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Annual Report

OF THE GOVERNOR OF THE VIRGIN ISLANDS
TO THE SECRETARY OF THE INTERIOR

1945

ANNUAL REPORT

OF THE GOVERNOR OF

THE VIRGIN ISLANDS

TO THE SECRETARY OF THE INTERIOR



FISCAL YEAR ENDED JUNE 30 1945

UNITED STATES DEPARTMENT OF THE INTERIOR

Harold L. Ickes, Secretary

TERRITORY OF THE VIRGIN ISLANDS

Charles Harwood, Governor

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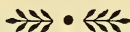
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Annual Report of the Governor of the Virgin Islands

CHARLES HARWOOD, *Governor*



This year, as the global war moved swiftly and inexorably to its close, Virgin Islanders turned their thoughts to the cushioning of their economy against the inevitable shock of postwar unemployment and possible effects of internal as well as external retrogression.

With the conclusion of World War II, it can now be said authoritatively that the price which the United States paid for the islands has been more than adequately repaid by the strategic value of the islands as the keystone of the arch protecting the Caribbean Sea approaches to the Panama Canal. The extensive military preparations and investments made here in the early days of the war against Germany indicated the view which military experts took of the importance of the islands in the general plan of hemispheric defense.

The postwar program for the Virgin Islands has centered around the projected construction of public works, health and sanitation facilities for which Congress, by Public Law 510 approved December 20, 1944, authorized appropriations totaling 10 million dollars. New hospital facilities, sanitation and fire protection, sewer and water systems, sewage treatment and disposal, water supply facilities, schools and educational buildings, water-front improvements, highways, roads and streets, recreational facilities, telephone and radio communication, malaria control, and slaughterhouse and market facilities, are included in this five year program authorized to be constructed by the Federal Works Agency. An initial appropriation was made for plans and specifications. Actual construction appropriations were withheld because of the war necessity of conserving critical materials, but it is expected that an appropriation of the first 2 million dollars will be made within the next few months permitting construction to begin early in 1946.

ECONOMIC SITUATION

The economic future of the island of St. Thomas, an excellent bunkering port, must of necessity continue to revolve around the

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activities of its harbor and upon its natural beauty and attractions for tourists and winter residents. Some of the effects of the temporarily disrupted harbor business in St. Thomas incident to the war were offset in the past 2 years by improvements in the island's economy due to the suddenly expanded liquor business. Recently the harbor of Charlotte Amalie began to show signs of a recurrence of its once healthy activity as neutral ships again were permitted to call here for bunkers.

A hint of what postwar tourism might mean to the economy of the islands has been given by the increasing use of the recreational facilities of the island of St. Thomas, in recent months, by the Army as a rest and recreation area for short furloughs of GIs from nearby bases. Our limited hotel facilities were overtaxed, indicating the imperative need for additional hotels before any concentrated emphasis is placed on advertising the islands as a postwar resort. It is doubtful, however, if American capital can be persuaded to invest until there is proof of the willingness of local capital to assist.

A tremendous advance for the islands was the recent merging of a Puerto Rican air line, servicing the Virgin Islands and Puerto Rico, with one of the large national air lines bringing new, modern, and fast air equipment to the Islands, as well as the recent extension of daily air service from the mainland to the island of St. Thomas by another American air line. The tourist possibilities thus opened are vast.

Here, as possibly in no other place under the American flag, Americans seeking relief from sweltering summers and zero weather may find perpetual sunshine, equable climate, good beaches, excellent sport fishing, horseback riding on mountain trails with unsurpassed views, and may live in substantial comfort among a friendly, law-abiding, and intelligent people.

As for centuries past, the economic story of the island of St. Croix still revolves around the growing and processing of sugarcane even though the cane acreage of the island is now less than one-third of what it was in the island's heyday. Literally a drop in the bucket of the world's sugar market, St. Croix this year produced 4,040 tons of raw sugar, while 3,200 tons of cane were processed for rum. And this—the major economic factor of the island of St. Croix—is perennially handicapped by lack of rainfall, marginal low-yield land, and sugar prices.

