

JOURNAL
OF THE
House of Representatives

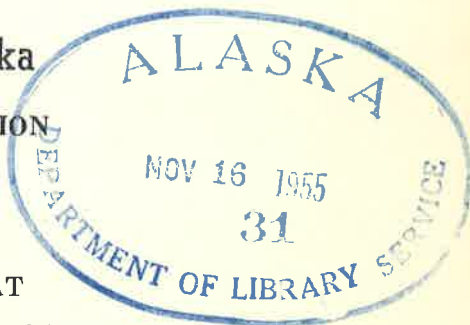
Territory of Alaska
TWENTY-FIRST SESSION

BEGUN AND HELD AT
JUNEAU, THE TERRITORIAL CAPITAL
JANUARY 26, 1953

Adjourned Sine Die March 26, 1953

GEORGE J. MISCOVICH,
Speaker

MARGARET GRISHAM,
Chief Clerk



was introduced, read the first time and referred to the Committee on Elections, Election Laws, Mileage and Per Diem.

After announcement of Committee meetings, upon motion by Mr. Stringer, seconded by Mr. Hurley, the House adjourned until 11:00 A.M. January 28, 1953.

MARGARET GRISHAM,
Chief Clerk of the House.

Approved: January 28, 1953.

GEORGE J. MISCOVICH,
Speaker of the House.

THIRD DAY

House of Representatives,

Juneau, Alaska, January 28, 1953.

Pursuant to adjournment, the House was called to order at 11:00 A.M. by George J. Miscovich, Speaker.

Roll call showed all members present.

Prayer was offered by the Chaplain.

Mr. Greuel, Chairman of the Committee on Engrossment and Enrollment, reported that the Journal of the proceedings of the Second Day had been read by that Committee and recommended its approval. The Journal was

approved in accordance with the Committee's recommendation.

MESSAGES FROM THE SENATE

A message from the Senate was read, requesting a Joint Session at 3:00 P.M. today to hear the message of the Governor.

At the request of Mr. Hendrickson and by unanimous consent the House concurred in the Senate's request and the Chief Clerk was instructed to so notify the Senate.

PRESENTATION OF PETITIONS, MEMORIALS AND RESOLUTIONS

A Resolution submitted by the Committee on Elections, Election Laws, Mileage and Per Diem, recommending that the Per Diem for all members of the Legislature be \$20.00 per day, was read and referred to the Committee on Ways and Means.

HOUSE JOINT MEMORIAL NO. 4 by Mr. Rentschler, memorializing the Chairman of the United States Senate Committee on Interior and Insular Affairs, the Chairman of the House of Representatives Committee on Public Lands, the Secretary of the Interior and the Delegate to Congress from Alaska, for the prompt enactment of legislation to assist the construction and operation of industrial development in the Taiya Valley of Alaska, was introduced and read the first time.

At the request of Mr. Rentschler, and by unanimous consent, the rules were suspended as to HOUSE JOINT MEMORIAL NO. 4 and it was advanced immediately to second reading, was read the second time, considered en-

at ease until the committee to notify the Governor had an opportunity to do so.

Senator Nolan and Mr. Hendrickson reported they had delivered the message of the Joint Session to the Governor and the Honorable Ernest Gruening was received in the House.

The President of the Senate presented the Governor to the members of the Joint Session.

The Governor then delivered his message to the Twenty-First Legislature as follows:

Mr. President of the Senate, Mr. Speaker of the House, Honorable Senators and Representatives, Members of the 21st Territorial Legislature:

We meet here in pursuance of a tradition and practice that is as old as our Republic. In nation and state that practice has been for the executive to address the legislative branch at the beginning of each legislative assembly, to present to it his views of the state of the nation or of the state, in our case, of the territory, to review pertinent developments since the last session and to impart to the current legislature his thoughts on the desirability of measures to meet existing or pending problems. I feel it should be clearly understood, and doubtless is, but it might well be repeated here for additional emphasis, that in all relations between executive and legislative branches of our government, the executive proposes, but the legislature disposes. That is not only its prerogative but its mandate.

It is a pleasure to see so many new faces here. They are in a sense evidence of the change, of the rapid change, which is a symptom of the time in which we live. We are here today, and for some 60 days, to endeavor to make that change, as much as lies within your power, synonymous with progress, with continuing progress, and with the development of our resources, both human and material, in Alaska.

It is evident that in the lifetime of those here present

we have seen the greatest changes that have fallen within any corresponding period since the beginning of time. And I would include in that allusion to the great transformation not merely the younger members, but those whose lifetime, like that of Charlie Jones, spans the entire legislative and pre-legislative era in Alaska and goes back to the days of the Organic Act of 1884 when he had virtually no self-government and Alaska was not even rated as a Territory but only as a District. It gives me great personal pleasure in this connection to salute Charles Jones, your Senate president, who has been a pioneer in more senses than one, but particularly in a sense that is pertinent here since he was a member of the first territorial legislature in 1913. That legislature wrote the beginning of our territorial structure of laws and institutions. As I read its achievements, as recorded in its Session Laws and its Journals of the Senate and House, of which latter Charlie Jones was a member, it was truly a pioneering legislature. It was not merely abreast of, but ahead of, its time, a characteristic which I think we will all agree is commendable. Its very first act to form part of our territorial legal structure, Chapter One of the First Legislature of Alaska, was to give the franchise to women. Thus Alaska anticipated the national act by seven years, when the Constitutional Amendment to provide equal suffrage was finally adopted. In this connection it is gratifying to note that this Legislature contains four women, as large a number as ever elected to one territorial assembly. It has been equalled, I believe, just once before.

GREAT CHANGE HAS COME TO ALASKA

As we look back over the forty years since that first legislature convened in Juneau in 1913, it seems inevitable that we should take note of the great changes that have come. I think it evident that as just stated, in the lifetime of even the most senior of those present, history has taken us by the hand and carried us forward in a strong grip. The world has seen more change in the 85 years since Alaska came under the American flag than in any period of similar length in all recorded history. The last 40 years since Alaska received a partial territorial status, through our Organic Act of 1912, have seen the greater part of that change. That change is taking place at a steadily accelerated rate. And as far as Alaska is concerned that change has been even more recent than elsewhere under the flag. Here

in Alaska it has been concentrated more in the last twenty years than in the first twenty; more in the last decade of the second twenty, than in the first decade; more in the last five years than in the previous five years; more in the last year than in any previous year. We may expect that curve to continue to rise. We are here today to take stock of this great change; to analyze it in its relation to Alaska; to consider its meaning its potentials, and its problems, and to take such steps and adopt such measures as may continue to direct that change into the channels of maximum public benefit.

If what I have said about the extent and rapidity of the great change that has come over America in general, and Alaska in particular, would seem to be merely a statement of the obvious, I would like to suggest that one of the great problems of our fast-moving times has been to adapt our thinking and our practices to the implications of that change. In recent years we have often heard the phrase "Horse and Buggy Age," which translated into Alaskan might be termed the "Dog Team Age" in reference to times not long past. And it is not without significance that to a certain extent the dog-team age and the age of supersonic, jet-propelled air transportation exist side by side. The questions for us to ponder are, How much do these two ages exist side by side in our thinking and in our plans for action? How nearly has our thinking in relation to our economic and social problems caught up with the tremendous changes in our way of living which modern applied science has wrought?

Stop for a moment to consider that if Alaska is the "last frontier" under the American flag, as we have lovingly called it, it is also the first frontier to be equipped with telephone, radio, rural electrification, electric household appliances, bulldozers and much else which makes post mid-century pioneering a new and very different undertaking from what it has ever been before. But some of our laws, and maybe some of our practices, and some of our thinking go back to the pre-automobile age.

In dealing with Alaska I think we may say fairly that the changes that have come, and are imminent, are not only no less striking but indeed relatively more sensational than those which have come to the rest of the nation. Two factors have contributed pre-eminently to that change. One

of them has been the tremendous transformation in communications; communications of both types, both through the airplane and the radio-telephone. They have ended Alaska's isolation and remoteness. They have linked the various far-flung parts of Alaska more closely. Another great factor in our change has been the international situation and its consequences, specifically World War II and the subsequent events incidental to the Cold War and our present preparations for what may lie ahead. They have lifted Alaska from its once relatively static condition, with a stationary population and suspended development during the first three decades of this century, into a region of national and even international importance, that is throbbing with new life.

ALASKA ON THE MARCH

To say that Alaska is on the march, that it is prosperous, that it has attained new levels in many fields of its activity, is apparent to all of us. We know that our population has more than doubled in the last ten years, from a census figure of 72,000 in 1940 to an estimated 160,000 at present, a percentage of increase not paralleled or even approached anywhere else in the United States. We know that that increase has the attributes of permanence as never before in our territory's history. Disappearing rapidly are the days when many came to Alaska with only the purpose of making a stake and then leaving. A second and third generation are growing up who consider Alaska home and have no thought or desire to live anywhere else.

I could present, almost at random, a great variety of statistics to show to what extent Alaska is on the march. Our bank deposits, for instance, in 1920, were some \$8 million; in 1940, twenty years later, they had slightly more than doubled, being some \$17 million; but in 1950, ten years thereafter, they had again more than quadrupled, having reached some \$78 million. In 1951 they passed the \$99 million mark. In 1952, the year just closed, they were just under \$125 million. The jump here from year to year is far greater than it was in previous decades. In 1945, eight short years ago, 42 new domestic corporations were formed in Alaska. Last year, in 1952, there were more than five times that number, namely 228.

Let us consider as another example the number of

automobile licenses issued in the Territory. In 1941 there were 7,055. Ten years later there were 37,039, a five-fold increase averaging 3,000 cars for each year of the ten-year period. But in the last year, 1952, the number rose to 44,864, an increase of 7,825 in a single year. And of course as our roads are built and improved that increase will continue at an accelerating rate.

In 1945, eight year ago, some 15,847,000 passenger miles were flown within Alaska. We do not yet have the figures for 1952, but in 1951 the number had increased to over 80,000,000.

Most striking is the increase in school enrollment. Five years ago, in the school year of 1947-48, enrollment in territorial schools was 8,552; in 1949-50 it was 10,997; in 1951-52 it was 14,597; in 1952-53 it was 18,148.

In the entire fifteen-year period, from 1935 to 1949, 644 housing units were insured by the Federal Housing Administration. In the years 1950 to 1952, inclusive, one fifth of the previous period, nine times as many housing units, or 5,850, were insured by the Federal Housing Administration. And our growth is just in its beginnings. The more housing, which still lags far behind need, the more people.

MAINTENANCE OF EXISTING SERVICES

A legislative program such as any convening legislature faces falls broadly into two categories. There is first the category of maintaining existing services. Into this category fall the maintenance, strengthening, and of course the financing of the basic public services to which we are accustomed under our American system, services which the American people properly take for granted. In the territory, as elsewhere, they are, first and foremost, education, which includes both primary and secondary education, as well as that supplied by our one institution of higher learning, the University of Alaska. Our territorial budgets for education have pretty generally constituted between one-third and two-fifths of our total appropriations, and properly so, for in a free society, such as ours, education and democracy are one and inseparable.

