

Tenth Annual Report  
OF THE  
UNITED STATES  
SHIPPING BOARD



Fiscal Year Ended  
June 30  
1926



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1926

## THE UNITED STATES SHIPPING BOARD

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T. V. O'CONNOR, *Chairman.*

EDWARD C. PLUMMER, *Vice Chairman.*

WILLIAM S. BENSON, *Commissioner.*

WILLIAM S. HILL, *Commissioner.*

JEFFERSON MYERS, *Commissioner.*

ROLAND K. SMITH, *Commissioner.*

PHILIP S. TULLER, *Commissioner.*

SAMUEL GOODACRE, *Secretary.*

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## LETTER OF TRANSMITTAL

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UNITED STATES SHIPPING BOARD,  
*Washington, D. C., December 1, 1926.*

*To the Congress:*

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the tenth annual report of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation covering the fiscal year ended June 30, 1926.

T. V. O'CONNOR, *Chairman.*  
EDWARD C. PLUMMER, *Vice Chairman.*  
W. S. BENSON, *Commissioner.*  
WILLIAM S. HILL, *Commissioner.*  
JEFFERSON MYERS, *Commissioner.*  
ROLAND K. SMITH, *Commissioner.*  
PHILIP S. TELLER, *Commissioner.*

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**PART I**

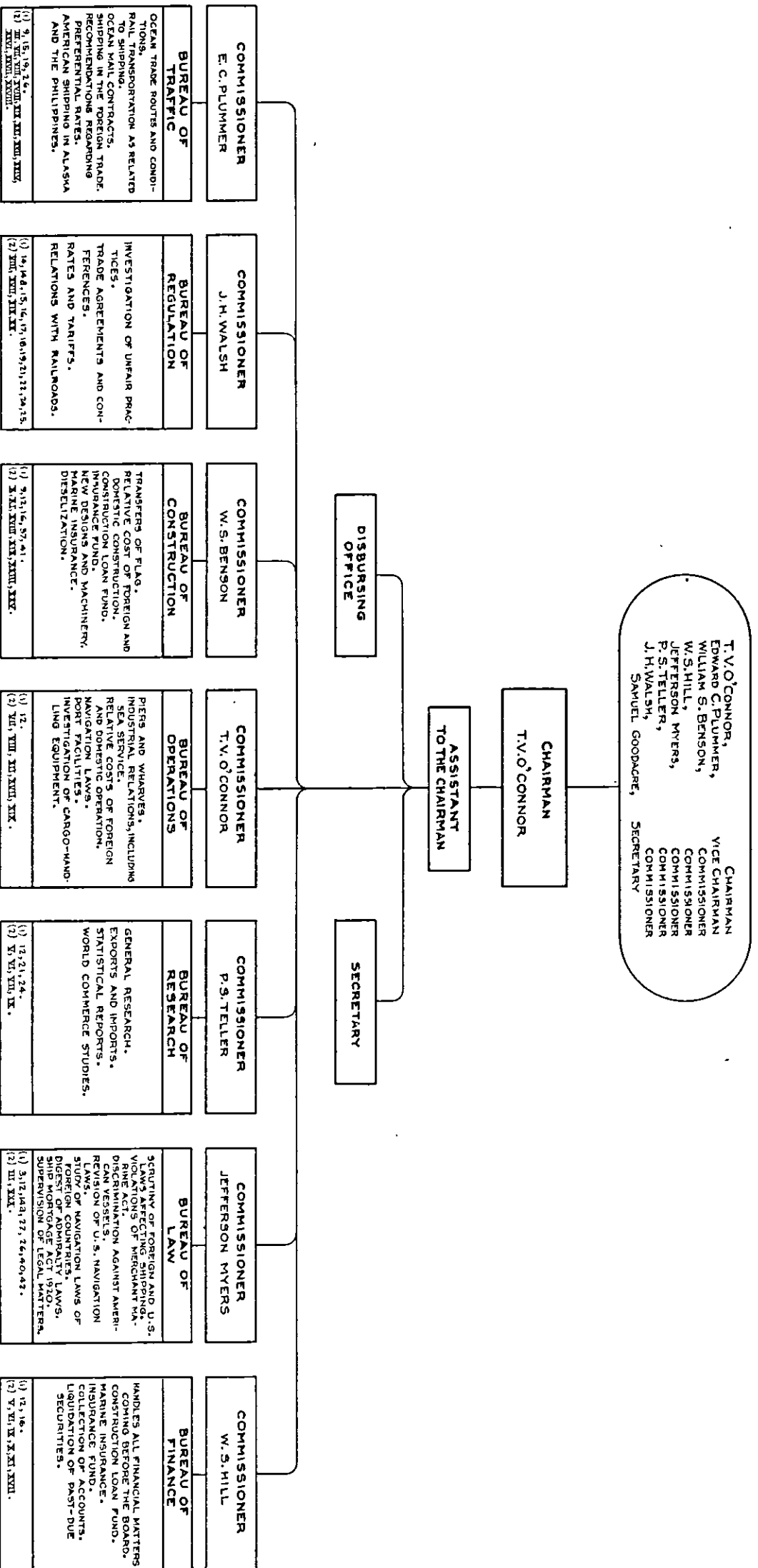
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**UNITED STATES SHIPPING BOARD**

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# UNITED STATES SHIPPING BOARD.



(1) REFERS TO SECTIONS OF SHIPPING ACT 1916 AS AMENDED.  
(2) REFERS TO SECTIONS OF MERCHANT MARINE ACT 1920.



# UNITED STATES SHIPPING BOARD

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## ORGANIZATION

On July 1, 1925, the Shipping Board was composed of the following members: T. V. O'Connor (chairman), Great Lakes, appointed a member June 9, 1921, term five years, qualified June 15, 1921. Mr. O'Connor was reappointed and qualified June 15, 1926, for a term of six years from June 9, 1926. Edward C. Plummer (vice chairman), Atlantic coast, qualified June 14, 1921, term three years; reappointed May 23, 1924, and qualified June 3, 1924, for the term to expire June 8, 1930. William S. Benson, Atlantic coast, served under recess appointment from December 1, 1920, to March 4, 1921, term one year, qualified June 13, 1921; reappointed June 13, 1922, term six years. William S. Hill, interior, appointed to serve unexpired term of A. D. Lasker, resigned, qualified February 1, 1924, term to expire June 8, 1927. Frederick I. Thompson, Gulf coast, resigned November 1, 1925, and was succeeded by John Henry Walsh, of Louisiana, who qualified November 9, 1925, for the unexpired term ending June 8, 1929. Meyer Lissner, Pacific coast, resigned December 31, 1925, and was succeeded by Philip S. Teller, of California, who qualified January 15, 1926, for the unexpired term ending June 8, 1928. Bert E. Haney, Pacific coast, resigned March 1, 1926, and was succeeded by Jefferson Myers, of Oregon, who qualified June 15, 1926, for the unexpired term ending June 8, 1931.

During the fiscal year, the board held 125 meetings, in addition to which there were held many special hearings conducted either by the board or by committees thereof.

## GENERAL

The scheme of organization of the United States Shipping Board has remained practically unchanged since its last annual report. As defined in the shipping act of 1916 and the merchant marine act of 1920, its various functions group themselves naturally under three distinct headings: (1) Regulatory and promotional; (2) maintenance and operation of the Government merchant fleet; (3) liquidation.

The board's activities are carried on in seven bureaus, namely: The Bureau of Traffic, Bureau of Regulation, Bureau of Operations, Bureau of Construction, Bureau of Law, Bureau of Finance, and Bureau of Research, each bureau being under the supervision of a commissioner. The principal functions of the various bureaus are graphically set forth in the accompanying organization chart. After preliminary and advisory work on any subject has been completed by the bureau having jurisdiction, recommendation thereon may be reported to the entire board for action.

As permitted by law, the Shipping Board operates the Government fleet through a subsidiary organization known as the Emergency Fleet Corporation, the president of which reports to the Shipping Board as to a board of directors. The board thus determines all broad general policies, relegating to the Fleet Corporation the administration of active ship operation, and holding the corporation officials responsible for the proper carrying out of whatever policies are fixed upon by the board. In determining its policies the board has kept constantly in mind the mandates of Congress prescribing in outline and detail the various measures to be adopted for the encouragement and maintenance of the American merchant marine.

There are given herewith detailed reports, for the fiscal year ended June 30, 1926, of the seven bureaus constituting the Shipping Board, and also in Part II, the report, covering the same period, of the United States Shipping Board Emergency Fleet Corporation.

#### BUREAU OF TRAFFIC

The Bureau of Traffic has two distinct zones of work. The commissioner in charge of the bureau has direct relations with the traffic department of the Fleet Corporation and is called on from time to time to consider questions of importance arising in immediate connection with the operation of the Government fleet. No attempt will be here made to enumerate items of this kind occurring in the routine work of the Department of Traffic of the Fleet Corporation, as these are naturally included in the report of the Fleet Corporation; but the following are cited by way of illustration of some items which arise out of routine.

Special assignments of vessels of the Fleet Corporation for the movement of grain from certain Gulf ports, particularly the port of Galveston, Tex., so as to facilitate the export of grain from the southwestern area of the United States when general transportation conditions do not justify their sustained operation from that section, have been continued. Though such operations are conducted at an operating loss, the benefit to the people of the United States offsets the loss, for it assures to the farmers sufficient tonnage to transport their grain and protect them from the increase of freight rates which

would result from scarcity of tonnage. The question of transportation is vital to the sale of grain in the world market, for the world price is based on Liverpool deliveries, and absence of sufficient tonnage, or prejudicial freight rates, causes great losses to the grain farmers.

Another instance of cooperation was the adjustment of the claim of the Boston Wool Trade Association under unusual circumstances. This case arose out of a shipment of wool by an American vessel from Australia, consigned to Boston, via rail from San Francisco. At San Francisco the wool was transshipped by the vessel without authority from the consignees and sent via the canal to Boston. The consignees claimed a rebate on the freight charge based on the all-rail transcontinental haul, but committed an initial error in bringing the subject before the Bureau of Regulations of the Shipping Board, instead of treating it as a case of breach of contract of transportation; hence a decision adverse to the claim was made. Claims for damages resulting from deviations from the transportation contract do not usually come within the regulatory provisions of the law; they should be treated like other cases of breach of contract. The Bureau of Traffic succeeded in having the claim reinstated as a normal traffic claim, with the result that the prejudice the wool shippers had developed against the American service was eliminated by final equitable treatment of the case.

The other line of work chargeable to this bureau concerns more definitely the development of a privately owned and operated merchant marine as a whole, without any reference to the Government fleet, except as that fleet also secures the benefits of anything done helpful to the merchant marine in its entirety. These services are varied and many of them are pursuant to express provisions of law. Among these activities during the year have been the following:

#### Ocean Mail Contracts.

Four new contracts have been procured for American lines for the transportation of ocean mails, under the provisions of section 24 of the merchant marine act, 1920. The bureau has also been instrumental in arranging the renewal of one and has had under consideration two other important applications for similar contracts. For many years the United States has given American vessels preferential treatment in the transportation of ocean mails, not only in the fact of transportation, but also in the compensation paid therefor. In the absence of an express contract, mail matter transported in regular course is paid for on the poundage basis. The compensation to American vessels is 80 cents per pound for first-class mails. This amount is substantially more than the compensation to foreign vessels for similar service; the amount paid foreign vessels is the amount

fixed by the International Postal Union. The bureau has not only acted in behalf of American lines to secure the postal contracts mentioned, but it has also urged increases of general patronage on a poundage basis in cases where the way was not clear to arrange a fixed postal contract. The bureau has had the most cordial cooperation of the Post Office Department in these matters.

The fact that the ocean mail act, 1891, is practically obsolete, though still technically in force, has increased the opportunity for service by the board under the provisions of section 24 of the merchant marine act, 1920. The underlying principle of section 24 is to be distinguished from that of the ocean mail act in that the latter has in it fixed rates prescribed by Congress, but section 24 allows great latitude in the discretion to be exercised by the Shipping Board and the Postmaster General in determining the amount of compensation to be paid. The policy is clearly outlined, however, that the compensation is not to be measured exclusively by the transportation value of the service rendered, but by a broader test including other factors, and including the amount of compensation necessary to maintain the route as a service desired "in aid of the development of a merchant marine adequate to provide for the maintenance and expansion of the foreign and coastwise trade of the United States and a satisfactory Postal Service in connection therewith."

Among the contracts which have been secured are the following:

*Munson Steamship Line.*—By resolution dated February 26, 1926, the board recommended that a contract be made between the Postmaster General and the Munson Steamship Line for the payment to that line of \$3 per statute mile for each outward voyage of each vessel, for the transportation of United States mails from New York to Rio de Janeiro, Montevideo, and Buenos Aires, including any other South American east coast ports that might be agreed upon. The vessels involved in the service to which this recommendation relates are four fine steamers built for a possible speed of about 20 knots and are the express type of combination passenger and freight vessels, having a capacity of about 275 first-class passengers, 150 third-class passengers, and from 7,000 to 9,000 tons of cargo. They are the fastest in the east coast South American service, irrespective of flag. The route on which they are operated, however, is a highly competitive route, with competing vessels under the control of the three largest steamship syndicates in the world, with the resulting advantage to the competitors of being able to draw on the resources of other routes maintained by them to meet competitive conditions on the New York-South American route. As a result of this bureau's activity, the Postmaster General entered into a contract with the

Munson Steamship Line, dated March 19, 1926, substantially in conformity with the certification of the board.

*Export Steamship Line.*—By resolution dated February 26, 1926, the board recommended to the Postmaster General that a contract be made by him with the Export Steamship Corporation of New York, under the provisions of section 24 of the merchant marine act, 1920, for the transportation of United States mails by the American Export Line operated by that company from New York to the Mediterranean and Black Sea ports, and certified that the payment of a flat sum of \$100,000 per annum would be a just and reasonable rate of compensation for such service. The vessels of this line are primarily cargo vessels and the character of the mail transported is chiefly parcel-post matter. The Postmaster General entered into a contract with the Export Steamship Line, dated March 17, 1926, substantially in conformity with the certification of the board.

*American-South African Line.*—By resolution dated May 21, 1926, the board recommended to the Postmaster General that a contract for the transportation of mail be made by him with the American-South African Line, under the provisions of section 24 of the merchant marine act, 1920, for the transportation of mails by the liner service maintained by that company between the port of New York and ports in the Capetown-Beira range of British and Portuguese South and East Africa, the compensation to be \$5,000 for each outgoing voyage, with 12 voyages per annum at intervals of approximately four weeks. The trade route involved is highly competitive, the line having as rivals several long-established British lines, as a result of which the American-South African Line has been operated at a substantial annual deficit and having the disadvantage that it is the only service operated by it, whereas the competing lines are chiefly owned by wealthy British companies also operating other routes from which revenues are drawn which assist them to meet competing conditions on the route here involved. Pursuant to the recommendation of the board, the Postmaster General entered into a contract, dated June 7, 1926, with the American-South African Line (Inc.), substantially in conformity with the certification of the board.

*Dollar Steamship Line.*—By resolution dated June 16, 1926, the board recommended to the Postmaster General the making of a contract with the Dollar Steamship Line under the provisions of section 24 of the merchant marine act, 1920, on the basis of the payment of \$2 per statute mile for each outward voyage, 24 voyages per annum, at intervals between voyages of approximately two weeks, for the transportation of all kinds of mail matter tendered by the Post Office Department at any port of the United States, including the Hawaiian and Philippine Islands, at which the vessel

may stop, consigned to Singapore, Straits Settlements, or consigned to any ports between the west coast of North America and Singapore at which the vessel may be scheduled to stop; with the proviso that any mail matter intended for transportation to any port beyond Singapore at which the vessel is otherwise scheduled to call shall be paid for on the usual poundage basis. The Dollar Steamship Line is operating a service (in competition with many foreign vessels) on a round-the-world route, including services between California and Singapore with stops at intermediate ports in the Hawaiian Islands, Japan, China, and Philippine Islands, under the name of the "Dollar Steamship Line Round-the-World Service." Pursuant to the recommendation of the board, the Postmaster General entered into a contract with the Dollar Steamship Line, dated July 1, 1926, substantially in conformity with the certification of the board.

All the services involved in the contracts mentioned above were services that had been established and operated by the board under the provisions of section 7 of the merchant marine act, 1920. Pursuant to the provisions of section 7 and to the policy defined by section 1 of that act, these lines had been sold by the board to private owners, with guarantees, in some instances, for the maintenance of the service. These postal contracts were developed by the Bureau of Traffic to promote the successful operation of the routes under private ownership.

*Oceanic Steamship Co.*.—In addition to the above mentioned contracts, the board also was instrumental in arranging the renewal of a contract between the Postmaster General and the Oceanic Steamship Co. for the transportation of mails from California to Australia, the compensation being \$3 per statute mile for each outward voyage. The contract with the Oceanic Steamship Co. was in continuation of an original contract initiated by the board in 1921; the original contract was the first instance of action by the board under the provisions of section 24 of the merchant marine act, 1920. The initial contract proved the wisdom of Congress in authorizing such contracts, for the service of the Oceanic Steamship Co. was about to be abandoned, and a trans-Pacific service under the American flag, between the United States and Australia, was thus preserved solely because of the provisions of section 24. In connection with the renewal an important transaction involving the continued operation of the Oceanic Steamship Co. was under consideration, and the parties to it came to the board for its support in procuring the renewal, with the result that a contract dated May 13, 1926, was executed by the Postmaster General with the Oceanic Steamship Co. for the transportation of mails from San Francisco, Calif., to the port of Sydney, Australia, including service to Honolulu and Pago Pago, for the period from May 23, 1926, to June 30, 1928, the com-

compensation being \$23,298 per outward voyage, which amount is computed on the basis of \$3 per statute mile. The resolution recommending the renewal of the contract is dated May 1, 1926.

It is expressly provided by section 24 that all mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on American built vessels, documented under the laws of the United States; and that no contract for carrying mails on such vessels shall be assigned or sublet and no mails covered by such contracts shall be carried on any vessels not so built and documented.

#### **Interest in Lines Sold.**

During the year the board continued its interest in lines previously sold by it. It has been the practice, when services are sold to private parties, to require a guarantee that the service sold should be maintained by the purchaser for a period of time prescribed in the agreement. The purpose of the guarantee is not financial, but to assure the continued operation of the service; hence any financial penalties, even if paid, do not solve the problem. When in the judgment of the board a particular service should be continued, and its continuance is doubtful under private ownership, the board is disposed, in proper cases, to resume its operation. The financial adjustment of the contract between the board and the purchaser in such cases is, from one point of view, incidental; the main point is to maintain vessels under the American flag on the route involved when the board deems it important.

The Palmetto Line, sold by the board to a private corporation, was operated by the purchaser between Jacksonville, Charleston, and Savannah, and Liverpool, Manchester, Bremen, and Hamburg; and also between Tampa, Jacksonville, Charleston, and Savannah, and London, Rotterdam, and Antwerp. Because of the severe competition by foreign vessels it became doubtful whether the service would be maintained under private ownership, so the vessels were taken back by the board, and the purchaser was relieved from the operating guarantee contained in the original contract of sale.

Although a particular route may be maintained while under Government ownership and operation, because foreign competing lines know that destructive competitive methods can not exhaust the Government's resources, their attitude changes when the same line is transferred to private ownership with limited capital investment. Some protection can be furnished by the board under section 19 of the merchant marine act, 1920, which authorizes and directs the board, in proper cases, to make rules and regulations affecting shipping in the foreign trade, in aid of the accomplishment of the purposes of the merchant marine act, 1920, in order to adjust or meet general or special conditions unfavorable to American shipping engaged in foreign trade, especially when such conditions arise "from competitive methods or practices employed by owners, operators,

agents, or masters of vessels of a foreign country." It is difficult to get adequate protection, however, through such means. Knowledge that the Government is prepared to resume the operation of vessels on routes it has sold with guarantee of service by the purchaser, is an added protection to the private operation of a line purchased from the board, as destructive competition is not likely when it is known it will not result in permanently eliminating American vessels. The action of Congress at its last session in appropriating \$10,000,000 to be expended by the board, with the approval of the President, in cases of this kind, has greatly strengthened the position of the board in its purpose thus to protect American operators.

#### **Coastwise Laws.**

During the year the board renewed its recommendation, by resolution dated November 17, 1925, that the time when the coastwise laws of the United States shall be made effective as to the Virgin Islands, under the provisions of section 21 of the merchant marine act, 1920, should be extended until September 30, 1926, as the board was of the opinion that tonnage under the American flag available for service between the United States and the Virgin Islands remains inadequate and the citizens of the islands should, of course, not be subjected to noncompetitive conditions in their transportation facilities with the United States. Pursuant to this recommendation, the President issued a proclamation accordingly, dated November 24, 1925, extending the time to September 30, 1926.

The resolution of the board passed January 30, 1922, certifying to the President the adequacy of tonnage available for service in commerce between the United States and the Philippine Islands, with a view to the President, acting under section 21 of the merchant marine act, 1920, issuing a proclamation extending the coastwise laws to those islands, has been permitted by the board to remain in full effect; hence the board maintains the attitude that the tonnage of American vessels operating between the United States and the Philippine Islands is adequate. It remains a fact, however, that the President has not acted on the recommendation of the board; hence commerce between the Philippine Islands and the United States is open to vessels of all flags.

During the year the board has continued its consideration of traffic conditions on the Great Lakes, with special reference to the enforcement of the coastwise laws. The conditions there prevailing are very different from those prevailing elsewhere, because of the exception contained in section 27 of the merchant marine act, 1920, under which vessels of Canadian registry are permitted to share in the transportation of commodities moving in the domestic commerce of the United States under the circumstances mentioned in the act



In the absence of some appropriate form of direct Government aid the protection of the coastwise system is peculiarly important. The desire of foreign vessels to invade the coastwise trade of the United States is being emphasized by foreign operators and by foreign officials and commercial bodies. Unfortunately, rulings are sometimes made by American officials which advance the interests of foreign vessels in this respect. During the year a ruling by the Attorney General of the United States, dated February 4, 1926, in the case of Anglo-Mexican Petroleum Co. (Ltd.), received the consideration of the bureau because of its great importance to the coastwise laws. Under the ruling a foreign vessel is permitted to transport California gasoline from California ports to New Orleans, though unloaded and delivered there, in those cases where it is subsequently reshipped and conveyed to foreign ports, in the meantime having been combined with mid-continent gasoline. This bureau actively protested and urged that the transportation of a commodity from one port of the United States to another port of the United States, under the circumstances mentioned, is distinctly a coastwise movement and should be limited to American vessels.

In the annual report of the board for 1925 (p. 39) there is recorded important results of investigations conducted by the bureau during the previous fiscal year, showing the efforts of foreign groups and of international conferences to procure for foreign vessels a share in the coastwise trade of the United States. These investigations were continued through the year and further information procured, showing the continuance of international propaganda to influence the United States to abandon its protective coastwise system.

#### **Uniform Bills of Lading.**

A brief statement of the movement to procure the use of uniform bills of lading by the maritime nations of the world is made in the annual report of the board for 1925 (p. 43). The bill therein referred to (H. R. 12339), which was favorably reported by the House Committee on the Merchant Marine and Fisheries, was distributed very generally throughout the shipping world by the Bureau of Traffic, together with a brief statement of its provisions and the respects in which it varied from "The Hague Rules of 1921," which rules were the product of various international conferences and have been intended as a basis of an international agreement relative to uniform bills of lading.

This bill was a revision of an earlier bill (H. R. 11447) based largely on The Hague rules, which, if enacted, would have embodied the rules as a part of the laws of the United States. Extensive hearings were held by the Committee on the Merchant Marine and Fisheries, at which were presented the views of many shippers and

operators of ships, and the committee made important amendments, embodying them in House bill 12339, entitled "A bill relating to the carriage of goods by sea."

The bureau, while in sympathy with the principle of having a uniform bill of lading for ocean transportation, protested against the adoption of a measure which took away freedom of action from American operators when competing foreign operators retained such freedom of action, in determining the form and substance of bills of lading to be offered shippers. Its views were adopted by the House committee, and the bill as reported provided for optional use, pending further developments.

Having ascertained during the year that the Department of State authorized the American ambassador to Belgium to sign a convention for the adoption of The Hague rules by the United States, through the means of an international agreement, and that the ambassador had in fact signed such a convention, action was taken by this bureau to get the Department of State to postpone transmitting the proposed convention to the Senate, and a resolution was accordingly adopted by the board on December 14, 1925, whereby the Secretary of State was requested to consider whether the sending of the convention to the Senate for approval might not be wisely postponed, and whether the recommendations of the committee of the House having jurisdiction on the subject should not be further considered, especially as the proposed procedure, if followed, would prevent the House of Representatives from having a part in the consideration of the measure, inasmuch as action by the Senate is alone involved in the confirmation of an international agreement. The more fundamental question was also urged by the board that all parties interested should have further opportunity to consider whether the terms of contracts between American citizens, such as a bill of lading between an American steamship company and an American shipper, should be regulated in detail by international agreements, as distinguished from legislation in regular course, in which both Houses of Congress must concur. Other interests also urged delay in the presentation of the agreement to the Senate pending general legislation on this subject. The agreement in fact was not transmitted to the Senate prior to the adjournment of Congress in July, 1926.

#### **Joint Bills of Lading.**

Acting under the provisions of section 25 of the interstate commerce act, the Interstate Commerce Commission and the board, in cooperation, concurred in a form of joint bill of lading to facilitate shipments from interior points to ship side and thence for transportation by water to destination. The practical functioning of such joint bills of lading, and proposed legislation affecting them, were the

subject of investigation by the bureau of traffic during the year. The bill of lading thus in use is "joint" only in a physical sense, in that the obligations of the railroad company and of the steamship company, respectively, are set forth on a single sheet of paper, but are wholly independent, one of the other. It was proposed during the year that the board should adopt measures making more effective the use of the *bill of lading in question*, but no action to that end was taken. An active part was taken in the hearings before the Committee on Interstate Commerce of the House of Representatives on bills pending before that committee having in view radical changes in the provisions of section 25 of the merchant marine act, 1920, which would affect the structure and operation of the joint bills of lading mentioned, and a subcommittee of the House has requested this bureau to compile and submit, before the next session, a revision of such proposed legislation.

#### **Railroad and Steamship Contracts.**

The mutual relations of certain trunk-line railroads with foreign steamship lines, under cooperative agreements for the exchange of freight, etc., again came up for the attention of the bureau during the year. The agreement between the Great Northern Railway Co. and the Nippon Yusen Kabushiki Kaisha, a Japanese-owned steamship line, operating vessels under Japanese registry, is an illustration of these arrangements which were deemed sufficiently objectionable by the convention of the National Democratic Party to cause that party to include a plank protesting against them in the national platform for the Federal election in November, 1924.

Formerly there were a number of these agreements. This bureau has given consideration from time to time to not less than 40 of them. Most of these have either expired by limitation, or have been canceled by consent (in some cases at the instance of the board), or have become obsolete. During the period when the United States gave little attention to the development of a merchant marine and the transportation of practically our entire foreign commerce was done by vessels under foreign flags, such arrangements between railroads and foreign steamship lines were normal. At the present time any preferential arrangement between trunk line railroads in their relations with transoceanic commerce should, it would seem, be made with the vessels under the American flag, and any such arrangement which gives preferential treatment to foreign lines, to the prejudice of American vessels, should be forbidden and it is to this end that this bureau is continuing its work on the subject. Whether such arrangements exist under formal agreements in writing or are based only on oral understanding the result is the same in the injury done to American shipping.

**Reparations Commission Vessels.**

An item arising out of the treaty of Paris, 1919, affecting shipping, received the attention of the bureau during the year in the assistance rendered the Standard Oil Co. of New Jersey in its relations to the Reparations Commission, to which was entrusted certain administrative functions incident to the treaty. Certain tankers owned by a German corporation, that were in British ports at the outbreak of the World War, were at the close of the war delivered to the United States by the Reparations Commission because it was claimed by the Standard Oil Co. that it owned 98 per cent of the capital stock of the German corporation. They were delivered to the United States pending a decision by the commission concerning their ultimate ownership and with a provision that any net earnings from their operation should in the meantime be held in trust. The United States, acting through the Shipping Board, then gave the vessels to the Standard Oil Co. for custody and operation. Certain complex questions having arisen as to the right of the Standard Oil Co. to spend trust funds for reëngining one of the vessels, this bureau examined the facts and brought them before the Department of State. Acting under a resolution of the board dated October 7, 1925, that department referred the matter to the acting American observer with the Reparations Commission for presentation to the commission. The managing committee of the Reparations Commission did not make the concession sought, but did take steps to procure an early decision concerning ownership of the vessels.

**Indirect Discrimination.**

The following instance of the influences which divert American exports to foreign vessels received the attention of this bureau. Certain cotton growers when exporting cotton made provision that it should be transported in vessels classified by "Lloyd's," a British classification society, with the result that the transportation was made by British vessels in many instances when it should properly have been by American vessels. This practice ignored the recognition given by Congress (section 25 of the merchant marine act, 1920) to the American Bureau of Shipping for the classification of vessels, especially American vessels. This bureau, through the cooperation of the American Bureau of Shipping, ascertained that the practice was initiated by the American Cotton Growers' Exchange of Memphis, Tenn., a combination made up chiefly of cotton growers in Tennessee and Oklahoma. The American farmers were entirely innocent in the matter, and had no intention of giving preference to foreign vessels. They of course knew nothing about the significance of the requirement that the vessels must have "Lloyd's classification." Inquiry revealed that the practice had its origin in the fact that the cotton growers employed an expert manager who was a

citizen of a prominent maritime foreign nation. Because the underwriters' agents specified that the vessels carrying cotton cargoes must be "classed," this manager is alleged to have extended the requirement that it must be "Lloyd's classification," thus not only promoting the prosperity of the British classification society to the prejudice of the development of the American Bureau of Shipping, but through this medium procuring cargo for British vessels which otherwise might have moved by American vessels, inasmuch as many American vessels are "classed" by the American bureau but are not classed by Lloyd's. The subject is still receiving the attention of this bureau; it is an apt illustration of the activities operating in opposition to the upbuilding of an American merchant marine.

#### **Australian Customs Discrimination.**

Under the provision of section 19 of the merchant marine act, 1920 the board is authorized to make rules and regulations affecting shipping in foreign trade, found necessary to meet general or special conditions unfavorable to American shipping and which arise out of or result from foreign laws, rules or regulations, or from competitive methods or practices employed by owners, operators, agents or masters of vessels of a foreign country. Within the scope of the provision referred to is a practice of the Government of Australia in the application of its customs laws which is prejudicial to the interests not only of American shipping but also of American trunk line railroads.

The board brought the matter mentioned to the attention of the Tariff Commission some time ago and that commission subsequently carefully examined the subject and rendered a report to the President, pursuant to the provisions of the tariff act, under which, in such cases, the President has authority by proclamation to impose a retaliatory tariff. During the year this item has been receiving the attention of the bureau in consultation with representatives of the Department of State and otherwise, having in view some affirmative action which will correct the conditions complained of. The Australian discrimination may best be presented by an illustration: Assuming the shipment from Chicago of two carloads of material, one of which is routed via San Francisco, thence to Australia, and the other via Vancouver, thence to Australia, the customs charge assessed, though the commodities are identical in kind and quality and though traveling and arriving concurrently, is as follows: To the value of the material shipped via San Francisco there is added the transportation cost from Chicago to San Francisco; to the value of the material shipped via Vancouver there is added the transportation cost not to Vancouver but only for that part of the trip between Chicago and the Canadian border. This practice results in a differ-

ential in favor of shipment via Vancouver equal to the tariff rate on the commodity involved computed on the difference between the cost of the rail transportation from Chicago to San Francisco as compared with the very short haul from Chicago to the Canadian border. While the rule complained of is not expressly directed against the flag of the vessel, its practical application results in the ocean haul being by British vessel in those cases where the shipment goes to Vancouver.

#### **Interstate Commerce Commission.**

The bureau has been active during the year on items arising under section 8 of the merchant marine act, 1920, according to the provisions of which it is the duty of the board to investigate territorial regions and zones tributary to water terminals, with the object of promoting, encouraging, and developing ports, taking into consideration economies of transportation by rail, water, and highway and the natural direction of the flow of commerce. The activities of the bureau during the year had special reference to matters in respect to which the Interstate Commerce Commission has jurisdiction, inasmuch as the section of the law mentioned provides that if after such investigations the board should be of the opinion that rates, charges, rules, or regulations of common carriers by rail subject to the jurisdiction of the Interstate Commerce Commission are detrimental to the declared object mentioned, or that new rates, charges, rules, or regulations or affirmative action by common carriers by rail is necessary to promote proper port development, the board may submit its evidence to the Interstate Commerce Commission for its action.

Various items involving the interests of shippers in different sections of the United States came before the bureau for action. The most important item receiving attention is the case known as Interstate Commerce Commission Docket 12681, entitled "In re Charges for Wharfage, Handling, Storage, and other Accessorial Services at South Atlantic and Gulf Ports," which has been pending for some time. In respect to it a report of the examiner was presented for confirmation by the commission; and at that point the board, believing that the decisions recommended by the examiner's report were not for the best interests of American shipping, intervened in the case and succeeded in securing the entry of an order by the Interstate Commerce Commission extending the scope of the hearing so as to include the North Atlantic ports, and to further develop the proposal that quotations for transportation by rail from interior points to ship side should be divided, so as to reveal to the shipper the cost of the line-haul transportation and the cost of terminal charges incident to the particular terminal at which the railroad proposes delivering the commodity.

As the Interstate Commerce Commission extended the hearings at the instance of the Shipping Board, because of the bearing the subject had on American shipping, that commission has invited representatives of the board to cooperate in matters preliminary to its further hearings and the Bureau of Traffic has been active during the year in work and consultations with representatives of the Interstate Commerce Commission, preparatory to the hearings.

Nothing contained in the original motion of the board before the Interstate Commerce Commission nor in any presentation of the subject since that time has been in conflict with the practice of railroads quoting single rates including terminal charges, so as to make it possible for a shipper in the interior to secure a contract of transportation relieving him of all further responsibility for the delivery of his shipments to the vessel. The underlying principle is that the shipper is entitled to know what part of the quotation represents the main rail charge and what part of it represents terminal expense, to the end that the shipper may elect to use another terminal serving other vessels, if in his opinion his interests are thereby served.

