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UNITED STATES MARITIME COMMISSION

REPORT TO CONGRESS

FOR THE PERIOD ENDED
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UNITED STATES MARITIME COMMISSION

OFFICE: COMMERCE BUILDING

WASHINGTON, D. C.

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W. C. PEET, Jr., *Secretary*

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United States Maritime Commission,
Washington, *December 1, 1941.*

To the Congress:

I have the honor to present herewith the report of the United States Maritime Commission for the year ended October 25, 1941.

This report is submitted pursuant to section 208 of the Merchant Marine Act, 1936, as amended, which provides that "the Commission shall, at the beginning of each regular session, make a report to Congress, which shall include the results of its investigations, a summary of its transactions, its recommendations for legislation, a statement of all receipts under this act, and the purposes for which all expenditures were made."

The Commission is not submitting at this time any recommendations for legislation. The authority considered necessary to date has been granted to the Commission by the Congress for the duration of the emergency. If any developments made it necessary in the opinion of the Commission to amplify this authority, recommendations will be made to the Congress for its consideration.

The accompanying report covers the remaining activities of the Commission for the period under review.

E. S. Land, *Chairman.*

UNITED STATES MARITIME COMMISSION

INTRODUCTION

The supply and utilization of merchant tonnage is the heart of our national defense effort, the program of aid to the democracies and the prosecution of war by the anti-axis nations. Without ships to bring to these shores rubber from the East Indies, bauxite from South America, chromium from Africa, manganese, tin, and other materials essential to our emergency productive effort, the vast industrial activity of the United States would be hamstrung. It has been said that our defense is a question of matériel—planes, tanks, ships, and guns. Without ships to transport the tanks, guns, and the majority of the planes, the aid which this country is presently extending to the democracies would be abortive.

While the Navy is our first line of military defense, the oil required to fuel its manifold vessels must be transported in tankers from the oil fields to the refineries and thence to the many naval bases scattered throughout the Atlantic and Pacific Oceans. Then, too, the Good Neighbor Policy of this Government requires the augmentation of shipping services with the other 21 republics of this hemisphere in order that their exportable surplus of agricultural products and raw materials may find a market.

When active warfare broke out in Europe in September 1939, and was followed shortly thereafter by the enactment of neutrality legislation, the major concern of many steamship operators was to find profitable employment for the vessels prohibited from engaging in their usual trades to the major portion of the European Continent, which had normally purchased about 40 percent of our exports. As the war progressed, additional countries of Europe were included in the blackout area but other factors arose which offset the loss of opportunity to trade with these areas. With the virtual domination of Western Europe by Germany, in the summer of 1940, the United Kingdom was forced to rely more and more upon the supplies received from its colonies and dominions and the United States. This factor, coupled with the increased effectiveness of submarine warfare, compelled the British to allocate to direct service to the United Kingdom a constantly increasing proportion of the vessels formerly engaged in world-wide trading. This placed a heavy burden on the United States merchant marine and the other neutral ships not drawn within the orbit of the British war effort.

On September 1, 1939, the United States merchant fleet of cargo vessels of 2,000 gross tons and over, excluding vessels operated on the Great Lakes, consisted of 939 ships with a tonnage of 5,281,872 gross tons. Since that date, over a million tons of cargo vessels have been transferred to foreign registry. Approximately half of this amount was withdrawn from the domestic trade which was definitely over-tonnaged in 1939. These vessels, including 48 vessels in the Maritime Commission's laid-up fleet, were sold for the most part to citizens of Great Britain and her allies and to countries of the Western Hemisphere. While these vessels, almost all of which were over 20 years of age, are no longer registered under the United States flag, they have continued to serve the interests of the United States. Many have been placed in trade to the United Kingdom and many others have assisted in the maintenance of essential commerce with other countries of this hemisphere.

During the same period, the military branches of this Government have called upon the Maritime Commission to furnish them with necessary auxiliaries. The Army and Navy have acquired, as of October 15, 1941, 132 vessels with a gross tonnage slightly in excess of a million tons. Sixty-two of these ships were a part of the Commission's construction program inaugurated in 1937. The essential foreign trade routes of the United States have thus been deprived of the carrying power represented by these fast new ships at a time when our industrial production demands a vast increase in the normal flow of strategic, critical and essential materials.

The merchant marine of the United States in years prior to the outbreak of the European war transported around 30 percent of our total import and export trade. In 1940, excluding bulk liquid cargo carrying tankers, United States flag vessels transported approximately 40 percent of our total imports. This figure, however, represents only about 75 percent of the imports of strategic and critical materials alone brought to this country in that year. As the Office of Production Management has indicated the need for increasing the imports of strategic and critical materials for the current year by 25 percent over 1940, the heavy strain upon the American merchant marine and the other neutral ships requires the most effective utilization of tonnage in order that our productive efforts may be maintained at a rate consistent with the promises we have made that the United States will be the arsenal of democracy.

In recognition of the important role of shipping in the prosecution of our national defense efforts, the Maritime Commission has undertaken a tremendous expansion of its peacetime long-range program, originally established in 1938 as 50 ships a year for the ensuing decade. Even prior to the outbreak of the European war, the Commission accelerated its existing program by contracting for 67 ships at peacetime prices in the late summer of 1939. The program was further accelerated in the summer of 1940 but was confined to increasing the commitments at existing shipyards.

In the early part of 1941 our national policy of defense and aid to the democracies made it imperative that ships and more ships be built. Fortunately, the shipbuilding activities fostered by the Commission over the preceding 3 years permitted this emergency expansion to take place without the long delay which accompanied our shipbuilding effort in the last World War. Contracts for the construction of the 200 vessels in the Liberty Fleet at 7 new shipyards were quickly agreed upon. Shortly thereafter the construction of an additional 212 vessels was authorized by supplemental lease-lend appropriation. Further appropriations during the course of the year increased authorized construction to a figure of approximately 13 million tons. It is estimated that 6 million tons will be delivered during 1942 and the remainder during 1943.

Until deliveries under this program reach a point where the output balances the net loss of shipping attributable to destruction by warlike action, acquisitions by the Army and Navy and other drains upon commerical tonnage, the critical nature of our ocean transportation problem will continue. It is expected that, barring unforseen difficulties in the acquisition of necessary material and undue stoppage of work, the spring of 1942 will find at least 2 vessels a day sliding down the launching ways.

The effective use of the limited supply of tonnage available and the desire to prevent the phenomenal rise in freight rates which characterized the last World War, have compelled the Commission during the past year to exercise definite measures of control over the shipping industry. The necessity for coordination of our ocean transportation facilities was recognized by the President in a letter of February 10, 1941, in which he requested the chairman of the Maritime Commission, with the assistance of the other Government departments involved, to take proper steps to secure the maximum utilization of our merchant tonnage.

Pursuant to this directive, the Commission has served as a conduit for transmitting the requirements of other Government departments and industry for transportation of materials to the steamship operators engaged on specific routes. On the other hand, the Commission had indicated in a series of instructions to the various freight conferences and to individual steamship owners that increases in freight rates will not meet with the approval of the Commission unless the statements in support of the increases are fully substantiated. This system of voluntary control has recently been implemented by enactment of the Ship Warrants Act, which provides that necessary facilities for the servicing of vessels will be made available in the first instance to operators who have filed undertakings satisfactory to the Commission with respect to routes served, cargoes transported, and rates charged.

The ocean-going fleet of the United States today, despite the transfer of over 2 million tons to the Navy and Army and to foreign registry is equal in carrying power to the merchant fleet of September 1, 1939, and vastly superior to that of 1914. Fulfillment of the Commission's program for 1942 construction will double its size.

The repeal of the restrictive provisions on shipping in the Neutrality Act of 1939 open the seas once more to the cargo ships of this country. Whatever new and perplexing problems may arise the vast construction program now under way gives promise that the United States Merchant Marine will shortly be ready to deliver the goods.

Organization.

The membership of the Commission has undergone several changes in the past year. Max O'Rell Truitt resigned from the Commission, effective April 1, 1941, and his place was taken by Captain Edward Macauley. The Honorable John J. Dempsey, former representative from the State of New Mexico, whose appointment to the Maritime Commission was confirmed by the Senate on November 26, 1940, resigned from the Commission on July 7, 1941, to assume the duties of Under Secretary of the Interior. The vacancy created by his resignation has been filled by John M. Carmody.

The staff of the Commission has increased steadily during the past year. The tremendous expansion in the construction program necessitated the employment of additional technically qualified persons to prepare necessary plans, specifications, and to supervise construction in the 23 shipyards presently engaged in Maritime Commission's construction. Increases in the technical staff required correlated increases in the various other divisions, particularly those concerned with supervising the financial aspects of the program.

More extensive supervision and control of vessel operations has required the recruitment of numerous experts in this field to assist the Commission. This applies also to marine surveying, taking of inventories, and other inspection activities in connection with the vessels placed in service by the Commission and those ships of foreign registry receiving lease-lend aid.

The only two groups in which there has been any diminution of employment are the Division of Regulation and the force required to maintain the laid-up fleet. Upon transfer of the jurisdiction over water carriers engaged in interstate commerce to the Interstate Commerce Commission, a small number of Commission employees were transferred. As all Commission-owned vessels have been withdrawn from laid-up status, the various maintenance forces have been dismissed, except for a small group located on the James River.

Total employment of the Commission has now reached approximately 2,500 persons. Two-thirds of this number are located in the main office in Washington, and the remainder are employed at the Commission's district offices and the various shipyards throughout the country.

Studies and Investigations.

The number of reports on various aspects of shipping and shipbuilding, which have been prepared by the Commission during the past year for its own use and for the use of many other government departments and defense agencies, has increased steadily. The creation of new governmental agencies and the necessity for liaison with all other departments concerned with ocean transportation has made it necessary to assemble and disseminate statistical data and studies of all phases of the Commission's activities.

In addition to it customary investigations of commodity movements, trade routes, vessels and vessel movements, the prospective shortage of labor, both in the field of shipping and shipbuilding, has received the careful consideration of the Commission. The lack of information heretofore available in many branches of this field has been remedied in part by the application of tested research methods to studies of the employment problem.

Among the special studies prepared by the Commission during the past year may be mentioned a report on the St. Lawrence waterway project and a report prepared for the transportation study of the National Resources Board. In cooperation with the War Department, the Commission has continued the preparation and revision of its Port Series, pursuant to the provisions of section 8 of the Merchant Marine Act, 1920, but publication has been suspended temporarily by the Commission and the Secretary of War because of data contained in published volumes.

Legislation.

The major legislation affecting the Commission's functions during the period covered by this report was enacted to assist the Commission in handling the increasingly critical burdens placed on the ocean-going fleet of the United States in the past year. Outstanding were measures to coordinate ocean shipping operations to facilitate administration of the Merchant Marine Act, 1936, and to provide for a tremendous increase in ship construction.

Commencing with Public Law 5, Seventy-seventh Congress, which authorized the construction of the first 200 ships of EC-2 type, known as the Liberty Fleet, a series of appropriations were approved by the Congress during 1941 which provided for increasing total construction to over 13,000,000 deadweight tons of shipping by the end of 1943.

Public Law 23, Seventy-seventh Congress, known as the Defense Aid Supplemental Appropriation Act, 1941, authorized the Commission to construct with lease-lend funds 112 additional EC-2 design vessels and 100 vessels of the Commission's standard types. All of the ships to be constructed under this act may be transferred for defense aid purposes under the lease-lend law.

On August 25, 1941, additional funds were provided under the First Supplemental National Defense Appropriation Act, 1942, and contract authorization was granted for the building of more ships and ship ways, including both the Commission's standard types and merchant vessels of such type, size, and speed as to be useful for transporting the commerce of the United States and suitable for conversion into naval or military auxiliaries. Ships constructed under this authorization which are to be used in the defense aid program may be made available, but only by lease to the government of any country whose defense the President terms vital to the defense of the United States, in accordance with the Lease-Lend Act.

The President by special message to Congress requested the enactment of legislation to acquire and put to use immobilized foreign ships in ports of the United States. Many of these ships had been idle for many months and some of them seriously damaged by sabotage for which they were subject to forfeiture. The Congress authorized (until June 30, 1942) the Commission at the direction of the President to purchase or requisition any foreign vessel lying idle in the waters of the United States which is necessary to national defense, with compensation to be determined pursuant to the just compensation provisions of the 1936 act. Lease-lend funds are made available for the payment of such compensation.

Important provisions in the same enactment, known as Public Law 101, authorized the Commission to charter or purchase any vessel, domestic or foreign, for the purpose of providing additional vessels for transportation of foreign commerce of the United States or goods essential to the national defense.

Under specified restrictions, both in the case of requisitioned foreign vessels and other vessels purchased, chartered, or otherwise acquired, the Commission was empowered to repair, operate, charter out, and provide insurance for any such vessel. Vessels acquired by or made available to the Commission, and not documented under the laws of the United States, may be granted special documentation by the Department of Commerce and under certain restrictions, including approval of the Commission, may engage in the coastwise trade. Other provisions authorized the waiving by the Secretary of Commerce of provisions of law relating to crews and crew accommodations and to inspection of vessels in order to enable the operation of these vessels when documented under laws of the United States.

The Commission's statutory power to requisition American owned vessels and vessels under construction in the United States became fully operative when the President proclaimed an unlimited national emergency on May 27, 1941. So far, this power has been exercised only for a few vessels.

One of the most important enactments, intended to attain more effective use of available ships in the face of the increasing shortage of tonnage is Public Law 173, the so-called Ship Warrants Act. This was designed to bring vessels of all flags engaged in the foreign trade of the United States under the coordinated national defense program for ocean shipping. The Commission is vested with authority (expiring June 30, 1943) to enforce priorities in merchant vessel transportation by a system of ship warrants. Ships with such warrants have, with respect to the use of facilities for loading and discharging, cargo handling, fueling, dry docking, and repairing, priority over ships without warrants and such priorities among themselves as the Commission may prescribe. In order to secure such a warrant, the owner of a vessel must enter into an udertaking with respect to the trades in which the ship is to be used, the voyages to be undertaken, classes of cargo to be carried, and a fair and reasonable maximum rate of charter hire or affreightment. The act requires the Commission to make fair and reasonable provisions for priorities with respect to the importation of strategic and critical materials, the transportation of materials when requisitioned by a defense agency, and transportation of essentiatl defense materials.

Legislation (effective until June 30, 1942) designed to improve the administration of the 1936 act and to enable the Commission to function efficiently and speedily under abnormal conditions affecting both ship and construction and ship operation, included authority in carrying out the 1936 Act to negotiate construction contracts without competitive bidding, to adjust outstanding construction contracts, and to negotiate charters of Commission owned vessels without observance of competitive bidding and certain other requirements of the 1936 Act. Safeguards are specified by the law in connection with such negotiations or adjustments, for example, the type of negotiated contract is specified in much detail.

Authority was vested in the discretion of the President to impose priorities over deliveries and performance of contracts for private account in favor of the Commission. A later amendment to the War and Navy priority legislation placed the Commission on a parity with the War and Navy Departments in the imposition of preferences on delivery of materials under contracts or orders deemed necessary by the President for the defense of the United States.

The authority of the Commission under an enactment of the Seventy-sixth Congress to base construction differentials on prewar conditions was extended to June 30, 1942.

The maritime training program of the Commission was strengthened by a measure which authorizes new vessels for State nautical schools and an additional $25,000 annually in Federal aid for each State marine school, conforming with standards worked out by the Commission and admitting out-of-State students, with per capita costs of such out-of-State students to be borne out of the increased Federal appropriation.

An enactment terminating tax exemption in the case of obligations hereafter issued by the United States and its instrumentalities is applicable to debentures issued by the Maritime Commission under Title XI of the 1936 act (insurance of ship mortgages), but rights under obligations which the Commission was committed to issue prior to the effective date of the enactment are protected.

Rules and Regulations.

The Commission issued, effective August 1, 1941, its rules of procedure in proceedings under the regulatory provisions of the Shipping Act, 1916, and related acts. The previous rules under which the Commission had conducted its regulatory procedure were adopted in 1935 by the Shipping Board Bureau of the Department of Commerce. The proposed revision of the Commission's rules was prepared in 1940 and incorporated a number of the suggestions made by the Attorney General's Committee on Administrative Procedure. A formal hearing was held in January 1941 to which all practitioners before the Commission and other interested parties were invited. At the present time 525 attorneys and 265 other qualified persons have been granted permission to appear before the Commission. The final draft was later approved by the Commission and issued.

Under its general powers granted by section 202 (b) of the Merchant Marine Act, 1936, as amended, various rules and regulations have been adopted by the Commission to carry out the powers, duties, and functions vested in it. Among the more important of those issued in the period under review are three general orders providing regulations:

1. For the establishment of construction reserve funds in conjunction with the Treasury Department.
2. For the administration of civilian nautical schools.
3. For filing cargo reports.

This latter instance involved the formalization of previous instructions for obtaining essential information with respect to the movement of vessels and the cargo carried thereon. In view of the emergency shipping situation, the Commission deemed it essential that accurate current information be obtained on these matters.

VESSEL CONSTRUCTION

The scope of our present-day shipbuilding program could scarcely have been foreseen 4 years ago when the first Maritime Commission contract for new construction was signed on October 21, 1937. The vessel for which this contract was signed was subsequently delivered as the S. S. *America* and is now under charter to the Navy Department as the S. S. *West Point*. Yet in the course of the next 2 years preceding the outbreak of the European war a solid ground work was laid upon which the present emergency shipbuilding program could be imposed without the frantic efforts which accompanied our construction activities in the last World War. National defense tankers, C–2 and C–3 design cargo vessels, special designs of the American Export Line and the Mississippi Shipping Co. were started in 1938, to be joined in the following year by other Maritime Commission C design vessels and the modified C design developed by the Seas Shipping Co. Going shipyards received a fresh stimulus from this production program, old shipyards were reequipped, and several new companies entered the field to participate in the broadest construction program undertaken since the World War.

The program which the Maritime Commission initiated in 1938 contemplated the replacement of our aging and obsolescent cargo fleet. Making allowance for the greater speed and enlarged cargo capacity of the new vessels, it was felt that 50 new ships a year for 10 years would supplant the eight-hundred-odd survivors of an earlier era. The major concern was not that the ships were needed and could be built but who could purchase them. The possibility of private operators being able to absorb even 50 ships seemed beyond the realm of likelihood in the light of the facts disclosed by the Commission's Economic Survey of the Merchant Marine in 1937. Nevertheless, the urgent need for new, fast, and efficient cargo carriers outweighed considerations of a probable deficiency of private capital to acquire them under Title V of the Merchant Marine Act. The Commission, therefore, with the approval of the President, determined that the national policy involved in creation of an adequate merchant marine must be effectuated and proceeded with its long-range program under Title VII of the act.

