the fault of this Legislature, but it is very clearly the responsibility of this Legislature to tackle the situation vigorously, with both determination and vision. That mandate was unmistakably given you by the people of Alaska.

Finally, in addition to the pressing needs outlined, taking care of which represents a minimum in the meeting of governmental responsibility, we should give thought to the morrow and to the day after. It seems more than likely that we may, in the very near future, and in compliance with the expressed wish of the people of Alaska, be entrusted with the privileges and responsibilities of complete self-government under the traditional American formula, namely statehood. This would put an end to the many legislative and fiscal discriminations which Alaska has suffered and continues

to suffer and enable Alaska to move forward as never before. But, statehood, while greatly aiding in the removal of many long-standing obstacles to growth and development, will also require on our part the kind of perspective and enterprise on the level of our present territorial government and by its constituted authorities which will make our Alaska a shining exemplar in these northern latitudes of what the American way of life should and can be. That remains to be done. Across Bering Strait, another way of life, which contrasts wholly with American ideals of freedom, is strongly entrenched and active in pursuit of its goals.

In the intense ideological conflict between these two systems, in the competitive effort—currently referred to as “the cold war”—to prove to the rest of mankind which is the better way, and to gain adherence to it, the final test will be that of deeds and not of declamations. Alaska, whose strategic importance in a strictly military sense has belatedly come to be recognized by the Federal authorities, should become a bulwark not merely of physical defense, but of the American idea. Translated into a blueprint for action, that means adequate and expanding services in education, health, welfare, in public facilities of every kind, such as housing, communications, utilities. It means permanence, higher living standards, prosperity, security. Not merely our elementary self-interest, but the highest considerations of patriotism demand that we now mobilize our spirits, our efforts, and our resources and march with confidence, with determination, with enthusiasm toward that great goal. One of the great pages, not merely in Alaska history, but in the epic struggle of the human race for freedom and happiness can be written here by you. Let us work devotedly and together to that end.

ERNEST GRUENING
GOVERNOR OF ALASKA

MESSAGE OF THE GOVERNOR
TO THE
XIXTH TERRITORIAL LEGISLATURE
REGULAR SESSION

January 25, 1949

Mr. President of the Senate, Mr. Speaker of the House, Honorable Senators and Representatives, members of the 19th Territorial Assembly:

First let me congratulate the members of the 19th Territorial Legislature on their performance in the Extraordinary Session. They are entitled to the greatest credit for enacting the first basic, comprehensive tax measure to become law in the 36 years of territorial self-government. Passage of this measure will reach, for the first time, numerous categories of businesses and persons who for years have been deriving substantial incomes from Alaska, and yet paid nothing, or next to nothing toward its support and upbuilding. This net income law is in itself an achievement which fully justifies the calling of the Extraordinary Session. In fact, passage of this measure, which became effective on January 22nd, but applicable to the entire calendar year 1949, will, because of its early enactment, bring in substantially more revenue than the cost of the special session.

However, the enactment of the net income tax bill is by no means the only accomplishment of the Special Session. It has brought the 19th Territorial Legislature to a point where the major part of the study on other basic revenue measures has already been made. In the House they merely need re-enactment and in the Senate such further discussion as the Senate desires to have. Their early passage will clear the way for a comprehen-

sive study and effort at solving our numerous other legislative problems, and at the same time will make it possible in the course of the next sixty days further to appraise the needs of the Territory and to determine what additional revenue measures, if any, may be needed. I can say with the utmost conviction that the 19th Territorial Legislature has already written an important chapter in the history of our Territory. It has taken a long step forward toward economic stability and responsible self-government.

It now becomes my duty to discuss somewhat the needs of the Territory in the matter of government services in behalf of which the revenue measures are required. For it is clear that though we have taken a great and unprecedented step toward financial self-sufficiency, this one step is not sufficient and several additional steps need to be taken.

PROPOSED BUDGET

I might start by referring you to the estimate presented by your various territorial departments and approved by the Board of Budget, which consists of the Treasurer, the Auditor and the Governor. They total \$17,403,341. They constitute an increase of over \$6,000,000 beyond the estimate for the previous biennium. Nor, as you will see, does this substantially increased estimate for the coming biennium represent all the requests for needed and vital services which will come before you, and some of which I purpose to discuss in this message. I think it important, however, to bear constantly in mind, in considering our financial problems, four basic factors:

The first of these I dealt with in my message to the Extraordinary Session; namely, that we had so long neglected putting our house in order that the necessity confronts us of doing today much that could and should have been done long ago. This legislature, in other words, faces obligations which previous legislatures for one reason or another did not meet.

The second factor to bear in mind is that Alaska, in common with other states and territories, faces problems which are due to the war years, in which certain vital civilian services had necessarily to be suspended and deferred for the postwar years.

The third factor is that inflationary trends have greatly added to the cost of government, as they have added to the cost of living everywhere. Therefore we find all state and other territorial budgets rising to new and unprecedented levels, without in their case any record of previous legislative neglect of normal current obligations. We have no record, for instance, that the legislatures of the states of New York and California, presided over for some years by such well-known executives as Governor Thomas E. Dewey and Governor Earl Warren, have incurred criticism for past failures to carry out their current commitments. And the same, of course, holds for most other states. Yet, universally, throughout the union, we find a steady expansion of state expenditures with marked increases to all-time highs in the budgets presented or about to be presented to the various state legislatures meeting now or in the next few weeks. State tax collections through 1948 have increased over 100 per cent in the last 10 years. That is precisely the increase in the State of New York to whose legislature Governor Dewey recently announced that its state income taxes might have to go up over 66 per cent from those requested a year ago. Governor Earl Warren in California noted last year a 266 per cent increase over the expenditures of seven years before. And in the budget presented last week the rate of increase continues for the next biennium. In the State of New Jersey the state budget has tripled in the last decade. And we will find a more or less similar picture in virtually every state of the union. Thus, we have every reason to feel that considering Alaska's special situation and its need for many vital services long neglected, the budget that you will consider is by no means extravagant or extreme. In fact, given all

the circumstances, in view of Alaska's great needs, it is a modest budget.