As the result of the cooperative work between the board, acting through the Bureau of Traffic and the Interstate Commerce Commission, a formal notice was issued by that commission dated March 22, 1926, and sent to the railroads involved, which notice was accompanied by an appendix setting forth in detail the data to be compiled, in respect to which data the commission makes the following statement: "The United States Shipping Board having an especial interest in this proceeding requests that the railroad carriers submit at the hearings, to be announced later, testimony or documentary evidence in response to the questions outlined in Appendix A."

#### Erie Canal.

At the request of the chairman of a committee of the senate of the State of New York the board had this bureau appear at hearings held in New York to consider conditions relating to the Erie Canal and questions involving the development of a barge canal for the improvement of water transportation between the Great Lakes and tidewater. The importance of this investigation is emphasized by existing activities in behalf of the improvement of the St. Lawrence River and the development of deep-water transportation between the Great Lakes and the ocean via that river. With full recognition of the needs of the central western area of the United States and the improvement of every facility which will develop and lessen the cost of its communications with foreign countries, the importance has been emphasized of having all such transportation facilities wholly within American territory if this can be done from an engineering point of view. The interest of the board in the development of transportation between the Great Lakes and New York Harbor has been

manifested in its administration of the construction loan fund maintained under section 11 of the merchant marine act, 1920, the board having aided, by a loan, the construction of motor vessels for operation on the route mentioned, through the Erie Canal; the result, however, to the operating company has not been as successful as expected, because that canal has not been dredged to the depth contemplated; hence the vessels can not be loaded to capacity.

**Consolidations, etc., of Service.**

In the annual report for 1925 (pp. 18 to 22) an enumeration is set forth of the consolidations of various services maintained during the previous year pursuant to policies of the board, and the following supplemental information is given concerning developments during the year:

On August 13, 1925, the board approved a contract dated August 6, 1925, covering the sale of the American Palmetto Line to the Carolina Steamship Corporation with a guarantee of service between South Atlantic and Gulf ports and United Kingdom and Baltic ports.

On August 18, 1925, the board approved a contract dated August 14, 1925, covering the sale of the American Export Line to the Export Steamship Co., which sale was accompanied with a guarantee of service between New York and ports of the Mediterranean, Adriatic, and Black Seas.

On November 12, 1925, the board authorized the sale of the Pan American Line to the Munson Steamship Line, with a guarantee of service between New York and east coast South American ports, the contract of sale in this instance being dated November 12, 1925.

On December 22, 1925, the board authorized the sale of the American South African Line to the American South African Line (Inc.), with a guarantee of service between Atlantic and Gulf ports and South African ports, and a contract of sale executed accordingly, dated January 6, 1926.

On January 19, 1926, the board authorized the sale of the Pacific-Argentine-Brazil Line to the Pacific Argentine Line (Inc.), with a guarantee of service between Pacific coast ports and east coast South American ports, the contract of sale being dated January 22, 1926.

On April 13, 1926, the board authorized the sale of the American Oriental Mail Line to the American Oriental Line, which sale was accompanied with a guarantee of service between Seattle and Puget Sound ports and Japan, China, and the Philippines. The contract of sale in this instance is dated May 28, 1926.

For reasons elsewhere set forth in this report, the board on January 6, 1926, adopted a resolution authorizing the retransfer to the



United States of the vessels previously sold to the Carolina Steamship Corporation, as above mentioned, and authorized the Fleet Corporation to enter into an operating agreement with the Carolina Steamship Corporation for the operation of the vessels—which was done; but the service was subsequently assigned for operation to the South Atlantic Steamship Co.

On June 29, 1926, the board authorized the consolidation of the American India Line and the Atlantic Australian Line, and the operation by the Roosevelt Steamship Co. (Inc.) of the services thus combined.

On June 16, 1926, the board authorized the consolidation of the American Far East Line and the Pacific Australian Line and the operation by Swayne & Hoyt (Inc.) of the services thus combined. Services Discontinued.

On June 8, 1926, the board approved the recommendation of the Fleet Corporation that the service maintained under the trade name "American Antilles Line" be discontinued. Only two vessels were operated in this service. One vessel was withdrawn from service, and the other vessel was sold to the Colombian Steamship Co. (Inc.), with a guarantee that a service would be maintained equivalent to that formerly operated for the board under the American Antilles Line.

These facts are mentioned incident to work of the bureau under the provisions of section 7 of the merchant marine act, 1920, in the study of trade routes. Investigations under the section mentioned have in view the compilation of data for the general benefit of the American merchant marine, and therefore for the benefit of private investors interested in shipping.

#### BUREAU OF REGULATION

The shipping act, 1916, in its title setting forth the purposes for which the board was created describes the statute, in part, as "an act to establish a United States Shipping Board \* \* \* to regulate carriers by water engaged in the foreign and interstate commerce of the United States." One of the first functions which the board prepared to exercise was that of regulation, and the Bureau of Regulation was created in May, 1917, as the instrumentality for carrying on this regulatory work. Since the close of the war the activities of the bureau have been steadily extended, and during the past year the increase in the volume and importance of its work has been marked.

Under the act the scope of the regulatory jurisdiction of the board extends to the rates, fares, charges, and practices of two classes of common carriers by water—those engaged in interstate commerce on regular routes from port to port on the high seas and the Great

Lakes and those engaged in foreign commerce, exclusive of tramps. In addition, persons carrying on the business of forwarding or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water are brought within the purview of such jurisdiction. At the present time 201 interstate carriers, 252 foreign carriers, and approximately 186 forwarders and others are subject to regulation by the board.

The duties of the bureau under the regulatory provisions of the statute naturally group themselves into activities in relation to formal proceedings, informal complaints, tariffs, and section 15 agreements. These will be considered in the order named.

#### **Formal Proceedings.**

Section 22 of the act accords to any person the privilege of filing with the board a sworn complaint setting forth any violation of the act by any carrier or other person subject thereto, and provides that the board after full hearing may make an order relating to any such violation. Also the board of its own motion may institute an investigation into any violation of the act. In order to make definite and uniform the procedure to be followed in respect to such complaints and investigations, rules of practice were promulgated by the bureau and adopted by the board, and all formal cases conducted by the bureau are governed by them. To date 32 formal complaints have been filed with the bureau and 8 investigations have been instituted by the board of its own motion at the recommendation of the bureau. Of these formal proceedings, eight were docketed during the period covered by this report.

Of the cases decided during the year, one involved an award of reparation in the amount of \$47,856 for injury sustained by a shipper due to a carrier's unjust discrimination in violation of section 16. In another case brought upon complaint, particular rates of three carriers were found to be unjust and unreasonable, and other rates in lieu thereof were prescribed for the future. The jurisdiction of the board was questioned by one of such carriers upon the ground that Chesapeake Bay is not "high seas" within the meaning of the statute. Formal argument in respect thereto was heard by the board in accordance with the rules of practice, and a decision rendered sustaining the board's jurisdiction. This decision is based largely upon the language used in *United States v. Rodgers*, 150 U. S. 249, where in speaking of the Great Lakes as high seas the court asserts that "Bodies of water of an extent which can not be measured by the unaided vision, and which are navigable at all times in all directions, and border on different nations or states or people, and find their outlet in the ocean, as in the present case, are seas in fact, however they may be designated." Other formal complaints concerning misrouting, failure to absorb wharfage, the applicability

of rules and regulations of the consolidated freight classification to water transportation, improper rate alignments, and questions relating to tariff interpretation were the subject of hearing and final report during the year or are now receiving attention.

Of the three investigations initiated by the board during the year, one, *Ex parte 3, Intercoastal Rate Investigation*, was the subject of hearing conducted by the bureau on June 24. This proceeding primarily involves the lawfulness for the future of intercoastal carriers' rates on file with the board and posted for the information of the shipping public in pursuance of the requirements of section 18 of the act. The other initiatory proceedings in which hearings will shortly be held relate to the character of agreements between carriers party to steamship conferences required to be filed with the board by section 15 of the act, and the lawfulness of the practice of certain carriers in according lower rates to shippers who agree to patronize such carriers exclusively than to shippers who do not so agree.

#### **Informal Complaints.**

By section 24 of the board's rules of practice, shippers and others (including carriers) are privileged to file with the board informal memoranda setting forth statements of acts or omissions of carriers conceived by them to be in contravention of the regulatory provisions of the statute. The Bureau of Regulation thereupon by informal conference and correspondence seeks to bring about understanding and withdrawal, adjustment or settlement, and to promote and preserve amicable relations between the parties.

Sixty-seven of the 539 informal complaints entered on this docket since the inception of the bureau's work have been filed during the past year. Briefly, and by way of illustration, those filed since the last annual report may be stated to involve such matters as misinterpretation of tariff items, improper classification of articles of commerce, failure of carriers to transport shipments offered, erroneous application of less-than-carload rates to assembled shipments equaling or exceeding carload minima, and the propriety of tariff and bill of lading rules and regulations. At all times the bureau has endeavored to bring before the parties the legal principles governing the particular controversy involved and has sought to avert the filing of formal complaints.

#### **Tariffs.**

The administration of the requirements of section 18 of the shipping act and the tariff regulations of the board governing the publication, posting, and filing by interstate carriers of tariffs showing in detail the rates, fares, charges, classifications, and rules in respect to services rendered by them continued to be one of the major activities of the bureau during the year. At the close and opening of navigation on the Great Lakes and in connection with Alaskan

service the increase in the tariff work of the bureau was pronounced. In all, 1,331 freight and passenger tariffs and 764 concurrences and powers of attorney were submitted and examined. These tariffs and instruments have during the past year affected extensive changes in carriers' rates and practices as shown by comparison with tariffs previously filed.

The tariff file maintained by the bureau constitutes the only comprehensive collection of interstate water tariffs in existence and is the subject of daily reference by Washington representatives of shippers and carriers, trade bodies, and traffic organizations located throughout the country. The rates, fares, and charges shown therein are, with few exceptions, "actual" rather than "maximum," and continuing effort was made by the bureau to insure that the information which it contains shall be definite and reliable.

#### Section 15 Agreements.

Common carriers and others subject to the jurisdiction of the board are required by section 15 of the act to file with the board true copies or complete memoranda of agreements entered into with other carriers or 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 agreements filed with the bureau during the past year and previously in pursuance of the above requirement of the statute fall into two classes—so-called "contracts" or "tandem" agreements, and the so-called "conference" agreements. The former cover arrangements between carriers usually engaged in service in different trades, and in large part record understandings between two or more lines in respect to through billing and routing, rates, and practices. Copies or memoranda of 63 such agreements were filed and examined in respect to the propriety of their provisions under the shipping act by the bureau during the period covered by this report.

The other class of agreements, namely, "conference" agreements, are always between carriers engaged in the same trade. Thirteen of the 18 filed during the year created conferences in trades not previously covered by existing agreements on file. Both in number and in the character of their provisions, these new agreements record a greater development of cooperative relationship between steamship lines than during any previous year.

In all there are on file in the bureau 81 conference agreements, 42 of which are active and cover commerce of the United States in prac-

tically all of the important export trade routes and in the majority of the import trade routes. As shown by these agreements, freight conferences govern trade from North Atlantic ports of the United States to Continental Europe, west coast of Italy, Adriatic, Black Sea, and Levant ports, Havana, West Indies, east coast of Colombia, Brazil, River Plate, west coast of South and Central America and Mexico, and the Far East. The principal steamship lines operating from North Atlantic ports to the United Kingdom furnish minutes of meetings at which matters of interest in the trade are discussed. A single conference controls the freight rates of its members from all South Atlantic ports of the United States in all trades in which they operate competitive services. Rates from Gulf ports are controlled by two steamship conferences, one having jurisdiction over rates to Spanish-Portuguese and Mediterranean ports, the other and major conference dealing with rates in all other trades. Steamship lines operating from Pacific coast ports have on file conference agreements in the trade to the Far East, Australia, Europe, west coast South America, east coast South America, and Caribbean Sea ports. Under agreement on file an association of steamship lines fixes the rates on traffic moving from the Philippine Islands to China, Japan, Australia, New Zealand, Saigon, Straits Settlements, Java, and India.

In the import trade of the United States various conferences now maintain uniform rates and practices on freight traffic to North Atlantic ports of the United States from United Kingdom ports, Hamburg, Antwerp, French Atlantic ports, in respect to Swiss traffic moving through French Atlantic ports, from West Indies, Brazil, Ecuador, and west coast of Colombia direct or transshipped at the Isthmus, Japan, Hongkong, Shanghai, and the Philippine Islands. In most instances these conferences also control rates to South Atlantic and Gulf ports. Rates to Pacific coast ports are fixed by conferences on cargo from Japan, Hongkong, Calcutta via Hongkong, the Philippine Islands, Ecuador, and west coast of Colombia direct or via the Isthmus. A conference at Hongkong controls traffic moving to the Philippine Islands.

In interstate service a number of carriers maintain a conference on freight between Atlantic and Pacific coast ports, while operators of vessels between Pacific coast and Gulf ports have just perfected an organization for the purpose of establishing uniform rates and practices in that trade. The principal steamship lines in the coast-wise service between Pacific coast ports have also recently begun to cooperate through a conference organization.

By agreements on file passenger traffic from continental European, United Kingdom, and Scandinavian ports to North Atlantic ports of the United States is controlled by two conferences which embrace

all the well-known lines operating passenger vessels in the North Atlantic trades, and a conference at Genoa governs the traffic from Mediterranean ports. In the United States three separate conferences maintain organizations dealing with passenger transportation to United Kingdom and Scandinavian, continental European, and Mediterranean ports. Passenger travel, both westbound and eastbound, on the Pacific is governed by a trans-Pacific passenger conference with headquarters at San Francisco, and committees composed of member agents at Hongkong, Shanghai, Manila, and in Japan.

Information regarding the current activities of 23 of the 42 functioning conferences was regularly furnished the bureau in the form of minutes of meetings or tariffs during the period of this report, 1,867 conference minutes and tariffs having been filed and examined. Frequent interviews were also had by the bureau with representatives of practically all of the conferences during the year respecting conference affairs.

#### BUREAU OF OPERATIONS

The Bureau of Operations, under the division of duties made by the board, is concerned with the supervision of all matters relating to (1) industrial relations (including sea-service section); (2) piers and wharves; (3) investigations, including study of operating costs and differentials, navigation laws, and rules and regulations affecting shipping and foreign trade; (4) port facilities.

##### **Industrial Relations Division.**

The division of industrial relations of the Bureau of Operations concerns itself with labor matters as they apply to the operation of ships. Its activities may be summarized as the investigation and study of questions relating to wages, hours of labor, and other conditions of employment, and the respective privileges, rights, and duties of employer and employee in the merchant marine. It endeavors to maintain friendly contact with the representatives of the respective unions and keeps on file a collection of data relative to marine and dock labor problems.

It is a primary function of this division to serve independent owners and operators of ships as well as the Emergency Fleet Corporation of the Shipping Board. In the settlement of labor problems the work is naturally simplified if the negotiators have the confidence of the men; consequently, an effort is made at all times to make the laborers feel that they can bring their grievances to the board at will with assurance of receiving fair treatment.

*Importance of centralized study and control.*—The Shipping Board in a way regulates all the shipping of the country, and is

itself the largest owner and operator. As a result, the expediency of dealing with labor matters alongshore and aboard ship from a national point of view is obvious. Were not a consistent policy applied alike in all ports, confusion and local disturbances would ensue. The board has favored the policy of collective bargaining with labor wherever possible and has encouraged a fair and impartial attitude toward organized labor. During the latter part of the fiscal year the division conducted various conferences with the Marine Engineers' Beneficial Association, the Ocean Association of Marine Engineers, the Masters, Mates, and Pilots, the Neptune Association, as well as keeping in touch with the local longshore conferences in the different ports throughout the year. There have been practically no changes in wages of marine and dock labor during the fiscal year. No strikes of any import have occurred during the period mentioned.

Since the Government, through the Shipping Board, is the owner and operator of a large number of vessels, it is concerned with industrial relations from two points of view: First, the welfare and permanence of the American merchant marine as a whole; secondly, the economical and efficient operation of its own ships. To cover these various phases of activity requires:

(a) Investigation and study of labor relations in the American merchant marine.

(b) The readjustment of wages and working conditions upon sound principles of economic justice, and the peaceable settlement of disputes arising therein.

(c) Affirmative action in the promotion of better feeling generally between employers and employees.

(d) The collection, compilation, and classifying of data for study and comparison of American marine labor rates and conditions.

(e) General improvement in personnel.

The policy of the Shipping Board in making labor readjustments on its own ships has been an attempt at working them out in an orderly manner through collective bargaining wherever possible.

#### Sea Service Section.

The sea service section of the industrial relations division is conducted by the Shipping Board in the Americanization, education, and general welfare of crews on American vessels, being in direct line with the promotion work of the American merchant marine. Agencies are now maintained in 11 ports, namely, Boston, New York, Philadelphia, Baltimore, Norfolk, New Orleans, Galveston, Mobile, San Francisco, Portland, and Seattle.

The great purpose of the sea-service work is to man the American merchant marine with Americans. Whether the merchant fleet be employed constantly as the carrier of United States commerce or

occasionally as a naval or military auxiliary, or whether it be privately or publicly owned, it is imperative for motives of efficiency and self-defense that the crews be loyal and dependable.

The principal work of the section is to build up a truly American personnel on vessels of American register. A complete record is kept on file in the various agencies showing each seaman's name, address, next of kin, age, and description, name of last vessel on which employed, discharge markings as to ability, conduct, seamanship, etc. In fact, the record of each seaman is complete from the time of his first position on a Shipping Board ship.

Thousands of letters are received annually from interested American youths in every section of the United States who desire to enter the sea profession and it is the aim of every local agency of the sea service to encourage these American youths to follow the sea as a livelihood. During the past year 1,244 inexperienced boys between the ages of 18 and 23 years have been given an opportunity to go to sea. They were rated as deck boys and paid \$25 per month.

Upon the officers of our ships is imposed the duty of training these boys. The groundwork being of the highest importance, they are required to train the boys in seamanship, cargo work, rope work, maintenance of ship's structure, and expenditure of stores; in short, in the care and upkeep of the modern steamship, as well as in navigation. The boy advances as he shows proficiency in his primary training. It is not too much to say that the schooling of these deck boys may prove an important factor in the ultimate success of the American merchant marine. A large percentage of them are now on their way to development as efficient officers.

The sea service section is the only official agency in the United States that is attempting to attract American citizens to seamanship in order to build up an American personnel on American ships. Without this section we would be compelled to rely on the shipping masters or "crimps" for our seamen, with a cost that would be many times the cost of operating the section; at the same time, we would be compelled to take on aliens and others who are not desirable as seamen on our ships.

The sea service section makes no discrimination as to whether or not the seaman belongs to a labor organization. The local managers of the section are chiefly men who have followed the sea prior to taking up this work. They have, therefore, a complete knowledge of the likes and dislikes of the sailor and are fully competent to place the best men available in the various ratings.

The sea service section gives the seaman a physical examination before placing him aboard ship.

The per capita cost of placing seamen is somewhat higher than the average cost for last year because of a substantial decrease in



the number of men placed. This smaller turnover is due to careful selections made, and shows that the men are becoming better satisfied with their employment. While an increase is indicated in the cost of placements, there is at the same time a decrease in the operating expenses of the ships.

All matters pertaining to the now extinct sea-training bureau, navigation and engineering schools, sea-training ships, etc., are kept in this office and are referred to very often by the various departments of the Shipping Board and Fleet Corporation, as well as by civilians who were interested at the time of the World War.

The attached table shows the total number of men placed by this bureau from July 1, 1925, to June 30, 1926.

Total placements, sea service section, July 1, 1925, to June 30, 1922

	Boston	New York	Philadel- phia	Norfolk	Balti- more	Mobile	Galves- ton	New Orleans	San Francisco	Seattle	Portland	Total
Masters.....	2	3	6	8	0	0	0	0	0	0	2	21
First officers.....	13	1	14	8	2	0	0	0	0	0	6	61
Second officers.....	6	0	7	6	0	0	0	0	0	12	6	45
Third officers.....	16	0	24	19	17	0	0	0	0	32	13	121
Fourth officers.....	0	0	0	0	0	0	0	0	0	0	0	0
Cadet deck officers.....	0	0	0	0	0	1	0	0	0	0	0	1
Carpenters.....	12	148	16	2	14	9	4	29	12	45	12	303
Carpenters' mates.....	0	11	0	0	0	0	3	0	0	0	0	14
Boatswains.....	22	230	62	10	45	31	20	63	35	18	50	576
Boatswains' mates.....	0	4	0	0	0	0	0	0	0	3	0	7
Quartermasters.....	13	34	0	7	29	0	0	13	2	73	9	100
Able seamen.....	619	8,142	1,246	594	1,646	666	460	2,020	1,189	1,602	1,541	19,725
Ordinary seamen.....	201	1,772	967	575	428	363	157	635	1,137	502	216	5,973
Deck apprentices.....	0	0	0	0	0	0	0	0	0	0	0	4
Radio operators.....	4	3	0	1	12	0	0	0	0	0	0	16
Chief engineers.....	1	0	2	2	0	0	0	0	0	0	0	5
First assistant engineers.....	7	2	24	10	1	0	0	0	0	3	1	48
Second assistant engineers.....	8	0	18	7	2	0	0	0	0	4	0	39
Third assistant engineers.....	15	1	32	8	11	0	0	1	0	7	6	61
Fourth assistant engineers.....	0	0	0	0	0	0	0	0	0	0	0	0
Cadet engineer officers.....	0	0	0	0	0	0	0	0	0	0	0	0
Refrigerator engineers.....	0	6	0	0	0	0	0	0	1	2	0	9
Electricians.....	0	29	1	0	0	0	0	0	9	21	0	69
Deck engineers.....	2	29	2	10	0	0	2	13	8	19	2	87
Pump men.....	18	22	33	0	20	0	0	5	3	3	0	104
Oilers.....	150	1,565	207	275	389	149	107	426	183	208	448	4,292
Water tenders.....	10	317	48	20	65	71	40	157	54	71	18	911
Storekeepers.....	3	1	23	1	4	0	0	0	0	6	0	30
Firemen.....	202	3,823	699	671	984	253	147	654	390	731	501	9,025
Wipers.....	245	1,517	381	149	396	334	167	706	294	509	430	5,118
Coal passers.....	28	2,430	54	620	375	0	3	9	0	0	0	3,517
Engineer apprentices.....	0	0	0	0	0	0	0	0	0	0	0	0
Deck boy.....	33	413	11	5	268	130	36	114	133	20	91	1,244
Chief steward.....	12	208	15	65	11	1	0	0	1	2	19	1,319
Second steward.....	1	9	0	0	0	0	0	0	0	0	0	13
Chief cooks.....	71	469	64	96	133	54	43	162	62	48	122	1,320
Second cooks.....	61	682	90	44	267	76	65	249	3	39	125	1,681
Third cooks.....	5	15	0	2	0	3	1	0	0	16	0	41
Bakers.....	0	48	0	4	0	0	0	0	0	0	0	53
Butchers.....	0	12	0	0	0	0	0	0	0	1	0	12
Storekeepers.....	2	9	3	0	0	0	0	0	0	0	0	14
Messmen.....	213	845	0	29	2	0	0	0	9	49	35	1,213
Mess boys.....	92	2,645	532	551	867	358	220	954	121	100	441	6,681

Pantrymen.....	3	40	0	0	8	0	4	2	9	10	81
Miscellaneous.....	12	1,616	36	376	7	3	224	31	163	137	2,631
Total.....	2,122	27,131	4,727	4,196	2,415	1,478	6,442	2,648	4,452	4,248	65,933

Americans, 63.9 per cent.

**Piers and Wharves Division.**

In connection with the obligations imposed upon the Shipping Board by law to study and develop port facilities of the United States, section 17 of the merchant marine act provides that the board is authorized and directed to take over the possession and control and to maintain and develop certain docks, piers, warehouses, wharves, terminals, terminal equipment, etc., and provides further that other similar properties acquired by the War or Navy Departments may be transferred by the President to the board, to be similarly developed, and that none of such property shall be disposed of by the board.

The board is directed to maintain and develop such piers, wharves, terminals, etc., coming into its possession for the improvement of American port facilities and in connection with the development of the American merchant marine, all entirely irrespective of the maintenance and operation of vessels. The study of port facilities, and the handling of matters affecting piers, wharves, terminals, etc., within the Shipping Board, comes under the Bureau of Operations of the board.

The piers and wharves division of the Bureau of Operations of the Shipping Board is charged with the general administration and supervision of the Army supply bases and terminals at Boston, Hoboken, Brooklyn, Philadelphia, Norfolk, and Charleston.

The Shipping Board does not itself physically operate any of these properties, with the exception of the terminal at Hoboken, in which case the actual management is in the hands of the Emergency Fleet Corporation. In the administration of these properties, the Shipping Board determines the policy to be followed:

(a) Whether it will itself operate the water-front property in question.

(b) Whether it will lease such property to private parties for operation.

(c) Whether it will expand, improve, or in any way alter the property and the general disposition and policy to be followed in connection with the upkeep, maintenance, and development thereof.

The general policy of the board has been to lease these pier properties to private or public institutions for operation, because (a) such a policy avoids direct competition by the Government with private invested capital; (b) it tends to materially increase Shipping Board revenue from these properties; and (c) it serves to maintain these great terminals as contemplated under the merchant marine act in the development of the respective ports and for national emergency purposes, and at the same time in a manner agreeable to the rights and interests of the localities concerned.

The following details cover the five properties at Boston, Brooklyn, Philadelphia, Norfolk, and Charleston. The details covering

Hoboken will be found under that part of the report covering the Emergency Fleet Corporation, it being operated by the board in conjunction with the operation of its vessels.

*Boston Shipping Board piers.*—This property is under lease to the Atlantic Tidewater Terminals and is being operated by the Boston Tidewater Terminals, its operating company for the port of Boston.

During the fiscal year ended June 30, 1926, 351 vessels used the piers, loading and discharging 524,447 tons of cargo. This is an increase in tonnage of about 100 per cent over the preceding fiscal year.

Previous to leasing this property to the present lessee it was operated directly by the Shipping Board at a substantial loss each year, but since leasing it to the Atlantic Tidewater Terminals it has gradually operated at a profit. During the fiscal year just ended the profit accruing to the Shipping Board from this operation amounts to \$32,254.35, representing two-thirds of the net proceeds in accordance with the terms of the lease.

The reconditioning expense attached to repairing the trackage amounted to \$14,761.85.

*Brooklyn Shipping Board piers.*—The property under lease to the Atlantic Tidewater Terminals consists of piers Nos. 3 and 4, at the foot of Fifty-eighth Street, Brooklyn.

During the year 216 vessels used the piers. They discharged and loaded 577,646 tons of cargo. The net earnings to the board, including the guaranteed flat rental of \$150,000, were \$196,797.20, as against \$269,419 received in 1925; a decrease of \$72,621.80.

Repairs to the metal doors, gutters, downspouts, gravel guards, etc., amounted to \$14,724.27.

*Philadelphia Shipping Board piers.*—This property, located at Delaware and Oregon Avenues, Philadelphia, consisting of Piers A, B, and C, together with approximately 36 acres of adjacent land, is leased to the Merchants' Warehouse Co., which pays the Shipping Board an annual guaranteed flat rental of \$100,000 for Pier B, and 50 per cent of the gross revenues from Piers A and C.

At Pier B, 419 vessels were docked, discharging 653,963 tons of cargo and loading 171,458 tons. Seventy-one vessels using Piers A and C loaded 11,353 tons and discharged 107,666 tons. The revenue received by the Shipping Board from this property amounted to \$116,919.62. On June 16, 1926, the board returned to the War Department approximately 54 acres of vacant land, which was a portion of the 88-acre tract originally transferred to the board by the War Department.

Relative to the 36 acres under lease to the Merchants' Warehouse Co., 11 are being used as a railroad yard, while the other 25 have been developed into a concentration yard for lumber, etc.

*Norfolk Shipping Board piers.*—This property, constituting the Army supply base, is situated about 6 miles from the city of Norfolk. When the property was acquired by the Shipping Board, it was under lease to the city of Norfolk. The net return to the board for the fiscal year ended June 30, 1925, was \$35,835.

During the fiscal year 1926 the board, upon request, canceled the lease with the city of Norfolk and later entered into an agreement with the Norfolk Tidewater Terminals (Inc.) to operate the property. In addition to operating the Shipping Board property referred to, the Norfolk Tidewater Terminals (Inc.), through a joint arrangement with the Shipping Board and the city of Norfolk, is operating the municipal terminals, the net profits being  $33\frac{1}{3}$  per cent to the Shipping Board,  $33\frac{1}{3}$  per cent to the city of Norfolk, and  $33\frac{1}{3}$  per cent to the Norfolk Tidewater Terminals (Inc.).

Since the present arrangement became effective (September 1, 1925), there has accrued to the board the sum of \$49,820.97. This, in addition to the amount received from the city of Norfolk for the months of July and August, 1925, makes a total revenue of \$50,756.52, accruing to the Shipping Board during the fiscal year 1926.

The expenditures for repairs, improvements, etc., amounted to \$215,562.97 for the fiscal year.

*Charleston Shipping Board piers.*—This property, comprising the Army supply base, is located about 11 miles from the city of Charleston on the Cooper River and is being operated by the Port Utilities Commission of Charleston as a municipal terminal.

The property has never yielded any returns to the Shipping Board. It was the contention of the lessee, the Port Utilities Commission, however, that if a new lease were entered into granting more liberal terms, conditions, etc., the property could be placed on a paying basis. Accordingly, a new contract lease was entered into on February 17, 1926, effective March 1, 1926. Between that date and June 30, 1926, the Shipping Board received \$2,568.88 from operations.

The expenditures for reconditioning, betterments, etc., during the fiscal year amounted to \$131,462.92.

#### **Investigations Division.**

In addition to continuing the various investigations assigned to the board under section 12 of the shipping act, 1916, and sections 7 and 8 of the merchant marine act, 1920—investigations which were briefly referred to in the board's ninth annual report—this division has undertaken several inquiries necessitated by economic problems which have arisen in connection with shipping, both domestic and foreign.

In connection with studies of operating costs and the relative advantage or disadvantage of operating under foreign or domestic

registry, a comprehensive record system has been maintained giving pertinent data relative to steamship-line service at United States ports.

One of the special investigations conducted by the division during the past fiscal year has had to do with the economic conflict, real or potential, between governmental shipping activities and parallel commercial enterprises carried on by private interests. This has necessarily involved a study of marine transportation systems operated by the governments of the leading maritime nations of the world. The firm policy of the board, in operating its own vessels, has always been to avoid anything that might savor of competition with privately owned American vessels.

Another investigation, closely allied to the foregoing, is the detailed inquiry which the division has for some time been conducting into the operation of the several marine transportation services which form a part of the Federal establishment, with especial reference to (1) continued maintenance of Government service on routes now adequately served by the country's merchant marine; (2) relative cost of operation of the special transport services operated by the Government and commercial service furnished by private carriers; and (3) careful study of the advisability—having in view more efficient and economical operation—of possible consolidations and eliminations of service in the Federal marine transport systems.

The board is frequently in receipt of complaints from American shipowners alleging that the several Government-owned transport services are operating in virtual competition with privately owned American shipping, this competition sometimes taking the form of active commercial rivalry and sometimes the more passive form of withholding from commercial lines transportation business which, if the routes were overland, would invariably be handled by the nation's common carriers. As the board is charged with the administration of the shipping laws and exercises a general supervisory watchfulness over all matters affecting the merchant service, these complaints, notwithstanding that they involve other Government departments, fall naturally within its special province.

In addition to its routine duties, the investigations division undertakes miscellaneous inquiries of a technical or economic nature on the general subject of operating methods and costs. The scope and treatment of these special investigations cover a wide range.

#### **Port Facilities Division.**

Paragraph 53, section 8, of the merchant marine act of 1920, prescribes certain duties to be undertaken by the Shipping Board in cooperation with the Secretary of War, with the object of promoting, encouraging, and developing ports and transportation facilities in

connection with water commerce. The duties prescribed by the act include the following:

- a. To investigate territorial regions and zones tributary to ports, taking into consideration the economics of transportation by rail, water, and highway, and the natural direction of the flow of commerce.
- b. To investigate the causes of congestion of commerce at ports and the remedies applicable thereto.
- c. To investigate the subject of water terminals, including the necessary docks, warehouses, apparatus, equipment, and appliances in connection therewith, with a view to devising and suggesting the types most appropriate for different locations and for the most expeditious and economical transfer or interchange of passengers or property between carriers by water and carriers by rail.
- d. To advise with communities regarding the appropriate location and plan of construction of wharves, piers, and water terminals.
- e. To investigate the practicability and advantages of harbor, river, and port improvements in connection with foreign and coastwise trade.
- f. To investigate any other matters that may tend to promote and encourage the use by vessels of ports adequate to care for the freight which would naturally pass through such ports.

The act also provides that if, after such investigations, the board shall be of the opinion that rates, charges, rules, or regulations of common carriers by rail subject to the jurisdiction of the Interstate Commerce Commission are detrimental to the declared object of this section, or that new rates, charges, rules, or regulations, new or additional port terminal facilities, or affirmative action on the part of such common carriers by rail is necessary to promote the objects of this section, the board may submit its findings to the Interstate Commerce Commission for such action as the commission may consider proper under existing law.

Section 500 of the transportation act of 1920 made it the duty of the Secretary of War to investigate certain matters relating to commerce and terminal facilities on inland waterways, including the Great Lakes, and to advise with communities, cities, and towns regarding the plans and locations of terminal facilities; and also to compile, publish, and distribute from time to time such useful statistics, data, and information concerning transportation on inland waterways, as he may deem to be of value to the commercial interests of the country.

The passage of the merchant marine act of 1920 thus found the Board of Engineers for Rivers and Harbors of the War Department, to whom the above-named duties had been assigned, actively engaged in the preparation of a series of reports on the ports of the United States and the study of the physical and economic conditions surrounding the movement of important commodities in foreign and domestic trade. The studies included extensive traffic data as to imports and exports and the origin and destination of cargo which



were deemed to be of vital interest to shippers, shipowners, and operators. The Shipping Board, therefore, found it desirable to join with the Board of Engineers for Rivers and Harbors in the adoption and prosecution of a program of operations to carry out the desires of Congress as expressed in the items of law referred to above.

