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Annual Report of the Governor of the Virgin Islands to the Secretary of the Interior



FOR THE FISCAL YEAR ENDED JUNE 30

1937

**ANNUAL REPORT
OF THE GOVERNOR OF THE
VIRGIN ISLANDS
TO THE SECRETARY OF THE
INTERIOR**



FOR THE FISCAL YEAR ENDED JUNE 30

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**UNITED STATES
GOVERNMENT PRINTING OFFICE
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UNITED STATES DEPARTMENT OF THE INTERIOR

Harold L. Ickes, Secretary

TERRITORY OF THE VIRGIN ISLANDS

Lawrence W. Cramer, Governor

■

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ANNUAL REPORT OF THE GOVERNOR OF THE VIRGIN ISLANDS

Lawrence W. Cramer, Governor

CHARLOTTE AMALIE, ST. THOMAS

September 1, 1937

The Honorable the SECRETARY OF THE INTERIOR,
Washington, D. C.

SIR: Pursuant to section 20 of the Organic Act of the Virgin Islands of the United States, approved June 22, 1936, I have the honor to submit the following annual report of the transactions of the Government of the Virgin Islands for the fiscal year ended June 30, 1937.

REAPPOINTMENT OF GOVERNOR

As a result of the enactment of the Organic Act of the Virgin Islands, Lawrence W. Cramer was reappointed Governor on June 23, 1936. This reappointment was confirmed by the Senate June 21, 1937.

ECONOMIC DEVELOPMENT

The economic improvement described in previous annual reports, and largely traceable to the activities of the Federal Government in prosecuting a program of economic rehabilitation in the Virgin Islands, has continued and was accelerated during this year. Numerous P. W. A., W. P. A., and relief projects, for which funds had been allotted in the fiscal year 1936, were completed during this year. A summary statement of work accomplished under these various projects is given under appropriate headings subsequently in this report. Although no new relief allocations were made during the year, the projects which were carried forward practically eliminated unemployment in the island of St. Croix and furnished opportunity for work to a large percentage of the unemployed in the islands of St. Thomas and St. John.

The direct expenditure of Federal funds, in addition to accomplishing many desirable public improvements, and reviving the moribund economy of the Virgin Islands, has benefited generally all elements of the population. This has led to a pronounced improvement socially.

Unusually heavy rains during the past year have increased the yield of the basic sugar crop in the island of St. Croix to extraordinary proportions. Against an average yield of 1 to 1½ tons of sugar per acre of sugarcane, many fields have this year produced 5, 6, or 7 tons of sugar per acre. Unfortunately all of the benefits of this high yield could not be realized due to the inadequacy of grinding facilities and because of the limitations of the sugar quota which has been applied to the Virgin Islands under the Jones-Costigan Act. The homestead program, the Virgin Islands Co., and the municipal fiscal structure in the island of St. Croix, which depend largely upon the sugar crop, were all greatly benefited by this high yield.

The most important commercial activity in the island of St. Thomas has continued to show improvement. The shipping business with its related coal and oil bunkering business again revealed the fact that the port of St. Thomas is its most important economic asset. Numerous plans have been prosecuted with vigor for the improvement of the harbor of St. Thomas.

Private Development.—The recently developed interest on the part of American capital in the Virgin Islands was indicated during the year by the establishment by an old and well-known American corporation of its principal place of business in St. Thomas. Several business ventures have been established in the island of St. Croix. An increasing interest on the part of American capital in the economic possibilities of the Virgin Islands is evidenced by the large number of inquiries and visits on the part of those who contemplate the establishment of businesses. This tendency, to the extent that it materializes in a substantial way, is of great importance to the islands which have been so long neglected by American capital.

Numerous opportunities exist which, if carefully developed, may in time remove the inhabitants of the Virgin Islands from the category of an economically stranded population.

CONGRESSIONAL LEGISLATION

Sugar Quota Law.—The legislation now before Congress for the extension of the sugar-quota system originally established by the Jones-Costigan Act is of vital importance to the basic industry of the island of St. Croix. The earlier bill was enacted in the period during which the Virgin Islands sugar industry had reached its nadir. As a result, a very limited quota, only slightly in excess of 5,000 tons a year, was allotted to the Virgin Islands. As a consequence of urgent representations, the new sugar legislation makes provision for an increase in the sugar quota for the Virgin Islands to a tonnage which

more nearly approximates normal production. If enacted, it will establish a quota of approximately 9,000 tons of sugar for the Virgin Islands. This new quota would, during the 3 years for which it is to be effective, permit the return to levels more nearly approaching normal production in this basic industry than did the quota established under the Jones-Costigan Act. No refined sugar is manufactured in the Virgin Islands, and no present plans exist for the establishment of refining facilities.

