

Eleventh Annual Report  
OF THE  
**UNITED STATES  
SHIPPING BOARD**



Fiscal Year Ended  
June 30  
**1927**



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON  
1927

## 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. TELLER, *Commissioner.*

SAMUEL GOODACRE, *Secretary.*

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## LETTER OF TRANSMITTAL

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UNITED STATES SHIPPING BOARD,  
*Washington, D. C., December 1, 1927.*

*To the Congress:*

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the eleventh annual report of the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation covering the fiscal year ended June 30, 1927.

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**

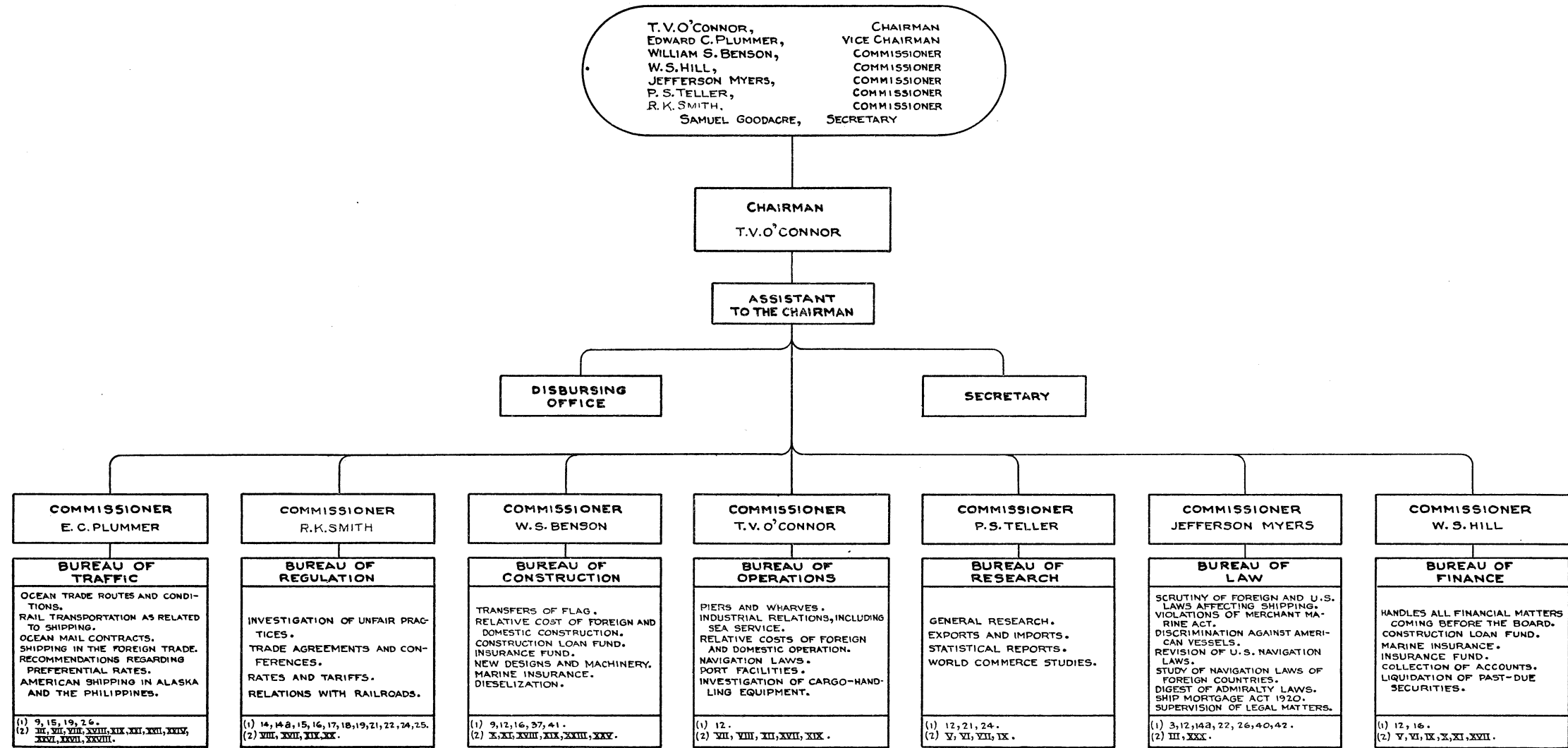
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### **UNITED STATES SHIPPING BOARD**

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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.

# THE UNITED STATES SHIPPING BOARD

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## ORGANIZATION

On July 1, 1926, the United States Shipping Board was composed of the following members: T. V. O'Connor, chairman; E. C. Plummer, vice chairman; and Commissioners W. S. Benson, W. S. Hill, Jefferson Myers, P. S. Teller, and J. H. Walsh.

T. V. O'Connor (chairman), Great Lakes, was appointed a member June 9, 1921, term five years; qualified June 15, 1921; reappointed and qualified June 15, 1926, for a term of six years from June 9, 1926. Edward C. Plummer (vice chairman), Atlantic coast, was appointed June 9, 1921, term three years; qualified June 14, 1921; reappointed May 23, 1924, term six years, and qualified June 3, 1924; term expires June 8, 1930. W. S. Benson, Atlantic coast, served under a recess appointment from December 1, 1920, to March 4, 1921; from March 4 to June 13, 1921, served as personal representative of the President; June 9, 1921, appointed commissioner, term one year, qualifying June 13, 1921; June 13, 1922, reappointed, term six years, qualifying June 14, 1922; term expires June 8, 1928. W. S. Hill, interior, was appointed to serve unexpired term of A. D. Lasker, resigned; qualified February 1, 1924; term expired June 8, 1927; received recess appointment and qualified June 7, 1927. Jefferson Myers, Pacific coast, was appointed to serve unexpired term of B. E. Haney, resigned; qualified June 15, 1926; term expires June 8, 1931. P. S. Teller, Pacific coast, was appointed to serve unexpired term of Meyer Lissner, resigned; qualified January 15, 1926; term expires June 8, 1928. J. H. Walsh, Gulf coast, appointed and qualified November 9, 1925, to serve unexpired term of F. I. Thompson, resigned; reappointed December 17, 1925; resigned October 15, 1926, and was succeeded by Roland K. Smith. Mr. Smith qualified October 16, 1926, under a recess appointment; recommissioned December 17, 1926, qualifying January 20, 1927, for the unexpired term ending June 8, 1929.

During the year the board held 93 meetings, in addition to which there were held many special hearings conducted either by the board or by committees thereof.

## GENERAL

The principal change in the administrative organization of the United States Shipping Board during the year was the consolidation, on October 1, 1926, of the law departments of the Fleet Corporation and United States Protection and Indemnity Agency with the board's Bureau of Law. Aside from this change, the board's organization remains practically the same as at the time of its last annual report.

The board's primary function, as provided in various acts of Congress, is the establishment and maintenance of an American merchant marine. Activities falling under this general head, for the most part of a promotional and regulatory nature, 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 is under the supervision of a member of the board, as shown in the accompanying organization chart.

The board's secondary function, intimately bound up with the foregoing, involves the operation and liquidation of the Government's fleet of merchant vessels, acquired as a result of the war. As provided by law, this activity is carried on by the board through the instrumentality of a subsidiary organization known as the Merchant Fleet Corporation, whose president reports to the Shipping Board as to a board of directors, the board in all cases determining fundamental questions of policy.

These two principal functions are necessarily closely related, since it was the unmistakable intent of Congress, as clearly expressed in the merchant marine act, that the Government fleet was to be so utilized that ultimately it would become part of the privately owned American merchant marine. The board has kept constantly before in this conception of the important rôle that Government-owned merchant vessels must play in the upbuilding of our commercial shipping.

## SUMMARIZED STATEMENT OF CONDITIONS

In order to present a brief statement of present conditions in the American merchant marine it becomes necessary to review in a few paragraphs some of the outstanding features relating to the history and scope of activity of the Shipping Board.

The United States Shipping Board was created by the shipping act approved September 7, 1916, "To establish a United States Shipping Board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States; to regulate carriers by water engaged in the foreign and interstate com-

merce of the United States, and for other purposes." The board's jurisdiction and powers are further defined and expanded by subsequent acts of Congress, notably by the merchant marine act of 1920.

Created and organized not long before our entry into the Great War, the board early in its existence found itself plunged into a shipping program the like of which had never before been known. Besides undertaking the greatest emergency construction task ever attempted by a single organization, it repaired the seized enemy ships; recruited and trained officers and seamen for merchant vessels; supervised the chartering of all ships from American ports; developed port facilities; handled large problems of labor control; and operated a vast merchant marine. Many of the board's important war functions were exercised by it through the Emergency Fleet Corporation (now known as the Merchant Fleet Corporation), the creation of which was authorized by the shipping act and the purpose of which was to permit of Government ship operation free from governmental restrictions, red tape, and immunities.

When the armistice was signed the board controlled 1,196 vessels in active service, not counting vessels under construction. This number was subsequently augmented by the return of vessels from the Army and Navy, and by other acquisitions. All in all, the board has owned and controlled a grand total of 2,536 vessels of all types, aggregating 14,706,217 dead-weight tons.

The handling and disposition of this enormous fleet has proved a complicated problem. Congress has directed in the merchant marine act of 1920 that "as soon as practicable, consistent with good business methods," the vessels shall be sold; but that meanwhile they shall be used, at the discretion of the board, in the establishment of strategic trade routes, these in turn to be disposed of ultimately to private American interests. As a result of the establishment of trade routes by the board, steamships flying the American flag have again appeared in the principal ports of the world for the first time in 75 years, not a single one of them in competition with privately owned American flag vessels.

At this writing (June 30, 1927) the board still possesses upwards of 800 ships, 307 in active operation and 516 in the laid-up fleet. It holds these lines and individual ships out to private capital for purchase under the most favorable terms, and continues to operate upon strategic trade routes only until such time as private capital is disposed to take them over.

A graphic idea of world shipping conditions will be gained from a study of the shipbuilding industry in the principal maritime nations during the past few years. Thus the number of ships of 2,000 gross tons or over, built or now under construction for transoceanic service, from and including the year 1921, shows that for every ship of this

class built in the United States, Great Britain has built 41, Germany 12, Italy 5, and France and Japan each approximately 4.

This new construction provides our competitors not only with more ships but also with faster ones, for the modern trend, especially noticeable during the past few years, is all in the direction of speed, coupled with economy of operation due to the use of up-to-date propulsive machinery, largely of the internal combustion type. This is an age in which, other things being equal, the fast ship gets the cream of the freight. We are thus being outclassed not only in tonnage but also in the character of service we are able to render the shipper. More and more are we likely to get the less desirable classes of cargo—the commodities invariably handled by slow ships at low freight rates.

While the statement is frequently made that the United States has no shipping policy, the fact is that the merchant marine act lays down a policy that is concrete and unmistakable. No nation has a more definite one. The shipping board is doing its best to carry out that policy. It has used the Government fleet, acquired as a result of the war, in the establishment of essential trade routes. Since 1921 it has sold to American citizens 1,134 ships, representing 4,993,346 tons, for \$84,411,023.39, including nine established ship line services disposed of upon the basis of guaranteed operation for a fixed number of years.

The merchant marine act, although looking to ultimate private ownership, does not direct the board to sell ships at all hazards. The act clearly directs that ships and ship lines be sold whenever that can be done consistently with the development and permanent establishment of the American merchant marine. Accordingly, the board has never sold an established ship line except when predicated upon the belief that such sale, with a guarantee period, would make for permanency of service. It has therefore felt warranted in selling upon liberal terms in order to enable the purchaser to meet competition during the development period, believing in all cases that from the purchase would result a privately owned ship line in foreign competitive trade, firmly and permanently established. Without this feeling of security the board would not, of course, be justified in selling, but would see that operation by the Government is continued until healthier economic conditions make private operation possible.

In short, the present merchant marine act means development by the Government, and gradual and ultimate ownership by private capital. This policy is being carried out. If Congress and the people want the country's merchant fleet turned over immediately to private ownership for continued operation, substantial Government aid will be required to accomplish that end. If aid is not provided, or until it is provided, the present policy as laid down by the merchant marine



act must continue to govern every action of the Shipping Board. That policy, if carried to its logical conclusion, assures to the United States an adequate merchant marine, ultimately to be owned and operated by private capital, the Government meanwhile absorbing any operating costs and any absolutely necessary vessel replacement costs essential under any plan. In this connection it is well to note that congressional appropriations for ship operation have been reduced from seventy-five millions in 1921 to seventeen million dollars in 1927.

On July 3, 1926, the Senate passed a resolution (S. Res. 262), as follows:

*Resolved*, That the United States Shipping Board be, and it is hereby, requested to prepare and submit to the Senate not later than January 1, 1927, comprehensive and concrete plans for building up and maintaining an adequate merchant marine for commerce and national security (1) through private capital and under private ownership and (2) through construction, operation, and ownership by the Government.

In response to this resolution the Shipping Board, on January 11, 1927, submitted a report embodying certain plans for building up and maintaining an adequate merchant marine for commerce and national security. The board's report was made after hearings had been held in 33 cities in various sections of the United States. As a result of these hearings, supplemented by responses to 9,000 inquiries addressed by the board to representative organizations and individuals throughout the country, sentiment of the general public was found to be as follows:

(1) It was unanimously held that the United States should have an adequate merchant marine for national defense and for commerce.

(2) With almost equal unanimity it was held that this merchant marine should be privately owned.

(3) With equal unanimity it was held that until it is made possible for private interests to successfully own and operate the American merchant marine the Federal Government must continue to do so.

#### THE 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. As items of that kind are incident to the work of the Fleet Corporation, they are not included in the report of the Bureau of Traffic. The other line of work for which this bureau is responsible concerns more definitely the development of a privately owned and operated Ameri-

can merchant marine, wholly independent of the activities of the vessels of the Government under the control of the board. These services are varied and many of them are pursuant to express provisions of law; among them, during the year, have been the following:

**Ocean Mail Contracts.**

Under the provisions of section 24 of the merchant marine act, 1920, compensation to American flag steamships owned and operated by American citizens for transporting mails may be made on the basis of an amount agreed upon between the United States Shipping Board and the Postmaster General. The underlying principle of section 24 is to be distinguished from that of the ocean mail act of 1891, in that the latter has in it fixed rates prescribed by Congress; but section 24 of the merchant marine act, 1920, permits great latitude in the discretion of the Shipping Board and the Postmaster General in determining the amount of compensation to be paid. The compensation is not to be measured exclusively by the transportation value of the services rendered; a broader test may be applied, including due consideration of the necessity for the service and the amount of compensation necessary for its maintenance "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."

For many years the United States has given American vessels preferential treatment in the transportation of ocean mails, not only in the fact of its transportation, but also in the rate of 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 board 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, and in such cases it has had the most cordial cooperation of the Post Office Department. The fact that the ocean mail act of 1891 is based on construction and operating costs prevailing at that time (1891) makes it practically obsolete, though still technically in force; the fact that it is obsolete has increased the opportunity for service by the board under the provisions of section 24 of the merchant marine act, 1920.

Various contracts have been made by the Postmaster General from time to time under the provisions of the section mentioned, all such contracts having been initiated by and made substantially on terms

recommended by this board. Among these have been the following: American-South African Line (Inc.), pursuant to resolution dated May 21, 1926; the Dollar Steamship Line, pursuant to resolution dated June 16, 1926; the Grace Steamship Co., pursuant to resolution dated October 5, 1926; the Export Steamship Corporation, pursuant to resolution dated February 26, 1926; the Munson Steamship Line, pursuant to resolution dated February 26, 1926, and the Oceanic Steamship Co., pursuant to resolution dated May 1, 1926.

The status and policy of these contracts were the subject of extensive discussion in Congress during the past year, with the result that the appropriations to the Post Office Department for the fiscal year ending June 30, 1928, contain a provision that no part of the appropriations shall be applied to payments due under any such contracts "heretofore" made. This action by Congress, however, was under circumstances which made it obvious that objection did not exist to payments being made on similar contracts if thereafter entered into; in other words, such contracts, for the present at least, should be limited by their terms to one year, so that there would be no embarrassment to the appropriations committee of Congress in giving the subject annual consideration.

The contracts with the American-South African Line (Inc.), the Dollar Steamship Line, and the Grace Steamship Co. all expired by their terms on June 30, 1927. The contracts with the Export Steamship Corporation, the Munson Steamship Line, and the Oceanic Steamship Co. were to have expired by their terms on June 30, 1928; however, in order to give effect to the policy referred to above, these contracts were canceled by the Post Office Department, with the result that all of the contracts mentioned terminated during the past fiscal year.

Under these circumstances the board reviewed all of them, and on April 19, 1927, adopted a resolution relative to them recommending their renewal or extension for periods of time not exceeding one year, commencing July 1, 1927, as follows:

*Oceanic Steamship Co.*—For the transportation of mails from San Francisco, Calif., to the port of Sydney, Australia, including services to Honolulu and Pago Pago, the compensation being at the rate of \$3 per statute mile for each outward voyage, not exceeding, however, 14 voyages per annum.

*Munson Steamship Line.*—For the transportation of 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 compensation being at the rate of \$3 per statute mile for each outward voyage.

*Export Steamship Corporation.*—For the transportation of mails from New York to the Mediterranean and Black Sea ports. The

vessels of this line are primarily cargo vessels and the character of the mail transported is chiefly parcel-post matter. The rate of compensation, therefore, is not on a mileage basis, but a definite total annual payment was fixed as just and reasonable compensation, with the privilege of the Post Office Department using any and all vessels of the line in the service mentioned. This compensation was fixed in the first instance at \$100,000 per annum, but in the light of the cost of the service and the severity of foreign competition, an increase to \$200,000 was recommended, and was concurred in by the Postmaster General.

*American-South African Line.*—For the transportation of mails from the port of New York to ports in the Capetown-Beira range of British and Portuguese South and East Africa. In this instance also the mileage basis of compensation was not employed, nor did the board use the same basis as that used with the Export Steamship Line, namely, a definite sum for the entire service for all vessels. In this instance the compensation was fixed at \$5,000 for each outgoing voyage for each vessel. These distinctions were made because of the varying circumstances attending the services respectively involved.

*Dollar Steamship Line.*—For the transportation of mails from 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 rate of compensation being \$2 per statute mile for the amount of mileage between San Francisco and Singapore by the usual direct route, notwithstanding the vessel in fact makes the voyage by a more circuitous route. In the first instance the number of voyages to which the compensation was to be applied was fixed at 24, but the schedule having been improved the Post Office Department at the instance of this board extended the compensation to 26 voyages per annum.

*Grace Steamship Co.*—For the transportation of mails from New York to the Panama Canal Zone or other Panaman ports or ports of South America served by the vessels involved, the compensation being at the rate of \$2.25 per statute mile for each outward voyage, not exceeding, however, 26 voyages per annum. This contract was initiated by resolution of the board dated October 5, 1926, and came up for reconsideration and subsequent action with the rest of the contracts, and was recommended for extension by the general resolution relating to all the contracts, dated April 19, 1927.

**Interest in Trade Routes.**

Under the provisions of section 7 of the merchant marine act, 1920, the board is authorized and directed to investigate and determine from time to time what steamship lines should be established and put in operation from ports in the United States to such world and domestic markets as in its judgment are desirable for the promotion of the foreign and coastwise trade of the United States. The investigations contemplate the compilation of data of value to citizens of the United States, in considering and determining whether particular trade routes should be covered by American vessels, but provision is made that the board shall operate such routes, in proper cases, when private operators do not assume the burden, having in view the development of the trade route and its possible subsequent sale to private citizens. In so far as this work has involved the operation of the Government fleet on such routes, the report of such work is, of course, covered by the Fleet Corporation. When lines are sold, however, the work of the board is resumed in favor of the private companies purchasing and operating such lines, that they may be encouraged and protected by the board, in all proper ways contemplated by law.