The fourth factor, which applies uniquely to Alaska—and in a measure goes far to compensate for the three somewhat depressing factors just cited—is one which has been called to your attention before. Unlike the states and the Territory of Hawaii, Alaska still has most of the usual sources of revenue untapped. We are fortunately not therefore in the position of many states which long since have had basic taxes such as income taxes, property taxes, excise taxes, sales taxes, and a great variety of other taxes, and which are now obliged not merely to increase greatly those existing taxes but to seek and tap still other sources of revenue. In Alaska we have virtually a virgin field.

So in facing our serious and challenging problems, and the extent of our vital needs, we must remember the three adverse factors which make those needs particularly great at this time and the favorable factor of untapped revenue sources which makes it possible to meet those needs without hardship to any of our citizens or jeopardy to our bright prospects for development and advancement.

TERRITORIAL REORGANIZATION

I should like to emphasize at this point that it will be your duty and responsibility to investigate, and to investigate thoroughly for yourselves the requests made or to be made by the various territorial departments and to formulate your own judgment as to the validity or, on the other hand, as to the adequacy of those requests. Concomitantly you have a parallel duty of determining as far as you can the effectiveness of the organization of the territorial agencies which will make these expenditures. It is part of the legislative function to keep a check on the executive departments and to see that the moneys expended are expended prudently and economically. I would recommend that you go even further, wherever it appears to you possible and desirable, to streamline some, or in-

deed, any or all of these executive departments whose functioning may be improved thereby. I therefore suggest to you that after satisfying yourselves what streamlining may be needed or useful, you proceed to enact suitable legislative measures to bring it about. The Federal Government has undergone several reorganizations as a result of Congressional action in recent years and now President Truman is again asking for legislative action to enable him further to increase the efficiency of government by various measures to reorganize governmental agencies. Under our present Territorial setup and with an appointed Governor, I feel very strongly that that function should be retained by the Legislature.

These additional responsibilities and duties to examine into the structure of our Territorial Government, made necessary by, and particularly thrown into relief because of the increased budgets and the need for new revenues, seem to me to provide a further justification for the Extraordinary Session and the resulting progress that has been made in bringing the necessary revenue measures close to enactment.

Having said this, I likewise wish to emphasize that true economy does not consist of how much you save, but what you get for what you spend. A drastic cut may be the height of wastefulness. The farmer who economizes by not seeding his land is neither wise nor economical. This basic principle is the essence of wise and prudent management in public as well as private affairs.

I will now proceed to discuss some of the Territory's basic needs concerning which you will be making vital decisions within the next sixty days.

EDUCATION

The most important function of Democratic self-government, except possibly for the maintenance of law and order and the assurance of public security, is education. Universal, free and compulsory education is a basic tenet of our democratic faith. In fact, education and democracy

are one and inseparable. The foundation of a democratic society is a citizenry able to think for itself, and not merely willing but determined to do so. If education fails, government by consent of the governed is bound ultimately also to fail. No duty of government is more inescapable than giving our children the best educational opportunities possible.

You have noted in the budget a request of some seven and a half million dollars for the support of schools. This is more than twice what was requested a few years ago. Fortunately, according to custom, the Territorial Board of Education will meet in Juneau within a week after the opening of the regular session and the appropriate committees of the legislature, as well as any other of its members who desire to do so, can and should meet not only with the Commissioner of Education but with the constituted educational authorities to face this vital problem.

I have in recent days discussed the matter at great length with Commissioner Ryan. He informs me, as he will no doubt inform you, that with mounting costs his October estimates were too low, and that the Board and he will probably revise their proposed budget upward when they meet.

The main item in the striking increase over two years ago is construction. Commissioner Ryan had stated to me: "The amount of \$2,500,000.00 for school-building construction is wholly inadequate. Estimates on 59 school building projects total \$7,645,000.00 for incorporated school districts and \$1,260,680,000 for rural schools . . . a total of \$8,905,680.00."

In making this estimate the Commissioner of Education asserts that he did not even try to look at the future—four, five, or six years. This estimate represents building needs as they are today. It represents the needs of school children already enrolled in the Alaska public school system. It makes no allowance for future growth, which we know to be inevitable, for which we should plan and

which, of course, we should welcome. It makes no allowance for the additional schooling which will be required incidental to the vast construction programs already under way in Alaska, programs shortly to take on added impetus. It makes no allowance for the additional school needs that will be required as new industries establish themselves and the families of their new employees arrive.

School buildings in the judgment of Dr. Ryan are Alaska's No. 1 educational problem today. He makes the startling statement that there is not a single school district in Alaska, incorporated or rural, that has adequate school-building facilities. The reasons for this include the accumulation of unmet needs because of curtailed school-building activities for eight years, and greatly increased enrollments.

Anchorage and Fairbanks are on a double-shift program. That is, one half of the children go to school in the morning and the other half go in the afternoon. The Commissioner of Education visualizes that Juneau, Ketchikan and Sitka will have to go on double-shift within a year or two unless new buildings can be constructed.

So that, the condition of our five principal cities is serious and demands attention and action.

In numerous smaller communities the buildings are so poor and dilapidated that they are wholly unfit for school purposes. I suggest that you get for yourself a precise picture of every school in every community under our Territorial school system. Satisfy yourselves as to what in your judgment needs to be done in every case.

It has naturally occurred to me, as to you, that the Federal Government should be called upon for substantial aid. Such a thought finds considerable justification; first, in the extent of our educational building needs; second, in the fact that a substantial portion of our problem is caused by increased activities incidental to national defense; and third, that the Office of Indian Affairs, despite

annually increased budgets and appropriations, is withdrawing from its responsibilities in quite a few communities and requesting the Territory to assume the cost. I feel that it is only reasonable and fair that the Federal Government should not evade its financial obligations through any unilateral action on its part.