With an added sugar quota, there would be opportunity for steady employment for a substantial proportion of the agricultural workers in St. Croix, a market for the only cash crop raised by 300 homesteaders who have been established on the land by the Federal Government, and prospect of the economic operation of the sugar factories of St. Croix, including those of the Virgin Islands Co.

Rivers and Harbors Bill.—In accordance with the Rivers and Harbors Act of 1935, a preliminary examination and survey of St. Thomas Harbor was made by United States Army engineers. As a result of this survey there was recommended a project for the improvement of St. Thomas Harbor including the deepening of the entrance channel to an over-all depth of 36 feet and to a width of 600 feet, the extension of the anchorage and maneuvering basin by 135 acres by dredging that area to a depth of 32 feet, and the construction of a breakwater from the eastern edge of the harbor to Rupert's Rock. These improvements, estimated to cost \$743,000, would add greatly to the safety and convenience of the harbor of St. Thomas. They would constitute the first substantial harbor improvement to be undertaken by the United States Government since the transfer of the Virgin Islands to American sovereignty. The rivers and harbors bill now before Congress includes authorization for this project, and it is confidently expected that an appropriation will soon be made to permit actual work to be undertaken. Because the harbor of St. Thomas is the only important natural resource of the island, this step is of greatest importance to the future economic well-being of the community.

LOCAL LEGISLATION

A number of important ordinances have been enacted by the municipal councils during the year. The municipality of St. Thomas and St. John by ordinance of May 18, 1937, authorized the St. Thomas Harbor board to issue bonds in the amount of \$750,000 for the purpose of establishing a graving dock. Previously, by act of Congress of May 23, 1932, the harbor board had been authorized to borrow \$150,000, but this amount proved to be much less than would need to be borrowed if this project were to be undertaken. A large committee representing all substantial interests in the island was appointed by the Governor to make a thorough survey of the graving dock

proposal. A comprehensive and well-considered report prepared by this committee clearly sets forth the many cogent reasons for the establishment of this facility in St. Thomas Harbor. Because of the almost complete dependence of the island either on its shipping activity or on Federal relief expenditures, it is obvious that every effort must be made to develop the facilities of the port. Local opinion is unanimous in supporting every effort to improve this sole natural resource of the community. In addition to the action of the municipal council in authorizing the issuance of \$750,000 of bonds, it may be anticipated that the local legislature will set aside the income from special taxes to assist in the amortization of the costs of constructing a graving dock. Federal assistance in the form of a loan and grant is necessary to permit the realization of this development which has been under consideration for many years.

In both municipalities, ordinances were enacted to control the entry into the Virgin Islands of persons afflicted with dangerous communicable diseases. These measures were enacted to meet an increasing problem resulting from the influx of American citizens from neighboring islands, many of whom proved to be carriers of malaria, hookworm, and other diseases. In the island of St. Croix especially, where this influx was greatest, with a net increase of 802 persons from immigration during the year, the medical facilities and personnel have been seriously overtaxed.

Ordinances were enacted in both municipalities to control bovine tuberculosis. These enactments were made necessary by the imposition of quarantine regulations in the most important market for local cattle. Cattle exported from the islands since the enactment of these ordinances have been tuberculin tested and in no case has a positive reaction occurred.

An ordinance was enacted by the municipal council for the municipality of St. Thomas and St. John to eliminate cattle ticks. Similar legislation has been under consideration in the municipality of St. Croix. All cattle for export have been dipped and cannot be exported without a certificate from the veterinarian of the United States agricultural station declaring it to be free of ticks.

The municipality of St. Thomas and St. John has continued, but only until December 31, 1937, the suspension of ships dues for vessels calling at the port of St. Thomas for coal and oil bunkering. This suspension, which was first enacted in March 1933, has indubitably contributed greatly to the considerable increase of shipping in the harbor of St. Thomas since that date. It is anticipated that a further suspension will be made effective as soon as the present suspension expires.

In accordance with the provisions of the act of Congress of May 26, 1936, requiring the imposition of a real property tax based on actual value and falling equally on all property of equal value, the munic-

ipality of St. Croix enacted an adequate and satisfactory tax measure. A similar tax was made to apply to the municipality of St. Thomas and St. John by Presidential executive regulation, under date of December 31, 1936, due to the failure of this municipality to enact a suitable law. In both municipalities archaic and inequitable tax laws were repealed upon the enactment of these real-property tax laws. Assessments have been made for the first time in the island of St. Croix where no assessed value real-property tax had previously been in effect. New assessments were made in St. Thomas in accordance with the new law. In both municipalities the taxes levied will increase the revenues of the municipalities without imposing undue hardship on taxpayers.

