

Kinsey suggested that the focus be placed on the internal Alaska air problem rather than on transportation between the States and Alaska which is fairly adequate. A survey of existing routes is now in process and will be published. One other important point stressed by both Plett and Kinsey was that they are anxious to have facilities built on the two new airports now under construction and want other agency support to bring this about. Kinsey explained that even though passenger fares are high in Alaska, they are absolutely necessary. CAB feels that the carriers must work out their own rate structure to produce the largest pay loads possible. Since CAB makes up operating losses, they are obligated to see that competitive practices do not injure the overall structure. CAB is very lenient with the small pilot-owner operation so important to Alaska's development and will do everything possible to aid these people.

Mayor Waino Hendrickson of Juneau, and Robert Ellis, a representative of the Ketchikan Chamber of Commerce appeared at this point to urge the military to get behind a secondary defense program for Southeast Alaska. They said more roads were needed, the Coast Guard needed more planes and boats, a stronger National Guard was necessary, ports must be improved, dredging operations should be carried out, the Alaska Communication System should be stressed and strengthened, traffic controls by CAA should be expanded, small naval reserve bases established, a port facility survey made, and airline and steamship transportation systems strengthened. Gen. Twining said the military feels that the above program is a desirable one but that the dollar limitation prevented any participation by the military at this time. Higher priority has been granted to other areas.

Regarding the inadequacy of present ocean transportation, Johnson remarked that he thought sea trains are the answer to this problem. Gen. Scott stated that the military mostly utilized commercial transportation now mixed with a limited amount of their own shipping. No further comments were made on the shipping problem at this point.

A dock and harbor program was discussed in detail. Gen. Scott said that a survey is being made by the Corps of Engineers on all Alaskan harbors but a report is not expected to be ready for two years. At present, 25 projects have been authorized, totaling 12 million dollars. Of the 25 projects, money has been appropriated for only two. One million dollars is being used for the work at Nome and on the Wrangell narrows. Noyes urged that an additional dock be constructed at Haines and stated that the U.S. Engineers had previously made a survey for a small boat harbor there. Gen. Scott said he would check into the status of this survey and acquaint Noyes and Johnson with the findings.

Gen. Scott discussed the proposed oil line from Fairbanks to seaboard. The military has been given \$315,000 for the survey of this line from Fairbanks to Valdez and from Fairbanks to Haines. Costs and justifications are to be determined. At this time, it appears that Haines will be the preferable route. This would be an entirely separate pipeline, having no connection or relation to the one now existing along the Alaska Highway. The military feels the pipeline is necessary in the event of an emergency.

At this point a long and thorough discussion on land withdrawals took place. First on the docket was the large Kodiak withdrawal for the Navy. Adm. Wagner stated that the pending Executive Order on land withdrawals for the military services in Alaska had been approved by all Departments concerned and that the Navy did not want to interpose any objection to it at this time; nevertheless, he felt that certain sections of the area included in the withdrawal on Kodiak Island could be returned eventually to public domain. A discussion as to who would administer withdrawn areas until primary use was effected took place. Adm. Wagner stated that all land placed under Naval jurisdiction by the withdrawal order should be administered by the Navy until such time that it is in fact returned to public domain. He did not feel that a joint administration of land by the Department of the Navy and the Department of the Interior would be expedient. Gen. Twining said that the military feels that all land withdrawn for its use should be administered by the military department having jurisdiction over it. Fuckett did not agree with this concept and urged that provision be made for small tracts just outside the town of Kodiak so as not to retard development.

In the case of the request for the Big Delta area, Gen. Scott explained that the military was asking only for a special use permit for test firing under cold weather conditions. This request encroaches upon an Interior buffalo range and also affects CAA operations since airways traffic passes over the area. Because of operational difficulties, Generals Scott and Armstrong said it was not possible to utilize any other area--either the test firing would have to be conducted at Big Delta or the units would have to be returned to the States. However, General Scott agreed with Mr. Kadow that it would be possible to move the test area half a mile away from the highway so as to permit normal development there. Also, the group was assured that utmost care would be taken not to destroy any of the buffalo in the area. With regard to the danger to airway traffic, Plett asked why it would not be possible to only warn traffic on those days when actual test firing took place. This would not necessitate the establishment of permanent Danger Areas which would stymie all traffic. As a result, Plett and the military said they would get together and further discuss this problem. For instance, presently, there are two areas now in question. The Fairbanks Danger Area and the Eagle River Danger Area (adjacent to the city of Anchorage.) The present requested Danger Area at Fairbanks requires the rerouting of two major airways leading into Fairbanks, one from the Continental United States and the other from Anchorage. This area includes all of the low terrain south of Fairbanks which once was the location of these two airways and provided an excellent low approach into Fairbanks. Airways are now located over high terrain without these low approach advantages.

The Eagle River Area is immediately adjacent to the city of Anchorage and will require the cancellation of a part of the civil airway which is a link in the International Route between Tokyo and Minneapolis. This area is also adjacent to the main travelled airway between Anchorage and Fairbanks.

Plett feels that if these two areas were designated as Caution Areas or temporary Danger Areas, allowing civil traffic to fly through them, then no restrictions would be required. Safety measures can be adhered to so that

shooting would not take place when civil traffic is flying through these areas. Heavy bombing and other firing that would take place during instrument flying conditions could take place in other areas not on civil airways. Restrictions on civil air traffic will naturally restrict the growth and development of Alaska.

Regarding recreational sites, Gen. Twining said the military's policy is to ask only for enough waterfront property to dock boats and to construct the necessary housing. Only a few acres would be involved in each.

On the whole question, Gen. Twining said that the policy of the military was to return all lands not required for military use to the public domain; that five million acres had already been returned, and that another million acres was in the process of being returned. Rhode wondered if it wouldn't be possible to make studies first to determine exactly how much land was to be withdrawn rather than to withdraw huge areas and return large portions later. It was generally agreed that the subject of land withdrawals was a very controversial public issue and that requests should be limited to size intended for ultimate use whenever possible. Also, all land not now needed should be returned to the public domain as quickly as possible. It was discovered that several areas mentioned as withdrawn in the past by the military had no significance to the present command and could be returned. Since other areas were probably in the same category, Puckett, Armstrong, Scott, and Twining agreed to reanalyze the requirements and determine whether any could be returned to the public domain. The discussion of land withdrawals and returns with the military, whenever such actions were contemplated, was viewed by Mr. Puckett as a substantial step forward.

Mr. Puckett asked Gen. Twining whether he thought it advisable for the military to follow Interior's practice of holding public hearings prior to withdrawing land and Gen. Twining agreed it would be very desirable in most cases. However, the suggestion was made that the public hearings be held nearest the town where the withdrawal is contemplated. Last year Interior had a public hearing on the Kodiak withdrawal in Juneau.

In view of the fact that over 100 million acres are presently withdrawn, everyone present was urged to take out no more unless it was absolutely necessary and to return any not now being used. Gen. Armstrong wondered why the military had been considered one of the principal offenders when they had only 4 or 5 million of the total out. Kadow explained that all Interior agencies had been repeatedly cautioned on this point at many previous meetings but that this was the first time an opportunity arose to discuss the problem with the military and other departments. This concluded the discussion on land withdrawals.

Gen. Armstrong explained that Air Force activities in the Aleutian Chain were to be abandoned except for airways operations at each of five points. The military will turn these installations over to the CAA and Weather Bureau since it is important that an air route be maintained. Plett expressed concern over where CAA would get the money to operate the five installations and maintain the

air strips if comparison traffic loads were continued to be used. Actually, new all weather buildings will be required for living quarters and equipment quarters. In order for any agency to take over operation of airway aids at these bases on an economical basis utilizing a minimum of personnel, it would be necessary to effect major relocations and construct new buildings and utility systems. This alone would require upwards of \$25,000,000 for capital improvements plus yearly maintenance and operating appropriations of about \$1,500,000. Plett stated that if the military no longer needed the facilities, there was every reason to suspect that the complete airway would be abandoned and airline operations to points in the Chain suspended because of the economics involved.

At this point Col. Alexander joined the meeting and outlined the program of the National Guard. Fifty-four stations are contemplated. Ten are already organized with the natives sworn in and taking training, including two scout battalion headquarters at Nome and Bethel. The possible security value of the eighty radio stations maintained by the Alaska Native Service in their outlying schools was discussed. Both the military and the National Guard considered these to be of definite value in their operations. The communication system operated by the Territory also is considered to have a potential value to the military and to the National Guard.

During a discussion on the military use of local produce, Col. Addington said the military's policy was to purchase local produce whenever possible. However, they find that quantities are insufficient except on potatoes. Rates paid locally on these are stateside prices, plus freight, plus 5% for spoilage. One problem is that requirements must be figured 60 days in advance and when local producers do not meet stated schedules, the Army has difficulty finding substitutes. Mr. Heintzleman pointed out that only about 15% of the produce which could be sold is produced locally, one of their big problems being that of meeting scheduled deliveries. He stated that a bill has been passed which provides loans to Coops so that produce can be stored and furnished regularly to the military to solve this problem. Col. Gore said all producers should be cautioned to ship nothing which differs from specifications after inspection. Also, shippers should take full advantage of protective measures offered by the railroad to insure ultimate safe delivery.

The construction of a cement plant along the railroad was discussed in detail. The present outlook is that the limestone deposit at Windy will yield 3 million tons of marginal limestone. Preliminary investigation indicates that the magnesium content of this limestone should not exceed 3%, and it is probable that this average can be maintained on large tonnages. The cement needs of the military in this connection are estimated on the basis of their seven year construction plan which depends entirely on Congress. The 1951 program asks for 200 million dollars with 100 million for the subsequent six years. The military estimates they will need 300,000 barrels of cement per 100 million dollars obtained in appropriations for their construction program. It was also estimated that it would be another two months before Interior would know definitely whether or not the cement plant was economically feasible and whether or not plans would go ahead.

The bulk cement operation planned by Permanente was discussed briefly since they have asked both the railroad and the military for dock space. This operation would take on added significance in the event the cement plant is not constructed.

During the discussion on the cement plant, Noyes told the group that the Road Commission now has asphalt plants at Anchorage and Valdez. He said they would be glad to sell this asphalt at the plant site to the military and to Federal and Territorial agencies for any uses, or to the public for highways or related uses. However, he told everyone that only certain grades of asphalt can be stored because of shipping technicalities.

All present were pleased with the success of the meeting. The opportunity to see the problems of other government agencies in the light of their own and the entire Alaskan perspective was considered very beneficial. One contributing factor was the informality of the discussion, which it was thought could best be preserved by taking no formal action, petition or votes as a group. It was strongly urged that the group meet informally once a year to interchange information, discuss mutual problems, and define policies. Although no action was taken to set up such a meeting in the future, it was unanimously agreed that action should be taken towards this end as soon as practicable. It was suggested that the next meeting be held at Fort Richardson.