There is the public health program, carried on full scale now for some eight years, and which in Alaska has to do not merely with protection against epidemics, against

contamination of food and water supply, but of unrelenting aggression against long-standing neglect, as in the case of tuberculosis, whose incidence in Alaska, because of that long neglect, is still the highest under the American flag, and whose bacilli are respectors of neither place nor race. Some of you legislators have been made personally aware of the tragic consequences of having the "white plague" strike in your own homes.

There are the public welfare services, which have to do with the care of the aged, of mothers with dependent children, of the indigent, and of the blind. Our society has increasingly assumed a share of responsibility for those whose misfortune or diminished opportunity constitutes a challenge to our prosperous civilization. Vigilant and conscientious administration will safeguard against abuse of this service.

There is policing—the protection of life and property, which in our expanding territory is still in a somewhat initial stage. Our municipalities take care of it within their limits, but outside of these, in the large areas between incorporated towns, there has been a sort of no-man's-land, especially in the suburban areas which in Alaska have historically been the responsibility of the Federal government, with enforcement of law resting upon the United States Marshals and Deputy Marshals. I think there is general agreement that the funds supplied by the Federal government for law enforcement and police protection have not been adequate in considerable parts of the Territory to meet their needs. The Territory, however, has moved into this field concomitantly with the extension of highways and ten years ago established a highway patrol. It has grown with increasing needs and demands, and now numbers forty patrolmen. The maintenance of this force, its enlargement as our highway system is extended, and as our population continues to increase, its future as a territorial police force, similar perhaps to the Canadian Mounties, and adapted to the peculiar conditions which exist in our Territory, with its large, thinly settled expanses, and the impact of new population—all these are among the housekeeping problems of our Territory. This Legislature may well give consideration to the patrol's establishment apart from the Territorial Highway Engineer's Office, where it has been hitherto.

These services are not only vital in themselves, but their successful functioning is essential to a program to make life in the Territory ever more attractive, to provide conditions which will induce more and more people to come to Alaska, and, once here, to stay here.

ECONOMIC EXPANSION

And there is the other category of legislative concern, which has to do primarily with development, with the creation of new sources of industrial and business activities, with the enlargement of opportunity, with the expansion of our economy. All of these are important, and their relative importance, and the amount of attention and financial support which should be given to each, is wholly a matter for the determination of the legislature within the existing fiscal framework. In making your determination as to how much shall be allotted from the treasury for each of these various activities, you will no doubt bear two important considerations in mind. First, that the Territory's population has grown greatly from biennium to biennium, that it is continuing to grow at an accelerating rate, and that therefore every public agency is required to serve more people. If our government grows it is because all else is growing in Alaska. Second, is the fact that the cost of living continues to mount, that every article and every service costs more than it did, and that public services are no exception to the general rule.

These two categories of legislative interest, which for convenience I have defined as the maintenance of existing services and the developmental activity, overlap. They overlap for instance in the field of highway and airport construction and maintenance. These two are essential both to our existing economy and to its expansion. Expenditure for these may be considered investments. It is impressive how rapidly new structures, homes, tourist lodges, cabins, spring up as a new highway penetrates our northern wilderness. It is no less striking how a community's economy burgeons when it is supplied with an airfield capable of receiving the larger and faster planes which the science of aeronautics is constantly devising and which the expanding needs of a community require.

These two categories overlap markedly in the field of our long established activities, such as the fisheries and

mining, to which I desire to call special attention. They overlap in the field of agriculture, which, pursued somewhat more vigorously and intensively in recent years by both Federal and Territorial governments, can be developed into an important factor in the stabilizing of our economy, in the permanence of settlement, in the production of food staples, and in increasing Alaska's economic self-sufficiency.

NEED TO DIVERSIFY ALASKA'S ECONOMY

The fisheries and mining have in the past been Alaska's mainstays. And agriculture, while still relatively in its infancy, and with a future of possibly definable limits, should be given all proper assistance to extend to those limits as rapidly as possible. But beyond these basic pursuits, we need to broaden the base of our economy, and to diversify it. Experience has shown over and over, and has shown us in Alaska very definitely, that these basic pursuits can and do decline, sometimes temporarily, sometimes for long periods and perhaps permanently. When that happens it leaves the economy of the Territory, in whole or in part, in serious jeopardy. What is needed above all in Alaska is the development of new industries and preferably of those which will operate the year around; or if such enterprise does not operate the full twelve months, that it at least represents a diversification from what we have hitherto had. Alaska, in recent years, has for the first time begun to attract new types of industry. The pulp mill now under construction near Ketchikan is an example; so is the plywood mill being built at Juneau; the lode tin mine and mill on the Seward Peninsula is another. Oil drilling, which is scheduled to take place on a large scale—commercial oil drilling and not naval oil drilling—in at least two, and possibly three, areas next summer, represents a virtually new activity. The establishment of small industries processing building materials derived from our own Alaskan non-metallic minerals has begun. There is the Taiya Project, which the Aluminum Company of America has announced its intention of building near Skagway, and the future certainty of which I do not doubt. And many other developments are either here or just ahead for Alaska. Such developments do not come by themselves. They are established only after the most vigorous effort on the part of Alaskans to interest the

prospective industrialists and to clear away the obstacles which always beset undertakings of this kind.

ALASKA DEVELOPMENT BOARD

In 1945 the Territorial Legislature established the Alaska Development Board to engage in such industrial promotion work. That it has done its job well, is, I think, demonstrated by the results which have been obtained in the form of new industrial plants either here or on their way. It is attested also by the statements of industrialists acknowledging help from the Development Board which in many cases aided substantially in putting such enterprises over the top. I urge every member of the 21st Territorial Legislature, to read the completely documented statement of these results in the Board's biennial report.

Of course Alaska will receive benefits from spade-work of this kind in proportion to what it is willing to put into that work. The Alaska Development Board is one of the smallest of our territorial agencies. Its total staff consists of but four employees. Its budget has averaged less than \$35,000 a year. In view of this very modest expenditure the Board has achieved much. Support for its work is one of the best investments for the future of Alaska that can be made.

TOURIST INDUSTRY

Tourist development is another highly important field. There is nothing new or uncertain about it. Every state in the union, every territory, every free country outside of the Iron Curtain is straining itself to attract the lucrative income provided by tourists. It is the principal cash crop, and one of the chief mainstays of a number of our states. The only striking thing about this great undeveloped potential for Alaska is that little was done about it until recently. But that is understandable in view of the other matters which appeared more pressing. However, it was given a start two years ago by the appropriation of \$40,000 for the newly formed Alaska Visitors Association, on an equal matching basis with funds to be derived from private subscription. That formula has been used with great success in our sister territory of Hawaii, where sugar, pineapples and tourists are the three pillars which support its economic edifice. It has been used with great success

in Florida and Southern California. The formula is based on the sound assumption that the public which benefits directly and indirectly, and in particular such enterprises as transportation companies, hotels, curio shops, retail stores and indeed almost all other enterprises, will be willing to show their faith in the tourist industry potential by matching whatever the Legislature sees fit to appropriate. I commend this important program to your sympathetic consideration.

In going after diversification of industry we must face the following hard realities: The first reality is that every political entity state or territory, and nearly every foreign country, is working with might and main to do just this. We in Alaska, in endeavoring to attract new industries and diversify our economy, are subject to competition of the keenest sort, not merely from elsewhere under the flag, but from abroad. Alaskans have long noted that some industries which we consider appropriate to Alaska have established themselves in nearby Canadian provinces. In many cases there were natural reasons for their choice; in others, circumstances created by the Federal government, over which we have no control, had a bearing; but in still other cases there is sound ground for the belief that we can get such industries here if we are determined to overcome the obstacles and do what is necessary to attract industry. Industry and venture capital have never been as much interested in Alaska as now. For many years no interest could be aroused whatsoever. This is no longer the case. We should do our utmost, and leave no stone unturned, to convert that interest into action.

Second is the reality that we must look ahead now to the time when the period of intensive military construction, which has proved so beneficial to the economy of the rail-belt and of other parts of the Interior, tapers off. We are fortunate in having this flood of prosperity through this very proper, needed, and if, I may so, overdue, activity, to give us both the time and the means to plan and provide for a diversified economic development, against the time when the military construction program comes to an end. Such plans and provisions are not made and carried out over night. This Legislature, perhaps more than any other previous one, with a budget easily balanceable and the largest surplus in our history, and an expanding economy, has the opportunity to make secure a permanent-

ly prosperous Alaska, with a widely diversified economy, with conditions of living that will not only attract but keep families here, and will serve to make Alaska an American area surpassed by none in its opportunities and advantages. For bear in mind that promising as are Alaska's prospects today, failure to press on to their realization could well mean forfeiting the opportunities for expansion which they present.

"There is a tide in the affairs of men which taken at the flood leads on to fortune," said the immortal bard. That is no less true of areas, of countries, of peoples, than of individual men. There is a tide in the affairs of Alaska, a rising tide, which we should take at the flood and lead our Territory on to fortune. If that tide is allowed to ebb we may not again be so favored.

So before discussing some of our territorial agencies and their programs in detail let us turn to the fundamental matter of meeting our prospective financial obligations—whatever you decide to make them.

TERRITORIAL FINANCES

Our territorial finances are in better shape than they have ever been. I am happy to report that we shall have at the end of this biennium, April 1st, a general fund surplus of \$4,000,000, which figure reflects the Commissioner of Taxation's estimate of \$3,000,000, plus \$1,000,000 in other receipts, namely those of the Auditor's and the Treasurer's offices. Let it be borne in mind that this surplus was achieved after paying a back indebtedness left over from previous bienniums of over 2 $\frac{1}{4}$ million dollars. So it is fair to state that our present revenue structure during last biennium has netted the General Fund above current expenses well over \$5,000,000, after giving effect to refunds. This is extremely gratifying. It would be my hope and view that we should preserve such a surplus and, as far as possible, plan to build it up further. As it has been often said, "There is nothing like money in the bank," and the same applies to our public treasury. While I see no immediate prospect of a recession it is clear that these prosperous years are the years in which we should build up a surplus against a possible rainy day. Likewise if statehood is in the offing, as I believe it is, and of course should be, for we are now only second-class

citizens, we shall doubtless find that such a surplus then will enable us to make those essential capital investments incidental to our becoming the State of Alaska, painlessly and without heavy long-term financial burden.

However, whatever the Legislature's decision on the matter of maintaining, or further increasing, the present surplus, there can be no question that there are needs for our rapidly growing territory which you will be asked to consider and which you will want to consider. In this consideration you will be confronted by the ever-present problem before every legislative body, to determine where-in true economy lies.

