

Annual Report of the

**FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION**

1961



UNITED STATES DEPARTMENT OF COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE

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Washington, D.C.

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SIGFRID B. UNANDER, *Member*

THOMAS LISI, *Secretary*

MARITIME ADMINISTRATION

THOS. E. STAKEM, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

LETTERS OF TRANSMITTAL

UNITED STATES DEPARTMENT OF COMMERCE,
FEDERAL MARITIME BOARD,
MARITIME ADMINISTRATION,
Washington 25, D.C., August 1, 1961.

To: *The Secretary of Commerce.*

FROM: *Chairman, Federal Maritime Board, and Maritime Administrator.*

SUBJECT: *Annual Report for Fiscal Year 1961.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1961.

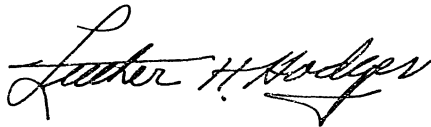


THOS. E. STAKEM.

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 Department of Commerce for fiscal year 1961.



Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

The Federal Maritime Board and the Maritime Administration were established in the Department of Commerce by Reorganization Plan No. 21, effective May 24, 1950, to accomplish the objectives of the maritime laws, and to administer the programs prescribed by such laws. The plan simultaneously abolished the U.S. Maritime Commission.

Under the plan the Federal Maritime Board is responsible for the administration of the statutory regulatory functions, which include the regulation and control of rates, services, practices, and agreements of common carriers by water and of other persons, under provisions of the Shipping Act, 1916, as amended, and rates, fares, classifications, tariffs, and practices of common carriers by water under provisions of the Intercoastal Shipping Act, 1933, as amended; making rules and regulations affecting shipping in the foreign trade; and investigating discriminatory practices in such trade. In addition, the Board is charged with the responsibility with respect to making, amending, and terminating subsidy contracts and with respect to conducting hearings and making determinations antecedent thereto, under the provisions of titles V, VI, and VIII, and sections 301, 708, 805(a), and 805(f) of the Merchant Marine Act, 1936, as amended.

The Maritime Administration, under delegation of authority by the Secretary of Commerce, is responsible for the administration and execution of programs for the construction, operation, and repair of merchant ships; administration of operating-differential and construction-differential subsidies, Federal ship construction loan and mortgage insurance and other forms of Government aid to the U.S. shipping and shipbuilding industries; maintenance of the National Defense Reserve Fleet and reserve shipyards; training of merchant marine officers; and the institution and maintenance of maritime research and development programs.

During fiscal year 1961 the Federal Maritime Board and the Maritime Administration continued their efforts to effectuate the principles of the Federal Government with respect to the American merchant marine as established in the Merchant Marine Act, 1936, as amended, and related maritime laws. These principles basically provide for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country, capable of serving as a naval auxiliary in time of war, owned by, and operated under the U.S. flag by citizens of the United States, and composed of the

best equipped, safest, and most suitable types of ships manned by a trained and efficient citizen personnel. Continued progress was made on the postwar replacement programs of subsidized operators as evidenced by the fact that 16 ships were delivered and 55 ships were under construction during this fiscal year. The construction of these 55 ships plus the ships delivered this fiscal year and the 6 delivered in prior years will leave a remainder of 214 ships, exclusive of certain ships constructed since 1950 not covered in the initial replacement program, to be replaced between the years 1962 and 1977. The initial ship replacement program of the current subsidized fleet will involve a total domestic construction cost in excess of \$4 billion. The administration of the Government aid programs continued to promote effectively the American merchant marine and assist American-flag operators in maintaining service on essential foreign trade routes of the United States.

There was initiated a program for the upgrading of the merchant fleet pursuant to Public Law 86-575, enacted on July 5, 1960, which authorized nonsubsidized U.S.-flag operators to exchange obsolete ships for certain war-built ships owned by the United States, and physically retained in the Government's National Defense Reserve Fleet. Under this program four exchange contracts were executed.

Significant accomplishments were made in the agency's research and development program designed to develop and effectuate scientific advances to improve the earning capacity of U.S. merchant ships, thereby making them more competitive in the world market. Areas to which particular attention was given were (a) mechanized ship development; (b) advanced ship development; and (c) supporting basic research.

In another area of interest in the maritime field was the President's Reorganization Plan No. 7 of 1961 which was transmitted to the Congress on June 12, 1961. The plan provides for the creation of a separate Federal Maritime Commission, composed of five Commissioners, which would be charged with the regulatory functions of the present Federal Maritime Board. There would be transferred from the Federal Maritime Board to the Secretary of Commerce the award, termination, and amendment of subsidy contracts. The Secretary of Commerce would also retain the functions transferred to him by Reorganization Plan No. 21 of 1950. The plan retains the present Maritime Administration, provides for an Administrator as head thereof, and retains a Deputy Maritime Administrator. The Federal Maritime Board would be abolished.

The Federal Maritime Board and the Maritime Administration through its staff of 2,766 employees in 24 installations devoted extensive efforts to other programs and activities which included the operation of Government-owned ships under charter and general agency agreement; conduct of regulatory activities; maintenance of the national defense reserve fleets; operation of warehouses; custody and maintenance of reserve shipyards and other facilities; administration of the provision of Public Law 664, 83d Congress (sec. 9.01(b) of

the 1936 act), relating to 50 percent participation by American-flag operators in the movement of Government cargoes; furnishing of advisory services to the Export-Import Bank on shipping arrangements of exports financed under the bank's loan credits pursuant to the provisions of Public Resolution 17, 73d Congress; investigation of discriminatory practices of foreign governments against American-flag shipping; and administration of the U.S. Merchant Marine Academy and the program of Federal aid to State maritime schools.

Government Aid

Administration of the Government aid programs, provided for under the shipping statutes, continued to promote effectively the American merchant marine by assisting American-flag operators in (a) maintaining their services on essential foreign trade routes of the United States; and (b) replacing some obsolete ships with new and modern types. In addition, these programs continued to provide the means of assuring a minimum base of trained ship operating and ship construction personnel; and operating and construction capabilities and managerial know-how to meet the nation's normal or mobilization requirements.

Construction-differential subsidy

During the fiscal year the Federal Maritime Board executed construction-differential subsidy contracts with the following companies for the number of ships indicated: American Export Lines, Inc., for 4 cargo ships; Farrell Lines, Inc., for 6 cargo ships; Lykes Bros. Steamship Co., Inc., for 8 cargo ships; States Steamship Co., for 2 cargo ships; and United States Lines Co., for 11 cargo ships. These new ships will be built at a total estimated domestic cost of \$313,700,000, including estimated cost of national defense items, changes and extras. Against this construction, there were approved for trade in, 27 obsolete ships for a total allowance of credit on new construction of \$13,918,600.

The total estimated construction cost of the four American Export Lines' ships, which are being constructed on a fixed-price bid basis by Sun Shipbuilding & Dry Dock Co., Chester, Pa., will approximate \$36,400,000. The construction-differential subsidy allowance on these ships is estimated at \$17,372,000, and the Government will also pay the cost of national defense features amounting to approximately \$228,000. Four obsolete ships were traded in against this construction for a total allowance of \$2,212,500. These ships have been chartered back to the operator for use during the construction period of the new ships.

The total estimated construction cost of the six new cargo ships for Farrell Lines, Inc., which are being constructed on a fixed-price bid basis by the Ingalls Shipbuilding Corp., Pascagoula, Miss., will

approximate \$65,500,000. The construction-differential subsidy allowance on these ships is estimated at \$31,191,620, and the Government will pay the cost of national defense features amounting to approximately \$1,108,380. Four obsolete ships were traded in against this construction for a total allowance of \$2,176,200; two of these ships have been chartered back to the operator for use during the construction period of the new ships.

The total estimated construction cost of the eight new cargo ships which are being constructed for Lykes Bros. Steamship Co., Inc., by the Bethlehem Steel Co., Shipbuilding Division, Sparrows Point, Md., on a fixed-price bid basis, will approximate \$72,600,000. The construction-differential subsidy allowance on these ships is estimated at \$37,468,000, and the Government will pay the cost of national defense features amounting to approximately \$432,000. Against the new construction of these eight cargo ships, four obsolete ships were traded in for a total allowance of \$1,472,000; these four ships have been chartered back to the operator for use during the construction period of the new ships.

The total estimated construction cost of the two new cargo ships which are being constructed for States Steamship Co., on a fixed-price bid basis, by the National Steel & Shipbuilding Co., San Diego, Calif., will approximate \$23,100,000. The construction-differential subsidy allowance is estimated at \$11,057,426, and the Government will pay the cost of national defense features, amounting to approximately \$142,574. Two obsolete ships were traded in against this construction for a total allowance of \$1,028,000; these ships have been chartered back to the operator for use during the construction period of the new ships.

The total estimated construction cost of 11 new cargo ships, 5 of which are being constructed for United States Lines Co., on a fixed-price bid basis, by the Newport News Shipbuilding & Dry Dock Co., Newport News, Va., and 6 of which are being built on a fixed-price bid basis by Bethlehem Steel Co., Shipbuilding Division, Quincy, Mass., is \$116,100,000. The construction-differential subsidy allowance on these ships is estimated at \$55,746,000, and the Government will pay the cost of national defense features amounting to approximately \$954,000. Thirteen obsolete ships were traded in against this construction for a total allowance of \$7,029,900, and chartered back to the operator for use during the construction period of the new ships.

In addition to the foregoing, the Federal Maritime Board authorized a construction-differential subsidy to American President Lines, Ltd., for aid in the reconstruction and reconditioning of the SS *President Roosevelt* (ex SS *Leilani*). The total estimated cost of this work, which is being performed by the Puget Sound Bridge & Dry Dock Co., Seattle, Wash., is \$9,200,000, with the construction-differential subsidy allowance estimated at \$4,400,000.

The Board, during fiscal year 1961, adjusted to 50 percent the tentative construction-differential subsidy allowance of 33 $\frac{1}{3}$ percent approved in fiscal year 1960, with respect to the SS *Atlantic*, on which

certain reconstruction and reconditioning work was performed for American Export Lines, Inc., by the Sun Shipbuilding & Dry Dock Co., Chester, Pa., at a domestic cost of approximately \$2,400,000, including cost of extras and changes.

Pursuant to the provisions of Public Law 86-607, enacted July 7, 1960, which provided, among other things, for an increase in the maximum construction-differential subsidy allowance from 50-55 percent on certain ships whose keels were laid subsequent to July 30, 1959, the Board during the past fiscal year, authorized amendments to five construction-differential subsidy contracts awarded, and reported in prior Annual Reports, covering the construction of three cargo ships for American Mail Line Ltd.; three combination passenger/cargo ships for Grace Line Inc.; three cargo ships for Mississippi Shipping Co., Inc.; one cargo ship for Moore-McCormack Lines, Inc.; and two cargo ships for Pacific Far East Line, Inc.

On June 30, 1961, there were pending from 7 American-flag operators applications for construction-differential subsidy to aid in the construction of 3 combination passenger/cargo ships, 24 general-purpose dry-cargo ships and 2 dry-bulk cargo ships, and in the reconstruction (jumboizing) of 2 T-2 type tankers, and the reconstruction of 1 C-4 type cargo ship to a roll-on/roll-off type ship. In addition, an application for construction-differential subsidy to aid in the construction of one passenger liner was on hand but was not being actively processed at the close of the fiscal year 1961 because no appropriation for this construction was available. In connection with the applications for construction-differential subsidy on 12 of the general-purpose dry-cargo ships, there were also pending as of June 30, 1961, applications from 3 subsidized operators for trade-in allowances on 14 obsolete ships to be applied against this new construction.

Federal ship mortgage and loan insurance

The Maritime Administration during the fiscal year 1961 executed contracts of insurance for construction loans aggregating \$22,500,000 and mortgage commitments or loans totaling \$72,576,900, financed by bank loans and through sale of bonds to the general public, covering the construction of 13 ships and 1 barge as follows: (a) Farrell Lines, Inc., mortgage loans of \$20 million to cover the construction of 5 cargo ships; (b) States Steamship Co., construction loans of \$9,500,000 and mortgage commitments of \$9,500,000 for 2 cargo ships; (c) American Export Lines, Inc., mortgage loans of \$18 million on 4 recently completed cargo ships to aid in financing the construction of 4 other cargo ships; (d) 1681 Corporation, construction loans of \$13 million and mortgage commitments of \$24,626,900 for construction of two 46,000-ton tankers in lieu of one 106,500-ton tanker for which the loan and mortgage insurance was approved during the preceding fiscal year; (e) Washington Tug & Barge Co., mortgage commitment of \$450,000 for construction of 1 barge.

As of June 30, 1961, there were pending 14 applications for loan and/or mortgage insurance aid covering the construction of 101 ships (including 70 small barges) at a total estimated cost to the applicants of approximately \$163,489,000, on which insurance has been requested covering estimated construction loans of \$95,878,000 and estimated mortgage loans of \$126,610,000.

During the fiscal year 1961, there was one default involving Title XI insurance, as a result of which the Maritime Administration paid to the mortgagee insurance in the amount of \$481,900 consisting of principal of \$474,000 and interest of \$7,900. Pursuant to this default and resulting foreclosure proceedings, the ship, the SS *Coast Progress*, owned by the Coastwise Line, was acquired by the Maritime Administration and will be offered for sale in the coming year.

The continued depression in the shipping industry, particularly with respect to tanker operations, necessitated several advances of principal payments as well as deferrals of principal payments in order to avoid defaults under Title XI insured mortgages which would have required payment of insurance in full. These advances and deferrals were as follows: (a) Nautilus Petroleum Carriers, Inc., advances of 2 quarterly installments of principal aggregating \$221,678 (later repaid) and deferrals of 10 quarterly installments of principal aggregating \$1,200,750; (b) National Transport Corp., an advance of 1 quarterly installment of principal amounting to \$206,100 and deferrals of 8 quarterly installments of principal aggregating \$1,648,800; (c) Transeastern Shipping Corp., advances of 3 quarterly installments of principal aggregating \$272,540 (later repaid \$89,720) and deferrals of 8 quarterly installments of principal aggregating \$778,441; (d) American Eagle Tanker Corp., advances of 2 quarterly installments of principal aggregating \$215,575 and deferrals of 8 quarterly installments of principal aggregating \$862,300; (e) Containerships, Inc., advances of 1 quarterly installment of principal for each of 2 ships aggregating \$84,866 and deferrals of 3 quarterly installments of principal on each of 2 ships aggregating \$254,600; (f) Petrol Shipping Corp., deferrals of 8 quarterly installments of principal aggregating approximately \$844,000; and (g) Tankers and Tramps Corp., deferrals of 8 quarterly installments of principal aggregating \$959,390. Of the total advances of \$1,131,000, approximately \$733,000 was secured by deposits into escrow or restricted fund accounts as collateral for the advances. During the year, mortgage insurance on the SS *Angelo Petri*, a special products tanker, was terminated by the mortgagee.

As of the close of the fiscal year, the outstanding balance of principal of insured mortgage loan and commitment contracts amounted to \$464,119,633, covering 68 ships.

Other forms of construction aid

As of June 30, 1961, balances in 10 construction reserve funds totaled \$17,151,422, compared with \$13,758,878 as of June 30, 1960, in 10 construction reserve funds. Three additional funds were established

during the fiscal year 1961, and deposits were made therein. Three funds were closed by withdrawal. Deposits in the construction reserve funds amounted to \$4,859,673, and withdrawals totaled \$1,467,129.

In addition to mandatory deposits required by statute, voluntary deposits, on a tax-deferred basis, of free earnings of subsidized operators were authorized for four operators in the total amount of \$2,870,712. As at the close of the fiscal year, there were pending applications from three subsidized operators for permission to make voluntary deposits from 1960 free earnings, of approximately \$1,503,807.

Operating-differential subsidy

During the fiscal year no new operating-differential subsidy contracts were executed nor did any of the existing contracts expire. The operating-differential subsidy contract with United States Lines Co., which was scheduled to expire as of December 31, 1961, with respect to the SS *America*, was extended to December 31, 1962.

At the close of the fiscal year there were pending applications for operating-differential subsidy contracts from six American-flag operators, involving services on essential trade routes of the United States. There was also on file one application from an existing subsidized operator for authority to initiate a new subsidized service.

All operating-differential subsidy rates required for the calendar years 1947 through 1957 have been completed with the exception of one wage rate, one subsistence rate, and one protection and indemnity insurance rate, all applicable to calendar year 1957; these were pending before the Federal Maritime Board for approval, as of June 30, 1961. Of a total of 1,085 operating-differential subsidy rates required for the years 1957 through 1960, a total of 656 were completed as of June 30, 1961. There were \$150,142,575 in net subsidy payments (subsidy less recapture) made during fiscal year 1961. A summary of operating-differential subsidy contracts is shown in Appendix A.