When the ships which had been contracted for by the Commission in 1938 became ready for delivery in the following year the Commission's doubts that private purchasers would not be found were not substantiated. Increased revenues derived from improved shipping conditions in our foreign trade and the sums received from the sale of obsolete vessels at rising prices enabled the subsidized lines to purchase, or make commitments to purchase, about 100 new ships. As the total number of old vessels in the subsidized fleet at that time was about 150, the replacement of these vessels with 100 new ships provided equivalent carrying power and represented the maximum that could be expected under normal conditions. In addition to the replacement programs adopted by the subsidized lines, a number of other companies indicated their desire and ability to acquire new vessels from the Commission's program.

As the European situation deteriorated from one crisis to another, culminating in the outbreak of active warfare in September 1939, the Commission took steps to speed up its new construction. Subsequently, the defense program, and more particularly the requirements of the Navy and Army, commenced to make deep inroads in the fleet of new vessels being delivered to serve our foreign trade routes. It is interesting to note that only 13 of the first 50 vessels built by the Commission still remain in the hands of private steamship operators.

An allocation of $500,000 and contract authorization of $36,000,000 from the President's emergency fund enabled the Commission to commence preliminary work on the emergency program for constructing the 200 vessels of the Liberty Fleet authorized by Public Law No. 5, approved February 6, 1941. The general design of these ships was similar to that used in the 60 vessels for which the British Government had placed construction contracts in the United States in the latter part of 1940. The problem which confronted the Commission was that of obtaining engines and auxiliary equipment for the proposed new ships without interfering with the progress of the Commission's long-range program. It was found that by resorting to the older type of triple-expansion reciprocating engine and by utilizing steam-driven winches and other auxiliary equipment not being placed on Maritime Commission standard type vessels that unused manufacturing facilities would be tapped. Simplification of design and elimination of a number of the refinements characteristic of the C design vessels likewise facilitated in planning the production schedule for these ships.

During the course of the year, the manifest need for further expansion of our shipbuilding efforts in order to provide facilities for transporting the increasing flow of strategic materials and the contemplated deliveries of lease-lend and other defense aid brought about further large appropriations from Congress. The Supplemental Defense Aid Appropriation Act, 1941, and the First Supplemental National Defense Act, 1942, provided funds and contract authorizations sufficient to augment the Commission's construction program to a total of over 1,200 vessels of approximately 13,000,000 deadweight tons to be delivered by the end of 1943. The majority of the ships being constructed under this program are of the EC-2 design, the standard cargo designs previously incorporated in the Commission's program and tankers. In addition thereto, the Commission is constructing smaller cargo vessels known as coasters, both seagoing and harbor tugs, and a limited number of concrete barges.

The scope of the emergency shipbuilding program was too large to be encompassed within the existing facilities of private shipyards. The first 200 ships of the Liberty Fleet were therefore allocated to 7 new yards: 3 on the Atlantic coast, 2 on the Gulf, and 2 on the Pacific coast. As subsequent authorizations were granted to construct additional vessels, it became necessary to increase further the shipbuilding facilities of the country. A total of 131 new shipways have been constructed or are under construction under the terms of facilities contracts with the Maritime Commission. These include not only those in the new yards fostered by the Maritime Commission to construct the emergency vessels but also additional ways to augment existing facilities at 9 established yards.

Summaries of both the ship construction and shipways construction programs are set forth in appendices C and D, respectively.

While the situations are not strictly comparable, certain comparisons between this country's shipbuilding activity during the last World War and that in which the Maritime Commission is presently engaged indicate the progress which has been made in shipbuilding since that time. On October 15, 1918, the Emergency Fleet Corporation held contracts for the construction of 1,604 steel ships, representing a tonnage of 10,513,905 deadweight tons. Contracts for these vessels had been let with 73 shipyards having 390 shipways reserved for merchant fleet construction. At that time the average time elapsed between keel-laying and delivery was from 10 to 12 months. The S. S. *Cliffwood*, which was built in the shortest time of any of the Hog Island vessels, required 6 months and 5 days on the ways with a total building time of 7 months and 24 days.

On November 1, 1941, there were a total of 40 private shipyards with building ways capable of handling ocean-going vessels of a size equal to that of the Maritime Commission's C–1 design ship. The total number of ways occupied with Maritime Commission, Navy, or private building was 211, including 6 unoccupied ways. There were under construction, or contracted for, an additional 58 ways and 6 future ways were under active consideration. There are thus a total of 275 ways capable of handling the Commission's construction program. From this amount must be deducted a number of ways in those shipyards which are reserved for Navy construction. Eliminating this figure and adding the ways presently occupied by British construction, which will shortly be available to the Maritime Commission, there will be somewhat over 200 shipways devoted to the merchant shipbuilding program. Present plans call for the completion of over 1,200 steel ships totalling 13,000,000 deadweight tons by the end of 1943. It will thus be seen that the present construction program will produce greater tonnage with approximately only one-half the number of launching ways required in the wartime program.

During the intervening years, the most important development in speeding up ship construction has been the replacement of the riveter by the welder. The use of welding affects many sides of shipbuilding activity. In the first place, welders can be trained far more rapidly and can perform their task without assistants. This is of particular importance in the present era of tremendous expansion of shipbuilding activity in which the dilution of shipbuilding skill is of vital importance. In the second place, the time consumed by each vessel on a launching way is greatly curtailed under modern conditions by the use of welding which permits the assembling and welding of large sections of the ship in the various shops before being fitted to the frame of the vessel. In the third place, from the point of view of economy in operation, the all-welded ship permits a saving in steel due to the absence of overlapping plates, thus increasing the cargo-carrying capacity of the vessel.

Conclusive proof of the improvements which have been effected in the art of shipbuilding is obtained by a comparison of the annual cumulative totals of deadweight tonnage of steel vessels of 1,000 gross tons which were constructed during the last war effort and the present emergency program. Assuming a base year 2 years before the outbreak of war in each instance, that is, 1912 and 1937, respectively, continuation of the present rate of production of steel vessels of 1,000 gross tons or more will result by the end of 1943 in an amount of deadweight vessel tonnage equal to that produced in the entire previous construction period which ended in 1921. From the point of view of time necessary to complete the program, our current construction effort at the end of 1943 will be more than 10,000,000 deadweight tons ahead of December 31, 1918, which is the comparable year of the earlier program.

The tremendous expansion in shipbuilding activity imposed upon American shipyards, particularly in the past year, implies a corresponding expansion of the labor force in the shipbuilding industry if the delivery schedules of Navy and cargo vessels required for our national defense are to be met. Owing to the dearth of construction during the decade of the 1930's, the number of shipyard employees had dwindled in 1935 to between 60,000 and 70,000. This figure includes yards engaged in ship repair work as well as new construction. Under the impetus of the Navy and Maritime Commission construction, this figure had approximately doubled by the beginning of 1940. Based upon construction projected in the spring of this year, it was estimated that a peak employment of 560,000 would be required by the summer of 1942. Since that date, however, additional contracts have been entered into by both the Navy and the Maritime Commission, so that early estimates will undoubtedly have to be increased. While the shipyards, in conjunction with the Government, have established broad training programs to provide the necessary skilled workers, the present scarcity of such personnel has handicapped the efficient prosecution of the construction program and resulted in considerable pirating of labor not only by other shipyards but by other industries.

One of the measures adopted to prevent aggravation of this situation has been the establishment of shipyard stabilization zone standards. The cooperation of shipyards, contractors and representatives of labor engaged in the shipbuilding industry, together with the Governmental departments involved, resulted in the formation of standard agreements for four zones: Pacific, Gulf, Great Lakes, and Atlantic. These agreements fixed rates of pay for first-class mechanics, set up overtime provisions and shift premiums, contained a no-strike or lock-out clause, as well as provisions against limitations on production. They became effective for the Pacific coast on April 1, for the Great Lakes on June 2, for the Atlantic coast on June 23, and for the Gulf coast on August 1 of this year. The establishment of these zone standards has exercised a stabilizing effect on the shipbuilding industry but has by no means provided a complete solution.

Construction-Differential Subsidies.

Title V of the Merchant Marine Act, 1936, provides that an operator engaged in an essential trade route may apply to the Commission for a construction-differential subsidy with respect to new vessels which he wishes to purchase for operation on the trade route in which he is engaged. This means, in effect, that an operator may purchase a vessel built in the United States at the price which it would cost him to construct such a vessel in a foreign country, provided that the difference in cost does not exceed 50 percent of the American price.

The task of securing adequate data on the estimated foreign construction costs of a vessel to be built in the United States is not an easy one even in times of peace. Each country has different standards of construction and favors types which may not necessarily be built in other countries. The outbreak of the war in Europe immediately intensified the difficulties of securing accurate information on this subject. In recognition of this fact, Congress authorized, and later extended the authorization until June 1942, or at a sooner date if the emergency ceases to exist, the Commission to utilize prewar construction costs in making its determinations. As the Merchant Marine Act provides that vessels constructed thereunder must maintain a United States registry for a period of 20 years, it was felt that the differentials existing in 1939 would provide the operator with a reasonable parity in cost over the 20-year life of the vessel.

More recently, the cost of constructing ships in American yards has increased approximately 25 percent. This will tend to increase the construction-differential subsidy granted by the Commission on ships contracted for during the past year to the 50 percent limit permitted by law.

OPERATING-DIFFERENTIAL SUBSIDY AGREEMENTS

The number of companies having operating-differential subsidy agreements with the Commission has not changed during the past year. Operations on particular routes, however, have undergone marked, and in some cases substantial, changes owing to the shifting demands for tonnage in particular areas, the spread of warfare to more distant quarters of the globe and the other dislocations which inevitably occur in time of emergency. One of the major problems which the majority of the operators have had to face has been the acquisition of sufficient tonnage to provide adequate service on their respective routes.

The commitments for the replacement of obsolete tonnage, which the operators undertook when entering into long-term operating subsidy agreements in 1938, have been for the most part completed. In many cases, however, the operators have enjoyed but briefly the use of these new vessels. The program for a two-ocean Navy, and the requirements of the War Department for vessels to serve its outlying bases, has meant that a number of the new vessels constructed under the Commission's program have been turned over to the military branches of the Government. In certain instances, these vessels had not been placed in operation. In fact, of the 62 vessels built under the Commission's long-range replacement program, which have subsequently been acquired by the Army or the Navy, 50 were taken directly from commercial operation. In order to offset the adverse effect of these forced withdrawals, the Commission has facilitated the acquisition of replacement tonnage and has utilized vessels drawn from its laid-up fleet to supplement services deprived of new tonnage.

The impact of the European war and the subsequent passage of the Neutrality Act was felt most severely by the companies maintaining service to European destinations, and more particularly the United States Line, which operated the major American flag passenger service to European ports. With the delivery of the S. S. *America* on July 2, 1940, this company had three large passenger vessels constructed especially for the North Atlantic trade, which were not readily adaptable to any other service. Application was made to the Maritime Commission for relief under the provisions of Public Resolution No. 89, Seventy-sixth Congress, and authority to operate them in lieu of lay-up was granted by the Commission for a series of intercoastal voyages and cruises to the West Indies. In the spring of 1941 the War Department chartered two of these vessels for a number of trips, and shortly thereafter the Navy Department took over the *America*, the *Manhattan*, and the *Washington* under a charter party agreement.

Other subsidized lines have also lost the use of passenger vessels through purchase or charter by the War or Navy Departments. Among the ships so transferred from commercial service are the *Delorleans* and *Deltargentino* of the Mississippi Shipping Co.; the *Exochorda* of the American Export Lines; seven vessels of the American President Lines, including three new combination ships built for the round-the-world service; four passeger ships being constructed for the American Republics Line; the *Santa Barbara* and *Santa Maria* of the Grace Line; the *Iroquois* of the New York and Cuba Mail Co.

A number of nonsubsidized companies, such as the United Fruit Co., Baltimore Mail Co., Eastern Steamship Co., Panama Railroad Co., have likewise contributed passenger vessels from their respective fleets.

Despite the disruptions in service occasioned by the loss of new vessels, the delays caused by the rerouting of vessels in the longer trades and the difficulties encountered in operation under emergency conditions, the past year has generally been a highly successful one for American shipping companies. Although the cost of wages, repairs, fuel, and other operating items have increased considerably, the existing rate structure provides a very profitable return on almost all routes.

With the amount of foreign-flag competition decreased because of withdrawals for direct service by the belligerent countries, and with vessels booked to capacity in almost all trade routes, the Commission felt that these changed conditions raised the question of the necessity of continuing operating subsidy payments. Negotiations for a readjustment under the provisions of section 606 of the Merchant Marine Act, 1936, were therefore entered into with the various subsidized lines, and agreements were reached with nine of them to eliminate subsidy on all items except wages, upon which a percentage was retained which would provide the operator with an amount equivalent to one-fourth of his previous total subsidy. In the event that conditions should alter considerably, these agreements provide that upon request of the operator the subsidy schedule may be reviewed at any time after 6 months have elapsed.

There is set forth in the following tabulation the approximate operating-differential subsidy accrued during the fiscal year 1941:

Accrued operating-differential subsidy on voyages and inactive periods, July 1, 1940, to June 30, 1941

	Number of voyages	Accrued subsidy
American Export Lines, Inc	81	$1,365,377.19
American Mail Line, Ltd	22	433,952.42
American President Lines, Ltd	45	3,450,506 95
American South African Line, Inc	10	244,385.26
Grace Line, Inc	74	1,452,824.76
Lykes Bros. Steamship Co., Inc	140	1,132,114.59
Mississippi Shipping Co., Inc	50	632,476.17
Moore-McCormack Lines, Inc	125	1,823,586.17
New York & Cuba Mail Steamship Co	129	538,910.30
Oceanic Steamship Co	15	756,232 15
Seas Shipping Co	24	476,668.69
United States Lines Co	36	744,266.41
Total	751	13,061,301.06

Aid to Vessels Over 20 Years of Age.

Pursuant to section 605 (b), Merchant Marine Act, 1936, as amended, there is included in appendix E a list of the vessels over 20 years of age for which an operating-differential subsidy has been paid during the period October 1, 1940, to September 30, 1941. The payment of subsidy for over-age vessels has been granted by the Commission pending their replacement by new construction. In most cases this replacement program would already have been completed by this date if the Army and Navy had not acquired the use of 50 new vessels already engaged in commercial service. Subsequent deliveries of other ships, however, have replaced virtually all of these vessels. In consideration of these facts, and the others mentioned above, the Commission determined that it was no longer in the public interest to grant financial aid for the operation of vessels over 20 years of age and directed that such payments should cease as of July 1, 1941.

When it was ascertained by subsequent investigation that the rights of the parties to the subsidy agreements might be vitiated by failure to provide financial payment on the vessels employed thereunder, the Commission modified its action to include the payment of 1 percent of wages on vessels over 20 years of age included in existing agreements.

STATUTORY RESERVE FUNDS

There are set forth in appendices I and J, respectively, statements with respect to the status as of December 31, 1940, of the capital reserve and special reserve funds established by companies having operating-differential subsidy agreements under the provisions of section 607, Merchant Marine Act of 1936, as amended. It should be emphasized in connection with these statements that the figures used are largely unaudited and are, therefore, subject to adjustment at the time of completion of the annual accountings for the calendar year 1940 by the Commission's auditors.

Capital Reserve Funds.

An examination of the statement set forth in appendix I reveals that deposits into the statutory capital reserve funds of operators with whom long-term operating-differential subsidy agreements were entered into by the Commission aggregated $69,118,182.24 through December 31, 1940. These deposits included $19,556,887.43 representing depreciation charges on the subsidized vessels computed on a 20-year life expectancy, $30,710,586.84 representing proceeds from the sale of vessels and proceeds of insurance and indemnities received by operators on account of total losses of vessels, and $18,850,707.97 from other sources, of which $10,704,581.27 represents profits from subsidized operations in excess of 10 per centum per annum of "capital necessarily employed in the business" (which ordinarily are required to be deposited into the statutory special reserve funds but which were authorized by the Commission to be deposited into the statutory capital reserve funds) and the remainder represents principally voluntary deposits of earnings from subsidized operations which otherwise would have been available for distribution to stockholders and of earnings from unsubsidized operations which likewise would have been so available.

Withdrawals from the statutory capital reserve funds through December 31, 1940, aggregated $48,413,154.26, of which $31,406,538.49 represented payments to the Commission on account of vessels constructed for the operators under the provisions of the Merchant Marine Act, 1936, and $17,006,615.77 represented payments on subsidized vessels not so constructed.

Balances in the statutory capital reserve funds at December 31, 1940, aggregated $20,705,027.98. For approximate purposes there should be added to this $1,552,760.90 representing the net excess of under-deposits over over-deposits in the fund, as indicated by preliminary calculations submitted to the Commission by the various operators, which under-deposits, however, were not required to be actually deposited into the fund until after December 31, 1940. Based upon these preliminary figures, however, the total of the balances in the statutory capital reserve funds and net under-deposits therein as at December 31, 1940, amounted to $22,257,788.88.

Special Reserve Funds.

By reference to appendix J, it will be observed that operating-differential subsidy paid or accrued to the operators under agreements (including the so-called temporary agreements as well as the so-called long-term agreements) with the Commission aggregated $38,816,154.35 from inception through December 31, 1940.

The net profit of the operators from subsidized operations (after taking into account accrued operating-differential subsidy) from inception under the various agreements with the Commission through December 31, 1940, is reflected on this statement in the aggregate amount of $51,420,105.67. The "unrestricted profits" of the operators, consisting principally of 10 per centum per annum of "capital necessarily employed" in subsidized operations, but including also the portion of additional profits reverting to operators under the so-called temporary agreements and upon the termination of long-term agreements (in two instances), amounted to $14,102,060.72, leaving a balance of $37,318,044.95.

Of the balance of net profits in excess of "unrestricted profits," as reflected on this statement in the amount of $37,318,044.95, $1,570,528.69 has been recaptured or is recapturable by the Commission under the so-called temporary agreements and under terminated long-term agreements, $18,069,439.55 has been deposited into statutory special reserve funds, and $10,704,581.27 has been deposited into statutory capital reserve funds, leaving an indicated net under-deposit of $6,973,495.44 as at December 31, 1940, which, however, was not required to be actually so deposited until thereafter.

Balances in the statutory special reserve funds aggregated $18,069,439.55 at December 31, 1940, to which should be added the aforementioned net under-deposit of $6,973,495.44, bringing the total of balances in the fund and additional amounts required to be deposited therein to $25,042,934.99 at that date.

