

July 29, 1911.

My dear Bob:

This, very roughly, is my idea of the Alaska situation.

We know the territory is vastly rich. First it was fisheries; then gold; then copper began to promise even more than gold; and finally the value of the coal fields was recognized. Other wealth may be discovered at any time, for the possibilities are for vaster than the far known. Only an infinitesimal part of the whole territory has been surveyed, and of the surveyed land, excepting for but a very small part, we have only superficial knowledge.

The wealth of Alaska remains the property of the people of the United States with but slight exceptions, thanks in part to the foresight of Roosevelt, and Garfield, and Pinchot, and the vigilance and persistence of Glavis, but mainly on account of its inaccessibility and the difficulties and cost of the necessary development. The wealth is so great and the temptation so great to secure it that we are finding it impossible to protect it from depredations. It seems as fatal in its allurements as the ____ Diamond. The last years have been filled with the tales of violence and corruption which have attended the efforts of the Morgan Guggenheim Syndicate to secure for themselves the huge wealth of the territory.

Up to this time no way to protect any part of it has been found, except by withdrawing it from use. The people clamor for the use and for the development which is essential to its use. The people of the United States are entitled to begin to get the benefit and the comfort of a reduction in the cost of living which will come from the utilization of Alaska's treasures, and the few people who have gone to Alaska are entitled to exercise to the full the opportunities which their own courage and self sacrifice ought to open to them. All the wealth of Alaska is of no good, without development, and the first step in the development is an adequate system of

transportation. They need railroads, and they will need much else in the way of public utilities. The demand is so great for these facilities, and so well founded, that the people are becoming willing to pay for them, even the heavy price which will attend the furnishing of such facilities by the capitalists, because those like the Morgan-Guggenheims who put their money into Alaska are entering not upon investments strictly, but upon speculation. If investment, it is the investment of the pawn broker, demanding because of the risk and because of the necessities of the borrower, a return of one hundred per cent or more. Development of transportation and other facilities by the capitalists would, in a way, seriously impair development, because to give them a return which would seem to them adequate would entail rates which would be oppressive to the people of Alaska, and would, in themselves, tend to retard development and the opening up of opportunities to the sturdy, courageous men who are willing to take up their residence in the territory. To preserve the territory it is essential that the capital required in order to furnish the facilities for development, that is capital to supply the public utilities, should be furnished by the people of the United States, whose property the territory is, and in whose interests its resources should be primarily conserved. The people of the United States can wait for their return. They do not require an immediate return by way of interest on their investment. The money raised by the people can be raised at less than three per cent interest. The charges entailed by such an investment of the people are small. Rates for transportation and for the supplying of other public utilities may properly be low when the capital cost is as small as the cost of the investment would be to the people. The Morgan-Guggenheims, accustomed to demanding the high returns on investments, and demanding to a great extent an immediate return, must make high and oppressive charges.

The control of the transportation system by the Morgan-Guggenheims, or any other capitalists, would be attended by conditions certain to subject to the control of the owners of the transportation system a large part of the property of Alaska dependent upon these transportation systems. We should have, in the most aggravated form, a control in the same hands of the means of transportation and the commodities to be transported. There would be a gradual tendency to crush out all of the independent operators along the line of transportation, just as there has been along the coal carrying roads in the states. Only the situation would be infinitely worse, partly because of the disparity between the huge capital of the Morgan-Guggenheims and the small capital of the so-called independent operators, and more largely, because it would be impossible to develop an effective public opinion which would exercise a control over the conduct and practices of the railroads. The temptation of the capitalistic ownership to secure the property would prove irresistible, and we would have in the most aggravated form the system of discrimination and rebates and corruption which have characterized the worst period of our railroad operation. No protection could be expected from local officials appointed for that purpose, because in their positions they would prove helpless against the pressure and power of the capitalists.

The essential thing, therefore, is to provide through the general government those facilities essential to the development of the country, so that those who wish to work there may be assured of the square deal, without dependence upon any individuals.

