

FIRST ANNUAL REPORT *of the*
**UNITED STATES
SHIPPING BOARD**

December 1, 1917



Archives

THE UNITED STATES SHIPPING BOARD.

EDWARD N. HURLEY, of Illinois, *Chairman*,
RAYMOND B. STEVENS, of New Hampshire, *Vice Chairman*,
JOHN A. DONALD, of New York, *Commissioner*,
BAINBRIDGE COLBY, of New York, *Commissioner*,
CHARLES R. PAGE, of California, *Commissioner*,
LESTER SISLER, of Florida, *Secretary*.

CONTENTS.

	Page.
Organization of the Board.....	5
Functions of the Board.....	6
Emergency Fleet Corporation.....	6
Construction program.....	7
Disposition of ships commandeered under construction	10
Division of Operations.....	11
Requisition program.....	12
Recruiting Service.....	15
Transfer of vessels from Great Lakes.....	17
Transfer of American vessels to foreign registry.....	17
Admission to coastwise trade of vessels of foreign registry and of foreign- built vessels under American registry.....	18
Chartering Committee.....	18
Interned enemy vessels taken over for the United States.....	19
Protection of ships in war-zone service.....	20
New England coal situation:	
New England Coal Barge and Towers' Association.....	21
Stream bunkering at Hampton Roads.....	21
Regulation of rates and practices of water carriers.....	22
Carriers subject to regulation by the Board.....	23
Jurisdictional anomalies.....	24
Free transportation as constituting unjust discrimination.....	25
Tariffs of interstate water lines.....	25
Deferred rebates.....	27
Conferences and agreements.....	28
Rules of Practice.....	28
Formal Docket.....	28
Informal Docket.....	29
Appendix:	
Table No. 1. Compensation of employees of the United States Shipping Board.....	30
Table No. 2. Personnel of the United States Shipping Board Emergency Fleet Corporation.....	32
Table No. 3. Statement of receipts and disbursements of the United States Shipping Board.....	33
Table No. 4. Statement required by section 2 of the sundry civil act of June 12, 1917.....	34
Table No. 5. Statement of travel performed by officers and employees of the United States Shipping Board.....	35
Table No. 6. Balance sheet of the United States Shipping Board Emer- gency Fleet Corporation (exclusive of the Division of Operations).....	36

FIRST ANNUAL REPORT
OF THE
UNITED STATES SHIPPING BOARD.

WASHINGTON, D. C., December 1, 1917.

To the Senate and House of Representatives:

The United States Shipping Board has the honor herewith to submit its first annual report, covering the period of its existence to and including October 31, 1917, except as otherwise noted.

ORGANIZATION OF THE BOARD.

Section 3 of the Federal Shipping Act of September 7, 1916 (39 Stat. L., 728, 729), provides:

That a Board is hereby created, to be known as the United States Shipping Board, and hereinafter referred to as the Board. The Board shall be composed of five Commissioners, to be appointed by the President, by and with the advice and consent of the Senate; said Board shall annually elect one of its members as Chairman and one as Vice Chairman.

The first Commissioners appointed shall continue in office for terms of two, three, four, five, and six years, respectively, from the date of their appointment, the term of each to be designated by the President, but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he succeeds.

Pursuant to the foregoing provisions of the Act, the President on December 22, 1916, nominated as Commissioners of the Shipping Board the following: Mr. William Denman, of California, Mr. Bernard N. Baker, of Maryland, Mr. John A. Donald, of New York, Mr. John B. White, of Missouri, and Mr. Theodore Brent, of Louisiana.

On January 19, 1917, the Senate confirmed the appointments of Messrs. Denman, Baker, White, and Brent; and on January 23, 1917, confirmed the appointment of Mr. Donald.

On January 26, 1917, the President accepted the resignation of Commissioner Baker, and on January 30, 1917, the Board, as so constituted, was formally organized.

On March 12, 1917, the President nominated Mr. Raymond B. Stevens, of New Hampshire, as a Commissioner of the Shipping

Board, vice Mr. Baker, resigned, and the appointment of Mr. Stevens was confirmed by the Senate on March 15, 1917.

On July 24, 1917, the President accepted the resignations of Commissioners Denman and White, and nominated as Commissioners in their stead, respectively, Mr. Edward N. Hurley, of Illinois, and Mr. Bainbridge Colby, of New York, those nominations being confirmed by the Senate on July 25, 1917, and August 8, 1917, respectively.

On July 26, 1917, the President accepted the resignation of Commissioner Brent, and on September 29, 1917, nominated to succeed him Mr. Charles R. Page, of California, who was confirmed by the Senate on October 3, 1917.

On July 27, 1917, the Board elected Commissioner Hurley as its Chairman and Commissioner Stevens as its Vice Chairman.

On July 2, 1917, Mr. Lester Sisler, then Chief Clerk of the Interstate Commerce Commission, was transferred to the Board as Assistant Secretary, and on October 4, 1917, he was appointed Secretary of the Board.

FUNCTIONS OF THE BOARD.

In reviewing the activities of the Board since its organization, its twofold status should be borne in mind. On the one hand it is a part of the administrative machinery of the Government designed in times of peace to promote the development of an American merchant marine and to regulate foreign and domestic shipping. On the other hand—and especially since the United States entered the war—it has been given by recent legislation comprehensive power of an emergency character intended to meet the shipping problems incident to a consummation by the Government of its vast war purposes. The Board in the exercise of these newly delegated powers acts solely as the agent of the President.

EMERGENCY FLEET CORPORATION.

The most important of the Board's war powers are exerted by it through the instrumentality of the United States Shipping Board Emergency Fleet Corporation, the details of the organization and purposes of which are as follows:

The Board was authorized by the Shipping Act to form, with a capital stock not exceeding \$50,000,000, one or more corporations for the "purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States." The purpose of this authorization was to place on a competitive equality with private shipping vessels operated under Government appropriations, by exempting the latter on the one hand

from governmental restrictions not adapted to commercial practice, and by withholding from them on the other hand such special immunity in domestic or international law as is customarily associated with governmental activity. The power under this Act to operate ships is greatly restricted, but the power to build ships is limited only by the measure of the appropriations.

Acting under the authority of the Shipping Act, the Board on April 16, 1917, organized under the laws of the District of Columbia, with a capital stock of \$50,000,000, what is known as the United States Shipping Board Emergency Fleet Corporation, and delegated to that Corporation the execution of its construction program. Subsequently the comprehensive powers conferred upon the President by the urgent deficiencies appropriation act of June 15, 1917, in so far as they relate to the construction of vessels, were delegated by Executive Order to the Corporation, and the funds appropriated for this purpose were made available to it.

CONSTRUCTION PROGRAM.

The Corporation is now engaged in what is probably the greatest construction task ever attempted by a single institution. It has developed for this purpose within a period of six months an organization of more than 1,000 employees, including a large force of technical experts, many of whom have left remunerative occupations to assist in this vital enterprise.

The Corporation has 16 offices in various parts of the country. It is supervising the building of 1,118 vessels in 116 shipyards distributed throughout the United States. It is disbursing for the construction of those ships something in excess of a billion dollars per annum. It is controlling substantially all the shipbuilding of the country other than of naval vessels, and its program calls for the completion in 1918 of eight times the tonnage delivered in 1916.

When the United States entered the war, American shipbuilders were principally engaged in the construction of ships for foreign account, principally British and Norwegian. The yards were working substantially at capacity. The problem of the Corporation, therefore, was not merely to build ships, but also to build new yards in which more ships might be constructed.

To this end, contracts were placed for a large number of wooden ships, most of them to be built in new yards, it being found that such ships could be built, within certain limits, without interfering with the steel ship program. The Corporation has experienced some difficulty in arranging for supplies of proper lumber, but it is believed that this difficulty has been largely overcome, and that

the wooden ships may be expected to be completed with a fair degree of promptness.

As to steel ships, the Corporation has made every effort to standardize designs for steel construction, but it is deemed inadvisable at this time to publish the details of those designs.

In order to speed up construction and to assure unity of control over shipyards, the Corporation, on August 3, 1917, in accordance with the President's order of July 11, 1917, requisitioned all steel ships under construction of over 2,500 tons dead-weight capacity. As a result of this order the United States became possessed of 413 ships in various stages of construction, of a total tonnage when completed of 2,937,808 tons. Of these, 33, of a total tonnage of 257,575, have been completed, and it is estimated that the remainder will be delivered within the next 18 months. The disposition of these ships is discussed elsewhere in this report.

The problem of compensating the shipbuilders has been solved to the satisfaction of substantially all of them, but the problem of compensating the former owners has not yet been definitely determined. Negotiations are pending for the settlement of nearly all these claims in a manner satisfactory to the former owners and at the same time inexpensive to the United States.