The Virgin Islands Co., operating St. Croix' only sugar mill and 1 of its 2 distilleries, continues to be the substance as well as the nucleus of the island's economic life. It provides wage employment in field and factory and self-employment by its processing of cane for over 500 small farmers. For a quarter of a century, sugar has been a losing business in St. Croix, but in 1944 the Virgin Islands Co. was able to balance out a decade of losses in sugar by unusual profits on rum. It

has been and is a project affording the employment and facilities and public services which private enterprises were unable to continue and which no one would undertake.

FISCAL

For the fourth successive fiscal year the municipality of St. Thomas and St. John operated without a Federal deficit appropriation. On June 30, 1945, the treasury of the municipality of St. Thomas and St. John showed a revenue surplus of \$104,919.71. Conversely, the municipality of St. Croix operated with a Federal deficit appropriation of \$100,000. Of this amount, approximately \$51,000 was unexpended as of June 30, 1945.

The municipality of St. Thomas and St. John.—The actual revenues of the municipality of St. Thomas and St. John amounted to \$1,257,416.53, including \$112,151.97 transferred from surplus funds of the preceding year, and \$7,200 from the operating fund of the St. Thomas Virgin Islands lottery. The comparable figure for the fiscal year ended June 30, 1944, was \$1,617,705.36. Thus, total income in the fiscal year 1945 showed a decrease under the preceding year's income of 22.27 percent.

Income-tax collections at \$941,090.47 reflected a decrease of 27.35 percent when compared with the amount of \$1,295,380.50 collected in the preceding fiscal year. Real property taxes yielded \$63,902.63, as compared with \$56,825.28 in the preceding year, an increase of 12.45 percent. Gasoline taxes and automobile license fees were \$17,803.37 compared with \$17,823.24 in 1944, a decrease of 0.11 percent. Customs revenues yielded \$12,900 compared with \$39,800 in 1944, a decrease of 67.59 percent. Pilotage fees decreased 2.5 percent from \$4,587.57 in 1944, to \$4,470.22 in 1945.

Revenues from income tax and customs dues reflected the tapering down of rum sales to the United States, a general slump in local business due to the curtailment of military projects and other public-works programs; and a decrease in shipping activities due to war conditions.

The budget for this municipality carried total appropriations of \$1,152,496.82. Major departmental appropriations were: Public works and fire, \$310,013.23; education, \$191,680; municipal hospital, \$128,428.75; police and prison, \$63,912.50; the legislature, \$38,700; sanitation service, \$26,800.03; social welfare, \$78,055; and harbor, \$27,800.

The municipality of St. Croix.—The revenues of the municipality of St. Croix amounted to \$515,383.28, compared with \$262,684.89 in the preceding year, an increase of 96.20 percent. Income-tax collections were \$391,075.63, as compared with \$114,836.45 in 1944, an increase of 240.55 percent. Real-property taxes yielded \$53,660.06, and in 1944, \$48,358.86, an increase of 10.96 percent.

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The budget for this municipality carried total appropriations of \$589,558, of which local revenues were estimated at \$489,558, and a Federal appropriation of \$100,000. Major departmental appropriations were: Public works, \$134,764; education, \$78,249; police and prison, \$50,843; Christiansted Hospital, \$40,662; Frederiksted Hospital, \$33,882; the Kingshill Home, \$29,950; the legislature, \$13,610; and the sanitation service, \$11,148.

Of the Federal appropriation of \$100,000 for defraying the deficit of the municipality of St. Croix for the fiscal year 1945, approximately \$51,000 has not been expended and will be returned to the Treasury of the United States as an unobligated balance of the said appropriation. This unexpected situation is due to an unprecedented increase in income taxes from the rum industry during the fiscal year 1945. As the deficit appropriation is not considered to be an outright grant to the municipal government, and is accountable to the Comptroller General of the United States in the same manner as all other direct Federal appropriations, it is held that when local revenues exceed, as they did in 1945, the normal operating requirements of the municipal government, the resulting saving in the Federal deficit appropriation does not belong to the municipal government, and is to be returned to the United States.

The wide variation in revenues of the municipality of St. Croix for the years 1944 and 1945 was due almost entirely to a corresponding rise and fall of income taxes from the rum industry, as predicted in last year's annual report, this unusual revenue resulting as it did from increased distilleries' profits could not be counted upon as a stable source of future revenue. Prices and profits dropped suddenly and precipitously when, by reason of the so-called "whisky holidays" the distillation of beverage spirits was permitted by continental producers.