-End-

(Minutes prepared by Alaska Field Staff, Dept. of the Interior, and approved by all agencies concerned)



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
ALASKA FIELD STAFF
JUNEAU, ALASKA

Reed P
Anthony
Territories

INTERIOR DEPT.
DEC 20 1949
ASST. SECRETARY

December 16, 1949 Date

Mr. William E. Warne
Assistant Secretary
Department of the Interior
Washington 25, D. C.

Dear Bill:

Davis	800	12/27
Rakus	977	12/27
Spading	1008	1/4
Greeney	1008	12/27

INTERIOR DEPT.
RECEIVED
DEC 27 1949
TERRITORIES

Yours of the 12th slapping me on the wrist for releasing the Field Committee's minutes is the third letter I have received of this type. Both Puckett and Rhode were very upset by the publicity involved.

9-1-99
adm.
Minutes of
meeting

I knew when I permitting Mrs. Pegues and one of the reporters on the Empire to see the minutes that I was taking a chance. I was running an experiment to try to determine whether I could eliminate the very violent attacks on me and the Field Committee through this mechanism. Mrs. Pegues played ball with me beautifully, but the reporter from the Empire during my absence in the Interior definitely did not live up to the agreement I had with him. He wasn't supposed to publish anything from the minutes without clearing it first with me, but he did anyway which automatically put an end to the experiment.

We have press relations on the docket for our next Field Committee meeting. We will probably end up by having a press conference at each Field Committee meeting, but a lot of this will depend on what Megrath can sell to the boys.

I hope you will pardon what appeared to be an indiscretion on my part, but I have been striving constantly to get the Alaskan press to understand our Field Committee and other types of meetings. They just about took me apart because we did not allow them to attend our transportation meeting here recently. General Twining and I worked for two days to get them back in a good humor, but we finally managed it.

Sincerely yours,

Kadow
Kenneth J. Kadow
Director



INTERIOR DEPT.
RECEIVED
DEC 12 1949
TERRITORIES

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
ALASKA FIELD STAFF
JUNEAU, ALASKA

Goding
W. J. Jiles
W. J.
W. J.
November 29, 1949
W. J.

Mr. M. W. Goding,
Acting Chief, Alaska Branch,
Div. of Terr. & Island Poss.,
Department of the Interior,
Washington 25, D. C.

9-1-99
adm.
minutes
of meetings

Dear Will:

In accordance with the request contained in your letter of November 23, I am attaching herewith two extra copies of the last meeting of the Alaska Field Committee. In the future we will send you two copies in addition to those transmitted to Mr. Seymour. It was our understanding that the 60 copies sent to him were sufficient for complete distribution throughout the Department, so I am glad you have told me differently.

(W. J. has.)
1 copy only

Sincerely yours,

K
Kenneth J. Kadow,
Director.

Attachment.



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
DIVISION OF TERRITORIES AND ISLAND POSSESSIONS
WASHINGTON 25, D. C.

FILE COPY
Surname:

25, D. C.

NOV 23 1949

Air Mail

Mr. Kenneth J. Kadow
Director, Alaska Field Staff
Juneau, Alaska

My dear Mr. Kadow:

I should greatly appreciate it if you could send me two copies of the minutes of each of the meetings of the Alaska Field Committee. Mr. Seymour has none to spare of this last meeting, sixty copies of which just reached him.

Sincerely yours,

(Sgd.) M. W. Goding

M. W. Goding
Acting Chief,
Alaska Branch

GGCUNNINGHAM

11/22/49

G. G. Cunningham

*9-17-99
Adm.
Minutes
Meeting*



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
ALASKA FIELD STAFF
JUNEAU, ALASKA

NOTED
D.B.C.

INTERIOR DEPT.
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TERRITORIES

November 1, 1949

Davis	880	11/8
Godwin	WLB	11/15
Royce	JMK	11/16
FILES		

64 18

Mr. William M. Warne
Assistant Secretary
Department of the Interior
Washington 25, D. C.

Dear Bill:

I enclose herewith a copy of the Field Committee meeting minutes. Under separate cover we are sending sixty copies to Walt Seymour, according to instructions, who will, I assume, distribute it throughout the Department.

9-1-49
Adm.
Minutes of
Meeting

I will notify Walt Seymour that copies have been sent directly to you and Jim Davis and to all the members of the Field Committee.

Sincerely yours,

(Sgd) Ken
Kenneth J. Kadow
Director

cc: James P. Davis ✓ (copy of minutes attached)
Walton Seymour

DEJ

MINUTES OF THE ALASKA FIELD COMMITTEE MEETING

The fifth meeting of the Alaska Field Committee was held at Mt. McKinley National Park on September 21, 22, and 23, 1949. The following were present:

Secretary's Office

William E. Warne, Assistant Secretary, Washington
Kenneth J. Kadow, Chairman, Alaska Field Committee, Juneau

Indian Office

Don Foster, General Superintendent, Alaska Native Service, Juneau
John Nichols, Commissioner of Indian Affairs, Washington
Lawrence N. Stevens, Assistant to the Commissioner, Washington

Bureau of Mines

G. D. Jermain, Chief, Mining Branch, Juneau
S. H. Lorain, new Regional Director of Bureau of Mines, Juneau
A. L. Ransome, Metal Economics Branch, Juneau

Fish and Wildlife Service

Clarence Rhode, Regional Director, Juneau
Albert Day, Director, Washington
Clarence L. Olson, Assistant Superintendent, Pribilof Island Operations

Bureau of Reclamation

Joseph M. Morgan, Chief, Alaska Investigations Office, Juneau
R. C. Johnson, Assistant Chief, Alaska Investigations Office, Juneau

Governor's Office

Governor Ernest Gruening
George Sundborg, Executive Assistant to the Governor

Geological Survey

John Reed, Staff Geologist, Washington
William Twenhofel, Geologist, Juneau

Bureau of Land Management

Lowell M. Puckett, Regional Administrator, Anchorage

National Park Service

Alfred C. Kuehl, Special Representative, San Francisco

Alaska Road Commission

John R. Noyes, Commissioner of Roads, Juneau

Alaska Railroad

J. P. Johnson, General Manager, Anchorage

University of Alaska

Terry Moore, President, Fairbanks

Opening Remarks:

A brief resume of the accomplishments of the Alaska Field Committee during its first year of existence was made by the Chairman. Secretary Warne stated that field operations in Alaska had been effectively tied together by the Committee and that the Committee had more to its credit in the way of improving various administrative functions than the bureaus themselves in the Department as a whole or than other field committees despite its shorter existence. He attributed this to the great distance of Alaska from Washington,

resulting in a greater need for a field committee here. He complimented the Committee on its excellent relationship with other departments and within agencies of the Department. The Alaska Field Committee has made real progress in getting a legislative program through Congress, although several key pieces of legislation are still needed. Governor Gruening and other members of the Committee brought up the question of the weight that the Committee recommendations carried in Washington. It was felt that after long and mature deliberation, the Field Committee's recommendations were overruled without adequate explanation. Warne explained that no man or organization could expect a 100% batting average in or out of government service; that the Committee's opinions were given great weight in policy decisions in Washington; that there were certain fields within which the Committee could effectively recommend, but that the bureaus had been given authority for final decision by Congress. The Field Committee was not intended in any way as a method of circumventing this power, but instead was intended to implement and make more effective the Department's overall operation. Other members of the Field Committee expressed satisfaction with its first year's record.

The items of the agenda were discussed as follows:

1. Alaska Development Corporation Bill

Members of the Field Committee were asked for their comments on the rough draft of the proposed bill. Gruening felt it was desirable legislation providing some of the more controversial language was removed and a statement of objectives made more general; also that it be started with a sum not in excess of 100 million dollars. Warne explained that a modest bill had been discussed with many leaders in Washington, D. C., and their position was that if we wanted to develop Alaska, we should get a bill that could do the job. He stated further that he couldn't interest the country in the development of Alaska for a few million because everyone who knew the problem at all realized that a small amount wouldn't solve it. He thought he could, however, interest the country in a program for Alaska if it were capable of creating a sound civilian economy. Gruening disagreed with the concept expressed and thought it would be much easier to get the bill by a piecemeal method. Foster thought the subject of taxation was also a barrier to obtaining the bill as drafted. He thought government projects should be taxed, but this view was not generally supported. It was explained that when projects of the corporation became profitable, they would be disposed of to private business and immediately become taxable, and while they were losing money during the development period, there was no reason why the federal government should support a direct tax by themselves or by the Territory. It was pointed out that the vast majority of projects would undoubtedly be developed through loans to private

interests and would therefore be taxable right from the start. Indirect taxation created by the corporation's projects would be very substantial in any event. It was also suggested that where circumstances justified it, the corporation would permit a payment in lieu of taxes.

The question of whether or not the Railroad should be included was discussed. Everyone agreed that the Railroad was a key to development in the rail belt, but Colonel Johnson contended that the Railroad should be kept separate. Warne explained that Secretaries Krug and Chapman had discussed the matter thoroughly with him. They all felt that the Railroad should be part of a larger development corporation in line with the Hoover Commission recommendation. No vote was taken on the matter, but most Committee members seemed to agree that the Railroad should be administered under a broader developmental concept, as suggested by the bill.

All present agreed that capital was badly needed to develop Alaska but few seemed to understand the role or importance of the Alaska Development Corporation concept in providing it. A new proposal will be prepared by the Secretary's Office and Field Staff for further consideration. The new draft will include suggestions which Warne and Kadow will obtain from citizens of Alaska on their trip throughout the Territory. Safeguards to private business will include a clear statement that no project can be developed by the government under this act if private sponsorship can be found. Projects developed by the government will be auctioned to the highest bid above a fixed price whenever requested by private interests, the government's price to be equal to the capital invested plus satisfactory interest in bringing the project to a sound economic position. Loans to private groups will be made in so far as possible through private banking houses. It was suggested that temporary relief in both federal and territorial taxation would be a great stimulant to private industry, and if possible should be included in the bill.

2. Pay Differential and Per Diem

The matter of pay differential and per diem was discussed at considerable length. The great variation of pay differential and per diem practices within the Department was brought out. Pay differential on the Railroad often amounts to as much as 45% above base pay compared to a 25% differential paid by other bureaus. Likewise, differences in benefits to employees vary greatly between the Railroad and other agencies, as exemplified by commissary and hospital privileges of the Railroad. Discussion on per diem developed a great range of practices within the agencies of the Department. The Chairman requested each bureau head to

write him regarding their method of computing per diem rates so that it could be made available for discussion at the next Committee meeting. By unanimous vote, the following recommendation was adopted by the Committee:

That the Secretary of the Interior and bureau heads of agencies establish \$11.00 per day as standard for all agencies of the Department operating in the Territory. Actual per diem paid to each person should depend upon the circumstances of his travel and not upon his grade.