The Corporation is making rapid progress in placing direct contracts for ship construction. In the following table is given, for purposes of comparison, the number of vessels under contract and requisition on August 1, 1917, and on October 31, 1917:

Type of vessel	Aug. 1, 1917		Oct. 31, 1917	
	Number of vessels	Tonnage	Number of vessels	Tonnage
Under contract:				
Wood.....	235	840, 900	375	1, 330, 900
Steel.....	79	587, 000	305	2, 283, 000
Composite.....	58	207, 000	58	207, 000
Total.....	363	1, 634, 900	738	3, 820, 900
Requisitioned August 3, 1917 (steel).....			413	2, 937, 808
Grand total.....	363	1, 634, 900	1, 151	6, 758, 708

There are prospective contracts pending for the construction of 199 additional steel ships, of a total dead-weight tonnage of 1,100,000.

The estimated cost of ships requisitioned on August 3 can not now be given, for the reason that the ascertainment of just compensation is as yet uncertain. Estimated expenditures under contracts placed on or before October 31, 1917, as shown by the following table, relate only to work under direct contract with the Corporation:

Funds available for ship construction (appropriated or authorized)..... \$1,319,093,000

Type of vessel	Number	Tonnage	Estimated amount
Estimated contracts in force October 31, 1917:			
Wooden hulls.....	314	1,101,000	\$101,200,000
Wood, complete.....	61	229,900	33,101,000
Composite, complete.....	58	237,000	27,732,000
Steel, complete.....	95	738,000	115,681,178
Fabricated steel.....	210	1,545,000	267,401,320
	738	3,820,900	545,113,498
Estimated increases in cost of materials.....			3,175,110
Estimated cost of making complete ships out of 314 wooden hulls, at \$200,000 each.....			62,871,000
Estimated cost of wireless installation, complete ships.....			1,305,400
Estimated additional cost of two steel barges.....			403,000
Estimated cost of plants, equipment, and ways for wooden ships.....			3,367,000
Estimated cost of plants for fabricated steel ships.....			16,070,000
Estimated amount of home office and district office expenses to June 30, 1919.....			5,539,000
Total estimated expenditures under contract placed on or before Oct. 31, 1917.....			637,654,008
Balance available—			
For construction of plants.....			19,077,070
For construction of ships.....			662,345,992
			681,345,992

The following is a statement of the appropriations available to the Board and to the Corporation for the construction, purchase, requisitioning, and operation of vessels:

Purpose of appropriation	Amounts authorized	Amounts appropriated	Amounts to be appropriated
Ship construction.....	\$1,284,039,000	\$559,000,000	\$734,000,000
Shipyard plants.....	35,000,000	35,000,000	
Requisitioning of ships.....	515,000,000	359,000,000	165,000,000
Purchase of ships.....	153,000,000	150,000,000	
Operation of ships.....	5,000,000	5,000,000	
Total.....	1,939,039,000	1,093,000,000	899,000,000

The balance sheet of the Corporation as of October 31, 1917, appears in the appendix as Table No. 6.

The mere placing of contracts and disbursement of funds, however, is a relatively small part of the work of building ships, and tables of ships under contract and estimated expenditures give but an inadequate picture of the Corporation's task. In the last analysis it is man-power that builds ships; and the mobilization of a large, competent, trained, and willing force of workers for the shipyards of the country has been among the most important of the Corporation's activities. An Industrial Service Department has been organized to aid in the solution of this problem.

The problem has been a threefold one—first, getting men; second, keeping men; and, third, fitting men for their respective tasks.

In procuring men for shipbuilding service, the Corporation has had the cooperation of the Department of Labor in assisting shipbuilding officials as to ways of getting in touch with sources of labor

supply and in the intelligent use of state and federal employment offices. A large development of this work will shortly take place, when the Department of Labor, in cooperation with the Corporation, shall have established shipbuilding recruiting centers.

The retention by shipbuilders of men at their plants has involved a careful study of the problem of "hiring and firing." It has been found that yards employ from two to six men for each job during the course of a year, with obvious losses in efficiency and waste of effort. A weekly man-power audit of each shipyard is now being conducted by the Industrial Service Department, which has been of great assistance to shipbuilders in eliminating wasteful practices, and in setting up new standards of employment.

With the cooperation of the heads of the international labor unions, a far-reaching scheme of industrial education has been put in operation. An instructor training center has been established at Newport News, to which from 75 to 150 skilled mechanics are to be delegated by selected yards for a six-weeks' course, to learn how to impart a knowledge of their trades to recruits in the shipyards. In the course of six months the graduates of this training center, and of such others as may be established, will be in a position to initiate 75,000 new workers, mostly from kindred trades, in shipyard employment.

The housing of the new workmen brought into the shipbuilding work, especially in connection with newly established yards, has presented a serious problem, and plans are under consideration to meet it in a comprehensive way.

DISPOSITION OF SHIPS COMMANDEERED UNDER CONSTRUCTION.

By Executive Order of July 11, the disposition of ships requisitioned or otherwise acquired by the United States was conferred on the Shipping Board. As vessels commandeered by the Emergency Fleet Corporation, under its order of August 3, have approached completion, it has become necessary to determine whether they should be returned to their former owners or whether title should be retained by the Board. The Board, in determining this question, has been guided by the following considerations:

First, the debates in Congress and the legislative history of the emergency shipping fund legislation indicate an intention on the part of Congress that the drastic powers conferred by the Act of June 15, 1917, should be exercised in the development of an American emergency fleet for war purposes. It was felt that America, in view of the gigantic national effort which must go into the construction of so vast a fleet, was entitled to the privilege of serving the allied cause under her own rather than under a foreign flag. With the exception of four vessels virtually completed on August 3, 1917, and

to the completion of which the Board has contributed nothing, the title to all vessels building for foreign account, and commandeered on that date, has, therefore, been retained on behalf of the United States. The vessels so retained, or others of equivalent tonnage, have been or will be diverted to the allied service, in so far as the military requirements of the United States will warrant.

Second, the Board was of the opinion that the former owners of vessels building for American account and commandeered on August 3, 1917, should be given an opportunity to resume title on the completion of such vessels, provided they would surrender to the Board the use of such vessels for the period of the war and six months thereafter, at the requisition rate established by the Board, and provided further that they would reimburse the Board for all expenditures incurred in completing the vessels, including the cost of speeding up construction, and would waive all claims arising out of the act of requisitioning. The effect of this arrangement has been to reduce to a considerable extent the hardship to shipowners involved in the commandeering policy, without any sacrifice of war needs, and has at the same time very substantially reduced the cost of the ship construction program.

DIVISION OF OPERATIONS.

The Executive Order delegating the authority conferred by the emergency shipping fund legislation empowered the Shipping Board to requisition constructed ships, and to operate, manage, and dispose of vessels requisitioned or otherwise acquired; but provided that the Board, in its discretion, might exercise those powers through the Emergency Fleet Corporation. The Board has recently availed itself of this privilege by assigning to the Division of Operations of the Emergency Fleet Corporation the operation of ships and the administration of the requisition program. This division engages officers and crews, directs the movements of ships, and, in general, is the administrative agent in charge of operation. It is subject at all times, however, to the direction and supervision of the Board.

The financial transactions of the Division of Operations are separate and distinct from those relating to the construction work of the Corporation, and are supervised by the Disbursing Officer of the Board. The Law Division of the Board assists and represents the Division of Operations in legal matters. It is believed that this arrangement properly carries out the spirit of the Executive Order.

As a result of this arrangement vessels, unless actually engaged in military or other governmental activities, are operated as merchant ships, subject to the navigation laws and to the jurisdiction of the admiralty courts, and their crews are covered by the provisions of the compulsory seamen's insurance law. Any other

arrangement would have transferred to the Court of Claims a considerable portion of the country's admiralty litigation, and would have resulted in grave injustice to persons suffering from collisions or other tortious injuries over which the Court of Claims has no jurisdiction.

Except qualifying shares of directors, the stock of the Corporation is owned exclusively by the United States, as represented by the Shipping Board.

The officers of the Corporation are as follows: Mr. Edward N. Hurley, president; Mr. John A. Donald, vice president; Mr. Charles Piez, vice president; Mr. Raymond B. Stevens, treasurer; and Mr. Lester Sisler, secretary.

The trustees of the Corporation are: Mr. Edward N. Hurley, Mr. John A. Donald, Mr. Raymond B. Stevens, Mr. Bainbridge Colby, Mr. Charles R. Page, Mr. Charles Piez, and Admiral W. L. Capps.

While in legal form a private corporation, the Emergency Fleet Corporation is, therefore, in fact completely under governmental control. The activities of the Corporation and of the Board are so closely interrelated that it has seemed expedient to present them together in this report.

REQUISITION PROGRAM.

Extraordinary war demands on merchant tonnage of the world have necessitated a severe temporary dislocation of existing shipping; and the task of procuring the requisite tonnage for military purposes, with the least possible disturbance of commercial and industrial enterprises, has devolved upon the Board.

