Annual Report of the

FEDERAL MARITIME BOARD
MARITIME ADMINISTRATION

1951

UNITED STATES DEPARTMENT OF COMMERCE

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CHARLES SAWYER, *Secretary*

Washington, D. C.

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Letters of Transmittal

UNITED STATES DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington 25, D. C., January 1, 1952.

TO: *The Secretary of Commerce.*
FROM: *Chairman, Federal Maritime Board, and Administrator, Maritime Administration.*
SUBJECT: *Annual Report for fiscal year 1951.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration for the fiscal year ending June 30, 1951. This report covers the first full year of operation of these two agencies. It has been a year which once more has demonstrated the importance of the merchant marine to the national economy and defense.

E. L. Cochrane

E. L. COCHRANE,
Chairman, Federal Maritime Board,
and Maritime Administrator.

THE SECRETARY OF COMMERCE,
Washington 25, D. C.

To the Congress:

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the United States Department of Commerce for the fiscal year ended June 30, 1951.

Charles Sawyer

Secretary of Commerce.

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Introduction

Against a backdrop of hostilities in Korea, a mobilization program at home, and increased aid to free nations overseas, the American merchant marine experienced a year of challenge and change during 1951.

Hardly had the Federal Maritime Board and the Maritime Administration been established on May 24, 1950, within the Department of Commerce, when Communist aggression flared to touch off the United Nations action in Korea. Almost overnight logistic requirements of supplying thousands of UN fighting men imposed heavy demands and responsibilities on the merchant marine, and upon the newly created Federal agencies which had succeeded the former United States Maritime Commission.

When the Federal Maritime Board and the Maritime Administration were established, it appeared that the principal goals during their initial year would be a thoroughgoing reorganization for the more efficient administration of the laws affecting the merchant marine, and the prompt reduction of a backlog of work remaining from previous years, both of prime importance to the Government and to the privately owned merchant marine.

Almost immediately there was superimposed upon this program a burden of utmost urgency and of great complexity when the North Korean Communists attacked across the thirty-eighth parallel. It became essential for the agencies first to reinforce the existing private merchant fleet and to gear the mobilization of the American merchant marine into the national mobilization program. But at the same time, it was necessary to insure continued progress in those activities under the law aimed at the development and furtherance of a merchant marine adequate for the trade and defense of the United States.

The need for ships

Twice within a decade there arose the demand for additional numbers of merchant ships over and above the capacity of the privately owned commercial fleets to carry out the security policies of the Nation. When the United Nations ordered armed intervention to halt Red aggression in Korea, the United States merchant marine had reached what probably was its nearest approach to a stabilized level

of operation since VJ-day. Sufficient tonnage, both American flag and foreign, was available to lift commercial, foreign-aid, and military cargoes. Most of the ships flying the American flag were privately owned; very few were on charter from the Government.

How the picture changed during fiscal 1951 can be shown by these figures: On June 30, 1950, at the start of the fiscal year, the active American-flag seagoing fleet numbered 1,248 vessels, virtually all in private ownership. By June 30, 1951, this figure had mounted to 1,723, and by December 31, 1951, the merchant fleet's seagoing strength was 2,009 ships.

The increased tonnage, without which it would have been impossible to meet supply commitments in Korea and foreign-aid commitments elsewhere, came entirely from the National Defense Reserve Fleet of the Maritime Administration. Over an 18-month period beginning with Korean hostilities, 778 Government-owned ships were withdrawn, repaired, refitted, and put into service at the rate of more than 3 vessels every 2 days.

The initial "breakout"

The first call for additional merchant ships came from the Military Sea Transportation Service, which had quickly absorbed the number of privately owned merchant ships available for charter to augment tonnage under its direct supervision. The MSTS turned to the Maritime Administration for the breakout from the reserve fleet of the greater number still needed.

The reserve fleet totaled 2,277 ships at the start of the fiscal year. At that time there were in the fleet 239 Victory cargo ships of 15- and 17-knot speeds, 1,564 Liberty cargo ships, and a number of special military types and a group of overage but still usable vessels.

Since the authority for Government operation of merchant ships was lacking at the time, available means at hand for their prompt operation were utilized. The FMB immediately determined that bareboat charter of the necessary vessels was in the public interest, and that suitable privately owned tonnage was not available at reasonable rates and under reasonable conditions—a finding required by law before vessels from reserve could be placed in private hands for chartered operation.

The shipping industry, with experience and facilities for merchant ship operation, was thus provided ships from the "mothball" fleet, with the understanding that they would at once enter into time-charter arrangements with the MSTS for the carriage of military cargoes. A total of 161 ships were thus assigned, and it is significant to note that these consisted of practically all of the Victory cargo ships, the fastest and best remaining in the laid-up fleets.

The Maritime Administration in its breakout of ships for MSTS met all of the deadlines set by the military authorities; some ships were

withdrawn, repaired, refitted and placed on loading berth within 5 to 7 days.

Numerous other ships were withdrawn from reserve to meet the rising curve of demand stemming from the Korean campaign and stepped-up aid to friendly nations. A number of military types were assigned directly to the MSTS for their needs, and others were chartered to private companies for other than MSTS use. The demand for oceangoing tonnage, unforeseen during the previous year when only 5 vessels had been sold from the reserve fleet, had risen so rapidly that in the last 2 weeks prior to the cutoff date of the Merchant Ship Sales Act of 1946 a total of 131 applications for purchase were approved, from which 128 deliveries were made.

The National Shipping Authority

At the outset of the stepped-up activity brought about by the rising demand for shipping tonnage, it became apparent that additional administrative machinery and operational know-how must be made available if the Government were adequately and efficiently to supervise the operation of a merchant fleet employed in the interest of national defense and security. Such an organization was clearly an essential part of the general mobilization pattern then evolving in order to meet emergency shipping needs up to and including full mobilization.

This led to the establishment of the National Shipping Authority on March 13, 1951, patterned somewhat along the lines of the War Shipping Administration of World War II, but made an integral unit of the Maritime Administration. Its formation followed several conferences and the active cooperation of a number of shipping officials. The NSA staff was made up of qualified persons already in the Maritime Administration and of a few additional employees drawn from the shipping industry, all of them familiar with the intricate problems of shipping mobilization.

It is important to point out that with the establishment of NSA there also came a policy declaration to govern NSA's operations as far as privately owned shipping was concerned: NSA would operate ships only when privately owned tonnage was not available to lift national interest cargoes. In short, the breakout of vessels, at all times, was geared to augment privately owned and operated tonnage. Every NSA ship that sailed was operated by a private company, with a civilian crew, under a General Agency Agreement.

From March 13 through December 31, 1951, the NSA had withdrawn from reserve a total of 443 vessels. A number of the vessels formerly under bareboat agreements were transferred to general agency status, bringing the total NSA fleet strength at the end of the year to 471.

The year's repair bill for putting in shape the vessels withdrawn from

reserve totaled some $59,968,264, an amount that was being steadily offset by freight earnings from ship operation. Considerable repair was necessary on many of the ships, but it is safe to say that hundreds of thousands of dollars' worth of repairs probably were saved due to the preservation practices followed during lay-up—techniques which practically halted deterioration from the time the vessels were received in the fleet anchorage. No funds had been available for repair of the laid-up ships until after Korea.

The withdrawal of these ships and their conditioning for active service further benefited our defense position. At the end of 1951 there were more than one-third again as many ships in ready status for immediate service in event of total mobilization.

Furthermore, the reactivation of these ships has provided work for the ship-repair industry necessary to maintain these vital facilities; opened new opportunities for skilled seamen to return to the sea; expanded the activity of shipping management, the supporting activities of terminals and stevedores, ship chandlers, insurance and forwarding offices and others—all of the manifold activities which together make up the maritime resources of the nation.

A start toward a modern fleet

Shipbuilding was at a low ebb at the start of the fiscal year. Ten tankers were under contract on June 30, 1950, financed by private capital. One new type dry-cargo vessel was under construction for Government account. Six passenger and passenger-cargo vessels were being built in three shipyards under construction-differential subsidy agreements with the Government.

There were numerous contributory reasons for this very modest amount of shipbuilding. For one thing, American steamship operators had purchased large numbers of war-built vessels to renew their war-depleted fleets. Passenger vessel operators, in the face of many uncertainties, did not go beyond the six vessels ordered under subsidy contracts with the Maritime Commission in 1948 and 1949.

Nevertheless, the addition during the year of three of the new vessels to the active fleet was important; two of them, the S. S. *Independence* and the S. S. *Constitution,* placed substantial passenger service on the New York-Mediterranean route.

Three of the passenger-cargo vessels designed for the round-the-world service were ordered completed for military instead of commercial service.

The S. S. *Schuyler Otis Bland,* owned by the Government and chartered to a private company for the round-the-world service, has caused considerable interest within the industry. She carries improved cargo handling gear and other modern features, and is of increased speed compared to the present cargo fleet.

The S. S. *United States,* largest passenger ship to be built in this

country, was launched during the year. Work of outfitting this vessel progressed until, by the close of the year, it was about 80 percent complete.

The most significant shipbuilding event during the year, however, was the inauguration of an entirely new class of vessel—the Mariner.

It has been noted that due to the Korean operations and the increase in military commitments to Europe, the reserve supply of Victory cargo ships was withdrawn for service. Virtually all of the remaining ships placed in use were the slow Libertys, and their class composes the vast bulk of the present reserve.

Certain studies were made in the summer of 1950 by a group of scientists on a contract with the Office of Naval Research of the Navy Department concerning the problems of security of sea transportation as it has been affected by technical and scientific developments since 1945, in which the present Maritime Administrator participated. This resulted in a conviction that there was a pressing need for a new type of dry-cargo vessel, large and fast enough to provide reasonable guarantee that vital cargoes could be delivered into advanced war areas with a maximum of surety.

Another factor was considered. Most of the active dry-cargo vessels now in service were built within a short span of years. They will become obsolete within a correspondingly narrow space of time. Foreign construction on the other hand has been heavy in the postwar years, resulting in many new, fast, well-designed vessels now in competition with American ships.

The conclusion was inescapable. A new-type vessel to meet both the defense needs and foreign competition was sorely needed. The international situation, culminating in the declaration of emergency in December, found the Maritime Administration ready with the plans for this vessel. The situation was brought to the attention of the Congress, resulting in the appropriation of $350,000,000 on January 1, 1951, for the construction of the first group of these ships to which the class name "Mariner" was given.

Seven shipyards received contracts for five each of these ships. Up to the end of 1951, 16 keels were laid, and the launching of the first ship scheduled for February 1952. Most of them will be delivered in 1952, with the last scheduled for February 1953, just 24 months from the award of contracts.

The Mariner ships are designed for a speed of 20 knots and a deadweight capacity of over 12,900 tons. Provision has been made for defensive devices against modern attack. Their added speed, increased size, and high maneuverability should give them individually an effectiveness some two and one-half times that of the 10-knot Libertys which were the backbone of our ocean-lift during World War II.

The design of the new class vessel has caused much interest on the

part of shipping executives, who see in it an ideal type of ship to claim premium cargoes on many of the commercial sea routes.

Tankers for defense

Realizing that the Department of Defense required, during the emergency period, a flexible source of tanker capacity capable of prompt expansion, regardless of the availability of vessels from time to time in the tanker market, a voluntary tanker plan was inaugurated in January 1951 which has achieved marked success largely because of the excellent cooperation by the industry membership. All requirements of the Military Sea Transportation Service were met promptly and completely, although the demands for tanker tonnage toward the end of 1951 rose above expectations.

Participation by the American tanker companies to meet national defense requirements was 99.7 percent of the net available American tanker capacity. Only one company failed to subscribe to the plan. A total of 383 United States tankers of 6,074,945 dead-weight tons was enrolled at the end of the year. In addition, American owners and charterers of 60 foreign-flag tankers, aggregating 1,309,150 tons, voluntarily pledged these vessels for contribution to the program.

Through the plan, large savings to the Government in the carriage of defense petroleum requirements were obtained through the employment of the tanker tonnage by MSTS at greatly lower rates than in the normal tanker market.

Maritime strength for the free world

The pattern of international relationships in maritime affairs necessarily underwent a change after June 1950. In coordination with military planning, there was progress in combined planning for the maximum use of the maritime power of the free nations of the world. Effective steps were taken to lessen the flow of valuable cargoes which move by sea into countries behind the "iron curtain" and to Red China.

The Planning Board for Ocean Shipping of the North Atlantic Treaty Organization agreed upon a plan for the mobilization of ocean-going shipping in a single pool and its allocation, on a world-wide basis, in time of war or wartime emergency, and for the establishment in such circumstances of an international organization of a civilian character to be named the Defense Shipping Authority. These plans were subsequently approved by the Council of the North Atlantic Treaty Organization. The National Shipping Authority would be this Nation's participating agency in the over-all shipping authority.

On December 8 and December 16, 1950, the Department of Commerce issued Orders T–1 and T–2. T–1 banned transportation or discharge by American-flag ships and aircraft anywhere in the world of strategic and critical materials destined for countries in the Soviet bloc, and for China, Hong Kong, and Macao without specific author-

ization. T–2 further tightened controls over shipments to Communist China by prohibiting all ships and aircraft of American registry from entering any port or city under Chinese Communist rule, or loading, transporting to, or unloading cargo at any port in the world if their owners have reason to believe that any such cargo is destined directly or indirectly for Communist China.

The Secretary of Commerce on December 17, 1951, delegated the administration of these orders to the Maritime Administration. American shipowners and operators have given their whole-hearted support in making these orders effective.

Several steps were taken to guard against allowing United States vessels to find their way into unfriendly alien hands. Early in July 1950, the Secretary of Commerce announced a more stringent policy in the approval of transfers of vessels to foreign purchasers, requiring views of other Government agencies such as the Department of Defense, the State Department, and the Federal intelligence services before approval was granted.

Emergency requirements of the Shipping Act of 1916 were invoked by the declaration of a national emergency by the President which tightened the requirements for the Maritime Administration's approval of vessel sales to noncitizens and extended the necessity for prior approval to sales of United States-owned shore-side maritime facilities.

Approvals granted by the Maritime Administration for construction of vessels in United States shipyards for foreign account have carried strict requirements assuring the use of the ships to the United States in time of necessity, guarding against their subsequent retransfer of registry without the Maritime Administration's approval, and prohibiting using them to trade with the "iron curtain" countries. With such safeguards, however, the Maritime Administration has favored approval of construction in United States shipyards of tankers for foreign account because of the growing need for tanker tonnage operating on a world-wide basis.

Men to man the ships

The importance of maintaining a ready reserve of ships has been demonstrated in the past year, but it has been shown also that it is not possible to put trained seamen in "lay-up." During World War II, through an intensified training and recruiting effort, the maritime labor force was raised from a prewar level of about 55,000 to a peak of about 250,000. The decline of shipping after the war, when vessels in active service dropped from over 4,000 in 1945 to about 1,300 in June 1950, forced many seamen to seek jobs ashore and brought the level of employment down to about 57,000. By June 30, 1951, employment had risen to about 87,000.

Heavy shipping demands following the outbreak of hostilities in

Korea resulted in an acute shortage of skilled seamen in a number of ratings. High wages and plentiful job opportunities ashore, together with uncertain prospects for long-term employment at sea after the emergency passes, made it difficult to persuade experienced seamen to return to sea. The shortage of skilled radio operators, engineers, and able-bodied seamen seriously delayed the sailing of many vessels.

There was considerable cooperation between maritime labor, management, and the various Government agencies concerned, principally the NSA, the Department of Labor, the United States Coast Guard, and the Selective Service. Actions taken by these agencies aided in making more men available for sea duty, but did not prevent growing shortages as the year ended.

Limited training in specialized fields such as radio was reestablished, with primary emphasis being given to "upgrading" of men already at sea to prepare them for more skilled ratings. Specialized training in such fields as Loran and radar were stressed. No new seamen were trained during the year for unlicensed skilled positions in the deck, engine, and stewards departments. The United States Merchant Marine Academy and the various State maritime academies continued, however, to supply well-trained young men intending to make their careers in the merchant service.

Shoreside facilities

Shipyards for construction and repair work, warehouses, terminals, and port facilities are as important to the merchant marine as are the ships themselves. The reactivation of hundreds of vessels from the reserve fleet considerably increased the repair facilities along all coastlines. The Maritime Administration, while not opening its four "stand-by" yards maintained for emergency shipbuilding, completed preliminary planning for their reactivation if required.

The Government-owned terminals at Boston, Hoboken, and Philadelphia were maintained in the movement of commercial export and import goods, while at Norfolk the facilities were made available to the Armed Forces. Five Government-owned warehouses provided about $3,000,000 worth of marine equipment for reactivated vessels.

Planning for the most efficient use of port facilities was recognized as a vital objective of the mobilization program. Much data on this subject was prepared by the Maritime Administration for the National Security Resources Board. The NSA is representing the Department of Commerce on the Interagency Committee on Port Utilization under the Defense Transport Administration. This committee analyzes the requirements of the Government agencies for facilities at portside or within the local traffic networks for their best use in the handling, preservation, or storage of cargo which must be transferred through the Nation's ports from rail, truck, and other inland transportation systems to oceangoing ships.

The basic task

While the attention of the Federal Maritime Board and the Maritime Administration during 1951 was directed in large part toward the national emergency and mobilization, these new agencies also attacked the manifold problems arising from their basic responsibilities under the various maritime laws.

The two agencies became operative on May 24, 1950, and during the initial 90-day period a temporary Board and Maritime Administrator were in office. The temporary officials concentrated on the handling of current matters requiring immediate attention, leaving to the permanent Board those matters requiring lengthy hearings, and the development of extensive factual material which would have extended beyond the 90-day term of office. The first permanent Board members and Maritime Administrator took office between August 7 and September 25, 1950.

Other major elements claimed the immediate attention of the new agencies, in addition to those emergency and mobilization matters, within the maritime field. A complete new organization within the framework established by Reorganization Plan No. 21 was developed; the reduction of backlogs of work, principally in the auditing, accounting, and claims fields was given high priority; and prompt steps were taken to deal with certain determinations and administrative matters concerning construction- and operating-differential subsidies.

During the period October 1, 1950, through December 31, 1951, the FMB in formal proceedings heard and decided 18 docket cases, many of them of considerable significance to the maritime industry. Six subsidy cases were heard and decided, and numerous others considered in which decisions are pending. Forty-eight hearings were held under Public Law 591, Eighty-first Congress, relating to applications to charter Government-owned, war-built vessels from the reserve fleet.

Reorganization

Reorganization Plan No. 21 itself climaxed considerable criticism of the former Maritime Commission to the effect that its basic organization was not suited to the nature of the work it was called upon by law to perform. The first year of activity under the reorganization demonstrated the validity of the expressed contention that quasi-judicial and subsidy-granting functions called for the deliberation and independence of judgment which can be provided only by a board or commission type of body; that the relaxation of previous requirements concerning the eligibility of Board members would provide the Board with a variety of experience in various maritime fields; and that an administrative agency headed by a single executive is best suited to prompt and vigorous action necessary to carry out determined programs.

The alteration of the basic organization which has existed under the former Maritime Commission was one of the first problems considered by the new agencies. Reorganization Plan No. 21 provided the basis for properly separating quasi-judicial and subsidy functions from administrative and operating functions. However, it appropriately did not stipulate the internal organization to be followed either by the Federal Maritime Board or by the Administration. After careful consideration of all the needs of the agency, including such matters as the processing of backlogs and the necessity for meeting the national emergency, a satisfactory organization was evolved, effective March 13, 1951. A chart of this organization is contained in the appendix.

A review of the field organization indicated the necessity for drastic revision, which was effected April 2, 1951. The three Coast Directors were established as arms of the Administrator with extensive delegations of authority and responsibility. All functions within the several districts were coordinated under the Coast Directors, and inconsistent organizational arrangements as between the several districts were eliminated. Distinction between field and Washington activities was clarified and the development of these relationships between Washington and the field is receiving continuing review.

Concurrently many changes in major personnel assignments designed to strengthen the organization have been accomplished. These include the following appointments from outside of Maritime: Deputy Maritime Administrator, Assistant to Maritime Administrator, nine office chiefs, four deputy chiefs, and five division chiefs. In addition over 30 readjustments of key personnel within the agency have occurred.

Backlogs

With the increased workload brought on by emergency and mobilization needs it was considered highly important to attack the problem of reducing major backlogs of work inherited from the former Maritime Commission. Steps in this direction have proven very successful, particularly in the field of auditing, accounting, and claims. Graphic charts illustrating the progress made in the major fields where backlogs existed are contained in the appendix.

Ship construction subsidies

One of the major congressional recommendations concerning the former Maritime Commission was that the contracts executed or about to be executed by that agency with three steamship operators for the construction of six large passenger ships be reviewed and that all possible action be taken to prevent excessive expenditures of Government funds. This problem was one of the most complex inherited by the new maritime agencies. By the end of the calendar year 1951 final redetermination was near with regard to two of these vessels and work

continued on a third. With the decision of the Department of Defense to acquire three of the ships originally scheduled for delivery, the construction-differential contracts between the Maritime Administration and the purchaser were canceled.

A new division of Construction Cost was established within the Administration, charged with calculating differentials used in the determination of construction subsidies. New key personnel were provided to staff this Division and steps were taken to provide the necessary foreign cost data. New procedures were developed and applied during the year.

Postwar operating subsidies

Operating-differential subsidy agreements suspended during the period of World War II were resumed on a temporary basis during the calendar year 1947, subject to the execution of final resumption contracts. When the two new agencies assumed office, tentative rates had been fixed for some operators but no final rates had been established; also, it was found that foreign cost information was seriously lacking; procedures for calculating rates were laborious and slow.

The Department of State, the Maritime Administration, and the Foreign Service Operations Division of the Department of Commerce collaborated on a program for the assignment of additional qualified personnel to the foreign service organization of the Department of State with the responsibility for collecting foreign operating cost data on the basis of standardized requirements and procedures.

Studies were carried out during the year to develop the basic vessel types, trade routes and services which would be used as the basis for a more rapid calculation of rates. Procedures embodying these principles were published and are being augmented as refinements or additional information are developed. Considerable background work will be needed to develop cost information and to assure proven statistical methods, but once the basic work is done, yearly calculations or adjustments in calculations should be much more readily accomplished.

Fiscal Year Activities

NATIONAL SHIPPING AUTHORITY

The immediate needs of the military authorities for ocean shipping following the opening of the Korean campaign were met first by the vessels under direct operation by the Military Sea Transportation Service, soon followed by charters of available privately owned merchant ships and by the quick breakout of vessels from the Maritime Administration's reserve fleets for bareboat charter to qualified American operators for delivery to MSTS under time charter.

During the summer and fall months of 1950 planning was begun for an organization to operate the United States-flag merchant fleet in the event of war or wartime emergency, and to act in concert with any international shipping unit growing out of the North Atlantic Treaty Organization.

During World War II, similar functions were carried on by the temporary War Shipping Administration, which went out of existence in September 1946. Government organizational changes since then, coupled with lessons learned from the WSA operation, were taken into consideration in the establishment of a new agency.

Basic to the problem were these characteristics of the American merchant marine: Unlike the armed services, there is no official reserve pool of qualified manpower for the complex shore-side phases of merchant shipping management in event of war. Such a reserve does exist, however, in actuality, within the ranks of the shipping industry. The basic pool of qualified manpower to operate an emergency government shipping agency is clearly the industry which is engaged daily in the task of operating merchant vessels.

With the idea in mind of obviating the confusion which would inevitably have resulted from a last-minute attempt to put into being such an organizational structure, the Maritime Administrator first met on November 29, 1950, with representatives of the shipping industry to discuss the needs and establish basic principles. The meeting enlisted the support of industry leaders, and was followed shortly thereafter by meetings with maritime labor representatives and joint consultations with labor and management officials. Thus the basic determinations and the key officials of the new organization were decided upon by the time of the declaration of emergency by President Truman on December 16, 1950.

The National Shipping Authority was formally established by the Maritime Administration on March 13, 1951, under a delegation by the Secretary of Commerce of authority vested in him by Executive Order 10219, dated January 28, 1951.

The NSA was organized to meet the need for full utilization of the Nation's merchant marine in event of war or national emergency. During this period of emergency there arose an ocean-shipping responsibility in the national interest of immense magnitude as a result of two factors: the increased demand for tonnage by the Armed Forces resulting from the Korean campaign and the stepped-up tempo of military preparedness overseas throughout the free world, and the vast increase in the Nation's commitments under the Economic Cooperation Administration program. The sum of this demand far outpaced the availability of privately owned tonnage under United States and foreign flags, and thus triggered a swift rise in ocean freight rates. The carrying of such cargoes was clearly in the national interest as a factor of defense mobilization, and in the saving of millions of dollars which otherwise would be expended for increased transportation costs. The ECA in a special report dated December 6, 1951, reported that for only the short period of time extending through October 1951 some $90,000,000 had been saved by the use of the NSA ships in the transportation of coal and grain to foreign nations. The availability of Government-owned ships in reserve and the presence of the newly created NSA provided both the means and the facilities for meeting this responsibility.

Charles H. McGuire, a Government career employee, was named as Director of the NSA. Mr. McGuire was at the time Chief of the Division of Contract Evaluation in the Office of Subsidy and Government Aids of the Maritime Administration, and had previously served in the WSA in World War II, and in the United States Shipping Board after World War I.

The initial organization consisted primarily of a regrouping of Maritime Administration personnel. The chief difference between the new agency and its World War II counterpart, the WSA, was that the NSA was created as a temporary unit within the permanent organization concerned with the administration of shipping laws, the Maritime Administration. In this way duplication of services was avoided, with the NSA empowered to call upon the various service units of the Maritime Administration for needs such as personnel management, fiscal and legal services, and the like.

The organization of the NSA consists of four principal offices: the Office of Ship Requirements and Allocations, Office of Ship Operations, Office of Tanker Services, and the Office of Maritime Labor Policy. Others will be added as future events or legislation dictate.

The following authorities were vested in the NSA: (*a*) To determine terms of, execute, administer, interpret, and terminate agreements for

preparation, operation, repairing, stripping, and outfitting of merchant ships, and employment of agents, and to assign and deliver ships to agents; (*b*) to determine terms of, execute, administer, interpret, and terminate agreements to charter out merchant ships, including chartering agreements entered into with subsidized operators; to deliver ships to and withdraw ships from charterers, and to deliver ships to purchasers; (*c*) to determine terms of, execute, administer, interpret, and terminate contracts to carry out the functions of the NSA; (*d*) within the standards set forth in a ship sales contract, to authorize allowances on the purchase price for reconversion of and repairs to ships contracted for sale under the Merchant Ship Sales Act of 1946; (*e*) to allocate oceangoing merchant ships as required to meet the needs of the Department of Defense and other Federal programs; (*f*) to schedule the movement of cargo and administer priorities for the transportation of cargo on oceangoing merchant ships (other than those under the control of the Department of Defense), subject to such policies and orders as the Defense Production Administrator may prescribe; (*g*) to prescribe transportation charges for cargo or passengers carried on, and for other services rendered by, ships operated by or for the Maritime Administration; and (*h*) to issue general orders and regulations, under the Administrative Procedure Act, relating to the functions assigned to the NSA.

In the event of full mobilization, all merchant vessels—new ones constructed by the Maritime Administration and ships requisitioned from their owners—will operate under the NSA. In the meantime, this type of operation is limited to the carriage of military and foreign aid cargoes, and certain homeward-bound voyages with cargoes of strategic ores for stockpiling requirements where privately owned ships cannot serve.

From March 13, 1951, during the remainder of the fiscal year, essential policies, regulations, and procedures were formulated and instituted for determining requirements for and allocating oceangoing merchant dry cargo shipping, calculating freight rates, administering priorities for transportation of ship cargo, and administering freight forwarding and other traffic activities. A large number of Liberty ships, by that time the type of cargo ship available in largest numbers in the reserve fleet, were broken out, put into operating condition, and placed in service.

General agency activities

The principle underlying the organization of the NSA is that of utilizing to the maximum degree possible the efficiency of the privately owned and privately operated American merchant marine, keeping intact as far as possible the organizations and facilities of the shipping lines and shoreside activities.

The private American shipping companies actually operate the

Government-owned ships of the NSA fleet, handling them very much as they do their own vessels; the expenses of such operation are paid by the Government, plus a fee to the line for the service performed. This type of operation is similar to that used by the WSA during World War II.

In the selection of general agents a primary requisite is ownership and operation of American-flag tonnage, and the consequent possession of practical experience in the management and operation of steamships in the Nation's ocean commerce. To be appointed as a general agent, a line must employ an adequate and qualified staff of supervisory shoreside personnel capable of conducting an efficient and economical operation of ships and must meet certain financial standards.

Up to the close of the fiscal year on June 30, 1951, 41 general agents had been appointed by the NSA, to whom had been assigned or scheduled for assignment 190 vessels, which had made a cumulative total of 145 outward voyages commenced [1] from United States ports carrying cargo for foreign government account and 23 outward voyages commenced from United States ports carrying military cargo. There was a gradual conversion of vessels previously chartered for transporting military and economic aid cargoes to general agency status.

Listed below are cumulative cargo tonnages by countries of destination for the 131 out-bound nonmilitary sailings [1] from United States ports.

	Sailings	*Tonnage*
Grain		
Austria	6	56, 095
Greece	5	47, 718
Germany	3	28, 630
India	43	411, 432
Netherlands	2	19, 280
Turkey	3	29, 084
Portugal	1	9, 550
United Kingdom	12	115, 877
Yugoslavia	4	38, 115
Coal		
France	26	255, 954
Italy	10	95, 823
Netherlands	10	98, 131
Austria	2	19, 214
Japan	1	9, 750
Other		
France (sulfur)	1	9, 700
Netherlands (phosphate)	2	19, 563
Total	131	1, 263, 916

[1] "Commencement" of a voyage is counted from the time the previous crew is paid off or cargo loading is begun. "Sailing" may not have taken place until after the end of the fiscal year.

By the end of the fiscal year there was a cumulative total of 11 home-bound and other cargoes as outlined below:

Area of origin	*Commodity*	*Destination*	*Number of sailings*	*Tonnage*
Narvik	Iron ore	United States	3	29, 301
Monrovia	----do	----do	2	20, 196
Rotterdam	Fertilizer	Formosa	1	9, 394
Bintang	Bauxite	United States	3	29, 461
North Africa	Ore	United Kingdom	2	20, 140
Total			11	108, 492

Freight rates on coal, grain, and other commodities were established by the National Shipping Authority in accordance with the legal and administrative authorities available to it.

These rates were calculated upon costs of operation in conformance with established business practices and reflect expenses incident to loading and discharging cargo when it is for the ship's account, costs of operation including manning, fuel and stores, and overhead expenses in connection with the operation of the ships.

At the time these rates were established the cost of transporting coal and grain in bulk for ECA account was considerably higher, with the trend toward further increases. The effect of withdrawing National Shipping Authority vessels from the reserve fleet and putting them into service for hauling these cargoes at the rates established was to bring about a sharp reduction of freight rates charged by private carriers for the same service.

In addition to freight rates on coal and grain established between the United States and Europe and India, a number of freight rates were set up for the cross trades, such as on sugar from Cuba to Greece, iron ore from North Africa to the United Kingdom, on fertilizer from Rotterdam to Formosa. Also rates were established on cargoes for the homeward voyages of NSA ships, particularly from Narvik, Norway, and Monrovia, Liberia, and from Bintang, Netherlands East Indies, on essential ore cargoes to the United States. Most rates were published as NSA-DRO orders but some, generally for single voyages with specified commodities, were established through special authorizations.

Charters

At the close of the fiscal year the number of vessels under charter or allocated for charter under the provisions of the Merchant Ship Sales Act of 1946, as amended, was 212, an increase of 164 in the corresponding total of 48 at the end of the preceding fiscal year. Four prewar-built passenger vessels, 8 war-built cargo ships, 1 postwar-built cargo ship, 6 Great Lakes vessels, and 1 ferry were also under charter or allocated as of June 30, 1951, under other authorities of law, for an over-all total of 232, an increase of 166 in the over-all total of 66 under charter as of June 30, 1950.