It is clear that it lies in the first place in a careful scrutiny of administrative procedure, of vigilance in the matter of the executive departments to see that appropriated funds are prudently, carefully and efficiently expended. That will undoubtedly be one of the concerns of this Legislature.

In the second place, there is the major question of determining to what extent expenditure can be invested in enterprise that is sound both from the short range and the long range policy, that will preserve our present prosperity, that will diversify it to guard against future mishaps, and will increasingly guard us against adverse economic circumstances, that will provide economic props when the military construction in the railbelt tapers off, and that will maintain those essential public services required by what we deem the American way of life. It is my belief, which you may or may not share, that our present tax structure is adequate to take care of all our present needs, and needs foreseeable in the next biennium. It has the merit of being a reasonably flexible structure which will respond to increases in economic activity with correspondingly increased returns. I feel therefore that we do not need any increase whatever in general taxation. On the other hand I would suggest extreme caution in approaching the question, which has been discussed, of reducing the present and prospective tax revenues. For it is my belief that while the present territorial tax structure is comprehensive and ample, it is likewise not unreasonable and not burdensome. Federal taxes, I think most of us believe, and I do, are too high, and are likely to be reduced, an event which we shall welcome.

But those reductions in Federal taxes may be reflected in Alaska in two ways which we should keep in mind. First, they may mean a reduction in Federal spending, which was virtually non-existent in Alaska up to a little more than a decade ago, but has been and continues to be, in my judgment, essential in Alaska in connection with defense activities, highways, airfields, health, educational and welfare programs, appropriation for the Office of Indian Affairs, and for public utilities in areas which have undergone the impact of greatly and rapidly increased population, and where the finances of the given community are not quite equal, or have been deemed not quite equal, to meeting the new burdens unaided.

Second, there is the fact that our Territorial income tax, geared to the Federal income tax on a basis of 10 per cent of the Federal on earnings derived in Alaska, is almost certain to be reduced through the elimination of the 11 per cent increase made in the Federal income tax two years ago but which will expire during the current year and which, it has been indicated in Washington, will not be re-enacted. Should that be the case our own Territorial income tax revenue will undergo a corresponding reduction.

PROPERTY TAX

There has likewise been some consideration of abolishing the Alaska property tax. My own view is that this is an extremely mild tax and it is proper that it was made so and that it continue to be so. In the 48 states where there are counties, property taxes are usually levied by them as well as by municipalities and other political subdivisions. But we have no counties in Alaska. Our 1 per cent Territorial property tax is therefore the only property tax which is levied outside of municipalities and school districts. But in these municipalities and school districts, through what appears to me a wise provision by the legislators who enacted this tax, the property taxes there levied are credited against the Territorial property tax, and duplicate taxation is thereby avoided. That means in effect that the 1 per cent property tax exists only in those areas of Alaska outside of municipalities and school districts where there is no other form of property taxation. From the standpoint of equity and justice it would seem proper not to exempt one portion of Alaska and leave others subject to a property tax, which will be the case

should the property tax be repealed. It has been argued that the property tax brings in relatively little revenue and hardly justifies the cost of collection. This will be less and less true as our Territorial economy continues to expand and development and population growth go hand in hand. No less important, however, is the great value in even a light property tax in preventing the withholding from use vast tracts of valuable lands.

Moreover, for this token tax the Territory receives a machinery for determining property ownership and for foreclosure, sale, and use of abandoned properties. The value of this tax cannot therefore be measured alone in terms of its dollar yield. We should, I feel, look upon it as a continuing means of restoring to use countless properties long idle and unavailable for purchase because their ownership is uncertain or unknown.

In fact, I would consider the retention of this relatively mild, and indeed almost nominal, land tax an essential to the over-all industrial development of Alaska. Oil development is coming to Alaska. This year drilling and intensive exploration will begin. More is in prospect. It is essential that we clear the way wherever possible with the means for proper acquisition of land and the clearance of sound titles. The same is true with such potential power development as harnessing of the Susitna which I consider of paramount importance for the industrialization of Central Alaska. There is still, despite the Land Registration Act passed in 1945, a great deal of land scattered about the Territory whose owners cannot be found. They have left the Territory over the years. They cannot be traced. And yet no enterprise can risk investing a substantial amount in any undertaking where the title to the land is uncertain. Your real estate tax, your property tax, is the one sure guarantee of clearing up this situation which can easily become a great obstacle to development of the kind that we must anticipate and strive to procure. Finally, a repeal of the property tax would involve the refunding of the sums collected in the four years since its enactment, plus the cost of the refunding itself.

While we are on the subject of taxation I want to say to you that I have been increasingly impressed through the years by the discussions in the annual Governors' Conferences of the need of separating, as far as possible, the

fields of taxation invaded by the Federal, State and local authorities. The sentiment which has been expressed there, and is growing is that as far as possible certain fields of taxation should be left largely to one of these three levels of government, and that there should be as little duplication as possible. It may be of interest to note that this very situation was mentioned in a House Joint Resolution of the 1st Alaska Legislature in 1913. I would say that to a very considerable extent we have achieved that in Alaska, and better indeed than have most states. The property tax just mentioned is, in effect, left to the local units, municipalities and school districts, with the one qualification that, as now written, it extends also over the areas in where there is neither a municipal nor school district property tax. Likewise, the legislators have left the sales tax wholly to local units, and on a most democratic basis, a permissive basis. Under it, as you well know, if a municipality or a school district desires a project, initiation of the project and of the necessary sales tax is done by the local authorities, city councils or school boards, and presented to the voters of the city or school district for their approval or rejection. If the voters of that municipality or school district decide that they want the project enough to levy upon themselves a sales tax to the amount needed for the project, the project is authorized, and in due course of time comes into existence. If on the other hand the people do NOT want the project sufficiently to impose upon themselves a sales tax they do not get the project. This is certainly an outstanding example of a wholly democratic procedure which keeps the whole question of revenues of this type and of important local projects close to and in the hands of the people. A modification that you may want to consider in the existing statute is whether you wish to reduce the provision requiring a 55 per cent majority for approval, to a straight majority, which is the prevailing and predominant custom in virtually all electoral matters in America.

MOTOR FUEL TAX

However, before we leave the matter of tax revenues there is one other aspect to which I want to direct your attention. The condition of the roads, airfields, water, and harbor facilities fund in the light of present demands, and demands likely to be made upon it, prompts the conviction

that the Legislature may want to reassess its structure and purpose. The fund now receives the bulk of its income from the motor fuel tax and the automobile operator license fees. This income is disbursed by means of the earmarking process, contract agreements, and by the direct expenditure of the Highway Engineer for the cost of construction and maintenance of roads, and water and harbor facilities and the operation of the highway patrol. There are now four outlets for the expenditure of this fund and all four outlets give evidence of needing additional monies to maintain adequate programs.

The Fund has not been able to meet the increasing demands being made upon it by Alaskan communities requesting assistance for the construction and maintenance of highway, harbor and water facilities.

During 1952 requests from communities for highway and waterfront improvements which could not be undertaken for lack of funds, totalled some \$2,500,000. Of these, some \$600,000 were in the First Division, \$340,000 in the Second Division, \$1,390,000 in the Third Division, and \$170,000 in the Fourth Division. In the First and Third Divisions they seem to be divided fairly equally between waterfront and highway projects. In the Second and Fourth Divisions they are predominantly road projects.

An important aspect of this problem which should be called to your attention is that the Corps of Engineers of the United States Army, which for many years was active in harbor projects, has in recent years gradually diminished its participation in the field of water and harbor facilities construction. There has been a sharp over-all curtailment of federal funds for these purposes. But in the states, with the benefit of senatorial and voting representative assistance, the greater part of essential projects of this type were long since completed. Alaska, as a Territory without benefit of senators, lagged substantially behind; and, unless there is a resumption of this type of construction by the Army Engineers, will continue to lack projects which many of the communities seeking them consider important to their economy and to their development. For let it be noted that not a few of these projects have long since been studied and approved by the Corps of Engineers and finally authorized by Congress, but which in turn has failed to make the appropriation nec-

essary, and as far as one can see proposes to continue not to make them. These projects have been sought by such communities as Juneau, Sitka, Petersburg, Craig, Wrangell, and Skagway in the First Division; Kodiak and Seldovia in the Third Division; Nome in the Second Division. There are others. Still other harbor or waterfront projects that have been desired by their communities have not been passed upon by the Engineers because of the presumption that no Federal funds for them would be available in the foreseeable future. If these projects are truly desirable, consideration will perhaps have to be given to Territorial participation. In other words, the failure of Congress to appropriate funds for these authorized projects, and the failure of the Engineers to proceed with others to the point of authorization, suggests that we may have to turn elsewhere for construction and assistance funds, and if we wish these projects, increasingly to provide some of them ourselves.

In this connection you may wish to consider the authorization for Alaskan coastal cities to establish, if they so desire, a port authority, which has been done successfully in the states, often with communities of population no greater than ours.

Since 1919 the Territory has been benefiting under the terms of a cooperative agreement negotiated on an annual basis with the Alaska Road Commission whereby the cost of construction of roads and the administrative organization entailed thereby is borne by the Alaska Road Commission with only a small percentage of the total cost being shared by the Territory. The per cent of cooperation by the Territory in the total cost of the work done by the Alaska Road Commission during fiscal year 1952 was 1.4 per cent, or the expenditure of \$291,000 of Territorial funds to receive \$22,900,000 in Federal aid for road construction. The Territorial contribution has decreased percentagewise in recent years and it is becoming increasingly difficult to justify such large Federal outlays before congressional committees when the Territory's contribution continues to fall below the extent of comparable participation of the various states. Continued reluctance on the part of the Territory to maintain an adequate standard of participation in this program threatens the curtailment of federal appropriations for this purpose.

Confronted as we are with this backlog of necessary projects and facing at the same time our expanding needs and the decline in assistance from known federal sources, the Legislature may wish to consider some augmentation of the Motor Fuel Tax Fund. This might be accomplished by an increase in the motor fuel tax itself. The Alaska motor fuel tax of 2 cents per gallon is the lowest motor fuel levy among all the states and territories. Elsewhere in the United States the gasoline tax rates range from 3 cents to 7 cents, with the average levy amounting to 5.2 cents per gallon. An increase of 2 cents per gallon, raising the Alaska motor fuel tax to 4 cents per gallon, would, when based on the amount of revenue received from this source during the calendar year 1952, raise the annual intake from the fuel tax from \$1,283,563 to \$2,567,127. For the biennium this could give us about \$5,000,000 instead of the present \$2,500,000. Consideration might also be given to the feasibility of covering monies received from the sale of motor vehicle license plates into the Roads, Airfields, Water and Harbor Facilities Fund, rather than into the General Fund as now provided by law.