Section 7 expressly contemplates the award of postal contracts in proper cases to assist private operators in the maintenance of any such service purchased. The arrangement of such contracts for the period during which the Government was operating such lines was obviously unnecessary from a financial point of view, for during the period of Government operation any compensation received under any such contracts would have been merely a transfer of money from one department to another department of the United States. The activity of the board in securing compensation to private citizens purchasing such lines by the award of postal contracts is set forth herein at another point, under the title "Ocean mail contracts."

An illustration of assistance to purchasers of lines is the case of the French Government requiring the Dollar Steamship Line, which had purchased its vessels from the board, to submit them to reinspection under French laws, notwithstanding they held certificates from the American Bureau of Shipping as in compliance with American inspection laws. The inspection would have necessitated putting the vessels successively into dry dock as they arrived in France and otherwise being made to conform to the French requirements. Through the initiative of the board, and with the cooperation of the Department of State, the immediate crisis was removed; the French Government recognized the certificates of the American Bureau of Shipping. The basic aspect of the case has received

further attention during the year. An international agreement is yet to be developed and concurred in, under which France and the United States will (if it is consummated) mutually accept as sufficient the inspection certificates of their respective officials. To that end, the French inspection laws are under consideration by the Department of Commerce in cooperation with the Department of State, and the Department of State has recently transmitted to the French Government full information concerning the United States inspection laws, to the end and with the hope that a mutual agreement may ultimately be made.

Germane to the sale of lines established by the board under section 7 of the merchant marine act, 1920, is the question of the right of railroad companies to own and operate ocean-going vessels. This question has been the subject of recent consideration and investigation by the Bureau of Traffic of the board. While section 15 of the Panama Canal act prohibits railroads owning and operating vessels between points which are connected by rail transportation, unless the Interstate Commerce Commission approves such operation, this limitation does not extend to vessels operated between points not connected by rail transportation, such, for instance, as trans-Pacific or trans-Atlantic service.

Conversely to the activities of the board outlined above, in aid of purchasers of lines established by it, the board during the year actively appeared before the Committee on Merchant Marine and Fisheries of the House in opposition to a bill there pending, introduced in behalf of the Polish-American Navigation Co., and having in view making good to that company losses it had sustained as the result of the purchase of ships from the board shortly after the war, and at the high tonnage-values then prevailing. The company mentioned belongs to that group of purchasers of ships commonly referred to as "pioneer purchasers"—an extensive group who purchased vessels during 1919-20 at the world market values then prevailing and approximating from \$175 to \$250 per dead-weight ton, only to suffer severe losses when these values collapsed in subsequent years. Whether these "pioneer purchasers" have an equitable right under all the circumstances of the case to have their losses or any part of their losses made good to them by the Government has not been formerly passed on by the board; but the attempt of any one of such purchasers to obtain preferential treatment by the award of such compensation, when others of the group are not receiving similar consideration, as was proposed in the bill mentioned, prompted the board to appear before the committee mentioned, in opposition to the bill.

The board having adopted as a policy the continuance of a definite interest in all lines sold by it, for their protection as far as possible

against foreign competition, this policy has been indorsed by Congress, in making a special appropriation of \$10,000,000 to enable the board, with the approval of the President, to operate ships or lines of ships which have been or may be taken back from purchasers by reason of competition or other methods employed by foreign ship owners or operators, and the power thus conferred has already been exercised.

#### **Competitive Discriminations.**

By an act of the Canadian Parliament, made effective during the past year, preferential tariff rates applicable to certain imports from various places, were made effective only when imported through Canadian ocean or river ports, whereas, previously they were available to Canadian importers when transported to American ports by water, thence by rail into Canada. The prejudicial effect of this change was brought to the attention of the board during the year by an American operator, who was called on to pay the difference between the two tariff rates, because the shipment was unloaded at an American port and forwarded by rail into Canada, instead of being unloaded at a Canadian port. It is obvious that the regulation will be successful in accomplishing its purpose, namely, the diversion of traffic from American ports to Canadian ports, and, therefore, in most instances, from American vessels to vessels of British registry. An investigation was initiated by the board and will be continued with the expectation that the arrangement (though entirely proper from the Canadian point of view, if considered independently of other relationships existing between the two countries) can be corrected.

The policy of this regulation is in marked contrast with the regulations of the United States Customs Service, which impose no such discrimination. As a result of this freedom of movement of American imports and exports, investigations of this board have revealed that over 60 per cent of the total movements through the port of Vancouver, British Columbia, consist either of imports consigned to the United States or exports moving from the United States to foreign ports.

An illustration of the cooperation between members of the British Empire for their common good is the case referred to in the tenth annual report of the board (p. 15) entitled: "Australian Customs Discrimination," under which the customs regulation relative to imports into Australia inures not only to the benefit of British shipping plying between Vancouver and Australia but also to the benefit of Canadian railways, to the prejudice of American shipping and American railways. This results from the regulation requiring the cost of rail transportation from the point of origin of shipment to the port of export to be added to the value of the goods imported

in determining the amount subject to the Australian import duty. American railroads and American shipping are both prejudiced by the regulation that if the shipment is via Vancouver and the movement is from point of origin of shipment in the United States across the Canadian border, thence transcontinental to Vancouver, the port of export is the point on the Canadian border at which the export crosses into Canada. The result is that a differential in favor of the Canadian movement exists to the extent of the Australian import duty on the commodity involved. While the regulation does not in terms purport to be a discrimination in favor of British vessels for the ocean transport, the fact remains it operates as such a discrimination inasmuch as the movements from Vancouver to Australia are chiefly in British vessels.

This item of Australian discrimination was further investigated, and during the year active steps were taken by the Department of State of the United States. As reported by Australian merchants, the suggestion of the American Government had in view correcting the practice on the theory that it would be beneficial to Australian merchants for American shipping direct from American ports to have full competitive privileges. The cooperation of the Department of State, however, in this instance, has been unsuccessful, as the Australian Government has refused to act in the matter. The practice has grave possibilities in its prejudicial bearing, not only on American shipping, but, as mentioned, on American railroads. These roads are also in communication with the board, and further consideration is being given, to the end that this discrimination against American railroads, American ports, and American shipping may be stopped.

As the Australian regulation mentioned worked to the benefit of Canadian railways and Canadian ports on shipments from the United States in the West, conversely it would operate to the benefit of our Atlantic ports with respect to Canadian shipments from eastern Canada destined to Australia. This fact is recognized, and as further illustrating the cooperation between the two member States of the empire, the Australian regulation provides, with special reference to shipments from eastern Canada, that should such exports be made through Vancouver, the transportation cost to be added for purposes of the customs dues shall be equalized (though transported across the continent by Canadian railroads), with what it would be if transported from eastern Canada to an American Atlantic port.

Further evidence of the policy of the Canadian Government to procure, as far as possible, the transportation of Canadian commerce by Canadian railroads and through Canadian ports is revealed by recent legislation and rulings of the Board of Railway Commissioners for Canada, under which wheat, for instance, may be transported



from certain Great Lakes ports either to St. John, New Brunswick, or Halifax, Nova Scotia, for the same freight rate as that quoted for its transportation from Buffalo, N. Y., to the port of New York, notwithstanding the mileage to New York is about one-half only of the mileage to St. John and about one-third only of the mileage to Halifax. This policy has specially in view the use of the Canadian port of Halifax through the winter season to the exclusion of New England ports, which have heretofore been very largely used in connection with Canadian commerce, especially through the winter season when the St. Lawrence River is closed to navigation.

#### Interstate Commerce Commission.

The activities of the Bureau of Traffic during the year, in respect to matters arising under the provisions of section 8 of the merchant marine act, 1920, have had special reference to items over which the Interstate Commerce Commission has jurisdiction but which the law mentioned contemplates may also be investigated by the board, as they bear on the development of ports and of terminal facilities at ports; the law providing that the findings and recommendations of the board may be submitted to the Interstate Commerce Commission for its further attention.

One item was the petition of the American-Hawaiian Steamship Co. and the Luckenbach Steamship Co., complainants, against the Erie Railroad Co. et al., defendants, for the suspension of proposed new rail rates on canned goods from the Pacific coast to interior points, on the ground that the reduction would be prejudicial to the interests of water transportation. The board was interested in the matter, primarily because of the duty imposed on the board by section 8 of the merchant marine act, 1920, to promote, encourage and develop "ports and transportation facilities in connection with water commerce over which it has jurisdiction; to investigate territorial regions and zones tributary to such ports, taking into consideration the economies of transportation by rail, water and highway and the natural direction of the flow of commerce"; and also because section 500 of the transportation act, 1920, declares it to be the policy of Congress "to promote, encourage and develop water transportation, service and facilities in connection with the commerce of the United States," and the obligation peculiarly resting on the board "to foster and preserve in full vigor \* \* \* water transportation."

In this proceeding the board brought to the attention of the Interstate Commerce Commission the question whether the rate regulation involved might constitute a violation of Article I, section 9, of the Constitution of the United States, which provides that "no preference shall be given by any regulation of commerce or revenue to the

ports of one State over those of another." This question was prompted by the fact that the rates involved were uniform from points on the Pacific coast to all points in a defined but very large area in the middle of the United States (notwithstanding the mileage from the point of origin of shipment on the Pacific coast to such interior points varied very greatly) but a similar system was not in effect from the Atlantic coast ports and the benefit of governmental approval was claimed for the apparent discrimination. The point was emphasized because the traffic involved covered movements from points outside of the United States, and the steamship lines operating through the Panama Canal claim the right to equal facility and economy of rail transportation to such interior points, from Atlantic coast ports, especially as railroads transporting goods from Atlantic ports are parties to the rate structure under which the "postage stamp" rates from the Pacific coast are maintained. It was emphasized that if this practice can be justified, it might be similarly claimed that the rail rate on coffee imported from Brazil or Java, consigned to the middle area of the United States, could also be put on a uniform basis if imported through Pacific coast ports, although a similar uniform rate system is refused if imported through Atlantic coast ports. The Interstate Commerce Commission issued an order suspending the rate, pending further investigation.

Another item pending before that commission in which the board was active during the year—and in which it has been heretofore active, as indicated in the tenth annual report of the board, pages 16-17—is Docket No. 12681, entitled "In re Charges for Wharfage, Handling, Storage, and Other Accessorial Services at South Atlantic and Gulf Ports." Hearings in this case by subsequent order were extended by the Interstate Commerce Commission, on motion of the board, to North Atlantic ports. Hearings relating to conditions prevailing at North Atlantic ports were conducted by the Interstate Commerce Commission during the year at Washington, Boston, New York, and Philadelphia. At these hearings the board was represented by the director of the Bureau of Traffic of the board. During their progress representatives of southern ports requested the Interstate Commerce Commission to reopen the hearings previously held at South Atlantic and Gulf ports, and the request was granted, with the result that the case is now open with respect to the conditions involved as to all the ports on the east coast of the United States, both Gulf and Atlantic Ocean ports. The board is primarily interested in the proposal involved in this case that charges by a railroad for terminal services, particularly for terminal services rendered it at water terminals operated by it, shall not be absorbed in its line haul rate; but, when requested by the shipper or consignee, the railroad shall quote

separately that part of the total rate which covers the water terminal services rendered, in order to facilitate the use of another water terminal, if the shipper or consignee prefers to do so.

### **Bills of Lading.**

The interest of the board in the general subject of bills of lading in ocean traffic has two aspects. One of these has in view the adoption by maritime nations of a uniform bill of lading for use in foreign ocean-borne commerce; and the other has in view, entirely apart from the question of uniformity, the development of a bill of lading making possible shipments from interior points to tidewater and thence by ocean vessels to foreign ports, on a single document.

The movement for a uniform bill of lading is based primarily on "The Hague Rules of 1921," which were originated at an international conference at The Hague. These rules have been developed at subsequent international conferences, and a convention for their adoption as an international agreement was signed by the American ambassador to Belgium during the past year, and in February, 1927, the proposed convention was sent to the Senate; it is now pending before the Committee on Foreign Relations. Due consideration will, of course, be given the document, on its merits, from the point of view of its relation to the development of an American merchant marine. Apart from this, however, there is a fundamental question whether freedom of contract between American citizens, when such contracts do not in any way involve international relations, should be impaired through the instrumentality of an international agreement, in the development and adoption of which agreement the House of Representatives of Congress has not had and can not have a part, as distinguished from legislation in regular course in which both Houses must concur.

Prior to the presentation of the convention to the Senate by the Department of State, the general purposes of the convention were embodied in a bill presented to Congress for action in regular course, involving, of course, consideration both by the House and by the Senate. Extensive hearings were held upon the bill in question, namely, H. R. 12339, of the Sixty-eighth Congress, which was a revision of an earlier bill (H. R. 11447). Extensive hearings were held by the Committee on the Merchant Marine and Fisheries of the House, and that committee having made important amendments, embodied them in H. R. 12339, entitled "A bill relating to the carriage of goods by sea." The hearings and the action of the committee as a result of the hearings, reveal that extended consideration was given by it to the question whether the proposals of the Brussels convention embodying "The Hague rules," as they had been enacted into law by the Parliament of Great Britain, if similarly

enacted into law by the United States, would adequately protect American interests, and whether greater freedom of action would exist in favor of British shipping, than to American vessels, under the two systems of legislation and of government.

Although concern has thus been revealed by the congressional committee in charge, and though the result of the convention or treaty would be a limitation of freedom of contract between one American citizen and another American citizen, the proposal apparently is that the measure shall be made effective through the instrumentality of a treaty. While this board is in sympathy with the principle of having a uniform bill of lading for ocean transportation in foreign trade, its position has been that the matter should be treated as a matter of domestic legislation and not of international treaty.

The development of a joint bill of lading relative to shipments in our foreign trade originating at interior points of the United States is contemplated by section 25 of the interstate commerce act, and a form for such a bill of lading was arranged by the Interstate Commerce Commission in conference with the board, but as thus developed it has not been as effective an instrument of service as was contemplated. The subject has therefore been further considered during the year with the view of its development as an instrument in our foreign trade acceptable to all parties concerned.

#### **Coastwise Laws.**

Under the provisions of section 21 of the merchant marine act, 1920, duties are imposed on the board relative to the administration of the coastwise laws of the United States, with special reference to the extension of those laws to our island possessions, and especially with reference to their extension to the Philippine Islands. In addition to such specific duties, the board has general duties arising from the bearing the coastwise laws have on the upbuilding of an American merchant marine.

From time to time since the enactment of the merchant marine act, 1920, the board has reported to the President that adequate shipping service with vessels of American registry, has not been established between continental United States and the Virgin Islands; and the President has, in accord with section 21 of the merchant marine act, 1920, from time to time, postponed the extension of the coastwise laws to traffic with the Virgin Islands. The last proclamation of the President extended the period to September 30, 1928.

Transportation conditions in the Philippine Islands have received attention during the past year, but the general situation has not changed. The recommendation of the board, by resolution dated January 30, 1922, certifying the adequacy of tonnage available for service in commerce between the United States and the Philippine

Islands remains in force; but no proclamation has been issued by the President declaring that adequate shipping service exists and fixing a date for the coastwise laws to become effective with the Philippine Islands.

An important distinction exists between the adequacy of tonnage available for service in commerce between continental United States and the Philippine Islands, and that other requirement of section 21 of the merchant marine act, 1920, which imposes on the President, before such confirmation is made, the duty of a full investigation of the local needs and conditions of the islands. Under the section mentioned, the Government of the Philippine Islands is authorized to adopt and enforce regulations governing the transportation of merchandise and passengers between ports or places in the Philippine Archipelago, so long as Congress postpones authorizing vessels owned in the Philippine Islands to be registered as vessels of the United States. During the year a conference was held in California having in view mutual legislation by the American Congress and the Philippine Legislature, to the end that the Philippine Legislature would recognize American vessels in the coastwise trade of the Philippine Archipelago, in return for action by Congress authorizing the registry as vessels of the United States of vessels owned in the Philippine Islands. Subsequently, however, the conferee interested in the Philippine Islands reported that it was impracticable to proceed with the matter, and nothing has yet resulted. Mutual recognition of the two groups of vessels is a subject that should be given further consideration, as an important preliminary to the extension of the coastwise laws to those islands.

Reference is made in the tenth annual report of the board (p. 11) to a ruling by the Attorney General of the United States, dated February 4, 1926, in the case of Anglo-Mexican Petroleum Co. (Ltd.), in which a foreign vessel was permitted to transport gasoline, from California ports to New Orleans, without violating the coastwise laws, in those cases where it is subsequently reshipped and conveyed to foreign ports, notwithstanding it was unloaded and delivered at New Orleans, and in the meantime combined with other gasoline.

During the year conferences were held between important officials of the Government, in which this board participated, with the result that, should such transportation be repeated, a test case will be made of it, and a judicial ruling obtained as to the application of the coastwise laws to such transportation.

The problems presented by competitive conditions between American and Canadian vessels on the Great Lakes have continued a subject of inquiry and consideration. In so far as this competition relates to traffic between Canadian and American ports it is, of course,

beyond criticism or comment. In so far as it results from the provisions of 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, it is an obvious exception to our coastwise laws. The wisdom of this policy should be further considered, especially in its application to the Great Lakes, where, as a result of the exception there existing, the anomaly is presented of American vessels subject to compliance with American law, and, therefore, requiring a crew having a sufficient number to provide a three-watch system, having to meet in competition in our domestic trade, Canadian vessels exempted from such requirements, and in fact having a crew based only on a two-watch system.

The continued propaganda throughout maritime nations to impair protective coastwise laws is, of course, of special concern to the United States, to which its system of coastwise laws is more important, perhaps, than are similar laws to other nations; hence reference is again made to the ninth annual report of the board, for the year ending June 30, 1925 (p. 39), where there are recorded important results of investigations conducted by the board during the previous 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.

#### **Other International Items.**

In addition to the proposed international convention with France, relative to steamboat inspection laws, and to the proposed more general international convention between maritime states relative to carriage of goods by sea, reference to which has been made under the caption "Bills of lading" in this report, other proposed international agreements have been receiving the attention of the board, important among which is one relating to collisions of vessels at sea, having in view a change of the present rule of law as administered by American admiralty courts, in allotting damages resulting from collisions, viz, that if both vessels are at fault, the damages suffered by them respectively must be added together and the amount divided equally between the two vessels, notwithstanding one may have been grossly at fault, and the other only slightly at fault. This rule was formerly applied by other maritime nations, but by an international maritime convention of 1910, in which representatives of the chief maritime nations of the world participated, including representatives from the United States, it was recommended that "Where by fault of two or more vessels damage or loss is caused to one or more of those vessels, to their cargoes or freight, or to any property on board, the liability to make good the damage or loss shall be in proportion to the degree in which each vessel was in fault; provided that (a) if, having regard

to all the circumstances of the case, it is not possible to establish different degrees of fault, the liability shall be apportioned equally."

As an important item in our international traffic, this proposal, which has already been adopted by some of the maritime nations of the world, has been receiving the active attention of the board. The convention of 1910 containing the above recommendation was duly filed by the American representatives with the Department of State, but has never been sent to the Senate for consideration. Upon recent inquiry, the reasons for withholding it have been ascertained, and it is now under consideration whether such reasons can not be removed to the end that this convention, or a similar one, may be submitted to the Senate for action, as the division of the damages, proportionally to the degree in which each vessel may be in fault seems obviously the more equitable rule. As a part of our investigation, a questionnaire on the point was submitted to the judges of the admiralty courts of the United States; they have quite uniformly replied in favor of the change to proportional liability.