Aid involving overage ships

On June 12, 1960, there was enacted Public Law 86-518, which provided for the extension of the economic life from 20 to 25 years of ships delivered on and after January 1, 1946. The enactment of this legislation required the review of all previous authorizations of the Federal Maritime Board permitting the continued payment of operating-differential subsidy payment on ships over 20 years old, or which would become overage prior to the delivery of their scheduled replacements. This review resulted in Board actions (a) extending the statutory life of 116 eligible ships from 20 to 25 years, pursuant to Public Law 86-518; and (b) authorizing the continued payment of operating-differential subsidy on certain other ships not eligible under the provisions of Public Law 86-518, which are now, or will become, 20 years of age prior to the delivery of their scheduled replacements; these ships are shown in Appendix B.

Trade routes

During the year emphasis was given to the essentiality and U.S.-flag requirements for service between Great Lakes ports and major overseas foreign areas. For a developmental period of 4 years beginning with the 1961 navigation season on the Great Lakes, eight essential trade routes between U.S. North Atlantic ports and the following foreign areas were extended to include Great Lakes and St. Lawrence River ports: East Coast South America; West Coast South America; Far East; West Africa; South and East Africa; Australia-New Zealand; Indonesia-Malaya (including Singapore); and India, Persian Gulf and Red Sea.

In addition, the essentiality and U.S.-flag service requirements of six U.S. foreign trade routes were studied, and limited reviews were also made of the service requirements of several other essential routes. These reviews, made in accordance with section 211 (a) and (b) of the Merchant Marine Act, 1936, resulted in a reaffirmation of their essentiality.

Ship Operations and Repair

Oceangoing traffic

During the year some increase was reflected in ship chartering volume. The increase, however, was insufficient to provide full employment of the merchant fleets of the world. The gross registered tonnage of U.S.-flag dry-cargo ships and tankers, idle or in lay-up, as of June 30, 1961, was approximately 12 percent of the world fleet in similar status as compared to 8 percent for the previous year. The volume of U.S. water-borne trade (export and import) during the first 6 months of fiscal year 1961 totaled 124.1 million tons or 8.3 million tons in excess of that for the corresponding period in fiscal year 1960.

In order to assure compliance with the Cargo Preference Act, Public Law 664, 83d Congress, the Maritime Administration continued to maintain close liaison with other U.S. Government agencies. In administration of Public Resolution 17, 73d Congress, 42 general waivers involving 13 nations were approved which permitted ships of such countries to participate up to 50 percent in cargoes financed by the Export-Import Bank. In addition, surveillance continued on 62 general waivers granted in prior years in order to confirm compliance with the terms of the waivers. Cargo moving during the year, under the general waivers granted, provided U.S.-flag ships with more than 50 percent of the total movement.

Charters and general agency operations

As of the end of the fiscal year, 41 Government-owned ships were under bareboat charter, an increase of 8 as compared with the cor-

responding total at the close of the preceding fiscal year. Thirty-eight of these were traded in on construction of new ships and were continued to be used by the former owners to maintain their services until the new ships are completed. The remaining three ships were in the Alaskan trade.

At the beginning of the fiscal year four ships were on assignment to two general agents to meet requirements of the Military Sea Transportation Service. Three of these were refrigerated ships operating in the Pacific area and the other, an experimental Liberty, the G.T.S. *William Patterson*, in the Atlantic/Pacific area. The three refrigerated ships remain in MSTS service. The *Patterson* was redelivered and placed in the Reserve Fleet in March 1961.

Ship custody

At the close of fiscal year 1961 there were 1,923 ships in the reserve fleets. Ships taken into the fleets during the year totaled 200, and 277 were withdrawn, for a net decrease of 77 ships. These ships were assigned to the various fleets as follows:

Hudson River.....	183	Beaumont	219
James River.....	347	Suisun Bay.....	355
Wilmington	204	Astoria	174
Mobile	279	Olympia	162

In accordance with section 11(a) of the Merchant Ship Sales Act of 1946, the 5-year disposal plan for disposal of Liberty ships was re-evaluated. As a result, the retention and re-preservation of 500 Liberty ships over a 2-year period beginning July 1, 1962, is contemplated. These ships would form a reserve for shipping emergencies apart from merchant ship requirements for national defense purposes.

Funds appropriated by Congress for fiscal year 1961 permitted the scheduling of 71 percent of the required preservation work on the 891 priority ships being held for mobilization purposes. Due mainly to the severe winter experienced by the Hudson River Reserve Fleet and to hurricane damage at the James River Reserve Fleet only 88 percent of the total preservation work scheduled was completed during the year.

At the close of fiscal year 1961 there were 134 ships loaded with grain for the account of the Commodity Credit Corporation, Department of Agriculture, which were moored in three of the reserve fleets, representing a net increase of 32 loaded ships over the figure for the preceding year.

Ship repair

During the year, 2,624 inspections were made to verify the necessity for, and the satisfactory completion of, repairs to subsidized ships. In addition, 28 full condition surveys were made to determine ship condition at time of changes in status under subsidy agreements.

A total of 1,560 repair summaries submitted by subsidized operators were reviewed and of the \$25.8 million submitted for subsidy participation, \$0.9 million was determined to be ineligible for subsidy.

Approximately 1,360 other surveys, inspections, and repair cost estimates were made to assure compliance with contractual requirements on ships which were: (a) sold for dismantling and scrapping; (b) traded in and returned to the former owners for operation under Use Agreement; (c) redelivered from Use Agreement and prepared for lay up; (d) operated under preferred mortgage or Title XI mortgage insurance contracts; (e) operated for the Maritime Administration under General Agency Agreement; and (f) exchanged pursuant to Public Law 86-575.

Merchant marine awards

During fiscal year 1961 the Maritime Administration under the authority of Public Law 759 awarded Meritorious Service Medals to the Master of the SS *Meredith Victory*; nine members of life boat crew of MV *Western Pioneer*; and eight members of life boat crew of SS *Esso Bethlehem*. The Gallant Ship Award was bestowed upon the Merchant Marine ships SS *Meredith Victory* and MV *Western Pioneer* under authority of Public Laws 52 and 759.

Research and Development

There was continued during the fiscal year a research and development program directed to achieving greater efficiency and economy in the operation of the American merchant marine. This program has as its major objective the adoption of new and improved scientific and technical advances, thereby providing a strong U.S. maritime industry capable of competing in the world market with a minimum of Government subsidy. The program was organized around several principal areas of research and development; namely, (1) mechanized ship development; (2) advanced ship development; and (3) supporting basic research.

In the area of mechanized ship development, studies were made during the year of ship control systems, power plant systems and auxiliary equipment. In this connection, the following contracts were awarded during the year: Goodyear Aircraft Corp. for the design, development, and fabrication of an experimental radar data computer; United Aircraft Corp. (Norden Division) for the preparation of preliminary designs and specifications for a course computer and steering system; Electric Products Co. for the development and fabrication of an improved type electric winch; Todd Shipyards Corp. for the development of mathematical means of defining and fairing ships' lines and integrating them into computer control of shipyard fabricating equipment.

Projects and efforts in the advanced ship activity were directed to investigation of the potential of new concepts in the maritime field, including nuclear as well as special and high speed applications. In the nuclear aspect of this activity the Maritime Administration and the Atomic Energy Commission continued engineering and development work aimed at achieving the design and construction of nuclear-powered merchant ships which would be economically competitive in foreign commerce. The joint Maritime Administration-Atomic Energy Commission project for the Maritime Gas-Cooled Reactor (MGCR) continued. On the nuclear side, the Atomic Energy Commission was preparing to start construction of an experimental reactor to be utilized while the design of Maritime Administration-financed turbo-machinery entered the final stages. Upon successful operation of the reactor experiment, and completion of the turbo-machinery fabrication, it is planned to bring the two systems together as a prototype for testing purposes. Plans provide for using the AEC National Reactor Testing Station in Idaho for this purpose. The status of construction and proposed test operation of the NS *Savannah*, the world's first nuclear merchant ship, are covered in the section of this report titled "Ship Construction."

The advanced high speed ship development program in fiscal year 1961 was principally directed to the hydrofoil concept. In addition to the H.S. *Denison*, covered in the section of this report titled "Ship Construction," (a) a joint undertaking with the Office of Naval Research, Department of the Navy, was progressing on the development and fabrication of more advanced type foils which may be tested on the *Denison* later; and (b) an operational and economic feasibility analysis of hydrofoil ships in selected services was made for the Maritime Administration by Stanford Research Institute.

In other advanced ship work, design of a ship embodying a surface effect concept was continued. Developments now under way are expected to lead to the design and construction of an experimental ship of this type.

Other projects included: (a) the testing of models in irregular seas including research evaluation of the hydrodynamics of merchant ship turning and steering by the Stevens Institute of Technology; (b) an investigation of methods for increasing ship speeds in high seas by the Massachusetts Institute of Technology; (c) the conduct of propulsion tests on large models by the University of Michigan; (d) work in structural research and mechanics of sea-slamming of merchant ships being conducted by the University of California; and (e) the conduct of cargo-handling studies by the Maritime Cargo Transportation Conference of the National Academy of Sciences.

A significant project in the Agency's research and development program is an operation analysis of world-wide maritime transportation systems by Arthur D. Little, Inc., and George G. Sharp, Inc., which will provide current basic data on factors affecting world-wide maritime transportation. The results of this analysis will be of assistance to the Maritime Administration in identifying and predicting

future trends in volume of cargo movements in the foreign commerce of the United States and the most desirable types of ships to effect such movements. Further, the study will also identify the most feasible areas for future research and development projects. The analysis is expected to be completed early in fiscal year 1963.

Ship Construction

NS Savannah

Construction of the first nuclear-powered merchant ship, the NS *Savannah*, and the servicing ship, the NSV *Atomic Servant*, was completed during the year. Final dockside testing was under way preparatory to loading nuclear fuel aboard the *Savannah*. A contract was entered into with the Stanray Corp. to furnish facilities and services for shipping spent fuel elements removed from the *Savannah* to a reprocessing site.

During the year a nonadjudicatory public hearing was held by the Atomic Energy Commission covering construction and the proposed test operation. The hearing was favorable to the startup, test and trial including nuclear fueling and dockside testing up to 10 percent of full power, followed by completion of tests at full power and builders sea trials.

Regulatory responsibilities over domestic operation of the *Savannah* were established with the signing of a four-agency agreement between the Maritime Administration, the Atomic Energy Commission, the U.S. Public Health Service, and the U.S. Coast Guard, under which each agency agreed to undertake specific responsibilities for the ship. Discussions and negotiations with various European countries continued satisfactorily with respect to the acceptance of the *Savannah* in their ports and harbors.

Advanced ship concepts

Construction of the hull and machinery of the experimental hydrofoil seacraft, H.S. *Denison*, was essentially completed with launching expected early in the fall of 1961. During the fiscal year a contract was executed with Dynamic Developments, Inc., for the test and trial operations of the craft beginning in late fall of 1961. Looking toward the commercial service of the craft, a solicitation was extended during the year to obtain an operator for commercial operation, and responses to the solicitation were being evaluated at the end of the year. The operation will be under agency agreement with the Maritime Administration.

Other construction

During the year the total number of merchant ships under construction, conversion, reconstruction, or on order in U.S. privately

owned shipyards increased from 69 to 86. At the beginning of the period, the 69 under contract consisted of 62 new ships and 7 conversions and reconstructions. During the year, contracts were awarded for 40 new vessels and 13 conversions and reconstructions. Construction of one large tanker was cancelled and replaced by two of smaller size which are included in the above total. During the same period 30 new ships and 6 conversions and reconstructions were completed. Hence, at the end of the year there were 72 new ships and 14 conversions and reconstructions under contract, having a total contract value of approximately \$804.4 million. Of this number, 55 ships having an estimated construction cost of approximately \$622.8 million were under the subsidized operators replacement program.

At the beginning of the fiscal year 40 ships were being constructed under Federal Maritime Board or Maritime Administration contracts under the subsidized operators replacement program. Of these, 16 were completed during the year under Title V, Merchant Marine Act, 1936, as amended; namely, 3 cargo ships for Lykes Bros. Steamship Co., Inc.; 4 cargo ships for American Export Lines; 6 cargo ships for Moore-McCormack Lines; 1 cargo ship for American President Lines; 2 cargo ships for Mississippi Shipping Co.; and one shipside nuclear servicing ship under Public Law 848, 84th Congress.

During the reporting period, Federal Maritime Board or Maritime Administration contracts were awarded for a total of 33 ships, including two hydrographic surveying ships for the Coast and Geodetic Survey and 31 cargo ships. All of the 31 cargo type were awarded under Title V, Merchant Marine Act, 1936, as amended, and are under the subsidized operators replacement programs. Further details are reflected in the section of this report titled "Construction-differential Subsidy." All contract awards are considered as to the applicability of Public Law 805, 84th Congress (amending section 502(f) of the Merchant Marine Act, 1936, as amended), which provides for allocation of contracts under certain conditions. However, during the fiscal year, no need for allocation was found justified, and no contract was awarded under provisions of this allocating authority. A summary of new ship construction as of June 30, 1961, is contained in Appendix C.

Ship conversion and reconstruction

A contract was awarded during the year under Title V, Merchant Marine Act, 1936, for conversion of the SS *President Roosevelt* (ex SS *Leilani*).

Technical developments and accomplishments

The Maritime Administration continued studies of new high-speed cargo ships which are designed essentially around improved cargo handling systems and a preliminary design of one such ship was developed. These studies included an economic analysis simulating a fleet of the proposed ships on a specific multiport subsidized U.S.

foreign trade route and a comparison of the financial results with those of the actual ships serving this route. It was concluded that the proposed ships could be operated on the particular route more profitably and with substantially less subsidy. The results of the studies will be utilized in planning fleet replacements.

Seakeeping instrumentation was placed aboard a new replacement cargo ship, the SS *Mormacpride*, to ascertain the sea state and the ship motion responses thereto under actual operating conditions. This project is intended to provide basic data for more comprehensive model test techniques and to provide additional data for improved ship designs.

A ship's service generating set, under development for approximately the last 2 years, was delivered. The set was designed primarily as a source of power on cargo ships to accommodate all inport electrical loads while the main boilers are secured for maintenance and repair. There was also delivered a waste heat boiler which can utilize the heat from the exhaust of the gas turbine to generate all the steam required by an average cargo ship while in port. Both of these units will be installed, in fiscal year 1962, in a Mariner-type ship for evaluation during the regular operation of the ship.

During the year a contract was executed for the purpose of investigating the performance of a pair of cargo winches whose motions are regulated by a static alternating current controller. When completed, the winches will be installed on a cargo ship for performance evaluation.

Maritime Training

United States Merchant Marine Academy

The United States Merchant Marine Academy, a permanent institution under the provisions of Public Law 415, 84th Congress, had in training during the fiscal year an average of 912 cadets with 169 successfully completing the 4-year course of instruction. All graduates received U.S. merchant marine officer licenses, issued by the U.S. Coast Guard, as third mates (73 in number) or third-assistant engineers (96 in number) of ocean ships; they also received bachelor of science degrees, and, if qualified, commissions as ensigns in the U.S. Naval Reserve.

There were 2,530 candidates for the 1961 incoming class nominated by Members of Congress, 315 of whom will be admitted upon passing the entrance and physical examinations. The nomination of cadets by Members of Congress, pursuant to Public Law 415, 84th Congress, since this practice was instituted in 1957, has continued to improve the national representation by State in the student body.

Due to other commitments it was not possible for the members of the Advisory Board to the United States Merchant Marine Acad-

emy and the Congressional Board of Visitors to schedule their respective annual meetings at the Academy during fiscal year 1961. The Advisory Board, authorized under Public Law 691, 84th Congress, is composed of the following members: Carl L. Bailey, dean of instructions, Concordia College; John E. Burchard, dean, School of Humanities and Social Studies, Massachusetts Institute of Technology; Guy R. Cowing, chairman, formerly president of General Motors Institute; Harvey H. Davis, provost, State University of Iowa; Lewis A. Lapham, chairman of the executive committee, Bankers Trust Co.; Martin A. Mason, dean, School of Engineering, George Washington University; John W. Clark, president, Mississippi Shipping Co., Inc. The Congressional Board of Visitors is composed of: Senators Warren G. Magnuson, Washington (*ex officio*); Clair Engle, California; Clifford P. Case, New Jersey; Edmund S. Muskie, Maine; and Representatives Herbert C. Bonner, North Carolina (*ex officio*); Lester Holtzman, New York; Clifford G. McIntire, Maine; Thomas N. Downing, Virginia; John H. Ray, New York; and Herbert Zelenko, New York.

During fiscal year 1961, the following actions were taken on previous recommendations of these Boards: (a) appropriations of \$250,000 for each of the fiscal years 1961 and 1962 were approved by the Congress for modernization of laboratory facilities at the Academy; (b) courses in atomic and nuclear propulsion were added to the curriculum; (c) H.R. 3158 and S. 576 were introduced containing provisions which will clarify the status of the faculty and administrative staff at the Academy; and (d) under the provisions of section 202 of the Agricultural Act of 1949, as amended, the Academy acquired surplus dairy products which raised the ration allowance to a level consistent with that maintained at the other Federal academies.

Interior furnishings and other necessary equipment have been installed in the memorial chapel. The chapel, a place of worship for all religious denominations, was dedicated on May 1, 1961, and will serve as a National Memorial for all American seamen lost during wartime.