The annual over-all totals, by types of service, were as follows:

	June 30, 1951	June 30, 1950
Offshore trades (including MSTS, ECA, and Alaska service)	202	29
Coastwise-intercoastal	10	19
Philippine interisland service (Philippine Rehabilitation Act)	8	8
Great Lakes and other services (Public Law 101, 77th Cong., and the Merchant Marine Act, 1936, as amended)	12	10
Total	232	66

Cash receipts for charter hire during the fiscal year were as follows:

Charters under Ship Sales Act	Basic charter hire	Additional charter hire	Total
	$23, 859, 668. 99	$2, 997, 563. 59	$26, 857, 232. 58
Miscellaneous charters	1, 566, 362. 87		1, 566, 362. 87
Total	25, 426, 031. 86	2, 997, 563. 59	[1] 28, 423, 595. 45

[1] Includes receipts during fiscal year 1951 affecting prior years.

The monthly record of the number of vessels on charter is given in appendix D.

General agency vessels

The following tabulation reflects the cumulative obligated expenses and revenues receivable incurred by and accrued from the operation of general agency vessels for period March 13 to June 30, 1951:

Obligations by activity	*Cumulative obligations*
Repairs and activation of vessels:	
Repairs	$17, 515, 821
Husbanding and towage	2, 320, 965
Total	19, 836, 786
Repairs to chartered vessels	600, 000
Procurement and transportation	3, 257, 486
Total	23, 694, 272
Vessel operations:	
Vessel and voyage expense	[1] 17, 098, 258
Special services	2, 872, 800
MSTS operations	597, 660
Total	20, 568, 718
Total obligations	44, 262, 990
Revenue	*Revenue*
ECA revenue	$23, 495, 529
NSA revenue	1, 134, 115
Special services	2, 872, 800
MSTS operations	597, 660
Total	28, 100, 104

[1] Vessel and voyage expense does not include reserve for claims.

Ship repair and maintenance

A total of 455 subsidy condition surveys and 1,434 repair inspections were conducted on vessels operating under the Administration's subsidy agreements during the fiscal year, and 231 complete condition surveys were conducted on vessels previously sold by the Administration on which the Administration holds mortgage interests. There were 160 inspections made on vessels being scrapped in accordance with Administration sales contracts for scrapping executed during the fiscal year.

There were 130 Victory-type vessels removed from reserve fleets on the three coasts for reactivation prior to operation under bareboat charter by private operators for the carriage of military cargoes in connection with the Korean emergency. The repairing and reconditioning of the vessels involved in this program were performed at an approximate total cost of $15,370,605. Surveys were conducted for specification purposes prior to the start of repairs, and complete condition surveys were carried out prior to delivery under bareboat charter in each case.

Fifty additional Victory-type vessels were also removed from reserve fleets in the East and Gulf coasts for bareboat-charter operation, but improved conditions in Korea made it unnecessary to charter them at that time. Essential repairs were made on these 50 vessels and they were returned to lay-up status. This segment of the reactivation program as a whole became identified as the National Defense Repair program, and repairs totaling $4,672,618 were performed in connection with that program. Surveys for specification purposes were carried out on each vessel prior to the start of repairs. Forty-two of these fifty national defense vessels were later reactivated, together with an additional, fully preserved 26 Victory-type vessels from the East and Gulf coasts reserve fleets, and all were delivered to private operators under bareboat charter for operation in either ECA or MSTS programs. In addition, six Liberty vessels and one C–2 reefer-type vessel were removed from lay-up on the west coast for operation under bareboat charter at an estimated cost of $1,050,000. The repairs on these six Liberty vessels were supervised, although the charterers performed the repairs for their account on a reimbursable basis. All together, on the bareboat-charter programs covering costs and ECA programs, as well as private operation, 223 complete predelivery condition surveys, and 63 complete redelivery condition surveys were conducted.

One C–4 type vessel, fitted out as a troop carrier, was removed from lay-up during the fiscal year, was surveyed, and repairs were started which would accomplish outstanding major hull work, special survey requirements on machinery, and deficiencies in troop accommodations. These repairs were to be completed at a total cost of $307,129. If no immediate need for the vessel was apparent, it

would be scheduled for return to lay-up for immediate recall should the national defense requirements so dictate.

In the general agency program, 128 Liberty vessels were reactivated during the fiscal year at a total cost of $17,515,821 for repairs alone. Surveys for specification purposes were conducted on these 128 vessels, and all repairs necessary for operation were closely supervised. In addition, 57 repair inspections were made on some of these vessels which were in voyage status to ascertain the extent of repairs necessary to insure proper operation.

A total of 218 damage surveys were attended, involving both vessels under charter and under general agency agreement. These surveys covered hull damages resulting from collisions, groundings, heavy weather, and other causes as well as casualties and resultant damage to machinery units.

Complete condition surveys were conducted on 113 vessels sold on mortgage terms pursuant to the provisions of the Ship Sales Act of 1946, as amended, and 36 desirable feature surveys were conducted on vessels sold on a cash basis. All 149 vessels were sold "as is," with allowances in an amount equal to the cost, as determined by the Administration, which would otherwise be required to enable the Administration to deliver the vessels to the buyers in class with valid certificates of classification and inspection in accordance with the minimum requirements of the regulatory bodies, with additional allowances for the removal of national defense installations and work necessary to restore the vessels to standard design in accordance with Administration policy.

In addition to the surveys, it was also necessary to inspect these vessels on drydock and screen the specifications prepared by purchasers to make certain that only those items deemed to be the Administration's obligations incident to the sale were included. After approval of the specifications, bids were invited and evaluated by the Maritime Administration, to determine whether the prices were fair and reasonable, and to ascertain which bid was most advantageous to the Government, prior to authorizing the purchaser to award the contract. The purchasers were given a credit on the sales price of the vessels for the cost of such work, which on 131 of the vessels amounted to approximately $8,578,000. The purchasers' expenditures on 22 of these vessels were verified, and amounted to an actual cost of $1,121,566 as against an authorized expenditure of $1,138,682.83, the reduction being largely due to cancellation of certain items. Specifications were not submitted on 15 of the C–4 design vessels, 6 of which were sold for Great Lakes operations.

A total of 130 final guarantee repair surveys were conducted and the data therefrom were furnished the bareboat charterers of the vessels involved for settlement in accordance with provisions of an addendum to the bareboat charter. Seven final guarantee con-

struction surveys were conducted on newly constructed vessels and guarantee settlements were to be concluded upon completion of current negotiations.

Complete condition surveys for appraisal purposes were conducted on four vessels, and four surveys for specification purposes were completed on maritime training vessels in connection with the periodic overhaul of these vessels.

Reserve fleets

At the close of the fiscal year, there were 1,767 vessels in the reserve fleets, representing a net decrease of 510 vessels. During the year, 92 vessels were taken in and 602 were removed. The majority of those removed were used directly to support the operations in Korea or the various ECA programs. Appendix E is a tabulation of vessels in the reserve fleet by months.

Development of fleet sites

During the year, the construction of the fleet site at Astoria, Oreg., was completed, and the vessels which had been moored in the Columbia River were moved into the basin. At the end of the year, seven of the eight permanent sites were completed, and only at Olympia, Wash., was it contemplated that additional development would be required. The ninth fleet site—Baltimore, Md.—was deactivated in the latter part of January 1951, when a fire destroyed the pier.

Fleet service activities

Administrative and supply functions, transportation of personnel and materials, security patrol, and guard service comprised a few of the many important fleet service activities supporting the vessel preservation program. A total of 174 small craft were operated, including 24 tugs and 24 patrol fireboats.

Fleet security measures were materially strengthened following the outbreak of trouble in Korea, including the doubling of the security forces and floating craft assigned to patrol, the establishment of fleet anchorage restrictions, the enrollment of fleet security personnel as temporary Coast Guard Reserves, and the arming and training of personnel in security and fire and damage control.

Accident and fire prevention activities in the reserve fleets were intensified during the year. The use of gasoline as a fuel was reduced, and approved containers were supplied for the storage, handling, and use of all flammables.

Use of miners' cap lamps by personnel on unlighted reserve fleet vessels, which was put into effect during the fiscal year, greatly reduced the fire hazard involved in energizing ships' circuits and lessened the risks to personnel moving about and working on unlighted vessels by providing them with adequate illumination.

The cumulative effect of these safety activities was reflected, on the one hand, in a lower injury rate coupled with a corresponding decrease in man-days lost, and on the other hand in a reduction in the incidence of fleet fires. There were 48 fleet employees disabled in each million hours worked during fiscal year 1951, a reduction of 25 percent from the 1950 rate of 64 injuries in each million hours worked.

The Baltimore Reserve Fleet, which was comprised of two former Army troop transports, the S. S. *Edmund B. Alexander* and the S. S. *George Washington*, moored at Hawkins Point Pier in Baltimore Harbor, was deactivated in February 1951, following a fire which originated on a portion of the pier occupied by a bridge construction contractor, which resulted in the complete destruction of the pier and the constructive total loss of the S. S. *George Washington*. The undamaged S. S. *Edmund B. Alexander* was towed to the Hudson River Reserve Fleet.

Vessel preservation

Basic preservation on the 1,767 vessels in the reserve fleets at the end of the fiscal year had progressed to 93 percent of completion. On the other hand, only 45 percent of the year's workload of scheduled recurring preservation had been completed. This was due primarily to reduction of 163 men from the preservation force in order to double the patrols and other security forces upon the outbreak of the Korean war. Long delays in filling vacant positions due to limited available candidates was another contributory factor. In addition, vacancies were deliberately unfilled until it could be determined how far the Korean war and unsettled world conditions would reduce the numbers of vessels in the reserve fleets.

Research and tests

Research studies, experiments, and tests were continued, utilizing both the galvanic and the impressed-current systems, in developing the use of the cathodic method of corrosion mitigation for vessels held in reserve fleets. Through experimental applications at each fleet site, much additional basic data was accumulated. Such data will result in more efficient and less costly installations when entire fleets are equipped. Major advances were made in developing additional basic details for the application of the "remote bed" impressed-current system, which was pioneered during fiscal year 1950.

Experimental installations of galvanic anodes, for cathodic protection against corrosion, were completed on several operating fleet service craft. Results were very satisfactory. Continuation of this work will result, within another year, in developments and application designs that will make it possible to protect adequately the submerged areas of steel-hull craft without the need for periodic applications of barrier coatings.

Experiments and tests were continued in order to evaluate and improve preservation materials and methods in use and to find or develop substitutes that would be equally or more effective and economical. Field tests were conducted to determine the efficiency of an especially developed fungicidal spray compound. This compound inhibits the propagation of fungi in electrical and other ship equipment, helping to maintain the treated items in good condition.

Tanker services

During the period March 13 to June 30, 1951, the tanker services activities of the National Shipping Authority involved principally (*a*) administration of the provisions of the Voluntary Plan for the Contribution of Tanker Capacity for National Defense Requirements; and (*b*) the development and formulation of basic plans for the mobilization of private tanker capacities, if required, for the national defense, including those for the requisition and allocation of tankers to meet the needs of the Department of Defense and other Federal programs and those for the administration of such a Government tanker-allocations program.

AIDS TO SHIPPING

Calculation of construction subsidies

In accord with the recommendations of the fourth and sixth intermediate reports of the Committee on Expenditures in the Executive Departments, Eighty-first Congress, relative to construction-differential subsidies, procedures and methods for determining subsidy recommendations were established early in the year. Through the cooperation of the Department of State, the foreign sources of gathering foreign cost information were augmented. Correspondingly, the necessary foreign cost data for use in the subsidy recalculations mentioned below were developed in the first half of the year and, during the last half of the year, a substantial amount of this data was put on a current basis.

Pending at the beginning of the year were the recalculation of the construction-differential subsidies relative to the six new vessels under construction, including three vessels for the American President Lines, two vessels for the American Export Lines, and one vessel for the United States Lines. Since the sales contracts for the American President Lines vessels were canceled by acquisition of these vessels by the Department of Defense, it was not necessary to recalculate the subsidy rates.

The estimate of foreign cost for construction of the American Export Lines vessels was substantially complete at the end of the fiscal year, insofar as was practicable pending determination of the national defense features involved. In regard to the vessel building for the United States Lines, it was practicable to complete only preliminary work on this recalculation, since determination of the national defense features must be established prior to a subsidy calculation, as the vessel without these features would be of very different characteristics. The matter of determining national defense features was under consideration by the Federal Maritime Board.

There were also pending the recalculation of betterment-reconversion subsidies affecting 22 vessels reconverted and sold to 5 operators under the Ship Sales Act of 1946, with additional betterment improvements subject to subsidy benefits under the Merchant Marine Act, 1936. Active work on these recalculations was commenced during the second half of the fiscal year. At the end of the year, the recalculation of subsidies applicable to 13 of these vessels was substantially

completed, and the work on the balance of the 9 remaining vessels was nearing completion, assuring completion of all calculations early in the subsequent fiscal year.

A tentative preliminary estimated foreign cost was determined and approved as a tentative figure for the purpose of determining the minimum acceptable charter rate for the S. S. *Schuyler Otis Bland.* At the same time a tentative construction-differential subsidy rate was determined.

Construction-differential subsidy aid

When the sale of the three 19-knot, 200-passenger combination vessels to American President Lines was canceled, the company withdrew its pending application for construction-differential subsidy and mortgage aid in the construction of four 18¾-knot, 60-berth combination vessels contemplated for round-the-world service along with the three 19-knot ships. By the end of the fiscal year no new application had been received from American President Lines, Ltd., for construction of combination passenger and cargo ships to replace the three vessels which were taken for national defense purposes or to replace the cargo vessels being operated in the company's subsidized round-the-world service. The proposed operating subsidy agreement with the company, when and if executed, will provide that a satisfactory replacement program be undertaken within a period of time to be determined by the Federal Maritime Board.

The sale of the superliner, the S. S. *United States,* to United States Lines Co. was tentatively canceled in September 1950, but reinstated when the Department of Defense subsequently informed the Maritime Administration that it did not require this vessel for military use at this time. Construction of the ship as a passenger liner then continued.

The two Government-owned war-built vessels for which the Arnold Bernstein Line had made application for purchase, construction subsidy for conversion, and operating subsidy for operation in the North Atlantic services, were also taken for national defense needs. (Since the applicant has not revised the applications to cover substitute vessels, the applications were subsequently dismissed without prejudice.)

The American Export Lines Co. agreed that the FMB might redetermine the amount of the national-defense and construction-differential allowances applicable to the *Independence* and *Constitution* and that it would either accept the final decision of the Board in regard to the revised sales prices of these two vessels or return the vessels to the Board. If the vessels are returned, the company's operating-differential subsidy contract on all of its vessels will terminate automatically on December 31, 1952. Such action, however, will not preclude the American Export Lines Co. from submitting for consideration a new application for operating-differential subsidy for the other vessels in its fleet operating in various services. (The Federal Maritime Board

is actively pursuing the matter of adjustment of the construction-differential allowance on the *Independence* and *Constitution.*)

With respect to construction-differential subsidy aid approved by the former Maritime Commission for betterments installed on subsidized vessels of the Mississippi Shipping Co., Inc., Moore-McCormack Lines, Inc., and American President Lines, Ltd., each of these companies agreed to a review of the applicable differential rates, with the option of accepting the recalculated rates when approved by the FMB or paying for the betterments from company funds without subsidy participation. These cases had not been disposed of by the end of the fiscal year, but considerable progress had been made.

Two applications filed by Mississippi Shipping Co., Inc., in 1949 for construction-differential subsidy aid applicable to additions and betterments on a total of 12 subsidized vessels were being held in abeyance until all questions relating to construction subsidy applicable to betterment cases under review were disposed of.

An application by American Export Lines, Inc., filed in April 1947, for construction-differential subsidy aid in the reconstruction and reconditioning of the "Four Aces" ships was approved by the former Maritime Commission on June 25, 1947. However, execution of the construction-differential contracts on these vessels was not effected prior to the criticism of the Comptroller General of the applicable construction-differential approved by the Commission. Thereafter, it was decided that the contracts should not be executed unless the company agreed that the differentials could be reviewed and revised if necessary. Under terms of its operating-differential subsidy agreement executed June 6, 1951, effective January 1, 1948, American Export agreed that subsidy payments for the calendar years 1948, 1949, and 1950 should be withheld, sufficient to cover any additional amounts the FMB might find to be due the United States from the company as a result of the Board's redetermination of amounts allowable as construction-differential subsidy for the reconstruction of these vessels, such action by the Board to be without prejudice to Export's rights in the matter.

In May 1951 the Federal Maritime Board approved subsidy participation in the amount of $64,893.54 of a total expenditure of $129,787.08 with respect to items omitted at time of delivery of four vessels to Moore-McCormack Lines, Inc. This application for construction-differential subsidy, which had been filed in November 1949, was the only new application on which the Board took affirmative action during the 1951 fiscal year.

In June 1951 the Board accepted the bid of Moore-McCormack Lines, Inc., for continued charter operation of the Good Neighbor Fleet on Trade Route No. 1, the successful bidder being required to undertake a satisfactory replacement program for the "Good Neigh-

bor" vessels. Satisfactory plans for replacement vessels were expected to be presented for approval during fiscal year 1952.

A new application was received during the year from Standard Fruit & Steamship Corp. for subsidy aid in the construction of three freighters with refrigerated cargo space for operation on several essential trade routes. The processing of this application was not completed on June 30, 1951. (Application subsequently denied.)

An application by Mississippi Shipping Co. for aid in the construction of a new passenger combination vessel for Gulf-East Coast South America service, filed December 1949, was extended indefinitely pending resolution as to the proper method of determining construction-differential rates and national-defense allowances.

Grace Line, Inc., filed an application on February 1, 1951, for construction-differential aid under section 501 of the Merchant Marine Act, 1936, for the acquisition of two combination passenger-freight vessels for operation on Trade Route 4. The applicant indicated it did not wish to build unless it received an operating subsidy for these vessels. Therefore, no further action was taken on this application up to June 30, 1951, pending the outcome of Grace's application for an operating subsidy.

Calculation of operating subsidies

A Manual of General Procedures for Determining Operating-Differential Subsidy Rates was compiled during the fiscal year and was adopted by the Federal Maritime Board and the Maritime Administration on September 26, 1951.

The purpose of the manual is: (1) To establish the standards for estimating operating-differential subsidy rates; and (2) to delineate the respective responsibilities of the Federal Maritime Board and the subsidized operators with regard to the collection of data on United States and foreign operating costs and practices, the preparation of comparative cost studies, and other relevant detail.

In the calculation of operating-differential subsidy rates for the calendar years 1947–48, wage differentials were determined for all cases with the exception of the New York & Cuba Mail S. S. Co., the S. S. *America*, operated by the United States Lines Co., and several cases which require a determination by the Federal Maritime Board in respect to the existence and extent of foreign-flag competition.

Extensive studies and work were completed on the subsistence costs of subsidized operators, and the studies of competitive foreign-flag costs were nearing completion at the end of the year. A report on this matter was to be submitted to the Federal Maritime Board after the end of the fiscal year, with recommendations as to the levels of costs to be used in the calculation of the operating-differential subsidy rates applicable to subsistence.

Substantial progress was made in establishing subsidy rates for maintenance and repairs for the several cases pending. Progress was made by the United States Salvage Association, Inc., in the collection of foreign cost estimates of maintenance and repair work. The cost estimates required to be submitted by this association will probably be completed and submitted by the end of the calendar year 1951.

The program developed for obtaining the necessary pricing data for the calculation of subsidy rates for stores, supplies, and equipment was practically completed. It was anticipated that an excellent body of foreign pricing data would be submitted to the Administration during the first half of the fiscal year 1952.

Operating-differential subsidy rates for the years 1949 to 1951

On the basis of the work accomplished in the liquidation of the backlog on subsidy rate determinations, together with the adoption of the Manual of Procedures, it was anticipated that the work involved in the calculation of subsidy rates for the years 1949–51 would be greatly accelerated. In addition to the development of basic procedures, special committees were organized for the purpose of studying such specialized subjects as indexing practices, sampling methods, and foreign exchange rates utilized in subsidy rate calculations.

The Department of State, in collaboration with the Maritime Administration and the Foreign Service Operations Division of the Department of Commerce was making progress in the assignment of personnel with the responsibility for collecting foreign operating cost data required in the calculation of operating subsidy rates. With respect to Europe, the present program provides for five posts for Foreign Service officers, who will be assigned to cover various European countries.

Operating-differential subsidy aid

The former Maritime Commission had authorized resumption of subsidized operations by 10 operators effective January 1, 1947, and by 2 operators, effective January 1, 1948, the authorization being subject to the necessary findings by the Commission in the case of each operator. Seven of the resumption subsidy contracts were executed during the life of the Maritime Commission. The Commission also authorized an operating subsidy agreement with Pacific Argentine Brazil Line, Inc., a new subsidized operator in the postwar period. By June 30, 1951, prewar operating contracts had been amended to cover postwar operations of the following companies: American Mail Line Ltd.; American Export Lines, Inc.; Farrell Lines Inc.; Grace Line Inc.; Lykes Bros. Steamship Co., Inc.; Mississippi Shipping Co., Inc.; Moore-McCormack Lines, Inc.; Seas Shipping

Co., Inc.; United States Lines Co. (S. S. *America* and cargo vessels). All of these companies had tentative subsidy differential rates incorporated in their respective contracts, and advance subsidy payments, with few exceptions, had been made under each contract for the calendar years prior to 1951. Since the close of the fiscal year 1951, a total of 24 final subsidy rates for the years 1947 and 1948 for the above-mentioned operators have been completed, of which 18 have been approved by the Board. In addition, a total of nine final subsidy rates for the year 1947 and 1948 for four operators not included in the above group have been completed, of which five have been approved. A final subsidy rate for wages of the Pacific Argentine Brazil Line, Inc., for the year 1949 has also been approved.

During the year resumption contracts were executed with Moore-McCormack Lines, Inc., and American Export Lines, Inc. Subsidized operations of Moore-McCormack were resumed as of January 1, 1947, without extension of its old contract beyond its original termination date, June 30, 1951. Subsequent to this action, Moore-McCormack's bid for charter and replacement of the Good Neighbor Fleet was accepted by the Board on June 28, 1951, and the company's operating subsidy contract was extended to December 31, 1957, subject to cancellation if the operator fails to replace the Good Neighbor Fleet.

Other operating-differential subsidy agreements pending execution or approval at the end of the fiscal year involved the following companies:

American President Lines, Ltd.: This operator's resumption contract was authorized by the Board on April 3, 1951, and its execution was expected during the early part of the fiscal year 1952.

New York & Cuba Mail Steamship Co: The Board on May 8, 1951, authorized a hearing to determine the nature and extent of the foreign-flag competition on Trade Route No. 3.

The Oceanic Steamship Co.: This operator had received several conditional extensions of its operating subsidy agreement in order to keep the contract current until final action could be taken on the operator's pending application for resumption of subsidized operations.

United States Lines Co. (cargo ships): This operator's cargo ship operating subsidy contract which terminated December 31, 1949, was amended in May 1950 to cover resumption of subsidized operations as of January 1, 1948. As previously stated, this company's operating-differential subsidy contract covering resumption of subsidized operations, effective January 1, 1948, automatically terminated on December 31, 1949. A new contract covering the operation of cargo vessels, effective January 1, 1950, was not executed pending consideration of certain questions relating to the construction subsidy on the S. S. *United States*.

On August 24, 1950, the Maritime Administrator approved the payment of 50 percent of net subsidy accrual (subsidy accrual less recapture accrual) for the calendar year 1950, based on tentative differentials to those companies holding executed operating-differential subsidy agreements. The payment of 75 percent of net subsidy accrual had been previously authorized for the calendar years 1947 through 1949. At the end of the fiscal year 1951 a total of $19,151,612.06 advance subsidy payments had been made to all operators (except American Export Lines) which had executed resumption contracts as of that date. This amount represented payments on account through 1949 in all cases but one, and through September or December 1950 in nearly every case.

There were applications pending on June 30, 1951, for operating-differential subsidies for the following companies:

Arnold Bernstein Line, Inc., Trade Route 8: As previously indicated, the two vessels selected by this applicant for reconversion for subsidized operations were taken for national defense use. Although a hearing was held on this application for an operating subsidy, no action could be taken until the applicant determined whether or not other vessels could and would be acquired for this operation.

Grace Line Inc., U. S. Atlantic-Caribbean, Trade Route 4: A public hearing on this application was held May 15, 1951, and briefs were received on June 22, 1951. The examiner's report was served, but no action was taken by the Board before the end of the year.

Gulf & South American Steamship Co., Inc., Trade Route 31: A report and recommendation on this application was submitted on May 23, 1950, to the former Maritime Commission, but no action was taken. The Appropriation Act of 1951 limited payment of subsidy to a specified number of vessels, which had the effect of eliminating subsidy on new contracts except those included in the 1951 budget or those that could be substituted in the event any vessels of subsidized operators making up the totals included in the budget were withdrawn from subsidized services. No withdrawals were made.

Pacific Far East Line and Pacific Transport Lines, Inc., Trade Route 29: Hearings on these applications were completed in San Francisco on August 8, 1950. Briefs and replies to briefs were received and the Board was awaiting the examiner's report and recommendation.

South Atlantic Steamship Co., Inc., Trade Route 11: The former Maritime Commission on February 18, 1948, after public hearings, approved in principle this application, subject to compliance with applicable provisions of the 1936 act and to such terms and conditions as were thereafter imposed by the Commission. The company subsequently modified its application and a supplemental recommen-

dation to the Board was delayed until the Federal Maritime Board and the Maritime Administration adopted a policy with respect to foreign-flag waivers under section 804 of the act. The parent company of this applicant for many years has had a large number of foreign-flag connections.

United States Lines Co., Trade Route 8: Public hearing under section 605 (c) of the Merchant Marine Act, 1936, was held in Washington November 1, 1950, and briefs filed January 15, 1951. The matter was before the Board for decision as to whether section 605 (c) would be a bar to the awarding of a subsidy contract on Trade Route 8. Oral argument and exceptions to the recommended decision of the examiner in the proceeding, served March 2, 1951, were heard by the Board April 19, 1951.

The application of Black Diamond Steamship Corp., filed August 18, 1948, for operating subsidy on Trade Route 8 was dismissed by the Board on February 23, 1951, inasmuch as this application had been pending in an inactive status at the company's request for a long period of time.

In addition to hearings on operating subsidies authorized during the year, hearings had been recommended on the following matters, but were not authorized until fiscal 1952:

1. Grace Line Inc.—Re foreign-flag vessel competition with respect to combination vessels on Trade Route 2.
2. Mississippi Shipping Co., Inc.—Re foreign-flag vessel competition with respect to combination vessels on Trade Route 20.
3. Re following pooling agreements:
   Agreement 7549—Moore-McCormack Lines, Inc. (Swedish pooling agreement).
   Agreement 7616—Lykes Bros. Steamship Co., Inc. (Lykes-Harrison agreement).
   Agreement 7792—Grace Line and Lykes Bros. (Colombian coffee pooling agreement).
   Grace Line Inc.—Chilean pooling agreement.

There were no vessels over 20 years of age on which operating-differential subsidy was paid during the year, but contingent obligation in the amount of $8,230,223.20 was accrued for the period May 9, 1949, to June 30, 1951, for operating-differential subsidy in connection with the operation of the S. S. *Argentina*, S. S. *Brazil*, and S. S. *Uruguay* by the Moore-McCormack Lines, Inc. The amount of subsidy, if any, which will actually be paid to the company for operation of these ships prior to July 1, 1951, will depend on the Federal Maritime Board's decision as to whether the company's foreign flag competition is substantial. A résumé of operating subsidy contracts is given in appendixes F, G, and H.

Construction financing aid without subsidy, and trade-ins

The application filed by Pacific Coast Steamship Co. in November 1947 for financial aid without subsidy in the construction of two passenger-trailerships for Pacific coastwise operation was conditionally approved in principle by the former Maritime Commission in June 1949. Since the company failed to meet the requirements of equity financing, which was one of the conditions of the former Commission's approval, and subsequently filed an application with the Defense Production Administration for aid in the construction of these vessels, the Maritime Administrator on May 5, 1951, denied the application filed in 1947.

During the fiscal year 1951 three applications were received for aid in the construction of vessels without subsidy under section 509 of the 1936 act. These applications involved the construction of one tanker each (one for Great Lakes operation and one transoceanic) for two of the applicants and two lake ore carriers for the third. Application was also received for trade-in allowance on four old ships against the construction cost of the two new Great Lakes ore carriers. The processing of these three applications was not completed at the end of the fiscal year.

The application by Standard Fruit & Steamship Corp., referred to above, for construction subsidy for the acquistion of three refrigerated cargo ships, was accompanied by an application under section 510 of the 1936 act for trade-in allowance on three old vessels owned by the applicant and operated under Honduran flag. The company did not make the construction application dependent upon receiving an acceptable trade-in allowance on the old ships, but no further action could be taken on the latter application until it was determined whether the construction application could be approved.

Construction reserve funds

On June 30, 1951, there was on deposit a total of $16,869,553.05 (consisting of $2,574,205.69 in cash and $14,295,347.36 in securities) in various construction reserve funds of 11 unsubsidized steamship operators. During the fiscal year the establishment of one new fund was approved and two existing funds were closed out.

These funds were established pursuant to section 511 of the 1936 act, which provides that to the extent deposited funds are invested in authorized new tonnage tax-deferment benefits on capital gains inure to the operator. When an operator elects to withdraw construction reserve fund deposits for purposes other than those contemplated by section 511 of the act, the Commissioner of Internal Revenue determines the tax liability applicable to such withdrawals. Extension of time for committing or obligating funds on deposit was granted during

the fiscal year to one of the operators maintaining a construction reserve fund. The granting of this extension did not require a public hearing, inasmuch as it was an initial extension after the first 2 years of deposit.

Federal Ship Mortgage Insurance aid

There were three contracts of mortgage insurance outstanding, originally in an amount of $250,000 each for tuna clippers. The outstanding mortgage balances were reduced by periodic payments to a total of $541,666.69, which represented the Maritime Administration's contingent liability on June 30, 1951.

The $1,650,000 commitment to insure previously issued on the S. S. *Carib Queen* (for contemplated operation as a passenger-car ferry between Key West and Havana) expired by limitation of its term during the fiscal year. Only one new application for title XI mortgage insurance aid was received during the year. This was for approximately $22,000, representing 75 percent of the construction cost of a shrimp trawler. This application was withdrawn before final action was taken.

On July 1, 1950, there was an unexpended balance of $11,625 in the Federal Ship Mortgage Insurance Fund after transfer from the fund of $586,647.80 for use of Maritime Commission administrative expenses, as authorized by Public Law 266, Eighty-first Congress, approved August 24, 1949. On June 30, 1951, deposits for filing, investigation, and/or appraisal fees, and mortgage insurance premiums raised the balance in the fund on deposit with the Treasury to $17,290.30.

Miscellaneous

A final decision was still to be made on the problems arising out of the lay-up of the former passenger vessels *Mariposa* and *Monterey*, which before World War II were subsidized in the California-Australasian service of the Oceanic Steamship Co. The cost of reconverting these vessels by an affiliated company of Oceanic precluded the company-owner from completing the project, and various proposals were from time to time considered by the Maritime Commission and its successor, the Maritime Administration, for completing these vessels and operating one or both in Australian service. The Navy Department indicated to the Maritime Administration that it would like to have both vessels taken for national defense purposes. Pending decision as to what the just compensation allowance for these vessels should be, under section 902 of the 1936 act, the Administrator had not taken final action with respect to the Navy's request.

The so-called Good Neighbor Fleet (comprised of the S. S. *Argentina*, S. S. *Brazil*, and S. S. *Uruguay*) was under charter to Moore-McCormack Lines, Inc., both before and after World War II. Oper-

ating subsidy will be paid from May 1949 for the operation of these vessels if the Board so determines in accordance with the applicable sections of the act. On June 28, 1951, the Board accepted Moore-McCormack Lines' bid for the continued charter operation of the Good Neighbor Fleet on Trade Route No. 1, effective from July 1, 1951, with operating subsidy to the extent found appropriate, until such time as replacement vessels are constructed and put into service.

The unsubsidized Atlantic/Straits Settlements service of American President Lines, Ltd., was authorized by the former Maritime Commission on May 18, 1948, for operation to June 30, 1949, and by later extensions was permitted to continue to April 30, 1952, upon certain specified conditions.

During the fiscal year 1951 a number of sea-air agreements between subsidized operators and air lines were approved. These agreements fell within four general categories: (*a*) Cargo agreements by which the subsidized steamship operators issued through bills of lading for delivery to points on the air lines' routes; (*b*) interline agreements which are reciprocal between the principals and offer a combined sea-air journey; (*c*) passenger sales agency agreements by which the subsidized operators act as agents for the air lines to book air passengers on a commission basis; and (*d*) general sales agency agreements by which the subsidized operator may act as general sales agent for the air line.

