UNITED STATES MARITIME COMMISSION

REPORT TO CONGRESS

FOR THE PERIOD ENDED
OCTOBER 25
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UNITED STATES MARITIME COMMISSION

OFFICE: COMMERCE BUILDING

WASHINGTON, D. C.

COMMISSIONERS

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LETTER OF TRANSMITTAL

UNITED STATES MARITIME COMMISSION,
Washington, D. C., January 2, 1940.

To the Congress:

I have the honor to present herewith the report of the United States Maritime Commission for the year ending October 25, 1939.

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 kaleidoscopic changes in the merchant marine which have taken place since September 1, 1939, preclude the submission of recommendations for legislation until the effects of the European war and the Pittman Act upon our shipping can be more accurately appraised.

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 outbreak of hostilities in Europe and the passage of the Pittman Act by the special session of Congress, which convened shortly thereafter, have seriously disrupted the normal operation of the American merchant marine. The immediate result has been the cessation of American flag services to all European ports from the north coast of Spain to Bergen, Norway. Approximately 90 cargo and passenger vessels are prevented from participating in the American flag services to these areas which have been established with the aid of the Government during the past 20 years.

The initial blow strikes most keenly at the ships and men whose employment is jeopardized. The repercussions may well permeate our national economy. Rate increases, with a consequent increase in cost to the consumer, have already been established in many services, including those not directly affected. Conference agreements in the Atlantic trades have been temporarily suspended, and, as American flag services have been withdrawn, the public is vulnerable once more to the mounting cost of transportation which followed the outbreak of the war 25 years ago.

The trade areas affected by neutrality legislation and the President's delineation of combat zones, are of vital importance to this country's foreign trade. The volume of our trade with this blocked-out area amounted to approximately 3 billion dollars in 1937, or over 40 percent of the total foreign commerce

Despite the presence of these factors so disturbing to the present situation, the over-all picture of the merchant marine is far more satisfactory than it was in 1914. Since the initiation of the Commission's long-range construction program on October 20, 1937, when the contract for the S. S. *America* was signed, 28 vessels have been launched and 12 of these already are engaged in operation on essential trade routes. Including those ships now in operation the Commission has contracted for 141 vessels, with deadweight tonnage of 1,440,000 at a total contract price of $345,282,856. On June 30, 1914, the United States had 116 vessels engaged in foreign trade; only 19 of these, with gross tonnage of 187,000, served trans-oceanic routes. The American merchant marine has taken a long stride toward fulfillment of the national policy enunciated in section 101 of the Merchant Marine Act, 1936.

Organization.

During the past year there has been no change in the membership of the Commission. The staff of the Commission now consists of approximately 1,500 employees, of which number about two-thirds are located in the Washington office, the remainder being employed, either in district offices of the Commission in New York, Norfolk, New Orleans, San Francisco, and London, England, or in the supervision of the Commission's properties, including terminals and laid-up fleet. The increase during the past year reflects directly the development of the Commission's long-range building program. In addition to the enlargement of the technical staff required to prepare plans and specifications for the ships and to supervise construction in the 15 shipyards where vessels are being built, there has been a concomitant increase in the number of auditors and accountants.

Studies and investigations.

During the past year the Commission has continued its study of the many different problems existing in domestic as well as foreign commerce. In 1937 the Commission published its Economic Survey of the American Merchant Marine. As this dealt solely with our foreign trade the Commission then turned to a survey of coastwise and intercoastal shipping, on which a report was made to Congress March 15, 1939. To complete its investigation of water-borne commerce the Commission then undertook a study of inland waterways. The material obtained from this investigation is now being collated and will be ready for submission to Congress during the first part of 1940.

In addition to the broad surveys referred to above, the Commission's staff is constantly engaged in the compilation of data and statistics on the vessels which comprise our merchant marine and on the shipments of which water-borne commerce is composed. Improved methods of tabulating material on these subjects now afford the Commission a more accurate and speedy analysis of the many and diverse problems which are submitted for its determination.

Legislation.

A number of important amendments to the statutes covering the Commission's activities were enacted by the last Congress; Public, No. 116 on June 6, 1939; Public, No. 259 on August 4, 1939; and Public, No. 328 on August 7, 1939. One of the principal legislative modifications adopted by the Congress arose out of the Commission's recommendation for the inclusion of "turn-in and build" provisions in the Merchant Marine Act. The Economic Survey of Coastwise and Intercoastal Shipping revealed that a problem common to all operators was the replacement of old or obsolete tonnage purchased, for the most part at bargain prices, which attended the disposal of the Shipping Board's war-time fleet, with new vessels at today's market prices. In order to facilitate the acquisition of new economical tonnage section 510 of the Merchant Marine Act, 1936, as amended, permits an operator to turn in to the Commission vessels over 17 years of age and to receive as credit for construction or purchase of a new vessel an amount determined by the Commission to represent a fair and reasonable value for the obsolete vessel. Although a number of applications are now pending with the Commission, no transaction has been consummated at this time.

During its last session Congress reaffirmed the policy of establishing a system for training American seamen. Under prior legislation vessel personnel with maritime background and experience could receive further training by enrollment in the United States Maritime Service. Recent legislation extended the program to include the training of inexperienced American citizens to serve as licensed and unlicensed personnel. Through the medium of a cadet system established on merchant vessels qualified young men are trained to become licensed officers. To supplement the activities of the Maritime Service authorization was also granted to conduct such correspondence courses as the Commission might deem necessary to provide adequate scope for its training program.

The more important of the other amendments to the Merchant Marine Act, 1936, which were adopted by the last session of Congress, involved the clarification of certain statutory provisions which the Commission had found to be obscure or inequitable in administration. These included a provision basing the minimum charter hire for vessels chartered under section 714 on the estimated foreign instead of the American construction cost and on strengthening the Government's right to requisition vessels owned by American citizens when such action is proclaimed necessary by the President for the security of our national defense.

Rules and Regulations.

Under the power granted by section 202 (b), and pursuant to specific instructions in other sections of the act, the Commission has adopted various rules and regulations to carry out the powers, duties, and functions vested in it by the Merchant Marine Act, 1936, as amended. These are issued in the form of general orders and are published in the Federal Register.

General Order 25 (amended) relates to the establishment of the United States Maritime Service under the modified section 216 of the Merchant Marine Act, 1936, adopted at the last session of Congress.

In connection with its ship-construction program the Commission adopted General Order 30 on May 4, 1939, prescribing a method of de-

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termining profits in connection with contracts and subcontracts for the construction, reconditioning, or reconstruction of ships for the United States Maritime Commission.

During the past year the Commission has completed, with one exception, the minimum manning scales for all subsidized lines. When the Commission originally investigated the wage and employment conditions in ocean-going shipping, pursuant to section 301 (a) of the Merchant Marine Act, 1936, it was found impracticable to issue minimum manning scales applicable to all vessels, due to the manifold variations prevailing in the different trade routes. The Commission, therefore, established a special committee to investigate conditions existing on each type of ship operated in the subsidized service. This work has been completed on all except five of the vessels originally listed in the subsidy contracts.

Following recognized governmental procedure the Commission adopted rules and regulations for admission of persons entitled to practice before it. At the present time 449 attorneys and 253 other qualified persons have been granted permission to appear before the Commission.

VESSEL CONSTRUCTION

Long-range Program.

The development of a long-range program for replacements and additions to the American Merchant is prescribed under section 210 of the Merchant Marine Act, 1936, as amended. The Commission is directed therein to create an adequate and well-balanced merchant fleet providing service on all essential routes. Vessels must be available for conversion into transport and supply ships in times of national emergency. They must be privately owned and operated by citizens of the United States, insofar as practicable, and designed to afford complete protection for passengers and crew against fire and all other marine perils.

The economic survey of the American Merchant Marine, submitted to Congress November 10, 1937, disclosed the dangerous weakness of the merchant marine with respect to the age and speed of the vessels engaged therein. The Commission pointed out at that time the inability of private business to finance necessary replacements. Accordingly the Commission made the necessary findings under section 701 of the Merchant Marine Act of 1936, as amended, which findings were approved by the President on April 29, 1938. The Commission was thereby authorized to proceed with the construction of new vessels under title VII.

During the summer of 1939 the increasing tension in European affairs again directed the Commission's attention to the deficiencies of our merchant marine which had only in part been repaired by 51 construction contracts awarded during 1938. Existing shipyard facilities were thoroughly canvassed with a view to securing commitments for additional construction prior to the outbreak of hostilities and the prospective rise in labor and material costs. The Commission, therefore, reaffirmed its previous findings and determinations with respect to its inability to realize within a reasonable time the objectives set forth in section 210 of the Merchant Marine Act of 1936, as amended, under the provisions of titles V and VI of the act, and accelerated its long-range program. The findings and determinations of the Commission were approved by the President of the United States on September 7, 1939.

This accelerated program authorized the construction of 150 ships. of which not less than 67 ships, in addition to the 74 for which construction contracts had heretofore been signed, should be awarded at a price deemed by the Commission to be reasonable, during the remainder of the calendar years 1939 and 1940. The effect of this acceleration is to compress within 2 years the commitments for new construction previously projected for a 3-year period.

Upon adoption of this program the Commission issued bids for the construction of additional vessels of the types already under construction and determined to be satisfactory for operation on the essential trade routes to which they have been allocated. Including the 67 vessels awarded pursuant to recent bids, the Commission's construction program to date consists of 141 vessels. For full details see appendix D.

Present Construction.

The majority of the vessels presently being constructed by the Commission embody the standardized designs developed by its technical staff and adopted by the Commission after consideration of Navy Department requirements for national defense and after review by qualified experts, both technical and commercial, in the field of marine transportation.

The requirements of the different trade routes were carefully considered to determine the type of vessel best suited to each. Although all the standardized design cargo vessels have a speed 30 to 50 percent greater than the large fleet built during the war, certain variations have been established to provide economical transportation on routes where low-revenue cargo predominates.

The ships constructed according to these designs, known as the C-1, C-2, and C-3, as well as those designed by private operators under the construction differential subsidy plan, are as nearly fireproof as design and engineering resources can make them. With the primary objective of carrying a maximum load at a minimum operating cost, these vessels incorporate the latest improvements in type and arrangement of machinery and cargo-handling gear.

The characteristics of each design are set forth in appendix E.

The following tabulation indicates the allocation of new vessels by number and type to each trade route described therein.

Allocation of new construction

Trade route	Hull numbers	Number and type vessel
New York to Hamburg via Channel ports	MC-1	1 express passenger (S. S. *America*).
New York to London	MC 106, 107, 108, 109	4 C-3 passenger.
North Atlantic to Holland and Belgium	MC 14, 15, 16, 17	4 C-2.
North Atlantic ports to west coast, South America.	MC 26, 27, 28, 29, 128	5 C-2.
Atlantic ports to east coast, South America	MC 44, 45, 46, 47	4 C-3.
	MC 59, 60, 61, 62	4 C-3 passenger.
North Atlantic ports to Mediterranean and Black Sea	MC 34, 35, 36, 37	4 export type.
North Atlantic ports to India	MC 102, 103, 104, 105	Do.
North Atlantic ports to Scandinavian, Baltic Sea ports, and U. S. S. R.	MC 18, 19, 20, 21, 30, 31	6 C-2.
New York to Mexico	MC 140, 141	2 C-1.
North Atlantic and Gulf ports to Australia and Orient.	MC 22, 23, 24, 25, 32, 33	6 C-2.
North Atlantic ports to South and East Africa	MC 72, 73, 74, 99, 100, 101, 111, 112, 113, 114.	10 modified C-2.
North Atlantic ports to West Coast, Africa	MC 94, 95, 96, 97, 98	5 C-1.
North Atlantic ports to United Kingdom and Continent.	MC 115, 116, 117, 118, 124, 125, 126, 127.	8 C-2.
South Atlantic ports to United Kingdom and Continent.	MC 89, 90, 91, 92, 93	5 C-1.
Gulf to east coast, South America	MC 48, 49, 50	3 combination.
Gulf to United Kingdom and Continent	MC 67, 68, 69, 70, 71, 79, 80, 81, 82, 83	10 C-1.
Gulf to Mediterranean	MC 84, 85, 86, 87, 88	5 C-1.
Gulf to Orient	MC 132, 133, 134, 135	4 C-2.
Gulf to West Indies	MC 138, 139	2 C-1.
Round-the-world cargo service	MC 38, 39, 40, 41, 42, 43, 51, 52	8 C-3.
Round-the-world combination service	MC 53, 54, 55, 56, 57, 58, 110	7 C-3 passenger.
Pacific coast to east coast, South America	MC 75, 76, 77, 78	4 C-1.
Pacific coast to United Kingdom and Continent	MC 63, 64, 65, 66, 136, 137	6 C-3.
Pacific coast to west coast, South America	MC 129, 130, 131	3 C-2.
Puget Sound to Orient	MC 119, 120, 121, 122, 123	5 C-1.

The allocation set forth in the foregoing tabulation cannot be considered a final one. According to the terms of the construction contracts 71 vessels will not be delivered until 1941 and 10 in 1942. Prolongation or extension of the European conflict may cause further dislocation of the American merchant service already disrupted by the Pittman Act. Changed conditions in the respective trade areas may warrant a shift in the type of vessel most suitable for the service.

The list provides for the introduction of new vessels on a number of routes served at the present time by nonsubsidized steamship lines. In these cases the allocation represents an estimate based on conference and preliminary negotiations with those operators who have signified their desire and intent to participate in the Commission program for replacement of obsolescent tonnage.

The construction commitments of the lines presently subsidized are briefly summarized.

American Export Lines

The company has already contracted for four vessels to replace six old vessels on its Black Sea service It is required to construct two additional vessels in each of the years 1940, 1941, and 1942, for replacement of its eight remaining old vessels in the North Africa and west coast of Italy services This operator recently purchased the vessels engaged in the India service of the Pioneer Line and replacement of the four ships in this service will be required.

Grace Line, Inc.

The vessels originally included in the operating-differential subsidy agreement with this company had all been constructed within the last 10 years; so that no replacement was demanded. The company has purchased two C–2 design vessels and chartered two ships of the same type for operation in its service to the west coast of South America. There are also pending before the Commission applications to purchase one more C–2 design vessel for its subsidized service, and to purchase one and to charter two similar ships for operations in a service from the Pacific coast to the west coast of South America.

Lykes Bros. Steamship Co., Inc.

A comprehensive replacement program for this operator is set forth in the sixth addendum to its operating differential subsidy agreement executed on June 29, 1939. Provision is made for the introduction of 18 new vessels on its 3 subsidized services, 10 on lines B–1 and 2, and 4 on each of lines A and C. Nine of these vessels (C–1 design) will be purchased and the other 9 chartered. Commitment has already been made for the acquisition of the 10 vessels referred to above. The commitments for the remaining services must be fulfilled by December 1, 1940, and December 1, 1941, respectively.