State maritime academies

The State maritime academies at Vallejo, Calif.; Castine, Maine; and Hyannis, Mass.; and the New York State Maritime College at Fort Schuyler, N.Y., had a combined average enrollment of 1,176 cadets for the fiscal year. Pursuant to Public Law 85-672 approximately 1,147 of these cadets received a Government allowance of \$600 each for the purpose of defraying the cost of uniforms, textbooks, and subsistence, and each school received an annual Federal assistance payment of \$75,000 for use in the maintenance and support of the school. There were 266 graduates who received U.S. merchant marine officer licenses as third mates (112 in number) or third assistant engineers (154 in number) of ocean ships from the U.S. Coast Guard, and those who qualified received commissions as ensigns in

the U.S. Naval Reserve. In addition, the graduates were awarded appropriate degrees in their particular major.

Other activities

The Maritime Administration's radar observer training program was continued with three radar observer schools operating in New York, New Orleans, and San Francisco. This program was initiated pursuant to the recommendations of the Safety of Life at Sea Study of the House Merchant Marine and Fisheries Committee (H.R. 2969, January 3, 1957). Since inception of the program in November 1957, over 6,000 certificates of successful completion of the course have been issued to seagoing personnel covering radar fundamentals, operation and use, and interpretation and analysis of radar information. The training of licensed U.S. merchant marine officers in atomic, biological, and chemical warfare, defense fire-fighting, and damage control was also continued. This training is supported jointly by the Maritime Administration and the Military Sea Transportation Service and was available at the above-mentioned centers.

Ship Sales and Transfers

Ship sales

During fiscal year 1958, there was initiated, with the approval of the Department of the Navy, a program to scrap the least desirable of the World War II Liberty-type ships in the National Defense Reserve Fleet. Subsequent reviews and approvals of the Department of the Navy provided for the cumulative scrapping of 339 Liberty-type ships and 102 other types as of June 30, 1961. Under the authority of the Merchant Marine Act, 1936, a total of 168 of these ships, having a collective sales price of \$10,705,116 were sold for scrap during fiscal year 1961. The sale of these ships, plus the sale of 248 during fiscal years 1958, 1959, and 1960 has resulted in a total monetary return to the Government of \$29 million. In addition, the tanker *Transwestern*, acquired by the Government as an exchange ship pursuant to Public Law 86-575, was sold for scrap for \$101,000.

On July 28, 1960, the SS *Leilani*, an 18,298 gross ton combination passenger ship, was sold to the American President Lines for \$3.2 million for operation in the foreign trade of the United States. The *Leilani* was acquired by the Maritime Administration in June 1959, when it was auctioned off after foreclosure proceedings were instituted after default in mortgage payments on a mortgage insured by the Government under the Federal ship mortgage and loan insurance program. In addition, two C1-S-AY1-type ships were sold to the Republic of China under the provisions of Public Law 86-473 for a total of \$102,027, less credit for payments made from 1948 to 1951 and depreciation during that period under a previous contract with China that was cancelled by mutual agreement.

Transfer to foreign ownership and registry

Approvals of applications for the transfer to foreign ownership and/or registry of 975 ships owned by U.S. citizens were granted, pursuant to sections 9 and 37 of the Shipping Act, 1916. Of the total approved, 130 were of 1,000 gross tons and over, and consisted of 20 tankers, 79 dry-cargo ships, 3 cargo-passenger ships, and 28 miscellaneous types (schooners, dredges, barges, etc.). The remaining 845 were of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. Forty-one charters of U.S. privately owned ships to aliens were approved by the Maritime Administration.

In November of 1960, a modification in policy was approved with respect to transfer to foreign ownership and/or registry of ships 3,000 gross tons and over, which provides as a condition of approval of the transfer, that the foreign owner will not charter the transferred ship to other foreign interests for transportation of cargoes to countries within the "Soviet Bloc" and Cuba without the prior approval of the Maritime Administration. Prior approval was given to two such charters during the year under this modification, both of which were on a bareboat basis, to acceptable foreign corporations. During the year another modification of policy was adopted providing for the transfer to Canadian ownership and registry of undocumented vessels without prior approval of the Maritime Administrator, provided the vessel is 65 feet and under in length and/or less than 500 rated horsepower and the buyer is a citizen of, and domiciled in, Canada.

With respect to transfers previously approved with conditions providing for continuing contractual control by the Maritime Administration, there were authorized the: (a) transfer of ownership and flag of 44 ships (35 from foreign ownership and flag to foreign ownership and flag, and 9 from foreign ownership and flag to U.S. ownership and flag); (b) sale of 26 ships from one alien to another alien without transfer of flag; (c) sale of 12 ships by aliens for scrapping in foreign countries; (d) transfer of stock ownership in 7 ships between aliens; (e) abandonment of 1 ship to underwriters; and (f) substitution of contracting parties involving 1 ship.

Shipping Studies and Reports

A number of studies were made throughout the agency, and a variety of reports prepared of national and international significance in the fields of shipping and ship construction. From these studies, comprehensive statistical information was prepared and utilized in hearings before the Congress and the Federal Maritime Board regarding applications for subsidy, rate adjustments, and conference agreements.

The Maritime Administration continued to participate with the National Archives and Records Service in a study to simplify, standardize, and reduce the inordinate number of reports, forms, and

documents required of ocean carriers and shippers. In conjunction with this study, the Secretary of Commerce has established the Water Transportation Facilitation Committee, chaired by the Deputy Under Secretary for Transportation. The purposes of this interdepartmental committee are to foster the coordination of the efforts of the United States Government agencies involved in these matters and to assist the Department of State by developing recommendations on matters related to international travel and transport by sea.

An improved system was instituted for maintaining essential ship characteristic data for every merchant ship in the U.S. fleet for use by the Planning Board for Ocean Shipping, North Atlantic Treaty Organization. These data can now be reproduced rapidly and the essential information concerning types of ships and their detailed characteristics can readily be made available for defense purposes.

Ship and cargo data

During the fiscal year 60,300 ship utilization and performance reports, representing U.S. and foreign-flag operations of ships engaged in the oceanborne freight trade of the United States, were received and processed. Comprehensive statistical information was prepared from these reports and introduced in connection with hearings regarding applications for subsidy, rate adjustments, and conference agreements. Foreign-flag competition was compiled on 53 freight-passenger liner services which are basic in calculating rates for operating-differential subsidy purposes.

Important publications issued during the year were: "Role of United States Flag Ships in Dollar Exchange Savings," "Participation of Principal National Flags in United States Oceanborne Foreign Trade—1959," and "Domestic Oceanborne Great Lakes Commerce of the United States—1959." Among the regular reports which continued to be issued are those shown in Appendixes D, E, and F.

Port development

As reported at the close of the last fiscal year, the Board of Engineers for Rivers and Harbors, Department of the Army, and the Maritime Administration agreed to a revised format for the Port Series, under which the Board of Engineers for Rivers and Harbors will issue a newly designated Part II of the Port Series on an individual port basis, and the Maritime Administration will issue Part I of the Port Series on a regional basis. The first report under this new agreement has been completed by the Maritime Administration, and constitutes a single volume providing coverage of some 60 of our western ports, which for the first time includes seaports in Alaska and Hawaii; this report will be available for distribution and sale early in fiscal year 1962.

Labor data and labor-management relations

Seafaring employment opportunities aboard oceangoing U.S.-flag merchant ships of 1,000 gross tons or over decreased abnormally dur-

ing the closing days of the fiscal year due to the maritime strike in June 1961. Immediately prior to the strike seafaring jobs were at a level of 48,500, a loss of 700 from the 49,200 jobs available as of June 30, 1960. Shipyard employment in the 21 commercial yards capable of constructing ships 475 x 68 feet decreased by 5,900 jobs from the June 1960 employment figure of 56,700 to an estimated 50,800 jobs in June 1961. Of the 21 shipyards included in the June 1960 employment statistics, two yards—Moore Drydock of Oakland, Calif., and Great Lakes Engineering Works at River Rouge, Mich., suspended operations. Employment of longshore labor remained relatively stable during the year with a manpower pool of approximately 70,000 men.

The maritime strike, commencing June 16 and continuing through the close of the fiscal year, produced a pattern of complex issues, further aggravated by the differences in the aims and purposes of the several union and management groups.

Property and Supply

Real property

The real property holdings of the Maritime Administration include reserve shipyards at Richmond, Calif., and Wilmington, N.C.; terminals at Hoboken, N.J., and Norfolk, Va.; warehouses at Kearny, N.J., Baltimore, Md., Norfolk, Va., New Orleans, La., and Richmond, Calif.; a reserve training station at St. Petersburg, Fla., and the Merchant Marine Academy, Kings Point, N.Y.; reserve fleet sites at Tomkins Cove, N.Y., Wilmington, N.C., Mobile, Ala., Lee Hall, Va., Beaumont, Tex., Benicia, Calif., Astoria, Oreg., and Olympia, Wash.

The Maritime Administration continued its program of reevaluating its real property holdings from the standpoint of immediate and future need and maintenance costs with the following results: (a) 65 acres at Manteca, Calif., were declared excess and disposition will be made by the General Services Administration; and (b) the continuation of leases of real property to private interests resulted in rental income for the year of \$347,700 plus an annual savings of \$40,000 in maintenance costs.

Warehouses

In fiscal year 1960 the Maritime Administration promulgated a revised warehousing policy, having as its objective the maintenance of a program primarily for mobilization purposes, and secondarily to provide services for operating ships and programs. Consistent with this policy a concerted effort was made during the year to accelerate the program for assembling and storing at the reserve fleet sites ship sets of outfitting items for the mobilization base ships in the reserve fleets. In addition, the warehouse stock previously maintained in Yokosuka, Japan, was transferred to other Government agencies. At

the end of the fiscal year the warehouse inventories, including administrative equipment stocks, totaled \$33,088,224, a decrease of \$7,701,751 from the previous year.

Material control, inventory, and disposal

A number of contracts were executed with private industry for the lease of Government-owned machine tools and equipment to be used in defense contracts, or in support of merchant marine programs. In addition to the leasing fees, the contracts provide for insurance coverage or bonding to assure that the tools will be returned in as good condition as received, less ordinary wear and tear, with all transportation costs borne by lessees. Revenue from tool rentals was approximately \$346,000 for the fiscal year.

Marine equipment on loan to steamship operators and other Government agencies at the beginning of the fiscal year was valued at \$148,167. Equipment valued at \$548,615 was loaned during the year and at the end of the fiscal year equipment still on loan was valued at \$317,682. User charges collected from steamship operators during the year amounted to \$24,825.

Excess and surplus personal property having a reported original acquisition value of \$5,652,573 was disposed of by the Maritime Administration. This amount includes transfers in foreign countries of property valued at \$82,862. Property having an original acquisition value of \$1,836,760 was disposed of domestically by donation and transfer without exchange of funds. Property having an acquisition value of \$3,732,951 was sold or transferred to other Government agencies with exchange of funds for a return of \$540,678.

There were 92 ship and related inventories accomplished and inventory certificates for consumable stores were processed in the amount of \$31,057 as accounts receivable and \$42,863 as accounts payable. Certificates of overages and shortages were processed in the amount of \$448,355 as accounts receivable and \$21,683 as accounts payable.

Administrative Management

Defense planning

Continued efforts were directed to various aspects of defense planning, including participation in the Industrial Readiness Planning Program designed to equate the supply and demand levels of defense materials essential for survival and retaliation in times of grave emergency. The program within the Maritime Administration enlists the active participation of 1,040 privately owned factories as well as 152 privately owned shipping lines.

In the area of the operation and control of ports, emergency planning was extended to approximately 110 ports and port complexes in the United States, Puerto Rico, and the Virgin Islands.

Also, an emergency port control organization was developed to execute the policies and to perform the functions prescribed in the Maritime Administration's "Manual for the Emergency Utilization and Control of U.S. Ports." This organization will be staffed, in the event of an emergency, by 200 executive reservists who are presently being recruited from the port industry.

In addition to the foregoing, continued efforts were directed to other phases of defense planning which are covered in other sections of the report as appropriate. A detailed account of all such activities is incorporated in the Annual Report of the Joint Committee on Defense Production.

Internal management

The Maritime Administration effected, as were necessary, reorganizations and realignments of functions to provide for more efficient administration of its work programs. A number of surveys and studies were conducted, including those involving the (a) establishment of new and revised policies, procedures and work methods in the Board's administration of its regulatory responsibilities; and (b) determination of the feasibility of adopting an automatic data processing system to improve the Board/Administration's work activities.

Personnel

The composition of the three-member Federal Maritime Board was affected by the expiration of one term and the designation of a new Chairman during the year. The term of office of Mr. Sigfrid B. Unander of Oregon, whose appointment effective January 1, 1960, was approved by the Senate on April 18, 1960, for the remainder of an unexpired term, expired June 30, 1961. Mr. Thomas E. Stakem of Virginia, who was reappointed by the President on May 15, 1958, as a member of the Federal Maritime Board for the 4-year term expiring June 30, 1962, was designated Chairman of the Board by the President on February 23, 1961. By this action, Mr. Stakem replaced Vice Admiral Ralph E. Wilson, USN (Retired), who had been serving as Chairman since July 1, 1960. Thus, Vice Admiral Ralph E. Wilson, who was appointed as a member of the Federal Maritime Board for a 4-year term expiring June 30, 1964, remained as a member of the Federal Maritime Board, whereas the designation of Mr. Stakem as Chairman served to make Mr. Stakem *ex officio* Maritime Administrator, effective February 23, 1961.

During the year ending June 30, 1961, total employment changed by a net reduction of 155 positions, from a total of 2,921 positions on June 30, 1960, to a total of 2,766 on July 1, 1961. The primary reason for the decrease in total employment during the fiscal year was the completion of various phases of reimbursable programs in the eight National Defense Reserve Fleets. More particularly, reductions in the Navy ship preservation program and the agricultural

grain program in the laid-up ships of the reserve fleets compelled the termination of appointments of a number of temporary workers engaged in maintenance and preservation activities.

Finance

Financial relationships with contractors

Activities in this area increased due to the continued depressed conditions in the shipping industry. More frequent and detailed analyses of financial statements were required to protect the Government's interests as mortgagee and insurer of construction and mortgage loans, in the processing of applications for the exchange of war-built ships authorized by Public Law 86-575 and in maintaining and reviewing restricted funds required of mortgagors insured under Title XI of the Merchant Marine Act, 1936, as amended.

Accounting

Accounting operations were maintained on a current basis and in accordance with principles and standards prescribed by the Comptroller General of the United States. Financial statements of the Federal Maritime Board and Maritime Administration are contained in the exhibits and schedules following the text of this report.

Of the 51 agents under National Shipping Authority operations originating in 1951, only 1 was active as of June 30, 1961, and the accounts of 40 had been closed. Release agreements have been executed with 26 of the closed agents. In addition, as of June 30, 1961, the Maritime Administration had one active general agent for the operation of the nuclear ship NS *Savannah* and the servicing ship NSV *Atomic Servant*.

Audits

Under operating-differential subsidy contracts, audits of annual subsidy accountings were completed during the current fiscal year for 12 subsidized operators covering 27 subsidy periods from 1948 through calendar year 1957, resulting in payments to the operators of the final 10 percent of accrued operating-differential subsidy. Expenses eligible for subsidy, except for wages and protection and indemnity insurance, have been audited generally through the calendar year 1959. Wage expenses for nine subsidized operators have been audited through the calendar year 1960, and protection and indemnity insurance expenses generally through the calendar year 1957. These audits permitted payments of up to 90 percent of accrued operating-differential subsidy for such expenses. Audits under bareboat charter agreements have, for the most part, been deferred pending settlements of litigated matters. Audit functions with respect to ship

construction and related contracts are being performed on a current basis. Audits completed during the current fiscal year disclosed approximately \$162,000 in additional recapture due the Government.

Capital and Special Reserve Fund balances as of June 30, 1961, aggregated \$136,884,134 and \$124,620,292 respectively, and are set forth, by operators, in Appendix G. As of the beginning of fiscal year 1961 such balances amounted to \$163,814,376 and \$131,989,929, respectively.

In addition to mandatory deposits, subsidized operators are permitted, with approval of the Maritime Administrator, to make voluntary deposits from earnings otherwise available for dividends into the statutory reserve funds on a tax-deferred basis. During the current fiscal year, voluntary deposits totaled \$2,870,712 and applications in the amount of \$1,503,807 were pending at the close of the fiscal year.

Insurance

The war risk insurance program authorized by Title XII of the Merchant Marine Act, 1936, as amended, was revised effective June 8, 1961, to incorporate changes authorized by the Maritime Administrator, including other changes brought about by revisions in commercial policies. Under the revised program, binders outstanding as of June 30, 1961, were as follows: 982 hull; 914 protection and indemnity; 867 crew life and personal effects. Since the inception of this program net binder fees and binder extension fees of \$633,562 were received, and a total of \$269,090 in fees and expenses was incurred, of which \$218,692 was paid to the underwriting agent.

Collections were continued on monthly premiums on war risk builder's risk insurance underwritten as provided by regulations. From the inception of the program to June 30, 1961, 115 war risk builder's risk policies had been issued and premiums totaling \$1,900,902 were received. War risk insurance on cargoes in the event of war is also provided should commercial insurance not be available on reasonable terms and conditions. Of the 27 contracts executed with cargo underwriting agents, 21 remain in effect.