During the fiscal year just closed the Shipping Board has contributed to this work practically the same personnel as during the past several years. The following shows the major subjects included in the joint program of the two offices:

a. Preparation and publication of a series of reports on the important ports of the United States and its territories and possessions, known as the "Port Series." This series includes more than 70 ports, covered in some 23 volumes.

b. Study of territorial zones tributary to ports and of transportation conditions therein, and the preparation and publication of reports giving the results of these investigations.

c. Study of the movement of the more important commodities in foreign and domestic trade.

d. Advising communities with respect to the plans and locations of water terminals.

e. Special reports required from time to time for the information of the War Department and the Shipping Board.

Previous annual reports have recorded the progress in this work. At the close of the fiscal year 1925 it was estimated that the "Port Series" program was 84 per cent completed. During the fiscal year ended June 30, 1926, the manuscripts of the following reports were completed:

No. 12. San Francisco, Oakland, Berkeley, Richmond, Monterey, Santa Cruz, and upper San Francisco Bay, Calif.

No. 15. Norfolk, Portsmouth, and Newport News, Va.

No. 17. Ports of the Territory of Hawaii.

No. 21. The ports of Porto Rico.

During the year the following reports were received in published form from the Public Printer:

No. 8. Jacksonville, Fernandina, Miami, Key West, Tampa, and South Boca Grande, Fla.

No. 9. Charleston, S. C., and Wilmington, N. C.

No. 10. Savannah and Brunswick, Ga.

At the close of the fiscal year the report on New York, in three volumes, and the report on the Territory of Hawaii were in the final stages of publication at the Government Printing Office, and publication of the Baltimore, Washington, and Alexandria report was well advanced. The series as a whole was 95 per cent completed. The following shows the condition of work on the "Port Series" on June 30, 1926:

Port series reports

Serial No. of volume	Ports	Percentage of completion June 30, 1926	Serial No. of volume	Ports	Percentage of completion June 30, 1926
1	Portland, Me.	100	13	Los Angeles, Calif.	100
2	Boston, Mass.	100		San Diego, Calif.	100
3	Mobile, Ala.	100		San Luis Obispo, Calif.	100
	Pensacola, Fla.	100	14	Port Arthur, Tex.	100
4	Philadelphia, Pa.	100		Sabine, Tex.	100
	Chester, Pa.	100		Beaumont, Tex.	100
	Camden, N. J.	100		Orange, Tex.	100
5	Wilmington, Del.	100	15	Norfolk, Va.	100
	New Orleans, La.	100		Portsmouth, Va.	100
6	Houston, Tex.	100		Newport News, Va.	100
	Galveston, Tex.	100	16	Baltimore, Md.	100
	Texas City, Tex.	100		Washington, D. C.	100
7	Seattle, Wash.	100		Alexandria, Va.	100
	Tacoma, Wash.	100	17	Hawaiian ports.	100
	Everett, Wash.	100	18	Southern New England ports:	
	Bellingham, Wash.	100		New London, Conn.	60
	Grays Harbor, Wash.	100		Bridgeport, Conn.	60
8	Jacksonville, Fla.	100		New Haven, Conn.	60
	Fernandina, Fla.	100		Norwalk, Conn.	60
	Miami, Fla.	100		Stamford, Conn.	60
	Key West, Fla.	100		New Bedford, Mass.	60
	Tampa, Fla.	100		Fall River, Mass.	60
	South Boca Grande, Fla.	100		Newport, R. I.	60
9	Charleston, S. C.	100		Providence, R. I.	60
	Wilmington, N. C.	100	19	Pascagoula, Miss.	100
10	Savannah, Ga.	100		Guilford, Miss.	100
	Brunswick, Ga.	100	20	New York	100
11	Portland, Oreg.	100	21	San Juan, P. R.	100
	Astoria, Oreg.	100		Ponce, P. R.	100
	Vancouver, Wash.	100	22	Panama Canal ports.	25
12	San Francisco, Calif.	100	23	Gloucester, Mass.	0
	Oakland, Calif.	100		Beverly, Mass.	0
	Berkeley, Calif.	100		Salon, Mass.	0
	Richmond, Calif.	100		Lynn, Mass.	0
	Monterey, Calif.	100		Newburyport, Mass.	0
	Santa Cruz, Calif.	100		Portsmouth, N. H.	0
	Upper San Francisco Bay, Calif.	100			

<sup>1</sup> Available for distribution.

<sup>2</sup> Now in Government Printing Office.

Each issue of the "Port Series" has increased the demand for these reports, and in some instances it has been necessary for the Government Printing Office to print second editions. Many letters have been received from importers, exporters, warehousemen, shipping agents, vessel owners and operators, railroad companies, port authorities, and others, commending these reports. As part of the approved plan, it is proposed shortly to undertake revision of the information contained therein so as to keep it as nearly correct as possible.

A report entitled "Transportation on the Great Lakes" was referred to in some detail in the last annual report. This report is expected from the printer shortly. During the year, studies bearing upon the status of water transportation were in progress. (See annual report for 1921.)

Preliminary steps are now being taken toward a study of transportation in the Mississippi Valley. This report will show the flow of traffic from the important agricultural sections of the Mississippi Valley to seaboard by both rail and water routes, and will make clear the conditions now influencing these movements. It will show the facilities available for handling the traffic to and from this district

and will make apparent the possibility of further development of water-borne traffic, both by the Mississippi River and by coastwise and intercoastal routes.

The commodity study mentioned above and in the Shipping Board's report for the fiscal year 1921 has not been actively in progress during the last three years, as the energies of the organization have been devoted particularly to completing the "Port Series." Preliminary work on these commodity studies is now in progress, and it is planned to proceed with them in the near future.

In the matter of advice to communities regarding appropriate location and design of water terminals, there has been correspondence with a number of inland and ocean ports. In this connection a visit was made to Lake Charles, La.

No new questions developed from investigations made during the course of the year indicating the advisability of reference to the Interstate Commerce Commission. The matter of terminal charges at Atlantic and Gulf ports, Docket No. 12681, which has been before the Interstate Commerce Commission for several years, was still under investigation. At the request of the Shipping Board, the Interstate Commerce Commission has called upon the rail carriers for detailed information regarding their facilities, investment, and operating expenses as affecting their terminals at ports within the territory covered by the investigations.

During the year a number of special investigations were made of physical and economic aspects of rail and water transportation as related to problems coming before the office for attention.

#### BUREAU OF CONSTRUCTION

The duties of the Bureau of Construction are primarily promotional—that is to say, they bear chiefly on the privately owned and the privately operated merchant marine as distinguished from other activities of the board having immediate relation to the operation of the Government-owned fleet. Among the activities of the bureau are duties arising under sections 9 and 12 of the shipping act, 1916, and sections 11 and 23 of the merchant marine act, 1920; there has also been assigned to the commissioner in charge of the bureau supervision of the Diesel conversion program authorized by the act of June 26, 1924, amending section 12 of the merchant marine act, 1920, having in view installation in vessels of the Government internal-combustion propulsive machinery and other changes necessary to make them modern motor ships.

#### Transfers to Foreign Registry, etc.

Having in view the protection of the American merchant marine by preventing permanent loss of control of vessels deemed essential to our merchant marine, it is made unlawful by section 9 of the

shipping act, 1916, to sell, transfer, or mortgage, or, except under regulations prescribed by the board, to charter any vessel purchased from the board or any vessel documented under the laws of the United States to any person not a citizen of the United States, or to put any such vessel under a foreign registry or flag without first obtaining the board's approval. That part of this provision which relates to chartering a vessel under such circumstances, except under regulations prescribed by the board, has been covered by resolution of the board, which authorizes the charter of any such vessel to any person not a citizen of the United States for any term not exceeding one year. In all cases where it is proposed to sell or mortgage any vessel purchased from the board or documented under the laws of the United States to any person not a citizen of the United States, such sale or mortgage must first be approved by the Shipping Board; and when it is proposed to put any such vessel under a foreign registry or flag, notwithstanding the ownership of the vessel may remain in a person who is a citizen of the United States, the approval of the board must first be obtained.

As indicated above, the policy controlling the board in respect to such sales to aliens or transfers to foreign registry is based primarily in not permitting vessels of a type and kind deemed by the board necessary to the upbuilding of the American merchant marine to pass from the jurisdiction of the United States Government by their transfer to foreign flag, or to have any conflict in respect to the use of any such vessel, in times of national emergency, because of their ownership by persons not citizens of the United States.

Under the provisions of section 41 of the shipping act, 1916, the board may impose conditions when according its approval under section 9 of the shipping act, 1916, and when conditions are thus imposed by the board, their violation constitutes a misdemeanor and shall be punishable in the same manner and shall subject the vessel to forfeiture in the same manner as though the act conditionally approved had been done without the approval of the board.

The extensive use of vessels in the illicit transportation into the United States of alcoholic liquors, commonly referred to as rum running, caused the Department of Justice to request the board to use the above-mentioned power in affixing to its approval of transfers of vessels to foreign registry a condition that they should not be used in the transportation to or from ports of the United States of any alcoholic liquors, and such a condition has been imposed in a number of cases. Where it is clear that a vessel, because of its type and kind, is unfit for such service as that prescribed by the above condition, the board may for special reasons omit the condition from the formal approval. As the smaller type of vessel is the type usually used for such service, the board frequently per-

mits the issue of approvals of transfers of vessels, without condition, when the approval is otherwise proper, provided the vessel exceeds 2,500 dead-weight tons.

The board has also imposed a condition in some cases that vessels whose transfer to foreign registry has been approved may not thereafter operate in commerce with ports of the United States. In imposing a condition of this kind the board has in view protecting vessels of the American merchant marine from the operation of the vessel transferred to a flag which makes operation cheaper than under the American flag.

Conversely to the power of the board to impose conditions is the attitude of the Canadian Government that vessels shall not be accepted for Canadian registry when conditions are thus annexed to the approval. To protect the citizen from the deadlock which would otherwise result, the board has in several instances issued certificates of approval of transfers to Canadian registry without inserting in its formal certificate of approval the condition affixed to the consent, accepting in lieu of its inclusion in the formal certificate a bond from the parties interested that the penal sum named in the bond would be paid if the condition in fact annexed to the approval, and as set forth in the bond, is violated.

A person wanting the approval of the board to any such sale or transfer is required to present a formal application containing all relevant particulars, including a certificate of the collector of customs at the home port of the vessel certifying the name of the present registered owner and what, if any, mortgages or liens are on file. The last requirement, namely, certifying the names of mortgagees or lienors, though not required by law, is usually, but not always, required by the board, as vessels should not be transferred to foreign registry if creditors in the United States have claims against the vessel.

The following is a statement of the action of the board on applications under section 9 of the shipping act, 1916, from July 1, 1925, to June 30, 1926:

*Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens July 1, 1925, to June 30, 1926*

Name of vessel	Official number	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
Winifred	214057	Ga. s.	25	Bridgeport, Conn.	Atlantic & Caribbean Steam Navigation Co.	H. L. Boulton & Co.	Venezuelan	July 15, 1925	1853
Lake Farmingdale	218471	St. s.	2,643	Duluth, Minn.	United States Shipping Board.	Cadwallader-Gibson Lumber Co.	Philippine	do.	1859
Lake Faulk	218852	St. s.	2,508	Cleveland, Ohio	do.	do.	do.	do.	1860
Wa Wa Loan	201345	Ga. s.	96	New York, N. Y.	Jessie Metcalf	R. S. McLaughlin	Canadian	do.	1861
Yakumo	221650	Ga. s.	17	Los Angeles, Calif.	Coast Fishing Co.	Joseph H. Follere	British	do.	1862
Magaret	187418	St. s.	283	New York, N. Y.	Peter J. H. Dowling	Thomas Charles Barnes	Dutch	July 17, 1925	1863
Bertha & Pearl	30222	Sch.	114	San Juan, P. R.	Barloome Cabanillas	Antonio Chollet	Netherlands	July 22, 1925	1864
Nautica (formerly S. C. 87)	( )	Ga. s.	81	Buffalo, N. Y.	David W. Simpson	Arthur H. Monroe	British	Aug. 8, 1925	1865
Cecil J.	208529	Ga. s.	11	William H. Jackway	William H. Jackway	C. D. Woolley	do.	Aug. 10, 1925	1875
Nokomis	203152	Ga. s.	14	Juneau, Alaska	Mooneh Packing Co.	Skeena River Packing Co. (Ltd.)	Canadian	Sept. 1, 1925	1867
Plover	214912	Ga. s.	36	Seattle, Wash.	Pacific American Fisheries	do.	do.	do.	1868
Scranton	116235	St. s.	2,015	Port Huron, Mich.	William H. Sharp	Canada Atlantic Transit Co. of United States.	(No change of registry)	do.	1869
Phyllis	214473	Sch.	2,258	New York, N. Y.	Albert M. Barnes	Capt. Francesco Gazzolo di Fes	Italian	Sept. 23, 1925	1870
Eric	136681	Sch.	574	San Francisco, Calif.	J. E. Shields	Vice Admiral Sir Guy Gaunt	British	Sept. 23, 1925	1871
Miguelito	207082	St. s.	276	San Juan, P. R.	Porto Rico Mercantile Co.	Compania Cubano de Transporte de Mieltes.	Cuban	Oct. 14, 1925	1872
James F. Fallon	162421	Cnl. boat	103	Albany, N. Y.	William H. Glode	Joseph Roberge	Canadian	Oct. 15, 1925	1873
Alexander Maitland	302401	Barge.	3,351	Cleveland, Ohio	A. E. R. Schneider	Great Lakes Transportation Co.	Canadian	Oct. 30, 1925	1874
Comet	211338	St. s.	2,486	New York, N. Y.	American Petroleum & Transport Co.	Compania Naviera Transportadora de Petroleo, S. A.	Mexican	Nov. 11, 1925	1876
Louisiana	215779	Sch.	38	San Juan, P. R.	Barloome Cabanillas	Antonio Chollet	Netherlands	Nov. 13, 1925	1877
I Go	100397	Sch.	47	Tampa, Fla.	W. N. Fielder	Leon Phillips	Honduran	Nov. 13, 1925	1878
Mex-32	167755	Barge	81	Port Arthur, Tex.	Venezuela Gulf Oil Co.	(No sale)	Venezuelan	Nov. 21, 1925	1879
Mex-33	167756	Barge	81	do.	do.	do.	do.	do.	1880
Mex-43	221628	Ga. s.	40	Newport News, Va.	do.	do.	do.	do.	1881
Max	198472	Snow	25	Marquette, Mich.	Fred McCoy	Whiehler Lumber Co.	do.	do.	1882
H. K. Hall	96614	Sch.	1,237	San Francisco, Calif.	George Billings	Demetrio Patino Patroni	Canadian	do.	1883
Yintung	155163	St. s.	3,069	Seattle, Wash.	Brewster & Co.	Lee Ping Hwei	Chinese	Nov. 25, 1925	1884
S. N. 105	179988	Barge	3,845	New York, N. Y.	Sinclair Navigation Co.	Compania Terminal de Lobos Mexicanos	Mexican	Dec. 1, 1925	1885
Herman	91705	Ga. s.	362	San Francisco, Calif.	H. Liebes & Co.	Mrs. Luz Valdez Vde De Omana.	do.	do.	1886
Maid of Orleans	91507	Ga. s.	180	Seattle, Wash.	Christian Klengenberg	(No sale)	Canadian	Dec. 10, 1925	1887
Edward W. Eikes	( )	Cnl. boat	125	do.	Dominion Sugar Co. (Ltd.)	do.	do.	do.	1888
John J. Warner	( )	Cnl. boat	125	do.	do.	do.	do.	do.	1888
Charles S. Worden	( )	Cnl. boat	125	do.	do.	do.	do.	do.	1888
Ryan Elevator Co.	( )	Cnl. boat	125	do.	do.	do.	do.	do.	1888
Lake Fife	219003	St. s.	2,559	Toledo, Ohio	United States Shipping Board.	Lloyd Triestino Societa Di Navigazione a Vapore.	Italian	Dec. 24, 1925	1889

Forest Dredg.	219276	Bkn.	Seattle, Wash.	Grays Harbor Motorship Co.	Imported Hardwoods (Ltd.)	Canadian	Dec. 28, 1925
Kenmore	238458	Ga. s.	Unalaska, Alaska	Pacific American Fisheries	Skeena River Packing Co.	do.	1891
Fisher	214950	Ga. s.	Seattle, Wash.	Jacob Bassi	John Hanson	do.	1892
Sagehot	203464	Ga. s.	Sun Juan, P. R.	Sergio Seio	Gaston Hincourt	Netherlands	1893
Valorous	212308	Ga. s.	Ketchikan, Alaska	John Peterson	Edward Wither	do.	1894
Ray	225172	Ga. s.	Erie, Pa.	Kelle Fish Co.	Wm. F. Kolbe	do.	1901
Deerfield	217030	St. s.	Wilmington, Del.	Steamship Deerfield Corp.	Glasgow Steam Shipping Co. (Ltd.)	do.	1886
West Hesseltine	219437	St. s.	Seattle, Wash.	United States Shipping Board	Industria Navali Societa Anonima	Foreign	1897
Lake Farrar	218692	St. s.	Cleveland, Ohio	do.	Okazaki Kisen Kabushiki Kaisha	Japanese	1898
Annie Johnson	102916	Ga. s.	New York, N. Y.	do.	Capit. Leo Ozanne	French	1890-1
Lake Onawa	219109	St. s.	Milwaukee, Wis.	Matson Navigation Co.	Hara Shoji Kabutshiki Kaisha	Japanese	1890-2
Hazel L.	214096	Ga. s.	Ketchikan, Alaska	William Leask	(No sale)	British	1901
Marion Chilcott	92827	Shp.	New York, N. Y.	British Molluscs Co.	United British Refineries (Ltd.)	do.	1902
Olmida	213401	Ga. s.	Los Angeles, Calif.	Union Oil Co. of California	Union Oil Co. of Canada (Ltd.)	Canadian	1903
E. P. Co. No. 2	163001	Scow	New York, N. Y.	Everett Packing Co.	Langara Fishing & Packing Co. (Ltd.)	do.	1904
E. P. Co. No. 3	165672	Scow	do.	do.	do.	do.	1904
Margaret	48032	Ga. s.	Grochester, Mass.	John F. O'Hara	Jeremiah Petite	British	1905
Dawn	214213	Ga. s.	Chicago, Ill.	Hermin A. Berghuis	Ernest Theodore Loggers	Canadian	1906
James H. Hoyt	77541	St. s.	Fairport, Ohio	Interlake Steamship Co.	Paterson Steamships (Ltd.)	do.	1906
Mars	96464	St. s.	do.	do.	do.	do.	1907
Sirus	209254	St. s.	do.	do.	do.	do.	1907
Larus	86519	St. s.	do.	do.	do.	do.	1907
Indus	141717	St. s.	do.	do.	do.	do.	1907
Cerleus	201678	St. s.	do.	do.	do.	do.	1907
Uranus	81688	St. s.	do.	do.	do.	do.	1907
Rotarian	218152	St. s.	Galveston, Tex.	T. E. Judkins	P. A. O'Hara	No change of registry	1908
Leader	228867	Ga. s.	Ketchikan, Alaska	R. Davis and Mrs. H. W. Somers	Norman Lewis	Canadian	1909
Annie M. Campbell	107307	Shb.	Seattle, Wash.	J. E. Spells	Juan Meinke	Chilean	1910
Nunparill	18242	Shb.	Key West, Fla.	George L. Barthum	John Yates	Honduran	1911
Lake Faribault	213852	Shb.	Cleveland, Ohio	United States Shipping Board	Industria Navale Societa Anonime	Italian	1912
Lake Elwin	219431	St. s.	Detroit, Mich.	do.	do.	do.	1912
Nikko	222633	Ga. s.	Los Angeles, Calif.	Standard Gypsum Co.	Compania Occidental Mexicana, S. A.	Mexican	1913
Silverbrook	217911	St. s.	New Orleans, La.	Mountain Oil & Refining Co.	Victory Motor Spirit Co. (Ltd.)	British	1914
M. P. Howlett	77479	Shb.	New York, N. Y.	Louis Alexander Lujauz	J. L. B. Bremer	Netherlands	1915
6 deck scows	(1)	Scows	do.	American & Cuban Steamship Line	Dudak Lightering Co.	Cuban	1916

1 Undocumented vessels.

*Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens July 1, 1925, to June 30, 1926—Continued*

Name of vessel	Official number	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
Tecomate.....	221393	St. s.	449	New York, N. Y.	Ulen & Co.	Republic of Colombia	Colombian	May 24, 1926	1917
Commercial Pathfinder.....	215393	St. s.	4,789	Wilmington, Del.	Moore & McCormack, Inc.	Not stated	Japanese	May 25, 1926	1918
Honoro.....	223067	St. s.	1,625	New York, N. Y.	Brown Company	Brown Navigation Co. (Ltd.)	Canadian	May 28, 1926	1919
Ernestina.....	215057	Sch.	52	San Juan, P. R.	J. Benitez Clites	Juan Santarria	Venezuelan	June 14, 1926	1920
Curtiscor.....	223204	Ga. s.	126	Los Angeles, Calif.	Curtis Corporation	Republic of Mexico	Mexican	June 17, 1926	1921
Snoyer (K12664).....	(1)	Ga. s.	214	Norfolk, Va.	R. Downing Patterson	No sale	Canadian	June 22, 1926	1922
Gratitude.....	85607	St. s.	12	San Diego, Calif.	E. E. Bennett et al.	Mateo Garcia	Cuban	June 25, 1926	1923
Kotobuki.....	225536	Ga. s.	12	San Diego, Calif.	C. A. Landers	P. Santhippo	Italian	June 30, 1926	1924

RECAPITULATION

	Number of vessels	Gross tons
1. Number of vessels whose sale to aliens was approved, but for which transfer to foreign registry was not requested.....	2	2,488
2. Number of vessels whose transfer to foreign registry was approved, but which did not involve sales to aliens.....	3	194
3. Number of vessels involving both sales to aliens and transfers to foreign registry.....	77	90,525
4. Total number of vessels acted on.....	82	102,207

1. Number of vessels whose sale to aliens was approved, but for which transfer to foreign registry was not requested.  
 2. Number of vessels whose transfer to foreign registry was approved, but which did not involve sales to aliens.  
 3. Number of vessels involving both sales to aliens and transfers to foreign registry.

4. Total number of vessels acted on.



The transfers to foreign registry were distributed among 16 countries, as follows:

Registry	Steam		Motor		Sail		Unrigged		Total number of vessels	Total gross tons
	No.	Gross tons	No.	Gross tons	No.	Gross tons	No.	Gross tons		
British.....	2	13,109	7	274	2	2,312			11	15,695
Canadian.....	8	32,212	10	835	1	1,605	9	4,015	28	38,667
Philippine.....	2	5,241							2	5,241
Netherlands.....	1	283	1	35	3	237			5	555
Cuban.....	2	490					6	3,000	8	3,490
Mexican.....	1	2,486	3	523			1	545	5	3,554
Chinese.....	1	3,069							1	3,069
Italian.....	3	7,836	1	12	1	2,258			5	10,106
Japanese.....	3	10,106							3	10,106
Colombian.....	1	449							1	449
Venezuelan.....			2	65	1	52	2	162	5	279
Honduran.....					2	90			2	90
Chilean.....					1	565			1	565
French.....			1	1,028					1	1,028
Peruvian.....					1	1,237			1	1,237
Other foreign.....	1	5,583							1	5,583
Total.....	25	80,869	25	2,772	12	8,356	18	7,722	80	99,719

#### Construction Loan Fund.

Under the provisions of section 11 of the merchant marine act, 1920, the board was authorized, during the period of five years from the commencement of that act (June 5, 1920), to annually set aside, out of the revenue from sales and operation, a sum not exceeding \$25,000,000, to be known as its construction loan fund, the original provisions of which section were amended by the act of June 6, 1924. The board is permitted to use the fund thus created to the extent it thinks proper, on such terms as it may prescribe, in making loans to aid citizens of the United States in the construction, in shipyards within the United States, of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable or necessary by the board, and to aid in the outfitting and equipment, in shipyards within the United States, of American vessels already built, with engines, machinery, and commercial appliances of the most modern and the most efficient kind, including the most economical engines, machinery, and commercial appliances.

The board can make no loan for a longer period than 15 years, and if it is not to be repaid within two years from the date when the first advance on the loan is made, the principal shall be payable in installments at intervals not exceeding two years. Each installment shall be not less than 6 per cent of the original amount of the loan, if the installments are payable at intervals of one year or less, or an amount not less than 12 per cent of the original amount of the loan if the installments are at intervals exceeding one year in length. The loan may be repaid at any time on 30 days' written notice to the board with interest computed to date of payment.

Loans made since the amendment of June 6, 1924, bear interest at rates to be fixed by the board, payable not less frequently than annually, with minimum rates not less than  $5\frac{1}{4}$  per cent for any interest period in which the vessel is operated exclusively in coast-wise trade or is inactive, and not less than  $4\frac{1}{4}$  per cent during any interest period in which the vessel is operated in foreign trade. No such loan can be for a greater sum than one-half the cost of the vessel or vessels to be constructed or more than one-half the cost of the equipment hereinbefore authorized for the vessel already built, unless security is furnished in addition to a first-preferred mortgage on the vessel or vessels, in which event the board may increase the amount loaned, but such additional amount shall not exceed one-half the market value of the additional security furnished, and in no case shall the total loan be for a greater sum than two-thirds of the cost of the vessel or vessels to be constructed or more than two-thirds of the cost of the equipment and its installation for vessels already built.

The amount at present credited to the construction loan fund is \$60,830,499.25, including repayments on account of principal of outstanding loans, which repayments amount in the aggregate to \$395,499.67. The amount at present on hand is subject, however, to the following commitments, namely: \$7,300,000 on loans which have been assured by the board, and also so much as the board may transfer from the construction-loan fund to meet obligations, in excess of funds otherwise available for that use, incident to the Diesel conversion program of the board authorized by the act of June 6, 1924, which act, however, limits the expenditures for that purpose to \$25,000,000. Based on the amount of funds at present available from other sources for this use, the amount which may be drawn from the construction loan fund in connection with the Diesel conversion program is about \$15,000,000; hence, the amount available for current loans under possible new applications is about \$38,000,000.

In a letter from the Comptroller General of the United States to the Shipping Board, dated June 22, 1926, the Comptroller states:

While the construction loan fund must be considered for all intents and purposes as a revolving fund for making loans, etc., authorized by section 11, merchant marine act, as amended, and there may be credited thereto any repayments of loans made for the purpose of making further loans therefrom until otherwise directed by the Congress, any revenues derived as interest upon such funds, whether the moneys are held in banks at interest or are outstanding on loans to shipbuilders are not for credit to the construction loan fund, but should be covered into the Treasury as miscellaneous receipts,

thus recognizing the fact that the construction loan fund is a revolving fund and that payments on account of principal are to be credited as received and made available for further loans.

The total amount credited to this fund during the five-year period of accumulation, namely, from June 5, 1920, to June 5, 1925, was \$79,549,229.06. During that period, however, the sum of \$11,808,729.48 was transferred from the fund back to the general fund of the United States Treasury on the ground that this deposit was not justified by the provisions of the act. The loans made from the construction loan fund from its creation to the present time are as follows:

1. \$400,000 to the Minnesota-Atlantic Transit Co., in aid of the construction of the vessels *Twin Cities* and *Twin Ports*, the notes for the repayment of which are the joint and several obligations of the Minnesota-Atlantic Transit Co. and the McDougall Terminal & Warehouse Co., and are secured by a first-preferred mortgage on the two vessels above named.

2. \$1,825,000 to the Eastern Steamship Lines (Inc.), in aid of the construction of the vessels *Boston* and *New York*, the notes for the repayment of which are the obligations of the Eastern Steamship Lines (Inc.) and are secured by a first-preferred mortgage on the two vessels named.

3. \$1,000,000 to the Robert E. Lee Steamship Corporation in aid of the construction of the steamship *Robert E. Lee*, the notes for the repayment of which are the joint and several obligations of the Robert E. Lee Steamship Corporation and the Old Dominion Steamship Co., and are secured by a first-preferred mortgage on the vessel named.

4. \$2,618,000 to the Cherokee-Seminole Steamship Corporation in aid of the construction of the steamships *Cherokee* and *Seminole*, the notes for the repayment of which are the joint and several obligations of the Cherokee-Seminole Steamship Corporation and the Clyde Steamship Co., and are secured by first-preferred mortgages on the vessels named.

5. \$1,462,500 to the Coamo Steamship Corporation in aid of the construction of the steamship *Coamo*, the notes for which are the joint and several obligations of the Coamo Steamship Corporation and the New York & Porto Rico Steamship Co., and are secured by a first-preferred mortgage on the vessel named.

All the foregoing loans have been advanced, the vessels completed and in commission.

In addition to the foregoing, commitments have been made for further loans as follows:

(a) \$2,500,000 to the New York & Miami Steamship Corporation in aid of the construction of two vessels being built by the company named, at the shipyards of the Newport News Shipbuilding & Dry Dock Co., Newport News, Va., the estimated total cost of which

will be not less than \$5,000,000. Advances will be made during the progress of the construction of the vessels and the notes taken will be joint and several notes of the New York & Miami Steamship Corporation and the Clyde Steamship Co., which notes will also be secured during the construction period of the vessels by a deed of trust under the laws of the State of Virginia.

(b) \$3,000,000 to the American Line Steamship Corporation in aid of the construction of a vessel now being built by that company at the shipyards of the Newport News Shipbuilding & Dry Dock Co., the estimated total cost of which will be not less than \$6,000,000. Advances will be made during the progress of the construction of the vessel and the notes taken will be the joint and several notes of the American Line Steamship Corporation and the Atlantic Transport Co. of West Virginia, both of which companies are controlled through stock ownership by the International Mercantile Marine Co., and the notes will be secured during the construction period of the vessel by a deed of trust under the laws of the State of Virginia.

(c) \$1,800,000 to the Eastern Steamship Lines (Inc.) in aid of the construction of two vessels being built by that company at the shipyards of the William Cramp & Sons Ship & Engine Building Co., Philadelphia, Pa., the estimated total cost of which will be not less than \$3,600,000. It is the intention of the Eastern Steamship Lines (Inc.) to organize a subsidiary corporation to be the owner of these vessels and to be named the Nova Scotia Steamship Corporation. Advances will be made during the progress of the construction of the vessels and the notes taken will be the joint and several notes of the Nova Scotia Steamship Corporation and the Eastern Steamship Lines (Inc.), which notes will also be secured during the construction period of the vessels by a mortgage or deed of trust under the laws of the State of Pennsylvania.

On the completion and documentation of the vessels the mortgages or deeds of trust taken as security for advances during the construction period are succeeded by first-preferred mortgages under the ship mortgage act, 1920, thus complying with the requirements of the law that in all cases the board shall have a first lien upon the vessel in aid of whose construction the money is loaned.

As a preferred mortgage can not be taken on the hull of a vessel during the period of construction, mortgages or deeds of trust are taken thereon under the provisions of State law, as above mentioned, to secure advances during the construction period. To justify such advances the builder is required to give a bond to the United States guaranteeing the completion of the vessel for the contract price.

Persons applying for loans are required to submit a formal application giving relevant information touching their business integrity and financial ability, together with evidence of their experience and

ability to successfully operate vessels, and a thorough examination is given by the credit department of the board concerning the financial standing of the applicant. Such formal applications must contain the information set forth in the ninth annual report of the board at page 69.

Incident to the security of the board and to the mortgages held by it on the vessels in aid of whose construction loans are made, insurance is required in companies and amounts satisfactory to the board. The question of insurance involves factors other than security for the loan made in the event of damage to or loss of the vessels. Section 12 of the shipping act, 1916, directs the board to ascertain what steps may be necessary to develop an ample marine insurance system as an aid in the development of an American merchant marine. The board has construed this mandate to include as a duty the requirement that, so far as practicable, insurance on vessels in respect to which loans are made shall be placed by the owner with American marine insurance companies, and it is therefore customary to include the following provision in contracts for loans:

All such insurance shall, when in the judgment of the board practicable, be placed with American companies. To the extent, in the judgment of the board, this is not practicable, and such insurance or some part of it is permitted by the board to be placed with foreign companies, it shall, when in the judgment of the board practicable, be placed only with foreign companies which are duly licensed to transact business in the United States, and which have agents in the United States authorized to issue such policies, and which have agents or attorneys in the United States upon whom papers and process in legal proceedings against any such company, in a State or Federal court of the United States, can be effectively served to the end that appropriate courts in the United States shall have jurisdiction over any such foreign company in respect to any such policy or policies, as fully as such courts would have over an American company; and the United States shall be the place of contract for any and all such policies.

While ample funds were received from sales of vessels and other property during the five-year period which expired on June 5, 1925, to have justified the setting aside of the entire sum of \$125,000,000 as authorized by the act, that amount was not set aside, due in large measure to the fact that appropriation acts had required a large part of the proceeds of sales to be applied to current expense of operation, and funds were therefore not always available for the annual allotment to the construction loan fund.

On April 21, 1925, realizing that the period of time within which deposits could be made to the credit of the fund was about to expire, the board passed a resolution setting aside in the fund a group of securities, aggregating \$18,464,177.52, consisting of promissory notes, bonds, letters of credit, and other evidences of debt taken by the board during the period of five years on account of the purchase

price of various vessels and other property that had been sold, the sales in question having been made on that basis to procure better prices for the Government. Any technical question of the right to deposit such proceeds in the fund could have been eliminated by the sale of the securities and the deposit of the proceeds of sale in the fund within the time limit named in the act. Such a sale, however, could not have been consummated except at a substantial discount; the board, therefore, elected to deposit the securities themselves. The deposit of the securities has been disapproved by the Comptroller General of the United States, notwithstanding the natural underlying equity in support of the action of the board; he has consented, however, that the securities in question may be segregated and listed and the proceeds of maturing or paid-off securities, including interest as and when received, may be deposited in a special fund in the Treasury of the United States, there to await action of Congress and be then disposed of accordingly. Under this arrangement there has been deposited in the Treasury during the fiscal year 1925-26 the sum of \$5,520,079.29, representing the total collections on account of the securities heretofore referred to.

Allotments were made to the fund during the five-year period as follows: For the year ended June 5, 1921, nothing; for the year ended June 5, 1922, \$25,000,000; for the year ended June 5, 1923, \$25,000,000 (in addition thereto \$11,808,729.48 which was also available as proceeds from sales was added to the fund in lieu of the fact that nothing was allotted for the year ended June 5, 1921; subsequently, however, as hereinbefore mentioned, the Treasury Department disallowed this allotment); for the year ended June 5, 1924, \$11,281,931.62; for the year ended June 5, 1925, \$6,458,567.96.