Also during the fiscal year a number of subsidized operators were authorized to charter vessels to the Military Sea Transportation Service without subsidy, to assist the military in Korean operations.

STUDIES AND REPORTS

Vessel data

Several new and important activities dealing with vessel data reporting were inaugurated during the fiscal year. One of these was the publication of a weekly report entitled, "U. S. Flag Dry Cargo Projected Ship Employment and Position Report." The information from which this report is processed is received each week from all operators of United States-flag ships, 1,000 gross tons and over, engaged in the foreign and domestic trades of the United States. The report includes such information as the 60-day projected employment of each ship; its status, i. e., whether owned, chartered, owner's agent; whether in berth or bulk service; type and tonnage of bulk cargo; loading and discharge ranges and ports; expected times of arrival and departure from current positions and date expected to be free of cargo; whether available for homeward cargo; current geographical position; etc.

This report is used in charting current and forward movements of ships, in connection with determining ship requirements and allocations to carry relief and strategic cargoes and is also used in other programs of the National Shipping Authority and as a guide to ship positions in time of national mobilization. The report is restricted to Maritime Administration and Department of Defense use only.

Another activity undertaken toward the close of the fiscal year was the development and preparation of a ship characteristics card as requested by the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization, to be used in recording detailed ship data of United States-flag vessels for operating and planning purposes. Eventually it is expected to complete this work for the vessels of the Western Hemisphere countries. This work also involved the preparation of procedures for the guidance of industry in filling out the required data. The United States shipping industry is furnishing the necessary data on United States-flag privately owned ships, while the Maritime Administration will supply the information on Government-owned vessels in reserve fleets, etc.

Reports

A procedure outlining the method of determining and weighting competitive factors used in the determination of operating-differential subsidy rates and other data showing administrative costs required

in carrying out the operating-differential subsidy program was prepared for the Senate Interstate and Foreign Commerce Committee.

The following regular reports were prepared for use of the Administration, other Government agencies, and/or the general public:

Deliveries of New Merchant Vessels Construction Worldwide—1949 (Annual)

Shipbuilding Employment. (Quarterly.)

Employment and position of Maritime Administration Bareboat-Chartered Vessels as of June 30, 1950. (Now included in Projected Employment Report.)

Alphabetical Listing of All Dry Cargo Ships and Tankers Under Control of Maritime Administration and U. S. Flag Privately Owned. (Monthly.)

Vessels Operated by Charterers and/or Agents of Maritime Administration. (Semimonthly.)

Changes in Status, Maritime Administration-Owned Vessels (issues 700–744 inclusive). (Semimonthly.)

U. S. Government, Privately Owned, and Foreign Flag Ships Chartered to MSTS (two to three times monthly.)

Employment of U. S. Flag Merchant Fleet (Seagoing Ships of 1,000 Gross Tons and Over). (Monthly.)

Merchant Fleets of the World. (Semiannually.)

The following special reports were prepared:

Privately owned U. S. Flag Dry Cargo Vessels Tendered to MSTS for Charter and Available—as of July 31, 1950.

Composition of the Merchant Fleets of Argentina, Brazil, and Uruguay—as of September 1, 1939, and June 30, 1950.

Brazilian Merchant Fleet—as of December 31, 1949, showing (1) vessels built in United States for Brazilian account and (2) former United States-flag vessels.

Inventory of Merchant Fleets of Western Hemisphere Countries and the Philippines. (For Planning Board for Ocean Shipping, NATO.)

Tabulation of American Flag Privately Owned Vessels Equipped With 50-Ton Booms. (For National Shipping Authority.)

Tabulation of Detailed Dry Cargo Vessel and Tanker Statistics of Western Hemisphere Countries, the Philippines, Liberia, and Japan. (For NATO.)

Report Showing Ship Construction in U. S.—Employment of United States-flag vessels and production of United States shipyards for selected periods in 1939 and 1950, vessels 1,000 gross tons and over. (For the White House.)

U. S. Privately Owned Dry Cargo and Tank Vessels Idle and Available for Employment at Various Coast Ports.

Bulk Carriers Under Construction and/or on Order in U. S. Shipyards and Inventory of Great Lakes Bulk Carriers as of June 30, 1950.

Refrigerated Vessels Built by Maritime Administration During Period 1939 to 1949 and in the U. S. Merchant Fleet on June 30, 1950.

Number, Tonnage, Deliveries, and Ships Under Construction, as of June 30, 1950, Covering the Great Lakes Ore Fleet. (For the Senate Preparedness Committee.)

Number and Tonnage of U. S. Flag Dry Cargo Vessels, excluding Colliers Engaged in U. S. Domestic Trade on August 31, 1950.

U. S. Owners of U. S. Flag Dry Cargo and Tank Vessels of 1,000 Gross Tons and Over, as of September, 1950—Arranged by Owner, Address, and Principal Officers.

All Vessels 15 Knots and Over in U. S. Merchant Fleet; and Non-Maritime Administration Design Vessels of 15 Knots and Over in the Fleet—as of August 31, 1950.

U. S. Flag Merchant Vessels, 1,000 Gross Tons and Over—as of June 30, 1950—arranged by draft of vessel.

Listing of Soviet Flag Tankers, 1,000 Gross Tons and Over—as of June 30, 1950, showing tonnages, year built, and speed.

Employment of Privately Owned Tankers, by Quarters for Years 1923 Through 1927.

Data on Bale Cubic, Dead Weight, and Speed of All Foreign Flag Vessels—1,000 Gross Tons and Over.

Relationship of Revenue-Ton Miles of Cargo Moved by One Shipper From the Gulf to the West Coast in Intercoastal Trade to Total Revenue-Ton-Miles moved by All Class I and Other Railroads in the United States During the Calendar Year 1950.

Comparative Wage Rates of Subsidized Vessels.

Manpower Requirements for U. S. Government Seagoing Privately Operated Vessels, By Specified Ratings.

Cargo data

On February 15, 1951, revised General Order 39, as promulgated by the Federal Maritime Board, became effective. The changes consisted principally in requiring the filing of Vessel Utilization and Performance reports by *all* operators of vessels (300 net registered tons and over), both dry cargo and tanker, operating in the foreign trade of the United States, instead of confining application of the order to common carriers by water, as was formerly the case. The Vessel Utilization and Performance Reports, Forms 7801–2–3–4, were completely revised by General Order 39, as amended. New and more effective work procedures resulted in the reduction of the backlog of these reports submitted by vessel operators.

Procedures for use in the calculation of operating-differential subsidy rates were under continual review. To expedite this operation, the Maritime Administration was considering the substitution of the "availability of bale-cubic capacity," in place of "actual cargo tons carried," as a basis for determining competition encountered by the subsidized services of United States flag lines. To test this procedure information was prepared showing: (1) For each subsidized freight service, competitive factors based on "bale-cubic capacity available" during 1950, weighted by 1948 competitive factors; and (2) for each subsidized passenger service, competitive factors based on "actual" passenger carrying, by class of accommodation, for the year 1950. (By "competitive factors" is meant the extent of United States and foreign-flag competition encountered by each United States subsidized operator on each subsidized service.)

A representative of the Administration was appointed Chairman of the Interdepartmental Committee for Construction of Indices for Operating-Differential Subsidy Rates. The Committee is investigating techniques that can be applied to available data with the idea of achieving an objective and efficient method of expediting the determination of operating-differential subsidy rates.

Special studies

Several economic studies concerned with United States shipping activities were undertaken and completed during the year. These included:

The preparation of statistical and economic data for use in just compensation litigation which arose as a result of the requisitioning of vessels from private owners by the former War Shipping Administration.

The economic analysis of United States ore carrier requirements, begun in the prior fiscal year, was completed.

A preliminary study of World Charter Rates was completed for use in connection with pending ship warrant legislation.

A study was begun of United States tanker operations from 1923 to date, by trade, to show trends in tanker employment.

Prior reports and studies on the Maritime Administration's position with respect to legislation before Congress on the St. Lawrence Seaway and Power Project were revised for use at hearings of the House Public Works Committee on this legislation, held in February 1951.

A report on inland waterway traffic of Western Germany.

Miscellaneous studies on cargo handling and terminal efficiency.

Considerable research was carried out on foreign government shipping and shipbuilding aids and approximately 6,000 consular dispatches, naval intelligence reports, and other foreign intelligence reports were read, analyzed, and routed to interested divisions and offices of the Maritime Administration, Federal Maritime Board, and National Shipping Authority.

Labor data

A Maritime Labor Relations Directory was being prepared including information on maritime, longshore, shipbuilding, and repair unions, shipowners and stevedore associations, and Government agencies directly concerned with labor matters in the steamship industry. This project was approximately 90 percent complete.

Trade routes

An over-all review of the essentiality of trade routes was begun during June 1951. Reports were made on foreign-flag competition encountered by United States subsidized lines on each of their subsidized services (including analysis of substantiality and percent of competition of each principal nationality) for operating-differential subsidy determinations.

Reports for 1948 were made on Trade Routes Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14–1, 14–2, 15–A, 16, 18, 19, 20, 21, 22, 24, 25, 27, 29, 30, and round-the-world. These reports covered 42 United States services, of which 35 were freight services, 1 passenger service, and 6 combination passenger and freight services, and involved analysis of the operations of 134 foreign-flag lines of 37 different nationalities.

Many of these foreign-flag lines operated services which offered competition on more than one route.

A report for 1950 on Trade Route No. 18, American Export Lines, was based on the "bale-cubic method." This was the "pilot" study upon which subsequent reports covering foreign-flag competition encountered by all other subsidized services were based.

Traffic analyses and trade route reviews as a result of applications for subsidy were made of the following: Trade Route 1, Moore-McCormack Good Neighbor Fleet; Trade Route 3, New York & Cuba Mail freight service; Trade Route 4, Grace Line, two combination services and one freight service; Trade Route 8, United States Lines freight service; Trade Route 11, South Atlantic Steamship Co. freight service; Trade Route 17, American President Lines freight service; Trade Route 29, American President Lines, Pacific Transport and Pacific Far East Lines, freight services.

Information was prepared for hearings before the Federal Maritime Board in connection with operating-differential subsidy agreements on the following:

American Export Lines, Trade Route 10; combination and freight ships; also competition encountered by S. S. *LaGuardia*, S. S. *Independence*, and S. S. *Constitution*; Trade Route 18, freight service.

American President Lines, Trade Route 29, freight service; round-the-world combination and freight service.

Farrell Lines, Trade Route 15-A, freight service; 14–1, freight service.

Grace Lines, Trade Route 2, freight service.

Moore-McCormack, Trade Route 1, freight service; Trade Route 6, freight service; Trade Route 24, freight service.

New York & Cuba Mail, Trade Routes 3 and 4, freight service and possibility of combination service on Trade Route 4.

Pacific Argentine Brazil, Trade Route 24, freight service.

Seas Shipping Co., Trade Route 15-A, freight service.

There were 1,318 tentative, 1,150 revised, and 2,293 final sailing schedules approved during the year, a total of 4,761.

SHIPBUILDING

New construction

Of the six vessels reported as being constructed under construction-differential subsidy contracts at the beginning of fiscal year 1950, all were still under construction at the beginning of fiscal year 1951. Two, of design P3–S2–DL2, for American Export Lines' New York-Mediterranean service, were delivered and entered service prior to June 1951, under the names of S. S. *Constitution* and S. S. *Independence*.

The four remaining vessels were selected by the Secretary of Defense, by his request of August 29, 1950, to be converted during construction to troop transports. On November 1, 1950, however, the superliner, design P6–S4–DS1, the S. S. *United States*, building at Newport News Shipbuilding & Drydock Co., was released for its designed North Atlantic passenger service for United States Lines.

When the *United States* was designated for troop transport service, the Maritime Administration awarded a contract for design service to complete the ship to Gibbs & Cox, Inc., who had previously been under contract to the United States Lines Co. for services for the ship as a passenger vessel, and whose contract with United States Lines Co. had been cancelled by them. When the vessel was released for passenger service, the incompleted portion of the design agent's work pertaining solely to the troopship version of the ship was removed from the contract, and, in view of the international situation, this incompleted work insofar as contract plans and specifications for conversion are concerned, is proceeding under a new contract, reimbursable by the Department of the Navy.

The three vessels, design P2–S1–DN1, for American President Lines' round-the-world service, under construction at the New York Shipbuilding Corp., were designated for dependent transport service, for delivery upon completion to the Military Sea Transportation Service. Accordingly, the contract with American President Lines for purchase of these three vessels was cancelled, the contract for their construction as passenger vessels was amended to provide for their completion as dependent transports, and a contract was awarded to George G. Sharp, naval architect of New York, for conversion design plans and specifications. All of these vessels were launched, and delivery was expected in the last half of fiscal year 1952.

The single vessel of design C3–S–DX1, *Schuyler Otis Bland*, built by Ingalls Shipbuilding Corp., was delivered to the Administration

July 26, 1951, and concurrently delivered to the successful bidder, American President Lines, under charter for operation in their round-the-world service. This vessel was built as a prototype for emergency construction, and a concurrent design contract provided for reproducible working plans, schedules, etc. The vessel incorporates a new design of cargo-handling gear, developed by the Administration's staff, and hinged watertight quick opening hatch covers which eliminate tarpaulins and their time-consuming handling. Operating reports were being received and analyzed for future design use.

Under the provisions of title VII of the Merchant Marine Act, 1936, as amended, and specific appropriation of the Congress, a contract for design, contract plans, and specifications and for "working" or construction plans and related data for a new cargo vessel type was awarded on October 30, 1950, to Bethlehem Steel Co., Shipbuilding Division, Quincy, Mass. Bids, based on these contract plans and specifications, were opened January 31, 1951, and contracts for five ships each subsequently awarded to Sun Shipbuilding & Dry Dock Co., Newport News Shipbuilding & Dry Dock Co., Ingalls Shipbuilding Corp., Bethlehem Steel Co., Sparrows Point yard, New York Shipbuilding Corp., and Bethlehem Steel Co., Quincy yard. (An award of five ships was made to Bethlehem-Pacific Coast Steel Corp. after the end of the fiscal year.)

These vessels, known as the Mariner class, are modern 20-knot vessels of about 12,900 dead-weight tons which were designed in close cooperation with the Department of the Navy for operation as commercial vessels by private operators, but which will be readily convertible to military auxiliaries in the event of a national emergency.

By addendum to the design contract with Bethlehem Steel Co., Shipbuilding Division, contract plans and specifications are being obtained on a reimbursable basis for conversion of completed vessels of this design to combat cargo (AKA) and combat troop (APA) ships, in accordance with requirements of the Department of the Navy.

A summary of the construction program may be found in Appendixes I, J, and K.

Material control

The imposition of restrictions on the distribution and use of materials, because of national defense requirements, necessitated the organization of a unit for the coordination of material procurement.

The Administration assumed the responsibility for long-range planning, shipyard and industrial facility study, industrial production programming, current steel requirements coordination, controlled materials allocation, and expediting in behalf of contracting shipyards and their suppliers.

Implementation of the Controlled Materials Plan and the establishment of expediting procedures were being carried out through daily contact with the Defense Production Administration and the National Production Authority. However, insufficient quarterly allotments of steel for merchant ship construction resulted shortly after the end of the fiscal year in the suspension of construction of 14 Mariner-type ships.

An investigation was made of the status of all shipyards in the United States and their building and drydocking capacities, as well as the capability of ship component manufacturing industries, on which was based a study and projection of an emergency program of ship construction.

Conversions

By request of the Secretary of Defense, and with costs reimbursable by the Department of the Navy, the Maritime Administration was having contract plans and specifications prepared for the conversion of the partially completed ships *Monterey* and *Mariposa*, owned by the Oceanic Steamship Co., to Navy-manned troop transports. A contract for this work was awarded to Gibbs & Cox of New York.

Under the provisions of Public Law 856, Eighty-first Congress, three vessels were sold to the Nicholson-Universal Steamship Co., and three vessels to the Wisconsin-Michigan Steamship Co., five for conversion to bulk carriers and one to a package-freight and/or passenger vessel on the Great Lakes. The three for Nicholson-Universal were delivered to the Maryland Drydock Co. for the conversion work, but the extent of the conversion work on the three vessels for Wisconsin-Michigan was under discussion at the close of the fiscal year. One vessel was sold to the Cleveland Cliffs Iron Co. and was converted to an ore carrier for use on the Great Lakes.

Technical developments

Evaluation of the world tanker situation indicated early in the calendar year 1951 that there was, and for some time in the future would be, a tanker shortage. The situation was discussed wth Defense authorities and the desirability of tanker construction, suitable for defense uses, was indicated. Accordingly, a design program was initiated by the preparation of contract plans and specifications for 20-knot tankers of about 20,000 dead-weight tons, suitable for commercial service but having basic characteristics which would permit their speedy and economical conversion for Navy use in event of an emergency. A committee representing the commercial tanker industry was appointed to advise on matters of basic design, to the end that the most efficient vessel, from the standpoint of commercial service, would be produced within the limitations of defense requirements. Since the industry is capable of operating a number of

these vessels advantageously, the Administration intends to request authority and funds to construct a limited number of these ships to form a reserve for national emergency.

These tankers would be constructed under title VII by the Government. Operators stated that while they might want to buy the tankers after completion, they did not propose to participate in any building program until subsidy questions, etc., were settled.

The causes of the fracture and breaking of ships were still under investigation by the Ship Structure Committee, composed of representatives of the Maritime Administration, Navy, Coast Guard, and American Bureau of Shipping. Investigations were pointed toward improvement in design practices and the metallurgical properties of ship steel. Metallurigcal progress was made in making ship steel more resistant to cracking, and improvements in design were devised which began to show beneficial effects in the reduced number of casualties experienced by the merchant marine in the last year.

As the speed and power of vessels increase, a trend evidenced by the Mariner class, the problem of vibration becomes increasingly more important and more difficult to solve. Some studies in this field were made by the Administration in an effort to reduce to a minimum this objectionable feature on vessels being built and those to be built in the future. Studies were also made for the purpose of reducing the undersea noise level of vessel engines, in order to make American merchant vessels more difficult to detect by the modern devices used in undersea warfare. In connection with these two problems, propellers of five and six blades were developed, in contrast with the more conventional three- and four-bladed propellers.

Efforts were made to abate the smoke nuisance associated with steam-driven vessels by the design and installation of combustion control equipment and the development of stacks of special design to disperse the unavoidable combustion gases.

The development of the gas turbine was still being closely followed by the technical staff. Certain metallurgical problems, which have hindered the development of this type of prime mover, were solved, and it was anticipated that a unit suitable for merchant marine service could soon be devised. However, no funds or plans are presently in hand to continue this development.

Inspections were conducted at 782 plants on paints, paint materials, outfitting equipment, furniture, and preservation components for reserve fleet vessels and vessels under construction. Thirty-nine paint manufacturing plants were inspected for approval of facilities under Maritime Administration specifications. Fourteen new specifications were issued.

Because of budget limitations, it was necessary to curtail the investigation of new marine materials in favor of the execution of work associated with the ship construction program.

At the request of the Department of the Navy, 35-mm. microfilms were made of 27,664 ship construction plans covering 20 Maritime-designed vessels. The Navy request covered all vessels constructed under jurisdiction of the Administration, and it was estimated that about two more years would be required to complete the work.

Scientific equipment

On February 8, 1951, the Maritime Administrator determined that the subcontracts between the Raytheon Manufacturing Co. and the various shipbuilding contractors for "Echo Depth Finders" and "Mariners' Pathfinder Radar" in connection with Maritime Administration shipbuilding contracts were exempt from profit limitation as provided for by section 505 (b) of the Merchant Marine Act, 1936, as amended. However, no data concerning these subcontracts had been furnished by the subcontractor.

During the fiscal year 1951 the Maritime Administration did not enter into any contracts or other arrangements under section 505 (b) by the terms of which the United States undertakes to pay only for national defense items.

Vessel trial and guarantee surveys

During the year the Trial and Guarantee Survey Boards conducted trials on the S. S. *Independence*, the S. S. *Constitution*, and the S. S. *Schuyler Otis Bland*, and in addition trials on three ships reactivated from the reserve fleet.

Calibration tests were made on the shafts of the S. S. *United States* and the S. S. *Schuyler Otis Bland*.

Acceptance surveys were conducted on the S. S. *Independence* and the S. S. *Constitution*, and the final guarantee survey was held on the S. S. *Independence*.

A survey was made of the S. S. *George Washington* after she was damaged by fire, for the purpose of recommending what disposition should be made of the ship.

Surveys were also made on six ships in the laid-up fleets on the west coast and one in the Hudson River fleet for the purpose of recommending whether they should be reactivated or scrapped.

Responsibility for uncompleted, unsatisfactory, or defective work on 106 ships reactivated from the laid-up fleets was determined in accordance with the guarantee provisions of the contracts.

SHIP SALES AND TRANSFERS

Merchant Ship Sales Act of 1946, as amended

During the fiscal year, the Maritime Administration approved applications for the purchase of a net total of 145 ships under the Merchant Ship Sales Act of 1946, as amended. All were for American-flag operation. Included in this number were 6 C4-type ships sold pursuant to Public Law 856, Eighty-first Congress, second session, amending the Merchant Ship Sales Act of 1946 to provide for the conversion of up to 10 war-built ships for operation on the Great Lakes, including the St. Lawrence River and Gulf and their connecting waterways. The sale of ships to American citizens for American flag operation under the Merchant Ship Sales Act of 1946, as amended, was discontinued under Public Law 591, Eighty-first Congress, after January 15, 1951. A total of 1,956 ships, 843 for American-flag operation and 1,113 for foreign-flag operation, was approved for sale since the beginning of the program in April 1946. The net sales price received for these 1,956 ships was $1,703,868,022.70.

During the year, title to a net total of 150 ships was transferred to purchasers, all 150 for United States registry.

Appendix L indicates in detail the status of the sales program as of June 30, 1951.

Merchant Marine Acts of 1936 and 1920

Under the authority of the Merchant Marine Act, 1936, as amended, and the Shipping Act of 1920, a total of 13 vessels were sold during the year. All 13 vessels were sold for scrapping, and the total monetary return amounted to $1,529,396.97. In addition, $14,271.06 was collected as additional purchase price on one vessel sold for reconversion, because of the buyer's failure to expend the required amount in reconverting the vessel.

This brought to a total of 1,063 the number of vessels, of 1,500 gross tons and over, which were sold subsequent to the close of World War II up to June 30, 1951, under the authority of the Merchant Marine Act, 1936, as amended, the Shipping Act of 1920, and the Surplus Property Act of 1944; 252 vessels were sold for operation, 14 for non-operational use, 40 for non-self-propelled operation, and 757 for scrapping. The total monetary return for these sales amounted to $54,184,523.37. In addition, the Maritime Administration received $123,302.10 for custody charges, $253,442 for forfeitures, $10,550.43 for metallic ballast, $9,200 for defaults in contract performance, and

$24,283 for sale of 7 vessels to other governmental agencies. The Administration has transferred 14 vessels to other governmental agencies without reimbursement and approved abandonment of 19 vessels.

Transfers to foreign ownership and/or registry

On July 14, 1950, the Secretary of Commerce made a public announcement as to what the general policy of the Maritime Administration, Department of Commerce, would be in connection with its consideration of applications filed pursuant to section 9 of the Shipping Act 1916, as amended, for approval of transfers to foreign ownership and registry of privately owned, United States-flag vessels. The statement established three categories of vessels: (1) Less than 17 years of age and over 1,000 gross tons; (2) in excess of 17 years of age and over 1,000 gross tons; and (3) less than 1,000 gross tons. In order to make the determinations required by that policy, the Maritime Administration requests the views of certain other Government agencies, including (1) the Department of Defense as to whether or not the vessel involved is considered a potential unit for national defense; (2) the State Department as to whether or not the proposed transfer of registry would be contrary to the foreign policy of the United States; and (3) Office of International Trade and Government Intelligence Departments for security clearances of the foreign buyer.

As a result of the declaration by the President on December 16, 1950, of a National Emergency, section 37 of the Shipping Act 1916, as amended, was invoked. Its provisions are similar to section 9 of the same Act, but extend the requirements for prior approval by the Maritime Administration to all vessels owned by a citizen of the United States, or by a corporation organized under the laws of the United States, or any State, Territory, district or possession thereof, irrespective of the size, registry, or documentation of the vessel. It also extends to sales to noncitizens of United States-owned shipyards, drydocks, ship-repair facilities, and transfers of stock in United States corporations.

Appendix M gives the approvals granted, under sections 9 and 37 of the Shipping Act, 1916, as amended, for the transfer of United States-owned vessels to foreign ownership and/or registry, for the period July 1, 1950, through June 30, 1951. Of the 231 vessels transferred, 191 represented vessels of less than 1,000 gross tons, such as tugs, barges, fishing vessels, pleasure craft, etc.; 11 were over 17 years of age; and 29 were less than 17 years of age. Of this latter number, 12 were LST's or other former military craft; 1 was already under foreign flag; 4 were deliveries of new vessels by United States shipyards to foreign ownership under contracts entered into before December 16, 1950, the date section 37 became operative; 2 were ore carriers especially constructed for the ore trade in Venezuela which were transferred to Venezuelan registry and flag, without change in United

States ownership; 1 was a T–2 type tanker approved for transfer to Chilean ownership and registry as a matter of international relations (this sale was not consummated and vessel remained under United States flag); 4 were Liberty-type tankers mortgaged to the former Maritime Commission and permitted to be sold by the Commission to the Mexican Government in order to protect the Government's financial interest in the vessels (the Maritime Administration affirmed this approval); 1, a whaling factory ship, formerly a T–2 type tanker, was approved only after replacement by a new tanker of comparable size, speed, and carrying capacity had been assured; 2 were ex-German vessels, one of which was replaced by purchase of a new vessel from the Maritime Administration and one sale was rescinded (the vessel was subsequently sold to a United States citizen); one was a concrete vessel sold foreign for use as a storage barge; and one was a Liberty tanker replaced by the purchase of a Liberty cargo vessel.

Disapprovals

During this period seven applications for approval to transfer United States privately owned vessels to foreign ownership and/or registry were denied.

New construction

During the latter part of the fiscal year 1951, the Maritime Administration approved contracts by certain United States shipyards to construct a total of six tankers (of approximately 30,000 dead-weight tons each) for foreign corporations and the placing of these vessels under foreign registry and their departure from the United States, upon the condition that, for the period beginning with the laying of the keel and ending 15 years from the date of completion and delivery of each vessel: (1) There shall be no change in the controlling interest of the foreign corporation, nor in the ownership nor registry of the vessels, without prior approval of the Maritime Administration; (2) the vessels shall be made available to the United States, if requested, as though subject to section 902 of the Merchant Marine Act of 1936; and (3) the vessels shall not engage in operations prohibited to United States-flag vessels under Department of Commerce Transportation Orders T–1 or T–2, or any modification. A bond in the sum of $250,000 for each vessel was required to guarantee performance of the conditions imposed.

General Order 58, second revision

In June 1951, in view of the more extensive jurisdiction over transfers to alien ownership and registry afforded by section 37 of the Shipping Act 1916, as amended, control over the export of non-war vessels which had been exercised by the Office of International Trade, United States Department of Commerce, under authority of the

Export Control Act of 1949, was transferred to the Maritime Administration. Simultaneously, the Maritime Administration modified its General Order 58, Revised, which granted all of the approvals required by section 37 of the Shipping Act of 1916, as amended, with respect to vessels of less than 1,000 gross tons. The new regulation (known as General Order 58, second Revision) grants such approvals only if the vessel involved is of less than 40 feet over-all in length, is of less than 50 horsepower, and is not destined for any of the 14 satellite nations.

Mortgages to aliens

During the fiscal year 1951, nine applications were approved permitting an alien to take, hold, and record a mortgage against nine United States privately owned and documented vessels. The mortgagee in each case was a domestic alien-controlled corporation, and the vessel remained under United States control, ownership, and flag.

Charters to aliens

During the period ending July 30, 1951, the Maritime Administration modified its existing regulation (General Order 59) which permitted charters of United States-flag vessels to aliens for a voyage or voyages not exceeding one year. The new regulation (General Order 59, Revised) permits charters (except demise or bareboat) to aliens for voyages not exceeding 6 months, except in the case of tankers, which require prior approval for each individual voyage if the voyage in question is from a United States port to a foreign port or is between foreign ports. Exception is also made in the Order of charters to aliens where the voyage in question is to or from ports in the 14 satellite nations.

For the fiscal year 1951, the Maritime Administration approved 16 charters of United States vessels to aliens for periods in excess of 1 year, and also approved 338 charters to aliens for a voyage or voyages the duration of which was for a period of less than 1 year. The majority of these were single voyage charters of tankers. There were four charters disapproved.

Violations

During this period, a number of violations of sections 9 and 37 of the Shipping Act 1916, as amended, were reported to the Department of Justice, through the General Counsel of the Maritime Administration, the majority of them involving vessels of less than 1,000 gross tons.

Surrender of marine documents

During the fiscal year 386 applications were approved for the surrender of the marine documents of United States-flag vessels covered by preferred mortgages, for the purpose of change in tonnage, rig, name, home port, ownership, etc.

PERSONNEL

The temporary Federal Maritime Board, established as a result of Reorganization Plan No. 21 effective at the close of business May 23, 1950, was replaced by the following Presidential appointments:

Vice Adm. E. L. Cochrane, Chairman of the Federal Maritime Board and Maritime Administrator, effective August 8, 1950, for the term expiring June 30, 1952.

Mr. Albert W. Gatov, effective August 30, 1950, for the term expiring June 30, 1953.

Mr. Robert W. Williams, effective September 25, 1950, for the term expiring June 30, 1954.

Mr. Earl W. Clark, who had been serving as Acting Deputy Maritime Administrator, was designated Deputy Maritime Administrator on August 29, 1950.

A small increase in administrative personnel and a decrease in reserve fleet personnel resulted in a net decrease of approximately 7.9 percent in total personnel, as indicated by the following tabulation:

Fiscal years ending—	Administrative	Maritime Service		Warehouses and shipyards	Reserve fleets and terminals	Total
		Nonuniformed	Uniformed			
June 30, 1950	1,737	86	605	232	2,193	4,853
June 30, 1951	1,974	73	527	306	1,590	4,470
Decrease		13	78		603	383
Increase	237			74		

Safety program

During the year the Administration carried on an aggressive accident and fire prevention program with satisfactory results. Safety activities included stepping up of the fire prevention and control programs of the reserve fleets; further training of personnel in fire-fighting techniques; testing and licensing of 498 incidental motor-vehicle operators in conformance with the Federal Standard; adoption of the miner's cap lamp as the sole source of illumination for personnel using highly flammable preservatives; intensive training of fleet custodial personnel in use of firearms; research into the safety problems involved in ship activation and ship operation; inspection of all field operations; and preparation of safety standards for guidance of operating personnel.

During the period 16 employees were disabled in each million hours

worked, a reduction of 32 percent from the fiscal year 1950 rate of 24 injuries in each million hours of work.

There was one death from accidental injury in fiscal year 1951, compared with three deaths in 1950. The reserve fleets operated for 16 months without a fatality, compared with an average of three during each previous year of operation. There were three nonfatal maiming injuries during the fiscal year, compared with seven during fiscal year 1950.

Next in importance to the reduction in personnel injuries during 1951 was a marked decline in fires; there were three during the year, compared with 15 during 1950. As each fire means potentially a lost vessel or structure, this was a most important contribution to safety.

MARITIME LABOR RELATIONS

Seamen

At the beginning of the fiscal year there was considerable unemployment in the maritime industry, as increased competition from foreign-flag shipping led to the withdrawal of American-flag vessels from service. When the Korean war necessitated the reactivation of hundreds of laid-up vessels from reserve fleets, serious shortages of certain skilled seamen ratings developed, and at the end of the calendar year 1950 delays in ship movements were becoming more and more frequent. The shortages existed in licensed officers, radio operators, able-bodied seamen, and qualified members of the engine department.

In cooperation with other Government agencies, the Maritime Administration took several steps to overcome these shortages. First, the head of the Selective Service System agreed to recommend to local draft boards that serious consideration be given to the deferment of seamen in key ratings, on condition that the seamen keep their local boards constantly advised of their continued maritime employment. Second, the United States Coast Guard permitted up to 50 percent of limited able-bodied seamen to be shipped on a vessel in place of unlimited AB's. The usual statutory requirement is 25 percent. The Coast Guard also relaxed the stringent prohibitions against the employment of alien seamen. Third, the Federal Communications Commission relaxed certain regulations on the certification of radio operators. All these actions helped considerably, although the problem of manpower shortages was still acute.

