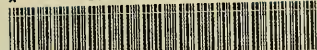


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**ANNUAL REPORT
OF THE
GOVERNOR OF
THE VIRGIN
ISLANDS**

**TO THE SECRETARY OF
THE INTERIOR**



**FOR THE FISCAL YEAR ENDED
JUNE 30**

1938

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GOVERNOR OF THE
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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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CONTENTS

	Page
Economic situation	1
The sugar business	1
The cattle business	3
The shipping business	3
Tourist trade	4
Congressional legislation	5
The Sugar Act of 1937	5
St. Thomas Harbor improvement	5
Other legislation	5
Local legislation	6
Fiscal	9
Municipality of St. Thomas and St. John	9
Municipality of St. Croix	9
Cost of the municipal governments	9
Reduction of Federal deficit contributions	9
The St. Thomas Harbor Board	10
The Federal appropriation	10
Work Relief Program accomplishments	11
Bluebeard Castle Hotel	11
Roads	11
Sanitary improvements	11
Street surfacing and drainage	12
Women's projects	12
Protestant Cay residence, St. Croix	12
Homesteads	12
Low-cost housing	13
Federal buildings	14
The Virgin Islands cooperative	15
Agricultural station and vocational school	16
Municipal government activities	16
Education	16
Health and sanitation	17
Welfare	17
Public works	18
Harbor	18
Public libraries	18
Police and prison	18
Administration of United States immigration laws	18
Civilian Conservation Corps	19
Conclusion	20



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ANNUAL REPORT OF THE GOVERNOR OF THE VIRGIN ISLANDS

Lawrence W. Cramer, Governor

CHARLOTTE, AMALIE, ST. THOMAS

August 30, 1938

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, 1938.

ECONOMIC SITUATION

Definite improvements in the economic rehabilitation of the Virgin Islands were recorded in previous annual reports. This improvement continued to be apparent in both municipalities during the present fiscal year until a prolonged and severe drought in the island of St. Croix seriously affected the situation there.

The sugar business and the cattle business, which are the two basic industries of that island, upon the former of which much of the rehabilitation program is based, were struck staggering blows by the drought at a time when sugar and cattle prices were at unprofitable levels.

The sugar business.—The effects of the drought can be assessed by comparing the relative returns for the year 1937 with those of the past year of 298 homesteaders in the island of St. Croix who are being assisted by the government to acquire and develop small farms. In 1937 these small farmers produced 16,117 tons of cane valued at \$53,081 as compared with 6,121 tons valued at only \$15,274 in 1938. Their gross return in 1938 was only 29 percent of their 1937 income.

Sugar production in the island declined from 8,211 tons to 4,362 tons, while at the same time the sugar price fell more than 20 percent—a loss of more than 47 percent in tonnage and approximately 60 percent in value. Hundreds of acres of drought-stunted cane were uncut and plowed under. Plowing and planting costs—that should have been spread over 3 or 4 years of sugarcane production were

totally lost. Sugar factories with heavy investments in sugarcane grown on so-called administration land were even more seriously affected than were small farmers whose chief investment is their own and their family's labor.

It is evident that thorough consideration must be given to the possibility of reorganizing the sugar business so that it may continue to furnish employment in the island of St. Croix. Many efforts have been made during the Danish regime and subsequently to diversify agriculture and to find other profitable crops to replace sugarcane. These efforts have not been successful, and no agricultural development which furnishes employment to so great a number of agricultural laborers as does the sugar business has yet been found. It would thus appear that different methods of organization other than those now prevailing will need to be attempted if this important industry is to be carried on with any degree of success in the Virgin Islands.

The homestead plan inaugurated in 1932 by the government points the way to a possible solution of the problem. Experience indicates that the agricultural laborers in St. Croix are competent to take over small farms and to operate them if they are furnished adequate supervision and cultivation aids. In fact, it is evident that the average small farm of approximately 7 acres is smaller than necessary to meet the needs and potentialities of the small farmers. Small ownership and large-scale mechanical operation under government supervision have been notably successful during the years of adequate rainfall and have left the small farmer better off during and after a drought than he would have been as an agricultural laborer. It is therefore recommended that steps be taken through the assistance of such agencies as the Rural Resettlement Administration and the Farm Security Administration to develop as widely as possible the possibilities of leasing or selling small farms to be operated under conditions similar to those established on the homestead areas.

The owners of a sugar factory in the island of St. Croix are willing to cooperate in establishing such a plan. There is the possibility of working out the subdivision of approximately 6,000 acres of land in this way. Unless this or another equally effective plan is carried out, it is probable that this sugar company will discontinue its operations and thus add 800 people to the unemployment rolls.

If small farms are developed, they should be of sufficient size to permit balanced agriculture by the small farmers. Their average size should not be less than 30 acres, which should include sugarcane land as well as cattle land, so that small farmers may produce a cash crop, vegetables for their own use and for local sale, poultry, and a few head of cattle. With mechanical cultivation aids, financial assistance, and with farm management supplied by the government

through the agricultural station or agencies of the Department of Agriculture, it is believed that small farmers can be established on a sound basis and that their standard of living can be greatly improved over their present standard as agricultural laborers.