A bill was introduced at the first session of the Sixty-ninth Congress at the instance of the board by Mr. Scott, of Michigan, in the House, and by Senator Jones of Washington, in the Senate, having in view not only procuring for the fund the several amounts lost to it under the technical rulings applicable to the case, as set forth above, but also having in view an increase of the fund to the amount originally designed by Congress, namely, \$125,000,000. The House bill is H. R. 9645, and the Senate bill is S. 3896.

Action on these bills was not practicable before the adjournment of Congress, but they have been sympathetically considered and it is the hope of the board that they will be passed at the second session of the Sixty-ninth Congress.

#### DIESEL PROGRAM

The Diesel conversion program of the board was inaugurated under the act of June 30, 1924, making available an amount not exceeding \$25,000,000 for installing internal-combustion engines in

vessels of the Government not only thus to equip them with the most modern type of propulsive machinery, but to promote the domestic manufacture of such engines and the development of skilled workmen in this field among citizens of the United States.

The initial steps preliminary to the selection of the various types of engines to be used are fully set forth in the annual report of the board for the fiscal year ended June 30, 1925, pages 71 *et seq.* Pursuant to the recommendations of the committee of experts appointed to make certain investigations in connection with the various types of internal-combustion engines, the board authorized contracts for the construction of such engines for the equipment of 14 of its vessels, which contracts are as follows:

(a) Busch-Sulzer Diesel Engine Co., St. Louis, Mo., contract dated December 22, 1924, covering four 6-cylinder, 2-cycle, single-acting engines, 3,000 brake horsepower, in the total sum of \$979,568.

(b) McIntosh & Seymour Corporation, Auburn, N. Y., contract dated December 22, 1924, covering three 6-cylinder, 4-cycle, single-acting engines, 2,700 brake horsepower, in the total sum of \$685,649.

(c) Pacific Diesel Engine Co., Oakland, Calif., contract dated January 22, 1925, covering two 8-cylinder, 4-cycle, single-acting engines, 2,900 brake horsepower, in the total sum of \$474,400.

(d) Hooven, Owens, Rentschler Co., Hamilton, Ohio, contract dated December 22, 1924, covering one 4-cylinder, 2-cycle, double-acting engine, 3,300 brake horsepower, in the total sum of \$236,857.

(e) McIntosh & Seymour Corporation, Auburn, N. Y., contract dated December 22, 1924, covering one 4-cylinder, 4-cycle, double-acting engine, 2,700 brake horsepower, in the total sum of \$228,550.

(f) New London Ship & Engine Co., Groton, Conn., contract dated December 22, 1924, covering one 4-cylinder, 2-cycle, double-acting engine, 3,300 brake horsepower, in the total sum of \$246,857.

(g) Worthington Pump & Machinery Corporation, Buffalo, N. Y., contract dated December 22, 1924, covering two 4-cylinder, 2-cycle, double-acting engines, 2,900 brake horsepower, in the total sum of \$414,378.

The total amount represented by the above contracts, including changes and extras, duly authorized by the board, is \$3,280,056.40.

In addition to the engines covered by the above contracts, which engines are intended to furnish the main propulsive power of the vessels, various contracts have been entered into, as follows, for smaller internal-combustion engines for auxiliary service on the vessels:

(a) McIntosh & Seymour Corporation, Auburn, N. Y., contract dated April 20, 1925, covering nine 2-cylinder, 4-cycle, single-acting, Diesel-type auxiliary marine oil engines, 108 brake horsepower, in the total sum of \$144,154.

(b) Worthington Pump & Machinery Corporation, East Cambridge, Mass., contract dated April 20, 1925, covering six 3-cylinder, 2-cycle, single-acting, Diesel-type, auxiliary marine oil engines, 115 brake horsepower, in the total sum of \$86,380.

(c) Pacific Diesel Engine Co., Oakland, Calif., contract dated June 1, 1925, covering twenty-two 3-cylinder, 4-cycle, single-acting, Diesel-type auxiliary marine oil engines, 108 brake horsepower, in the total sum of \$277,325.

(d) Worthington Pump & Machinery Corporation, East Cambridge, Mass., contract dated May 28, 1926, covering six additional auxiliary marine oil engines similar to those mentioned in (b) above, in the total sum of \$117,900. These additional engines were ordered because of default on the part of the Pacific Diesel Engine Co. in deliveries under the contract mentioned in (c) above.

The total amount represented by the above contracts is \$625,759.

As the plans for the conversion of the vessels to Diesel propulsion contemplated that all auxiliary machinery, including pumps, winches, etc., should be electrically driven, it was necessary to replace all auxiliary machinery which had formerly been used with the equipment for steam propulsion. These changes were necessary in order to make the vessels to be converted strictly modern motor vessels, and contracts were therefore entered into for this and other necessary equipment, as follows:

Contractor	Equipment	Amount
Kingsbury Machine Works, Philadelphia, Pa.....	Thrust bearings and shoes.....	\$39,200.00
Ridgway Dynamo & Engine Co., Ridgway, Pa.....	Generators.....	60,046.00
Lidgerwood Manufacturing Co., New York City.....	Winches.....	123,256.00
New York Shipbuilding Co., Camden, N. J.....	Air tanks.....	15,200.00
Moore Drydock Co., Oakland, Calif.....	do.....	8,552.00
Newport News Shipbuilding & Dry Dock Co., Newport News, Va.....	do.....	23,625.00
Standard Underground Cable Co., Pittsburgh, Pa.....	Cable.....	17,297.10
Cutler Hammer Manufacturing Co., Milwaukee, Wis.....	Brakes.....	33,685.00
Kinney Manufacturing Co., Boston, Mass.....	Pumps.....	10,272.00
Newport News Shipbuilding & Dry Dock Co., Newport News, Va.....	Shafts, etc.....	16,300.00
General Electric Co., Schenectady, N. Y.....	Motors.....	29,986.75
Mianus Diesel Engine Co., Stamford, Conn.....	Air compressors.....	37,422.00
Walker Switchboard Co., Philadelphia, Pa.....	Switch control boards.....	68,436.00
Nash Engineering Co., South Norwalk, Conn.....	Pumps.....	62,694.40
Westinghouse Electric & Manufacturing Co., Pittsburgh, Pa.....	Motors and controls.....	187,054.00
Diehl Manufacturing Co., Elizabeth, N. J.....	Generators.....	6,076.00
De Laval Separator Co., Poughkeepsie, N. Y.....	Oil separators.....	28,712.25
Schutte & Koerting Co., Philadelphia, Pa.....	Oil coolers.....	4,716.00
Sharples Specialty Co., Philadelphia, Pa.....	Oil separators.....	29,969.52
Sperry Gyroscope Co., Brooklyn, N. Y.....	Steering control equipment.....	53,760.00
Griscorn Russell Co., New York City.....	Water coolers.....	6,793.40
Reading Iron Co., Reading, Pa.....	Shafts, etc.....	32,240.00
Kinney Manufacturing Co., Boston, Mass.....	Pumps, etc.....	23,007.10
Reading Iron Co., Reading, Pa.....	Shafts, etc.....	3,450.00
Nash Engineering Co., South Norwalk, Conn.....	Pumps.....	1,632.00
General Electric Co., Schenectady, N. Y.....	Motors.....	6,626.60
Reading Iron Co., Reading, Pa.....	Tail shafts, etc.....	5,040.96
Sperry Gyroscope Co., Brooklyn, N. Y.....	Gyro-equipment.....	53,333.00

The total commitments under the miscellaneous contracts next above listed, including changes and extras duly authorized by the board, are \$993,144.08.



As the program progressed and some of the engines were nearing completion, contracts were entered into during the fiscal year for the installation of the engines and other necessary equipment in the vessels to be converted to motor ships; the vessels selected for this purpose will be found enumerated and described on page 75 of the annual report for 1925. The installation contracts thus far executed are as follows:

Contractor	Date of contract	Vessel	Contract price
Newport News Shipbuilding & Dry Dock Co.....	Apr. 21, 1926.....	Tampa.....	\$353,500
Do.....	do.....	Unicoi.....	353,500
Bethlehem Shipbuilding Corporation.....	May 10, 1926.....	West Honaker.....	410,120
Do.....	do.....	West Cusseta.....	410,120
Do.....	June 10, 1926.....	Crown City.....	411,620

All machinery and equipment to be installed under the above-mentioned installation contracts is furnished by the board, thus giving the Government full advantage of the power of quantity purchases to command proper competition in bidding.

The total of commitments as of June 30, 1926, including expenses of delivery of vessels to shipyards, is \$6,875,969.25. In addition to the above commitments there has been expended from the inception of the Diesel conversion program to June 30, 1926, for administrative expense of the personnel directly connected with the carrying out of the Diesel conversion program, which includes salaries, travel, and necessary office expense, the sum of \$193,741.25.

The total recorded charges against the contracts enumerated above, including expense of delivery of vessels to installation contractors, on June 30, 1926, was \$3,042,772.64.

The amount of contract commitments still unpaid as of June 30, 1926, is \$3,833,020.32.

Complete tests were made on every piece of equipment purchased, including not only final operating tests at the manufacturer's plant, but also physical tests of all material entering into the construction of the equipment. The operating tests included 30-day, full-power, full-speed, nonstop runs, on the first Worthington, McIntoch & Seymour and Busch-Sulzer engines. These tests required 12 inspectors representing the board on each engine to take data and see that all requirements were complied with. The tests were very thorough; complete data were taken every hour of the 30 days.

The first auxiliary engine of each make was given a full-power, full-speed, nonstop run of 15 days, during which the same complete data were taken. Owing to the newness of the designs of these engines, repeated tests were necessary in most all cases subsequent to changes in the engines.

The completeness of the tests has been amply justified and has resulted in the elimination of engine faults which, had they not been thus revealed, would have been very costly to correct after the ships were in service. Furthermore, the tests have afforded all interested parties the exceptional opportunity to gain experience and information. The expense has been well justified.

When the work on these vessels has been completed and tests have been made as contemplated, the board will then be in a position to determine definitely which types of engines we desire to install in other vessels which may be converted, all of which vessels will probably be cargo ships, although some of them may be tankers. The cost of conversion will be approximately the same in either case. It is difficult to estimate when the last ship of the entire program will be completed, as it is uncertain what lapse of time may occur between finishing the present program and the active initiation of work on the balance of the entire group of ships to be converted. It is believed, however, that as a result of the experience gained by engine builders in the present program, when work is started on the remainder of the ships much more rapid progress will be made, and possibly at lower cost per vessel, as the builders will have obtained valuable manufacturing-cost records and shop experience under the present program.

Much interest is evidenced by private persons in the present program of the Government, as all operators of vessels recognize that efficient internal-combustion propulsive machinery has great advantages over the old type marine engine because of the great saving in fuel through the higher efficiencies obtained and the further reduction in operating costs, due to the engine-room staff being substantially reduced in numbers, in addition to which the problem of bunkering is greatly reduced.

The act authorizing these expenditures in the conversion of vessels expressly provides that any vessel so equipped by the board shall not be sold for a period of five years from the date the installation of the new equipment is completed unless it is sold for a price not less than the cost of installation thereof and of any other work of reconditioning done at the same time, plus an amount not less than \$10 for each dead-weight ton of the vessel as computed before such reconditioning thereof is commenced. The date of completion of such installation and the amount of the dead-weight tonnage of the vessel is to be fixed by the board. In fixing the minimum price at which the vessel may thus be sold, the board may deduct from the aggregate amount above prescribed 5 per cent thereof per annum from the date of the installation to the date of sale as depreciation. It is further provided by the act that any such vessel shall remain documented under the laws of the United States for a period of not

less than five years from the date of the completion of the installation, and during such period it shall be operated only on voyages which are not exclusively coastwise.

The successful development of a national merchant marine involves factors other than the possession and operation of an adequate fleet. This fact is quite generally recognized in the shipping act, 1916, in the merchant marine act, 1920, and in other provisions of law. An illustration of such additional factors appears in section 25 of the merchant marine act, 1920, under the provisions of which the board not only recognizes the American Bureau of Shipping as a quasi-national organization but uses its influence for its protection and for the extension of its prestige as a classification society. It is also illustrated in section 12 of the shipping act, 1916, where it is required that the board shall examine into the subject of marine insurance and ascertain what steps may be necessary to develop an ample marine-insurance system as an aid in the development of an American merchant marine. Other factors collateral to the immediate ownership and physical operation of vessels exist, and from time to time receive the attention of the Bureau of Construction.

#### **American Bureau of Shipping.**

The American Bureau of Shipping is an organization having similar functions to the British Lloyds, to the French Bureau Veritas, and to similar organizations in other maritime countries, and is maintained primarily for the classification of vessels.

Realizing the importance of having an organization with such functions, wholly free of bias in favor of foreign shipping, to classify American vessels, it is provided by section 25 of the merchant marine act, 1920, that all departments, boards, bureaus, and commissions of the Government shall recognize the American Bureau of Shipping as their agency in such matters, so long as that organization continues to be maintained as an organization "which has no capital stock and pays no dividends." The act provides, as further evidence of the national recognition of the organization, that the Secretary of Commerce and the chairman of the Shipping Board shall each appoint one representative as representing the Government upon the executive committee of the American Bureau of Shipping, and the American Bureau of Shipping shall agree that these representatives shall be accepted by them as active members of such committee. The board is also directed by section 12 of the shipping act, 1916, to examine the rules under which vessels are constructed and the methods of classifying and rating same, duties under which directions definitely involve the work of the American Bureau of Shipping.

In the ninth annual report of the board, for the fiscal year ended June 30, 1925 (p. 80), reference is made to the fact that questions had arisen in Italy and in France involving mutual recognition by these countries and the United States of the vessel inspection laws of the countries, respectively. The questions arose in the first instance in France, when that Government notified the Dollar Steamship Line that the American vessels operated by it entering French ports would be subjected to French inspection, and the exhibit of the certificates of the American Bureau of Shipping would not be accepted as adequate evidence of compliance with law. At the instance of the Bureau of Construction, the Department of State entered into negotiations with the Government of France, emphasizing the fact that the American Bureau of Shipping had been duly recognized by Congress and that it should be given the same recognition by foreign governments as is given similar classification societies of other nations, such as British Lloyds and the Bureau Veritas of France, especially as reciprocal recognition is given proper foreign classification societies by American officials. The French Government was responsive to the intercession of the Department of State; it suspended the order for inspection of the vessels of the Dollar Line and indicated that when other aspects of the question were solved the certificates of the American Bureau of Shipping would be recognized. The other matters referred to related to the more basic question of mutual recognition by the two Governments of their respective vessel inspection laws. As the administration of the inspection laws of the United States is under the Department of Commerce, the subject of reciprocal recognition between the two Governments of their respective inspection laws was referred by the Department of State to the Department of Commerce for consideration. The subject continued also to receive the attention of this bureau. On March 25, 1926, the Department of Commerce transmitted a report to the Department of State indicating its willingness to give due recognition to the vessel inspection laws of France, and transmitting to the Department of State copies of those laws of the United States, relating to vessel inspection, germane to the negotiations; these were duly transmitted to the American Embassy at Paris with instructions to take the matter up further with the French Government.

An issue similar to the above arose also in the case of the Italian Government, officials of which gave notice that American vessels visiting Italian ports would have to conform to the Italian inspection laws, notwithstanding that the equipment of the vessels met the requirements of the American law. This bureau intervened in that case also and through the cooperation of the Department of State secured a suspension of the requirements of the Italian officials while

awaiting the outcome of negotiations similar to those pending with the French Government, referred to above.

The impossibility of a vessel physically complying with conflicting provisions of the laws of different countries emphasizes the importance of maritime nations having reciprocal agreements, under which their officials will accept as sufficient, conditions which are in compliance with the laws of the nation to which the vessel belongs.

The adaptability of the American Bureau of Shipping in meeting new conditions, to facilitate new developments in our merchant marine, was illustrated during the fiscal year as follows: In its administration of the construction loan fund, the Bureau of Construction decided to require vessels in aid of whose construction loans were made to be in substantial compliance with the requirements of the rules prescribed by the International Conference on Safety of Life at Sea, adopted at a convention held at London, England, November, 1913, to the extent that such rules are consistent with the laws of the United States. The conference referred to had in view an effort to standardize certain fundamental requirements for the safety of ocean travel, but the rules have not received widespread governmental recognition; their merit, however, secured for them the support of this bureau, as above mentioned. The American Bureau of Shipping consented to be the medium by which the board could ascertain whether the requirements mentioned were in fact met by the vessels involved, and it did so through the careful examination of the plans and the issue of a certificate when the requirements mentioned had in fact been substantially met.

#### **Marine Insurance.**

The activities of this bureau in connection with the construction loan fund and in the administration of matters arising under section 23 of the merchant marine act, 1920, has brought it in immediate touch with the problems of the marine insurance system of the United States, because of the interest of the Government in vessels, though privately owned, arising either from loans under section 11 of the merchant marine act, 1920, or under contributions in aid of their construction, through tax exemptions under section 23 of the merchant marine act, 1920. The chief interest of the Government arises from the fact that the duty is imposed on it by section 12 of the shipping act, 1916, to examine the subject of marine insurance; the number of companies in the United States, domestic and foreign, engaging in marine insurance; the extent of the insurance on hulls and cargoes placed or written in the United States; and the extent of reinsurance of American maritime risks in foreign companies and to ascertain what steps may be necessary to develop an ample merchant marine insurance system as an aid in the development of an American merchant marine. Under this mandate the board some

time ago was influential in bringing into existence what are commonly known in the insurance world as Syndicates A, B, and C, whose existence makes possible the procuring of larger lines of marine insurance from American companies and also assures proper cooperation of foreign companies licensed to do business in the United States.

The relation of marine insurance to the development of an efficient merchant marine arises from the fact that American vessels dependent chiefly on foreign companies are subject to possible prejudicial treatment in the matter of rates quoted on insurance furnished. It is obvious if vessels of the country to which the insurance company belongs are quoted lower rates than are quoted American vessels, it will be a factor in favor of the foreign vessel in competing with American vessels. The relation of a classification society like the American Bureau of Shipping to the subject of insurance is very close. The quotation of higher rates on insurance furnished need not be obviously discriminatory, but may be covered by the classification given the vessel; if the classification places the vessel in a grade lower than it merits, the higher rate of insurance attaches automatically—hence the interest of this bureau in the two subjects now referred to.

By the inclusion in its loan contracts of the insurance provision already quoted (see under "Construction Loan Fund," *supra*) the board has brought about a substantial increase of the business given to American companies. The latter part of the above provision relates to the business aspect of the question, namely, that the board, quite apart from the item of promotional work involved in the upbuilding of an American merchant marine insurance system, objects to insurance being issued in a foreign country lest any suits thereon may have to be brought in such foreign country instead of in courts of the United States.

#### Work Under Section 23, Merchant Marine Act, 1920.

Under the provisions of section 23, merchant marine act, 1920, it is provided, substantially, that the owner of an American vessel will be entitled to exemption of certain taxes therein mentioned, otherwise assessable on the earnings of the vessel when operated in foreign trade, provided the owner, during the period to which the tax relates, invests in the building in shipyards in the United States of new vessels of a type and kind approved by the board, or deposits an amount equivalent to the tax in a trust fund to be used for that purpose; the amount thus invested by the citizen to be three times the amount of the tax involved.

Work of the board under the provisions of section 23, merchant marine act, 1920, is assigned to the Bureau of Construction. The most notable achievement in respect to any one vessel under this provision of law has been the construction of the steamship *Malolo* by the American Hawaiian Steamship Co., which vessel was launched

during the past year at the yards of the Wm. Cramp & Sons Ship & Engine Building Co., Philadelphia, Pa., and which it is expected will be completed and put in service by the Matson Navigation Co. between California and the Hawaiian Islands in the spring of 1927. The *Malolo* will be 582 feet long, with a displacement of 22,050 tons, and have a scheduled speed of 21 knots and a maximum of 23 knots. She will have approximately 270 staterooms capable of accommodating 680 first-class passengers. She will be equipped with the finest passenger accommodations and the most modern machinery and equipment, including geared steam turbines as her main propulsive machinery. The total cost of the vessel will be about \$7,500,000. But for the provisions of section 23 making possible certain benefits in the form of tax exemptions which constitute a substantial contribution to the cost of the vessel, the vessel would not have been built.

Reference is made in the annual report for 1925 (p. 82) to the fact that completion of the work of the board on a number of cases in which benefits under section 23 are claimed has not been practicable because action by the board in the premises could not be final until the Treasury Department had completed its audits of the various tax returns and certified to the board the amount of the tax money in fact involved, to the end that the board in turn could certify that the amount had been duly invested, as required by the act. During the past year the Treasury Department has been able to take up the audit of a number of returns involved and in consultation with this bureau a procedure has been developed under which completion of the work by the two departments is now being expedited, as the audits of the returns involved, respectively, are completed.

It is expressly provided by section 23 that it should be applied for 10 taxable years ending after the enactment of the merchant marine act, 1920 (June 5, 1920). In describing the taxes involved, however, they are referred to as taxes imposed by the "revenue act of 1918."

Notwithstanding that substantially similar taxes were imposed by the next succeeding revenue act, the Treasury Department took the position that the provision became obsolete as to taxes under the new revenue act, inasmuch as the new revenue act was not the "revenue act of 1918." Under the revenue act of 1921 the taxes in question, affecting profits arising from operations in foreign trade, were themselves repealed, hence the provisions in fact became obsolete by the abolition of the tax. Under the second paragraph of the section, however, which extends similar benefits in respect to income taxes on profits arising from the sales of certain vessels, the tax in substance remains in full force, but the provisions under this second paragraph also come under the ruling of the Treasury Depart-

ment that as the provisions of section 23 relate to taxes arising under the "revenue act of 1918," they could not be applied in respect to taxes arising under a revenue act bearing some other date.

It was the obvious intent of Congress that the policy set forth in section 23 under which substantial benefits might accrue in aid of the construction of vessels in American shipyards should be applied for a period of 10 years, and it is to be regretted that the purpose and policy mentioned should have been thwarted in any degree for technical reasons which the Treasury Department felt compelled to apply; the situation, however, may yet be remedied by appropriate legislation.

#### **Replacement of Vessels.**

Action by Congress having in view the replacement of vessels of the present Government-owned fleet becomes more urgent with the passing of each successive session for obvious reasons and the subject has been further considered by this bureau. The problem is not limited to vessels technically forming a part of the fleet owned by the Government but relates also to vessels which have been sold to private operators with a guarantee of their continued operation on particular routes. Any policy based solely upon the assumption that a guarantee of service attached to the sale of a line is any assurance whatever of the permanent continuance of the service, when the guarantee does not include a provision for replacement of the vessels, is a delusion in so far as it affects the permanent upbuilding of the American merchant marine. A buyer may guarantee the operation of a route for a period of time named in his contract when the sales price of the vessel, because of the guarantee, is low enough to offset deficits accruing during the period, for the vessel will remain an asset at the expiration of the time and can then be sold at its market value free of the guarantees of service, and the proceeds of sale may exceed the deficits. Unless profitable in itself as an operating proposition and sufficiently profitable to justify replacement of vessels, the route will obviously be dropped, so far as the American flag is concerned, at the end of the time, and the only function the sale, though with the guarantee, has discharged has been that of the liquidation of the line as an asset of the Government and not in the least a constructive factor in the permanent upbuilding of the merchant marine.

The trend of American shipping compared with British shipping during the past four years is obvious from statistics contained in the British publication known as "Lloyd's Register" for that period, from which it appears that in 1923 the British Empire had a total of 10,164 steam and motor ships, aggregating 21,695,074 gross tons; in 1924, 10,178 steam and motor ships, aggregating 21,546,044 gross tons; in 1925, 10,068 steam and motor ships, aggregating 21,907,924



gross tons; and in 1926 that Empire had 9,923 steam and motor ships, aggregating 21,952,460 gross tons. The data for the United States for the same years are as follows: The United States in 1923 had 4,217 steam and motor ships, aggregating 15,623,229 gross tons; in 1924, 3,992 steam and motor ships, aggregating 14,706,507 gross tons; in 1925, 3,829 steam and motor ships, aggregating 14,208,401 gross tons; and in 1926 the United States had 3,621 steam and motor ships, aggregating 13,740,099 gross tons. The amount of tonnage under construction for the 12 months ended June 30, 1925, was as follows: In Great Britain, 1,093,587 gross tons; in the United States, 92,001 gross tons. The amount of tonnage under construction on June 30, 1926, was as follows: In Great Britain, 839,215 gross tons; in the United States, 133,268. This shows a preponderance in favor of Great Britain of tonnage under construction—for the year 1925—of over 1,000,000 gross tons, and for the year 1926 of slightly over 700,000 gross tons.

The Shipping Board fleet has at present 12 passenger vessels, having an aggregate gross tonnage of 240,401, with an average age of 13 $\frac{3}{4}$  years.

If our American fleet in the North Atlantic is to be brought up to a reasonably competitive position, it is desirable that two vessels, plans for which have been prepared, be constructed to operate in conjunction with the *Leviathan* to British channel ports, thus providing a weekly service under the American flag for the transportation of mail, passengers, and cargo. These vessels should be approximately 30,000 tons each, with careful consideration given to the practicability of using internal-combustion engines as the main propulsive power of the vessels, giving them a speed of about 20 knots. They would have capacity for a very large number of passengers and a cargo capacity of about 6,000 tons. They can be designed so as to be convertible into auxiliaries of the Navy in time of war, including use as airplane carriers. In considering the problem of passenger transportation, it should be remembered that there is no reservoir of laid-up fleets from which can be drawn vessels under the American flag to supply deficiencies in such service.

The average age of the 12 passenger vessels still in the Government fleet is 13 $\frac{3}{4}$  years. Assuming that the life of the vessel is 25 years, another three years must elapse before any replacements can be constructed and put into operation. The replacement of the fleet will have to be accomplished within the period of 16 years, which will require the construction of about 26,000 gross tons of passenger vessels per year. This is in addition to the construction of the two combined passenger and cargo liners required for the North Atlantic service. Including these two vessels, the building

program would involve the construction of an average of 30,000 gross tons of passenger vessels per year during the period from 1928 onward.

### BUREAU OF LAW

The details of the work of the Bureau of Law have been so extensively covered in annual reports of the Shipping Board for the past three years, that it is deemed advisable to omit repetitions of these matters, and confine the report expressly to the work done by the bureau during the present fiscal year.

During the fiscal year ended June 30, 1926, the Bureau of Law has been almost exclusively engaged in the codification of the navigation laws of the United States, and in laying a broad foundation for revision of these laws as hereinafter explained.

The codification of the existing navigation and shipping laws has been finished by the bureau during the year and is nearly ready for general distribution in printed form. It will be sent to individual members of both the Senate and House; to all Federal judges; to such United States attorneys as may, by the location of their districts, be concerned with the administration of these laws; to all bureaus and offices of the Government concerned; to a selected list of admiralty attorneys; to various associations throughout the country, such as associations of steamship owners, of masters, mates, and pilots, of seamen, of underwriters, of shipbuilders, of certain chambers of commerce who represent large shippers of goods by sea, and to the great meat-packing associations; also to collectors and inspectors located in various ports of the United States, with whom, through the courtesy of the customs division, we have been placed in correspondence, and from whom we have received many valuable suggestions as to needed changes in the laws. To all of these, preliminary chapters of the code have been sent as they have been issued, and from most of these various parties and individuals we have received criticisms, advice, and suggestions.

This complete printed code consists of about 400 pages, containing 23 chapters; in all, slightly over 1,400 sections.

The titles of these chapters are as follows:

- Chapter 1. "Documented and Recorded Vessels."
- Chapter 2. "Admeasurement of Vessels."
- Chapter 3. "Marine Inspection Service."
- Chapter 4. "Officers and Pilots of Merchant Vessels."
- Chapter 5. "Shipping, Rating, Wages, and Discharge of Seamen."
- Chapter 6. "Protection and Relief of Seamen and Effects of Deceased Seamen."
- Chapter 7. "Offenses by and Against Seamen."
- Chapter 8. "Entry and Unloading of Vessels and Landing of Merchandise."
- Chapter 9. "Clearance of Vessels."
- Chapter 10. "Customs Officers."
- Chapter 11. "Restrictions upon Coastwise Trade."

- Chapter 12. "Marine and Coastal Fisheries."
- Chapter 13. "Aids and Obstructions to Navigation."
- Chapter 14. "Passengers and Immigration."
- Chapter 15. "Classes of Cargo."
- Chapter 16. "Consular Service."
- Chapter 17. "Public Health and Quarantine."
- Chapter 18. "Tonnage Dues and Taxes. Discriminatory Provisions, and Special Taxes."
- Chapter 19. "Marine Postal Service."
- Chapter 20. "Collision of Vessels."
- Chapter 21. "Rights, Immunities, and Liabilities of Shipowners and Carriers and Enforcement."
- Chapter 22. "Sales, Charters, and Mortgages of Vessels."
- Chapter 23. "United States Shipping Board."

This code of the existing navigation laws has been entirely reviewed by the authors and is being presented to Congress concurrently with this report. The Bureau of Law has secured the appointment by resolution of the Maritime Law Association of a committee of representative leading admiralty judges and lawyers throughout the United States, to be selected by its president, Hon. Charles M. Hough, judge of the United States Circuit Court of Appeals, at New York, which committee is to make a thorough, careful, and critical examination of the code, section by section, and which will thereafter certify over the name of the Maritime Law Association and the names of the members of the committee that the translations of the statutes used in the code, section by section, are accurate and exact; that neither more nor less is contained in the sections severally than is contained in the statutes which the sections severally purport to include.

With the presentation of the code to Congress there is also being presented an amending bill keyed in as far as possible, section by section, with the codification. The purpose of this method is that controversies which are sure to arise concerning amendments to existing laws will center around the amending bill and will not endanger the codification itself. Such amendments, if adopted, will be substituted for the corresponding section of the code, and if rejected will be stricken from the amending act, thus in either case leaving the code intact.

The above-mentioned work has been carried on by two attorneys on the staff of the bureau, assisted by an office force of from three to five stenographers, copyists, and clerks. The work in laying the foundation for the revisions and in obtaining the material for suggestions relating to this revision has involved extensive correspondence, and frequent conferences in various parts of the country with representatives of the many associations concerned, who are interested in and aiding in the production of what is intended to be the merchant shipping act of the United States.

**BUREAU OF FINANCE**

The Bureau of Finance is interested in all matters of a financial nature pertaining to the Shipping Board. On December 2, 1924, the Shipping Board, by resolution, directed that all financial matters to be presented to the board for consideration be first referred to this bureau for investigation and report.

The Shipping Board passed a resolution dated December 29, 1925, delegating authority to the Fleet Corporation to settle, adjust, write off, or cancel, without further approval of the board, all claims arising out of, or connected with, the operation of vessels, the sale or rental of any property, real or personal, or any other matters, provided the amount involved was not in excess of \$25,000.

The foregoing authority, however, does not apply to any securities or evidences of indebtedness which have been set aside for the construction loan fund. All compromises, settlements, cancellations, or write-offs involving amounts in excess of \$25,000, and all requests for extensions or rearrangement of terms of any securities set aside for the use of the construction loan fund are first referred to this bureau for recommendation before being placed on the docket for consideration by the board.

During the past year this bureau approved the write-off or adjustment of a number of accounts where charges were erroneously set up, or because of the impossibility of collection, in order that the books of the Fleet Corporation might more closely reflect the true value of its assets. Write-offs do not, in any sense, forgive the indebtedness of the debtor; the accounts may be reinstated on the books whenever the possibility of their collection arises.

In conjunction with the Bureau of Construction, this bureau is charged with the responsibility of administering the construction loan fund.

The Bureau of Finance cooperates with the legal department and the treasurer's office in an effort to expedite the collection of accounts and the liquidation of past-due securities. A number of troublesome old accounts have either been reduced or settled, and it is felt that satisfactory progress has been made in this connection during the past year.

**BUREAU OF RESEARCH**

The statistical work of the Bureau of Research may be characterized as the development of a war emergency measure into a peace activity of economic value.

During the World War close observation was maintained of all merchant ships touching at United States ports and as a part of this intelligence system each vessel arriving at or departing from

our shores was required to furnish a report containing complete data regarding its nationality, origin, and destination of cargo and passengers carried, particulars as to its size, type, speed, crew, capacity for carriage of passengers and freight, and other information of importance under the exigency then existing. Following the termination of military operations, together with discontinuance of the military intelligence system, these vessel reports fell into disuse, and while the regulation requiring them was never rescinded, in the absence of strict enforcement its observance gradually declined.

In considering methods of carrying out the provisions of the merchant marine act, 1920, directing the board to determine what steamship lines should be established and operated in the foreign and domestic commerce of the United States, it was realized that proper determination of these problems required definite information as to the physical volume in cargo tons of the freights to be moved, the origin and destination of shipments, and detailed particulars regarding the carrier vessels. Such information was not available from any source then existing, but the war-time system of vessel reports was recognized as adaptable to use in collecting the data necessary to the performance of the duties of the board as prescribed by law. The report forms were therefore revised to meet the requirements of this service and steps were taken to secure submission of reports by all vessels engaged in foreign commerce. Facilities were also installed for mechanical preparation of records and compilation of statements therefrom.

By the beginning of 1921 preparatory work was completed and permanent records of foreign trade were established beginning at January 1, 1921. In the earlier stages of the work compilations were made on a basis of vessel entrances and clearances only and cargo tonnage was credited to the ports of entrance and clearance, without reference to actual loading and unloading points. As a later development, under direction of the Bureau of Research, methods of compilation were adopted designating the actual district or port of origin and destination of all cargoes moved in foreign commerce, and revised compilations of the entire record from January 1, 1921, were made on that basis.

Up to March of 1922, this work was conducted in the statistical department of the Emergency Fleet Corporation, although it was recognized that all the information collected could not legally be made fully available to that organization, which had no legal authority to require the vessel reports from which the records and compilations were made. Shipowners frequently expressed objections to submitting such reports on the ground that they were being required to disclose to a competitor information regarding their activities. Altogether the situation was unsatisfactory, and it was

evident that development of the work to a high degree of usefulness would be very difficult, if not practically impossible.