A trip to Anchorage, for example, would command \$11.00 for whoever was sent there on official business, and by the same process, a trip to the field where a camp or other government facility is maintained by an agency of the Department would command a uniform per diem for anyone visiting or stationed at the facility. The Committee felt that some standardization was obviously needed, and will pursue the matter further at the next Field Committee meeting.

3. Land Withdrawals and Other Problems

A. Along Rivers and Lakes for Public Use

A subcommittee headed by Puckett reported that after a study of data submitted by various states, their conclusion was that general withdrawals along navigable streams, lakes, or other waters is not justified. They further recommended that the Bureau of Land Management should select areas for withdrawal which they thought were desirable for public use sites. The size and shape of these areas should be left to the discretion of the Bureau of Land Management and would vary with the individual situation. In some cases one or more areas on a given lake or body of water might be withdrawn and in some other ones an entire lake may be withdrawn as a public use site. The Field Committee unanimously accepted the report of the subcommittee and voted that public use sites of sufficient size be reserved on all lakes, rivers and navigable streams of any value, but that the Department not have a 60 foot right-of-way easement as originally suggested unless special circumstances justify it. In considering immediate and long range recreational values, the Fish and Wildlife Service and the National Park Service should be consulted.

B. Goose Lake Withdrawal

The Field Committee endorsed the broad concept of the Goose Lake withdrawal for public use by federal, state, territorial or city governments in the broad development of their offices, laboratories,

hospitals, housing or recreational needs. One complication exists in that 125 acres in the middle of the area withdrawn is patented. It was recommended that this area be turned over to the Fish and Wildlife Service by requesting it for a fish hatchery, recreational area and other broadly stated purposes outlined above. In the event the Fish and Wildlife Service cannot obtain this land for this purpose, an effort will be made to make it available to the Railroad for the above broad purposes.

C. Army-Navy Land Withdrawals

A special use permit requested by the Army for 200,000 acres of land along the Richardson and Alaska Highways for an artillery and infantry maneuvering range was discussed. It was recognized that this special use request was undoubtedly the forerunner to a withdrawal request. Kadow brought out the point that lands along these highways were valuable potential for future business development. Rhode pointed out that a large portion of this land was in the buffalo range and that in all probability some killing of buffalo would result. The Committee recommended that the Bureau of Land Management, with the concurrence of the Fish and Wildlife Service, should suggest an alternate site for the above requested special use permit. If no alternate site suitable to the Military could be found, the special use permit should be granted, but the Military should be kept at least one-half mile back from the roads and some special provision should be made to assure the protection of the buffalo herds.

D. Anchorage Boat Harbor Project

The question of obtaining land from the railroad reserve for the Port Authority of Anchorage was discussed. Previous discussion with railroad officials and the Bureau of Land Management had indicated that if the land were obtained through the authority of the Land Sale Bill, the price of the land would be so high as to be out of reason. Puckett indicated that regulations for the sale of land under this Bill had not been formulated yet. Kadow pointed out that a discussion with Bureau of Land Management officials in Anchorage during Puckett's absence contemplated a procedure of land appraisal which would make the value of land for sale comparable to present ridiculous speculative land values in Anchorage. Warne felt that there was no reason why the land which the City wanted should be appraised so that it would be out of reach for the use contemplated and requested that regulations be drawn up with the thought of making transfers such as the Anchorage boat harbor project in mind. Colonel Johnson indicated that action on the boat harbor request from Washington

suggested the desirability of keeping the actual use of this land under the control of the Interior Department. It was suggested that the Department prohibit subletting on the part of the Port Authority, and that all safety and use regulations be approved by the Department. The Committee's reaction to Johnson's comment was unfavorable. The Committee agreed that the City of Anchorage should be given a lease for the land with a request that the Department be represented on the Port Authority and that the Port Authority should be required to draw up a satisfactory and standard set of Port safety regulations. No further control over the Port Authority should be exercised by the Department. In view of the fact that a request by a private firm for the installation of a bulk cement facility at the boat harbor is now pending with the City of Anchorage, the Field Committee instructed its Chairman, Warne, Colonel Johnson, and Puckett to discuss this matter with the City as soon as possible and bring it to an early conclusion.

E. Homesites Within the Railroad Reserve

Colonel Johnson brought up once more the problem the Railroad was having in transferring title to individuals who had been encouraged to build homes on lots in the railroad reserve. They had been given to understand that title to these lots would be transferred to them at a nominal cost as soon as they started to build. He pointed out that the delay in consummating this agreement was causing him great embarrassment and wanted to know how soon the Bureau of Land Management would work out a solution to the problem for him. Puckett felt quite certain that a satisfactory solution to this problem could be found. He agreed to have the area properly surveyed as soon as his men came back from the field and to come up with a workable plan soon thereafter.

F. Land Titles for Natives

The possibility of giving the Alaska Native Service authority to grant land titles to individual natives without restriction was discussed. Nichols was against giving the region authority to make this type of decision because of the tremendous pressure he felt would be applied on regional directors. In cases where natives owned land in townsites which are jointly occupied by whites and natives, Nichols felt each individual case should be settled on its merit. However, he was against giving individual natives title to land within reservations with power to sell it since it would cause the reservations to be speckled with white ownership and would prevent tribal cattle running and other accepted tribal practices.

Nichols agreed to check on the backlog of requests for titles which have been pending for several years and to take action on them as rapidly as possible, one way or the other.

G. Soldiers Script for Land Titles

A considerable discussion resulted from the explanation by Rhode that canneries were trying to use soldiers script through various individuals in order to get control of important beach fishing areas adjacent to set net locations. Once title to this land is given, a monopoly of the fish resources at these locations would result. Puckett explained that no patents of the type referred to by Rhode had been issued yet, but that many requests were pending. The script was intended to apply to agricultural lands only, but some cannery sites have been obtained through the use of this script. The Trade and Manufacturing Site Law was not satisfactory because it only allowed one site to a given company or individual. Warne brought out the fact that the Public Land Sale Bill could now be applied for cannery sites. Many other ramifications of this problem were discussed with a final conclusion that the type of application referred to by Rhode would be denied on the basis of the fact that they were non-agricultural, or if issued, their use for agricultural purposes would definitely be demanded.

H. General Land Withdrawals

A general discussion of land withdrawals as a broad departmental policy took place. Warne stated that no further withdrawals in aid of legislation were contemplated under the settlement program until after the legislation was obtained. The Committee recommended and Warne concurred that as rapidly as a withdrawn area was found to be unsuitable for the purposes of the Settlement Bill, it would be returned to the public domain. Warne said the Dunbar area appears to be unsuitable and will be returned to the public domain in the near future. It was agreed that adequate publicity should be given to this fact by Warne or Kadow. The Committee further recommended and Warne concurred that if the Settlement Bill did not pass at the second session of the 81st Congress that a method should be found to return withdrawn areas to the public domain as rapidly as classification studies were completed. Warne and Puckett discussed possibilities of selective return to the public domain in such a way as to stimulate a concentration of settlement in the most desirable areas first. This discussion developed what appeared to be a feasible possibility.

Puckett felt that there were times when land withdrawal requests were of such a nature that the Field Committee should recommend the action to be taken on them, rather than the Bureau of Land Management. The Committee indicated that it did not wish to be saddled with the review of all contemplated withdrawals. Extensive discussion on this point followed and a subcommittee was formed to draw up a recommendation for Committee action. The recommendation submitted was as follows:

Whenever a request for a substantial withdrawal, reservation, or other analogous proceeding is presented to the Bureau of Land Management, the members of the Alaska Field Committee and any other affected government agencies operating in Alaska shall be notified and asked for comment. A reasonable period of time, not more than sixty days, shall be allowed for such comment. Similar notification shall go to the head of the agencies in Washington. Adequate public notice shall likewise be given with the suggestion that comments be transmitted to the Bureau of Land Management in Anchorage. If substantial objection is made, a hearing shall be called. The cost of the hearing shall be borne by the agency seeking the withdrawal. The testimony of the hearing and all other pertinent facts shall be presented to the Alaska Field Committee which shall consider it at its next meeting and shall recommend to the Secretary of the Interior that the withdrawal be or not be granted, or make an alternate recommendation. The definition of the word "substantial" in the opening sentence will be left to the Regional Administrator of the Bureau of Land Management.

The subcommittee's recommendation was adopted unanimously by the Field Committee.

As a result of the adoption of the above recommendation, the Committee unanimously agreed that a recommendation be made to the Secretary that all proposed withdrawals in Alaska be referred for original filing in the Land Office in Alaska in order that the procedure outlined above could be applied to them.

It was also unanimously agreed that a study of withdrawn land by all agencies of the government should be made with the thought of returning or cancelling all withdrawals no longer needed. The Committee Chairman was requested to take the necessary steps to bring such a study up to date. A discussion of the very bad publicity concerning seventy-two contemplated damsite withdrawals

by the Bureau of Reclamation was touched upon. No one seemed to understand how such publicity came about. It was particularly regrettable because the number actually requested was considerably less than seventy-two, and even those requested were found to have been already withdrawn by the Federal Power Commission.

I. Territorial Park System

In relation to the general discussion of withdrawals, the advisability of setting up a Territorial Park System was discussed. After considerable exchange of views, Kadow appointed a committee chairmaned by Puckett and composed of Rhode, Kuehl, and Sundborg for the purpose of considering the policies and problems involved in the establishment of a Territorial Park System. In the meantime, this committee was to recommend recreational areas which were most likely to come under pressure in the next ten or fifteen years for immediate consideration of the Field Committee. The subcommittee was requested to bring in a report no later than the March 1950 meeting of the Field Committee.

4. Progress Report by the Bureau of Land Management

Because of the great backlog of surveys and the special efforts made by the Field Committee to help the Bureau of Land Management get funds to lick this problem, Kadow asked Puckett for a brief summary of this year's progress. Puckett reported that, in general, progress had been highly satisfactory, but that appropriations coming so late for the 1949 fiscal year had cut down materially on what they had expected to accomplish. He expressed the view that working at the same level, it would take at least three or four years to become current providing applications do not continue to increase as they are now doing. He felt that if the funds pending for surveys in Alaska are granted and maintained at that level that they would undoubtedly catch up with the backlog in two full seasons. They could ^{then} make real progress on the general cadastral surveys in the Territory not presently under pressure.