At the request of the Secretary of the Army (Office of the Chief of Transportation), legal liability insurance was provided, without premium, to a maritime contractor with a limit of \$10 million for the aggregate of all claims arising from the same event. This insurance has been in effect continuously since July 1, 1951, when commercial insurance in the required amount could not be obtained, and has been extended for an additional 90 days commencing July 1, 1961. The arrangement provides for indemnification by the Department of the Army for all losses paid by the Maritime Administrator. To date no claims have been reported.

Under the Maritime Administration self-insurance program, marine hull, war risk and second seamen's insurance continued to be assumed on its Government-owned ships. Second seamen's insurance written at the request of the Department of the Navy, without premium and on a reimbursable basis, remained in effect on 19 Navy contract-

operated tankers. As of June 30, 1961, after 90 months under this arrangement, claim payments totaling \$74,069 were made and approximately \$10,800 set aside as a reserve for pending claims. Under this plan a net premium saving to the Department of the Navy was estimated at \$67,800.

As a result of competitive bids, insurance against protection and indemnity risks was renewed, effective April 1, 1961, with the National Automobile & Casualty Insurance Co., of Los Angeles, covering ships operated by general agents of the National Shipping Authority for the Military Sea Transportation Service.

During fiscal year 1961, under the recapture provisions of the wartime protection and indemnity insurance agreement, \$100,000 was recovered from underwriters; to date recoveries total \$48,100,000. As of June 30, 1961, the commercial underwriters are retaining \$181,582 as a reserve for the settlement of outstanding claims.

Effective April 1, 1961, a new form of marine insurance was required on ships with mortgages insured under Title XI of the Merchant Marine Act, 1936, as amended, except those owned by subsidized operators. This new insurance provides additional protection to the Maritime Administration and mortgagees and is virtually an extension of the principle of the "mortgagee clause" contained in fire insurance policies.

The Maritime Administration approved original insurance or renewals thereof obtained in commercial markets by mortgagors, charterers, and subsidized operators, in the following amounts:

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine Hull.....	\$1,444,086,720	43	57
Marine Protection and Indemnity.....	1,788,166,363	46	54
War Risk Hull.....	2,240,121,606	8	92
War Risk Protection and Indemnity.....	2,005,430,093	3	97

Notes and accounts receivable

Of the balance of accounts receivable on June 30, 1961, totaling approximately \$19 million, an amount approximating \$586,400 represents items on which active collection efforts are being required. The remainder was made up of additional charter hire to be collected at the time of final accountings, amounts referred to the Department of Justice, accrued construction costs to be settled upon completion of ship construction, matters pending in a claim or litigation status, and accounts on the books of the National Shipping Authority general agents. Of billings made during the fiscal year totaling \$27,280,077 only \$579,627, or approximately 2 percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies at the end of the year. This outstanding balance does not include items totaling \$3,054,658, on which collection efforts must await legal and other basic determinations.

The following reflects the claims settled under the Suits in Admiralty Act during the year: five claims, upon which \$1,384,939 was

claimed, were settled in favor of the Government for \$1,090,080 and six claims, upon which \$2,214,345 was claimed, were settled against the Government for \$199,777.

Legal Activities

Legal services and opinions were rendered, for internal and external use, with respect to the programs and activities of the Federal Maritime Board/Maritime Administration. Discussions and contacts were continued with representatives of the shipping industry and other Government agencies with respect to legal matters involved in the administration of the maritime laws, the formulation of policy and the administration of programs related thereto. The more significant legal activities are stated herein.

Litigation

During the fiscal year there was a continuing high volume of activity in litigation involving determinations and orders of the Federal Maritime Board in its regulation of rates, charges, and practices of carriers and others in the foreign commerce of the United States, as well as the offshore domestic trades, and in the administration of the operating-differential subsidy program under the Merchant Marine Act, 1936. Eighty-three such cases were before the courts, including 54 which challenged the validity of certain orders entered by the Board under section 21 of the Shipping Act, 1916.

Cases before the courts which were disposed of included the following: *Kerr Steamship Co., Inc. et al. v. United States and Federal Maritime Board* and *Montship Lines, Ltd., et al. v. Federal Maritime Board and United States*, in which the Courts of Appeals for both the 2d Circuit and D.C. Circuit upheld the Board's authority under section 21 to require production of documents and records of the type in dispute. However, the D.C. Court also held that these particular section 21 orders failed to state, or to state adequately, their purpose and it therefore remanded to the Board for further action the 52 cases which were pending in that Circuit. *Grace Line Inc. v. Federal Maritime Board*, in which the Court of Appeals (2d Cir.) upheld by 2 to 1 vote the Board's decision that Grace, a common carrier as to all other commodities, was also a common carrier as to bananas and had violated the Shipping Act, 1916, in allocating its banana space by special contract to selected shippers (certiorari denied January 9, 1961, by the Supreme Court). *Commonwealth of Puerto Rico v. Federal Maritime Board and United States*, in which the Court of Appeals (D.C. Cir.) vacated the Board's order approving general rate increases in the Atlantic and Gulf-Puerto Rico trade and remanded same to the Board for reconsideration of certain issues affecting the

propriety of the increases; and *Greater Baton Rouge Port Commission and Cargill, Inc. v. United States and Federal Maritime Board*, in which the Court of Appeals (5th Cir.) sustained the Board's findings that agreements for the exclusive lease of a grain elevator and for stevedoring services in connection therewith were both subject to filing and approval under section 15, Shipping Act, 1916, and that the Board correctly disapproved the stevedoring agreement as violative of the act.

Suits under the Merchant Ship Sales Act of 1946 continued to constitute the bulk of pending nonregulatory litigation. The filing of a new suit brought to 15 the suits concerning reactivation expenses incident to 1956 and 1957 charters, involving \$2,410,452 in claims. Still pending are the 44 suits involving Ship Sales Act charters and additional charter hire claims against the Government totaling an estimated \$40 million and claims by the Government exceeding \$5,590,000. In the 14 charter hire cases which the Supreme Court remanded to the Court of Appeals (2d Cir.) for rehearing, the Court of Appeals on May 26, 1961, dismissed 6, 5 of them as time-barred, and remanded 8 to the district court for further determination. In three other charter hire cases, the lower courts decided the world-market rate issues against the Government, and in two of these the court held also that the sliding scale was invalid. In the third the sliding scale issue is still open pending decision on the intent of the parties as to the statute applicable to the charter hire. One Court of Claims suit involving additional charter hire is pending determination of the court's jurisdiction. One suit seeking refund of additional charter hire under the Merchant Marine Act of 1936 was dismissed as moot. Also still pending are three libels claiming refund of contingent basic charter hire under the Domestic Trade Addendum.

Of the suits involving the validity of agreements under section 9 of the Ship Sales Act, two claiming \$283,908 remain undecided; three totaling \$961,247 are pending on motions for reconsideration of a decision against the Government; and one for \$138,624 has been terminated by decision against the Government. One suit for \$384,881 for class work on a vessel purchased by a citizen is pending. Another involving a claim for \$123,635 for repair allowances on a purchased ship was settled for \$11,250. One suit for \$572,308, claiming invalidity of the conditions imposed by this agency on foreign transfers of ships, was decided against the Government. The remaining suit in that category for \$293,950 is pending. Three Court of Claims suits by citizen buyers for desirable-features refunds totaling \$4,100 are pending, and two Court of Claims suits by foreign buyers for desirable-features refunds, claiming a total of \$2,417 were dismissed. Claims totaling \$130,000 by the Government against foreign buyers of ships, for desirable features, were paid in full. Similar claims covering approximately 22 ships are pending.

Other areas of litigation included the following: (a) Termination of the Government's suits to foreclose the mortgage on the SS's

Coast Progress and *John B. Kulukundis*, in the former case by recovery of the vessel, and in the latter case by receipt of \$32,750, leaving an unpaid balance of \$143,033, the collection of all or part of which is being sought from funds held by underwriters; (b) Court of Claims dismissal of the petition of 66 out of 91 enrollees in the U.S. Maritime Service, U.S. Merchant Marine Academy, claiming that their reclassification downward in rank and pay was erroneous, and judgment for the remaining 25 in the amount of \$42,014; (c) consent decree for \$325,000 in settlement of claim against the Government for \$408,979 for alleged improper computation of recapture of profits under ship-construction contracts; (d) settlement of the tanker *Jeanny* litigation (including 59 suits totaling \$6,325,000 for which the Government could have been made ultimately liable) wherein the Government was released from further liability by payment of the sum of \$100,000 to the owner of the ship, Sheffield Tanker Corp., with the shipowner and Todd Shipyards Corp. settling their claims between themselves; (e) settlement of a collision case involving the War Shipping Administration ships *Howard L. Gibson* and *Stephen T. Mather*, and the privately owned *George W. McKnight*, under the terms of which the Government bore only one-half the total damages and collected from its underwriter and from the private owner a total of \$907,683.

Legislation

The Federal Maritime Board/Maritime Administration testified or submitted statements or reports to congressional committees, and reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget on some 150 maritime bills and proposals, the more significant being: authorization for payment of operating-differential subsidy for cruises; clarification of status of faculty and administrative staff at the Merchant Marine Academy; Reorganization Plan No. 7 of 1961, to abolish the Federal Maritime Board and transfer its regulatory functions to a new Federal Maritime Commission and its subsidy and promotional functions to the Secretary of Commerce; authorizing dual rate systems and providing for the operation of steamship conferences; problems of domestic noncontiguous water transportation; Pacific coast 6 percent ship-building differential; authorizing use of capital reserve funds for research and development; to make more current payments on account of operating-differential subsidy; to permit trade-in of obsolete ships either at time of contracting for or at time of delivery of new ships.

Contract administration

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, the details of which were described in other sections of this report. These matters involved considerations of executive and administrative policy and the application and interpretation of statutes and judicial decisions.

International Maritime Affairs

The Maritime Administrator represented the United States at the fourth meeting of the Council of the Intergovernmental Maritime Consultative Organization in January; and a staff officer represented the Maritime Administration on the U.S. delegation at the second meeting of the IMCO Assembly, held in April 1961. Technical matters of importance in the field of shipping, including the initiation of a program to facilitate shipping through the unification and simplification of shipping documents were considered.

The Eleventh Diplomatic Conference on Maritime Law was held from April 17 to 29, 1961, under the joint sponsorship of the Government of Belgium and the International Atomic Energy Agency. The Conference adopted and opened for signature an international convention to unify the legal principles governing the liability of ship-owners for personal injury or death of passengers. It also considered and adopted a text for an international convention to govern the liability of the operators of nuclear-powered ships for nuclear damage. This text is to be submitted for further study to the 53 national governments that sent delegations to the Conference, and a meeting will be held as soon as possible to complete and open the convention for signature. The Maritime Administration, at the request of the State Department, coordinated the work of developing the official U.S. position and provided the chairman of the U.S. delegation to the Conference.

The 13th Meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization met in London during May 1961. A member of the Federal Maritime Board was designated as the chairman of the U.S. delegation. The meeting was attended by government shipping representatives of all the NATO countries, as well as observers from the various NATO naval commands and the international secretariat of NATO. The Maritime Administration was represented on the Special Working Group of PBOS which met in London in January 1961, and at the meeting in Paris of the Senior Civil Emergency Planning Committee of NATO in November 1960.

During the year, staff of the Maritime Administration participated in preparations for the conference to be held next year to adopt a new international convention to prevent the pollution of the seas by oily water discharge from merchant ships. The Maritime Administration also participated in the study and development of the portion of the Paris Liability Convention of 1960 (OEEC) that governs liabilities in connection with the transport of nuclear materials, as well as the continuing work toward a global convention on this subject that is being sponsored by the International Atomic Energy Agency.

In other areas of international significance: (a) the Maritime Administration represented the United States on the Permanent Technical Committee on Ports; (b) the Secretary of State appointed a Maritime Administration official as a member of the United States Na-

tional Commission (and Permanent International Commission) of the Permanent International Association of Navigation Congresses; (c) the agency continued to work closely with the Department of State in providing supervision and instruction programs for foreign nationals training in the maritime field as United Nations fellows or trainees of the International Cooperation Administration; (d) as requested by the International Cooperation Administration, the agency is currently participating in two joint projects, reorganization of the Merchant Marine Training Academy of the Republic of Indonesia, and a similar project with the Maritime Academy of Turkey; and (e) the Maritime Administration furnished consultants to the International Cooperation Administration for projects in Indonesia, the West Indies Federation and the former Belgian Congo.

Regulatory Activities

The Federal Maritime Board continued its efforts to regulate the rates, services, practices, and agreements of common carriers by water in the domestic and foreign commerce of the United States, terminal operators, freight forwarders, and other persons subject to the shipping statutes. The continuing problem of overtonnage resulted in further intensification of the efforts of steamship lines to obtain available cargo. Such efforts gave rise to increased numbers of complaints and protests, both valid and specious, regarding misbillings, misclassifications, rebates, and other unfair practices. In addition, further hearings of the Antitrust Subcommittee, Committee on Judiciary of the House of Representatives, resulted in additional referrals of alleged violations of the shipping statutes.

During the fiscal year, 113 investigative cases were closed, of which 73 were referred by the Antitrust Subcommittee, Committee on Judiciary of the House of Representatives. In addition, 111 informal complaints were resolved where it was determined that no violation existed, where compliance with regulations was obtained administratively, or where formal Board action was taken. At the close of the fiscal year, 153 investigative cases, 12 of which were referred by the above committee, were pending, and 13 were awaiting action by the various offices of the Board pending final disposition. In addition, 119 informal complaints were pending resolution. Investigations have resulted in fines, settlements, and recoveries of \$2,376,278. There were four convictions served and civil proceedings were instituted for the recovery of \$3,962.

Throughout the fiscal year, an evaluation was conducted of the protests and comments submitted by industry pursuant to the rule-making proceedings which were instituted to formulate uniform regulations in the following areas: (a) filing of schedules of rates and tariffs by carriers engaged in the foreign water-borne commerce of the United

States and adoption of a system making these schedules available for public inspection; (b) filing of schedules of passenger rates by carriers engaged in the foreign water-borne commerce of the United States; (c) filing of agreements pursuant to section 15 of the Shipping Act, 1916; (d) filing of schedules of rates and charges of terminal operators; and (e) practices of terminal operators. It is anticipated that all or most of the above proposals will become effective in the first half of fiscal year 1962, particularly those pertaining to foreign commerce. Voicing their objections through diplomatic channels, foreign carriers have expressed strong opposition to these latter proposals. At the close of fiscal year 1961, the Board rendered its decision in Docket Nos. 765/831, which likewise generated a strong reaction. This decision is covered in detail in a subsequent section of this report titled "Proceedings Before Hearing Examiners."

Conference and other agreements

The Federal Maritime Board approved, pursuant to section 15 of the Shipping Act, 1916, 133 new agreements, 76 modifications of agreements and 36 agreement cancellations. Among the significant agreements approved were a new passenger conference from the Pacific coast to Europe, via the Caribbean; a joint agreement between three conferences from the Gulf and South Atlantic area to the United Kingdom and Europe; two new freight conferences from Calcutta, and from the East Coast of India and Pakistan, respectively, to U.S. South Atlantic and Gulf ports; four rate-making agreements covering the U.S. Pacific coast—Guam; Red Sea and Gulf of Aden—U.S. Atlantic and Gulf; Mediterranean and Adriatic ports—U.S. South Atlantic and Gulf; and U.S. Great Lakes—Japan trades, respectively; and a pooling arrangement on coffee in the trade from Brazil to the United States.

The Board, on its own motion, instituted investigations (1) to determine whether an agreement among American-flag berth operators, operating to and from U.S. Atlantic and Gulf ports, is true and complete, and/or whether it is being carried out in a manner in contravention of the Shipping Act, 1916, as amended; (2) regarding the practices, operations, actions and agreements of certain carriers in the westbound trade from Italian, Sicilian and Adriatic ports to U.S. North Atlantic ports; (3) to determine whether the pooling arrangement between Lloyd Brasileiro and Moore-McCormack Lines, Inc., in the trade between U.S. ports and ports in Brazil, would be unjustly discriminatory or detrimental to the commerce of the United States; (4) with respect to an agreement between Isbrandtsen Steamship Co., Inc., Isbrandtsen Co., Inc., and American Export Lines, Inc., governing the sale and transfer of ships; and (5) to determine the lawfulness of a new rate agreement of the present members of the Atlantic and Gulf/Puerto Rico Conference, filed to replace the presently approved agreement of that conference.

The Board also issued an order to the Pacific Coast European Conference to show cause why the basic conference agreement should

not be cancelled for failure by the member lines to comply with staff requests for information, and various Board directives, regarding activities of the conference.

Rates—foreign

A total of 33,466 rate filings were received covering carriage of freight and passengers, representing an increase of approximately 1,000 over fiscal year 1960. General increases in freight and passenger rates were received which ranged from 5 to 12 percent in most trades. Increased operating costs of the carriers were cited as the major factor necessitating such increases.