In a resolution of March 13, 1922, the board directed the Bureau of Research to conduct this work and all subsequent development has been under the jurisdiction of that bureau. In August of 1922 the division of statistics of the Bureau of Research was formally organized.

The object of this work is to provide a source of supply of essential information not elsewhere obtainable, to avoid duplication of the work of other agencies, and to so cooperate with other organizations as to enable them to likewise avoid duplication of effort. In pursuance of this policy, on January 1, 1923, the records of the division were extended to include passenger traffic, the foreign trade of noncontiguous United States territories and intercoastal traffic through the Panama Canal between the east and west coasts of the United States.

From these records 10 periodical reports are compiled which have an annual distribution of about 25,000 copies. In addition to regular periodical reports, approximately 200 special compilations are prepared annually. The records of the fiscal year 1926 include particulars regarding upward of 60,000 incoming and outgoing cargoes carried by 6,000 vessels under all flags which took part in the waterborne trade of the United States during that period.

War experience also taught another lesson of vital importance. At the outset of the World War the United States had no adequate facilities for the conduct of foreign commerce, and definite information regarding foreign merchant ships available for employment in our commerce became practically unobtainable. Prior to that time the vessel classification societies of various nations were the established authoritative sources of information relating to the world's merchant marine and had been depended upon for all data necessary to our shippers and to our Government. With the beginning of hostilities their facilities were monopolized by the various Governments and American commerce suffered serious consequences.

When the deliberations of the Limitation of Arms Conference at Washington made necessary the submission of presentations of relative conditions in the merchant marines of the various nations represented, the United States was compelled to depend upon foreign sources for details necessary in the preparation of comparisons with our own merchant fleet.

Accordingly, the Bureau of Research in 1922 began the installation of a record of the seagoing merchant marine of the world, which has been so developed that information more nearly current and more complete than any formerly obtained from foreign sources is now available. As at present conducted, the vessel section main-

tains three major activities—a historical record containing detailed particulars regarding the construction of approximately 18,000 vessels which comprise the world fleet of merchant vessels of 1,000 gross tons and over; a statistical record in which complete descriptions of these vessels have been entered on punched cards so that any classification, grouping, or other statistical presentation can be expeditiously prepared by means of mechanical tabulation; and an employment record of the American seagoing merchant marine from which periodical reports are compiled showing the trades in which all American vessels are engaged as well as the location of all such vessels as are not in active service.

#### LEGAL DEPARTMENT

During the fiscal year ended June 30, 1926, the legal department reduced its personnel and salaries as follows:

	Number of employees	Salaries
June 30, 1925.....	139	\$488, 100
June 30, 1926.....	112	404, 080
Reduction.....	27	84, 020

No changes have been made in the form of the organization of the department except that the offices located at Norfolk, Va., and Portland, Oreg., have been discontinued.

#### Litigation Division.

In the appendix will be found a tabulated statement of the cases in litigation as of June 30, 1926, and comparing them with those as of June 30, 1925, also showing the new cases docketed during the year, the cases closed, and the amounts involved.

This statement shows that in spite of the institution of 66 new cases against the Fleet Corporation involving \$943,440.35 during the year, this division was able to reduce the total number of cases by 22 and to reduce the amount claimed against the Government by \$21,355,875.84. Eighty-eight cases involving over \$16,000,000 were settled for \$705,882.56.

The figures pertaining to cases existing in the Court of Claims show also that 10 cases involving nearly \$20,000,000 were settled either entirely successfully for the Government or by the payment of small amounts, totalling \$115,790. These cases are handled primarily by the Department of Justice although the personnel of this division assists the Department of Justice in the preparation for trial, taking of testimony, and writing briefs and other court documents.

The tabulation also shows cases in which the Government is interested as plaintiff and as creditor in bankruptcy and receivership proceedings.

The outstanding cases that have been handled in the courts by the division in the present year include the following:

The injunction brought to prevent the sale of the American Oriental Mail Line to the Admiral Oriental Line in which the Government was entirely successful in preventing the issuance of the injunction and securing the dismissal of the suit.

The Skinner & Eddy litigation in the Federal courts of the State of Washington has resulted in protracted hearings on the pleadings. These questions have been cleared away and the hearings on the merits should start during the fall of 1926.

The Pusey & Jones litigation in Delaware, in which hearings were held during almost the entire winter of 1926 and which hearings resulted in the receipt of an offer of settlement from the receivers of the Pusey & Jones Co. which is very favorable to the Government and which it is believed will result in a termination of this very involved and expensive litigation in the near future.

The suits against the United States and the Fleet Corporation which have been commenced in Japan and in the courts of the United States as a result of the Takata failure. These suits involve approximately \$400,000, and questions as to the validity of certain clauses in the bills of lading of great importance to shippers, carriers, and banks.

The suit of the Western Union Telegraph Co. against the Fleet Corporation to collect the difference between "Government rates" and "commercial rates" on messages sent by the Fleet Corporation. In this case, although an opinion adverse to the Fleet Corporation was handed down by the Court of Appeals for the District of Columbia, it is believed that the United States Supreme Court, to which a petition for a writ of certiorari will be presented, will reverse the decision of the lower court.

The activities of the litigation division have also resulted in negotiations for settlement of the suits instituted against the United States in the Court of Claims by the Compagnie de Chemins de Fer de Paris et Lyon et a La Méditerranée and Compagnie des Chemins de Fer Algériens de l'Etat, commonly known as the French Railway cases, covering requisition of ships. These negotiations, it is hoped, will result in a termination of this litigation within a month.

#### **Contracts, Opinions, Recoveries, and Special Assignments Division.**

This division handled the following matters of which records were kept:



1. Instruments drafted:	
(a) Contracts and leases .....	195
(b) Performance and other bonds .....	89
(c) Mortgages .....	114
(d) Satisfaction of mortgages and release of sureties on bonds .....	39
(e) Proposals and notices of terms of contracts to bidders .....	15
2. Opinions prepared .....	127
3. Contracts, bonds, releases, insurance policies examined, approved, dis- approved, or modified .....	105

The sales of vessels and established steamship lines have been numerous during this fiscal year and have required the preparation and approval of all of the legal documents necessary to complete the transactions. Contracts providing for sale and continued service together with other documents have been prepared in the following sales of established lines:

	Ships
Export Steamship Line .....	18
Carolina Steamship Corporation .....	5
Pacific Argentine Brazil Line .....	6
American South African Line .....	5
Munson Steamship Line .....	4
Admiral Oriental Line .....	5
W. R. Grace & Co. (additional ships for operating) .....	2

In all, 353 ships were sold, 96 of which involved mortgages back to the United States and 35 of which involved definite provisions, with bonds, to make changes and betterments therein. There were also four dry docks sold, requiring contracts and bills of sale.

This division has also had to supervise and prepare the necessary papers for the reconveyance to the Government of the Carolina Steamship Corporation ships.

The reorganization of purchaser corporations or the resale by purchasers of ships bought from the Government on which the Government holds mortgages has also entailed the drafting and approval of the numerous documents necessary to protect the Government's interests.

Special effort has been made to dispose of the many claims held by the Government against bonding companies as a result of construction, operating, and other bonds. Progress has been made in this direction. The great difficulty in accomplishing results has been caused not only by the technical legal points raised by the bonding companies, but also by the necessity for auditing long and intricate accounts. Over \$250,000 has been collected in the last four months and a judgment secured of over \$100,000, although the bonding company involved has appealed and thereby temporarily prevented collection of the account.

**Claims.**

The handling of claims during the fiscal year has not been marked by the payment of many claims, but rather by either the disallowance of the claims or their transfer to litigation occasioned by the claimants instituting suits to prevent the statute of limitations from running against them. This step was only taken by the claimants after every opportunity had been given them to present their entire evidence and make all arguments.

There were pending on July 1, 1925, 36 claims aggregating \$16,591,131.33. During the fiscal year, there were filed 13 additional claims totaling \$2,372,473.82. During the year there were eliminated either by allowance, disallowance, or by transfer to litigation, 18 claims aggregating \$4,164,586.40. This leaves on hand on June 30, 1926, 31 claims totaling \$14,799,018.75. Of this aggregate approximately \$12,400,000 consists of those claims representing the French Government, British Ministry, and F. W. Anderson, who claims to be a British subject.

The outstanding claim finally disposed of was that of the Japanese Government for the wages paid to ships' crews by Japanese shipping companies while the ships were in the so-called "danger zone." This claim originally was considerably over \$1,000,000, but was finally settled for \$583,500.

**Admiralty Division.**

The headquarters of the admiralty division is located in Washington, but offices are maintained in New York and London. The division handles all admiralty matters for the Shipping Board and the Fleet Corporation and the attorneys in the New York office also appear and handle for other departments of the Government cases involving admiralty questions. There were on June 30, 1926, 105 cases involving approximately \$3,250,000, in which other departments of the Government were interested.

On June 30, 1926, there were pending in the admiralty division 785 cases in litigation in 30 different district courts of the United States involving approximately \$35,000,000. There were over 100 cases in litigation in 23 foreign countries involving approximately \$7,500,000. There were approximately 275 cases not in litigation involving about \$10,000,000.

During the fiscal year, the admiralty division disposed of 549 cases involving over \$11,000,000; 233 were cases in favor of the board involving approximately \$4,000,000, upon which the division collected approximately \$1,000,000; 316 cases were against the Government, involving \$7,275,000, and were settled for approximately \$1,737,000. These cases involved collision, salvage, lien, and miscellaneous claims.

There were received during the fiscal year 1926 new cases involving approximately \$9,000,000. The most important single case is that brought by the Government against the Newport News Shipbuilding & Drydock Co. for a fire occurring on the steamship *America* on March 10, 1926, when the vessel was undergoing repairs at the yard of the dry dock company.

In addition to the litigation work involving the actual trial of cases, the preparation of evidence for the assistance of United States attorneys, and the appellate work handled both by the division itself and in collaboration with the Department of Justice, the division also is in constant conference with the marine insurance, operating, and contract departments. The division also assigns a member of its staff to the traffic department's bill of lading committee to advise it on legal questions, and is charged with drawing bills of lading for various trades. The admiralty division also works in close touch with the other members of the legal department in the preparation of bills of sale and mortgages of ships.

Every effort is being made to utilize in the field so far as possible the services of the United States attorneys in order that certain of the district offices may be closed. It is hoped that it will be possible to discontinue the San Francisco office within a short time. Plans are being considered for the discontinuance or reorganization of certain of the other offices.

#### SECRETARY

During the past fiscal year the functional organization of the secretary's department remained practically as during the preceding year. In addition to the purely secretarial and custodial duties of the secretary's department, the service divisions, including transportation and travel, subsistence, mails, telegraph and cable, telephones, rentals, office buildings, library, files, etc., are under the supervision of the secretary.



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PART II

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UNITED STATES SHIPPING BOARD  
EMERGENCY FLEET CORPORATION

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## EMERGENCY FLEET CORPORATION

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### ORGANIZATION

The organization of the Fleet Corporation and the character of its activities were not materially changed during the fiscal year 1926, although a number of important changes in personnel occurred, and some modifications in the assignment of duties and responsibilities to the various officers and departments were effected.

#### Trustees and Officers of the Fleet Corporation.

During the fiscal year the following changes were made:

On October 6, 1925, the resignation of L. C. Palmer as a trustee and president of the corporation was accepted, and on the same date the resignation of Sidney Henry as a trustee and a vice president of the corporation was accepted. On the same date Elmer E. Crowley was elected a trustee and president of the corporation, vice L. C. Palmer, and George K. Nichols was elected a trustee of the corporation. On October 7, 1925, the resignation of H. I. Cone as a trustee and vice president of the corporation was accepted. Effective December 1, 1925, the resignation of Joseph E. Sheedy, vice president in charge of European affairs, was accepted. On December 3, 1925, the resignation of W. B. Keene as a trustee and vice president of the corporation was accepted, effective December 31, 1925. On December 9, 1925, the resignation of Asa F. Davison as a trustee and vice president of the corporation was accepted, effective December 15, 1925. On December 21, 1925, D. S. Morrison, general comptroller, was elected a trustee of the corporation, and George K. Nichols, a trustee of the corporation, was elected vice president. On January 27, 1926, Chauncey G. Parker, general counsel, was elected a trustee.

At the close of the fiscal year June 30, 1926, the officers and trustees of the corporation were as follows:

Elmer E. Crowley, president and chairman of board of trustees.

George K. Nichols, trustee and vice president.

J. Harry Philbin, trustee and manager, department of ship sales.

E. H. Schmidt, trustee and treasurer.

D. S. Morrison, trustee and general comptroller.

Chauncey G. Parker, trustee and general counsel.

Roy H. Morrill, secretary.

#### **Reduction in Personnel.**

Special attention was given during the fiscal year 1926 to effecting savings in administrative expenses of the corporation, including reductions in personnel. Although personnel reduction was made during the fiscal year 1925 of 788 employees, with annual salaries amounting to \$1,630,865, further cuts were made during 1926, involving 601 employees with an annual pay roll of \$1,125,246. The personnel on pay rolls of the Fleet Corporation on June 30, 1926, totaled 1,644, with annual salaries amounting to \$3,802,769. Of this total, 119 employees with a pay roll of \$260,980 per annum, were assigned to various offices of the Shipping Board.

#### **Improvement in Operating Results.**

Comparison of profit and loss statements for the fiscal years 1924, 1925, and 1926, indicates that the total losses of the Fleet Corporation were reduced from about \$41,000,000 in 1924 to approximately \$30,000,000 in 1925, and that in 1926 the total loss was less than \$20,000,000. The results of cargo, passenger, and other services for the fiscal year 1926 are shown in the "Statement of profit and loss, excluding liquidation, fiscal year 1926," which is included as Table IX in the appendix.

Part of the reduction in total losses during 1926 was the result of savings incident to the sale of cargo and passenger lines, but a much larger part is directly traceable to improved operations, particularly in the cargo services. Better revenues were obtained and expenses were kept within reasonable limits with the result that average losses were materially reduced.

#### **Sale of Lines.**

During the fiscal year four cargo services were sold in their entirety to private operators, and two passenger services were disposed of in like manner. Three of the cargo services sold are still in the hands of the purchasers. One of the cargo services, which early in the fiscal year was sold and turned over to private operators under a sales agreement, was later repossessed by the Fleet Corporation and is now being operated for our account. The details of these sales, and sales of individual vessels completed during the year, are given in the report of the ship sales department.

In addition to the decided advantage of furthering the program of creating an American merchant marine by placing lines in private hands for American-flag operation, the satisfactory sale of a line also eliminates a source of direct financial loss to the Fleet Corporation. With this double incentive for earnest effort to consummate sales of lines, careful consideration has been given to all offers received or even discussed in a preliminary way.



**Construction Department.**

This department, after the completion of the construction program, worked principally for the benefit of the legal department, in investigating claims of shipbuilders and other private contractors, and furnishing data for claims, settlements, law suits, etc. At the beginning of the fiscal year, 1926, it was a part of the finance department, but when that department was abolished in October, 1925, the construction department was transferred to the jurisdiction of the vice president. In the latter part of the fiscal year, the construction department was abolished, the files being combined with the general files of the corporation and part of its personnel being absorbed by other departments.

**Marine Insurance Department.**

During the fiscal year 1926, 146 new claims in favor of the Fleet Corporation have arisen for an estimated amount of \$2,827,000, while the department has settled 184 claims, which had been estimated at \$768,257.97, for an amount of \$262,495.64. In the new claims in favor of the board is included the case of the steamship *America*, which was damaged by fire to the extent of approximately \$2,250,000.

Two hundred and eight new claims were made against the Fleet Corporation for an estimated amount of \$620,208.79, while the department has settled 259 claims against the corporation having an estimated value of \$2,223,915.52 for an amount of \$1,125,334.93.

During the year this department has passed on commercial insurance in the amount of \$165,500,000, and has acted on 197 claims under this insurance totalling \$1,000,000.

**OPERATIONS**

On June 30, 1925, the personnel assigned to operations consisted of 942 employees with an annual pay roll of \$1,835,498. By June 30, 1926, these totals have been reduced to 556 employees and \$1,251,179.

**Radio Section.**

This section represented the Fleet Corporation at various meetings of the interdepartmental radio advisory committee held during the year; at the Fourth Radio Conference held at Washington in October, 1925; at a conference held at the State Department in July and August, 1925, for the purpose of making preparations for participation of this Government in an international telegraph conference held at Paris during the months of September and October of that year; and on an interdepartmental committee (composed of representatives of the State, Treasury, War, Navy, and Commerce Departments, and the Fleet Corporation) which spent several months making preparations for the international radio conference scheduled to be held in Washington during the calendar year 1927.

A large amount of work has been done in the way of devising ways and means for minimizing congestion in the ether and of making provision for the orderly handling of radio traffic by Fleet Corporation ships in all parts of the world.

Various publications relative to radio subjects were distributed to all operating Fleet Corporation ships during the year. Many Fleet Corporation ships in distress secured assistance by means of radio, and for the seventh successive year not a single ship was lost without trace.

A saving of approximately \$68,000 was effected during the year by transmitting trans-Atlantic messages destined to points in Europe by Naval Radio stations to the Fleet Corporation's radio receiving station in London. An additional saving of approximately \$53,000 was effected by utilizing Naval Radio facilities in the handling of shore-to-ship, ship-to-shore, and trans-Pacific messages.

#### Foreign Repairs.

The tabulation below is a résumé of the results of handling foreign repair entries with the Treasury Department during the fiscal year 1925-26.

Number of entries handled.....	515
Amount of duties assessed.....	\$189,841.27
Total duties remitted.....	\$141,481.88
Total duties paid.....	\$46,080.89
Number of entries still awaiting decision by the Treasury Department.....	9
Total amount duties outstanding.....	\$2,278.50
Percentage of duties paid.....	24.27
Percentage of duties remitted.....	74.52
Percentage of duties outstanding.....	1.21

#### Contract Division.

Claims arising under contracts of affreightment, particularly demurrage and dispatch claims, were adjusted. Settlements of 54 demurrage claims for the face amount of \$411,260.57 were effected, a majority of which were handled in conjunction with the legal department, resulting in cash collection of \$182,282.35. This division also checked and approved payment of dispatch money totaling \$33,022.

The managing agents accounts adjustment committee directed much effort toward closing out the accounts of inactive managing operators, as well as old accounts of active operators, rendering nineteen decisions involving about \$2,000,000.

#### Stevedoring and Terminals Division.

There are in force at the present time 18 over-all cargo-handling agreements at New York and west coast ports. There are now operative three contracts covering stevedoring only, namely, those

at Baltimore, Pensacola, and Astoria, Oreg. There are 11 expired contracts, which have been extended on an indefinite time-limit basis, covering work at Galveston, Houston, Port Arthur, New Orleans, Gulfport, Mobile, Philadelphia, and Portland, Me. There are also three rate schedules covering stevedoring work only at Boston, Norfolk, and the South Atlantic ports. These varying methods of controlling the Fleet Corporation's cargo-handling work should be rendered uniform, and movement to that end is under way.

The division handles all terminal work of the Fleet Corporation. The Hoboken Terminal, Hoboken, N. J., is operated direct by the Fleet Corporation. This terminal consists of four two-deck piers and one open pier, with several buildings on the property. During the fiscal year 1926 more vessels were handled at this terminal than in the preceding year. Cargo tonnages and gross revenues were somewhat smaller, but expenses were also considerably less. The net profit of the terminal exceeded \$400,000, being \$140,000 in excess of the fiscal year 1925.

Extensive repair projects have been handled during the year at Philadelphia, Norfolk, and the Charleston Army base. The sum expended on the various terminals for repairs, dredging, etc., during the year amounted to approximately \$400,000.

#### Purchase and Supply Division.

The purchase and supply division purchased, stored, distributed, and disposed of all materials, supplies, and equipment for the vessels and offices of the Shipping Board and Fleet Corporation, with the exception of purchases made by the managing operators of the corporation under their operating agreements.

#### Fuel Section.

The approximate total quantities and cost of bunker fuel purchased during the year were as follows:

	Quantity	Cost
<b>FUEL OIL</b>		
	<i>Barrels</i>	
Atlantic and Gulf ports.....	8,569,385	\$14,197,637.45
Pacific ports.....	2,186,990	2,711,339.55
Foreign ports.....	1,813,431	3,660,279.66
Total.....	12,569,806	20,569,256.66
<b>COAL</b>		
	<i>Tons</i>	
Domestic and foreign ports.....	348,840	1,926,878.80
Total cost of fuel.....		22,496,135.46

The following is a comparison of prices under contract at domestic ports as of June 30, 1925, and June 30, 1926:

## Comparison of contract prices, domestic ports

[Per barrel]

	June 30, 1925, ter- minal	June 30, 1926, ter- minal		June 30, 1925, ter- minal	June 30, 1926, ter- minal
Boston.....	\$1.80	\$1.75	Destrehan.....	\$1.50	\$1.48
New York.....	1.75	1.75	Houston.....	1.50	1.45
Philadelphia.....	( <sup>1</sup> )	( <sup>1</sup> )	Galveston.....	1.50	1.44
Baltimore.....	1.75	1.75	Port Arthur.....	( <sup>1</sup> )	1.35
Charleston.....	1.70	( <sup>1</sup> )	San Francisco.....	1.40	1.04
Savannah.....	( <sup>1</sup> )	( <sup>1</sup> )	San Pedro.....	1.40	1.04
Tampa.....	1.50	1.55	San Pedro tankers bunkers.....		1.03
Jacksonville.....	1.70	( <sup>1</sup> )	San Pedro tankers cargoes..		1.00
New Orleans.....	\$1.53 <sup>1/4</sup>	1.50			

<sup>1</sup> Market.<sup>2</sup> Barge only.

The volume of business during the fiscal year 1926 and the comparison of prices at leased and owned bunker stations at the beginning and end of that year are shown in the following table:

	Barrels issued during fiscal year 1926	Issue price per barrel as of June 30, 1925	Issue price per barrel as of June 30, 1926	Annual turn- over, 1926
Balboa.....	48,010.48	\$1.70	\$1.50	\$74,946.55
Bermuda.....	6,224.97	2.15	2.15	13,383.69
Cristobal.....	24,693.73	1.70	1.50	40,135.91
Durban.....	88,716.10	1 <sup>21</sup> / <sub>3</sub>		69,402.61
Honolulu.....	336,611.93	1.55	1.30	375,723.32
Manila.....	473,360.70	2.00	1.75	869,867.48
Mobile.....	491,524.41	1.65	1.55	781,305.65
Norfolk.....	424,128.11	1.75	1.65	699,843.24
Ponta Delgada.....	19,601.12	2.20	2.20	43,122.47
Portland.....	286,978.21	1.50	1.20	366,664.48
Pago Pago.....				
St. Thomas.....	51,390.33	1.80	1.80	84,647.10
San Francisco.....	61,169.00	1.40		85,636.60
Seattle.....	983,867.34	1.50	1.20	1,271,212.84
Yokohama.....	54,735.00		2.03	111,112.05
Total.....	3,354,711.43			4,887,003.99

<sup>1</sup> Per ton.

On June 6, 1926, the five-year contract entered into with the Vacuum Oil Co. of South Africa for the receipt, storage, and re-delivery of fuel oil at Durban, South Africa, expired. The fuel oil in storage was sold and was removed prior to the expiration of the contract.

During the fiscal year a number of vessels called at Chinese and Japanese ports, requiring fuel oil at ports not covered by contract. Due to the high market price of oil in the Orient, negotiations were concluded with the General Petroleum Corporation for our fuel-oil requirements at Yokohama, beginning March 1, 1926.

**Coal Bunkers.**

The bunker coal requirements of our vessels at Ardrossan, Antwerp, Bremerhaven, Glasgow, Hamburg, and Rotterdam were

covered by contracts which expired on December 31, 1925. In view of the small quantity of coal which we lifted at Antwerp, Hamburg, and Rotterdam, no contract was entered into at these ports during the calendar year 1926. However, our contracts for coal at Bremerhaven, Ardrossan, and Glasgow were renewed and the coal thereunder is furnished at a considerable saving. Since the beginning of the coal strike at United Kingdom ports in April, 1926, and up to June 30, 1926, the vessels ordinarily requiring bunkers at Ardrossan and Glasgow have been bunkered for the round voyage at their home ports.

#### Purchasing Section.

This section during the fiscal year 1926 made purchases amounting to approximately \$3,730,000, which include practically all purchases of the Fleet Corporation, except bunker requirements and stationery and office supplies. Under the terms of their operating agreement managing operators make certain purchases, but contracts for materials required in very large amounts, such as paints, lubricating oils, packings, boiler and condenser tubes, linens, glassware, etc., for passenger vessels, are negotiated by the purchasing section.

#### Stores and Sales Section.

Sales approximating \$820,000 were made during the fiscal year 1926, and materials valued at approximately \$805,000 were transferred to Government departments with and without exchange of funds.

Progress was made in reducing stocks of material. The value of supplies on hand June 30, 1925, exceeded \$5,000,000, whereas a year later the value had been reduced to approximately \$3,600,000.

During the fiscal year all foreign stock houses, except those at Hongkong and Manila, were discontinued and the materials either sold or returned to the United States.

#### Maintenance and Repair Division.

The physical inspections of vessels upon their arrival at their home ports were continued by the section and covered a total of 1,175 visits of active vessels during the year.

The fuel-oil schools at the navy yard, Philadelphia, and the navy yard, Mare Island, Calif., were continued throughout the year. Eight classes were held at Philadelphia and 20 classes at Mare Island. Twenty-nine naval officers and 222 merchant marine engineer officers took the course. The total up to date attending these two schools is:

Naval officers.....	117
Coast Guard officers.....	49
Merchant marine engineer officers.....	1,152
Total.....	1,318

In cooperation with the Navy Department and the Bureau of Mines exhaustive tests were instituted at the naval fuel-oil testing plant, Philadelphia, to secure accurate data on the possibility of adapting pulverized coal burning for use aboard ship.

### TRAFFIC

During the fiscal year the personnel of the traffic department was reduced from a total of 147 on June 30, 1925, to 91 on the same day in 1926, with a corresponding reduction in the pay roll from \$399,460 to \$235,320.

At the end of the fiscal year 1926 domestic traffic offices were maintained in New York, Baltimore, Savannah, New Orleans, San Francisco, and Seattle. The department was also represented in the foreign ports of London, Santos, Buenos Aires, and Manila.

#### European and Mediterranean Trades.

There was no marked change in the general conditions previously prevailing in these trades and freight rates remained at about the same level. The grain and flour movement from Gulf ports was materially lighter than during the previous year and only a small number of additional steamers were required to handle it. Indications at the close of the fiscal year, however, point to an early and heavy movement of grain for the coming season, as well as a large movement of flour and cotton.

There was an increase in homeward carryings during the year, principally from northern continental ports to both North Atlantic and Gulf ports. The movement to the Gulf consisted principally of iron, steel, and fertilizer.

#### South American and Long Voyage Trades.

Our freight carryings from north Atlantic ports to ports on the east coast of South America were less than during the previous year. This is due principally to the increased competition of foreign lines. A number of these competitive lines are employing motor ships which have a greater speed than the steamers employed by the Shipping Board, thereby placing us at a distinct disadvantage. Freight rates remained generally about the same, and immediate improvement in trade conditions is not anticipated.

Homeward from the River Plate cargo offerings continued in smaller volume and rates were generally at a low point. Indications at the close of the fiscal year, however, point to an improvement in the linseed market. The Brazil coffee market has been relatively weak and the total carryings, therefore, considerably less than during the previous year. The freight rates on coffee were reduced about 50 per cent, due to the action of one of the lines in withdrawing from the Brazil-United States coffee conference. As this

is the principal commodity carried from Brazil, freight revenues have been greatly reduced.

Trade conditions to the Orient from the Atlantic and Pacific coasts improved slightly, but homeward conditions have been below normal, due principally to the civil disturbances in China and the exchange situation in Japan. There has been no material change in freight rates. As in the case of the South American trade, a number of the foreign lines have put on motor ships to the Orient, which places our vessels at a disadvantage.

Trade conditions to Australia from both the Atlantic and Pacific continued firm throughout the year. Freight rates from the Pacific coast were slightly increased, particularly to New Zealand ports. The India service showed slight improvement in outward carryings during the year.

Conditions in the west African trade continued to show improvement, especially during the latter part of the year. Our vessels showed increased outward and homeward carryings and continued improvement is anticipated.

#### **Passenger, Mail, and Inland Offices.**

These offices provide a medium of personal contact with passengers, importers, and exporters. Branch offices are maintained in New York, Detroit, Chicago, Minneapolis, St. Louis, Kansas City, Memphis, and Cincinnati.

The popularity of cabin ships for trans-Atlantic travel continues to increase. In line with this development, the *President Harding* and *President Roosevelt*, operated in the Bremen service of the United States Lines, were converted from first class to cabin liners, with resulting increased passenger capacities.

During the off trans-Atlantic passenger season, the *Republic* was chartered to the James Boring Travel Service (Inc.) for a Mediterranean cruise.

During the year the *America*, the largest cabin liner on the Atlantic, was partially destroyed by fire, and the summer schedule of the United States Lines was greatly disrupted. To accommodate some of the passengers, who had been booked for summer sailings of the *America*, the five fast freight steamers of the Hog Island "B" type, operated between New York and London by the American Merchant Lines, were reconditioned and the passenger accommodations of each vessel increased from 16 to more than 70. The additional passenger-carrying capacity of these steamers has greatly increased the value of the American Merchant Lines. The participation of the line as a mail carrier has also become an important factor in operating results.

Cooperation in handling the mails was maintained with the Post Office Department during the year. The following table shows the

percentage of first-class and parcels post matter carried on Fleet Corporation ships and privately owned American vessels in the various trades in which passenger services are maintained.

	Percentage carried on Fleet Corporation vessels		Percentage carried on private American vessels		Total percentage carried on American flag vessels	
	Regular	Parcel post	Regular	Parcel post	Regular	Parcel post
New York to Europe.....	35.0	39.5	0.2	0.9	35.2	40.4
New York to east coast South America.....	23.7	23.2	33.3	36.4	57.0	59.6
Seattle to the Orient.....	62.4	78.7	4.4	5.6	66.8	84.3

### Cargo Claims.

On July 1, 1925, there were pending cargo claims aggregating \$124,622.20. At the close of the fiscal year covered by this report, this amount had been reduced to \$84,349.51. During the year there were disposed of claims aggregating \$212,905.30.

In the early part of the calendar year, all vessels in five of our services were advanced from the approved-steamer class to second-class liner rating. This recognition by the underwriters of improved operation has strengthened our competitive position.

A situation which militated against the procurement of cotton cargoes for steamers operated from the Gulf was eliminated during the year. Cotton moving in oil-burning vessels has been considered by the underwriters as being subject to greater hazard than cotton moving on coal-burning vessels of competitive lines. To cover this risk, an additional premium was charged. Extended negotiations with the underwriters resulted in the discontinuance of the additional premium, and many cotton shippers who had avoided the use of our vessels on account of the additional cost resumed their bookings.

### Vessel Chartering.

The decline in the demand for tanker tonnage continued during the first few months of the year. Low-rate records were established during October, 1925. The market then strengthened and continued to improve until February, 1926, subsequently holding firm, although at the close of the fiscal year the demand was not great.

Charters of cargo and tanker steamers totaling 770,156 deadweight tons, and part cargoes totaling 24,640 tons, were negotiated during the year.

### GENERAL COMPTROLLER

Foreign traveling auditors and special representatives have continued to be of great benefit to the organization. Local audits of our ship accounts are made in practically all important British,



European and east-coast South American ports. Detailed reports—embodying their first-hand knowledge of conditions, rates, and practices—have been compiled and made available to the organization, making possible savings of very large amounts.

Our domestic traveling auditors have investigated and reported on the administration, personnel, and activities of our larger district offices, and have audited the accounts of managing operators, terminal lessees, insurance syndicates and associations in which we are financially concerned, the United States Lines, warehouses, disbursing officers' and imprest funds. This has made possible a greatly improved control over the accounts of our managing operators, and has brought about a more complete understanding of, and a stricter compliance with, our accounting and fiscal requirements.

The refinement and clarification of accounting and auditing procedure; the standardization of classification and distribution; improvements in auditing and the rearrangement of ledgers and records and the further coordination of internal activities have combined to produce gratifying economies and efficiency in the handling of the duties of the department.

A decline of more than \$9,100,000 in the balances open on the books of operators, a reduction of over 60 per cent in the number of entries required in the reconciliation of our accounts with theirs, and the fact that complete accounts have been received on all but 296 of the voyages terminated for the account of the corporation is partial evidence of the improvements effected.

On June 30, 1925, the general comptroller's department had 403 employees, with an annual pay roll of \$856,910. On June 30, 1926, these totals had been reduced to 323 employees with a total salary of \$701,710, a reduction of 80 employees and \$155,200.

The following statements will be found in the appendix:

1. Balance sheet as of June 30, 1926.
2. Cash and unrequisioned appropriations available for general purposes as of June 30, 1926.
3. Reconciliation of the cash balance as of June 30, 1926 (as shown by treasurer's cash statement), with cash balance as shown by statement of assets and liabilities as of the same date.
4. Cash and unrequisioned appropriations available for expenses of United States Shipping Board as of June 30, 1926.
5. Gross appropriations and allotments from inception to June 30, 1926.
6. Statement of profit and loss, excluding liquidation, for the fiscal year 1926.

#### TREASURER

#### New Financial Plan.

The new plan for handling revenues and disbursements for Fleet Corporation vessels in the United Kingdom and European ports

which provides for depositing revenues in the currencies received and disbursing vessels' expenses in these same currencies, thus eliminating conversions of foreign currencies into United States dollars and from United States dollars into various foreign currencies, a procedure which was described in the ninth annual report, became effective June 1, 1925, for the deposit of revenues, and July 1, 1925, for the disbursement of ships' expenses. This system has been in operation one year and the resulting economies have been highly satisfactory.

During the past fiscal year negotiations were closed with the Australian Bank of Commerce for the handling of our revenues and disbursements in Australia under the new plan. It was made effective in Australian ports as of June 1, 1926, for the deposit of revenues, and July 1, 1926, for the disbursement of vessels' expenses.

Arrangements were closed with the Guaranty Trust Co., London, for handling disbursements under the new plan for vessels transiting the Suez Canal, and with the National City Bank of New York, through its various South American branches, for handling both our revenues and disbursements in South American ports.