The Virgin Islands Co., which had lost \$300,000 up to 1944, made a profit of over \$700,000 in that year, and paid an income tax of \$207,000 to the municipal treasury of St. Croix in 1945. Yet the municipality of St. Croix faces total budgetary collapse in the coming fiscal year because of the withdrawal of a Federal deficit appropriation based on the previous year's prosperity when, in fact, the Virgin Islands Co. will pay only about \$14,000 in income taxes in 1946, as it shipped no rum after the first week of July 1944.

In St. Croix, long-neglected municipal services were greatly improved during the year under review. Meager municipal salaries were increased. They are, however, still below the level of comparable positions in Federal agencies and lower than salaries in St. Thomas. Maintenance appropriations of all departments were increased in 1945 due to the additional funds made available as a result of the large income tax paid by the Virgin Islands Co.

The Congress disapproved a Federal deficit appropriation for the coming fiscal year, apparently due to the temporary prosperity which

the municipality enjoyed in the fiscal year 1945. As a result of this action, the municipal treasury of St. Croix faces a deficit of \$152,000 in 1946, unless a deficiency appropriation is passed in the near future. The administration of the government of the Virgin Islands is convinced that community services in St. Croix are still far below a decent minimum, and that any further reduction in expenses cannot be made without impairing the already inadequate health, sanitation, educational, and relief services of the municipal government. No factor can be found at this time to relieve the picture of the continued dependence of the island of St. Croix on Federal assistance.

PUBLIC WORKS DEPARTMENT

Due to the continuation of the war emergency, the public works department confined itself to the accomplishment of work which could be done with materials obtainable here and in Puerto Rico. The construction of water supply units, under a Federal Works Agency appropriation, was completed with the exception of protective fencing and piping. Eleven new water supply units were completed. The present water storage capacity of the public supply units totals 3,483,000 gallons. Completion of work now underway would assure a water supply of over 3½ million gallons for use of the general public. Several new roads were constructed, others were widened and improved. A series of masonry steps were also completed. Drainage gutters were cleaned, paved, and reconstructed.

Following up the preparation and revision of preliminary estimates covering various projects for the development of the islands, under the 10 million dollar bill passed by Congress, the Department carried out various assignments in connection with studies being made on such projects as water supply facilities, electric power plant and distribution system, and sewage disposal. Experimental dams were constructed in accordance with instructions presented by consultant engineers of the Federal Works Agency.

In St. John the Department conducted extensive surveys in connection with the development of homesteads.

St. Croix was fortunate to receive an increase in appropriations, for this Department, from \$66,000 in 1944 to \$135,000. In addition to the ordinary maintenance of public structures, many of them were given thorough overhauling long needed, and such improvements as conditions required. Concrete gutters throughout both towns were repaired where needed, and more than a mile of additional drainage was installed. Much of the island's 110 miles of dirt roads was regraded; and the wharves and sea-walls received their share of attention to the extent of available funds.

POLICE AND PRISON DEPARTMENT

The director of police of St. Thomas reports that a total of 1,137 persons were arrested during the fiscal year ended June 30, 1945, as against 1,182 arrests in the preceding year. The major portion of these cases were for disorderly conduct, violations of the automobile ordinance, and other minor offenses.

The outstanding contribution in this fiscal year has been several lectures and demonstrations on police work given by officers of the Federal Bureau of Investigation.

The director of police of St. Croix reported that there were 154 cases filed with 129 convictions as against 237 cases filed and 212 convictions during the preceding year. The police department of St. Croix also received the benefit of lectures under the auspices of the Federal Bureau of Investigation.

POLICE COURT

The police judge of the municipality of St. Thomas and St. John reported that 1,019 persons were tried for criminal offenses during the year, the greater number of which were for violations of the automobile ordinance. This was a slight decrease under the preceding year when 1,122 persons were tried for criminal offenses. Fifteen persons were tried in St. John. In St. Croix, 320 criminal cases were tried, representing a decrease under last year's figure of 363 cases.