The rapidly expanding cities of the Territory face a serious problem of street maintenance. A raise in the motor fuel tax rates from 2 cents to 4 cents per gallon with 1 cent of the increase on each gallon sold within the corporate limits of each city refunded to the municipality for street maintenance purposes, would aid in mitigating this municipal problem and help compensate for the inability of the Alaska Road Commission or Territorial Highway Engineer to perform the maintenance function within the cities.

In the interest of making an increase in rates more palatable to the users of motor fuel oil for marine purposes a further earmarking of motor fuel tax revenues for construction and maintenance of marine facilities might be in order.

Finally, it is my duty to advise you that there has been serious criticism in the Congress over the relative lowness of our motor fuel and truck licensing taxes. I was present at a hearing last winter in which one member of the five-man House Appropriations Sub-committee on Interior Department appropriations in effect served notice that unless the Territory contributed a larger share to road construc-

tion and maintenance he would be inclined to vote to reduce the annual Federal appropriation for roads in Alaska. That member of Congress who has been extremely helpful and friendly to Alaska through the years, keenly aware of its needs and problems and highly sympathetic with them, is now in the present Congress the Chairman of that Appropriations Sub-committee. Considering how dependent Alaska is, and will be for a long time, on substantial Federal appropriation for roads it does not look too well to note in the comparative tax rates on gasoline and motor fuel that Alaska is at the bottom of the list with 2 cents a gallon with our sister Territory, Hawaii, 6½ cents, with the national average over 5 cents, and with the eleven Western states, whose problems are most nearly comparable to ours, averaging 5½ cents, while in the neighboring provinces of Canada rates are still higher, being ten cents an imperial gallon in the neighboring provinces of British Columbia and Alberta. If as suggested before, these funds are earmarked for road, harbor and airfield construction, I doubt whether there would be serious public opposition to this increase. A substantial part of the motor fuel revenue will come from the growing traffic into Alaska over the Alaska Highway and from fishing boats from "down below."

DEPARTMENT OF AVIATION

Then there is the important field of aviation—a vital concern to us air-minded Alaskans. Since Congress has never seen fit to include Alaska in the Federal Highway Aid Act, except to a limited degree in the Forest areas, and the present road construction program in the Interior is relatively recent and uncertain as to the future, Alaskans have increasingly depended upon air transportation. In 1946 Congress passed the Federal Airport Aid Act under which Alaska was uniquely privileged in receiving a 3 to 1 matching formula, as against the 50-50 matching formula in the states and Hawaii. In granting us this favorable arrangement Congress, I think, fully appreciated our lack of highways, the vast extent of our terrain, and the relatively greater importance of aviation in Alaska than elsewhere under the flag. Territorial enabling legislation was needed but was not adopted, however, until 1949 by the 19th Legislature. Delay incidental to securing a qualified director of aviation, for the salary provided in the enabling

act, caused a further delay until July, 1949. Since that time, however, a construction program, partly with Territorial and Federal matching funds and partly with wholly Territorial funds, provided under the 2 cents tax on gas utilized by the aviation industry, has been carried out with great energy. It has resulted to date in the construction of DC-3 landing fields at Fort Yukon, Eagle, Skagway, Kotzebue, Dillingham, Valdez, Seward, Palmer, and other airfields at Seldovia, Niniichik, along the Bering Sea coast at Shaktoolik, Koyuk, Golovin, Elim, Solomon, and Teller, in the Interior, at Minto, Huslia, on the Koyukuk, Copper Center, Lawing, Glacier Creek in the Chitina Valley, Tyonek, Wasilla, Taslina, Sheep Mountain, Big Lake, Tok, and Joseph Village, some 160 miles east of Fairbanks. Amphibian seaplane facilities have been constructed at Sitka, and other seaplane facilities at Juneau, Wrangell, Pelican and Hydaburg. Ninety per cent complete is a DC-3 airfield at Quartz Creek on the Seward Peninsula, 80 per cent complete is a DC-3 length airfield at Circle Hot Springs. Designed for next year's construction are airports at Beaver, Sand Point, Gambell, Pt. Barrow and, if approved, a joint Federal and Territorial enterprise to extend the Juneau airport runway.

There are today in Alaska 356 airports and 73 seaplane facilities. One hundred and seventy-four of these have, during the last three and a half years, either been built or given substantial improvements under this program. The Territorial Department of Aviation maintains slightly over 300 airports, and all of the Territory's seaplane facilities. Included in this service is of course snow removal in winter, which is either directly undertaken, or provided on a reimbursable basis at all territorial airports. This is a very substantial program of which the Territory may well feel proud, and whose proper maintenance and appropriate extension is essential to our transportation in the Interior of Alaska and to the economy of our Territory. Needless to say, the addition of new airports and other facilities means increased maintenance costs and is therefore likewise pertinent to a consideration of whether there should also be an increase in the amount of the gas tax derived from fuel used for aviation.

TERRITORIAL LANDS OFFICE

On the subject of land, which I touched upon in con-

nection with the property tax, I want to bring up one question which seems to me of vital importance.

Since 1917 it has been the practice of the Legislature whenever a lands problem arose, to delegate the job to an existing office or agency. Thus the Governor was charged with the administration of school lands, the Board of Regents with University lands, the Treasurer and ultimately the Tax Commissioner, with Land Registration. Now, however, as the Territory's interest in lands has greatly increased, it may be demonstrated that a lands agency for the administration of Territorial lands is of vital importance. Our failure to have had such an agency as various times in the past, staffed with personnel trained or experienced in such work, has been a costly economy.

Alaska has long had a substantial interest in public lands—yet has no adequate machinery for their selection, disposal or administration.

To illustrate that interest, the University of Alaska was in 1929 granted 100,000 acres of public lands by Congress—subject to selection. To date some 2,000 acres, or 1/50 of that grant, have been selected, although the Regents have recently taken steps to accelerate this process. Think of the enormous proceeds which would have accrued to the University had timely selection been made of available lands on the outskirts of Alaska's major communities—before the boom and before the land's reservation by voracious Federal agencies. In 1951 a bill was introduced in the Territorial Legislature for this and related purposes and in the Senate it passed unanimously. It failed of passage in the House, largely because it reached the House too late in the session for careful consideration.

Consider other Territorial interests in public lands. Every time the United States surveys a township, two sections of land, or 1280 acres, become school lands—subject to private leasing from the Territory.

This has been true since 1915. What has the Territory done about it? In thirty-seven years it has not appropriated five cents for the administration of its growing domain. Ultimately the Legislature delegated leasing responsibility to the Governor.

Should not there be instead a modern, professionally

staffed, Territorial lands office to handle these, and related matters with which we are being faced in growing volume? How else may Alaska's interest be protected and maintained, and the land itself put into private use?

Recently a group of Congressmen, Sub-committee of the Public Lands Committee of the House of Representatives, visited Alaska for the sole purpose of seeking information on how best to improve our Federal land laws. (Meetings were held in Anchorage and in Juneau, and the members travelled the length of the Kenai Peninsula. Land problems were discussed also in Kodiak, Skagway, and Annette with residents of Ketchikan.)

So, since the Federal government is finally recognizing the problem and probably acting toward its solution—toward land law reform for Alaska—should not Alaska, itself, within its own sphere and jurisdiction, work toward the same desirable objectives?

We need a land office, one equipped with statutory authority to make use of Alaska's present and potential land interest, and to make those lands easily available to Alaskans.

Every public land state has such an office. They have proved to be revenue agencies. They are a source of income to the public treasury. Why get the lands in the first place if they may not be put into private use—and to public good—and how else except through a land office? All of our neighboring states are public land states. They have in large measure financed themselves and realized many of their capital improvements through the sale and lease of state lands and resources. Such an agency is productive in dollars and cents, yielding to the treasury actual receipts and yielding to the state permanent residents, improved lands in private ownership, new payrolls, a larger tax base, and a broader distribution of government's necessary cost.

Were such an agency created now it would gain a running start on statehood. It would anticipate the land problems of statehood and be prepared to meet them. It would meanwhile have adopted procedures and would have gained experience before being confronted with the greater problem of administering extensive statehood grants.

With statehood will come the tidelands now held in trust for the future state. This does not refer to the controversial offshore or submerged tidelands—although these, too, should, in my view, belong to the state—but to those between high and low tides which will clearly go to the states. The meaning and importance of this tidelands grant is obvious in all of our coastal communities, where Federal control of tidelands has long prevented maximum community growth. The Congressional public lands Subcommittee, mentioned earlier, seemed favorable to the transfer now of such tidelands to the Territory, in anticipation of statehood and assuming that the Territory would meanwhile arrange for the proper administration of such tidelands.

Other grants to the new state, under the present statehood bill, stagger the imagination and further emphasize the present urgent need for a Territorial lands agency. In total these grants aggregate almost 23 million acres of land, largely subject to the new State's selection. The selection process alone will be an enormous chore and an enormous responsibility. The fact that in 23 years the University managed to select but 2000 acres shows the need for an existing agency and a going concern to undertake the selection of 23 million acres in a manner most advantageous to Alaska. It has been said that the proposed 23 million-acre grant is an insufficient grant—that the new state should receive far more land than that. Without arguing the point, let me simply observe that the greater the acreage the greater the job—and the greater the need and urgency to get started.

Those who select such granted lands must know what they are doing—and how better to know than by tackling the problem before it is completely out of hand, by starting now with the present University grant, by formulating and testing and becoming acquainted with necessary procedures before the full staggering impact of 23 million or more acres is upon us.

Nor would the University selections alone confront a lands agency now. Since the reservation in 1915 of Sections 16 and 36 in each townsite as school sections, no lieu land selections have been made to offset fractional or otherwise unavailable sections bearing those numbers. In my message to the 15th Legislature in 1941, I called attention

to the fact there was then a deficiency of 29,115 acres in our Territorial school lands and urged that this deficiency be remedied. The school reservation becomes effective on survey, but oftentimes survey shows a particular Section 16 or 36 to have been earlier homesteaded, or to contain only a fraction of a full section's land area. In such cases the Territory is entitled to select lieu lands to make up the difference but, since no machinery has been provided, no such selections have been made. The problem becomes more acute each year as survey and identity of school lands is continued. And selection will be but the first step—thereafter, sale and lease of such vast holdings will be a continuing responsibility and a substantial source of revenue if there is a land office to do the job.

SCHOOL FACILITIES

Perhaps the most pressing problem confronting us is the lack of adequate school facilities. It is a problem which we have inherited. It has been caused and is being intensified by a rapidly increasing population. It was aggravated by the war years, during which virtually all construction not directly related to the war effort was suspended, and the shortage of critical materials likewise made school building impossible. But the situation has been recognized for some time and it has been partially met. Our former Commissioner of Education James C. Ryan, repeatedly stressed the gravity of the situation. Before the 1949 Legislature, he made the alarming but wholly correct statement that there was not at that time a single school district in Alaska, incorporated or rural, that had adequate school facilities. He enlarged on this statement by pointing out that not only were the existing schools insufficient to accommodate the number of pupils seeking to be enrolled, but that those in existence were inadequate even for the pupils they could accommodate. In the four years since that time school enrollment has soared further. In fact it has almost doubled and will have more than doubled by next year. In other words, enrollment has continued to outrun the school facilities constructed and even those projected for the immediate future. Steps have been taken to meet this crisis. The 1949 Legislature passed a tobacco tax earmarked especially for school construction, the funds to be returned to the communities where they had been collected. The 1951 Legislature strengthened the

tobacco tax act. If there be such a thing as a popular tax, that is it. It has to date raised a total of \$2,194,241.