TRAINING PROGRAM

The statement of policy contained in Title I of the Merchant Marine Act, 1936, directs the Commission to establish a merchant marine and to provide for the need of our commerce and national defense. It also requires that merchant marine should be "Manned with a trained and efficient citizen personnel." During the 4 years which have elapsed since the permanent Maritime Commission took office the Commission has endeavored to carry out this directive. Under the authority of the Merchant Marine Act, and subsequent amendments enacted thereto, the Commission established the United States Maritime Service and revitalized the system of cadet training which had been provided for in prior legislation. The Maritime Service is an agency of the Commission which is administered for it, under its supervision and rules and regulations, and at its cost, by the United States Coast Guard. One-half of its instructors and administrative personnel is composed of merchant seamen, the remainder being attached to the Coast Guard. At its inception the Maritime Service offered a 3 months' refresher course of training to experienced licensed officers and unlicensed personnel with the privilege of returning 1 month each year for additional training. Over 1,200 officers and 5,000 seamen have enrolled for these courses. At the time of its inauguration there were ample men available to man the existing merchant fleet.

Subsequent to the outbreak of the European conflict and the expansion of the Commission's construction program, it became apparent that facilities should also be provided for training new men for the sea-going profession. Plans were prepared for the establishment of two training stations for apprentices and one training ship was made available by conversion of a former cargo carrier. The ground work for the training machinery necessary to provide the adequate number of officers and men for the Commission's greatly expanded construction program was thus laid prior to present emergency conditions.

The Commission expects to complete the construction of over 1,200 ships by the end of 1943. Approximately 40,000 seamen in all ratings and 10,000 officers will be required to man these ships. There are many factors which make it impossible to determine whether all these vessels will be served by citizen crews of the United States; some may be acquired by the military branches of the Government, others may be transferred to foreign registry. It is apparent, however, that the majority of them will probably be manned by citizens of this country. It is equally clear that the number required cannot be drawn from the ranks of those presently going to sea. Certain difficulty is expected even now in manning vessels for our important overseas trade routes. At the same time vast recruitment programs have been undertaken by the Navy and the Coast Guard in addition to these urgent needs for maritime personnel by other branches of the Government. The vast industrial expansion, particularly that in the shipyards where men with sea experience may readily find employment, attracts many men who might otherwise follow the sea.

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The Maritime Service now has four training stations devoted to apprentice training. One of these is located at St. Petersburg, Fla., on land donated by that city to the Federal Government. This station was opened on July 22, 1941. Another is situated at Port Hueneme, Calif., on property already owned by the Government with docking facilities donated by the Oxnard Harbor District. This station was dedicated on August 30, 1941. In addition to these new stations the previously established schools at Hoffman Island in New York Harbor and Gallops Island in Boston Harbor are presently utilized for apprentice training. Three of these stations, namely, Hoffman Island, St. Petersburg, and Port Hueneme have an annual capacity for trainees of approximately 10,000. This figure is based on the number of men spending 2 of the 6 months' training course at a shore station. Upon completion of this initial training period the men obtain 4 months' experience at sea on one of the Commission's training ships.

The Commission now operates 5 training ships which have an annual capacity of 3,600 men under the present 6 months' training course. In view of the urgent need for additional seamen the Commission has recently taken steps to acquire 4 additional training ships. Upon acquisition of these vessels the Maritime Service will have doubled the facilities available for training to qualify able seamen or licensed enginemen. The vessels now in use are the *American Seamen* and the *Joseph Conrad* attached to St. Petersburg, Fla.; the *American Sailor* attached to Port Hueneme, Calif.; the *Empire State* and *Vema* attached to Hoffman Island, N. Y. A number of smaller vessels are also used for station service and small-boat work.

The training station at Gallops Island is confined to a radio school and a cooks' and stewards' school. Three hundred and twenty-five trainees can take the radio course which covers from 6 to 10 months. About 508 radio operators a year will be graduated from the school. The course given to the cooks and stewards covers a 6 months' period and permits the graduation of about 400 men annually.

In addition to the facilities for training apprentice seamen at the Hoffman Island Station a special gunnery school is maintained for instruction in the use of protective ordnance on merchant ships. This type of training is being extended to all the other stations both for seamen and officers.

The training of future officers which will be required under the Commission's construction program is being conducted presently at two training stations of the Maritime Service and through the Commission's cadet training program with which is allied the four existing State maritime academies of California, Massachusetts, New York, and Pennsylvania.

The training stations for prospective officers are maintained at Fort Trumbull in New London, Conn., and Government Island, Alameda, Calif. The course of these schools embraces a 4 months' period and equips seamen with 3 years experience at sea to sit for licenses as junior officers. The existing annual capacity of 1,200 is being expanded to take care of increased needs.

In the Cadet Corps of the Maritime Commission American citizens below a specified age limit are given a 3-year course to equip them to sit for licenses as junior officers. Careful investigation is made of all applicants and those selected for the course must qualify in a national competitive examination. During the course of instruction they are enrolled in the Merchant Marine Naval Reserve, receive 240 hours of instruction in naval science, and are commissioned as ensigns in the Naval Reserve after graduation. Two months preliminary training is given to each cadet upon appointment at one of the three schools maintained on the Atlantic, Gulf, and Pacific coasts. They are then assigned to merchant vessels for at least 1 year and 10 months training at sea. Their progress is checked by district training instructors when the vessel to which they are assigned reaches shore and annual examinations are held. The final year is spent at one of the cadet schools. The present capacity of the cadet corps is 600. With the delivery of vessels in the Commission's merchant fleet the number of cadets will be expanded. Approximately 600 new officers will be graduated by the cadet corps during the next 2 years. This number will be supplemented by graduates from the State maritime academies which are supervised by the States under regulations of the Commission.

The cadet corps also conducts schools in visual signaling at the district offices at New York, Baltimore, New Orleans, and San Francisco. This training is especially important during emergency conditions when a great deal of communication cannot be used. Of the 3,148 officers and cadets enrolled, candidate certificates have been awarded to 854 for proficiency and expert signaling.

Extension or correspondence courses are available to merchant marine personnel while at sea. These courses are conducted for the Commission by the Coast Guard Institute at New London, Conn., which holds examinations of the enrollees. To date 2,077 members of the Maritime Service and 1,158 additional sea-going personnel have been enrolled for these courses.

INSURANCE

The world-wide disturbances created by the European conflict have registered their effect upon all phases of shipping and by no means least on that sensitive barometer of risk—the insurance market, Although the Commission does not seek to alter its established policy of limited participation in the underwriting field, war conditions have made it necessary to provide coverage for a large number of vessels acquired under the terms of Public Law 101.

Enactment of this law, approved June 6, 1941, extended the insurance activities of the Commission by authorizing the insurance of foreign and domestic-flag vessels, acquired under the statute, against all hazards of marine and war, including protection and indemnity insurance. The revolving fund of $40,000,000, provided for carrying out the 1940 war risk amendment to Title II of the Merchant Marine Act, 1936, was made available for insurance issued under Public Law 101.

The Commission's underwriting activities, therefore, fall into three groups: First, marine and war risk insurance under section 10 of the Merchant Marine Act, 1920; second, war risk and other insurance authorized under the act approved June 29, 1940, amending Title II of the Merchant Marine Act, 1936; and third, marine, war, and other insurance authorized under Public Law 101.

Marine and war risk insurance in force as of the close of last year and written during the present year, under the provisions of section 10, Merchant Marine Act, 1920, totaled $152,521,612 as of the close of business September 30, 1941, with premiums totaling $1,656,502.07. These totals are made up of (1) marine insurance totaling $62,543,284, with premiums of $1,276,392.76, and (2) war risk insurance totaling $89,978,328, with premiums of $380,109.31.

Insurance under the amendment to Title II of the Merchant Marine Act, 1936, has not been made available to steamship owners, operators and shippers generally, for the reason that the commercial underwriters have been able to provide on reasonable terms and conditions all necessary war risk insurance for American-flag vessels. The only insurance written under the amendment was (1) war risk protection on seven vessels owned by the Commission, allocated to carry lease-lend cargoes to the Red Sea, for a total amount of $5,950,000 with a premium of $267,750, and (2) reinsurance for a short time for certain underwriters issuing protection and indemnity policies. This reinsurance was necessary because the Commission required the elimination of an objectionable clause in all such policies written on vessels mortgaged to or chartered by the Commission. The American underwriters, after some discussion, agreed to delete the clause provided they would be able to obtain reinsurance to replace that carried with English underwriters. The English underwriters declined to delete the clause from their policies without the substitution of another which was equally objectionable. The Commission accordingly provided the reinsurance until such time as arrangements could be made to place it with American underwriters. For this reinsurance the Commission received a premium of $5,855.16.

Sixty-three vessels have been insured against war perils under the authority of Public Law 101 for an estimated amount of $54,950,000 with an estimated premium of $3,100,000. Fifty-one of these vessels have also been insured under that authority against marine perils for an estimated amount of $32,500,000 with an estimated premium of $1,625,000. The precise figures in the foregoing transactions are not yet available because of the difficulty encountered in fixing the insured values for many of the vessels and because the amounts insured on the crews and their effects have not yet been reported.

Insured marine and war losses carried over from last year and reported during the present year are estimated at $5,569,750.06 for the year ending September 30, 1941. This total is distributed over the three groups into which the Commission's insurance activities fall, as follows:

Insurance activities

SECTION 10, MERCHANT MARINE ACT, 1920

	Losses	Premiums	
		Marine	War
Carried over from last year	$860,020.48		
Arising during year ended Sept. 30, 1941:			
Marine	969,632.37	$1,276,392.76	
War risk			$380,109.31
	1,829,661.85		
Settled during year ended Sept. 30, 1941	593,261.79		
Total	1,236,400.06		
WAR RISK INSURANCE AMENDMENT APPROVED JUNE 29, 1940, TO TITLE II, MERCHANT MARINE ACT, 1936			
Carried over from last year			
Reported during year ended Sept. 30, 1941	[1, 2] $2,400.00	$5,855.16	$267,750.00
PUBLIC LAW 101			
Reported for period ended Sept. 30, 1941:			
Marine (estimate)	$29,750.00	$1,625,000.00	
War risk (estimate)	[3] 4,301,200.00		$3,100,000.00
Grand total	5,569,750.06	2,907,217.92	3,755,859.31

[1] Estimate.
[2] Reinsurance.
[3] Represents 5 total losses due to war perils.

Recoveries effected on claims settled under section 10 insurance and other claims of a marine insurance nature in favor of the Commission totaled $123,216.91 for the year.

War risk insurance rates for hulls and cargoes, as charged by the American and English underwriters, have held fairly steady throughout the year on trade routes open to American-flag vessels, notwithstanding the fact that of the five total losses above referred to, one—a foreign-flag vessel—was sunk in such a route along with two American-flag vessels in which the Commission was not interested as insurer. The rates and terms at which war risk insurance was obtainable in the commercial market have not in general been deemed unreasonable. When complaints have been filed with the Commission, the American underwriters have cooperated by reconsidering their quotations and, in a number of instances, have reduced their rates or increased their participation.

The distribution during the last 5 years over the three available markets of the insurance required by the Commission on mortgaged vessels is shown by the following tabulation:

	Fund	American	Foreign
	Percent	*Percent*	*Percent*
Oct. 25, 1937	5.1	41.5	53.4
Oct. 25, 1938	5.2	46.5	48.3
Oct. 25, 1939	6.4	46.2	47.4
Oct. 1, 1940 [1]	16.8	50.48	32.72
Oct. 1, 1941	10.52	60.91	28.57

[1] The fund percentage is unusually high and the foreign percentage is unusually low because at the time 3 high-valued vessels were insured a large section of the British market could not be used as it had not made deposits in this country. If the fund could have been limited to its usual participation its percentage would have been 7.1 percent instead of 16.8 percent.

There has been a substantial increase in the number of mortgaged vessels during the past year and, as the preceding tabulation shows, a greater percentage of insurance is being carried in the American market as compared with last year. This is due largely to the unsettled world conditions which have caused American vessel owners to transfer a substantial portion of their insurance from foreign to American underwriters. There has been a substantial increase also in the number of chartered vessels and a decrease in the number of subsidized vessels.

In connection with the emergency shipyard and vessel construction program, the Commission has not required property insurance on the shipyards or on the vessels while under construction. It has been necessary, however, to protect these construction operations by workmen's compensation, public liability and automobile insurance, and such other forms of liability insurance as were found desirable for any particular operation, or that were required by State laws. Proposals for this insurance were solicited through the contractors, and from those companies that filed proposals, the Commission designated the insurance carriers for the various construction operations under the emergency program. The insurance for all of these operations is carried by the designated companies under plans which guarantee minimum cost to the Government.

The following tabulation shows the number of hulls under construction on which builder's risk insurance has been carried during the past 2 years and the distribution of this insurance over the three markets:

	Number of hulls	Fund	American	Foreign
		Percent	*Percent*	*Percent*
Sept. 30, 1940	93	3.4	63.42	33.18
Sept. 30, 1941	225	1.25	82.55	16.2

FEDERAL SHIP MORTGAGE INSURANCE

During the year October 1, 1940, through October 1, 1941, three applications, involving up to $6,300,000, were submitted to the Commission for commitments to insure preferred ship mortgages on new vessels to be constructed pursuant to Title XI of the Merchant Marine Act, 1936, as amended. These applications have been approved and commitments issued. In the same period two commitments, previously issued, were converted into definitive contracts of insurance, totaling $350,000.

The aggregate of commitments to insure and contracts of insurance issued since the enactment of Title XI amounts to $7,625,000. This total contingent liability has been reduced by principal mortgage payments in the sum of $142,781.44, of which $84,284.95 were made during the year ended October 1, 1941. Thus, as at October 1, 1941, there is outstanding a contingent liability of $7,482,218.56 represented by a balance of $1,182,218.56 under definitive contracts of insurance and $6,500,000 under commitments to insure.

FEDERAL SHIP MORTGAGE INSURANCE FUND DEBENTURES

No Federal ship mortgage insurance fund debentures have been issued to date. In the event the Commission's contingent liability should become fixed, through default under the insured mortgages, the underlying vessels would be transferred to the Commission against issuance to the respective mortgagees of such debentures, as authorized under section 1105 of the act.

Title XI of the Merchant Marine Act, 1936, originally provided that such debentures, redeemable from the Federal ship mortgage insurance fund, and unconditionally guaranteed as to principal and interest by the United States, were exempt, both as to principal and interest at the rate of 2¾ percent from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the

United States, by any Territory, dependency, or Possession thereof, or by any State, county, municipality, or local taxing authority. This tax exemption feature was modified by the Public Debt Act of 1941 to eliminate the privilege of Federal tax exemption in connection with commitments made by the Commission on or after March 1, 1941.

Since there was outstanding on October 1, 1941, a balance of $7,482,218.56 of commitments to insure and contracts of insurance issued prior to March 1, 1941, this amount represents the maximum amount of debentures contingently issuable with all of the tax exemption features prescribed by section 1105 (c) of the Merchant Marine Act, 1936, as amended June 23, 1938.

FEDERAL SHIP MORTGAGE INSURANCE FUND

The balance in the Federal ship mortgage insurance fund, as at October 1, 1941, amounts to $528,259.93, an increase of $15,721.16 during the year. Such increase is represented by the deposit with the United States Treasury of collections made by the Commission of $8,600, for charges authorized by section 1104 (d) of the act, and $7,138.50, for premiums under section 1104 (c), less refund of $17.34 on account of overpayment of premium applicable to an earlier period.

LITIGATION AND CLAIMS

The Office of the General Counsel is charged with investigation of all claims by and against the Commission and, subject to the supervision of the Attorney General, with conducting all litigation in which the Commission is involved. During the period under review, 63 cases in litigation involving approximately $7,800,000 were disposed of, while 25 cases involving approximately $1,300,000 were added to the docket. The number of cases pending as of October 25, 1941 was 158, involving nearly $24,000,000. The present docket of litigation is composed of current cases, with the exception of a few cases involving the former Shipping Board and Fleet Corporation, predecessors of the Maritime Commission.

The foregoing figures cover only the cases in which the Commission is directly involved and do not include litigation handled by the Maritime Commission for other departments of the Government. These cases are brought under authority of the Public Vessel Act, 1925 (U. S. C. Title 46, 791). The vessels involved in such litigation include those operated by other Departments of the Government, such as War, Navy, and Commerce Departments, and the Coast Guard. Three such cases were closed and 13 new cases were added. The total number of such cases pending on October 25, 1941, was 48 involving approximately $900,000.

Due to conditions abroad, litigation and claims pending in foreign countries have ben inactive.

In previous annual reports the Commission has reported the progress of certain important cases in litigation. One such case which has been reported for the last several years arose out of the Government's ship construction program during the last World War and involved a judgment against the Government of more than $5,000,000. The decision of the district court was affirmed by the Circuit Court of Appeals for the Third Circuit and the case is now pending before the Supreme Court of the United States. It is expected that the case will be argued in the near future.

Several cases in litigation involving the power and authority of the Maritime Commission in regulatory cases were tried. In each of these cases, the action of the Commission was upheld. Recently three suits were filed to restrain enforcement of the Commission's order involving certain practices of the San Francisco Bay area terminals. Among other things, the Commission's order prescribed shorter free time periods and increased wharf demurrage and wharf storage charges at San Francisco Bay terminals. The court has issued an interlocutory injunction pending the trial of the suit.

Twenty-six claims (not in litigation) involving approximately $80,000,000 were pending on October 25, 1941. During the period October 26, 1940, to October 25, 1941, 13 claims involving approximately $50,000 were disposed of, and 5 claims involving approximately $28,000 were added or a net decrease of 8 claims during the year.

There is set forth in appendix H a report of claims arbitrated or settled by agreement from October 16, 1940, to October 15, 1941, as required by section 12 of the Suits in Admiralty Act.

REGULATORY FUNCTIONS

The terms of the Transportation Act, 1940, transferred to the Interstate Commerce Commission the jurisdiction over water carriers engaged in interstate commerce other than those engaged in transportation between the continental United States and the territories of Hawaii, Alaska, and the other possessions of the United States. This shift of regulatory authority was effective on March 1, 1941, the date designated by order of the Interstate Commerce Commission.

As a result of this transfer the regulatory staff of the Commission has had an opportunity to supervise more closely the practices of carriers and terminal operators and to analyze the freight rate structures established in the various trades of the world served by merchant vessels. The results of the investigation conducted along these lines are shown in the following report of activities in this field.

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Formal Docket.

Four major investigations were made during the period. (1) In *Practices, etc., of San Francisco Bay Area Terminals*, 2 U. S. M. C. —, the Commission, among other findings, reaffirmed its jurisdiction over State and municipally owned terminals, reduced free time periods and prescribed, as a reasonable practice, generally higher rate levels as minima for wharf demurrage and storage based on the cost of the service as shown by the record. Respondents were ordered to file their tariffs with the Commission. (2) In *Alaskan Rates et al.*, 2 U. S. M. C. —, a general investigation was made of the rate structures, including proposed increases, of carriers operating in the Alaskan trade. With few exceptions, the rates were found not unreasonable as a whole, based on the fair-value test. Special rates to large shippers and certain unjustified rate increases were condemned, unfiled tariffs covering services to irregular ports were ordered filed, and Alaska Steamship Company was admonished to cancel joint rail and water rates with Alaska Railroad and file water proportional rates with the Commission. (3) In *Rates, etc., Japan to United States*, 2 U. S. M. C. 426, nine of fourteen respondent carriers were found to allow shippers to obtain transportation at less than regular rates by means of false billing of weights of raw silk and by falsely describing in bills of lading a great variety of other commodities. Prosecutions related to such false billings have been begun by the Department of Justice, the first of which has been concluded by assessment of fine of $5,250. (4) In *Rates, etc., United States to Philippine Islands*, 2 U. S. M. C. 535, nine shippers were found to have falsely billed textiles and six carriers were found to have allowed transportation of such falsely billed textiles at less than applicable rates. The Commission's certifications of these violations for prosecution are now pending before the Department of Justice.