In order to preserve the wealth of the territory for the people of the United States, and to give to the settlers proper opportunities, it is essential also to protect from the grasp of the capitalists not only the coal mines, but also other mines, and to a large extent other properties. In other words, we must devise some system by which those who are willing to go to Alaska, with a

view to working there and developing its resources, shall have not only the assurance of fair treatment, but the opportunity of operating without undue oppression through monopolistically inclined competitors. And it is essential to the people of the states that what is in Alaska shall become the subject of development, and not of speculation. If our government provides the railroads and other facilities which will make valuable the land, the system should be such that the people should get the benefit of that increase in land values which is incident to the development. In other words, the people of the United States and the settlers of Alaska should get the increment in value which they earn, through their investment and their own labor, and the sacrifices attendant upon settling in a new country. There is no justification whatever in allowing capitalists, as such, who are not developing Alaska, to secure large tracts of its land.

These, in the rough, are the reasons which call for governmental action on a large scale in Alaska.

It seems to me that the government should undertake not merely to build the railroad from Controller Bay to the coal fields, but that it should now acquire all of the railroads in Alaska, and settle at once the policy of government ownership in Alaska; that it should similarly provide for the development through the government of the other public utilities, as it has of the telegraph and the telephone; and that it should adopt systems of land tenure which should not only reserve in the government the title to the coal lands, but also to the other mining properties, and as to other lands, such a system as will prevent their accumulation in large blocks, or indeed, their ownership in fee simple, only under very restrictive conditions and to a very limited extent. On the other hand, the government should be extremely liberal in the terms which it gives to those who use the property. Only an extremely small return, at least for a long period in the

future should be required. Every encouragement should be given to those who go to Alaska to make money by current operations.

As an incident of supplying facilities to the people of Alaska for their operation, it may be necessary in the first instance for the government to operate the coal mines. If it does so, operation should be merely for the purpose of quickly providing coal at reasonable prices, and in no sense with the idea of the government mining any appreciable part of the coal mines of Alaska. But government ownership of a mine there would always be valuable as a regulator, and particularly valuable as an experiment station to instruct the government as to the conditions and terms upon which the vast coal fields should be leased.

It is possible also, that the government may find it necessary in the first instance to establish a line of steamships between Alaska, and say Seattle. But it seems to me clear that such action would not long be required. The government owning, as it should, all the harbor facilities in Alaska, and owning the railroads there, could properly offer such favorable opportunities to ship owners that with the assurance of fair treatment, the necessary transportation between Alaska and the rest of the world, would be provided by private enterprises at reasonable rates.

In such a development of Alaska, Alaskan interests would clearly divide themselves into two classes: First, the Alaskan resources which are the property of the people of the United States. These should be primarily administered for the benefit of the hundred million and countless more who will be the inhabitants of the United States, and not primarily for those who may chance to settle in Alaska. Obviously today our obligation is to the hundred million people, and not to the thirty-three thousand who are in Alaska. Our obligation to the Alaskans is to give them, and to all newcomers liberal and equal opportunities, to make what their brains and character entitle them to. Consequently, preserving the resources for the people of the United

States to whom they belong, we should administer them through representatives of the general government, properly with main headquarters in Washington and acting in Alaska. On the other hand, matters dealing with social and political conditions of the Alaskans ought to be determined by the Alaskans themselves. They should have in the highest degree, home rule. The difficulties in the present situation arise from the fact that the interests of the people of the United States and of the settlers in Alaska are inconsistent, and are yet sought to be administered through the same body. The Alaskans demand everywhere government which cannot safely be given them with due regard to the interests of the people of the United States, for once we remove the temptations incident to the possibility of grabbing the Alaskan wealth, there is no reason why the officials of Alaska should not prove as loyal and honest as officials elsewhere.

In providing the machinery for the governmental development of Alaska, it would be necessary to provide for officials of dignity, commensurate with the great trust which they have to administer. We ought to have a Department of Public Works and Domain, coordinate in dignity with any of the departments, but if that cannot be at once obtained, we should have a bureau of Alaskan domain and works laid out on the broadest lines.

This is but a rough and bare suggestion of what I have in mind. As you read it, no doubt the general plan has formulated itself in your mind so that an outline can be readily sketched by you in connection with the resolution which I hope you will be able to introduce sometime next week.

It seems to me very important that the progressives should present this broad plan of Alaska's development, and at the earliest possible moment.

Very truly yours,

L. D. B.