The 1951 Legislature went even further than its predecessor in 1949 in attempting to meet the backlog of needed school construction. In addition to increasing the tobacco tax, it passed an act empowering school districts to levy a sales tax for school purposes, if, of course, approved by school district voters, a means of raising funds which previously had been available only to incorporated towns. Thus not only were additional funds made potentially available for school construction and repair, if the voters so declared, but the area from which such funds could be raised was greatly increased. For by authorization of larger district boundaries the tax base was enlarged and areas were included which previously had not been subject to school district taxation. The 1951 Legislature likewise raised the maximum levy of such sales tax within municipalities and school districts from 2 per cent to 3 per cent. The 1951 Legislature passed another act making the creation of a school district automatic whenever a municipality incorporated, thus, automatically creating revenue-raising potentialities for school purposes whenever a city incorporates, which is happening with increasing rapidity as our population everywhere grows and formerly unincorporated towns become convinced of the necessity of incorporating. Finally, the previous Legislature provided for a referendum at the forthcoming election which asked the opinion of the voters on whether they approved of the Territory's issuing its general obligation bonds up to, but not exceeding \$12,500,000 for the sole use of constructing, enlarging, altering, repairing, equipping, and installing public school buildings and facilities. It is clear that the people of Alaska are greatly concerned about the school building program for they voted affirmatively by 19,609 to 4,087, a majority substantially over 4 to 1.

We have had, of course, in the last three years, the benefits of Federal matching funds on a 50-50 basis under the Alaska Public Works Act, and in addition to that we have had the even more generous matching provisions under Public Law 815 for school buildings in defense areas where the Federal proportion as against the Territorial is something like 10 to 1. As a result of these various undertakings, Federal as well as Territorial, and of course under Territorial is included school district participa-

tion as well as legislative action, thirteen schools or major school additions to a total value of nearly \$5 million have been completed or are nearing completion. They are in Petersburg, Sitka and Wrangell in the First Division; Anchorage, Chugiak, Dillingham, Homer, Kodiak, Naknek, Ninilchik, Sandpoint and Woodland Park in the Third Division; and in Fairbanks in the Fourth Division. Approved for the coming year under the same 50-50 matching provisions in additional school construction is another \$7 million which includes the \$2,086,000 school for Ketchikan, the \$2,085,000 high school for Fairbanks, and the \$1,114,000 high school for Palmer, as well as additional school facilities for Kodiak, which will bring the total for school plants under Public Works matching to over \$12 million. Juneau, confronted with a pressing school problem, decided not to wait for the slower operation of Public Works matching and its Independent School District authorities went right ahead and built the fine new Harborview Grade School which opened last fall to the great satisfaction of children, teachers and parents.

So it cannot be said that we in Alaska have not vigorously attempted to meet the emergency. But the growth in population renders it a continuing and still unsolved major problem. At present there is planned, applied for, or under contract, approximately \$30 million worth of additional construction. It is conservatively estimated, by Commissioner Everett Erickson, that 26 million more will be needed in the period from 1953 to 1960 to give all the communities in Alaska at present under the Territorial education system, adequate school buildings to meet minimum educational standards. For the coming biennium of 1953-55, it is estimated that \$13 million for building will be needed to fill minimum school requirements. As already pointed out, the Territory has in the past recognized the urgency of the situation by supplementing the funds used for school construction raised by the local public bodies, with a Territorial contribution from the tobacco tax and by constructing rural schools by means of direct appropriation by previous Legislatures.

As a consequence, in the local effort to meet these demands very nearly all incorporated towns have issued bonds which in some cases threaten to exhaust their statutory debt limitations. Such indebtedness has an adverse effect on them in two ways: first, it prevents them for

some years in the immediate future from helping themselves to meet fiscal emergencies that may, and too often do, arise. Second, it places them in the position of neglecting other needed and important public works in order to meet minimum educational demands. This situation was given full recognition when Congress approved the City of Anchorage's raising its debt limitation, and also by the provisions of the Alaska Public Works Act, which grant a waiver of debt limitations. However, the Anchorage situation is unique. And we cannot anticipate it as a precedent that will be generally acceptable to the Congress. Thus, although there is a waiver of limitations for Alaska Public Works, as a matter of sound finance, the United States has recognized this statutory debt limitation.

Therefore, I suggest that this Legislature might well consider the creation of a Territorial school construction authority with full bonding power which would be able to give financial backing particularly to those communities which because of their small size do not have ready access to bond markets, as well as those which have already reached their bonding limit. This authority would be a public corporation, such as the Alaska Housing Authority. Its bonds would be paid from revenue alone. Its source of income could be from a lease arrangement with the local community, and secured by assignments of money of the tobacco tax from the communities involved. Details of such legislation have been worked out elsewhere and could be made readily available to the Legislature.

The immediate benefit from such legislation would be the creation of a public body which would in no way interfere with the freedom of local school authorities to make their own decisions as to their school construction program, but would give confidence to bond buyers that funds pledged to payment would not be diverted because of the inexperience of small communities in handling fiscal matters. Futhermore, it would in no way involve one community with the problems of another.

Nothing would be changed in the allocation of the tobacco tax to school districts. It would merely facilitate financing construction in anticipation of the receipt of these funds. The Federal government, under the Alaska Public Works program, has agreed to buy bonds of the larger communities secured by a pledge of various districts'

share of the tobacco tax, but has hesitated to do so for communities with no financial experience, no matter how urgent the need.

The State of Georgia, faced with a similar emergency for construction of both urban and rural schools, created such an authority whose bonds have found ready acceptance.

ALASKA'S DECLINING FISHERIES

The fisheries have long been Alaska's principal industry. They have been the creator, directly and indirectly of more economic activity in Alaska than any other industry. The economy of our coastal towns, and with few exceptions Alaska's towns are coastal, has depended largely on the fisheries. For many years when Territorial budgets were small the fisheries were the main source of Territorial revenues. Unfortunately Alaska's fisheries have been steadily diminishing through the years. And while, because of inflation, values have kept up, we cannot overlook the fact that the product upon which so much depends is, to an alarming extent, disappearing.

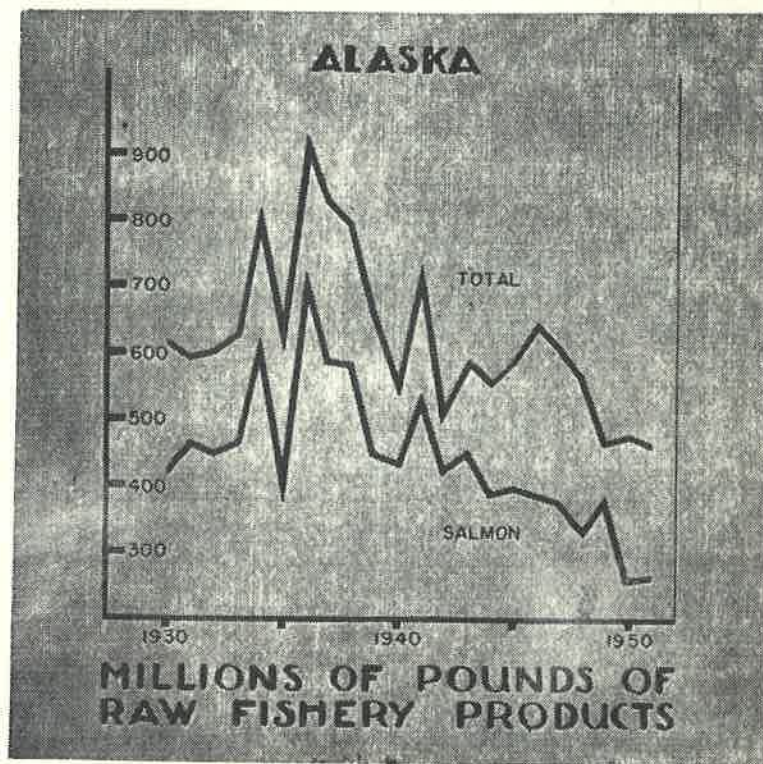
The evidence is available in hard, cold figures. As we look over the tables of the canned salmon pack for the last twenty years the conclusion is inescapable. Moreover, the decline is principally among the reds and pinks, the most important species commercially, which constitute about three-fourths or more of the total pack in quantity and value.

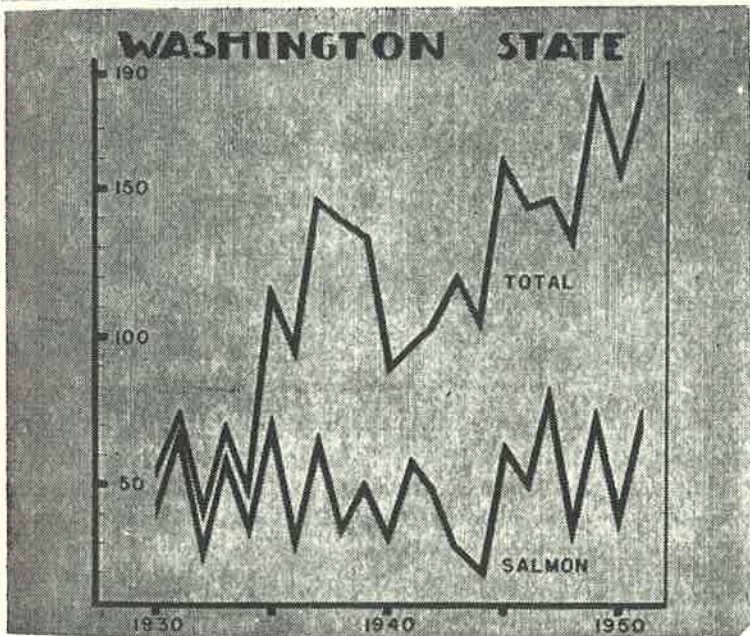
Let us look at the red salmon pack. No since 1938 has the red pack, which exceeded two million cases annually in five of the first six years of the last twenty-year period, even reached the two million mark. Since 1939, there have been four years when it did not reach even a million cases. Finally the last four years represent the poorest four years of the twenty with an average of only one million twenty-one thousand three hundred and sixty-nine cases, about half the pack of earlier years during the twenty-year period.