As in the two last-mentioned cases, respondent in *Agreements of Nicholson Universal Steamship Co. and Spokane Steamship Co. with Duluth Transit Co. and Clarence L. Holt*, 2 U. S. M. C. 414, was found to be allowing transportation at less than the legal rate. In this case the respondent carrier had employed the device of paying excessive compensation for stevedoring services to a corporation under common control and ownership, for all practical purposes, with a consignee and distributor of automobiles. The violation was certified to the Department of Justice.

Schedules containing increased rates were suspended in a number of cases in addition to the Alaskan case mentioned above. Except in the later case, the schedules were canceled by carriers, thereby obviating a hearing.

Suspension was also made, in two cases, of schedules canceling or restricting steamship services. After investigation, the cancelations were found not unlawful. (See *Gulf-Puerto Rico Rates via The New York and Porto Rico Steamship Co.*, 2 U.S.M.C. 410, and *Intercoastal Cancelations and Restrictions*, 2 U.S.M.C. 397.) Two investigations were conducted into the lawfulness of embargoes established by carriers. In *Embargo on Cargo Between North Atlantic and Gulf Ports*, 2 U.S.M.C. 464, the embargo established by Clyde-Mallory Lines was found unreasonable and ordered canceled. But in *Embargo on Cargo at Camden, N. J.*, 2 U.S.M.C. 491, the embargo established by Pan-Atlantic Steamship Corporation was found not unlawful.

The rights of carriers to membership in steamship conferences were involved in two proceedings. In *Sigfried Olsen* v. *Blue Star Line, Limited, et al.*, 2 U.S.M.C. 529, complainant was found to be entitled to membership, and in the other case the carrier was admitted without the matter going to a hearing. Another case involving a section 15 agreement was *In the Matter of The New York and Porto Rico Steamship Company — Waterman Steamship Corporation Agreement*, 2 U.S.M.C. 453, wherein it was determined that an agreement between Porto Rico Line and Waterman whereby the former discontinued service from Gulf ports to Puerto Rico, selling its good will to Waterman and agreeing not to reenter the trade, should be filed for approval by the Commission.

Jurisdictional questions were disposed of in several cases in addition to the *Alaskan* and *San Francisco Terminal* cases above mentioned. In *In Re Inland Waterways Corporation and Mississippi Valley Barge Line Co.*, 2 U.S.M.C. 458, the Commission determined that carriers operating barge lines on the Mississippi River, when joining in through routes with intercoastal carriers, were common carriers in intercoastal commerce. In *Pilgrim Furniture Co., Inc.*, v. *American-Hawaiian Steamship Co.*, 2 U.S.M.C. 517, it was held that the Commission had no jurisdiction over loss and damage claims or to award damages because of carrier's failure to follow instructions to ship on a particular voyage.

New and novel questions were presented in a number of cases. For instance, in *Patrick Lumber Co.* v. *Calmar Steamship Corporation et al.*, 2 U.S.M.C. 494, involving denial of cargo space, the Commission laid down the principle that "distribution (of space) in times of space stringency based upon the relative proportion in which shippers offer lumber on hand and conveniently located for prompt loading, taking into consideration the rights of small shippers, would seem to be just and reasonable." In *Long Beach Lumber Co., Inc.*, v. *Consolidated Lumber Co.*, 2 U.S.M.C. —, the Commission failed to sustain complainant's allegation that defendant terminal's employees refused to accord delivery of lumber to complainant who was being picketed by labor unions. In *American Union Transport, Inc.*, v. *"Italia" Societa Anonima Di Navigazione*, 2 U.S.M.C. 553, the Commission decided that duties of defendant carrier, under regulatory provisions of Shipping Act, 1916, were not owed to complainant, a broker seeking reparation for brokerage and injury to its reputation as a broker, because of carrier's refusal to book shipments, upon complainant's request.

A terminal company and a common carrier, respectively, were found to have violated section 20 of the Shipping Act, 1916, in the *San Francisco Bay Terminal* and *Nicholson Universal* cases mentioned above. The former knowingly received and the latter knowingly gave, without shippers' consent, information concerning the billing of shipments which may have been used to the detriment of such shippers.

The remaining cases dealt with tariff interpretations, and determinations as to the reasonableness of rates and alleged rate discriminations. Outstanding among these is *City of Mobile et al.* v. *Baltimore Insular Line, Inc., et al.*, 2 U.S.M.C. —, wherein the Commission condemned rate equalization practices of lines serving Puerto Rico.

Eleven formal complaints were filed and 8 investigations instituted upon the Commission's own motion, in addition to the 43 cases pending on October 1, 1940. Twenty-two hearings were conducted in 21 cases, and 22 proposed reports were issued. Seven oral arguments were had in 8 cases. Fifty cases were disposed of by final report or order. A complete list of cases decided, together with abstract of opinion, is shown in appendix G. Three cases were pending as of October 1, 1941. Of 7 petitions to reopen and reconsider, 5 were denied, 1 granted, and 1 withdrawn. Seven pending cases and 430 closed cases were transferred to the Interstate Commerce Commission on March 1, 1941, pursuant to the Transportation Act of 1940.

Shortened Procedure.

There were 6 cases handled under the shortened procedure whereby complaints are disposed of by the submission under oath of evidence by memoranda, thereby avoiding the need of a hearing. Five of such cases were decided.

Informal Docket.

Three cases were filed under the informal docket which is maintained to adjust controversies without a formal complaint. Two were closed and one was transferred to the Interstate Commerce Commission. Of those closed, one developed into formal docket No. 598.

Special Docket.

Nine cases were filed under the special docket. Under this procedure the carrier admits the unreasonableness of the rate charged, and if a sufficient showing is made of unreasonableness, authority is granted to award reparation. Fifteen cases were closed and none is pending.

Interstate Filings.

During the period 2,689 tariff schedules containing the actual rates charged were received for filing. After examination, 15 were rejected for failure to comply with the notice requirements of law, or the Commission's Rules governing the construction and filing of tariffs, and 203 letters were written to carriers relating to errors in the schedules. Under authority granted by the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, as amended, 176 special permission applications requesting the Commission to make changes in rates on less than statutory notice, or to modify the tariff requirements, were granted; 14 were denied; 3 were granted in part and denied in part, and 9 were filed without action.

Sixteen rate adjustments proposed by common carriers were protested. Of this number, 6 were suspended by the Commission pending an investigation of the lawfulness of the proposed changes. Suspension was denied in 6 cases, 2 were withdrawn, and 2 were filed without action.

Effective March 1, 1941, a total of 522 freight and passenger tariffs filed by 201 coastwise and intercoastal carriers, or their agents, applicable by water from one State to another State in the United States, together with suspension matters, special permissions, rate quotations, tariff criticisms, powers of attorney, concurrences, and similar documents, and office equipment, were transferred to the Interstate Commerce Commission in accordance with part III of the Transportation Act of 1940.

A total of 89 freight and passenger tariffs filed by 51 carriers, or their agents, covering operations between ports of the United States and its territories and possessions, remains under this jurisdiction.

A revision has been undertaken of the Commission's Tariff Circular No. 1, containing rules and regulations governing the publication, posting, and filing of tariff schedules of water carriers operating between United States ports and territories and possessions.

Agreements Filed Under Section 15, Shipping Act, 1916.

Section 15 of the Shipping Act, 1916, provides that all contracts or agreements entered into by carriers by water and other persons subject to the act and still covered thereby, resulting in the fixing of rates, the controlling of competition, pooling or apportioning of earnings or traffic, allotting ports or regulating the volume or character of traffic, shall be filed with the Commission for its approval. When approved, the parties to such agreements are exempt, with respect thereto, from the provisions of the antitrust acts.

All agreements so filed are carefully examined before approval for evidence of unjust discrimination or unfairness, detriment to commerce, or violations of the shipping acts. Negotiations are frequently carried on between representatives of the Commission and the parties to agreements prior to formal approval by the Commission with the result that many of the objectionable provisions are deleted or changed and the agreements finally approved with little delay and expense. Each agreement may be the subject of a protest, either before or after approval. In either event, all interested parties are given an opportunity to be heard at a formal hearing.

Since the outbreak of war in 1939, the shipping industry has been subjected to many violent shocks and dislocations which have removed any semblance of peacetime stability. A number of freight conferences which originally operated to the combat zones were suspended. The type of service offered and the character of the vessels employed have shifted on many trade routes. In other cases carriers have been compelled to discontinue service or to withdraw vessels because of immobilization, seizure by belligerents, or requisition for national purposes. The Commission in turn has taken steps to counteract the shortage of tonnage by encouraging the revision of routes and sailing schedules. As a result of these developments, many conference agreements and also agreements relating to the sailing schedules, use of ports, and other competitive items have been modified, suspended in part, or replaced by new agreements. It is noted that the carriers have made every effort to maintain the conference system by permitting members who have been forced to suspend or withdraw their services to remain as inactive members without voting rights on current questions.

The Transportation Act of 1940 became effective as to the regulatory jurisdiction over coastwise and intercoastal carriers on March 1, 1941. On and after that date the Interstate Commerce Commission had jurisdiction over all of the practices of those carriers, including any agreements which these carriers had entered into and which were subject to section 15 of the Shipping Act, 1916. The Maritime Commission, therefore, on March 1, 1941, transferred to the Interstate Commerce Commission 1,045 agreements, many of which involved transhipments between coastwise or intercoastal carriers and carriers engaged in foreign commerce.

From October 1, 1940, to September 30, 1941, a total of 418 modifications and cancelations were approved. On October 1, 1941, there were on file 688 effective agreements, including 122 conference agreements, 28 pooling agreements, and 8 agreements covering terminal rates and practices.

Foreign Rates and Bills of Lading.

During the period under review, 5,309 rate filings were made pursuant to an order dated July 12, 1935, requiring every common carrier by water in foreign commerce to file its rates and charges on cargo transported from continental United States ports to foreign destinations. This substantial decrease in the number of filings received as compared with the previous year is due in part to the lesser number of ocean carriers engaged in the foreign trade but more particularly to the efforts made by the Commission to stabilize freight rates. There were also 93 rate filings made pursuant to a similar order, dated January 26, 1939, requiring common carriers by water to file their rates and charges on cargo transported from the east coast of South America to the Pacific coast of the United States. In addition, 1,341 filings were received from steamship freight conferences covering inward and other trades not subject to the above-mentioned orders.

A total of 214 terminal filings were likewise received during the period, covering rates and charges for wharfage, handling, berthing, free time, and other terminal charges at United States ports. Six new and two revised bill-of-lading forms for use in conjunction with the uniform through export bill of lading were filed under regulations contained in an order dated December 5, 1935.

Reference has been made previously in this report to the Commission's efforts to prevent an unwarranted advance in rates and the spectacular increase in transportation charges which took place during the last World War. A close scrutiny has been maintained since September 1939, over the rates filed by the freight conferences, as well as those by individual lines. As the supply of tonnage became inadequate to handle the demands for space, more specific instructions were issued by the Commission in February 1941. These instructions directed the various freight conferences to notify the Commission in advance of any contemplated rate increases and to accompany this notice with a statement supporting the necessity for the proposed increases.

While these instructions served to restrict the number of freight increases put into effect, they did not prevent a general rise in the rate level. By May 1, 1941, the Commission considered that transportation charges had reached the maximum justifiable under existing conditions and gave notice to this effect to the vessel owners of the United States and to the freight conferences operating outside of the European war zone. This was followed by a notice dated May 20, 1941, calling upon these carriers and conferences to cancel immediately any increases in transportation charges which might have been made effective on or after May 1, 1941. Provision was made however, for allowing increases on specific commodities where the facts warranted. An intensive examination was made immediately of all rates on file with the Commisison to check observance of these instructions. Those instances where carriers and conferences had apparently acted contrary were handled individually with the parties concerned, although certain specific rate increases were subsequently granted after investigation revealed justification. Therefore, the general tendency of the notices issued by the Commission in May 1941 was to freeze freight rates at the level existing on April 30 of this year.

Special Investigations.

The Commission has a small force of special examiners to conduct field investigations of alleged violations of its orders and of the Shipping Acts. During the period involved six new investigations were made and additional work was done in six cases begun in a previous period. The more important investigations disclosed violations of the Shipping Act, 1916, by false billing of cargo from the United States to South America; transportation of property at less than established rates from the United States to Cuba; and violation of the rules and regulations of the Commission prescribed in Section 19 Investigation, 1935, 1 U. S. S. B. B. 470.

TRANSFER OF VESSEL REGISTRY AND SALES TO ALIENS

The sale of American-owned vessels and their transfer to foreign registry during times of emergency has occasioned much popular discussion in view of the need of the United States for ships. The approval by the Commission of all such transactions is always required by section 9 of the Shipping Act, 1916, and by section 37 of the same act, during the emergency declared to exist by the President in his proclamation of May 27, 1941.

The authority granted to the Maritime Commission to deny the transfer of vessel registry or sale to alien is exercised with extreme care, in order that constitutional guarantees affecting property rights may not be abrogated. The Commission has no authority to compel the maintenance of a vessel in a given service. It may be operated, tied up, or scrapped at the will of the owner. Under normal conditions, the Commission does not seek to impose its judgment over that of the vessel owner who desires to dispose of his vessel property. Such action would be inconsistent with our principles of government.

When an emergency exists, however, the national policy involved in the maintenance of a merchant marine, adequate to serve the national defense and needs of commerce, demands that other factors be given due weight in consideration of applications for transfer of registry and sales to aliens. While the increasing severity of the shipping shortage tended toward the discouragement of transfers to foreign registry where a vessel might serve the interests of the country by retention under the American flag, in many cases it has appeared that our best interests would be served by permitting the transfer or sale. In this connection, it is worthy to note that section

37 of the Shipping Act does not prohibit transfers or sales to aliens under emergency conditions, and the Congress has not given its approval to legislation introduced for the purpose of converting this discretionary power into an absolute embargo in times of war. Each case presented to the Commission is judged upon the pertinent facts involved, and the decision made by the Commission is based on its experience and careful evaluation of the national interest.

The tabulation appended to this section reveals that 231 vessels, having a gross tonnage of 450,350 tons, were transferred to alien ownership and/or registry and flag with the approval of the Commission for the period October 26, 1940, to October 25, 1941. The majority of the vessels, from the standpoint of tonnage, fall within two groups: The nonsubsidized fleet and Maritime Commission vessels.

The 28 Maritime Commission vessels sold in the period under review were withdrawn from the Commission's laid-up fleet. The purchasers in all cases were representative British shipping firms, and the vessels were destined for use in trades from which American flag tonnage was barred at the time by the Neutrality Act. In effect, these vessels, when transferred to foreign registry, substituted for American flag tonnage and continued to serve the interests of American shippers and trade.

The greater portion of the nonsubsidized vessels transferred during the period were removed from the domestic trade, which was seriously overtonnaged with obsolete ships at the outbreak of the present war. Reference to the tabulation at the end of this section indicates that the average age of the 43 nonsubsidized vessels transferred to foreign registry was approximately 30 years.

Statement showing type, number, gross tonnage, average age of vessels approved by U. S. Maritime Commission for transfer to alien ownership, and/or registry and flag pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended, for period October 26, 1940, to October 25, 1941

	Number	Total gross tonnage	Average age
1. Sailing vessels	8	4,737	38.12
2. Tugs and barges	14	2,107	19.92
3. Pleasure vessels (yachts, etc.)	51	3,027	13.02
3a. Pleasure vessels (undocumented, of less than 5 net tons)	48	232	1.5
4. Tankers	10	54,847	24.4
5. Commercial vessels under 1,000 gross tons (fishing vessels, motorboats, etc.)	23	1,613	19.65
6. Commercial vessels over 1,000 gross tons (cargo, combination cargo-passenger):			
(a) Subsidized (proceeds reserved for new construction)	4	20,354	22
(b) Nonsubsidized (proceeds reserved for new construction)	2	5,211	21
(c) Nonsubsidized	43	189,059	29.95
(d) U. S. M. C. vessels	28	168,833	22.29
Total	231	450,350	17.77
Sales not consummated	4	6,758	
Vessels redocumented under United States laws	1	2,609	
	5	9,367	

Statement showing nationality, number, and gross tonnage of vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended, for period October 26, 1940, to October 25, 1941

	Number of vessels	Total gross tonnage		Number of vessels	Total gross tonnage
Argentinian	1	6,870	Nicaraguan	1	95
Brazilian	8	7,807	Newfoundland	1	123
British	74	230,850	Panamanian	38	161,467
Canadian	18	8,990	Peruvian	3	195
Chilean	1	78	Filipino	2	3,537
Costa Rican	1	22	Salvadoran	1	5
Cuban	7	205	Venezuelan	3	53
Guatemalan	1	32	Total	199	441,788
Honduran	4	7,649	Sale, alien only	32	8,562
Irish	2	11,209			
Mexican	33	2,601	Grand total	231	450,350

Under section 30, subsection O (a), Merchant Marine Act, 1920, the approval of the Commission is also required for the surrender of the marine document of a vessel of United States registry, covered by an approved mortgage, whenever a change in ownership or the home port of the vessel is named, or other cause, such as readmeasurement of the vessel necessitates such surrender. During the period under review, the Commission approved the surrender of the marine document of 210 vessels. This is a routine matter for the preservation of an accurate record of each documented vessel.

GOVERNMENT-OWNED VESSELS

In the last annual report to Congress the Commission called attention to the termination of operation of steamship lines for the account of the Government for the first time in 20 years. This year marks the closing down of the Commission's laid-up fleet, which had existed for a similar period of time. On October 26, 1940, there remained 63 vessels tied up at four locations: Solomons Island, Md.; Fort Eustis, Va.; New Orleans, La.; and Bremerton, Wash. During the course of the period under review, 36 of these vessels were sold, of which 33 were transferred to foreign registry; 2 ships were sold to a domestic operator with the obligation for replacement with new tonnage; and 1 each was transferred to the Army and Navy.

The remaining vessels in the fleet were placed in operating condition and are now serving our essential trade routes. The maintenance forces formerly required to keep the vessels in a sufficient state of preservation to make them available for operation have been disbanded at three of the stations. A skeleton force is still retained at the James River site in Virginia for preservation of the pier and anchorage in case of future need.