The sugar grower in the Virgin Islands does not receive benefit payments under the Sugar Act of 1937. Indeed, he not only does not receive these benefit payments, but by act of Congress is compelled to pay a special export tax of \$6 per ton on all sugar produced in the Virgin Islands and exported therefrom. This tax, which represents 10 percent or more of the gross return of the sugar grower at present sugar prices, is paid by the grower of sugarcane under the practice of local sugar factories which pay for sugarcane according to the New York sugar price after deducting the tax. If other sugar producing areas which have the benefit of irrigation and ample rainfall require benefit payments, and drought and catastrophe payments, sugar growers in the Virgin Islands who sell their product in the same market require them also. Certainly, they cannot do without them and, at the same time, pay an export tax of \$6 per ton.

It is imperative that legislation be enacted to return to the Virgin Islands sugar processing taxes levied in the United States and thus to permit the repeal of this export tax. The Wages and Hours Act applies to the sugar industry of the Virgin Islands. There is, therefore, no basis for continuing the export tax if the purpose of its enactment was to equalize sugar production costs in the Virgin Islands with those in continental United States.

The cattle business.—The cattle business, which is of second importance in each of the municipalities of the Virgin Islands, requires reorganization in order to meet new conditions imposed in the only available market. Due to the vigorous prosecution of a tick eradication program in Puerto Rico conducted with Federal relief funds, that important market for Virgin Islands' cattle will no longer be available unless a similar program is carried on in the Virgin Islands, or arrangements are made to ship meat to market rather than live animals. Work bulls may no longer be shipped to Puerto Rico and animals for slaughter must, therefore, be produced in the Virgin Islands if the cattle business is to survive as an important industry. A careful survey by an expert has been made during the past year as a result of which numerous recommendations for the improvement of this industry were made.

The shipping business.—The shipping industry in the port of St. Thomas continued its improvement with resulting benefits to the community at large. During the fiscal year 814 ships with a total tonnage of 3,239,975 called at the port of St. Thomas, as compared with 777 ships with a tonnage of 3,084,173 in 1937, and 647 ships with a tonnage of 3,017,682 in 1936. There was inaugurated during

the year, for a trial period, an arrangement for the transshipment of bauxite at the port of St. Thomas from small vessels of shallow draught which transport it from British Guiana to the dock at St. Thomas to ships of greater draught which transport it from St. Thomas to Canada. This business increases the activity of the port of St. Thomas, furnishes increased employment, and signalizes the advantages of the port of St. Thomas over competing ports in the Caribbean area.

The Army Engineer Corps has continued its engineering surveys of the harbor with a view to beginning authorized harbor improvement work in the new fiscal year. The prosecution of this project is of first importance to St. Thomas whose entire economic life depends on shipping.

An interdepartmental committee appointed by the Secretary of the Interior to study and report on the relative advantages of the ports of St. Thomas and of San Juan, P. R., as a site for a graving dock made a report on November 7, 1937, and found that if a graving dock were to be constructed in the Caribbean area it should be constructed in San Juan Harbor rather than in St. Thomas Harbor. If a graving dock is established in San Juan, it will undoubtedly have the effect of diverting shipping from the harbor of St. Thomas. Since shipping is the only commercial activity of this island, any decrease in the number of ships calling here will immediately reflect itself in an increase in the number of workmen in the community who are without employment. Therefore, it will be a very serious blow to St. Thomas to have a graving dock established in San Juan.

Tourist trade.—The development of the tourist trade continues to make steady progress. During the year 13 tourist ships called at the port of St. Thomas with a total of 6,487 tourists aboard. It is interesting to note that two of these ships were not scheduled to call at St. Thomas, but did so because rough seas prevented their calling in San Juan Harbor.

Bluebeard Castle Hotel was taken over by a private operator under a mutually satisfactory lease on December 1, 1937. It continues to attract a growing number of visitors to the Virgin Islands and has contributed substantially to the development of St. Thomas as a winter resident center.

Extensive improvements in the sanitary facilities of the town of Charlotte Amalie, the surfacing of streets, the reconstruction and improvement of street drains, and the reconstruction and improvement of highways during the year have greatly improved the opportunities for the development of St. Thomas as a tourist center.

Considerable demand exists for residential construction both to meet local requirements and to increase the possibilities of winter

resident development. Plans are now under consideration to establish Federal savings and loan associations through which the financial assistance of the Federal Home Loan Bank Board can be secured for this purpose.

Vigorous measures are necessary to keep the sugar industry and the cattle industry alive, to improve the facilities of the harbor of St. Thomas, to increase commercial shipping, and to develop the tourist trade which, in their sum, represent all of the present important economic potentialities of the Virgin Islands.

CONGRESSIONAL LEGISLATION

The Sugar Act of 1937.—Under this act the sugar quota for the Virgin Islands is fixed at 0.24 of 1 percent of the domestic allotment. This figure represents an increase from approximately 5,400 tons under the Jones-Costigan Act to 9,200 tons in the Virgin Islands' quota and permits a return to a normal sugar crop for the Virgin Islands based on recent years when production was not greatly reduced by droughts. Under the law no refining operations may be carried on in the Virgin Islands.

The Virgin Islands are excluded from the benefit payments of title 3 of this act, and hold the unenviable position of being the only sugar-producing area under the American flag which does not receive these benefits. Sugar processing taxes are collected on Virgin Islands' sugar when shipped to the United States and processed there, the receipts from which are deposited in the United States Treasury.

Such relief as was anticipated from the increase of the Virgin Islands sugar quota under this law has been lost by reason of the severe and prolonged drought which has reduced sugar production by 50 percent, but for which no benefit payments were made.