The Korean war emphasized the necessity of insuring that all seamen on American-flag vessels should be screened, so as to remove any crew member whose presence on board might be inimical to the United States. Meetings between representatives of the Departments of Labor, Justice, and Navy, the Coast Guard, the Maritime Administration, and the various maritime unions were called, and a program for screening subversive seamen from the vessels was adopted. Executive Order 10173 was issued by the President, giving the Coast Guard the authority for screening and removing subversive seamen from United States ships. Appeals boards were set up, on a port and national basis, made up of representatives of the various seafaring unions, shipping operators, and the Coast Guard. Under this procedure, any seamen who feels that he has been discriminated against can appeal, first, to the Port Appeals Board, then to the National

Appeals Board, and finally to the Commandant of the Coast Guard, who has final authority.

Seafaring collective bargaining agreements ran well into 1951, but under the provisions of most of them a wage review was called for in October 1950. On the west coast the unions secured a wage increase of 5.49 percent, but the east coast unions secured a 6.38-percent increase, which was subsequently extended voluntarily to west coast seamen. This brought the monthly wage scale to approximately $200 for entry ratings in the unlicensed deck and steward's department and a slightly higher rate for entry ratings in the unlicensed engine department. Comparable increases were extended to all other ratings.

The only maritime strike during the fiscal year took place on the east coast in late June 1951. It continued for 11 days and involved the National Maritime Union, Marine Engineers' Beneficial Association, and American Radio Association. Agreements were finally reached between the operators and these unions and were submitted to the Wage Stabilization Board for consideration and approval. At the end of the fiscal year no decision with respect to these agreements had been made. The agreements contemplated a shorter workweek, both at sea and in port, increased wage rates and overtime, improvements of benefit funds, and correction of certain so-called inequities.

On the west coast, the American Radio Association also resorted to strike action, which was of short duration. Agreement was reached and was likewise submitted to the Wage Stabilization Board for approval. At the end of the fiscal year it was still awaiting decision.

On June 30, 1950, there were about 77,000 jobs in the merchant marine. By June 30, 1951, there were approximately 105,375 men engaged in the various seafaring occupations. With contemplated withdrawals of additional vessels from the laid-up fleets, it was expected that by December 1951 there would be a need for an additional 25,000 seamen.

In anticipation of an expanded operation of general agency vessels, as a result of the Economic Cooperation Administration relief program and the Korean war, a conference of maritime labor representatives was held early in January 1951. The purpose of the conference was to study the problems confronting the industry and to seek a solution for any difficulties which might delay or hinder general agency operation. A Statement of Policy for operation of such vessels was prepared by the labor representatives and submitted to the Administrator. Shortly thereafter, a joint meeting of representatives of shipping operators and the same labor representatives was held, in an effort to secure joint approval of the policy. The Statement of Policy was studied by operators' representatives and they in turn presented to the Administrator their comments and suggestions on each proposal submitted. Except for one or two items involving

training procedures, there was considerable agreement indicated by both sides. However, joint conferences held by a small subcommittee were unable to reconcile such differences as existed, and consequently no unanimous approval of the items was secured.

Shipyard labor

There were a few strikes in the shipbuilding and ship repair industry, but owing to relative inactivity in the shipyards, they were not of serious consequence and, with one exception, not of long duration. As a result of collective bargaining, certain shipyard employees received wage increases prior to the inception of wage and price controls. However, collective bargaining conferences involving the eight Bethlehem Steel Co. yards on the east coast continued beyond that date, and consequently when an agreement was reached providing for wage increases, it was necessary to submit the matter to the Wage Stabilization Board for approval. The agreed rate for standard first-class mechanics was $1.80 per hour. Following this agreement, a number of other yards on the east coast voluntarily opened their agreements with the various unions and likewise agreed on the same hourly rate or one which varied only 1 or 2 cents from it. These agreements respecting hourly wages were approved by the Wage Stabilization Board late in June 1951.

On the Gulf coast, wage increases were approved or secured through collective bargaining which brought the rate to $1.73 per hour for standard skilled mechanics.

On the west coast, as a result of wage negotiations early in fiscal year 1951, a 5-cent increase was granted, and thereafter a voluntary increase of 12 cents per hour was granted, raising the wage rates on the west coast to $1.79 per hour for first-class skilled mechanics in the repair industry.

Employment in private ship construction and repair yards increased from 42,538 employed in 82 yards on June 30, 1950, to 70,137 employed in 116 yards on June 30, 1951.

Shipbuilding and ship repair are considered public works and consequently are subject to requirements of the Davis-Bacon Act, as amended, for payment of prevailing wage rates. The Maritime Administration took the necessary steps to conform with new regulations issued by the Department of Labor on the administration and enforcement of the act.

MARITIME TRAINING

The Maritime Administration's program for training licensed officers and unlicensed personnel to equip the American merchant marine with a "trained and efficient citizen personnel" was continued through the U. S. Merchant Marine Cadet Corps and the U. S. Maritime Service on an adjusted scale to fit maritime industry requirements during the fiscal year. The Administration also continued jurisdiction over the State maritime academies. No new seamen were trained to fill unlicensed skilled positions in the deck, engine, and steward's departments during the fiscal year. Electronics, including Loran and radar, were stressed.

Cadet-midshipmen

During the fiscal year an average of 1,193 cadet-midshipmen, including 89 Filipinos and 11 Latin-American cadets, were in training at the United States Merchant Marine Academy, Kings Point, Long Island, N. Y. During the year 303 cadet-midshipmen successfully completed the 4-year course of instruction and received United States merchant marine officers' licenses, issued by the United States Coast Guard, as third mates and third assistant engineers of ocean vessels. They also received the bachelor of science degree and commissions as ensigns in the U. S. Naval Reserve and the U. S. Maritime Service.

Effective May 1, 1951, physical possession on an interim permit was taken by the Department of the Navy of the former United States Merchant Marine Cadet School at Pass Christian, Miss., which was closed by the Administration on March 31, 1950. A bill, H. R. 3395, embodying the permanent transfer of the land, improvements, and personal property, was pending in Congress.

The Eighth Congressional Board of Visitors made its annual inspection of the United States Merchant Marine Academy at Kings Point on May 11 and 12, 1951. The following Senators and Representatives were designated to serve as members of the 1951 Congressional Board of Visitors: Senators Edwin C. Johnson, Colorado; Lester C. Hunt, Wyoming; James P. Kem, Missouri; Warren G. Magnuson, Washington; and Representatives Edward J. Hart, New Jersey; Charles P. Nelson, Maine; Eugene J. Keogh, New York; Donald O'Toole, New York; Alvin F. Weichel, Ohio; and William A. Barrett, Pennsylvania. The Board commended the esprit de corps of the cadet-midshipmen,

officers, and personnel at the Academy and was impressed with the important contribution made by the Academy to national defense.

On April 12, 13, and 14, 1951, the fourth meeting of the Academic Advisory Board was held at the Academy. The Board was composed of the following members: President John C. Adams, Hofstra College; Dean A. R. Davis, University of California; President Emeritus Homer L. Dodge, Norwich University; Dean James K. Finch, Columbia University; Prof. L. B. Ryon, Department of Engineering, the Rice Institute; Rev. Edmund A. Walsh, S. J., Regent, School of Foreign Service, Georgetown University; and President H. B. Wells, University of Indiana. The Board was favorably impressed with the progress of the Academy.

The State maritime academies, located at Vallejo, Calif.; Castine, Maine; and Hyannis, Mass.; and the New York State Maritime College, Fort Schuyler, had an average of 661 cadet-midshipmen in training in Federal pay status during the fiscal year, and 197 officers were graduated. The cadet-midshipmen at these schools were given annual training cruises.

United States Maritime Service

The United States Maritime Service continued to provide upgrading, refresher, and specialist courses at its training stations at Sheepshead Bay, N. Y., and Alameda, Calif. In cooperation with the seamen's organizations and shipping companies, specialized training was provided for personnel of the steward's department for service aboard passenger vessels. During January and February, the off season in Great Lakes shipping, special arrangements were made to give high-pressure turbine and other training to Great Lakes men. A total of 3,344 officers and seamen, not including the personnel given specialized training for passenger vessels, was trained and upgraded by the United States Maritime Service during the fiscal year. The upgrading and specialist courses at the United States Maritime Service training stations at Sheepshead Bay, N. Y., and Alameda, Calif., were adjusted during the year to give preference to training of ratings which were short in supply, such as high-pressure turbine, marine engineering, able seamen, and qualified members of the engine department. The former training station at St. Petersburg, Fla., was continued in custody status.

During the year there was a course enrollment of 6,383 in the United States Maritime Service Institute, Sheepshead Bay, N. Y., which conducted correspondence courses for men at sea in deck, engine, and basic radio subjects. A total of 1,147 courses was completed. Toward the close of the fiscal year, careful study was being made in connection with the initiating of a course dealing with theory, maintenance, and servicing of marine shipboard radio, intended primarily for radio operators aboard American-flag merchant vessels, to provide

them with the necessary knowledge and technical reference required in the maintenance of radio equipment. The course, entitled "Radar Techniques and Maintenance," designed for personnel in the industry with a background of radio fundamentals, was to be inaugurated August 1, 1951. The United States Maritime Service also continued extension courses at schools located in New York City and Alameda, Calif., for training in radio aid to navigation and radar.

Medical program

The Maritime Administration's medical program, conducted in cooperation with the United States Public Health Service, included medical and dental in-patient and out-patient treatment for enrollees of the United States Maritime Service and for cadet-midshipmen of the United States Merchant Marine Cadet Corps, and emergency rooms at eight Maritime Administration reserve fleets. Health records were maintained on enrollees, cadet-midshipmen, and seamen, and clinical information therefrom was made available to eligible individuals, attorneys, shipping companies, Federal agencies, and others submitting proper authorization.

The safety program at the training stations, which was closely integrated with the over-all Maritime Administration program, resulted in a reduction of 77 percent in the accident rate, from about 7 injuries per million hours worked in 1950 to less than 2 per million hours in 1951.

Seamen services

The Administration continued to participate in administering laws and regulations pertaining to awards of decorations and medals for merchant marine personnel, issuance of Certificates of Substantially Continuous Service, seamen's voting rights, and repatriation of seamen.

During the fiscal year, a total of 10,071 service ribbons, medals, and awards was issued to seamen, and a total of 656 regular Certificates of Substantially Continuous Service and 57 duplicates were issued.

PROPERTY AND SUPPLY

Shipyards

The maintenance and security program was continued during the fiscal year at the four Government-owned reserve shipyards at Wilmington, N. C.; Richmond and Alameda, Calif.; and Vancouver, Wash. Security personnel was increased during the fiscal year by approximately 50 percent because of the Korean situation.

The lease with the North Carolina State Ports Authority for approximately 50 acres of open land at the North Carolina shipyard was continued. The State completed during the year the construction of a modern three-berth general-cargo marginal wharf.

A number of transports were berthed at the Richmond shipyard under a permit granted the Military Sea Transportation Service, the Administration being reimbursed for utilities used.

Licenses and permits were granted at the Richmond yard to Contra Costa Junior College District for the use of several buildings, to house the college temporarily pending permanent construction at another location; to the United States Coast and Geodetic Survey for berthing the S. S. *Bowie;* and to Travis Air Force base for the use of the radio transmitter, the Administration being reimbursed for utilities used.

The Oceanic Steamship Co., under contract No. MCc–61359, berthed the S. S. *Mariposa* and S. S. *Monterey* at the Alameda yard. Total revenue derived from this contract was $29,200, and the Administration was reimbursed for water and electricity used by these vessels. A new lease was made during the year with the Oceanic Steamship Co. for warehouse space at the Alameda yard, so that equipment of the *Mariposa* and *Monterey* could be stored until the vessels are put into operation. Revenue under this lease is $16,920 per year, plus payment for utilities used.

Repair of damage to the Vancouver yard caused by floodwaters of the Columbia River in the spring of 1950 was completed during 1951. The Bonneville Power Administration was permitted to use a large building and certain open land in the yard for storage of its materials.

Temporary loans of urgently required machine tools and equipment not immediately obtainable from manufacturers were made from the reserve yards to shipbuilders and priority ordnance contractors to assist the national defense program. Portions of North Carolina and Richmond yards were permitted to the Department of Defense for reserve training purposes.

Preliminary planning and estimated costs of reactivating the four

shipyards were made in connection with the possible reopening of yards if required in the national emergency.

Terminals

During the fiscal year the Government-owned terminal properties at Boston, Mass.; Hoboken, N. J.; and Philadelphia, Pa., were fully devoted to the movement of commercial import and export goods. The Government-owned terminal at Norfolk was used exclusively for movement of commercial import and export goods until the middle of March, when the Army started taking over two-thirds of the property for military use under an Administration-granted permit. Similarly, the Navy was gradually taking over the balance of the terminal, although it was hoped to continue some commercial operations at this terminal. The Government received during the fiscal year a revenue of $1,380,414 from the commercial leasing of its terminals, resulting in net revenue of $739,662.

One ship berth at the Boston terminal was used by the Army. The leasing of pier 3 at the Hoboken terminal during the year to a commercial operator completed the full commercial utilization of the piers at this property.

The program of maintenance and improvement was continued at all terminal properties during the fiscal year in order to insure that these properties will be ready in the event they are required for future emergencies.

Warehouses

During the fiscal year the Administration continued the operation of the five Government-owned warehouses at Hoboken, N. J.; Baltimore, Md.; Norfolk, Va.; New Orleans, La.; and Richmond, Calif. Two warehouses located on Government-owned property at Wilmington, N. C., and Vancouver, Wash., were used to store materials but required no personnel since they were in an inactive status.

The warehouses provided facilities for the storage of vital marine equipment required for the reactivation of the vessels in the national defense reserve fleets and the construction, repair, and operation of vessels in an emergency.

Since the outbreak of hostilities in Korea, these warehouses supplied $2,152,000 worth of marine equipment to MSTS vessels, for which the warehouse funds were reimbursed in the amount of $56,484 for handling expense; also since the inception of the National Shipping Authority, these warehouses supplied $921,100 worth of marine equipment to reactivated vessels, for which the warehouses were reimbursed in the amount of $29,700 for handling, etc., from the revolving funds.

Warehouse inventories of marine equipment and supplies increased during the year from $41,279,000 to $42,041,000.

Port development

During the fiscal year in cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, the following Port Series Reports were completed and released for public distribution: The Ports of Wilmington and Morehead City, N. C. (Port Series No. 12); and Charleston, S. C. (No. 13).

At the close of the fiscal year the following reports were in various stages of completion: The Ports of San Francisco and Redwood City, Calif. (No. 30); Ports of Oakland, Alameda, Richmond, and Upper San Francisco Bay, Calif. (No. 31); and the Ports of Stockton and Sacramento, Calif. (No. 32).

The job of maintaining port inventories and the determination of port capacities at all ports of the United States was accepted by the Maritime Administration under National Security Resources Board direction. Procedures and methods were developed for collecting and maintaining pertinent data on transportation facilities, formulae were developed for determining port capacities, and confidential tables and related material were prepared for release to proper defense authorities in a national emergency.

Obligations of the Maritime Administration under the President's Point IV Program involve the over-all administration of foreign port projects approved by the Technical Cooperation Administration, Department of State; the recruitment, for foreign assignment, of technical experts in the fields of port administration, port development including layout and construction, hydraulics, etc., port operations and economics of port operations; and providing for in-service training of foreign personnel in terminal, warehousing, and stevedoring methods and procedures at United States seaports. During the year project analyses were prepared in terms of economic justification, technical feasibility, and technical supervision and personnel, for the ports of Chittagong, Pakistan; and Callao and Chimbote, Peru. Technical assistance and advice was furnished to the Department of State and representatives of foreign governments in the initial planning and development of country programs and specific port projects, and to United Nations and foreign technical missions visiting this country to study administration and operation of United States ports.

The files of data on foreign ports continued to be extensively used by armed services agencies for data pertinent to their needs.

Miscellaneous

The Fort Trumbull Merchant Marine Training Station was declared excess to General Services Administration, and the Maritime Administration granted the Navy a permit to use the installation pending disposition of the property. The Navy is seeking permanent custody of this property. The Navy was also granted a permit to use the Merchant Marine Cadet School at Pass Christian, Miss., for

training purposes, pending passage of legislation to give the Navy permanent custody of this property. The General Services Administration was granted a permit to use part of the Maritime Service Training Station at Sheepshead Bay, N. Y., and in turn granted a subpermit to the Public Health Service.

During the year the commercial shipyard industry was questioned on its calendar year 1952 requirements for controlled materials for construction, maintenance and repair of facilities, machinery and equipment, and maintenance, repair, and operating supplies. The results of the survey were transmitted to Defense Production Administration in discharge of the Maritime Administration's responsibilities as claimant agency for the industry.

During the year 27,297 cubic feet of records were transferred to General Services Records Management Center, Washington, D. C., 3,887 cubic feet were salvaged, 5 cubic feet transferred to National Archives. Also 12,524 cubic feet of records were transferred to General Services Records Management Center, New York, N. Y.; 47,216 cubic feet were salvaged.

Inventories

During the year 873 inventories were made. There were 364 inventory certificates in the amount of $4,178,258.15 processed involving accounts receivable in connection with Government-owned vessels delivered under bareboat charter; 230 certificates in the amount of $1,929,772.86 in connection with the sale of Government-owned vessels; and 46 certificates in the amount of $638,012.38 in connection with the redelivery of privately owned vessels to their owners.

There were 333 inventory certificates in the amount of $3,616,425.81 processed involving accounts payable in connection with Government-owned vessels redelivered from bareboat charter; 11 certificates in the amount of $244,038.45 for privately owned vessels delivered to the Government under bareboat charter; 2 certificates in the amount of $18,399.95 for vessels traded in to the Government.

Overage and shortage certifications were processed involving 120 accounts receivable in the amount of $546,596.78, and 260 accounts payable in the amount of $1,930,583.77.

In connection with general agency operations and other miscellaneous inventories necessary in the internal accounting of the Maritime Administration, 171 inventory certificates were processed.

Industrial mobilization planning

A number of steps were taken in anticipation of the possible requirements for materials and equipment in an emergency and in response to directives of the Munitions Board.

During the year 1,713 Requests for Registration of the Maritime Administration as claimant upon the productive capacity of industrial

facilities were made, and requirements submitted to 112 of these firms through agency planning offices or directly. Planning was completed with 85 firms and Schedules of Production made covering approximately 750 end items. Thirty-one preliminary meetings with management of industry and other Government claiming agencies were held, including in each instance a plant facility survey.

Disposal of surplus property

During the year personal property with a reported cost value of $720,620.01 was declared to the Federal Supply Service. Of this amount, property valued at $142,926.84 was transferred to other Government agencies, property valued at $138,698.68 was approved for donation to educational institutions, $269,431 was returned to the Maritime Administration for disposal, and there remained in process property worth $169,563.49.

Property with a reported cost of $2,005,296.65 was sold by the Maritime Administration with a recovery of $441,121.98, a return of 21.9 percent. Property with a reported cost of $113,099.68 was disposed of by transfer or abandonment.

Domestic freight traffic

During the year, approximately 1,830 transportation vouchers were processed in the approximate amount of $312,200. Over 2,500 Government bills of lading were issued; claims for loss and damage were processed under which an approximate recovery of $24,350 was made. Special rate agreements were made with various rail and motor carriers for the reductions in published rates for specific movements, effecting savings in transportation costs of about $16,000.

Material control

At the beginning of the year, there remained $1,209,138 worth of material on which final determination had not been made as to disposition. During the year $7,138,465 was reported from off-site locations and Administration warehouses, making a total of $8,347,603 to be identified, segregated, and processed for utilization, retention, or disposal, of which there remained $714,368 at the close of the period.

Purchasing

Procurement during the fiscal year was stepped up to a considerable degree as outfitting and repair materials and equipment were required for more than 400 reactivated vessels. Materials, supplies, equipment, and services were also required in the operating of administrative offices of the Administration and in the repair, maintenance, and operation of the reserve fleets, reserve shipyards, terminals and training stations for the repair, operation, and preparation for charter of Government-owned vessels. During the year, 22,846 purchase orders, totaling $11,903,178, were issued.

FINANCE

Internal audits and procedures staff

During the fiscal year progress was made in staffing this organization. A qualified chief of the staff was obtained in March 1951 and some required balance has resulted from bringing in five other new members with professional and commercial accounting backgrounds to supplement four members who have had considerable experience with the Maritime Administration. At the close of fiscal year 1951, there were 10 staff members, and it is planned to increase this to 15 as rapidly as qualified personnel can be obtained.

The staff has been required to concentrate largely on procedural matters but at the same time progress has been made toward the development of an internal audit program. Plans for fiscal year 1952 include internal audits of activities of the Office of the Comptroller and of other offices of the Maritime Administration. Through the efforts of this staff considerable progress has been made toward achieving the objectives of the Budgeting and Accounting Procedures Act of 1950 relating to the duties and responsibilities of the head of each executive agency for the establishment and maintenance of adequate systems of accounting and internal control.

Accounting

The program for modernizing and improving accounting procedures received additional impetus during 1951 due to the progress made in the development of the Internal Audits and Procedures staff and to the continuing cooperative efforts of this and other components of the Office of the Comptroller and representatives of the General Accounting Office.

The Division of Accounts was reorganized so as to eliminate one branch through the consolidation of functions, thereby setting up four branches in the Division where there were formerly five. The accounting decentralization program which resulted in the establishment of separate sets of books in each district office was extended to include property accounting.

With the establishment of the National Shipping Authority in March 1951, the responsibility was assumed for the promulgation of general financial regulations and procedures relating to accounting matters under new service agreements. During the year considerable progress was made in improving accounts receivable records, in liqui-

dating outstanding agents' accounts under the former War Shipping Administration, and in making adjustments with purchasers of vessels sold under title V of the Merchant Marine Act, 1936, as amended.

It is significant that with no appreciable reduction in the regular accounting workload, with the assumption of additional accounting responsibilities for the newly organized National Shipping Authority, and with a reduced accounting staff, better quality results and reductions of backlogs have been effected. The departmental accounting staff as of June 30, 1951, was approximately 35 percent of its strength in 1948 and 40 percent of its 1949 strength.

Such results were accomplished through considerable emphasis on methods and by objective planning, scheduling, and supervision. Procedural and organizational changes which had the effect of improving the flow of documents and more effective utilization of personnel were accomplished, and efforts in this respect will represent a continuing subject for study. In recognization of the merit of comments and recommendations of the General Accounting Office, continuing efforts are being made to improve quality of supervision and instructional training at all levels, and to improve over-all coordination of the efforts of the several technical areas.

Preparation of financial statements on a current basis has been one of the outstanding results of improved accounting processes.

Auditing

The principal audit workloads of the Maritime Administration result from operating-differential subsidy agreements, bareboat-charter agreements, and construction contracts. The establishment of the National Shipping Authority in March 1951 and the execution of new agency agreements will add considerable workloads during fiscal year 1952.

Revised procedures for all types of audits and the development of a new procedure for the audit of agents' accounts on a current rather than a postvoyage basis place particular emphasis on selective test checks as a means of accomplishing adequate results with less effort.

Operating-differential subsidy agreements provide for annual accountings by the operator to the Maritime Administration for the purposes of determining the amounts subject to recapture, amounts required to be deposited in the statutory reserve funds, and balances of subsidy payable to the operator.

A procedure to be followed by subsidized operators in the rendition of annual and final accountings under operating-differential subsidy agreements was prepared and published in the Federal Register on July 11, 1951. This procedure requires submission of accountings, within 90 days after publication of the order, for periods beginning with the resumption of subsidized operations on or after January 1, 1947, and will require an audit review of 48 accountings, to be sub-

mitted by 13 operators for the period from the date of the resumption of subsidized service through the calendar year 1950.

Bareboat-charter agreements provide for audit review by the Maritime Administration of accountings submitted by charterers for the purpose of determining the amount of additional charter hire due. There were 62 contractors under the Warshipdemiseout 203 form, 88 under the Shipsalesdemise 303 form, and 10 contracts under special types of charters. The audits required under these forms of charter through December 31, 1950, involved 363 accountings, of which 77 had been audited as of June 30, 1951. Of the remaining 286, charterers had submitted 105 accountings for audit review, leaving a total of 181 accountings to be submitted.

The audit of construction contracts (which includes prime contracts, subcontracts, reconversion contracts, and miscellaneous contracts relating to prime ship construction contracts) is required for the purpose of determining costs and recapture of excess profits in accordance with existing laws or terms of the contracts.

The audit of all wartime construction contracts has been completed.

During fiscal year 1951, 352 postwar audits were completed in the total contract amount of $92,509,725; 85 audits were in process on June 30, 1951, in the total contract amount of $342,913,920, including seven prime ship construction contracts in the contract amount of $179,733,770; and 152 audits in the total contract amount of $51,877,857 had not been initiated by June 30, 1951.

The 37 audits of stevedoring and repair contracts remaining uncompleted on June 30, 1950, in connection with termination of wartime Government operations, were completed during 1951.

Insurance

During the fiscal year much of the preliminary work of implementing the war risk insurance program authorized by Title XII, Merchant Marine Act, 1936, as amended (Public Law 763, 81st Cong.), was accomplished.

The first postwar year for which operating-differential subsidy allowances for marine hull and protection and indemnity insurance will be processed is the calendar year 1948. The only operator supplying complete information for the purpose of processing these allowances was the Lykes Bros. Steamship, Inc., for which the processing of allowances for 1948 was completed.

An agreement was entered into with commercial underwriters to insure protection and indemnity risks on vessels allocated to general agents for the transportation of cargoes shipped by the Economic Cooperation Administration and the Department of Defense. Insurance on the terms and conditions agreed upon was in effect on vessels delivered to general agents prior to the end of the fiscal year.

The Wartimepandi Agreements which were effective December 1, 1942, under which the Maritime Commission and War Shipping Administration purchased protection and indemnity insurance terminated March 1, 1948. Claims were still outstanding; however, they were rapidly being liquidated, and $4,100,000 was recaptured to produce a total of $39,600,000 recovered from the underwriters under the recapture provision of the agreements. The balance unliquidated was $14,984,600.

Under the recapture provisions of the Wartimehull Insurance Agreement, $2,500,000 was recaptured to produce a total of $12,000,000 recaptured from the underwriters. Claims arising under this agreement were being rapidly liquidated, with a balance of $1,129,000 remaining.

The number of vessels in mortgage, charter, and subsidy status increased materially during the year as a result of the sale and chartering of additional vessels. The processing of insurance provided in accordance with the terms of mortgage, charter, and subsidy contracts proceeded in the normal way.

The approximate amounts of insurance processed during the year and the proportions placed in the American and foreign markets by mortgagors, charterers, and other contractors are indicated in the following table:

Kind of insurance	*Total amount*	*Percentage, American*	*Percentage foreign*
Marine hull	$1, 843, 051, 600	33	67
Marine protection and indemnity	2, 341, 305, 604	28	72
War risk hull	3, 618, 774, 611	1. 6	98. 4
War risk protection and indemnity	2, 984, 241, 688	1. 6	98. 4

The miscellaneous insurance reported for the fiscal year 1950 was principally builder's risk insurance. While part of that insurance was continued during the current year, no new builder's risk insurance was required. The risks and liabilities covered by such insurance were assumed with respect to the "Mariner" type vessels contracted for during the year.

The processing of insurance claims in favor of and against the Government arising out of vessel, cargo, and personnel losses and liabilities arising from the operation, construction, or maintenance of vessels continued at an accelerated rate during the fiscal year.

As of July 1, 1950, there were 3,411 insurance claims on hand. During the fiscal year 3,208 additional claims were filed, and 4,485 claims were processed, leaving 2,134 claims on hand as of June 30, 1951, including 105 seamen's compensation claims. There were 812 claims settled in favor of the United States in the total amount of $8,731,892, and 2,142 claims against the United States were settled for $5,860,958. Claims both in favor of and against the United States

totaling 1,322 in number were withdrawn or denied, and 209 claims were placed in litigation.

During the fiscal year, 188 marine and war risk claims in favor of the United States were settled for $855,625 and 454 claims against the United States were settled for $2,699,716. Crew war-risk claims under Public Law 449, involving 1,260 claim payments totaling $107,928, were handled during the year. During the period 598 claims under the Wartimehull Agreement were collected in the total amount of $5,237,653. On July 1, 1950, there were 15 claims in favor and 4 claims against the United States pending under the Comprehensive Insurance Rating Plan covering insurance against loss of life and injury of employees under State compensation laws and public automobile liability in connection with the operation of shipyards under vessel construction contracts. All of those claims were settled during the fiscal year in the total amount of $2,513,512 in favor and $208,444 against the United States. During the year, 11 claims in favor of the United States, totaling $125,102, and 424 claims against the United States in the aggregate amount of $2,844,870 submitted by general agents, berth agents, and P. and I. underwriters were examined and settled.

Analysis of financial statements

Financial and operating statements received with applications to purchase and charter war-built vessels, applications for agency agreements, applications under the provisions of the Merchant Marine Act, 1936, as amended, and financial statements submitted by bidders for contracts to perform construction, betterment, or repair work on vessels for the Administration required analyses and recommendations. Analyses were made of financial statements required to be submitted periodically by charterers and by purchasers with mortgage aid of war-built vessels.

Reserve funds of subsidized operators

At the beginning of the fiscal year the amount on deposit in the capital and special reserve funds aggregated $80,105,931, comprised of $46,086,968.82 in the capital reserve fund and $34,018,962.18 in the special reserve fund. The total amount on deposit in both funds on June 30, 1951, was $87,685,098.80, comprised of $48,125,031.91 in the capital reserve fund and $39,560,066.89 in the special reserve fund as shown in appendix N. Deposits into the capital reserve fund exceeded withdrawals covering payments on the purchase of vessels, on mortgage indebtedness, and on reconversion costs by approximately $2,038,000. Deposits into the special reserve funds exceeded withdrawals therefrom during the fiscal year by approximately $5,541,000. In addition to transfers of $1,855,000 to the capital reserve fund (with the approval of the Administration), the withdrawals from the

special reserve funds included payments to the Administration on account of excess profits subject to recapture under operating-differential subsidy agreements in the amount of $279,773.13, and payments of $925,818.72 into the general funds of the operators of which $700,000 represented temporary withdrawal of 1943 earnings as the result of a "Closing Agreement" covering a Federal income tax settlement between a subsidized operator and the Treasury Department, and $225,818.72 represented a withdrawal (approved by the Administration) under section 607 (c) of the Merchant Marine Act, 1936.

CLAIMS

The claims inventory on June 30, 1950, consisted of 4,548 claims with claimed values of $44,093,948. During the year a total of 1,112 new claims, involving $29,789,652, were received. A total of 4,041 claims were disposed of, which involved $14,590,294 in claims in favor of the United States and $21,509,890 in claims against the United States, leaving an inventory on hand of 1,619 claims totaling $37,783,416 as of June 30, 1951. The percentage of recovery on claims in favor of the United States averaged slightly over 28 percent, and claims against the United States were settled for approximately 48 percent of the claimed value.

These figures refer only to those claims handled by the Division of Claims. Appendix O gives the inventory of claims in all offices of the Administration on June 30, 1951, totaling 5,333 with a claimed value of $352,879,518, against a total on June 30, 1950, of 12,270 claims with a claimed value of $397,617,761.

Under authorization from the Comptroller General, and in continuation of the program begun during the fiscal year 1949, mutual waiver agreements were entered into during the year with the Department of Justice, the Post Office Department, and the Department of State. At the close of fiscal 1951, agreements were being completed with the Departments of the Interior and of Commerce. Agreements were under discussion with Veterans' Administration, Office of War Information, Office of Defense Transportation, Federal Communications Commission, and Federal Housing Administration. The General Counsel of the Treasury Department ruled that execution of such a general waiver would not be within the authority of the Treasury. This same position was taken by General Services Administration and War Assets Administration. Special legislation to relieve this situation may be submitted to the second session, Eighty-second Congress.

The total number of vessels for which applications had been filed for adjustment for prior sales to citizens under section 9 of the Merchant Ship Sales Act of 1946 was 204, of which applications covering 13 vessels were subsequently withdrawn, leaving for consideration applications covering a total of 191 vessels.

Adjustments had been approved for 163 vessels and adjustment agreements had been executed for 142 vessels as of June 30, 1951. The adjustments for 22 vessels approved during the year involved 32 trade-in vessels, the readjusted trade-in allowances for which were

determined in conformity with the procedures, standards, and guides approved by the Maritime Administrator on February 12, 1951.