For obvious reasons the details of this work can not now be published; nor can statistics be given showing what tonnage has been taken out of existing routes, or to what service it has been diverted. The general purposes which have guided the Board, however, may be stated.

The first consideration has perforce been the military necessities of the governments united in the war against Germany, as presented by the military authorities. To supply these needs, it often has been necessary to take vessels out of trades which in normal times would have been regarded as of great importance. The Board in this connection is pleased to testify to the patriotic spirit in which shipping interests have met the situation, even where it has entailed serious individual loss.

The Board has continually borne in mind, however, that too drastic a curtailment of commercial transportation would defeat its own ends. Raw materials essential to the production of military supplies and nitrates vitally needed to sustain the output of farms could not be neglected. With the acute congestion of rail traffic, coal must

be transported by water, so that the war industries of the Atlantic coast shall not be deprived of sustenance.

In the emergency shipping fund section of the urgent deficiencies act of June 15, 1917, the President was given power to requisition ships, on payment of just compensation; and this power, by Executive Order of July 11, 1917, was delegated to the Board. That this power was essential to a proper performance by the Board of its vast service will be vividly realized from an examination of charter and freight rates at the time of America's entrance into the war. A few concrete instances will suffice to illustrate:

Time charter rates on cargo steamers in the spring of 1914 were at a prevailing rate of about \$1 per deadweight ton per month. An average of six time charters of American vessels, ranging from three to sixth months, made in July to September, 1917, for trades not in the war zone, gave a figure of \$13.88 per deadweight ton per month. For steamers on voyages to the war zone, during the summer of 1917, charters were made at rates as high as \$21 per ton per month for New York-Genoa trade, and \$20 per ton per month for New York-France trade, the charterer bearing war risk. Time charter rates on tankers in 1914 were at approximately \$1.70 per deadweight ton per month for long periods and \$2.40 for short periods. In the summer of 1917 the prevailing rates were in excess of \$12.50,

Freight rates have shown an even greater advance, largely because freight rates include war risk on vessels, while under a time charter war risk is borne by the charterer. Rates on cotton in the spring of 1914 from Savannah to Liverpool were about 35 cents per 100 pounds and to Genoa about 55 cents. From New Orleans the rates ranged about 10 cents higher. Rates in the summer of 1917 were at a level of \$6 per 100 pounds to Liverpool and \$10 per 100 pounds to Genoa, with New Orleans rates about 25 cents to 35 cents higher. Rates on petroleum from New York to Liverpool in 1914 were about \$4 per ton. By 1917 they had reached \$50, including war risk on vessels. Rates on grain from New York to the United Kingdom early in 1917 were approximately \$5.50 per quarter, as compared with 50 cents per quarter early in 1914.

A portion of these increases has no doubt been justified by larger costs of operation. Because of the hazardous nature of the service, officers and crew are entitled to special war bonuses. The cost of bunker fuel and supplies has advanced. The hazardous nature of the enterprise perhaps justifies somewhat higher returns than usual on the capital invested. The cost of war-risk insurance on the ship is included in the freight rate. Yet all these factors do not justify the progressive multiplication of charter rates, nor the hitherto inconceivable heights to which freight charges have advanced.

The market value of a ship bears a close relation to its earning power, hence the price of ships, also, has steadily mounted, until ships which before the war would have sold at from \$60 to \$80, have recently changed hands at \$300 or over, per d. w. ton.

After a careful investigation of costs and values, and after full conference with representative shipowners, the Board determined that the inflated war rates, arising as they did from abnormal conditions due to the submarine, and to the diversion of tonnage for military purposes, did not represent fair and legitimate values of the kind that are conclusive in determining just compensation. The Board therefore fixed a tentative scale of requisition rates, substantially higher than the pre-war basis, which took full account of increased costs and legitimate increases in ship values, but which nevertheless was substantially under the unjust market rates then prevalent. The rates so fixed became effective at once for all vessels requisitioned by the Board for military service.

To single out certain vessels and to limit their earnings to a reasonable level, and at the same time to leave others operating in free trades at rates forced to even more fantastic heights by the requisitioning of competing tonnage, would have produced a manifest discrimination. Moreover, in a war in which the mobilization of economic resources is second in importance only to the service of armies in the field, the distinction between war service and commercial service scarcely exists. All commercial shipping connected with vital American industries is engaged in war work.

The Board has therefore recently adopted a policy of requisitioning for Government account all power-driven steel cargo vessels of 2,500 tons dead-weight or over, and all passenger vessels of 2,500 tons gross register or over, adapted to ocean service. The operation of these vessels is entrusted in large part to the companies by whom they were formerly controlled, but all receipts have been for Government account, the owners being credited with the requisition rate fixed by the Board. The vessels, moreover, are under full control of the Board as to voyages, cargoes, and rates and as to safeguards for their protection against the hazards of war-zone service. It is hoped that this policy will be the means of achieving two results which in the opinion of the Board are necessary: First, complete unity of control over the distribution of shipping, so that war needs may be filled in the order of their emergency; and second, just and effective regulation of rates, so that the nations at war with Germany may not be financially exhausted by extortionate transportation charges.

Further experience may develop that, consistent with the purposes above outlined, some of the steamers not adapted to war service may profitably be released from requisition. As to other lines, more

effective methods of regulation and control may prove to be necessary. It should be borne in mind that aside from the requisition power the Board at present has no jurisdiction over rates in foreign trade and no jurisdiction over interstate rates, except where vessels are common carriers operating on regular routes. If experience shall prove it to be necessary, the Board will recommend drastic legislation to meet more effectively the situation arising from the acute dearth of tonnage.

The freight rates to be charged to shippers on requisitioned vessels left in commercial service or assigned to foreign Governments have been the subject of careful consideration. The Board, of course, has no desire to profiteer at the expense of any Government associated with the United States in the war against Germany, or of the general public. On the other hand existing contracts, particularly those on a c. i. f. basis, and special market conditions often present a danger that a reduction in rate will not inure to the benefit of the consumer but will merely transfer from the shipowners to favored shippers the monopoly earnings which it is intended to eliminate. The policy of the Board therefore will be to charge freight rates based on the requisition rate whenever it can receive assurance that the benefit of these low rates will accrue to the American or allied Governments or to the consuming public; and to charge higher rates whenever this fact shall not be so established. The application of this policy will no doubt present difficulties in individual cases but it is believed in principle to be sound.

The requisition program as yet has been in effect for such a short period of time that no accurate statement of receipts and expenditures can now be made. Accounts, however, are being kept with scrupulous care along sound and conservative lines, and in due season will be presented to the Congress.

RECRUITING SERVICE.

The problem of recruiting and training officers, engineers, and crews for the greatly enlarged merchant marine in prospect, has received the careful attention of the Board. On June 1, 1917, a recruiting service was established, with offices in the customhouse building at Boston.

The first work taken up was the training of deck officers. The school-ship method of training officers, while employed successfully by the Commonwealth of Massachusetts and the State of New York, proved too slow, with too limited a number of graduates for the present emergency.

A plan was therefore adopted of taking men already trained by experience in seamanship, and giving them a short intensive period of training in special navigation schools under the direction of the

recruiting service. In the five months in which this service has been in operation no less than 15,000 men have applied for training as officers. From these applicants only those qualifying by experience as seamen have been accepted.

During the months of June, July, and August, 27 navigation schools, on the Atlantic, Pacific, and Gulf coasts, were established by the recruiting service. For this purpose the country has been divided into seven sections, following, as nearly as practicable, the geographical divisions employed by the United States Steamboat-Inspection Service. The cooperation of that service with the recruiting service, by the assignment of local inspectors to the work of examining candidates for admission to the schools, has been of the greatest value. Local advisory committees, embracing generally mayors, superintendents of schools, local inspectors of steam vessels or collectors of customs, and shipping interests have also been of incalculable assistance.

The teaching staff of the recruiting service has been made up of the best available technical talent for the teaching of navigation, including experienced sea captains as well as teachers from scientific schools and technical universities.

For admission to the schools a minimum of two years' experience at sea is required, in accordance with the rules of the Steamboat-Inspection Service governing the fitness as seamen of men granted licenses as deck officers. During the period of schooling the men receive no compensation from the Government, and no allowance for expenses. The schools are not yet being run to their capacity, in order not to produce licensed officers faster than they can be assimilated by the ships awaiting commission.

The next work to which attention has been directed is the training of engineers. For this purpose the field for advancement through special training is open to oilers and water tenders on existing seagoing vessels, to engineers on Great Lakes steamers, and to stationary and locomotive engineers of suitable experience. For this purpose engineering courses under the supervision of the recruiting service have been established at the Massachusetts Institute of Technology, Stevens Institute of Technology, Johns Hopkins University, Tulane University, the University of Washington (Seattle), Armour Institute of Technology, and the Case School of Applied Science. Another school of large attendance has been opened at Philadelphia, on the steamer *John Weaver*.