Mississippi Shipping Co.

Construction of three new combination passenger and cargo vessels for the account of this company is now under way. They will replace the four older combination type ships engaged in the Delta Line service from the Gulf to the east coast of South America. The operating-differential subsidy agreement requires that construction contracts for three cargo vessels be executed by December 1, 1942.

Moore-McCormack Lines, Inc.
(American Scantic Line)

The long-term operating differential subsidy agreement executed with Moore-McCormack Lines, Inc., on June 24, 1939, included a provision for the purchase of three C–2 design cargo vessels and for the charter of three additional vessels of the same type to replace the old vessels operated in the American Scantic Line service. Delivery of these vessels has subsequently been effected. The operator was granted permission to operate these new vessels interchangeably with the old freighters on berth in the east coast of South America service after the outbreak of the European war.

Moore-McCormack Lines, Inc.
(American Republics Line)

No replacement provisions are included in the 3-year charter party agreement with Moore-McCormack Lines for the American Republics Line. The company contemplates the acquisition of new tonnage in excess of that now operated to satisfy the demands of the service. Eight new vessels of C-3 design, both cargo and passenger, will supplant the old vessels which the company recently sold to Lloyd Brasileiro. The proceeds from the sale have been placed in the capital reserve fund to be used, among other things, for the purchase of four C-3 design combination vessels.

New York and Cuba Mail Steamship Co.

The character of the service maintained by this operator on lines A and B has been improved by the substitution of relatively new passenger vessels. Arrangements for the replacement of old vessels operated on line C should be speedily concluded when the type of vessels most satisfactory for the trade is determined.

Pacific Argentine Brazil Line, Inc.

An application for the acquisition of four C-1 design vessels by this company has been filed with the Commission. The two ships to be purchased and the two to be chartered will replace a like number of old vessels now engaged in the service.

Seas Shipping Co.

Contracts have been executed for the construction of three new cargo vessels to replace the four old freighters presently operated by this company in the South and East Africa trade. The company has further expressed a willingness to acquire three more vessels of the same type.

South Atlantic Steamship Co.

The date by which construction contracts for replacement tonnage on this route must be executed has been repeatedly extended by the Commission. While negotiations have been protracted no agreement has yet been reached on the type of vessel which will provide the economical operation required in the shipment of low-rate commodities. The normal operations of this company have been suspended by the Pittman Act.

United States Lines Co.

The Commission's first construction contract was for the S. S. *America*, an express passenger vessel to join the S. S. *Manhattan* and the S. S. *Washington* in the North Atlantic. The *America* will be completed in 1940. Tentative plans have been made for the purchase of four C–3 passenger vessels to be placed in the New York-London service which had been maintained by this company up to the passage of the Pittman Act.

Construction-Differential Subsidy.

The Commission has heretofore described in its economic survey of the American merchant marine, and previous annual reports, the general procedure employed in the determination of the fair and reasonable foreign cost of constructing a vessel similar to one being built in the United States under the Commission's construction program. There has also been pointed out in these reports the reasons guiding the Commission in the selection of a specific foreign shipbuilding center in the case of the S. S. *America*, and the American Export Line and Mississippi Shipping Co. vessels.

The problem of securing accurate data on foreign shipbuilding costs has been intensified during the past year. Being a difficult matter at best to secure the necessary information from European shipbuilding concerns, the situation was aggravated by intensive military preparation and the unwillingness to divulge national-defense programs being developed in many of the countries.

In selecting Denmark as the foreign shipbuilding center for determination of the construction-differential on the C–2 design vessels allocated to specific trade routes, the Commission eliminated from consideration, for the reason mentioned above, England, France, and Germany, although the principal competition offered two of the American companies to whom the vessels were to be sold was British. It was determined that conditions in the Scandinavian countries presented a more normal picture of shipbuilding activity and that vessels were being constructed in a Danish yard for the account of many other European countries. After reviewing all the available evidence and confidential reports obtained by governmental representatives, the Commission determined the estimated foreign cost of constructing a C–2 design cargo vessel was $1,100,000.

Similar procedure followed by the Commission with respect to the C–1 design cargo vessels led to the determination of $962,000 for the shelter-deck type, and $982,000 for the full-scantling type, as the estimated foreign cost of constructing vessels of these types in a Danish shipyard.

OPERATING-DIFFERENTIAL SUBSIDY AGREEMENTS

There has been no change in the number of subsidized lines during the past year. A description of each service was included in the last annual report. A few variations in the routes served by individual operators have been approved by the Commission. The American Export Lines temporarily suspended its service to the west coast of Italy due to lack of cargo offered. For a similar reason the American President Lines, Ltd., was permitted to omit Japanese ports of call with its cargo vessels.

The passage of the Pittman Act and establishment of combat zones pursuant thereto seriously affected a number of subsidized services. The United States Line was compelled to cease all operations, as was the South Atlantic Steamship Co. The United Kingdom and continent branches of the Lykes routes were blocked out and the American Scantic Line was limited to calls at Bergen. Various proposals for the disposition of these vessels have been submitted to the Commission. Some have been chartered for American-flag operation to supplement existing facilities or to supplant foreign flag vessels withdrawn by belligerent countries. The Commission is making a thorough analysis of the effect of the Pittman Act upon the merchant marine with a view to making recommendations to the Congress.

In its last annual report the Commission outlined the steps taken to reestablish service on the important trade routes formerly operated by the Dollar Steamship Lines Inc., Ltd. This resulted in a plan for adjustment of the company's indebtedness being consummated in October 1938, with the Commission as majority stockholder of a successor corporation, American President Lines, Ltd. At that time the Reconstruction Finance Corporation advanced $2,500,000 for working capital and the Commission loaned an additional $2,000,000 for vessel repairs.

The Commission is pleased to report that operating results have been highly satisfactory since the resumption of a regular sailing schedule. Voyage revenues have progressively increased, particularly during the past few months, thereby strengthening the company's financial position to the extent that it has been able to anticipate the payment of mortgage notes falling due December 31, 1939.

The following tabulation sets forth the approximate operating-differential subsidies for the fiscal year 1939. It should be pointed out that the sums listed therein are not the amounts which have been paid. Subsidies have not been paid to those operators who have as yet failed to comply with the requirements for new construction specified in their respective subsidy agreements. In addition, 10 percent of the subsidy accruing on each voyage is withheld until completion of the year end audit.

Accrued operating-differential subsidy, voyages and inactive periods, July 1, 1938, to June 30, 1939

	Number of voyages	Accrued subsidy
American Export Lines, Inc	89	$1,317,261.07
American Mail Line, Ltd	3	82,551.70
American President Lines, Ltd	32	1,804,109.20
American South African Line, Inc	5	82,097.09
Grace Line, Inc	53	961,303.32
Lykes Bros. Steamship Co., Inc	213	1,707,485.71
Mississippi Shipping Co., Inc	37	402,631.52
Moore McCormack Lines, Inc	52	458,607.54
Mooremack South American Line, Inc	24	324,969.16
New York and Cuba Mail Steamship Co., Inc	121	372,844.81
Oceanic Steamship Co	13	621,642.78
Pacific Argentine Brazil Line, Inc	12	184,520.80
Seas Shipping Co	7	77,765.16
South Atlantic Steamship Co. of Delaware	31	231,477.55
United States Lines Co	129	2,485,310.72
Total	821	11,114,578.13

Audits of the accounts of 16 contractors holding temporary operating-differential subsidy agreements have been completed for 13 lines in order to determine the exact amount of subsidy due that has not heretofore been paid, as well as the amount of profit that is subject to recapture by the Commission. Eight of these audits have been approved by the Commission as of October 25, 1939, and the other five are being prepared for the Commission's consideration. There are three temporary operating-differential subsidy agreements remaining to be audited for financial settlement. Delay in these cases has been occasioned by repeated extensions of the termination date of the temporary agreements. It is expected that the audits will be completed by the end of the calendar year.

Labor Standards.

When the Maritime Commission took office in the spring of 1937, it initiated the investigation of employment and wage conditions in ocean-going shipping required by section 301, Merchant Marine Act, 1936, amended. A marked improvement over the wretched conditions prevalent in the early thirties was noted. Abetted by the spread of collective-bargaining agreements, wage rates had risen, working conditions on board ship had been ameliorated, and the idleness resulting from strikes and work stoppage which totalled about 1,400,000 hours in 1936 had been cut in half.

Conditions were not uniform on all coasts. Hearings held by the Commission for the purpose of establishing minimum wage and manning scales and reasonable working conditions disclosed variations and discrepancies, particularly on the east and Gulf coasts. The minimum wage scales fixed by the Commission on October 21, 1937, followed closely the prevailing wage rates on the Pacific coast. The Commission did not wish at that time, and has not sought since, to disturb the agreements reached by collective bargaining. Although these wage scales set by the Commission guaranteed seamen higher compensation for their services than was obtainable anywhere in the world, they were specifically designated as minima. The Commission did not preclude upward adjustment through the processes of collective bargaining but fixed a base which could not be lowered except upon a full hearing of all interested parties.

Minimum manning scales have since been established for all but five of the subsidized vessels. These scales were adopted after thorough investigation and inspection of each type of vessel by a special committee. This committee likewise made a detailed survey of crews' quarters on subsidized vessels. Substantial changes consistent with the age and structure of the individual ships have been carried out on the subsidized fleet by direction of the Commission. Approximately $1,500,000 has been expended on these ships during the past 2 years to provide better accommodations for vessel personnel.

On several occasions during the past 2 years the Commission has issued invitations for the purchase or charter of the Government-owned lines which it acquired from its predecessors. Of the five lines operated by the Commission in 1937, four have since been chartered for private operation and one branch of the service maintained on the fifth route was recently sold. The Commission will presently offer the remaining two branches of this latter service and the recently established Puget Sound-Orient line for sale or charter.

During the period under review the Commission has generally followed the wage and employment standards prevailing in the industry. In an effort to encourage stability of employment and to provide greater security, the Commission introduced a system of longevity pay ranging from a 3 percent increase for 1 year's continuous service to 10 percent for every month after the third year. Although the number of men affected by this policy has been curtailed because of the disposal of the majority of the Commission's vessels, the system inaugurated by the Commission has been adopted by the charterer of three of the lines. Analysis of a 16-month period of operation revealed that the turn-over on board the Commission ships was only 2 percent for licensed personnel and 21 percent for the unlicensed and that 50 percent of all the crews had been employed continuously for at least 1 year.

Owing to the temporary nature of the operation, the various companies acting as managing agents served the Commission on an actual-cost basis. The Commission, therefore, considered that the members of the crews were employees of the Government. As such there could be no discrimination in their selection by the master nor could membership or nonmembership in any organization be made a prerequisite of employment. The Commission holds the master of each ship responsible for its safe conduct and therefore entrusts him with the selection of the crew required to discharge this duty. The fact that over 90 percent of the personnel on Commission vessels have union affiliations indicates that no antiunion discrimination is practiced.

Until the outbreak of the European war there had been slight change in the wage levels and working conditions observed in the Merchant Marine for the past year. As familiarity with collective-bargaining agreements was attained, their phraseology was made precise and clarified. Methods were found for ironing out grievances which resulted in a sharp decrease in stoppage of work during 1938.

Certain trends were noticeable. Without any increase in the basic wage scale there has been a marked increase in total remuneration received. This increase takes the form of overtime payments. The fundamental concept of overtime as penalty pay for failure to observe maximum hours of work has been distorted. Overtime is now demanded for the performance of many tasks customarily performed during the working day. Some voyage pay rolls show as much as 25 percent of the total attributable to overtime.

During the first 6 months of 1939 certain frictions developed in the field of maritime labor which doubled the number of man-hours lost through strikes and stoppage of work over the entire year 1938. This situation became aggravated upon the outbreak of war in Europe. Demands were made for bonuses and insurance protection. As no action had been taken at the previous session of Congress on the bill authorizing the Commission to provide insurance of the type requested, this latter demand could not be met. The Commission urged the operators and the unions to reach a mutually satisfactory agreement on the question of war-risk compensation in order that the task of repatriating Americans from Europe might be completed.

When several weeks of negotiations had failed to produce any results, the Commission announced the terms of the emergency compensation it would pay vessel personnel on its own ships. These included the payment of 25 percent of the basic monthly wage in addition to the regular sea wage; reimbursement for the loss of personal effects up to $300 for each licensed officer and $150 for each unlicensed member of the crew; and maintenance of wages, emergency compensation, subsistence, and transportation costs in the event of internment. Substantially similar arrangements were later agreed upon by the American Merchant Marine Institute and the unions for vessels engaged in European trade.

Aid to Vessels Over 20 Years of Age.

Almost all the cargo vessels and certain of the passenger vessels operated under subsidy agreements were constructed during the World War or shortly thereafter. They were, therefore, very close to the 20-year age limitation upon payment of subsidy prescribed in section 605 (b) of the Merchant Marine Act, 1936, when the Commission entered into long-term agreements with the various operators. It was likewise apparent that it would be impossible to make the necessary replacements in the brief time remaining before the old vessels reached the statutory age limit.

In executing long-term operating-differential subsidy contracts with six companies the Commission found that certain vessels of the operator were then 20 years of age, or would become 20 years of age during the period of the contract; that it would be impossible to replace such vessels with new vessels before they became 20 years of age; and that the operator would neither be willing nor able to carry on the proposed new construction unless operation of the subsidized services was continued uninterrupted pending replacement of the old vessels, and that such services could not be maintained if subsidy payments were to terminate as to each vessel when it became 20 years of age. It was, therefore, found to be in the public interest and formal orders were entered to grant financial aid during the period and upon the terms and conditions contained in each respective operating-differential subsidy agreement for the operation of the vessels specifically named in the agreement.

Certain companies have not yet complied with the requirements for new construction specified in their operating-differential subsidy agreements. No subsidy, therefore, has been paid or will be paid for the operation of these ships subsequent to the date upon which they became 20 years of age unless the replacement requirements are fulfilled. With respect to certain other companies the initial construction requirements have been met and vessels over 20 years of age are being subsidized until replaced by new vessels as specifically provided for in the subsidy agreement.

The following tabulation lists the vessels of each company on which a subsidy has actually been paid to date.