Also, in this connection, 22 vessels involving 6 trade-ins, covered by interim agreements, and 4 vessels involving 8 trade-ins, previously approved but not covered by adjustment agreements, were reprocessed during the year to conform with policies adopted subsequent to execution of the interim agreements and to take into account the readjusted trade-in allowances which were redetermined in conformity with the procedures and guides referred to above.

The remaining 28 vessels for which adjustments had not yet been approved were being processed; 3 of the 28 were involved with 2 trade-in vessels. It was anticipated that these remaining cases would be completed during the first half of fiscal 1952.

LEGAL ACTIVITIES

Legislation

The leading legislative problems with which the Maritime Administration was concerned during the year arose out of proposals to amend basic provisions of the Merchant Marine Act, 1936, and the Merchant Ship Sales Act of 1946, the aggression in Korea, the national emergency proclamation of December 16, 1950, and establishment of a National Shipping Authority in the Maritime Administration.

Ship warrant legislation comparable to that of World War II was prepared by the Maritime Administration and submitted to Congress after consultation and with the advice of the Bureau of the Budget and Departments concerned.

Legislation was prepared and submitted to the Congress for the purpose of clarifying the status of seamen employed under general agency operations.

The War Risk Insurance Act of September 7, 1950, was enacted to provide war-risk and certain marine liability insurance for ships and personnel patterned in large part on the World War II war-risk insurance legislation.

In connection with continued consideration of amendments to the 1936 Act, at the direction of the President a study of tax benefits was made in consultation with the Secretary of the Treasury. This involved broad technical and policy considerations presented to the President by the Secretary of Commerce and by the President to the Congress on July 31, 1951.

An act to aid the development and maintenance of American-flag shipping on the Great Lakes provided for the sale of not more than 10 Government-owned vessels during the period ending December 30, 1950.

The privilege of foreign-flag (Canadian) vessels to transport iron ore on the Great Lakes was continued for the 1951 season, and authority for such vessels to serve certain Alaska ports was continued to June 30, 1952.

The 50 percent United States-flag vessel participation provision in the Economic Cooperation Act and in the Mutual Defense Assistance Act was likewise included in the India Emergency Food Aid Act of 1951 and the Yugoslav Aid Act.

Among other acts specifically relating to maritime activities were

acts to provide for review of orders of the Federal Maritime Board and the Maritime Administration, to authorize the Department of Commerce to extend certain charters of vessels of the Republic of the Philippines, to provide for continuation of authority for regulation of exports, to authorize the waiver of navigation and inspection laws, and to extend the time limit of certain admiralty suits.

Legislative reports to the Congress and to the Bureau of the Budget covered a large number of miscellaneous bills and legislative proposals. They covered such matters as amendments to the 1936 act, transfers of vessels to foreign ownership or registry, operations of merchant vessels by the military agencies, implementation of international labor office conventions relating to maritime matters, Panama Canal tolls, Great Lakes-St. Lawrence seaway, admission of Canadian vessels to transport grain on the Great Lakes, contributions to State and local governments in lieu of taxes on federally owned real estate, safety of longshoremen and harbor workers, hiring-hall agreements, amendment of seamen's provisions of title 46 of the United States Code, interdepartmental transfers of merchant vessels, amortization deductions in relation to renegotiation of contracts, the Alaska Task Force Report of the Senate Preparedness Committee, provisions respecting corporate excess profits taxes particularly in connection with reserve funds, proposed codifications of title 46 of the United States Code, acquisition of vessels for defense needs and other defense shipping legislation, amendment and waiver of certain provisions regarding duties on foreign repairs, recommendations of the Commission on Organization of Executive Branch of the Government, charter of Government-owned vessels, priority to former owners in case of disposal of special purpose vessels requisitioned by the Government, establishment of minimum manning and wage scales and working conditions on subsidized vessels, reemployment rights for seamen employed during the current emergency, and amendment of the Communications Act of 1934 relative to radio operators.

Studies, involving many conferences with industry and congressional representatives, were made on such subjects as transfers foreign of United States-flag and United States citizen-owned vessels, labor relations for seamen employed under the general agency operations program, the establishment of the National Shipping Authority, problems arising under Reorganization Plan 21, the application of the Defense Production Act of 1950 to shipping problems, and the inauguration of operations under the War Risk Insurance Act of 1951. Statistical data and other material was furnished for congressional investigations and hearings.

Legislation of general application which involved special maritime problems and the Maritime Administration and Federal Maritime Board included the following acts:

The Defense Production Act of 1950, which includes regulation of priorities and allocation of materials and facilities, requisition authority, financing expansion of facilities, and price and wage stabilization.

Temporary extension of the Defense Production Act of 1950 and the act to amend and extend the Defense Production Act of 1950, including new provisions for encouragement of small business concerns.

Act to authorize the President to delegate certain functions of the President for performance by other officers of the Government, involving certain specific duties of the President under the Merchant Marine Act, 1936, and other merchant marine laws.

Renegotiation Act of 1951, which provides for the elimination of excessive profits in contracts with the United States for procurement of property and services and construction of facilities for national defense.

Excess Profits Act of 1950, with provision for special treatment of contracts and subcontracts subject to the provisions of section 505 (b) of the Merchant Marine Act, 1936, as amended.

The act to amend and extend title II (waiver of statutes otherwise applicable to Government contracting) of the First War Powers Act, 1941.

Act to amend Assignment of Claims Act of 1940 to make specific provision to facilitate financing of defense contracts by banks.

Universal Military Training and Services Act amending the Selective Service Act of 1948.

Act to control foreign-flag vessels in the waters of the United States in the interest of the national security.

Social Security Act amendments of 1950, which extended social security old-age benefits to Federal employees not covered by a retirement system. These amendments obviate the necessity for coverage for seamen through special legislation as was required in World War II.

Act to amend the Antitrust Act of October 15, 1914, as amended, with an exemption of transactions consummated pursuant to authority given by law to the Maritime Commission and its successors.

Act to terminate the state of war between the United States and Germany.

Contracts

During the fiscal year many forms and documents had to be prepared or approved and much legal work was required in connection with various phases of the operating-differential subsidy program, the resumption of subsidy agreements, interpretations of provisions of the Merchant Marine Act, 1936, as amended, and preparation of evidence in support of the findings and determinations required by the act on subsidy matters.

A review of the effective date of the definition of "Capital Necessarily Employed," as adopted by the United States Maritime Commission in General Order 71 on December 21, 1949, was undertaken in conformity with a request of the subcommittee of the Committee on Expeditures in the Executive Departments of the House of Representatives. A review of waivers granted under section 804 of the Merchant Marine Act, 1936, as amended, was also undertaken.

Forms of addenda and endorsements to the War Shipping Administration general agency service agreement bonds were prepared covering extensions of the agreements. Numerous problems were cleared and documents were prepared in connection with the agreements and the termination and liquidation of various other agency agreements entered into by the War Shipping Administration. This work, which had been brought up to date in the previous year, was current at the end of the fiscal year. Many questions relating to the blanket surety bonds posted by charterers under the bareboat-charter agreement and to performance and fidelity bonds under the agency agreements were disposed of.

Legal services were rendered in connection with negotiations and conferences relating to revisions in the form of general agency service agreement adopted by the National Shipping Authority on March 19, 1951. Forms of bonds and other documents pertaining to the NSA General Agency Service Agreements were prepared and legal clearance given to a number of NSA orders issued in connection with these agreements. Traffic documents were revised and special provisions prepared relating to the shipment of various commodities.

A special bareboat charter for dry-cargo vessels was prepared for vessels operated in the Korean service, which were simultaneously time-chartered to the Military Sea Transportation Service. Pursuant to Public Law 591, Eighty-first Congress, certain of the standard bareboat charters entered into under authority of the Merchant Ship Sales Act of 1946 were extended to October 31, 1950, and in a few cases (domestic trade) again extended until January 31, 1951. Subsequently, after hearings prescribed by the law, additional bareboat charters were prepared, mostly on an individual vessel basis, for use both in offshore and domestic trade, as well as for use in transporting relief and other cargoes east bound, and strategic ores west bound for the Economic Cooperation Administration. The Philippine charters were extended until April 1952, subject to the Administration's option to terminate them on 30 days' notice.

A complete review and investigation was made concerning the validity of the Domestic Trade Addendum, in response to the Subcommittee Report of the Committee on Expenditures in the Executive Department of the House of Representatives (H. Rep. 2104, 81st Cong.), as a result of which the General Counsel took the position that the criticism of the Comptroller General appeared to be justified

and that, as a matter of law, certain refunds were due from the companies involved. This matter was pending in the Department of Justice for appropriate action.

Charters and Invitations for Bids were prepared for the Good Neighbor Fleet, the S. S. *Schuyler Otis Bland*, and the S. S. *Amazon*, and legal work was handled in connection with the award of the charter of the Good Neighbor Fleet.

Legal details were handled for ship sales and surrender of ships documents during the year, and for the enforcement of contract provisions covering vessels sold. The Chinese Nationalist Government and the Maritime Administration demanded payment from the underwriters of four vessels sold to the Chinese Government under mortgage for loss of the vessels by barratry to the Communist Chinese Government. Assistance was provided in setting up the program for salvage of sunken wrecks and cargoes to provide essential scrap and other material.

Other legal matters handled in the fiscal year included the review and approval of towage contracts, the preparation of miscellaneous agreements and documents, including an agreement for shipboard demonstrations of fire-control equipment and safety devices, bonds, bond riders, releases and special contract provisions, and the preparation of legal opinions and requests for decisions by the Comptroller General on special matters.

Legal details were cleared for the documentation and acceptance from the builder of the vessels *Constitution* and *Independence*. Legal work was also handled in connection with the conversion of the three passenger-cargo vessels to dependent troop transports, the invitation for bids, award and execution of contracts for the construction of Mariner-class ships, the award of contracts for naval architect services, and the settlement of the partially completed contract covering installation of a gas turbine propulsion unit in a Government-owned collier.

The legal work in connection with new-ship construction also included the review and approval of contracts for construction of four ore carriers submitted in connection with applications by ship operators for withdrawal of construction reserve funds; the preparation of bond forms and riders, vessel delivery and acceptance certificates, indemnity agreements and other legal documents; and the preparation of opinions and the furnishing of advice in connection with the administration of pending contracts involving such matters as a procedure for disposition of surplus property, the interpretation of recapture clauses, the forfeiture of good faith deposits, the liability of contractors for disposition of Government-owned property, inventory adjustments, operation of escalation clauses, progress payments to subcontractors, and the scope of the Buy-American provisions of the Merchant Marine Act, 1936, as amended.

Litigation, claims, and renegotiation

Considerable progress was made in the liquidation of litigated and unlitigated claims during the fiscal year. At the beginning of the year, the workload comprised 4,499 litigated and unlitigated cases totaling $339,978,484. At the close of the year, the workload had been reduced to 3,299 cases involving $311,763,641. (This included cases handled by P. and I. underwriters and some lend-lease claims handled by the Justice Department but processed by the Maritime Administration which are not included in the inventory of claims in appendix O.)

There were several developments during the year in *Dollar et al.* v. *Land et al.*, in which suit was brought for return of certain common stock of the former Dollar Steamship Co. (reorganized in 1938 as the American President Lines, Ltd.). In July 1950 the Court of Appeals for the District of Columbia, having reversed the district court's decision in favor of the defendants, upon application of the plaintiffs held the Solicitor General, Secretary of Commerce, and representatives of the Department of Justice and Maritime Administration in contempt of court for failure to comply with its mandate, which required, among other things, the delivery of stock endorsed in a special manner by the Secretary of Commerce to the plaintiffs. In view of expressions of the Court of Appeals, and the Supreme Court in its denial of certiorari in *Dollar et al.* v. *Land et al.*, to the effect that the Court of Appeals decision was not binding upon the United States, which was not a party to the suit, a separate action was instituted by the United States in the United States District Court for the Northern District of California to quiet title to the Dollar stock. The California suit was awaiting disposition of proceedings pending before the Supreme Court in *Dollar et al.* v. *Land et al.*

There were several Supreme Court decisions on maritime subjects. In the *Standard Oil Company of New Jersey* v. *United States*, commonly known as the "John Worthington" case, it was held that insurance coverage against war risks due to the consequences of hostilities or warlike operations should be limited to cases where a direct causal connection exists between the casualty and warlike operations, the mere occurrence of the casualty during "hostilities or warlike operations" being insufficient *ipso facto* to establish the Government's liability under its war-risk insurance policy.

Outstanding accomplishments included final disposition wholly favorable to the Government of the Stockton Shipworks matters, which had been before the Appeal Board, Office of Contract Settlement, and the district court and involved a total potential liability of the Government of approximately $500,000; a denial of the claim of Isthmian Steamship Co. in the amount of $326,907 for class and reconversion work prior to sale of 5 vessels; and the approval of the validity of the Norwegian claims amounting to $604,188 for the hire of 14

vessels time-chartered to WSA for the period they remained idle pending redelivery.

Still pending as of June 30, 1951, were 38 United States Tax Court reviews of unilateral orders determining excess profits under the Renegotiation Acts of 1942 and 1943 in the aggregate amount of $13,684,918, including $7,612,518 arising out of the so-called "Red Sea Charters," made by the Maritime Commission for transportation of munitions and war matériel to the British Army in Africa during 1941 and 1942. In *California Eastern Line, Inc.* v. *Chairman, United States Maritime Commission* (Tax Docket No. 870–R), the applicability of the renegotiation acts to the Red Sea charters was presented and was still under advisement by the Court.

Regulation

In *Isbrandtsen Co. Inc.*, v. *North Atlantic Continental Freight Conference et al.* (Docket No. 684), the Board, after hearings before the former Maritime Commission required as a condition to the preliminary injunction granted Isbrandtsen by a three-judge district court (81 F. Supp. 544; App. Dis. 336 U. S. 941), dismissed the Isbrandtsen complaint of violations by the conference of section 14 Third of the Shipping Act, 1916, and approved the contract/noncontract rate provision in the conference agreement. Isbrandtsen thereupon returned to the district court, amended its complaint to attack the Board's order and requested a permanent injunction, which was granted by the Court not upon the ground that the contract/noncontract rate system violated section 14 Third of the Shipping Act, but rather that the differential between the contract/noncontract rates was arbitrary, and that, therefore, the noncontract rate was unjustly discriminatory and illegal. The case was pending before the United States Supreme Court on two appeals, one by the conference under *A/S J. Ludwig Mowinckels Rederi et al.* v. *United States*, No. 134, and the other by the Board, under *Federal Maritime Board* v. *United States et al.*, No. 135, and scheduled for the October 1951 term of the Court. *United States* v. *Far East Conference et al.* is another case pending before the Supreme Court and involves the primary exclusive jurisdiction of the Federal Maritime Board with respect to the exemption provided conferences by section 15 of the Shipping Act of 1916 from the antitrust laws.

Admiralty and labor law

With the commencement of vessel operations under general agency agreement by the National Shipping Authority, claims of seamen for wages, bonuses, personal injuries, unemployment insurance, and under war risk and P. and I. insurance policies and the general agency agreement increased during the fiscal year. In addition, the enactment of Public Law 877, Eighty-first Congress, referred to as the "Seamen's

Relief Act," extended the time within which seamen might make claims which had been dismissed under the Supreme Court's decision in *Cosmopolitan Shipping Company, Inc.* v. *McAllister*, 337 U. S. 783. As a result, many libels were filed against the United States on claims originally instituted against former WSA agents upon the theory that the plaintiffs were employees of such agents and not of the United States.

Among the more important suits finally concluded during this period were those of 140 seamen against American President Lines, Ltd., for war bonuses and maintenance during the time that the plaintiffs were prisoners of war in Shanghai, in which judgments were granted on war bonus claims with interest and denied on maintenance claims; and the S. S. *Spring Hill-Clio-Vivi* suits of armed guards and military personnel on merchant vessels, in which claims totaling about $800,000 for personal injuries and death were settled for $201,315. The claims of the State of California for unemployment-insurance taxes on the wages of seamen employed on general agency vessels were formally withdrawn and all assessment against WSA agents finally cancelled in view of the Supreme Court's decision in the *McAllister Case, supra*, which upheld the Government's contention that general agency seamen were employees of the United States.

In *Aaron et al.* v. *Bay Ridge Operating Co. et al.* and *Blue et al.* v. *Huron Stevedoring Company*, the test cases on overtime-on-overtime pending in the United States District Court for the Southern District of New York, a judgment favorable to the defendants was rendered by Judge Lebell. The decision upheld the defenses under the Portal-to-Portal Act and the overtime-on-overtime law and except for a small amount of fringe claims dismissed the total potential liability against the defendants, thereby relieving the United States of a corresponding liability of reimbursement under WSA cost-plus-fixed-fee contracts. Subject to ultimate outcome of this decision on appeal, proceedings were begun to dismiss all pending overtime-on-overtime litigation numbering some 300 suits in various Federal district and States courts throughout the United States. Also pending were related travel-time suits which ultimately might have to go to trial. Procedures were established for processing reimbursement of litigation expense, including attorneys' fees, incurred in connection with the defense of overtime-on-overtime and travel-time litigation.

An important part was taken by the Maritime Administration in proceedings before the Wage Stabilization Board concerning proposed wage increases of shipyard workers, in which the position of both labor and management, joined in by the Maritime Administration, was that the labor agreement involved was not subject to WSB regulation. Ultimately this position was sustained by the Chief Counsel of the Wage Stabilization Board, reversing the regional board in New York. Discussions were begun with the National Labor Relations Board con-

cerning jurisdiction of general agency seamen in representation and unfair labor practice proceedings. During World War II a working arrangement was made between WSA and the NLRB reserving this jurisdictional question. A similar proposal was being considered by the Maritime Administration and the NLRB. The Maritime War Emergency Board, established shortly after entry of the United States into World War II to review labor disputes in the maritime industry involving wages, war bonuses, war-risk insurance, etc., was dissolved by the President on September 1, 1950. By a last official action of the Board, decisions 1–A, 3–A, and 5–A, relating to war-risk insurance, and decision 2–D, relating to war bonus, were made inoperative as of September 30, 1950, unless otherwise agreed by labor and management.

Just compensation

Just compensation claims steadily decreased in number as a result of settlement or disposition by judicial decision. Some 137 claims were settled for $2,142,417.10 in accordance with rulings of the Comptroller General and were transmitted to the General Accounting Office for approval. At the end of fiscal year 1951, unlitigated claims involving 42 vessels and totaling $2,698,021.21 were pending, although they were in process of settlement and payment. Remaining claims in litigation involved 130 vessels and totaled $68,352,593.33. Of those in litigation, claims involving 43 vessels and totaling $6,169,023.29 were settled for $2,624,089.23. New cases involving two vessels were filed, alleging claims totaling $1,436,536.37.

An example of a favorable settlement of just compensation claims involving requisition for use was that of A. H. Bull Steamship Co., Inc., for approximately $5,500,000 for bareboat-charter hire and redelivery obligations for five vessels, which was settled for a total sum of $1,700,000 without interest. Still pending in the Federal courts and Court of Claims were several suits of American-Hawaiian Steamship Co. arising out of Government requisition for title and use and involving claims totaling some 35 millions of dollars. In *American-Hawaiian Steamship Company* v. *United States*, a recent 2-to-1 decision of the Court of Appeals for the Second Circuit, determining the value of the S. S. *Alaskan* in an amount favorable to the plaintiffs, was under advisement for purpose of appeal in view of a strong minority dissent supporting the Government's contentions.

Tort claims

Several claims were made under the Federal Tort Claims Act which were administratively disallowed. As a rule these involve claims for personal injuries or property damage which are settled for nominal amounts.

REGULATION OF CARRIERS

Conference and other agreements

During the fiscal year the Federal Maritime Board approved 52 new agreements and 90 modifications; 2,608 minutes of meetings of conferences were received. The following developments were of interest:

Negotiations were undertaken at industry level, but with Government assistance, to eliminate the discriminatory practices which had grown up in connection with the carriers serving Venezuela, Colombia, Ecuador, and Chile. Pooling or other agreements resulted from these negotiations and were approved.

All conference agreements have removed prohibitions against the payment of brokerage.

Reports received from the carriers and other sources indicate that the efforts to secure more satisfactory and stronger packing and clearer and more efficient marking are beginning to show results in slightly reduced volume of claims for loss by pilferage and damage.

Permission of occupation authorities was given for resumption of Japanese and German shipping services. The Board's outstanding order forbidding participation of enemy aliens in section 15 agreements was modified to recognize this. German and Japanese nationals were required to file joint-service agreements as necessary to record their true setup.

A very large number of informal complaints were received during the year alleging overcharges by carriers in foreign commerce; most of these were based on errors in description of the merchandise. For various reasons practically all of the complaints had been delayed in presentation even to the carriers for over 2 years. To determine the propriety of considering claims of this character, steps were taken to promulgate lawful and reasonable rules to be followed by steamship conferences covering the time in which to file such claims.

The Pacific Westbound Conference finally reached an agreement with the transcontinental railroads covering the absorption of transshipment expenses on midwestern cargo moving to the Orient via Pacific coast ports, thereby facilitating the movement of this trade, and removing charges which shippers had characterized as "nuisance charges."

Foreign freight rates

A total of 24,945 rate filings were received covering freight and passenger tariffs in the foreign trade. This was nearly 6,000 more than had been received in any previous year.

Freight rate tariffs on file were scrutinized to determine whether they were accurate in their statements as to the application of the rates, so as to prevent misunderstandings between the carriers and the shipping public.

Prior to November 1950, the trend of the majority of rates had been downward. After that date an upward trend appeared in virtually all trades, usually approximately 10 percent, although some of the homeward rates increased by 15 and 20 percent. The majority of these increases became effective during the first quarter of 1951. Earlier increases had been limited to the trans-Pacific areas adjacent to the fighting zones and were the direct result of the attack on Korea.

Terminals

A total of 1,950 tariff schedules were received during the year. The Public Utilities Commission of the State of California, successor to the Railroad Commission, formally gave up claim to jurisdiction over interstate and foreign commerce in connection with terminal operations in California and agreed that such operations come within the jurisdiction of the Federal Maritime Board.

A series of conferences were held with officials of terminal operators in the Northwest to bring about compliance with the requirements set out in docket 655 and to continue the uniformity of rates and practices which had resulted from the formation of the Northwest Terminal Association.

Freight forwarders

The fiscal year was largely spent in registering all freight forwarders engaged in foreign trade in accordance with the final rules adopted by the Federal Maritime Board May 18, 1950, and published in the Federal Register on May 24, as General Order 72. Since there was no authentic list of forwarders, it was necessary to compile the list from such information as could be secured from associations, trade publications, and other sources. By June 30, 1951, 1,337 certificates of registration had been issued. In addition, an alphabetical list of registered forwarders was published for the use of carriers and the shipping public. Revisions of the applications were being made to provide more complete and detailed information.

Freight rates—United States Territories and possessions

There were 514 new tariff schedules filed; 18 special permission applications to establish rates on less than statutory notice were received, of which 17 were approved and one was not acted upon owing to changed conditions; 5 filings were subject to protests and requests for suspension, 2 of which eventually became formal complaints.

The Alaskan trade was the subject of consideration not only with respect to the rates but also with respect to the carriers serving it. During the year a new carrier serving ports in California and Portland, as well as Seattle, entered the trade. Congress authorized the Canadian companies to continue passenger service by water between ports in Alaska until June 30, 1952. A new freight and mail service between ports in Alaska was initiated.

The rates on many commodities necessary for the fishing industry as well as those on canned and frozen fish and on fish products were increased. These increases resulted in an order to investigate the lawfulness of the level of the rates of the Alaska Steamship Co.

There has been an indication of increased interest in the traffic with other United States possessions and Territories. An additional carrier filed freight rates from Florida to Puerto Rico; another carrier filed passenger fares from United States Gulf ports to Puerto Rico incidental to other Caribbean calls; one foreign-flag carrier filed passenger cruise fares from New York to the Virgin Islands; a trans-Pacific carrier filed freight rates and passenger fares to cover calls at Hawaii; and a new carrier entered the United States Pacific Coast-Hawaiian freight trade.

The use of the public room by outsiders and Government agencies for the purpose of studying freight rates, their rules and regulations, as well as conference agreements of carriers and terminal operators, grew to such an extent that it was necessary at times to utilize the space occupied by clerical personnel.

Dockets

Twelve new formal complaints were docketed. The Board disposed of nine formal docket hearings and two special docket matters by final order. These involved one case instituted in 1946, one in 1947, three in 1948, two in 1949, two in the fiscal year 1950, and two in the fiscal year 1951.

HEARINGS BEFORE TRIAL EXAMINERS

At the beginning of the fiscal year 29 complaints and/or investigations were pending, including subsidy cases and miscellaneous proceedings. During the year, 15 regulatory, 6 subsidy, and 30 miscellaneous proceedings involving applications for bareboat charter of Government-owned, war-built, dry-cargo vessels pursuant to Public Law 591, Eighty-first Congress, were filed, making a total of 51 cases received during the fiscal year. Forty-eight cases were decided, of which 2 were to receive further consideration, leaving 34 cases pending in various stages of procedure on June 30, 1951.

The examiners conducted 37 hearings, participated in 14 hearings conducted by the Board, and issued 29 recommended decisions. The Board heard oral argument in 19 cases and issued 50 final reports. (Some cases required more than one hearing and report.) Final orders were issued by the Board in 4 cases without hearing and report, and in one special docket.

The examiners continued work on a further revision of the Board's Rules of Procedure, which will be printed when the revision is completed.

Arrangements were completed for establishment by the Board of two new dockets, (1) for applications for subsidies under the Merchant Marine Act, 1936, and all other proceedings relating thereto, involving public hearings and reports by the Board or its predecessor, the United States Maritime Commission, the docket symbol therefor to be the letter "S," followed by the number of the proceeding, and (2), for nonregulatory proceedings other than those above described, embracing miscellaneous matters involving public hearing and reports by the Board or its predecessor, the docket symbol therefor to be the letter "M," followed by the number of the proceeding. All prior reports in the above categories were assembled, assigned appropriate symbols and numbers, and ordered to be printed. These reports will appear in volume III and succeeding volumes of the decisions of the Federal Maritime Board. The Board's notice relative to the establishment of the above dockets appeared in the Federal Register of December 30, 1950.

There follows a brief outline of the issues involved in final decisions, recommended decisions, and pending cases.

Final decisions of the Board

Docket No. 630.—*Sigfried Olsen* v. *W. S. A. & Grace Line, Inc.*, 3 F. M. B. 254. Reargument and reconsideration of the decision of

the Maritime Commission, 3 U.S. M. C. 143, was granted by the Board. War Shipping Administration, in the common-carrier operation of merchant vessels through its agent, was a "common carrier by water" within section 1 of the Shipping Act, 1916. Tariff demurrage provisions applicable on lumber from California to Balboa, C. Z., between January 20, 1942, and January 1, 1943, were unjust and unreasonable regulations and practices in violation of section 17 of the Shipping Act, 1916, but not otherwise in violation of that section or in violation of section 16 of the act. Demurrage charges assessed but not collected by the agent of War Shipping Administration will be waived and the security therefor released by direction of the Maritime Administrator, who is also Chairman of the Board.

Docket No. 638.—*Waterman* v. *Stockholms Rederiaktiebolag Svea*, 3 F. M. B. 248. In the original report, 3 U. S. M. C. 131, the Maritime Commission found that respondent Svea in refusing to afford complainants an equal opportunity with their competitors to secure space on its vessel, violated sections 14 (fourth) and 16 of the Shipping Act, 1916, and that on the record complainants were entitled to reparation. The case was remanded to the examiner for further proceedings to determine the amount of reparation. On further hearing the examiner recommended the amount of reparation to be awarded complainants. The Board found upon further hearing on damages, that complainants failed to prove damages and reparation was denied.

Docket No. 639—*Status of Carloaders and Unloaders*, 3 F. M. B. 268. Rate structure found noncompensatory as a whole. Direct labor and overhead cost studies approved and found sufficient to determine compensatory rates. Proceeding held open pending receipt of new tariff of charges in compliance with Board's findings.

Docket No. 651—*Carloading at Southern California Ports*, 3 F. M. B. 261. Respondents' lower rates in favor of "continuous" service as against "indirect" service will violate section 16 (first) of the Shipping Act, 1916, and should promptly be discontinued. No culpability found. Respondents' rate structure noncompensatory. Respondents' cost studies are sufficient to determine compensatory rates.

Docket No. 675—*Port Commission of the City of Beaumont, et al.* v. *Seatrain Lines, Inc.* Respondent's port equalization practice is not a regulation or practice connected with the receiving, handling, storing, or delivering of property within the meaning of section 17 (2) of the Shipping Act, 1916. Equalization rates in question are "regular" rates, and do not constitute an unjust or unfair device or means to obtain transportation at less than regular rates in violation of section 16 (2) of said act. Respondent's motion to dismiss denied. Record inadequate to make determinations on issues under sections 16 (1) and 17 (1) of said act, and is remanded to the examiner for further hearing and report on such issues. In its supplemental report the Board found that respondent had discontinued operation of the service covered by

the challenged equalization practice, and dismissed the complaint without prejudice to the filing of another complaint in event of resumption by respondent of operation of such service and the use of the equalization practice involved.

Docket No. 678—*Increased Rates—Ship's Anchorage to Shore—Nome, Alaska,* 3 F. M. B. 229. The rates of respondent, Lomen Commercial Co., as a whole, for the transportation of commodities from and to points within Alaska not shown to be unlawful. Suspended schedules not justified.

Docket No. 681—*Himala International* v. *American Export Lines, Inc., et al.,* 3 F. M. B. 232. Exclusive patronage contract dual rate system of North Atlantic Mediterranean Freight Conference is not in violation of the Shipping Act, 1916, or in contravention of section 15 thereof. A provision of a conference contract with the shipper, giving the carrier an option to declare the contract terminated if the shipper violates the contract by shipping via a nonconference vessel, is unjustly discriminatory and should be eliminated from the contract. Complaint dismissed. Pending reargument and consideration by the Board.

Docket No. 684—*Isbrandtsen Co.* v. *North Atlantic Continental Freight Conference, et al.,* 3 F. M. B. 235. The proposed exclusive patronage contract dual rate system of North Atlantic Continental Freight Conference and of Continental North Atlantic Westbound Freight Conference are not in violation of the Shipping Act, 1916, or in contravention of section 15 thereof. A provision of a conference contract with the shipper, giving the carrier an option to declare the contract terminated if the shipper violates the contract by shipping via a nonconference vessel, is unjustly discriminatory and should be eliminated from the contract. Complaint dismissed.

Docket No. 692—*Los Angeles Traffic Managers' Conference, Inc.* v. *California Carloading Tariff Bureau, et al.* Collection of both carloading and handling charges on cargo handled in continuous movement not unlawful. Collection of separate handling charges by respondent common carriers for transportation of freight from southern California terminals to world ports not unlawful, whether or not those respondents also transport like freight from United States Atlantic and Gulf ports to common world ports without collection of separate handling charges. Complaint dismissed.

Docket No. 693—*In the Matter of Agreement No. 6870 and the Practice of the Parties Thereto With Respect to Rates Granted Oil Companies,* 3 F. M. B. 227. Agreement Nos. 6870 and 6190, insofar as they authorize special rates to oil companies on supplies and equipment for use in Curacao, Aruba, Bonaire, Netherlands West Indies, and Venezuela, have not been shown to be in violation of sections 14, 16, and 17 of the Shipping Act, 1916, or in contravention of section 15

thereof, and should not be disapproved. The proceeding ordered discontinued.

Docket No. 705—*West Coast Line, Inc., and Rederiet Ocean A/S* v. *Grace Line, Inc.* Pooling agreements covering freighting operations of respondents Grace Line, Inc., and Compania Sud Americana de Vapores in the United States Atlantic-Chile trade and freighting operations of the latter and respondent Gulf & South American Steamship Co., Inc., in the Gulf-Chile trade not shown to be unjustly discriminatory or unfair as between complainants and respondents, or to subject complainants to undue or unreasonable prejudice or disadvantage, or to operate to the detriment of the commerce of the United States, or to be in violation of the Shipping Act, 1916, as amended. Complaint dismissed.

Docket No. S-17—*In the Matter of the Application of American President Lines, Ltd., to Continue Operation After December 31, 1949, of Atlantic-Straits Freight Service C-2, Trade Route No. 17, Without Operating-Differential Subsidy.* Application of American President Lines to continue to operate unsubsidized vessels in Atlantic-Straits Freight Service C-2 of Trade Route No. 17 approved, with conditions.