A detailed discussion of townsites and townsite surveys took place. Kadow asked what assurance we had now that when a townsite survey was finished it would be developed according to the plan laid out, as in the case of Big Delta, Tok Junction, and others. Puckett indicated that under existing law there was no assurance whatsoever that the plan would be followed. One man could buy the whole town and use it as he saw fit. Kuehl pointed out that the business section of a town which had been surveyed as a townsite could actually become the residential section

and vice versa. The expense of making townsite surveys was questioned and it appeared that better control could be exercised through small tracts. Puckett suggested that some sort of law or regulation to permit zoning of townsites was badly needed. Many ideas to achieve the effect of zoning in the absence of a law for that purpose were discussed, but it was generally agreed that there was no effective means of achieving the desired goal under present legislation. Sundborg suggested that authority is needed to zone areas outside of municipalities. Warne explained that rural zoning mechanisms are well developed in the States and that there would be plenty of opportunity to develop it up here since the Territory has authority to do so. After much discussion, Kadow suggested that the matter of townsites be dropped and that he be given authority to look into the matter and appoint a subcommittee to recommend a course of action. The Committee agreed to his proposal.

5. Cement Plant Possibilities and Procedures

Reports on the cement project were presented at the meeting by Jermain and Reed, which established the fact that adequate raw materials of acceptable quality for the manufacture of cement were available. The question of whether the cement project should be financed by the government or privately was discussed in detail. The fact was established that extensive efforts to find private financing for this endeavor had failed thus far, and was not likely to succeed in the foreseeable future. Warne indicated that as a result of their efforts, a bill had been introduced in Congress providing for the building of such a plant by the Alaska Railroad. Since the largest quantities of cement produced by the plant would be used by the Military, Reclamation, and other government agencies, and the actual use would be predicated on yearly appropriations, private sponsorship of the project was most unlikely. Puckett indicated that the limestone deposit had been properly staked and was in private hands. Kadow said that Arthur Beaudin, who represents the group holding the limestone, was very anxious to have this project go ahead. If it could be privately financed, they would like to put the project in, but if not, Beaudin indicated that he would make the deposit available to the government for little more than his actual expenses.

It was felt that a good economic survey of the feasibility of such a plant was necessary although studies had been recently made by Mr. Salisbury for the Railroad. Warne said that he would ask Major Hutton to make a complete survey of the project. Colonel Johnson asked what relation there would be between the bulk cement operation proposed for Anchorage by Permanente to the manufacture of cement in Alaska. The opinion was expressed that these facilities would in no way

jeopardize the soundness of the project, but that Major Hutton would be asked to consider this in his appraisal of it. The responsibility for pursuing the development of the cement project for Alaska was left in the hands of the Alaska Field Staff until circumstances dictated the desirability for other arrangements.

6. Proposed Hydroelectric Projects

The Chairman pointed out the importance of power as a natural resource in the development of Alaska. He then asked Sundborg to explain the negotiations of the Alaska Development Board with the Aluminum Company of America regarding the Taiya project. Warne reported on the activities of the Interior Department and Morgan on the activities of the Bureau of Reclamation regarding this project. Morgan stated that the Bureau of Reclamation believes that more than 20 billion kilowatt hours could be developed by this project if its potentials were fully utilized. There would be no large scale inundation of land in Canada. A dam fifty-five feet high would be placed at Miles Canyon which would place all lakes into one huge system so that a diversion at Bennett Lake would draw from them all. The Aluminum Company is apparently interested in approximately 400,000 kilowatt hours. According to Sundborg, the Aluminum Company has taken the matter up with the Canadian Cabinet and has been assured that they could carry on the project as a private enterprise. He indicated that the Aluminum Company did not feel that the International Joint Commission or the Federal Power Commission had jurisdiction over this project. Warne felt that the International Joint Commission would definitely have jurisdiction over the diversion of the water and stated that so far the Aluminum Company had not made formal representation to any department of the United States Government for power sites or land withdrawals. The Interior Department had already made land withdrawals on behalf of this project. Sundborg expressed the view that the Bureau of Reclamation would never be able to develop this project because of the complicated international nature of it. Kadow stated that since the Aluminum Company had made no formal representation to the United States Government for this project and since its importance as a tool for development was recognized by all, he thought the Department should proceed as though it were going to develop the project. However, should the Aluminum Company present a satisfactory plan, the Department should do everything possible to support them. Warne gave a statement of departmental policy on the Taiya project as follows: First of all, official contacts and technical information on an international level would continue to be developed. In the meantime, should the Aluminum Company come forward with a specific project, the Department would not stand in the way of their plans provided the facts developed indicated that the public's interest was adequately protected.

He doubted that the Federal Government would permit one company to monopolize such a great power development if its own plans did not require more than one-third or one-fourth of the total power potential. He indicated that, in his opinion, whoever negotiated this project would find it extremely complicated since the project was located in British Columbia, Yukon Territory, and in Alaska. Sundborg reported that the Aluminum Company had picked up land options for 320 acres in the Dyea Valley. Warne pointed out that the Aluminum Company's interest in this project waxed and waned in direct proportion to the Government's pressure in its anti-trust case. Considerable discussion took place concerning the best method of making land available for the development of this project should it go ahead. It was determined that the Land Sale Bill would serve the needs of the Aluminum Company and the Townsite Law was satisfactory to prevent an outright company town. Warne requested the Field Committee and the Development Board to keep each other fully informed of any other developments in this project. He said that no one should take any action which would jeopardize the possibility of the Aluminum Company's going ahead; that if any agency should do so, it would be out of line with departmental policy. He said that the Department thought this project was so big and so important that it intended to go ahead and investigate it on the assumption that the Aluminum Company might be muddying the waters in an effort to get departmental support in calling off the Government's anti-trust suit. He said that the Department would take no stand in this matter, but that it wished to continue its efforts toward the realization of this project, regardless of who builds it. Regarding the effect of this project on Yukon River transportation, a statement was made by the Bureau of Reclamation that the project was not expected to harm it.

Morgan was called upon to outline in a general way the projects which the Bureau of Reclamation now felt were feasible for the next six year period. He listed these as Eklutna, perhaps one development on the Susitna, thorough investigations of Taiya and projects at Dorothy, Swan and Blue Lakes. Considerable discussion took place about the type of reports that were being prepared and the method used in distributing these reports by the Bureau of Reclamation. As a culmination of this discussion, Warne stated that the Bureau of Reclamation's reports should be submitted to the Field Committee for review before their submission to Washington in final form. He pointed out that the Alaska Field Staff and the Alaska Field Committee were mechanisms primarily established to bring unification and harmony into the overall development of the Department's and Federal Government's Alaskan program. It was, therefore, of prime importance that the backing of the Field Committee be obtained on any planning projects submitted to Washington. He further stated that departmental action could not be expected on any important project

until the Field Committee's views had been obtained. Kadow explained that in his opinion the Bureau of Reclamation had a tremendous background of experience in analyzing overall economic factors and in pointing out development potentials. He was not sure that all the bureaus in Alaska could be expected to be as enthusiastic as the Bureau of Reclamation's reports usually were since the background and experience of some bureaus had taken them in other directions. In spite of this fact, Kadow felt that an overall review by the Field Committee would be beneficial, and in the long run would improve the general character and chances of success of Reclamation's project.

Morgan reported on the legislative difficulties of Reclamation's Alaska program.

7. Water Law for Alaska

At the last meeting of the Field Committee, a sub-committee composed of R. C. Johnson (Chairman), Puckett, and Jerry Williams (Attorney General) had been appointed to draft a law and submit it to the Committee for action. Johnson reported that he had contacted the Bureau of Reclamation in Washington who had suggested that he contact the Alaska Bar Association, and request them to draw up a law. Several members of the Committee expressed the view that the Bar Association in the Territory has had little experience with water laws, other than possibly in the field of mining; that if they were asked to draw one up, they would no doubt limit it to mining. Consequently, it was considered advisable to obtain copies of water laws of the various states (Wyoming was suggested as a state having one of the best laws) and to have a draft worked up by the Washington Office of the Bureau of Reclamation. It was felt that a good water law would prevent a good deal of future litigation. Reed brought out the fact that not only people in the mining field but cannery people should be consulted. The Field Committee concurred in the suggestion of Warne that the sub-committee request the Washington Office of the Bureau of Reclamation to draw up a water law within six months so that it could be circulated to the Committee before the March meeting for its comment. This draft, as modified, would then be submitted to the Bar Association and all other interested groups for their comments. The final draft would then be prepared for presentation to the next session of the Territorial Legislature.

8. Suburban Roads

The discussion brought out the fact that neither the Alaska Road Commission nor the Territorial Road Commission were anxious to build roads in suburban areas outside city limits even though individuals in those areas were willing to finance them. Adjacent towns wouldn't

because they couldn't collect taxes; the Territorial Road Commission doesn't because of limited funds; and the Alaska Road Commission doesn't because they consider such roads outside their jurisdiction and also because of limited funds. Noyes thought it might be possible to establish a policy for the Territorial or Alaska Road Commission to pay fifty per cent of the cost if the individuals would pay the other fifty per cent. The roads might then be maintained by one of the Road Commissions with or without contributions for upkeep. It was felt by the Committee that the whole problem of suburban roads should be studied further. Noyes and Sundborg were requested to work with the Territorial Highway Commissioner, Frank Metcalf, in working up a recommendation on the matter which could be discussed at the next meeting of the Field Committee.

9. Office Space and Housing Requirements

Kadow reviewed the Alaskan housing picture. He indicated that the Alaska Housing Act was working wonders in the solution of the housing problem in Alaska. Over \$16,000,000 worth of projects were either approved or pending under Section 608 of the National Housing Act, as modified, for Alaska and hundreds of thousands of dollars worth of individual housing was forthcoming. All of the housing mentioned above was being built under private sponsorship. Kadow stated that it was his conviction that by the end of next summer, Alaska's housing shortage would be over in the principal cities, and the problem in the more remote areas would be well on its way to a solution. He further reported that the Alaska Housing Authority was working with the Public Works Authority to bring some low cost housing into the Territory which was intended to replace substandard dwellings. This would be very limited in nature and would undoubtedly leave a great deal of substandard housing. However, it should bring this housing in line from a cost point of view. Colonel Johnson indicated that sixty units of housing were desired by the Railroad at Fairbanks. He received Kadow's assurance that he would help point the way to a solution of this problem.