The placing of these men in service, on private and Shipping Board ships, has been put in charge of a sea-service bureau.

During the period from June 1 to October 31, there were graduated from the navigation classes 604 men, and from the engineering schools 416 men.

TRANSFER OF VESSELS FROM GREAT LAKES.

The Great Lakes, shut off as they are from sea-level connection with the ocean, have nevertheless contributed materially to the work of procuring tonnage for war purposes. An unprecedented number of newly constructed ships have been brought down from the Lakes, and in addition, 21 steel steamers have been withdrawn from Lake commerce and are being brought down for war service. Of these, 16 were too long to pass through the locks, and it was necessary to cut them in two, bring them down in parts, and reassemble them on the St. Lawrence. Twelve of the vessels were put together afloat, an achievement never before accomplished. Ten steel tugs have also been commandeered from the Lake fleet, and are being fitted with surface condensers for ocean use.

A committee has been appointed to advise the Board as to the matter of just compensation to be paid for vessels from the Lakes to which title has been taken, and that committee is now at work on its task.

TRANSFER OF AMERICAN VESSELS TO FOREIGN REGISTRY.

Section 9 of the Act provides for the transfer to foreign owners or flags of vessels owned by citizens of the United States or documented under the laws of the United States. It requires that before any such vessel may be transferred to a foreign owner or flag, application shall be made to the Board, and further provides appropriate penalties for the violation of its requirements.

In the exercise of the powers conferred by this section, the Board has been compelled to deal with questions of extreme difficulty and delicacy. The authority so conferred is in the main a war power. It was obviously conferred upon the Board in order that there should be created that centralized control of tonnage which is requisite for its effective mobilization in the conduct of the war.

In the exercise of this power, therefore, the Board acts as an agency through which the allocation of tonnage for the divers and rapidly changing needs of war is sought to be effected. In passing upon each application, it becomes necessary to seek to balance the present and future requirements of our naval and military forces, the requirements of such of our trades as deal with the production of munitions and military supplies, the requirements of our Allies for similar purposes and for the transportation of foodstuffs, and, lastly, the ordinary trade requirements of our citizens in so far as they may be conserved without detriment to the other demands.

Prior to November 21, 1917, applications for the transfer of 275 vessels were made to the Board, covering for the most part vessels of

small size. For obvious strategic reasons, figures showing the disposition of these applications are not shown in this report.

It is believed that violations of the spirit of the provisions of section 9 have been exceptional, and no criminal prosecution has as yet been instituted. The Board, however, has under investigation certain cases in which the institution of such proceedings will be recommended to the Department of Justice, if the findings shall so warrant.

In some respects the provisions of section 9 are obscure, in that they fail to delegate that control over shipping which it is believed that Congress intended to confer, and, further, for the reason that they tend to the creation of distinctions which operate to the disadvantage of our citizens. It is the purpose of the Board to call these matters to the attention of Congress later in the session, with a view to remedial legislation.

ADMISSION TO COASTWISE TRADE OF VESSELS OF FOREIGN REGISTRY AND OF FOREIGN-BUILT VESSELS UNDER AMERICAN REGISTRY.

On October 6, 1917, an Act of Congress was approved authorizing the Board to suspend the provisions of law excluding from coastwise trade foreign-built vessels and vessels of foreign construction. This was a war measure designed to make possible a more economical use of tonnage and the replacement of coastwise tonnage which it had been necessary to divert to military service. The Act authorizes the Board to issue permits which must limit and define the scope of the trade and the time of employment, and the powers granted thereunder expire automatically 120 days after the close of the war.

This Act has not been in force for a sufficient length of time to permit of any extended discussion of its effect and administration. During the month of October nine coastwise permits were granted for single trips. In administering the Act the Board has borne in mind the manifest purpose of Congress not to overturn the policy of our coastwise shipping laws but rather to make temporary exceptions to that policy where war needs necessitate such action.

CHARTERING COMMITTEE.

The program of control of shipping through requisition covers only American steam vessels over 2,500 tons dead weight. To exercise a salutary degree of control over other American and neutral shipping in American foreign trade, a chartering committee was established, with offices in New York; and with the assistance of the War Trade Board all charters of neutral ships, of American steamers under 2,500 tons, and of sailing ships of any size loading from ports of the United States to foreign ports, must be approved by this committee. The committee has exercised this control with

two primary objects in mind: First, so far as possible, to induce neutral tonnage to assume its fair share of trans-Atlantic trade; and, second, to effect a material reduction in the high charter rates prevailing, not only in trans-Atlantic but in South American and oriental trades.

INTERNED ENEMY VESSELS TAKEN OVER FOR THE UNITED STATES.

When the United States entered the war there were interned in American ports 91 ships of German registry, of an aggregate gross tonnage of 594,696. These vessels were at once taken into custody by customhouse officials for safekeeping and for the protection of navigation. At the direction of the President, the Board undertook the task of repairing these vessels and making them ready for service. Funds for this purpose were allotted out of the national security and defense fund appropriated in the act of April 17, 1917.

To assist in this task the Board has secured the assistance of a board of survey composed of eminent engineers, and offices have been opened in New York and on the Pacific coast.

By joint resolution of Congress approved May 12, 1917, the President was given formal authority to take possession and title to all vessels within the jurisdiction of the United States which were under enemy ownership or register at the time of coming into such jurisdiction, and to operate, lease, charter, and equip them for the service or commerce of the United States. An Executive Order of June 30, 1917, conferred on the Board authority to act under this resolution, and the necessary steps were taken by formal seizure to confirm possession of the vessels, an order under the Board's official seal in every instance being affixed to the vessel and due return thereof made under oath.

The legislation authorizing the seizure of enemy ships was grounded upon the constitutional power of Congress to provide for the forfeiture of enemy property found in port at the outbreak of hostilities. No question of compensation to enemy owners could therefore arise, and no moneys have been appropriated or paid out on account of such seizures. The resolution provided, however, that the vessels should be appraised by a board of survey to be appointed by the Secretary of the Navy, whose findings should be "considered as competent evidence in all proceedings on any claim for compensation."

It has developed that there were at the time of seizure a number of claims of other than enemy citizens, some of which in the opinion of the Board may merit careful investigation, with a view to an equitable adjustment. These claims include maritime liens for supplies, for necessary advances, for wages of crews, mortgages to American banks made before the declaration of war, and in some cases alleged sales to American citizens or corporations. No ma-

chinery at present exists for the adjudication of these claims, and no appropriation is available for their settlement. It is recommended that such machinery and appropriation be provided.

PROTECTION OF SHIPS IN WAR-ZONE SERVICE.

As to vessels requisitioned by the Board and operating under Government control, full compliance with precautions and safeguards designed to conserve tonnage in the submarine zone may easily be secured. Requisitioning however devolves upon the Government responsibilities and expenditures which frequently should not be incurred. Having itself no power directly to control the movements of ships not requisitioned, the Board has found it necessary to enlist the cooperation of the Bureau of War Risk Insurance and of the War Trade Board for the enforcement of rules relating to tonnage conservation. The Bureau of War Risk Insurance will assess a higher premium for vessels not complying with the regulations of the ship protection committee and of the naval consulting board, and the War Trade Board will deny export licenses to certain classes of vessels the presence of which in the submarine zone is extra-hazardous.

American sailing vessels, especially, have been rigorously and without exception excluded from waters in which the submarine peril has been acute. Subject to the uncertainties of wind and weather, liable to be becalmed in infested waters, unsuited for convoy, and generally incapable of armament, these vessels offer easy targets for the enemy. Many of them, however, are valuable cargo carriers for coastwise and South America trades, replacing steamers withdrawn for trans-Atlantic voyages.

The Board recently published and distributed among the owners and masters of vessels several thousand copies of certain suggested regulations for the protection of ships imperiled by mines or submarines. Additional copies of this publication may be had upon request.

The enforcement, with the assistance of the War Trade Board, of regulations of this character, however, has been admittedly ineffectual, and it is essential that the Board be given full and complete authority to enforce such regulations directly and with adequate penalties. High freight rates, coupled with the practice of insuring at high values against war risks, often tempt shipowners to disregard the dictates of prudence which would influence them in normal times, and to lose sight of their responsibility to the United States in conserving one of our most essential war resources. The power to restrain them should not be left indefinite. Recommendations for legislation making effective the Board's powers in this respect will be submitted at a later date.

NEW ENGLAND COAL SITUATION.

NEW ENGLAND COAL BARGE AND TOWERS ASSOCIATION.

Early in September, 1917, it became apparent that the New England States would be confronted with a serious fuel shortage unless immediate steps were taken to augment and expedite the movement of fuel from tidewater ports. The New England Coal Committee, consisting of representatives appointed by the governors of the New England States, reported the facts to the Board and asked its intervention to the end that textile mills, munition plants, and various other industries engaged on Government work be not compelled to discontinue operations.