The importance of the point is emphasized by the provisions of article 16 of the International Rules of the Road at Sea, which provides, "Steam vessel hearing, apparently forward of her beam, a fog signal of a vessel the position of which is not ascertained, shall, so far as the circumstances of the case admit, stop her engines, and then navigate with caution until danger of collision is over." Cases have occurred where collisions have been due to the negligence of one vessel, and with great damage to that vessel only, but the other vessel has been held "negligent" because (and for this reason only) the master did not "stop her engines"; that omission has been deemed contributory negligence, with the result that the vessel otherwise innocent has been required to share the cost of the damages to the negligent boat; notwithstanding, apart from the technical rule, circumstances may not have required her to "stop her engines." It is under investigation whether this rule should not be changed, inasmuch as the true test of diligence and skill is to "navigate with caution"; whether such caution requires stopping the engines, to be a question of fact, depending on circumstances.

The losses resulting to the board from the existence of the above provisions have been very great.

Another international item affecting traffic in foreign trade is the pending question relating to the immunity of State-owned shipping and the proposal for an international convention modifying the rules of international law, in so far as merchant or commercial vessels are operated by a sovereign State. The question, during the past fiscal year, has been particularly important in the light of a decision on June 7, 1926, by the Supreme Court of the United States to the effect that a ship owned and possessed by a sovereign government and

operated by it in the carriage of merchandise for hire is immune from arrest under process based on a libel in rem by a private suitor in a Federal district exercising admiralty jurisdiction. (The *S. S. Pesaro*.)

The subject has been considered at internal conferences from time to time, including the international conference on maritime law held in Brussels, in April, 1926, and some aspects of it were also on the agenda of the International Shipping Conference held in London in 1926.

We have met this question so far as Shipping Board vessels are concerned by the suits in admiralty act (41 Stat. at Large, 525). That act allows suits against the United States in the United States District Courts on causes of action arising out of the operation of its merchant ships and provides that such suits may proceed and be determined on the principles that would apply in suits between private parties, and has pledged the Treasury of the United States to the payment of judgments so obtained. This gives to all having claims of an admiralty nature an effective remedy and the best of security.

#### BUREAU OF REGULATION

During the period covered by this report the regulatory function of the board as performed by its Bureau of Regulation was increasingly exercised. To facilitate the conduct of the bureau's work extensive inquiries were made throughout the period to ascertain the status of all common carriers by water furnishing transportation service of any character in, from, or to the United States, its territories and possessions, and of "other persons" as defined by section 1 of the shipping act. As a result of this effort and of a revision of the somewhat similar data previously at hand there is now available and in use a comprehensive record of the organization and activities of 1,758 carriers by water. Of this number 213 carriers engaged in interstate commerce, and 280 carriers engaged in foreign commerce of the United States are shown to be subject to the regulatory provisions of the shipping act, as amended. In addition 228 forwarders and others furnishing wharfage, dock, warehouse, or other terminal facilities in connection with common carriers by water are subject to such of those provisions as have application to their respective activities.

#### Formal Docket.

This docket was availed of by 12 shippers and others during the year, who under authority of section 22 of the shipping act brought in question the lawfulness of rates, charges, and practices of carriers subject to regulation by the board. In addition the board conducted three investigatory proceedings initiated by it under author-



ity of section 22. The proceedings on this docket in the main involved the reasonableness of rates on particular commodities under section 18; compliance by carriers with the provisions of that section and the board's tariff regulations in respect to requiring tariffs of maximum rates to be filed and kept open to public inspection; issues as to undue preference and unjust discrimination between shippers in respect to rates and practices under sections 16 and 17, and questions in connection with the filing, examination, and approval of conference agreements under section 15. In accordance with the board's rules of practice, pleadings were recorded, hearings conducted, and oral argument and briefs received. The decisions rendered in a number of these cases show that upon the facts the allegations of the complaints were without merit, while in others violations of the act by carriers were established. In all 14 orders and resolutions were entered by the board on this docket during the year.

#### **Informal Docket.**

In conformity with section 24 of the board's rules of practice, there is maintained by the bureau what is known as the informal docket. Unsworn complaints, statements, and memoranda signed by passengers, shippers, and others alleging violation by carriers of any of the regulatory provisions of the shipping act are entered on this docket. By interview and correspondence the bureau thereupon seeks to bring about understanding, withdrawal, adjustment, or settlement of the particular controversy, and to preserve or promote amicable relations between the parties. Forty-five of these informal complaints were filed and given attention during the period of this report. As in the past, they related largely to freight as distinguished from passenger transportation; and while those in regard to tariff interpretation and terminal transactions predominated, questions involving practically every angle of water transportation were presented for consideration.

#### **Section 15 Agreements.**

By section 15 of the shipping act carriers and others within the purview of the statute are required to file with the board true copies or complete memoranda of agreements entered into with other similar carriers or persons—

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 term "agreement" in this section includes understandings, conferences, and other arrangements.

Approval by the board of an agreement filed in compliance with section 15 excepts it from the provisions of the Sherman Antitrust Act, the Wilson Tariff Act, and amendments and acts supplementary thereto.

Throughout the year the bureau was particularly active in examining new conference agreements and modifications of those previously filed and approved by the board under section 15. As shown by the original agreements and modifications thereof now recorded in the bureau's files, steamship conferences govern freight rates and practices in connection with commerce of the United States in export and import trade routes as follows:

From North Atlantic ports to United Kingdom; continental Europe; west coast of Italy; Adriatic, Black Sea, and Levant; Habana; West Africa; South Africa; Australia.

From Atlantic and Gulf ports to West Indies; East Coast of Colombia; Brazil; River Plate; West Coast of Mexico; Central and South America; Far East.

From South Atlantic ports to Habana and to other foreign ports.

From Gulf ports to Mediterranean ports, to Habana, and to other foreign ports.

From Pacific coast ports to Far East; Australasia; west coast of South America; Caribbean sea ports; east coast of South America; United Kingdom; continental Europe, and Scandinavia.

From Philippine Islands to China, Japan, Saigon, Straits Settlements, Java, India, Australia and New Zealand.

To New York from Havre, Honfleur, Bordeaux, and Southampton (cargo of French origin); Antwerp, Rotterdam, Havre, Honfleur, and Southampton (cargo of Swiss origin).

To North Atlantic ports from Levant ports.

To Atlantic coast ports from Hamburg-Bremen, and from Antwerp.

To Atlantic and Gulf ports from United Kingdom; Brazil; West Indies; West coast of South America; Japan; China; Philippine Islands.

To Pacific coast ports from Japan; South China, Straits Settlements, Federated Malay States, Java and Ceylon; Philippine Islands; Calcutta; West coast of South America; Scandinavian, Baltic, German, Dutch, Belgian, and French ports.

To Philippine Islands from Hong Kong.

Carriers engaged in interstate service between Atlantic and Pacific coast ports through the Panama Canal also maintain a conference governing rates and practices in connection with freight traffic, and a number of carriers operating between ports on the Pacific coast likewise operate under a cooperative agreement with reference to freight rates and practices.

Passenger traffic between North Atlantic ports and United Kingdom, Scandinavian, continental European, and Mediterranean ports is controlled by six conferences, three of which are located in the United States and three abroad. Operators of passenger services between Pacific coast ports of the United States and the Far East, Australia, and New Zealand also maintain a conference organization

designed to stabilize fares and promote the maintenance of uniform rules and regulations with respect to passenger transportation. Subcommittees of this conference are located in Japan, China, and the Philippine Islands.

In addition to conference agreements between carriers, there were filed and given attention during the year 51 other section 15 agreements between carriers. In large part, these latter agreements provide for the inauguration of through billing, routes, and rates by connecting carriers engaged in different trades.

#### **Tariffs.**

In compliance with the requirements of section 18 of the act and the tariff regulations of the board issued under authority of that section, 1,099 freight and passenger tariffs were filed with the bureau during the year on behalf of the 213 interstate carriers subject to the board's jurisdiction. At the date of this report there are maintained in the bureau 19 separate agency instruments issued by interstate carriers in favor of tariff publishing agencies in compliance with the board's tariff regulations. Five hundred and sixty-six currently effective powers of attorney and concurrences are in the bureau's files at the close of the year.

#### **General.**

Among the general or miscellaneous activities engaged in by the bureau, but not easily classified under any definite heading, were informal inquiries conducted to ascertain the facts in regard to relations claimed to exist between carriers affecting their rates and practices; analysis of the variance in carriers' practices in connection with terminal services at Pacific coast ports; compilation of information for the board's merchant marine planning committee regarding preferential treatment by foreign nations as respects national vessels and goods carried therein; preparation of data for use of the American delegates to the Economic Conference at Geneva; and the consideration of suggestions by carriers for amendments to the regulatory sections of the shipping act.

### **BUREAU OF OPERATIONS**

The work of the Bureau of Operations has been carried on in four divisions, as follows: (1) Industrial relations division (including sea service section), (2) division of piers and wharves, (3) investigations division, and (4) port facilities division.

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

The work of the industrial relations division of the Bureau of Operations, arising directly out of the provisions of the merchant marine act, 1920, which imposes upon the board an obligation to do

"whatever may be necessary to develop and encourage the maintenance of an American merchant marine," may be summarized briefly as follows:

(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 labor disputes.

(c) The promotion of better feeling between maritime employers and workers.

(d) The compilation of data for comparative studies of marine labor rates and conditions.

(e) Americanization of crews and general improvement in personnel.

As will be seen from this summary, the industrial relations division of the Bureau of Operation is concerned primarily with marine labor matters. Bearing in mind the importance of centralized study and control of all such problems, the division exercises its functions in two principal directions: First, it is concerned with the welfare of crews manning the American merchant marine as a whole; secondly, it is vitally interested in maintaining an efficient personnel on the board's own ships, the board being not only a regulatory and promotional body, but also the instrumentality through which the Federal Government controls its fleet of merchant vessels.

In this twofold capacity the board, working through the industrial relations division, endeavors to maintain friendly contact with representatives of the various organizations of employees, as well as with private and associated employers. The division's records relating to wage scales and working conditions in the American merchant marine show a progressive trend toward more stable conditions and a consequent lessening of costly labor disturbances.

Carrying out the board's policy of collective bargaining with maritime workers, and preserving a fair and impartial attitude toward employees of Shipping Board vessels, the division has conducted various conferences with representatives of the licensed deck and engineer officers, as well as with the unlicensed personnel, and has also kept in touch with local port conferences between employers and longshore workers. During the year agreements have been reached embodying no material change in wage scales and providing for practically the same working conditions. The ease with which these agreements have been concluded is an indication of the healthy labor situation which the board's policy has brought about. The work of labor adjustment has been minimized during the year, no strikes of any importance having occurred.

As part of its work, the division maintains a collection of data on foreign merchant marine wage scales and conditions of employment,

for use in its studies of comparative manning requirements and costs of foreign and American operation of merchant vessels.

#### Sea Service Section.

The sea service section of the industrial relations division dates its origin from June 20, 1917. At present it maintains branch offices in 12 ports, as follows: Boston, New York, Philadelphia, Baltimore, Norfolk, Savannah, New Orleans, Mobile, Galveston, San Francisco, Portland, and Seattle.

The main work of the sea service section is to man the American merchant marine with Americans. Prior to the World War the personnel on American ships was largely composed of foreigners, estimates showing that before the establishment of the sea service section only about 10 per cent of these crews were citizens of the United States. Figures for the fiscal year ended June 30, 1927, show that over 87 per cent of the seamen placed on American vessels through the activities of the sea service section were American citizens.

The sea service section is the only Federal agency that is attempting to influence the youth of America to follow the sea as a means of livelihood. Inasmuch as it is generally recognized that an American deep-sea merchant fleet can not attain maximum efficiency unless it is manned by American citizens, the importance of this work in the upbuilding of our American merchant marine must be fully apparent. Local managers in charge of sea service offices in various parts of the country are instructed to give every legitimate aid and encouragement to able-bodied young men who seriously desire to follow the sea.

During the period covered by this report 1,170 inexperienced young men between the ages of 18 and 23, many of them from interior parts of the country, have been afforded an opportunity to adopt seaman-ship as their life work. Placed in the deck department of various ships, these young men are rated as "deck boys" and paid at the rate of \$25 per month. Upon the ships' officers is imposed the duty of training them in all the details of ship operation and maintenance, including rope work, navigation, cargo work, and expenditure of stores. A large percentage of these deck boys are now on their way to become efficient officers.

During the past fiscal year special attention has been paid to the physical condition of seamen placed aboard vessels by the district offices of the sea service section. As a result, seamen are now given thorough medical examination before being employed, thus assuring more efficient and contented crews. This works to the benefit of the service in various ways, not only increasing the efficiency of ship operation, but improving the morale of the personnel and furnishing

a healthier environment in which the hundreds of new deck boys may receive their first impressions of sea service. The medical examinations also tend to obviate suits against the boards for disabilities alleged to have been incurred in the line of duty. The medical department of the New York office was reorganized during the year, three doctors now being employed to take care of the heavy volume of work at this port. Thoroughly equipped medical departments have also been installed in the Baltimore and New Orleans offices, while at other ports the medical work has been handled for the sea service section by the United States Public Health Service. The results so far obtained more than justify the moderate expense involved in maintaining this highly necessary medical inspection.

Records are kept of all seamen placed in employment, these records showing in each case the name, age, description, address, next of kin, past record as to conduct and ability, and name of vessel on which last employed. In this way a complete record is had of each seaman from the time of his first employment aboard a Shipping Board ship. From the fact that local managers of field offices are for the most part men who have in the past followed the sea themselves, they are well qualified through personal experience to place the best available men in the various ratings.

The sea service section is the custodian of all records pertaining to the various war-time activities connected with sea training, such as navigation and engineering schools and training ships. Information from these extensive war-time files continues to be in constant demand.

The attached table shows the total number of men placed by the sea service section from July 1, 1926, to June 30, 1927:

*Total placements, sea service section, June 30, 1926, to July 1, 1927*

	Boston	New York	Philadel- phia	Balti- more	Norfolk	New Orleans	San Francisco	Portland	Seattle	Galves- ton	Mobile	Savan- nah	Total
Masters.....	3	0	10	1	1	0	0	0	1	0	0	0	16
First officers.....	10	0	16	2	5	0	1	5	6	0	0	0	45
Second officers.....	17	0	14	2	2	0	0	7	21	0	0	0	63
Third officers.....	34	0	28	13	8	0	0	21	41	0	0	1	146
Fourth officers.....	0	1	1	0	0	0	0	0	1	0	0	0	3
Cadet deck officers.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Carpenters.....	16	133	22	23	4	32	22	18	28	9	19	0	326
Carpenters' mates.....	0	9	0	0	0	0	0	0	0	0	0	0	9
Boatswains.....	28	226	65	95	38	113	22	53	25	30	45	0	740
Boatswains' mates.....	0	0	0	0	0	0	0	0	3	0	0	0	3
Quartermasters.....	36	19	14	23	7	6	3	9	38	0	2	0	157
Able seamen.....	799	6,463	2,031	1,856	745	2,930	1,117	1,813	1,161	1,018	1,265	22	21,220
Ordinary seamen.....	222	1,457	866	500	315	712	104	213	182	242	279	8	5,100
Deck apprentices.....	0	6	0	0	0	0	0	0	0	0	0	0	6
Radio operators.....	0	0	0	0	1	0	0	0	4	0	0	0	5
Chief engineers.....	4	0	3	0	1	0	0	0	0	0	1	0	9
First assistant engineers.....	17	0	30	1	4	0	0	2	5	0	0	0	59
Second assistant engineers.....	41	0	28	8	11	0	0	0	8	0	0	0	96
Third assistant engineers.....	34	0	36	16	8	1	0	3	6	0	0	0	104
Fourth assistant engineers.....	1	0	0	0	0	0	0	0	0	0	0	0	1
Cadet engineer officers.....	0	0	0	0	0	0	0	0	4	0	0	0	3
Refrigerator engineers.....	0	2	0	0	0	0	1	0	3	0	0	0	3
Electricians.....	0	29	1	0	0	0	2	0	24	0	0	0	35
Deck engineers.....	3	22	2	5	1	12	6	4	24	6	0	0	85
Pump men.....	20	17	38	21	2	3	0	0	1	0	2	0	104
Oilers.....	273	1,451	490	413	271	650	212	494	232	236	280	8	5,010
Water tenders.....	7	373	44	61	15	270	45	44	55	49	79	3	1,045
Storekeepers.....	1	6	36	1	0	3	1	0	0	1	1	0	50
Firemen.....	313	3,444	981	1,081	571	989	230	484	338	306	410	6	9,153
Wipers.....	285	1,572	447	468	175	986	192	361	328	309	354	7	5,574
Coal passers.....	40	1,911	83	351	373	22	0	11	6	4	1	0	2,802
Engineer apprentices.....	0	0	1	0	0	0	0	0	0	0	0	0	1
Deck boys.....	23	213	26	307	22	139	125	117	5	48	145	0	1,170
Chief steward.....	21	229	24	15	76	3	2	24	11	5	14	2	426
Second steward.....	1	10	1	0	1	1	0	0	2	0	0	0	16
Chief cooks.....	58	477	94	175	74	212	45	107	72	105	94	3	1,516
Second cooks.....	77	643	117	271	85	324	13	96	42	155	113	3	1,939
Third cooks.....	2	18	0	0	0	1	0	0	1	0	0	0	23
Bakers.....	0	56	0	0	3	0	0	0	0	0	0	0	59
Butchers.....	0	30	0	0	0	0	0	0	0	0	0	0	30
Storekeepers.....	0	2	5	1	0	0	0	1	0	0	0	0	9
Mess men.....	280	487	0	141	51	2	32	20	65	0	0	8	1,086
Mess boys.....	81	2,269	633	753	417	1,088	109	431	60	444	427	0	6,712
Pantrymen.....	4	27	0	9	5	4	2	9	4	1	3	0	68
Miscellaneous.....	26	2,318	58	155	642	148	12	123	76	2	48	0	3,608
Total.....	2,777	23,020	6,245	6,768	3,935	8,651	2,298	4,470	2,859	3,030	3,612	71	68,636
Grand total.....													68,636

Savannah office opened June 16, 1927.

Americans, 87.2 per cent.

**Piers and Wharves Division.**

In carrying out its primary function of developing and promoting an American merchant marine, the Shipping Board is required by the provisions of the merchant marine act of 1920 to investigate the subject of ports and water terminals, and to develop and maintain all piers, wharves, and terminals that may come into its possession by transfer from other departments of the Federal Government.

Section 17 of the merchant marine act authorizes and directs the board to take over the possession and control of certain piers, wharves, docks, warehouses, terminals, and terminal equipment and facilities, including all leasehold easements, rights of way, riparian rights and other rights, estates and interests therein or appurtenant thereto. It is further provided in the above-mentioned act that such other similar properties and facilities as were acquired by the War Department or Navy Department for military or naval purposes during the war emergency may be transferred by the President to the board whenever he deems such transfer to be for the best interests of the United States.

As a result of these provisions of law, the board has come into possession of certain valuable Army base terminals situated at various points along the Atlantic seaboard, namely, at Boston, Brooklyn, Hoboken, Philadelphia, Norfolk, and Charleston. Of the six terminals, the Shipping Board is engaged in the actual operation of only one—that at Hoboken—which has been placed under the direct management and control of the Merchant Fleet Corporation.