St. Thomas Harbor improvement.—Funds made available, under the War Department civil appropriation bill, approved June 11, 1938, for river and harbor improvements, will make possible the inauguration of work on the improvement of the harbor of St. Thomas which was authorized in the Rivers and Harbors Act of 1935. Further engineering surveys have been carried on and a contract for the construction of a breakwater from the eastern end of the harbor to Rupert's Rock will be let in the new fiscal year.

Other legislation.—Several bills, including an amendment to the organic act of the Virgin Islands; a bill to impose uniform excise taxes in the Virgin Islands; a bill to amend the Liquor Taxing Act, and a bill to authorize the appropriation to the Virgin Islands of internal revenue taxes collected in the United States on Virgin Islands products, were introduced in the Seventy-fifth Congress, but failed of enactment.

LOCAL LEGISLATION

The most important ordinances enacted by the two municipal councils of the Virgin Islands were those providing for registration and elections under that provision of the organic act which established universal suffrage in the Virgin Islands beginning with January 1, 1938. Comprehensive laws were enacted in both municipalities to implement this requirement of the organic act which marked an important advance in the political organization of the Virgin Islands. Registration under these laws is now taking place.

The municipality of St. Croix enacted legislation based on similar laws in effect in Puerto Rico for the control and eradication of cattle ticks. Plans are in preparation for carrying on a tick eradication program in both of the municipalities of the Virgin Islands in the new fiscal year with the assistance of W. P. A. funds and under the technical supervision of the Bureau of Animal Industry of the Department of Agriculture.

In addition to much routine legislation there was enacted by the Municipal Council of St. Croix an ordinance authorizing the execution of a contract granting a franchise to a private power company to operate an electric light and power service in the municipality. A slight reduction in rates will be put into effect at the end of 1 year and provision is made for a further reduction of rates as the consumption of electricity increases during the life of the contract.

Approximately 3,000 acres of land at the east end of the island of St. Croix were purchased under an ordinance which authorized the afforestation and development of the area by the Civilian Conservation Corps.

The Municipal Council of St. Thomas and St. John enacted a number of important ordinances in addition to the electoral ordinance referred to above. Several ordinances were enacted which established clearly defined rights-of-way for public roads and authorized a procedure for securing additional rights-of-way for roads whose construction might be undertaken by Federal or municipal agencies. This action has permitted the widening of many roads which formerly were too narrow for safety. Property owners have cooperated in an excellent manner in agreeing to donate land adjacent to roads so that this work has been accomplished without cost to the government for the acquisition of land.

Enabling legislation was enacted by the Municipal Council of St. Thomas and St. John to provide for the operation of certain recreational facilities such as the municipal beach house and tennis courts, and to provide for a method of operating them. Unfortunately no municipal funds have so far been made available to conduct these useful recreation centers. They have been operated and improved

through the use of funds collected as fees. There is great need for development of additional recreational facilities in the community, and it is hoped that the recognition of this need by the legislature will later result in the substantial extension of such facilities.

By ordinance of November 8, 1937, there was created an official lottery in the municipalities of St. Thomas and St. John. The ordinance creating it was based on a similar Puerto Rican law. The ordinance provides that the proceeds from the lottery shall be made available for hospitalization, sanitation, education, and poor relief in the municipality. There have been three drawings to June 30, 1938. The first drawing resulted in a loss of \$64, the second drawing in a surplus of \$2,850, and the third drawing in a loss of \$104. These figures do not include administrative expenses which have so far been paid out of a loan fund authorized by the ordinance. It is too early to determine whether or not the lottery will be successful in bringing in very much needed funds to the municipality for the purposes for which it was created.

Authority was granted by resolution of the Municipal Council of St. Thomas and St. John to carry on reforestation work on estates Calabashboom and Julia De Koning in the island of St. John. These estates, comprising an area of approximately 150 acres, have been in the possession of the municipality for many years, but have not been developed. The Civilian Conservation Corps personnel is now undertaking reforestation activities with a view to establishing a stand of hardwood trees on it. It is reported that logwood, sandalwood, ebony, lignum vitae, and other valuable woods were once found in abundance on the island of St. John. If seeds or seedlings of these varieties can be found, they will be propagated and planted.

Several important tax measures were enacted by the Municipal Council of St. Thomas and St. John during the year. A gasoline tax imposing a tax at the rate of 4 cents a gallon was enacted on May 16, 1938. Collections from this tax and from an automobile license tax, which was amended to impose license fees in accordance with the weight of automobile vehicles to increase the revenue therefrom, are to be segregated in a special road fund for use in maintaining the road system of the municipality. As a result of this action by the municipality of St. Thomas and St. John, there is now a uniform gasoline tax of 4 cents a gallon in effect throughout the Virgin Islands. Automobile license taxes in both municipalities are now at practically the same level. The enactment of this legislation is of special importance because it makes available funds to maintain the increasing mileage of roads in the municipality which have been improved through the expenditure of Federal relief funds.

A trade and lamp tax which has been in effect in the municipality since its enactment in 1855 was repealed and a new trade tax levying

a tax of 1 percent of the business turnover of merchants engaged in certain classes of business, and one-half of 1 percent on the annual turnover of merchants engaged in certain other classes of business was enacted by ordinance of May 16, 1938. Under a companion ordinance the suspension of ships' dues on vessels calling at the port of St. Thomas for coal and oil bunkering was continued during the life of the trade tax.