The vessels placed in operation during this time have either been chartered to steamship companies engaged in the importation of needed strategic materials or assigned under agency agreements in carrying lease-lend cargoes.

During the past year the Commission has made every effort to place in operation all idle tonnage whether of American or foreign registry. A primary concern to the Commission was the large block of foreign flag vessels immobilized in ports of the United States and its possession. Authority to operate these ships in conjunction with our defense efforts having been granted by Public Law No. 101, the Commission took immediate steps to complete repairs and to assign them to commercial service, special defense aid services or the military branches of the Government. The following table sets forth the number, nationality and tonnage of vessels acquired by the Commission under Public Law 101 up to October 31, 1941:

Foreign requisitions up to October 31, 1941

Nationality	Number	Gross tons	Deadweight tons	In United States		In Possessions	
				Number	Gross tons	Number	Gross tons
Danish	40	142,641	232,783	36	118,846	4	23,795
Italian	24	128,626	198,982	23	123,589	1	5,039
German	1	4,354	6,545	1	4,354	None	None
Estonian	1	3,025	4,870			1	3,025
Rumanian	1	3,495	5,000			1	3,495
Total	67	282,141	448,180	60	246,787	7	35,354

Sixty-three of the vessels listed in the foregoing tabulation have already been assigned for service to 14 different operators and to the Army and Navy. Four vessels have been sunk. A number of them were declared forfeited because of sabotage performed on board prior to their being taken under protective custody by the Coast Guard. The amount of compensation to be paid to the remainder has not as yet been determined.

Public Law 101 provided for the making of just provisions by the Commission and the Department of Justice for alien seamen displaced by the taking of any ship under this statute. A report of the procedure adopted by these departments of the Government was submitted to the Congress in July 1941.

As the seamen on board all the German and Italian vessels had been removed prior to the date of taking by the Government, there was no obligation to make provision for them. A detailed statement was issued by the Commission in August 1941 with respect to the application of just provisions to the seamen on the remaining foreign-flag vessels.

In addition to the foreign-flag tonnage acquired by the Commission, as outlined above, a number of vessels formerly engaged in the domestic trade have been purchased by the Commission for deep-sea operation. The Commission also exercised its option to repurchase four of its old vessels which had been sold to the American Export Lines in 1939 for the India service.

On October 1, 1941, the Commission had 113 vessels, representing 915,349 deadweight tons engaged in active commercial operation. With the exception of three requisitioned American-flag vessels operated under an agency agreement, these vessels were operated for the Commission under bareboat charter to 21 different operators. This list includes Commission vessels formerly operated in Government-owned lines, other ships withdrawn from the laid-up fleet and the immobilized foreign-flag vessels acquired as of that date. Supplementing the foregoing fleet of vessels operated on essential trade routes by American steamship companies, there were 47 additional ships owned by the Maritime Commission chartered to the War or Navy Departments delivered to the British Ministry of War Shipping under the Lease-Lend Act or attached to the training program administered by the United States Maritime Service.

The Commission's vessels are covered by several different types of charter party agreement. In a number of instances they have been chartered for a route, line, or service as a result of competitive bidding under section 705 of the Merchant Marine Act, 1936. A smaller number have been chartered without competitive bidding to the operators on specific trade routes in accordance with the provisions of Public Law 46, Seventy-sixth Congress, which permitted the Commission to waive the requirement of competitive bidding during the emergency. The remaining vessels, including all the immobilized foreign-flag tonnage, have been allocated under the provisions of Public Law 101.

In selecting operators to handle the vessels formerly of foreign registry, the Commission has given priority to those American owners and operators who have cooperated in the development of an American merchant marine, and particularly those who have sold the new vessels they had acquired for the use of the military branches of the Government.

TERMINALS

The gross revenue derived from operation of the Commission's terminal properties for the year ending September 30, 1941, increased 18 percent over the similar period for 1940 and 54 percent over 1939. This excludes the Brooklyn Terminal, which was returned to the War Department on January 31, 1940. At the same time the net revenue for 1941 showed a disproportionate increase of 292 percent over 1940. This is attributable to certain major expenditures incurred in the earlier year, which were charged against current operations. Eliminating these two extraordinary items of expense in 1940, the cost of maintenance and administration has not altered appreciably in the past few years. Further information with respect to any changes which have occurred during the period in review is set forth below and a complete statement of revenues and expenses for the past 3 years is appended.

Boston Terminal.

The installation of gantry cranes and the dredging work done in 1940 have facilitated the handling of cargo at this terminal. This has been of particular importance in expediting the movement of lend-lease and other export cargoes. There has been no major change in the operations of this terminal during the past year.

Hoboken Terminal.

A lease was made with the Pan-Atlantic Steamship Corporation (subsidiary of Waterman Steamship Corporation) covering the occupancy of pier No. 4 for a period of 5 years commencing September 1, 1941, at a rental of $70,000 per annum. This rental is an increase of $25,900 or 59 percent over the rental provided for in the previous lease.

Through competitive bidding, Tietjen & Lang Dry Dock Co. was awarded a lease covering the occupancy of pier No. 6, water area between pier No. 4 and pier No. 6 and the uplands for a ship repair yard for a period of 5 years commencing September 1, 1941, at a rental of $31,500 per annum.

The Commission approved the sublease of pier No. 2 dated February 15, 1941, between Marra Bros., Inc. (Commission's lessee), and Tietjen & Lang Dry Dock Co. This sublease provides that the pier shall be used for overhead ship repairs.

Norfolk Terminal.

On May 1, 1941, the Commission issued a permit to the Navy Department to occupy warehouses No. 5 and No. 6, south half portion of pier No. 2, and all the lands bounded by Hampton Boulevard, Main Street, and North Street, except the area occupied by the water tanks and pumping facilities, for the purpose of constructing thereon additional warehouses.

Revenues and expenses, Year ended September 30, 1941

Terminal	Revenues			Maintenance, operations and administrative expenses			Net revenues		
	1939	1940	1941	1939	1940	1941	1939	1940	1941
Boston	[1] $81,964	$161,705	$185,697	$68,510	$172,478	$84,260	$13,454	[2] *$10,773*	$101,437
Brooklyn	111,000	[3] 16,614		24,413	13,673		86,587	2,941	
Hoboken	191,062	202,549	234,664	156,680	182,057	152,894	34,382	20,492	81,770
Philadelphia	205,670	250,490	225,903	78,455	67,862	72,286	127,215	182,628	153,617
Norfolk	122,324	[4] 169,110	276,615	82,699	219,957	58,306	39,625	[2] *50,847*	218,309
Total	712,020	800,468	922,879	410,757	656,027	367,746	301,263	144,441	555,133

[1] Based on fixed rental, $68,111—period Oct. 1, 1938 to June 30, 1939—47 percent of gross revenue, period July 1, 1939 to Sept. 30, 1939.
[2] Italic figures denote deficit.
[3] Brooklyn terminal returned to War Department as of Jan. 31, 1940.
[4] Based on fixed rental, $115,600—period Oct. 1, 1939 to June 30, 1940—31 percent of gross revenue, period July 1, 1940 to Sept. 30, 1940.

NOTE.—Maintenance, operation, and administrative expenses do not include the administrative expenses of the Washington office.

APPENDIX A

Assets and liabilities as at June 30, 1941

	Number of vessels	Long range program			Emergency ship program	Defense aid program	Consolidated statement
ASSETS							
General funds with Treasurer of the United States:							
Long range program				$235, 593, 167. 93			
Emergency ship construction fund					$302, 196, 006. 33		
Allocations from defense aid appropriation						$562, 748, 677. 53	
Total funds							$1, 100, 537, 851. 79
Securities deposited with Treasurer of the United States				1, 487, 500 00	72, 000. 00		1, 559, 500. 00
Retirement and disability fund contributions (See contra)				372, 179. 66			372, 179. 66
Accounts receivable—less reserve for collection losses				47, 579, 113. 73			47, 579, 113. 73
Notes receivable—Less reserves:							
Secured by mortgages on vessels:							
Construction loans, U. S. S. B. M. F. C. (prior to M. M. Act 1936)		$31, 225, 343. 00					
Ship sales, U. S. S. B. M. F. C. (prior to M. M. Act 1936)		25, 333. 33					
Ship sales, U. S. M. C. (M. M. Act 1936)		34, 599, 169 00					
Miscellaneous		$65, 849, 845. 33	578, 779. 66				66, 428, 624. 99
Miscellaneous securities			66, 428, 624. 99	8, 420. 02			8, 420. 02
Contracts for sale of vessels (accrued balances on estimated completions to June 30, 1941, on vessels under construction title V)				25, 789, 921. 39			25, 789, 921. 39
Vessels under construction (title VII) estimated completions to June 30, 1941				33, 174, 257. 45			33, 174, 257. 45
Vessels and floating equipment at book values:							
New construction built by U. S. M. C. (under charter) less reserve for amortization of construction differential	8		$10, 172, 696. 19				
Vessels acquired from U. S. Shipping Board on October 26, 1936 and from others October 26, 1936, to June 30, 1941	84		8, 416, 983. 91				
Training ships, drill and sailing boats, United States Maritime Service and State nautical schools	35		340, 153. 18				
Tugs	3		5, 302. 00				
Barges and launches	14 144		14. 00				18, 935, 149. 28
Stores, supplies and equipment			18, 935, 149. 28	1, 236, 373 31			1, 236, 373. 31
Terminals and training stations at nominal values				9. 00			9. 00
Housing and other real estate properties, at appraised values				2, 425. 00			2, 425 00
Ground rent estate—Hog Island				2, 550, 000. 00			2, 550, 000. 00
Deferred charges and prepaid expenses				35, 723, 806. 88	117, 359, 996. 68	83, 797, 989. 30	241, 881, 792 86
Total				468, 880, 948. 64	419, 628, 003. 01	651, 546, 666. 83	1, 540, 055, 618. 48

LIABILITIES					
Accounts payable		113,738,003.81	105,556,003.01	79,434,952.83	298,728,959.65
Deposits on sales and other contracts		7,866,459.30	72,000.00		7,938,459.30
Retirement and disability fund contributions (see contra)		372,179.66			372,179.66
Reserve for payment of claims:					
Claims under protection and indemnity insurance policies issued by former United States Shipping Board	$125,000.00				
Claims under protection and indemnity insurance policies on vessels engaged in repatriation of American citizens from the war zone	54,992.22				
Unclaimed wages, salvage awards and unused passenger tickets	118,678.97				
		298,671.19			298,671.19
Reserve for marine insurance:					
Outstanding claims	1,549,077.24				
Contingencies	2,000,000.00				
		3,549,077.24			3,549,077.24
Deferred credits:					
Unearned marine insurance premiums	1,889,770.20				
Prepaid rentals	33.75				
		1,889,803.95			1,889,803.95
Excess of assets over liabilities		341,166,753.49	314,000,000.00	572,111,714.00	1,227,278,467.49
Total		468,880,948.65	419,628,003.01	651,546,666.83	1,540,055,618.48
Commitments:					
Estimated liability for ship and plant facilities construction beyond June 30, 1941, on Contract Awards to June 30, 1941		425,931,485.67	232,640,003.32	483,506,394.70	1,142,077,883.69
Contingent liabilities:					
Suits pending or in litigation and claims asserted against Commission, as successors to the predecessors, United States Shipping Board Merchant Fleet Corporation as at September 30, 1941 (of this amount $136,392,650.86 represents claims of foreign governments)	$145,122,951.07				
Suits pending or in litigation against the Commission in the United States Court of Claims	8,427,580.35				
		153,550,531.42			
Federal ship mortgage insurance fund:					
Contracts	1,156,117.16				
Commitments	6,350,000.00				
		7,506,117.16			

APPENDIX A-1

Summary of income and expenses and charges applicable to the period July 1, 1940 to June 30, 1941

Construction fund (69X0200)		
Income:		
Charter hire		$4,966,324.27
Real estate and terminal revenues—net		713,257.00
Interest earned		2,672,128.96
Excess of various insurance premiums earned over claims paid		801,422.22
Net profit from sales of vessels (old tonnage)		11,197,653.22
Excess profits on construction contracts and subcontracts		2,005,624.48
Miscellaneous		159,978.19
Total income		22,516,388.34
Expenses and Charges:		
Operations of vessels (including "Spot" vessels expenses and repairs)—net		6,853,849.58
Laid-up fleet expenses—net		232,704.05
Seaman's training expenses; United States Maritime Service; cadet training; Coast and Geodetic Survey; ships officers assigned to vessels under construction		5,356,008.75
Construction differential subsidies		73,963,760.77
Operating-differential subsidies		13,056,134.55
Depreciation and revaluation of vessels—net		3,660,546.14
Uncollectible receivables		15,187.15
Transfer of vessels and other assets to other Government departments without exchange of funds		426,177.54
Increase in provision for Marine insurance contingencies		574,200.00
Miscellaneous charges		486,372.84
General administrative expenses:		
Salaries and wages	$3,893,113.41	
Fees and expenses for outside services	27,529.61	
Traveling expense and transportation	160,557.81	
Rent, heat, light, and power	95,233.59	
Communication expenses	75,967.98	
Office supplies, stationery and printing	131,758.75	
Miscellaneous	90,590.06	
Equipment	168,087.00	
		4,642,838.21
Total expenses and charges		109,267,779.58
Excess of expenses and charges over income applicable to the period July 1, 1940 to June 30, 1941		86,751,391.24

APPENDIX B

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1941

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	Total
CONSTRUCTION FUND, UNITED STATES MARITIME COMMISSION, ACT OF JUNE 29, 1936, REVOLVING FUND, AND MISCELLANEOUS ALLOTMENTS					
Collections:					
Construction-loan notes receivable	$19,298,997.02	$6,736,231.52	$5,317,436.48	$12,034,166.47	$43,386,831.49
Ship-sales notes receivable	6,278,815.86	627,586.94	604,087.55	6,435,458.16	13,945,978.51
Miscellaneous notes receivable	836,597.21	36,337.99	321,293.42	505,615.60	1,699,844.22
Interest on notes receivable, interest on deferred payments of insurance premiums, etc.	3,923,313.89	1,138,268.55	1,219,825.73	2,453,622.56	8,735,030.73
Cash payments on sales of vessels	3,778,688.21	393,559.26	6,790,437.05	21,171,585.87	32,134,270.42
Sale of other assets	273,816.79	37,382.02	496,462.94	46,270.12	853,931.87
Charter hire revenue		174,386.21	1,432,345.62	5,548,040.15	7,154,771.98
Operation of vessels revenue	16,568,832.87	8,340,612.17	6,742,597.96	253,706.06	31,905,749.06
Real-estate rentals	1,075,811.64	668,667.00	771,492.68	1,050,562.81	3,566,564.13
Insurance premiums, loss recoveries, etc.	189,731.03	293,295.77	792,116.01	1,838,561.28	3,413,707.09
Construction progress collections	69,528.38	307,861.14	4,358,427.90	18,839,671.04	23,575,488.46
Receipts in liquidation of receivables arising out of ocean-mail settlement agreements	601,367.59				601,367.59
Recapture of excess profits on construction contracts				2,091,933.77	2,091,933.77
Sale of tankers and vessels to U. S. Navy and U. S. War Department		6,413,901.00	4,229,976.14	81,878,579.95	92,522,457.09
Miscellaneous	2,437,428.97	253,051.36	664,829.41	3,058,335.26	6,413,645.00
Total collections	55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10	272,001,571.41
Disbursements:					
General administrative expense	3,596,804.59	3,026,642.50	3,779,645.16	4,603,660.09	15,006,752.34
Operation of vessels expense	18,188,465.16	10,158,332.48	6,070,339.47	578,197.71	34,995,384.82
Inactive and laid-up vessels expenses (including repairs)	681,142.33	3,391,240.01	703,252.50	6,455,776.39	11,231,411.23
Real-estate operations, repairs, and betterments	547,167.27	415,202.87	478,981.75	520,221.01	1,961,572.90
Insurance losses, returned premiums, etc.	878,126.16	192,646.20	312,111.14	689,764.28	2,072,648.08
Operating-differential subsidy payments	4,030,618.10	7,742,789.79	10,241,080.47	11,285,072.07	33,299,560.43
Construction progress payments	1,297,422.00	31,981,506.78	105,740,295.40	141,856,069.38	280,875,293.56
Foreign ocean-mail contract payments and settlements	16,663,361.49	912,539.13			17,575,900.62
United States Maritime Service, cadet training, and other seamen's training expense		2,705,426.12	3,421,149.01	4,119,165.26	10,245,740.39
Payment to owners to cover vessels acquired for transfer to War and Navy Departments		2,324,274.16	4,650,970.45	25,575,873.77	32,551,118.38
Miscellaneous	2,479,672.89	2,830,791.61	611,951.32	1,726,558.26	7,648,974.08
Total disbursements	48,362,777.29	65,681,391.65	136,009,829.67	197,410,358.22	447,464,356.83

APPENDIX B—Continued

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1941—Continued

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	Total
CONSTRUCTION FUND, UNITED STATES MARITIME COMMISSION, ACT OF JUNE 29, 1936, REVOLVING FUND, AND MISCELLANEOUS ALLOTMENTS—continued					
Summary of "Construction fund" and miscellaneous allotments:					
Total appropriations—Construction fund and miscellaneous allotments	$105,104,689.51	$4,100.00	$100,009,000.00	$144,505,500.00	$349,623,289.51
Collections	55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10	272,001,571.41
Total appropriations, allotments, and collections	160,737,682.00	25,425,240.93	133,750,328.89	301,711,609.10	621,624,860.92
Total disbursements	48,362,777.29	65,681,391.65	136,009,829.67	197,410,358.22	447,464,356.83
Excess of receipts or disbursements		[1] *40,256,150.72*	[1] *2,259,500.78*	104,301,250.88	
Balance available at beginning of year		112,374,904.71	72,118,753.99	69,859,253.21	
Available funds at close of fiscal year: "Construction fund" and miscellaneous allotments	112,374,904.71	72,118,753.99	69,859,253.21	174,160,504.09	174,160,504.09
Federal ship mortgage insurance fund:					
Appropriations		500,000.00			500,000.00
Collections		450.00	11,988.77	7,813.26	20,252.03
Total appropriations and collections		500,450.00	11,988.77	7,813.26	520,252.03
Disbursements				17.34	17.34
Excess of receipts or disbursements		500,450.00	11,988.77	7,795.92	520,234.69
Balance available at beginning of year			500,450.00	512,438.77	
Federal ship mortgage insurance fund available at close of fiscal year		500,450.00	512,438.77	520,234.69	520,234.69
Marine and war-risk insurance fund:					
Appropriations				40,000,000.00	40,000,000.00
Disbursements				43.75	43.75
Balance				39,999,956.25	39,999,956.25
State marine-school funds, fiscal years 1938, 1939, 1940, and 1941:					
Appropriations				344,057.18	344,057.18
Disbursements				264,693.90	264,693.90
Balance				79,363.28	79,363.28

Emergency ship construction fund—United States Maritime Commission:					
Appropriations				314, 000, 000. 00	314, 000, 000. 00
Disbursements				11, 803, 993. 67	11, 803, 993. 67
Balance				302, 196, 006. 33	302, 196, 006. 33
Emergency fund for the President—War (allotment to United States Maritime Commission):					
Allotment				6, 000, 000. 00	6, 000, 000 00
Disbursements				7, 645 58	7, 645. 58
Balance				5, 992, 354. 42	5, 992, 354. 42
Working fund—United States Maritime Commission—Navy Department:					
Transfer appropriations				15, 006, 937. 50	15, 006, 937. 50
Disbursements				299, 000 00	299, 000. 00
Balance				14, 707, 937. 50	14, 707, 937. 50
Working fund—United States Maritime Commission—War Department:					
Transfer appropriations				800, 000. 00	800, 000. 00
Disbursements				667, 182. 30	667. 182. 30
Balance				132. 817. 70	132, 817. 70
Defense aid vessels and other watercraft—Allotment to United States Maritime Commission:					
Allotments from defense aid appropriations				507, 756, 800. 00	507, 756, 800. 00
Disbursements				3, 228, 624. 57	3, 228, 624. 57
Balance				504, 528, 175. 43	504, 528, 175. 43
Defense aid, facilities and equipment—Allotment to United States Maritime Commission:					
Allotments from defense aid appropriations				50, 000, 000. 00	50, 000, 000. 00
Disbursements				4, 518, 589, 30	4, 518, 589. 30
Balance				45, 481, 410. 70	45, 481, 410. 70
Defense aid, testing, reconditioning, etc., of defense articles—Allotment to U. S. M. C.:					
Allotments from defense aid appropriations				13, 596, 936 00	13, 596, 936. 00
Disbursements				1, 159, 538. 88	1, 159, 538. 88
Balance				12, 437, 397. 12	12, 437, 397 1
Defense aid, services and expenses—Allotment to United States Maritime Commission					
Allotments from defense aid appropriations				264, 000 00	264, 000 02
Disbursements				255, 563. 62	255, 563 62
Balance				8, 436 38	8, 436. 38

[1] Italic figures denote excess of disbursements over receipts and appropriations.