FISCAL

Considerable increase has been shown in the revenues of the municipal governments derived from local taxes. This improvement is greatest in the revenues of the municipality of St. Croix where tax payments made by the Virgin Islands Co. under the provisions of the act of Congress of May 26, 1936, have been in substantial amounts.

Municipality of St. Thomas and St. John.—The actual revenues of the municipality of St. Thomas and St. John amounted to \$179,640.83, an increase of 11 percent over the revenues of the preceding fiscal year. Income tax collections were \$35,488.55, an increase of 95 percent over the preceding fiscal year. Receipts from customs dues were \$14,567.47, an increase of 6 percent. Internal revenue taxes brought in \$48,585.53, an increase of 23 percent.

Municipality of St. Croix.—The actual revenues of the municipality of St. Croix amounted to \$178,069.80, an increase of 40 percent over the preceding fiscal year. Income-tax collections were \$12,042.85, an increase of 74 percent. Receipts from import duty were \$15,024.97, a decrease of 30 percent. Export duty brought in \$29,958.01, an increase of 120 percent.

Total Revenues

	1933	1934	1935	1936	1937
Municipality of—					
St. Thomas and St. John.....	\$86,524	\$105,898	\$146,650	\$161,271	\$179,640
St. Croix.....	107,440	119,663	136,266	127,167	178,069

The substantial increase in income-tax returns is reflected in the following table:

Income Taxes

	1933	1934	1935	1936	1937
Municipality of—					
St. Thomas and St. John.....	\$5,047	\$7,198	\$14,572	\$18,237	\$35,488
St. Croix.....	3,337	6,231	14,397	6,904	12,042

Because of the provision of the Organic Act of the Virgin Islands making applicable a uniform import duty to both municipalities of the Virgin Islands, thus reducing the rates previously in effect for St. Croix, customs revenues of the municipality of St. Croix show a decrease from the preceding year. Revenues from this source in the municipality of St. Thomas and St. John continued to show improvement.

Customs Dues

	1933	1934	1935	1936	1937
Municipality of—					
St. Thomas and St. John.....	\$4,758	\$7,590	\$9,825	\$13,691	\$14,567
St. Croix.....	7,678	13,212	16,743	21,352	15,024

Cost of Municipal Governments.—The cost of the municipal government of St. Thomas and St. John was budgetted at \$254,600. The United States contributed a deficit appropriation of \$70,000.

The cost of the municipal government of St. Croix was budgetted at \$238,972. The United States contributed a deficit appropriation of \$60,000.

Reduction of Federal Deficit Appropriations.—The established policy of the Congress in reducing annually the Federal contribution to the cost of operation of the municipal governments of the Virgin Islands has been continued. These contributions have been substantially reduced in recent years as indicated in the following table:

	1933	1934	1935	1936	1937
Municipality of—					
St. Thomas and St. John.....	\$112,032	\$98,500	\$90,000	\$80,000	\$70,000
St. Croix.....	124,355	98,500	94,990	95,000	60,000

St. Thomas Harbor Board.—The financial statement of the St. Thomas Harbor Board continues to reflect the steady improvement of shipping activities. The revenues of the St. Thomas Harbor Board show an increase of 16 percent over the preceding fiscal year. Collection of ships dues were increased by 21 percent; pilotage fees increased by 21 percent also. The following table reflects this improvement:

	1933	1934	1935	1936	1937
Total revenues.....	\$25,144	\$28,018	\$26,860	\$27,902	\$32,267
Operating surplus.....	9,106	11,875	9,375	9,310	12,034

THE FEDERAL APPROPRIATION

The appropriation "Temporary Government for the Virgin Islands 1937" was as follows:

Central Administration.....	\$125, 000
Agricultural experiment station and vocational school.....	35, 000
Deficit, municipality of St. Thomas and St. John.....	70, 000
Deficit, municipality of St. Croix.....	60, 000
	290, 000

The Second Deficiency Appropriation Act, fiscal year 1936, appropriated \$5,000 to provide for the purchase of furniture and furnishings for Government House, St. Croix.

No new relief allocations were made for the Virgin Islands during the fiscal year. Relief projects for which allocations were made in the previous fiscal year were carried on and completed at the close of the fiscal year. The following relief projects with the amounts originally allocated were thus completed:

W. P. A. Projects

Homesteads.....	\$151, 200	Administrative expenses...	\$38, 588
Virgin Islands Co.....	170, 000	Archives.....	4, 500
Roads.....	192, 000		
Hotel facilities.....	91, 400		647, 688

Total obligations against the foregoing funds to June 30, 1937 were reported by the Treasury Department to be as follows:

Homesteads.....	\$148, 723. 57	Administrative expenses	\$37, 478. 57
Virgin Islands Co.....	169, 910. 75	Archives.....	4, 017. 56
Roads.....	191, 964. 46		
Hotel facilities.....	90, 404. 56		642, 499. 47

The benefits of disability compensation were extended to W. P. A. workers in the Virgin Islands. Against an allotment of \$500 for payment of disability compensation there was expended a total of \$115.29.