We should therefore do our utmost to secure what help we can from the Federal Government in this and other fields. But two points should be noted in this connection: First, that the more we do for ourselves, the more aid we can legitimately ask for and expect from the Federal Government; and second, that hitherto at least we have allowed the increased population to be merely a financial burden and not an asset, which, of course, under proper revenue measures, it will become. In other words, the increased Federal activities have up to this time not been converted into revenue producers for the Territorial treasury. The basic tax program—the first part of which we have enacted and the rest of which I trust you will enact—will enable us to provide that the new settlers and workers from the states, desirable from a human standpoint, and from the standpoint of the future growth and development of our Territory, will also pay their way, and help defray the governmental costs which their influx brings about. Actually, however, there is an inevitable lag between enactment of a program and the needs which already exist. The additional enrollments are already with us. The new accommodations remain to be provided for and constructed.

Finally, we cannot expect either through Territorial action or with Federal aid to do the whole job overnight. Our effort should be to do as much as we can in the next biennium and get started in the direction of what we might call, "solveny in services."

As far as the current operations of the schools are concerned, we must note not only a steady increase in enrollment but a striking increase in costs of operation. Seven years ago wood could be bought for schools on the

Yukon and the Kuskokwim for \$8.50 a cord. This year it costs \$30.00 a cord. Fuel oil costs have likewise increased very substantially in the same period. Transportation costs also have increased greatly. And these increased costs apply to everything the school authorities have to buy.

Finally, but by no means least important, is the payment of adequate salaries to our school teachers.

It is true—and I am proud to have it so—that past Alaska legislatures have on the whole faced the need of paying adequate salaries to school teachers realistically and wisely. For that reason, Alaska has not had quite the problem of securing qualified school teachers as have some of the states. That is a condition which we wish to perpetuate and it will be necessary, therefore, for you to give serious consideration to the Commissioner of Education's request to increase the minimum salaries of school teachers by at least \$500 a year. The states have raised teachers' salaries substantially everywhere and the cost of living has increased considerably in the past two years.

Clearly school teachers are second to none in importance in a democratic society, for it is to them that we entrust the training and education of our future citizens.

UNIVERSITY

In addition to elementary education, we have the problem of higher education. Our one university—the University of Alaska—is an institution of which we all ought to be proud. It has struggled against many handicaps. Its establishment, over a quarter of a century ago, was due to the vision and initiative of one man—Dr. Charles Ernest Bunnell, who will retire from the Presidency at the end of this academic year at the age of 71. If the University of Alaska owes its creation to his vision of the need for higher education for those Alaska youngsters who desired it, the University's continuation up to the present day has been largely due to his determination,

his untiring energy, and unflagging devotion. No Alaskan in our time is more deserving of the gratitude of this and future generations than is Dr. Bunnell. However, the university, while having much to commend, is far, far, from what it ought to be. The gap between what it is and what it ought to be is a gap which can be stated in financial terms. The University of Alaska is no better than it is because through the years it has had to struggle for every cent that it got both from the Federal and Territorial Governments, and it has never had enough. It is a painful truth that in physical appearance the University of Alaska is probably the most drab and dingy institution of higher learning under the American flag. More than one visitor of judgment to College has found the University's physical appearance more closely resembling a reformatory or correctional institution than an institution of higher learning for a free people.

When two years ago, after five war years in which there had been not only no new construction or repair, but actual physical damage or deterioration incident to military usage, and after a period in which because of the war, the University's function had been in considerable degree suspended, a modest operating and construction program was presented to the Legislature. It had been approved by the Board of Regents, a board which can scarcely be accused of extravagance, or lack of conservatism. Yet we witnessed the pathetic spectacle in these legislative halls of the University's operating budget for the biennium being cut in half, and the scant building program having to be totally eliminated because of lack of revenues.

This year's program approved by the Board of Regents for the next biennium is an extremely modest one, calling for approximately two million dollars for new construction. The new construction includes the power plant and ten residences which were appropriated for in 1947, but which had to be frozen because of lack of funds, a mines building, an agricultural experiment station building, a student union and infirmary and completion

of the Eielson building. I consider this an absolute minimum program and I hope the legislature will approve it.

Also, I wish to state my conviction that the members of the University faculty have been and are grossly underpaid. Through the years they have not fared nearly as well as our grade and high school teachers not merely relatively but actually. I was shocked to discover that instructors at the University of Alaska are receiving less pay than grade school teachers at Fairbanks. I was further shocked that some assistant professors at the university are receiving less than grade school teachers. I was triply shocked when I found an associate professor receiving less pay than a school teacher working for the Territory three miles from the University. I hope you will be equally shocked and will do something about it. The slight increases proposed for the next academic year and the year thereafter scarcely improve the situation. If we wish to build a faculty that can serve as it should, we must see that their salaries are commensurate both with qualifications expected of them and with living costs.

I am happy to recall that we have secured in the last year one very substantial contribution to the University from the Federal Government. It is the Geophysical Institute whose construction cost will be over a million dollars. It will serve not merely Alaska but the whole nation.

The role of the University of Alaska cannot merely be summarized in the phrase, "Our only school of higher learning." A university—in this case, the university as far as Alaska is concerned—ought to serve the Territory and the state-to-be in innumerable ways.

These ways should include many important imponderables, but also many tangible and practical needs. Our university, the farthest north institution, serving the largest area under the flag, should of course become the center and fountainhead of our American culture. The challenge is here, and the need is here, to equalize in and for Alaska the best that American culture anywhere

signifies. The University can and should become a leader in many categories. It should become a center of research in the many almost wholly unexplored fields which are of vital concern to Alaskans today.