Name of contractor	Vessel	Date 20 years of age	Total number of vessels
American Export Lines, Inc	S. S. Excello	July 27, 1939	
	S. S. Exchange	June 15, 1939	
	S. S. Exhibitor	Apr. 8, 1939	
	S. S. Exminister	May 16, 1939	
Total			4
Lykes Bros. Steamship Co., Inc	S. S. Duquesne	Mar. 2, 1939	
	S. S. Genevieve Lykes	Sept. 14, 1939	
	S. S. Liberator	June 28, 1938	
	S. S. Volunteer	Aug. 22, 1938	
	S. S. West Chatala	Aug. 17, 1939	
	S. S. West Cobalt	Dec. 27, 1938	
	S. S. West Cohas	June 28, 1938	
	S. S. West Ekonk	July 12, 1938	
	S. S. West Gambo	July 19, 1938	
	S. S. West Harshaw	July 28, 1939	
	S. S. West Hobomac	Aug. 16, 1938	
	S. S. West Quechee	May 23, 1939	
	S. S. West Tacook	Apr. 22, 1939	
	S. S. Western Queen	Apr. 24, 1938	
Total			14

Name of contractor	Vessel	Date 20 years of age	Total number of vessels
Mississippi Shipping Co., Inc	S. S. Delalba	Apr. 10, 1939	
	S. S. Delnorte	May 30, 1939	
	S. S. Delrio	Aug. 22, 1939	
	S. S. Delsud	July 9, 1939	
Total			4
Moore-McCormack Lines, Inc	S. S. Mormacport	Aug. 22, 1939	
	S. S. Mormactide	Mar. 23, 1939	
	S. S. Scanstates	Jan. 28, 1939	
	S. S. Scanyork	May 9, 1939	
	S. S. Southfolk	June 27, 1939	
Total			5
New York & Cuba Mail Steamship Co	S. S. Orizaba	June 4, 1938	
Total			1
Grand total			28

The foregoing list covers all vessels regularly engaged in subsidized operation. The Commission on August 29, 1939, authorized the payment of an operating-differential subsidy for one voyage of the S. S. *Maine*, a vessel over 20 years of age, chartered by the Seas Shipping Co. during a period of actual emergency, as determined by the Commission under section 805 (d) of the Merchant Marine Act, 1936, as amended.

TRAINING

Recognizing the lack of accurate information on the subject, and the need for further investigation, the Congress, in its 1938 amendments to the Merchant Marine Act, directed the Commission to submit a report on a comprehensive system for the training of citizens of the United States to serve in our merchant marine. This report was transmitted to the Congress on January 1, 1939. It described in some detail the measures long since adopted by other maritime nations and indicated the weakness of relying on the several State nautical academies for recruiting trained personnel. Acting upon this report the Congress broadened the scope of the previously authorized Maritime Service to include the training of inexperienced American citizens for service on our merchant vessels. The program adopted by the Commission pursuant to section 216 of the Merchant Marine Act and the recent revisions thereto, is being carried out through the following instrumentalities:

United States Maritime Service.

The United States Maritime Service was established by the Commission on July 14, 1938. By agreement with the Secretary of the Treasury, it is administered for the Commission's account by the United States Coast Guard under rules and regulations prescribed by the Commission. Training stations at Hoffman Island in New York Harbor and at Government Island in Alameda, Calif., were opened in September 1938, and at Fort Trumbull, New London, Conn., on January 1, 1939. These 3 stations have an approximate annual capacity of 3,000 unlicensed and 600 licensed personnel. Applicants must have had at least 1 year's service at sea within the 3 preceding years to qualify for enrollment in the 3-months' course of training at the above-named stations. During the period unlicensed enrollees receive $36 a month and licensed enrollees $125 a month, together with quarters, clothing, subsistence, medical and dental care, and the use of recreational facilities. Upon completion of the course they are regularly enrolled in the United States Maritime Service.

From the inauguration of the Maritime Service on July 14, 1938, to October 25, 1939, 419 licensed officers and 2,130 unlicensed personnel have been enrolled out of a total of about 8,000 applications.

In September 1939, the Maritime Service inaugurated training as apprentice seamen for young American citizens between the ages of 18 and 23. The first class, now in training on board the Commission's training ships, the *American Seaman* and the *Joseph Conrad*, is composed of 250 young men selected from voluntary candidates who have been enrolled for at least 1 year with the Civilian Conservation Corps. These 2 vessels are now based at St. Petersburg, Fla., and will be joined shortly by the sailing vessel *Tusitala* which will be used as a station ship.

The city of St. Petersburg, Fla., has tendered the Commission a strip of water-front property on which the apprentice seamen's-training station will be erected as soon as the title to the property is perfected. Present plans call for the annual enrollment of 500 young men. During the 1-year course of training the first 3 months will be spent at the shore training station, the following 6 months on the training ships, and the last 3 months on active Coast Guard vessels.

Passage of the Pittman Act brought about the withdrawal of many American merchant marine vessels from their established European routes, thus jeopardizing the livelihood of several thousand seamen. To ameliorate the prospective lack of employment, the facilities at the Hoffman Island training station were expanded to provide for enrollment of 800 instead of the normal capacity of 600. The Commission also acquired the use of the former quarantine station at Gallops Island in the harbor of Boston, Mass., from the United States Public Health Service. One thousand additional unlicensed personnel can be quartered at this emergency training station if the need arises. The standard 3 months' course of training will be given those enrolled there, and 100 additional licensed officers will be offered a 3 months' course of training on active Coast Guard vessels.

Cadet Training System.

Supplementing the United States Maritime Service the cadet-training system is an integral part of the Commission's program. Although the position of cadet is not new to the merchant marine the

Commission has endeavored to clothe it with a new significance. Too often in the past the occupant has been either a joyrider or an extra deckhand.

The minimum manning scales established by the Commission include from 2 to 6 cadets or cadet officers in the complement of each subsidized vessel. They are divided between deck and engine departments, the number carried depending on the size of the vessel. In April 1939, 650 candidates filed applications to take the Nation-wide examination conducted for the Commission by the Civil Service Commission. The requirements in respect to health, character, and scholastic ability have been set at a high level. Of the 450 young men between the ages of 18 and 25 years who qualified, 166 received passing grades and were placed on the eligible list. Three-quarters of the list have since been assigned to subsidized or Government-owned vessels.

At the present time there are 196 cadets and 105 cadet officers enrolled in this branch of the training system. The system is presently being expanded to include nonsubsidized vessels which will gradually increase the number of enrollees to 400 cadets and 200 cadet officers.

Cadet officers are drawn from the ranks of the nautical-school graduates and former cadets or unlicensed men who possess a license under which they have not served. They hold their positions ordinarily for only 1 year. This period may be extended for an additional year under exceptional circumstances. The training course for cadets embraces a 4-year term, the third year of which will be spent in specialized training ashore.

Correspondence Courses.

The Commission has established a system of correspondence courses under the supervision of the Coast Guard Institute at New London. These courses are compulsory for cadets and cadet officers. They are available as well to enrollees in the Maritime Service and to the licensed and unlicensed personnel in the merchant marine generally. Up to October 25, 1939, 322 of the Maritime Service enrollees have taken this opportunity to increase their proficiency while at sea.

INSURANCE

Section 10 of the Merchant Marine Act, 1920, authorizes the United States Maritime Commission (successor to the Shipping Board) to insure any legal or equitable interest of the United States in any vessel constructed or in process of construction. The section was designed to remedy the deficiencies of the existing American commercial market which was of insufficient size to cope with the volume of tonnage released by sale of the Government's wartime fleet

The majority of the vessels sold under the 1920 act as well as those later constructed for private accounts under the 1928 act were not purchased outright. The Government retained a lien in the form of ship's sale note or mortgage which represented the legal interest of the United States. The insurance fund provided a market wherein the private operator could obtain the coverage required to protect the Government's interest.

With the growth of the American commercial market and the gradual reduction of the Government's interest in individual vessels the total amount of insurance underwritten in the fund diminished, and has now leveled off at about 8 million dollars for mortgaged vessels. At the request of the Commission the American Marine Syndicate increased its capacity early in 1938 to $4,000,000 on any one vessel. The Commission determined, therefore, to carry only a small portion of certain risks in order to preserve a fair and open market and to supplement the syndicate when necessary. Until the outbreak of the recent European war the Commission limited the fund to 10 percent of the value of any particular vessel, but not in excess of $400,000. The unsettlement of the market brought about by hostilities and the desire of certain steamship companies to make increased use of the American market led the Commission to relax this limitation. At the present time the insurance fund may underwrite marine insurance up to the amount of the unpaid balance of the lien on any vessel.

The operators of all subsidized vessels are required to carry insurance in an amount, form, and carrier satisfactory to the Commission. This coverage is available in three markets: the British, the commercial American, and the Commission fund. The Commission has encouraged development of the American market in which the syndicate is the chief participant, but has permitted use of the British market when it redounds to the advantage of the owner, provided that the interest of the United States is adequately protected. As indicated by the following tabulation, the division has fluctuated in the neighborhood of 50 percent in recent years.

	Fund	American	Foreign
	Percent	*Percent*	*Percent*
June 30, 1935	6.897	45.38	47.73
Oct. 26, 1936	5.72	43.78	50.5
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

The preceding tabulation applies to insurance on mortgaged vessels. Distribution of the $138,000,000 insurance on subsidized vessels follows the same pattern, as the same vessels appear for the most part under both categories.

The insurance fund has insured 100 percent of the dwindling number of war-built merchant vessels owned and operated by the Commission and its predecessors. As of October 25, 1939, there remained 36 cargo vessels on which the hull and machinery insurance was underwritten in the insurance fund to the value of $7,515,000. Of this number, 14 were chartered to a private operator, but the coverage was retained in the fund. The remainder have either been sold or will shortly be offered for sale or charter.

As yet only one vessel constructed under the Merchant Marine Act, 1936, as amended, has been placed in operation on a Government-owned service. Following a recognized governmental practice, the Commission has not placed insurance on this ship either commercially or in the fund.

The remaining new vessels built by the Commission which have been sold or chartered to private operators, and the "good neighbor fleet" are covered in the manner described above for mortgaged vessels. The insurance fund as a general policy will write up to 10 percent but not in excess of $400,000 on any one risk.

As mentioned above, upon the outbreak of war in Europe the Commission removed the restrictions imposed on the fund. Insurance can now be obtained in an amount equal to the legal or equitable interest of the United States. This involves marine insurance only. Shortly after September 1, the Commission was faced with the problem of providing war-risk insurance on vessels engaged in repatriation of American citizens stranded in Europe. The perpendicular rise in commercial insurance rates consequent upon warlike activities in European waters made the operation of American ships almost prohibitive. Faced with the problem of complying with the national demand for emergency transportation facilities, and the specific need to repatriate American citizens from danger zones abroad, the Commission requested the United States Lines Co. to charter additional passenger vessels. Operators of cargo tonnage in European waters provided further accommodations by amendment of their certificates to permit the carriage of passengers beyond the limit of 12 fixed for cargo ships.

As the operators were unwilling to maintain European sailings without war-risk protection, and as the commercial rates were deemed excessive, the Commission determined that the interest of the United States in those vessels engaged in repatriation as a service to the National Government equaled the full commercial value of the vessel. War-risk insurance was provided, therefore, at a rate below the commercial rate for the voyages necessary to bring home the thousands of Americans then in Europe.

This special coverage was limited to round-trip voyages of subsidized passenger ships which were designated by the Commission before sailing as available to evacuate refugees and to the west-bound voyages of subsidized cargo vessels on which American citizens were repatriated after proper amendment to the vessel's certificate.

Under these conditions, special war-risk insurance was placed in the insurance fund on 27 vessels for 33 voyages in the amount of $136,229,000, during a 6-week period commencing September 1, 1939. With the exception of voyages of the S. S. *Washington* and S. S. *Manhattan*, the Commission withdrew this privilege for all vessels sailing from United States ports after September 26, 1939 and terminated the practice entirely upon passage of the Pittman Act.

FEDERAL SHIP MORTGAGE INSURANCE

During the year ending October 25, 1939, 10 applications, involving $1,996,760 have been filed with the Commission for commitments to insure preferred ship mortgages. The Commission has approved and there is now outstanding either a commitment to insure or a contract of insurance on 2 of the applications in a total amount of $975,000. One commitment to insure, in the amount of $65,000, was subsequently canceled because of the fact that the mortgagor was able to accomplish the necessary financing from private sources after the Commission's approval of the application had been obtained. Six of the seven remaining applications have been either canceled, withdrawn, or tabled for future consideration. The final application, which involves an amount of $50,000, has not yet been submitted to the Commission for its approval.

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 80 cases in litigation, involving approximately $20,000,000 were disposed of, while 85 cases, involving approximately $5,000,000 were added to the docket, thus bringing about a net increase in the number of cases, but a reduction in the amounts involved of approximately $14,000,000. The number of cases pending, as of October 25, 1939, was 195, involving slightly over $32,000,000. The great majority of the 80 cases disposed of during the past year represented litigation involving the United States Shipping Board and the Merchant Fleet Corporation, the predecessors of the Maritime Commission. The Commission has endeavored to clean up all the litigation of this type and its docket is now composed for the most part of current cases.

The above figures cover only the cases in which the Commission is directly involved, but do not include litigation handled by the Maritime Commission for other departments of the Government.

These cases refer to suits in admiralty, authorized under the provisions of the Public Vessels Act of 1925 (U. S. C., title 46, 781–790), and includes all public vessels operated by other departments of the Government, such as War, Navy, and Commerce Departments, and the Coast Guard. During the past year there was a net decrease in the number of such cases on hand from 43 to 37, involving a decrease in the amount involved of approximately $26,000.

With an increase of less than $1,000,000 in the amount involved, there was an increase from 25 to 57 in the number of claims pending at the beginning and end of the period covered by this report. The total amount of claims now on hand is $80,822,064.91.

In its previous annual reports the Commission has reported the settlements of all the ocean-mail contracts made pursuant to the 1928 act, with exception of the contract held by the Seatrain Lines, Inc., on foreign ocean mail route No. 56. The situation in this case is herewith briefly summarized:

On March 1, 1934, Seatrain Lines, Inc., advised the Postmaster General of the United States, by letter, that the United States had breached the contract held by Seatrain Lines, Inc., for the carriage of mail on foreign ocean mail route No. 56, and on the same date Seatrain Lines, Inc., filed in the Court of Claims a suit based upon the alleged breach of the contract and prayed for a judgment against the United States in the sum of $3,500,000. By Public, No. 573, Seventy-fifth Congress (ch. 311, 3d sess.), the Commission was authorized to attempt to adjust all differences with the holder of any contract of the nature of that held by Seatrain Lines, Inc. The statute provided that the Attorney General should review any settlement agreement entered into by the Commission and the holder of such a contract and that if dissatisfied, the Attorney General should notify the Commission and the contractor within 60 days and that upon such notice, the settlement agreement should become null and void.