Keeping in view the purpose of the merchant marine act and the primary ends to be attained, the board has pursued a policy of leasing these piers and port facilities to private interests rather than of operating them directly.

In order to be of greatest possible service to the ports and to enable the properties to prove of maximum use in time of emergency or national peril, these Army bases must be maintained in a constant state of repair. The result has been that the various properties have gradually been put into far better condition than when originally taken over by the board.

In order to give a detailed account of the five Army base terminals located at Boston, Brooklyn, Philadelphia, Norfolk, and Charleston, each one will be treated separately, giving vessel and tonnage statistics, revenues accruing to the Shipping Board, and reconditioning expenditures for the fiscal year ended June 30, 1927. As the terminal at Hoboken is being operated by the Fleet Corporation a statement of activities at this point will be found in the report of the Merchant Fleet Corporation.



**Boston Army Base.**

The Boston Army base has continued under the operation of the Boston Tidewater Terminals (Inc.) during the past fiscal year. Considerable improvement has been shown in the matter of financial returns to the board, as well as in the development of business, which is growing steadily.

During the year 316 vessels docked at the piers loading 47,530 tons of cargo and discharging 425,174 tons.

According to the provisions of the lease under which the Boston Tidewater Terminals (Inc.) is operating the property, the board is to receive 66 $\frac{2}{3}$  per cent of the net operating profit derived from operations. This year there accrued to the Shipping Board \$32,547.48.

In connection with repairs to this base the board spent \$56,000, of which \$40,000 was for the construction of a fender system, \$9,000 for painting the piers, and \$5,000 for repairs to the tracks, while the lessee took care of current repairs.

**Brooklyn Army Base.**

The Atlantic Tidewater Terminals (Inc.) is operating the Brooklyn Army base under lease from the Shipping Board. The lease is to run for a period of five years from December 1, 1923.

The terms of the above lease provide that the board shall receive \$150,000 per annum guaranteed rental for the use of these piers and in addition 66 $\frac{2}{3}$  per cent of the net operating profit derived from operations over and above the first \$50,000 per year which goes to the lessee after the guaranteed rental is paid.

During the fiscal year ended June 30, 1927, 194 vessels used the piers, loading 291,578 tons of cargo and discharging 327,430 tons.

The revenue accruing to the board for this period, including the guaranteed rental, was \$184,951.55.

Repairs to the base during the year amounted to \$4,857.32, thus leaving a profit to the Shipping Board. While the board spent little for repairs, the lessee paid out of operations substantial amounts for current repairs in line with his obligation to keep the terminal in good condition.

**Philadelphia Army Base.**

The Philadelphia Army base is leased to the Merchants Warehouse Co., of Philadelphia, for a period of five years, the term ending August 15, 1927. This base consists of three piers, viz, A, B, and C. Pier B is the principal pier of the three, and in accordance with the terms of the lease the board receives, as a guaranteed flat rental for its use, \$100,000 per annum. For Piers A and C the lessee pays 50 per cent of the gross revenues received from them.

In addition to the piers and their facilities, the lessee has the use of approximately 36 acres of land adjacent to them, 11 acres being used as a classification yard for railroad cars and 25 acres having been developed into a lumber-concentration yard for the storage of lumber, etc.

There docked at Pier B during the year 405 vessels, loading 641,534 tons of cargo and discharging 218,691 tons. At Piers A and C 84 vessels docked, loading 7,421 tons and discharging 115,170 tons. Representing the guaranteed rental from Pier B and 50 per cent of the gross revenue from Piers A and C, the Shipping Board received this year \$118,290.97.

In addition to what the lessee spent for current repairs to the base the board paid out \$72,387.62 for structural repairs and replacements. Of this amount \$60,000 was spent for the construction of a fender system, and the remainder for miscellaneous items.

#### Norfolk Army Base.

The Shipping Board leased the Norfolk Army base to the Norfolk Tidewater Terminals (Inc.) for a period of five years from September 1, 1925. Simultaneously with leasing the Army base the Norfolk Tidewater Terminals (Inc.) leased from the city of Norfolk the municipal terminals, and is operating these two properties in connection with each other. This joint operation was contemplated by the board in drawing up the lease, and it was provided that the lessee pay to the Shipping Board  $33\frac{1}{3}$  per cent of the net operating profit derived from this joint arrangement; the lessee in turn to receive  $33\frac{1}{3}$  per cent and the city of Norfolk  $33\frac{1}{3}$  per cent.

During the fiscal year just ended there accrued to the board the sum of \$51,720.91.

The necessary repairs made at the Army base amounted to \$158,226.68. Of this amount \$72,000 was spent on the fender system, \$53,000 for the construction of a pile breakwater, \$20,000 for repairs to pier floors, and \$5,000 for replacement of tracks. The above is in addition to the amount spent for repairs by the lessee.

#### Charleston Army Base.

The Charleston Army base is leased to the Port Utilities Commission of Charleston, S. C., and is being operated as a municipal terminal.

This base, for various reasons, has yielded practically no returns to the board. Business was better at the terminal during this year than any previous year since the base was leased.

The board spent a total of \$37,935.43 during the year for repairs, \$14,000 of which was for the railroad tracks and \$11,000 for the

reconstruction of platforms, the remainder being spent for miscellaneous items. Current repairs were paid for by the lessee.

#### **Investigations Division.**

The investigations division handles all matters pertaining to the Bureau of Operations that are not assigned to other divisions of the bureau. Its duties are therefore of a miscellaneous nature and cover a wide range.

In addition to carrying on its routine functions, which have been sufficiently described in previous issues of the annual report, the division during the year undertook a study of the marine transport services of the Federal Government, with a view to determining whether or not it would be practicable to have this service performed by vessels belonging to the American merchant marine. The results of the investigation seemed to indicate that the peace-time carriage of military and naval personnel and supplies might, with advantage to all interests concerned, be handled by the country's commerce carriers, following the practice now prevailing in all the leading maritime nations of the world.

Upon completion of the report, hearings were held by the Chief Coordinator in order to develop the attitude of the Army, Navy, and Panama Canal authorities. In these hearings it soon became evident that representatives of the three establishments referred to were averse to any drastic change in the existing order. The hearings were therefore discontinued and the whole subject was referred by the Chief Coordinator to the chairman of the Federal Traffic Board for further investigation and study.

During the year the investigations division has handled numerous board matters coming up for action before other Federal departments, as, for example, the compilation of preliminary reports, at the request of the State Department, for use in connection with the International Economic Conference at Geneva.

Rail carriers belonging to the Southern Freight Association having, in their latest "land-grant equalization agreements" filed with the Quartermaster General and made effective as of January 1, 1927, eliminated both the Shipping Board and the board's Merchant Fleet Corporation from participation in rate concessions allowed under the agreements, the investigations division was called upon to look into the situation and see what could be done, through the Federal Traffic Board, to bring about a change of attitude on the part of the carriers.

On February 21, 1927, the matter was formally placed before the Federal Traffic Board, with request that they adopt whatever measures might be necessary and proper in order to assure the board and Fleet Corporation of equal treatment with other Government depart-

ments in the benefits arising under land-grant equalization agreements. It was suggested that retaliatory steps against the offending roads might well be taken by the Federal Traffic Board through selective routing of Government business, provided the carriers could not otherwise be convinced of the injustice of their action. On the basis of arguments furnished by the investigations division, the Federal Traffic Board has been endeavoring to convince the carriers who are discriminating against the board and Merchant Fleet Corporation that such action is not justified.

One of the duties of the investigations division, in connection with the preparation of reports on various shipping problems, is the compilation of the annual report of the Shipping Board.

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

Section 8 of the merchant marine act of 1920 provides that the Shipping Board jointly with the War Department shall undertake a program of promoting, encouraging, and developing ports and transportation facilities in connection with water commerce. The duties prescribed by the act are to investigate territorial regions and zones tributary to ports, taking into consideration economies of transportation by rail, water, and highway, and the natural direction of the flow of commerce; to investigate the cause of congestion of commerce at ports and the remedies applicable thereto; 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; to advise with communities regarding the appropriate location and plan of construction of wharves, piers, and water terminals; to investigate the practicability and advantages of harbor, river, and port improvements in connection with foreign and coastwise trade; 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.

Pursuant to the above-mentioned act, considerable progress has been made during the year in carrying on this work in the port facilities division of the Bureau of Operations.

The division's "Port Series" reports, concerning which full details have appeared in previous issues of the annual report, have been brought nearly to completion. The following table shows the condition of the volumes of the "Port Series" as of June 30, 1927:

Serial No. of volume	Subject	Percentage of completion July 1, 1927	Serial No. of volume	Subject	Percentage of completion July 1, 1927
1 1	Portland, Me.....	100		Upper San Francisco Bay.....	100
1 2	Boston, Mass.....	100		Santa Cruz, Calif.....	100
1 3	Mobile, Ala.....	100		Monterey, Calif.....	100
	Pensacola, Fla.....	100	1 13	Los Angeles, Calif.....	100
1 4	Philadelphia, Pa.....	100		San Diego, Calif.....	100
	Chester, Pa.....	100		San Luis Obispo, Calif.....	100
	Camden, N. J.....	100	1 14	Port Arthur, Tex.....	100
	Wilmington, Del.....	100		Sabine, Tex.....	100
1 5	New Orleans, La.....	100		Beaumont, Tex.....	100
1 6	Galveston, Tex.....	100		Orange, Tex.....	100
	Houston, Tex.....	100	2 15	Norfolk, Va.....	100
	Texas City, Tex.....	100		Portsmouth, Va.....	100
1 7	Seattle, Wash.....	100		Newport News, Va.....	100
	Tacoma, Wash.....	100	1 16	Baltimore, Md.....	100
	Everett, Wash.....	100		Washington, D. C.....	100
	Bellingham, Wash.....	100		Alexandria, Va.....	100
	Grays Harbor, Wash.....	100	1 17	The ports of Hawaii.....	100
1 8	Jacksonville, Fla.....	100	18	The ports of southern New England:	
	Fernandina, Fla.....	100		Providence, R. I.....	100
	Miami, Fla.....	100		Newport, R. I.....	100
	Key West, Fla.....	100		Fall River, Mass.....	100
	Tampa, Fla.....	100		New Bedford, Mass.....	100
	South Boca Grande, Fla.....	100		New London, Conn.....	95
1 9	Charleston, S. C.....	100		New Haven, Conn.....	95
	Wilmington, N. C.....	100		Bridgeport, Conn.....	95
1 10	Savannah, Ga.....	100		Norwalk, Conn.....	95
	Brunswick, Ga.....	100		Stamford, Conn.....	95
1 11	Portland, Oreg.....	100	1 19	Pascagoula, Miss.....	100
	Astoria, Oreg.....	100		Gulfport, Miss.....	100
	Vancouver, Wash.....	100	1 20	New York, N. Y.....	100
2 12	San Francisco, Calif.....	100	2 21	San Juan, P. R.....	100
	Oakland, Calif.....	100		Ponce, P. R.....	100
	Berkeley, Calif.....	100	2 22	Panama Canal ports.....	90
	Richmond, Calif.....	100			

1 Available for distribution.

2 Now in Government Printing Office.

Of the reports contained in the foregoing, the following were received from the printer in published form during the past year:

No. 16. The Ports of Baltimore, Md., Washington, D. C., and Alexandria, Va.

No. 17. The Ports of Hawaii.

No. 20. The Port of New York (in 3 volumes).

At the close of the year the following reports were still in the hands of the Public Printer:

No. 12. The Ports of San Francisco, Oakland, Berkeley, Richmond, Upper San Francisco Bay, Santa Cruz, and Monterey, Calif.

No. 15. The Ports of Norfolk, Portsmouth, and Newport News, Va.

No. 21. The Ports of Porto Rico.

Manuscripts of the reports on Providence and Newport, R. I., and Fall River and New Bedford, Mass., were completed during the year. These reports are to be published as part of "Port Series" No. 18, "The Ports of Southern New England," and will be combined with the manuscript covering the ports of New London, New Haven, Bridgeport, South Norwalk, and Stamford, Conn., which were nearing completion at the close of the year.

With the practical completion of the "Port Series" reports, attention has been directed to revising the older reports of the series.

Work on the revision of "Port Series" No. 1, "The Port of Portland, Me.," was about 50 per cent completed on June 30, 1927. "Port Series" No. 2, "The Port of Boston"; No. 3, "The Ports of Mobile, Ala., and Pensacola, Fla."; and No. 6, "The Ports of Galveston, Houston, and Texas City, Tex.," are also in need of revision, and preliminary work has been done in order to bring these up to date during the coming fiscal year.

Steps have also been taken to bring out an annual publication on "Port and Terminal Charges at American Ports." This, as its name implies, will be devoted to current information on port dues and accessorial charges. It will be brought out in compact form, and will be kept as nearly up to date as practicable.

Work in progress at the close of the year included the completion of the "Port Series" reports, now estimated at 98 per cent complete; the revision of the report on Portland, Me., and the completion of the study "Transportation in the Mississippi and Ohio Valleys," now in course of preparation in cooperation with the War Department.

Six Shipping Board employees were engaged in this work on July 1, 1926, and one was added during the year. On May 16, 1927, four of these employees were assigned to the foreign-port program undertaken jointly by the Shipping Board and the Department of Commerce.

#### **Study of Foreign Ports.**

On May 3, 1927, the Shipping Board approved a plan for the study of foreign ports and related subjects and authorized the port facilities division of the Bureau of Operations to undertake this work in cooperation with the Department of Commerce.

The program contemplates a series of studies of the more important foreign ports, patterned after the present volumes on the leading ports of the United States (the "Port Series" reports), which have been prepared jointly by the board and the War Department. Other subjects to be treated in conjunction with the Department of Commerce include studies of stowage factors and the stowage of ships' cargoes, cargo handling, foreign warehousing, and bunker fuel stations throughout the world.

Active cooperation with the Department of Commerce was instituted on May 16, 1927, when five Shipping Board employees were assigned to this duty in the Bureau of Foreign and Domestic Commerce. Preliminary work has already been done in connection with studies of approximately 20 of the leading ports of Europe. The smaller European ports will be covered in a single volume, each port being treated very briefly. The time intervening between the inauguration of the program and the close of the fiscal year has been devoted to organization of the work at home and abroad.

The joint force is also revising the bulletin "Stowage of Ship Cargoes," published by the Department of Commerce in 1920. The bulletin is being enlarged to give a more complete description of practical operation and problems of cargo stowage, and also contains a complete compilation of rules and regulations concerning the handling of inflammable, explosive, and otherwise hazardous cargoes.

There has been undertaken a survey of American cargo handling methods which, it is felt, will be of great value to ship operators and shipping companies. This study embraces data on the most successful and economical cargo-handling methods that have been developed by individual American steamship and stevedoring companies, terminal operators, and others.

A special investigation is also being conducted by the joint force of the Shipping Board and Department of Commerce into foreign warehousing, including warehouse facilities and charges, as well as information concerning the distribution of commodities through warehouses in the interior and at the ports.

Complete reports on fuel bunkering throughout the world are in course of preparation. These will describe the facilities for bunkering, the types and amounts of fuel available, and the latest information on rates and charges.

#### 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 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 the installation, in vessels belonging to the Government, of internal-combustion propulsive machinery and the making of other changes necessary to convert them into modern motor ships.

#### Transfers to Foreign Registry, etc.

With a view to 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 to prevent vessels of a type and kind deemed by the board necessary to the upbuilding of the American merchant marine from passing out of 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 permits 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 there-



after 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, 1926 to June 30, 1927:

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 and mortgage to aliens, July 1, 1926, to June 30, 1927

Name of vessel	Off. No.	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
Jean.....	206563	St. s.....	3, 125	New York, N. Y.....	A. H. Bull Steamship Co.	Achille Calafatis.....	Greek.....	July 1, 1926	1925
Star of Russia.....	116977	Sch.....	1, 981	San Francisco, Calif.....	Burns-Philp Co. of San Francisco (Inc.).	Comptoirs Francais des Nouvelles.	French.....	July 8, 1926	1926
Star of Peru.....	96501	Bk.....	1, 027	do.....	do.....	do.....	do.....	do.....	1927
Tilicum.....	207487	St. y.....	135	New York, N. Y.....	P. F. Miller.....	Sir Charles B. Gordon.....	Newfoundland.....	July 16, 1926	1928
George T.....	219078	Ga. s.....	5	Buffalo, N. Y.....	George Tomczak.....	Leo Franklin and Chas. H. Crosby.	Canadian.....	July 17, 1926	1929
Anna C. Minch.....	107846	St. s.....	4, 285	Cleveland, Ohio.....	Kinsman Transit Co.....	James Murphy.....	do.....	July 28, 1926	1930
Siwash III.....	222740	Ga. s.....	89	New York, N. Y.....	United Fruit Co.....	(No sale).....	Panama.....	July 29, 1926	1931
Katahdin.....	211355	Ga. y.....	40	do.....	Henry Ivan Stengel.....	Peter Morales.....	Cuban.....	Aug. 5, 1926	1932
Stone No. 5.....	150846	Ga. s.....	31	Jacksonville, Fla.....	Wilhelmina Reynolds.....	Honduras Shipping & Trading Co.	Honduran.....	Aug. 9, 1926	1933
Holden Evans.....	214673	Ol. s.....	3, 253	New York, N. Y.....	Holden Evans Steamship Co.	European Shipping Co. (Ltd.)	British.....	Aug. 10, 1926	1934
Fordonian.....	214598	El. s.....	2, 367	do.....	America-Mediterranean Steamship Co.	Paterson Steamships (Ltd.)	Canadian.....	Aug. 14, 1926	1935
Madge.....	221627	Ga. y.....	18	Philadelphia, Pa.....	Phillips Hardware Co.	W. T. Pettee.....	British.....	Aug. 16, 1926	1936
Coloradan.....	155408	St. s.....	5, 380	New York, N. Y.....	General Metal Supply Co.	Kishimoto Steamship Co.....	Japanese.....	Aug. 19, 1926	1937
Honolulan.....	107591	St. s.....	5, 399	do.....	do.....	do.....	do.....	Aug. 19, 1926	1937
Maria Antonia.....	(1)	Sch.....	64	(1)	Bartolome Cabanillas	Amable Damiron.....	Dominican.....	Aug. 21, 1926	1938
Lake Crescent.....	216098	St. s.....	2, 054	Baltimore, Md.....	Colombia Steamship Co. (Inc.).	(No sale).....	Colombian.....	Aug. 25, 1926	1939
Favorite.....	220175	Ga. s.....	31	Milwaukee, Wis.....	Otto A. Abel.....	Pigeon Timber Co. (Ltd.).....	Canadian.....	Aug. 28, 1926	1940
San Rafael.....	225306	Sch.....	14	San Juan, P. R.....	Bartolome Cabanillas.....	Jose Maria Bethancourt.....	Netherlands.....	Sept. 7, 1926	1941
Trader.....	27655	St. s.....	2, 194	New York, N. Y.....	Thomas E. Moran.....	Gerassimos Bonicos Spartia.....	Greek.....	Sept. 23, 1926	1942
Princeton.....	127534	St. s.....	458	Philadelphia, Pa.....	Francis J. McDonald.....	Isle of Pines Steamship Co.	Cuban.....	do.....	1943
Columbia.....	127369	Sch.....	663	Seattle, Wash.....	H. S. Groat & Co.....	Devenport Steam Ferry Co. (Ltd.).	British.....	Sept. 28, 1926	1944
Carolinas.....	219782	St. s.....	3, 513	Charleston, S. C.....	Carolina Steamship Co.....	Yamashita Co. (Inc.).....	Japanese.....	Oct. 6, 1926	1945
N. B. Mills.....	166038	Scow.....	11	Port Huron, Mich.....	John A. Miller, jr.....	William Drew and George Minnie.	Canadian.....	Oct. 13, 1926	1947
Halcina.....	207724	Ga. s.....	11	Ketchikan, Alaska.....	Harry J. Brown.....	George R. Wall.....	do.....	do.....	1948
Ecola.....	220184	Sch.....	2, 266	Portland, Oreg.....	Shanghai Building Co. Federal, (Inc.).	(Not stated; vessel to be scrapped).	(No transfer).....	Oct. 19, 1926	1949
Regulus.....	77456	St. s.....	4, 805	Cleveland, Ohio.....	Interlake Steamship Co.....	Paterson Steamships (Ltd.).....	Canadian.....	Oct. 23, 1926	1950
Argus.....	96416	St. s.....	4, 444	do.....	do.....	do.....	do.....	Oct. 23, 1926	1950
Lake Gilpen.....	217989	St. s.....	2, 664	Detroit, Mich.....	Atlantic, Gulf & Pacific Co. of Manila.	(No sale).....	Philippine.....	Nov. 5, 1926	1951
Minnie-Ha-Ha.....	202555	Ga. s.....	15	New York, N. Y.....	Venezuela Gulf Oil Co.....	do.....	Venezuelan.....	Nov. 4, 1926	1952
Tamesi.....	111417	St. tnk.....	2, 939	do.....	Bulko Steamship Corp.....	Societa Armatrice Italiano.....	Italian.....	do.....	1953
Alaskan.....	107736	St. s.....	8, 536	do.....	American-Hawaiian Steamship Co.	Compagnia Generale Armatamento Societa Anonima.	do.....	do.....	1954