Docket No. S-20—*American President Lines, Ltd.—Application for Permission to Operate Vessels between California Ports and Guam, Midway, and Wake under section 805 (a) of Merchant Marine Act, 1936.*[1] Steamship service between ports of the United States mainland and ports in the islands of Guam, Midway, and Wake is not "domestic intercoastal or coastwise service" within the meaning of section 805 (a) of the Merchant Marine Act, 1936. This interpretation is limited to Guam, Midway, and Wake and does not signify that a similar interpretation is or would be applicable in Hawaii, P. R., or Alaska.

Docket No. S-25—*American President Lines, Ltd.—Intercoastal Operations, Round-the-World Service.* Applicant or its predecessor in interest shown to have been in bona fide operation as a common carrier by water in the intercoastal trade in 1935 and has so operated since that time except as to interruptions of service over which it had no control.

In the following proceedings the Board had before it for determination the three issues contemplated in section 3, Public Law 591, Eighty-first Congress, relating to the bareboat chartering of Government-owned, warbuilt, dry-cargo vessels: Docket No. M-3—*American Mail Line, Ltd., et al.;* docket No. M-4—*Pope & Talbot, Inc.;* docket No. M-5—*Coastwise Line;* docket No. M-6—*Actium Shipping Corp., et al.;* docket No. M-7—*Actium Shipping Corp., et al.;* docket No. M-8—*Actium Shipping Corp., et al.;* docket No. M-9—*Grace Line, Inc.;* docket No. M-10—*Pacific Far East Line, Inc.;* docket No. M-11—*Alaska Steamship Company and Coastwise Line;* docket No.

[1] This ruling was made by the Maritime Administrator.

M–12—*Pope & Talbot, Inc.;* docket No. M–13—*American Hawaiian Steamship Company, et al.;* docket No. M–14—*American-Hawaiian Steamship Company and Luckenbach Steamship Company* (2 hearings); docket No. M–15—*American Export Lines, Inc.* (2 hearings); docket No. M–16—*Pacific-Atlantic Steamship Company* (2 hearings); docket No. M–17—*Pope & Talbot, Inc.* (2 hearings); docket No. M–18—*Lykes Bros. Steamship Co., Inc.;* docket No. M–19—*American Export Lines, Inc.;* docket No. M–20—*American President Lines, Ltd.;* docket No. M–21—*Lykes Bros. Steamship Co., Inc.;* docket No. M–22—*Department of the Navy, Military Sea Transportation Service;* docket No. M–23—*Isbrandtsen Company, Inc.;* docket No. M–24—*Coastwise Line;* docket No. M–25—*Isthmian Steamship Company;* docket No. M–26—*Pacific Far East Line, Inc.;* docket No. M–27—*American President Lines, Ltd.;* docket No. M–28—*Luckenbach Steamship Company, Inc.;* docket No. M–29—*Ponce Cement Corporation;* docket No. M–30—*Coastwise Line;* docket No. M–31—*Alaska Steamship Company;* and docket No. M–32—*American President Lines, Ltd.*

Because two of the applicants in Docket No. M–14 had purchased the vessels sought to be chartered, it was unnecessary for the Board to make the required findings. In docket No. M–23, the application was dismissed with prejudice. In docket No. M–29, the Board was unable to make the required findings. In the other proceedings enumerated, the Board made the necessary findings.

Recommended decisions of hearing examiners [2]

Docket No. 676—*D. L. Piazza Company* v. *West Coast Line, Inc., et al.* Respondents held to have been common carriers subject to Shipping Act, 1916, in respect to transportation of cargo from Valparaiso, Chile, to New York, N. Y. Collection of demurrage on fruit transported by respondents from Valparaiso, Chile, to New York, N. Y., found unreasonable, in violation of section 17 of Shipping Act, 1916. Act not shown to have been otherwise violated. Reparation recommended.

Docket No. 702, Sub. 1—*Northwest Fish Traffic Committee* v. *Alaska Steamship Company.* Rates on frozen fish from Alaska to Seattle, Wash., found not unreasonable or otherwise unlawful. The complaint should be dismissed.

Docket No. 702, Sub. 2—*Ketchikan Cold Storage Co., et al.* v. *Alaska Steamship Company.* Rates on frozen fish from Alaska to Seattle, Wash., found not unreasonable or otherwise unlawful. The complaint should be dismissed.

Docket No. 702, Sub. 3—*Territory of Alaska* v. *Alaska Steamship Company.* Rates on frozen fish from Alaska to Seattle, Wash., found not unreasonable or otherwise unlawful. The complaint should be dismissed.

[2] These decisions are not final, but are subject to review by the Federal Maritime Board.

Docket No. 704—*AFGHAN-American Trading Company, Inc.* v. *Isbrandtsen Company, Inc.* Complainant found entitled to reparation because of unlawful transportation charges collected by respondent on refined sugar in bags from New York, N. Y., to Karachi, Pakistan, in violation of the rules and regulations prescribed in the order in *Section 19 Investigation, 1935*, 1 U. S. S. B. B. 470, and in contravention of the undue prejudice and unjust discrimination provisions of sections 16 and 17, respectively, of the Shipping Act, 1916.

Docket No. S–21—*United States Lines Company—Application for Operating-Differential Subsidy (Trade Route No. 8, Service 2) under Title VI, Merchant Marine Act, 1936.* Vessels with respect to which applicant seeks an operating-differential subsidy would not be in addition to the existing service or services. Effect of the subsidy contract would not be to give undue advantage or be unduly prejudicial, as between citizens of the United States, in the operation of vessels in competitive services, routes, or lines. It is necessary to enter into such contract in order to provide adequate service by vessels of United States registry.

Decisions of the examiners in 20 other cases, which were decided by the Board during fiscal year 1951, are reported under the preceding section. They are docket Nos. 651, 692, 705, M–9, M–10, M–11, M–13, M–14 (two decisions), M–16 (two decisions), M–17 (two decisions), M–20, M–21, M–25, M–26, M–27, M–28, M–29, M–30, M–31, and M–32.

Pending proceedings

Docket No. 701—*Bernhard Ulmann Co., Inc.* v. *Porto Rican Express Company.* The complaint alleges that respondent's failure to file its schedule of rates, fares, and charges in connection with shipments between New York and Puerto Rico, and the limitation of liability clause in respondent's bill of lading violate the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933.

Docket No. 703—*Contract Rate System, Trans-Pacific Freight Conference of Japan; Japan-Atlantic Coast Freight Conference.* Investigation instituted by the Board of the utilization of the contract rate system by Trans-Pacific Freight Conference of Japan and Japan-Atlantic Coast Freight Conference.

Docket No. 706—*The Port of New York Authority* v. *Ab Svenska Amerika Linien, et al.* Complainant alleges that the rates on wood pulp from certain Baltic ports in Sweden to New York and Port Newark, New Jersey, are higher than those of other United States North Atlantic ports, resulting in discrimination, in violation of sections 16 and 17 of the Shipping Act, 1916.

Docket No. 707—*Huber Manufacturing Company* v. *N. V. Stoomvaart Maatschappij "Nederland" et al.* Complainant seeks reparation

because of alleged overcharges by respondents for the transportation of road-building equipment from Atlantic and Gulf ports of the United States to ports in Indonesia.

Docket No. 708—*Intercoastal Steamship Freight Association* v. *Atlantic and Danville Railway Co., et al.* The complaint involves the failure of marine terminals operated by respondents at Hampton Roads ports to segregate the various charges in their tariffs on nonrail traffic moving over their terminals.

Docket No. 710—*Government of the Virgin Islands* v. *Leeward and Windward Islands and Guianas Conference.* The complaint concerns the reasonableness of respondents' general commodity rates from United States Atlantic and Gulf ports to ports in the Virgin Islands.

Docket No. 711—*Alaska Steamship Company—Increased Rates.* This is an investigation instituted by the Board, pursuant to sections 3 and 4 of the Intercoastal Shipping Act, 1933, as amended; and sections 16, 18, and 22 of the Shipping Act, 1916, as amended, as to the reasonableness of the increased rates filed by respondent for the transportation of commodities between Puget Sound ports and ports in Alaska.

Docket No. 712—*Carrier Imposed Time Limits on Presentation of Claims for Freight Adjustments.* This is a rule-making proceeding instituted by the Board, pursuant to section 4 of the Administrative Procedure Act; section 204 of the Merchant Marine Act, 1936, as amended; and sections 14, 14a, 15, 16, 17, 18, and 22 of the Shipping Act, 1916, to consider the adoption of a rule governing the right of common carriers by water, subject to the Board's jurisdiction, to limit the time for presentation by shippers and consignees of claims for freight adjustments.

Docket No. S–22—*Grace Line, Inc.* Application for operating-differential subsidy on Trade Route No. 4 (between United States Atlantic ports and ports in the Netherlands West Indies, Venezuela, and North Coast of Colombia).

Docket No. S–23—*Lykes Bros. Steamship Co., Inc.* Application for increase in maximum number of subsidized sailings on its Line D (Lykes Orient Line), Trade Route No. 22, from 24 per annum to 48 per annum, with an increase in the maximum number of sailings that shall include ports in the Netherlands East Indies and Straits Settlements (including Malay States) from 12 per annum to 24 per annum.

Docket No. S–24—*New York and Cuba Mail Steamship Company.* Application for resumption of payments of operating-differential subsidy in connection with the operation of vessels on Trade Route No. 3 (between United States Atlantic ports and east coast of Mexico) with privilege of calling at Havana and other Cuban ports.

Docket No. S–26—*American President Lines, Ltd.* Investigation instituted by the Board pursuant to section 602 of the Merchant Marine Act, 1936, in connection with the passenger services of Amer-

ican President Lines, Ltd., on Trade Route No. 29, Service 1 (California ports/Far East), to determine (1) whether, and to what extent, the passenger services of American President Lines, Ltd., on Trade Route No. 29, Service 1, have been subject to foreign-flag competition between January 1, 1947, and the present date, or any part of that period; (2) whether such competition, if any, was (*a*) direct foreign-flag competition, or (*b*) competition other than direct foreign-flag competition; and (3) whether an operating subsidy to American President Lines, Ltd., for its passenger services on Trade Route No. 29, Service 1, is necessary to meet competition of foreign-flag vessels.

The 22 other pending proceedings are referred to elsewhere in this report or in the annual report for the fiscal year 1950, and are as follows: Docket Nos. 661, 676, 677, 681, 685, 686, 687, 691, 695, 696, 699, 700, 702, 702 Sub. 1, 702 Sub. 2, 702 Sub. 3, 704, S–8, S–13, S–18, S–19, and S–21.

INTERNATIONAL MARITIME AFFAIRS

Plans to establish a civilian international organization to mobilize and allocate oceangoing shipping in time of war or wartime emergency were agreed upon by the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization and approved by the Council of NATO.

The United States Senate has ratified the convention to establish the Intergovernmental Maritime Consultative Organization, which has also been ratified by seven other nations. It cannot be established as a subsidiary agency of the United Nations, however, until it has been ratified by 21 countries, of which 7 have a total tonnage of not less than 1,000,000 gross tons of shipping each.

Until ratification of IMCO, shipping matters referred to the Economic and Social Council of the United Nations are considered by the Transport and Communications Commission. In turn these matters are considered by the United States Shipping Coordinating Committee for views and recommendations of the United States Federal agencies in the transport field. Some of the matters referred for consideration to this Committee were:

Unification of maritime tonnage measurement. An attempt is being made to work out a satisfactory international measurement.

Pollution of sea water by oil. The SCC has taken the position that pollution of coastwise water is under control and the pollution of international seas is not yet a problem.

Transport of dangerous goods—regulations to affect international shipping.

International sanitary code—proposed by the World Health Organization, and covering ship construction, quarantine regulations, etc. The code was reviewed and a final draft accepted by the SCC.

Red Sea lights—a more equitable distribution of maintenance expense among user nations.

The Maritime Administration joined with the Department of Labor, the United States Coast Guard, and representatives of labor in discussing proposed legislation for the implementation of conventions 68 and 69 of the Seattle convention of 1946 when ratified. These conventions concern food and catering for crews on board ship and certification of ships' cooks.

Members of the Administration's staff worked with the Department of State in the preparation of United States positions on maritime transportation and acted in an advisory capacity at the Fourth Meeting of Consultation of Ministers of Foreign Affairs of the Organi-

zation of American States held in Washington March 26, 1951. This meeting recommended that studies be made for the most effective equitable utilization of all transportation facilities of the Americas, and that solutions be sought to the problems arising from the system of freight and insurance rates applicable to inter-American trade.

The Administration participated with the Coordinator of Foreign Assistance Programs, Department of Commerce, in providing assistance on such maritime projects as were referred to the Department by the Technical Aid Administration (Point 4) Program of the Department of State. In addition to training given Latin-American and Philippine cadets at the United States Merchant Marine Academy, assistance was given to a South American country in matters of port and shipping company management, and requests were received from other nations for training of several ship-repair mechanics, technical aid for ports, and studies were aided by foreign representatives of the Maritime Administration, port administration, and inland waterways. The Administration also participated in the maritime aspects of the Inter-Agency Foreign Trade Course for Officers of the Foreign Service which is conducted by the Office of International Trade, Department of Commerce.

To increase coverage on foreign construction and operating costs required by the Maritime Administration for subsidy determinations, six additional maritime attaché posts were established by the Department of State, and additional posts were being considered in an effort to improve the quality and meet the need for more detailed information

A survey of United States merchant shipping requirements, availabilities, and projected operations in the event of a war or a national emergency undertaken with the cooperation of industry and in collaboration with the National Security Resources Board was completed and transmitted to the Board in September 1950.

The Administration continued to work in close conjunction with the Department of State in protesting such actions by foreign governments as were considered to discriminate against United States merchant shipping.

In cooperation with the Department of State, the Administration supported legislation (Public Law 25, 82d Cong., approved April 28, 1951) to extend, until not later than April 30, 1952, the charters on certain war-built vessels to Philippine nationals which had previously been entered into under the authority of the Philippine Rehabilitation Act.

The Administration maintained close liaison with the Department of State on problems arising from the mortgage indebtedness of foreign nationals and foreign governments resulting from sales of vessels under the Merchant Ship Sales Act, 1946. The United States recovered four vessels from the Chinese Government in order to protect its equity in these vessels.

FINANCIAL STATEMENTS

Exhibit 1

THE FEDERAL MARITIME BOARD AND THE MARITIME ADMINISTRATION, U. S. DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1951

ASSETS		
Cash:		
In U. S. Treasury	$268,217,679	
On hand	664,326	
		$268,882,005
Notes and mortgages receivable (note 1):		
Domestic firms	286,492,467	
Foreign governments and nationals	162,282,210	
Accrued interest	4,061,889	
		452,836,566
Accounts receivable (note 1):		
Domestic firms and individuals	43,243,637	
Foreign governments and nationals	16,988,004	
U. S. Government agencies	2,108,735	
		62,340,376
Deferred receivable from United States Lines Co. for purchase of vessel under construction (portion of construction costs to June 30, 1951, to be covered by first preferred mortgage notes upon delivery of vessel)		14,996,906
Accounts with agents		1,823,543
Common stock of American President Lines, Ltd. (note 2)		2,666,030
Materials and supplies (note 3)		45,166,425
Vessels owned (large craft recorded at domestic war cost or assigned amounts) (note 8)		4,352,398,597
Vessels under construction		44,420,502
Land and site developments, structures and equipment—recorded at cost, estimated cost, or assigned amounts (note 8) (schedule 1):		
Reserve shipyards	$80,565,312	
Maritime service training facilities	46,642,152	
Marine terminals	31,980,654	
Reserve fleet sites	14,456,383	
Warehouses	3,637,906	
Administrative equipment	2,047,186	
		179,329,593
Other assets:		
Advances to other U. S. Government agencies	581,752	
Miscellaneous	355,435	
		937,187
		$5,425,797,730

LIABILITIES		
Accounts payable and accrued liabilities:		
Accrued estimated operating-differential subsidies, less estimated recapturable subsidies totaling $63,525,275	$103,186,386	
Amounts due shipbuilders for vessels under construction	22,622,997	
Other accounts payable and accrued payables	13,713,933	
		$139,523,316
Other liabilities:		
Advances from other U. S. Government agencies	12,718,500	
Deposits by contractors, amounts related to unconsummated transactions and unallocated collections	10,131,580	
Unclaimed wages of seamen and others	6,443,497	
Amounts withheld from employees for savings bonds and payment of taxes	549,503	
		29,843,080
Unearned freight revenues		28,317,693
Provision for expense of restoring vessels to the reserve fleet		2,076,000
Equity of the U. S. Government (exhibit 3)		5,226,037,641
		$5,425,797,730

(See notes to financial statesments on p. 95)

Statement of Operations for the Year Ended June 30, 1951

	Costs and expenses	Revenues and reimbursements	Net costs and expenses (−income)
Current year operations:			
Operation of vessels by general agents (schedule 2)	$24,992,772	$5,300,969	$19,691,803
Chartering of vessels to others	16,135,316	29,997,693	−13,862,377
Operation of terminal facilities	640,752	1,380,414	−739,662
Operation of warehouses	503,877	35,769	468,108
Maintenance of reserve fleet vessels	6,675,929	5,786	6,670,143
Maintenance of reserve shipyards	408,014	48,504	359,510
Training of maritime service officers and seamen	5,603,679	51,672	5,552,007
	$54,960,339	$36,820,807	18,139,532
Administration of subsidies to the merchant marine industry:			
Construction-differential subsidies		18,887,252	
Cost of national defense features		12,776,068	
Estimated operating-differential subsidies	58,508,390		
Deduct adjustments of estimated recapturable subsidies	15,470,011	43,038,379	74,701,699
Total operating activities			92,841,231
Sales of vessels—excess of recorded costs of vessels sold over proceeds from vessel sales aggregating $97,033,889 (note 8)			224,541,601
Administrative expenses			9,207,254
Other revenues and adjustments:			
Interest earned on notes and accounts receivable		15,350,540	
Inventory and other property adjustments		1,008,727	
Miscellaneous		839,582	
		17,198,849	
Deduct—Loss on disposals of surplus property		1,092,702	−16,106,147
Net cost of current year operations (note 8)			310,483,939
Adjustments applicable to prior years:			
Net income arising from adjustments and settlements principally related to World War II activities		4,639,213	
Participation in profits of World War II insurance syndicates		10,587,653	−15,226,866
Net cost of operations (note 8)			$295,257,073

(See notes to financial statements on p. 95.)

Statement of Equity of the U. S. Government for the Year Ended June 30, 1951

Balance, June 30, 1950		$5,500,886,227
Additions:		
Funds appropriated by the Congress (excludes $43,443,133 appropriated in prior years but continued available for obligation in fiscal year 1951 and $525,600 allocated to other governmental organizations)	$155,327,735	
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to Jan. 1, 1947	8,196,571	
Capitalized cost of construction-differential subsidy and national defense features on vessels originally constructed for sale to commercial purchasers but subsequently designated for transfer, upon completion, to the Department of the Navy	6,513,613	
Vessel construction costs paid from funds advanced by the Department of the Navy	4,212,565	
Expenditures from "Payment of Certified Claims" account of the U. S. Treasury	841,124	
Funds erroneously recorded in prior years as having been transferred to U. S. Treasury	254,823	
Funds allocated from Department of State for the training of Philippine Cadets	172,346	
Miscellaneous	38,442	
		175,557,219
		5,676,443,446
Reductions:		
Net cost of operations for the year ended June 30, 1951 (exhibit 2)	$295,257,073	
Payments into the general fund of the U. S. Treasury	135,008,526	
Recorded cost of vessels transferred to the Department of the Navy	15,864,333	
Lapsed appropriations transferred to "Payment of Certified Claims" account of the U. S. Treasury	4,275,873	
		450,405,805
Balance, June 30, 1951		$5,226,037,641

(See notes to financial statements below.)

Notes to Financial Statements—June 30, 1951

1. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible.

2. The U. S. Government acquired outright ownership of 93 percent of the outstanding common stock of the American President Lines, Ltd. (formerly Dollar Steamship Lines, Inc., Ltd.) by transfer of such stock to the former United States Maritime Commission. Private interests claiming ownership of this stock instituted suit for recovery, and the question of the Government's title to the stock has not been finally decided by the courts.

3. Inventories of materials and supplies are valued at stock catalog prices which represent cost or estimated cost to the Administration. No consideration was given to the physical condition of the inventories in establishing these prices.

4. The Maritime Administration was contingently liable in the amount of $552,500 at June 30, 1951, under its authority to insure mortgages under title XI of the Merchant Marine Act, 1936.

5. At June 30, 1951, the Administration was contingently liable for undetermined amounts in connection with settlements to be made under 2,896 claims against the Administration aggregating $308,214,691. As a partial offset against these unrecorded liabilities, the Administration has a large number of unrecorded assets and claims receivable in connection with settlements to be made under 2,437 claims in favor of the Administration aggregating $44,664,827. Many of the claims, both against or in favor of the Administration represent adjustments of preliminary settlements, and others require original determinations to be made. Based on previous experience, it is anticipated that settlements of these claims will be made for amounts substantially less than the gross amount of the claims. Included among the funds available for payment of claims at June 30, 1951, was an unexpended balance of $118,923,119 in a fund appropriated to the Secretary of the Treasury for the payment of obligations incurred by War Shipping Administration prior to January 1, 1947. This fund, which was continued available during the fiscal year 1952, is not included in the accounts of the Administration.

6. The Administration has been granted authority by the Congress to enter into contracts for the construction of vessels prior to the appropriation of funds for that purpose. At June 30, 1951, the amount of this authority was $392,105,096, of which $329,993,238 was encumbered by contractual obligations, leaving an unobligated balance of $62,111,858 as at that date.

7. The Administration has an obligation to return to owners United States Government securities in the amount of $5,783,750. These securities had been accepted from vessel charterers, subsidized operators and other contractors to assure performance under contracts, and are held for safekeeping in the U. S. Treasury.

8. In accordance with generally accepted accounting practices of non-corporate Federal agencies, the financial statements do not include an allowance for depreciation of vessels or other tangible fixed assets. With respect to sales of vessels this practice results in larger recorded losses, and with respect to other current year operations the recorded net costs and expenses are less than would have been the case had depreciation been recognized in the accounts.

Land and Site Development, Structures, and Equipment—June 30, 1951

	Recorded value June 30, 1951	Land and site development	Buildings and structures	Machinery and equipment	Administrative furniture and equipment	Service craft
Reserve shipyards:						
Alameda, Calif.	$17,121,188	$3,393,675	$8,233,674	$5,338,237	$155,602	
Richmond, Calif.	17,789,815	4,577,455	8,562,385	4,521,595	128,379	$1
Vancouver, Wash.	17,358,196	2,583,997	8,332,307	6,322,034	119,858	
Wilmington, N. C.	14,761,118	2,877,465	6,521,811	5,289,896	67,516	4,430
Sparrows Point, Md.	3,883,781	341,252	2,356,018	1,186,348	163	
Pascagoula, Miss.	9,651,214	1,000,781	5,520,952	3,043,631	85,850	
Total	80,565,312	14,774,625	39,527,147	25,701,741	557,368	4,431
Maritime service training facilities:						
Cadet schools	12,827,429	2,024,956	8,479,189	1,810,607	409,704	102,973
Training stations	21,849,442	5,367,632	14,706,300	1,294,457	372,102	108,951
Administrative offices	227,223			207,257	19,962	4
Training vessels	11,738,058					11,738,058
Total	46,642,152	7,392,588	23,185,489	3,312,321	801,768	11,949,986
Marine terminals:						
Hoboken, N. J.	6,489,678	2,477,331	3,921,520	84,922	2,905	3,000
Boston, Mass.	8,739			7,797	942	
Norfolk, Va.	22,806,858	5,095,163	17,542,223	169,136	336	
Philadelphia, Pa.	125,379		91,789	15,101	18,489	
Hog Island, Pa.	2,550,000	[1] 2,550,000				
Total	31,980,654	10,122,494	21,555,532	276,956	22,672	3,000
Reserve fleet sites:						
Astoria, Oreg.	2,593,300	2,214,630	2,500	63,031	6,897	306,242
Beaumont, Tex.	4,028,394	2,661,963	636,301	118,411	8,443	603,276
Hudson River, N. Y.	371,735	24,029	6,400	84,694	6,064	250,548
James River, Va.	1,590,803	346,881	410,178	164,179	13,084	656,481
Mobile, Ala.	1,916,725	718,972	270,870	78,701	7,282	840,900
Olympia, Wash.	323,551	26,029		42,825	11,956	242,741
Suisun Bay, Calif.	719,660	110,703	85,729	49,105	15,769	458,354
Wilmington, N. C.	2,912,215	2,005,744	110,258	148,277	40,040	607,896
Total	14,456,383	8,108,951	1,522,236	749,223	109,535	3,966,438
Warehouses:						
Baltimore, Md.	2,515,336	368,931	1,586,672	516,819	42,914	
Hoboken, N. J.	88,552			79,557	8,995	
New Orleans, La.	82,858			68,254	14,604	
Norfolk, Va.	24,740			24,125	615	
Richmond, Calif.	926,420	31,972	827,722	53,059	13,667	
Total	3,637,906	400,903	2,414,394	741,814	80,795	
Administrative equipment:						
Washington District	1,118,709				1,118,709	
East Coast District	287,094				287,094	
West Coast District	539,465				539,465	
Gulf Coast District	101,918				101,918	
Total	2,047,186				2,047,186	
Grand total	$179,329,593	$40,799,561	$88,204,798	$30,782,055	$3,619,324	$15,923,855

[1] Capital value of ground rent.

Schedule 2

National Shipping Authority—Statement of Operations of Vessels by General Agents From Inception to June 30, 1951

Income from terminated voyages (32 voyages):		
Voyage revenues	$5,300,969	
Vessel and voyage operating expenses (including $181,500 agents' compensation and estimated insurance claims of $96,000) (note)	3,212,284	
		$2,088,685
Administrative expenses		329,700
Net income from operations		1,758,985
Vessel nonoperating costs:		
Vessel reactivation costs	$19,374,788	
Provision for estimated costs of restoring vessels to reserve fleet	2,076,000	
		21,450,788
Excess of vessel nonoperating costs over net income from operations		$19,691,803

NOTE.—Vessel and voyage operating expenses include no provision for depreciation, which if based upon a 20-year vessel life would be approximately $440,000 for the voyages included in this statement.

APPENDIXES

A

Employment of United States Flag Merchant Vessels on June 30, 1951

Seagoing vessels of 1,000 gross tons and over—excludes vessels on the inland waterways, the Great Lakes, and those under the control of the U. S. Army and Navy and special types such as cable ships, tugs, etc.—tonnage in thousands

Status and area of employment	Total [1]			Vessel type								
				Combination passenger and cargo [2]			Freighters [3]			Tankers [4]		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
Total, all vessels	3,146	23,398	33,815	254	2,227	1,959	2,425	16,880	24,975	467	4,289	6,880
Active vessels	1,414	11,291	16,761	51	551	428	919	6,554	9,614	444	4,185	6,718
United States foreign trade	885	6,901	9,931	46	510	404	719	5,224	7,641	120	1,166	1,885
United States domestic trade	426	3,433	5,333	5	41	24	176	1,159	1,721	245	2,232	3,587
Foreign to foreign	103	956	1,496				24	170	251	79	786	1,244
Inactive vessels	1,732	12,106	17,053	203	1,676	1,530	1,506	10,326	15,361	23	103	162
Temporarily inactive	69	493	658	7	81	46	52	347	509	10	64	102
U. S. Maritime Administration reserve fleet	1,663	11,612	16,395	196	1,594	1,484	1,454	9,979	14,851	13	39	60
Active vessels	1,414	11,291	16,761	51	551	428	919	6,554	9,614	444	4,185	6,718
United States foreign trade	885	6,901	9,931	46	510	404	719	5,224	7,641	120	1,166	1,885
U. S. Maritime Administration owned	153	1,190	1,606	7	133	91	146	1,056	1,514			
Chartered	43	396	438	7	133	91	36	263	347			
General Agency Agreement	110	793	1,168				110	793	1,168			
Panama Line	3	29	19	3	29	19						
Privately owned	729	5,682	8,305	36	346	293	573	4,168	6,126	120	1,166	1,885

United States domestic trade	426	3,433	5,333	5	41	24	176	1,159	1,721	245	2,232	3,587
U. S. Maritime Administration vessels	22	128	183				22	128	183			
Chartered	22	128	183				22	128	183			
General Agency Agreement												
Privately owned	404	3,304	5,150	5	41	24	154	1,031	1,538	245	2,232	3,587
Foreign to foreign	103	956	1,496				24	170	251	79	786	1,244
U. S. Maritime Administration vessels												
Chartered												
General Agency Agreement												
Privately owned	103	956	1,496				24	170	251	79	786	1,244
Inactive vessels	1,732	12,106	17,053	203	1,676	1,530	1,506	10,326	15,361	23	103	162
Temporarily inactive	69	493	658	7	81	46	52	347	509	10	64	102
U. S. Maritime Administration vessels	41	309	430	2	30	15	39	278	414			
Chartered	2	27	17	1	18	8	1	8	8			
General Agency Agreement	39	282	414	1	12	8	38	270	406			
Privately owned	28	184	227	5	51	30	13	68	95	10	64	102
U. S. Maritime Administration reserve fleet	1,663	11,612	16,395	196	1,594	1,484	1,454	9,979	14,851	13	39	60

[1] Excludes the following tonnage transferred to (1) foreign flags under lend-lease or other agreements, and (2) to United States military and other Government agencies:

	331	2,372	3,347	13	146	114	314	2,209	3,208	4	17	25

[2] Comprised of 57 combination passenger and cargo ships of 619,000 gross tons and 467,000 dead-weight tons, 23 transports, hospital ships, etc., of 203,000 gross tons and 149,000 dead-weight tons, carried in this classification in previous reports; and 174 freighters of 1,405,000 gross tons and 1,343,000 dead-weight tons originally constructed as cargo vessels, but converted to transports, hospital ships, etc., and included in the freighter classification of previous reports.

[3] Includes 75 ships of 472,000 gross tons and 696,000 dead-weight tons converted for use as store ships, repair ships, tenders, etc.

[4] Includes 2 tank ships of 14,000 gross tons and 21,000 dead-weight tons converted for use as distilling ships.