Pursuant to this statute the Commission entered into negotiations with Seatrain Lines, Inc., and a settlement agreement was executed by Seatrain Lines, Inc., on June 29, 1939, and by the Commission on July 19, 1939, which agreement adjusted all differences and claims arising out of the ocean mail contract for route No. 56 held by Seatrain Lines, Inc. The material terms of the settlement were—first, the termination of the alleged contract for the carriage of mail on foreign ocean mail route No. 56; second, the release and settlement of all of the claims of Seatrain Lines, Inc., against the United States arising from the mail contract; third, payment by the Commission to the contractor of $660,000, this payment to be made by the application of a credit in that amount against the contractor's outstanding indebtedness to the United States on a loan agreement entered into under section 11 of the Merchant Marine Act, 1920, as amended; fourth, the release of the S. S. *Seatrain-New York* from a blanket mortgage; and fifth, the dismissal by the contractor, with prejudice and without costs, of the suit filed by the contractor in the Court of Claims against the United States claiming damages in the sum of $3,500,000.

On July 19, 1939, the Commission transmitted the settlement agreement to the Attorney General together with supporting documents and recommended that the settlement agreement be approved by the Attorney General.

On September 14, 1939, the Attorney General advised the Commission that he had reviewed the settlement agreement and was dissatisfied with its findings and terms and that under the statute the settlement agreement had become null and void.

REGULATORY FUNCTIONS

The regulatory powers, duties, and functions of the Maritime Commission were further strengthened in the last regular session of Congress. By amending the Intercoastal Shipping Act, 1933, the burden of proof was placed upon the carriers in suspension cases. The Shipping Act, 1916, was modified to provide that all orders of the Commission other than for the payment of money, shall continue in force until the issuance of a further order or for a specified time as prescribed in the order unless the Commission shall notify, suspend, or set said order aside or such order be suspended or set aside by court of competent jurisdiction. The Merchant Marine Act, 1936, was further amended to provide a penalty in the sum of not more than $500 whenever anyone knowingly and willfully violates any order, rule, or regulation of the Commission for which no penalty is otherwise specifically provided. If the violation is a continuing one, each day of the violation shall constitute a separate offense.

Formal Dockets.

During the year the Commission has rendered several decisions involving principles not previously considered. In *Reliance Motor Car Company et al.* v. *Great Lakes Transit Corporation*, 1 U. S. M. C. 794 it was found that a complaint, to come within the provisions of section 22 of the act, must be filed as a sworn complaint within 2 years after the cause of action accrues. In *B. M. Arthur Lumber Company, Inc.* v. *American-Hawaiian Steamship Company*, 2 U. S. M. C. 6, the Commission's jurisdiction with respect to the movement on through bills of lading of a commodity originating at a foreign port transshipped at an American port and destined to an American port was fixed within the purview of section 18, based on the theory that the carrier involved was a carrier as described in that section. In *Sun-Maid Raisin Growers Association et al.* v. *Blue Star Line, Ltd., et al.* and associated cases, 2 U. S. M. C. 31, section 205 of the Merchant Marine Act, 1936, was considered. In *Roberto Hernandez, Inc. v. Arnold Bernstein Shiffahrtsgesellschaft, M. B. H., et al.*, 2 U. S. M. C. ——, reparation in the sum of $25,050, with interest, was awarded complainant as a result of defendants' refusal to grant complainant space when available. In the case entitled *In the Matter of Storage Charges Under Agreements 6205 and 6215*, 2 U. S. M. C. 48, the Commission found that carriers' charges on coffee remaining on the piers at New York after the expiration of free time result in unlawful preference and prejudice and constitute unlawful practices. The agreements involved in these cases were disapproved.

In 11 cases the Commission had before it for consideration formal complaints based upon the action of conference lines in refusing to admit other carriers to conference membership. It was found in docket 515 that the failure to admit the applicant resulted in unjust discrimination and unfairness as between the applicant and the conference members and subjected the applicant to undue and unreasonable prejudice and disadvantage. Since the Commission's findings afforded grounds for issuance of an order disapproving the conference agreement, the applicant was admitted to membership within the time limit granted in the Commission's report. In 2 other cases, it was found that the failure to admit applicants did not constitute grounds for disapproval of the conference agreements. Final decisions on the remaining cases are still pending before the Commission.

A general investigation was conducted with respect to the rates and practices in connection with the intercoastal transportation of lumber. In this case the status of terminal companies, their duties and obligations with respect to the public, the steamship companies, and the Commission were considered. Of particular interest is the question of the nature of the rate which the intercoastal carrier is obliged to publish.

In several related cases the Commission determined the status of carriers transporting their own cargo either in whole or in part, and at the same time operating as a common carrier. In connection with this group of cases, bare-boat, time, and voyage charters were also considered as well as the tariff filing responsibilities of charter operators.

In 213 cases, consolidated into 2 reports, it was found that the collection of separate charges for handling intercoastal or foreign cargo at California ports did not violate sections 18 or 17, respectively.

In *Puerto Rican Rates*, 2 U. S. M. C. ——, a general investigation was conducted into the rates, rules, regulations, and practices prevailing in the trade between Atlantic and Gulf ports of the United

States and Puerto Rican ports. In this instance, general increases in rates were found not justified and discontinuance of service from Gulf ports to certain Puerto Rican ports was found unduly prejudicial. Various practices and tariff regulations were likewise found unlawful.

In addition to the above-mentioned decided cases, the Commission has instituted several investigations, the consequences of which are of particular importance. Dockets Nos. 510 and 511 are investigations into the Florida citrus fruit rate situation and the automobile transportation rate structure, respectively. In addition to the immediate consequences of the cases themselves these are instances where the Commission has acted jointly with the Interstate Commerce Commission with a view to coordinating the regulation of the carriers subject to their respective jurisdictions.

In docket 513 the Commission has under consideration the question of the lawfulness of the contract-rate system in foreign commerce, particularly with reference to such a system when it embraces ports not served directly by the carriers offering the contract rates.

With the exception of *Intercoastal Investigation, 1935*, 1 U. S. M. C. 400, neither the Commission nor its predecessors had undertaken a thorough investigation of the rates, rules, regulations, and practices of intercoastal carriers until the initiation of docket 514. Several other cases relating to the same subject were consolidated with this investigation and four separate hearings were conducted. Among the major issues involved are the questions of the establishment of a minimum rate structure in this trade and the fixing of one or more rate levels.

In docket 540 the Commission has undertaken to determine the status of carriers operating exclusively on the Mississippi and tributary rivers insofar as said carriers establish shipside proportional rates differing from either local or through rates on intercoastal cargo destined to or received from Pacific Coast ports.

In *The Booth Steamship Company, Ltd., et al.* v. *United States of America,* the Commission's decision in the case discussed hereinabove under the title *In the Matter of Storage Charges under Agreements 6205 and 6215* was brought before a three judge statutory court to annul and set aside the order of the Commission. The court sustained the findings of the Commission on the ground that there was evidence upon which to base the findings and the ultimate order and that it could not substitute its administrative judgment for that of the Commission. This is the first case to be taken to the courts since the Maritime Commission was established.

Twenty-eight formal complaints were filed and 24 investigations instituted upon the Commission's own motion in addition to the 256 cases pending on October 25, 1938. Hearings were held in 47 cases and 30 proposed reports were issued.

Oral argument was conducted by the Commission in 231 cases. Of the 262 cases pending on October 25, 1939, 220 concerned complaints respecting assembling and distributing charges of carriers engaged in both intercoastal and foreign commerce. The Commission's decision has been rendered in all except 7 of these cases. A complete list of the cases decided during the period is shown in appendix F.

Final reports containing the Commission's conclusions and orders promulgated to carry out its findings have been issued in 258 cases and 6 cases were disposed of by order without report.

Shortened Procedure.

In the last year a number of complaints have been filed requesting relatively small amounts of reparation. As the handling of formal complaints requires the expenditure of both time and money, it appeared to the Commission that it would be beneficial to all parties if a shortened procedure was instituted. With this end in view a system was evolved and authorized whereby, with the consent of the parties, their cases would be decided on the submission of evidence under oath in the form of memoranda, thereby avoiding the need of a hearing.

Informal Dockets.

The Commission maintains an informal docket to adjust controversies involving matters within its jurisdiction without the necessity of filing a formal complaint. Nine informal complaints were handled under this procedure wherein adjustment was effected by withdrawal, satisfaction, or abandonment after an informal expression of the Commission's views on the merits. Ten informal complaints were filed during the period under review and 2 were pending as of October 25, 1939. Four informal complaints were transferred to the formal docket.

Special Docket.

There are many instances where the carriers themselves feel that they have collected charges for transportation which are unlawful and they consequently do not desire to defend the lawfulness of such charges. In these instances, reasonable rates are established for the future and the carrier under oath submits an application on the special docket for authority to make reparation to a reasonable basis. These applications must admit the unlawfulness of the rate and must show all facts which establish said unlawfulness.

At the beginning of this period 75 special docket applications were on hand and during the period 33 new applications were filed; 52 closed; reparation ordered in 2 cases and in 4 cases the collection of undercharges was waived. As of October 25, 1939, 56 applications were pending.

Interstate Filings.

During the period 6,883 tariff schedules containing the actual rates charged were received for filing. After examination, 18 were rejected for failure to comply with the notice requirements of the law or with the Commission's rules governing the construction and filing of tariffs, and over 500 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, 533 special-permission applications requesting permission to make changes in rates on less than statutory notice or to modify the tariff requirements were granted, 36 were denied, 3 were granted in part and denied in part, 13 were withdrawn, and 32 were filed without action.

Thirty rate adjustments proposed by common carriers were protested. Of this number 13 were suspended by the Commission pending an investigation of the lawfulness of the proposed changes. Suspension was denied in 11 cases, 5 were filed without action, and one is pending.

Agreements Filed Under Section 15, Shipping Act, 1916.

Under section 15 of the Shipping Act, 1916, common carriers by water and other persons subject to the act must file a true copy, or if oral, a true and complete memorandum, of every agreement with any other such carrier or other person, to which it may be a party, fixing or regulating rates or fares; controlling, regulating, preventing, or destroying competition; pooling or apportioning earnings, losses, or traffic; allotting ports or restricting or otherwise regulating sailings; limiting or regulating the volume or character of freight or passenger traffic; or in any manner providing for an exclusive, preferential, or cooperative working arrangement. The Commission may disapprove, cancel, or modify any agreement which it finds to be unjustly discriminatory or unfair between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be in violation of the act. All other agreements, which must be approved, are exempted from the provisions of the antitrust acts.

Careful attention is given to all agreements filed under this section. Conference and pooling agreements are especially scrutinized to assure recognition of the interests of shippers, consumers, and carriers. Extended negotiations are frequently conducted with parties to agreements by correspondence and informal meetings, and objectionable provisions, in many instances, are removed from agreements prior to their formal approval without the delay and expense incident to formal proceedings.

The outbreak of war in Europe seriously affected carriers' operations under conference and pooling agreements embracing the European area. An important group of pooling agreements was in effect in that area at the outbreak of the war, and shortly thereafter, three of those agreements were terminated; the other three are expected to terminate shortly. The Atlantic Conference covering trans-Atlantic passenger traffic has disbanded, two freight conferences covering traffic from Europe, and one covering traffic to Persian Gulf ports, have been terminated as a direct result of the war. Notwithstanding the exceedingly difficult and trying conditions brought about by the war, all other conferences are endeavoring to carry on and preserve the benefits of stability and coordinated action which have resulted from the agreements during the past two decades.

New agreements totaling 1,808, including modifications and cancelations of approved agreements, were approved during the period under review, while 6 new agreements, which after formal hearings were found to be in violation of the act, were disapproved. On October 25, 1939, there were on file 1,909 effective agreements, 124 of which were conference agreements.

Foreign Rates and Bills of Lading.

During the period under review, 9,449 rate filings were made pursuant to an order dated July 12, 1935, requiring common carriers to file their rates and charges on traffic transported from United States ports to foreign destinations. In addition, 1,858 conference filings were received covering homeward and other trades not subject to the order.

Four new and 17 revised bill-of-lading forms were filed under regulations prescribed by the Commission.

Throughout the year, efforts have been continued to assist carriers and shippers in adjusting their differences without recourse to formal action. In a number of instances our informal negotiations have resulted in carriers voluntarily adjusting rates to assist exporters to meet foreign competition. Aid and advice have been given shippers and shipper associations with respect to rates, contract conditions, and the adjustment of complaints on an informal basis. In cooperation with the Legal Division, rate studies have been made for some of the trades between the United States and South America. These studies have been coordinated with the program for improving the relationship between the United States and Latin American countries; they should prove of substantial assistance in the maintenance of friendly commercial relations between the United States and the other American Republics.

Following the outbreak of war in Europe, the character of this work has undergone a material change. Rates have been increased in most of the major foreign trade routes of the United States, both by conference action and by the action of individual lines. Particular attention has been directed to increases in rates to and from territories outside the European war area. The Commission instituted a formal investigation of the increases made by carriers in one conference. Informal investigations of rate increases made by conference and nonconference carriers are currently being made to ascertain whether such increases are justified by increased costs and changed conditions.

TRANSFER OF VESSEL REGISTRY AND SALES TO ALIENS

Section 9 of the Shipping Act, 1916, as amended, provides that the sale or charter to an alien or the transfer to foreign registry and flag of any vessel documented under the laws of the United States must obtain the approval of the Maritime Commission. In considering such application, the Commission takes into consideration the commercial and national defense value of the vessel to our merchant marine, the use for which it is destined by the purchaser, the interest displayed by other American citizens in acquiring the vessel and the owner's plans for replacement when the vessel has substantial size.

As the Commission does not wish to interfere with legitimate commercial transactions, its veto power is exercised with restraint, primarily to prevent the use of vessels in illicit trade or in a manner detrimental to our commerce. Approval of the sale to foreign ownership of a cargo vessel under 20 years of age, the average economical life of a vessel is customarily conditioned upon agreement not to engage in trade with the United States. The vessel is also restricted on its first outward voyage from the United States to the carriage of certain bulk commodities not regularly carried by line services.

The number of applications filed with the Commission for transfer to alien ownership or registry does not vary greatly insofar as the smaller craft are concerned. World market conditions govern the volume of applications for cargo vessels. The increase in the value of tonnage occasioned by the outbreak of the European war is reflected in the increased number of applications submitted for the Commission's approval. Being charged by the Congress with the responsibility for developing an adequate merchant marine the Commission does not approve transfers which run counter to its best interests.

The following tabulation contains summary of the transfers which were approved by the Commission during the period October 26, 1938, to October 25, 1939, inclusive. During the same period the Commission refused to approve the transfer of 18 vessels to alien ownership or registry.