Romagne.....	220790	St. s.	2, 283	do.....	Edward P. Farley & Co.	Ono Kisen Kabushiki Kaisha.	Japanese.....	Nov. 5, 1926	1955
Lake Gitano.....	218169	St. s.	2, 606	Detroit, Mich.	Robert Dollar Co.	Negros-Philippine Lumber Co	Philippine.....	Nov. 17, 1926	1956
Teddy Louise.....	201739	Ga. s.	42	Tampa, Fla.	Fielder & Mitchell and J. A. Jones.	Mario Ancona.....	Mexican.....	do.....	1957
Enterprise.....	136868	St. s.	2, 806	San Francisco, Calif.	Maison Navigation Co.	Capt. Leo Ozanne.....	French.....	do.....	1959
Hydrus.....	92929	St. s.	4, 661	Cleveland, Ohio.	Interlake Steamship Co.	Paterson Steamships (Ltd.)	Canadian.....	Nov. 18, 1926	1960
Moses Taylor.....	93321	St. s.	4, 772	do.....	do.....	do.....	do.....		
Georgia.....	205362	St. tnk.	5, 106	Port Arthur, Tex.	The Texas Co.	Masonomo Gesellschaft m. b. H.	German.....	Nov. 24, 1926	1961
Rotarian.....	218452	St. s.	473	Houston, Tex.	A. E. Weiss.....	Alberto Quijano.....	Colombian.....	do.....	1962
Annie (K97).....	(1)	Ga. s.	4	(1)	Lee Roy Snyder.....	(No sale)	Canadian.....	do.....	1963
Condor.....	211683	St. y.	201	Buffalo, N. Y.	Frederick W. Mathews.....	Alfred E. Mathews.....	do.....	do.....	1964
Norsworthy.....	214440	Barge	1, 955	Houston, Tex.	Petroleum Navigation Co.	Compania Transportadora de Petroleos, S. A.	Argentine.....	Dec. 8, 1926	1965
F. A. Douty.....	201092	St. tug.	227	San Francisco, Calif.	Frank C. McPherson.....	The Shell Co. of California....	(No transfer).....	do.....	1966
Sun.....	203923	St. tnk.	4, 662	Philadelphia, Pa.	Sun Oil Co.	Giovanni Quaglia.....	Italian.....	Dec. 15, 1926	1967
U. S. S. Beaufort.....	(1)	St. s.	2, 454	(1)	U. S. Navy.....	Skandinaviske Syd Pacific Line.	Norwegian.....	Dec. 17, 1926	1968
Weasel.....	165290	Scow	244	Eagle, Alaska.	American Yukon Naviga- tion Co.	British Yukon Navigation Co. (Ltd.)	British.....	Dec. 23, 1926	1969
John A.....	163501	do.....	323	do.....	do.....	do.....	do.....		
Mizzoo.....	164645	Barge	222	do.....	do.....	do.....	do.....		
Camille.....	164981	do.....	239	do.....	do.....	do.....	do.....		
Harold (638-L).....	(1)	Ga. s.	4	(1)	Harold Jackson.....	(No sale)	Canadian.....	Dec. 24, 1926	1970
Liberty (806-M).....	(1)	Ga. s.	4	(1)	Angel Jorgensen.....	do.....	do.....	do.....	1971
Worth.....	222853	Ol. s.	20	Baltimore, Md.	Venezuelan Gulf Oil Co.	do.....	Venezuelan.....	Dec. 30, 1926	1972
G. M. Lawrence.....	214026	St. s.	2321	New York, N. Y.	Lawrence Steamship Co.	Attilio Ardito.....	Italian.....	Jan. 4, 1927	1973
J. M. Guffey.....	77519	St. s.	2520	Port Arthur, Tex.	Gulf Refining Co.	Giovanni Quaglia.....	do.....	Jan. 5, 1927	1974
Mary Elizabeth.....	225894	Sch.	114	New Bedford, Mass.	Joseph J. Monte.....	Louis V. Silva.....	Portuguese.....	do.....	1975
Brunswick.....	217954	St. s.	2156	New York, N. Y.	New England, New York & Texas Steamship Co.	Kabushiki Kaisha Hashimoto Shokai.	Japanese.....	Jan. 25, 1927	1976
Carolinian.....	212893	St. s.	4170	do.....	Garland Steamship Co.	George Elie Culucundis.....	Greek.....	Feb. 1, 1927	1977
Cristobal Colon.....	(1)	Ga. s.	51	(1)	F. C. Pierron and Samuel Melendez.	(No sale)	Venezuelan.....	do.....	1978
Lincoln.....	210835	Ga. s.	34	Seattle, Wash.	Ruth E. Fotland.....	Eugene Simpson.....	Canadian.....	Feb. 8, 1927	1979
Valorous.....	212368	Ga. s.	25	Ketchikan, Alaska.	John Petersen.....	Edward Winther.....	British.....	do.....	1980
Kroonland.....	161208	St. s.	11932	do.....	International Mercantile Marine Co.	Cooperativa Ligure Demoli- tori Navi.	(No transfer).....	Feb. 10, 1927	1981
Baccarat.....	220071	St. s.	2283	Detroit, Mich.	Hammond Lumber Co.	Fukuyo Kisen Kabushiki Kaisha.	Japanese.....	Feb. 15, 1927	1982
Seneca.....	220789	St. s.	2283	do.....	do.....	do.....	do.....		
Homer.....	166329	Scow	531	do.....	United Fuel & Supply Co.	National Sand & Material Co.	Canadian.....	Feb. 28, 1927	1983
Ragna.....	224882	Ga. s.	13	New York, N. Y.	The Foundation Co.	Republic of Colombia.....	Colombian.....	Mar. 23, 1927	1984
Bahamia.....	167911	Barge	160	do.....	New York & Cuba Mail Steamship Co.	(No sale)	Mexican.....	Mar. 29, 1927	1985
Freeport Sulphur No. 1...	212805	St. tnk.	2588	do.....	Freeport Sulphur Trans- portation Co.	Societa Armatrice Italiana.....	Italian.....	do.....	1986
Janet Dollar.....	221935	Sch.	3096	San Francisco, Calif.	Robert Dollar Co.	China Portland Cement Co. (Ltd.)	Chinese.....	Apr. 5, 1927	1987

<sup>1</sup> Undocumented vessels.<sup>2</sup> Vessel under construction.

*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 and mortgage to aliens, July 1, 1926, to June 30, 1927—Continued*

Name of vessel	Off. No	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
Jim Dandy.....	208736	Ga. s.....	8	Miami, Fla.....	Allan Knowles.....	Wm. R. Ingraham and Charles Bain.	British.....	Apr. 5, 1927	1988
Yankee II.....	206849	Ga. s.....	28	New York, N. Y.....	North & East Chartering Co.	Manuel Fernandez Valle.....	Cuban.....	do.....	1989
Apollo.....	202622	Ga. s.....	362	Seattle, Wash.....	Siberian Fish & Cold Storage Co.	Teijiro Nakashima.....	Japanese.....	do.....	1990
C. W. Cadwell.....	208798	St. s.....	593	Detroit, Mich.....	United Fuel & Supply Co.	Ontario Gravel Freightng Co. (Ltd.).	Canadian.....	Apr. 7, 1927	1991
Alaska.....	165171	St. s.....	643	Skagway, Alaska.....	American Yukon Navigation Co.	British Yukon Navigation Co.	British.....	Apr. 12, 1927	1992
L-321.....	(1)	Ga. s.....	4	(1).....	Charles Holm.....	(No sale).....	Canadian.....	Apr. 21, 1927	1993
K-452.....	(1)	Ga. s.....	4	(1).....	Perry Winfield.....	do.....	do.....	do.....	1994
Ruta (633-M).....	(1)	Ga. s.....	4	(1).....	Tony Matthews.....	do.....	do.....	Apr. 22, 1927	1995
M-131.....	(1)	Ga. s.....	4	(1).....	Frank Derlatka.....	do.....	do.....	Apr. 26, 1927	1996
753-L.....	(1)	Ga. s.....	4	(1).....	Joe Lozoskey.....	do.....	do.....	do.....	1997
Triton.....	222534	Ga. s.....	26	Los Angeles, Calif.....	Seacoast Packing Corp.....	N. Tsutsui.....	(No transfer).....	May 18, 1927	1998
Aphrodite.....	107440	St. y.....	1147	New York, N. Y.....	Payne Whitney.....	A. K. Ringa.....	Greek.....	May 24, 1927	1999
Jeannette Scott.....	222688	Ga. s.....	141	Tampa, Fla.....	W. R. Coe.....	(No sale).....	Honduran.....	June 1, 1927	2000
Dorothy.....	222453	Ga. y.....	77	New Haven, Conn.....	Henry Williams.....	N. D. Entenza.....	Cuban.....	do.....	2001
Henry W. Breyer.....	225244	St. s.....	3125	New York, N. Y.....	Edwin A. Shewan.....	A. C. Elliott & Co. of Canada (Ltd.).	Canadian.....	June 7, 1927	2002
H. G. Lawrence.....	216924	St. s.....	2084	do.....	Lawrence Steamship Co. (Inc.)	Dokaiwan Kisen Kabushiki Kaisha.	Japanese.....	June 17, 1927	2003
C. H. Lawrence, Jr.....	216437	St. s.....	2121	do.....	do.....	do.....	do.....	do.....	do.....
Mauban.....	216437	St. s.....	1253	Manila, P. I.....	Compania General de Tabacos.	Spanish Government (temporary loan).	Spanish.....	Mar. 1, 1927	do.....
Rosie (mortgage).....	224392	Ga. s.....	35	Boston, Mass.....	Charles Marino.....	Philip Parisi and Lawrence Parisi (mortgages).	do.....	Nov. 17, 1926	1958
Beaconlight.....	220143	Tnk.....	6954	do.....	Beacon Transport Co. (trust agreement).	do.....	do.....	May 17, 1927	do.....
Beaconoil.....	218837	Tnk.....	7058	do.....					
Beacon Barge No. 2.....	168123	Bge.....	504	do.....					
T. W. O. Co. No. 29.....	168577	Bge.....	501	do.....					

<sup>1</sup> Undocumented vessels.

## 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.....	4	14,451
2. Number of vessels whose transfer to foreign registry was approved, but which did not involve sales to aliens.....	17	6,479
3. Number of vessels involving both sales to aliens and transfers to foreign registry.....	65	120,100
4. Number of vessels whose mortgage to aliens was approved.....	1	35
5. Number of vessels involved in Beacon Transport Co. (trust agreement).....	4	15,017
6. Number of vessels whose sale alien and/or transfer to foreign registry was not approved.....	8	41,861
7. Total number of vessels acted on.....	99	197,943

NOTE.—Of the total number of vessels acted upon 49 were vessels of over 1,000 gross tons aggregating 189,869 gross tons.

The transfers to foreign registry were distributed among 22 countries, as follows:

Registry	Steam		Motor		Sail		Unrigged		Total number of ves-sels	Total gross tons
	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons		
Argentine.....	—	—	—	—	—	—	1	1,955	1	1,955
British.....	1	643	4	3,304	1	663	4	1,028	10	5,638
Canadian.....	8	26,886	13	2,480	—	—	—	—	23	29,908
Chinese.....	—	—	—	—	1	3,096	2	542	1	3,096
Colombian.....	2	2,527	1	13	—	—	—	—	3	2,540
Cuban.....	1	458	3	145	—	—	—	—	4	603
Dominican.....	—	—	—	—	1	64	—	—	1	64
French.....	1	2,806	—	—	2	3,008	—	—	3	5,814
German.....	1	5,106	—	—	—	—	—	—	1	5,106
Greek.....	4	10,636	—	—	—	—	—	—	4	10,636
Honduran.....	—	—	2	172	—	—	—	—	2	172
Italian.....	6	23,566	—	—	—	—	—	—	6	23,566
Japanese.....	9	27,502	1	362	—	—	—	—	10	27,864
Mexican.....	—	—	1	42	—	—	1	160	2	202
Norwegian.....	1	2,454	—	—	—	—	—	—	1	2,454
Newfoundland.....	1	135	—	—	—	—	—	—	1	135
Netherlands.....	—	—	—	—	1	14	—	—	1	14
Panaman.....	—	—	1	89	—	—	—	—	1	89
Philippine.....	2	5,270	—	—	—	—	—	—	2	5,270
Portuguese.....	—	—	—	—	1	114	—	—	1	114
Venezuelan.....	—	—	3	86	—	—	—	—	3	86
Spanish.....	1	1,253	—	—	—	—	—	—	1	1,253
Total.....	38	107,989	29	6,693	7	6,959	8	3,685	82	126,579

#### 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 enactment of that act (June 5, 1920), to set aside annually, 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 act was amended by the act of June 6, 1924, among the changes made by which amendment was the provision extending the use for which loans might be made to the outfitting and equipment of vessels already built, with the most modern, the most efficient, and the most economical engines, machinery, and commercial appliances. The original act was further amended by the act of March 4, 1927, among the changes made by which amendment was the removal of the time limit of five years referred to above within which the total amount of the fund originally contemplated, namely, \$125,000,000, could be set aside, and by the terms of which the fund was clearly defined and confirmed as a "revolving fund."

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 efficient kind.

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 authorized for a 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.

In the last annual report (pp. 45-46) it was stated that commitments had been entered into during the fiscal year 1926 for the following loans on which, however, advances had not then been made:

(a) Two million five hundred thousand dollars to the New York & Miami Steamship Corporation in aid of the construction of two vessels then being built by the company named, at the shipyards of the Newport News Shipbuilding & Dry Dock Co., Newport News, Va., at an estimated total cost of not less than \$5,000,000. Advances were made during the progress of the construction of the two vessels, the notes taken being the joint and several notes of the New York & Miami Steamship Corporation and the Clyde Steamship Co., which notes were also secured during the construction period by a deed of trust under the laws of the State of Virginia. The two vessels here referred to have been named, respectively, *Iroquois* and *Shawnee*. The *Iroquois* was completed and documented at the port

of New York on May 12, 1927, a preferred mortgage being taken concurrently with its delivery and documentation for the sum of \$1,797,000, to secure the total amount advanced to that date on account of the construction of both vessels. The *Shawnee* is expected to be completed during July, 1927. The total advances made on account of this loan during the fiscal year, for both vessels, aggregate \$1,947,000. The amount remaining to be advanced on the commitment for the loan is, therefore, \$553,000.

(b) Three million dollars 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 were made during the progress of the construction of the vessel and the notes taken were 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 were secured during the construction period by a deed of trust under the laws of the State of Virginia. This vessel has not yet been completed, but work is actively progressing and the total amount advanced during the fiscal year on account of the loan aggregates \$262,500. The amount remaining to be advanced on the commitment for this loan is, therefore, \$2,737,500.

(c) One million eight hundred thousand dollars to the Eastern Steamship Lines (Inc.) in aid of the construction of two vessels which have been named the *Yarmouth* and the *Evangeline*, being built by that company at the shipyards of William Cramp & Sons Ship & Engine Building Co., Philadelphia, Pa., the estimated total cost of both vessels being not less than \$3,600,000. The Eastern Steamship Lines (Inc.) has organized a subsidiary corporation, named the Nova Scotia Steamship Corporation, to be the owner of these vessels. Subsequent to the making of the loan agreement it was decided that advances would not be requested during the construction period of the vessels, but the loan would be made at the time of their completion, and a preferred mortgage taken upon them accordingly. Neither vessel has been completed during the fiscal year, but work has progressed on them, and they are now nearing completion. As neither vessel has been completed no advances have been made on account of the loan, and the amount remaining to be advanced on the commitment for this loan is, therefore, \$1,800,000.

The only new commitment made during the fiscal year was another loan to the Cherokee Seminole Steamship Corporation in the sum of \$952,500, in aid of the construction of the steamship *Algonquin*, which vessel has been completed, having been built at the



shipyards of the Newport News Shipbuilding & Dry Dock Co., Newport News, Va., at a total cost of \$1,924,344.54. Advances were made during the fiscal year and during the construction period of the vessel. The vessel having been completed, a preferred mortgage was taken to secure the amount advanced, the notes for the repayment of which are the joint and several obligations of the Cherokee Seminole Steamship Corporation and the Clyde Steamship Co.

A list of all loans heretofore made from the construction loan fund, in addition to those here mentioned, appears on page 45 of the annual report of the board for the fiscal year ended June 30, 1926.

The total amount heretofore loaned on vessels which have been completed is \$8,258,000, representing six loans made to five different companies in aid of the construction of nine vessels. The total amount thus far advanced on loans not yet completed is \$2,209,500, thus making the total amount of all payments thus far made from the construction loan fund on account of loans \$10,467,500. The amount of the present commitments on loans which have been duly authorized but have not yet been completed is \$5,090,500. The amount at present credited to the construction loan fund is \$72,552,652.26, including repayments on account of the principal of outstanding loans, which repayments amount in the aggregate to \$916,698.34. From the time of the commencement of the administration of the fund there has not been a default in connection with any of the loans in the payment either of interest or of installments on account of principal.

In addition to the commitments in the form of loans made to private persons, the construction loan fund is also subject to commitments created under the provisions of section 12 of the merchant marine act, 1920, as amended by the act of June 6, 1924, incident to the Diesel conversion program of the board, under the provisions of which the board may make transfers from the construction loan fund to meet obligations in excess of funds otherwise available for that use, provided, however, the total amount expended on the Diesel conversion program may not exceed \$25,000,000.

During the fiscal year repayments on account of the outstanding loans amounted to \$521,198.67, and deposits were made to the credit of the fund in the aggregate sum of \$14,362,954.34, thus making a total increase of the fund during the fiscal year of \$14,884,153.01. During the year the sum of \$3,162,000 was paid out on account of loans.

In respect to loans in connection with which advances are made during the construction period, as a preferred mortgage can not be taken on the hull of a vessel, 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.