Examination was made of tariff filings for potentially discriminatory rates and practices, ambiguous tariff distributions and classifications which might lead to improper rate classifications, and for other unlawful tariff practices. A number of rate studies and analyses were made to develop information in connection with informal investigations and for formal proceedings pending before the Board. Information and advice was furnished to carriers and shippers, other Government agencies, and the public, with respect to interpretations of tariff provisions, special rate information and analysis, and individual rates and tariff classifications.

Rates—U.S. offshore domestic

A total of 2,926 freight and passenger tariff filings was received during the year, a decrease of 749 filings from the previous year. Fifty-one of these filings were rejected for noncompliance with the applicable statute or Board regulation, or for failure to comply with a Board order in a docketed proceeding. Eighty applications were processed in which applicants sought special permission to establish changes in rates and fares on less than 30 days' statutory notice, to waive the "freeze" provisions (i.e., provisions directing that no change be made in suspended matter without Board permission) of a Board order in a docketed proceeding, or to waive Board rules or regulations. The Board approved 67 of the applications and denied 4, while 9 were withdrawn by the applicants. Ninety-seven reports were submitted to the Board recommending action on rate increases, reductions, or other tariff matters affecting the public interest. Seventy-two orders or amendments thereto were prepared for Board approval.

The Board, on its own motion or upon protest, instituted investigations into various rate changes. As a result, all domestic offshore trades are currently under investigation with the exception of the Virgin Islands trade. As part of these investigations, the Board issued 17 suspension orders, including those containing freeze provisions.

Terminals

A total of 3,144 tariff filings was received and examined during the fiscal year, an increase of 685 over the previous fiscal year. There were 13 informal complaints pending at the beginning of the year and 20 more were received. Twenty-three of these complaints were

satisfactorily concluded during the year and 10 were pending at the close of the fiscal year.

There are 13 terminal conferences covering 127 parties and providing for joint consultation and fixing of terminal charges on file and approved pursuant to that section and 5 agreements, with 61 parties covering free time and demurrage on import cargo at New York harbor and 17 agreements with 34 parties covering leases or berth assignments.

In late 1960, terminal operators in the port areas of Seattle and Portland became involved in a competitive situation which resulted in the granting of excessive free time and free storage. As the time allowed became more and more excessive, the Board instituted an investigation and formal hearing into the situation and requested the operators to desist from these practices pending the outcome of the proceedings. Through informal negotiation with the operators voluntary withdrawal of the excessive provisions from their tariffs was secured and the formal proceeding was dismissed.

Freight forwarders

The total number of ocean freight forwarders registered pursuant to the Board's General Order 72, as amended, at the close of this fiscal year was 1,721. This includes 198 new registrations offset by 62 cancellations or an increase of 136 forwarders over last fiscal year.

Proceedings Before Hearing Examiners

In the annual report for fiscal year 1960, 901 proceedings were reported as pending at the close of the fiscal year. Of these cases 800 were sub-numbers to Docket No. 847. Since these cases involve reparation claims of a nonrecurring nature and will be heard as one proceeding, they are reported herein as one case. Consequently, at the beginning of this fiscal year, 101 formal proceedings were pending and there were filed during the fiscal year 42 regulatory and 13 subsidy cases; 1 case was returned to the docket for further proceeding by court remand; in addition, 1 case was appealed to the court, making a total of 158 cases. The Board heard oral argument on 23 cases, the Administrator or Deputy Administrator held 6 hearings, and final reports were issued in 34 cases. Twenty-six cases were disposed of without report. The examiners conducted 31 hearings and issued 18 recommended or initial decisions.

Final decisions of the Board or Administrator

Docket No. 765—*Investigation of Practices, Operations, Actions, and Agreements of Ocean Freight Forwarders and Related Matters, and Proposed Revision of General Order 72 (46 CFR 244)*—Docket No. 831—*Investigation of Practices and Agreements of Common Carriers by Water in Connection with Payment of Brokerage or Other Fees to Ocean Freight Forwarders and Freight Brokers*. It

was found in these proceedings, which were consolidated for hearing, that (a) performance by forwarders of forwarding services free of charge or at non-compensatory charges to shippers, and receipt of brokerage from carriers on the shipments, constituted a violation of section 16, Shipping Act, 1916; (b) forwarders in assessing charges to shippers in varying amounts, adding disguised markups to charges for accessorial services, and performing forwarding services free or at noncompensatory charges for some shippers and not for others, practiced undue or unreasonable preference and prejudice, in violation of section 16 First, of the act, and were engaged in unjust and unreasonable practices in violation of section 17 of the act; (c) forwarders have failed to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, etc., and their practices in this regard were unjust and unreasonable, and were in violation of section 17 of the act; (d) performance by carriers of forwarding free or at noncompensatory charges was a rebate in violation of section 16 Second of the act; (e) brokerage payments by carriers resulting in rebates as stated above was an unjust and unreasonable practice in violation of section 17 of the act; and (f) such violations of the act occurred regularly, and unjust and unreasonable practices existed. It was further found that forwarders and carriers entered into, and carried out, agreements or arrangements providing for regulation of competition, pooling or apportioning of earnings, or cooperative working arrangements, in connection with the performance of forwarding services, without prior approval of the Board, in violation of Section 15 of the act. In addition, it was found that the findings in prior decisions cited in order in Docket No. 831, that agreements between carriers prohibiting payment of brokerage or limiting brokerage to less than 1¼ percent of freight charges, are or would be detrimental to the commerce of the United States, were no longer valid.

Docket No. 802—*Misclassification and Misbilling of Glass Tumblers and Other Manufactured Glassware Items as Jars*. Respondent shippers were found to have knowingly and willfully misclassified shipments of glass tumblers and other glassware items, obtaining transportation at rates less than would otherwise have been available, in violation of section 16, Shipping Act, 1916. Respondent carriers were found to have allowed transportation of glassware at less than the applicable rates established and enforced by them, in violation of section 16 Second, of the act. The matter was referred to the Department of Justice.

Docket No. 815—*Common Carriers by Water—Status of Express Companies, Truck Lines and Other Non-Vessel Carriers*. It was found that any person or business association who holds himself out by the establishment and maintenance of tariffs, by advertisement and solicitation, or otherwise, to provide transportation for hire by water in interstate or foreign commerce, assumes responsibility or has liability imposed by law for the safe transportation of the shipments, and arranges in his own name with underlying water carriers for performance of such transportation, whether or not owning or controlling the means by which such transportation is effected, is a common carrier by water, as defined in the Shipping Act, 1916.

Docket No. 819—*Absorption or Equalization of Inland Freight Charges in Connection with Transportation by Water of Explosives*. It was found that the shipper respondent had knowingly obtained transportation by water for certain shipments at less than the rates or charges otherwise applicable, by means of an unjust or unfair device, in violation of section 16, Shipping Act, 1916; and that the carrier respondents had allowed the shipper to obtain transportation at less than the regular rates by means of an unjust or unfair device, had given that shipper undue or unreasonable prejudice or disadvantage, and had unjustly discriminated between shippers of explosives, in violation of sections 16 First and Second, and section 17 of the act.

Docket No. 827, 827 (Sub. No. 1)—*Philip R. Consolo v. Flota Mercante Gran-colombiana, S.A.* Complainant was found injured to the extent of \$143,370.98 by respondent's refusal to allocate between August 23, 1957, and July 12, 1959,

refrigerated space on respondent's vessels for the carriage of bananas from Ecuador to U.S. North Atlantic ports, and reparation awarded for such amount.

Docket No. 833—*Maatschappij "Zee-transport" N. V. (Oranje Line) et al. v. Anchor Line Limited et al.* On reconsideration after reargument, the proceeding having been reopened by the Board on its own motion, it was found that certain of the respondents had violated section 15 of the Shipping Act, 1916, by entering into and failing to file with the Board for approval agreements fixing or regulating transportation rates, and allotting ports or restricting or otherwise regulating the number and character of sailings between ports, and providing for exclusive, preferential, or cooperative working arrangements. A discussion of the prior decisions, made jointly in Dockets Nos. 833, 840, and 843, which is reversed as to the above issues, is included in the Board's Annual Report for fiscal year 1960.

Docket No. 848—*Classification of Paper Products by Rubin, Rubin, & Rubin Corporation, N. N. Serper & Company, and Academy Forwarding Corporation.* Respondents, forwarders of paper products from New York to Puerto Rico, were found to have knowingly and willfully, by means of false classification, obtained transportation by water for property at less than the rates or charges which otherwise would be applicable, in violation of section 16, Shipping Act, 1916.

Docket No. 849—*Agreement and Practices Pertaining to Freightage Agreement Gulf and South Atlantic Havana Steamship Conference (Agreement No. 4188)*—Docket No. 851—*In the Matter of Approval of Article I of Freightage Agreement (G-13) of Gulf and South Atlantic Havana Steamship Conference (Agreement No. 4188)*—Docket No. 854—*Swift & Company and Swift and Co. Packers v. Gulf and South Atlantic Havana Steamship Conference, et al.* It was found in these proceedings, which were consolidated for hearing, that the provision of freightage agreement proposed by members of the conference to cover cargo originating at any inland port or place and moving via or exported by way of any river or inland waterway terminating at, touching, or flowing through any Gulf or South Atlantic port of the United States constituted a modification of an agreement by a common carrier by water with another such carrier under section 15 of the Shipping Act, 1916, and must be filed with the Board; also that such provision contravened section 15, and the carrying out thereof violated sections 14 Third, 16 and 17 of the act. Complainant in No. 854 was awarded reparation for damages due to such violations.

Docket No. 853—*Raymond International, Inc. v. Venezuelan Line.* It was found that the classification of fibre forms for concrete was correct, and that the rate charged on a shipment of fibre concrete forms from the port of New York, N.Y., to Las Piedras, Venezuela, was not in violation of sections 15, 16, or 17, Shipping Act, 1916.

Docket No. 868—*Misclassification of Diatomaceous or Infusorial Earth as Silica.* It was found that shipper and forwarder respondents did not knowingly and willfully by false classification obtain transportation for diatomaceous silica from New Orleans, La., to European and South African destinations at less than the rates or charges which would otherwise be applicable in violation of the first paragraph of section 16, Shipping Act, 1916; and that carrier respondents did not allow shippers and forwarders to obtain transportation for such shipments at less than the regular rates or charges then established and enforced on the line of such carriers in violation of the second paragraph of section 16, Shipping Act, 1916, as amended.

Docket No. 871—*Investigation of Certain Storage Practices of Pacific Far East Line, Inc., Trans-Oceanic Agencies, States Steamship Co., and Howard Terminals at the Ports of Stockton and Oakland, Calif.* It was found, that by offering and providing storage on imports at Stockton and Oakland, Calif., at free or reduced rates without tariffs, with a lack of uniformity as between different shippers and commodities, and by acting in conjunction with each other, respondents Pacific Far East Line, Inc., States Steamship Co. (common carriers by water), and Trans-Oceanic Agencies as a partnership of two individuals, Trans-Oceanic Agencies, Inc., and Howard Terminals (other persons subject to the Shipping Act, 1916), were in violation of sections 16 and 17 of the act.

Docket No. 879—*Investigation of Certain Storage Practices of the Port of Longview Commission at the Port of Longview, Washington.* It was found that practices of respondent of granting certain free time and storage privileges at Longview, Wash., under terms not authorized by its tariff were unduly prejudicial and preferential in violation of section 16, and were unjust and unreasonable in violation of section 17, Shipping Act, 1916, and a cease and desist order was entered.

Docket No. 889—*Unapproved Section 15 Agreement—North Atlantic/Baltic Trade.* Respondents Moore-McCormack Lines, Inc., Swedish American Line and Transatlantic Steamship Co., Ltd., were found not to have entered into or carried out before approval under section 15, Shipping Act, 1916, during 1958 or prior thereto an agreement affecting westbound trade from Gothenburg, Sweden, to United States North Atlantic ports. Agreement No. 7549, as amended, was found to have been lawfully carried out in a fashion consistent with its terms, as heretofore approved by the Board, and should not be disapproved.

Docket No. S-57 (Sub. No. 5)—*Application of States Marine Lines, Inc. for Permission Under Section 805(a), Merchant Marine Act, 1936.* Permission was granted to States Marine Lines, Inc., (a) permitting continuance, in the event an operating-differential subsidy is awarded States Marine Lines, Inc., of the operation of the SS *Alaskan*, a tanker owned by Oil Transport, Inc., an affiliate of States Marine Lines, Inc., in the transportation of chemicals, petro-chemicals and lubricating oil in domestic commerce between U.S. Pacific ports on the one hand and U.S. Gulf and Atlantic ports on the other; and (b) permitting the *Alaskan* to be chartered for the carriage of petroleum in the domestic trades, since granting of the permission found (1) not to result in unfair competition to any person, firm or corporation operating exclusively in the coastwise or inter-coastal service, and (2) not to be prejudicial to the objects and policy of the Merchant Marine Act, 1936, as amended.

Docket No. S-60 (Sub. No. 2)—*Isbrandtsen Co., Inc.—Waiver Under Section 804, Merchant Marine Act, 1936—Docket No. S-64 (Sub. No. 1)—Isbrandtsen Co., Inc.—Waiver Under Section 804, Merchant Marine Act 1936.* Special circumstances and good cause were shown to justify waiver of the provisions of section 804 of the Merchant Marine Act, 1936, permitting Jakob Isbrandtsen, president and director of Isbrandtsen Co., Inc., to retain ownership in shares of stock of Canadian Foreign Steamship Co., Inc., a British company operating foreign flag vessels. Waiver of 2 years was granted, subject to a cancellation upon 90 days' notice to the operator.

Docket No. S-65—*Lykes Bros. Steamship Co., Inc., and Bloomfield Steamship Co.—Applications to Extend Services on Trade Route No. 21.* It was found that service already provided by vessels of U.S. registry from East Gulf ports other than Tampa, Port Tampa, and Boca Grande was inadequate, and in the accomplishment of the purposes and policy of the Merchant Marine Act, 1936, as amended, additional vessels should be operated in service between these ports and East Coast U.K./Continent; and that section 605(c) of said act was no bar to granting of applications of Lykes Bros. Steamship Co., Inc., and Bloomfield Steamship Co. for extension of service in said trade.

Docket No. S-73—*Waterman Steamship Corp.—Application for Operating-Differential Subsidy (as to Section 805(a) Issues Only)*—The following findings were made: (1) Waterman Steamship Corp., as predecessor in interest of its subsidiary, Waterman Steamship Corp., Puerto Rico, had "grandfather rights" under section 805(a) of the Merchant Marine Act, 1936, to the extent of 26 sailings annually between New Orleans, La., and Mobile, Ala., and ports in Puerto Rico; (2) permission was granted its subsidiary Waterman Steamship Corp., Puerto Rico, to continue service between U.S. Gulf of Mexico ports (east of and including New Orleans) and Puerto Rico; (3) permission was granted to continue service by its affiliate, Pan-Atlantic Steamship Corp. (now Sea-Land Service, Inc.) between U.S. Atlantic ports and ports in Puerto Rico; (4) its affiliate, Pan-Atlantic Steamship Corp. (Sea-Land Service, Inc.), had "grandfather rights" under section 805(a) of the act in southbound service from New York to New Orleans to the extent of 53 voyages using not more than

four vessels, but does not have any such rights in northbound service from New Orleans to New York; (5) permission was denied to provide trailership service by its affiliate, Pan-Atlantic Steamship Corp. (Sea-Land Service, Inc.) northbound from New Orleans to New York; (6) permission was granted to provide two-vessel weekly trailership service between Port Newark, N.J., and Houston, Tex.; (7) permission was granted to charter SS *Clairborne* and SS *Monarch of the Seas* to Waterman, Puerto Rico, for operation between Gulf of Mexico ports and Puerto Rico; (8) permission was granted to charter or sub-charter SS *Bienville*, SS *Raphael Semmes*, SS *Fairland*, SS *Azalea City* and SS *Gateway City* to Pan-Atlantic (Sea-Land Service, Inc.) for operation between ports on the U.S. Atlantic and Gulf of Mexico coasts and in the U.S. Atlantic/Puerto Rico trade; (9) permission was granted to act as general agent for Waterman, Puerto Rico, in the United States; and (10) Erie and St. Lawrence Corporation and Containerships, Inc., petitions to intervene were denied.

Docket No. S-73 (Sub. No. 1)—*Waterman Steamship Corp.—Application for Section 805(a) Permission*. Permission was granted for Waterman Steamship Corp. to engage in domestic coastwise service between U.S. Pacific Coast ports and ports in Puerto Rico, for continuation of the pecuniary interest of McLean Industries, Inc., and the officers and directors of McLean Industries, Inc., and Waterman in Waterman Steamship Corp., and for continuation of the agency arrangements between Waterman and its subsidiaries, Waterman Corp. of California and Waterman Steamship Corp. of Puerto Rico, in connection with such service.

Docket No. S-73 (Sub. No. 2)—*Waterman Steamship Corp.—Application Under Section 804 of the Merchant Marine Act of 1936, As Amended*. Permission was granted for: (1) Waterman Steamship Corp. of Puerto Rico to act as agent for Hamburg-Amerika Linie, a West German operator of foreign flag vessels competing with essential American-flag service and (2) permission for Waterman Lines (Antwerp) S. A. and Waterman Lijnen (Rotterdam) N. V. to act as agent for Geo. H. Scales, Ltd., and Waterman Lines (Antwerp) S. A. to act as agent for Moor Line, Ltd.