Nationality	Number of vessels	Gross tonnage	Nationality	Number of vessels	Gross tonnage
Brazilian	2	2,811	Mexican	8	215
British	16	15,188	Newfoundland	2	233
Canadian	17	16,089.88	Norwegian	3	12,406
Colombian	3	843	Panamanian	22	142,543
Dominican	2	2,941	Philippine	1	209
French	2	220.76	Venezuelan	3	6,889
Greek	2	7,892	Yugoslavian	1	6,348
Honduran	3	7,463			
Italian	1	6,735	Total	88	229,026.64

Type	Number	Total gross tonnage	Average age
Sailing vessels	5	3,035	34
Yachts and motorboats	31	3,987.88	15.6
Tugs and barges	7	16,496	32 3
Cargo vessels	29	80,127.76	23.5
Tankers	16	125,380	21.3
Total	88	229,026.64	21.05

On August 3, 1939, the Commission amended its General Order No. 18 thereby restricting to a period of 6 months the privilege formerly granted for a year of chartering vessels to aliens without approval of the Commission. Upon the outbreak of war in Europe and issuance of the President's proclamation declaring a limited national emergency, the Commission in September rescinded General Order No. 18 entirely. The approval of the Commission is now required for all charters to aliens of documented American vessels. The Commission has approved 50 charters of American vessels to aliens since September 9, 1939, the effective date of this rescission. The greater part of these charters involved tanker operation for 1 voyage, by a foreign subsidiary of an American oil company—principally in nearby foreign trades.

Under section 30, subsection 0 (a), Merchant Marine Act, 1920, the approval of the Commission is also required for the surrender of the marine document of a vessel of the United States covered by a preferred mortgage whenever a change in ownership, or the home port, or the vessel's name, or other cause necessitates such surrender. During this same period the Commission has approved the surrender of the marine documents of 130 vessels. This is a routine matter for the preservation of an accurate record of each documented vessel.

GOVERNMENT-OWNED LINES

In accordance with the policy enunciated in section 705 of the Merchant Marine Act, 1936, as amended, that the Commission shall encourage private operation of essential steamship lines owned by the United States by the sale or charter of such lines to American citizens, the Commission has from time to time offered the steamship lines which it inherited from its predecessor, for sale or charter. During the past year the Commission has disposed of the America France Line, American Hampton Roads-Yankee Line, and Oriole Lines by acceptance of United States Lines Co.'s bid for bare-boat charter of these vessels. This action was taken by the Commission on September 27, 1939. The Commission has recently sold the India service of the American Pioneer Line to the American Export Lines, Inc.

The only services therefore now being operated for the Commission's account, which were in operation at the beginning of the period under review, are the Australia and Orient services of the American Pioneer Line. An invitation for bids for the purchase or charter of these two services is now in preparation and will shortly be issued.

In compliance with the repeated requests for establishment of an American flag service from Puget Sound ports to the Orient, occasioned by the withdrawal of the American Mail Line from this route, the Commission authorized the inauguration of a freight service in March 1939. An agreement was executed with the Pacific Northwest Oriental Line, Inc , as agent for this line under which the operator is reimbursed for all administrative and general expenses incurred. The original agreement was subsequently canceled, due to difficulties with the labor unions over the Commission's policy in hiring seamen. As it appeared in August that the causes of the disagreement had been satisfactorily ironed out the agency contract was renewed and the original plans for inauguration of the service resumed. The first sailing from Seattle to the Orient was made on September 6, 1939. The present schedule provides for sailings at intervals of 3 weeks. An advertisement for the sale or charter of the four vessels engaged in this service will be issued prior to the end of 1939.

The tabulation of operating results during the fiscal year 1939 is set forth in appendix C. The following comments with respect to the operation of each line are offered in explanation of the increased operating loss sustained over the previous fiscal year.

American France Line

The substantial decrease in cargo offered during the early part of the fiscal year 1939 resulted in heavy losses. In October 1938, therefore, the Commission altered the sailing schedules from a 10-day service to a fortnightly service. This increased the volume of cargo shipped on each vessel and decreased considerably the average voyage loss.

American Hampton Roads-Yankee Line

It will be noted in the operating results for this line that the average voyage loss decreased somewhat during the fiscal year 1939, although the results for the entire year showed a marked increase in loss over the previous fiscal year. When the Baltimore Mail Line discontinued its weekly service of 16-knot vessels out of Chesapeake Bay ports the Commission rearranged the Government-owned lines serving these ports to meet the demands of shippers for a weekly service. As the Government-owned vessels operated at 10 knots, a substantial portion of the better-paying cargo previously handled by the Baltimore Mail Line was lost to faster competitive services in other ports. Another contributing factor was the reduction in home-bound cargo resulting from changed economic conditions in the German trade.

Oriole Lines

Service on this essential trade route was maintained during the past year at a cost of approximately $200,000 less than the preceding fiscal year. This substantial reduction was brought about by establishing sailings on a definite fortnightly basis, thus minimizing turn arounds and decreasing port charges.

American Pioneer Line

The Australia service of the American Pioneer Line continued its profitable operation during the fiscal year 1939. The two remaining branches of the service suffered a substantial decrease in cargo offerings during the first half of 1939. Sailings in recent months, however, have exhibited a decided increase in gross revenue and the two lines are now operating on a profitable basis.

LAID-UP FLEET

As pointed out elsewhere in this report, a new section, 510, was added to the Merchant Marine Act, 1936, by the last session of Congress, upon the recommendation of the Commission. In order that steamship operators contracting for new vessels might not be faced with the introduction of old low-cost cargo tonnage in competitive operation this new provision provided that any obsolete vessel acquired by the Commission, and vessels presently in the Commission's laid-up fleet which are, or become, 20 years of age, shall not be used for commercial operation except during any period in which vessels may be requisitioned under section 902 of the Merchant Marine Act, 1936, and except as otherwise provided in other sections of the act for employment of the Commission's vessels in trade routes exclusively serving the foreign commerce of the United States.

The Maritime Commission's laid-up fleet as of October 25, 1939, consisted of 113 vessels, classified and located as follows:

	Class I	Class II	Total
Solomons, Md.	1	4	5
Fort Eustis, Va.	18	45	63
New Orleans, La.	6	38	44
Bremerton, Wash.		1	1
Total	25	88	113

With the exception of the four ex-German passenger vessels at Solomons Island, Md., the laid-up fleet comprises cargo tonnage built during the war and immediately thereafter. These ships are maintained in sufficient state of preservation with respect to the condition of their hulls, boilers, machinery, and appurtenances to make them available for use in the event of a national emergency.

During the past year seven vessels were placed in the laid-up fleet and four ships withdrawn. Three of the ships withdrawn from the laid-up fleet were placed in operation on Government-owned lines and one combination passenger and cargo vessel was transferred to the War Department to be employed in the Army Transport Service.

TERMINALS

As indicated by the statement of revenues and expenses in the table inserted at the end of this section, the gross revenues for the year ending October 31, 1939, jumped almost 30 percent over the receipts for the preceding year. Maintenance, operating, and administrative expenditures, including the Washington office, remained at the same level; so that the increased gross was carried over to net revenue. Greater activity and a change in the terms of the lease at several of the terminals were responsible for the additional income received by the Commission.

Boston Terminal.—Upon expiration of the old lease for occupancy of the Boston Terminal, June 30, 1939, a new lease was executed for a 10-year period as a result of competitive bidding. The new lease provides for payment of 47 percent of the gross revenue with a minimum of $75,000 per annum instead of the fixed sum formerly paid. A new restaurant was completed at the terminal and leased to the high bidder at an annual rental of $2,100.

Brooklyn Terminal.—The Secretary of War notified the Commission in September that a military emergency existed necessitating the War Department's use of piers No. 3 and No. 4 at the Brooklyn Terminal. He revoked therefore the permit dated April 13, 1921, covering the occupancy of these piers. The revocation for pier No. 3 was effective on November 1, 1939, and becomes effective for pier No. 4 on February 1, 1940.

Hoboken Terminal.—The Commission has operated this terminal directly during the past year. The only major change in its tenants has been the replacement of the Red Star Line by the Holland-America Line when the latter company purchased all the assets of the former and agreed to accept and perform all the obligations, terms, and conditions of the lease dated August 31 between the Commission and the Red Star Line.

Norfolk Terminal.—Operation by the lessee has continued under an agreement executed prior to the creation of the Maritime Commission. This lease expires in 1940.

Philadelphia Terminal.—The increased revenue derived from this property reflects the more advantageous terms included in the new lease executed by the Commission for a period of 10 years commencing July 1, 1939.

Revenues and expenses, year ending Oct. 31

Terminal	Revenues			Maintenance, operations and administrative expenses			Net revenues		
	1937	1938	1939	1937	1938	1939	1937	1938	1939
Boston	$65,711	$66,472	[1]$93 155	$37,481	$53,340	$68,799	$28,230	$13,132	$24,356
Brooklyn	111,000	111,000	111,230	62,714	41,261	29,028	48,286	69,739	82,202
Hoboken	80,544	104,946	187,055	65,742	90,958	157,155	14,802	13,988	29,900
Philadelphia	162,500	162,500	211,370	99,264	126,148	72,153	63,236	36,352	139,217
Norfolk	120,968	121,680	122,268	115,907	92,530	80,517	5,061	29,150	41,751
Craney Island [2]	500	250	------	(3)	(3)	--------	500	250	-------
Total	541,223	566,848	725,078	381,108	404,237	407,652	160,115	162,611	317,426

[1] Based on fixed rental of $68,111—period Nov. 1, 1938, to June 30, 1939. 47 percent of the gross revenue—period July 1, 1939, to Oct. 31, 1939.
[2] Covers period of 6 months—Nov. 1, 1937, to Apr. 30, 1938. Transferred to Navy Department May 1, 1938.
[3] Maintained by lessee.

APPENDIX A

Assets and liabilities as at June 30, 1939

ASSETS

General funds with Treasurer of the United States:			
Construction fund, U. S. Maritime Commission, act of June 29, 1936, revolving fund	$72,118,753.99		
Federal ship mortgage insurance fund, U. S. Maritime Commission, revolving fund	500,450.00		
			$72,619,203.99
Securities deposited with Treasurer of the United States			532,501.00
Retirement and disability fund contributions (see contra)			211,048.89
Accounts receivable—less reserve for collection losses			4,767,580.80
Notes receivable—less reserves:			
Secured by mortgages on vessels:			
Construction loans—U. S. Shipping Board Merchant Fleet Corporation (prior to Merchant Marine Act, 1936)	$47,304,174.00		
Ship sales—U. S. Shipping Board Merchant Fleet Corporation (prior to Merchant Marine Act, 1936)	3,905,702.78		
Ship sales—U. S. Maritime Commission (Merchant Marine Act, 1936)	980,200.00		
		$52,190,076.78	
Miscellaneous		2,364,439.89	
			54,554,516.67
Miscellaneous securities			51,745.53
Contracts for sale of vessels (accrued balances on estimated completion to June 30, 1939, on vessels under construction—title V)			5,894,940.19

Appendix A—Continued

Assets and liabilities as at June 30, 1939—Continued

ASSETS—continued

Vessels under construction (title VII) estimated completion to June 30, 1939		$20,578,236.12
Vessels at appraised values:		
Freighters operated by managing agents; passenger freighters and tugs operated by charterers; training ships (46 vessels)	$12,427,347.00	
Inactive vessels; tugs, barges and launches held in laid-up fleet (at nominal or scrap values) (130 vessels)	5,531,371.00	
		17,958,718.00
Stores, supplies and equipment		1,175,490.66
Terminals and training stations at nominal values		7.00
Housing and other real estate properties, at appraised values		4,375.00
Ground rent estate—Hog Island		2,550,000.00
Voyages in progress.		
Unterminated voyage expense	$913,276.33	
Less unterminated voyage revenue	895,387.68	
		17,888.65
Deferred charges and prepaid expenses		522,189.57
Total		190,438,422.07

LIABILITIES

Accounts payable		31,276,303.13
Deposits on sales and other contracts		555,450.97
Retirement and disability fund contributions (see contra)		211,048.89
Reserve for payment of claims:		
Claims under protection and indemnity insurance policies	$240,288.62	
Unclaimed wages, salvage awards and unused passenger tickets	115,431.89	
		355,720.51
Reserve for marine insurance:		
Outstanding claims	895,209.60	
Contingencies	1,000,000.00	
		1,895,209.60
Deferred credits:		
Unearned marine insurance premiums on privately owned vessels	79,994.45	
Miscellaneous	745,382.30	
		825,376.75
Excess of assets over liabilities		155,319,332.22
Total		190,438,442.07
Commitments:		
Estimated liability for ship construction beyond June 30, 1939, on contract awards to June 30, 1939	$95,607,536.98	
Terminal repairs and reconditioning	381,981.45	
		95,989,518.43
Contingent liabilities:		
Suits pending or in litigation and claims asserted against Commission, as successor to the predecessor, U. S. Shipping Board Merchant Fleet Corporation as at Oct. 31, 1939 (of this amount $136,000,000 represents claims of foreign governments)		141,263,106.23
Suits pending or in litigation against the Commission in the United States Court of Claims as at Oct. 31, 1939		15,064,497.19
Federal ship mortgage insurance:		
Contract of June 30, 1939, to insure First National Bank, St. Paul, Minn. on mortgage executed by Central Barge Co., Chicago, Ill., covering 35 steel barges and 1 towboat	$750,000.00	
Commitment dated Apr. 7, 1939, to insure the Municipal Acceptance Corporation, Chicago, Ill., on a mortgage to be executed by the Erie and St. Lawrence Corporation, New York City, covering a Great Lakes and canal vessel	225,000.00	
		975,000.00

Appendix A-1

Summary of income and expense and charges applicable to the period July 1, 1938 to June 30, 1939

Income:	
Charter hire	$174,386.21
Real estate and terminal revenues—net	350,639.11
Interest earned	1,367,443.90
Excess of marine insurance premiums earned over claims	165,812.85
Net profit from sale of miscellaneous assets	16,442.61
Miscellaneous	31,945.37
Total income	2,106,670.05

APPENDIX A-1—Continued

Summary of income and expense and charges applicable to the period July 1, 1938 to June 30, 1939—Continued

Expenses and charges:		
Operations of vessels (including "spot" vessels expenses and repairs)—net		$2,400,795.01
Laid-up fleet expenses—Net		311,538.59
Advertising "Good neighbor fleet"—American Republics Line		201,615.30
Seaman's training expenses—(U. S. Maritime Service; Coast and Geodetic Survey; ships officers assigned to vessels under construction)		2,789,406.71
Operating—differential subsidies		11,114,578.13
Construction—differential subsidies		10,076,894.22
Depreciation and revaluation of vessels—net		1,316,616.44
Uncollectible receivables		2,782,701.08
Transfer of vessels and other assets to other government departments without exchange of funds		1,329,946.41
Miscellaneous charges		38,002.78
General administrative expenses:		
Salaries and wages	$2,566,653.55	
Fees and expenses for outside services	42,260.42	
Traveling expense and transportation	101,369.81	
Rent, light, heat and power	57,143.74	
Communication expenses	55,143.91	
Miscellaneous	144,374.75	
Equipment	153,231.70	
		3,120,177.88
Total expenses and charges		35,482,272.55
Excess of expenses and charges over income applicable to the period July 1, 1938 to June 30, 1939		33,375,602.50