#### **Diesel Conversion Program.**

The work of converting certain steam freighters of approximately 9,000 dead-weight tons each to modern motor ships, commonly known as the Diesel conversion program of the board, details concerning which also appear in the ninth annual report (p. 71) and in the tenth annual report (p. 48) has progressed well toward completion. The initial plan contemplated the conversion of 14 vessels, and contracts for engines were awarded accordingly, as enumerated in the tenth annual report (p. 49). One company, however, defaulted in its contract for the engines for two of the vessels, hence the initial program of the board has become limited to the conversion of 12 vessels. During the year, however, plans have been initiated having in view an extension of the program and the conversion of additional vessels, but no contracts have yet been awarded.

As set forth in the tenth annual report (p. 51), contracts for the installation of engines in five of the vessels were awarded during the fiscal year ended June 30, 1926. During the past fiscal year the following additional installation contracts were awarded:

Contractor	Date of contract	Vessel	Contract price
Newport News Shipbuilding & Dry Dock Co.....	July 9, 1926	Sawokla.....	\$385,950
Do.....	Aug. 18, 1926	City of Rayville.....	385,950
Do.....	Dec. 31, 1926	City of Dalhart.....	395,100
Do.....	Apr. 12, 1927	Yomachichi.....	400,000
Tietjen & Lang.....	Apr. 15, 1927	Seminole.....	436,260
Bethlehem Shipbuilding Corporation.....	May 27, 1927	West Grama.....	410,000
Total.....			2,414,260

The following contracts for equipment and materials were placed during the year, supplementing other contracts for materials reported in previous annual reports:

12 115-horsepower auxiliary Diesel engines from the Worthington Pump & Machinery Co. in the amount of.....	\$201,600.00
2 sets line shafting and accessories from Erie Forge Co.....	19,558.00
Electric wires and cables from General Electric Co.....	32,519.00
Changes and extras to miscellaneous contracts found necessary and duly authorized by the board.....	115,319.06
Total.....	368,996.06

The total contract commitments for the year ended June 30, 1927, aggregate \$2,783,256.06. The total contract commitments from the inception of the Diesel program to June 30, 1927, are \$9,659,225.31.

The complete testing of all machinery and equipment entering into the work was continued throughout the year during manufacturing periods and upon deliveries from contractors. These tests are most exhaustive, covering not only the proper functioning of machinery and equipment, but physical testing of materials entering into their manufacture.

Especial mention is made of the 30-day continuous tests of the large Diesel engines, through which any latent defect of material or design can be developed and corrected, thus saving what might perhaps cause serious and expensive delays of vessels at sea after going into service. The wisdom of requiring these tests has been manifest throughout the entire program and they have also been of signal benefit to the engine builders in the perfecting of marine types of Diesel engines in the United States, through the experience gained and data secured at first hand, which would be difficult to secure in any other manner. These data have been made public for the benefit of all lines of engineering in any way related to the production of internal-combustion engines or auxiliary equipment. The information is also of great value to the profession and to prospective users of internal-combustion engines.

During the year main and auxiliary engines were tested and delivered by the following contractors:

One main engine by Worthington Pump & Machinery Corporation.

Three main engines by McIntosh & Seymour Corporation.

Three main engines by Busch-Sulzer Bros. Diesel Engine Co.

One main engine by Hooven, Owens, Rentschler Co.

Nine auxiliary engines by McIntosh & Seymour Corporation.

Eighteen auxiliary engines by Worthington Pump & Machinery Corporation.

(The remaining main engine of 12 contracted for, built by the New London Ship & Engine Co., will probably be delivered in August, 1927.)

The following tabulation presents the type, cost, and weight of the engines installed. The items enumerated do not include such articles as engine-room pumps and other apparatus, deck winches and motors, or special navigating devices. In addition to being equipped with modern internal-combustion engines and auxiliaries, the vessels have also been furnished with electric-driven pumps, winches, steering gear, and other auxiliary equipment, thus placing them in a class comparable with the latest built motor freight vessels of the world.

## Principal machinery statistics and vessels to which allotted

Vessels	M. S. Tampa, and M. S. Unicoi	M. S. West Honaker, M. S. West Cusseta, and M. S. Crown City	M. S. West Grama	M. S. Sawokla, M. S. City of Rayville, M. S. S. Yomachichi, and M. S. City of Dalhart	Seminole	Wilcox
Main engines.....	Worthington (2,900 B. H. P.).	McIntosh-Seymour (2,700 B. H. P.).	McIntosh & Seymour (2,700 B. H. P.).	Busch-Sulzer (3,000 B. H. P.).	Hooven - Owen - Rents- chier (3,300 B. H. P.).	New London (3,300 B. H. P.).
Type.....	2 cycle, 4 cyl. D. A.	4 cycle, 6 cyl. S. A.	4 cycle, 4 cyl. D. A.	2 cycle, 6 cyl. S. A.	2 cycle, 4 cyl. D. A.	2 cycle, 4 cyl. D. A.
Weight.....	740,443 pounds	966,270 pounds	765,000 pounds	850,000 pounds	852,371 pounds	862,890 pounds.
Cost (f. o. b. factory).....	\$207,189	\$228,550 <sup>1</sup>	\$228,550	\$244,892	\$236,857	\$246,857.
Auxiliary engines.....	Worthington (115 B. H. P.).	McIntosh-Seymour (108 B. H. P.).	McIntosh-Seymour (108 B. H. P.).	Worthington (115 B. H. P.).	Worthington (115 B. H. P.).	Worthington (115 B. H. P.).
Type.....	2 cycle, 3 cyl. S. A. air	4 cycle, 3 cyl. S. A. air	4 cycle, 3 cyl. S. A. air	2 cycle, 3 cyl. S. A. air	2 cycle, 3 cyl. S. A. air	2 cycle, 3 cyl. S. A. air
Number in ship.....	3	2	3	3	3	3.
Weight (each).....	46,000 pounds.	51,437 pounds.	51,437 pounds	46,000 pounds	46,000 pounds.	46,000 pounds.
Cost (f. o. b. factory).....	\$16,078 <sup>2</sup>	\$16,017.11	\$16,017.11	\$16,078	\$16,078	\$16,078.
Total weight.....	138,000 pounds	102,874 pounds	154,311 pounds	138,000 pounds	138,000 pounds	138,000 pounds.
Total cost.....	\$48,234	\$32,034.22	\$48,051.33	\$48,234	\$48,234	\$48,234.
Generators <sup>3</sup> .....	Ridgway 75 KW	Ridgway 75 KW	Ridgway 75 KW	Ridgway 75 KW	Ridgway 75 KW	Ridgway 75 KW.
Type.....	2 wire, 240-V., D. C. Comp.	2 wire, 240-V., D. C. Comp.	2 wire, 240-V., D. C. Comp.	2 wire, 240-V., D. C. Comp.	2 wire, 240-V., D. C. Comp.	2 wire, 240-V., D. C. Comp.
Number in ship.....	3	3	3	3	3	3.
Weight (each).....	5,200 pounds	5,200 pounds	5,200 pounds	5,200 pounds	5,200 pounds	5,200 pounds.
Cost (f. o. b. factory).....	\$1,403.	\$2, at \$1,403 1, at \$1,627	\$1,403	\$1,403	\$1,403	\$1,403.
Total weight.....	15,600 pounds	15,600 pounds	15,600 pounds	15,600 pounds	15,600 pounds	15,600 pounds.
Total cost.....	\$4,209	\$4,433	\$4,209	\$4,209	\$4,209	\$4,209.
Starting air tanks.....	550 cubic feet capacity	550 cubic feet capacity	550 cubic feet capacity	635 cubic feet capacity	550 cubic feet capacity	550 cubic feet capacity
Number in ship.....	2	2	2	2	2	2.
Weight (each).....	28,000 pounds	28,000 pounds	28,000 pounds	31,400 pounds	28,000 pounds	28,000 pounds.
Cost (each).....	\$1,675	\$1,675	\$1,675	\$1,900	\$1,675	\$1,675.
Total weight.....	56,000 pounds	56,000 pounds	56,000 pounds	62,800 pounds	56,000 pounds	56,000 pounds.
Total cost.....	\$3,350	\$3,350	\$3,350	\$3,800	\$3,350	\$3,350.
Emergency sets.....	Mianus & Diehl	Mianus & Diehl	Mianus & Diehl	Mianus & Diehl	Mianus & Diehl	Mianus & Diehl.
Type.....	Dir. Con. 14 KW. Gen. and Comp.	Dir. Con. 14 KW. Gen. and Comp.	Dir. Con. 14 KW. Gen. and Comp.	Dir. Con. 14 KW. Gen. and Comp.	Dir. Con. 14 KW. Gen. and Comp.	Dir. Con. 14 KW. Gen. and Comp.
Weight.....	1,600 pounds	1,600 pounds	1,600 pounds	1,600 pounds	1,600 pounds	1,600 pounds.
Cost.....	\$3,113	\$3,113	\$3,113	\$3,113	\$3,113	\$3,113.
Total weight in pounds.....	951,643	1,142,344	992,511	1,068,000	1,063,571	1,074,090.
Total weight in tons (2,240 pounds).....	424.8	510	443.1	476.7	474.7	479.5.
Total cost.....	\$266,095	\$271,480.22	\$287,273.33	\$304,248	\$295,763	\$305,763.

<sup>1</sup> Weight and price includes 400 B. H. P. independent compressor with extended shaft for No. 3 generator.<sup>2</sup> \$16,078 is average price of 24 Worthington 2 cy. 3 cyl. S. A. 115 B. H. P. auxiliary engines distributed over 8 ships.<sup>3</sup> Weight of field frame and armature only. Shaft and bearing extension in weight of auxiliary engines.

The following vessels having been completed and undergone successful trial trips, were placed in commission on regular established routes:

The M. S. *Tampa*, equipped with Worthington Pump & Machinery Corporation engines, was placed in commission November 2, 1926, went directly from the shipyard to Savannah, loaded cotton for Baltic ports, returned to the United States, and on second voyage was routed to Buenos Aires, returning thence to New York. Beginning with her third voyage she is now in regular service between New York, Australia, and Indian ports via Panama and Suez Canals.

The M. S. *Unicoi*, with the same equipment as the M. S. *Tampa*, was placed in commission December 21, 1926; completed her first voyage between New Orleans and west Mediterranean ports, and was then also placed in regular service between New York, Australia, and Indian ports.

The M. S. *West Honaker*, equipped with McIntosh and Seymour engines, was placed in commission November 23, 1926, completed first voyage between Charleston, S. C., and Bremen, returning to New York, where she was also placed in regular service between New York, Australia, and Indian ports.

The M. S. *West Cusseta*, with same equipment as M. S. *West Honaker*, was placed in commission January 8, 1927, in the New York, Australia, and Indian service; has completed first voyage and is now on second.

The M. S. *Crown City*, with same equipment as M. S. *West Honaker* and M. S. *West Cusseta*, was placed in commission February 17, 1927, in the New York, Australia, and Indian service; she is now on her first voyage and reported to be operating satisfactorily.

The M. S. *Sawokla*, equipped with Busch-Sulzer main and Worthington auxiliary engines, was placed in commission March 11, 1927. Having completed her first voyage, between North Atlantic ports and Buenos Aires, she was placed in regular service between New York, Australia, and Indian ports.

The M. S. *City of Rayville*, with same equipment, was placed in commission April 27, 1927, in the New York, Australia, and Indian run.

The M. S. *City of Dalhart* is practically completed and expected to go into commission in July, 1927.

There remain four vessels to be completed, namely, M. S. *Yomachichi*, now being equipped at Newport News Shipbuilding & Dry Dock Co., Norfolk; M. S. *Seminole*, at Tietjen & Lang, Hoboken; M. S. *West Grama*, at Bethlehem Shipbuilding Corporation (Fore River plant); and M. S. *Wilscox*. The contract for the M. S. *Wilscox* is not yet awarded, due to delay in completing the main engine. It is expected the three first mentioned will be completed by the end

of the calendar year 1927, and that the *M. S. Wilscow* will be completed early in 1928.

During the progress of work in the various shops on engines for these vessels, former engineers of steamships were placed as observers and inspectors, and in many cases followed the engines to shipyards, where engines were installed, and then assigned to the motor ship as chief or assistant engineers.

The motor ships which have thus been added to the American merchant marine have justified the program and place our fleet in a better position to compete with foreign lines, whose new tonnage consists predominantly of motor ships.

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

Under the ruling of the Treasury Department, referred to in the tenth annual report of the board (p. 57), the provisions of section 23 of the merchant marine act, 1920, are no longer applicable to current transactions, but a number of cases are pending before the Treasury Department involving earnings prior to 1922, and also involving action of the board in determining whether the types and kinds of vessels built are acceptable to the board. Although these cases relate to profits arising prior to 1922, final action by the board is not practicable until the income tax returns involved are audited by the Treasury Department. In many instances these audits are now in progress. During the fiscal year the following cases were reported by the Treasury Department to the board, and the approval of the board was given to the vessels involved, namely:

Interlake Steamship Co., with respect to the steamship *Chas. M. Schwab*; the Pioneer Steamship Co., with respect to the steamship *Phillip D. Block*; the Wilson Transit Co., with respect to the steamship *James McNaughton*; and Crowell & Thurlow with respect to the steamship *A. L. Kent* and steamship *Thomas Beall*.

The steamship *Malolo*, in course of construction by the American-Hawaiian Steamship Co., at a cost of about seven and a half million dollars, is the most important item which has been presented to the board under the provisions of section 23. This vessel is more particularly referred to in the tenth annual report (p. 56). She was completed during the past fiscal year to the point where a trial trip was had, in the course of which trip, however, she was in collision with another vessel, resulting in serious damage to the steamship *Malolo*. The vessel was towed to the port of New York and the damage inflicted by the collision is there being repaired and the vessel will otherwise be completed at that port. Had it not been for such collision she would doubtless have been put in commission by the Matson Navigation Co. in the service between California and the Hawaiian Islands. The fact that the vessel remained afloat,

notwithstanding the gravity of the damage done, reveals the sterling qualities of the plans upon which she has been built.

The provisions of section 23, so long as they were in force, assured to a citizen who owned an American vessel exemption from certain taxes therein mentioned which would otherwise have been assessable on the earnings of the vessel when operated in the foreign trade, provided the owner, during the period to which the taxes related, invested in building in shipyards in the United States of new vessels of a type and kind approved by the board, or deposited an amount equivalent to the tax in a trust fund to be used for that purpose, the amount thus invested to be three times the amount of the tax involved.

### BUREAU OF LAW

During the fiscal year ended June 30, 1927, several changes have taken place in the organization of the Bureau of Law. The Shipping Board, by resolution dated October 1, 1926, consolidated the legal departments of the board, the Fleet Corporation, and the United States Protection and Indemnity Agency in one organization.

The following is an excerpt from the resolution referred to:

Be it further resolved, that the said commissioner in charge of the Bureau of Law shall have full authority without further approval of this board to consolidate with the Bureau of Law all the legal department of the United States Protection and Indemnity Agency (Inc.), and to have and possess over the said legal department and individuals therein employed the same power and authority as is given over the said Bureau of Law by this resolution, and the said legal department when so consolidated with the Bureau of Law shall be handled by the general counsel and the commissioner in charge of the Bureau of Law in the same manner as hereinbefore indicated with respect to the said Bureau of Law as constituted by this resolution.

Pursuant to the provisions thereof this bureau thenceforth assumed charge of all litigation and legal work of any nature whatsoever in which the Shipping Board, Merchant Fleet Corporation, and United States Protection and Indemnity Agency were interested. As a result of this consolidation there were in the Bureau of Law as of June 30, 1927, 45 attorneys and 87 clerical personnel. Even with this additional work the pay roll of the Bureau of Law has been reduced nearly \$20,000, and further reductions are expected as soon as the consolidation is completed. This reduction has been accomplished in spite of the necessity of organizing a district office at Portland, Oreg., and the addition of 7 attorneys, 10 clerks, and 7 stenographers taken over from the Protection and Indemnity Agency to handle agency work and other legal matters which developed.

The work of the Bureau of Law is carried on in four divisions, namely, litigation and claims division; contracts, opinions, recoveries, and special assignments division; admiralty division; and codification of navigation laws division.



**Litigation and Claims Division.**

In the appendix will be found a statement showing the cases in litigation and the amounts involved as of June 30, 1927; also a comparative statement showing changes since June 30, 1926. The increase in the cases on hand is due to the assumption of all litigation of the United States Protection and Indemnity Agency. These new cases are principally cargo damage cases and personal injury cases.

The physical transfer and control of the United States Protection and Indemnity Agency litigation was not actually assumed until January 1, 1927, at which time 1,070 litigations, consisting of claims for personal injuries and cargo damage amounting to \$18,146,219.37 were taken over. Between January 1, 1927, and June 30, 1927, 199 new cases were filed, amounting to \$2,642,448.65, making a total of 1,269 cases involving \$20,788,668.02 considered and handled during the six months. Since January 1, 1927, 183 cases have been finally settled and closed out, in which the total amount claimed was \$2,847,049.30, and which were settled for \$209,906.26. In addition to the 183 cases mentioned, 40 additional cases, in which the amount involved is \$781,754.65, and the amount which is to be paid in settlement is \$45,309.98, have been settled so far as agreements arrived at are concerned, but the payments had not actually been put through and paid, on June 30, 1927. During the same period the bureau has been successful in dismissing for lack of prosecution, discontinuing, or otherwise finally disposing of 207 litigations in which the total amount involved was \$2,140,998.54. There are at present on hand 839 cases involving \$15,018,865.62.

It will be seen from the foregoing that approximately 34 per cent of the United States Protection and Indemnity Agency litigation taken over and received in new cases has been disposed of since January 1, 1927.

The figures pertaining to the Court of Claims cases remain practically the same as last year, notwithstanding that many changes have taken place. Although these cases are handled primarily by the Department of Justice, the litigation division personnel actively assists that department in taking testimony, writing briefs, and arguing the cases.

The principal cases disposed of during the past fiscal year are those of the Standard Transportation Co. and the Standard Oil Co., in which the Government was sued for \$2,860,879.06. Counterclaims were filed by the Government and the Government was successful in securing affirmative judgments aggregating \$1,251,867.22. Petitions for certiorari in these cases were denied by the Supreme Court of the United States and the money has been paid.

The Brooks Scanlon case and other cases involving the reimbursement rights of former owners of contracts for the construction of

ships requisitioned by the Government were tried in the Court of Claims pursuant to the principles and rules laid down by a decision of the Supreme Court, and the Government was successful in keeping the recovery in each case to a comparatively small percentage of the amounts claimed.

The Pusey & Jones litigation in Delaware was finally disposed of by settlement and the Government received \$500,000.

The case of Bennett et al. against the Fleet Corporation, involving more than \$300,000, was decided in favor of the Government. This suit was brought by Bennett and other employees of the Newburgh Shipyards (Inc.), for a share of profits alleged to have been earned under a contract between the Newburgh Shipyards (Inc.), and the Fleet Corporation, for the construction of vessels, and involved hearing before a master and long arguments before the court on audited figures and involved questions of law.

The case of Maurice Eichberg, trading as National Timber Co., was finally settled for \$25,000 after nearly eight years of litigation. This suit involved \$120,970.80, with interest, and at one time the plaintiff had secured a verdict for \$127,484.23 against the Fleet Corporation.

The outstanding cases which have been handled by this division during the fiscal year include the following.

*United States v. Skinner & Eddy*, pending in the United States District Court for the Western District of Washington, Northern Division, in which the Government claims approximately \$7,536,432.08, arising out of war-time construction activities. Hearings have been in progress for some time before an auditor appointed by the court and on many important points the Government has received favorable decisions.