Appropriations were made by the Municipal Council of St. Thomas and St. John of funds necessary for the construction of a hospital kitchen at the Municipal Hospital at Charlotte Amalie and for the construction of a country school in the Mafolie district. Both of these structures were urgently required for the proper functioning of municipal medical and school services. Through the generosity of an estate owner an excellent site was donated for the construction of the school, which is now under way. Funds were also appropriated to pay a portion of the cost of the reconstruction of the Municipal Building in Charlotte Amalie, which was purchased last year to house the legislature, the public library, and other municipal offices.

In accordance with the provisions of section 7 of the Organic Act, the Governor convened the first meeting of the newly created Legislative Assembly of the Virgin Islands on November 22, 1937. Numerous important items of legislation, which were included in the message of the Governor calling the session of the legislative assembly, were not considered by this body because of technical objections, raised when the assembly met, against the introduction by the Governor of bills for the consideration of that body. This practice was followed throughout the Danish regime, and has been continued so far as meetings of the municipal councils of the Virgin Islands are concerned by specific provision of the organic act. Although the power to introduce measures in the legislative assembly is not granted in specific words in the Organic Act, a reasonable interpretation of its wording would justify the practice. The members of the legislative assembly, however, denied the Governor the opportunity to introduce measures, with the result that only one measure was held to be properly before that body. Because of the possibility of establishing a precedent which was clearly not intended to be established by the Congress of the United States when it enacted the Organic Act, the Governor withdrew from the legislative assembly when the ruling was finally made that measures could not be introduced by him. The meeting of the legislative assembly was therefore without result, and many important measures, including a uniform electoral law for the Virgin Islands, were dismissed without consideration.

An amendment to the Organic Act specifically granting power to the Governor to introduce legislation in the legislative assembly was introduced in the Seventy-fifth Congress and was favorably reported

in both the Senate and the House. Unfortunately, the bill failed of enactment in the closing days of the session. As a consequence there will continue to exist two opposite interpretations of the Organic Act on this point which may temporarily hinder the consideration of legislation needed for the Virgin Islands as a whole.

FISCAL

The revenues of the municipal governments again show substantial increases over previous years. In the case of St. Croix, however, collections were greatly less than estimated at the beginning of the fiscal year due to a considerable loss of sugar-export taxes and other taxes falling on the sugar business. It is feared that substantial decreases in municipal revenues for the municipality of St. Croix will result in the fiscal year 1939 because of sugarcane crop losses in the years 1938 and 1939.

Municipality of St. Thomas and St. John.—The actual revenues of the municipality of St. Thomas and St. John were \$213,981.94 which represents an increase of 19 percent over the revenues of the preceding fiscal year. Income-tax collections were \$81,776, an increase of 130 percent over the preceding fiscal year, and an increase of 461 percent over the fiscal year ending June 30, 1935. Receipts from customs dues were \$17,137, an increase of 17 percent over the fiscal year 1937.

Municipality of St. Croix.—The actual revenues of the municipality of St. Croix were \$191,816.03, an increase of 7 percent over the preceding year. Income tax collections were \$16,365, an increase of 36 percent over the fiscal year 1937. Export duty of sugar brought in \$37,303, an increase of 24.5 percent over the preceding fiscal year.

Cost of the municipal governments.—The total expenditures of the municipal government of St. Thomas and St. John were budgeted at \$276,792.80. The United States contributed a deficit appropriation of \$60,000, \$10,000 less than the preceding year.

Expenditures of the municipal government of St. Croix were budgeted at \$264,032.53. The United States contributed a deficit appropriation of \$50,000, \$10,000 less than the preceding fiscal year.

Reduction of Federal deficit contributions.—The continuation of the policy of the Congress of the United States in reducing annually the Federal contribution to the cost of operating the municipal governments of the Virgin Islands has now proceeded to a point where a relatively small appropriation is being made. In the fiscal year 1938 the total deficit contributions were \$110,000. In the 1939 Appropriation Act this amount has been reduced to \$75,000. It is probable that the municipality of St. Thomas and St. John will not require a deficit contribution for the fiscal year 1940. On the other

hand, St. Croix will require assistance in one form or another in carrying the costs of its municipal services for the next fiscal year because of serious losses of revenue resulting from drought, whose effects will be apparent in municipal revenues for at least 3 years.

The St. Thomas Harbor Board.—The revenues of the St. Thomas Harbor Board amounted to \$30,869, a decrease of 4.5 percent from the preceding year. Against these revenues were charged operating expenses of \$24,722, leaving an operating surplus of \$6,147. Collection of ships' dues in 1938 was \$8,784, an increase of 2 per cent over the preceding fiscal year. Pilotage fees totalled \$15,826, a decrease of 5 percent from the preceding year.

THE FEDERAL APPROPRIATION

The appropriation, "Government of the Virgin Islands, 1938," was as follows:

Central administration-----	\$116,000
Agricultural experiment station and vocational school-----	35,000
Deficit, municipality of St. Thomas and St. John-----	60,000
Deficit, municipality of St. Croix-----	50,000
Total -----	261,000

The Third Deficiency Appropriation Act, fiscal year 1937, appropriated \$4,250 to provide for additional expenses of the government of the Virgin Islands, primarily in connection with the enforcement of the United States immigration laws.