APPENDIX B

Appropriations, transfers, collections and disbursements, Oct 26, 1936 to Oct. 31, 1939

	Oct. 26, 1936, to June 30, 1937	July 1, 1937, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to Oct. 31, 1939	Total
Collections:					
Construction loan notes receivable	$6,347,479.05	12,951,517.97	6,736,231.52	1,000,711.14	27,035,939.68
Ship sales notes receivable	1,999,375.25	4,279,470.61	627,586.94	78,150.00	6,984,582.80
Miscellaneous notes receivable	595,449.17	241,148.04	36,337.99	75,639.37	948,574.57
Interest on notes receivable, interest on deferred payments of insurance premiums, etc	1,946,566.29	1,976,747.60	1,138,268.55	309,571.66	5,371,154.10
Cash payments on sales of vessels		3,778,688.24	398,559.26	336,608.50	4,508,856.00
Sale of other assets	19,273.24	254,543.55	37,382.02	1,954.85	313,153.66
Operation of vessels revenue	6,245,465.02	10,323,367.85	8,514,908.33	2,674,814.14	27,758,645.39
Real estate rentals	426,045.64	649,796.00	668,667.00	275,578.57	2,020,087.21
Insurance premiums, loss recoveries, etc	266,398.99	223,335.04	293,295.77	117,416.53	900,446.33
Construction progress collections		69,528.38	307,861.14	985,279.20	1,362,668.72
Receipts in liquidation of receivables arising out of ocean mail settlement agreements		601,367.59			601,367.59
Federal ship mortgage insurance fund receipts			450.00	5,312.50	5,762.50
Sale of tankers to the U. S. Navy			6,413,901.00	3,214,094.64	9,627,995.64
Miscellaneous	368,071.91	2,069,357.06	253,051.36	268,964.55	2,959,444.88
Total collections	18,214,124.56	27,418,867.93	25,421,590.93	3,344,095.65	90,398,679.07
Disbursements:					
General administrative expense	1,222,402.59	2,374,402.00	3,026,642.50	1,167,873.35	7,791,320.44
Applicable prior fiscal year				(87,464.33)	
Applicable to fiscal year 1940				(1,080,409.02)	
Operation of vessels expense	6,690,342.78	11,498,122.38	10,158,332.48	2,637,093.80	30,983,891.44
Inactive vessels expense			3,043,961.92	74,109.84	3,118,071.76
Laid up fleet expense	232,433.50	448,708.83	347,278.09	120,079.87	1,148,500.29
Real estate operations, repairs and betterments	253,372.25	293,792.02	415,202.87	137,983.05	1,100,350.19
Insurance losses, returned premiums, etc	230,594.40	647,532.06	192,646.20	82,715.11	1,153,487.77
Operating-differential subsidy payments		4,030,618.10	7,742,789.79	3,233,413.09	15,006,820.98
Construction progress payments		1,297,422.00	3,981,506.78	30,480,148.98	63,759,077.76
Foreign ocean mail contract payments	4,128,634.07	9,015,748.10	912,539.13		14,056,921.30
Foreign ocean mail contract settlements		3,518,979.32			3,518,979.32
Dollar Steamship Lines, Inc., Ltd. repair loan)			2,000,000.00		2,000,000.00
Purchase of Munson Steamship Line vessels			391,000.00		391,000.00
U. S. Maritime Service			2,682,625.00	919,220.25	3,601,845.25
Seamen's training expense, Coast and Geodetic Survey			22,801.12	7,971.71	30,772.83
Standard Oil Co. of New Jersey (transfer of tankers to U. S. Navy)			2,324,274.16	2,327,941.30	4,652,215.46
Miscellaneous	195,797.45	2,283,875.44	439,791.61	131,366.85	3,050,831.35
Total disbursements	12,953,577.04	35,409,200.25	65,681,391.65	41,319,917.20	155,364,086.14

Summary:					
Total appropriation and appropriation transfers	104, 381, 110. 40	723, 579. 11	504, 100. 00	100, 009, 000. 00	205, 617, 789. 51
Total collections	18, 214, 124. 56	37, 418, 867. 93	25, 421, 590. 93	9, 344, 095. 65	90, 398, 679. 07
Total appropriation transfers and collections	122, 595, 234. 96	38, 142, 447. 04	25, 925, 690. 93	109, 353, 095. 65	296, 016, 468. 58
Total disbursements	12, 953, 577. 04	35, 409, 200. 25	65, 681, 391. 65	41, 319, 917. 20	155, 364, 086. 14
Excess of receipts or disbursements		2, 733, 246. 79	[1] *39, 755, 700. 72*	68, 033, 178 45	
Balance available at beginning of fiscal year		109, 641, 657. 92	112, 374, 904. 71	72, 619, 203. 99	
Available funds	109, 641, 657. 92	112, 374, 904. 71	72, 619, 203. 99	140, 652, 382. 44	140, 652, 382. 44

[1] Excess disbursements are shown in italic.

APPENDIX C

Results of operation by Government-owned Lines, July 1, 1938, to June 30, 1939

Managing agent	Trade	Number of vessels	Number of terminations	Revenue voyage total	Expense: Operating	Expense: Allowance to managing agent	Expense: Total	Operating profit/loss[1] to U. S. Maritime Commission
Cosmopolitan Shipping Co., Inc.: America France Line	North Atlantic-French Atlantic	4	31	$1,028,650.59	$1,151,848.42	$141,933.59	$1,293,782.01	[1] $265,221.42$
Southgate Nelson Corporation: American Hampton Roads-Yankee Line	North Atlantic, United Kingdom, and Continent.		49	1,808,182.51	2,336,204.78	123,209.13	2,459,413.91	[1] 651,231.40
Oriole Lines	North Atlantic, West United Kingdom, and Ireland.		27	1,155,400.82	1,254,016.84	57,262.29	1,311,279.13	[1] 155,878.31
Total, Southgage Nelson Corporation		12	76	2,963,583.33	3,590,221.62	180,471.42	3,770,693.04	[1] 807,109.71
C. H. Sprague & Son, Inc.: American Republics Line.	North Atlantic and South Atlantic, East coast South America.	10	17	1,164,689.11	1,234,300.35	101,990.77	1,336,291.12	[1] 171,602.01
Roosevelt Steamship Co., Inc.: American Pioneer Line	North Atlantic-Australia		10	1,453,893.51	1,258,165.55	64,207.62	1,322,473.17	131,430.34
Do	North Atlantic-India		9	877,971.25	972,980.91	52,207.46	1,025,188.37	[1] 147,217.12
Do	North Atlantic-Orient		9	1,008,470.07	1,028,513.11	61,054.48	1,089,567.59	[1] 81,097.52
Total, Roosevelt Steamship Co., Inc.		13	28	3,340,334.83	3,259,659.57	177,559.56	3,437,219.13	[1] 96,884.30
Moore-McCormack Lines, Inc.: American Republics Line.	North Atlantic-East coast South America.	3	7	1,242,732.61	1,279,146.71	150,000.00	1,429,146.71	[1] 186,414.10
Pacific Northwest Oriental Line, Inc.: Puget Sound Orient Line.	North Pacific-Orient	2			4,489.35	5,653.96	10,143.31	[1] 10,143.31
Consolidation of managing agents			159	9,739,900.47	10,519,666.02	757,609.30	11,277,275.32	[1] 1,537,374.85

[1] Operating loss to U. S. Maritime Commission.

Appendix D

Ship construction program as at Oct. 31, 1939

Type of vessel	U. S. Maritime Commission hull No.	Builder	Operator	Contract price with approved changes and outfitting	As at Oct. 31, 1939	
					Percent completion	Payments
Constructed under title V: Passenger.	MC-1	Newport News Shipbuilding & Dry Dock Co.	(a) United States Lines Co.	(B) $17,232,330.06	66.74	$9, 334, 985. 30
Constructed under title V (national defense features only):						
Tanker	MC-2	Sun Shipbuilding & Dry Dock Co.	(h) Standard Oil Co. of New Jersey	880, 250. 00	100	880, 250. 00
Do	MC-3	do	Standard Oil Co., of New Jersey	880, 516. 70	100	880, 250. 00
Do	MC-4	do	do	880, 516. 70	100	880, 250. 00
		Total Sun Shipbuilding & Dry Dock Co.		(A) 2, 641, 283. 40		2, 640, 750. 00
Do	MC-5	Federal Shipbuilding & Dry Dock Co.	Standard Oil Co. of New Jersey	879, 864. 31	100	880, 250. 00
Do	MC-6	do	(h) Standard Oil Co. of New Jersey	880, 250. 00	100	880, 250. 00
Do	MC-7	do	do	880, 250. 00	79.5	572, 162. 50
		Total Federal Shipbuilding & Dry Dock Co.		(A) 2, 640, 364. 31		2, 332, 662. 50
Do	MC-8	Bethlehem Steel Co.	(h) Standard Oil Co. of New Jersey	880, 250. 00	95	704, 200. 00
Do	MC-9	do	Standard Oil Co. of New Jersey	880, 250. 00	81	616, 175. 00
Do	MC-10	do	do	880, 250. 00	24	132, 037. 50
		Total Bethlehem Steel Co.		(A) 2, 640, 750. 00		1, 452, 412. 50
Do	MC-11	Newport News Shipbuilding & Dry Dock Co.	Standard Oil Co. of New Jersey	880, 250. 00	76	616, 175. 00
Do	MC-12	do	do	880, 250. 00	46	308, 087. 50
Do	MC-13	do	do	880, 250. 00	12	88, 025. 00
		Total Newport News Shipbuilding & Dry Dock Co.		(A) 2, 640, 750. 00		1, 012, 287. 50
		Total Standard Oil Co. of New Jersey		10, 563, 147. 71		7, 438, 112. 50

See footnotes at end of table.

APPENDIX D—Continued

Ship construction program as at Oct. 31, 1939—Continued

Type of vessel	U. S. Maritime Commission hull No.	Builder	Operator	Contract price with approved changes and outfitting	As at Oct. 31, 1939	
					Percent completion	Payments
Constructed under title VII:						
Cargo C-2	MC-14	Federal Shipbuilding & Dry Dock Co.	U. S. Maritime Commission	$2,066,512.84	100	$2,022,870.00
Do	MC-15	do	do	2,379,184.19	100	2,205,309.00
Do	MC-16	do	do	2,277,167.98	100	1,815,341.20
Do	MC-17	do	do	2,275,753.73	100	1,531,215.80
Do	MC-32	do	do	2,043,067.34	30.9	810,220.80
Do	MC-33	do	do	2,043,067.34	71.5	809,981.00
		Total Federal Shipbuilding & Dry Dock Co.		(B) 13,084,753.42		9,194,937.80
Do	MC-18	Sun Shipbuilding & Dry Dock Co.	(b) Moore & McCormack Lines, Inc.	2,456,421.28	100	2,346,292.00
Do	MC-19	do	U. S. Maritime Commission	2,419,506.80	100	2,345,292.00
Do	MC-20	do	do	2,491,787.19	100	2,245,292.00
Do	MC-21	do	do	2,491,715.81	100	2,215,292.00
Do	MC-30	do	(b) Moore & McCormack Lines, Inc.	2,530,292.00	100	2,245,292.00
Do	MC-31	do	do	2,490,234.47	99.7	1,449,204.40
		Total Sun Shipbuilding & Dry Dock Co.		(A) 14,879,957.55		12,846,664.40
Do	MC-22	Tampa Shipbuilding & Engineering Co.	Moore & McCormack Lines, Inc.	1,822,547.34	72.64	1,231,986.89
Do	MC-23	do	do	1,822,547.34	65.08	1,104,963.49
Do	MC-24	do	do	1,822,547.34	21.73	365,021.37
Do	MC-25	do	do	1,822,547.34	19.39	326,219.60
		Total Tampa Shipbuilding & Engineering Co.		(A) 7,290,189.36		3,028,191.35
Do	MC-26	Newport News Shipbuilding & Dry Dock Co.	U. S. Maritime Commission	2,376,875.05	100	2,102,206.50
Do	MC-27	do	do	2,376,875.05	94.6	1,653,949.50
Do	MC-28	do	(e) Grace Line, Inc.	2,547,581.05	80.7	1,657,663.00
Do	MC-29	do	do	2,547,581.05	70.8	758,033.40
		Total Newport News Shipbuilding & Dry Dock Co.		(B) 9,848,912.20		6,171,852.40
Constructed under title V:						
Cargo	MC-34	Bethlehem Steel Co.	(c) American Export Lines	2,425,123.99	100	2,182,608.00
Do	MC-35	do	do	2,425,123.98	94.7	1,818,840.00

Do	MC-36	do	do	2,425,123.99	70.5	1,188,308.80
Do	MC-37	do	do	2,425,120.00	54	848,792.00
		Total Bethlehem Steel Co		(A) 9,700,491.96		6,038,348.80
Constructed under title VII						
Cargo C-3	MC-38	Federal Shipbuilding & Dry Dock Co	U. S. Maritime Commission	2,433,922.00	56.9	770,667.70
Do	MC-39	do	do	2,433,922.00	47.7	487,983.85
Do	MC-40	do	do	2,433,922.00	32.1	334,300.00
Do	MC-41	do	do	2,433,922.00	27.9	244,300.00
Do	MC-42	do	do	2,433,922.00	20.2	243,683.85
Do	MC-43	do	do	2,433,901.00	16.9	243,682.80
		Total Federal Shipbuilding & Dry Dock Co.		(B) 14,603,511.00		2,324,618.20
Do	MC-44	Sun Shipbuilding & Dry Dock Co	U. S. Maritime Commission	2,717,650.00	70.9	955,430.00
Do	MC-45	do	do	2,717,650.00	58	818,940.00
Do	MC-46	do	do	2,717,650.00	44.4	645,960.00
Do	MC-47	do	do	2,717,650.00	41.6	545,960.00
		Total Sun Shipbuilding & Dry Dock Co.		(B) 10,870,600.00		2,966,290.00
Constructed under title V						
Passenger and cargo	MC-48	Bethlehem Steel Co.	(d) Mississippi Shipping Co., Inc	3,041,289.00	38	517,019.13
Do	MC-49	do	do	3,041,289.00	32.8	517,019.13
Do	MC-50	do	do	3,041,289.00	14	
		Total Bethlehem Steel Co		(B) 9,123,867.00		1,034,038.26
Constructed under title VII						
Cargo C-3	MC-51	Moore Dry Dock Co	U. S. Maritime Commission	2,851,760.00	47.7	998,116.00
Do	MC-52	do	do	2,851,760.00	26.9	427,764.00
		Total Moore Dry Dock Co		(B) 5,703,520.00		1,425,880.00
Passenger and cargo C-3.	MC-53	Newport News Shipbuilding & Dry Dock Co.	U. S. Maritime Commission	2,890,000.00	10.1	173,132.64
Do	MC-54	do	do	2,890,000.00	7.9	115,600.00
Do	MC-55	do	do	2,890,000.00	3.2	
Do	MC-56	do	do	2,890,000.00	2.7	
Do	MC-57	do	do	2,890,000.00	2.4	
Do	MC-58	do	do	2,890,000.00	2.4	
		Total Newport News Shipbuilding & Dry Dock Co		(B) 17,340,000.00		288,732.64
Do	MC-59	Sun Shipbuilding & Dry Dock Co	U. S. Maritime Commission	3,150,972.00	2	
Do	MC-60	do	do	3,150,972.00	2	
Do	MC-61	do	do	3,150,972.00	1	
Do	MC-62	do	do	3,150,972.00	1	
		Total Sun Shipbuilding & Dry Dock Co.		(B) 12,603,888.00		

See footnotes at end of table.