In the case of the pink pack we note for the first time in the period, three succeeding years, and those are the last three years, including 1952, when the pack fell below two million cases annually. In other words, we have

just had the lowest three-year period in the twenty. Never before 1947, in that twenty-year period had the pink pack dropped below two million cases. In the last six years, however, it has exceeded two million just once.

Now in order to make this picture graphically and unmistakably clear, I have here three charts which show the diminution in the total fisheries, as well as in the salmon fisheries for the last 30 years. For purposes of comparison I have had similar charts prepared showing a more or less corresponding record of the neighboring Province of British Columbia and for the State of Washington. These charts deal with poundage of both salmon and total fish products and the figures upon which they are based are of course available to you. On these charts you will note the striking contrast between Alaska on the one hand and on the other the State of Washington and British Columbia, whose sal-





mon fisheries have remained constant, while the curve downward of Alaska salmon, as well as of the total fisheries puts one in mind of the slope of Mt. McKinley. It has reached an all time low for a thirty-year period and gives every indication of going lower.

It would seem to me that obvious conclusions are to be drawn from these figures and graphs. Something is wrong with the management of Alaska's greatest natural resource. For please note that among the obstacles to conservation and perpetuation of the fisheries are industrialization, urbanization, power dams, pulp and paper industries, none of which have yet affected Alaska but all of which have long since been established in British Columbia and the State of Washington. These adverse factors which do not yet affect Alaska do exist down below, but they have been overcome by adequate appropriation and intelligent management.

Sensing this problem four years ago, the 19th Territorial Legislature established a Territorial Department of Fisheries. Under the Organic Act passed forty-one years ago, the control and regulation of the fisheries was specifically denied Alaska, unlike the treatment accorded the other territories, Hawaii and Puerto Rico, which like the states do have control of their own fisheries. So the Territorial Department of Fisheries was finally established for the purpose of seeing what it could do to help the situation, and, although limited in its powers by the Organic Act, to assist in the conservation process, and do other things which might increase the supply of fish, particularly salmon. What it has done with the limited funds at its disposal is substantial, including valuable research which should have been done long ago by the Federal government, the development of new spawning grounds, and assistance in enforcement.

Now what is the reason the Alaska salmon runs have been steadily decreasing? I won't even touch on the controversial aspects of this question but I will give one basic reason, which may not be the only one but certainly is one, and that is that the Federal government has never appropriated enough to do the job. Director Albert Day, of the U. S. Fish and Wildlife Service, admitted this last summer. I doubt that any official of the Fish and Wildlife Service would state otherwise. It is a hundred million-dol-

far industry. But for years the Congress has appropriated in the neighborhood of eight hundred thousand dollars for the total expense of managing and conserving this valuable resource. This resource is considered so valuable, so great a national asset, that Congress and the Federal bureaucracy and possibly some in the industry also, think that the people of Alaska cannot be trusted to handle it. Yet Congress has consistently given it less than one per cent of its value for conservation and management, with disastrous consequences.

In 1951 Uncle Sam appropriated \$853,000 and some odd dollars; in 1952 some eight hundred and forty-six thousand dollars; in 1953 some eight hundred fifty-nine thousand dollars. It is true that last year for the first time a supplementary appropriation was made of some two hundred and ten thousand dollars derived from a part of the net profits of the Pribilof Seal fisheries, where I may say Uncle Sam has done an excellent job of conservation. An attempt is being made to secure a larger appropriation for the fisheries this year. But indications are that budgetary requests will be cut rather than increased. In any event, these Federal appropriations have been, are, and will continue to be far too small. Contrast for example what the State of Washington with much smaller fisheries than Alaska's with all kinds of other industries and occupations, is requesting. For the coming biennium it is asking \$4,710,000, or an annual appropriation of \$2,305,000, or almost three times as much for that smaller fishery as Uncle Sam is giving Alaska for what has been a hundred million-dollar resource.

This situation was sensed long ago by previous Alaskan legislatures, your predecessors. As early as 1915, the 2nd Legislature, in Senate Joint Memorial No. 16, asked that "full control and regulation of our fisheries be granted to the Territorial Legislature of Alaska." This request was repeated by the 3rd Legislature in 1917, by the 5th Legislature in 1921, by the 6th Legislature in 1923. In both these last two Legislatures, 1921 and 1923, the request was deemed of sufficient importance to be made the first memorial to be introduced in the House. It was House Memorial No. 1 in the 5th Legislature—House Joint Memorial No. 1 in the 6th Legislature. And the 6th Legislature repeated it in House Concurrent Resolution No. 12. This request was repeated in the 10th Legislature in 1931,

in the 13th Legislature in 1937, twice in the 14th Legislature in 1939, by both House and Senate Joint Memorials, in the 15th Legislature in 1941, in the 20th Legislature in 1951.

These repeated requests, to date ignored by the Congress, would indicate to you what those who have studied Alaskan history are painfully aware of, namely that the pleas of a territory, whose citizens are denied the right to vote, and whose only representative in Congress is a voteless delegate, get little attention. However, the situation is becoming so serious and so gravely affects not only our own interest but the national interest, that maybe something can be done about it if you wish it to be done. The bill for the transfer has again been introduced in Congress by our Delegate.

And what do the people who elected you to the high and important offices which you now hold, and in which you will serve for the next sixty days, think about this? They have expressed themselves most forcibly. In the very same election which vested you with the representation of the people of Alaska, they voted 20,544 to 3,479, nearly 6 to 1, in favor of the question, "Should complete control and operation of the Territorial fisheries be turned over to the Territory of Alaska by Congress." In the Third and First Divisions, which are the coastal divisions dependent upon the fisheries, the joint vote was nearly 7 to 1. But every division showed an overwhelming majority.

You can of course back this overwhelming mandate of the people of Alaska by another memorial, although you may well wonder what good such memorials do as long as Alaska remains a territory. There is, however, much that you can do if you wish to. That is to implement the Territorial Department of Fisheries and give it what it needs to help our poor Uncle Sam preserve our fish. We are fortunate in having as director of the Territorial Department of Fisheries, a man whose know-how, experience and ability are not open to challenge or question. I think if you will look into the work of this agency since its creation you will be impressed by the vital necessity of supporting it in every way, shape and manner, and enable it to do for us what the Federal government has patently not done and apparently will not do.

The people of Alaska are, after all, close to the scene

and are more vitally concerned with this resource than is a distant bureaucracy and a preoccupied Congress. There is no criticism attached to those who with unduly restricted means here in Alaska try to do the best they can. But you have it in your power, if you will, to go far to rectify this situation. With statehood the fisheries will be transferred, and the will of the people of Alaska concerning their most important resource satisfied, but we can scarcely afford to wait.

ALASKA HOUSING AUTHORITY

In reporting to you on the state of the various major territorial agencies, I am not confined to those which are requesting appropriations.

It is a pleasant duty for me to report to you that there is one important agency which is not asking for any money and apparently requires none for the coming biennium. It is the Alaska Housing Authority established by the 1945 Legislature. This fact places it in a unique position among territorial agencies. Its management of the \$15,000,000 Revolving Fund supplied by the Congress in previous sessions, plus the \$4,000,000 additional granted by Congress in the last session, plus interest income, gives the Alaska Housing Authority adequate working capital to handle its operation for the next two years. The Alaska Housing Authority has aided materially in the establishment of a \$100,000,000 industry in the Territory. Acting as banker, the Alaska Housing Authority has carried out the mandate of the Congress to provide housing in Alaska. This has been done in all cities by contracts with private builders and private subdivision developers. Incidentally, I should state here that the policies and procedure of the Alaska Housing Authority are spelled out in detail by the Congress and are identical with policy regulations of housing authorities throughout the United States. It should also be noted that the Federal Housing Authority, an agency wholly Federal, has achieved magnificent results in recent years in Alaska, but this message is of course confined to matters within the purview and jurisdiction of the Territorial legislature.

I am informed that the annual report of the Alaska Housing Authority now being prepared for this Legislature shows how private industry, the construction industry, the

home furnishing business, the local merchant, in all communities have been financially benefited by the Alaska Housing Authority acting as the banking agency for better homes and for a more stable population throughout Alaska. For low rent projects in Ketchikan, Juneau, Fairbanks and Anchorage, private industry has built, by contract with Alaska Housing Authority, \$8,000,000 in housing. Here again Alaska Housing Authority has carried out the mandate of the Congress. It has clearly been one of our first tasks to aid in the establishment of adequate housing in all Alaskan communities both to take care of influx of people actual and prospective, and further to provide our young people with the advantages of good home environment with adequate space and creature comforts to become good citizens. Overcrowding, lack of the rudimentary comforts and facilities of home life, drive our children into the streets and toward undesirable pursuits. Juvenile delinquency and police problems in Alaska, as elsewhere, can be traced in part to lack of adequate housing.

The remote dwelling program of the Alaska Housing Authority, according to Father Paul C. O'Connor, Chairman of the board, has aided 746 Eskimo families to better their homes and their living standards. Father O'Connor testified before Congress that the Alaska Housing Authority's remote dwelling program has cut in half the infant death rate by helping the Eskimos build warm and dry homes. He further testified that the incidence of tuberculosis, and other communicable diseases, has been cut sharply as a result of remote dwelling program of Alaska Housing Authority.

Two of our Alaskan cities, Ketchikan and Fairbanks, have made application to Alaska Housing Authority for slum clearance and urban redevelopment. Here again the Congress has set up this program and the Alaska Housing Authority is the agency designated to carry it out. It is obvious that we shall need more and more housing, and that the housing already constructed has removed, or at least substantially diminished, the greatest single obstacle to our growth in population.

VETERANS ACT FOR KOREAN VETERANS

I desire to recommend to the Legislature the extension of the benefits of our World War II Veterans Act to the

Alaskan veterans who have served, are serving, and will serve in Korea or elsewhere in our undeclared, but no less real war to stem the advance of communistic imperialism.

As you know, the 17th Territorial Legislature, at a special session in the winter of 1945-46, passed an act which proved to be the first veterans' act passed by any state or territory in the union. It provided alternatives of a bonus of \$10 a month for each month in the service, or loans up to \$10,000. The \$10,000 loans were to enable the veteran to acquire a home or a farm, or to establish a business. For these loans security is required and the loan is made either directly, or through a local bank, covered by a guarantee of at least 90 percent of any possible loss. Smaller loans up to \$2500 for educational or other personal purposes have been available with little or no security. If the veteran receiving a bonus later desires a loan, he may receive it upon repaying the bonus. Loans carry interest at the rate of 4 percent.

In the almost seven years since enactment, 3,955 Alaska veterans have received bonuses totaling \$1,413,310. Two hundred eighty-three of these veterans have repaid their bonuses to a total amount of \$111,440 to enable them to qualify for loans.

Since 1946 Alaskan veterans have received 1,787 loans totaling \$9,033,744—an average loan of \$5,000.