P. W. A. Federal Projects.—Only two P. W. A. Federal projects were active, namely, Federal project 3 in amount of \$4,264 for Bluebeard Castle Hotel, and Federal project 14 in amount of \$48,100 for reconstruction of Government House, St. Croix.

P. W. A. Non-Federal Projects.—Three of these projects, active during the fiscal year, with total expenditures to June 30, were as follows:

	Allocated	Expended
Streets and water system, St. Thomas.....	\$44, 444. 00	\$42, 645. 80
Surface drains and sewage disposal, St. Thomas.....	50, 000. 00	44, 975. 88
Water supply and surface drains, St. Croix.....	41, 939. 00	34, 622. 13
Total.....	136, 383. 00	122, 243. 81

RELIEF PROGRAM WORK ACCOMPLISHMENTS

W. P. A. PROJECTS

Homesteading.—The homestead program was continued on existing homestead areas and was successfully administered during the year. It was extended on two additional estates in St. Croix and one in St. Thomas. These estates which were purchased at the close of the last fiscal year total 976 acres. Forty-one additional homesteaders were given homestead contracts during the year. Land development was carried on in this area to permit the establishment of 60 additional homesteaders. Twenty-four homestead houses were constructed. Roads, wells, water supply cisterns, fencing, clearing of land, plowing and other land development work was carried on. The high yield of the sugar crop in St. Croix resulting from extraordinary rainfall permitted homesteaders to reap unusually large returns from their planting. Although the crop was less than 75 percent harvested at the close of the fiscal year, 225 homesteaders on the Whim and La-Grande Princesse estates had paid \$9,224 of the \$10,878 due to the Government as amortizing rentals and for cultivation loans. In addition \$25,851 had at that time been paid to homesteaders. It is estimated that they are netting more than 75 percent of their gross income in addition to equities in installments. About 97 percent of all installments due after 4 years of operation have been paid. With the addition of the homesteaders who had entered into contracts during previous years there are now 380 holders of homestead contracts in both islands.

This program is of fundamental importance and is accomplishing highly desirable social and economic changes in the community. Land and house purchase contracts are drawn on the basis of a 20-year amortization period. Unfortunately, all efforts to make financial provision for the administration and development of this program on a permanent basis have so far failed. Because of the outstanding success of this program and because of its obviously beneficial effects which are being accomplished at a minimum of cost, it is imperative that a means be found of continuing it on a permanent basis. Even if no further extension of the program is attempted, steps must be taken to complete the work of establishing on the land the 380 homesteaders who now hold homestead contracts.

Virgin Islands Co.—In continuing the development of properties under its control, the Virgin Islands Co. has, during the year, employed an average of nearly 1,000 people. It has completed the modernization of the Central Sugar Factory, increasing its grinding capacity by approximately 50 percent. This factory has so far ground 34,250 tons of sugarcane from which it has manufactured 2,750 tons of sugar and 96,146 gallons of rum. It has not yet com-

pleted the harvesting of the entire crop, and will undoubtedly produce in excess of 1,000 tons of additional sugar before completion of the harvest. The company has continued to clear and extend the cultivation of its land. It has continued its program of rebuilding village houses for workers and in constructing new housing units for them.

The work of reconstructing its Bethlehem sugar mill, the island's largest mill, was unfortunately not completed during the year. This project was scheduled for completion on May 1, 1937, under a contract with a private construction firm. The delay in completing the reconstruction of this mill has caused considerable loss to the company which would otherwise have benefited greatly because of the high sugarcane yield.

Roads.—Substantial progress was made in developing the most important commercial roads of the island and in opening recreational and scenic areas. A total of 32.5 miles of road were improved. Of this 3.7 miles were asphalt penetration surface roads in the island of St. Thomas, which constitute the most important commercial roads on the island. Twelve and three-tenths miles were asphalt surface roads on a water-bound macadam base in the island of St. Croix. An asphalt seal-coat was laid on two additional miles of previously constructed asphalt penetration road in St. Croix. The work in St. Croix consisted of hard surfacing the most important road between the two towns of the island over which most of the sugar cane of the island is carried by truck to the sugar mills located on it or near its extremities. Fourteen and five-tenths miles road of dirt or gravel surface road were improved in St. Thomas and St. John. One of these includes a scenic drive of spectacular beauty near the top of the ridge of hills encircling the town of Charlotte Amalie.

The vigorous prosecution of road construction and improvement is essential both to facilitate farm-to-market movements and to open new areas for winter resident development. Request has been made for additional W. P. A. funds to continue this road construction work which lends itself especially to the employment needs of the communities while at the same time improving the possibilities of private economic development.