APPENDIX D—Continued

Ship construction program as at Oct. 31, 1939—Continued

Type of vessel	U. S. Maritime Commission hull No.	Builder	Operator	Contract price with approved changes and outfitting	As at Oct. 31, 1939	
					Percent completion	Payments
Constructed under title VII—Con.						
Cargo C-3	MC-63	Ingalls Shipbuilding Corporation	U. S. Maritime Commission	$2,600,000.00	19.7	$319,870.55
Do	MC-64	do	do	2,600,000.00	19.6	318,730.57
Do	MC-65	do	do	2,600,000.00	18.3	315,791.92
Do	MC-66	do	do	2,600,000.00	13.7	276,818.42
		Total Ingalls Shipbuilding Corporation		(B) 10,400,000.00		1,231,211.46
Constructed under title V:						
Cargo C-1	MC-67	Federal Shipbuilding & Dry Dock Co	(*f*) Lykes Bros. Steamship Co., Inc	1,909,000.00		
Do	MC-68	do	do	1,909,000.00		
Do	MC-69	do	do	1,909,000.00		
Do	MC-70	do	do	1,909,000.00		
Do	MC-71	do	do	1,909,000.00		
		Total Federal Shipbuilding & Dry Dock Co.		(B) 9,545,000.00		
Cargo	MC-72	Bethlehem Steel Co	(*g*) Seas Shipping Co., Inc	2,250,000.00		
Do	MC-73	do	do	2,250,000.00		
Do	MC-74	do	do	2,250,000.00		
		Total Bethlehem Steel Co		(B) 6,750,000.00		
Constructed under title VII:						
Cargo C-1	MC-75	Consolidated Steel Corporation, Ltd	Pacific Argentine Brazil Line	1,890,000.00		
Do	MC-76	do	do	1,890,000.00		
Do	MC-77	do	do	1,890,000.00		
Do	MC-78	do	do	1,890,000.00		
		Total Consolidated Steel Corporation, Ltd.		(B) 7,560,000.00		
Do	MC-79	Bethlehem Steel Co	U. S. Maritime Commission	1,889,000.00		
Do	MC-80	do	do	1,889,000.00		
Do	MC-81	do	do	1,889,000.00		

Do	MC-82	do	do	$1,889,000.00	
Do	MC-83	do	do	1,889,000.00	
		Total Bethlehem Steel Co		(B) 9,445,000.00	
Do	MC-84	Bethlehem Steel Co	U. S. Maritime Commission	2,002,000.00	
Do	MC-85	do	do	2,002,000.00	
Do	MC-86	do	do	2,002,000.00	
Do	MC-87	do	do	2,002,000.00	
Do	MC-88	do	do	2,002,000.00	
		Total Bethlehem Steel Co		(B)10,010,000.00	
Do	MC-89	Bethlehem Steel Co	U. S. Maritime Commission	1,909,000.00	
Do	MC-90	do	do	1,909,000.00	
Do	MC-91	do	do	1,909,000.00	
Do	MC-92	do	do	1,909,000.00	
Do	MC-93	do	do	1,909,000.00	
		Total Bethlehem Steel Co		(B) 9,545,000.00	
Do	MC-94	Western Pipe & Steel Co	U. S. Maritime Commission	2,127,000.00	
Do	MC-95	do	do	2,127,000.00	
Do	MC-96	do	do	2,127,000.00	
Do	MC-97	do	do	2,127,000.00	
Do	MC-98	do	do	2,127,000.00	
		Total Western Pipe & Steel Co		(B) 10,635,000.00	
Cargo C-2 S	MC-99	Bethlehem Steel Co	Seas Shipping Co., Inc.	2,140,000.00	
Do	MC-100	do	do	2,140,000.00	
Do	MC-101	do	do	2,140,000.00	
		Total Bethlehem Steel Co		(B) 6,420,000.00	
Cargo C-3 E	MC-102	Bethlehem Steel Co	American Export Lines, Inc.	2,430,000.00	
Do	MC-103	do	do	2,430,000.00	
Do	MC-104	do	do	2,430,000.00	
Do	MC-105	do	do	2,430,000.00	
		Total Bethlehem Steel Co		(B) 9,720,000.00	
Cargo C-3	MC-106	Ingalls Shipbuilding Corporation	U. S. Maritime Commission	2,550,000.00	
Do	MC-107	do	do	2,550,000.00	
Do	MC-108	do	do	2,550,000.00	
Do	MC-109	do	do	2,550,000.00	
		Total Ingalls Shipbuilding Corporation		(B) 10,200,000.00	
Passenger and cargo C-3	MC-110	Newport News Shipbuilding & Dry Dock Co.	U. S. Maritime Commission	(B) 3,630,000.00	

See footnotes at end of table

APPENDIX D—Continued

Ship construction program as at Oct. 31, 1939—Continued

Type of vessel	U. S. Maritime Commission hull No.	Builder	Operator	Contract price with approved changes and outfitting	As at Oct. 31, 1939	
					Percent completion	Payments
Constructed under title VII—Con.						
Cargo C-2	MC-111	Sun Shipbuilding & Dry Dock Co	do	2,277,000.00		
Do	MC-112	do	do	2,277,000.00		
Do	MC-113	do	do	2,277,000.00		
Do	MC-114	do	do	2,277,000.00		
Do	MC-115	do	do	2,277,000.00		
Do	MC-116	do	do	2,277,000.00		
Do	MC-117	do	do	2,277,000.00		
Do	MC-118	do	do	2,277,000.00		
		Total Sun Shipbuilding & Dry Dock Co		(B) 18,216,000.00		
Cargo C-1	MC-119	Seattle Tacoma Shipbuilding Co	U. S. Maritime Commission	2,127,000.00		
Do	MC-120	do	do	2,127,000.00		
Do	MC-121	do	do	2,127,000.00		
Do	MC-122	do	do	2,127,000.00		
Do	MC-123	do	do	2,127,000.00		
		Total Seattle Tacoma Shipbuilding Co.		(B) 10,635,000.00		
Cargo C-2	MC-124	Tampa Shipbuilding & Engineering Co	U. S. Maritime Commission	1,950,000.00		
Do	MC-125	do	do	1,950,000.00		
Do	MC-126	do	do	1,950,000.00		
Do	MC-127	do	do	1,950,000.00		
		Total Tampa Shipbuilding & Engineering Co.		(B) 7,800,000.00		
Cargo C-2 F	MC-128	Federal Shipbuilding & Dry Dock Co.	U. S. Maritime Commission	2,124,500.00		
Do	MC-129	do	do	2,124,500.00		
Do	MC-130	do	do	2,124,500.00		
Do	MC-131	do	do	2,124,500.00		
Do	MC-132	do	do	2,124,500.00		
Do	MC-133	do	do	2,124,500.00		

Do	MC-134	do	do	2,124,500.00	
Do	MC-135	do	do	2,124,500.00	
		Total Federal Shipbuilding & Dry Dock Co.		(B)16,996,000.00	
Cargo C-3 M	MC-136	Moore Dry Dock Co	U. S. Maritime Commission	2,753,000.00	
Do	MC-137	do	do	2,753,000.00	
		Total Moore Dry Dock Co.		(B)5,506,000.00	
Cargo C-1	MC-138	Pennsylvania Shipyards, Inc.	U. S. Maritime Commission	1,990,000.00	
Do	MC-139	do	do	1,990,000.00	
		Total Pennsylvania Shipyards, Inc		(B)3,980,000.00	
Do	MC-140	Pusey & Jones Corporation	U. S. Maritime Commission	1,928,000.00	
Do	MC-141	do	do	1,928,000.00	
		Total Pusey & Jones Corporation		(B)3,856,000.00	
		Total all shipbuilding contracts		323,694,168.26	63,324,063.11
		Sale of vessels			
		(a) United States Lines Co		11,487,670.04	2,335,734.34
		(b) Moore & McCormack Lines, Inc		3,978,405.73	663,362.67
		(c) American Export Lines, Inc.		5,335,270.58	830,300.49
		(d) Mississippi Shipping Co		5,109,365.52	144,765.36
		(e) Grace Line, Inc		2,698,108.81	319,475.84
		(f) Lykes Bros Steamship Co		4,885,131.00	
		(g) Seas Shipping Co., Inc		3,712,500.00	
		(h) U S Navy Department		2,640,750.00	2,640,750.00
		Total		[1] 39,847,201.68	6,934,388.70
				283,846,966.58	56,389,674.41

[1] Deduction. (A) Fixed price. (B) Subject to adjustment on account of changes in cost of labor and material during construction period.

The Commission makes payments to the shipbuilder in proportion to work completed and receives from the purchaser in the case of the United States Lines Co., 25 percent of such payments, and from all others 25 percent of the foreign costs of such payments.

(a) On the domestic cost of construction.
(b) On the foreign cost of construction which is approximately 53.13 percent of the base contract price or $1,100,000 per vessel.
(c) On the foreign cost of construction which is 55 percent of the domestic cost.
(d) On the foreign cost of construction which is 56 percent of the domestic cost.
(e) On the foreign cost of construction which is approximately 52.9 percent of the base contract price or $1,100,000 per vessel.
(f) On the foreign cost of construction which is 51.18 percent of the domestic cost
(g) On the foreign cost of construction which is 55 percent of the domestic cost.
(h) Acquired from the Standard Oil Co. 3 tankers for the Navy Department. The Commission recovers the cost of national defense features.

Appendix E

PASSENGER LINER

S. S. *America*.—Passenger accommodations are available for three classes. A promenade deck, which may be enclosed during inclement weather, lounges, library, cocktail room, bar, large ballroom, and a swimming pool are provided for cabin-class passengers. The tourist class will have the decks immediately below the promenade deck, public rooms, and recreation space, including a ballroom, writing room, and children's playroom. Third-class passengers will also have a covered promenade, smoking room, a lounge, and dining room. Provisions have been made to carry passengers' automobiles.

Characteristics:

- Length, over all, 723 feet.
- Breadth, 93 feet 3 inches.
- Depth, molded, 45 feet 4½ inches.
- Draft, loaded, 32 feet 6 inches.
- Normal sea speed (average sea conditions), 22 knots.
- Compartmentation, 3.
- Passengers, 1,219.
- Crew, 640.
- Cruising radius, 9,400 miles.
- Gross tonnage (estimated), 25,000 tons.
- Displacement at load draft, about 35,440 tons.
- Deadweight, 13,000 tons (approximately).
- Cargo capacity, 4,000 tons.

CARGO VESSELS

C-1

The C-1 vessels have been designed to meet the need for efficient, economical cargo-carrying on trade routes which do not require excessive speed and on which large cargoes will not be continuously available. The C-1's are the smallest of the ships being constructed by the Maritime Commission. Provision for eight passengers will permit persons who wish to take an extended economical vacation to ride on safe, modern ships at a minimum of expense.

C-1 design, full scantling type	Steam propelled	Diesel propelled
Length over all	416 feet	416 feet.
Breadth	60 feet	60 feet.
Depth, molded	37 feet 6 inches	37 feet 6 inches.
Draft	27 feet 6 inches	27 feet 6 inches.
Normal sea speed (average sea conditions)	14 knots	14 knots.
Compartmentation	1	1.
Cargo capacity	7,786 tons	7,878 tons.
Passengers	8	8.
Cruising radius	10,000 miles	12,000 miles.
Gross tonnage	6,750 tons	6,750 tons.
Displacement at load draft (about)	12,875 tons	12,875 tons.
Deadweight	9,075 tons	8,975 tons.
Bale cubic capacity	450,000 cubic feet	440,000 cubic feet.

C-2

The original design of the United States Maritime Commission was selected because the Commission believed this size, capacity, and speed of vessel to be the most urgent replacement needed by the American Merchant Marine. A balance of speed, cargo capacity, and economical operating characteristics has been attained. Trials have shown them to be among the most efficient and economical vessels of this class in the world. They are 15½-knot vessels of shelter-deck type.

Characteristics	Steam propelled	Diesel propelled
Length over all	459 feet	459 feet.
Breadth	63 feet	63 feet.
Depth, molded	40 feet 6 inches	40 feet 6 inches.
Draft	25 feet 9 inches	25 feet 9 inches.
Normal sea speed (average sea conditions)	15½ knots	15½ knots.
Compartmentation	1	1.
Cruising radius	11,000 miles	12,500 miles.
Gross tonnage (about)	6,085 tons	6,194 tons.
Displacement at load draft (about)	13,900 tons	13,900 tons.
Deadweight	9,758 tons	8,682 tons.
Deep tank oil capacity	3,200 tons	
Bale cubic capacity	563,000 cubic feet	524,203 cubic feet.
Passengers		12.
Refrigerated cargo		25,220 cubic feet.

C–3

This design was made to satisfy the need for a vessel of greater deadweight cargo capacity, and greater speed than the C–2 design. Greater latitude was obtained in the C–3 design, as the cargo vessels may be converted into passenger vessels without drastic alterations.

They are a shelter deck type with a raked stem and cruiser stern, two complete steel decks, i. e., shelter deck and second deck, and a third steel deck fitted below the second deck, extending from the stem to the stern, except for engine and boiler space. Deep tanks will be provided at each end of the ship, extending to the third deck for the purpose of carrying general cargo, oil cargoes, and for ballasting the ship when required.

Characteristics	Steam propelled	Diesel propelled
Length over all	492 feet	492 feet.
Beam, molded		69 feet.
Depth, molded	42 feet 6 inches	42 feet 6 inches.
Breadth	69 feet 6 inches	
Draft	28 feet 6 inches	28 feet 6 inches.
Normal sea speed (average sea conditions)	16½ knots (at 27 feet 3 inch draft).	16½ knots (at 27 feet, 3-inch draft).
Compartmentation	1	1.
Passengers	12	12.
Cruising radius	10,000 miles	14,500 miles.
Gross tonnage (estimated)	7,676 tons	7,680 tons.
Displacement at load draft (about)	17,600 tons	17,600 tons.
Deadweight	11,920 tons	11,735 tons.
Deep-tank oil capacity (estimated)	2,070 tons	2,050 tons.
Bale cubic capacity (estimated)	684,000 cubic feet	684,000 cubic feet.