The financing of this program was achieved through a revolving fund raised through a territorial sales tax which was to expire when the sum of \$3,250,000 had been collected. That amount was raised in less than three years and was amplified by a loan of \$1,200,000 from the General Fund of the Territory made by the 1949 Legislature.

That advance was necessary three years ago because amortization of loans through repayments of capital and interest had not yet reached an amount sufficient to take care of the needs of the recently returned veterans. But since that time the operation has become completely self-sustaining. On December 31 last, assets of \$3,450,244 were shown; also a gross income for the year 1952 of \$135,676 as opposed to gross operating expenses for the same period of approximately \$95,000, including provision for a reserve against estimated uncollectible loans. The net loss to the revolving fund on account of uncollectible

loans since the beginning of the program is now some \$130,000. This was incurred in loans totaling over nine million dollars, or a loss percentage of less than one and one-half per cent. These losses will be further reduced by the continuing excess of income over expenses, prudent lending policies and good management. This is certainly an amazing record and a great tribute both to the veterans who have demonstrated their ability and good faith in repayment of these loans, and to the people of Alaska who through their legislators enacted this splendid program. The remarkable fact is that this program is no longer costing the people of Alaska in general anything. It is merely costing the veterans the interest on their loans. The moderate sales tax which provided the funds ceased over three years ago. The program is financing itself. Yet from an initial tax revenue of three and a quarter million dollars, plus the loans from the general fund of one million two hundred thousand dollars, a combined total of less than four and a half million dollars, over ten million dollars has been beneficially poured into the Territory's economy. But that is only the beginning of the story, for over 1600 veterans have been able to establish themselves in business and home life as a direct result of this program.

Of the loans made directly by the Veterans' Affairs Commission, more than half have been made to finance homes and farms in Alaska. Eight hundred and forty-eight home and farm dwellings have been purchased or constructed throughout the Territory, representing loans of \$4,297,474. Three hundred fifty-seven of these are in the Third Division, totaling loans of \$1,852,241. In the Fairbanks area two hundred thirty homes have been built or purchased in a total amount of \$1,286,985. Two hundred sixty-one homes, representing loans of \$1,158,248 have been financed throughout Southeastern Alaska. Here is still another factor contributing to Alaska's phenomenal population increase. Certainly this program has helped to lessen the housing problem in the Territory. In a great many cases veterans have contributed their labor in the construction of homes. Loans have often been made to them in several installments. Thereby, they would first erect and live in a basement and, as their finances permitted, they would add the upper structure and build a home which in time would be complete and commensurate with the

best standard of dwellings in the Territory. In several cases veterans have erected multiple dwelling units, the revenue from which would finance their loans, and here again additional housing was made available to help fill Alaska's need for homes. These loans were made available in many areas where bank financing was not possible.

Six hundred and seven Alaskan veterans have been financed to engage in 95 different types of businesses throughout the Territory, with loans totaling \$3,480,800. Through the help of these loans, veterans are trapping, operating trucks and trucklines, mines, roadhouses, trading posts, curio shops, bakeries, laundries, restaurants, canneries, stores, theaters, and many other enterprises.

Now nearly 1000 Alaska have been called through Selective Service into the Armed Forces of the United States since the Korean fighting began on June 25, 1950. Fourteen hundred more have volunteered for duty in this emergency and a majority of these may be expected to return within the next two or three years. Of these 2400, ten Alaskans have already lost their lives in the service. One hundred and seventy-five veterans who had served during the Korean conflict have been discharged and have returned to Alaska. They will continue to complete their tours of duty and return home at an average rate of perhaps 35 veterans a month.

The present Veterans Affairs Commission is prepared to administer the benefits of the Act with very little increase in administrative cost, all of which is borne by the veterans themselves. Except for the bonus, or rehabilitation allowance, the required funds may, if you see fit, be appropriated in the form of a loan from the General Fund to the Veterans Revolving Fund, to be repaid therefrom when the needs have been eliminated.

It seems clear that this beneficent program can, in view of the past history of this agency, be adopted for the Korean veterans without any actual cost to the Territory. For whereas many states, to finance their veterans bonus and loans program resorted to bonding, thus incurring long range and continuing obligations for amortization and interest payments, the Alaska 1946 Special Session legislators wisely adhered to a pay-as-you-go policy. Thus, when the slight sales tax varying 1 or $\frac{1}{2}$ of 1 percent, adopted to finance our veterans program seven years ago, and sched-

uled to expire after \$3,250,000 had been collected, did expire after three years, the program with the aid of a loan from the territorial General Fund, began to finance itself from the veterans' repayments of principal and interest. Although loans at the rate of some \$200,000 a month to our World War II veterans are continuing, the program is not only self-supporting but is gradually gathering a surplus which permits a small staff of only twelve territorial employees to administer it with no further cost to the treasury. And not only will its service to World War II Alaskan veterans continue for their lifetime, and likewise for that of Alaskan Korean veterans, if you see fit to extend the provisions of this act to them but when they pass from the scene a couple of generations hence, Alaska will come into a fund of \$3 or \$4 million dollars to dispose of as future legislators see fit.

ALASKA NATIONAL GUARD

It is scarcely necessary to note that Alaska is a critical defense area, the most critical defense area under the American flag.

During the past biennium the Alaska National Guard has made excellent progress in the procurement of personnel, development of training programs, and the equipping of units throughout the Territory.

A total of 19 Army and Air National Guard units are at present organized and have received Federal recognition from the Department of Defense. These 19 units are comprised of men from 66 communities stretching from Ketchikan to Barrow.

Present total strength of the Guard is approximately 1600 enlisted men and officers, an increase of 27 percent during the biennium.

With some units now entering their fourth year of training, the value of the National Guard is being demonstrated in many ways. It has provided an organized, well-trained force capable of acting in Territorial service or in the defense of Alaska during national emergency. Moreover, membership in the Guard has provided an opportunity for the youth of Alaska to express their inherent patriotism and desire for community and governmental service.

Almost all units have completed at least one 15-day

field training encampment. In addition, over 300,000 man hours of armory drills have been conducted. Particular emphasis has been placed on the Scout Battalions training program during the past year and excellent results have been obtained in their primary role of scouting, patrolling, and reconnaissance. Almost all units in Scout Battalions maintain a 24-hour watch over the coastal regions of Alaska, a human radar screen to aid and supplement the regular military establishment.

A school for non-commissioned officers held in Nome last year proved so successful that three such schools are being conducted this spring. Plans are nearing completion for the establishment of an Officer's Candidate School in Alaska for further training of outstanding enlisted men.

During the latter part of 1952, the Territory was allocated two Air National Guard units; a Fighter-Bomber squadron located at Anchorage and a Headquarters detachment located at Juneau. Both units are now being organized.

Future plans call for the establishment of another Air National Guard squadron in Alaska during the coming biennium.

Lack of Territorial funds has hitherto forced curtailment in the use of Federal matching funds for armory construction. One building was purchased in Sitka under this program with the City of Sitka and the Territorial Military Fund paying equal share of 12½ percent of the cost. Of 66 unit locations, only 16 have adequate armory buildings.

Approximately two million dollars were expended during the past biennium for support and operation of the Alaska National Guard. Of this amount, \$150,000 was from the Territorial funds. The balance was entirely from Federal sources. In addition, Federal equipment valued at 1.5 million dollars has been issued to Army Guard units.

Situated as we are in Alaska on the perimeter of defense, the Alaska National Guard has a mission and a value not exceeded or perhaps equalled by that of the older established National Guards in the 48 states, in Puerto Rico and Hawaii.

CIVIL DEFENSE

Closely related to the mission of the National Guard

is Civil Defense. It was established for Alaska in the last Legislature with a Civil Defense Act and a substantial appropriation, a large part of which remains unexpended. Civil defense in Alaska is as urgently needed today as it was in 1951. No basic change in the international situation, and its resulting tension, justifies a relaxation of the efforts to keep organized our resources and personnel and materiel to meet an attack by enemy forces.

It is true that the lack of specific aggressive acts by our potential enemies, who show no signs of abandoning their purpose of world domination and enslavement of free peoples, coupled with the hatred of war by our prosperous democratic people, and their natural hope for a just and peaceable solution, make it difficult to secure the interest and sacrifice necessary properly to organize a civil defense establishment.

It is also true that the Congress has not shown the greatest concern for this problem, and it is inevitable that American communities will show less concern in proportion to their distance from the presumptive danger. By that token Alaska's concern should be considerable.

Civil defense may be viewed as insurance. Its effectiveness depends on the interest of the community itself, and of the many subdivisions of the larger community. The Territorial Civil Defense organization comes before you with a much reduced request for appropriation as compared with two years ago. The decision as to what shall be done in this field is yours.

SUBURBAN AREAS

One of the problems which continues to face certain areas of Alaska has to do with the relationship between our larger incorporated cities and their surrounding areas. This problem is particularly acute in those areas which have grown rapidly and which are continuing to grow, most especially, Anchorage and Fairbanks. As I pointed out in my message to the last Legislature, these Alaskan communities have had forced upon them in an extremely short time all the growing pains and problems which elsewhere have been met piecemeal over decades. While this fact has aggravated the problem, it nevertheless makes it all the more desirable to arrive at an early solution. Past legis-

latures have met this problem in part by the creation of school and utility districts. But that only takes care of the whole problem in a limited way and leaves, as well as creates, other problems which are as yet unsolved. I have been asked by some members of the Legislature to make to it some suggestion as to how this problem may be met. It would seem to me the Legislature might well consider the formation of what might be termed an all-purpose governmental unit, which would include such adjacent and suburban areas as are colloquially known as the "Greater Anchorage Area", or the "Greater Fairbanks area", and we shall before long have a "Greater Ketchikan Area", a "Greater Juneau Area", a "Greater Kodiak Area", and others. Into this new proposed political and economic unit there could be placed, if you so desire, such existing units as the school district, the public utility district, the often discussed health district, a road construction and maintenance district, and a policing district. For as we well know, policing in the areas just outside of incorporated towns presents a serious problem which is now being very inadequately handled by the only authority designated for that purpose, the Federal government, through its United States Marshals and Deputy Marshals. To a limited extent they are assisted by our own Territorial Highway Patrol.

Such a unit could be set up to eliminate the present overlapping of varieties of local taxation, such as school district taxation, public utility district taxation, and any others that may arise, concentrating them all in one single category. At the outset this new unit of government, if the Legislature sees fit to enact one, could of course be made available to the larger communities on a local option basis, with a majority of the voters in a given area, an area possibly to be defined by them, or by the Legislature, either accepting or rejecting the plan. The governing body of such an all-purpose district would of course be elected, and might have in its representation the various elements which are vitally concerned, namely the school interest, the public utility interest, the health interest, the highway construction and maintenance interest, the policing interest, and any others that may be suitable, such as planning and zoning and waterfront development. Let us assume, for the sake of argument, that you would decide to create for such a unit a council, somewhat similar to the city council, of five or seven members, to be elected by the

voters of that area, with perhaps one or more members each representing a particular interest. You might decide to make the city manager form of government available to the larger unit. There is one slight temporary obstacle to this proposed program which however need not impede any action that you may choose to take. Our obsolete Organic Act of 1912 says:

"No acts or laws passed by the Legislatures of Alaska providing for a county form of government therein will have any force or effect until it shall be submitted to, and approved by, the affirmative action of Congress."