Bluebeard Castle Hotel.—At the Bluebeard Castle Hotel in St. Thomas there were constructed four self-contained cottage units adding nine double bedrooms to the capacity of the hotel. In addition, a multiple unit building consisting of four self-contained apartments was constructed, adding a total of five additional double bedrooms to the hotel. A number of improvements were made to the existing hotel buildings adding much needed dining-room and living-room space. A large water storage cistern with a capacity in excess of 80,000 gallons was constructed. A small P. W. A. allotment permitted the installation of a hot water supply system servicing all bath

rooms in the hotel. Essential grading and landscaping work on the hotel site was begun by the C. C. C. organization.

The operation of the hotel has proved to be less profitable than in previous years, but the newly constructed cottages have effected a much needed expansion of the hotel facilities and are much in demand.

Preparations are being made to advertise for bids for the lease of the Bluebeard Castle Hotel to a private operator.

Survey of Federal Archives.—This project, begun at the close of the last fiscal year, was completed under the able direction of Mr. Harold Larson, special assistant, Survey of Federal Archives in the Virgin Islands, who was loaned by the National Survey of Federal Archives. Many interesting and historically important documents were found, collected and cataloged. Certain documents relating to Alexander Hamilton's domicile in the Virgin Islands and to his antecedents were sent for preservation to the Federal Archives Building in Washington. Similarly, an interesting day-book of Johan Lorentz, Governor of the Danish West Indies from 1690 to 1702, was discovered and sent to Washington for preservation. Other valuable documents were collected and forwarded to Washington for more complete cataloging, translation, and for use of students interested in research.

P. W. A. PROJECTS

Bluebeard Castle Hotel Water Supply Installation.—As indicated above a small allotment was used to install a hot water supply at Bluebeard Castle Hotel to furnish hot water to all bathrooms in the hotel.

Government House, St. Croix, Reconstruction.—The project for the reconstruction of this historic building was terminated at the close of the fiscal year. The third floor of one section of this building had been destroyed by fire in the previous year. The reconstructed portion of the building has been strengthened and improved structurally and has been made almost completely fireproof. Architecturally the appearance of this fine example of Danish West Indian architecture has not been altered.

St. Croix Municipal Power Plant.—An allocation of \$40,750 was made during the year as a 45 percent grant for the establishment of a municipally owned power plant in the island of St. Croix. Many difficulties of planning have been experienced which make it improbable that this project can be carried out.

Non-Federal projects.—A 45 percent grant was made to the municipality of St. Thomas for the improvement and surfacing of streets and the repair and extension of the water supply system of St. Thomas. Fifty-five percent of the cost of this project was supplied from municipal funds. The most important streets of Charlotte Amalie have been surfaced and existing water supply lines have been renewed and

in some places extended. An allocation for construction of drains and sewers in St. Thomas has permitted the replacement of many failing sewer lines and some extension of the sewer system. A third project for the improvement of drains and water supply in St. Croix has permitted the installation of a salt water supply for fire protection and for flushing purposes. Fire hydrants were established at all strategic points in both towns of Christiansted and Frederiksted. These projects have been successfully completed and will add greatly to the comfort and safety of the community. Request has been made for additional funds to continue the improvement of sanitation facilities which are of basic importance in any program of tourist development.

In addition to the P. W. A. projects mentioned above, all of which were carried out under the direction of officers and personnel of the Government of the Virgin Islands, several other P. W. A. projects were also completed by agencies not under the control of the Government of the Virgin Islands. The projects and accomplishments thereunder are indicated briefly:

Low-Cost Housing.—Three low-cost housing developments were completed by the close of the fiscal year under the direction of the P. W. A. Housing Division. They are located in or adjacent to each of the three towns of the Virgin Islands. One hundred and twenty-six family units, with a total of 230 rooms were constructed. Arrangements are now being completed to turn over the management of these units to the Government of the Virgin Islands which will assume responsibility for their rental and for their maintenance. It is believed that this procedure will reduce to a minimum management costs which, if separately established, would constitute an excessive overhead burden. These attractive and comfortable housing units will create a new standard of living accommodations for the low-income group for whom they were intended.

United States Marine Corps Airbase.—The completion during the year of a P. W. A. project for the construction of a Marine Corps airbase at Lindbergh Bay estate has been important both because it has given employment to local labor and because it has established a permanent base for the marine unit stationed at St. Thomas. Extensive aviation maneuvers were carried on in the winter months using this newly established air field as a base. Further maneuvers are planned for the coming year, and it is believed that the facilities at Lindbergh Bay will continue to attract similar activities in the future which are of considerable economic importance to the community.

