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DEPARTMENT OF THE INTERIOR  
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Memorandum

TO: General Wilton B. Persons

FROM: Legislative Counsel

*Theodore Stevens*

This memorandum has been prepared in accordance with your request after the inter-Departmental conference in your office on March 5.

Problem: Implementation of the Administration's position on Alaska Statehood. This position has been stated previously as follows:

X OF 147-D  
X OF 4

1. The Budget Message of 1957:

"I also recommend the enactment of legislation admitting Hawaii into the Union as a State, and that, subject to area limitations and other safeguards for the conduct of defense activities so vitally necessary to our national security, statehood also be conferred upon Alaska."

2. The Bureau of the Budget's clearance letter to the Senate Interior and Insular Affairs Committee, dated February 11:

"The Bureau of the Budget recommends enactment of S. 49 and S. 50 subject to favorable consideration of amendments to S. 49 to be proposed by the Secretary of Defense and the Secretary of the Interior."

3. The Republican Party Platform of 1956:

"We pledge immediate statehood for Alaska, recognizing the fact that adequate provision for defense requirements must be made."

Plan of Action: We wish to implement these statements by offering amendments to the Congress which would give the President authority to establish areas within Alaska which will be under exclusive Federal control. We feel that the alternative previously discussed - partition of Alaska - is not appropriate for the following reasons:

1. Partition would disenfranchise approximately 24,000 residents of the area North and West of the proposed line. These people presently have the right to vote for at least local and Territorial officials. Partition would result in a

Federal District which would be governed by the Congress. These residents would have no right to vote for or send representatives to the Congress.

2. International repercussions which may be expected from partition do not justify such action in view of the preferable alternative we suggest. We have been informally advised by the State Department that the creation of a dependent, voteless area, by the United States, resulting from partition of Alaska, would meet with disapproval internationally, and that such action would probably have to be defended in the United Nations.

The President is reported to have said on November 17, 1950, in Denver, Colorado, in a speech to a gathering at the Freedom Bell: "Quick admission of Alaska and Hawaii to statehood will show the world that America practices what it preaches." The President further at that time declared admission of the two Territories was "in conformity with the American way of life by granting them self-government and equal voice in national affairs."

"Partition" has been used internationally to describe actions in Korea, Viet-Nam, and Germany. We feel that the partitioning of Alaska will result in unwarranted political attacks on the Administration, particularly in the Northwestern part of the United States, where admission of all of Alaska is favored.

3. Exclusive Federal control may be obtained without excluding the area from the exterior boundaries of Alaska. By the amendments we propose, which your staff has approved, the President would be given authority to create areas of exclusive Federal control North and West of the line. All or any part of this area could be placed under Federal control by executive order or proclamation.

Approximately 25% of the 276,000 square miles in this area is already withdrawn for military purposes. This area is inhabited by 24,000 people, of whom approximately 14,000 are natives who are or may be under the supervision of the Alaska Native Service, an agency of the Bureau of Indian Affairs. About 5,000 of the remaining 10,000 permanent residents are military.

This is an area of itinerants. Construction workers, miners, and prospectors use the area on a seasonal basis. No permanent cities, other than Nome, Kotzebue, or Point Barrow, exist there. Police protection will undoubtedly be provided in the interior

portion of this part of Alaska by the United States Marshals. The Territorial police have already assumed responsibility for Nome, Kotzebue, and Point Barrow.

Without further action, the Federal Government has control over and responsibility for more than 75% of the people in this area. There are virtually no roads in this area and none contemplated, other than a road planned for the distant future to link Fairbanks with Nome. The schools in this area are predominantly native schools. The main population center is Nome, which has a population of about 1,900.

We believe that this area will be dependent upon the Federal Government regardless of whether it is included within the State. On the other hand, there are vast mineral resources in this area which are necessary for the full development of the more populated areas of Alaska. The Gubic gas field, for instance, located south and east of Naval Petroleum Reserve No. 4, is a known gas structure covering about 20 million acres. This structure has been estimated to contain 300 billion cubic feet of gas. Already plans are underway to provide private financing (about 45 million dollars) to develop this field and transport the gas by pipeline to the market center in the Fairbanks vicinity. The opening of this field may well provide the incentive for extensive oil and gas exploration in this area. Ninety-nine per cent of the land of Alaska is now owned by the Federal Government. Our bill would authorize the new State to select up to 103,350,000 acres for development purposes. This is, roughly, 20% of Alaska.

4. If Alaska were partitioned, and provision made for local representative government, the cost would be prohibitive to the United States. Provision would have to be made by the Federal Government for executive, legislative and judicial authority by creation of a territorial government or some administrative authority. A separate government for the excluded area would be more costly and would have a very limited revenue base. It has been estimated that such local government would cost approximately 4 million dollars annually.

5. A decision to partition Alaska amounts to a reversal of the position previously announced by Administration spokesmen before Congress. In 1955, Secretary McKay testified before committees of both the Senate and the House; he requested that the

President be given power to create prior to statehood special national defense withdrawals. With clearance from the Bureau of the Budget, an amendment to the pending statehood bills was presented to Congress by the Department of the Interior on March 23, 1955. On March 31, 1955, the President wrote to Senator Jackson of Washington, stating "a proposal seeking to accommodate the many complex considerations entering into the statehood question has been made by Secretary of the Interior McKay, and should legislation of this type be approved by the Congress, I assure your subcommittee that I shall give it earnest consideration." Former Secretary McKay said at the Senate hearings that: "Providing necessary governmental functions, such as police, in the buffer zone would be of considerable expense to the State. If this region stays in the hands of the Federal Government, the State will be relieved of that expense." McKay's solution for Federal control was through withdrawals for national defense - not partition.