C–3. Cargo and passenger

Characteristics	Steam propelled	Diesel propelled
Length over all	492 feet	492 feet.
Breadth	69 feet 6 inches	69 feet 6 inches.
Depth, molded	42 feet6 inches	42 feet 6 inches.
Draft	26 feet 6 inches	27 feet 3 inches.
Normal sea speed (average sea conditions)	16½ knots (at 27 foot, 3 inch draft).	16½ knots.
Compartmentation	1 plus	1 plus.
Passengers	96	60.
Cruising radius, nautical miles	9,100	14,000 miles.
Gross tonnage (estimated)	9,300 tons	8,030 tons.
Net tonnage (estimated)	5,200 tons	
Displacement at load draft (about)	16,190 tons	15,725 tons.
Deadweight	9,690 tons	10,287 tons.
Deep tank oil capacity (estimated)	1,450 tons	1,970 tons.
Bale cubic capacity	508,000 cubic feet	498,000 cubic feet.
Refrigerated cargo capacity (estimated) net	60,000 cubic feet	62,000 cubic feet.
Total cargo capacity	568,000 cubic feet	560,000 cubic feet.

Appendix F

ABSTRACT OF FORMAL DECISIONS ENTERED OCTOBER 28, 1938, TO OCTOBER 25, 1939

In the Matter of Agreement No. 6510, 1 U. S. M. C. 775. Agreement between Intercoastal Steamship Freight Association and Gulf Intercoastal Conference establishing procedure for keeping each group of carriers informed of rate changes proposed, and designed to minimize undue and unreasonable competition between them found not to disclose the true and complete agreement of the parties. Approval withheld unless and until supplemented in a manner which will record the complete agreement and intention of the parties. Upon respondents' failure to do this agreement disapproved in Supplemental Report, 2 U. S. M. C. 22.

Leather Supply Co., Inc., and Max Schechter, Doing Business as Supreme Stool Company v. *Luckenbach Steamship Company, Inc.,* 1 U. S. M. C. 779. Rate on artificial or imitation leather found to apply on pyroxylin coated cotton cloth finished to simulate leather. Complaint dismissed.

Dant & Russell, Inc. v. *American-Hawaiian Steamship Company et al.,* 1 U. S. M. C. 781. Complainant sought a reduction in rates on wallboard shipped by it from Portland, Oreg., to Atlantic and Gulf ports of the United States, alleging that such rates were unduly prejudicial and unreasonable. The Commission decided that the rates assailed had not been shown to be unduly prejudicial or unreasonable and dismissed the complaint.

Tri-State Wheat Transportation Council and Farm Rate Council v. *Alameda Transportation Co., Inc., et al.,* 1 U. S. M. C. 784. Defendants' rates, rules, and regulations in connection with the eastbound intercoastal transportation of wheat found unreasonable.

The Celotex Corporation v. *Mooremack Gulf Lines, Inc., and Pan-Atlantic Steamship Corporation,* 1 U. S. M. C. 789. Rates on wallboard from New Orleans to Atlantic ports found unreasonable. Rates for future prescribed.

Reliance Motor Car Company et al. v. *Great Lakes Transit Corporation,* 1 U. S. M. C. 794. Found that complaints seeking reparation must be filed and sworn to within 2 years after cause of action accrues. Complaints not meeting this requirement barred.

Wypenn Oil Company, Inc. v. *Luckenbach Steamship Company, Inc.,* 2 U. S. M. C. 1. Class rates on marine or animal oil spent catalyst from Tacoma, Wash., to New York, N. Y., found not unjust or unreasonable.

Neuss, Hesslein & Co., Inc. v. *Grace Line, Inc., et al.,* 2 U. S. M. C. 3. Joint through rates on cotton piece goods from New York to west coast of Central American ports higher than a combination of local rates between the same points, plus transfer charges, not shown to have been in violation of Shipping Act. Complaint dismissed.

B. M. Arthur Lumber Company, Inc. v. *American-Hawaiian Steamship Company,* 2 U. S. M. C. 6. Penalty storage charges at Philadelphia on shipment of shingles from British Columbia found unreasonable. Reparation awarded.

In the matter of Rates, Charges, and Practices of Yamashita Kisen Kabushiki Kaisha and Osaka Syosen Kabusiki Kaisya, 2 U. S. M. C. 14. Found that there is need for stability in the rates in the coffee trade between the east coast of South America and the west coast of the United States, and that practices of respondents of underquoting rates of other carriers primarily engaged in the trade create a special condition unfavorable to shipping in the foreign trade. Appropriate rules and regulations prescribed under section 19 of Merchant Marine Act, 1920.

Harbor Commission of The City of San Diego et al. v. *American Mail Line, Ltd., et al.,* 2 U. S. M. C. 23. Upon further hearing, findings in original report, 1 U. S. M. C. 661, that rates on cargo from San Diego higher by an arbitrary of $2.50 per ton than rates from Los Angeles Harbor on like freight to destinations in the Orient were unduly prejudicial, reversed as to transshipping service, but affirmed as to direct call service, except that minimum for calls increased to 800 tons.

Pacific Coast—River Plate Brazil Rates, 2 U. S. M. C. 28. The action of respondent carriers, members of the Pacific Coast River Plate Brazil Conference, in permitting the conference commodity rates on lumber to expire and, by their failure to agree, to be superseded by the "cargo not otherwise specified" rate, resulted in the application of an unreasonably high rate detrimental to the commerce of the United States. In view of subsequent action by conference in declaring lumber rate "open" and agreement between the two conference lines engaged in the transportation of lumber by which a definite commodity rate was reestablished, it was found that no reason then existed for withdrawing approval of the conference agreement and the proceeding was discontinued.

Sun-Maid Raisin Growers Association and Sunland Sales Cooperative Association v. *Blue Star Line, Ltd., et al.,* 2 U. S. M. C. 31. (The report also embraces *Stock-*

ton Port District v. *Same* and *Stockton Traffic Bureau et al.* v. *Same.)* Rates to United Kingdom and Continental European ports from Stockton, Calif., higher than those contemporaneously maintained on like traffic from ports on San Francisco Bay and other ports in the United States and Canada found to be unjustly discriminatory and unduly preferential and prejudicial. Section 205 of the Merchant Marine Act, 1936, not shown to have been violated. Reparation denied.

In re Rates, Rules, Regulations, and Practices for or in Connection with Cotton, Bags and Bagging, and Grain and Grain Products, 2 U. S. M. C. 42. Port-to-port rates on bags and bagging, burlap, and cotton, new; and on bags and bagging, old, found unjust and unreasonable and unduly and unreasonably preferential and prejudicial as between classes of traffic and shippers thereof. Rates on cotton, and grain and grain products not shown unlawful.

In the Matter of Storage Charges Under Agreements 6205 and 6215, 2 U. S. M. C. 48. Respondents' charges on coffee remaining on piers at the port of New York after the expiration of free time found to result in unlawful preference and prejudice and unreasonable practices. An order to cease and desist entered, and Agreements Nos. 6205 and 6215 disapproved.

Pacific Forest Industries v. *Blue Star Line, Limited, et al.*, 2 U. S. M. C. 54. Rates on plywood from the Pacific coast to Europe, Asia, and Africa not shown to be unduly prejudicial or otherwise unlawful.

In the Matter of Rates, Charges, Rules, Regulations, and Practices of Pacific Coast European Conference Carriers, et al., 2 U. S. M. C. 58. Found that no violation of law in the rates, charges, rules, regulations, and practices of the respondent carriers, either individually or in their relationship as members of the Pacific Coast European Conference, had been established and proceeding dismissed. Carriers were admonished, however, as to their special obligations and duties under approved conference agreement.

Roberto Hernandez, Inc. v. *Arnold Bernstein Schiffahrtsgesellschaft, M. B. H., et al.*, 2 U. S. M. C. —. On further hearing complainant found injured to the extent of $25,050, and reparation in that amount awarded, with interest.

Martin L. Close v. *Swayne & Hoyt, Ltd., Managing Owners (Gulf Pacific Line)*, 2 U. S. M. C. —. Dismissed for lack of prosecution.

S. H. Kress & Co. v. *Nederlandsch Amerikaansche Stoomvaart Maatschappij "Holland-Amerika Lijn" and Pacific-Atlantic Steamship Company "Quaker Line,"* 2 U. S. M. C. —. Combination rates on school slates and Christmas-tree ornaments from Rotterdam, Holland, to Pacific coast ports via Baltimore, Md., not shown to be unlawful. Complaint dismissed.

Sprague Steamship Agency, Inc. v. *A/S Ivarans Rederi et al.*, 2 U. S. M. C. —. Defendants' conference agreement and contracts with shippers entered into pursuant thereto found to result in unjust discrimination and to be unfair as between complainant and defendants, and to subject complainant to undue and unreasonable prejudice and disadvantage.

If defendants do not admit complainant to full and equal membership in the conferences, consideration will be given to the question of issuing an order disapproving the conference agreement.

If defendants do not submit for approval modification of conference agreement limiting decisions thereunder to members whose services have not been suspended or discontinued in the trades covered by the agreement, consideration will be given to issuance of an order modifying the agreement in this respect.

In the Matter of Application of Gustaf B. Thorden for Membership in the North Atlantic Baltic Freight Conference, 2 U. S. M. C. —. Thorden Lines not shown to be eligible for equal membership in the North Atlantic Baltic Freight Conference, and disapproval of conference agreement not justified. Proceeding discontinued.

North Carolina Line—Rates to and from Charleston, S. C., 2 U. S. M. C. —. Rates proposed by North Carolina Line between Charleston, S. C., and Baltimore, Md., Camden, N. J., and Chester and Philadelphia, Pa., via Chesapeake Bay and the Intracoastal Canal, found not unlawful.

Tariff provisions in respect to pick-up and delivery service, loading and unloading of cars, and split delivery at intermediate ports of carload shipments found in violation of section 16 of Shipping Act, 1916. Distribution service found in violation of section 18

Sharp Paper & Specialty Co., Inc. v. *Dollar Steamship Lines Inc., Ltd., et al.*, 2 U. S. M. C. —. Rates on paper and paper specialties from Atlantic and Gulf ports to Hawaii not shown to be unlawful. Complaint dismissed.

Kerr Steamship Company, Inc. v. *Isthmian Steamship Company et al.*, 2 U. S. M. C. —. Issues rendered moot by dissolution of U. S. Persian Gulf/India and Ceylon Conference. Complaint dismissed.

J. G. Boswell Company et al. v. *American-Hawaiian Steamship Company et al.*, 2 U. S. M. C. —. Collection of separate charges for handling intercoastal general cargo at California ports found not unreasonable or otherwise unlawful; decision *in re Assembling and Distributing Charge*, 1 U. S. S. B. B. 380, overruled. Complaints dismissed.

Los Angeles By-Products Co. et al. v. *Barber Steamship Lines, Inc., et al., and related cases*, 2 U. S. M. C. —. Collection of separate charges for handling general cargo at California ports, in connection with shipments moving in foreign commerce, found not unreasonable or otherwise unlawful. Complaints dismissed.

Puerto Rican Rates, 2 U. S. M. C. —. Rates on certain articles to Puerto Rico found unlawful. General increases in rates found not justified. Discontinuance of service from Gulf ports to certain Puerto Rican ports found unduly prejudicial Certain practices and tariff provisions found unlawful.

Hind, Rolph & Company, Inc., et al. v. *Compagnie Generale Transatlantique (French Line) et al.*, 2 U. S. M. C. —. Defendants' refusal to admit Brodin Line to conference membership while maintaining contracts with shippers not shown to be unjustly discriminatory or otherwise unlawful.

In the Matter of Intercoastal Charters, 2 U. S. M. C. —. Bare-boat charters and time and voyage charters distinguished. Status and tariff filing responsibilities of vessel operators chartering vessels to cargo owners for intercoastal carriage of their cargoes under various charters defined. Proceeding dismissed, without prejudice.

Intercoastal Time Charter Rate of Mallory Transport Lines, Inc., 2 U. S. M. C. —. Tariff containing time charter rate found not in compliance with tariff regulations and ordered canceled.

In the Matter of Services, Charges, and Practices of Carriers Engaged in the Eastbound Transportation of Lumber and Related Articles by Way of the Panama Canal, 2 U. S. M. C. —. Found *inter alia* that tender of intercoastal lumber for delivery at end of ship's tackle under tackle-to-tackle rates not unreasonable, and carrier is under no legal obligation to publish charges for services beyond ship's tackle when not undertaking to perform such services; and that when terminal assumes duty of delivering intercoastal lumber to consignee its charges, rules, and regulations should be published and posted, and changes should not be made except on adequate notice. Maintenance of rates in any other manner an unreasonable practice.

In the Matter of Agreements 6210, 6210-A, 6210-B, 6210-C, and 6105, 2 U. S. M. C. —. Conference agreement to promote stabilization of rates and uniformity of practices approved.

Company transporting cargo in chartered space of vessels of others found to be common carrier; agreement permitting this approved.

Operating contract and common carrier service on same vessel on same voyage, and granting particular shippers by contract rates lower than those charged general public, found to be unduly preferential and prejudicial; agreements permitting such disapproved and violation ordered removed.

Agreement between common carrier and terminal company according particular shipper more free time and lower charges than general public, found unjustly preferential and prejudicial; agreement disapproved and violation ordered removed.

Eastbound Intercoastal Brandy and Champagne Rates, 2 U. S. M. C. —. Proposed eastbound intercoastal brandy and champagne rates found justified. Suspension order vacated and proceeding discontinued.

Westbound Carload and Less-Than-Carload Rates, 2 U. S. M. C. —. Westbound intercoastal reductions on classes 1 to A, inclusive, and on higher rated articles to $2 for transportation in ordinary stowage, and to $3 on commodities transported under refrigeration, and reductions in commodity rates based on the level of proposed class rates, found not justified. Reductions in rates to level of carload rates from New York via water-rail routes, and other adjustments incidental thereto, except reductions in commodity rates based on proposed class rates, found justified.

Class Rates Between North Atlantic Ports—Pan-Atlantic Steamship Corporation, 2 U. S. M. C. —. Schedules containing class rates between North Atlantic ports found justified. Suspension order vacated and proceeding discontinued.

Pacific Coastwise Carrier Investigation, 2 U. S. M. C. —. Lawfulness in connection with chartering, charter arrangements, and practices, rules, regulations, charges, and/or rates related thereto determined. Proceeding discontinued.

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