APPENDIX B—Continued

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1941—Continued

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	Total
CONSTRUCTION FUND, UNITED STATES MARITIME COMMISSION, ACT OF JUNE 29, 1936, REVOLVING FUND, AND MISCELLANEOUS ALLOTMENTS—continued					
Defense aid, administrative expense—Allotment to United States Maritime Commission:					
Allotments from defense aid appropriations				$294,000.00	$294,000.00
Disbursements				742.10	742.10
Balance				293,257.90	293,257.90
Summary of available funds on deposit at close of fiscal year:					
Construction fund, United States Maritime Commission, act of June 29, 1936, revolving fund, and miscellaneous appropriations	$112,374,904.71	$72,118,753.99	$69,859,253.21	174,160,504.09	
Federal ship mortgage insurance fund		500,450.00	512,438.77	520,234.69	
Marine and war-risk insurance fund				39,999,956.25	
State marine-school funds, fiscal years 1938, 1939, 1940, and 1941				79,363.28	
Emergency ship construction fund				302,196,006.33	
Emergency fund for the President—War (allotment to United States Maritime Commission)				5,992,354.42	
Working fund—United States Maritime Commission—War Department				14,707,937.50	
Working fund—United States Maritime Commission—Navy Department				132,817.70	
Defense aid, allotments to United States Maritime Commission				562,748,677.53	
Total of all funds available at close of fiscal year	112,374,904.71	72,619,203.99	70,371,691.98	1,100,537,851.79	

APPENDIX C

Summary of ship-construction program as at Oct. 1, 1941

	Ships completed			Under construction (including awards)			Total of all ships		
	Number of vessels	Estimated completion costs	Disbursements to Oct. 1, 1941	Number of vessels	Estimated completion costs	Disbursements to Oct. 1, 1941	Number of vessels	Estimated completion costs	Disbursements to Oct. 1, 1941
East coast:									
Long-range program—Schedule 1-A	80	$221,733,510.20	$195,085,191.43	108	$290,590,953.75	$33,143,320.63	188	$512,321,493.95	$228,228,512.06
Emergency ship program—Schedule 2				75	127,500,000.00	6,335,156.45	75	127,500,000.00	6,335,156.45
Defense-aid program—Schedule 3				147	311,445,305.00	3,762,803.64	147	311,445,305.00	3,762,803.64
Total, east coast	80	221,733,510.20	195,085,191.43	330	729,536,258.75	43,241,280.72	410	951,269,798.95	238,326,472.15
Gulf coast:									
Long-range program—Schedule 1-B	13	25,988,602.19	22,547,106.90	76	225,269,612.00	15,801,877.22	89	251,258,214.49	38,348,984.12
Emergency ship program—Schedule 2				63	107,100,000.00	3,890,289.80	63	107,100,000.00	3,890,289.80
Defense-aid program—Schedule 3				32	64,100,000.00	852,863.80	32	64,100,000.00	852,863.80
Total, Gulf coast	13	25,988,602.19	22,547,106.90	171	396,469,612.00	20,545,030.82	184	422,458,214.49	43,092,137.72
West coast:									
Long-range program—Schedule 1-C	19	50,370,999.23	43,631,044.80	110	344,563,787.60	10,560,738.10	129	394,934,786.83	54,194,782.90
Emergency ship program—Schedule 2				62	105,400,000.00	9,190,209.30	62	105,400,000.00	9,190,209.30
Defense-aid program—Schedule 3				78	132,012,000.00	6,866,493.06	78	132,012,000.00	6,866,493.06
Other Government departments program—Schedule 3-A				6	33,155,650.00	2,392,421.45	6	33,155,650.00	2,392,421.45
Total, west coast	19	50,370,999.23	43,631,044.80	256	615,131,437.60	29,009,861.91	275	665,502,436.83	72,643,906.71
Great Lakes: Defense-aid program—Schedule 3				14	10,067,500.00		14	10,067,500.00	
Total, ship-construction program	112	298,093,111.92	261,266,343.13	771	1,751,204,808.35	92,796,173.45	883	2,049,297,950.27	354,062,516.58
	Tonnages								
		Total deadweight tons			*Total deadweight tons*			*Total deadweight tons*	
Long-range program	112	1,230,015		294	3,276,900		406	4,506,915	
Emergency ship program				200	2,100,000		200	2,100,000	
Defense-aid program				271	2,943,600		271	2,943,600	
Other Government departments				6	42,000		6	42,000	
Total tonnage	112	1,230,015		771	8,362,500		883	9,592,515	

Ship construction, Long-range program as at Oct. 1, 1941

SCHEDULE 1-A

Builder	Shipyard	Type	Ships completed: Number of vessels	Ships completed: Estimated completion costs	Ships completed: Disbursements to Oct. 1, 1941	Under construction (including awards): Type	Under construction: Number of vessels	Under construction: Estimated completion costs	Under construction: Disbursements to Oct. 1, 1941
EAST COAST									
Bath Iron Works	Bath, Maine	Special cargo	1	$2,611,760.25	$2,200,760.00	Special cargo	3	$7,824,033.75	$3,450,860.00
Bethelehem Steel Co.	Quincy, Mass.	do	7	18,993,869.33	17,176,880.67	do	1	3,396,986.00	1,705,772.60
Do	Sparrows Point, Md.	C-1—cargo	4	8,7[illegible]0,774.29	7,728,512.15	C-1—cargo	1	2,226,089.00	1,398,868.13
		Passenger and cargo.	3	10,430,504.39	9,425,412.98	C-2—cargo	1	2,818,824.00	1,467,612.00
		Special cargo	5	14,110,215.39	10,945,458.38	Passenger and cargo.	3	12,172,487.00	123,000.00
		Tankers	4	3,536,762.41	3,041,312.41	Special cargo	6	18,900,000.00	
						Tankers	18	39,780,660.00	675,000.00
Total, Bethlehem Steel Co.			16	36,838,256.48	31,140,695.92		29	75,898,060.00	3,664,480.13
Bethelehem Steel Co.	Staten Island, N. Y.	C-1—cargo	5	11,058,221.26	9,724,713.46				
Federal Shipbuilding & Dry Dock Co.	Kearny, N. J.	do	5	10,869,776.69	9,554,938.05	C-2—cargo	39	122,219,096.00	5,082,833.99
		C-2—cargo	8	21,397,353.73	18,164,420.48				
		C-3—cargo	6	17,479,179.17	15,826,007.24				
		Tankers	3	2,899,724.34	2,636,398.34				
Total, Federal Shipbuilding & Dry Dock Co.			22	52,646,033.93	46,181,764.11		39	122,219,096.00	5,082,833.99
Newport News Shipbuilding & Dry Dock Co.	Newport News, Va.	C-2—cargo	4	11,297,582.99	10,231,487.26	C-3—Passenger and cargo.	1	4,465,542.00	2,671,622.99
		C-3—passenger and cargo.	6	25,774,762.57	22,701,823.97				
		Passenger	1	19,343,036.00	17,408,938.80				
		Tankers	3	2,639,855.12	2,400,128.12				
Total, Newport News Shipbuilding & Dry Dock Co.			14	59,055,236.68	52,742,378.15		1	4,465,542.00	2,671,622.99
Pusey & Jones Corporation	Wilmington, Del.					C-1—cargo	12	32,055,620.00	3,061,677.04
South Portland Shipbuilding Corporation	South Portland, Maine.					EC-2—cargo	8	13,600,000.00	

Sun Shipbuilding & Dry Dock Co	Chester, Pa	C-2—cargo	6	16,745,091.70	15,054,164.10	C-2—cargo	8	22,435,641.00	8,489,355.45
		C-3—cargo	4	13,198,723.17	11,882,843.09	C-3—passenger and cargo.	2	6,876,250.00	4,806,158.43
		C-3—passenger and cargo.	2	7,681,250.00	6,339,708.53	Tankers	5	1,819,725.00	210,560.00
		Tankers	3	2,905,097.40	2,641,283.40				
Total, Sun Shipbuilding & Dry Dock Co.			15	40,530,162.27	35,917,990.12		15	31,131,616.00	13,506,073.88
Total, east coast			80	221,733,540.20	195,085,191.43		108	290,590,953.75	33,143,320.63

SCHEDULE 1-B

GULF COAST									
Alabama Dry Dock & Shipbuilding Co	Mobile, Ala					Tankers	36	97,200,000.00	
Delta Shipbuilding Co	New Orleans, La					EC-2—cargo	8	13,600,000.00	
Gulf Shipbuilding Corporation	Mobile, Ala					C-2—cargo	14	40,600,000.00	
Ingalls Shipbuilding Corporation	Pascagoula, Miss	C-3—cargo	4	13,199,629.34	10,928,348.52	C-3—cargo	10	34,920,520.00	2,792,413.50
						C-3—passenger and cargo.	7	36,581,431.00	11,677,824.15
Total, Ingalls Shipbuilding Corporation.			4	13,199,629.34	10,928,348.52		17	71,501,951.00	14,470,237.65
Pennsylvania Shipyards, Inc	Beaumont, Tex	C-1—cargo	1	1,160,421.60	1,055,042.60	C-1—cargo	1	2,367,661.00	1,331,639.57
Tampa Shipbuilding Co., Inc	Tampa, Fla	C-2—cargo	8	11,628,551.55	10,563,715.78				
Total, Gulf Coast			13	25,988,602.49	22,547,106.90		76	225,269,612.00	15,801,877.22

SCHEDULE 1-C

WEST COAST									
Bethlehem Steel Co	San Francisco, Calif	C-1—cargo	5	11,606,257.21	9,938,521.84				
Consolidated Steel Corporation	Long Beach, Calif	do	1	2,409,660.00	1,950,219.85	C-1—cargo	33	86,987,224.00	4,451,624.91
Moore Dry Dock Co	Oakland, Calif	C-3—cargo	4	14,173,843.13	12,555,512.91	do	9	29,849,400.00	2,153,777.08
Richmond Shipbuilding Corporation	Richmond, Calif					EC-2—cargo	12	20,400,000.00	
Seattle-Tacoma Shipbuilding Corporation	Tacoma, Wash	C-1—cargo	5	12,265,420.11	10,613,571.26	C-3—cargo	34	125,900,064.00	1,389,123.75
Western Pipe & Steel Co. of California	South San Francisco, Calif.	do	4	9,915,818.78	8,576,218.94	C-1—cargo	1	2,521,976.60	1,818,341.86
						do	21	78,905,123.00	747,870.50
Total, Western Pipe & Steel Co. of California.			4	9,915,818.78	8,576,218.94		22	81,427,099.60	2,566,212.36
Total, west coast			19	50,370,999.23	43,634,044.80		110	344,563,787.60	10,560,738.10
Total, long-range program			112	298,093,141.92	261,266,343.13		294	860,424,353.35	59,505,935.95

Ship construction—Emergency ship program as at Oct. 1, 1941

SCHEDULE 2

Builder	Shipyard	Under construction			
		Type	Number of vessels	Estimated completion costs	Disbursements to Oct. 1, 1941
EAST COAST					
Bethlehem-Fairfield Shipyard, Inc.	Baltimore, Md.	EC-2—cargo	50	$85,000,000	$4,278,672.32
North Carolina Shipbuilding Co.	Wilmington, N. C.	do	25	42,500,000	2,056,484.13
Total, East coast			75	127,500,000	6,335,156.45
GULF COAST					
Alabama Dry Dock & Shipbuilding Co.	Mobile, Ala.	EC-2—cargo	13	22,100,000	899,424.80
Delta Shipbuilding Co., Inc.	New Orleans, La.	do	25	42,500,000	1,457,400.81
Houston Shipbuilding Co.	Houston, Tex.	do	25	42,500,000	1,533,464.19
Total, Gulf coast			63	107,100,000	3,890,289.80
WEST COAST					
California Shipbuilding Corp.	Los Angeles, Calif.	EC-2—cargo	31	52,700,000	4,642,186.89
Oregon Shipbuilding Corp.	Portland, Oreg.	do	31	52,700,000	4,548,022.41
Total, West coast			62	105,400,000	9,190,209.30
Total, emergency ship program			200	340,000,000	19,415,655.55

Ship construction—Defense aid program as at Oct. 1, 1941

SCHEDULE 3

Builder	Shipyard	Under construction: Type	Under construction: Number of vessels	Under construction: Estimated completion costs	Under construction: Disbursements to Oct. 1, 1941
EAST COAST					
Bethlehem-Fairfield Shipyard, Inc	Baltimore, Md	EC-2—Cargo	12	$19,800,000	$1,030,649.11
Brunswick Marine Construction Corporation	Brunswick, Ga	Tug	4	1,160,000	
Bushey, Ira S., & Sons, Inc	Brooklyn, N. Y	do	5	1,212,500	
General Ship & Engine Works	East Boston, Mass	do	2	580,000	
North Carolina Shipbuilding Co	Wilmington, N. C	EC-2—Cargo	12	19,800,000	988,899.38
Penn-Jersey Shipbuilding Corporation	Camden, N. J	Coaster	9	7,200,000	
South Portland Shipbuilding Corporation	South Portland, Maine	EC-2—Cargo	16	26,400,000	891,436.42
Sun Shipbuilding & Dry Dock Co	Chester, Pa	Tanker	87	235,292,805	851,818.73
Total, East coast			147	311,445,305	3,762,803.64
GULF COAST					
Canulette Shipbuilding Company, Inc	Slidell, La	Tug	4	1,100,000	
Houston Shipbuilding Corporation	Houston, Tex	EC-2—Cargo	12	19,800,000	738,468.83
Ingalls Shipbuilding Corporation	Pascagoula, Miss	C-3—Cargo	6	19,200,000	293.88
Pennsylvania Shipyards, Inc	Beaumont, Tex	C-1—Cargo	10	24,000,000	114,101.09
Total, Gulf coast			32	64,100,000	852,863.80
WEST COAST					
Birchfield Boiler, Inc	Tacoma, Wash	Tug	6	1,800,000	
California Shipbuilding Corporation	Los Angeles, Calif	EC-2—Cargo	24	39,600,000	3,589,477.53
Moore Dry Dock Co	Oakland, Calif	C-2—Cargo	12	31,212,000	
Oregon Shipbuilding Corporation	Portland, Oreg	EC-2—Cargo	12	19,800,000	1,760,454.36
Richmond Shipbuilding Corporation	Richmond, Calif	do	24	39,600,000	1,516,561.17
Total, West coast			78	132,012,000	6,866,493.06
GREAT LAKES					
Calumet Shipyard & Dry Dock Co	Chicago, Ill	Tug	5	1,517,500	
Leatham Smith Coal & Shipbuilding Co	Sturgeon Bay, Wis	Coaster	9	8,550,000	
Total, Great Lakes			14	10,067,500	
Total, defense aid program			271	517,624,805	11,482,160.50

Ship construction for other Government departments as at Oct. 1, 1941

SCHEDULE 3-A

Builder	Shipyard	Under construction			
		Type	Number of vessels	Estimated completion costs	Disbursements to Oct. 1, 1941
WEST COAST					
Consolidated Steel Corp., Ltd	Long Beach, Calif	Navy transport	2	$8,848,437.50	$323,082.58
Seattle-Tacoma Shipbuilding Corporation	Tacoma, Wash	Army transport	2	12,348,712.50	1,292,838 87
Western Pipe & Steel Co. of California	South San Francisco, Calif	Navy destroyer tender	1	11,958,500.00	776,500.00
Do	do	Navy seaplane tender	1		
Total, west coast			6	33,155,650 00	2,392,421.45