After several months' delay at the beginning of the fiscal year, the following work relief projects, which were carried on as WPA projects, were authorized, all of which were completed by June 30, 1938:

Continuation of reconstruction and renovation of tourist hotel and Bluebeard Castle-----	\$29,000
Improvement to public highways, St. Thomas and St. John-----	92,975
Improvement to sewage disposal and sanitary water supply systems, and surface drains, St. Thomas-----	84,525
Improvement to streets within the city limits of Charlotte Amalie, St. Thomas-----	58,500
Mattress-making and sewing projects for women at Charlotte Amalie, St. Thomas, and Christiansted and Frederiksted, St. Croix-----	11,300
Road construction, St. Croix-----	61,072
Installation of toilet systems at grammar schools and high school, repair and extension of water and sewer systems, and construction of cisterns at municipal hospitals, St. Croix-----	15,521
Construction of concrete gutters at Christiansted and construction of hard-surfaced streets at Christiansted and Frederiksted, St. Croix--	14,407
Construction work at Protestant Cáy residence, St. Croix-----	6,000
Administrative expenses-----	19,500
Total -----	392,800

WORK RELIEF PROGRAM ACCOMPLISHMENTS

Bluebeard Castle Hotel.—Numerous improvements were effected at Bluebeard Castle which proved to be necessary after a preliminary period of operation. Special attention was given to water supply, sanitary installations, electric wiring, kitchen facilities and other service units of the hotel. An attractive dining porch was erected on the west elevation of the main building which has increased the dining-room space and which greatly adds to the comfort of the guests. The temporary operation of the hotel by the government during the period of construction was concluded on November 30, 1937, when a private operator took over the operation of the hotel under a lease. The operation of the hotel by the government, paying all costs of operation from income, ended with a slight profit which has been deposited in the United States Treasury. The hotel has proved to be a useful means of attracting visitors to the Virgin Islands and has adequately fulfilled the purposes for which it was originally established.

Roads.—Further progress was made in improving the road system of the Virgin Islands in accordance with a master plan approved by the local authorities. A total of 17 miles of road were improved during the fiscal year. Of these $3\frac{1}{3}$ miles were asphalt penetration roads in St. Thomas and $11\frac{3}{4}$ miles were asphalt-surfaced roads on a water-bound macadam base in St. Croix. The completion of the program laid down for the present fiscal year in spite of delays in the allocation of funds and in spite of the difficulties of procurement due to the great distance of the Virgin Islands from supply points, represents a highly creditable achievement.

For different reasons the local authorities in each municipality are especially desirous of continuing the road-improvement program which has been a basic part of all relief programs. In St. Thomas this program is intimately connected with the development of this island as a tourist center. Already the improvement of certain roads has led to the purchase of land in hitherto inaccessible areas by those who are interested in constructing residences for their own use or for rental to winter residents. In St. Croix road improvement is of especial importance to the sugar industry because sugarcane is at the present time brought to weigh houses in animal-drawn carts or in motor trucks, and from there is transported to the factories by motor-truck. Reduced transportation costs because of the improvement of roads will benefit all classes of sugar growers.

Sanitary improvements.—Much progress can be reported in the improvement of sanitary facilities in the town of Charlotte Amalie. Due to limitations of water supply, sanitation facilities, and sewage disposal have historically constituted a serious problem in the towns

of the Virgin Islands. In 1922 a beginning was made in each of the towns of the Virgin Islands in laying sewers and, in Charlotte Amalie, in establishing a salt-water supply system for sanitary flushing purposes. Substantial improvements to the salt-water supply system and sewer system in Charlotte Amalie were accomplished in the fiscal year 1937 with some slight extension of the service to sections of the town which had previously not been served. In the past fiscal year sewer and water mains were constructed to service all sections of the town. Additional funds are necessary to install laterals and secondary sewer and water lines to make possible the complete substitution of sanitary flushing systems for the primitive arrangements which have previously been in use. In St. Croix sanitary toilet facilities were installed in numerous municipal school buildings.

Street surfacing and drainage.—Much progress was made during the year in surfacing streets and improving surface drains in each of the three towns of the Virgin Islands. This program which has been prosecuted with successful results over a number of years has added greatly to the cleanliness and attractiveness of the towns and to the health and comfort of those living in them or visiting them.

Women's projects.—A mattress-making project has been conducted with success in St. Thomas and a sewing project has been conducted in both St. Thomas and in St. Croix during the year. These projects are intended to give employment to women and have greatly aided many persons who are without other means of support. Articles produced have been distributed to relief clients and have thus served the double purpose of furnishing employment and direct relief.

Protestant Cay residence, St. Croix.—The reconstruction of this attractively located and interesting structure was completed except for certain minor details and except for the reconstruction of adjacent outbuildings. This residence will be made available as quarters for an officer of the government of the Virgin Islands.

HOMESTEADS

No appropriation was available during the fiscal year for the further development of the homestead projects which have constituted an important element of the rehabilitation program of the Virgin Islands. After many difficulties and delays a small administrative allotment was made available to pay for the administrative costs of supervising 400 or more homesteaders who have been established on the land and to maintain clerical records of collections made from them. The local authorities in the municipality of St. Croix cooperated wisely and effectively in advancing cultiva-

tion loans to homesteaders from the meager resources of the municipality. The success of this program depends greatly on continuous and careful supervision, and on the establishment of loan funds for cultivation aids. The program was established on a 20-year rental-purchase basis and requires continuing administrative supervision during that time. Partial provision is made to carry this administrative expense in the appropriation for the government of the Virgin Islands for the fiscal year 1939. The program cannot be developed to its fullest potentialities unless additional funds are made available for administrative purposes on a relatively permanent basis and for cultivation aids.