Docket No. S-91—*Grace Line, Inc.—Application to Serve Port-au-Prince, Haiti, from U.S. Atlantic Ports*. The Board approved service of Grace Line, Inc., to Port-au-Prince, Haiti, from U.S. Atlantic ports. It was found that existing service by vessels of United States registry operated on a service, route or line served by citizens of the United States was inadequate and that in the accomplishment of the purposes and policy of the Merchant Marine Act, 1936, additional vessels should be operated thereon.

Docket No. S-113—*In Re Grace Line Inc., Trade Route 33, Line D (Great Lakes-Caribbean)*. Denied request by Grace Line for modification pursuant to section 606(4), Merchant Marine Act, 1936, as amended, of Operating-Differential Subsidy Agreement and a rescission of its provisions obligating Grace Line each year during the period of the Agreement to maintain and operate the vessels on the berth service designated "Line D—Trade Route No. 33—Great Lakes/Caribbean," on the grounds that it could not maintain and operate its vessels with a reasonable profit on its investment. However, the contract was modified to exclude route 33, line D, from the contract upon consent by Grace Line to the amendment, on conditions set forth in the Board's report.

Docket No. S-114—*Gulf & South American Steamship Co., Inc.* It was found that the operation of northbound Chinese-flag ships by Compania Sud Americana Vapores on Essential Trade Route No. 31 (U.S. Gulf Coast/West Coast South America) in 1958 did not constitute liner berth service and should not be given effect in determining the substantiality and extent of foreign flag competition for the purpose of determining operating-differential subsidy rates for 1959 for Gulf & South American Steamship Co.

Applications Under section 805(a), Merchant Marine Act, 1936: Docket No. S-115—*Moore-McCormack Lines, Inc.*; Docket No. S-117—*Pacific Far East Line, Inc.*; Docket No. S-118—*American Export Lines, Inc.*; Docket No. S-119—*Moore-McCormack Lines, Inc.*; Docket No. S-122—*Moore-McCormack Lines, Inc.*; Docket No. S-123—*The Oceanic Steamship Co.*; and Docket No. S-125—*Moore-*

McCormack Lines, Inc. The foregoing dockets all involved subsidized operators' applications for written permissions, under section 805(a), to engage in the coastwise or intercoastal trade; each operator's application requested permission for one voyage, except in Docket S-118 which involved an application for continuance of certain domestic intercoastal or coastwise services and Docket S-123 which covered a charter request for a period of 2 to 4 months for operation in the intercoastal service. Permissions were granted, since it was found that under each specific circumstance the granting of the permission was found not to result in unfair competition to any person, firm, or corporation engaged exclusively in the coastwise or intercoastal trade and not to be prejudicial to the objects and policy of the Merchant Marine Act, 1936.

Decisions of hearing examiners

Docket No. 857—*Evans Cooperage Co., Inc. v. Board of Commissioners of the Port of New Orleans*. It was found that the practice of assessing a wharf tollage charge on cargo transferred from barge to ocean vessel moored at respondent's wharf, without cargo moving across wharf, was not unreasonable or unduly prejudicial.

Docket No. 869—*Pacific Coast/Hawaii and Atlantic-Gulf/Hawaiian General Increases in Rates*. The increased rates of Matson Navigation Co. for the transportation of property between the Pacific and Hawaii were found not to be unreasonable.

Docket No. 880—*United States Atlantic & Gulf-Puerto Rico Conference v. Pan-Atlantic Steamship Corp.* It was found that the tariff of the respondent naming pickup and delivery rates in Puerto Rico provides for bona fide terminal services incidental to common carriage by water between New York Harbor and ports in Puerto Rico, and as such is subject to the jurisdiction of the Board and is lawfully on file; that these rates, lower than the going truck rates within Puerto Rico, were not shown to result in rebates to shippers or consignees, in violation of section 2 of the Intercoastal Shipping Act, 1933, or section 16, Shipping Act, 1916; and that contract truckers performing the pickup and delivery service on behalf of the respondent were not common carriers by water or other persons subject to the Shipping Act, 1916, and their contracts with the respondents were not subject to approval of the Board under section 15 of the statute. Dismissal of the complaint and petition for declaratory order was recommended. After issuance of this recommended decision, the complaint was withdrawn by the complainant.

Docket No. 892—*States Marine Lines—Hohenberg Bros.—Violation of Section 16*. Respondent States Marine Lines, Inc., a carrier, and Hohenberg Bros. Company, a shipper, in refunding and accepting a refund, respectively, on cotton shipped from San Francisco, Calif., to Bremen, Germany, in January 1958, were found to have knowingly and willfully violated section 16, Shipping Act, 1916.

Docket No. 908—*Japan-Atlantic and Gulf Freight Conference—Fidelity Commission System*. It was found that (a) F.M.B. Agreement No. 3103-15 embracing the Fidelity Commission System is a substantial modification of the basic agreement of the Conference, and requires approval under section 15, Shipping Act, 1916; (b) the proposed Fidelity Commission System contingent upon certain amendment of its terms and tariff would not provide for deferred rebates and would not be in violation of section 14 First, of the act; (c) the Fidelity Commission System is not a predatory device designed to stifle the competition of independent carriers in violation of section 14 Third, of the act, but that its main purposes are to limit competition between member lines of the Conference, and to prevent resultant rate chaos and rate wars; (d) there is a substantial need shown for the proposed Fidelity Commission System to promote stability in the trade from Japan, Korea, and Okinawa to U.S. Gulf and Atlantic ports; (e) the proposed Fidelity Commission System as contingently amended is not unjustly discriminatory or unfair as between carriers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors,

or detrimental to the commerce of the United States, or in violation of the Shipping Act, 1916; and (f) the agreement embracing the proposed Fidelity Commission System should be approved contingent upon certain amendment of the agreement and tariff.

Examiners also issued decisions in Dockets Nos. 827, 827 (Sub. No. 1), 868, 871, 879, 889, S-57 (Sub. No. 5), S-65, S-73 (Sub. No. 1), S-73 (Sub. No. 2), S-91, S-114, and S-123, described above under "Final decision of the Board or Administrator."

Pending proceedings

At the close of the fiscal year there were 95 pending proceedings, of which 51 were initiated on the Board's own motion, and the remainder were instituted by formal complaints and applications filed by conferences, trade associations, shippers, individual steamship operators and others.

FINANCIAL STATEMENTS

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE**

Balance Sheet—June 30, 1961 and 1960

ASSETS	JUNE 30		LIABILITIES	JUNE 30	
	1961	1960		1961	1960
CASH:			ACCOUNTS PAYABLE AND OTHER LIABILITIES:		
Fund Balances with U.S. Treasury:			U.S. Government agencies:		
Operating funds.....	\$320,402,711	\$305,944,729	Advances.....	\$68,182,970	\$64,438,635
Trust and deposit funds.....	10,351,556	9,740,474	Amounts withheld and contributed for payment		
Allocations from other agencies.....	10,174,831	9,849,443	of federal taxes.....	688,499	651,329
			Accounts payable and accrued liabilities.....	363,843	107,574
Cash in banks.....	340,929,098	325,534,646			
Cash on hand and in transit.....	808,523	926,425		69,235,312	65,197,538
	166,362	650,870	OTHER:		
	341,903,983	327,111,741	Accrued estimated operating-differential sub-		
ADVANCES:			sidies less estimated recapturable subsidies of	160,272,553	133,554,410
U.S. Government agencies.....	354,257	762,225	\$188,032,725, 1961; \$184,503,195, 1960 (note 6) ..		
Others.....	51,768	23,070	Amounts due shipbuilders for construction of		
			vessels.....	27,551,972	20,370,200
	406,025	790,295	Unclaimed wages of seamen and others.....	7,415,045	7,369,880
NOTES AND ACCOUNTS RECEIVABLE:			Vessel trade-in allowances payable.....	7,915,476	3,640,095
U.S. Government agencies.....	824,762	411,799	Other accounts payable and accrued accounts..	3,028,358	4,425,889
Domestic firms and individuals.....	19,627,679	19,027,437	Accrued annual leave.....	2,881,592	2,693,258
Foreign governments and nationals.....	338,369	552,324	Amounts withheld from employees for purchase		
			of savings bonds and payment of state and		
	20,790,810	19,991,560	local taxes.....	46,092	46,375
Less: Allowance for doubtful notes and accounts..	2,410,587	1,878,550	Deposits by contractors, amounts related to un-		
			consummated transactions and unallocated		
	18,380,223	18,113,010	collection.....	1,279,177	494,541
ACCRUED INTEREST (note 2):			Miscellaneous deferred credits.....	454,321	290,563
On mortgage loans receivable:				210,844,586	172,885,211
Domestic firms and individuals.....	1,116,694	* 1,281,568		280,079,898	238,082,749
Foreign governments and nationals.....	134,852	* 207,429	NET UNTERMINATED VOYAGE REVENUE (unterminated		
On notes and accounts receivable.....	48,872	99,362	voyage revenue less unexpired voyage expense		
			totaling \$51,984, 1961; \$61,420, 1960).....	32,119	26,042
	1,300,418	1,588,359	FUNDS BORROWED FROM U.S. TREASURY BY THE		
MATERIALS AND SUPPLIES (note 3).....	7,612,096	9,652,915	FEDERAL SHIP MORTGAGE INSURANCE REVOLVING		
			FUND.....	1,400,000	1,400,000
			EQUITY OF THE UNITED STATES GOVERNMENT (ex-		
			hibit 3).....	3,962,891,786	3,032,442,466

LOANS RECEIVABLE (note 2):			
Mortgage Loans:			
Domestic firms and individuals.....	135,346,352	154,402,119	
Foreign governments and nationals.....	15,491,139	23,961,745	
Other loans.....	779,083	65,165	
	<u>151,616,574</u>	<u>178,429,029</u>	
VESSLS OWNED (at cost or assigned amounts) (note 4)..	4,267,568,453	4,297,106,474	
Less: Allowance for losses from scrapping of obsolete vessels.....	831,034,272	1,845,312,430	
	<u>3,436,534,181</u>	<u>2,451,794,044</u>	
VESSLS UNDER CONSTRUCTION (note 5).....	91,603,769	87,217,299	
LAND AND SITE DEVELOPMENT, STRUCTURES AND EQUIPMENT (at cost, estimated cost or assigned amounts) (note 4):			
Reserve shipyards.....	63,705,985	63,127,577	
Marine terminals.....	43,459,649	44,239,206	
Maritime service training facilities.....	24,005,018	23,575,181	
Reserve fleet sites.....	22,082,605	20,674,491	
Warehouses.....	3,764,014	3,790,707	
Administrative offices.....	2,000,732	1,849,492	
Closed installations—permitted or leased.....	1,531,854	1,152,615	
	<u>160,549,857</u>	<u>158,409,269</u>	
Construction in progress.....	5,644,561	4,969,840	
	<u>166,194,418</u>	<u>163,379,109</u>	
OTHER ASSETS:			
Mobilization inventories of materials and supplies (note 3).....	28,047,186	33,271,974	
Deferred charges and other miscellaneous items..	804,930	603,482	
	<u>28,852,116</u>	<u>33,875,456</u>	
	<u>\$4,244,403,803</u>	<u>\$3,271,951,257</u>	
			<u>\$4,244,403,803</u> <u>\$3,271,951,257</u>

The notes to financial statements are an integral part of this statement.

* Reported as one amount as of June 30, 1960.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE**

Statement of Operations for the Years Ended June 30, 1961 and 1960

	YEAR ENDED JUNE 30	
	1961	1960
OPERATIONS OF MARITIME ADMINISTRATION:		
Operating activities:		
Revenue and reimbursements:		
Maintenance of reserve fleet vessels.....	\$2, 214, 783	\$1, 791, 308
Maritime training program.....	47, 775	49, 891
Operation of warehouses.....	109, 548	80, 578
Maintenance of reserve shipyards.....	775, 923	532, 016
	<u>3, 148, 029</u>	<u>2, 453, 793</u>
Costs and expenses:		
Maintenance of reserve fleet vessels.....	7, 553, 452	6, 645, 351
Maritime training program.....	3, 085, 060	3, 082, 191
Operation of warehouses.....	799, 308	732, 044
Maintenance of reserve shipyards.....	559, 868	714, 469
	<u>11, 997, 688</u>	<u>11, 174, 045</u>
Net costs and expenses:		
Maintenance of reserve fleet vessels.....	5, 338, 669	4, 854, 043
Maritime training program.....	3, 037, 285	3, 032, 300
Operation of warehouses.....	689, 760	651, 466
Maintenance of reserve shipyards.....	-216, 055	182, 443
	<u>8, 849, 659</u>	<u>8, 720, 252</u>
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 6).....	180, 390, 248	158, 254, 696
Adjustment of estimated recapturable subsidies.....	-3, 529, 530	-342, 483
	<u>176, 860, 718</u>	<u>157, 912, 213</u>
Construction-differential subsidies.....	a 102, 775, 898	a 73, 985, 021
Cost of national defense features.....	1, 972, 865	1, 326, 176
Cost of national defense allocations.....	944, 125	2, 531, 726
	<u>282, 553, 606</u>	<u>235, 755, 136</u>
Uncapitalized ship construction costs.....	b 3, 327, 504	b 2, 466, 918
Financial assistance to State Marine Schools.....	1, 414, 402	1, 223, 913
Administrative expense.....	8, 594, 117	7, 606, 547
Other costs and expenses:		
Provision for estimated losses on scrapping of obsolete vessels.....	91, 388, 846	147, 774, 350
Loss on vessels sold, lost or abandoned.....	15, 638, 484	310, 365
Loss on sale of fixed assets, other than vessels.....	748, 191	12, 338, 745
Fire loss, Kearny, N.J., warehouse.....	2, 263, 270	-
Loss on sale of surplus material and scrap.....	1, 851, 333	1, 166, 437
Research and tests.....	1, 207, 642	1, 351, 964
Provision for uncollectible accounts and notes receivable.....	537, 282	73, 484
Inventory and other property adjustments.....	-1, 561, 400	262, 094
Miscellaneous.....	92, 036	227, 141
	<u>112, 165, 694</u>	<u>163, 503, 580</u>
Other income:		
Interest earned on notes and mortgages receivable.....	5, 934, 339	6, 778, 984
Recoveries for use of national defense features on vessels sold.....	120, 180	416, 927
Miscellaneous.....	501, 228	722, 413
	<u>6, 555, 747</u>	<u>7, 918, 324</u>
Other costs and expenses (net).....	105, 609, 947	155, 585, 256
Net cost of current year operations (note 4).....	<u>410, 349, 235</u>	<u>411, 358, 022</u>
ADJUSTMENTS APPLICABLE TO PRIOR YEARS:		
Net charges arising from adjustments and settlements related principally to World War II activities.....	-765, 228	-815, 717
Participation in profits of World War II insurance syndicates.....	-100, 000	-50, 000
	<u>-865, 228</u>	<u>-865, 717</u>
NET COST OF MARITIME ADMINISTRATION OPERATIONS.....	<u>409, 484, 007</u>	<u>410, 492, 305</u>
Net income (-loss) from National Shipping Authority operations (schedule 1).....	-1, 579, 386	-948, 811
Net income from War Risk Insurance Program.....	736, 239	548, 229
Net income from Federal Ship Mortgage Insurance Program.....	1, 105, 578	2, 038, 417
	<u>262, 431</u>	<u>1, 637, 835</u>
NET COST OF COMBINED OPERATIONS.....	<u>\$409, 221, 576</u>	<u>\$408, 854, 470</u>

a Includes reconstruction-differential subsidy of \$657,379, 1961 and \$4,828,227, 1960.

b Principally administrative expense.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE**

*Statement of Equity of the United States Government for the Years Ended
June 30, 1961 and 1960*

	YEAR ENDED JUNE 30	
	1961	1960
BALANCE, BEGINNING OF YEAR.....	\$3,032,442,466	\$3,148,199,091
ADDITIONS:		
Funds appropriated by the Congress.....	295,834,000	301,039,400
Recorded value of 77 vessels transferred from the Department of the Navy in fiscal year 1961 and 9 vessels in fiscal year 1960 (net of \$20,320,375 loss on transferred vessels sold for scrap).....	295,155,635	67,943,415
Contributions received for construction of chapel at the United States Merchant Marine Academy, Kings Point, N.Y.....	12,335	25,446
Adjustment of 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.....	-----	-157
Adjustment of accounts payable from prior year appropriations.....	-----	14,283
Adjustment of provision for estimated losses on scrapping of obsolete vessels.....	826,358,000	-----
Recorded cost of 3 vessels transferred from the Department of the Army.....	100,000	-----
	<u>1,417,459,970</u>	<u>369,022,387</u>
	4,449,902,436	3,517,221,478
REDUCTIONS:		
Net cost of operations (exhibit 2).....	409,221,576	408,854,470
Payments into General Fund of the U.S. Treasury.....	51,405,500	52,625,987
Liability for wages of seamen and others transferred from the General Accounting Office.....	-----	6,990,521
Recorded cost of 7 vessels transferred to the Department of the Navy in fiscal year 1961 and 5 vessels in fiscal year 1960.....	23,071,871	6,781,532
Unobligated balance of appropriations transferred to Treasury Department (net of restoration of \$313 in fiscal year 1961 and \$2,126 in fiscal year 1960).....	94,051	6,438,929
Recorded cost of 1 vessel transferred to the Department of the Air Force (amount for fiscal year 1961 represents adjustment of 1960 write-off).....	33,895	2,854,098
Equipment transferred to U.S. Government agencies (net).....	1,386,538	-418,448
Equipment donated to State agencies.....	783,844	360,937
Materials and supplies donated to State agencies.....	180,470	153,591
Accounts receivable transferred to U.S. Government agencies.....	603,100	67,431
Inventories of materials and supplies used in the Grain Storage Program for the U.S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$2,096,191 in fiscal year 1961 and \$1,460,508 in fiscal year 1960 which were reimbursed.....	51,738	60,127
Materials and supplies transferred to U.S. Government agencies (net).....	178,067	9,837
	<u>487,010,650</u>	<u>484,779,012</u>
BALANCE, CLOSE OF YEAR.....	<u>\$3,962,891,786</u>	<u>\$3,032,442,466</u>