Warne discussed office space for Alaska and indicated that units for Juneau and Anchorage were contemplated in the near future. The Public Works Bill which passed recently provided for seven buildings in the Territory, but there was no date set as to when they would be built. Warne requested that the Interior Department's need for space in Juneau and Anchorage should be pressed immediately if it had not been done already. This information was to be compiled by the Field Staff and sent to Washington. Colonel Johnson brought out the fact that the Railroad needed space in both Anchorage and Fairbanks. In Anchorage

the Railroad plans to build a radio testing laboratory which will be away from other shop facilities. The second floor of this building is to be built for office use. It was suggested that this space be made available to other agencies who were asked to contribute towards the cost of the building in order to insure themselves office space. Reed said he would like to have a Quality of Water Laboratory in the building. Several others were interested in space there. It was agreed that Kadow should work with Colonel Johnson in determining the amount of space that might be available and which agencies should budget it. Colonel Johnson pointed out that the Railroad needed a freight house and passenger station in Fairbanks, and that the second floor of this building could also be utilized for office space. There would be about 76,000 square feet of office space if the entire second floor were utilized. This proposition appeared particularly attractive since there is no new office building contemplated for Fairbanks in the immediate future. Reed pointed out the fact that the legislation creating the Geophysical Laboratory at the University contained a proviso that office space for federal agencies in this field was to be provided. He suggested that we talk to the University about it. Kadow was instructed to take the matter up with the University.

Kuehl pointed out the necessity of combined office facilities for both territorial and federal government agencies at the Alaska-Yukon border, as well as facilities for tourists. He felt such a project was necessary and highly desirable. The Committee agreed with Kuehl's conclusions and instructed him to draw up the necessary plans and specifications for the project and to budget them through the National Park Service. It was estimated that the project would cost approximately \$2,000,000. Warne agreed to take the matter up with the Bureau of the Budget in Washington to determine what agency would actually carry it in their budget estimates, but the National Park Service was instructed to draw up the project and cost estimates. Everyone recognized the need for facilities at the border since the American custom facilities are now 97 miles inside the border at Tok Junction, which fact creates many hardships for the traveling public.

10. Discussion of the Six Year Report

Kadow distributed the comments of the Washington bureaus on the Six Year Report and asked each member to comment on the part that pertained to their work. Warne explained that although this year's report did not have much relationship to budgetary determination, there would be closer correlation in the future. He asked that the next report be submitted to Washington by March in order that it

could be used to exert maximum influence. Warne requested that in future reports specific years not be mentioned, but instead they be indicated as "present year, first year, second year", etc. It was agreed that the budget ceilings of the Department when finally settled for 1951 would constitute the present year of the report as revised. Kadow requested all Committee members to distribute drafts of their revised report prior to the next meeting of the Field Committee in order that they might be reviewed and discussed at that time. Warne pointed out that the Department was trying to make a unified presentation of an Alaska program for budgetary and legislative consideration. By treating Alaska separately, more favorable consideration is expected to result. Rhode asked for a clarification of the budgeting function of the Field Committee. This point was elaborated upon by Kadow who stressed his inability to get what he considered a balanced six year program. He stressed that some bureaus were more far sighted in their long range planning than the average and others were entirely too conservative in their estimates of future needs. Efforts on his part to bring the whole program in balance had proved only partially successful. At this point, Warne discussed the 1951 budget estimates of the Department. A careful examination of the figures indicated that the program was even further out of balance than it was when originally submitted by the Field Committee. The National Park Service ceilings were completely unsatisfactory for Alaskan needs. The same seemed to be true for the Bureau of Mines, Fish and Wildlife Service, and the Bureau of Land Management. Warne admitted that inequalities existed but felt that a well planned program out here would certainly have its effect in helping to justify the needs of each bureau. He urged that planning from the field, including budgets, should take into consideration the requirements needed to do a satisfactory job and should not be unduly influenced by the ceilings set by the Department. Day said that bureau chiefs are criticized for a lack of imagination in getting money even though they aren't responsible for the situations that exist. He indicated the six year plan of the Field Committee goes to the Program Committee in Washington. The bureaus get the information from the Program Committee and submit it to the departmental budget officer. Day feels there is inadequate review of programming and budgeting at the bureau chief and secretarial levels. He feels that the Field Committee is doing a much better job in this connection than is Washington. Warne agreed with Day's conclusion but indicated that on several occasions when planning and budgetary matters were being discussed in his office and bureau chiefs were invited, the only bureau represented by the head man was the Bureau of Indian Affairs. Others placed so little importance on this function that alternates and subalternates attended. Warne also pointed out that the Alaskan

program as an overall integrated matter might expect to command as much as three and a half to four hours of the time of departmental bureau chiefs whereas in the field, where the problems are much better known, as much as three days may be spent in conferences each time the Committee meets. It is true that a great deal more time is spent on Alaskan matters in Washington than indicated above, but on the basis of an individual problem and not an overall plan. Day indicated that so far as the Fish and Wildlife Service was concerned, programming and budgeting functions of the Field Committee hadn't thus far proved worthwhile. Warne disputed this statement, stating that the budget estimates of the Alaska program had been submitted to Congress as a package and that this had proved effective. He then cited the results in connection with the Bureau of Land Management, the Alaska Road Commission and the Fish and Wildlife Service program itself. He indicated that by referring to an overall development program for Alaska, he had been able to establish the necessity for more funds for conservation in the Territory. He repeated his earlier comment that the six year program would carry more weight each year if it were well thought through and well coordinated. Several other members expressed bewilderment over the methods employed by the Department in setting bureau ceilings, as well as the methods used within the bureaus in allocating funds. Some expressed the view that Alaska simply did not appear sufficiently important to justify special consideration, and accordingly very limited attention was given to it. Warne admitted that the entire system of budgeting within the Department should be made the subject of an early review by the Secretary's Office and by bureau chiefs. In the meantime, he instructed the Committee to submit its 1951 program based upon its needs rather than the ceilings already set, especially in those cases where the amounts granted were entirely unsatisfactory.

11. Alaska Railroad Policy and Operating Problems

Colonel Johnson gave a brief resume of Railroad operating policies and problems which are summarised as follows:

- A. Johnson stated that more and better roads were constantly being built and maintained by the Department, and that as a result, very large volumes of goods were now moving over the roads in direct competition with the Railroad. Likewise, airplane freighting facilities were cutting into the Railroad's business. Since both of these agencies operate with rather large federal subsidies of one type or another, he could not understand why the Railroad should continue to be forced to operate out of revenue. He once more pointed out that over 80% of the Railroad's total business

was with other agencies of the Federal Government and to this extent were already being subsidized indirectly. He argued that unless the Railroad is given a subsidy for road-bed maintenance and snow removal comparable to the direct appropriations for these purposes now given to the Road Commission, that the Railroad, as a result of unfair competition and an unrealistic operating policy saddled on it by Congress would soon be operating in the red. Johnson also asked for Field Committee support toward the development of a sea train for the Railroad. He figured that at least \$10 per ton could be saved in this manner. As evidence of the feasibility of such a plan, he pointed to the fact that the Alaska Freight Lines were already establishing a sea train type of operation for their trucks. The Field Committee wholeheartedly concurred in the advisability of obtaining sound economic data on the feasibility of such a project and went on record as backing Johnson in a request to the Interior Department for funds to make such a study. After a lengthy discussion of basic operating policy, the Committee supported Colonel Johnson's views and unanimously accepted the following recommendation:

That the policy of the Alaska Railroad be to stimulate and promote the development and defense of Alaska; that in pursuance of this policy the rates of the Railroad be reduced so as to be comparable to continental rail rates; that the management of the Railroad feel no obligation to oppose the development of other and in varying degree competitive means of transportation which are beneficial to the economy and defense of Alaska; or feel no obligation to abandon existing vital services or subsidiaries because they show no profits; that in formulating this policy for the Railroad it be noted that eighty per cent of the Railroad's freight is Government cargo and that operational profits represent essentially bookkeeping entries which actually signify the Federal Government's taking of its funds from one pocket and putting them in another. And that, therefore, while vigilant in behalf of economical and efficient administration and operation, it be the declared policy of the Department of the Interior to view the Alaska Railroad as an instrumentality of development and defense, and no more required to establish the illusion of operating profits than is expected or required of the Richardson Highway or Fort Richardson, whose operation and maintenance are annually recurring charges; and that the Department of the Interior henceforth seek the necessary appropriations and subsidies to make the policy effective.

The Committee instructed its Chairman to work with the Railroad in helping to achieve the objectives indicated by its actions above.

- B. Next Johnson brought up the possibility of obtaining permission to use a portion of the dock space at Whittier for handling passenger traffic and express freight. He felt it advisable to have passenger boats come into Whittier instead of Seward. If this were done, one day would be saved, and the passengers could go from Whittier to Fairbanks in one day, thus enabling the Railroad to again compete with air passenger and express freight traffic. Johnson felt that "hot" shipments, and perishable goods should be handled from this port, since in this case too, time was of the essence. By handling passengers and "hot" shipments thru Seward, the delay in time has caused loss of revenue to the Railroad; further Congress doesn't seem to be too willing to go along with the rehabilitation of the road to Seward. Ordinary freight would continue to be handled thru Seward. Tourist traffic could be handled into Seward by way of a shuttle service from Whittier.

This question would have to be settled by the Railroad with the Military; however, Johnson wanted the support and backing of the Committee. He said that it would not interfere with Army operations; that it would mean more efficient rail operations, and at the same time would not mean the abandoning of Seward; it would shorten movement of express cargo into the Interior by one or two days and would enable the Railroad to get some passenger traffic which now goes to Fairbanks by air and the express or high cost freight that moves to Fairbanks and even to Anchorage by truck.

The Committee accepted the recommendation and instructed its Chairman to work with the Railroad to achieve departmental and Military backing for the proposition.

- C. Colonel Johnson indicated that he was planning to abandon the Nenana River boat service after the 1950 operating season unless some arrangement for direct subsidy was provided. This matter was discussed quite thoroughly and developed the opinion that the abandonment of the service would not be serious since other means of providing service existed and that private boating companies would cover most of the route involved. No action was taken by the Committee on this matter.

- D. Colonel Johnson suggested the advisability of trying to remove the Federal transportation tax from all types of Alaskan transportation in order to help bring down the rates. The Committee felt that the possibility of Federal transportation taxes being discontinued shortly were quite good. Johnson further suggested that if the taxes were not removed, perhaps they could be turned over to the Territory as a means of helping the Territory meet some of its development responsibilities. The Committee as a whole doubted that this could be done, but requested Governor Gruening to investigate the matter with the Internal Revenue Bureau and report back to the Committee if any further action seemed advisable.
- E. The status of the Railroad's rehabilitation program was discussed. Johnson said that it would have been 50% complete if funds had become available the first of July which they did not. This meant a delay of one year. A discussion ensued on the Government contract authority. The Committee felt that contract authority used by the Government is one of the most costly things imposed on the taxpayer. The group felt that Alaskan appropriations particularly should be worked out on a calendar year basis rather than on a fiscal year basis thereby insuring continuous funds throughout the working season. Warne said that the Secretary had approved his memorandum to that end some time ago; that he had assumed that the Railroad had been estimating in that fashion. The entire Committee stated that they were operating on a fiscal year basis; that operating efficiency was cut more than 25% and costs were increased proportionately; that some of the agencies had previously been able to work on a calendar year basis, but weren't able to do so any more because the Budget Bureau demands July to July planning. The Committee requested Warne and Kadow to make a renewed effort to get Alaskan appropriations on a calendar year basis.
- F. For the discussion regarding the Anchorage boat harbor and land titles on Government Hill, both relating to the Railroad see pages 5 and 6, respectively.