APPENDIX D

Shipways construction as at Oct. 15, 1941

	Location	Emergency ship program				Defense aid program				Long-range program			Total	
		Number of shipways	Estimated costs adjusted to Oct. 15, 1941	Status of completion: Oct. 15, 1941	Status of completion: Completion date	Number of shipways	Estimated costs adjusted to Oct. 15, 1941	Status of completion: Oct. 15, 1941	Status of completion: Completion date	Number of shipways	Estimated costs adjusted to Oct. 15, 1941	Percentage of completion to Oct. 15, 1941	Number of shipways	Estimated costs adjusted to Oct. 15, 1941
				Per cent				*Per cent*				*Per cent*		
Alabama Dry Dock & Shipbuilding Co.	Mobile, Ala.	4	$3,161,000	60	Dec. 15, 1941					8	$9,042,900	4	12	$12,203,900.00
Bethlehem-Fairfield Shipyard, Inc.	Baltimore, Md.	13	12,892,140	80	Dec. 30, 1941	3	$2,940,269.00	75	Dec. 31, 1941				16	15,832,409.00
Bethleham Sparrows Point Shipyard, Inc.	Sparrows Pt., Md.									2	3,967,480		2	3,967,480.00
California Shipbuilding Corporation.	Los Angeles, Calif.	8	6,674,011	98	Nov. 1, 1941	6	5,042,989.00	96	Nov. 30, 1941				14	11,717,000.00
Consolidated Steel Corporation, Ltd.	do					4	2,600,000.00	23	Jan. 15, 1942	4	3,400,000		8	6,000,000.00
Houston Shipbuilding Corporation.	Houston, Tex.	6	6,330,546	83	Dec. 15, 1941	3	2,351,116.00	64	Jan. 1, 1942				9	8,681,662.00
Ingalls Shipbuilding Corporation.	Pascagoula, Miss.									3	2,863,960	3	3	2,863,960.00
Louisiana Shipyards, Inc.	New Orleans, La.	6	6,817,974	63	Jan. 1, 1942					2	1,378,000	3	8	8,195,974.00
Moore Dry Dock Co.	Oakland, Calif.					1	747,650.00	64	Dec. 15, 1941				1	747,650.00
North Carolina Shipbuilding Co.	Wilmington, N. C.	6	6,453,244	93	Dec. 15, 1941	3	3,352,470.00	73	Jan. 1, 1942				9	9,805,714.00
Oregon Shipbuilding Corporation.	Portland, Oreg.	8	6,022,425	97	Nov. 15, 1941	3	2,484,350.00	97	Nov. 15, 1941				11	8,506,775.00
Pennsylvania Shipyards, Inc.	Beaumont, Tex.					3	2,589,927.00	49	Dec. 30, 1941				3	2,589,927.00
Pusey & Jones Corporation.	Wilmington, Del.					1	953,690.00	45	do				1	953,690.00
Richmond Shipbuilding Corporation.	Richmond, Calif.					6	5,828,654.00	95	Nov. 15, 1941	3	2,375,263	7	9	8,203,917.00
Seattle Tacoma Shipbuilding Corporation.	Tacoma, Wash.					5	3,975,000.00	66	Nov. 30, 1941				5	3,975,000.00
South Portland Shipbuilding Corporation.	South Portland, Maine.					4	2,710,017.40	50	Dec. 30, 1941	2	1,969,775		6	4,679,792.40
Sun Shipbuilding & Dry Dock Co.	Chester, Pa.					12	15,901,659.00	48	Jan. 30, 1942				12	15,901,659.00
Western Pipe & Steel Co. of California.	So. San Francisco, Calif.					2	1,912,055.00	54	Nov. 30, 1941				2	1,912,055.00
Hendy, Joshua, Iron Works.[1]	Sunnyvale, Calif.						800,000.00							800,000.00
Total		51	48,351,340			56	54,189,846.40			24	24,997,378		131	127,538,564.40

[1] To increase plant facilities for engine construction.

APPENDIX E

Sales of ships—Long-range program as of Oct. 1, 1941

Purchaser	Type of ship	Number of ships		Sales price
Completed:				
Alcoa S. S. Co., Inc	C-1—cargo		6	$6, 564, 067. 55
American Export Lines, Inc	Special cargo		6	8, 207, 799. 49
American President Lines, Ltd	C-3—passenger and cargo		3	6, 709, 054. 39
Grace Line, Inc	C-2—cargo		7	9, 678, 867. 57
Lykes Bros. S. S. Co., Inc	C-1—cargo	9		
	C-3—cargo	3	12	13, 308, 933. 88
Mississippi Shipping Co., Inc	Passenger and cargo		1	1, 751, 804. 67
Moore-McCormack Lines, Inc	C-2—cargo	1		
	C-3—cargo	7		12, 208, 749. 68
			8	
New York & Cuba Mail S. S. Co	C-1—cargo		1	1, 252, 059. 34
Pacific Atlantic S. S. Co	do		2	4, 963, 843. 00
Seas Shipping Co., Inc	Cargo		3	1, 466, 770. 39
United Mail S. S. Co	C-1—cargo		2	2, 012, 513. 43
United States Lines Co	Passenger	1		
	C-1—cargo	4		
	C-2—cargo	1		
			6	17, 556, 242. 42
United States Army	Passenger and cargo		1	3, 136, 386. 96
United States Navy	Cargo	2		
	Passenger and cargo	1		
	C-1—cargo	2		
	C-2—cargo	18		
	C-3—cargo	6		
	C-3—passenger and cargo	5		
	Tanker	12		
			46	89, 482, 636. 65
Total sale of ships completed			104	181, 389, 729. 42
Under construction:				
Alcoa S. S. Co., Inc	C-1—cargo	2		
	C-2—cargo	3		
			5	8, 350, 006. 46
American Export Lines, Inc	Cargo		3	4, 309, 898. 89
American Mail Line, Ltd	C-2—cargo		6	9, 639, 980. 43
American President Lines, Ltd	C-3—passenger and cargo		1	2, 516, 608. 83
American South African Line	C-2—cargo	2		
	C-3—passenger and cargo	3		
			5	11, 729, 871. 78
Bull, A. H., S. S. Co	C-1—cargo		1	2, 516, 194. 00
Grace Line, Inc	C-2—cargo		3	4, 828, 145. 63
Isthmian S. S. Co., Inc	C-3—cargo		8	14, 355, 844. 70
Lykes Bros. S. S. Co., Inc	C-1—cargo	2		
	C-2—cargo	4		8, 162, 996. 34
			6	
Mississippi Shipping Co., Inc	Passenger and cargo		3	6, 812, 165. 28
Moore-McCormack Lines, Inc	C-1—cargo	1		
	C-3—cargo	4		8, 819, 395. 46
			5	
New York & Cuba Mail S. S. Co	C-1—cargo		1	1, 253, 780. 14
Seas Shipping Co., Inc	Cargo		1	1, 586, 827. 08
United States Lines Co	C-1—cargo	1		
	C-2—cargo	5		
	C-3—passenger and cargo	4		21, 121, 952. 63
			10	
Total sale of ships under construction			58	106, 003, 667. 65
Total sale of ships completed and under construction			162	287, 393, 397. 07

Appendix F

Vessels over 20 years of age on which an operating-differential subsidy has been paid during the period from Oct. 1, 1940, to Sept. 30, 1941

Name of contractor	Vessel	Date, 20 years of age	Total number of vessels
American Export Lines, Inc	Examelia	Jan. 18, 1940	12
	Examiner	Oct. 20, 1939	
	Excellency	Oct. 13, 1940	
	Excello	July 27, 1939	
	Excelsior	Apr. 28, 1940	
	Exchester	Apr. 21, 1940	
	Exford	Nov. 28, 1939	
	Exiria	Sept. 13, 1939	
	Exminster	May 16, 1939	
	Exmoor	Oct. 5, 1939	
	Exmouth	Mar. 18, 1940	
	Extavia	Dec. 30, 1939	
American Mail Line, Ltd	Capillo	Apr. 29, 1940	6
	Coldbrook	Nov. 29, 1939	
	Collingsworth	Mar. 26, 1940	
	Crown City	Dec. 21, 1939	
	Satartia	June 3, 1939	
	West Cusseta	Jan. 18, 1941	
American President Lines, Ltd	Pres. Cleveland	Feb. 1, 1941	4
	Pres. Harrison	Jan. 6, 1941	
	Pres. Monroe	Aug. 30, 1940	
	Pres. Tyler	Dec. 6, 1940	
American South African Line, Inc	Challenger	Oct. 1, 1938	4
	Chas. H. Cramp	Nov. 1, 1940	
	Henry S. Grove	Feb. 16, 1941	
Grace Line, Inc	Sagadahoc	July 9, 1938	3
	[illegible]	Oct. 18, 1939	
	Vincent	Sept. 18, 1939	
	West Celeron	June 13, 1939	
Lykes Bros. Steamship Co., Inc	[illegible]	May 20, 1940	14
	City of Joliet	May 25, 1940	
	City of Omaha	Mar. 12, 1940	
	Cripple Creek	Oct. 20, 1939	
	[illegible]	Nov. 2, 1939	
	Hybert	Sept. 27, 1940	
	[illegible]	June 28, 1938	
	[illegible]	July 13, 1940	
	[illegible]	Oct. 29, 1939	
	[illegible]	Nov. 28, 1939	
	[illegible]	Nov. 10, 1940	
	Volunteer	Aug. 22, 1938	
	[illegible]	Apr. 26, 1940	
	West Cohas	June 28, 1938	
Mississippi Shipping Co., Inc	Delalba	Apr. 10, 1939	8
	Delmar	Oct. 22, 1940	
	Delmundo	Dec. 1, 1939	
	Delnorte	May 30, 1939	
	Delplata	Aug. 17, 1940	
	Delrio	Aug. 22, 1939	
	Delsud	July 9, 1939	
	Delvalle	Nov. 17, 1939	
Moore McCormack Lines, Inc	Capulin	June 30, 1940	10
	City of Flint	Feb. 28, 1940	
	Collamer	Feb. 21, 1940	
	Deerlodge	July 16, 1939	
	Independence Hall	Aug. 2, 1940	
	Mormacmar	Oct. 28, 1940	
	Mormacrey	Sept. 19, 1939	
	Mormacrio	Oct. 30, 1939	
	Mormacsul	Mar. 19, 1940	
	West Keene	Aug. 15, 1939	
Oceanic Steamship Co	Maui	Apr. 26, 1937	1
Seas Shipping Co	Pipestone County	July 18, 1939	5
	Robin Adair	Jan. 9, 1940	
	Robin Gray	Jan. 22, 1940	
	Robin Hood	Jan. 6, 1940	
	West Imboden	Mar. 14, 1939	
United States Lines Co	City of Dalhart	Feb. 28, 1941	10
	Jeff Davis	Apr. 22, 1941	
	Lehigh	July 29, 1939	
	McKeesport	Apr. 11, 1939	
	Potter	Dec. 20, 1940	
	Quaker City	Feb. 3, 1940	
	Tampa	Feb. 3, 1940	
	West Honaker	Dec. 22, 1940	
	Wichita	Jan. 31, 1941	
	Yomachichi	Oct. 16, 1939	
Total			77

APPENDIX G

ABSTRACT OF FORMAL DECISIONS ENTERED OCTOBER 1, 1940, TO OCTOBER 1, 1941

Intercoastal Rate Structure—Mixed Carload Rule—McCormick Steamship Co., 2 U. S. M. C. 506. Respondents' rules, regulations, and practices with respect to mixed carload shipments found to be unreasonable, without prejudice to the establishment of rules, regulations, and practices which are not more liberal than those maintained by transcontinental rail and water-rail lines.

Grays Harbor Pulp & Paper Co. v. *A. F. Klaveness & Co., A/S, et al.*, 2 U. S. M. C. 366, modified 2 U. S. M. C. 525. Defendants' rates on printing paper from Grays Harbor, Wash., to ports in the Orient found unduly prejudicial and unjustly discriminatory, but not otherwise unlawful, and defendants permitted to establish an agreed schedule of rates.

In re Inland Waterways Corporation and Mississippi Valley Barge Line Co., 2 U. S. M. C. 458. Respondents found to be common carriers by water in intercoastal commerce and engaged in the transportation of passengers or property on a through route as defined in section 2 of the Intercoastal Shipping Act., 1933. Reduction in the rate on alcoholic liquors not shown to be unlawful.

United Can Co. v. *Shepard Steamship Co., et al.*, 2 U. S. M. C. 404. Rates on tinplate tops and bottoms from Philadelphia, Pa., to Los Angeles, Calif., found unreasonable. Reparation awarded.

Jos. G. Neidlinger Co. v. *American-Hawaiian Steamship Co.*, 2 U. S. M. C. 466. Rate on teasels, in less carloads, from San Francisco, Calif., to Philadelphia, Pa., found unreasonable. Reparation awarded.

In the Matter of Conference Agreement No. 59. Dismissed for failure to develop any violation of law.

Gulf-Puerto Rico Rates Via the New York and Porto Rico Steamship Co., 2 U. S M. C. 410. Cancellation of service from Gulf ports of the United States to Puerto Rico found not unlawful.

Agreements of Nicholson Universal Steamship Co. and Spokane Steamship Co. with Duluth Transit Co. and Clarence L. Holt, 2 U. S. M. C. 414. Respondent Nicholson found to have allowed Holt Motor Company to obtain, and the latter to have knowingly and wilfully obtained, transportation of automobiles from Detroit, Mich., to Duluth, Minn., at less than the legally applicable rate, in violation of section 16 of the Shipping Act, 1916, as amended, and section 2 of the Intercoastal Shipping Act, 1933, as amended.

Respondent Nicholson found to have given Holt Motor Co. an undue preference, in violation of said section 16.

Respondent Nicholson found to have knowingly disclosed and permitted to be acquired, and respondent Duluth and Holt Motor Co. found to have knowingly received, information, in violation of section 20 of the Shipping Act, 1916.

No violation of sections 14 and 15 of the said act found to have been established.

Practices, etc., of San Francisco Bay Area Terminals, 2 U. S. M. C.—(1) Respondents, including State and municipal terminals, are "other persons" as defined in the Shipping Act, 1916, as amended. (2) Certain respondents are operating under agreements or working arrangements within the purview of section 15 of said act, without approval of the Commission. (3) Practice of Encinal Terminals of collecting service charges from steamship lines on freight discharged at other terminals unauthorized by its tariff and unreasonable, in violation of section 17 of said act. (4) Encinal Terminals knowingly received information in violation of section 20 of said act. (5) Practice of State and municipal terminals of making tariff changes without adequate notice is unreasonable. Changes should not be made except upon 30 days' notice unless good cause exists for shorter periods. (6) Respondents' rules, regulations, and practices regarding free time are unduly prejudicial and preferential and unreasonable in violation of sections 16 and 17, respectively, of said act. Reasonable regulation prescribed. (7) Respondents' rates, rules, regulations, and practices relating to wharf demurrage and wharf storage are unduly prejudicial and preferential and unreasonable in violation of sections 16 and 17, respectively, of said Act. Reasonable regulation prescribed. (8) Respondents should file their tariffs with the Commission in order that regulations prescribed may be enforced.

In the Matter of the New York and Porto Rico Steamship Co.—Waterman Steamship Corporation Agreement, 2 U. S. M C. 453. Agreement between respondents found subject to section 15 of the Shipping Act, 1916, and the carrying out thereof without the Commission's approval found in violation of that section.

S. H. Kress & Co. v. *Baltimore Mail Steamship (Panama Pacific Lines) et al.*, 2 U. S. M. C. 450. Rate on candy from New York, N. Y., to ports in Hawaii found unreasonable. Reparation awarded and a reasonable rate for the future prescribed.

In the Matter of Rates, Charges, and Practices of Carriers Engaged in Trade from Japan to United States, 2 U. S. M. C. 426. Respondents allow persons to obtain transportation at less than the regular rates and charges by means of false billing, unduly and unreasonably prefer and prejudice particular persons, and collect rates and charges which are unjustly discriminatory between shippers, in violation of sections 16 "Second", section 16 "First", and section 17, respectively, of the Shipping Act, 1916. Cease and desist order entered.

Acme Novelty Co. v. *American-Hawaiian Steamship Co., et al.*, 2 U. S. M. C. 412. Rates on canes from New York, N. Y., and Philadelphia, Pa., to Los Angeles Harbor, Calif., found not unreasonable. Complaint dismissed.

The People of Puerto Rico v. *Waterman Steamship Corporation and Lykes Bros. Steamship Co., Inc.*, 2 U. S. M. C. 407. Upon the settlement of the issues by the parties, request for withdrawal of complaint granted and proceeding discontinued.

City of Mobile, et al. v. *Baltimore Insular Line, Inc., et al.*, 2 U. S. M. C.—. Particular tariff under which, on shipments from interior origins of the United States to Puerto Rico, the combination of inland-ocean rates are equalized via all ports, found not published as required by section 2 of the Intercoastal Shipping Act, 1923; said tariff, and practices thereunder, found unjust and unreasonable in violation of section 18 of the Shipping Act, 1916; and as observed, to result in undue and unreasonable preference and prejudice as between localities, in violation of section 16 of the latter act. Cancellation ordered.

National Cable and Metal Co. v. *American-Hawaiian Steamship Co.*, 2 U. S. M. C. 470. Rates on automobile battery cables from Los Angeles Harbor, Calif., to Norfolk, Va., and Philadelphia, Pa., found inapplicable. Applicable rate determined and complaint dismissed.

Baker Driveaway Co., Inc., v. *American-Hawaiian Steamship Co.* Complainant's request to withdraw complaint granted, and proceeding discontinued.

Alaskan Rates, 2 U. S. M. C. —. (The report also embraces No. 572, *Alaska Rate Investigation No. 2.*) (1) Rate base and fair rate of return for respondents Alaska Steamship Company, Northland Transportation Company, Alaska Transportation Company, and Santa Ana Steamship Company, and net income under proposed rates, determined. (2) Proposed rates found not to yield fair return as to certain respondents and not an excessive return as to others. (3) Respondents' rate structure as a whole not shown to be unreasonable. (4) Increases in rates on commodities transported prior to June 1940, at Freight, N. O. S., rates, to the extent they exceed increases published in suspended schedules under item Freight, N. O. S., found not justified and unlawful. (5) Special rates to large shippers based on volume found unduly prejudicial and preferential. (6) Complaint alleging prejudice to Tacoma and preference to Seattle not sustained. (7) Services of certain respondents to so-called "irregular" ports for which no tariffs are filed found subject to the Commission's jurisdiction and respondents required to file tariffs. (8) Provisions of bills of lading, etc., affecting rates and services not effective unless incorporated in tariff. (9) Respondent Alaska Steamship Company should cancel joint rail and water rates maintained with Alaska Railroad and in lieu thereof publish and file with the Commission water proportional rates. (10) Common carrier status of certain respondents and carriers determined.

Port Commission of City of Beaumont, Tex., et al. v. *Seatrain Lines, Inc., et al.*, 2 U. S. M. C. 500. Defendants' absorption practice and conference authorization thereof found to be in violation of sections 16 and 17 of the Shipping Act, 1916, as amended. Cease and desist order entered.

Associated Telephone Co., Ltd., v. *Luckenbach Steamship Co., Inc.*, 2 U. S. M. C. 512. Rate on telephones, switchboards, etc., not shown to have been inapplicable. Complaint dismissed.

The Port of Beaumont, Tex., et al. v. *Agwilines, Inc. (Clyde-Mallory Lines), et al.*, 2 U. S. M. C. 515. Proportional rate on rice and rice products, in carloads, from Houston and Galveston, Tex., to North Atlantic ports, found inapplicable on shipments originating at Houston and Galveston. Complaint dismissed.

Intercoastal Cancellations and Restrictions. 2 U. S. M. C. 397. Motion to vacate suspension order granted in part. Minimum tonnage restriction found justified except as to Richmond, Calif.