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Sources and Application of Funds for the Year Ended
June 30, 1961

SOURCES:	
Funds appropriated by the Congress.....	\$295,834,000
Collections on mortgage loans receivable.....	29,661,343
Proceeds from sale of vessels owned.....	16,947,676
Funds advanced by other Government agencies.....	3,109,450
Proceeds from sale of fixed assets other than vessels.....	56,165
Mobilization inventories transferred to warehouse stock.....	4,033,033
Contributions received for construction of chapel.....	12,335
Decrease in working capital (per summary below).....	34,335,664
Total funds provided.....	\$383,989,666
APPLICATION:	
Net cost of operations (per Statement of Operations).....	\$409,221,576
Items considered in net cost of operations:	
Provision for estimated losses on scrapping of obsolete vessels.....	-91,388,846
Loss on fixed assets sold, lost, or abandoned:	
Vessels.....	-16,822,530
Other.....	-748,191
Payments into General Fund of U.S. Treasury.....	300,262,009
Expenditures for vessels owned and under construction.....	51,405,500
Unobligated balance of appropriations transferred to U.S. Treasury.....	23,215,679
Expenditures for land and site development, structures and equipment.....	94,051
including construction in progress.....	4,598,291
Working capital transferred to other U.S. Government agencies (net).....	1,013,376
Expenditures for mortgages and other loans.....	3,400,760
Total funds applied.....	\$383,989,666

Summary of Changes in Working Capital

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1961	1960	Increase	Decrease
ASSETS:				
Cash.....	\$341,903,983	\$327,111,741	\$14,792,242	
Advances.....	406,025	790,295		\$384,270
Notes and accounts receivable.....	18,380,223	18,113,010	267,213	
Accrued interest.....	1,300,418	1,588,359		287,941
Materials and supplies.....	7,612,096	9,652,915		2,040,819
Other assets.....	804,930	603,482	201,448	
Total.....	370,407,675	357,859,802		
LIABILITIES:				
Accounts payable and other liabilities.....	\$229,888,982	\$183,011,522		46,877,460
Net unterminated voyage revenue.....	32,119	20,042		6,077
Total.....	229,921,101	183,037,564		
WORKING CAPITAL.....	140,486,574	174,822,238		
DECREASE IN WORKING CAPITAL.....			34,335,664	
			\$49,596,567	\$49,596,567

* Disbursements of \$50,190,916 in 1961 and \$55,071,227 in 1960 for vessel construction costs for other Government agencies offset against liabilities for advances received.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE**

Notes to Financial Statements—June 30, 1961 and 1960

1. The balance sheets and the statements of operations include transactions recorded in the accounts of certain steamship companies which operated vessels for the Administration under General Agency agreements.

2. Mortgage loans receivable at June 30, 1961, included four mortgages with principal balance of \$375,034 and accrued interest of \$15,147 and at June 30, 1960 two mortgages with principal balance of \$159,050 and accrued interest of \$16,787, which had been declared in default on or before those dates.

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. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include allowances for depreciation on tangible fixed assets. As a result of this practice recorded losses on sales of fixed assets are greater, and other recorded net costs and expenses are less than they would have been if depreciation were recognized in the accounts.

5. Included in vessels under construction at June 30, 1961, are 7 vessels with accrued construction costs of \$43,760,152, and at June 30, 1960, 7 vessels with accrued construction costs of \$43,558,688 which have been delivered to the Department of the Navy. The value of these vessels will be transferred when total actual construction costs have been determined.

6. The net operating-differential subsidies payable to each subsidized operator are determinable only after termination of the recapture period provided by the individual contracts, generally a 10-year period. Therefore the estimated recapture amount of \$188,032,725 at June 30, 1961, and \$184,503,195 at June 30, 1960, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The provision for operating-differential subsidies of \$180,390,248 for the year ended June 30, 1961 and \$158,254,696 for the year ended June 30, 1960, includes debit adjustments of approximately \$1 million for each period applicable to prior years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans, and accrued interest payable to lending institutions totaling \$354,617,734 at June 30, 1961, and \$313,931,943 at June 30, 1960. Commitments to insure additional loans and/or mortgages amounted to \$109,501,900 at June 30, 1961, and \$135,058,354 at June 30, 1960. U.S. Government securities of \$37,183,593 at June 30, 1961 and \$48,378,200 at June 30, 1960 were held in escrow by the Government in connection with insurance of loans and mortgages which were financed by the sale of bonds to the general public. There were also conditional liabilities for pre-launching War Risk Builders Risk Insurance of \$132,364,600 at June 30, 1961, and \$110,297,885 at June 30, 1960.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 361 claims against the Administration aggregating \$97,660,292 at June 30, 1961, and 362 claims aggregating \$97,666,261 at June 30, 1960. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 123 claims in favor of the Administration aggregating \$5,176,653 at June 30, 1961, and 123 claims aggregating \$5,175,653 at June 30, 1960. 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 amounts of the claims.

9. The Administration has been granted authority by the Congress to enter into contracts for training of cadets at State Marine Schools prior to the appropriation of funds for that purpose. At June 30, 1961 the total contractual obligation under this program was \$2,795,512 (including unfinanced contract authorization of \$1,775,512) of which \$988,322 was expended during fiscal year 1961. Unliquidated obligations at June 30, 1961 amounted to \$1,807,190. At June 30, 1960 comparable amounts were \$2,488,603 contractual obligations, \$1,528,603 unfinanced contract authorization, \$926,943 expended and \$1,561,660 unliquidated obligations.

10. The Administration was obligated to return to their owners U.S. Government securities amounting to \$2,580,000 at June 30, 1961, and \$2,697,000 at June 30, 1960. These securities have 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.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE**

*Statement of Operations of National Shipping Authority for the Years Ended
June 30, 1961 and 1960*

	YEAR ENDED JUNE 30	
	1961	1960
SHIPPING OPERATIONS:		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 24, 1961; 26, 1960):		
Revenue.....	\$3,200,072	\$3,233,250
Expenses.....	3,193,775	3,459,833
Gross profit from vessel operations.....	6,297	-226,583
Chartering of vessels to others.....	-38,354	270,172
Total gross income (-loss) from shipping operations.....	-32,057	43,589
NONSHIPPING OPERATIONS:		
Vessel reactivation costs.....	6,571	360,809
Vessel deactivation costs (expense of restoring vessels to the reserve fleet).....	2,506	34,031
Inventory adjustments and sales.....	1,426,435	58,863
Cost of testing and operation of NS SAVANNAH.....	1,943,235	636,055
Inactive vessel expense (idle status).....	67,828	218,261
Miscellaneous expenses.....	93,410	55,662
	3,540,006	1,363,681
Less:		
Reimbursement of vessel reactivation costs.....	309	139
Reimbursement of vessel deactivation costs.....	8,453	723
Reimbursement of costs of testing and operation of NS SAVANNAH.....	1,642,054	433,926
Miscellaneous income.....	351,402	799,660
	2,002,218	1,234,448
Net cost of nonshipping operations.....	1,537,788	129,233
	-1,569,845	-85,644
ADMINISTRATIVE EXPENSES.....	9,541	863,167
NET INCOME (-Loss) FROM OPERATIONS.....	\$-1,579,386	\$-948,811

APPENDIXES

APPENDIX A

Summary of Operating-Differential Subsidy Contracts as of June 30, 1961

Name of operator	Expiration date of agreement	Number of ships assigned as of June 30, 1961	
		Passenger and cargo combination	Cargo
American Export Lines, Inc.	Dec. 31, 1979	5	23
American Mail Line Ltd.	Dec. 31, 1978		9
American President Lines, Ltd.	Dec. 31, 1976	5	19
Bloomfield Steamship Co.	Dec. 31, 1963		4
Farrell Lines Inc.	Dec. 31, 1977		14
Grace Line Inc.	Dec. 31, 1977	10	16
Gulf & South American Steamship Co., Inc.	Dec. 31, 1978		5
Lykes Bros. Steamship Co., Inc.	Dec. 31, 1977		50
Mississippi Shipping Co., Inc.	Dec. 31, 1977	3	10
Moore-McCormack Lines, Inc.	Dec. 31, 1977	2	40
The Oceanic Steamship Co.	Dec. 17, 1972	2	3
Pacific Far East Line, Inc.	Dec. 31, 1978		9
Prudential Steamship Corp.	Dec. 31, 1979		5
States Steamship Co.	Dec. 31, 1977		13
United States Lines Co:			
Cargo service	Dec. 31, 1969		53
SS AMERICA	Dec. 31, 1962	1	
SS UNITED STATES	June 20, 1967	1	

APPENDIX B

Aid to Ships Over 20 Years of Age Approved by the Federal Maritime Board During Fiscal Year 1961 Under Section 605(b), Merchant Marine Act, 1936, as Amended

Company	Ship	20 years of age	Scheduled replace- ment
American Mail Line, Ltd.....	OCEAN MAIL *	1961	1961
	ISLAND MAIL *	1961	1962
	CHINA MAIL *	1962	1962
	INDIA MAIL.....	1963	1965
	CANADA MAIL.....	1964	1965
	JAVA MAIL.....	1964	1965
	ALASKA MAIL.....	1965	1968
	AMERICAN MAIL.....	1965	1968
	OREGON MAIL.....	1965	1968
	American Export Lines, Inc.....	EXPLORER.....	1959
EXCHANGE *		1960	1963
EXHIBITOR *		1960	1963
EXCELLENCY *		1960	1963
EXEMPLAR.....		1960	1965
EXCELSIOR.....		1963	1965
EXCHEQUER.....		1963	1965
EXILONA.....		1963	1967
EXMINSTER.....		1964	1967
EXPEDITOR.....		1965	1967
EXPRESS.....		1964	1967
EXCHESTER.....		1965	1969
EXECUTOR.....		1965	1969
EXPORTER.....		1965	1969
EXTAVIA.....		1961	1971
EXTRIA.....		1962	1971
American President Lines, Ltd.....		PRESIDENT HOOVER.....	1959
	PRESIDENT HARRISON.....	1963	1966
	PRESIDENT JOHNSON.....	1963	1966
	PRESIDENT VAN BUREN.....	1963	1966
	PRESIDENT MONROE.....	1960	1963
	PRESIDENT POLK.....	1961	1963
Farrell Lines, Inc.....	PRESIDENT TAFT.....	1965	1966
	AFRICAN PILOT.....	1964	1964
	AFRICAN PATRIOT.....	1964	1964
Grace Line Inc.....	AFRICAN GLEN.....	1965	1965
	SANTA MALTA.....	1964	1967
	SANTA MARIANA.....	1964	1967
	SANTA JUANA.....	1962	1967
	SANTA ADELA.....	1962	1967
	SANTA FLAVIA.....	1963	1967
	SANTA ANITA.....	1964	1968
	SANTA FE.....	1964	1968
	SANTA ANA.....	1960	1964
	SANTA TERESA.....	1960	1964
Gulf & South American Steamship Co., Inc.....	GULF BANKER.....	1964	1965
	GULF SHIPPER.....	1964	1965
	GULF MERCHANT.....	1964	1965
	SUE LYKES.....	1965	1966
Lykes Bros. Steamship Co., Inc.....	FREDERICK LYKES.....	1960	1966
	ALMERIA LYKES.....	1965	1966
	TILLIE LYKES.....	1965	1966
	DOCTOR LYKES.....	1965	1966
	NORMAN LYKES.....	1965	1967
	LIPSCOMB LYKES.....	1965	1967
	HOWELL LYKES.....	1960	1967
	MALLORY LYKES.....	1963	1967
	HELEN LYKES.....	1964	1967
	SYLVIA LYKES.....	1965	1968
	GIBBES LYKES.....	1964	1968
	FRANK LYKES.....	1964	1968
	GENEVIEVE LYKES.....	1964	1968
	MASON LYKES.....	1964	1968
	LETITIA LYKES.....	1964	1969
	KENNETH McKAY.....	1965	1969
	REUBEN TIPTON.....	1965	1969
	HARRY CULBREATH.....	1965	1970
	JESSE LYKES.....	1965	1970
	WILLIAM LYKES.....	1965	1970
Mississippi Shipping Co., Inc.....	DEL VALLE.....	1964	1965
	DEL ORO.....	1964	1966
	DEL SANTOS.....	1964	1965
	DEL MUNDO.....	1964	1965
	DEL ALBA.....	1964	1964
DEL SOL*.....	1964	1964	

See footnote at end of table.

**Aid to Ships Over 20 Years of Age Approved by the Federal Maritime Board
During Fiscal Year 1961 Under Section 605(b), Merchant Marine Act, 1936,
as Amended—Continued**

Company	Ship	20 years of age	Scheduled replac- ement
Moore-McCormack Lines, Inc.-----	ROBIN LOCKSLEY-----	1961	1962
	MORMACTIDE-----	1961	1962
	ROBIN SHERWOOD-----	1961	1962
	MORMACMAR-----	1963	1963
	MORMACSUN-----	1963	1963
	ROBIN TRENT-----	1963	1964
	ROBIN GRAY-----	1963	1964
	ROBIN KIRK-----	1963	1964
	ROBIN MOWBRAY-----	1963	1965
	MORMACTEAL-----	1964	1965
	MORMACDOVE-----	1964	1965
	MORMACOWL-----	1964	1965
	MORMACWIND-----	1964	1966
	MORMACWREN-----	1964	1966
	MORMACOAK-----	1964	1966
	MORMACWAVE-----	1964	1966
	MORMACREY-----	1964	1967
	MORMACSURF-----	1964	1967
	ROBIN GOODFELLOW-----	1965	1968
	MORMACGUIDE-----	1965	1968
	MORMACPINE-----	1965	1968
	ROBIN HOOD-----	1965	1968
	MORMACHAWK-----	1965	1969
	MORMACELM-----	1965	1969
	MORMACRIO-----	1965	1969
	MORMACFIR-----	1965	1970
MORMACSWAN*-----	1960	1961	
MORMACYORK*-----	1961	1961	
The Oceanic Steamship Co.-----	SIERRA-----	1965	1969
	SONOMA-----	1964	1969
	VENTURA-----	1965	1969
Prudential Steamship Corp.-----	MOLINE VICTORY-----	1965	1966
	ATTLEBORO VICTORY-----	1965	1966
	NEWBERRY VICTORY-----	1965	1968
	BIDDEFORD VICTORY-----	1965	1968
States Steamship Co.-----	SAN ANGELO VICTORY-----	1965	1968
	IDAHO-----	1963	1966
	TEXAS-----	1961	1966
U.S. Lines Co.-----	MICHIGAN-----	1961	1967
	OHIO-----	1964	1967
	NEW YORK-----	1965	1967
	AMERICA-----	1960	1962
	AMERICAN PRODUCER-----	1963	1964
	AMERICAN PLANTER-----	1963	1964
	AMERICAN MILLER-----	1963	1965
	AMERICAN SCIENTIST-----	1963	1965
	AMERICAN PACKER-----	1963	1965
	AMERICAN CHIEF-----	1964	1965
AMERICAN BUILDER-----	1965	1966	
AMERICAN VETERAN-----	1965	1966	
AMERICAN PRESS-----	1965	1966	
AMERICAN FLYER-----	1965	1966	
AMERICAN MANUFACTURER-----	1965	1966	
AMERICAN FORESTER-----	1965	1966	
PIONEER REEF-----	1963	1968	
PIONEER SURF-----	1964	1968	
PIONEER ISLE-----	1964	1968	
AMERICAN PILOT-----	1965	1968	
PIONEER GLEN-----	1965	1968	
PIONEER STAR-----	1965	1968	
PIONEER GEM-----	1965	1969	
AMERICAN MERCHANT-----	1965	1969	
AMERICAN SHIPPER-----	1965	1969	

* Traded in to the Government and chartered back to operators for use during construction period of new ships.