It is my hope also that we will couple our own determination to make this university all that it should be with much further aid from the Federal Government, an aid particularly appropriate to the extent that the University of Alaska can, given the proper facilities, help solve problems of national concern. Among these are the physical problems peculiar to the Arctic. These problems relate closely to life in that vast region where much of the ground is permanently frozen and where special conditions surround permanent housing, water supply, sewage disposal, the maintenance of health and much else. For this purpose we are trying our best to get the Federal Government to establish an Arctic Institute of Health, a companion institute on the campus of the university, for the Geophysical Institute. Here, again, as in the case of any self-help which we manifest, I am convinced that the more we do for ourselves the better our claim for Federal assistance and the greater the likelihood of our obtaining it.

SOUTHERN BRANCH

In my addresses to the legislatures of 1945, '46, and '47, I urged the initiation of a southern branch of the University. Its manifest desirability was discussed on these occasions. It would, if established, be in no sense a competitor to the existing institution but one complementary to it. It would secure students who do not now attend the University near Fairbanks. It would moreover teach vital subjects such as forestry, fisheries, and other courses related to the sea, of great importance for Alaskans, which cannot well be taught now. I have not lost my interest in the Southern branch nor my conviction in its desirability, but I regret to have to state my belief that we cannot afford to go ahead with it in this biennium. This is one of the penalties we shall have to pay for past omissions. We

must first build up our existing university plant and provide the funds to make it operate so that it may serve its present and expanding needs. I mention the Southern branch now because I believe that we must not lose sight of its desirability in the future.

With the presumptive coming of pulp and paper industries and the increased population resulting therefrom in Southeastern Alaska, the Southern branch may be easier to achieve in the future, and even more essential.

PUBLIC WELFARE

The second largest item on our Territorial budget comes under the general head of public welfare.

Its estimates are substantially higher than in the past. It covers a great variety of services: Old age assistance, the relief of destitution, allowances for dependent children, the carrying out of the juvenile code. As you know, a considerable part of the support for this program consists of matching funds provided by the Federal Government under social security legislation adopted by the Federal Government in the middle thirties and enacted for Alaska in an extraordinary session of the legislature in 1937. It is no secret to you that the lack of funds during the last two years has caused considerable hardship among the aged and among those who are the legitimate beneficiaries of this humane and economically sound as well as socially desirable program. It goes without saying that at present inflated prices, the maximum of \$60 a month is not sufficient for old age assistance. I am confident that you will study the needs of this welfare program sympathetically, and that your decision will bear in mind the human needs, as much as the financial capacity of the territory to take care of them—two parts of the equation which are inseparable.

HEALTH

Our third largest departmental expenditure is in the field of health.

Four years ago the Territory of Alaska took a tremendous step forward when it decided to come to grips with our steadily increasing menace of disease and ill-health and established a full-fledged Department of Health under a full-time commissioner. The Territory also took another necessary step, in the special session of 1946, when it made its first substantial appropriation to battle tuberculosis. It may be pointed out here that the action of the Territory met with corresponding action by the Federal Government, which since that time has appropriated far larger sums for health work in Alaska than it ever had before, although I might add, that these contributions from federal sources were never easily obtained, had to be fought for unremittingly and will have to be continued to be fought for.

However, a great start has been made. Hospitals to take care of our T. B. cases are under construction by the Federal Government. We hope to have more of them.

Tuberculosis is of course not our only menace. We have many other problems stemming from unsanitary conditions of life. We need improvement in our environmental conditions, safe water supplies, adequate sewage disposal systems, sanitary food-handling controls, regular dairy inspection. Communicable and preventable diseases continue to exact too high a death rate. Hundreds of our crippled children who could be restored to health and usefulness as well as to the ability to support themselves still go without treatment. Happiness, the pursuit of which was enshrined as a cardinal principle in our Declaration of Independence can with difficulty be achieved without good health. Our relatively great ill-health is due to the fact that we have not taken full advantage of the discoveries which modern medicine has made, and have not brought its benefits within reach of all of our people. The adage that an ounce of prevention is worth a pound of cure is highly pertinent. I consider that every cent that the Territory spends on promoting the health of people of Alaska is a wise investment, whose dividends will be

steadily compounded. Conversely, a relaxation or a diminution of our now barely undertaken and recently launched health program would be the height of wastefulness. It is easier and far less costly to keep a community in good health than to endeavor to restore that health once it is gone. For to the cost of medical treatment must be added the economic losses which are inevitable among those unable to work and unable to maintain their livelihood because of illness.

It is unnecessary for me to add that in this field we should likewise make every effort to increase federal participation, not by any means with the idea of securing undeserved handouts, but because the federal responsibility in this field is clearly indicated on several counts.

VETERANS' PROGRAM

I have dealt with the three major items presented to you by the Board of Budget. There are other items of a substantial character.

The 1946 special session called primarily to enact Veterans' legislation and to appropriate for tuberculosis, passed an excellent Veterans' bill. This bill provided that Alaska veterans would be entitled to either a bonus of \$10 a month for each month of service, or a loan. The loan, fixed at a maximum of \$10,000 and bearing interest at the then otherwise unobtainable low rate of 4 per cent would enable a returning veteran to buy a business or to establish one, or to purchase a farm or buy or build a home. The revenues for this program were secured by a sales tax and went into a revolving fund, which in the original Veterans Act of 1946 was to reach a total of three and a quarter million dollars, and then cease.

The act was an excellent one, and ranks high among any state or territorial acts in behalf of veterans. The act was beneficial not only to the veterans individually but to the economy of Alaska. For the loans have had to be utilized in Alaska. It was clear when the act was passed, in 1946, that the total amount of money secured under

its provisions would be insufficient to take care of the six or seven thousand veterans entitled to its benefits. And it was naturally and properly assumed by most of the veterans that in the 1947 session, which was to follow in less than a year, provision would be made to extend the operation of the revenue-producing measure and to enlarge the fund so that veterans would not have to wait indefinitely to enjoy the benefits of the act.