What I am suggesting is, in effect, a county, even though it be called by some other name and may have functions found in no county anywhere in the states. And indeed it might be well, at this time, for the Legislature to consider that very proposal, that is to say, not a proposal, by any means, to establish a county system for the whole Territory as yet, but to consider its establishment in those places where such a unit is needed, and make it available to other areas if and when they desire it. If you should decide to do that I haven't the slightest question that the Congress would promptly ratify your proposed legislation. Like much else in the Organic Act passed 41 years ago, this restriction on our self-government is no longer warranted, if indeed it ever was, and in any event has long since been outgrown, as the pleas of nearly every Governor and Delegate, since the adoption of this Act by Congress in 1912, for full territorial government, clearly indicate. I have not exhausted this important topic at all in this brief discussion. But it seems to me that somewhere along these lines lies a course of action which would go to the heart of the complexities and difficulties that have arisen between our larger and rapidly growing municipalities, and their large and rapidly growing adjacent areas. If you decide not to take such a step, I would suggest to you that one obvious and much simpler reform would be to lower the existing 55 percent majority required in the matter of annexation of areas, to a simple majority, and perhaps to define more clearly the qualifications of electors for the annexation process. Annexation to promote efficiency in local government is an established American practice, and Alaskan communities, where it is a live issue, are merely reliving the experience of countless older Ameri-

can areas. We should make the process as simple as possible.

TERRITORIAL GOVERNMENTAL REFORMS

I think it is clear to all that our territorial government has become big business. It has grown tremendously, as our population and its needs have grown. Continual reexamination of its overall functioning and efficiency is desirable. Every state in the union has been, in recent years, studying its governmental machinery and seeking to increase its efficiency. And while it is clear that nothing, or little, may be done by a territorial legislature to affect or improve the operation of the many federal agencies which play such important parts in our lives—except by protest when and where needed—there is a great deal that can be done on the territorial level. For the past several sessions the streamlining of our territorial governmental structure has been recommended to the legislature. An attempt was made in the last session but it has not been operative largely because of haste in the closing hours of the session. However, the opportunity again presents itself at this session to take certain basic steps to improve our fiscal and accounting procedures. It would seem desirable to provide for both pre-auditing and post-auditing of territorial accounts, to provide an interacting check system between the Treasurer's and the Auditor's Offices, and to arrange a system of territorial accounting so that any member of the Legislature, or indeed any citizen, can learn at a glance the actual condition of territorial income, expenditures and obligations. That is not possible today.

In my last message I likewise pointed to certain reforms that I considered desirable in the Governor's Office, one of which was the elimination of the Governor from all boards, except possibly the Board of Administration and the Appeal Board. The last Legislature was extremely obliging to the extent of relieving the Governor from his duties as Chairman of the Development Board, the Board of Health, the Water Pollution Board, the Board of Public Welfare, the Aeronautics and Communications Commission, the Fisheries Experimental Commission, and the Historical Society and Museum Board. It did, however, fail to pass a bill relieving him from service on the Board of Road Commissioners, and the Bus Transportation Commission, and it placed him on the newly created Banking Board.

While such reforms as you may undertake will apply to another individual, the principle is the same, and I would suggest to you that you give serious consideration to such a change. In connection with the Banking Board, an improvement has been made over the previous set-up by placing on the Board one member of the banking fraternity. For clearly it is desirable to retain both lay and professional membership on boards, as is for instance provided in the acts setting up a Board of Health and the Aeronautics and Communications Commission. I believe further improvement would result through creation of the position of Banking Commissioner, a professionally trained expert in banking who directly or indirectly would have supervision over bank examinations.

Other minor reforms are needed. The provisions of some acts are unworkable. For instance, the act creating the Board of Pharmacy requires that the eight members shall be pharmacists, and that there shall be two from each judicial division. There has been only one druggist in the Second Division for some years. It is therefore impossible to comply with the act. On two other boards, the Boards of Examiners in Optometry and Chiropractic, there are respectively three year and two year residence requirements which in the last biennium have not been met by any of the few members of those professions resident in the Territory. I would suggest that a certain amount of latitude and flexibility be given to the appointing agency to make it possible to comply with the statutes which legislatures enact.

The election laws are in need of thorough study and revision. Among the deficiencies in the existing legislation is the fact that bona fide electors who for any reason are outside of the Territory for more than forty days prior to an election, may not exercise their right to vote. Many in this category are men and women in the military services, who should surely be protected in their voting rights. Other discrepancies in the absentee voting laws make them most difficult to administer.

Better definition of the responsibility for the expenses of elections needs to be made. Under an Act of Congress monies from Fund "C" of the District Courts were originally used to defray expenses of the election of the Delegate to Congress; by some unexplained process this has been

extended to include the election of other Territorial officers, though the monies in this limited fund are sorely needed for Court purposes.

Under the present laws the elections are in fact administered by the four Clerks of the Court, with resulting discrepancies in the format of supplies and in the information and instructions given to local officials. This points to the need for a centralization of the administration of elections in order to insure uniformity throughout the Territory. There should be more adequate compensation for local election officials. And there are other problems in the administration of elections needing attention.

The provisions concerning recount and the procedure for recounting in the case of a contest need to be better defined and clarified. There are now substantial gaps in those provisions.

Finally, since Alaska territorial government is now big business, I feel it is desirable that the Legislature establish a salary scale for territorial officials that will attract the most competent individuals to these posts and permit the Territory to enlist the best talent available. It is sound economy to do this. Certain of our top spots require their incumbents to be men of specific professional training. Certainly the salaries paid our territorial department heads should be on a par with those paid federal officials performing comparable duties, who in addition to their usually higher salaries, can count on the security of the federal retirement provisions which territorial officials and employees do not have. We have in the last biennium lost to federal agencies to to private business some highly qualified territorial public officials because of the relatively low remuneration which they were receiving. Our territorial salary scales generally in all grades should be in keeping with living costs and with the requirements of efficient and devoted performance, and particularly we should not deviate from the Territory's splendid record of paying our teachers salaries commensurate with their important responsibilities in training our future citizenry.

Nor have I by any means covered or even touched upon, many fields of interest to which you may desire to give attention. They include the important field of vocational rehabilitation; the mental health program; the western regional education compact; the augmentation by the Terri-

tory of old age and survivors' insurance program to bring it more in line with actual needs; reform of the highway act to make it uniform with the states, in whole or in part, in regard to speed regulations, weights, roadside signs and other practices; organization and standards for occupational licensing; legislation such as exists in the oil producing states, in anticipation of oil development, to assist such new industry and protect the Territory's interests; and finally, the creation of a legislative reference library or bureau, which in fact would be of great help to you yourselves, and future assemblies. It could be of inestimable value to you in preparing legislation in advance of future sessions by making available what has been done in other parts of the union, and what the experience of other states and territories has been with various measures and legislative enactments.

ALASKA'S DESTINY

Finally, there is an aspect of the assignment of this Legislature, and indeed of all state and territorial legislatures meeting throughout our land, which no doubt has occurred to you. We are living in an age of great crisis and challenge. Gone, to a large extent, are the relatively easy, carefree days of only yesterday. What is done, or not done, in a state or territorial legislature today has two aspects. There are the immediate, and perhaps the longer range, consequences, as they affect the community for which they are intended—in our case, the Territory of Alaska. And there is the second, no less important, aspect, that we are a part of a great purpose, a great cohesive force, a great movement—to demonstrate by our actions that whatever may be its faults, the democratic system is the best system yet devised by man. We did not have this challenge particularly a quarter of a century ago, or were unaware of it, because we took things as they were for granted. And in those simpler days the mechanics of democratic government played a lesser part in people's lives and were not taken so seriously. In these fateful times we can no longer afford that luxury of relative indifference, nor do we want to. Those who have a part in the responsibility of government, whether legislative or executive, have an unceasing mandate to extract the fullest worth from the democratic process, to make it as wholly responsive to the public will and the public good as lies within our capabilities, and to prove,

by deeds rather than by utterances, its constant, its continuing, and, let us hope, its increasing superiority over any other form of government. These may be overtones, but they can be as audible as the ringing of the Liberty Bell, and be heard by free men and those who would be free, everywhere.

If that assumption be true throughout the land, it is peculiarly and more definitely true in Alaska, where historically we occupy an area that was once Russian-America, and, but for the wisdom and vision of William H. Seward and a few of his contemporaries, would be subject today to a tyranny and oppression infinitely more brutal and loathesome than that of the Czars. Geographically, as well as historically, is the assignment peculiarly ours to accept. Uniquely among all areas under the Stars and Stripes, we lie juxtaposed to, and indeed within naked eye view of, the police state which represents a way of like wholly antithetical to ours and repugnant to everything we hold dear. Our response to that challenge is not to be found in verbal denunciation, which is easy, but in the creation of contrast, in the determination to establish within the view of all mankind a living and vibrant demonstration of the American system, with its clear manifestations that it is more productive of human happiness, and therefore more enduring, than any totalitarian system. To do this is, I am confident, Alaska's destiny. Our mission in brief, besides being a bulwark of defense for this continent, is to establish in these far northern latitudes an outstanding and shining example of the American way of life. Thus far the only free peoples who have attained a high civilization and established a stable economy this far north are the Scandinavians and the Finns whose ideas of freedom are similar to ours. The Canadians have not yet done so but they are moving rapidly in that direction. We have not yet done so in Alaska, but we have laid the foundation for such attainment. Translated into simple terms, it means the expansion of our economy, the improvement of our social standards, the development of opportunity, the determination that whatever is best in America shall likewise be found here, and that we shall seek to match nature's bounties in Alaska with corresponding breadth of purpose and vision. It is a great challenge, a great opportunity, a great goal.

Toward its achievement I wish you ever success and pledge you my full cooperation.

The President of the Senate thanked the Governor for his message and at the request of Senator Lyng and by unanimous consent the Joint Session adjourned.

IN THE HOUSE

The Speaker called the House to order.

Mr. Kay stated that he had talked to Delegate Bartlett, who stated he hoped that all members of the House would attend the meeting of the Statehood Committee on Thursday, January 29 at 9:00 A.M.

At the request of Mr. Kay and by unanimous consent the House adjourned until 2:00 P.M., January 29, 1953.

MARGARET GRISHAM,
Chief Clerk of the House.

Approved: January 29, 1953.

GEORGE J. MISCOVICH,
Speaker of the House.

FOURTH DAY

House of Representatives,

Juneau, Alaska, January 29, 1953.

Pursuant to adjournment, the House was called to