Repayments in a total amount of \$12,970 were made to the United States Treasury by homesteaders and from homestead sources during the year. The excellent record established by the homesteaders in previous years in meeting their amortizing rentals and cultivation loans when due will, unfortunately, not be maintained during the coming fiscal year. As indicated elsewhere in this report, the great majority of homesteaders, who are located in the island of St. Croix, have received a gross return from their cash crop of only 29 percent of their income for the preceding fiscal year as a result of drought and low sugar prices. At the same time, it is reported that of 298 homesteaders in St. Croix not more than 15 will default entirely in meeting rental payments or cultivation loan payments when due. The record established by homesteaders in previous years gives ample evidence of the wisdom of establishing field laborers in St. Croix on small farms. This program should not only be fully supported by making permanent provision for meeting administrative costs and by establishing permanent arrangements for financing small farms, but should also be greatly extended so that the sugar business may continue to furnish employment to agriculturists in the island of St. Croix who would otherwise be destitute.

LOW-COST HOUSING

By arrangement with the United States Housing Authority, the administration of the three low-cost housing projects erected in the Virgin Islands by the PWA Housing Division has been turned over to the government of the Virgin Islands. This arrangement has made it unnecessary to establish an expensive management organization and has therefore permitted the establishment and maintenance of low rentals at these projects.

Both housing projects in St. Croix have been fully occupied almost from the date when they were made available for occupancy. Of the 58 units in the Charlotte Amalie project there are as yet only 41 occupied. The organization of a community club at this project

has been instrumental in arousing greater interest and understanding on the part of prospective tenants. It is anticipated that all of the units of the St. Thomas project will soon be occupied.

The following figures set forth the status of rental collections:

	Earned income	Cash collections
H. H. Berg Homes.....	\$905. 48	\$800. 33
Bassin Triangle.....	1, 175. 94	1, 027. 98
Marley Homes.....	1, 373. 04	1, 208. 88
	3, 454. 46	3, 037. 19

The local housing advisory committee in each island has maintained an active interest in these projects and has made numerous valuable suggestions for their better management, and for physical improvements which have proved to be necessary since these units have been occupied. It is hoped that arrangements can be made whereby a greater proportion of rental income can be made available than is now the case to make needed improvements.

The office of the General Counsel of the United States Housing Authority has cooperated generously in preparing drafts of legislation for enactment by the municipal councils of the Virgin Islands to create local housing authorities. These measures have been introduced in the local legislatures and are now under consideration. If they are enacted, they will permit the construction of additional low-cost housing to replace low-standard, unsafe, and insanitary dwellings.

FEDERAL BUILDINGS

Thirteen structures which formerly were owned by the Danish State were transferred to the United States at the time of the execution of the Treaty of Cession between Denmark and the United States under which the Virgin Islands were transferred to the United States. A number of these structures are historically and architecturally interesting. It has not been possible to maintain them adequately for lack of funds and for lack of adequate architectural and planning personnel. As a result of a request by the Secretary of the Interior to the Secretary of the Treasury, an agreement has been reached under which the Treasury Procurement Division of the Treasury Department will undertake major repairs and reconstruction of these buildings. Plans are nearing completion for the major repair of government house and the administration building in St. Thomas, and of government house in St. Croix. Plans are also in preparation for the major repair of all other Federal buildings used by the government of the Virgin Islands. Construction work will

be undertaken in the new fiscal year which will preserve and improve these structures whose condition has not been satisfactory in the past.

The Treasury Procurement Division has, during the year, completed the Federal building at Charlotte Amalie which houses the post office, the customs department, and the United States Public Health Service. This handsome structure which is located on a commanding site in Charlotte Amalie has won universal praise.

THE VIRGIN ISLANDS COOPERATIVE

The steady progress of the cooperative has continued during the fiscal year under review. The organization has carried on entirely on its own resources. Despite the fact that no financial aid has been received from any Federal agency, it has been possible to employ a greater number of people and give them increased employment.

During the fiscal year 1937-38, 742 persons have worked for the handcraft division of the cooperatives making baskets, hats, and other straw goods, sewing and embroidering linen, making dolls and other novelties, making jams and preserves and a variety of other hand-made articles. More than 200 persons are steady workers. Nearly 100 have been on every weekly pay roll. The production pay rolls for the year carried 8,287 persons for a total of \$20,635.49, as compared with 5,578 persons for a total of \$14,386.78 for the fiscal year 1936-37. Individual production has increased during the fiscal year just closed over the average production per worker in past years.

As a result of this increase in production, the cooperative has been in a position to take better advantage of the increased tourist trade that was experienced this year.

The export trade fell off slightly but mail-order business improved so that the aggregate of sales to the United States still shows an increase.

In August 1936, the workers received a 3 percent bonus on their earnings for the fiscal year 1935-36. In December 1937 they received a 2 percent bonus on the earnings of 1936-37. The decrease in the percentage of bonus was due to the fact that since July 1, 1936, the organization has received no Federal aid and has been carrying all its overhead expenses. It is expected that the board of directors will find it possible to authorize a larger bonus for 1937-38.