Unfortunately the 1947 legislature made no additional provision and cut the fund off so that it ceased to operate in June, 1948. Had the tax been allowed to continue, or other provision made, we should not have to face this issue now. As of January 3rd, I am informed by the Territorial Veterans Affairs Administration, that some 1,221 loans had been made, totaling somewhat over 4 million dollars, a substantial number of these being guaranteed loans made through banks, which accounts for the large sum loaned. Somewhat under 3,000 bonuses have been paid, totaling over a million dollars. But there remain several thousand veterans whose applications cannot be taken care of due to lack of funds. The members of the Board with whom I have discussed this problem feel that an additional two million dollars for the revolving fund will enable the Board to take care of its obligations to the veterans. I recommend that the legislature go into this matter thoroughly, that it determine for itself what additional sum would be needed to fulfill our obligation to our veterans, to what extent the funds to date have been wisely administered, what reforms may be needed in the administration of this fund, and what changes, if any, are required either in the law or the operation of this agency. I, for one, believe the law is an excellent one, that its beneficial results are manifest, and that our obligation to all our veterans should be fully carried out. However, the value of even the best law can be diminished by inadequate administration, just as conversely, poor legislation can frequently serve most valuably by devoted and conscientious carrying out of its intent.

NATIONAL GUARD

Alaska is now the only political entity—state or territorial—which is without a National Guard. This discrepancy is all the more striking when we consider the importance of Alaska as a defense area. In 1940 the National Guard was established for the first time in Alaska as the First Battalion of the 297th Infantry with companies at Ketchikan, Juneau, Anchorage, and Fairbanks. These units were federalized shortly before our entry into the war and its officers and men saw active service in various theatres of combat.

A Territorial Guard was authorized during the war, which at its maximum numbered some 101 units totaling over 4,000 men. With the ending of hostilities, the Territorial Guard was disbanded.

Both our National and Territorial Guards served their prescribed functions well, and are entitled to grateful recognition therefor.

Since the ending of the Second World War there has been substantial discussion with the military authorities at Fort Richardson and the National Guard Bureau concerning the re-establishment of the National Guard in Alaska. These discussions have led to the formulation of a program adapted to the peculiarities of our terrain, our widely scattered population, and the military usefulness these units could render.

While the Federal Government is prepared to pay in salaries of the officers and men a sum which roughly approximates four times the amount which the Territory may be expected to appropriate as its share, there is in addition to that a vast amount of federal equipment which will be supplied.

In view of the financial problems which confront our Territory, it has been my desire to limit the operation of the National Guard to the extent that the Territorial legislative authorities feel they can afford to pay for it. There are several proposed budgets, therefore, which will

vary depending upon the extent to which the Guard is established, and depending, I feel, in considerable degree upon the desire of various Alaskan communities to have a guard unit. The military authorities have felt, and I fully concur, that the greatest usefulness, both to Alaska and the nation, would be in the scout battalions to be established in the westward and northern parts of Alaska, both along the coasts and in some of the interior communities up the rivers.

The minimum program calls for a total of 1301 officers and enlisted men scattered in 54 different communities. These particular communities are wholly in the Second and Fourth Divisions. For security reasons it is not considered advisable to make public the proposed location of these units, at least not at present. But the information is of course available to members of the legislature.

The budget for this program could, I believe, be kept under a hundred thousand dollars. The variable factors in it are chiefly the cost of quarters to be used for storage of arms and in certain communities for purposes of drill.

Some of you may recall that under the ideas prevalent prior to the Second World War, National Guards were expected to have large armories which the states or territories were required to supply. While within large cities these armories still have their use, both changing concepts of warfare and in the particular function of the National Guard, especially in Alaska, have partially eliminated the necessity for this costly item. In the units that it is proposed to establish, very much smaller quarters for the storage of arms will be required, and in some places can be dispensed with entirely. Where such repositories for arms are required, every effort will be made to secure the materials from the Regular Army, to secure such transportation for these materials as we can from the military authorities, and to leave only the cost for such transportation of materials and their construction as cannot be otherwise secured for the Territorial budget.

The principal items in the budget other than this will be the establishment of an Adjutant General's office in the capital and such operating expenses as may be required there and in connection with some four headquarters towns and supply points, which will be the nerve centers and supply centers for the 54 units above mentioned.

The National Guard Bureau, several months ago, assigned a capable officer, Lt. Col. Joseph D. Alexander, to lay the groundwork of this program, in preparation for, and in anticipation of whatever action the Territorial Legislature sees fit to take.

The federal contribution in salaries to the officers and men, assuming the number of guardsmen is kept at 1,301, is approximately \$200,000 annually, or \$400,000 a biennium. As I earlier said, it's a ratio of federal cash expenditure to territorial of about four to one. The value of the Garand, or M-1 rifles, ammunition, uniforms, and other equipment, some of which is of course not renewable until expended, amounts to several hundred thousand dollars additional. The Federal Government will also assign several officers as instructors, who will be paid by the Federal Government.

The Federal Government has likewise approved an additional allotment of men, roughly equal to the first allotment. This second allotment will be utilized for units in the principal towns including Ketchikan, Juneau, Anchorage, Fairbanks, Kodiak, Seward, Cordova, Wrangell, Sitka, Petersburg, Skagway, depending upon whether these communities desire such units, can furnish the necessary men, and whether the Territorial Legislature wishes to make such additional appropriations or arrange for some or all of these towns to provide the necessary appropriate quarters where these units may be established. The pay of the officers and men in these units as in the others would be a substantial source of additional income to their respective communities. The larger program would bring about \$400,000 annually into Alaska, or \$800,000 for the biennium in officers and enlisted guardsmen's pay.