PUBLIC LIBRARIES

Adult and juvenile attendance and the circulation of books in the public libraries of both municipalities have been satisfactory, considering the limited space and books available. In St. Thomas, the juvenile department conducted its annual story hour activities. In St. Croix, increased appropriations permitted purchasing of a large number of books. In both municipalities the salaries paid are too low, in addition to the fact that both libraries are understaffed.

HARBOR DEPARTMENT

This year again reflected a very bad period in shipping, due to war regulations and other restrictions. A total of 204 vessels, with gross tonnage of 264,640, entered St. Thomas, of which 40 were United States Government owned ships with a gross tonnage of 68,709. Shipping, therefore, showed a slight increase compared with last year's figures of a total of 242 vessels with gross tonnage of 259,577.

THE MUNICIPAL MARKET

On April 1, 1945, the municipality of St. Thomas and St. John assumed, by virtue of a lease from the Virgin Islands Co., the operation of the modern cold-storage market erected here in 1942 by the Department of the Interior. A special fund of \$11,000 was set aside by the municipal council for financing its operation under the supervision of a board of management and a general manager. While it is too early to make any over-all statement with regard to the outlook of this institution, it is encouraging to note that the initial reports indicate that the operating loss sustained by the Virgin Islands Co. has been reduced.

EDUCATION

This year, as in the preceding year, education in the municipality of St. Thomas and St. John has enjoyed more adequate financial support. It has been possible to increase to some extent the staff of the elementary teachers in response to the increase in enrollment. While total expenditures have exceeded \$200,000 in contrast to \$50,000 for educational services in 1936, very few improvements have been made to school plants and equipment due to wartime restrictions.

Vocational training has continued to receive the support of the Government and facilities have been improved. A new temporary building is now under construction to provide space for motor mechanics and metal work.

In addition to the teacher-training program under the auspices of the Teachers' Institute, a plan has been adopted whereby four teachers of the public school system are to be released annually for study in the continental United States and Puerto Rico. Scholarships have been granted to these teachers to assist them in their expenses.

The adult education program has continued to receive gratifying response. Enrollment and attendance surpass that of preceding years.

The nursery school and school lunch system, which came under municipal management during the latter half of the preceding year upon termination of WPA operation, was continued throughout the school year, supported entirely by municipal funds except for Federal aid in the form of free commodities. Approximately 450 children were in daily average attendance at nursery school centers, and lunches were served to approximately 1,600 children daily.

The need of a new high school and certain elementary schools, in addition to the remodeling of certain existing schools, continue to be the greatest handicap to the program of education in this municipality. Present limitations of space have required the application of measures to restrict high school enrollments within the limits of maximum capac-

ity of classroom space. There is no prospect of extending the facilities of education until an extensive construction program of school building is launched. The only hope for the future is in the 10-million-dollar public works program for the Virgin Islands which has recently received favorable enabling legislation from Congress.

The municipality of St. Croix, through the unexpected increase in revenues, has been able to improve the substandard salaries of teachers. The school-lunch program and adult education were continued within the limits of average funds. The municipality of St. Croix, like the municipality of St. Thomas and St. John, is handicapped by the lack of suitable school buildings and equipment. A program of teacher training continues to include summer sessions and encouragement of teachers to take further studies in the continental United States and Puerto Rico.

HEALTH AND SANITATION

The commissioner of health in St. Thomas reported that the municipal slaughterhouses, nightsoil removal dump, and harbor pollution continue to be serious health hazards.

This year the legislative assembly enacted an inadequate ordinance to govern the production, inspection, and sale of milk. While it is better than no statute at all, it is hardly a means to safeguard the people of the islands from the ill effects of unsafe milk.

The legislative assembly also adopted an ordinance dealing with sanitary regulations for slaughterhouses and meat-selling places. This law required implementation by regulations. Such implementation was afforded in the municipality of St. Croix. In the municipality of St. Thomas and St. John the ordinance is still virtually useless because of the failure of the municipal council to adopt the necessary supplementary regulations.

The benefits of the United States Public Health Service grants have been extended to the Virgin Islands. Under these grants, public health nurses have been trained in special health work in continental United States. A photo-fluoroscopic outfit for mass chest pictures in the case-finding campaign against tuberculosis has been ordered. It is planned to send sanitation inspectors to Puerto Rico for training.