NOTE.—Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

B

Merchant Fleets of the World on June 30, 1951

Number, gross and dead-weight tonnage of seagoing steam and motor merchant vessels of 1,000 gross tons and over—excludes vessels on the Great Lakes and inland waterways and special types such as channel vessels, icebreakers, cable ships, etc., and merchant vessels owned by any military force—tonnage in thousands

Flag	Total			Type of vessel																	
				Combination passenger and cargo			Combination passenger and cargo—refrigerated			Freighters			Freighters—refrigerated			Bulk carriers			Tankers (including whaling tankers)		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
Total, all flags	13,466	77,424	108,725	1,237	8,980	7,170	76	899	730	9,096	46,286	68,814	285	1,729	1,929	563	1,750	2,794	2,209	17,780	27,288
United States [1]	3.477	25,769	37,161	[2] 260	2,326	2,041	7	49	32	[3] 2,640	18,482	27,251	[4] 46	271	288	53	335	645	[5] 471	4,306	6,904
British Empire	3,083	19,054	25,028	328	2,775	1,942	53	739	603	1,800	9,711	14,178	117	1,036	1,195	231	546	804	554	4,247	6,306
United Kingdom	2,580	16,904	22,154	223	2,335	1,610	52	735	600	1,467	8,277	12,045	115	1,028	1,187	201	455	667	522	4,074	6,045
Canada	134	670	875	32	105	44				79	419	610							23	146	221
Australia	121	430	585	17	102	71				85	266	418				19	62	96			
New Zealand	54	188	224	7	35	11	1	4	3	39	131	185				6	15	20	1	3	5
India	82	411	589	15	68	82				65	335	495				1	5	7	1	3	5
Union of South Africa	15	92	132	1	10	12				14	82	120									
Pakistan	15	88	117	2	17	7				11	63	97				1	5	8	1	3	5
Other colonies	82	271	352	31	103	105				40	138	208	2	8	8	3	4	6	6	18	25
Argentina	133	824	1,073	19	136	100	3	35	29	63	361	549	6	18	20	3	5	7	39	269	368
Belgium	80	440	600	12	106	107	1	7	10	56	252	377	2	5	3	1	1	2	8	69	101
Brazil	170	616	852	29	118	120				119	443	658				4	5	6	18	50	68
Bulgaria	4	10	19							4	10	19									
Chile	41	157	210	8	34	40				20	81	108				13	42	62			
China	146	416	580	13	36	26				103	311	459	1	3	4	5	10	15	24	56	76
Colombia	11	33	44							10	32	42							1	1	2
Costa Rica	9	49	76							8	42	66							1	7	10
Cuba	11	26	35	1	3	2				10	23	33									
Denmark	308	1,200	1,746	26	87	75	2	3	3	230	807	1,203	11	23	32	10	23	36	29	257	397
Dominican Republic	2	5	4	1	3	2				1	2	2									
Ecuador	5	14	19	1	1	1				3	12	16							1	1	2
Egypt	19	79	81	12	49	55				7	30	26									
Finland	183	486	743	4	8	4				159	395	615				11	29	43	9	54	81
France	534	3.019	3,826	68	642	405	2	20	17	307	1,448	2,098	21	75	61	51	163	231	85	671	1,014

Germany	219	648	1,004	8	29	45				182	481	745	1	3	4	17	51	80	11	84	130
Greece	213	1,195	1,822	10	48	28				181	1,023	1,594				9	28	48	13	96	152
Guatemala	1	3	3							1	3	3									
Honduras	80	415	572	2	6	3	3	14	12	51	212	310	15	61	54				9	122	193
Hungary	2	2	3							2	2	3									
Iceland	13	32	36	3	7	4	1	2	2	6	14	22	3	9	8						
Indonesia	2	12	16							1	9	12							1	3	4
Iran	1	7	10							1	7	10									
Ireland	12	36	54							9	24	35				3	12	19			
Israel	18	85	116	3	13	10				15	72	106									
Italy	459	2,646	3,747	50	406	315	1	11	9	302	1,517	2,327	6	22	23	16	67	111	84	623	962
Japan	411	1,713	2,529	24	101	100				339	1,279	1,928	3	22	33	3	9	14	42	302	454
Korea	4	8	12	2	3	4				2	5	8									
Liberia	62	626	1,019							28	173	263							34	453	756
Mexico	29	151	218							8	22	23				1	6	8	20	123	187
Netherlands	501	2,859	3,773	89	645	591				302	1,600	2,302				2	4	7	108	610	873
Nicaragua	2	4	6							2	4	6									
Norway	965	5,293	8,021	34	138	99	2	4	2	587	2,277	3,567	23	71	76	16	39	61	303	2,764	4,216
Panama	530	3,518	5,306	28	202	156	1	15	11	279	1,430	2,187	6	26	27	31	108	184	185	1,737	2,741
Peru	21	82	109	4	22	23				14	53	74				1	3	5	2	5	7
Philippines	21	90	116	33	8	5				16	78	106				2	4	5			
Poland	53	196	276	1	14	6				41	152	229	3	10	12	7	14	20	1	6	9
Portugal	91	390	512	20	132	117				66	225	346							5	33	49
Rumania	8	37	44	2	10	4				6	27	40									
Siam	3	4	6							2	3	4							1	1	2
Spain	268	951	1,296	35	164	132				196	614	922				12	35	52	25	138	190
Sweden	556	1,895	2,844	30	191	176				426	1,112	1,777	10	36	42	172	260	270	448	385	589
Switzerland	16	70	112							14	56	90							2	14	22
Syria	1	1	2							1	1	2									
Turkey	111	387	524	30	123	113				75	234	364				1	1	2	5	29	45
Uruguay	8	48	73	2	10	11				4	18	29							2	20	33
U. S. S. R.[6]	465	1,457	1,898	67	353	268				341	908	1,351	11	38	47	15	28	44	31	130	188
Venezuela	50	143	196	3	4	4				9	24	29				2	7	15	36	108	148
Yugoslavia	51	217	345	5	27	36				44	180	292				1	4	8	1	6	9
Unknown	3	6	8							3	6	8									

[1] Includes U. S. Government-owned vessels transferred to the following flags under lend-lease or other agreements and still remaining under these registries by subsequent arrangements. For purposes of this table they have been excluded from those registries:

Total	91	545	823	1	5	5				87	522	790				2	11	17	1	7	11
Philippines	8	27	38							8	27	38									
U. S. S. R.	83	518	785	1	5	5				79	495	752				2	11	17	1	7	11

[2] Comprised of 51 combination passenger and cargo ships of 575,000 gross tons and 440,000 dead-weight tons, 26 transports, hospital ships, etc., of 257,000 gross tons and 175,000 dead-weight tons carried in this classification in previous reports; and 183 freighters of 1,494,000 gross tons and 1,426,000 dead-weight tons originally constructed as cargo ships but converted to transports, hospital ships, etc., and included in the freighter classification of previous reports.

[3] Includes 72 ships of 460,000 gross tons and 680,000 dead-weight tons converted for use as store ships, repair ships, tenders, etc.

[4] Includes 3 ships of 12,000 gross tons and 16,000 dead-weight tons converted for use as store ships, repair ships, tenders, etc.

[5] Includes 2 tank ships of 14,000 gross tons and 21,000 dead-weight tons converted for use as distilling ships.

[6] Includes Estonian and Latvian tonnage shown separately in previous reports.

C

Deliveries of New Merchant Vessels—Fiscal Year Ended June 30, 1951

Seagoing steam and motor, 1,000 gross tons and over, by type, country in which built, and for which built—excludes vessels built for operation on the Great Lakes, inland waterways, the Armed Forces, and special types such as cable ships, tugs, etc.

Country for which built	Total		Country in which built																							
			United States		United Kingdom		Sweden		Netherlands		Norway		Denmark		France		Italy		Japan		Germany		All others	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
SUMMARY—ALL VESSEL TYPES																										
Total	486	4,200,702	14	303,549	160	1,672,482	52	530,603	31	257,419	18	67,093	19	167,175	32	241,547	13	88,040	58	504,516	65	224,253	24	144,025
United States	6	122,228	6	122,228																				
United Kingdom	108	1,101,050			108	1,101,050																		
Sweden	25	188,893			3	32,375	22	156,518																
Netherlands	23	165,226			7	57,727	1	16,300	15	91,199														
Norway	71	765,527			19	264,534	23	308,910	5	80,520	18	67,093	5	41,970									1	2,500
Denmark	20	196,050			3	28,200	1	16,300					11	96,505			2	10,800	3	44,245				
France	41	309,522			2	13,455	1	2,300	2	9,820			2	24,700	32	241,547			2	17,700				
Italy	6	44,940															6	44,940						
Japan	39	377,647																	39	377,647				
Germany	64	222,326																			64	222,326		
Panama	7	121,042	3	61,407	1	8,560																	3	51,075
All others	76	586,251	5	119,914	17	166,581	4	30,275	9	75,880			1	4,000			5	32,300	14	64,924	1	1,927	20	90,450
COMBINATION PASSENGER AND CARGO																								
Total	44	293,005	2	24,200	14	101,469	2	10,650	4	30,050			1	570	4	26,300	6	40,100			5	25,931	6	33,735
United States	2	24,200	2	24,200																				
United Kingdom	8	66,590			8	66,590																		
Sweden	1	2,430			1	2,430																		
Netherlands	2	16,050							2	16,050														

Norway	4	14, 120			1	2, 900	2	10, 650					1	570												
Denmark																										
France	5	34, 185			1	7, 885									4	26, 300										
Italy	1	7, 800															1	7, 800								
Japan																										
Germany	5	25, 931																					5	25, 931		
Panama																										
All others	16	101, 699			3	21, 664			2	14, 000							5	32, 300							6	33, 735

FREIGHTERS

Total	299	1, 788, 851	2	15, 236	82	633, 363	26	157, 758	19	100, 349	15	59, 663	12	70, 925	23	140, 047	6	21, 940	41	344, 614	60	198, 322	13	46, 634
United States	1	7, 618	1	[1] 7, 618																						
United Kingdom	63	508, 614			63	508, 614																				
Sweden	18	109, 768					18	109, 768																		
Netherlands	19	115, 876			7	57, 727			12	58, 149																
Norway	28	145, 153			3	13, 500	6	43, 690			15	59, 663	3	25, 800									1	2, 500		
Denmark	10	53, 075											7	32, 175			2	10, 800	1	10, 100						
France	30	184, 387			1	5, 570	1	2, 300	2	9, 820			1	8, 950	23	140, 047			2	17, 700						
Italy	4	11, 140															4	11, 140								
Japan	33	269, 890																	33	269, 890						
Germany	59	196, 395																			59	196, 395				
Panama	1	8, 560			1	8, 560																				
All others	33	178, 375	1	7, 618	7	39. 392	1	2, 000	5	32, 380			1	4, 000					5	46, 924	1	1, 927	12	44, 134		

TANKERS

Total	143	2, 118, 846	10	264, 113	64	937, 650	24	362, 195	8	127, 020	3	7, 430	6	95, 680	5	75, 200	1	26, 000	17	159, 902			5	63, 656		
United States	3	90, 410	3	90, 410																						
United Kingdom	37	525, 846			37	525, 846																				
Sweden	6	76, 695			2	29, 945	4	46, 750																		
Netherlands	2	33, 300					1	16, 300	1	17, 000																
Norway	39	606, 254			15	248, 134	15	254. 570	5	80, 520	3	7, 430	1	15, 600												
Denmark	10	142, 975			3	28, 200	1	16, 300					4	64, 330					2	34, 145						
France	6	90, 950											1	15, 750	5	75, 200										
Italy	1	26, 000															1	26, 000								
Japan	6	107, 757																	6	107, 757						
Germany																										
Panama	6	112, 482	3	61, 407																			3	51, 075		
All others	27	306, 177	4	112, 296	7	105, 525	3	28, 275	2	29, 500									9	18, 000			2	12, 581		

[1] Originally documented under United States flag and later transferred to Venezuelan registry.

D

Bareboat Chartered Vessels by Months, Fiscal Year 1951

Types	June 30	July 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Jan. 31	Feb. 28	Mar. 31	Apr. 30	May 31	June 30
Liberty	8	11	11	11	11	8	6	5	6	5	7	10	11
Passenger	8	8	8	8	8	8	8	8	8	8	8	8	8
Reefer	8	8	8	8	8	8	8	8	8	9	10	11	11
C1-M-AV1	17	17	17	17	17	17	17	17	17	17	17	17	17
C3-S-DX1													1
C4	10	10	10	10	10	10	10	6	3	1			
VC2-S-AP2	4	20	77	77	77	73	71	97	115	130	133	136	126
VC2-S-AP3	3	22	60	60	60	59	56	54	49	50	50	50	49
N3	2	2	2	2	2	2	2	2	2	2	2	2	2
Great Lakes	5	5	5	5	5	5	5	5	5	5	6	6	6
Ferry	1	1	1	1	1	1	1	1	1	1	1	1	1
Total	66	104	199	199	199	191	184	203	214	228	234	241	232

E

Vessels in Reserve Fleets by Months, Fiscal Year 1951

Fleet	1950						1951					
	July 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Jan. 31	Feb. 28	Mar. 31	Apr. 30	May 31	June 30
Hudson River, N. Y	1.4	130	129	127	131	131	118	103	92	84	77	73
James River, Va	440	432	430	430	441	444	433	416	402	398	391	380
Wilmington, N. C	420	412	399	383	382	382	369	356	349	345	336	325
Mobile, Ala	3. 7	325	322	318	320	321	297	294	284	280	270	264
Beaumont, Tex	242	227	224	219	222	225	212	202	188	183	174	168
Suisun Bay, Calif	332	321	320	320	320	320	316	316	314	313	312	312
Astoria, Oreg	194	191	191	191	192	196	186	185	183	179	177	175
Olympia, Wash	88	82	81	81	82	83	77	76	74	71	70	70
Baltimore, Md	2	2	2	2	2	2	1	0	0	0	0	0
Total	2,199	2,122	2,098	2,071	2,092	2,104	2,009	1,948	1,886	1,853	1,807	1,767

Status of Operating Subsidy Agreements on June 30, 1951

Name of operator	Effective date subsidy payments resumed	Expiration date of agreement	Number of vessels normally assigned			Tentative rates available	Permanent rates available
			Passenger	Cargo and passenger (comb.)	Cargo		
Operators with extended (postwar) agreements							
American Export Lines, Inc	Jan. 1, 1948	Dec. 31, 1965 [1]		3	[2] 28	Yes	
American Mail Line, Ltd	Jan. 1, 1947	Dec. 31, 1960 [3]			9	Yes	
Farrell Lines, Inc.:							
South & East African Service	do	Dec. 31, 1959		2	9		Yes.[4]
West African Service	Apr. 25, 1947	do			5		Yes.
Grace Line, Inc	Jan. 1, 1947	Dec. 31, 1957		6	9	Yes	
Lykes Bros Steamship Co	do	do			51	Yes	
Mississippi Shipping Co	do	do [5]		3	11	Yes	
Moore-McCormack Lines, Inc.:							
Cargo Services	do	do			34	Yes	
Good Neighbor Fleet	May 8, 1949	June 30, 1951	3			No	
Seas Shipping Co., Inc	Jan. 1, 1947	Dec. 31, 1957			12		Yes.
United States Lines Co.:							
Cargo Services	Jan. 1, 1948	Dec. 31, 1949 [6]			40	Yes	
S. S. America	Aug. 2, 1948	Aug. 1, 1958	1			Yes	
Operator with preliminary (postwar) agreement							
Pacific-Argentine-Brazil Line, Inc	Jan. 26, 1949	Dec. 31, 1958			4	No	
Operators whose agreements have not been amended postwar							
American President Lines, Ltd	Jan. 1, 1947	Sept. 30, 1958 [7]		[8] 5	[8] 11	Yes [9]	
New York & Cuba Mail Steamship Co	Jan. 1, 1948	Dec. 31, 1953			[10] 6	No	
The Oceanic Steamship Co	Jan. 1, 1947	July 1, 1951 [11]			4	No	
United States Lines Co	Jan. 1, 1950	([12])			40	Pending	

[1] Subject to agreement with operator as to acceptance of sales price of S. S. *Independence* and S. S. *Constitution.*

[2] Includes vessels acquired from Shepard Steamship Co., for which application for increase in sailings was made but not yet approved.

[3] Contract is subject to earlier termination if satisfactory arrangements for replacement of vessels are not completed prior to each vessel reaching 18 years of age (oldest vessel will become 18 years old in 1959).

[4] Rates for combination vessels not prepared.

[5] Date to which conditional extension authorized (new construction).

[6] Contract expired Dec. 31, 1949. New contract to be effective Jan. 1, 1950, was not executed pending consideration of certain questions relating to the construction subsidy of the S. S. *United States.*

[7] Date to which conditional extension was authorized.

[8] Presently operating 3 combination and 5 cargo vessels in transpacific service and 2 combination and 6 cargo vessels in round-the-world service. Three new vessels originally scheduled for delivery to APL were requisitioned prior to delivery for completion as troop transports.

[9] While resumption contract was not executed as of June 30, 1951, the Federal Maritime Board, by order dated Apr. 5, 1951, had authorized the resumption contract and approved tentative wage rates.

[10] 5 owned and 1 chartered vessels in operation.

[11] This agreement was originally scheduled to expire Dec. 31, 1942, but from time to time several interim extensions were granted pending negotiation of resumption agreement. The last extension was dated June 30, 1951, and was scheduled to expire Sept. 30, 1951.

[12] Upon each vessel reaching the age of 17 years, with automatic extension until each vessel reaches the age of 20 years, provided satisfactory arrangements for replacement of each vessel are undertaken prior to each vessel becoming 17 years old.

Pending Applications for Operating-Differential Subsidies on June 30, 1951

Name of applicant	Number and type of vessels proposed for operation	Proposed operation	Number of voyages proposed per annum
Gulf & South American Steamship Co.	4 C2 cargo	Trade route 31—United States Gulf to west coast South America.	18–30
South Atlantic Steamship Co	do	Trade route 11—United States South Atlantic to United Kingdom and continent.	24–36
Pacific Transport Line, Inc	6 C3 cargo	Trade route 29—California to Far East	30–36
Pacific Far East Line, Inc	11 C2 cargo	do	52
Grace Line Inc	9	Trade route 4—Atlantic-Caribbean	122–156
Grace Line Inc.[1]	2	Expansion of trade route 25—United States Pacific-West coast South America.	6
United States Lines Co	6	Trade route 8—Antwerp-Rotterdam, Amsterdam.	45–52
Arnold Bernstein Line, Inc.[2]	2	Trade route 8	31

[1] Trade route is presently subsidized and above is requested for expansion.
[2] Applicant has been advised that unless its pending application is modified by Dec. 31, 1951, to meet changed conditions it will be dismissed.

Operating Subsidy and Recapture Accruals and Payments to the Government for First Recapture Periods Ending on or Before Dec. 31, 1950

Company	(1) Original date of contract	(2) Termination date of first recapture period	(3) Total estimated subsidy accrual [1]	(4) Estimated 50 percent of excess profits in excess of 10 percent of capital necessarily employed in the business	(5) Estimated recapture accrual (lower of columns 3 and 4)	(6) Recapture actually paid to the Government [2]	(7) Estimated cost to the Government (column 3 less column 5)
American Export Lines, Inc	Jan. 24, 1938	Dec. 31, 1947	$5,307,741.24	$12,509,504.17	$5,307,741.24	$5,252,628.66	
American Mail Line, Ltd	Apr. 2, 1941	Dec. 31, 1950	4,136,765.85	1,644,223.54	1,644,223.54	145,870.61	$2,492,542.31
American President Lines, Ltd	Oct. 6, 1938	Sept. 30, 1948	14,223,982.54	8,913,649.90	8,913,649.90	6,102,000.00	5,310,332.64
Farrell Lines, Inc	Apr. 23, 1940	Dec. 31, 1949	4,582,799.78	1,100,000.00	1,100,000.00	377,126.77	3,482,799.78
Grace Line, Inc	Dec. 31, 1937	Dec. 31, 1947	6,587,947.67	4,797,492.69	4,797,492.69	2,333,206.92	1,790,454.98
Lykes Bros. Steamship Company, Inc	do	do	8,480,228.85	12,428,095.93	8,480,228.85	5,593,078.34	
Mississippi Shipping Co., Inc	do	do	2,427,155.19	4,426,312.10	2,427,155.19	1,736,852.51	
Moore-McCormack Lines, Inc	Sept. 30, 1938	Sept. 30, 1948	11,184,921.35	20,619,387.21	11,184,921.35	3,449,250.56	
New York and Cuba Mail Steamship Co	Dec. 31, 1937	Dec. 31, 1947	2,289,322.07	1,156,223.97	1,156,223.97	657,080.13	1,133,098.10
The Oceanic Steamship Co	do	Dec. 31, 1942	2,431,173.74	557,285.82	557,285.82	557,285.82	1,873,887.92
Seas Shipping Co., Inc	Oct. 14, 1938	Sept. 30, 1948	2,413,402.16	4,162,341.55	2,413,402.16	1,100,693.86	
United States Lines Co	Dec. 31, 1937	Dec. 31, 1942	6,040,917.24	1,120,161.48	1,120,161.48	555,832.75	4,920,755.76
			70,106,357.68	73,434,678.36	49,102,486.19	27,860,906.93	21,003,871.49

[1] The amounts in this column represent total payments applicable to the prewar period (that is, period prior to calendar year 1943) and to estimated accruals applicable to the postwar period (that is, subsequent to calendar year 1946).

[2] The recapture collected and included in this column applies to subsidy payments applicable to prewar period and to operators whose first recapture periods ended on Dec. 31, 1950, or prior thereto. The recapture accruals applicable to such operators for the prewar period and included in column 5 actually totals $30,396,329.54 as against collections to date of $27,860,906.93. The difference in these 2 amounts is represented by 10 percent holdback in some cases and amounts in dispute in others. In addition, token payments made to operators in a 100 percent recapture position for calendar year 1947 and a portion of 1948 have also been collected in the total amount of $506,695.29.

The difference between the total of $49,102,486.19 in column 5 and the sum of $30,396,329.54 represents recapture accrual applicable to the postwar period but within the first recapture period, which has been or is being withheld from subsidy payments in each individual case.

975940—52——9

Vessels Delivered by United States Shipyards, July 1, 1950, to June 30, 1951

Account and vessel type	Total		July 1, 1950, to Sept. 30, 1950		Oct. 1, 1950, to Dec. 31, 1950		Jan. 1, 1951, to Mar. 31, 1951		Apr. 1, 1951, to June 30, 1951	
	Number	Dead weight	Number	Dead weight	Number	Dead weight	Number	Dead weight	Number	Dead weight
Maritime Administration										
Major types:										
Dry cargo										
Standard cargo										
Combination passenger and cargo										
Total Maritime Administration										
Private and foreign account										
Major types:										
Cargo										
Combination passenger and cargo	2	24,200					1	12,100	1	12,100
Tankers	10	264,113	3	61,407	3	86,303	4	116,403		
Total major types	12	288,313	3	61,407	3	86,303	5	128,503	1	12,100
Minor types:										
Coastal cargo	2	15,236			1	7,618	1	7,618		
Tankers										
Total minor types	2	15,236			1	7,618	1	7,618		
Total private and foreign account	14	303,549	3	61,407	4	93,921	6	136,121	1	12,100
Grand total	14	303,549	[1] 3	61,407	[2] 4	93,921	[3] 6	136,121	[4] 1	12,100

[1] For operation under the Panamanian flag.
[2] Includes 2 vessels of 56,148 dead weight for operation under the Liberian flag, 1 vessel of 30,155 dead weight for operation under the United States flag and 1 vessel of 7,618 dead weight originally documented under the United States flag and later transferred to Venezuelan registry.
[3] Includes 3 vessels of 72,355 dead weight for operation under the United States flag, 2 vessels of 56,148 dead weight for operation under the Liberian flag and 1 vessel of 7,618 dead weight for operation under the Venezuelan flag.
[4] For operation under the United States flag.

Progress of Construction on Vessels Under Maritime Administration Contracts on June 30, 1951

Type	Name	Operator	Builder	Date of contract	Keel laid	Percent complete	Estimated delivery
P3-S2-DL2	Independence	American Export Lines	Bethlehem Steel Co	Aug. 11, 1948	Mar. 29, 1949	100.0	Jan. 11, 1951
P3-S2-DL2	Constitution	do	Quincy, Mass	do	July 12, 1949	100.0	June 7, 1951
P2-S1-DN3	U. S. N. S. Barrett	Military Sea Transportation Service.	New York Shipbuilding Corp., Camden, N. J.	Aug. 18, 1948	June 1, 1949	73.9	Feb. 17, 1952
P2-S1-DN3	U. S. N. S. Geiger	do	do	do	Aug. 1, 1949	64.5	Apr. 15, 1952
P2-S1-DN3	U. S. N. S. Upshur	do	do	do	Sept. 30, 1949	60.8	June 15, 1952
P6-S4-DS1	United States	United States Lines	Newport News Shipbuilding & Dry Dock Co., Newport News, Va.	Apr. 7, 1949	Feb. 8, 1950	68.79	May 29, 1952
C4-S-1a	Old Dominion Mariner		do	Feb. 7, 1951		3.0	May 8, 1952
C4-S-1a	Tar Heel Mariner		do	do		2.5	June 5, 1952
C4-S-1a	Volunteer Mariner		do	do			July 3, 1952
C4-S-1a	Palmetto Mariner		do	do			Aug. 15, 1952
C4-S-1a	Cracker State Mariner		do	do			Sept. 30, 1952
C4-S-1a	Lone Star Mariner		Ingalls Shipbuilding Corp., Pascagoula, Miss.	do		4.8	Oct. 10, 1952
C4-S-1a	Magnolia Mariner		do	do		3.2	Dec. 12, 1952
C4-S-1a	Cotton State Mariner		do	do		.6	Jan. 20, 1953
C4-S-1a	Pelican State Mariner		do	do			Mar. 16, 1953
C4-S-1a	Peninsula State Mariner		do	do			May 20, 1953
C4-S-1a	Free State Mariner		Bethlehem-Sparrows Point Shipyard, Inc., Sparrows Point, Md.	do			Aug. 1, 1952
C4-S-1a	Mountain State Mariner		do	do			Sept. 30, 1952
C4-S-1a	Gopher State Mariner		do	do			Nov. 29, 1952
C4-S-1a	Show Me Mariner		do	do			Dec. 31, 1952
C4-S-1a	Sunflower Mariner		do	do			Feb. 7, 1953
C4-S-1a	Old Colony Mariner		Bethlehem Steel Co., Quincy, Mass	do			June 1, 1952
C4-S-1a	Cornhusker Mariner		do	do			Aug. 1, 1952
C4-S-1a	Pine Tree Mariner		do	do			Oct. 15, 1952
C4-S-1a	Constitution State Mariner		do	do			Dec. 29, 1952
C4-S-1a	Wolverine Mariner		do	do			Feb. 7, 1953
C4-S-1a	Keystone Mariner		Sun Shipbuilding & Dry Dock Co., Chester, Pa.	do	June 15, 1951		Apr. 1, 1952
C4-S-1a	Buckeye Mariner		do	do			May 15, 1952
C4-S-1a	Hoosier Mariner		do	do			July 1, 1952
C4-S-1a	Badger State Mariner		do	do			Aug. 15, 1952
C4-S-1a	Hawkeye Mariner		do	do			Oct. 1, 1952
C4-S-1a	Garden State Mariner		New York Shipbuilding Corp., Camden, N. J.	June 25, 1951			Oct 25, 1952
C4-S-1a	Diamond State Mariner		do	do			Dec. 5, 1952
C4-S-1a	Empire State Mariner		do	do			Feb. 25, 1953
C4-S-1a	Prairie State Mariner		do	do			Mar. 25, 1953
C4-S-1a	Silver State Mariner		do	do			May 25, 1953
C3-S-DX1	Schuyler Otis Bland	American President Lines	Ingalls Shipbuilding Corp., Pascagoula, Miss.	Oct. 7, 1949	May 29, 1950	97.3	July 23, 1951

K

New Ship Construction on June 30, 1951

	Number of ships	Type	Gross tonnage	Estimated or actual date of completion	Estimated construction cost	Cost chargeable to Maritime Administration	Cost reimbursable by Department of Defense
Ships under construction:							
North Atlantic-Mediterranean	2	Passenger-cargo	47,438	June 7, 1951	$54,000,000	$54,000,000	
M. S. T. S. conversion	3	Troop transports	37,980	June 15, 1952	64,698,170	27,356,170	$37,342,000
North Atlantic service	1	Passenger	51,500	May 29, 1952	78,000,000	76,400,000	1,600,000
Title VII of Merchant Marine Act, 1936	1	C3-S-DX1 cargo	8,918	July 26, 1951	5,000,000	5,000,000	
Do	[1] 35	C4-S-1a cargo	339,500	Feb. 15, 1954	346,025,000	346,025,000	
Total ships under contract	42		485,336		547,723,170	508,781,170	38,942,000
Design and service contracts:							
Design for cargo prototype				Nov. 23, 1951	1,000,000	1,000,000	
Design for cargo with conversion features				Oct. 1, 1952	1,700,000	1,500,000	200,000
Appraisal of S. S. *Mariposa* and *Monterey*				July 5, 1951	3,000	3,000	
Conversion plans for S. S. *Mariposa* and *Monterey*				Mar. 1, 1952	200,000		200,000
Total design and service contracts					2,903,000	2,503,000	400,000
Total construction, design and service contract costs					550,626,170	511,284,170	39,342,000

[1] 5 vessels included in this group were awarded Aug. 1, 1951.

Status of Sales Under Merchant Ship Sales Act of 1946, as Amended, on June 30, 1951

	Purchase application approved			Title transferred			Vessels unsold [1]		
	United States registry	Foreign registry	Total	United States registry	Foreign registry	Total	Merchant vessels	Military auxiliaries	Total
Major type dry cargo:									
C1A(S)	6		6	6		6	5	7	12
C1A(M)	5	37	42	5	37	42			
C1B(S)	12	3	15	12	3	15	17	18	35
C1B(M)		2	2		2	2	4	1	5
C1-S-AY1		6	6		6	6		[2] 9	9
Total C1	23	48	71	23	48	71	26	35	61
C2 refrigerated							14		14
C2-S-AJ1	40		40	40		40		1	1
C2-S-B1	76	4	80	76	4	80		3	3
C2-S-E1	4		4	4		4			
Other C2	4	4	8	4	4	8		5	5
Total C2	124	8	132	124	8	132	14	9	23
C3-S-A2	75		75	75		75			
C3-S-A3	7		7	7		7			
Other C3	6		6	6		6			
Total C3	88		88	88		88			
C4	16		16	16		16	1	24	25
Total C type	251	56	307	251	56	307	41	68	109
Passenger types	1		1	1		1	2	7	9
EC2-S-AW1	24		24	24		24			
EC2-S-C1	202	589	791	202	589	791	1,177	347	1,524
Z-EC2	1		1	1		1	34	8	42
Z-ET1 (tanker)	[3] 58		58	58		58			
Total Liberty [4]	227	589	816	227	589	816	1,211	355	1,566
VC2-S-AP2	28	66	94	28	66	94	122	31	[5] 153
VC2-S-AP3	42	34	76	42	34	76	51	6	[5] 57
VC2-M-AP4							1		1
VC2-S-AP5								60	60
Total Victory	70	100	170	70	100	170	174	97	271
Total major type dry cargo and passenger	549	745	1,294	549	745	1,294	1,428	527	1,955
Coastal type dry cargo:									
N3-M-A1	3		3	3		3		11	11
N3-S-A1		32	32		32	32			
N3-S-A2		29	29		29	29	11		11
C1-M-AV1	6	91	97	6	91	97	63	18	81
C1-M-AV1 refrigerated								13	13
C1-MT-BU1	4		4	4		4			
YF (barge)	16		16	16		16			
Total coastal type dry cargo	29	152	181	29	152	181	74	42	116
Total dry cargo and passenger	578	897	1,475	578	897	1,475	1,502	569	2,071

See notes at end of table.

Status of Sales Under Merchant Ship Sales Act of 1946, as Amended, on June 30, 1951—Continued

	Purchase application approved			Title transferred			Vessels unsold [1]		
	United States registry	Foreign registry	Total	United States registry	Foreign registry	Total	Merchant vessels	Military auxiliaries	Total
Major type tankers (including Z-ET1):									
T2-SE-A1	187	203	390	187	203	390			
T2-SE-A2									
T3-S-A1	5		5	5		5			
Special	10		10	10		10		2	2
(Z-ET1, from Liberty group)	[3] 58		58	58		58			
Total major type tankers (including Z-ET1)	260	203	463	260	203	463		2	2
T1-M-BT (coastal tanker)	5	13	18	5	13	18			
Total tankers (including Z-ET1)	265	216	481	265	216	481		2	2
Grand total, all types	843	1,113	1,956	843	1,113	1,956	1,502	571	2,073

[1] Authority to sell ships under Merchant Ship Sales Act of 1946, as amended, expired Jan. 15, 1951.
[2] Negotiations between the Government of China, Department of Justice, and the Maritime Administration resulted in the return of 4 C1-S-AY1 type ships to the U. S. Government under mutually acceptable arrangements.
[3] Includes 1 vessel resold after original applicant was found to be in default under the contract of sale.
[4] Z-ET1—tanker—from Liberty group not included in this figure—see major type tanker group.
[5] Majority of these ships have been transferred or made available for assignment to the Military Sea Transportation Service.

Vessels Approved for Transfer to Alien Ownership and/or Registry and Flag for Fiscal Year 1951

	Number	Total gross tonnage	Average age
PRIVATELY OWNED			
Schooners, sailing vessels, etc	1	96	31.0
Tugs and barges	36	13,668	16.3
Pleasure vessels, yachts, etc	28	1,939	16.4
Tankers	13	103,032	12.4
Commercial vessels under 1,000 gross tons (fishing vessels, etc.)	129	24,276	16.4
Commercial vessels other than tankers over 1,000 gross tons (cargo; combination cargo/passenger)	24	90,280	10.1
Total	231	233,291	7.3
Mortgages to aliens	9	57,438	
GOVERNMENT OWNED			
Cargo vessels	[1] 2	7,533	7.0
Grand total	233	240,824	7.3
Mortgages to aliens	9	57,438	
New construction approved for alien account	6	177,850	

[1] 1 war-built vessel sold for scrap and 1 LCI.