It is my conviction that the National Guard ought to be established in Alaska; that it will serve at least as useful, if not a more useful purpose here than in many other parts of the union; that it will bring tangible benefits as well as extremely important intangible ones. I would suggest that the appropriate committees of the legislature go into the matter thoroughly with Col. Alexander and decide to what extent this program is to be undertaken. In connection with their decision, legislation to re-establish the National Guard in Alaska and for a military code will be necessary. The draft of such legislation has been prepared by Col. Alexander along established lines and has been reviewed by the Attorney-General.

HOUSING

It is pretty well recognized that the critical shortage of housing in many Alaskan communities is the greatest bottleneck to the growth of population and development. High costs of construction are in many cases a deterrent. But the situation must be faced.

It has been our hope for several years that the Federal Government would develop a housing program, of which Alaska might take advantage. Public housing, incidental to the war, was responsible for the construction of 204 units in Anchorage, 86 in Fairbanks, and 31 in Juneau. Without these aids an intensely difficult situation would have become an impossible one. This is apart from the no less important question of the utter inadequacy of much of the housing that does exist. Many of our people live in shacks hardly fit for human beings because there is no other place for them to live. A very large part of the instability which afflicts the Alaska population, a very large part of the turnover which causes people established here for varying lengths of time to leave Alaska, stem from the inadequacy of housing. Thousands more who want to settle in Alaska do not come for this reason. Our wretched housing is a definite menace to health and in many cases undercuts and nullifies our efforts to improve health conditions.

In 1945 the Territorial Legislature established the Alaska Housing Authority. To date it has functioned wholly without Territorial funds. It has covered its expenses from the proceeds of the various Federal housing projects above referred to, which it has managed.

It seems fairly clear that while the Territory should do what it can, within its means, the major portion of the funds for any extensive public-housing projects must come from the Federal Government. In addition to such housing as may come to Alaska, through general Congressional legislation, Delegate Bartlett has introduced a bill requesting a ten million dollar appropriation for housing, specifically in Alaska. Other pending Congressional legislation includes amendments to the National Housing Act, designed to liberalize the loan provisions, and to stimulate private building. It may well be that the legislature should consider taking some action of its own, which will stimulate housing and dovetail in with the efforts that are being made in Congress.

Our housing shortage is too serious to permit us to leave a stone unturned in our efforts to help diminish it. I would recommend that the Legislature meet with the Territorial Housing Authority which convenes here February eighth and that every one of its proposals, which have undergone considerable preparation, as well as every other possibility be thoroughly explored.

DEVELOPMENT BOARD

The Alaska Development Board was created by an Act of the 1945 Legislature, with a biennial appropriation of \$120,000. This appropriation was not renewed by the 1947 Legislature, and attempts were made by some of its members to abolish the board.

However, by prudent management, the Board had conserved some \$45,000 from its first biennial appropriation and has managed with something less than a skeleton staff to continue to function until now.

It is not my purpose to anticipate the testimony

which will be given to members of the Legislature by its former manager who for the last year and a half, has served as consultant to the Board. He will inform you of what, with its extremely limited funds, the Board has managed to accomplish, and what it hopes to achieve in the future.

In a period such as lies ahead, when the establishment of new industry and increased economic activity in Alaska, are of paramount importance, I cannot stress too strongly my belief in the vital necessity of the Development Board, and the need of its having adequate funds with which to work. One or two industries brought to Alaska, and established here through its efforts, will more than pay for the proposed appropriation of the Board.

Expenditures directed to building up our economy, toward diversifying its industrial activity, toward diminishing the uncertainties of its now poorly balanced and highly seasonal nature, constitute the soundest investment. I need not tell you that every state and territory has an agency of this kind, designed to stimulate and promote their economy and to augment the general measure of prosperity.

The originally proposed estimates for the coming biennium of approximately half a million dollars was substantially reduced—by about 25 per cent—in a recent meeting of the members of the Development Board. I urge your careful consideration of the proposed budget, which I do not consider excessive. I cannot stress too strongly my belief that through it lies the way toward new and hitherto nonexistent sources of revenue.

I have covered what seem to be the major items that will come before you, having to do with substantial expenditures. I know that you will weigh them all carefully, and make your decision in accordance with what you feel is for the best interests of our Territory.

I think I can say without fear of successful contradiction the mandate of the people for this Legislature is that they want Alaska to move forward. Every item

that we have discussed is inextricably related to progress. It may well be that some topics have been omitted, but they will undoubtedly be called to your attention throughout the session. But I consider it clear that even with the utmost prudence and care, which we should make every effort to exercise, we shall need to provide very substantial additional revenue. The net income tax which you passed in the Extraordinary Session is only a first step toward our goal.

BUDGET MUST BE BALANCED

Whatever may be your decisions as to the extent of expenditure in the various fields discussed, or the amount of the revenues to be secured from forthcoming tax measures, I cannot stress too strongly that the budget must be balanced, and that wisdom and statesmanship should provide that if there is to be any lack of balance, it should be to provide a surplus and not a deficit. Indeed a surplus would be extremely desirable. It is regrettable that years ago Alaska legislatures did not definitely provide for accumulating a reserve fund. This would have been particularly easy to do during good times, and a useful insurance against less prosperous years. And how helpful such a fund would have been now! Just as it is desirable for individuals not to live from hand to mouth, but to accumulate savings, to have money in the bank, so likewise is it sound practice for a political entity—territory or state—to accumulate such surplus. Of course I have heard it said by some of the people who have gone far to shape some of our past thinking:

“Oh, if there were a surplus, the politicians would just spend it.” This phrase is on a par with “Where is the money coming from” or, “Now is not the time.”

And now I wish to touch on some other legislative measures that seem to me to be important, but which need not involve substantial outlays of funds, unless the Legislature so desires.

STATEHOOD

Statehood is of course uppermost in our minds as the over-all major issue confronting Alaska. I need not re-

hearse the overwhelming reasons why we need and want statehood. I can only say to you that whenever there has been any reference in my message to the need of federal funds, the thought has never been absent from my mind how much better we would have fared financially under statehood and how much better we will fare.