APPENDIX C

New Ship Construction on June 30, 1961

	Number of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Estimated construction cost	Estimated cost to Maritime Administration (including national defense allowance)	Owner	Estimated cost to owner
Ships under Construction:									
Title V Merchant Marine Act, 1936, as amended									
Do	1	C4-S-1q	Bethlehem Steel	12,500	July 1961	\$16,800,000	\$8,400,000	Amer. Pres. Lines	\$8,400,000
Do	4	C3-S-37a	Bethlehem Steel	36,000	February 1961	40,900,000	20,300,000	Lykes Bros. SS Co.	20,600,000
Do	1	C3-S-33a	Sun S/B & DD Co.	9,200	September 1961	11,000,000	5,500,000	Moore-McCormack	5,500,000
Do	1	C3-S-33a	Sun S/B & DD Co.	9,200	December 1961	10,100,000	5,400,000	Moore-McCormack	4,700,000
Do	4	C3-S-46a	Nat. Steel & S/B Co.	43,348	May 1962	44,900,000	21,900,000	American Export	23,000,000
Do	1	C3-S-43a	Avondale Marine	9,350	July 1961	10,200,000	5,100,000	Mississippi Shpg.	5,100,000
Do	3	C4-S-1s	Todd Shipyards	37,800	June 1962	39,100,000	19,800,000	Amer. Mail Lines	19,300,000
Do	2	C4-S-1t	Bethlehem Steel	25,400	March 1962	30,200,000	15,400,000	Pac. Far East Lines	14,800,000
Do	3	C4-S1-49a	Bethlehem Steel	42,300	March 1963	57,100,000	28,300,000	Grace Line, Inc.	28,800,000
Do	4	C4-S-1u	Newport News	50,800	July 1962	48,800,000	23,300,000	States S.S. Co.	25,500,000
Do	2	C4-S-1u	Nat. Steel & S/B Co.	25,400	November 1962	23,100,000	11,200,000	States S.S. Co.	11,900,000
Do	5	C4-S-57a	Newport News	57,000	February 1963	55,300,000	27,900,000	U.S. Lines Co.	27,400,000
Do	6	C4-S-57a	Bethlehem Steel	68,400	September 1963	60,800,000	28,800,000	U.S. Lines Co.	32,000,000
Do	4	C3-S-37b	Bethlehem Steel	40,800	January 1963	37,400,000	19,900,000	Lykes Bros. SS Co.	17,500,000
Do	6	C4-S-58a	Ingalls S/B Corp.	69,600	June 1963	65,500,000	32,300,000	Farrell Lines	33,200,000
Do	4	C3-S-37c	Bethlehem Steel	40,800	May 1963	35,200,000	18,000,000	Lykes Bros. SS Co.	17,200,000
Do	4	C3-S-46b	Sun S/B & DD Co.	43,348	April 1963	36,400,000	17,600,000	Amer. Export	18,800,000
Conversion under Title V	1	P2-S2-R14a	Puget Sound Bridge & DD Co.	18,300	December 1961	9,200,000	4,400,000	Amer. Pres. Lines	4,800,000
Economy Act of 1932	2	S1-MT-59a	Marietta Mfg. Co.	2,000	January 1963	3,900,000	3,900,000	Maritime Admin.	
Public Law 848-84th Congress Research and Development Hydrofoil Seacraft	1	P2-N1-MA40a	New York S/B Corp.	12,220	Jan. 1962 *	**35,600,000	35,600,000	Maritime Admin.	
	1	Hydrofoil	Dynamtic Devel. Inc.	150	October 1961	2,000,000	2,000,000	Maritime Admin.	
Total ships under construction	60			653,916		673,500,000	355,000,000		318,500,000

* Delivery contingent upon completion of extensive nuclear testing programs.

** Includes funds chargeable to Atomic Energy Commission appropriations.

APPENDIX D

Employment of United States Flag Merchant Ships as of June 30, 1961, Oceangoing Ships of 1,000 Gross Tons and Over

(Excludes ships on the inland waterways, the Great Lakes, and those owned by the U.S. Army and Navy and special types, such as cable ships, tugs, etc.)

[Tonnage in thousands]

Status and area of employment	Total			Combination passenger and Cargo			Freighters			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
<i>Total all ships</i> ¹	2,787	22,849	31,331	297	2,869	1,991	2,068	14,972	21,409	422	5,008	7,933
<i>Active ships</i>	621	5,873	8,643	17	219	151	438	3,376	4,860	166	2,278	3,633
U.S. foreign trade.....	433	3,783	5,374	17	219	151	372	2,919	4,195	44	644	1,028
Maritime Administration ships.....	27	208	264				27	208	264			
Chartered.....	24	183	243				24	183	243			
General agency agreement.....												
For U.S. agency operations.....	3	25	21				3	25	21			
Privately owned.....	406	3,575	5,110	17	219	151	345	2,711	3,931	44	644	1,028
For commercial operations.....	385	3,291	4,661	17	219	151	339	2,669	3,870	29	403	641
For U.S. agency operations.....	21	284	449				6	42	61	15	241	387
U.S. domestic trade.....	182	1,993	3,107				64	443	642	118	1,549	2,465
Maritime Administration ships.....	1	4	6				1	4	6			
Chartered.....	1	4	6				1	4	6			
General agency agreement.....												
Privately owned.....	181	1,989	3,101				63	439	636	118	1,549	2,465
Foreign to foreign—privately owned.....	6	99	162				2	15	22	4	85	140
<i>Inactive ships</i>	2,166	16,976	22,690	280	2,650	1,840	1,630	11,596	16,549	256	2,730	4,300

Temporarily inactive.....	413	4,025	5,824	18	270	171	227	1,758	2,477	168	1,997	3,175
Maritime Administration ships.....	17	118	167				16	110	154	1	8	13
Chartered.....	16	110	154				16	110	154			
General agency agreement.....												
Pending sale for scrap.....	1	8	13							1	8	13
Privately owned.....	396	3,907	5,657	18	270	171	211	1,648	2,323	167	1,989	3,162
Maritime Administration reserve fleet.....	1,753	12,951	16,866	262	2,380	1,669	1,403	9,838	14,073	88	734	1,125

¹ Excludes the following Government-owned ships originally constructed as merchant types but not available for commercial purposes since they are under the custody of the Defense, State, and Interior Departments.

	23	169	194	3	33	20	18	130	166	2	6	8
--	----	-----	-----	---	----	----	----	-----	-----	---	---	---

¹ Excludes the following United States Government-owned tonnage transferred to U.S.S.R. (lend lease):

	83	519	785	1	5	5	81	507	769	1	7	11
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² Includes ships originally constructed as combination passenger and cargo ships and freighters, later converted to troop transports, hospital ships, etc., and not reconverted to their original types.

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

APPENDIX E

*Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1961**Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over by Ship Type, Country in Which Built and for Whom Built*

(Excludes ships built for operation on the Great Lakes, inland waterways; Armed Forces; and special types such as tugs, ferries, cable ships, etc.)

[Tonnage in thousands]

Registry for which built	Total		Country in which built															
			United States		United Kingdom		Sweden		Netherlands		France		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
SUMMARY—FREIGHTERS AND TANKERS																		
Total.....	745	10,987	28	586	100	1,482	54	1,138	53	680	40	805	159	2,306	94	1,409	217	2,581
United States.....	26	494	26	494														
United Kingdom.....	114	1,834			89	1,245	2	64	9	97	3	41	2	134	6	177	3	76
Sweden.....	28	433					23	363					2	46	1	6	2	18
Netherlands.....	34	525					1	69	29	374					3	34	1	48
Norway.....	73	1,479			6	147	22	461	3		1	15	3	99	15	344	23	376
Denmark.....	14	151					2	7	2	6					3	12	7	126
France.....	28	522							1	3	26	509					1	10
Italy.....	16	438															16	438
Japan.....	99	937											99	937				
Germany.....	34	430							1	15					33	415		
Liberia.....	20	875	2	92			3	134			3	180	8	358	2	40	2	71
All others.....	259	2,869			5	90	1	40	8	148	7	60	45	732	31	381	162	1,418

FREIGHTERS

Total	558	5,367	18	185	71	769	35	366	41	335	26	239	131	1,428	81	863	155	1,182
United States	18	185	18	185														
United Kingdom	83	862			66	707	1	13	8	49	3	41			4	46	1	6
Sweden	24	263					19	193					2	46	1	6	2	18
Netherlands	26	220							23	186					3	34		
Norway	44	574			2	32	13	153	3	37	1	15	2	49	10	135	13	153
Denmark	9	41					2	7	2	6					2	11	3	17
France	17	136							1	3	15	123					7	79
Italy	7	79																
Japan	83	701											83	701				
Germany	31	297							1	15					30	282		
Liberia	6	159											4	119	2	40		
All others	210	1,850			3	30			3	39	7	60	40	513	29	309	128	899

TANKERS

Total	187	5,620	10	401	29	713	19	772	12	345	14	566	28	878	13	546	62	1,399
United States	8	309	8	309														
United Kingdom	31	972			23	538	1	51	1	48			2	134	2	131	2	70
Sweden	4	170					4	170										
Netherlands	8	305					1	69	6	188							1	48
Norway	29	905			4	115	9	308					1	50	5	209	10	223
Denmark	5	110													1	1	4	109
France	11	386									11	386						
Italy	9	359															9	359
Japan	16	236											16	236				
Germany	3	133													3	133		
Liberia	14	716	2	92			3	134			3	180	4	239			2	71
All others	49	1,019			2	60	1	40	5	109			5	219	2	72	34	519

COMBINATION PASSENGER AND CARGO SHIPS

	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons
Total	18	236			6	157			1	7			2	10	1	3	8	59
United States																		
United Kingdom	4	135			4	135												
Sweden																		
Netherlands	1	7							1	7								
Norway																		
Denmark																		
France																		
Italy																		
Japan	1	1											1	1				
Germany	1	3													1	3		
Liberia																		
All others	11	90			2	22							1	9			8	59

APPENDIX F

Merchant Fleets of the World

Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1961

(Excludes ships on the Great Lakes and Inland Waterways and special types such as channel ships, icebreakers, cable ships, etc., and merchant ships owned by any military force)

[Tonnage in thousands]

County of registry	Total			Type of vessel																	
				Combination passenger and cargo			Combination passenger and cargo refrigerated			Freighters			Freighters refrigerated			Bulk carriers (including ore/oil 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	17,338	123,576	174,058	1,190	9,583	6,469	51	777	479	10,986	58,697	84,835	480	2,716	2,888	1,259	9,292	14,179	3,372	42,511	65,208
United States	2,810	23,018	31,525	300	2,902	2,011				1,979	14,310	20,439	47	269	274	60	523	860	424	5,014	7,941
The British Commonwealth of Nations:																					
United Kingdom	2,383	19,455	25,309	147	1,865	1,169	32	632	391	1,213	7,215	10,005	155	1,398	1,545	269	1,454	2,029	567	6,891	10,170
Australia	111	469	619	8	41	26				63	190	264			39	225	314		1	13	15
British Colonies	205	1,046	1,470	23	89	78	1	14	9	149	735	1,097	8	57	68	11	62	88	13	89	130
Canada	66	302	352	24	75	23				20	71	94			3	12	17		19	144	218
Ghana	5	30	42							5	30	42									
India	154	875	1,253	12	65	72				139	786	1,148							3	24	33
Malaya	1	1	1	1	1	1															
New Zealand	58	200	233	4	23	5	3	13	9	45	149	202	1	2	2	4	10	12	1	3	3
Pakistan	42	269	374	3	37	24				35	207	309			3	15	26		1	10	15
Union of South Africa	32	191	264	2	3	3				27	155	216	2	17	20				1	16	25
Argentina	160	1,049	1,376	17	104	82	5	48	35	69	392	564	6	18	18	3	4	6	60	483	671
Belgium	76	616	846	4	44	37				52	335	463	4	13	13	5	52	73	11	172	260
Brazil	235	1,046	1,490	25	103	102				150	518	778	2	7	7	15	60	85	43	358	518
Chile	49	229	306	4	11	8				32	122	161				10	58	79	3	38	58
China (Republic of)	146	519	721	11	30	24	1	2	1	112	426	614				8	22	29	14	39	53
China (Nationalist)	72	389	572	3	8	6				57	302	449				2	9	13	10	70	104
Colombia	24	93	136							24	93	136									
Cuba	28	89	122							25	85	117				1	1	1	2	3	4
Denmark	345	2,044	2,966	23	75	59	1	2	2	235	1,024	1,467	15	47	54	5	32	45	66	864	1,339
Finland	224	742	1,135	7	15	6				174	440	696				18	51	75	25	236	358

France	639	4,649	6,062	56	546	301	2	25	10	343	1,591	2,156	36	156	127	53	306	405	149	2,025	3,063
Germany (West)	859	4,261	6,127	22	201	157	1	2	1	685	2,791	4,168	52	153	164	51	484	685	48	630	952
Germany (East)	29	185	255	4	35	24				21	117	181							4	33	50
Greece	655	5,348	7,908	31	172	99	1	14	9	481	3,331	4,936	1	6	5	62	604	913	79	1,221	1,946
Honduras	21	94	127							13	57	89	7	29	27				1	8	11
Indonesia	64	182	225	12	42	37				47	127	171							5	13	17
Israel	50	323	439	5	42	22				38	186	274				4	61	92	3	34	51
Italy	648	4,832	6,549	74	705	345				371	1,936	2,909	11	43	42	46	398	587	145	1,750	2,666
Japan	1,074	9,663	9,754	26	134	123				804	4,228	6,134	24	95	109	77	561	859	143	1,645	2,529
Korea	30	104	157	2	3	4				23	86	133				1	2	3	4	13	17
Lebanon	125	592	907							112	556	852				13	36	55			
Liberia	836	10,667	17,218	5	55	30				345	2,396	3,572	3	8	7	110	1,259	2,500	373	6,949	11,109
Mexico	32	165	242							10	27	39	2	5	5	1	5	8	19	128	190
Netherlands	546	4,380	5,758	60	639	485				357	2,125	2,903	8	35	34	22	251	354	99	1,330	1,982
Norway	1,347	11,328	16,866	23	107	49	2	9	2	688	3,467	5,084	27	85	83	99	1,103	1,623	508	6,557	10,025
Panama	487	3,882	5,934	22	111	67				271	1,286	1,941	4	8	8	40	283	469	150	2,194	3,449
Peru	27	106	162	1	6	8				21	75	114							5	25	40
Philippines	50	290	394	5	10	10				41	272	374				1	1	1	3	7	9
Poland	130	645	925	2	23	15				110	532	785	3	10	9	9	20	25	6	60	91
Portugal	87	497	580	21	213	146				57	177	272							9	107	162
Spain	339	1,519	2,011	44	260	187				213	695	1,025	8	20	26	18	71	99	56	473	674
Sweden	563	3,647	5,246	24	159	129				347	1,345	2,018	30	151	149	66	723	997	96	1,269	1,953
Switzerland	24	145	225							23	135	211				1	10	14			
Turkey	134	598	788	29	130	81				93	391	589				2	4	6	10	73	112
United Arab Republic	35	178	228	10	56	58				18	61	76							7	61	94
U. S. S. R. ¹	910	3,839	5,253	73	362	277				570	1,958	2,821	17	68	71	110	454	636	140	997	1,448
Venezuela	41	329	480							11	41	61				5	27	37	25	261	382
Yugoslavia	148	741	1,105	10	49	55				127	613	927				4	23	39	7	56	84
All others	182	715	1,021	10	32	24	2	16	10	141	510	759	7	16	21	8	16	20	14	125	187
¹ Includes the following U. S. Government-owned ships transferred to U. S. S. R. under lend-lease agreement and still remaining under that registry	83	519	785	1	5	5				79	496	752				2	11	17	1	7	11

APPENDIX G

Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1961

Operator	Capital reserve fund	Special reserve fund	Total
American Export Lines, Inc.....	\$15,536,413	\$11,408,472	\$26,944,885
American Mail Line Ltd.....	4,988,822	2,703,206	7,692,028
American President Lines, Ltd.....	1,085,151	4,304,739	5,389,890
Bloomfield Steamship Co.....	328,127	1,010,534	1,338,661
Farrell Lines Inc.....	10,263,250	2,647,847	12,911,097
Grace Line Inc.....	10,195,532	15,940,255	26,135,787
Gulf & South American Steamship Co., Inc.....	2,956,544	3,699,521	6,656,065
Lykes Bros. Steamship Co., Inc.....	66,382,747	48,589,553	114,972,300
Mississippi Shipping Co., Inc.....	273,321	4,241,261	4,514,582
Moore-McCormack Lines, Inc.....	4,314,015	4,088,216	8,402,231
Oceanic Steamship Co., The.....	612,544	-----	612,544
Pacific Far East Line, Inc.....	1,241,467	1,093,427	2,334,894
Prudential Steamship Corp.....	15,010	-----	15,010
States Steamship Co.....	1,602,422	1,029,149	2,631,571
United States Lines Co.....	17,088,769	23,864,112	40,952,881
Total.....	\$136,894,134	\$124,620,292	\$261,504,426

NOTE: Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947 to Dec. 31, 1960), not included in the above, amount to approximately \$48,479,360, comprising \$25,002,451 applicable to the Capital Reserve Fund (depreciation), and \$23,476,909 applicable to the Special Reserve Fund (excess profits).