12. Alaska School Systems

Kadow introduced the discussion on Alaska's schools by giving a brief resume of conferences instigated by him with the Commissioner of Education and officials of the Alaska Native Service. He indicated that while there were many areas of general agreement, there were a few stumbling blocks which had prevented the two organizations from

adopting a program for unification of the two. Kadow indicated that Commissioner Ryan was vigorously opposed to having any form of vocational training in the primary or secondary school system and that he did not wish to have any official connection with a school lunch program, both of which were considered vital by the Alaska Native Service under certain conditions. Warne stated that the Interior Department's policy on this matter was as follows: All school children of Alaska should have adequate schools immediately; there should be no duplication of educational facilities in any area; there should be a plan worked out to turn over all primary schools to the Territory within the next ten to twenty years if the Territory was able to assume this obligation. To help bring this about, it was suggested that a contract be consummated with the Territory whereby subsidies to the Territorial educational system would be made. Foster and Kadow felt that the plan outlined by Warne was workable providing the subsidy was made to the school system as a whole and not on the basis of race. Everyone agreed that an outstanding effort should be made to get schools in all regions of Alaska which now lacked them. Kadow recommended, with Foster's concurrence, that the Alaska Native Service should determine which schools were to be turned over to the Territory in any given plan for doing so. Kadow felt that Commissioner Ryan's operating policy was not sufficiently flexible at the present to convince him that many schools in the more backward areas should not remain under the Alaska Native Service for many years to come. Governor Gruening expressed the view that he was certain that a program satisfactory to both the Territory and the Interior Department could be obtained and that he would be glad to add the influence of his office to Kadow's to bring about such a formula. Moore felt there might be a need for collection of unbiased basic facts on which to build a sound working policy. He suggested that the University might be the instrument for collecting such facts, and Warne and the Committee agreed. Moore brought up the subject of native students at the University. He pointed out that even though one-third of Alaska's population was native, very few of them qualified for college training because high schools were not available to the majority. Moore felt that any study of the educational system should definitely take in secondary schools as well as primary schools. Everyone seemed to agree that the University was an ideal medium for making an overall study of the problem. Foster suggested that while the problem was being studied, emphasis should be given to the necessity for a teacher training program which would offer a satisfactory solution to the problem of obtaining teachers for isolated native villages. Such villages were recognized by the Committee as presenting a special educational

problem which could probably best be handled by the Alaska Native Service. Foster pointed out that the Hoover Commission made a study of Alaska's educational system and that perhaps most of what was contemplated had already been adequately covered by them. Nevertheless, he indicated that the Alaska Native Service could probably scrape up \$3000 to \$5000 to support such a study and hoped other interested groups would make a contribution also. Kadow asked how long it would take the University to make such a study since he would like to have the recommendation for a unified educational system in Alaska as part of the revised Six Year Report. This report will be due in Washington the first of March. Both Foster and Moore thought some material might be available for the revised report by that time but doubted that a good study could be finished in a thorough manner that fast. Moore indicated that he would give the study more thought and come up with his recommendations shortly. After considerably more general discussion, it was agreed that the Chairman would request an early meeting in Juneau of all interested parties to give Moore a clear picture of the problems involved and the scope of the work to be undertaken.

13. Road Rights-of-Way

Puckett talked on the subject of withdrawals versus easements for road right-of-ways. He expressed the view that when a withdrawal is made and later returned to the public domain, a chaotic condition is often created. He gave as an example a road right-of-way through agricultural country which divided homestead surveys. Once the withdrawal is revoked, the land thus returned to the public domain was available for settlement under veterans' preference rights. The same situation would occur where a wide right-of-way for some reason or other was eventually reduced to a narrow one, leaving a 50 to 100 foot strip on each side of the road. This strip would also be subject to veterans' rights. Puckett expressed the view that easements would not create such a problem and lands made available as above could automatically be given to people with homesteads adjoining or divided by a road. Likewise, it created problems in issuing patents since the road had to be laid out before the patent could be issued. A description of the land in relation to the road was required. In view of the fact that the Road Commission had not filed plats on all roads, the homesteader often did not know where the road would cross his property. These problems had created a terrific mess regarding homesteading along roads. Patents had not been issued because of it. Puckett requested that the Road Commission file plats to show surveys of road locations. Noyes indicated that ultimately they would file plats, but if they had to do so right away.

it would take all the time of their survey crews to do the work, thus cutting down on essential road construction. Noyes agreed with Puckett that easements should be filed on future roads rather than withdrawals. Both Noyes and Puckett feel that every day elapsed before roads were shifted from withdrawals to easements increased the problem. Puckett suggested that they amend the terms of the withdrawals so that it would be in effect an easement withdrawal order. Warne pointed out that you can make withdrawals and survey the road later, whereas with easements you must have a survey. Warne felt that protection was definitely needed along most rights of ways for roads and that since a survey is needed for easements, the withdrawal is the only method that could give protection in the absence of a survey. If a road is changed before it is surveyed, you take the survey and file a plat of relocation and this plat stands as the withdrawal. Warne said that any roads which had not been included in the withdrawal order could probably be handled with easements, but was certainly against changing present withdrawals to easements. While no vote was taken, Warne's suggestion appeared satisfactory to the committee, and Noyes was asked to file survey plats as soon as possible even to the extent of stepping up his survey program.

14. Legislation Pertaining to Alaska

Warne gave a brief report on Alaska legislation. The bills which have been already enacted into law are as follows:

- P.L. 49 To amend Act to review the Alaska Game Law pertaining to residences.
- P.L. 52 Authorization of housing program for Alaska
- P.L. 105 To authorize construction of public buildings outside D. C.
- P.L. 180 Extension of Civil Service Retirement Act to ARR employees
- P.L. 264 Authorization of public works program in Alaska
- P.L. 258 Providing transportation on Canadian vessels from Skagway, Haines, and Hyder to other points in Alaska
- P.L. 275 Authorization of Public Sale of Plant Sites where necessary in order to aid development
- P.L. 343 Making appropriations to supply deficiencies for the fiscal year ending June 30, 1950, which will facilitate construction of housing in Alaska, allowing 10 million from authorized 15 million.

Public Laws 52, 258, 264, 275 and 343 were actively supported by the field committee. All other legislation is either pending in Congress or has not yet been introduced. The bills considered of prime concern to the Department's six year program are statehood, the land settlement bill, a bill to settle and extinguish native claims, the development corporation bill, the Eklutna power bill and a bill to authorize a hydroelectric power program in Alaska.

15. Miscellaneous Committee Actions(A) Legal Counsel for Interior Dept. in Alaska

The Alaska Field Committee had previously requested, and reaffirmed, its desire for an attorney to handle legal matters for all agencies of the Department not already adequately provided with legal service. The committee went on record to the effect that the Secretary should be asked to provide such a man, allocating the expenses between the bureaus which would utilize his services. He would serve only Juneau bureaus since the Bureau of Land Management and Alaska Railroad both have legal counsel. The Chairman of the field committee was asked to budget this activity as an item of the Alaska Field Staff, from which office the attorney would operate.

(B) Townsite Planner for Bureau of Land Management

In connection with a discussion of townsites, Warne and Puckett exchanged views about the advisability of adding a townsite planner to the BLM staff who would not only lay out the plans but also supervise development of townsites. It was agreed that such an individual was needed and that Puckett would take the necessary steps to obtain him. In any event, Puckett is to remain townsite trustee.

(C) Planning Requests

Several members complained that during the course of the year, there was too much time spent on various requests for planning. They referred to the recent requests in connection with the President's shelf program. Warne stated that the Department's basic planning pattern was the committee's six year report; that needs for adjustments within bureaus, either up or down, should be met by either slowing down the development program outlined or speeding it up as the case may require. Certainly the President's shelf program requirements could and should be met in this manner. The committee concurred.

The meeting of the Field Committee adjourned at 1:00 PM on September 23, 1949.

In the afternoon, Warne and Kadow and others met with a committee representing non-scheduled airlines and bush pilot operators. The committee was composed of Territorial Senator Frank Barr and Mr. Hubbard. After listening to the presentation of their case, Sec. Warne agreed to take the matter up with CAB upon his return to Washington. A telegram was dispatched immediately asking CAB to hold up further suspensions of non-scheduled carriers until Mr. Warne arrived there. Mr. Paul Greiman and John Prouty of the Alaska Coachways presented a discussion of the difficulties created for their operation by the military bus service in Fairbanks and vicinity. Mr. Warne and Mr. Kadow agreed to take the matter up with the military in Anchorage and do everything in their power to find a solution to this very serious problem.

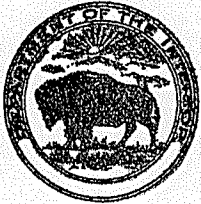
OFFICE OF
THE SECRETARY OF THE INTERIOR

September 30, 1949

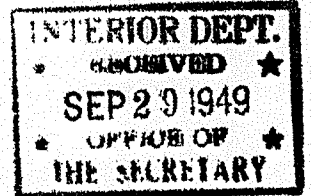
1. ~~Secretary Knug~~ ✓
2. ~~Under Secretary Chapman~~
3. Director Davis,
Territories & Island Possessions.

INTERIOR DEPT.
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TERRITORIES

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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
ALASKA FIELD STAFF
JUNEAU, ALASKA



September 23, 1949

Honorable Julius Krug
Secretary of the Interior
Washington 25, D. C.

Dear Secretary Krug:

Subject: Alaska Coachways Problem

*9-1-49
Minutes
7 Meetings*

I was distressed at the situation of the Alaska Coachways. A transcription of the record of my meeting on this subject which was held here at Mt. McKinley Park is attached.

Colonel Noyes feels that the Coachways long distance operation is essential, and I agree with him. I think we all feel that the long distance operation over the highway is impractical unless the Coachways can handle the business near Fairbanks. The unexplained competition by free military buses is causing acute financial problems to the Coachways. I expect to discuss this matter with General Twining in Anchorage in a few days. I am sending you this record believing that you might have an opportunity to talk to some of the high brass in the Defense or Air Force Departments in the interim.

It seems to me that the least the military could have done would have been to hire the Coachways to operate the free bus service if it determined that free buses were important to the military. This is much like the situation in which the military demands operation of the Alaska Railroad on a high standard and then diverts much of its traffic over trucks because it is cheaper, maintaining hold on the Whittier port and forcing the Railroad to use the more expensive Seward connection.

I hope also to discuss with General Twining the use of Whittier for some purposes by the Railroad. Colonel Johnson feels awfully and increasingly strongly about this matter.