The cabinet-makers cooperative operating as a subsidiary unit of the Virgin Islands Cooperative have been active throughout the year furnishing work for a number of young men and boys.

The rural division of the cooperative, known as the Rural Cooperative Association, has also carried on successfully. This organization now has 63 members including practically all the small farmers of any importance.

In order to encourage more and better production of poultry for which there is a great demand in this market, the Rural Cooperative has established a demonstration poultry farm at the agricultural experiment station at Lindbergh Bay. The farmer-members have evinced much interest in the project and many of them are planning to go in for poultry raising.

AGRICULTURAL STATION AND VOCATIONAL SCHOOL

Efforts have been concentrated in the latter part of the fiscal year in the direction of extension work. In the past, extension work has not been emphasized as forcibly as it might have been and a reorganization is in process which should show definite and concrete results in the improvement of agriculture in all its local phases. A definite program of extension activities has been outlined for the new fiscal year. In St. Thomas, bench-terracing is being experimented with in the hope of inaugurating a system of constructive agriculture. Although much has been accomplished by the vocational school in formulating sound principles and practices, there was under consideration at the end of the fiscal year a reorganization of vocational-school activities on a cooperative basis with the municipal department of education to provide for the carrying on of academic work at the Christiansted High School for the vocational-school students, and agricultural and related courses at the vocational school for the ninth, tenth and eleventh and twelfth grades of the high school. This change is planned for the beginning of the new school year.

MUNICIPAL GOVERNMENT ACTIVITIES

Education.—Unfortunately, nothing was accomplished during the year on the two vital needs of educational activities, a revision of the antiquated school law and preparation of new courses of study.

Marked interest has been displayed by the teachers in all facilities for self-improvement in professional training. Many teachers attended summer school at the University of Puerto Rico, some assisted by funds appropriated by the municipal councils; and many others pursued courses for professional advancement or secondary credit in the Teachers Institute in Charlotte Amalie.

A Jeanes teacher came to the municipality of St. Thomas and St. John during the year through the interest of Dr. Arthur D. Wright of the Southern Education Foundation. The Jeanes program was extended to this municipality but was somewhat retarded

due to the fact that the Jeanes teacher was required to supervise elementary instruction. A rearrangement of personnel will eliminate this factor in the new school year so that the Jeanes teacher may direct her attention wholly to the education-in-living program which has been highly successful in the municipality of St. Croix. Total enrollment in all public schools was 3,374 as compared with 3,249 in the previous year.

Health and sanitation.—The general health of the communities has been good and there were no epidemics. In St. Thomas nearly 1,500 school children were examined and treated for correction of conditions other than malnutrition. The examination showed a large percentage of malnutrition due to lack of proper and varied diet. There was a severe outbreak of whooping cough in St. Thomas late in the fiscal year.

The insanitary nightsoil removal service continues to be a potential menace to the health of the islands. The abandonment of the service by compulsory installation of sanitary automatic flushing toilets would be a great aid in the prevention of infectious and contagious diseases.

In St. Croix research work on elephantiasis was continued. Operating and bandaging procedures were worked out. This work has been so successful that the chief municipal physician was invited to lecture on elephantiasis before the School of Tropical Medicine in San Juan, P. R.

Inadequate funds have made it impossible, particularly in St. Croix, to further improve and strengthen the medical services and to do needed public-health work. There are needed in both municipalities new, modern hospital buildings, with up-to-date equipment, designed to fit the needs of the communities they serve. The present hospital facilities, even though greatly improved in the past two decades, have served their useful lives and must be replaced with new and modern structures as soon as possible.

Welfare.—Tenant selections for the three housing projects of the United States Housing Authority, viz., the 58-unit, 106-room, H. H. Berg Homes at St. Thomas; the 38-unit, 70-room Bassin Triangle at Christiansted, and the 30-unit, 54-room Marley Homes at Fredriksted, greatly increased the volume of activities of the welfare departments.

Mattress-making and sewing projects for women were conducted from W. P. A. funds. The welfare departments also acted as employment offices for the assignment of persons from the relief rolls to work projects.

In St. Thomas, recreational activities have been sponsored on public tennis courts and at a public beach house. A community chest was organized.

In St. Croix special emphasis was placed on public-health nursing service in the schools and in the homes of the underprivileged.

Public works.—The routine activities of the municipal public works departments were accomplished without interruption of the public services within the limitations of appropriated funds and available transportation facilities. Important public works projects, such as improvements to public highways, street improvements, repairs and extensions of water and sewer systems were carried on from WPA funds under the supervision of the public-works departments. These are detailed elsewhere in this report.

Harbor.—814 ships with a gross tonnage of 3,239,975 entered the harbor of St. Thomas. Of this number, 70, with a tonnage of 285,512, were Government ships and 744, with a tonnage of 2,954,463, were merchant ships. This was the best shipping year of the port of St. Thomas for the past 20 years.

Public libraries.—The three public libraries continued their contribution to juvenile and adult improvement within the limitation of the public appropriations for their support. The circulation in the Frederiksted Library increased due to the addition of a children's room. The St. Thomas Public Library acquired through a private subscription of funds a valuable collection of books, manuscripts, and woodcuts of the late Dr. Charles Edwin Taylor, author of *Leaflets of the D. W. I.*

Police and prison.—There has been in progress a decided effort to improve law-enforcement activities. There were no unusual occurrences, but the routine work of the departments has been increased considerably as a result of new tax, automotive, and disease-control legislation.