Similar arrangements are now pending for the handling of our revenues and disbursements in ports on the west coast of Africa and adjacent islands.

With the completion of the institution of the new plan in South America, and the closing of pending arrangements with respect to the west coast of Africa and adjacent islands, all of the foreign revenues and disbursements of the Fleet Corporation will be handled under this new procedure except those in the Orient (Manila, China, Japan, India, and the Straits Settlements ports). The treasurer will institute this new plan of handling revenues and disbursements in oriental ports during the present fiscal year, unless the sale of the Pacific services now being operated makes it unnecessary.

Advantage of the cash discount privilege has been taken on all payments where obtainable, and the sum of \$145,447.38 cash discount was earned in the fiscal year ended June 30, 1926. The cash discount taken this year was in excess of such earnings for the previous year, although the total disbursements were considerably less than during the previous year.

#### **Consolidated Cash Statement.**

A consolidated cash statement, summarizing the financial activities of the United States Shipping Board Emergency Fleet Corporation during the fiscal year 1926 will be found in the appendix.

During the fiscal year 1926, total disbursement of \$25,419,881.37 and receipts totaling \$15,137,962.77 were handled by the executive division of the treasurer's office, both figures being exclusive of trans-

fers from one fund to another. During the year the number of United States Treasury and commercial bank accounts were reduced by 33, making the total 105 on June 30, 1926, of which 17 are with the United States Treasury and 88 with private institutions. These figures are exclusive of subagency accounts, of which on June 30, 1926, there were 25, and do not include the 43 accounts of the United States Lines on that date.

The policy has been continued during the year of transferring to the United States Treasury from bank accounts all moneys on deposit in banks not immediately essential to the operating activities of the Fleet Corporation. There was transferred from bank accounts to the United States Treasury during the past fiscal year, \$20,128,657.89.

**Interest.**

The sum of \$350,188.01 was collected during the past fiscal year representing interest earned on funds of the Fleet Corporation, deposited in the various depositories, both domestic and foreign, and including subagency accounts and United States Lines.

**Foreign Credits.**

The foreign credit division established during the year 794 credits totaling \$7,403,128.94; 97,500 Brazilian milreis, and 7,000 Uruguayan gold pesos, and handled 3,878 drafts drawn thereon, totaling \$5,844,180.51.

**Collection Division.**

The following is a summary of the progress made during the past fiscal year in the collection, settlement, or adjustment of inactive past due accounts:

	Number	Amount
Accounts on hand, June 30, 1925.....	512	\$110,713,997.74
Accounts transferred from current list to inactive list during fiscal year.....	179	5,501,308.45
Total accounts handled during the fiscal year.....	691	116,215,306.19
Accounts remaining unsettled June 30, 1926.....	381	105,625,582.99
Accounts closed during the fiscal year.....	310	10,589,423.20

A large percentage of the inactive accounts yet to be settled are in litigation, receivership, or bankruptcy.

In addition to the above, this division has been instrumental in effecting final disposition of unbilled accounts and securities amounting to \$7,437,269.57.

**Shipyards Plants.**

The only remaining shipbuilding plant properties to be disposed of are Hog Island plant, Delaware County, Pa., and the Federal Marine Railway plant, Hutchinson Island, Savannah, Ga. Invitations for sealed bids on the entire Hog Island property, to be opened

October 1, 1925, were extensively advertised. A number of inquiries were received, but the few offers submitted were rejected by the Shipping Board. The Federal Marine Railway Co. property has been sold, but delivery has been delayed pending the curing of a slight defect in the title.

#### **Housing Properties.**

At the close of the fiscal year 1925 all of the housing properties constructed or acquired by the Fleet Corporation pursuant to the act of March 1, 1918, had been sold and conveyed, with the exception of the project at Portsmouth, N. H., consisting of 278 dwellings and a number of miscellaneous buildings; 12 houses in Camden, N. J.; one house in the city of Philadelphia; two lots in Brooklawn, N. J.; and various utilities, park spaces, etc., in certain of the projects which the board had obligated itself to convey to the municipalities in which located.

On June 30 and July 1, 1925, the Portsmouth housing project was sold at public auction by individual units for a total price of \$347,595. Of this amount, \$196,965 was paid by the purchasers in cash, the balance of \$160,630 being secured by purchase money first mortgages, payable at the expiration of three years from the dates thereof and bearing interest at the rate of 5 and 6 per cent.

During the year the house in the city of Philadelphia and the two lots in Brooklawn, N. J., above referred to, were conveyed. The removal of the obstacles to the conveyance of the 12 houses in Camden, N. J., not having been accomplished, the title to these properties was still held by the board at the close of the year.

The sewerage and water systems, public squares and park spaces at Atlantic Heights, Portsmouth, N. H., were conveyed to the city of Portsmouth upon payment by the city of its obligation to the board. There remained unconveyed at the close of the year the sewerage system (including sewerage disposal plant), water system, bridge, public squares, and park spaces at Fairview, Camden, N. J., and sewerage system (including sewerage disposal plant), water system, streets and alleys, bridge, public squares, and park spaces at Brooklawn, Camden County, N. J.

The following realty companies, the entire issued and outstanding capital stock of which was held by the board and which were organized in various States for the purpose of holding title to housing projects located therein, were dissolved during the fiscal year:

Groton Park Real Estate Co., Groton, Conn.  
Chester Emergency Housing Corporation, Chester, Pa.  
Liberty Land Co., Wilmington, Del.

The dissolution of the following companies, the entire capital stock of which is held by the board and which were organized for

the same purpose as those mentioned above, has not yet been completed:

Moorland Realty Co. of Bath, Bath, Me.  
 Atlantic Heights Co., Portsmouth, N. H.  
 Fairview Realty Co., Camden, N. J.  
 Liberty Housing Co., Dundalk, Md.  
 Federal Home Building Co., Lorain, Ohio.  
 Wyandotte Home Co., Wyandotte, Mich.

With a few exceptions, the officers and directors of these corporations are members of the treasurer's department.

#### Securities Division.

During the year, new securities aggregating \$16,920,557.76 were placed in the custody of this division; and securities of the face value of \$8,516,259.66 were liquidated by cash payments and replacement paper, \$1,383,889.70 being collected in interest in this connection. Under authorization of the Shipping Board, securities in the amount of \$247,995.31 were surrendered, and paper in the amount of \$19,339,133.81 was eliminated from the active records and transferred to the obsolete files.

### DEPARTMENT OF SHIP SALES

#### Review of Sales Activities.

The past year marked a gratifying improvement in sales activities. On July 1, 1925, the fleet of the board was reported to consist of 1,231 vessels, totaling 8,547,459 dead-weight tons. Sales completed to June 30, 1926, reduced the fleet to 881 vessels and the volume of tonnage to 6,876,069; a net reduction of 350 ships and 1,671,390 dead-weight tons.

A substantial expansion was noted in the coastwise steamship business, and it is reflected in the number of smaller vessels, principally of the lake-built class, which the board sold to owners in such trades. As mentioned in the report for 1925, the board during that year initiated a campaign to dispose of the vessels in this particular class at special prices. This program was especially productive during the past year when it was possible to take advantage of the unusual demand for coasting steamers, due in no small measure to the southern industrial development. About 40 such steamers were sold to meet this demand, in addition to which three lake-built vessels were sold to aliens operating in the Mediterranean; four which had been used by the board as "feeders" in the Orient were sold to the buyers of the board's trans-Pacific passenger services; three were purchased by Great Lakes owners, and five for operation in the Pacific coasting trade.

The increased demand for coastwise vessels was not confined to lake-built ships. Fifteen ships in the 5,000-ton range were acquired

by owners requiring ships of larger capacity. In this particular connection, following the example of adopting low prices for standard types of vessels which it owns in large quantities, such as those in the lake-built class, the board during the past year approved a similar plan applying to vessels of the Submarine Boat Corporation type. There were originally built 112 of these ships, of about 5,100 dead-weight tons each, and while they were generally deemed to be desirable units, no purchasers had been found for them. Previously valued at approximately \$100,000 each, the board recently decided to offer them on a basis of \$60,000 each, less the cost of repairs as shown by our estimates, with a minimum price of \$30,000 each. This caused an immediate response, resulting in the sale of several groups of these ships and negotiations for the sale of additional numbers.

The demand for tonnage by independently operating American owners affected those in the larger as well as in the smaller and intermediate classes. Twenty such vessels, ranging between 7,500 and 12,000 dead-weight tons each, were purchased by companies operating in the intercoastal trade and to near-by regions, increasing to an equivalent degree the splendid fleet of transocean type of vessels operating between the east and west coasts of the United States via the Panama Canal and representing, in the judgment of many authorities, the backbone of the American merchant marine.

#### **Sales for Guaranteed Operation.**

Equally satisfactory, from the standpoint of results accomplished, has been the disposal of a number of the important trade-route services, established by the board, to American buyers guaranteeing the continued operation of such services for a minimum period of five years. The American Export Lines, consisting of 19 vessels operating from United States North Atlantic ports to Mediterranean and Black Sea ports, were sold in August, 1925. This represents one of the largest cargo services operated under the American flag to a limited regional territory, and its purchase by the Export Steamship Corporation is the biggest, in number of ships and total tonnage applying to one service, yet completed by the board.

The American South African Line, operating five vessels in the 8,800-ton class to south and east African ports—a pioneer American-flag service established by the board—was sold in January, 1926, to the American South African Line (Inc.). At about the same time, the Pacific Argentine Brazil Line, consisting of six vessels of similar size and type, and operating in the service between United States west-coast ports and ports on the east coast of South America (a service initiated by the board and never before covered by a regular line) was sold to the Pacific Argentine Brazil Line (Inc.).

In 1923 the board sold two vessels to the Grace Steamship Co. for operation in a service between west coast ports of the United States and South America. The growth of this line necessitated the sale of two larger vessels in February, 1926, to be added to the guaranteed service, the period of which was extended to five years from the date of this particular sale.

The remaining trans-Pacific express passenger mail and cargo service, operated as the American Oriental Mail Line from Puget Sound to the Orient, and consisting of five combination passenger and cargo vessels of the 535-foot type, was sold in May, 1926, to the Admiral Oriental Line, associated with the group which had in the previous year acquired the similar line operated from San Francisco to the Orient.

In February, 1926, the Munson Steamship Line purchased the express passenger mail and cargo service, operated as the Pan America Line from New York to South America with four combination passenger and cargo vessels.

The sale of the last two mentioned lines completes the disposal of all of the passenger services established and operated by the board, except the United States Lines, operating to the United Kingdom and Europe from New York, and the combination cargo and passenger service of the American Merchant Line from New York to London.

Two ex-enemy passenger vessels which had been withdrawn from service by the board because of their lapse of usefulness in competitive services were sold to American buyers for independent operation.

The board terminated its dry-dock owning and leasing program by the sale during the past year of the four remaining dry docks—three of 10,000 tons capacity each and one of 6,000 tons capacity.

Toward the close of the previous year the board had decided to advertise for sale 200 vessels for dismantling and scrapping, and during the early part of the past year 199 of them, totalling 813,820 dead-weight tons, were sold to the Ford Motor Co. The odd vessel in the group of 200 was withdrawn for sale to American operators. The 199 vessels consisted of 149 of the Lake-built class and 50 in the group of 112 Submarine Boat Corporation type equipped with relatively undesirable propelling machinery.

Eleven ocean-going tugs were sold during the year, seven of them in connection with the scrapping program, and such sales completed the disposal of all the tugs in this class, with the exception of one operated by the board.

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The following schedules reflect the details of the various sales completed during the year, according to the classification of each transaction:

*Ships sold during fiscal year 1926*

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
<b>Steel cargo ships:</b>				
Derblay.....	5,118	3,475	\$90,000.00	The Alaska Steamship Co.
Jeptha.....	5,127	3,333	90,000.00	
Depere.....	5,136	3,475	90,000.00	
Castlewood.....	5,141	3,304	189,285.00 (875.00)	A. H. Bull Steamship Co.
Coperas.....	3,180	2,153	27,000.00	Aetna Portland Cement Co.
Lake Catherine.....	2,940	2,016	127,000.00 (4,000.00)	
Rock Island.....	4,425	2,966	168,780.00 (1,220.00)	The Atlantic & Caribbean Steam Navigation Co.
Moline.....	4,425	2,967	75,000.00	Baltimore & Carolina Steamship Co.
Garibaldi.....	4,755	2,873	80,000.00	
Lake Giddings.....	4,155	2,592	127,800.00 (2,200.00)	Baltimore & Tampa Steamship Co.
Lake Flatonia.....	4,145	2,609	31,000.00	Bull Insular Steamship Co.
Lake Winthrop.....	3,310	2,150	32,340.00	
West Keats.....	8,538	5,661	202,000.00	California & Eastern Steamship Co.
West Montop.....	8,373	5,940	170,145.00 (4,855.00)	
Rushville.....	4,095	2,559	42,000.00	The Clifton Co. (Inc.).
Memnon.....	5,129	3,329	90,000.00	Columbia River Packers Association.
Lake Crescent.....	2,875	2,054	30,000.00	Consolidated Navigation Co.
Lake Chelan.....	2,942	2,010	33,000.00	
Lake Helen.....	2,989	1,998	28,000.00	R. Stanley Dollar.
Lake Farrar.....	4,155	2,606	115,000.00	
Lake Gilpen.....	4,155	2,664		
Lake Gitano.....	4,155	2,606		
Lake Onawa.....	4,225	2,711		
Cape May.....	10,325	6,847		
Abron.....	7,564	4,870		
Dochet.....	7,564	4,834		
Manhattan Island.....	7,564	4,834		
Sabatowan.....	7,564	4,834		
Dio.....	7,564	4,823		137,000.00
West Jena.....	8,684	5,866	193,000.00	Forest Transport Corporation.
West Jessup.....	8,769	5,867	189,473.00 (9,527.00)	
Pallas.....	7,640	4,839	180,000.00	James Griffiths & Sons (Inc.).
Heffron.....	11,600	7,611	250,000.00	Heffron Steamship Co.
Hegira.....	11,600	7,800	250,000.00	Hegira Steamship Co. (Weyerhaeuser Timber Co., principal).
Lake Elwin.....	4,278	2,674	25,000.00	Industriale Navale Societe Anonyme.
Lake Faribault.....	4,155	2,603	25,000.00	
Lake Arline.....	3,390	2,084	29,000.00	Lake Arline Steamship Co.
Lake Giltedge.....	4,155	2,664	35,000.00	Lake Giltedge Steamship Co.
Lake Treba.....	4,155	2,606	134,661.04 (2,338.96)	Lake Treba Steamship Co. (Richard Walsh, principal).
Lake Medford.....	3,390	2,084	30,000.00	Lawrence Steamship Co.
Lake Washburn.....	3,390	2,121	28,000.00	
Lake Fife.....	4,050	2,559	30,000.00	Lloyd Triestino Societa di Navigazione a Vapore.
Lake Flagstaff.....	4,145	2,609	28,420.00	Lykes Bros. Steamship Co. (Inc.).
Moravia Bridge.....	5,340	3,283	31,350.00	Matson Navigation Co.
Evansville.....	5,600	3,944	45,000.00	M. & J. Tracy, Inc.
Lake Capens.....	2,875	2,026	30,000.00	Mobile, Miami & Gulf Steamship Co.
Lake Fairport.....	4,155	2,606	40,000.00	
Lake Benton.....	2,875	2,018	32,000.00	John George Murphy Noland Steamship Co.
Lake Indian.....	3,015	1,991	33,000.00	
Lake Charles.....	2,875	2,013	28,000.00	Ocean Transport Co., (Inc.)
West Cahokia.....	8,584	5,645	197,000.00	
West Norranus.....	8,564	5,652	202,000.00	Oriental Navigation Co.
West Vester.....	8,746	5,866	200,000.00	
West Jappa.....	8,747	5,866	201,000.00	Palatka Northern Steamship Corporation.
Lake Butler.....	2,875	1,948	128,625.00 (1,375.00)	
Python.....	3,400	2,153	36,000.00	Peterson Steamship Co.
Crathorne.....	3,394	2,241	25,000.00	
Westboro.....	8,534	5,747	158,000.00	Sudden & Christenson.
West Hepburn.....	8,562	5,630	175,000.00	
West Wind.....	8,800	5,708	162,000.00	
Bound Brook.....	5,196	3,283	32,000.00	

<sup>1</sup> Represents net return on sale of vessel after deduction of credit, approved by President, Fleet Corporation, or Shipping Board, account bottom damage not chargeable to insurance. The amount of the credit in each case is shown in parentheses immediately under the sales price.



Ships sold during fiscal year 1926—Continued

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
<b>Steel cargo ships—Contd.</b>				
Continental Bridge.....	5,287	3,283	\$34,000.00	Swayne & Hoyt (Inc.).
Hoiyoke Bridge.....	5,340	3,545	32,000.00	
East Chicago.....	5,340	3,545	30,000.00	Union Transit Co.
Lake Traverse.....	2,920	1,993	31,000.00	
Corapeake.....	3,180	2,153	24,200.00 (4,800.00)	Webb Steamship Co.
Cornucopia.....	3,180	2,153	28,500.00	The Western Reserve Navigation Co. Winico Steamship Co. (Ernest Lee Jahnke, principal).
Lake Gaither.....	4,225	2,699	30,000.00	
Lake Winico.....	2,875	2,013	30,000.00	
Total, 69 ships.....	369,488	242,074	5,667,083.04	
<b>Passenger and cargo:</b>				
President Fillmore.....		9,699	65,000.00	Fincke, Bangert & Co.
Susquehanna.....		9,959	85,000.00	
Total, 2 ships.....		19,658	150,000.00	
<b>Tugs:</b>				
<b>Steel, ocean-type—</b>				
Ballecamp.....		425	42,500.00	Ford Motor Co.
Barlow.....		425	42,500.00	
Barrallton.....		425	42,500.00	
Bathalum.....		426	42,500.00	
Baymead.....		426	42,500.00	
Buttercup.....		418	42,500.00	
Itumrick.....		418	42,500.00	
Ballenas.....		437	42,000.00	
Hulver.....		418	44,100.00	
Menominee.....		441	44,100.00	
Goliath.....		414	27,500.00	W. E. Hedger Co. (Inc.). Mobile Towing & Wrecking Co. Southern Transportation Co. Wood Towing Corporation.
<b>Wood, ocean-type—</b>				
Traveller (incomplete)			12,500.00	Timothy J. Hooper.
Total, 12 tugs.....		4,673	467,700.00	
<b>Dry docks:</b>				
One 6,000-ton, wooden construction.			30,000.00	Virgin Islands Dock & Engine Works.
Three 10,000-ton, wooden construction.			420,000.00	Todd Shipyards Corporation.
Total, 4 dry docks.....			450,000.00	
<b>SALES WITH SPECIAL PROVISIONS</b>				
<b>Steel cargo vessels sold with buyers obligated to perform specified alteration/betterments under approved plans and specifications:</b>				
Chautauqua.....	3,610	2,323	25,000.00	Baltimore & Carolina Steamship Co.
Lake Ellendale.....	4,050	2,674	25,000.00	William Clifford.
Lake Fithian.....	4,230	2,686	25,000.00	
Eastern Crown.....	8,360	5,729	41,800.00	C. H. Sprague & Son.
Lake Haresti.....	4,208	2,689	60,000.00	Edwin H. Duff.
Ripon.....	4,208	2,689		
Lake Falun.....	4,155	2,606	25,000.00	Eastern Steamship Lines (Inc.).
Lake Feodora.....	4,155	2,592	25,000.00	
Lake Galata.....	4,225	2,689	25,000.00	Merchant & Miners Transportation Co.
Lake Getaway.....	4,155	2,637	25,000.00	
Lake Glaucus.....	4,230	2,686	25,000.00	
Lake Ellsbury.....	4,261	2,674	23,150.00 (1,850.00)	Munson Steamship Line.
Lake Fabyan.....	4,155	2,606	23,760.00 (1,240.00)	
Lake Fernando.....	4,155	2,594	25,000.00	
Hancock County.....	4,155	2,606	21,011.36 (3,988.64)	
Lake Elmhurst.....	4,261	2,674	25,000.00	
Lake Fanquier.....	4,155	2,592	25,000.00	Ocean Steamship Co. of Savannah.
Lake Galewood.....	4,225	2,639	25,000.00	Panama Railroad Co. Peninsular State Steamship Corporation.

1 Represents net return on sale of vessel after deduction of credit, approved by President, Fleet Corporation, or Shipping Board, account bottom damage not chargeable to insurance. The amount of the credit in each case is shown in parentheses immediately under the sales price.

## Ships sold during fiscal year 1926—Continued

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
<b>SALES WITH SPECIAL PROVISIONS—continued</b>				
Steel cargo vessels sold with buyers obligated to perform specified alteration/betterments under approved plans and specifications:—Continued.				
Corrales.....	3,303	2,146	} <sup>1</sup> \$23,600.00 (1,400.00) 25,000.00 25,000.00 25,000.00	Pillsbury & Curtis (Inc.).
Corsicana.....	3,303	2,146		
Coquina.....	3,180	2,140		
Indiana Harbor.....	4,155	2,612		
Lake Superior.....	3,000	1,977		
Total, 23 cargo vessels.....	95,894	61,456	593,321.36	
Steel tanker sold for dieselization by buyer under approved plans and specifications:				
Tuxpanoil.....	10,250	7,245	166,562.50	Oil Transport Co.
Passenger and cargo vessels sold for restricted operation in designated trade routes:				
"American Oriental Mail Line"—				
President Grant.....		14,119	900,000.00	} Admiral Oriental Line.
President Jackson.....		14,123	900,000.00	
President Jefferson.....		14,174	900,000.00	
President Madison.....		14,187	900,000.00	
President McKinley.....		14,127	900,000.00	
"Pan America Line"—				
Pan America.....		13,712	1,026,000.00	} Munson Steamship Line.
Western World.....		13,712	1,026,000.00	
American Legion.....		13,736	1,026,000.00	
Southern Cross.....		13,788	1,026,000.00	
Total, 9 passenger and cargo vessels.....		125,678	8,604,000.00	
Cargo vessels sold for restricted operation in designated trade routes:				
"American South African Line"—				
Eastern Glade.....	8,521	5,653	154,230.10	} American South African Line (Inc.)
Eastern Glen.....	8,521	5,578	154,230.10	
Western Knight.....	8,640	5,779	150,384.00	
West Isleta.....	8,742	5,680	158,230.20	
West Cawthon.....	8,554	5,534	134,827.40	
"American Export Lines"—				
Blair.....	7,825	4,971	58,687.50	} Export Steamship Corporation
Blue Triangle.....	7,825	5,120	58,687.50	
Carenco.....	7,825	5,109	58,687.50	
City of Eureka.....	8,646	5,728	64,845.00	
City of St. Joseph.....	7,840	5,091	58,800.00	
Clontarf.....	7,840	4,969	58,800.00	
Couer d'Alene.....	7,840	5,104	58,800.00	
Corson.....	7,825	4,999	58,687.50	
Hog Island.....	7,840	4,969	58,800.00	
Liberty Land.....	7,825	5,753	58,687.50	
Luxpalle.....	7,825	4,990	58,687.50	
Nobles.....	7,825	4,909	58,687.50	
Ossa.....	7,667	4,846	57,502.50	
Sangamon.....	7,825	5,083	58,687.50	
Saucon.....	7,825	5,106	58,687.50	
Saugus.....	7,825	4,985	58,687.50	
Sinsinewa.....	7,840	4,969	58,800.00	
Storm King.....	8,434	5,673	63,255.00	
Winona.....	7,840	4,964	58,800.00	

<sup>1</sup> Represents net return on sale of vessel after deduction of credit, approved by President, Fleet Corporation, or Shipping Board, account bottom damage not chargeable to insurance. The amount of the credit in each case is shown in parentheses immediately under the sales price.

*Ships sold during fiscal year 1926—Continued*

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
SALES WITH SPECIAL PROVISIONS—continued				
Cargo vessels sold for restricted operation in designated trade routes—Continued.				
"Pacific Argentine Brazil Line"—				
Hollywood.....	8,529	5,613	\$49,041.75	Pacific Argentine Brazil Line (Inc.).
West Camargo.....	8,584	5,881	49,358.00	
West Cactus.....	8,584	5,643	49,358.00	
West Nilus.....	8,557	5,596	49,202.75	
West Notus.....	8,556	5,652	49,197.00	
West Mahwab.....	8,593	5,586	49,358.00	
Operating in route formerly served by "American Antilles Line"—				
Haiti.....	4,145	2,605	10,000.00	Colombian Steamship Co. (Inc.).
Not designated as route by Shipping Board—vessels with others operate between west coast United States and west coast South America—				
West Inskip.....	8,542	5,555	55,523.00	Grace Steamship Co.
West Kasson.....	8,570	5,937	55,705.00	
Total, 33 vessels.....	265,675	173,720	2,319,922.80	
Vessels sold with buyer obligated to scrap:				
Lake type (149).....	552,445	360,251	1,697,470.00	Ford Motor Co.
Submarine type (50).....	261,375	170,535		
Total, 199 vessels.....	813,820	530,786		

*Disposition of vessels other than by sale*

Name	Length	Sales price	Transferee
Transferred to Government departments:			
Wood harbor tugs—			
Sampson.....	100		Navy Department. Treasury Department—United States Coast Guard.
Leopard.....	100		
Beetle.....	82		Treasury Department—United States Public Health Service.
Launches: Lady Grey.....	48		Department of Justice—Superintendent of Prisons.

ADDITIONS TO SHIPPING BOARD FLEET

Transferred from Government departments:			
AB-2 (wood motor boat).....	62		Transferred from— Treasury Department—United States Coast Guard.
Motor launch.....	50		
Do.....	40		Navy Department.
Motor barge.....	40		
Enterprise (motor launch).....	66		Department of Commerce—Bureau of Fisheries.
Acquired by purchase:			
New York No. 1 steel lighter.....		\$12,775.00	
New York No. 2 steel lighter.....		12,775.00	

**Laid-up Fleet.**

An average total of 719 ships were maintained in the laid-up fleet, exclusive of those sold to the Ford Motor Co., which were held at purchaser's expense. Fifty ships entered lay up during the year and 256 were withdrawn, making a total of 306 movements of the vessels of the fleet.

During the fiscal year 1925 there was an average of 892 ships in lay up. During the present year there was an average of 719 in lay up, an average reduction of 173 ships. Although this reduction amounted to 20 per cent less ships to be cared for during the year the laid-up fleet activities could not be curtailed correspondingly, as the greater number of ships withdrawn were scrap ships, or of lower classifications, on which major preservation activities were not being applied, including the 199 ships sold to the Ford Motor Co.

**DISTRICT OFFICES****New England District.**

This district covers ports in Maine, New Hampshire, Massachusetts, Rhode Island, and eastern Canada. The principal office is in Boston, Mass., and a branch office is maintained in Portland, Me. The personnel located in this district on June 30, 1925, numbered 22, with a pay roll of \$51,000 per annum, which by June 30, 1926, had been reduced to 12 employees, with a pay roll of \$28,920.

**New York District.**

This district covers the port of New York, Hoboken, New York Harbor, and vicinity, and its headquarters are located in New York City. In addition to the usual duties of a district office there are a number of special activities in New York under the supervision of this organization. The Hoboken terminal is operated by the personnel of this district, and some idea of the size of this activity may be gained from the statement that during the fiscal year 1926 363 vessels were docked at this terminal, in connection with which 457,842 tons of cargo were loaded and 228,692 tons discharged.

Excluding the personnel of the maintenance and repair department and the advertising department, which are located in New York as a part of the Washington organization, the records indicate that on June 30, 1925, there were 398 employees in this district, with an annual pay roll of \$762,754. On June 30, 1926, there were 285 employees, with a pay roll of \$574,357.

The building at 45 Broadway, New York City, in which the headquarters of the New York district are located, is owned by the Shipping Board, and the operation and upkeep of this building is one of the duties of the district organization.

There are also included in the personnel of this district, 33 employees of the legal department at Washington who are principally engaged in the handling of admiralty cases for that department.

#### **Philadelphia District.**

This district covers the port of Philadelphia and vicinity and has its headquarters in the city of Philadelphia. The work of the district has been simplified during the year by turning over additional duties to managing operators and their agents and the maintenance of Hog Island, formerly handled by this office, to the laid-up fleet division. Excluding the Hog Island maintenance force, the personnel of the Philadelphia district on June 30, 1925, numbered 21, with a pay roll of \$49,080, which by June 30, 1926, had been decreased to 15 employees, with a pay roll of \$36,900.

#### **Baltimore District.**

This district includes the port of Baltimore and vicinity and its headquarters are in Baltimore. The personnel of this district on June 30, 1925, numbered 20, with a pay roll of \$54,040, which by June 30, 1926, had been reduced to 10 employees, with a pay roll of \$26,460.

#### **Norfolk District.**

This district includes the various ports in Hampton Roads and vicinity, with headquarters at the Army base near Norfolk, Va. At the beginning of the fiscal year this district was engaged in the operation of the Norfolk Army base, but this activity was turned over to Norfolk Tidewater Terminals (Inc.), under contract, beginning September 1, 1925. The district has maintained a force at this base engaged in repairs to the terminal facilities. This district supervises the operation of a fuel-bunkering station at Craney Island. The personnel in Norfolk on June 30, 1925, numbered 124, with a pay roll of \$212,083 per annum, which by June 30, 1926, had been decreased to 87 employees, with a pay roll of \$149,343.

#### **South Atlantic District.**

This district covers North and South Carolina, Georgia, and the eastern coast of Florida. During most of the fiscal year the main office was located at Charleston, but when the operators of the American Palmetto Lines were changed in April, 1926, the headquarters of the district was transferred to Savannah, Ga. A branch office is maintained at Charleston, but the branch office formerly located at Jacksonville, Fla., was closed on September 30, 1925. The Charleston office, in addition to its regular duties, also has supervision over the Charleston Army base, which is leased to the Port Utilities Commission of Charleston, S. C. There are a num-

ber of employees of the Fleet Corporation at this terminal engaged in repairing its facilities. The personnel located in this district on June 30, 1925, numbered 13, with a pay roll of \$32,220, which by June 30, 1926, had been reduced to 7 employees, with a pay roll of \$15,280.

#### **Gulf District.**

This district covers all ports in the Gulf of Mexico and has its principal office in New Orleans, with branch offices in Galveston, Tex., and Mobile, Ala. In addition to the usual district activities, a fuel-bunkering station is maintained at Mobile. The personnel of this district on June 30, 1925, numbered 99, with a pay roll of \$210,131 per annum, which by June 30, 1926, had been reduced to 72 employees, with a pay roll of \$153,418.

#### **Pacific Coast District.**

The district includes ports in the State of California and has its headquarters in San Francisco and a branch office in Los Angeles. During the early part of the fiscal year the branch office at Portland, Oreg., formed a part of this district, but this office was transferred to the Puget Sound district January 1, 1926. The personnel of the Pacific coast district on June 30, 1925, excluding the Portland, Oreg., office, numbered 68, with a pay roll of \$172,100, which by June 30, 1926, had been reduced to 36 employees, with a pay roll of \$100,680. The work of this district has been considerably simplified by the sale of the California Orient Line, which was completed during the fiscal year 1926, and the sale of the Pacific Argentine-Brazil Line, which was partially completed during the year.

#### **Puget Sound District.**

The district includes ports in Oregon, Washington, and British Columbia. Its headquarters are located in Seattle, Wash., and since January 1, 1926, a branch office has been maintained in Portland, Oreg. Prior to that time the Portland office was included in the Pacific coast district. The personnel of the Puget Sound district on June 30, 1925, together with the personnel of the Portland office, totaled 50 employees with a pay roll of \$127,020 per annum, but by June 30, 1926, these totals had been reduced to 42 employees, with a pay roll of \$108,980. The duties of this district have been somewhat simplified by the sale of the American Oriental Mail Line passenger service out of Seattle, the delivery of the vessels of this line to its purchasers having been partially completed during the year.

### **FOREIGN OFFICES**

#### **Europe.**

Extensive changes were made in the personnel and assignments of duty in London and other European offices, with the result that the personnel was reduced from a total on June 30, 1925, of 120 employ-

ees, with a pay roll of \$315,050 per annum, to 87 employees, with a total annual salary of \$213,915 on June 30, 1926.

The offices in Dublin, Havre, Marseille, Barcelona, Genoa, Copenhagen, and Rotterdam were closed during the year, leaving but three offices, outside of headquarters in London, namely (1) Liverpool, which has jurisdiction over the northern part of Great Britain and Ireland; (2) Hamburg, having jurisdiction over the German and Baltic ports; and (3) Antwerp, having jurisdiction over the ports of Holland, Belgium, and northern France. A traveling auditor is based at Genoa. The total staff outside the London office is 17, with a total annual salary of \$43,130.

As compared with the preceding year, general business conditions throughout Europe have improved, resulting in an increased westbound cargo movement, especially during the latter half of the fiscal year. In many cases the ships of our regular services have been loaded to full capacity. Rates, however, increased but slightly, as the competition remains strong and many foreign ships are tied up in various ports ready to be placed in commission whenever there is any improvement in world trade. On every hand there is a growing appreciation by shippers and receivers of cargo of the good service rendered by our various lines. An index of the westbound situation is the number of our ships ballasted homeward. During the calendar year 1924, 263 westbound ships were supplied with dry ballast in European ports; in 1925, 130 required ballast; but for the first half of 1926, only 32 steamers have been ballasted. The last three years, therefore, have each shown a large reduction in the number of ships ballasted as compared with the preceding year.

#### South America.

In the early part of the fiscal year 1926 the Fleet Corporation was represented in South America by two organizations. One agency supervised the activities in Brazil and the other in Argentina and Uruguay. In February, 1926, a consolidation of these districts was made, headquarters established in Buenos Aires, and the work of the combined districts placed under the former director for Argentina and Uruguay. The only branch office in the South American district is located in Santos, Brazil. On June 30, 1925, the combined personnel of the Brazil and Argentine offices numbered 20, with an annual pay roll of \$61,654. Excluding two employees, whose resignations had been accepted prior to June 30, 1926, but who were on accrued leave, the personnel in South America on that date consisted of nine employees, with annual salaries totaling \$32,188.

#### Orient.

This organization was continued during the fiscal year 1926, with branch offices at Kobe, Yokohama, Shanghai, and Hongkong. In

addition to the usual duties of a foreign field organization, a fuel station is maintained at Manila. The personnel in the Orient forming a part of this district organization on June 30, 1925, totaled 152, with an annual pay roll of \$135,122. By June 30, 1926, these totals had been reduced to 60 employees, with a pay roll of \$91,360.