Statehood will of course not solve all our problems. But at least it will put a stop to the gross discriminations in the matter of federal appropriations of which Alaska long has been, and continues to be, the victim.

Statehood will automatically bring us under the Federal Highway Act and will stop the discrimination under that portion of the act relating to forest areas, as a result of which our legitimate share for roads in forest areas was arbitrarily cut years ago and Alaska's share distributed among the states. Statehood will bring us our legitimate share of appropriations under half a dozen acts for agricultural research and extension work totaling millions of dollars to date, which have arbitrarily been withheld from us because we are a territory.

There are many other such examples. Broadly speaking, every effort to get our rightful share of federal appropriations will be promoted through having two United States senators to go to bat for Alaska.

So I urge this Legislature to act affirmatively to hasten statehood.

In this connection I would like to make a pertinent digression because of the presence in this body of two members of Alaska's first territorial legislature, and to point to a not un-related and striking set of facts.

Way back in 1913, 36 years ago, these two legislators, Senators Collins and Jones were among a group of young men who gathered hopefully here in Juneau to launch the newly incorporated territory on its career of self-government. It was a limited government. Alaska, under the Organic Act of 1912, had not been granted many of the rights earlier granted to the sister Territory of

Hawaii, which after its annexation to the union, suffered none of the major restrictions imposed on Alaska.

The first Alaska legislature charting its own course through virgin terrain, legislated wisely and well in its day. But it soon discovered that there were many fields into which it was forbidden to trespass, control of which had been reserved by Congress for the Federal authorities.

And so the infant legislature turned to its Congressional guardian and memorialized it on a number of basic issues. These issues were scarcely controversial. They were the sort of fundamental things which the new territory needed and had a right to expect to promote its development and growth.

Thirty-six years have elapsed and we are still trying as a territory to get a favorable answer.

The 1913 legislature memorialized Congress asking for roads in the Territory. Repeatedly subsequent legislatures have asked the same thing. From 1923 on, the plea was made specific; it asked for inclusion under the Federal Highway Act. Broadly speaking, we have gotten very little in the way of roads from the Federal Government except as incidental to World War II construction and present-day defense measures.

The first Territorial legislature, back in 1913, asked Congress to liberalize the land laws. Have they been liberalized after 35 years? Every homesteader, everyone who has tried to secure land for home or development purposes knows the answer. Not a week passes but what I receive a pathetic complaint from some would-be homesteader or settler, desperately trying to secure title through a maze of red tape, delay and obstruction. Of course under the Organic Act of 1912 Alaskans were forbidden to pass any basic land laws.

The first legislature, way back in 1913, asked that no further withdrawals or reservations be made, and that some of those already existing be abolished or diminished. I need scarcely state that the reverse has been the Federal policy.

The first legislature in 1913 asked that Congress appropriate for agricultural surveys. That request can be broadly interpreted today as meaning that the 1913 Legislators wanted Congress to do at least as much to stimulate agriculture as it had done elsewhere in the nation.

Instead of that, as you know, Congress has consistently denied Alaska her share of funds provided under various acts of Congress through the years.

The 1913 Legislature asked Congress to pay our U. S. Commissioners salaries. But up to this day, despite repeated subsequent efforts, our United States Commissioners, who are, in effect our lower court judges, are expected to subsist on the wholly inadequate fees which they collect from the public. Only in Alaska is the administration of justice which through the Organic Act of 1913, the Federal Government reserves for itself, treated in so niggardly a fashion.

Finally, the first legislature in 1913 asked that Congress rectify the inadequate protection given Alaska fisheries by the federal agency then in charge.

Well, for years, we have tried in vain to get Congress to appropriate adequately to protect that great national resource—the salmon fisheries. We all know that because of this inadequate protection that resource is being depleted, particularly in Southeastern Alaska. Through the intervening 36 years, subsequent legislatures have pled with Congress that the fisheries be turned over to the Territory in the belief that the people right on the scene and most vitally concerned with the preservation of our fisheries resources could do better than the representatives of distant federal agencies. I think that it's fairly clear that 36 years is a long time to wait and to wait in vain, particularly when the world has changed more greatly in that time than in any similar period in all recorded history.

If I have taken the liberty to digress, I think the moment is timely. Because even pending statehood, with the evident relief to us it will give in many fields, there are some steps which the Territory can take now.

A FISHERIES COMMISSION

I believe that the Territory should establish a Fisheries Commission, which would take over the licensing of fisheries operations and move as far and as fast into the field of proper conservation as existing federal regulations permit.

I believe that we can go a substantial distance. I believe that this would be a desirable and necessary step if Alaska were to remain a territory for years to come, a calamity which I do not anticipate. I believe it to be an appropriate and timely step in preparation for the responsibilities of statehood which the fisheries will be automatically transferred to the new state. The makeup of such a commission, its specific duties, are matters for your consideration and decision. But I am convinced that the Territory can act to the benefit of its economy and for the safeguarding of our greatest national resource.

LIQUOR CONTROL

A problem of basic social significance in our Territory is that of liquor. Its control has gotten out of hand in some parts of the Territory to the detriment of the public health, welfare, and morals. Second only to human frailty which we can do very little about except by teaching and example, the main fault lies with an inadequate law that has not been materially changed since 1937.

Lacking any central agency responsible for a territory-wide control program, and without any one person responsible for enforcement, the situation has deteriorated, here and there, and calls in my judgment for remedial measures. At the request of territorial and federal agencies, the Attorney General has drafted an over-all revision of our liquor law. In doing so he has drawn upon his years of experience in the field of law enforcement prior to assuming his present duties, and has consulted with groups and individuals in many walks of life in all of the principal cities of the territory and in many smaller communities.

The draft which he has made represents the deliberations of several years and is a mature effort, carefully studied, to which your earnest attention is invited.