Lone Star Bag & Bagging Co., Inc., v. *Southern Steamship Co. and Mooremack Gulf Lines, Inc.*, 2 U. S. M. C. 468. Rate on old bags and bagging from Philadelphia, Pa., to Houston, Tex., found not subject to the Commission's jurisdiction. Complaint dismissed.

Rowe Service Co., Inc., v. *American-Hawaiian Steamship Co.*, 2 U. S. M. C. 519. Rates on coin-operated vending machines from New York, N. Y., and Newark, N. J., to Los Angeles Harbor, Calif., not shown to be unreasonable. Complaint dismissed.

Patrick Lumber Co. v. *Calmar Steamship Corporation et al.*, 2 U. S. M. C. 494. Complainant found to be unduly prejudiced by defendant's refusal to furnish cargo space accommodations. Cease and desist order entered.

E. I. DuPont de Nemours & Co., Inc., v. *Southern Steamship Co.*, 2 U. S. M. C. 527. Rate on synthetic indigo paste and sodium hydrosulphite from Philadelphia, Pa., to Houston, Tex., found to be unreasonable. Reparation awarded.

Rates, Charges, and Practices of Carriers, and Practices of Shippers, In Connection With Freight Traffic From United States to Philippine Islands, 2 U. S. M. C. 535. Respondent carriers allow persons to obtain transportation at less than their regular rates currently established and enforced by means of false billing, and unduly prefer and unduly prejudice particular persons, in violation of section 16 "Second" and "First," respectively, of the Shipping Act, 1916.

Respondent shippers obtain transportation of property by means of false billing at less than the rates which would otherwise be applicable, in violation of paragraph 1 of section 16 of the Shipping Act, 1916, as amended.

Cease and desist order entered, and record certified to Department of Justice for prosecution.

Plomb Tool Co. v. *American-Hawaiian Steamship Co.*, 2 U. S. M. C. 523. Shipments of composition tool handles from Brooklyn, N. Y., to Los Angeles Harbor, Calif., found to have been overcharged. Overcharges should be refunded immediately.

Larrowe Milling Co. (trade name), Division of General Mills, Inc., v. *Baltimore Insular Line, Inc., and Bull Insular Line, Inc.*, 2 U. S. M. C 549. Rates on commercial mixed feed and dried beet pulp from New York, N. Y., and Baltimore, Md., to ports in Puerto Rico not shown to be unjust or unreasonable. Complaint dismissed.

Services on Wool and Mohair From Gulf to Atlantic Ports. Suspension order vacated because suspended schedule was cancelled.

Super Phosphate Rock From Atlantic to Pacific Ports. Suspension order vacated because suspended schedule was cancelled.

Atlantic Syrup Refining Co. v. *Luckenbach Steamship Co., Inc.*, 2 U. S. M. C. 521. Defendant's failure to fulfill obligation fixed by its routing sheet in connection with shipment of syrup from Philadelphia, Pa., to San Diego, Calif., found to be an unreasonable practice. Reparation awarded.

Electrical Products Corporation v. *McCormick Steamship Co.* On motion of defendant, complaint dismissed because not filed within the 2-year period provided in section 22 of the Shipping Act, 1916.

American Union Transport, Inc., v. *"Italia" Societa Anonima Di Navigazione*, 2 U. S. M. C. 553. Under the regulatory provisions of the Shipping Act, 1916, defendant owed no duty to a broker as such and is not responsible for brokerage and for alleged injury to the broker's reputation because of defendant's refusals to book shipments upon the broker's requests.

Pilgrim Furniture Co., Inc., v. *American-Hawaiian Steamship Co.*, 2 U. S. M. C. 517. Motion granted to dismiss, on jurisdictional grounds, complaint praying for reparation for damage to shipment and defendant's failure to carry on a specified voyage.

Sigfried Olsen v. *Blue Star Line, Ltd., et al.*, 2 U. S. M. C. 529. Defendants' refusal to admit complainant to conference membership and to participation in exclusive patronage contracts found to be unfair and unjustly discriminatory as between complainant and defendants, and to subject complainant to undue prejudice and disadvantage. Consideration will be given to disapproval of the conference agreement if complainant be not admitted to full and equal membership therein.

Grain and Grain Products From and to Houston, Tex. Suspension order vacated because suspended tariff items were cancelled.

Embargo on Cargo Between North Atlantic and Gulf Ports, 2 U. S. M. C. 464. Embargo by Agwilines, Inc. (Clyde-Mallory Lines), on all commodities offered for transportation between U. S. North Atlantic ports and U. S. ports on the Gulf of Mexico found unreasonable and ordered cancelled.

Fred. Olsen & Co. v. *Moore-McCormack Lines, Inc., et al.* Dismissed because complainant was admitted to conference.

Embargo on Cargo at Camden, N. J., 2 U. S. M. C. 491. Embargo by Pan-Atlantic Steamship Corporation on all commodities offered for transportation to, from, and via Camden, N. J., found not unreasonable or unduly prejudicial.

Long Beach Lumber Co., Inc., v. *Consolidated Lumber Co.,* 2 U. S. M. C. —. Defendant wharf operator found not to have refused delivery of lumber to complainant. Complaint dismissed.

Grays Harbor Exportation Co., Inc. v. *American Mail Line, Ltd., et al.* Proceeding dismissed as complaint satisfied.

No. 426, *Northcast Canners' Association* v. *A. F. Klaveness & Co., A/S et al.,* No. 462, *Amerlux Steel Corporation et al.* v. *A. F. Klaveness & Co., A/S, et al.,* No. 466, *Carnation Co. et al.* v. *Aktieselskabet Det Østasiatiske Kompagni et al.,* No. 489, *Rosenberg Bros. & Co., et al.* v. *The Blue Star Line, Inc., at al.,* No. 493, *California Fruit Exchange et al.* v. *Blue Star Line, Ltd., et al.,* No. 494, *California Prune and Apricot Growers Association* v. *The Blue Star Line, Inc., et al.,* and No. 497, *Simons & French Co., Inc.* v. *Aktieselskabet Det Østasiatiske Kompagni. (The East Asiatic Co., Ltd.) et al.,* were dismissed subsequent to the affirmance by the United States Supreme Court on March 31, 1941, of the Commission's order in No. 454, *Sun-Maid Raisin Growers Association et al.* v. *A. F. Klaveness & Co., A/S, et al.,* which involved identical issues.

Although No. 514, *Intercoastal Rate Structure,* was decided prior to October 1, 1940, five supplemental orders were entered therein between that date and the date the proceeding was transferred to the Interstate Commerce Commission.

APPENDIX H

Claims arbitrated or settled under Suits in Admiralty Act from Oct. 16, 1940, to Oct. 15, 1941

PERSONAL INJURY

Vessel	Claimant or respondent	Method	Amount paid	Amount received
Brazil	Sidney M. Albert	Settled	$150.00	
Brazil	Alsicio Perez	do	175.00	
Crown City	Ralph Miller	do	88.74	
Washington	Victory Harrison	do	606.45	

COLLISION

Vessel	Claimant or respondent	Method	Amount paid	Amount received
Capulin	Mersey Towing Co	Settled		$1,406.98
Faraby	Trafikaktiebolaget	do	$2,585.97	
Sir Ernest	Grangesberg			
Cassell	Oxelosund			
Jeff Davis	Canada SS Lines, Ltd	do		122.00
Lehigh	Joseph Schaefer & Sons	do	480.00	
Lehigh	War Department	do	798.32	
Lehigh	U. S. P. & I. Agency	do		1,131.65
Sawokla	Moseck Towing Lines, Inc	do		4,000.00

CARGO DAMAGE

Vessel	Claimant or respondent	Method	Amount paid	Amount received
Challenge	J. Wix & Sons, Ltd	Discontinued pursuant to settlement.	$114.00	
City of Elwood	Leghorn Trading Co., Inc	Settled	142.10	
Sawokla	American Cyanamid & Chemical Corporation.	do	111.37	

GENERAL AVERAGE

Vessel	Claimant or respondent	Method	Amount paid	Amount received
Unicoi	American Insurance Co., et al	Settled		$5,787.46

CASES COVERED BY OUTSIDE PROTECTIVE AND INDEMNITY INSURANCE

Vessel	Claimant	Nature	Method	Amount paid
City of Dalhart	Michael Smoler	Personal injury	Settled	(1)
City of Flint	Arno C. Garnet	do	do	(1)
Cold Harbor	James C. Blake	do	do	(1)
Collamer	Frank Masin	do	do	(1)
Collingsworth	Augusta Foley, as guardian ad litem of infant Edward J. Foley.	do	do	$2,000.00
Independence Hall	John Mellon	Illness	do	100.00
Lehigh	Isaiah Harris	Personal injury	do	300.00
New Orleans	Frederick G. Ernst	Assault	do	(1)
Do	Paul Schwalbe	Personal injury	do	250.00
Pipestone County	Nathan Maron	do	do	(1)
Potter	Thomas P. Cronin	do	do	(1)
Quaker City	Joseph A. Stein	do	do	3,100.00
Southern Cross	John Atkins	do	do	250.00
Do	Fred Gossler	do	do	350.00
West Cusseta	Henry Odgaard	do	do	(1)
West Imboden	William Jameson & Co. and J. L. Hudson Co.	Contract and cargo damage.	do	575.00
Unicoi	Michael McDonald	Personal injury	do	(1)
Wichita	Edward De Allaume	do	do	1,000.00
Do	William Wolfe	do	do	200.00
Yomachichi	Fred E. Bond	do	do	750.00

[1] Unknown.

MISCELLANEOUS

Vessel	Claimant or respondent	Nature	Method	Amount paid	Amount received
Capulin	Owners of tug *Wapiti*	Damage by tug	Settled		$1,406.98
City of Elwood	Richfield Oil Co.	Fuel-oil overflow	do		1,275.03
McKeesport	Messrs. C. E. Macauley & Co., Ltd.	Breach of contract	do	$400.00	

APPENDIX I

Statement showing actual deposits into and withdrawals from statutory capital reserve funds of operators having long-term operating-differential subsidy agreements with U. S. Maritime Commission, and tentative comparison of balances in statutory capital reserve funds at Dec. 31, 1940, with statutory requirements based on estimated figures submitted by operators pursuant to the Commission's General Order No. 31

Name of operator	Deposits				Withdrawals			Balance		
	Depreciation	Proceeds from sale or loss of vessels	Other	Total	For payments on vessels built under Merchant Marine Act, 1936	For payments on other subsidized vessels	Total	Balance in capital reserve fund at Dec 31, 1940	Additional deposits accrued to Dec. 31, 1940 [1]	Total balance and requirements in capital reserve fund at Dec 31, 1940
American Export Lines, Inc	$2,134,870.00	$1,470,782.92	$3,037,281.25	$6,642,931.17	$2,527,322.39	$1,384,833.33	$3,912,155.71	$2,730,778.46	[2] *$89,508.26*	$2,641,270.20
American President Lines, Ltd	2,178,935.83	1,255,000.00	3,886,203.18	7,620,139.01	2,162,154.30	4,590,080.74	6,752,235.04	867,903.97	[2] *404.23*	867,499.74
American South African Line, Inc	49,772.00	1,681,000.00	910,000.00	2,613,772.00	1,610,912.23	------------	1,610,912.23	1,032,859.77	[2] *383,665.94*	649,193.83
Grace Line, Inc. (Delaware)	2,714,261.41	5,132,277.64	850,000.00	8,696,539.05	4,529,652.39	612,204.00	5,141,856.39	3,554,682.69	5,201.00	3,559,883.69
Lykes Bros. Steamship Co., Inc	626,659.29	9,103,374.79	2,122,878.10	11,852,912.18	8,683,558.10	------------	8,683,558.10	3,169,354.08	161,921.16	3,331,275.24
Mississippi Shipping Co, Inc	862,560.08	807,648.11	[3] 1,301,287.41	2,971,495.90	1,208,157.64	------------	1,208,157.64	1,763,338.26	498.22	1,763,836.48
Moore-McCormack Lines, Inc	2,213,338.68	4,704,804.21	1,480,000.00	8,398,142.89	4,889,332.96	1,500,000.00	6,389,332.96	2,008,809.93	[2] *564,744.07*	1,444,065.86
New York & Cuba Mail Steamship Co	1,881,109.59	------------		1,881,109.59	307,100.08	1,072,662.56	1,379,762.64	501,346.95	[2] *17,946.46*	483,400.49
The Oceanic Steamship Co	2,424,451.54	------------	1,666,266.33	4,090,717.87	---	4,090,500.00	4,090,500.00	217.87	550,806.53	551,024.40
Seas Shipping Co., Inc	720,602.37	------------	1,585,295.73	2,305,898.10	1,200,000.00	505,000.00	1,705,000.00	600,898.10	535,384.50	1,136,282.60
South Atlantic Steamship Co. of Delaware [4]	5,421.16	------------	8,264.84	13,686.00	------------	------------	------------	13,686.00	------------	13,686.00
United States Lines Co	3,444,905.45	6,552,698.87	2,003,231.13	12,000,835.45	4,288,348.41	3,251,335.14	7,539,683.55	4,461,151.90	1,355,218.45	5,816,370.35
Total	19,556,887.43	30,710,586.84	18,850,707.97	69,118,182.24	31,406,538.49	17,006,615.77	48,413,154.26	20,705,027.98	1,552,760.90	22,257,788.88

[1] The amounts shown in this column as representing additional deposit requirements to Dec. 31, 1940, were not required to be actually so deposited until thereafter.

[2] Italic figures represent deposits in excess of requirements.

[3] Includes $400,000 by transfer from special reserve fund

[4] The long-term operating-differential subsidy agreement with this operatorterminated May 25, 1940.

APPENDIX J

Statement showing total operating-differential subsidy paid or accrued from inception through Dec. 31, 1940, disposition of profits from subsidized operations in excess of 10 per centum per annum of capital employed, and tentative comparison of balances in statutory special Reserve funds at Dec. 31, 1940, with statutory requirements based on estimated figures submitted by the operators pursuant to the Commission's General Order No. 31

Name of operator	Operating-differential subsidy paid or accrued	Net profit from subsidized operations (including subsidy)	Unrestricted profits [1]	Profits in excess of unrestricted profits [2]	Recaptured by U. S. Maritime Commission [3]	Profits deposited in special reserve fund	Profits deposited in capital reserve fund	Balance in special reserve fund at Dec 31, 1940	Additional deposits accrued to Dec. 31, 1940 [4]	Total of balance and requirements in special reserve fund at Dec. 31, 1940
American Diamond Line, Inc.[5]	$185,802 06	$158,946.11	$130,454 22	$28,491.89	$28,491.89					
American Export Lines, Inc	4,602,498.16	9,904,905.73	1,153,089.97	8,751,815.76	112,950.46	$3,514,862.25	$3,036,890 45	$3,514,862.25	$2,087,112.60	$5,601,974.85
American Mail Line, Ltd.	209,561.24	375,332.21	128,679.96	246,652 25					246,652.25	246,652 25
American President Lines, Ltd	7,003,103 35	4,626,596.24		4,626,596.24			3,886,203.18		740,393.06	740,393.06
American South African Line, Inc	224,862.17	989,574.63	172,803.13	816,771.50		[6] 926,630.89		926,630.89	[7] *109,859.39*	816,771.50
The Atlantic & Caribbean Steam Navigation Co [5]	63,208.64	126,470 22	80,974 45	45,495.77	45,495.77					
Grace Line, Inc. (Delaware)	3,933,768 77	5,231,423.91	3,473,763 52	1,757,660.39	114,233 09	1,191,495 07	79,894 91	1,191,495.07	372 037.32	1,563,532.39
Lykes Bros Steamship Co., Inc	4,990,183.27	7,335,938 40	1,808,287.58	5,527,650.82	711,111.06	4,583,061.26	43,007.59	4,583,061.26	190,470.91	4,773,532.17
Mississippi Shipping Co., Inc	1,404,224.82	4,080,912.09	927,102 50	3,153,809.59	147,002.57	1,575,949.97	[8] 1,274,912.45	1,575,949.97	155,914.60	1,731,894 57
Moore-McCormack Lines, Inc	3,499,344 22	5,938,293.12	323,904 17	5,614,388.95		3,549,479.29	500,000 00	3,549,479.29	1,564,909.66	5,114,388.95
New York & Cuba Mail S. S. Co	1,448,389 04	1,191,711.13	401,933.02	789,778 11		165,000.00		165,000.00	624,778.11	789,778.11
The Oceanic Steamship Co	2,178,304.95	2,366,269.22	2,117,603 30	248,665.92	2,682.85	268,399.64	2,682.86	268,399.64	[7] *25,099.43*	243,300 21
Pacific Argentine Brazil Line, Inc.[9]	298,672.53	346,020.64	75,319 73	270,700.91	270,700.91					
Seas Shipping Co., Inc	597,745.58	2,419,710.24	108,076.01	2,311,634.23			1,873,000.00		438,634.23	438,634.23
South Atlantic S. S. Co. of Delaware [10]	259,280.21	361,723.26	215,873.34	145,849.92	137,860 09		7,989 83			
United States Lines Co	7,021,737.60	5,966,278.52	2,984,195.82	2,982,082 70		2,294,561.18		2,294,561 18	687,521.52	2,982,082.70
Total	[11] 37,920,686.61	51,420,105.67	14,102,060 72	37,318,044.95	1,570,528 69	18,069,439.55	10,704,581 27	18,069,439.55	6,973,495 44	25,042,934.99

[1] Conditionally available for distribution to stockholders.

[2] Required to be deposited into a statutory reserve fund—one-half of such profits being recapturable by the Commission subject to the applicable provisions of the Merchant Marine Act, 1936, as amended.

[3] This represents amounts recaptured by the U. S Maritime Commission under the so-called temporary agreements which preceded the long-term operating-differential subsidy agreements now in effect, except in the instances of Pacific Argentine Brazil Line, Inc., and South Atlantic Steamship Co (Delaware), in which instances the amounts recapturable include $5,749.63 and $12,432 31, respectively, under the long-term agreements which were terminated.

[4] The amounts shown in this column as representing additional deposit requirements to December 31, 1940 were not required to be actually so deposited until thereafter.

[5] No long-term operating-differential subsidy agreements were entered into with these operators.

[6] Includes $200,000 earned from unsubsidized operation.

[7] Italic figures represent deposits in excess of requirements.

[8] Includes $400,000 by transfer from special reserve fund.

[9] The long-term operating-differential subsidy agreement with this operator expired by limitation Feb. 10, 1940.

[10] The long-term operating-differential subsidy agreement with this operator terminated May 25, 1940.

[11] Does not include $179,198.39 paid American Mail Line, Ltd., and $116,269.35 paid Baltimore Mail Steamship Co, under Temporary Agreements, of which no part was recapturable by the Commission.

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