An investigation was immediately instituted by the Board and there was organized under its direction a voluntary cooperative unit comprising the owners and operators of all tugs and barges engaged in the New England coal trade. This organization is known as the New England Coal Barge and Towers Association, and its central office is in charge of a Supervisor of Coal Barge Operations, with headquarters at Boston, appointed by and accountable to the Division of Operations of the Emergency Fleet Corporation. The present membership of the Association comprises more than 40 carriers and controls an aggregate of approximately 40 ocean tugs and nearly 400 seagoing barges.

With the exception of a nominal salary paid to its Supervisor, all the expenses of the Association are assumed by the New England Coal Committee or by the individual members of that Committee.

Under the rules of the Association the actual movements of vessels are controlled by the owners of such vessels, but are reported promptly to and recorded by the Supervisor. As a result of this arrangement the position of every tug and barge in the service is known at all times; the movement of tows to and from New England ports, from and to coal-loading ports at New York, Philadelphia, Hampton Roads, and Baltimore, is materially expedited; and tugs and barges are being operated at their maximum efficiency. One factor to this end has been a reduction by the Association of the number of lay-days for loading and discharging barges and an increase in demurrage rates assessed by the members of the Association for the detention of barges beyond those periods.

STREAM BUNKERING AT HAMPTON ROADS.

There recently developed at Hampton Roads a serious congestion of vessels awaiting cargoes or bunkers at the piers. It was found upon investigation that under the priority rules of the port steamers awaiting bunkers were being given precedence over cargo vessels and

that in many instances as much time was being consumed in bunkering a few hundred tons of fuel coal as would have been required for loading several thousand tons of cargo coal. It was further found that this situation was not only retarding the movement of coal to New England, but was seriously interfering with the efficient operation of American and allied vessels.

With a view to the elimination of the congestion, conferences were held with representatives of the Fuel Administration, of the New England Coal Committee, and of the railroads serving Hampton Roads, the net result of the investigation being the ascertainment that the situation could be remedied only by a practical discontinuance of bunkering at the piers and the withdrawal to the stream of vessels to be bunkered.

Owners at Baltimore and Philadelphia, in a commendable spirit of public service, have assigned to the Board, for such period as they may be needed, highly efficient coal loading machines, which have been transferred to Hampton Roads, where they are to be operated by experienced stevedores acting as agents of the Emergency Fleet Corporation.

It is anticipated that this arrangement will relieve the congestion and will materially expedite the movement of coal from Hampton Roads.

REGULATION OF RATES AND PRACTICES OF WATER CARRIERS.

The function of the Board, as contemplated by the Shipping Act, is essentially one of regulation, but since the entry of the United States into the war, and particularly since the delegation by the President of his powers under the urgent deficiencies appropriation act of June 15, 1917, the regulatory functions of the Board, as heretofore noted, have been subordinated to the exigencies of construction and operation.

Current requirements with respect to the enforcements of the Act, however, have been given due attention, and as a result of the action already taken by the Board the regulation of the rates and practices of water carriers may be made effective immediately upon a restoration of normal traffic conditions.

The regulatory jurisdiction of the Board extends to two classes of water carriers—first, those engaged in foreign commerce, and, second, those engaged in interstate commerce. The statute expressly exempts from the category of foreign carriers, ferry boats running on regular routes and cargo carriers commonly known as “ocean tramps.” The term “common carriers by water in interstate commerce,” as defined in the Act, excludes carriers running on irregular routes, intrastate lines, and carriers operating exclusively on the inland waters of the United States. Carriers engaged exclusively in

the transportation of proprietary traffic also are exempted from the application of the Act.

CARRIERS SUBJECT TO REGULATION BY THE BOARD.

In order to determine the carriers subject to the jurisdiction of the Board, as included or excluded by the foregoing classification, circulars of inquiry were directed to more than 800 water lines enumerated or referred to in traffic publications. Many of the carriers so addressed did not reply, either to the original circular or to supplemental inquiries, while the enclosures in many other cases were returned unclaimed.

Reports received, however, from 654 carriers, as of June 1, 1917, showed their status, respectively, as follows:

Dissolved or discontinued operations.....	91
Operating exclusively intrastate or between ports of foreign countries....	97
Operating exclusively on inland lakes and rivers of the United States....	64
Engaged in towage, lighterage, or ferriage service.....	37
Operating via irregular routes—interstate traffic.....	107
Operating as ocean tramps—foreign traffic.....	18
Engaged exclusively in proprietary or noncarrier service.....	73
Subject to the exclusive jurisdiction of the Interstate Commerce Commission.....	13
Engaged in regular service on Chesapeake Bay and Delaware Bay.....	4
Engaged in interstate commerce within the purview of the Shipping Act..	67
Engaged in foreign commerce within the purview of the Shipping Act....	83

The status of several of the carriers hereinabove described as subject to the Act has been so changed by the transfer of vessels, either under requisition by the Government, or through voluntary alienation, that a specification based upon reports on file with the Board would not accurately reflect the scope of its jurisdiction.

The status of some of the carriers, moreover, particularly those operating on Chesapeake Bay and Delaware Bay, has not been clearly settled, owing to the absence of authoritative judicial definitions of the terms "high seas" and "regular routes." Attorney General Randolph, in a formal opinion, held that Delaware Bay is not a part of the high seas (1 Op. Atty. Gen., 32-38); and a similar conclusion with respect to Chesapeake Bay was announced by the Court of Commissioners of Alabama Claims in *Stetson v. United States*, No. 3993, Class 1. In the case of *The Martha Anne*, 16 Fed. Cases, No. 9146, the District Court for the Southern District of New York, sitting in Admiralty, held that Long Island Sound is a part of the high seas.

If it finally should be decided by the courts that Long Island Sound, Chesapeake Bay, Delaware Bay, and similar estuarial waters are not high seas within the purview of the Shipping Act, the jurisdiction

of the Board with respect to interstate commerce would be restricted to the regulation of the rates and practices of fewer than 70 carriers, or not more than one-fourth the total number of water lines engaged in the movement of traffic from State to State. A slight extension of this jurisdiction may be found in practice to be necessary to effectuate the purpose of the Congress.

JURISDICTIONAL ANOMALIES.

In this connection the following jurisdictional anomalies are to be noted: Section 5 of the act to regulate commerce, as amended by the so-called Panama Canal Act of August 24, 1912, provides that:

From and after the first day of July, nineteen hundred and fourteen, it shall be unlawful for any railroad company or other common carrier subject to the Act to regulate commerce to own, lease, operate, control, or have any interest whatsoever (by stock ownership or otherwise, either directly, indirectly, through any holding company, or by stockholders or directors in common, or in any other manner) in any common carrier by water through the Panama Canal or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic; * * *. If the Interstate Commerce Commission shall be of the opinion that any such existing specified service by water other than through the Panama Canal is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration, the Interstate Commerce Commission may, by order, extend the time during which such service by water may continue to be operated beyond July first, nineteen hundred and fourteen.

The Panama Canal Act further provides that in every case of such extension the rates, schedules, and practices of such water carrier shall be filed with and subject to the jurisdiction of the Commission, to the same extent and in the same manner as is the railroad or other common carrier controlling such water line or interested in any manner in its operation.

By section 33 of the Shipping Act it is provided that its terms shall not be held to affect the power or jurisdiction of the Interstate Commerce Commission, or to confer upon the Board concurrent power or jurisdiction over any matter within the power or jurisdiction of the Commission.

To illustrate the practical difficulties of administration resulting from this distribution of authority: The Morgan Line, a subsidiary of the Southern Pacific Company, a rail carrier, by virtue of the cited provisions of the act to regulate commerce and of the Shipping Act, is subject to the exclusive jurisdiction of the Interstate Commerce Commission. The Board is thereby divested of all control over the port-to-port rates, regulations, or practices of that carrier. The Clyde and Mallory Lines, on the other hand, although in active com-

petition with the Morgan Line, are not subsidiary to a railroad. Their port-to-port rates, regulations, and practices, therefore, are subject to the jurisdiction of the Board, and only in the matter of through rail-and-water transportation are they amenable to the Interstate Commerce Commission.

Again, a carrier operating exclusively on inland waters is not subject to regulation by the Board. A competing line plying between the same ports and operating to any extent on the high seas or the Great Lakes is subject to the jurisdiction of the Board.

By way of further illustration: A regular line operating between Duluth and Buffalo is engaged in interstate commerce within the purview of the Shipping Act. A so-called "wild" or irregular steamer available for service between the same ports and potentially engaged in a competitive service is exempt from regulation by the Board.

These anomalies, during the continuance of the war, will be of negligible importance, but with the restoration of normal conditions recommendations for remedial legislation will be submitted.

FREE TRANSPORTATION AS CONSTITUTING UNJUST DISCRIMINATION.