During the year under review, epidemics have been gratifyingly scarce, and the general health of the islands is good. Slight improvements were made in hospital buildings and facilities in St. Thomas.

In St. Croix, the general health standard was good. Work on tuberculosis control and venereal disease control was continued successfully with the assistance of the United States Public Health Service.

Considerable attention was devoted to the increasing incidence of murine typhus on the island of St. Thomas. The United States Public Health Service recommended a program of rat extermination for the

permanent reduction of rats. After a long delay, and appeals for further assistance to the United States Public Health Service, the municipal council of St. Thomas and St. John belatedly adopted an ordinance to protect the public health by controlling the spread of endemic typhus fever and authorized a fund of \$15,000 to finance its operation and the purchase of necessary materials. This ordinance generally provides that all business places in the city of Charlotte Amalie shall be ratproofed, freed of rats, and maintained in a ratproof and rat-free condition under the supervision of the department of health. Actual ratproofing is expected to commence in the fall of 1945 as soon as materials which have been ordered are received. The Public Health Service has stated that when endemic typhus fever breaks out in a community, its advance is not spectacular, but it advances like a steam roller and kills between 5 to 30 percent of its victims. Two cases were reported in St. Thomas in 1942, 8 cases in 1943, 23 cases with 1 death in 1944, and 7 cases up to June 30, 1945.

UNITED STATES PUBLIC HEALTH GRANTS

In keeping with the provisions of the Venereal Disease Control Act of 1938, the United States Public Health Service, Federal Security Agency, allocated the sum of \$14,000 for the support and expansion of the program to suppress venereal diseases in the Virgin Islands during the fiscal year 1945. The fight against these diseases has been waged since 1939 with regular annual Federal aid, each year bringing an increase in the appropriation.

Noteworthy projects out of these funds have been the enlarging and supplementing of the clinic rooms at the municipal hospital in St. Thomas to provide more space for examination and privacy, and the training of a supervising public health nurse for the municipality of St. Croix.

Under the provisions of subsection (b) of section 314 of the Public Health Service Act for the fiscal year 1945, the Virgin Islands likewise received the sum of \$4,025 for months of May and June, to be expended in the control of tuberculosis.

It is anticipated that a general health appropriation will be given in addition to the venereal disease and tuberculosis appropriations for the next fiscal year to initiate the training of sanitation inspectors and operate a program to eradicate endemic typhus fever.

DEPARTMENT OF SOCIAL WELFARE

Improved finances permitted this department to render more adequate assistance to the poor in the form of cash assistance, community grants, services of various kinds, and institutionalization of the aged.

In St. Thomas and St. John, cash aid to the poor increased from \$23,583.15 in the fiscal year 1944 to \$28,600.51 this year. In St. Croix, regular cash aid to the poor was increased from \$9,000 in the last fiscal year to \$15,000 this year. It is interesting to note that in the municipality of St. Croix, grants which were once made as low as \$1 per month were increased to a minimum of \$2.50 and distributed to more than 400 indigents; while in St. Thomas the comparable minimum grant is \$5 and is distributed to a similar number of unemployables.

In both municipalities there was a gratifying improvement in the social services, and especially in child welfare work. Approximately 20 juvenile delinquent boys were satisfactorily institutionalized under competent educational and social guidance. The boys' home was removed from its inadequate and remote quarters on the island of St. John to more commodious and satisfactory quarters on the island of St. Thomas, formerly occupied by the Civilian Conservation Corps and subsequently as an Army camp.

Community recreation was improved through the development of new programs, and the construction of new recreational facilities in St. Thomas. The municipal housing authorities in both municipalities submitted formal applications to the Federal Housing Authority for postwar low-rent housing projects, and it is hoped that these applications will meet with success in order to relieve the congested housing situation now existing.

The most serious problem throughout the year was that of unemployment. This situation was aggravated by the cessation of military projects, and the decline of private industries as a result of decreased rum shipments and general business decline. Some relief was afforded in both municipalities by the appropriation of funds by the municipal councils for employment on needed public works projects.

SELECTIVE SERVICE

By June 30, 1945, there were 688 inductees from the Virgin Islands in the armed forces. In most instances, their military pay plus allowances to dependents exceeded previous family incomes and constituted a substantial improvement in the islands' economy.