*Western Union Telegraph Co. v. United States Shipping Board Emergency Fleet Corporation.*—In the suit of the Western Union Telegraph Co. to collect the difference between Government and commercial rates on messages sent by the Fleet Corporation, the Supreme Court of the United States granted a petition for a writ of certiorari and briefs are being prepared and the case will be argued in the near future.

*Bethlehem litigation.*—A large amount of time has been expended in preparing the so-called Bethlehem litigation for trial. There are five cases of Bethlehem companies against the Fleet Corporation, four pending in the United States District Court for the Eastern District of Pennsylvania and one in the United States District Court for the Southern District of New York. The Government has filed a bill in equity against various Bethlehem companies to recover large sums of money, and has also filed a counterclaim in the other cases. Practically all of the figures which are involved on the different theories of Bethlehem and the Government have finally been elimi-

nated from the necessity of proof at the trial by an agreement of the parties by stipulation. This will materially shorten the time of trial and save much of the expense of witnesses, etc. It is hoped that the efforts made during the year will result in similar agreements as to the documentary evidence, thus further reducing the time and expense of trial.

This division also has charge of the bankruptcy, receivership, and insolvency cases in which the Government is interested as plaintiff or as a creditor.

The handling of claims during the fiscal year has been marked by the disallowance, discontinuance, or transfer to litigation of claims. There were filed during the year eight new claims totaling \$361,899.27. There were disposed of by disallowance, elimination, litigation, or settlement, 28 claims, amounting to \$2,418,263.01, which were settled for \$48,133.

There has been no marked activity so far as the claim situation is concerned. During the past fiscal year there were only two large claims presented, one by the Continental Shipbuilding Co. for more than \$271,000 and the other by the Knoxville Iron Co. for more than \$82,000. Both of these were old construction matters.

#### **Codification of Navigation Laws Division.**

The work of this division has been to subject the proposed code of navigation laws to a complete and thorough review for the purpose of eliminating any errors which might have crept into the work during the two years of its preparation. While subjecting the code to this review, all of the different parts were submitted to the branches of the Government interested in the operation and execution of the navigation laws, and to admiralty lawyers, shippers, and associations. The proposed codification was then printed by the Government Printing Office early in October, 1926, in a volume of 567 pages. The printed copies of the proposed codification were then distributed for comment and criticism to approximately 1,700 different associations and individuals, including Members of Congress, judges, prominent lawyers, associations, steamship owners, masters, pilots, underwriters, shipbuilders, etc.

In December, 1926, a committee of 24 representative admiralty lawyers, all members of the Maritime Law Association, of which the late Charles M. Hough, judge of the United States Circuit Court of Appeals for the Second Circuit was president, made a favorable report on the work of the codification, after an intensive study of the different chapters of the proposed code and after many conferences held with the members of this division.

The Shipping Board formally approved the code and recommended its presentation to Congress. It was introduced and the bill was

unanimously reported for passage in a report recommending that it pass without amendment. It was not acted on at the last session and it is expected that it will be reintroduced in the coming session for enactment.

The work of this revision and proposed codification has involved extensive correspondence throughout the country and numerous conferences here and in other cities with representatives of the various interests concerned, as well as with the representatives of all the bureaus and offices of the Government whose work includes the administration and enforcement of these laws.

The division has also assembled, from all sources of information known to the Shipping Board, every suggestion for proposed changes and amendments in the present navigation and shipping laws, in an attempt to bring these laws up to date and into conformity with present shipping conditions. More than 1,200 suggestions have been received. Of this number, some 250 have been selected for further consideration and study; after being compiled in logical order and mimeographed, they were in June, 1927, mailed to approximately 800 representatives of the shipping world who presumably have an interest in the work. These correspondents have been requested to comment and advise as to individual suggestions for change.

Every attempt has been made to give attention to the special needs of the different sections of the United States in order that full justice might be done to each section without discrimination against other sections.

#### **Admiralty Division.**

During the fiscal year ended June 30, 1927, the admiralty division disposed of 444 cases, involving approximately \$15,300,000. One hundred and eighty of these cases, in which the amount claimed was approximately \$7,500,000, were in favor of the board. On these claims there was collected over \$1,150,000. There were 264 cases against the board, involving about \$7,800,000, in disposition of which the board paid about \$1,050,000. The board collected in 12 salvage cases a total of \$202,962.80 and paid in 19 salvage cases \$73,391.91.

The division received during the year a total of 275 new cases involving approximately \$6,400,000. These consisted of 87 cases, involving about \$850,000 in favor of the board, and 188 cases, involving about \$5,500,000, against the board. In addition, in New York the division has taken over 132 United States Protection and Indemnity Agency cases, involving over \$3,000,000. These do not include personal injury cases which are not handled by admiralty. In addition the division handled 329 admiralty cases for other departments of the Government, including the War, Navy, Commerce,

Treasury, and Labor Departments, involving an aggregate of approximately \$13,600,000.

At the close of the fiscal year there were pending in the admiralty division 718 cases in litigation, involving approximately \$34,500,000, in 31 districts of the United States and in 21 different foreign countries. All the litigation in foreign countries is handled by local attorneys. There are 306 claims not in litigation, involving over \$9,000,000.

There were four admiralty cases decided by the Supreme Court of the United States during the fiscal year, as follows:

1. *The "Snug Harbor" case*.—In this case the Supreme Court construed the suits in admiralty act to permit suits against the United States on in personam principles of liability as well as on in rem principles of liability.

2. *The "West Cape" case*—*Vernon L. Phillips v. Fleet Corporation and Baltimore Steamship Company*.—The circuit court of appeals had held that a seaman had one cause of action for injuries due to negligence of a fellow servant and another for injuries due to unseaworthy gear. The Supreme Court held that there was but one cause of action for injuries received, whether they were caused by unseaworthy gear or by negligence of fellow servants.

3. *The "Mount Shasta" case*.—The *Mount Shasta* had been delivered to the Mount Shasta Steamship Co. under a charter sales agreement (bare boat charter with option to purchase). The Mount Shasta Steamship Co. entered into a contract of affreightment or the voyage charter with Palmer & Parker Co. of Boston. The charter sales agreement gave the Fleet Corporation a lien on the subfreights for the charter hire due. The freight monies were libeled for the lien of the unpaid charter hire. The case was dismissed by the district court for lack of jurisdiction. This judgment was reversed by the Supreme Court on the ground that the chose in action, that is, the obligation of Palmer & Parker to pay the freight money, could be libeled in rem.

4. *"Leviathan" salvage case*.—While the *Leviathan* was at Pier 4, Hoboken, in August, 1921, a fire broke out on Pier 5. Merritt & Chapman fought the fire on Pier 5, but did not throw any water on the *Leviathan* or render her any direct service. They claimed that by fighting the fire on Pier 5 they indirectly benefitted the *Leviathan*, and for that benefit claimed salvage compensation. This was denied by the Supreme Court, which held that whatever aid or benefit resulted to the *Leviathan* was incidental and indirect and could not be made the basis for salvage compensation.

In the last annual report mention was made of the fact that the case against the Newport News Shipbuilding & Dry Dock Co. for damage to the *America* by fire on March 10, 1926, was the most important new case received during the year. That case has now been tried before the district court on the issue of liability and a decision rendered in favor of the Government, but damages have not yet been assessed.

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

This division handles the drafting of contracts, bonds, leases, mortgages, satisfaction of mortgages, releases of sureties on bonds, and prepares opinions. Its principal duties have been to draft contracts, bills of sale and preferred mortgages, providing for sale and continued service of vessels of the Shipping Board and for supplies and fuel oil. The following schedule shows the instruments drafted, opinions prepared, and other documents assigned by this division:

1. Instruments drafted:	
(a) Contracts and leases.....	199
(b) Performances and other bonds.....	108
(c) Mortgages.....	43
(d) Satisfactions of mortgages and releases of sureties on bonds....	49
(e) Proposals and notices of terms of contracts to bidders.....	18
2. Opinions prepared .....	120
3. Contracts, releases, insurance policies and bonds examined, approved, or disapproved or modified.....	116

There have been many claims against surety bonds under certain bonds arising out of war-time construction and past and present operating activities. Considerable progress has been made in this direction with the result that during the fiscal year there has been collected approximately \$120,000 from bonding companies.

The clerical forces of the Bureau of Law are engaged in the usual detailed functions of a large law office. They are charged with the custody of the original contracts, agreements, etc.; maintenance of the files; docketing of cases; preparation of reports and other data; requisitioning of supplies; and maintenance of a chronological record system of all cases of the Bureau of Law.

The Bureau of Law desires to express its appreciation for the cooperation and consideration received from the Attorney General and the Department of Justice in all of the many problems in which the Shipping Board and Merchant Fleet Corporation are interested.

#### **BUREAU OF FINANCE**

The Bureau of Finance supervises all financial activities of the Shipping Board, including the withdrawal of funds from appropriations for the expenses of both the Shipping Board and the Fleet Corporation; the disbursement of funds on account of the

salaries and expenses of the Shipping Board made by the disbursing officer of the board; the operations of the finance, comptroller's, and marine-insurance departments of the Fleet Corporation, upon which devolve respectively the administration of the financial, accounting and marine-insurance activities of the Shipping Board and the Fleet Corporation, and is responsible for examination into and reporting to the Shipping Board on all financial matters which come before the board for consideration.

The Bureau of Finance investigates carefully all recommendations to the Shipping Board for the disposition of accounts receivable, both active and inactive. Under the supervision of the present commissioner there has been handled a total of 1,408 inactive accounts receivable, aggregating an amount of \$178,378,043.70. Of these, 1,113 accounts, totaling \$81,206,203.80, have been closed, leaving open at the end of the fiscal year 1927, 295 accounts totaling \$97,169,839.50.

During the past fiscal year the disbursing officer of the board handled receipts totaling \$313,829.35 on account of salaries and expenses of the Shipping Board, and receipts totaling \$14,884,153.01 in connection with the construction loan fund, and handled disbursements, on account of salaries and expenses of the Shipping Board, totaling \$319,393.31, and in connection with loans made from the construction loan fund the sum of \$3,162,000 was disbursed. A complete report of the financial activities of the Shipping Board and the Fleet Corporation will be found elsewhere in this annual report.

The Bureau of Finance, in conjunction with the Bureau of Construction, administers the construction loan fund, established and maintained under the merchant marine act of 1920 and the act of the Sixty-ninth Congress approved March 4, 1927. The Bureau of Finance passes upon the financial responsibility of applicants for loans made from this fund, the terms of proposed loans, and the security to be given for the payment thereof.

All requests made for the modification of the terms of contracts and obligations of purchasers arising out of the sale of ships and miscellaneous property of the board are investigated by the Bureau of Finance and recommendations made to the board thereon.

#### BUREAU OF RESEARCH

The Bureau of Research during the past fiscal year continued its customary compilation and tabulation of cargo and vessel statistics covering our foreign and intercoastal commerce. During the year over 60,000 entrances and clearances by approximately 6,000 vessels were handled.

To the work of the planning committee the bureau contributed exhaustive studies on costs differentials in construction and operation of ships under the American flag, in addition to separate studies on

all basic commodities, the history, source, distribution, and consumption thereof.

The Shipping Board exhibit at the Sesquicentennial Exposition at Philadelphia was among the Government exhibits awarded highest honors. The bureau maintained a staff with the exhibit at the exposition from the opening to the closing date. It is estimated that contact was made through this means with 500,000 persons.

Further bureau activities during the year were carried on through membership in various committees. In this connection the bureau was represented on the packing and stowage committee of the Department of Commerce, on a committee on statistics under the Chief Coordinator, on two of the committees charged with the preparation of material for the delegates of the International Economic Conference at Geneva, and on a number of lesser committees.

During the fiscal year the bureau compiled 63 regular periodical reports, distributing about 30,000 copies. Requests for special compilations required the preparation of 184 additional reports. In the formulation of the records from which these reports were compiled the contents of 75,000 cargo reports were recorded on 1,200,000 cards.

#### SECRETARY

Work performed by the Secretary during the past fiscal year may be summarized briefly as follows:

- (1) Recorded all minutes of meetings of the Shipping Board.
- (2) Prepared and presented to the board, by formal docket or otherwise, all cases which required the board's attention.
- (3) Acted as custodian of the files, records, and seal of the board.
- (4) Issued orders under section 9 of the shipping act, 1916, as amended.
- (5) Prepared for the board or committee thereof cases which arose under section 30, subsection O (a), merchant marine act, 1920, conducted investigations in connection therewith, and issued formal orders thereunder.
- (6) Prepared as Budget officer, for the consideration of the board and transmittal to Congress, estimates for appropriations required by the board.
- (7) Examined and took administrative action on vouchers covering salaries and expenses of employees of the Shipping Board, by direction of the chairman.
- (8) Maintained jurisdiction over the service divisions of the board, such as mails, duplicating, library, files, chief clerk's division, personnel division, etc., and general office management.
- (9) Supervised communications, telegrams, cables, etc.
- (10) Under direction of chairman, exercised supervision over the personnel of the Shipping Board.



(11) Assisted special committees of the board in preparing data and holding hearings in connection with litigation affecting the board.

(12) Compiled and distributed weekly report.

During the past year, through the introduction of improved office practices and close supervision of matters coming under the jurisdiction of the Secretary, greater efficiency has been obtained in carrying out administrative routine duties.

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## PART II

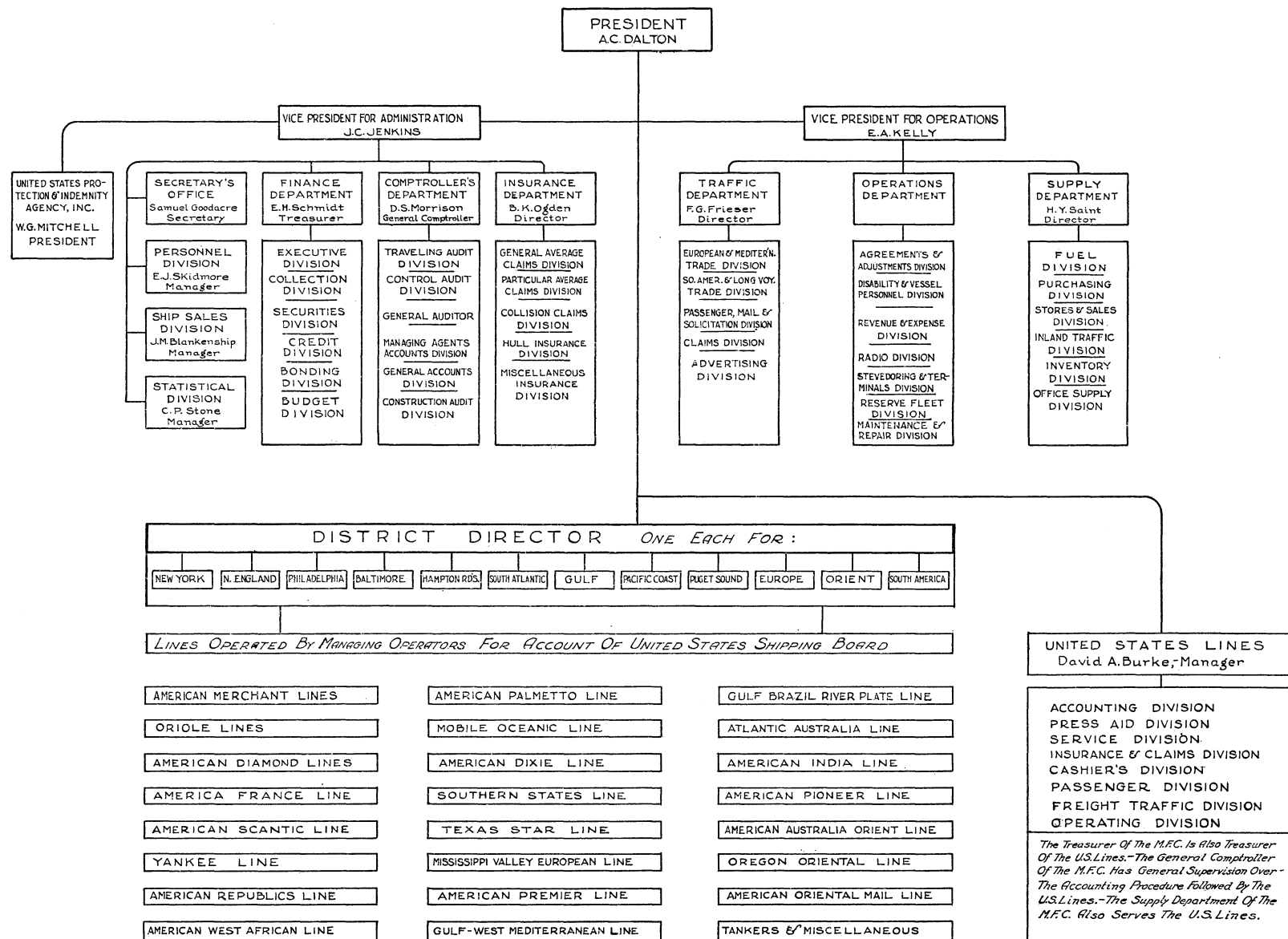
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UNITED STATES SHIPPING BOARD  
MERCHANT FLEET CORPORATION

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# ORGANIZATION CHART UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION, As Of June 30, 1927.



## MERCHANT FLEET CORPORATION

By an act approved February 11, 1927, Congress changed the name of the United States Shipping Board Emergency Fleet Corporation to United States Shipping Board Merchant Fleet Corporation.

### ORGANIZATION

Following the practice prevailing in private business, the Merchant Fleet Corporation has continued during the past year to be organized under the administrative authority of a single chief executive, who reports to the Shipping Board as to a board of directors.<sup>1</sup> Late in the fiscal year there was, however, an important rearrangement of the organization falling under the president, based on a recognition of what might be called the dual aspect of the corporation's administration.

The responsibilities of the Merchant Fleet Corporation are not comparable with those of any other of the world's steamship corporations. Many of its problems are quite beyond the range of ordinary steamship operation. They include various practical business problems similar to ones which might arise in connection with any other unusually large governmental or business institution. The Merchant Fleet Corporation, for instance, runs a great marine insurance business to insure its own vessels and a protection and indemnity insurance company to cover claims for personal injury or damage to cargo. It maintains a large ship sales department and a department dealing with the larger problems of liquidation. Of the many lines of vessels for which it is responsible, it operates all but one, the United States Lines, by contract with 19 different steamship companies, whose management it must carefully supervise. The legal, accounting, and financial problems of the Merchant Fleet Corporation are consequently much larger and very different from those of any other steamship corporation. The corporation must so operate the active fleet of vessels as to serve the needs of American commerce and to carry out the policies of the Shipping Board, which is responsible to Congress for that part of the American merchant marine maintained by the Government.

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<sup>1</sup> In form the Shipping Board governs the Merchant Fleet Corporation through a board of trustees made up of seven officers of the corporation.

Following the established practice of large business corporations comparable with the Merchant Fleet Corporation, it was decided in the spring of 1927 to separate the immediate control of all fiscal, financial, personnel, and general administrative activities, from those pertaining to technical ship operation. Effective May, the organization of the Merchant Fleet Corporation was divided into two major groups, one to be placed under a vice president for administration and the other under a vice president for operations. Under the vice president for administration there were placed the finance department, the general comptroller's department, the insurance department, the secretary's office, and the divisions of personnel, ship sales, and statistics, these last three divisions falling technically in what is known as the executive department. The new organization provided for no legal department because of a special arrangement to be noted in the next paragraph. Under the vice president for operations there were concentrated all those departments having to do with physical operation. These included the departments of traffic, operations, and supply, the operations department including maintenance and repair, stevedoring, and terminals, and the operation and care of both the active and reserve fleets.