Civilian Conservation Corps.—In addition to the continuance of two 100-man camps located in the island of St. Thomas and in the island of St. Croix, there was authorized the establishment of a

"Senior Camp" in St. Thomas permitting the enrollment, under special conditions, of mature unemployed workmen. The authorized enrollment in this senior camp is 200, but to date not more than 50 enrollees have taken advantage of the opportunity to participate in this program.

The major projects undertaken by the C. C. C. personnel were the opening of the road to East Point Quarantine Station and Morning Star Beach, the continued improvement of the Crown Mountain scenic road, the improvement of the scenic St. Peter's Mountain Road, the construction of temporary drainage outlets at Long Bay, in St. Thomas; and the continuation of extensive drainage operations in the swamp areas adjacent to Frederiksted, St. Croix. Further work was done on the recreational fields adjacent to each of the three towns of the islands, in reforestation, fire control, and soil erosion control activities.

Treasury Relief Art Project.—Eight artists were sent down from the United States for varying periods during the fiscal year in connection with this project. A total of 486 oil paintings, water colors, and etchings were completed. Many of these were of a high standard of excellence and will create interest in the Virgin Islands on the part of those who will have an opportunity to see them in various exhibitions to which they will be sent. A large number of these pictures have been made available for the embellishment of Government quarters and offices in the Virgin Islands.

FEDERAL BUILDINGS, CHARLOTTE AMALIE

A contract has been awarded by the Treasury Department, Procurement Division, Public Works Branch, for the erection of a Federal building in Charlotte Amalie. Work has been started on this project and is furnishing employment to a small number of skilled and unskilled workmen. When completed, this building will house the post office and customs office and will add greatly to their facilities.

VIRGIN ISLANDS COOPERATIVES

Plans long in preparation for the establishment of a Joiners' Cooperative and of a Farmers' Cooperative distribution outlet have materialized with the successful establishment of these units. The Handcraft Cooperative carried on its activities during the year without any assistance from the Government. The necessary overhead costs, which include a considerable amount for instruction, have proved to be too great for that organization to carry out of its own income. The cooperative continues to furnish an outlet for an increasing amount of goods, however, and promises to be an important factor in the economic improvement of the community if further

assistance is given to it. Approximately 700 persons were directly benefited by the cooperatives; of whom some secured their entire income from making goods distributed through the cooperative, and of whom the large majority supplemented their income in this way. A total of \$28,590 worth of goods were sold through the cooperative in the fiscal year as compared with \$26,213 the previous year. Payments of \$14,386 were made to cooperative workers, as compared with \$13,540 the previous year.

AGRICULTURAL STATION AND VOCATIONAL SCHOOL

For the first 6 months of the fiscal year the staff of the agricultural station was undermanned due to resignations in the previous year of the agronomist and of the veterinarian. These vacancies have now been filled and the normal activities of the station were subsequently resumed. Cane breeding has been continued but the varieties have been reduced in number to those which previous years' experiments have shown to be best adapted to St. Croix, and station acreage has been reduced in favor of more supervised experimental planting throughout the island. A substation was established in the Jolly Hill (west end) section of the island which is well adapted to fruit production. The results of experimental planting of citrus and other economic plants at the Jolly Hill substation are promising.

Although St. Croix cattle have been for years rated as free from tuberculosis, the fears of neighboring islands resulted in requiring by law that tuberculin tests be made on all imported and exported cattle. The burden of this work has fallen upon the veterinarian. A campaign is now under way to make Puerto Rico, which is the important market for Virgin Islands cattle, a tick-free island, and this has imposed on the Virgin Islands the need to take immediate measures if their cattle are not to be barred from their only export market. This program is costly and it is improbable that local funds can be found from private or municipal funds to carry through the 3-year tick eradication program which must be undertaken.

The director of the agricultural station has been the acting homestead administrator, and has devoted a large part of his time to the very important work of supervising the homestead program. The homesteaders require much supervision and they constitute a large and promising field for the station's extension work.

The vocational school has been continued with an average enrollment of 11 boys resident at the station. Their work consists of classroom study, shop and field work with tractors and farm equipment, direct individual responsibility for land cultivation, and the study and practice of animal husbandry. Five students were graduated this year. For next year it is planned to include a limited number of day pupils to this small number of resident students.

MUNICIPAL GOVERNMENT DEPARTMENT ACTIVITIES

Department of Education.—Efforts were continued, but so far without success, to secure action by the local legislatures for the enactment of revised school laws based on the findings of a comprehensive survey of the educational system undertaken in the fiscal year 1936. The enactment of these or comparable ordinances is imperatively necessary for the sound direction and support of educational advance in the future. In accordance with familiar American procedure, they call for the election of school boards whose membership may be expected to create increasing local interest in and support for educational activities. Clear and fixed standards of teacher training and promotion are established in them.