THE AGRICULTURAL STATION

The program of the agricultural station this year was retarded by personnel shortages. The director and the agronomist resigned during the year and have not yet been replaced. These vacancies left the already small staff considerably handicapped.

The Appropriations Committee of the House of Representatives

recently reported, in connection with the appropriation for the station for the next fiscal year, that there has been a marked improvement in conditions and change of policy. Research and experimental work has been eliminated and emphasis has been placed on that phase of agricultural extension work which is intended to give direct aid to farmers of the islands in an effort to improve farm practices.

The work of the extension agent in St. Croix involved visiting small farmers, distributing slips, assisting in the planning and laying out of garden plots, and giving instruction in planting, cultivation, and management. In St. Thomas, the agricultural station furnished advice and assistance to the local farmers and distributed seeds and slips. A program of poultry and livestock development was continued.

ST. JOHN

A catchment area and water-storage reservoir were built at one district on the island of St. John. Additional facilities of this character, for the purpose of obtaining increased water supplies for the people, are urgently needed in other districts. A homesteading program was established, and about 50 persons have taken advantage of the opportunity, and are working with enthusiasm to clear their lands and prepare them for habitation.

A home for delinquent boys was established in a remote section of the island in the early part of the fiscal year. Later the building was abandoned, and the boys were moved to St. Thomas. It is planned to use this building as a clinic in the coming fiscal year.

The general health of the island was satisfactory. Although there has been no outbreak of typhoid fever, 379 inoculations were given.

The administrator's office continued to encourage island-wide participation in projects such as the Boy Scout movement, study groups, branch libraries, and various national drives.

HOMESTEADS

On the island of St. Thomas, the municipal homestead commission surveyed and allocated 37 parcels or lots ranging, in the city area, from a minimum of 1,400 square feet to a maximum of 7,000 square feet, and in price from a minimum of \$10 to a maximum of \$25. In the rural area, the lots range from a minimum of 1 acre to a maximum of 6 acres, the minimum price being \$130 and the maximum \$530. Sixty-three additional plots were surveyed and subdivided, and are in the process of allocation to eligible applicants. All but 3 applicants paid cash for their plots.

On St. John, steady progress was made in the survey of 2 estates purchased for homesteading. Tentative allocations were made to

about 25 prospective homesteaders, most of whom have deposited approximately one-fifth of the total selling price. There will be approximately 150 house plots to be allocated on these estates. The St. John homesteads will range from a low of 2 acres to a high of 15 acres, or an average of 5 acres; with prices ranging from \$25 to \$375, or an average of approximately \$125.

PUBLIC UTILITIES

During the year under review, considerable attention was given to the major problem of electric light and power conversion as a postwar necessity. In St. Thomas, the electric current used is 220 volts direct current, and is supplied by a private company under the supervision of the public utilities commission. In St. Croix, the towns of Christiansted and Frederiksted are equipped with 110 volts direct current systems furnished by a private company under supervision of the light and power commission. Operating costs are high, resulting in abnormally high rates to consumers. The rural districts of St. Croix however, are supplied with a low rate 110 volts alternating current service by the rural electrification division of the Virgin Islands Co.

In St. Thomas, the private company which has been furnishing electric light and power to the consuming public over a great many years, requested a long-term franchise as a condition precedent to obligating itself to convert to alternating current. This company secured the services of consulting engineers from the United States and made an exhaustive report on new generating facilities and distribution system conversion. Because the proposed investment and resultant estimated rates were considered abnormal, the public utilities commission of the municipality of St. Thomas and St. John, with the approval of the municipal council and the Governor, appealed to the Secretary of the Interior for professional assistance for the purpose of making an independent survey. The chief engineer of the Division of Power, Department of the Interior, was assigned to investigate the power supply situation of Charlotte Amalie. His report, submitted shortly after the close of the fiscal year, recommended that cheap alternating current service be made available to the people of St. Thomas by a municipal electric system to be supervised by a power board. The estimated investment was given at \$371,500 with an average return of 3.39 cents per kilowatt-hour, which is less than one-half the 7.5-cent return called for by the consulting engineers of the private utility.