#### UNITED STATES PROTECTION AND INDEMNITY AGENCY (INC.)

The following table shows the total number and nature of claims settled during the fiscal year ended June 30, 1926, and the total amount paid thereon:

Nature of claim	Number	Amount
Damage to, shortage or pilferage of cargo.....	11, 237	\$782, 282. 07
Personal injury and loss of life, to any person, whether on board or not.....	617	415, 276. 03
Customs and immigration fines and penalties, arising from neglect of officers.....	550	117, 670. 30
Illness of passengers or members of crews.....	71	81, 339. 39
Damage to docks, other vessels, and any other property, except damage to other vessels by collision.....	105	67, 568. 31
Repatriation expenses.....	335	5, 736. 89
Extraordinary quarantine expenses.....		871. 36
Miscellaneous claims and expenses.....		20, 651. 62
Total.....	12, 915	1, 491, 395. 97

A special effort was made to dispose of the large accumulation of claims which were taken over by the agency from the United States Steamship Owners' Mutual Protective and Indemnity Association, a private club in which the Shipping Board vessels were enrolled prior to February 20, 1923, the result being that on June 30, 1926, there remained only 543 of these claims, involving \$8,520,094.35, of which 533 are in litigation.

Of the claims which have arisen since the establishment of the agency, there were pending in the home office of the agency on June 30, 1926, 1,364 claims, involving \$12,626,315.62, of which 808 cases are in litigation.

Including the claims which arose prior to February 20, 1923, and those which arose subsequent to that date, the claims pending in the offices of the managing operators and the claims being handled by the London office of the agency, there is a total of 3,028 claims outstanding as of June 30, 1926, involving \$21,248,212.36. Of this total 1,341 claims are in litigation.

#### UNITED STATES LINES

The operation of Shipping Board passenger vessels in the trans-Atlantic passenger service, which for several years has been handled by the United States Lines, was continued throughout the fiscal year 1926 by that organization.



The *President Harding* and *President Roosevelt*, which had accommodations for first and third class passengers, were converted to cabin-type steamers, with a resulting increase in passenger capacity of each from 451 to 642.

Extensive repairs were undertaken on the *America*, but prior to delivery of this vessel from the repair yard, fire broke out which resulted in very serious damage. The reconstruction of the vessel has not yet been undertaken, and it will not be available for service during the fiscal year 1927. The business which would have been handled by the *America* has been distributed to other vessels of the United States Lines and to the combination passenger and cargo vessels being operated between New York and London by the American Merchant Lines, so far as has been possible.



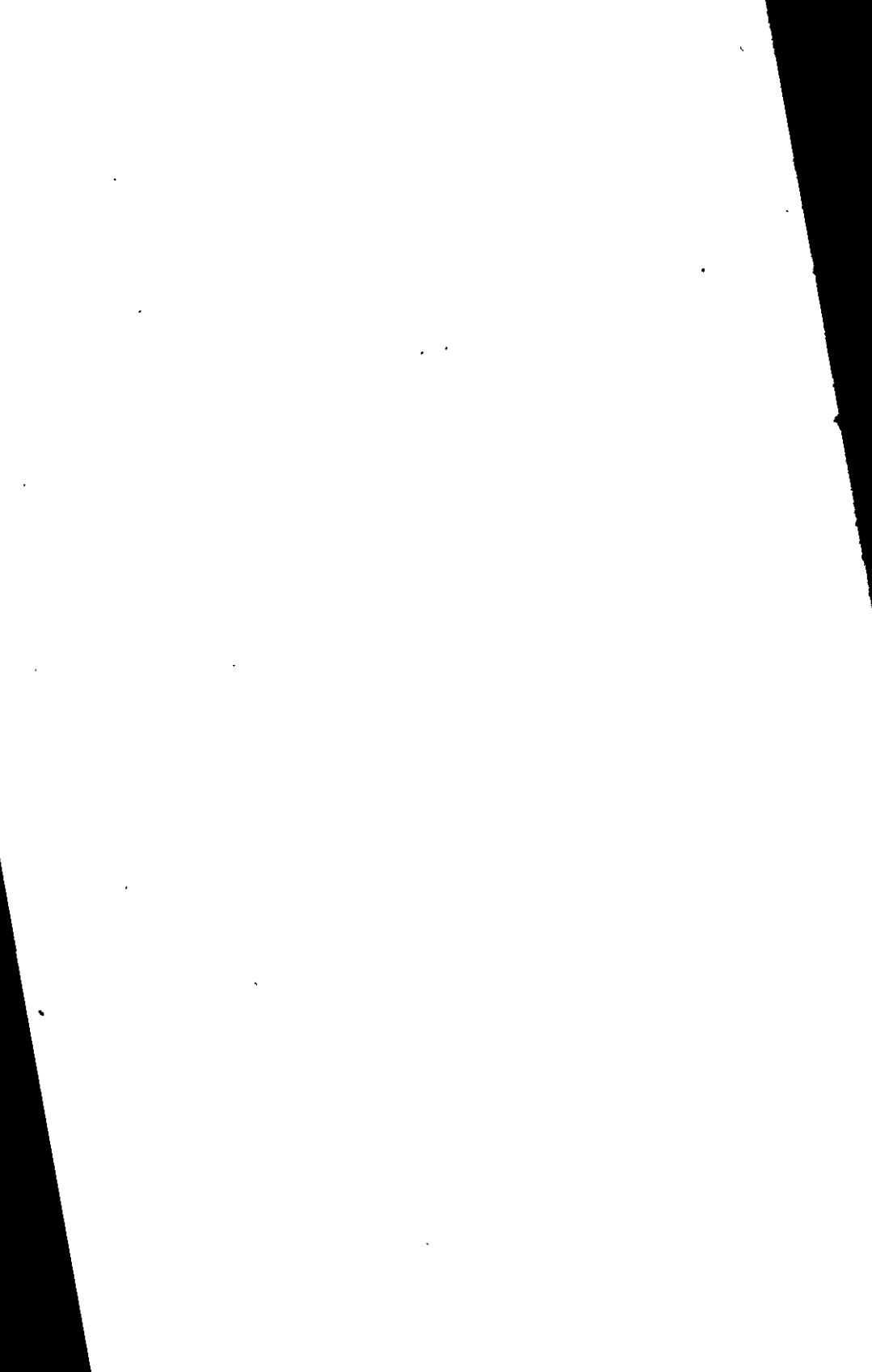
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## APPENDIX

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## APPENDIX

**TABLE I.—Vessel property controlled by the United States Shipping Board  
Emergency Fleet Corporation**

[Compiled as of June 30, 1926. This report is based on information received through July 1, 1926,  
affecting status of vessels as of June 30, 1926]

	Total		Contract		Requisitioned	
	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons
Steel vessels:						
Passenger and cargo.....	13	150,512	5	56,552		
Cargo.....	941	6,943,711	780	5,682,043	145	1,126,966
Tankers <sup>1</sup> .....	29	242,663	20	177,533	5	35,130
Refrigerators.....	14	100,920	5	41,967	9	58,953
Tugs.....	5		1			
Unfinished cargo.....	1	9,400	1	9,400		
Total steel.....	1,003	7,447,206	812	5,967,495	159	1,221,049
Concrete vessels, tankers.....	1	7,500	1	7,500		
Wood vessels, tugs.....	9		8			
Total vessels.....	1,013	7,454,706	821	5,974,995	159	1,221,049

	Purchased		Seized enemy		Acquired from other departments	
	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons
Steel vessels:						
Passenger and cargo.....			8	93,960		
Cargo.....	14	117,167	2	17,535		
Tankers <sup>1</sup> .....	4	30,000				
Tugs.....					4	
Total steel.....	18	147,167	10	111,495	4	
Wood vessels, tugs.....					1	
Total vessels.....	18	147,167	10	111,495	5	

<sup>1</sup> Includes 2 molasses tankers, dead-weight tonnage 15,130.

Above figures do not include barges.

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TABLE II.—*Status of vessels controlled by United States Shipping Board  
Emergency Fleet Corporation as of June 30, 1926*

	Number	Dead-weight tons
<b>Active vessels:</b>		
Cargo, operating in specified services, United States ports to foreign ports.....	228	2,013,323
Cargo, bare-boat charter.....	1	3,610
Cargo, United States Public Health Service.....	1	4,261
Cargo, United States Army Service.....	2	17,853
Passenger and cargo, operating in specified services.....	8	97,952
Passenger and cargo, disabled.....	1	12,560
Tankers, United States ports to foreign ports.....	7	69,862
Tankers, coastwise.....	4	38,608
Tankers, bare-boat charter.....	1	10,250
Tugs, steel.....	4	
Tugs, wood.....	7	
<b>Total active.....</b>	<b>264</b>	<b>2,268,269</b>
Spot in hands of managing operators, cargo.....	23	203,909
<b>Inactive:</b>		
Cargo, tied up <sup>1</sup> .....	662	4,430,381
Cargo, spot with operations.....	19	168,307
Cargo, "Dieselizing".....	4	35,696
Cargo, custody of United States Shipping Board as mortgagee.....	1	7,371
Cargo, unfinished.....	1	9,400
Passenger and cargo, tied up.....	4	40,000
Refrigerators, tied up.....	14	100,920
Tankers, tied up <sup>2</sup> .....	18	131,453
Tugs, steel.....	1	
Tugs, wood.....	2	
<b>Total inactive vessels.....</b>	<b>726</b>	<b>4,982,528</b>
<b>Grand total, all vessels.....</b>	<b>1,013</b>	<b>7,454,796</b>

<sup>1</sup> Includes 127 vessels, 513,467 dead-weight tons, sold but not delivered to Ford Motor Co.

<sup>2</sup> Includes Dinmore, 7,500 dead-weight tons, concrete tanker.

TABLE III.—Managing operators and charterers of Shipping Board vessels as of June 30, 1926

Name of company	Address	Num-ber of ves-sels	Dead-weight tons	Form of agreement
America France Line (Carnegie Shipping Co., Inc.)	42 Broadway, New York City	10	87,845	Operating agreement, 1924.
American Delta Line (Mississippi Shipping Co., Inc.)	130-1316 Hiberna Bank Building, New Orleans, La.	8	60,940	Do.
American Diamond Lines (Black Diamond Steamship Corporation)	67 Exchange Place, New York City	14	124,445	Do.
American Dispatch Line (Munson Steamship Line)	87 Wall Street, New York City	5	39,935	Do.
American Dixie Line (United Gulf Steamship Co., Inc.)	Whitney Central Building, New Orleans, La.	22	193,729	Do.
American Far East Line (Strosvolt & Barry)	112 Market Street, San Francisco, Calif.	8	76,685	Do.
American India Line (Roosevelt Steamship Co., Inc.)	44 Beaver Street, New York City	6	57,400	Do.
American Merchant Lines (J. H. Winchester & Co., Inc.)	17 Battery Place, New York City	11	88,369	Do.
American Oriental Mail Line (Admiral Oriental Line)	1519 Railroad Avenue south, Seattle, Wash. (head), 32 Broadway, New York City (branch)	11	110,333	3-passenger, managing operator, M. O 4; 8-cargo, operating agreement, 1924.
American Palmetto Line (South Atlantic Steamship Line)	34 East Bay Street, Savannah, Ga.	6	46,980	Operating agreement, 1924.
American Pioneer Line (Atlantic, Gulf & Oriental Steamship Co., Inc.)	17 Battery Place, New York City	20	223,169	Do.
American Premier Line (United Gulf Steamship Co., Inc.)	Whitney Central Building, New Orleans, La.	5	39,140	Do.
American Republics Line (Moore & McCormack Co., Inc.)	6 Broadway, New York City	12	96,654	Do.
American Seacat Line (Moore & McCormack Co., Inc.)	do.	7	54,350	Do.
American West African Line (A. H. Bull & Co., Inc.)	40 West Street, New York City	18	66,944	Do.
Atlantic Australian Line (United States & Australasia Steamship Co.)	8-10 Bridge Street, New York City	6	54,246	Do.
Byrrit, Lieut. Commander R. E.	Navy Building, Washington, D. C.	1	3,610	Bare-boat charter.
Gulf West Mediterranean Line (Tampa Inter-Ocean Steamship Co.)	Whitney Central Building, New Orleans, La.	6	48,252	Operating agreement, 1924.
McAllister Bros.	17 State Street, New York City	7	69,039	Tanker agreement, 1925.
Merritt, Chapman & Scott Corporation	17 Battery Place, New York City	43	—	Bare-boat charter.
Mississippi Valley European Line (Mississippi Shipping Co., Inc.)	1310-1316 Hiberna Bank Building, New Orleans, La.	5	43,123	Operating agreement, 1924.
Mobile Oceanic Line (Waterman Steamship Corporation)	City Bank Building, Mobile, Ala.	11	95,455	Do.
Oil Transport Co.	1600 Continental Building, Baltimore, Md.	11	10,250	Bare-boat charter.
Oregon Oriental Line (Columbia-Pacific Shipping Co.)	810 Porter Building, Portland, Ore.	12	103,668	Operating agreement, 1924.
Orion Lines (Consolidated Navigation Co.)	Citizens' National Bank Building, Baltimore, Md.	18	148,257	Do.
Pacific Argentine Brazil Line (Swayne & Hoyt, Inc.)	430 Sansome Street, San Francisco, Calif.	3	25,722	Do.
Pacific Australia Line (Swayne & Hoyt, Inc.)	do.	7	61,670	Do.
Public Health Service	Washington, D. C.	1	4,261	Loan basis.
Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.)	925 Whitney Central Building, New Orleans, La.	16	136,112	Operating agreement, 1924.
Struthers & Barry	112 Market Street, San Francisco, Calif.	4	39,421	Tanker agreement, 1925.
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.)	925 Whitney Central Building, New Orleans, La.	10	90,510	Operating agreement, 1924.
United States Lines	45 Broadway, New York City	6	76,494	Managers and operators.
War Department	Washington, D. C.	2	17,853	Loan basis.
Yankee Line (Rogers & Webb)	110 State Street, Boston, Mass.	7	61,384	Operating agreement, 1924.
Total		287	2,472,178	

1 Barges. † Tugs. ‡ Tankers. †† Passenger. \* Does not include 8 tugs and 4 barges operated by the Emergency Fleet Corporation.

TABLE IV.—Services maintained by the United States Shipping Board Emergency Fleet Corporation as of June 30, 1926

European trades.....	Number of vessels	Number of vessels
Mediterranean trades.....	142	475
South American trades.....	112	
	28	
	Far East trades.....	
	Total.....	257

1 Includes 18 spot ships in hands of managing operator.  
 2 Includes 2 spot ships in hands of managing operator.  
 3 Includes 1 spot ship in hands of managing operator.  
 4 Includes 4 spot ships in hands of managing operator.

EUROPEAN SERVICES

Operator	From—	To—	June 30, 1926	
			Frequency of sailings	Number of vessels
<b>NORTH ATLANTIC/UNITED KINGDOM</b>				
Ortolo Lines (Consolidated Navigation Co.).....	Baltimore, Hampton Roads, St. John	Glaskow	2 per month.	4
Do.....	Baltimore, Hampton Roads, New York	Cork, Cardiff, Dublin, Londonderry	Monthly.	3
Do.....	Baltimore, Hampton Roads, St. John	Liverpool (alternate vessels call outward at Boston and Manchester).	2 per month.	3
Do.....	Baltimore, Hampton Roads, New York	Manchester, Belfast	do.	4
American Merchant Lines (J. H. Winchester & Co.).....	Spot ships in hands of managing operator.	London	Weekly.	2
Do.....	New York	London, Hull, Leith.	2 per month.	4
United States Lines 1.....	Philadelphia, Baltimore, Hampton Roads, Boston, Portland.	London, Hull, Leith.	2 per month.	5
	Spot ships in hands of managing operator.			1
	New York	Cherbourg, Southampton.	Every 3 weeks.	1
<b>NORTH ATLANTIC/SCANDINAVIAN &amp; BAL TIC</b>				
American Seantie Line (Moore & McCormack Co., Inc.).....	North Atlantic ports.	Scandinavian and Baltic ports	2 per month.	7
<b>NORTH ATLANTIC/COSTINENT</b>				
American Diamond Lines (Black Diamond Steamship Corp.).....	Philadelphia, New York	Rotterdam.....	Every 10 days.	5
Do.....	do.	Antwerp, Rotterdam.	Every 14 days.	4
Do.....	Boston, Baltimore, Hampton Roads	do.	do.	5
America France Line (Cosmopolitan Shipping Co.).....	Baltimore, Philadelphia, New York	Havre, Dunkirk.	Every 10 days.	7
Do.....	Philadelphia, New York	Bordeaux, St. Nazaire.	Monthly.	2
	Spot ships in hands of managing operator.			1



Yankee Line (Rogers & Webb)	Baltimore, Hampton Roads, Philadelphia, Boston, Portland.	Hamburg, Bremen	Every 3 weeks	3
Do.	Spot ships in hands of managing operator.	do.	do.	1
United States Lines	New York	Plymouth, Cherbourg, Bremen	Weekly	5
SOUTH ATLANTIC UNITED KINGDOM & CONTINENT	South Atlantic ports	Liverpool, Glasgow	1 per month	2
American Packet Line (South Atlantic Steamship Line)	do.	Bremen, Hamburg, Rotterdam, Antwerp	2 per month	5
Do.		London, Hull	do.	5
GULF/UNITED KINGDOM	New Orleans, Texas ports	do.	do.	4
American Dixie Line (United Gulf Steamship Co., Inc.)	Galveston (Houston)	Liverpool, Manchester	do.	4
Do.	New Orleans	do.	do.	3
Do.	Spot ships in hands of managing operator	Glasgow, Belfast, Avonmouth	Every 3 weeks	5
Do.	Mobile, Pensacola, Gulfport	London	Monthly	3
Mobile Oceanic Line (Waterman Steamship Corporation)	do.	Liverpool, Manchester	2 per month	4
Do.				
GULF/CONTINENT	New Orleans	Rotterdam	do.	3
Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.)	do.	Bremen, Hamburg	do.	5
Do.	Galveston, Houston	do.	do.	5
Do.	Spot ships in hands of managing operator	Havre, Antwerp	do.	4
Do.	New Orleans	do.	do.	5
Mississippi Valley European Line (Mississippi Shipping Co.)	Houston, Galveston	Havre, Antwerp, Rotterdam	do.	5
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.)	Spot ships in hands of managing operator	do.	do.	4
Do.	Mobile, Pensacola, Gulfport	Continental ports (Havre-Hamburg range)	do.	4
Mobile Oceanic Line (Waterman Steamship Corporation)				
Total number of vessels in European services				142

! Call at Boston home-bound.  
 † Combination passenger and cargo vessels.

TABLE IV.—Service maintained by the United States Shipping Board Emergency Fleet Corporation as of June 30, 1926.—Contd.  
MEDITERRANEAN SERVICES

Operator	From—	To—	June 30, 1926	
			Frequency of sailings	Number of vessels
Gulf West Mediterranean Line (Tampa Inter-Ocean Steamship Co.).	Gulf and South Atlantic—Galveston to Wilmington.	Portuguese, Spanish Atlantic.	1 per month.	2
Do.	do.	Spanish Mediterranean, north Africa (west of Bizerta)	Every 3 weeks.	3
American Premier Line (United Gulf Steamship Co., Inc.).	Spot ships in hands of managing operators Gulf and South Atlantic—Galveston to Wilmington. do.	French Mediterranean, west coast Italy.	2 per month.	4
Do.	do.	Adriatic, Greek Levant, Constantinople, Malta, North Africa (East of Bizerta).	1 per month.	1
Total number of vessels in Mediterranean services.	Spot ships in hands of managing operator.			1
				12
SOUTH AMERICAN SERVICES				
American Republics Line (Moore & McCormack Co., Inc.).	Boston, New York.	River Plate ports.	Monthly.	4
Do.	New York and South Atlantic ports.	Brazil and River Plate ports.	do.	4
Do.	Philadelphia, Hampton Roads.	River Plate ports.	do.	4
American Delta Line (Mississippi Shipping Co.).	New Orleans and other Gulf ports (excluding Mobile).	Brazil and River Plate ports.	Fortnightly.	8
American Dispatch Line (Munson Steamship Line).	Mobile and other Gulf ports (excluding New Orleans).	River Plate ports.	Monthly.	4
Pacific Argentine Brazil Line (Swayne & Hoyt) *.	Spot ships in hands of managing operator. Pacific Coast ports.	River Plate ports.	Monthly.	1
Total.				3
				28

\* Sale of this service to McCormack Lumber Co. approved Jan. 19, 1926.

FAR EAST AND LONG VOYAGE SERVICES

American Pioneer Line (Atlantic, Gulf & Oriental Steamship Co.)	North Atlantic ports	China and Japan	Monthly	16
Do.	do.	Philippines and Dutch East Indies	do.	
Do.	Gulf	Far East (China, Japan, and Philippines)	do.	
American Far East Line (Struthers & Barry)	Spot ships in hands of managing operator	Far East (China, Japan, and Philippines)	Every 16 days	4
Oregon Oriental Line (Columbia Pacific Shipping Co.)	Los Angeles and San Francisco	Japan, China, and Philippines	3 monthly	8
American Oriental Mail Line (Admiral-Oriental Line)	Portland, Oreg.	do.	2 per month	11
Atlantic Australasian Line (United States and Australia Lines)	Principally Everett, Tacoma, Vancouver, and Seattle	Australia	Monthly	6
Pacific Australasia Line (Swayne & Hoyt)	New York	Australia and New Zealand	do.	8
American India Line (Roosevelt Steamship Co.)	Eureka, Portland, Oreg., Grays Harbor, Seattle, San Francisco, and Los Angeles	India	do.	6
American West African Line (A. H. Bull & Co.)	New York	Azores, Canary Islands, Madeira, and West Africa	do.	8
	New York (Gulf via New York when inducements offer).			
Total				75

TABLE V.—Analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1926

Type	Total acquired from all sources		Conversions in type		Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1926	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo steamers:																
Steel.....	1,521	10,098,868			1,522	10,168,318	508	2,770,078	53	296,757	20	157,172			911	6,943,711
Steel, uncompleted.....	1	9,400			1	9,400									1	9,400
Wood.....	307	1,123,400			307	1,133,162	263	983,858	22	82,910	4	6,068			18	65,407
Composite.....	18	63,750			18	62,750	18	62,750								
Concrete.....	4	13,500			4	12,858	2	6,078	2	6,378						
Total.....	1,851	11,208,918			1,852	11,392,287	791	3,824,344	77	386,245	24	163,180			942	6,953,111
Tankers:																
Steel.....	143	1,394,180			150	1,417,493	109	1,073,150			12	131,680			29	242,663
Wood.....	1	4,700			1	4,700	1	4,700								
Concrete.....	8	60,000			8	56,285	3	19,970	1	7,500	3	21,315			1	7,500
Total.....	152	1,458,880			159	1,498,478	113	1,097,820	1	7,500	15	152,995			30	250,163
Passenger steamers:																
Steel.....	57	926,967			57	586,396	39	377,497	4	51,437	1	6,860			13	150,512
Iron.....	1	4,000			1	4,000	1	4,000								
Total.....	58	930,967			58	590,396	40	381,497	4	51,437	1	6,860			13	150,512
Refrigerator steamers, steel.....	19	161,400			19	143,358	1	11,600	1	5,824	3	25,314			14	100,920
Transporters, steel.....	33	233,904			22	126,280	5	31,670			17	94,610				
Colliers, steel.....	19	103,728			19	105,413	19	105,413								
Coalie carriers, steel.....					3	11,395	3	11,395								

3 cargo converted to coolie carriers.

7 cargo converted to tankers.

11 transports converted to cargo.

3 cargo converted to coolie carriers.



TABLE V.—Analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1926—Continued

VESSELS PURCHASED BY UNITED STATES SHIPPING BOARD

	Total vessels acquired by purchase		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1926		Total distributed	
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons
Cargo:												
Steel	49	286,277	25	115,637	8	42,287	12	8,965	14	117,167	49	284,056
Wood	1	2,800	1	2,700							1	2,700
Total	50	289,077	26	118,337	8	42,287	12	8,965	14	117,167	50	286,756
Tankers, steel	5	31,150	1	1,193					4	30,000	5	31,193
Passenger:												
Steel	1	8,200	1	8,200							1	8,200
Iron	1	4,000	1	4,000							1	4,000
Total	2	12,200	2	12,200							2	12,200
Colliers, steel	10	33,378	10	35,063							10	35,063
Tugs:												
Steel	25		10				16				26	
Wood	2		1		1						2	
Total	27		11		1		16				28	
Barges, wood	5	2,500	5	2,500							5	2,500
Grand total	100	368,305	55	160,293	9	42,287	18	8,965	18	147,167	100	367,712

<sup>1</sup> Includes Santa Catalina, transferred to Navy for a monetary consideration.

<sup>2</sup> Includes Clinton Wood, water carrier.

SEIZED ENEMY VESSELS

	Total vessels seized		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1926		Total distributed	
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons
Cargo:												
Steel.....	52	309,257	39	223,954	6	36,305	5	40,165	2	17,535	52	318,049
Wood.....	2						2				2	
Total.....	54	309,257	39	223,954	6	36,305	7	40,165	2	17,535	54	318,049
Passenger, steel.....	29	302,201	16	133,529	4	51,437	1	6,850	8	93,960	29	285,776
Transports, steel.....	9	39,629	1		1		9	39,629	1		9	39,629
Tugs, steel.....	1		1								1	
Barges, steel.....	3		3								3	
Sailing vessels:												
Steel.....	7	24,264	6	22,197	1	2,214					7	24,411
Wood.....	2						2				2	
Total.....	9	24,264	6	22,197	1	2,214	2				9	24,411
Grand total.....	105	675,411	65	379,680	11	90,046	19	80,644	10	111,495	105	667,865

† Two submersibles classed as cargo vessels (Bridgeport and Camden), included.  
 ‡ Hermes (wood, motor) and Samoa (wood, gunboat) classed as cargo vessels.  
 † Auxiliary schooners (Atlas and Neptune) classed as sailers.

TABLE V.—Analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1926—Continued

VESSELS TRANSFERRED FROM OTHER GOVERNMENT DEPARTMENTS TO UNITED STATES SHIPPING BOARD

	Total vessels acquired by transfer		Vessels sold		Vessels transferred		Vessels owned as of June 30, 1926	Total distributed	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons		Number	Dead-weight tons
Cargo, steel	1	3,500	1	3,500			1	3,500	
Passenger, steel	2	7,504	2	7,504			2	7,504	
Transports, steel	12	14,800	12	13,060			2	13,060	
Tugs:									
Steel	5		1				4		
Wood	2				1		1		
Total	7		1		1		5		
Barges, wood	6				2		3		
Grand total	17	25,504	6	24,064	3		8	24,064	

<sup>1</sup> Includes cable ship Burnside.

VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

Type	Vessels originally constructed		Conversions in type		Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1926		
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	
Cargo steamers:																	
Steel	1,410	9,499,354			443	2,427,587	39	218,075	13	108,042					925	6,809,049	
Steel (uncompleted) <sup>1</sup>	1	9,400			1	9,400									1	9,400	

<sup>1</sup> Cargo steamers:

(7 cargo converted to tankers.  
3 cargo converted to cooie carriers.  
11 transports converted to cargo.



Wood.....	304	1,135,463	262	981,138	22	82,910	2	6,008	18	65,407	
Composite.....	18	63,750	18	63,750							
Concrete.....	4	12,650	2	6,078	2	6,578					
Total.....	1,746	10,707,084	1,747	10,783,982	63	307,563	15	114,050	18	65,407	926 0,818,409
Tankers:											
Steel.....	138	1,363,020	115	1,416,300			12	131,680			25 212,663
Wood.....	1	4,700	1	4,700							
Concrete.....	8	60,000	8	56,285	3	19,970	3	21,315			1 7,500
Total.....	147	1,427,720	124	1,477,285	112	1,096,027	15	152,995			26 220,163
Passenger steamers, steel.....	25	308,972	25	284,816	20	228,264					5 56,552
Refrigerator steamers, steel.....	19	161,400	19	143,358	1	11,000	3	25,314			14 100,920
Transports, steel.....	22	178,775	11	73,591	3	18,610	8	54,981			
Colliers, steel.....	9	70,350	9	70,350	9	70,350					
Coolie carriers, steel.....			3	11,395	3	11,395					
Tugs:											
Steel.....	54		47				6				1 1
Wood.....	70		58				4				8 8
Wood, uncompleted.....	1		1								
Total.....	125		106				10				9 9
Barges:											
Steel.....	6	22,456	4	22,200	4	7,200	2	15,000			
Wood.....	84	277,000	83	277,000	83	273,500	1	3,500			
Total.....	90	299,456	87	299,200	87	280,700	2	15,000			
Sailing vessels, wood.....	10	34,500	10	34,500	10	34,500					
Finished hulls:											
Wood, cargo.....	115	447,700	114	443,550			1	3,850			
Wood, tugs.....	6		5								
Total.....	121	447,700	119	443,550	119	443,550	1	3,850			
Grand total.....	2,314	13,636,967	2,314	13,636,177	1,195	5,674,419	67	306,130	54	306,130	18 65,407 980 7,136,044

1 Oakhurst.

TABLE VI.—Summarized consolidated cash statement,

Code	Caption	Total	United States Shipping Board		
			Salaries and expenses, 1924	Salaries and expenses, 1925	Salaries and expenses, 1926
	Unexpended balance July 1, 1925.....	\$109,895,480.07		\$29,803.01	
RA	Receipts from appropriations.....	26,953,849.76		6,352.76	\$351,736.21
	Sales:				
RB	Sales of vessels, tugs and/or barges.....	11,186,157.62			
RC	Sales of real estate, including buildings and improvements, housing projects, transportation projects, dry docks and marine railways, and plant equipment and property not otherwise classified.....	1,577,807.99			
RD	Sales of surplus and salvage material.....	324,356.37			
RE	Sales of fuel (coal and oil).....	453,391.04			
RM	Sales of securities.....				
	Total sales receipts.....	13,541,713.02			
RF	Operation income, vessels:				
	Operation of vessel revenue, including freight, passenger, mail, towage, lighterage, demurrage, salvage, revenue, and other miscellaneous vessel revenue.....	83,440,582.90			
RG	Charter hire revenue.....	82,623.63			
	Total vessel operation receipts.....	83,523,106.55			
	Other operations:				
RH	Real estate operations and rental revenue, including revenue, operation or rental of buildings, housing projects, transportation projects, dry docks and marine railways, wharves and/or equipment.....	511,421.04			
RI	Insurance premiums and dividends (other than vessel operation).....	23,619.75			
RJ	Interest earned, including interest on bank balances, mortgages and loans, notes receivable, accounts receivable, etc.....	1,551,503.72			
	Total other operations receipts.....	2,086,544.51			
	Other receipts:				
RK	Custodian receipts, including alien income tax and other tax, prepaid charges, water rent, deposits on sales, unclaimed wages and other receipts that are of such a nature as denote them as not definitely being property of the organization.....	2,965,616.41			
RL	Miscellaneous receipts, includes slop chest earnings, foreign exchange earnings and receipts not otherwise classified.....	128,455.77			
	Total other receipts.....	3,094,072.18			

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by appropriation, for the fiscal year ended June 30, 1926

United States Shipping Board Emergency Fleet Corporation

Emergency shipping fund	Claim settlement	Construction loan fund	Liquidation fund, 1925	Liquidation fund, 1926	Receipts from sales, 1926, in excess of amount appropriated for liquidation expenses	Dieselization fund	Construction loan suspense
\$40,349,519.12	\$3,579,543.66	\$57,424,003.52	\$295,450.56			\$8,217,160.20	
24,890,760.79		1,705,000.00					
				\$3,596,307.41	\$3,727,696.03		\$3,862,153.28
		176,496.06		176,047.90	463,774.03		767,490.00
453,391.04				141,006.41	142,329.46		41,020.50
453,391.04		176,496.06		3,907,361.72	4,333,800.42		4,670,663.78
\$3,440,582.90							
82,523.65							
\$3,523,106.55							
511,421.04							
23,619.75							
465,355.19				92,638.28	111,667.93		878,842.32
1,003,305.98				92,638.28	111,667.93		878,842.32
2,965,616.41							
129,455.77							
3,064,072.18							

TABLE VI.—Summarized consolidated cash statement, by appro

Code	Caption	Total	United States Shipping Board		
			Salaries and expenses, 1924	Salaries and expenses, 1925	Salaries and expenses, 1926
	Recovered disbursements:				
RDA	Vessels, expenditures for ship construction and the purchases of vessels only.....	\$10,163.54			
RDE	Major reconditioning expense.....				
RDC	Real estate, transportation projects, shipyards, buildings and improvements, plants, fuel-oil stations, equipment, and property not otherwise classified.....	958.04			
RDD	Operation of vessel expense, including managing compensation, allotments, advances to masters and subagents, maintenance of radio-equipment charges, etc.....	5,126,145.01			
RDE	Vessel repair to include all repairs whether of a maintenance, voyage expense, or insurance nature, reconditioning other than provided for in code DB, as well as alterations, betterments, and additional purchases of equipment for a particular vessel.....	63,865.33			
RDF	Charter-hire expense.....				
RDG	Protection and indemnity insurance claims, including sales of damaged cargo, sweepings, etc.....	65,920.41			
RDH	Marine insurance losses (other than insurance repairs which are provided for under code DE).....	378,354.53			
RDI	Recruiting-service operations expense.....	879.77			
RDJ	Lay-up expense, steel vessels.....	19,607.40			
RDK	Lay-up expense, wood and composite vessels.....				
RDL	Real-estate operation and rental expense, includes expense of operating buildings, housing projects, transportation projects, dry docks, and marine railways, wharves, etc.....	19,628.37			
RDM	Insurance losses (other than operations of vessels).....				
RDN	Fuel (coal and oil) purchased for resale.....				
RDO	Warehouse stores, material purchased for store stock.....	1,484.10			
RDP	Cancellation claims and losses.....				
RDQ	Disbursements for and on account of vessel purchasers.....				
RDR	Loans and/or advances that are recoverable or to be accounted for (to include material purchased for rebilling to contractors).....	2,231,664.33			
RDT	Miscellaneous disbursements to include all other disbursements which can not be positively identified with any other code.....	796.00			
RDU	Salaries and wages.....	9,083.27			
RDV	Other general administrative expense.....	48,931.05		\$2,923.32	\$8,642.93
RDW	United States Protection and Indemnity Agency expense.....	1,124.69			
RDX	Cost of conversion to Diesel propulsion of Shipping Board vessels.....	42.88			
	Total recovered disbursements.....	7,979,500.92		2,923.32	8,642.93
	Total receipts.....	137,178,786.94		9,276.08	360,379.14
	Transfer of funds.....	14,783,738.46			
	Total.....	261,858,065.47		39,079.09	360,379.14

riation, for the fiscal year ended June 30, 1926—Continued

United States Shipping Board Emergency Fleet Corporation

Emergency shipping fund	Claim settlement	Construction loan fund	Liquidation fund, 1925	Liquidation fund, 1926	Receipts from sales, 1926, in excess of amount appropriated for liquidation expenses	Dieselization fund	Construction loan suspense
\$10,163.54							
958.04							
5,119,630.82	\$6,514.19						
63,865.53							
65,920.41							
378,354.53							
879.77							
19,667.40							
19,625.37							
1,434.10							
1,603,337.56		\$375,499.67				\$221,500.00	\$31,327.10
798.00							
8,623.21							1,360.06
37,364.80							
1,124.69							
42.88							
7,331,733.65	6,514.19	375,499.67				221,500.00	32,687.16
120,296,460.19	6,514.19	2,256,095.73		\$4,000,000.00	\$4,445,468.35	221,500.00	5,582,193.26
3,921,643.75	30.66	5,094,770.72	\$200,680.23		567,691.77	4,998,404.27	512.06
164,567,628.06	3,556,088.51	64,775,769.97	496,130.79	4,000,000.00	5,013,160.12	13,437,064.47	5,582,705.32