Sincerely yours,

William E. Warne

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Assistant Secretary



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W W
William E. Warne
Assistant Secretary

Winley Park, Alaska
September 23, 1949

SUBJECT: Meeting between representatives of non-scheduled airlines, Alaska Coachways and The Alaska Field Committee - September 23, 1949

Mr. Kadow: We have here with us this afternoon some gentlemen representing the independent airlines and also the Alaska Coachways. I would like to have Senator Barr - are you spokesman for the group, Senator?

Senator Barr: There are two of us here independently - Mr. Hubbard and myself.

Mr. Kadow: Well, do you want to present your case?

Senator Barr: Yes, I'll do so. My name is Frank Barr. I have lived in Alaska 17 years and have been flying for 23 years. I am also a Territorial Senator from the Fourth Division, and right now I am employed by Alaska Airlines, but I am not speaking for Alaska Airlines. I am a very minor official of the company - I am station manager at Fairbanks. I don't even know the details of the company's dealings with the CAB. I would like to testify rather as a resident of Alaska and as one who knows the flying game up here. I was operating my own airplane in 1938 out of Fairbanks when the CAB wasn't here. At that time there was more passenger miles flown in Alaska than any country in the world, and although the population was smaller and less business generally, the air transportation industry was going ahead by leaps and bounds -- all without benefit of the CAB. When the CAB moved in, of course most of us were small operators and we didn't know what it meant. I applied for a certificate. I owned one airplane at the time and practically no capital, and I had operated for six years and had never broken any laws nor hurt any passengers. I was then supplying the miners, prospectors around the country and providing the transportation into small airports and villages and mining communities. They had a hearing in Fairbanks and made recommendations - the examiner did. Of course, these examiners were from Washington. They didn't know any of our local conditions although Mr. S ----(?) at that time seemed very fair and was very willing to listen to anything. Two years later we had another hearing and within that 2 years the whole picture had changed. There were mining communities that had closed down and new ones sprung up in other localities, some of these smaller operators were no longer operating and there were others in the business. At the end of the second hearing, I was denied a certificate. I am not complaining about that. I didn't approve of what they were doing because there were others who wished to continue in the business. There have been several occasions where the CAB has denied a man a certificate when it would have been a benefit to the residents of the communities.

For one thing, I think it has curtailed competition by awarding certificates. I believe in competition myself. If the strongest man wins out, he's the best man and should be operating. Of course, if a man builds up a business, he should also be protected somehow. I have no quarrel with that idea. But there is a case I would like to point out to you. After the war, there were a great many G.I.'s who bought airplanes and started hauling cargo from Seattle to Alaska. The thing that has held Alaska back is high transportation costs. At that time we had a large air carrier - the only scheduled air carrier operating into Alaska - and that was Pan American Airways. That's one of the largest and, I would say, one of the best. But they didn't have the inner foresight enough to work up this cargo business. I don't believe that they thought it was there, or that it had any possibility. But when these independents started

carrying cargo in here, they were amazed. They tried to get in on it too, and they have. They are now carrying a great deal of cargo, but still the independents are carrying a great deal. There is room for it. I believe that they should be allowed to operate as long as they operate properly and operate safe equipment with competent personnel. And a great many of them do. I don't see any reason why one outfit should be allowed to operate because it is a large outfit and has a lot of capital when there are opportunities for others. The whole system of our way of life has been based on free competition and when it gets to be so that a small man can't become a big man, it's time to move out of the country and try a new one. Now, I don't say that irresponsible persons should be allowed to move in on a well established business and do enough business to take the profit away from the established man and then go out of business again. That doesn't make sense.

Our main quarrel with the CAB up here is that they are not acquainted with Alaska, the people, our way of doing business, or with our local conditions. For instance, practically all industries up here are highly seasonal. That goes for everything - from fishing, to mining, to agriculture to trapping. You can tell a man in Washington that but he doesn't realize how much that is true. It is not only seasonal but it changes from time to time. As I say, these mining camps spring up or die down. If a man is given a certificate to operate on a certain line, one stop on that line may become a liability later on. There may be another community that he would like to operate into and he has to go into the expenses of having a hearing as to services necessary into that point and all that and it's quite a handicap. It's a greater handicap to a small operator. Whenever he applies for a certificate and has a hearing, he has to have attorneys and prepare briefs and it takes a lot of time to get anywhere. And he usually doesn't get anywhere. But suppose he does and he is given a certificate, then everytime someone else contests his right to that certificate, or wants to move in on him, he has to hire another attorney, attend another hearing and it goes on and on.

Now, in a general way, of course I'm against having a CAB, but we will always have a CAB so I am not asking anybody to abolish it. But if we are going to have one, I don't think that - there is so much red tape and restrictions on the airline industry, it's a hamper. The CAB should help it and it hasn't helped it in Alaska. As far as the Alaska Airlines is concerned, as I said, I don't know too much about the details. All I do know is the general picture. The Alaska Airlines is an Alaskan outfit. It does have some outside capital, however. We operate scheduled airlines from Anchorage to Fairbanks, Anchorage to Nome, Naknek and Bethel and non-schedule service to Seattle, once in awhile - with the permission of the CAB - it's spasmodic - and we also operate a great many small bush planes serving small communities. And those bush planes are quite a large item in the industry and they are very necessary. The people outside, I don't believe, would understand that. But these people in the outlying districts are the customers that eventually get out to the mainland. They are the customers rather, the people, of Alaska; they are the people for which the conveniences should be provided. Now, the Alaska Airlines has large and small equipment; they have DC-4's, 4-engine mainliners, 2-engine liners and all these small planes. But they have never been given anything by the CAB. Meanwhile the Northwest Airlines moved in, and several other large outfits. It seems to be - just to look at it on the surface, that it's the continuation of the old policy that people from the United States should come into Alaska and get what they can and get out, and the people who live here shouldn't be allowed to do anything. They are just like Indians on a reservation.

John R. Nichols: Well, what does this have to do with the Department of the Interior? I am in the dark.

Warne: Well, they wanted to come and discuss the matter with us in the hopes that it would be possible, as we are discussing general problems relating to the development of Alaska, for us at least to reflect a proper attitude in connection with this problem if it comes up within our province. The Interior Department has on several occasions made suggestions to the CAB with regard to Alaska.

Barr: Well, the main thing that we would like to see is if the Dept. of Interior could point out to the Board that things are different up here and we should be given special consideration on certain points. The CAB loses sight of the fact that the people up here are widely distributed; the country is made up of small villages and mining camps, and that they must get service the same as people in the larger towns. I don't believe they take that into consideration. We have a case here recently of the Beyer's Airways being denied a mail pay. Now this Beyer's Airways is a very small outfit with two or three smaller planes and they fly from Fairbanks to Manley Hot Springs to Tanana. That is the bulk of their business. But around Manley Hot Springs there a lot of small mining camps. They depend on the Beyer's Air Service to bring them their mail, bring them food, land on these very small airports out where the larger planes can't land, and if a man needs some medicine in a hurry, why Beyer's will bring it to him. But from the Washington viewpoint, there is another airline going over these two stops and continuing on to Ruby, Galena, etc. and they would like to make it one main line. And that main line does give mail service to Manley Hot Spring and Tanana, but these people out in the bushes would be left out in the cold. The Beyer's Airways then would lose enough of their operating profit or income so that they couldn't operate.

Warne: How many of these feeder lines have been certificated?

Barr: Well, as I said, I can't tell you many details but on the bush line, we don't have a certificate, we are given an area to operate in - like the 40-Mile Area to the east of Fairbanks and north to the Koyukuk Country - That's Bettles etc - but they are not scheduled airlines and they are not certificated as a scheduled airline.

Warne: Then you have a certificate to operate in a certain area?

Barr: That's right, yes.

Warne: To do bush operations there.

Sundborg: I think there are 8 or 10, Bill.

Warne: That have been certificated?

Sundborg: Yes.

Warne: There's Wein, and Alaska Northern Consolidated, Reeve - then behind that group which were the bush pilots of 13 years ago - many of them - you got these additional bush operations. Is that right?

Barr: Well, the present bush operation is the development of past independent operators - the barn-stormers, you might call them.

Warne: Yes -

Barr: Now these companies - many of them have consolidated - like Northern Consolidated Airlines - several of them went together and now they have a certificate to serve these small groups here but they still operate the bush planes, yes.

Warne: Well, what I was trying to find out, what is the area of conflict between the area of certification and the uncertified bush pilots.

Barr: Well, the greatest conflict is between the CAB and non-schedule operators - the ones flying between here and Seattle - especially on cargo planes. As far as the bush flying is concerned, there isn't a great deal of conflict except the CAB doesn't know the conditions and they don't look out for the interests of the public, in the outlying communities. They don't care whether they are served or not.

Warne: Well, that's what I'm trying to find out - how that is evidenced in the actions of the CAB.

Barr: Well, the Beyer's case is a very good one.

Warne: Yes, there was Beyer's. He had a little area around Manley Hot Springs that he was serving and no other bush pilot was serving - is that right?

Barr: Yes.

Warne: And the Northern Consolidated didn't propose to take over that area/simply to take over the two main stops - but

Barr: And there are many cases now - I believe in a certain area there ought to be two operators allowed - and there are in certain cases - and in others, there aren't. In South Eastern Alaska there are two outfits there - one in Juneau and one in Ketchikan, who do all of the business. They have a good thing; but I don't believe it is to the best interest of the public.

Warne: Now, that is Ellis and who else?

Barr: Alaska Coastal.

Warne: Alaska Coastal - do they serve all those 19 intermediate villages?

Barr: I believe they are attempting to serve the whole territory, yes. I don't know how well they are doing it. I haven't been there since 1938, of course. There is no competition in that run though because actually the two of them - while they are separate companies, they have got their heads together and their prices and everything else reflects that.

Sundborg: And others have tried to get into business down there but were stopped by the CAB.

Kadow: Well, exactly what, Senator, do you think we can do with this besides recommend a hearing or something.

Barr: I don't know what you can do except that any time you have occasion to talk to the Board, you can impress on them the fact that this country up here is different than the United States and the same standards don't apply.

Warne: I can really appreciate that - here in Alaska the airplane - the bush plane really is the instrument that is developing the frontier - you don't have roads, you don't even have trails the year around open, you don't have railroads, the pony express or any of the things that make possible the opening of the rest, but the only substitute is the airplane and that is a very effective substitute, too. They carry mail and people and without heavy investment in rights of way, it can reach isolated and widely scattered communities. I understand that. Now - how best, what is it that the CAB is doing which I should know that tends to circumscribe the usefulness of the airplane -

Barr: As far as I can see, the CAB wants large companies with large equipment to take over most of the airlines.