LAW ENFORCEMENT

Closely related to this problem is law enforcement. Lack of law enforcement, here and there, is repeatedly called to the attention of Territorial authorities. The reasons for its lack are inherent in certain aspects of our territorial status. I have already alluded to the inexcusable lack of salaries for our United States commissioners. Except as the cities provide their own policing, there exists outside of the incorporated towns and in the vast areas between them, a no-man's land of law enforcement. It has been assumed by many that the U. S. marshals and deputy marshals were responsible for law enforcement in these areas. But the limitations imposed upon them bring about a very different result.

For many years there has been talk in Alaska of creating a territorial constabulary. The Northwest Mounted Police of the Dominion of Canada, whose fame is widespread has often been cited as an example and model for Alaska to follow. The 1941 Territorial Legislature authorized the establishment of a highway patrol. The timing was appropriate because shortly thereafter we were to see the linking of the various disconnected stretches of highway in Central Alaska through the construction of the Glenn Highway. That process is now proceeding. Within a year Seward will be linked into the Central Alaska Highway System. Only Cordova and Nome remain as the principal towns on the mainland of Central Alaska still not connected, with excellent prospects that Cordova, at least, will soon be connected. In Southeastern Alaska we confront a problem of relatively small stretches of highway, leading out of the principal towns and yet unconnected with each other. Yet they, too, have traffic problems, which the appointment of patrol officers in Juneau and Ketchikan have substantially relieved.

The over-all task of law-enforcement however, is be-

ing, and should be assigned to those patrol officers. Their training and responsibilities should, I believe, be extended until they become in the fullest sense officers of the law, equipped and assigned to detect and apprehend law breakers of every category and to fill adequately the void existing until recently in the vast areas between incorporated towns.

With the increasing influx of people from the outside over the highway and in connection with the military construction program, the burden upon these officers will increase. I believe that the patrol force should be expanded and every effort made to maintain the present high standard of morale and character which the present nucleus of 15 patrolmen has established.

I believe that it would be most valuable for the appropriate committees of the legislature to go into the problem of law enforcement not only with the Attorney General, with his years of experience as United States attorney, but with federal judges and other territorial and federal officials who, through the years, have observed the shortcomings of our efforts at enforcement. It is pertinent also that conferences have been held with the Department of Justice in Washington with a view to making it possible for the members of our Territorial patrol to attend the F.B.I. school in Washington, free of cost to the Territory. Two of our patrolmen have already attended this school and the training which they received there is of great value.

OTHER LEGISLATION NEEDED

We live in a rapidly moving age and much legislation apparently suitable and appropriate in past years requires occasional overhauling and reform.

A RETIREMENT SYSTEM FOR TERRITORIAL EMPLOYEES

One of the basic needs for our Territory is the establishment of a retirement system for our territorial employees. That has been already done for our school teach-

ers. The Federal Government, as we all know, has long since adopted such a system for its workers, on a basis of partial withholding from their salaries. Legislation to be presented to you and approved by the Attorney General permits the inclusion of municipal employees, who, no less than Territorial employees, should be entitled to the benefits of retirement after years of service.

WORKMAN'S COMPENSATION ACT

Various other measures relating to the workers need revision. The Workman's Compensation Act needs to be strengthened. Some of the compensations for injuries provided in the law passed four years ago are inadequate; hospitalization provisions are likewise insufficient.

The Unemployment Compensation Law should be amended to provide for differentials between unemployed single men and unemployed men with one or more dependents. If twenty-five dollars a week is deemed the proper amount for an unemployed bachelor, then the man with a wife and several children at home dependent on his earnings should clearly be entitled to additional benefits for these dependents.

A wage collection law is clearly needed. Annually thousands of dollars are lost to workers in Alaska, because when the pay period comes, their employers find themselves unable to meet their obligations. This has been particularly the case in mining areas.

Equal pay for equal work is a desirable principle. At the present time in certain industries women are paid less than men—although they perform essentially the same work. I believe that should be rectified. All our labor legislation should be re-examined in the light of present-day requirements.

ACCOUNTING BOARD

The legislation creating our accountancy board and the conditions under which our public accountants function need to be overhauled. Provisions should be made

mandatory that accountants who handle other people's funds should be bonded to protect from loss those who entrust the accountants with their funds. The restrictive nature of the act has made it virtually impossible to secure a board which functions. The legislature, will, I hope, examine this matter thoroughly and reform the existing act.

A number of Alaskan communities have had for considerable periods to go without the services of a dentist. The result has been a deterioration of health, and the costly procedure forced upon those who could afford it, to travel to other communities for their dental care. Under the existing law dentists are not permitted to practice until they have passed an examination by the Dental Board. It would seem desirable that the law be amended to permit the granting of temporary certificates to practice until such time as the Dental Board hold its next annual examination and that further constructive efforts be made in conjunction with our Department of Health and the Federal Public Health Service, to provide dental care in some of the smaller communities which obviously cannot support a full-time dentist.

With two outstanding members of the dental profession, likewise members of this Legislature, it should not be difficult to devise modifications of existing laws and procedures to rectify a situation that in recent years has caused considerable dissatisfaction and complaint.

There are doubtless other subjects which I should discuss with the legislature, and if matters of such nature arise, I will request the privilege of addressing you again. Unquestionably there are also other measures which members of the legislature wish to introduce. But as it is, your task is—to say the least—unprecedented in scope, size and urgency. Conscientious and effective action on what has already been presented will make this legislative session the most memorable and important in Alaska's history. For your actions here will shape Alaska's destiny for generations to come. Never before have the men and

women delegated by the people of Alaska to represent them had so great an opportunity for rendering vital and enduring service, service to their neighbors and townsmen, service to their fellow Alaskans, service to the nation, and, in the building up of this great northern bulwark of Democracy, service to all mankind.

May success attend your efforts! And may we continue to work together closely for these high ends!