The Shipping Act contains in terms no inhibition against the issuance by water carriers of free or reduced-rate transportation. Section 16 of the Act, however, provides:

That it shall be unlawful for any common carrier by water, or other person subject to this Act, either alone or in conjunction with any other person, directly or indirectly * * * to make or give any undue or unreasonable preference or advantage to any particular person, locality, or description of traffic in any respect whatsoever, or to subject any particular person, locality, or description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

The foregoing provisions of the Act have inspired a number of inquiries as to whether or not a water line may lawfully transport free or at reduced rates the property of an eleemosynary institution, such as the American Red Cross. The Board in such cases, while declining to commit itself to a ruling that a concession from the regular rates and charges would constitute the giving of an undue or unreasonable preference or advantage, has disclaimed authority to waive the provisions of the law in so far as they *might* be held to inhibit the practice. Amendment of the Act to indicate the will of Congress in this respect may be in order.

TARIFFS OF INTERSTATE WATER LINES.

The Board, with respect to interstate commerce, is empowered by the Shipping Act to prescribe just and reasonable rates, regulations, and practices to be observed by water carriers in lieu of other rates,

regulations, or practices found by the Board to be unjust or unreasonable. A determination of the justness or reasonableness of foreign water rates, however, is not within the province of the Board, its jurisdiction with respect to such rates being limited to the prevention or removal of discrimination in their application.

Foreign carriers, moreover, are not required to file their tariffs with the Board, and their regulations and practices are subject to correction by the Board only in so far as they relate to or are connected with the "receiving, handling, storing, or delivering of property."

Carriers by water in interstate commerce are required by section 18 of the Act to file with the Board and keep open to public inspection "in the form and manner" prescribed by the Board, tariffs showing their maximum rates, fares, and charges; and are prohibited from demanding, charging, or collecting rates in excess of those so published, except with the approval of the Board and after 10 days' public notice, unless the Board for good cause waives such notice.

In pursuance of the foregoing provisions of the Act, the Board, shortly after its organization, tentatively issued as a basis for discussion certain proposed tariff regulations, copies of which were furnished to all known carriers by water in interstate commerce. At the invitation of the Board many of those carriers have proposed amendments to the regulations, and similar suggestions in a few instances have been offered by traffic associations and other shippers' organizations. The data so filed with the Board will be carefully analyzed and considered in connection with a revision of the rules. Pending the promulgation by the Board of formal regulations, carriers are being permitted to file with the Board copies of the same tariffs and supplements which they are filing with the Interstate Commerce Commission or with the commissions of the various States.

Freight or passenger tariffs, or both, have been filed by the following lines:

- Alaska Steamship Company,
- Ashley & Dustin Steamer Line,
- Baltimore & Carolina Steamship Company,
- Beaufort & Savannah Line,
- Benton Transit Company,
- Bridgeport & Port Jefferson Steamboat Company,
- Brunswick & Florida Steamboat Company,
- Bull-Insular Line, Inc.,
- Chicago, Duluth & Georgian Bay Transit Company.
- Chicago, Racine & Milwaukee Line,
- Chicago & South Haven Steamship Company,
- Cleveland & Buffalo Transit Company,
- Clyde Steamship Company,
- Colonial Navigation Company,
- Crosby Transportation Company.

Detroit & Cleveland Navigation Company,
 Dyer Transportation Line,
 Eastern Steamship Lines, Inc.,
 E. T. Kruse,
 Fishers Island Navigation Company,
 Frederica & Philadelphia Navigation Company,
 Goodrich Transit Company,
 Graham & Morton Transportation Company,
 Great Lakes Transit Corporation,
 Gulf & Southern Steamship Company,
 Hartford & New York Transportation Company,
 Hart Transportation Company,
 Hill Steamboat Line,
 Humboldt Steamship Company,
 Independent Steamship Line,
 Inter-Island Steam Navigation Company,
 Macdonald, Wilkins & Company,
 Maine Coast Company,
 Mallory Steamship Company,
 Matson Navigation Company,
 Merchants & Miners Transportation Company,
 Michigan City, Chicago & Western Transportation Company,
 New England Steamship Company,
 New York & Baltimore Transportation Line,
 New York & New Jersey Steamboat Company,
 New York & Porto Rico Steamship Company,
 Northern Michigan Transportation Company,
 Norwich & New York Propeller Company,
 Pacific Steamship Company,
 Panama Railroad Steamship Line,
 Parr-McCormick Steamship Line,
 Pensacola, St. Andrews & Gulf Steamship Company,
 People's Navigation Company,
 Pere Marquette Line Steamers,
 Red "D" Line (Atlantic & Caribbean Steam Navigation Company),
 Roosevelt Steamship Company,
 Savannah & Bluffton Steamboat Company,
 Seattle Steamship Company,
 Southern Steamship Company,
 Starin-New Haven Line.
 Sudden & Christenson,
 Swayne & Hoyt, Inc.,
 United Fruit Company,
 United States & Dominion Transportation Company,
 White Star Line.

DEFERRED REBATES.

No substantive violation of sections 14 or 16, other than a few cases of deferred rebates, has been reported to the Board. In those cases the matter has been taken up informally with the carriers of which complaint has been made; their attention has been directed to the provisions of the Act; and they have been admonished that summary action would be taken with respect to further violations.

CONFERENCES AND AGREEMENTS.

Section 15 of the Act requires all carriers by water in interstate or foreign commerce to file with the Board true copies or complete memoranda of all agreements or conferences with other carriers or with other persons subject to the Act—

fixing or regulating transportation rates or fares; giving or receiving special rates, accommodations, or other special privileges or advantages; controlling, regulating, preventing, or destroying competition; pooling or apportioning earnings, losses, or traffic; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive, preferential, or cooperative working arrangement.

The provisions of section 15 have been brought by the Board to the attention of all carriers subject to the Act, and practically all the records required by the Act to be submitted to the Board have been received and filed.

RULES OF PRACTICE.

Effective August 1, 1917, the Board formally promulgated its Rules of Practice governing proceedings under the Act. Copies of these Rules are available for gratuitous distribution.

FORMAL DOCKET.

Thus far only two formal complaints have been filed with the Board. The first of these, *Eastern Shore of Virginia Produce Exchange v. Baltimore, Chesapeake & Atlantic Railway Company*, Docket No. 1, involved the application by the respondent carrier of alleged unjust, unreasonable, and unjustly discriminatory rates for the transportation of potatoes in barrels from various river ports in Northampton and Accomac Counties, Virginia, to Baltimore, Maryland.

The respondent carrier filed a motion to dismiss, basing its application upon two grounds:

First, That neither the Chesapeake Bay nor any of the waters tributary thereto and traversed by the lines in question can be considered as a part of the high seas or the Great Lakes within the purview of the Shipping Act.

Second, That such water lines are owned and operated by a railroad with which they are in actual or potential competition, as tentatively found by the Interstate Commerce Commission in a proceeding under the Panama Canal Act; and that the matter of jurisdiction as between the Board and the Commission can not be finally determined until the Commission, after rehearing, shall have announced its finding in that case.

Oral argument on the jurisdictional questions involved was heard on May 14, 1917, and the case was taken under advisement. Since then no action has been taken by the Board for the reason that, under the Act as now in effect, an affirmative decision by the Commission on the application of the respondent for authority to continue its ownership and operation of the water lines would automatically divest the Board of any jurisdiction in the premises, and would render unnecessary a consideration by the Board of the status of Chesapeake Bay as inland waters or high seas within the purview of the Shipping Act.

In the second complaint, *A. George Schulz Co. v. Chicago, Racine and Milwaukee Line Steamers*, Docket No. 2, the complainant has attacked as unjust, unreasonable, and unjustly discriminatory the rates applied by the respondent to the transportation of paper boxes from Milwaukee, Wisconsin, to Chicago, Illinois. The respondent, in its answer filed with the Board and served upon the complainant, has denied that the rates in question are unjust, unreasonable, or unjustly discriminatory; and the case, being at issue, will be set down for hearing at an early date.

INFORMAL DOCKET.

In addition to the foregoing cases on the formal docket, about 25 informal complaints have been submitted to the Board, of which nearly all have been settled through correspondence or conference with the parties. The cases not already so adjusted are under consideration to that end.

Respectfully submitted,

EDWARD N. HURLEY, *Chairman*, ✓
 RAYMOND B. STEVENS, *Vice Chairman*, ✓
 JOHN A. DONALD, *Commissioner*, ✓
 BAINBRIDGE COLBY, *Commissioner*, ✓
 CHARLES R. PAGE, *Commissioner*.

APPENDIX.

- Table No. 1. Compensation of employees of the United States Shipping Board.
 Table No. 2. Personnel of the United States Shipping Board Emergency Fleet Corporation.
 Table No. 3. Statement of receipts and disbursements of the United States Shipping Board.
 Table No. 4. Statement required by section 2 of the Sundry Civil Act of June 12, 1917.
 Table No. 5. Statement of travel performed by officers and employees of the United States Shipping Board.
 Table No. 6. Balance sheet of the United States Shipping Board Emergency Fleet Corporation.