Warne: Well, is that entirely fair? The CAB will never be able to understand that the Northern Consolidated is a large company - you see -

Barr: No, I don't say that in every case they have given a certificate to a large company in preference to a small one, but that seems to be the tendency. They not only want a man operating who has the equipment and experience, but it is also, or seems to be mandatory, that he have a large bank account or resources to draw from. Well, that is alright on a large airline, he should have large resources in order to not fail in business.

Warne: Well, when they talk about airlines down in the States, they talk about United, which is as big as the Union Pacific Railroad, or they are talking about American. That talk about small independent airlines down there like Capital, that serves half of the Eastern Seaboard.

Barr: Yes, and a small independent airline up here is a man with four airplanes or three airplanes, but if he has plenty of experience and has proven in the past, there is no reason why he can't carry on - he may become a bigger one.

Warne: Well, I'm trying to find out is whether it could be possible that they think they are dealing exactly like you're suggesting when they certificate the Alaska Airlines, and Sig Wein, and Bob Reeves, and Consolidated Northern, and Bob Ellis, for these what to them seem like very small operations. Now what you're saying is that really that kind of air operation up here is a whole field of bush pilots operations that are being stifled because the need for relatively small areas and very, very small operations are not recognized. Is that a fact?

Barr: That's true - that's true of bush flying and then in operation of larger planes like the DC-3, these independent cargo carriers between here and Seattle - they should be allowed to operate if they have the proper equipment and experience. They are the ones who started to carry cargo.

Warne: Well, the non-schedules are in sort of a bad odor as a result of several bad accidents in recent months.

Barr: That has nothing to do, as far as I can see, with the economic regulations of the CAB - Now the CAA is an entirely different outfit as far as the operators are concerned. We don't have any quarrel with them. They inspect our equipment and pilots - give them examination ratings etc., and in my 17 years up here, I have never had any quarrel with them. They are necessary and they are doing a good job.

Sundborg: Would you say that it is just the same, Frank, whether an airline is a non-sched or a certificated airlines as far as the CAA is concerned?

Barr: Well, no, they are stricter on the scheduled airlines - no, wait a minute - recently they tightened up their regulations on the non-scheds. Now Mr. Hubbard here knows more about that than I do.

Warne: Well, now the bush pilots, they are under CAA inspection, aren't they.

Barr: Yes, but there are certain safety requirements that they have to conform to but some of them aren't so strict. They don't have to carry the same kind of radio equipment, they don't have to fly multi-engine planes in certain places, all sorts of

Barr (continued) things as long as you fly in the daytime the pilots don't have to have an instrument rating and that sort of thing.

Now, there is one thing I want to mention to you. Of course you are hearing this from airplane people, but we are talking about what the public needs. In this last session of the Territorial legislature at Juneau, there was a Memorial written up and sent to Congress. Briefly, it asked that the CAB be withdrawn from Alaska for its activities be curtailed so as not to hamper the airplane industry. Now in the legislature there were two members - there are 16 Senators and 24 representatives - there were two members there connected with the airplane industry. The rest of them were dentists, miners, lawyers, a furniture store man, and 2 or 3 Eskimos.

Warne: 3 Eskimos.

Barr: Now to give you an idea of what the public thought of that ^{that} Memorial passed the Senate unanimously, and it passed the House 23 to 1, so you can see that the general public up here doesn't see eye to eye with the CAB either.

Sundborg: I think the whole thing can be summed up by saying what we object to is that CAB is attempting to apply to the Territory its standards and procedures that it has developed down in the States, and which really are not applicable up here and never can be - and they are doing it without any discrimination at all.

Warne: Well, these procedures that they apply which are not applicable, that is what I am trying to isolate here - what are they?

Sundborg: Well, what Frank was trying to describe was that the operator has to make a showing of so much capital and of equipment and so on which he just is never going to have in these small operations. I don't think there has ever been a member of CAB in Alaska, has there, Frank?

Warne: Yes. There was one, but he retired immediately thereafter.

Barr: Now - Mr S ____ (?) when he came up here he was new to the game but he remained a long while and he then retired and his last recommendation was on this Beyer's case. He was here long enough to know Alaska and learn about the conditions and that's the reason he made that recommendation. But the Board just passed it over.

Foster: Does CAB, Frank, determine who carries the mail?

Barr: Yes, no one can carry the mail who doesn't have a certificate for that particular run.

Warne: Does some of you other gentlemen have some additional information to add?

Barr: Well, Mr. Hubbard here can tell you about his own case.

Hubbard: Gentlemen, my name is Hubbard and I'm with the Arctic Pacific Airlines. We are a non-sched airlines. We operate between Seattle and Fairbanks for the most part but we have operated to the East Coast and down into Texas, on a few occasions. Now then, we are about - when I say we I am now talking about other non-scheds - and not just us - we are about to be put out of business completely by the CAB - and there's no fooling about it either. We started out to carry freight - and freight alone - up the coast to Fairbanks because there was need for it. I am a resident of Fairbanks and have been all over the country and in the

Hubbard (continued) airline business in one way or another, as an employee and so on, since 1937 in Alaska.

We started to carry cargo. There became a rate war, precipitated by the scheduled airlines, and we withdrew and operated to the East Coast for a little while until it settled down. Believe it or not it settled down from something like .64 to .15 a pound. Now then, we thought if the scheduled lines can operate for .15 a pound, why didn't they do it before, for one thing, and if they can, so can we. We are operating a C-46 and lease others if we need them. It carries a 10,000 lbs of freight up the Coast, with one stop, in about 8 hours flying time. Well, we tried it for .15 a lb. From the 31st of March to the first of June, rather the 31st of June, we found that we lost \$9,000.00, that we didn't have ourselves. We immediately raised our rates back up to .18 a lb with certain minimum charges which are higher. Now then, that was .03 a lb higher on most of the cargo than the scheduled airlines. At the same time, we set a passenger rate outgoing because there was no return freight and because the income rates had been made so low that we cannot operate a one-way haul. The passenger rate is a second-class rate. The airplane isn't even upholstered, but it has comfortable seats, it's warm and they have their lunch - and that's all. Now then, we have been able to operate successfully at those rates. We are carrying, at the present time, into Fairbanks, about 30,000 lbs of primary freight a week. The CAB says that's against the law, and they are right. They made the law. It wasn't against the law. They said we should be irregular and non-scheduled. Now we attempted to do that. We went to the East coast and Texas and flew for intervening periods to break it up. We found that our business increased to the point where if we miss a flight up the coast, our warehouse becomes flooded with primary freight and the people need it. Now what are you going to do about that? We can't leave it.

For instance, a farmer in Fairbanks came to us the other day, with tears in his eyes, and said: "My potato digger is broken", and he brought us some samples of what was broken. "Can you get me a new one. A new part?" So we wired to Seattle and there were none in Seattle, but our organization went out to a little town named Auburn and found the parts for the potato digger and brought them back, and the farmer dug his potatoes. Now he met the plane when it came in, too. Now the scheduled airlines won't go to that much trouble. We are doing it every day. We have that sort of thing for us every trip - lots of it.

We are hauling Sears and Roebuck freight in at the present time at the rate of about 1500 to 3,000 lbs a day. Now then, they asked us to haul their freight to Ketchikan and Juneau. We can't. We are already breaking the CAB's frequency regulations and we would just simply further break them, you see. Frankly, we don't know what to do. They wrote us a letter the other day and requested an answer within ten days. And what are we going to do about our frequencies. If we don't answer, they'll suspend our registration; if we do answer and tell them the truth, they'll do it anyway.

Warne: Well, are you still charging .03 a lb. more than the scheduled airlines?

Hubbard: We are and we have lots of business. It's the service that we give that gets us the business. It's written in black and white that anything that we do that will lead the public to believe that we are a dependable carrier, it's plumb against the law. Now, we have applied - sometime ago they had hearings back in Washington - the main complaint was - "You non-scheds are back here crying and none of you have said what it is that you want." So - we went home and we applied for a certificate to carry freight on the Coast. Now they know what we want. However, we have applied for an exemption, and this has been quite a long time ago - months - and applied for an exemption for us to go ahead and operate until such time as they will consider our application for certificate, and gentlemen, they have found time to go into these other matters and give us a bad time, but they will not consider our application for

Hubbard (continued) for an exemption or a certificate one way or another. And I'm mad about it.

Warne: In your application for a certificate, did you ask for a coach type of back-haul?

Hubbard: Yes, I believe we did. It's been so long ago, I would have to read it over to be sure. That's a fact; I have a copy of it in Fairbanks and should have brought it along.

Warne: You applied for freight up the coast and coach second-class passenger service back.

Hubbard: That's right.

Warne: Any of you other gentlemen got something to add?

Barr: We have a gentlemen here from the Coachways, but I would like to make one or two more remarks. One thing that makes us so unhappy with the CAB is the fact that they act as policemen, judge, jury and hangman all at once. They tell you what to do and if you break the law, they have a hearing and they fine you. In other words, it's a government within a government, and that doesn't seem quite right. Another thing, they can explain anything. They are so bound up in red tape and technicalities that they can prove anything - if they go far enough in the books. There are a few basic things that just don't agree with their reasoning. For instance, I operated for six years and there is no reason why I should have been put out of business. They had reasons; they had regulations. One thing was that I didn't serve a certain area continuously. Of course, at that time, no one did - we were just barnstormers up here, so I was put out of business. Now according to their regulations, I could have been and should have been. Now when you get down to fundamentals, why should you put any man out of business when he has been doing it for years and not breaking the law, and saying - "Now you can't do that anymore; somebody else can do it." I can't see that.

Well, another thing, as Mr. Hubbard pointed out, they will allow a man to go into business on a non-sched basis and he can make so many trips. But suppose he is a man that's on the ball and could become a big outfit by operating in a safe and businesslike manner. They won't let him expand; they won't let him make more than three trips a month. They won't even let him tell the public that he's a dependable carrier. He has to advertise and say that he gives irregular, non-scheduled, spasmodic service.

Foster: Well, I think the Senator has got a point about some of these activities, Mr. Secretary. Down in Southeast Alaska, as George knows pretty well, one case that doesn't look like it is exactly cricket. The Totem Airlines - GI boys who have an old PBY - fixed it up and was running a non-sched from Sitka to Seattle, and they started out on a shoestring, and of course the development of that institution of ours appeared into their business, and also during the time we had these long, prolonged marine strikes, they were a lot of value to those people down there in that community, and they got their financial legs under them and they have done pretty well. They also carry passengers on a second rate basis like these boys did. Pretty close to same schedule prices as Pan Am, wasn't it, George?

Sundborg: Yes, but it's a direct service. You don't have to go through Juneau.

Foster: Yes, it's a direct service. You don't have to go through Juneau - you go from Sitka to Seattle without stop. Alright, now all of a sudden, Pan American