On the island of St. Croix, the municipal council was in process of considering a report from its light and power commission recommending the renewal for 25 years of the private franchise for light and power for the two towns with slightly reduced rates, when the chief

engineer of the Division of Power of the Department of the Interior was assigned to study the St. Thomas problem. The St. Croix council requested his assistance and, as the result of the study of this official, the report of the light and power commission was rejected. This officer of the Department of the Interior submitted a report shortly after the close of the fiscal year recommending that the municipal council of St. Croix exercise its option to purchase the facilities of the private utility and then make arrangements with the rural electrification division of the Virgin Islands Co. for serving all the town consumers in addition to the rural consumers. Such an arrangement will provide the present direct current town consumers with alternating-current service at the lowest possible rate and will make available the benefits of cheap electricity to the widest possible extent.

IMMIGRATION

Early in the fiscal year, opportunities were offered to all aliens who had been imported for construction work of military reservations, and who were released by the cessation of such projects, to be repatriated to their respective countries. Arrangements for such repatriation were made with the full cooperation of the Immigration and Naturalization Service, the United States Navy, and the United States Army. Recommendation was made to the Immigration and Naturalization Service that no additional aliens be permitted to enter St. Thomas on the blanket authority given several years ago for workers at defense bases and, in addition, the Immigration and Naturalization Service was requested and urged to deport all aliens, illegally residing in the Virgin Islands, who entered these Islands for the purpose of obtaining work in defense construction, who had left such work or were discharged therefrom, and were still illegally engaged in private employment.

FEDERAL PERSONNEL PROBLEMS

An impossible, intolerable, and discriminatory personnel situation exists and has existed for many years within the activities of the Interior Department in the Virgin Islands, the difficulties of which have been accentuated and emphasized by the enactment of the Federal Employees Pay Act of 1945. Fifty-three Federal employees appointed by the Secretary of the Interior for the Government of the Virgin Islands are, in effect, unclassified. These employees, including a department head, assistant department heads, chief clerks, stenographers, bookkeepers, accountants, clerks and messengers, do not now receive and have never received salaries equivalent to the ranges fixed by the Classification Act of 1923, as amended. They are natives of the Virgin Islands of

the United States and American citizens. For the most part, they have had years of experience in the Government service in the Virgin Islands. Their loyalty, ability, and integrity are unquestioned.

In practically every other Federal office in the Virgin Islands, including the Navy Department, the War Department, the Office of Price Administration, the Immigration and Naturalization Service, the Division of Disbursement of the Treasury Department, the Soil Conservation Service, the Farm Security Administration, the Office of Supply of the War Food Administration, the United States Public Health Service, and the Department of Courts; native employees of similar qualifications have been paid and are still being paid salaries under the Classification Act of 1923, as well as the 25 percent territorial service differential. Likewise, the Interior Department has paid Classification Act salaries and the 25 percent territorial service differential to 24 employees in the higher brackets, including administrative officers and officers in the professional and subprofessional services.

When the Department of the Interior took over the administration of the government of the Virgin Islands from the Navy Department in 1931, it was found that employees of the government of the Virgin Islands, who were paid from Federal funds appropriated for such government, were appointed by the Governor and were not classified either as to salaries or grades. The Department of the Interior immediately issued a schedule of local salary ranges for positions in the Virgin Islands, patterned generally after the system of salary ranges of the Classification Act of 1923, but reduced in each grade so as to conform with the salaries which were then being paid to those employees by the Navy Department. Subsequently, this local schedule of salary ranges for positions paid from Federal funds in the Virgin Islands, when filled by local employees, was amended first to increase the promotion increments and later to increase the salary ranges, because of the severe competition of the other Federal agencies which had by that time extended their services to the Virgin Islands and, as stated above, were employing natives of the Virgin Islands under the grades and salaries of the Classification Act of 1923.

These employees have never been paid salaries equivalent to the salary ranges of the Classification Act of 1923. They were delayed in receiving the benefits of the War Overtime Act of 1943 until the Comptroller General ruled that, as their salaries were not fixed by local wage boards or in accordance with local prevailing native wage rates, they were entitled to such overtime privileges. They have been denied the mandatory application of statutory periodic within-grade salary advancements. They have never received the 25 percent territorial service differential which has been paid to practically all other Federal employees in the Virgin Islands. They have not received the increases in basic rates of compensation authorized by the Federal Employees Pay Act of 1945.