TABLE No. 1.

Compensation of employees of the United States Shipping Board.

In service prior to November 20, 1917.

Name	Designation	Legal residence	Appointed 1917	Rate per annum
Edward B. Burling.....	Chief counsel.....	Illinois.....	Aug. 13	\$7,000
Alfred Huger.....	Admiralty counsel.....	South Carolina.....	June 8	5,000
Harold H. Ebey.....	Special expert.....	California.....	June 13	5,000
Charles Yates.....	do.....	Ohio.....	Mar. 12	5,000
William L. Soleau.....	Chief clerk, disbursing officer.....	District of Columbia.....	Feb. 8	4,000
Otis Beall Kent.....	Attorney-examiner.....	Massachusetts.....	Apr. 23	4,000
Harold V. Amberg.....	Attorney.....	Illinois.....	Sept. 19	4,000
Howard Gans.....	do.....	New York.....	do.....	4,000
W. H. A. Walker.....	Special expert.....	New Jersey.....	Aug. 27	3,600
John E. Barber.....	Examiner.....	New York.....	July 27	3,600
Frank B. Lord.....	do.....	do.....	Aug. 23	3,600
Gerard C. Henderson.....	Attorney.....	Massachusetts.....	Mar. 19	3,000
Richard H. Bailey, Jr.....	Clerk to commissioner.....	District of Columbia.....	Apr. 5	2,400
Everett W. Hawkins.....	do.....	Pennsylvania.....	Feb. 16	2,400
Kathleen Lawler.....	do.....	Michigan.....	Nov. 16	2,400
Louis Levy.....	do.....	New Hampshire.....	Mar. 3	2,400
Roy H. Morrill.....	do.....	Massachusetts.....	Feb. 16	2,400
Frank W. Seth.....	Special expert.....	Maryland.....	Apr. 14	2,400
Edgar S. Coffey.....	Attorney.....	North Carolina.....	May 11	2,400
Walter R. Alexander.....	do.....	Missouri.....	Feb. 14	2,100
Charles S. Brock.....	Clerk.....	Florida.....	June 2	2,100
Benjamin V. Cohen.....	Attorney.....	Illinois.....	Aug. 1	2,000
Whitney H. Shepardson.....	do.....	New York.....	May 2	2,000
Joseph A. Scannell.....	Purchasing clerk.....	Massachusetts.....	Oct. 3	2,000
B. Leslie Vipond.....	Accountant.....	New York.....	Aug. 21	1,800
James E. Bragg.....	Clerk.....	Indiana.....	do.....	1,800
Wm. W. Houseknecht.....	do.....	Pennsylvania.....	May 8	1,800
John J. Flaherty.....	do.....	New York.....	Apr. 26	1,620
Francis G. Gardiner.....	do.....	Alabama.....	Oct. 30	1,600
Maurice J. Pierce.....	do.....	Tennessee.....	Nov. 3	1,600
William M. Woods.....	do.....	Massachusetts.....	May 24	1,600
William R. Fitch.....	Assistant examiner.....	North Dakota.....	Mar. 15	1,500
Henry E. Mangum.....	do.....	Oregon.....	May 11	1,500
Jerry C. Massey.....	do.....	Oklahoma.....	May 25	1,500
Joseph N. Welch.....	do.....	Massachusetts.....	June 10	1,500
Elbert C. Gearhart.....	Clerk.....	Maryland.....	Sept. 21	1,500
Urie J. Gendron.....	do.....	Massachusetts.....	May 14	1,500
Lloyd F. Orrison.....	do.....	Virginia.....	Sept. 10	1,500

Compensation of employees of the United States Shipping Board—Continued.

Name	Designation	Legal residence	Ap- pointed 1917	Rate per annum
Harrison V. Rouse	Clerk	Virginia	Apr. 16	\$1,500
Clifton J. Hicks	do.	Missouri	Oct. 30	1,400
Corral H. Hunt	do.	Ohio	July 26	1,400
Lloyd R. Roberts	do.	Iowa	Aug. 27	1,400
Helen E. Naumann	Stenographer	Illinois	Oct. 31	1,400
Charles H. Howell	Accountant	Washington	Aug. 25	1,320
Charles W. G. Brett	Clerk	New Hampshire	May 15	1,320
William D. Weist, jr	do.	Ohio	Mar. 19	1,320
Clarence G. Clark	Stenographer	New Jersey	July 16	1,200
Libbie A. Pexa	do.	Florida	Nov. 1	1,200
Fred A. Quinn	do.	Pennsylvania	Sept. 5	1,200
Frank H. Renaud	do.	Illinois	Aug. 16	1,200
Charles T. Rippey	do.	Tennessee	Aug. 30	1,200
John A. Russell	do.	Michigan	June 18	1,200
Charles E. Schuyler	do.	District of Columbia	Sept. 1	1,200
Morris S. Schwartz	do.	North Carolina	Apr. 28	1,200
George P. Shaw	do.	California	July 6	1,200
Eleanor M. Wadsworth	do.	District of Columbia	Aug. 3	1,200
John Wilt	do.	New Jersey	Aug. 13	1,200
Valentine G. Bretzer	Clerk	New York	Sept. 24	1,200
Blanton J. Brown	do.	Georgia	Feb. 13	1,200
Kate F. Butler	do.	District of Columbia	Nov. 7	1,200
Jay Goux	do.	New York	Oct. 16	1,200
Charles B. Gray	Stenographer	Pennsylvania	Feb. 17	1,080
Pauline V. Reilly	do.	District of Columbia	Oct. 22	1,020
Celia Glazer	do.	New York	Nov. 1	1,000
Mary M. Mahoney	do.	Connecticut	Aug. 6	1,000
Anna M. Scott	do.	Pennsylvania	Oct. 26	1,000
Francis H. Espey	do.	Maryland	Oct. 23	900
Joseph A. Granahan	Clerk	Pennsylvania	Sept. 24	900
John W. Roehling	do.	Missouri	Oct. 27	900
Isabelle M. Jones	Telephone operator	New York	Feb. 16	840
Josephine I. Kellogg	do.	do.	Apr. 30	840
T. Henry Deckleman	Assistant messenger	Maryland	Sept. 24	720
Carol R. Boss	Messenger boy	District of Columbia	Sept. 18	540
Kenneth C. Marshall	do.	Ohio	Mar. 19	540
Frederick D. Mohler	do.	District of Columbia	Feb. 17	540
Richard T. Tracy	do.	do.	Sept. 14	540
Edward J. Cobb	do.	do.	Aug. 6	480
Raymond E. Deery	do.	do.	Nov. 7	480
Samuel E. Entriiken	do.	do.	Aug. 6	480
Charles B. Hobbs	do.	do.	Sept. 22	480
William T. A. Kieny	do.	Virginia	Nov. 15	480
Grant Pierro	do.	District of Columbia	Oct. 19	480
Robert Timberlake	do.	do.	Oct. 15	420

TABLE No. 2.

Personnel of the United States Shipping Board Emergency Fleet Corporation.

As of October 31, 1917.

Division and department	Employ- ees	Salary	Total	
			Employ- ees	Salary
EXECUTIVE AND ADMINISTRATIVE DIVISION.				
Executive.....	7	\$11,100.00		
Department of information and files.....	29	31,940.00		
Stenographic department.....	76	90,520.00		
Personnel department.....	9	9,300.00		
Statistical department.....	5	6,800.00		
Department of office equipment, printing, and supplies.....	4	6,540.00		
Mail department.....	7	7,600.00		
Messenger department.....	44	27,880.00		
Department, provision and maintenance of building.....	31	17,060.00		
Department of library and maps.....	5	5,800.00		
Total.....			217	\$214,540.00
DIVISION OF CONSTRUCTION.				
Office of manager.....	6	17,700.00		
Technical department.....	44	142,955.00		
Department of general commandeering.....	27	41,900.00		
Inspection and progress department.....	4	7,800.00		
Industrial service department.....	9	31,700.00		
Total.....			90	242,055.00
Division of shipyard plants.....			9	10,502.00
Division of contracts.....			4	14,100.00
Purchasing division.....			68	133,940.00
Legal division.....			11	33,520.00
Auditing division.....			19	50,520.00
Traffic division.....			40	57,280.00
Ship protection general committee.....			11	4,807.00
Committee on standard ship construction.....			5	2.00
Personnel dealing with labor.....			6	19,501.00
Submarine Boat Corporation.....			9	23,800.00
American International Shipbuilding Corporation.....			12	32,376.00
Merchants Shipbuilding Corporation.....			22	50,938.88
Total for home office.....			522	887,881.88
Boston district.....			49	91,952.00
New York district.....			43	97,080.00
Baltimore district.....			41	85,290.00
Jacksonville district.....			87	134,780.00
New Orleans district.....			47	84,750.00
Houston district.....			71	117,420.00
San Francisco district.....			55	139,720.00
Seattle district.....			90	224,084.00
Great Lakes district.....			20	44,460.00
Philadelphia district.....			42	100,056.00
Total for district offices.....			545	1,119,592.00
SUMMARY.				
Total for home office.....			522	887,881.88
Total for district offices.....			545	1,119,592.00
Grand totals.....			1,067	2,007,473.88

TABLE NO. 3.