Because of the small population of the Virgin Islands and because of their slender resources, it is not possible to establish a local normal school or college for the training of those who desire to enter the teaching profession. To meet both the needs of the local school systems for well-trained teachers and the desires of ambitious natives for higher education, there was adopted some years ago the wise policy of securing scholarships in American universities for the best qualified students graduating from the local high schools each year. To date nine of these scholarship students have completed their collegiate education in various institutions in the United States with highly creditable standing and have returned to take positions in the public-school systems of the islands. In addition to their more adequate training, these teachers have learned American methods and customs and have established contacts in the continental United States which are of value in the process of cultural assimilation. Furthermore, the understandable unwillingness of local legislators to provide funds for the employment of "outsiders" in their school systems is being obviated.

With the employment of natives in most of the available teaching positions there has been increasing financial support given the school systems.

Both municipalities have made funds available as scholarship grants to permit teachers to attend summer school sessions at the University of Puerto Rico. The Teachers' Association of St. Thomas has made preparation to conduct a "Summer Institute" for teachers who desire to take additional subject credits. This Institute is wholly voluntary and is supported entirely by the Teachers' Association.

The municipality of St. Thomas and St. John has enacted an ordinance establishing a scholarship fund whose purpose it is to assist two or three of the best qualified students graduating from the local high school to enter collegiate institutions in the United States. Howard University has generously granted two tuition scholarships a year for Virgin Islands students recommended by a local scholarship selection

committee. Steps are now being taken to secure six additional scholarships at this university so that there may constantly be two new students entering it each year for a 4-year course.

Upon joint request of the Governor and of Dr. Arthur D. Wright, president, Slater Fund, the Carnegie Foundation made a gift of \$7,500 to the Slater Fund for maintaining a Jeanes teacher in the municipality of St. Thomas and St. John. The education-in-living program conducted by the Jeanes teacher provided for from Federal funds in the island of St. Croix which has proved to be highly important and beneficial can now be extended to include the entire Virgin Islands due to this generous action on the part of the Slater Fund and of the Carnegie Foundation.

There is great and pressing need for additional school-room space both in the grade schools and especially in the high school of Charlotte Amalie, where 14 graduates of the junior high school could not be admitted to the senior high school for lack of space and facilities. There was an enrollment of 3,249 students in the public schools as compared with 3,244 in the previous year.

Health and Sanitation.—The infant mortality rate has again been reduced due to vigorous measures prosecuted by the health authorities in this connection. The infant mortality rate of 106.8 per thousand children born alive compares with the infant mortality rate of 180.5 for the previous fiscal year. The adult mortality rate was reduced from 22.4 per thousand population to 21.4.

A serious epidemic of malaria occurred in the island of St. Croix which was traceable to mosquito breeding in certain low lying areas adjacent to Frederiksted town which became flooded as a result of abnormal rains. Prompt and persistent efforts have been made to improve this condition, and toward the close of the fiscal year there was a falling off of the number of new cases which indicated that the control measures undertaken in this area were taking effect. Considerable improvement was made in the sewerage systems of each of the three towns which will be reflected in future years in improved health in the communities.

Public Welfare.—In addition to its normal activities, the public welfare department in each island acted as the relief employment office for Federal relief projects and administered the distribution of food sent to the Virgin Islands by the Federal Surplus Commodities Corporation.

The National Social Security Act does not apply to the Virgin Islands, and, as a result, the beneficial effects of that great instrument of social amelioration are unknown to their population. The capacity of the local communities is seriously overtaxed by the old and disabled persons who must be provided for by them. King's Hill Poor Farm continues with the very large population of 136. The municipal

"pension" rolls contain the names of 993 persons. The average monthly payment to these persons is \$1.50, which is greatly less than the bare minimum required for existence. It is probable that only one-half the number of those who are deserving of these doles are being provided for even at this tragically inadequate rate.

Public Works Departments.—The routine activities of these departments were carried out successfully during the year. In addition the non-Federal P. W. A. projects described above were supervised and administered by them. In St. Croix, as a result of a special local grant, certain minimum repairs were made to the hospitals in Christiansted and Frederiksted. Unfortunately, funds have not been available for many years to maintain these hospitals and other municipal public buildings in a satisfactory condition. It is hoped that with increasing local revenues, funds can eventually be found to make adequate repairs to municipal structures.

Libraries.—The normal activities of the libraries in each of the three towns of the islands were continued. Statistical analyses indicate that there was some falling off of attendance and interest in the libraries.

Police and Prison Department.—Due to the resignation of the director of police in St. Thomas, the appointment of a new director of police was necessitated at the close of the fiscal year. Provision was made for five additional junior patrolmen in St. Thomas to meet the demands of a growing population. No unusual police problems developed during the fiscal year, but a continued tendency towards juvenile delinquency was apparent. It has not been possible to establish a much needed reform school because of lack of funds.