Repeated recommendations have been made for the abolishment of the so-called local schedule of salary ranges for native employees of the Interior Department in the Virgin Islands. Estimates of funds necessary for conversion of these salary rates to Classification Act rates have been included every year, in the past several years, in the appropriation estimates for the Virgin Islands. These repeated recommendations have been fruitless. In August 1944, all affected divisions of the Department of the Interior executed an agreement with the Government of the Virgin Islands for abolishment of the local schedule as of July 1, 1945, and reclassification under the 1923 Classification Act, provided the necessary appropriations were allowed by the Congress. As a result of this agreement, an appropriation was included in the estimates for the fiscal year 1946 for reclassification and for payment of the territorial service differential. This appropriation was disallowed by the Bureau of the Budget, restored by the Senate Appropriations Committee, and stricken in conference.

Action is needed and needed promptly to eliminate the distinction between employees paid salaries in accordance with the Classification Act rates and those paid salaries under the local schedule. There is no reason for discrimination between the two groups. There is no geographic distinction between natives of the Virgin Islands, employed by other Federal agencies who receive all the benefits of the Classification Act, and natives of the Virgin Islands employed by the Department of the Interior, who do not receive such benefits. There is no real distinction between the work performed by the two groups. The present policy of depriving a deserving group of Federal employees of these benefits and privileges, which are enjoyed by all other Federal employees, should be discontinued immediately.

LEGISLATIVE AUTHORITIES

The legislative assembly of the Virgin Islands this year enacted inadequate ordinances to govern the production, inspection, and sale of milk, and the sale of meat and meat products. Both of these bills will require considerable revision. The legislative assembly also enacted a fairly satisfactory law regarding the practice of medicine and its allied sciences; and a uniform law concerning actions to declare void or dissolve the marriage contract. Among other items of legislation adopted by the assembly was a testimonial in memory of the late Franklin D. Roosevelt, a resolution to provide for a committee to revise the Organic Act of the Virgin Islands, a resolution petitioning Congress to provide a resident commissioner for the Virgin Islands, and a bill designating February 2, 1945, as Governor Harwood Day.

Outstanding items of legislation of the municipal council of St. Thomas and St. John were ordinances to provide for lump-sum payment for accrued leave of municipal employees upon separation from

the service, to protect the public health by controlling the spread of endemic typhus fever, and to authorize the leasing by the municipality of St. Thomas and St. John of the market and cold-storage plant owned by the United States.

Perhaps the most significant piece of legislation passed by the municipality of St. Thomas and St. John was enacted on May 30, 1945, in the form of an antidiscrimination law determining the right of all persons to enjoy the facilities offered by public places and businesses on the islands of St. Thomas and St. John. This bill provides that no person shall be denied access to, service, equal treatment, or employment in/or at any publicly licensed place of business (including public transportation), or benefits soliciting public patronage in the municipality of St. Thomas and St. John because of politics, religion, race, color, or because of any other reason not applicable to all persons.

In St. Croix the municipal council adopted ordinances creating a homestead commission, a recreation commission, and a municipal police commission. Two outstanding items of legislation were ordinances to provide for lump-sum payment for accrued leave of municipal employees upon separation from the service; and a salary scale for teachers.

CONCLUSION

Despite years of study and planning and experimentation, no one yet knows conclusively, or even attempts to predict, whether these islands, purchased by the United States from Denmark in 1917 for strategic reasons, 132 square miles in total area, and with a population now estimated at 26,000, can ever become self-supporting on any permanent and sound basis which will provide decent American living standards.

A definite colonial policy should be developed for the islands by the United States. Greater autonomy is inevitable but, with such autonomy, there should be a clear recognition of the ultimate relationship of the United States to the Islands. That relationship should not tend toward excessive paternalism. Every effort must be concentrated on a long-range program of helping the islanders to help themselves.

The United States, however, should continue to assume the responsibility of providing whatever assistance, financial or other, that is actually needed to maintain in the Islands a standard of living and a level of service comparable to the American way of life. Until such a policy is enunciated and adhered to by the Government of the United States, efforts to revise the Islands' Organic Act of 1936, now under consideration among insular leaders, must necessarily be indeterminate and ineffectual.