Statement of receipts and disbursements of the United States Shipping Board.

RECEIPTS FOR FISCAL YEAR ENDING JUNE 30, 1917.

Charter hire	\$10,000.00
--------------------	-------------

RECEIPTS, JULY 1, 1917, TO OCTOBER 31, 1917.

Sale of junk from vessels.....	\$43,912.47
Charter hire and freight.....	4,212,360.63
Miscellaneous receipts.....	4.00
	<u>4,256,277.10</u>
Total.....	<u><u>4,266,277.10</u></u>

DISBURSEMENTS, FISCAL YEAR ENDING JUNE 30, 1917.

Salaries and expenses, United States Shipping Board, 1917.....	56,456.35
Permanent fund, payment for capital stock of Emergency Fleet Corporation.....	6,000,000.00
National security and defense allotments.....	971,147.30
Settlements by Treasury Department from national security and defense allotments.....	7,831,026.70
Total.....	<u><u>14,858,630.35</u></u>

DISBURSEMENTS, JULY 1, 1917, TO OCTOBER 31, 1917.

Salaries and expenses, United States Shipping Board, 1917....	10,557.27
Salaries and expenses, United States Shipping Board, 1918....	77,184.65
Increase of compensation.....	924.21
Permanent fund, payment for capital stock of Emergency Fleet Corporation.....	34,000,000.00
Operation of vessels.....	1,303.60
Emergency shipping fund.....	71,000.00
National security and defense allotments.....	6,590,420.94
Settlements by Treasury Department.....	8,225.48
Total.....	<u><u>40,759,616.15</u></u>
Grand total.....	<u><u>55,618,246.50</u></u>

STATEMENT SHOWING THE RECEIPTS AND EXPENDITURES FROM THE OPERATION OF VESSELS FROM JUNE 1, 1917, TO OCTOBER 31, 1917.

Charter hire and freight collections.....	\$4,266,277.10
Operating expenditures.....	2,473,708.54
Balance.....	<u><u>1,792,568.50</u></u>

TABLE No. 4.

Statement required by section 2, sundry civil act of June 12, 1917. Appropriation, "Increase of compensation, United States Shipping Board, 1918, office of United States Shipping Board, organization as of Oct. 31, 1917."

Number of persons	Grade or character of position	Original rate of compensation	Increased rate of compensation
1	Cost accountant.....	\$1,800.00	\$1,890.00
2	Clerks.....	1,800.00	1,890.00
1	Clerk.....	1,620.00	1,701.00
1	Clerk.....	1,600.00	1,680.00
1	Attorney examiner.....	1,500.00	1,575.00
3	Assistant examiners.....	1,500.00	1,575.00
4	Clerks.....	1,500.00	1,575.00
3	Clerks.....	1,400.00	1,470.00
2	Clerks.....	1,320.00	1,386.00
1	Accountant.....	1,320.00	1,386.00
10	Stenographers and typists.....	1,200.00	1,260.00
3	Clerks.....	1,200.00	1,260.00
1	Stenographer and typist.....	1,080.00	1,188.00
1	Typist.....	1,020.00	1,122.00
1	Clerk.....	1,000.00	1,100.00
2	Stenographers and typists.....	1,000.00	1,100.00
1	Clerk.....	900.00	990.00
2	Telephone operators.....	840.00	924.00
1	Messenger boy.....	600.00	660.00
5	Messenger boys.....	540.00	594.00
4	Messenger boys.....	480.00	528.00
1	Messenger boy.....	420.00	462.00

Amount of increase of compensation for four months ending October 31, 1917, additional to salaries, \$924.21.

TABLE No. 5.

Statement of travel performed by officers and employees of the United States Shipping Board during the fiscal year ending June 30, 1917, in pursuance of the provisions of section 4 of an act approved May 22, 1908 (35 Stats., 244).

Date	Name of traveler	Designation	Destination	Nature of business	Expense account
1917.					
Mar. 13-15..	William Denman.	Chairman.....	New York, N. Y..	On official business of the board.	\$30.65
Mar. 22-24..	J. A. Donald.....	Commissioner.....	Newport News, Va.	Inspection of steamships McClellan and Meade.	24.45
Apr. 6-10..	.....do.....	.....do.....	New York, N. Y..	Organizing board of survey, New York, N. Y.	27.55
Do.....	R. H. Morrill.....	Clerk to commissioner.	.....do.....	.....do.....	24.05
Apr. 11-13..	J. A. Donald.....	Commissioner.....	.....do.....	.....do.....	22.15
Apr. 6-7....	F. A. Eustis.....	Special agent.....	Philadelphia, Pa..	Inspection of new vessel.	9.65
Apr. 16-19..	F. M. Bynum.....	Clerk to commissioner.	Chicago, Ill.....	Official business with Commissioner Brent.	52.05
Mar. 21- Apr. 19.	T. Brent.....	Commissioner.....	San Francisco and Seattle.	Inspection of ship-yards.	476.05
Do.....	J. Y. Underwood..	Naval architect.....	.....do.....	.....do.....	437.28
May 3-4....	W. L. Soleau.....	Disbursing officer..	New York, N. Y..	Organizing disbursing office.	18.25
May 12-13..	.....do.....	.....do.....	.....do.....	.....do.....	20.10
May 19-20..	.....do.....	.....do.....	.....do.....	.....do.....	18.95
May 26-27..	.....do.....	.....do.....	.....do.....	.....do.....	18.80
Apr. 4-7....	William Denman.	Chairman.....	.....do.....	On official business of the board.	31.70
May 19-20..	T. Brent.....	Commissioner.....	.....do.....	Inspection of terminal facilities.	27.65
Do.....	F. M. Bynum.....	Clerk to commissioner.	.....do.....	.....do.....	26.70
May 12- June 4.	J. Y. Underwood..	Naval architect.....	New York and Duluth.	Inspection of Hoboken terminal facilities and inspection of steamship Robert S. Barnes.	177.11
June 9-11..	William Denman.	Chairman.....	New York, N. Y..	Official business of the board.	39.90
Do.....	J. P. James.....	Assistant to chairman.	.....do.....	.....do.....	31.30
June 16-17..	W. L. Soleau.....	Disbursing officer..	.....do.....	Organizing disbursing office at New York, N. Y.	22.60
May 25-27..	J. A. Donald.....	Commissioner.....	.....do.....	In re operation of vessels.	22.10
June 22-23..	T. Brent.....	.....do.....	.....do.....	.....do.....	33.10
Do.....	F. M. Bynum.....	Clerk to commissioner.	.....do.....	.....do.....	17.60

TABLE No. 6.

Balance sheet of the United States Shipping Board Emergency Fleet Corporation (exclusive of the Division of Operations).

As of October 31, 1917.

ASSETS.

Cash (commandeering)	\$1, 568, 741. 45
Cash (construction)	3, 436, 173. 66
Working funds	850. 00
Controlled cash deposits	7, 940, 696. 50
Inventory of materials	2, 075, 780. 17
Commandeered ships	19, 869, 873. 63
Wood and composite ships under construction	14, 948, 277. 60
Steel ships under construction	12, 991, 066. 46
Completed machinery	38, 699. 72
Engines and machinery under construction	642, 154. 74
Plant and property	4, 401, 386. 34
Furniture, fixtures, and apparatus	70, 879. 02
Deferred charges:	
District office expense	33, 077. 78
General administrative expense	276, 515. 60
Lumber inspection expense	40, 778. 01
Consulting engineer shipyards	2, 182. 82
Ship protection committee expense	4, 495. 11
Consulting naval architect expense	40, 499. 23
Organization expense	54, 845. 36
United States Shipping Board, current account	713. 84
Total deferred charges	453, 107. 75
Total assets	68, 437, 687. 04

LIABILITIES.

Audited construction vouchers	5, 833, 536. 43
Audited expense vouchers	22, 519. 84
Audited commandeered ships vouchers	61, 999. 98
Deferred credits:	
Reserve for depreciation, furniture and apparatus	3, 541. 51
Interest on bank deposits	16, 089. 28
Capital stock	40, 090, 000. 00
Cash received from appropriation, June 15, 1917:	
Commandeering	21, 500, 000. 00
Construction	1, 000, 000. 00
Total cash received	62, 500, 000. 00
Total liabilities	68, 437, 687. 04