St. John.—A new administrator for St. John was appointed in January 1937. Routine medical and administrative work was carried on with no unusual developments.

ADMINISTRATION OF IMMIGRATION LAWS

The United States immigration laws were made applicable to the Virgin Islands by the Immigration Act of 1924. No provision was made at the time for the enforcement of these laws other than by local administrative personnel including the municipal police forces. As a result of representations made by the Governor for better enforcement of these laws, Mr. I. F. Wixon, Deputy Commissioner, Immigration and Naturalization Service, Department of Labor, and Mr. George L. Brandt, Visa Division, Department of State, were appointed to make an investigation and report upon the administration of the immigration laws in the Virgin Islands. These officers made a thorough examination and submitted a comprehensive report on all phases of the problem. Outlining certain practical difficulties which might result from placing enforcement under Federal as distinguished from

local control and the possibility that an act of Congress would be required to transfer enforcement from the Governor of the Virgin Islands to the United States Department of Labor, Messrs. Wixon and Brandt withheld recommendation pending a ruling upon certain questions of law. After full study of their report, it was decided that the administration of United States Immigration laws in the Virgin Islands should be retained under the control of the Governor of the Virgin Islands and his administrative staff. Following suggestions made in the Wixon-Brandt report, Congress has been requested to appropriate funds to permit the Governor of the Virgin Islands more adequately to enforce these laws.

STEAMBOAT INSPECTION SERVICE

Under an interpretation of a provision of the Organic Act it was held that the United States navigation laws apply to the Virgin Islands. This very beneficial decision has made it possible to enforce locally Federal laws for the protection of the safety and lives of passengers on ships plying between Virgin Islands and between them and nearby island ports. Representatives of the Department of Commerce, the Customs Department, and the United States Coast Guard Service have cooperated in taking measures to protect life and to insure safety at sea, thus removing a condition which had previously constituted a serious and grave danger.

OPERATION OF THE ORGANIC ACT

During this first year of operation of the Organic Act of the Virgin Islands, enacted at the close of the fiscal year 1936, there have been many important changes in political organization all of which have been smoothly effected.

The new municipal councils took office on January 1, 1937. The municipal council of St. Croix now consists of nine members, all elected by the qualified electors of that municipality, replacing the old colonial council which had a membership of 18 of whom 13 were elected and five appointed. The municipal council of St. Thomas and St. John consists of seven elected members and replaces the colonial council which consisted of 15 members of whom 11 were elected and 4 appointed.

Preparations are being made for the enactment of a new electoral law to establish universal suffrage after January 1, 1938, as required by the Organic Act. The hitherto disfranchised mass of the population has already begun to interest itself in political organization in anticipation of this important democratic advance.

The clarification of the limits of executive and legislative power accomplished by this act has been instrumental in developing the spirit of mutual cooperation which has characterized the relationships

of these departments during the year. The veto power was sparingly used and the new power of the municipal councils to enact legislation over executive veto was used only once. In this case the President upheld the action of the Governor. The new power of the legislatures to confirm, and to withhold confirmation, of appointments to municipal office was wisely used. In only three cases, none of them important, did the legislatures withhold confirmation of the large number of appointments made by the executive.

The President and the Department of Justice have acted to appoint the personnel of the judicial department of the Virgin Islands. That department is now fully organized in accordance with the provisions of the Organic Act.

CONCLUSION

Although the economic improvement which has been effected in the Virgin Islands in the past 4 years is largely the result of unusual Federal expenditure, much of which has been of a relief character, significant progress has been made in developing their commercial resources. In St. Thomas the tourist and winter resident trade has been furthered by the construction of Bluebeard Castle Hotel, by road improvement, and by the improvement of sanitation. This trade depends on the development of the harbor of St. Thomas as does all other business in the island. The vigorous prosecution of harbor improvement projects, including the establishment of a graving dock, are of paramount importance if private commercial development is to be expected to eliminate the existing disproportionate relief problem.

In St. Croix the development of the sugar and rum businesses have been greatly advanced by the homestead program, by the establishment and operation of the Virgin Islands Co. and by the road improvement program.

These projects have proved to be effective not only in meeting immediate relief problems but also in strengthening the basic economic fabric of the community. The great improvement during the year in the fiscal situation of the local governments permits the expectation of their achieving self-sufficiency in relatively few years. In the light of the history of the Virgin Islands this would constitute a substantial achievement. It is, therefore, evident that the rehabilitation program which has proved successful should be vigorously prosecuted.

Respectfully submitted.

LAWRENCE W. CRAMER, *Governor.*