Nationality, Number, and Tonnage of Vessels Approved for Transfer

Nationality	Privately owned		Government owned		Total	
	Number vessels	Gross tonnage	Number vessels	Gross tonnage	Number vessels	Gross tonnage
Brazilian	9	19,175			9	19,175
British	5	1,054			5	1,054
Canadian	40	15,992	1	400	41	16,392
Chilean	5	11,362			5	11,362
Colombian	1	1,444			1	1,444
Costa Rican	2	1,728			2	1,728
Cuban	11	508			11	508
Dominican	1	10			1	10
Ecuadorian	1	543			1	543
French	3	1,427			3	1,427
German	1	9,100			1	9,100
Honduran	12	14,484			12	14,484
Indonesian	7	10,409			7	10,409
Iranian	1	852			1	852
Israeli	1	2,819			1	2,819
Liberian	6	45,376			6	45,376
Mexican	92	43,634			92	43,634
New Zealand	1	32			1	32
Nicaraguan	1	31			1	31
Panamanian	14	27,086			14	27,086
Salvadorian	2	118			2	118
Saudi Arabian	1	250			1	250
Thailand	1	2,726			1	2,726
Venezuelan	6	8,121			6	8,121
	224	218,281	1	400	225	218,681
Sale alien and/or delivery	7	15,010	1	7,133	8	22,143
Total	231	233,291	2	7,533	233	240,824
Mortgages to aliens	9	57,438			9	57,438
New construction for alien account	6	177,850				

N

Statutory Capital and Special Reserve Funds of Subsidized Operators, on June 30, 1951

(Cash and U. S. Government securities on deposit)

Operator	Capital reserve fund	Special reserve fund	Total
American Export Lines, Inc	$172,805.34	$790,186.29	$962,991.63
American Mail Line, Ltd	1,966,357.02	1,941,744.50	3,908,101.52
American President Lines, Ltd	6,045,613.79	1,752,233.16	7,797,846.95
Farrell Lines, Inc	26,467.46	1,152,430.07	1,178,897.53
Grace Line, Inc	15,468,795.28	3,965,473.88	19,434,269.16
Lykes Bros. Steamship Co., Inc	11,818,664.07	21,063,500.62	32,882,164.69
Mississippi Shipping Co., Inc	1,590,120.23	691,960.84	2,282,081.07
Moore-McCormack Lines, Inc	756,835.16	2,497,275.30	3,254,110.46
New York and Cuba Mail Steamship Co	5,428,524.93	1,154,361.14	6,582,886.07
The Oceanic Steamship Co	3,185,565.83	200,000.00	3,385,565.83
Seas Shipping Co., Inc	1,227,653.20	1,001,464.13	2,229,117.33
United States Lines Co	437,629.60	3,349,436.96	3,787,066.56
	48,125,031.91	39,560,066.89	87,685,098.80

O

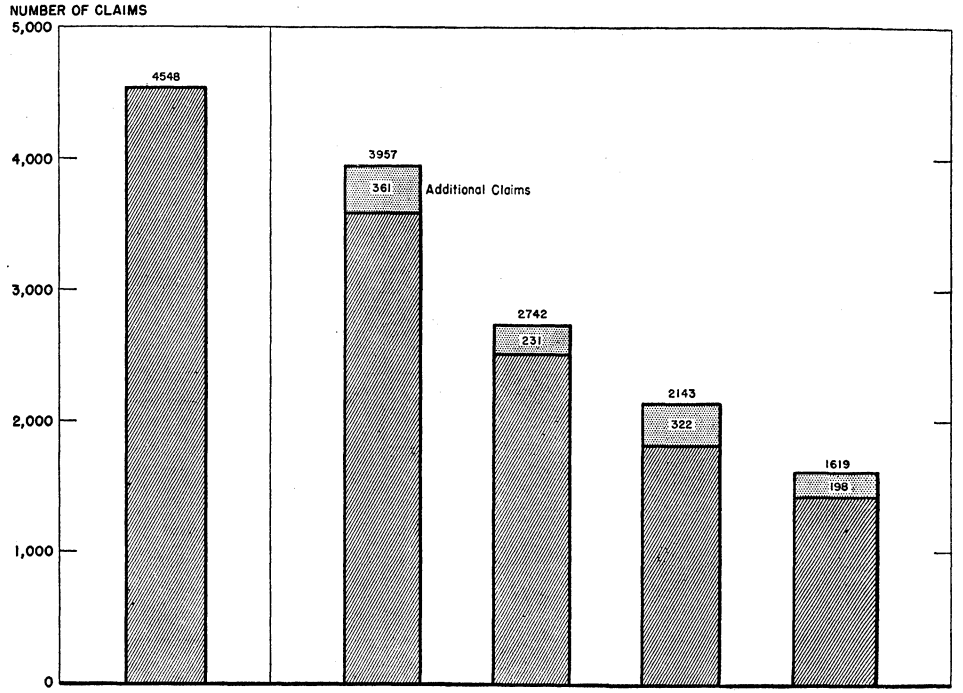
Claims on Hand on June 30, 1951

	In favor of United States		Against United States	
	Number	Amount	Number	Amount
DIVISION OF CLAIMS				
Ship Sales, Procurement, and Construction Claims Branch	775	$4,134,177	137	$12,150,667
Engineering and Operations Claims Branch	398	2,398,290	194	1,692,396
Technical staff	41	15,507,823	74	1,900,063
Total	1,214	22,040,290	405	15,743,126
OTHER OFFICES				
Office of the General Counsel	229	16,974,392	1,445	282,945,520
Office of the Comptroller	[1] 987	5,647,573	[2] 1,043	9,459,697
Office of Property and Supply	7	2,572		
Office of Ship Operations			3	66,348
Total	1,223	22,624,537	2,491	292,471,565
Grand total	2,437	44,664,827	2,896	308,214,691

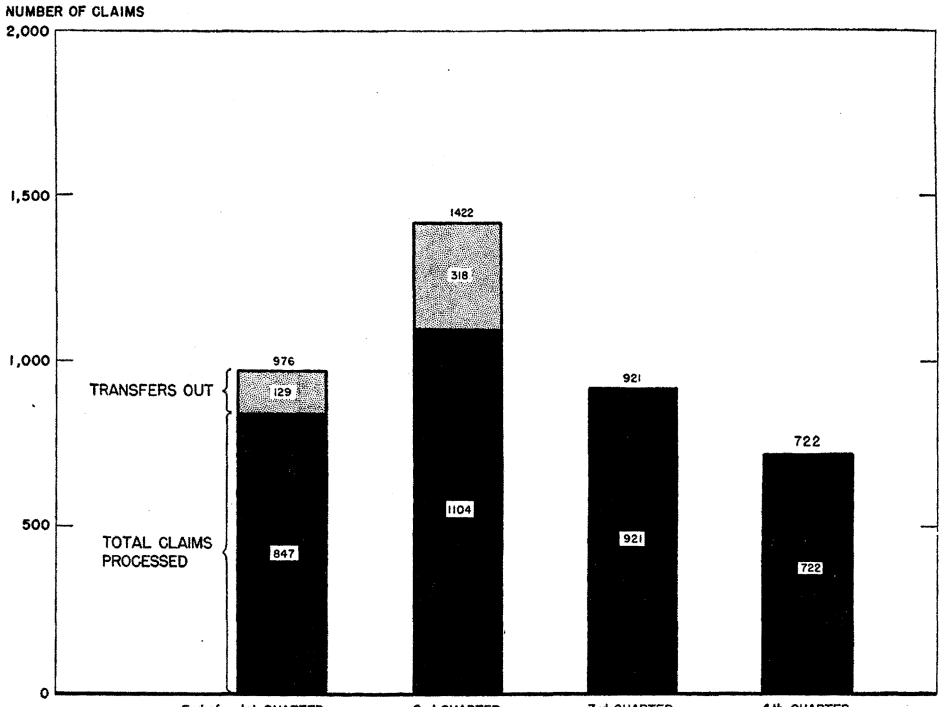
[1] All but one of these were insurance claims.
[2] Does not include seamen's compensation claims.

INVENTORY OF RECORDED CLAIMS (DIVISION OF CLAIMS)

FISCAL YEAR 1951

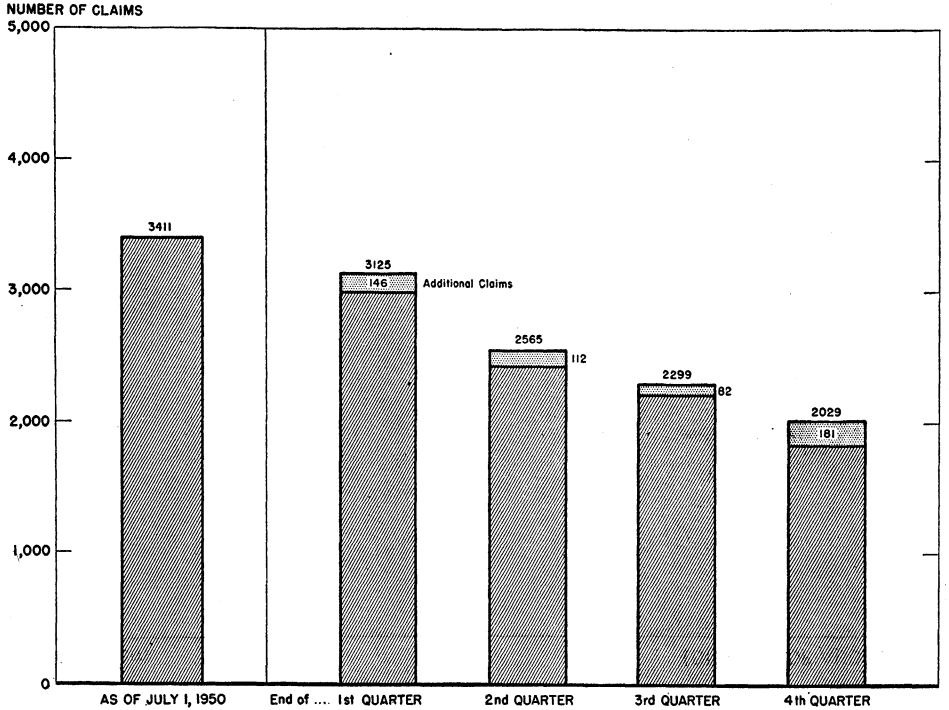


CLAIMS PROCESSED (DIVISION OF CLAIMS)
BY QUARTERS - FISCAL YEAR 1951



INVENTORY OF INSURANCE CLAIMS (DIVISION OF INSURANCE)

FISCAL YEAR 1951

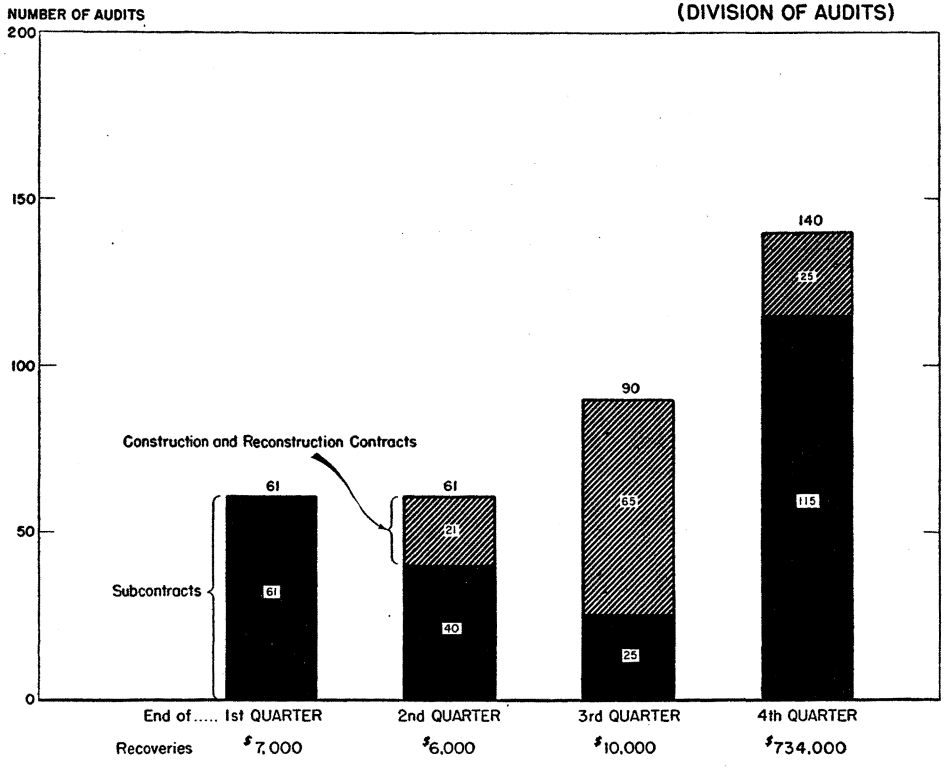


	AS OF JULY 1, 1950	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER
Additional Value	—	1.2	0.6	0.6	1.8
Claimed Value	53.3	51.8	16.4	15.2	15.1

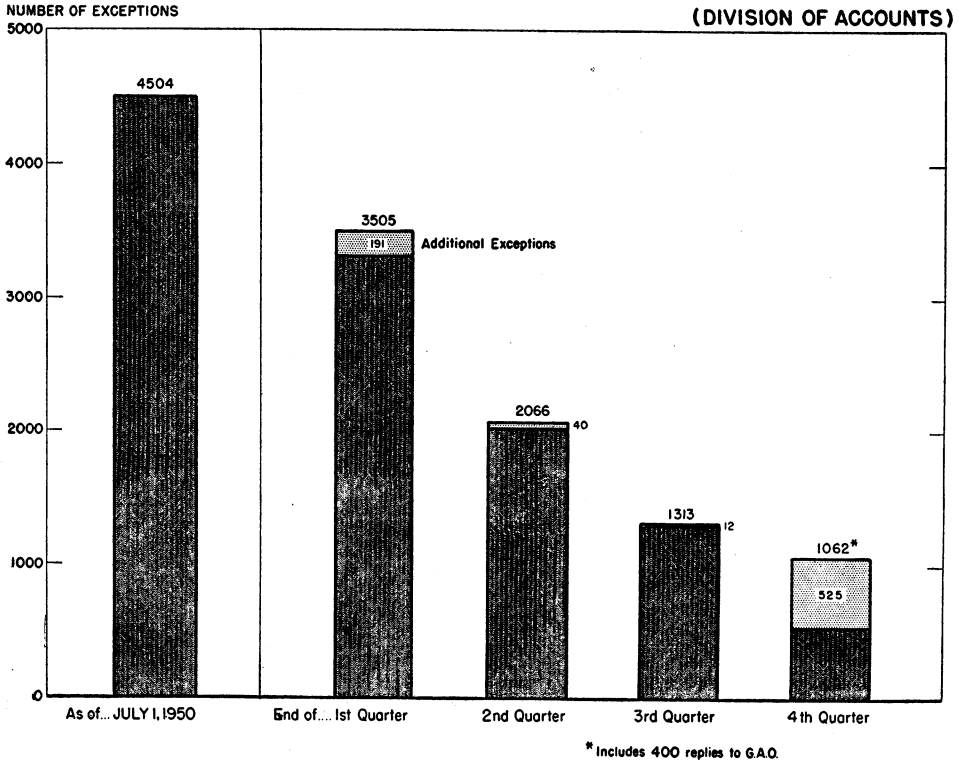
(Millions of Dollars)

CONSTRUCTION AUDITS COMPLETED

BY QUARTERS - FISCAL YEAR 1951

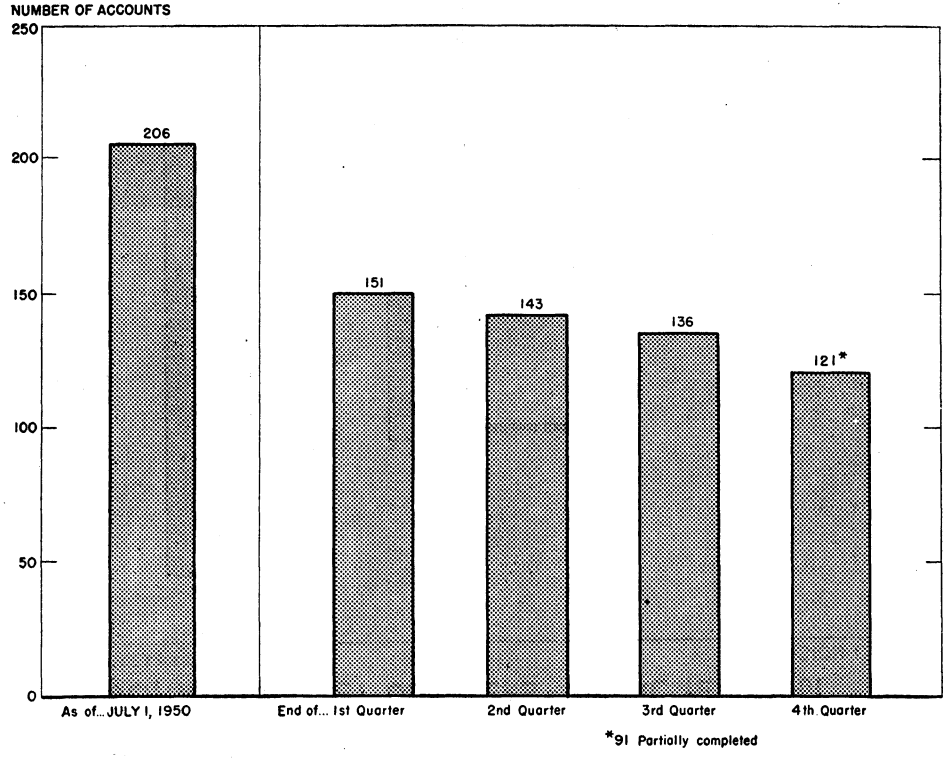


GENERAL ACCOUNTING OFFICE EXCEPTIONS WORKLOAD BY QUARTERS - FISCAL YEAR 1951



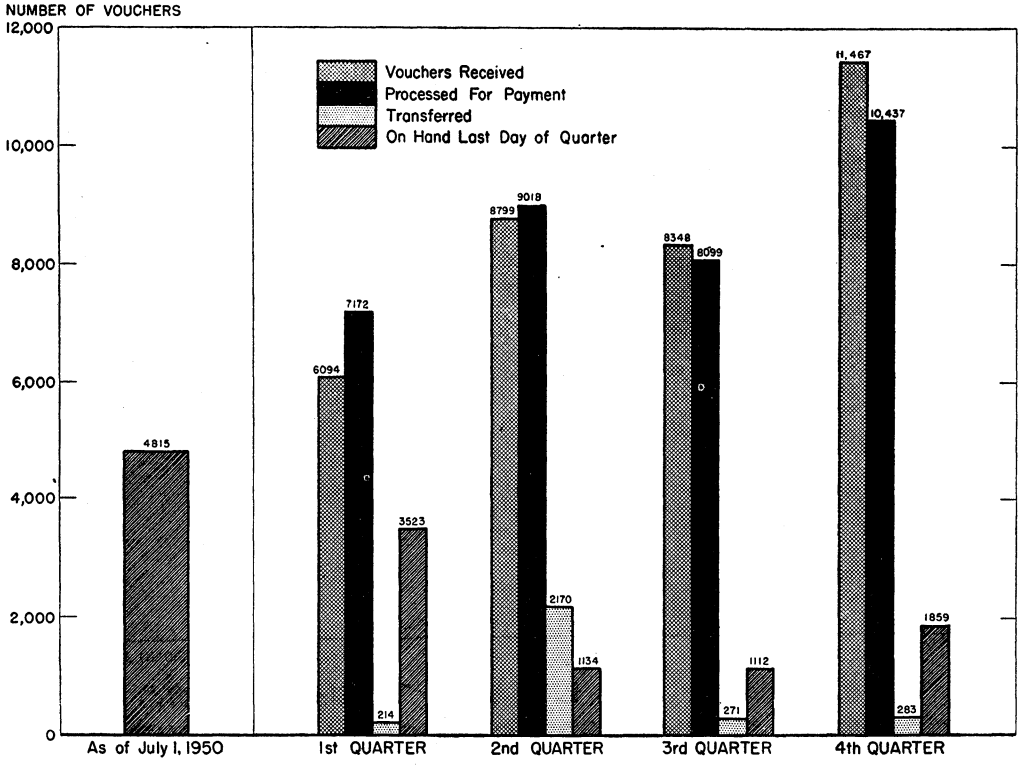
AGENTS' ACCOUNTS TO BE LIQUIDATED (DIVISION OF ACCOUNTS)

BY QUARTERS-FISCAL YEAR 1951

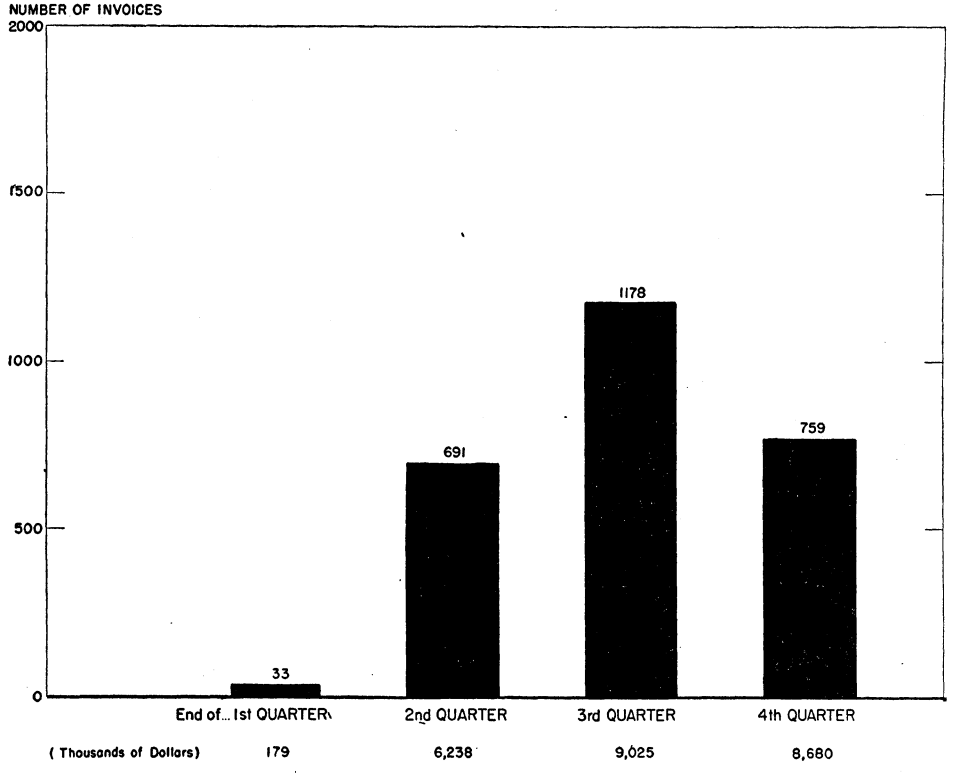


DISBURSEMENT VOUCHERS (DIVISION OF ACCOUNTS)

BY QUARTERS - FISCAL YEAR 1951

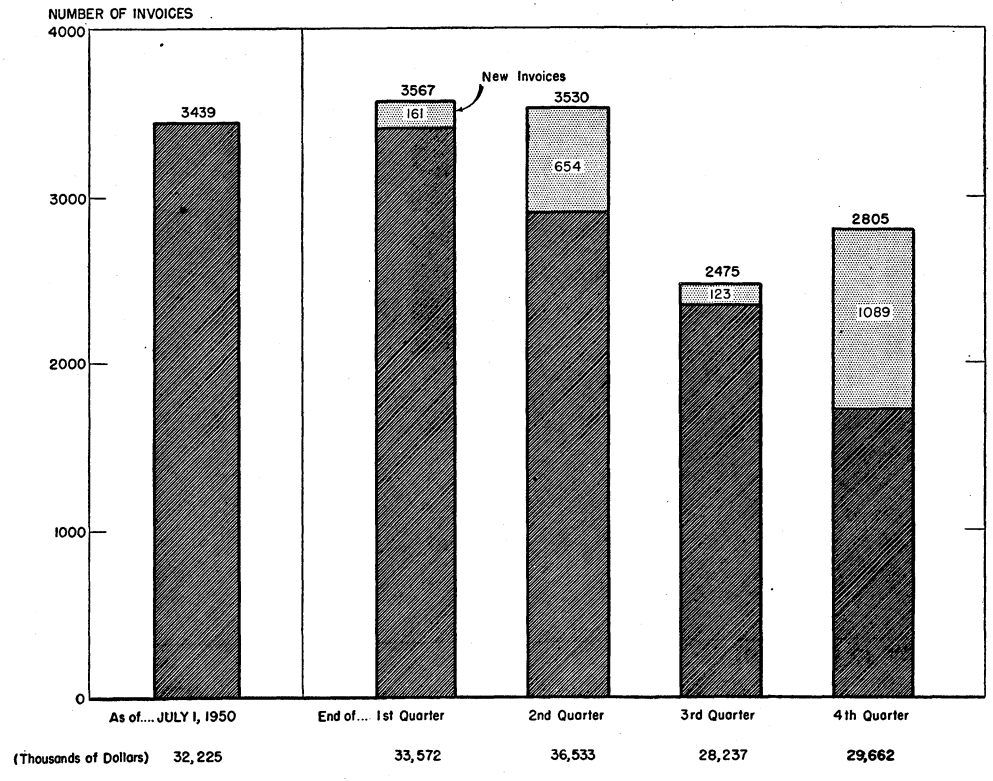


DELINQUENT ACCOUNTS RECEIVABLE CLEARED
BY QUARTERS - FISCAL YEAR 1951

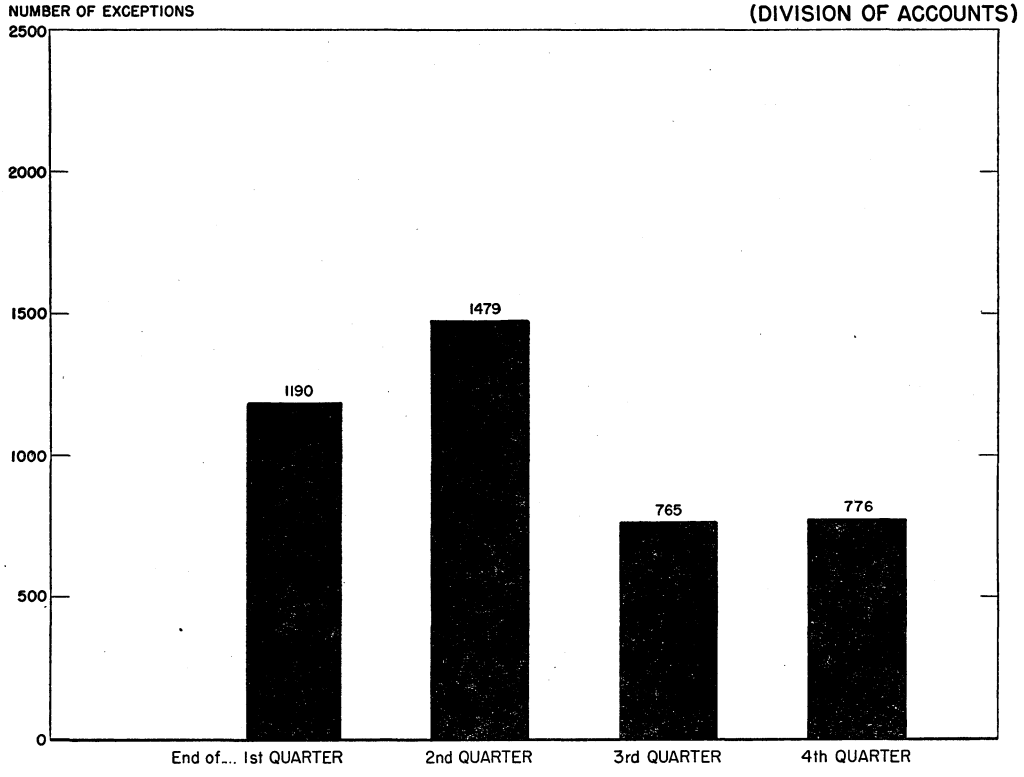


DELINQUENT ACCOUNTS RECEIVABLE WORKLOAD

BY QUARTERS - FISCAL YEAR 1951



GENERAL ACCOUNTING OFFICE EXCEPTIONS CLEARED BY QUARTERS - FISCAL YEAR 1951



U. S. DEPARTMENT OF COMMERCE

FEDERAL MARITIME BOARD

- MEMBER
- CHAIRMAN (EX OFFICIO MARITIME ADMINISTRATOR)
- MEMBER

DENOTES LINE OF RESPONSIBILITY TO THE CHAIRMAN, FEDERAL MARITIME BOARD, FOR FEDERAL MARITIME BOARD FUNCTIONS UNDER REORGANIZATION PLAN NO. 21 OF 1950 AND DEPARTMENT OF COMMERCE ORDER NO. 117 (AMENDED).

- HEARING EXAMINERS' OFFICE
- SECRETARY'S OFFICE
  JOINT SERVICE AND RESPONSIBILITY TO MARITIME ADMINISTRATOR AND TO CHAIRMAN, FEDERAL MARITIME BOARD
- REGULATION OFFICE

MARITIME ADMINISTRATION

- MARITIME ADMINISTRATOR (CHAIRMAN - FEDERAL MARITIME BOARD)
- DEPUTY MARITIME ADMINISTRATOR

DENOTES LINE OF RESPONSIBILITY TO THE MARITIME ADMINISTRATOR FOR MARITIME ADMINISTRATION FUNCTIONS UNDER REORGANIZATION PLAN NO. 21 OF 1950 AND DEPARTMENT OF COMMERCE ORDER NO. 117 (AMENDED). THE DEPUTY MARITIME ADMINISTRATOR ALSO GIVES ADMINISTRATIVE DIRECTION TO THE WORK PERFORMED FOR THE FEDERAL MARITIME BOARD.

- DIVISION OF CLAIMS

DENOTES LINE OF JOINT SERVICE AND RESPONSIBILITY TO MARITIME ADMINISTRATOR AND TO CHAIRMAN, FEDERAL MARITIME BOARD

- OFFICE OF THE GENERAL COUNSEL
  - DIVISION OF CONTRACTS
  - DIVISION OF LITIGATION
  - DIVISION OF LEGISLATION
- PROGRAM PLANNING OFFICE
- BUDGET OFFICE
- PERSONNEL OFFICE
- OFFICE OF THE COMPTROLLER
  - DIVISION OF AUDITS
  - DIVISION OF CREDITS AND COLLECTIONS
  - DIVISION OF ACCOUNTS
  - DIVISION OF INSURANCE

- NATIONAL SHIPPING AUTHORITY
  - OFFICE OF TANKER SERVICES
  - OFFICE OF SHIP REQUIREMENTS AND ALLOCATIONS
    - DIVISION OF REQUIREMENTS
    - DIVISION OF ALLOCATIONS
    - DIVISION OF FREIGHT RATES
    - DIVISION OF SHIP WARRANTS (TO BE ACTIVATED)
  - OFFICE OF SHIP OPERATIONS
    - DIVISION OF OPERATIONS
    - DIVISION OF SHIP REPAIR AND MAINTENANCE
    - DIVISION OF SHIP CUSTODY
    - DIVISION OF OPERATING CONTRACTS
  - OFFICE OF MARITIME LABOR POLICY
  - OFFICE OF SHIP CONSTRUCTION
    - DIVISION OF PRELIMINARY DESIGN
    - DIVISION OF TECHNICAL DEVELOPMENT
    - DIVISION OF PRODUCTION
    - DIVISION OF ESTIMATES
    - TRIAL AND GUARANTEE SURVEY BOARDS
  - OFFICE OF MARITIME TRAINING
    - DIVISION OF CADET CORPS TRAINING
    - DIVISION OF MARITIME SERVICE TRAINING
    - DIVISION OF STATE MARITIME ACADEMIES
  - OFFICE OF SUBSIDY AND GOVERNMENT AID
    - DIVISION OF CONTRACTS
    - DIVISION OF TRADE ROUTES
    - DIVISION OF OPERATING COSTS
    - DIVISION OF CONSTRUCTION COSTS
    - DIVISION OF SHIP STATISTICS
  - OFFICE OF PROPERTY AND SUPPLY
    - DIVISION OF PURCHASE AND SALES
    - DIVISION OF PORTS AND FACILITIES
    - DIVISION OF OFFICE SERVICES

EFFECTIVE MARCH 13, 1951

E. L. Cochrane

E. L. Cochrane
Chairman, Federal Maritime Board
Maritime Administrator

U. S. GOVERNMENT PRINTING OFFICE : O—1952