Under Secretary James H. Douglas, representing the Defense Department before the Senate Interior Committee was asked about the McKay withdrawal proposal. Senator Kuchel stated:

"Now, my question is: If the Department of Defense could be reasonably assured that State government for Alaska would not materially interfere with the plans of the Department of Defense and if the bill affirmatively stated that the United States Government would have the right to include in any of its defense programs any of the area of Alaska which it deems necessary, my question would be would the Department look with greater favor on that type of legislation that is indicated by Mr. Wilson's letter?"

Mr. Douglas. "Senator, I think if the broad assurances that you indicated could be given, the answer must be definitely yes, the Department would look upon it more favorably."

On February 5, 1955, Assistant Secretary Thruston B. Morton, by letter, told the Senate Interior Committee regarding admission of Hawaii and Alaska, that: "It is this Department's view that such action would serve to support American foreign policy and strengthen the position of the United States in international relations. This is especially true with respect to our participation in the United Nations." Morton further stated:

"Inasmuch as the admission of Hawaii and Alaska as States of the Union would fulfill the aspirations of the peoples of these Territories as expressed in popular referenda, it should redound to our credit among these nations of the free world. Such action would also be in stark contrast to the policies of the Soviet Union which practices a systematic denial of political liberty in the areas where it exercises control."

Therefore, this Administration has previously endorsed withdrawals - not partition. Our proposed amendments would give the President the right to establish areas of exclusive Federal control after Alaska becomes a State as well as prior to admission. This is the fundamental difference between the McKay amendments and our plan of action. This difference will accomplish the following:

(a) Defense will not have to telegraph our defense plans by stating now what areas it needs in the future for security reasons.

(b) If some areas north and west of the line are essential to the development of the more populated portion of Alaska, those areas, with the consent of the President, may be developed by the new State.

(c) Municipal governments will continue to function subject to exclusive Federal control over areas designated by the President. In addition, cities such as Nome could be left outside of exclusive federal areas and continue to function as organs of the State, if the President so elected.

(d) No local Government will be able to interfere with defense activities since the State will have no jurisdiction within the areas of exclusive Federal control.

6. Our plan will enhance the Republican party in the Northwestern States and in Alaska. The people of the Northwest and of the West in general, favor admission of Alaska. Partition of Alaska is unpopular and strongly opposed by the people of Alaska.

(a) If we present an acceptable compromise which will satisfy the defense requirements for Alaska, and, at the same time avoid support of partition, we believe the Administration will have taken a politically acceptable position.

(b) The Democrats in Alaska have gambled on use of the Tennessee Plan to gain admission as a State. All three Tennessee Plan lobbyists are Democrats. Failure of the Democratic controlled Congress to pass statehood legislation, provided we do not suggest an unacceptable alternative such as partition, will reflect adversely on the Democrats of Alaska.

(c) It is recognized that partition would provide an almost foolproof argument against seating the Tennessee Plan lobbyists. However, we are also convinced that partition would provide an almost foolproof certainty that the Democrats would win senatorial and congressional seats in Alaska for many years to come. On the other hand, we believe there is little prospect that the Tennessee Plan lobbyists would be seated, either with or without partition. All bills before this Congress require acceptance by referendum of the terms and conditions imposed by the Congress on admission of Alaska. This provides a strong basis for requiring new elections. All bills under consideration except that introduced by Delegate Bartlett require new elections in 1958 for the Senate and House seats. It is widely known that Delegate Bartlett himself is personally unsympathetic with the Tennessee Plan lobbyists and aspires to become a Senator from Alaska himself.

Proposed Policy Position: We recommend that the President approve our plan of action. This will permit creation of areas north and west of the line which would be under exclusive Federal control. All of the present Territory would be made a State. 276,000 square miles would be set aside in which exclusive Federal control may be asserted. The remaining 310,000 square miles would be subject to the normal Federal-State relationship.

COMPARATIVE DATA ON POPULATION, FEDERAL TAX REVENUES  
AND STATE GOVERNMENT INCOME AND EXPENDITURES  
ALASKA AND SELECTED STATES

STATE	POPULATION	FEDERAL INTERNAL REVENUE COLLECTIONS F. Y. 1955	STATE REVENUES AND EXPENDITURES F. Y. 1955	
	Census Bureau Estimate July 1, 1955	Individual Income and Employment Taxes Withheld	General Revenues	
	Official Census 1950	Total Internal Revenue Collections	General Expenditures	
Alaska	128,600	\$ 33,765,000	\$ 26,210,000	\$ 28,485,000
Idaho	588,600	50,124,000	108,708,000	76,744,000
Montana	591,000	49,022,000	119,955,000	79,856,000
Nevada	160,100	36,904,000	86,831,000	37,573,000
Wyoming	290,000	23,622,000	57,403,000	60,286,000
Vermont	377,700	31,175,000	64,950,000	38,336,000

1/ Figures from Bureau of the Census.

2/ Data from Bureau of Internal Revenue.

3/ Data from "Compendium of State Government Finances, 1955" - Bureau of the Census.

4/ General Revenue - All State revenue except liquor store revenue and insurance trust revenue. The basis for distinction is not the fund or administrative unit receiving particular amounts, but rather the nature of the revenue sources concerned.

5/ General Expenditure - All State expenditures other than specifically enumerated kinds of expenditure classified as liquor stores expenditure and insurance trust expenditures.

6/ Alaska items are total receipts and disbursements as reported by Treasurer of Alaska for year ended June 30, 1955. They are not fully comparable to the State figures used.