TABLE VI.—Summarized consolidated cash statement, by appro

Code	Caption	Total	United States Shipping Board		
			Salaries and expenses, 1924	Salaries and expenses, 1925	Salaries and expenses, 1926
	Disbursements for construction, improvements, and/or betterments:				
DA	Vessels, expenditures for ship construction, and the purchase of vessels only	\$25,502.33			
DB	Major reconditioning expense	38.25			
DC	Real estate, transportation projects, shipyards, buildings and improvements, plants, fuel oil stations, equipment and property not otherwise classified	55,707.86			
DX	Cost of conversion to Diesel propulsion of shipping board vessels	2,825,092.72			
	Total construction, improvements, and/or betterments disbursements	2,906,341.16			
	Operation out-go:				
	Vessels—				
DD	Operation of vessels expense, including management compensation, allotments, advances to masters and sub-agents, maintenance of radio equipment, cargoes, etc.	89,727,337.23			
DE	Vessel repair, to include all repairs, whether of a maintenance, voyage expense or insurance nature, reconditioning other than provided for in Code DB, as well as all alterations, betterments, and additional purchase of equipment for a particular vessel	3,741,645.85			
DF	Charter hire expense				
DG	Protection and indemnity insurance claims	608,897.62			
DH	Marine insurance losses (other than insurance repairs which are provided for under code DE)	1,412,733.02			
DI	Recruiting service operation expense	107,777.81			
DW	United States Protection and Indemnity Agency expense	209,615.18			
	Total operation of vessels disbursements	95,808,008.71			
	Lay-up of vessels—				
DJ	Lay-up expense, steel vessels	3,017,178.81			
DK	Lay-up expense, wood and composite vessels				
	Total lay-up of vessels disbursements	3,017,178.81			
	Other operations—				
DL	Real estate operations and rental expense, includes expense of operating buildings, housing projects, transportation projects, dry docks and marine railways, wharves, etc.	946,187.35			
DM	Insurance losses (other than operation of vessels)	6,538.98			
	Total other operations disbursements	952,726.33			

pration, for the fiscal year ended June 30, 1926—Continued

United States Shipping Board Emergency Fleet Corporation							
Emergency shipping fund	Claim settlement	Construction loan fund	Liquidation fund, 1925	Liquidation fund, 1926	Receipts from sales, 1926, in excess of amount appropriated for liquidation expenses	Dieselization fund	Construction loan suspense
\$25,502.33							
38.25							
55,707.86							
32,097.13						\$2,792,995.59	
113,345.57						2,792,995.59	
89,697,553.80	\$29,783.43						
3,734,030.04	7,615.81						
608,897.62							
1,412,733.02							
107,777.81							
209,615.18							
95,770,607.47	37,399.24						
3,017,178.81							
3,017,178.81							
946,187.35							
6,539.98							
952,726.33							

TABLE VI.—Summarized consolidated cash statement, by appro

Code	Caption	Total	United States Shipping Board		
			Salaries and expenses, 1924	Salaries and expenses, 1925	Salaries and expenses, 1926
	Other disbursements:				
DN	Fuel (coal and oil) purchased for resale .....	\$3,038,181.32			
DO	Warehouse stores material purchased for store stocks .....	1,065,907.81			
DP	Cancellation claims and losses .....	961,948.80			
DQ	Disbursements for and on account of vessel purchases .....	15,401.08			
DR	Loans and/or advances that are recoverable or to be accounted for (to include material purchased for rebilling to contractors) .....	3,278,522.44			
DS	Appropriation funds returned to United States Treasury surplus account .....				
DT	Miscellaneous disbursements to include all disbursements which can not positively be identified with any other code .....	58,124.52			
	Total other disbursements .....	8,418,085.97			
	General administrative expense:				
DU	Salaries and wages .....	4,147,773.03		\$300.00	\$259,470.74
DV	Other general administrative expense .....	1,177,335.90		4,948.99	38,761.90
	Total general administrative expense disbursements .....	5,325,108.93		4,948.99	298,232.64
	Remitted receipts:				
DRA	Appropriations .....	57,805,771.86		27,964.19	37,047.63
DRB	Sales of vessels, tugs, and/or barges .....	8,561.83			
DRC	Sale of real estate, including buildings and improvements, housing projects, transportation projects, dry docks and marine railways, land, plant equipment, and property not otherwise classified .....	130.73			
DRD	Sales of surplus and salvage material .....	42,527.70			
DRE	Sales of fuel (oil and coal) .....				
DRF	Operation of vessel revenue, including freight, passenger, mail, towage, lighterage, demurrage, salvage revenue, and other miscellaneous vessel revenue .....	3,083,923.27			
DRG	Charter hire revenue .....	40.00			
DRH	Real estate operation and rental revenue, including revenue operation or rental of buildings, housing projects, transportation projects, dry docks and marine railways, wharves, land, and/or equipment .....	849.00			
DRI	Insurance premiums and dividends (other than vessel operation) .....				
DRJ	Interest earned, including interest on bank balances, mortgages and loans, notes receivable, accounts receivable, etc. ....	6,225.39			
DRK	Custodian receipts, including alien income tax and other taxes, prepaid charges, water rents, deposits on sales, unclaimed wages, and other receipts that are of such nature as denote them as not definitely being the property of the organization .....	4,066,580.72			
DRL	Miscellaneous receipts, including slop chest earnings, foreign exchange earnings, and receipts not otherwise classified .....	72.45			
DRM	Sales of securities .....				
	Total remitted receipts .....	65,034,682.95		27,964.19	37,047.63
	Total disbursements .....	181,462,130.86		32,913.18	335,280.27
	Transfer of funds .....	14,783,738.46		1,352.76	
	Unexpended balance as at June 30, 1926 .....	65,612,136.15		4,813.15	25,098.87
	Total .....	261,858,005.47		39,079.09	360,379.14
	Cash balance as at June 30, 1926 .....	65,612,136.15		4,813.15	25,098.87
	Unwithdrawn appropriation balance as at June 30, 1926 .....	56,416,924.65	\$84,270.54	32,171.45	7,107.46
	Total cash and unwithdrawn appropriation balance as at June 30, 1926 .....	122,029,060.80	84,270.54	36,984.60	32,208.33



pration, for the fiscal year ended June 30, 1926—Continued

United States Shipping Board Emergency Fleet Corporation

Emergency shipping fund	Claim settlement	Construction loan fund	Liquidation fund, 1925	Liquidation fund, 1926	Receipts from sales, 1926, in excess of amount appropriated for liquidation expenses	Disseization fund	Construction loan suspense
\$3,035,181.32							
1,065,907.81	\$961,948.80						
15,401.08							
910,162.38		\$2,145,500.00				\$221,500.00	\$1,360.06
58,124.52							
5,087,777.11	961,948.80	2,145,500.00				221,500.00	1,360.06
3,888,002.29							
1,124,503.09							9,421.92
5,012,505.38							9,421.92
890,760.79		56,849,999.25					
8,561.83							
130.73							
42,527.70							
3,683,923.27							
40.00							
849.00							
5,749.68							475.71
4,086,467.49							113.23
72.45							
8,119,082.94		56,849,999.25					588.94
118,073,223.61	999,348.04	58,995,499.25				3,014,495.59	11,370.92
5,199,627.23	33,103.64		\$476,130.79	\$3,831,117.63		5,191,151.31	51,255.11
41,294,777.23	2,553,636.83	5,780,270.72	20,000.00	168,882.37	\$5,013,160.12	5,231,417.57	5,520,079.29
164,567,628.06	3,586,088.51	64,775,769.97	496,130.79	4,000,000.00	5,013,160.12	13,437,064.47	5,582,705.32
41,294,777.23	2,553,636.83	5,780,270.72	20,000.00	168,882.37	5,013,160.12	5,231,417.57	5,520,079.29
131,774.82	1,016,601.13	55,144,999.25					
41,426,552.05	3,570,237.96	60,925,269.97	20,000.00	168,882.37	5,013,160.12	5,231,417.57	5,520,079.29

TABLE VII.—Balance sheet as of June 30, 1926

ASSETS		
A-1-1.	Cash and unrequisitioned appropriations available for general purposes.....	\$41,615,434.42
A-1-2.	Receipts from sales in excess of amount required for liquidation expenses, fiscal year 1926, not at present available for any purpose.....	5,013,160.12
A-2.	Cash and unrequisitioned appropriations available for settlement of claims.....	3,570,237.95
A-3.	Cash and unrequisitioned appropriations, United States Shipping Board.....	
	Less appropriation balance, fiscal year 1924.....	\$153,491.47
		84,270.54
Amount available for expenses of United States Shipping Board.....		
A-4.	Construction loan and dieselization funds.....	69,190.93
A-5.	Accounts receivable.....	92,434,192.52
	Less payable offsets.....	99,651,980.80
		\$1,538,728.44
	Less claim offsets.....	26,724,516.02
		64,408,472.66
	Less reserve for doubtful or uncollectible accounts.....	92,009,717.12
A-6.	Accounts receivable of managing operators.....	6,082,263.68
A-7.	Notes receivable.....	2,917,886.08
	Less claim offsets.....	1,978,564.57
	Less reserve for doubtful or uncollectible notes.....	1,446,585.09
A-8.	Operating supplies.....	531,968.88
A-9.	Surplus material for sale.....	4,146,766.82
A-10.	Land, structures, and equipment for sale.....	3,402,239.36
A-11.	Mortgages receivable and securities.....	34,250.00
	Less claim offsets.....	12,367,346.86
	Less reserve for estimated value.....	8,352,037.68
		2,688,911.86
A-12.	Accounts and notes receivable for ship sales.....	11,041,068.54
	Less payable offsets.....	1,326,377.32
	Less claim offsets.....	35,960,001.56
	Less reserve for uncollectible accounts and notes.....	28,938.77
		23,875,858.10
		24,101,688.59
A-13.	Real estate and equipment used in operations.....	12,858,312.97
A-14.	Estimated recoverable value of claims in favor of United States Shipping Board.....	13,445,610.62
A-15.	Fleet (at appraised value).....	1,011,118.51
A-16.	Deferred accounts and commitment charges.....	136,427,659.00
		23,606,723.64
	Total.....	349,393,384.63

## LIABILITIES

L-1. Accounts payable and unclaimed wages.....	\$5,165,409.07	
Less receivable offsets.....	1,252,007.21	
L-2. Accounts payable of managing operators.....		\$3,913,402.46
L-3. Deposits on sales and other contracts not consummated.....		13,107,010.30
Less receivable offsets.....	427,004.42	
	293,925.92	
L-4. Suspense credits (receipts from ship sales contracts not fulfilled by purchasers).....		132,073.50
Less receivable offsets.....	427,766.01	
	187,696.94	
L-5. Commitments (other than dissolution).....		240,069.07
L-6. Reserve for insurance claims and losses.....		8,410,451.13
L-7. Reserve for operating claims.....		11,809,354.04
		4,005,033.92
Total liabilities payable from general funds.....		41,615,434.42
L-8. D. Liquidation commitments and accounts payable.....		3,857,073.00
Commitments.....	3,838,363.38	
Accounts payable.....	48,706.62	
L-9. Reserve for claim settlements.....		3,570,237.96
L-10. Reserve for fleet liquidation.....		2,843,778.27
Reserve for receipts from sales in excess of amount required for liquidation expenses not at present available for any purpose.....		5,013,160.12
Net worth as at June 30, 1923.....		292,363,700.86
Total.....		349,393,384.63

SCHEDULE 1.—Cash and unrequisioned appropriations available for general purposes as at June 30, 1926

Cash available for general purposes, before adjustments (Cash in United States Treasury, in banks, in hands of managing operators, and in transit to depositories.)		\$46,282,309.13
Plus:		
Disbursements from general cash for account of Dieselization for which general cash will be reimbursed from Dieselization fund subsequent to June 30, 1926		191,151.31
Unrequisioned appropriation, emergency shipping fund		131,774.82
		<u>46,605,235.26</u>
Less:		
Amount of receipts from sales prior to June 5, 1925, in excess of requirements for liquidation expenses, fiscal year 1925, to be transferred to construction loan fund subsequent to June 30, 1926 (Schedule A-4)	\$94,770.72	
Amount of cash and unrequisioned appropriation available for general purposes in excess of outstanding obligations, to be transferred to Dieselization fund subsequent to June 30, 1926 (Schedule A-4)	4,895,030.12	
		<u>4,989,800.84</u>
Total cash and unrequisioned appropriations available for general purposes, June 30, 1926		<u>41,615,434.42</u>

SCHEDULE 2.—Reconciliation of cash and unrequisioned appropriation balances as shown by the balance sheet with treasurer's cash and appropriations statement as at June 30, 1926

Total cash and unrequisioned appropriation balances per Treasurer's statement, June 30, 1926		<u>\$122,029,060.80</u>
Balance sheet application of the above total:		
Cash and unrequisioned appropriations available for general purposes (Schedule A1-1)	\$41,615,434.42	
Receipts from sales in excess of amount required for liquidation expenses, fiscal year 1926, not at present available for any purpose (Schedule A1-2)	5,013,160.12	
Claims fund—Cash and appropriation balance; fund established by Fleet Corporation appropriation act for the fiscal year 1923 (Schedule A-2)	3,570,237.96	
United States Shipping Board 1924, appropriation balance (Schedule A-3)	84,270.54	
United States Shipping Board 1925, cash and appropriation balance (Schedule A-3)	36,984.60	
United States Shipping Board 1926, cash and appropriation balance (Schedule A-3)	32,206.33	
Amount set aside for construction loan fund by authority of section 11, of the merchant marine act of 1920 (Schedule A-4)	\$60,925,269.97	
Construction loan fund suspense (Schedule A-4)	5,520,079.29	
	66,445,349.26	
Amount established as a fund for the Dieselization of vessels (Schedule A-4)	5,231,417.57	
Total cash and unrequisioned appropriations per balance sheet of June 30, 1926		<u>122,029,060.80</u>

**SCHEDULE 3.—Cash and unrequisioned appropriations available for expenses of United States Shipping Board as at June 30, 1926**

<b>Cash:</b>		
Available for salaries and expenses, fiscal year 1925-----	\$4, 813. 15	
Available for salaries and expenses, fiscal year 1926-----	23, 687. 29	
Available for printing and binding, fiscal year 1926-----	1, 411. 58	
<b>Total cash-----</b>		<b>\$29, 912. 02</b>
<b>Unrequisioned appropriations:</b>		
Salaries and expenses, fiscal year 1924-----	\$81, 398. 33	
Printing and binding, fiscal year 1924-----	2, 872. 21	
Salaries and expenses, fiscal year 1925-----	31, 864. 42	
Printing and binding, fiscal year 1925-----	1, 307. 03	
Salaries and expenses, fiscal year 1926-----	6, 158. 70	
Printing and binding, fiscal year 1926-----	948. 76	
<b>Total unrequisioned appropriations-----</b>		<b>123, 549. 45</b>
<b>Total cash and unrequisioned appropriations, United States Shipping Board-----</b>		<b>153, 461. 47</b>
<b>Less amount of 1924 appropriations, unrequisioned as at June 30, 1926, to be covered into the United States Treasury subsequent to that date:</b>		
Salaries and expenses, fiscal year 1924-----	\$81, 398. 33	
Printing and binding, fiscal year 1924-----	2, 872. 21	
		<b>84, 270. 54</b>
<b>Cash and unrequisioned appropriations available for expenses of United States Shipping Board-----</b>		<b>69, 190. 93</b>

TABLE VIII.—Gross appropriations and allotments from inception to July 1, 1926

	Original appropriation	Returned to United States Treasury surplus or reappropriated	Net appropriation	United States Shipping Board Corporation	United States Shipping Board Emergency Fleet Corporation
For fiscal years ended prior to July 1, 1925: United States Shipping Board— Acts of Sept. 7, 1916; June 12, 1917; July 1, 1918; July 19, 1919; June 5, 1920; March 4, 1921; June 16, 1921; June 12, 1922; February 13, 1923, and June 7, 1924.....	\$4,563,042.41	\$617,876.13	\$3,885,166.28	\$3,885,166.28	
United States Shipping Board Emergency Fleet Corporation— Act of Sept. 7, 1916, permanent fund..... Acts from June 15, 1917, to June 12, 1922, emergency shipping fund..... Act of Feb. 13, 1922, and June 7, 1924, current maintenance and operations..... Act of June 12, 1922, claims, damage charges and miscellaneous adjustments..... Acts of Apr. 17, 1917, and July 1, 1918, national security and defense (presidential allotments).....	59,000,000.00 3,363,553,000.00 80,000,000.00 59,000,000.00	37,689,497.61 3,323,863,522.39 80,000,000.00 11,745,815.10	21,310,502.39 3,039,639,477.61 0 47,254,184.90		
Total, United States Shipping Board Emergency Fleet Corporation.....	3,573,065,426.27	53,939,420.43	3,519,126,005.84	\$3,519,126,005.84	
Total for fiscal years ended prior to July 1, 1925.....	3,577,628,468.68	54,557,296.56	3,523,071,172.12		
For fiscal year ended June 30, 1926: United States Shipping Board— Act of March 3, 1925— Seven commissioners..... Printing and binding..... All other expenses.....	84,000.00 8,000.00 238,000.00		84,000.00 8,000.00 238,000.00		
Total United States Shipping Board.....	330,000.00		330,000.00	330,000.00	
United States Shipping Board Emergency Fleet Corporation— Act of Mar. 3, 1925, current maintenance and operations.....	24,000,000.00		24,000,000.00		24,000,000.00
Total for fiscal year ended June 30, 1926.....	24,330,000.00		24,330,000.00		
For fiscal year ending June 30, 1927: United States Shipping Board— Act of Apr. 22, 1926— Seven commissioners..... Printing and binding..... All other expenses.....	84,000.00 6,000.00 208,574.00		84,000.00 6,000.00 208,574.00		
Total United States Shipping Board.....	298,574.00		298,574.00	298,574.00	



TABLE X.—Report of litigation for period June 30, 1925—June 30, 1926

CASES IN WHICH UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION IS DEFENDANT OR OBLIGATED TO DEFEND BY CONTRACT

District	Cases pending June 30, 1925		Cases docketed during period June 30, 1925—June 30, 1926		Totals		Cases after noting amendments, judgments or reversals during period June 30, 1925—June 30, 1926		Cases settled during period June 30, 1925—June 30, 1926			Cases pending June 30, 1926	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount of suit	Amount of settlement	Number	Amount
Home office.....	31	\$1,116,297.53	4	\$136,615.69	35	\$1,252,913.22	35	\$1,257,537.89	14	\$346,110.95	21	\$911,426.94	
North Atlantic.....	112	39,976,274.81	38	678,598.20	150	40,654,873.01	150	40,807,492.06	55	15,264,914.37	95	25,542,577.39	
Middle Atlantic.....	65	465,992.89	18	94,707.92	83	560,700.31	83	545,196.49	4	12,481.59	79	532,704.90	
Central.....	5	14,712.39	5	14,712.39	10	14,712.39	5	14,712.39	3	600.93	4	14,021.46	
Southern.....	35	1,474,171.60	4	17,500.00	39	1,491,671.60	39	1,470,183.26	3	4,828.70	36	1,465,354.56	
Northern Pacific.....	17	11,342,630.17	2	16,018.54	19	11,358,648.71	19	5,499,281.12	7	821,028.29	12	4,668,252.83	
Southern Pacific.....	5	110,115.03	5	110,115.03	10	110,115.03	5	110,115.03	4	110,115.03	6	508.00	
Foreign.....	1	27,337.50	1	27,337.50	2	27,337.50	1	27,337.50	1	27,337.50	1	27,337.50	
Total.....	271	54,517,531.42	66	948,440.35	337	55,465,971.77	337	49,721,822.74	88	16,560,170.16	705,852.56	249	33,161,655.58
Court of Claims.....	77	282,815,655.51	23	21,212,099.02	100	304,027,154.53	100	303,532,019.64	10	19,964,500.81	115,700.00	90	283,967,518.83
All districts.....	348	337,332,586.93	89	22,155,539.37	437	359,488,126.30	437	353,653,845.38	98	36,524,670.97	821,552.56	1,339	317,129,174.41

Among this number are 47 cases totaling \$201,567,171.07, originally begun for \$201,901,772.70, in which verdicts or judgments have been rendered as follows: Six cases in which affirmative judgments have been rendered in favor of the United States or Emergency Fleet Corporation in the sum of \$2,317,488.50, in which plaintiffs claimed \$6,098,180.21; 28 cases in which judgments of dismissal have been rendered, totaling \$195,195,489.11; 13 cases in which verdicts or judgments have been rendered in favor of plaintiffs in the sum of \$303,501.75, originally begun for \$608,103.38. Among this number are 34 cases in which no amounts are claimed, or not ascertained, or where not included in totals.



CASES WHERE UNITED STATES OR UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION IS PLAINTIFF

Home office.....	6	\$11,935,630.57	2	\$273,917.27	8	\$12,212,547.84	8	\$12,212,547.84	1	\$250,000.00	\$55,000.00	7	\$11,962,547.84
North Atlantic.....	24	4,885,247.00	3	1,902,030.80	29	6,787,327.80	29	6,767,608.12	7	1,695,032.68	1,225.00	22	4,811,645.44
Middle Atlantic.....	24	16,200,778.94	3	.....	31	16,306,778.91	31	16,333,989.83	5	130,332.16	65,233.23	26	16,233,637.67
Central.....	5	85,836.87	1	19,064.36	6	104,921.23	6	110,038.03	1	3,516.60	.....	6	108,521.45
Southern.....	6	141,872.23	1	.....	6	144,872.23	6	144,872.23	.....	.....	.....	6	144,872.23
Southern Pacific.....	9	10,704,024.94	.....	.....	9	10,704,024.94	9	10,705,024.56	2	335,265.26	.....	7	10,368,736.33
Southern Pacific.....	2	5,978.30	.....	.....	2	5,978.30	2	5,978.30	1	5,978.30	.....	1	.....
All districts.....	52	44,138,408.82	9	2,168,042.43	91	40,356,451.25	91	40,330,148.96	17	2,652,125.00	141,518.23	74	43,678,023.96

\* Among this number are 19 cases totaling \$14,995,014.30, in which verdicts or judgments have been rendered, of which cases there is 1 case for \$35,593.80 in which a judgment of dismissal has been rendered. Among this number are 11 cases in which no amounts are claimed or where amounts are claimed or where amounts not included in totals.

TABLE X.—*Report of litigation for period June 30, 1925—June 30, 1926—Continued*  
 BANKRUPTCY AND RECEIVERSHIP REPORT—CHANGES OCCURRING DURING YEAR JUNE 30, 1925—JUNE 30, 1926

District and action	Cases pending June 30, 1925		Cases docketed during year June 30, 1925, to June 30, 1926		Amount after noting cases docketed and amendments during year June 30, 1925, to June 30, 1926		Dividends received during year June 30, 1925, to June 30, 1926	Cases settled during year June 30, 1925, to June 30, 1926			Balance, June 30, 1926	
	Number	Amount	Number	Amount	Number	Amount		Number	Amount of claim	Amount of settlement	Number	Amount
Home office:												
Bankruptcy.....	2	\$4,914.00			2	\$4,914.00					2	\$4,914.00
Insolvency.....	1	9,041.10			1	9,041.10					1	9,041.10
Total.....	3	13,955.10			3	13,955.10					3	13,955.10
North Atlantic:												
Bankruptcy.....	27	13,566,897.90	4	\$10,815.50	31	21,498,127.63	\$2.40	11	\$8,876,279.02	\$41,085.46	20	12,521,846.21
Receivership.....	18	11,197,845.53	2	250.00	20	11,198,195.66	345.77	9	4,395,992.56	250.00	11	6,801,850.33
Liquidation.....	1	1,480.00			1	1,480.00	120.00				1	1,366.00
Insolvency.....	1	718.08			1	718.08		1	718.08			
Total.....	47	24,766,941.51			53	32,698,524.37					32	19,325,066.54
Middle Atlantic:												
Bankruptcy.....	5	299,884.70	1	2,169.68	6	81,508.68		1	700.00		5	80,808.68
Receivership.....	10	17,820,004.95			10	17,819,304.06	1,566.25	3	207,697.68		7	17,310,070.13
Total.....	15	17,529,989.65			16	17,600,812.74					12	17,390,878.81
Central:												
Bankruptcy.....	5	5,103.05			5	5,103.95	516.67				5	4,587.28
Receivership.....	4	500,275.42			4	500,275.42		1	273.76		3	500,001.66
Dissolution.....	1	1,081.34			1	1,081.34					1	1,081.34
Total.....	9	505,379.87			10	506,460.81					9	505,670.28
Southern:												
Bankruptcy.....	4	6,939,556.38			4	6,939,556.38		1	16.77	16.77	3	6,939,539.61
Receivership.....	3	98,544.05			3	98,544.05					3	98,544.05
Total.....	7	7,038,400.43			7	7,038,400.43					6	7,038,333.66



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TABLE XI.—Names and compensation of employees of United States Shipping Board in service on June 30, 1926

Name	Designation	Legal residence	Rate per annum
C. O. Arthur	Director	Indiana	\$5,200
Edward J. Barnes	Assistant clerk	Washington, D. C.	1,080
W. S. Benson	Commissioner	Georgia	12,000
Zelda Blank	Senior typist	Washington, D. C.	1,320
Arthur M. Boal	Admiralty counsel	Massachusetts	10,000
Ruth Bowman	Junior clerk	Missouri	1,320
Lillian Boswell	do	Washington, D. C.	1,320
Robert L. Boyd	Laborer	do	900
Penninah F. Breen	Junior clerk	Missouri	1,320
Lyle R. Buskey	Attorney	New York	4,000
Ruth E. Cain	Junior clerk	do	1,320
Robert E. Caine	Junior examiner	Washington, D. C.	1,860
Mabel G. Carragher	File clerk	Massachusetts	1,320
Lora S. Cass	Senior stenographer	Oklahoma	1,920
Lettie B. Chapman	Clerk	Washington, D. C.	1,560
Ethel Coleman	Junior library assistant	Louisiana	1,620
Jean Colwell	Junior clerk	Michigan	1,440
Edward P. Cotter	Assistant to chief statistician	Connecticut	3,000
Blanche M. Curry	Stenographer	Washington, D. C.	1,440
Maude Darracott	Junior stenographer	South Carolina	1,560
Albert D. Davis	Cabinetmaker	Virginia	1,980
Maude S. Dawson	Clerk	Nebraska	1,560
Thomas H. Deckelman	Chief file clerk	Maryland	1,800
Ernest M. Dew	Senior clerk	Ohio	3,000
Margaret E. Dowden	Clerk	Washington, D. C.	1,680
Sara T. Duffey	Clerk-typist	North Carolina	1,320
Daa P. Eldridge	Examiner	Washington, D. C.	3,000
Lucy A. Emmons	Junior clerk	do	1,320
Daniel Eskridge	Head porter	do	1,200
Margaret E. Evans	Clerk	Ohio	1,320
Caroline D. Flanner	Senior clerk	Washington, D. C.	2,400
F. H. Flinn	Assistant chief clerk	New Jersey	2,700
M. L. Fowler	Purchasing agent	South Carolina	3,000
Maybelle Fry	Telephone operator	Washington, D. C.	1,320
Olive M. Henderson	Clerk	Virginia	1,320
Lillian M. Hildebrand	Senior stenographer	Maryland	1,400
William S. Hill	Commissioner	South Dakota	12,000
Nettie J. Hipple	Senior stenographer	Pennsylvania	1,800
Mina G. Irvine	Administrative assistant to chairman	New York	4,200
James Jackson	Unskilled laborer	Virginia	1,080
Larkin King	Laborer	Washington, D. C.	1,080
Olive V. King	Clerk	do	1,400
Lottie T. King	Senior typist	Maryland	1,560
Leon A. LeBuffe	Clerk	South Carolina	1,680
Manilla R. McCue	Assistant clerk-stenographer	Virginia	1,600
Bessie C. Mallicote	Stenographer	Washington, D. C.	1,560
Julius Manns	Laborer	do	900
Roy H. Morrill	Secretary	Massachusetts	5,200
Jefferson Myers	Commissioner	Oregon	12,000
John Nicolson	Special expert	New York	7,500
Alice F. Nollner	Senior stenographer	Washington, D. C.	1,560
T. V. O'Connor	Chairman	New York	12,000
M. J. Pierce	Chief clerk	Tennessee	3,500
E. C. Plummer	Commissioner	Maine	12,000
Logan Presler	Clerk	Ohio	1,860
Fred A. Quinn	Senior clerk	Pennsylvania	2,700
Lee E. Ranck	Clerk	do	1,860
J. G. Reckert	Assistant purchasing agent	Washington, D. C.	2,400
Katherine C. Renz	Telephone operator	do	1,320
Joseph H. Rhoderick	Clerk	do	1,560
Harry S. Riggles	Junior clerk	Virginia	1,500
L. R. Roberts	Chief, filing section	Iowa	2,600
Robert L. Rohrbach	Junior clerk	Maryland	1,320
Evelyn M. Sackett	Senior stenographer	New York	1,680
Samuel D. Schell	Assistant secretary	Maryland	3,300
Linda M. Shanaban	Examiner	Washington, D. C.	2,400
D. W. Shannon	Multigraph operator	do	1,440
J. E. Saugstad	Special expert	New York	3,600
Rilla M. H. Skinner	Librarian	Washington, D. C.	2,000
Marietta A. Stevens	File clerk	Indiana	1,320
Philip S. Teller	Commissioner	California	12,000
Anna Tiede	Examiner	do	3,000
Landon W. Trudgian	Assistant to secretary	Washington, D. C.	2,600
Emtma Von Toerne	Senior stenographer	Wisconsin	1,980
Thomas A. Wadden	Senior examiner	South Dakota	5,000
John H. Walsh	Commissioner	California	12,000
May Wagner	Senior typist	Washington, D. C.	1,440
Alma Webster	do	do	1,560
George West	Underclerk	California	1,200

TABLE XI.—Names and compensation of employees of United States Shipping Board in service on June 30, 1926—Continued

Name	Designation	Legal residence	Rate per annum
Lillian Wilson	Senior typist	Minnesota	\$1,500
Bertha E. Wolfe	Clerk	Washington, D. C.	1,680
John S. Woodruff	Attorney	New Jersey	5,000
W. M. Woods	Accountant	Massachusetts	2,400
Virginia E. Woodward	Clerk	Maryland	1,560
W. H. Woolfolk	Examiner	Virginia	2,700
Marie C. Wyatt	Telephone operator	Washington, D. C.	1,320
Walter Ziwn	Senior typist	Pennsylvania	1,560

Names and compensation of employees of the United States Shipping Board who were separated during the fiscal year ended June 30, 1926

Name	Designation	Legal residence	Rate per annum	Date of separation
Ida R. Atkins	Assistant clerk-stenographer	Virginia	\$1,500	Aug. 28, 1925
Louis A. H. Cholot <sup>1</sup>	Special expert	New York	6,000	Feb. 1, 1926
Laura M. Davis	Senior stenographer	Washington, D. C.	1,800	Mar. 20, 1926
David D. Fredericks	Junior clerk	New York	1,320	Sept. 10, 1925
Bert E. Haney	Commissioner	Oregon	12,000	Feb. 28, 1926
Gertrude Hyman	Senior typist	Washington, D. C.	1,320	Nov. 17, 1925
Emily Kemper	Clerk	Kentucky	1,320	Dec. 31, 1925
Gladys E. Kidd	Junior clerk	Illinois	1,320	July 6, 1925
Mary F. Leddy	Examiner	California	3,000	Mar. 25, 1926
Meyer Lissner	Commissioner	do	12,000	Dec. 31, 1925
Sarah L. McQueen	Senior clerk	Maryland	2,400	Do.
James H. Mathiot	Chief draftsman	do	1,800	Mar. 8, 1926
John M. Moynihan	Junior clerk	New York	1,320	Dec. 31, 1925
Lillian E. Mullin	Senior typist	Washington, D. C.	1,320	Jan. 31, 1926
Virginia W. Price	Examiner	Virginia	3,000	Dec. 25, 1925
John A. Russell <sup>1</sup>	Assistant secretary	Michigan	3,600	May 16, 1926
Annie E. Sampson <sup>1</sup>	Junior typist	Washington, D. C.	1,140	Mar. 8, 1926
Glen R. Snider	Admiralty counsel	Washington	10,000	Sept. 9, 1925
Margaret D. Stratton	Copyist-draftsman	Washington, D. C.	1,560	Nov. 10, 1925
F. I. Thompson	Commissioner	Alabama	12,000	Oct. 31, 1925

<sup>1</sup> Transferred to rolls of Emergency Fleet Corporation.



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