ADMINISTRATION OF UNITED STATES IMMIGRATION LAWS

Further studies of the immigration laws and of questions relating to their application and enforcement in the Virgin Islands were made by representatives of the State Department, the Labor Department, and the Interior Department, due to the fact that deportation proceedings conducted in accordance with the findings of earlier studies were found to be legally defective. As a result of these studies, it was held that the Immigration Act of 1917 applies to the Virgin Islands and that the Labor Department is responsible for the administration of the United States immigration laws in the Virgin Islands.

Procedures were worked out for the appointment of officers of the government of the Virgin Islands as immigration officers who will administer the immigration laws under the direction of the Secretary of Labor. Many difficult problems of interpretation of

law and of its application to individual cases have arisen. Especially difficult are the cases of persons who entered the Virgin Islands prior to June 1925, when efforts were first made by the officers of the government of the Virgin Islands to enforce the immigration laws. In many of these cases there is no record of entry because of the inadequacy of records.

The new procedures for the administration of the immigration laws became operative on July 1, 1938, and have thrown a great additional burden of responsibility upon the officers of the government of the Virgin Islands. Request has been made for further assistance from the Department of Labor to secure a determination as to the status of the many persons who appear at the present time to be "hardship cases." The requirement contained in recent relief acts debarring aliens from employment on relief projects has been rigorously enforced with the result that, in many cases, all possibility of employment has been denied to persons who were not even aware of the fact that they had not acquired United States citizenship as a result of various enactments by the Congress which accorded that status to natives of the Virgin Islands.

CIVILIAN CONSERVATION CORPS

The outstanding achievement of the CCC was the completion of drainage work at Frederiksted swamps, St. Croix. This area, which was a breeding place for malaria mosquitoes, because of its situation immediately adjacent to the town of Frederiksted, constituted a perennial menace and on several occasions was responsible for malaria epidemics of considerable proportions. Since the completion of drainage work by the CCC, the malaria epidemic has subsided and only a few sporadic cases developed during the year. All low-cost housing projects were graded and landscaped with success. Bluebeard Castle Hill was likewise graded and landscaped. A number of afforestation projects were begun during the year by the CCC organization including the planting of hardwood trees at Calabashboom, St. John; planting of cocoanut palms at Sandy Point, St. Croix; and the development of approximately 4,000 acres at the east end of St. Croix as a mahogany forest.

The Civilian Conservation Corps likewise carried on a substantial road program of which the St. Peters Mountain Road improvement constitutes the most important achievement. This scenic drive is being extended at the present time with a view to developing a circular drive in an area whose scenic attractions are outstanding. Much progress has been made in developing a farm-to-market road linking the northside estates on which 70 families have been estab-

lished on small farms with the Bethlehem Sugar Factory in St. Croix. Notable progress has been made in developing government house gardens in St. Thomas.

At the request of the Secretary of the Interior, Mr. Frank H. Knapp, of the Soil Conservation Service of the Department of Agriculture, made a study and report on the possibilities of water conservation with special reference to conservation work which might be carried on by the Civilian Conservation Corps organization. Mr. Knapp prepared an excellent report in which numerous helpful recommendations were made which will be used as a guide for the future activities of the Civilian Conservation Corps.

During the year a side camp was established in the island of St. John where there are now 26 persons enrolled in the senior camp. The senior camp in St. Thomas has maintained an enrollment of approximately 75 persons, and the junior camps in St. Thomas and St. Croix have maintained their authorized enrollment of 100 men each. In the next fiscal year it is proposed to increase the enrollment of the St. Croix Camp from 100 to 150 men.

CONCLUSION

The unexpected and unfortunately prolonged delay in securing relief allotments after the conclusion of the 1937-38 work-relief program on June 30, 1938, has revealed the great dependence of the Virgin Islands on the aid given them from this source. This is especially true in St. Croix where the program of economic rehabilitation was dealt a severe blow by drought and low sugar prices.

The sugar business is in serious jeopardy and must be reorganized if it is to survive in the island of St. Croix. Definite measures must be taken promptly to relieve that business of the special disabilities imposed on it and to modify the basis on which it has been organized in the past.

The cattle business must be assisted to prevent the loss of its only market. A change in the type of animal produced must be effected, a tick-eradication program must be carried through to a successful conclusion, and better marketing facilities must be developed if the great potentialities of this business in the Virgin Islands are to be fully realized.

The harbor of St. Thomas must be improved in order to maintain its present outstanding position in the Caribbean area. Continued emphasis must be given to the development of the tourist trade which has proved to be an important factor in the economic rehabilitation of the island of St. Thomas. Great fear has been expressed locally that the enforcement of the immigration laws and the navigation laws will hinder the shipping business of the island of St. Thomas.

It cannot be determined at this time whether or not this apprehension is well-founded. Some adjustments will undoubtedly have to be made and some loss of shipping business may finally result.

Although much progress can be recorded in the improvement of the basic services in both the municipalities of the Virgin Islands, there is, at the same time, obvious need for substantial improvements. One of the outstanding needs of the municipalities is the reconstruction and improvement of the municipal hospitals. It is imperative that means be found in the very near future to carry through a program of hospital construction so that the steady improvement of the medical service in the Virgin Islands which has been characteristic during the past generation may be continued.

Respectfully submitted,

LAWRENCE W. CRAMER, *Governor.*