With but few exceptions the departmental and divisional organization of the Merchant Fleet Corporation at the end of the fiscal year was similar to that at the beginning. The more important of the changes which occurred were as follows: The legal department of the corporation was separated from the corporation and placed under the Shipping Board. The legal work of the corporation is now handled by persons attached to the staff of the Shipping Board Bureau of Law, but assigned to Merchant Fleet Corporation work. The department of ship sales, later known as the fleet control department, was discontinued, and duties and responsibilities of this department, including the care of the reserve fleet and other physical property, were transferred to the operations department. The responsibilities connected with ship sales have remained vested in a division of ship sales, which now reports directly to the vice president for administration. The purchase and supply division of the operations department was reorganized and a separate supply department created. This change in the supply organization has resulted in establishing a more complete and centralized control over all Merchant Fleet Corporation expenditures for supplies, thus preventing unwarranted outlays, facilitating the obtaining of minimum prices through collective buying, and assuring uniform and good quality of food, material, and equipment.

In addition to the central office force located mainly in Washington, the Merchant Fleet Corporation has small field organizations in each

of 12 districts. Certain of the home office departments also have representatives in some of the field districts. All the employees in a district are administratively under the district director, who himself is directly responsible to the president.

With respect to the European district it may be noted that on October 1, 1926, the continental subdistrict was divided, making a northern district, with headquarters at Hamburg, and a central continental district, with headquarters at Antwerp. On February 1, 1927, a district office was established at Barcelona to cover the Mediterranean, Portuguese, and Spanish Atlantic ports; and on April 1, 1927, at Copenhagen, to supervise the Baltic and Scandinavian countries. The headquarters of the European division have remained at London.

At the close of the fiscal year the United States Lines occupied a semi-independent position in the organization, under the direct authority and supervision of the president, aided by the two vice presidents. Only in the case of the purchase of supplies was operating responsibility vested in a home office department. The treasurer of the United States Shipping Board and Merchant Fleet Corporation is also treasurer of the United States Lines, while the general comptroller of the Merchant Fleet Corporation has general supervision over the accounting activities of the United States Lines.

The organization chart shows the 23 lines of vessels other than the United States Lines which, on June 30, 1927, were being operated by managing operators subject to the supervision of the Merchant Fleet Corporation. The Merchant Fleet Corporation exercises control of all expenditures incurred, and oversight over the services rendered by these lines. On June 30, 1927, the Merchant Fleet Corporation was responsible, directly or indirectly, for the operation of 307 vessels, making it by a considerable margin the world's most important shipping corporation.

The officers of the corporation during the course of the fiscal year have been as follows:

President: E. E. Crowley, succeeded July 8, 1926, by A. C. Dalton.

Vice presidents: During the first part of the year G. K. Nichols, succeeded July 19, 1926, by J. Harry Philbin, who resigned, effective April 20, 1927; beginning May 1, 1927, J. Caldwell Jenkins, vice president for administration, and E. A. Kelly, vice president for operations.

Treasurer: E. H. Schmidt.

General comptroller: D. S. Morrison.

Secretary: R. H. Morrill, succeeded July 26, 1926, by Samuel Goodacre.

General counsel: Chauncey G. Parker.

Director of operations: Beginning July 16, 1926, J. A. Wilson, succeeded April 19, 1927, by E. A. Kelly. Office not filled since succession of E. A. Kelly to vice presidency, May 1, 1927.

Director of traffic: F. G. Frieser.

Director of supplies: H. Y. Saint.

Director of insurance: B. K. Ogden.

Trustees: E. E. Crowley, July 1-8, 1926; G. K. Nichols, July 1-15, 1926; Chauncey G. Parker, July 1-27, 1926; J. Harry Philbin, July 1, 1926-April 20, 1927; E. H. Schmidt and D. S. Morrison, July 1, 1926-June 30, 1927; A. C. Dalton, July 8, 1926-June 30, 1927; J. A. Wilson July 27, 1926-April 21, 1927; F. G. Frieser and H. Y. Saint, July 28, 1926-June 30, 1927; E. A. Kelly, April 21-June 30, 1927; J. Caldwell Jenkins, April 27-June 30, 1927.

### RÉSUMÉ OF THE YEAR'S MAIN ACCOMPLISHMENTS

#### Ship Sales.

As in past years the Merchant Fleet Corporation through its ship sales division has continued to negotiate the sale of tonnage in the manner prescribed by the Shipping Board pursuant to the merchant marine act.

Sales for the fiscal year ended June 30, 1927, totaled 33 cargo vessels of 203,495 dead-weight tons, 18 tankers of 143,055 dead-weight tons, and 1 harbor tug. A further reduction in the fleet was accomplished by the transfer of one cargo ship of 4,261 dead-weight tons and a harbor tug to other departments. Two cargo vessels with a total dead weight of 18,231 tons were lost at sea. One cargo vessel, the *American Star*, 7,564 dead-weight tons, on which the board held a preferred mortgage and which had been in litigation for several years, was purchased at judicial sale for \$86,000. At the end of the fiscal year 1927 the Shipping Board fleet consisted of 822 vessels<sup>2</sup> of 6,482,868 dead-weight tons and 70 auxiliary craft with an appraised value of \$128,066,977. The auxiliary craft consist of lighters, launches, motor sailers, and barges used in connection with the fleet.

No trade routes were sold during the year, but two cargo vessels were sold to augment the service on routes previously sold.

A flurry in the oil market in the fall of 1926 created a demand for tankers, and all of this type which could be released without handicapping the operations of the fleet were, with one exception, sold.

During the year, in order to make vessels in lay-up requiring repairs as attractive to prospective buyers as those in operation, the Shipping Board modified its terms to provide for a 10 per cent cash payment on vessels sold out of lay-up as against the standard terms

<sup>2</sup> This figure does not include the *Kosciuszko*, a steel cargo ship of 7,371 tons held in custody by the reserve fleet.

of 25 per cent cash. The modification did not extend to vessels of a special type and class such as the lake-built ships.

A schedule showing the various classes of tonnage sold and the conditions under which the sales were made during the fiscal year is submitted as Table I of the appendix of this report.

#### **Extent of Vessel Operation.**

Notwithstanding the active efforts made by the corporation for several years past to sell its vessels—including the naming of merely nominal prices where the purchasers will agree to take over and operate one of the Shipping Board's lines—private shipping interests have not as yet been willing to undertake the purchase and operation of more than a few of the foreign services. The main responsibility of the Merchant Fleet Corporation during the past year as during the years immediately preceding has continued, therefore, to be the maintenance of those foreign-trade services which experience has shown to be requisite for the development of American commerce, but which private American interests have not as yet supplied.

The number of lines maintained by the corporation has during the past year undergone no change, except that, in further continuation of the policy of consolidation, lines have in two instances been consolidated, and in one other instance been brought under a single operator. The established lines have rendered a materially better service and financially have shown better results than at any time since 1921. Whereas on June 30, 1926, the Merchant Fleet Corporation had in its active service 236<sup>3</sup> cargo or passenger vessels, on June 30, 1927, the number was 273. As compared to 1,025 voyages terminating in the fiscal year 1926—not counting voyages on lines which have since been sold—there were in the fiscal year 1927, 1,282 terminations. As against 7,691,015 cargo tons carried by these lines in 1926, there were carried in 1927, 9,841,476 cargo tons. Not making allowance as above for lines sold, the number of terminations is still found to have increased from 1,123 in 1926 to 1,290 in 1927, and the number of cargo tons carried from 8,660,364 in 1926 to 9,935,782 in 1927.

#### **Special Grain and Cotton Movement.**

From the point of view of services rendered the most outstanding achievement of the fiscal year just closed was the emergency aid rendered to American shippers during the British coal strike. Foreign ships which under ordinary circumstances would have carried American grain and cotton to Europe were drawn into the coal trade in such numbers that there was not a sufficient supply of vessels to transport American crops. In this emergency the Merchant Fleet Corporation broke out of lay-up nearly 100 vessels, put them in oper-

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<sup>3</sup> These figures do not include tankers, tugs, or spot vessels in the hands of operators.



ating condition at an expense of more than two and a half million dollars and thus not only prevented a serious impairment of America's foreign markets, but also prevented the freight rates on these commodities from undergoing an inordinate increase. Estimates as to the benefits to American grain and cotton farmers in crop values saved have commonly run into hundreds of millions of dollars. It is gratifying to report that this action found universal commendation throughout the country.

#### Reduction in Operating Costs.

Notwithstanding an increase over the preceding fiscal year of 19 per cent in total voyages terminated and 22 per cent in cargo tons carried—25 and 28 per cent respectively if one includes only those lines which have not been sold—and notwithstanding the unusual expenses incurred in rendering the emergency service during the coal strike, the net cost to the Government of operating the fleet has been reduced. In previous annual reports it has been recorded that the operating losses of what is now the Merchant Fleet Corporation were in 1924, \$41,000,000. In 1925 these were reduced to \$30,000,000, and in 1926 to some \$19,000,000. In the years named the reduction in losses was in part due to savings incident to the sale of passenger and cargo lines. In 1927, as already noted, there was a material increase rather than a decrease in the number of vessels actively operated. But notwithstanding this greater service operating losses were further reduced to less than \$16,000,000.

#### Operating Profit of United States Lines.

It is very gratifying to report in this connection that the United States Lines now show for the first time in their history an operating profit instead of an operating loss. The United States Lines include the *Leviathan*, *George Washington*, *Republic*, *President Harding*, and *President Roosevelt* (with the *America* for the time not in commission), and are the only vessels operated directly by the Merchant Fleet Corporation rather than through managing operators. They are the only fast passenger vessels owned by the United States Shipping Board. Heretofore this line has operated at a loss, which in 1926 was \$962,000.<sup>4</sup> In 1927 this was turned into a profit of \$371,000, a gain over the preceding year of \$1,333,000. The 1927 profit would probably have been larger had not the *America* been out of commission the entire year pending the completion of reconditioning made necessary by a fire. Excluding the *America* from the 1926 as well as the 1927 figures, the loss on the balance of the vessels of the United States Lines in 1926 was \$645,000,

<sup>4</sup> The loss of the United States Lines during 1926 is given in the Tenth Annual Report as different from and larger than the above figure because of the inclusion of certain charges which for purposes of this comparison should be excluded.

and the gain of 1927 over 1926 in operating results for identical vessels was \$1,016,085. The above figures take account of all operating and repair costs, costs of betterment and lay up, all overhead costs of the United States Lines, and a proper share of the administrative expense of the Merchant Fleet Corporation, but do not include interest or depreciation.

#### **Cost of Maintaining Cargo Services.**

On freighters and combined passenger and cargo vessels, the losses, notwithstanding 15 per cent more voyages by vessels of these classes, were reduced from \$19,386,000 to \$18,290,000, a gain of \$1,096,000. Included in the 1927 loss, moreover, was more than \$2,500,000 of extra expense incurred in the breaking out from lay-up of the nearly 100 vessels utilized in the special grain and cotton movement. These vessels are now held at a sales price \$1,900,000 greater than before the repairs incidental to breaking out were made. No deduction has, however, been made for this improvement in vessel condition in figuring 1927 operating costs. The cost to the Government per cargo ton carried by cargo ships has been reduced from \$2.12 per ton in the fiscal year 1926 to \$1.48 per ton in the fiscal year 1927.

In 1926 there was an operating profit on tankers and tugs of \$393,000. In 1927 this was increased to \$809,000, a gain of \$416,000.

Miscellaneous income, derived largely from the operation of Army bases, interest, and fuel sales, increased from \$899,000 in 1926 to \$1,286,000 in 1927, a gain of \$387,000.

### **UNDERLYING CAUSES OF REDUCED COSTS**

#### **Improvement in World Shipping Situation.**

A part of the more favorable financial showing detailed in the preceding paragraphs was due to a somewhat more favorable world shipping situation. Shortly after the war the reentry into merchant services of vessels which had been in military service or idle, coming simultaneously with the completion and release of the enormous war-built American fleet—these events combined with a marked slump in international shipments—caused freight rates to drop so low that no important fleet of vessels operating in the foreign trade, whether publicly or privately owned, American or foreign, could be operated at a profit. American vessels in the foreign trade, with their comparatively high costs and lack of established position, inevitably suffered large losses. These unfavorable conditions could not be quickly improved.

During the fiscal year just closed there was, however, a turn for the better. The beginning of the year was marked by a rapid increase in the demand for ocean space and a shortage of ocean tonnage which became acute at times. Rates, particularly in the chartering

market, rose rapidly, the situation in a measure being reminiscent of conditions as they existed during the World War. The cause lay primarily in the British coal strike which began in the spring of 1926 and did not terminate until late that year. From a level of approximately \$3 per ton in July the rate on coal from North Atlantic to United Kingdom ports rose to as high as \$9 and \$10 per ton in November. The world's markets became largely dependent upon America for their coal supply and tramp tonnage the world over became concentrated to an unusual degree in the North Atlantic.

Other factors contributed to the demand for ocean space. Principal among these were the economic revival of the European continental nations, particularly Germany, and America's large wheat and cotton crops, for which there was from the very beginning an urgent demand. Cotton, particularly, was in large supply, the American crop reaching a total of approximately 18,000,000 bales, by far the largest on record.

The Shipping Board, not having to any extent entered the charter market and not being in the business of operating tramps, did not participate directly in the larger profits occasioned by the coal strike. Having in view the welfare of American shippers it strove to stabilize and keep moderate the rates charged for its own and other line services rather than to reap a special profit. Nevertheless the general shipping situation was conducive to the more complete filling of the Merchant Fleet Corporation's regular line vessels, and there was some tendency toward higher rates.

#### **Increased Patronage of American Flag Ships.**

Each year the lines of the Merchant Fleet Corporation find their task made somewhat easier by the better established position which American flag ships are now coming to hold. Built as a war measure, shippers could not but at first regard the Shipping Board vessels as an experiment, and the service which they rendered as possibly temporary and at best uncertain. For a number of years now these lines have, however, been operated steadily and dependably either by the Merchant Fleet Corporation or by private owners to whom certain of them have been sold. While the ownership of the lines is gradually being changed, the lines themselves are now sufficiently stable and permanent to command the respect and win the patronage of shippers at home and abroad. The American public in particular is learning to have faith in and patronize its own shipping. This has been particularly noticeable during the past year in the case of the United States Lines, which have gained rapidly in popularity, and is a major reason for the fine gain which has been made. But it applies also in greater or less degree to almost all the lines.

### Improvements in Efficiency Traceable to Operating Policies Established in Past Years.

Much of the gain of the last year has been the fruition of the labors of successive administrations of the United States Shipping Board and United States Shipping Board Merchant Fleet Corporation. As soon as it became apparent that in the absence of direct aids to shipping the sale of Shipping Board vessels to private owners must necessarily go forward slowly, the Merchant Fleet Corporation proceeded to consolidate its many separate and sometimes competitive services into some 20 or 25 relatively strong and well-rounded-out operating units. This process of consolidation had been practically completed previous to the beginning of the fiscal year just closed. But the gains from the policy are still accumulating.

In 1924 the agreement by which private shipping companies operate as agents all but one of the Shipping Board's lines was radically modified so as to stimulate the operators to obtain cargoes. What became known as the operating agreement, 1924, has been very effective in building up cargoes, particularly on outward-bound vessels.

In the case of the United States Lines another important source of profit has been the conversion of the steamships *President Harding* and *President Roosevelt* to cabin type. This was effected the preceding year but could only show in the increased revenues for the fiscal year just closed.

### Operating Policies Emphasized During 1927.

The chief objective of the Merchant Fleet Corporation during the past year and at the present time has been and is to effect yet further reductions in cost and improvements in operating efficiency, as well as to increase the volume of cargo and passenger traffic carried. The president of the corporation has made a very close, personal study, not only of the expenses of the corporation proper, but of the voyage reports received from managing operators. Aided by the other officers and employees of the corporation, he has sought to eradicate every form of waste or misdirected effort. This personal attention and the constant pressure of the home and field offices upon operators and ships' officers has already resulted in some signal operating economies and should in the months to come be yet more fruitful.

## PRINCIPAL EVENTS OF THE YEAR IN OPERATIONS AND SUPPLY

### Fuel Conservation.

The largest single item of expense in vessel operation is fuel, the cost of which averages about 25 per cent of the total voyage expense.

The fuel conservation program of the corporation has been described at length in the annual report for the fiscal year ended June 30, 1925. As in 1925 and 1926, for each of the two six months periods constituting the last fiscal year there were issued honor rolls containing the names of those vessels showing the best records in fuel economy. The inclusion of a vessel on the honor roll entitles the chief engineer and master to a bonus of \$50 each. There have also been issued honorable mention rolls containing the names of those vessels which fell only slightly short of those included in the first list. For the first half of the fiscal year and the preceding six months a comparison has been completed of the fuel performance records of the 299 vessels for which complete records were available. This showed not only a continuation of the excellent savings made in previous years, but also indicated a further saving in oil consumption of \$233,250, and coal consumption of \$50,343, or in all \$283,593. This was the gain made in six months.

#### Centralized Purchasing.

The cost of fuel is affected not only by the amount used but by the price at which it is purchased. The following tabulation shows the quantity and cost of bunker fuel oil purchased under contracts and on the market by ports for the fiscal year ended June 30, 1927, with a comparison of contract prices as of June 30, 1926, and June 30, 1927:

Port	Number deliveries	Quantity	Cost	Contract price as of—	
				June 30, 1926	June 30, 1927
DOMESTIC		<i>Barrels</i>		<i>Per bbl.</i>	<i>Per bbl.</i>
Total.....	1,606	9,833,203	\$14,936,855.68		
Boston.....	58	101,842	190,865.77	\$1.75	\$1.70
New York:					
United States Lines.....	149	1,390,303	2,460,836.31	1.75	1.65
Other.....	299	1,351,600	2,400,002.87	1.75	1.65
Philadelphia.....	103	549,065	928,147.38	(1)	1.65
Baltimore.....	43	168,099	281,799.98	1.75	(1)
Charleston.....	46	240,070	404,774.45	(1)	1.60
Norfolk <sup>1</sup> .....	28	80,844	159,282.58	(1)	(1)
Savannah.....	24	90,757	153,872.89	(1)	(1)
Jacksonville.....	22	82,100	139,029.24	(1)	(1)
Tampa.....	5	25,289	39,197.95	1.55	(1)
New Orleans.....	300	1,933,532	2,847,451.20	1.50	1.45
Port Arthur.....	22	84,423	113,971.05	1.35	(1)
Houston.....	49	306,893	444,482.39	1.45	1.45
Galveston.....	157	1,755,304	2,534,033.70	1.44	1.45
Beaumont.....	30	181,327	254,791.72	-----	1.35
Baytown.....	14	22,263	30,054.52	-----	1.35
San Francisco.....	65	235,080	213,342.11	1.04	.82
San Pedro.....	125	947,893	816,446.87	1.04	.805
Miscellaneous.....	67	285,910	523,272.70	(1)	(1)

<sup>1</sup> Open market.

<sup>2</sup> See Craney Island in the following table or additional deliveries at Norfolk.

Port	Number deliveries	Quantity	Cost	Contract price as of—	
				June 30, 1926	June 30, 1927
FOREIGN					
Total .....	340	<i>Barrels</i> 1, 131, 375	\$2, 575, 089. 77	<i>Per bbl.</i>	<i>Per bbl.</i>
United Kingdom .....	83	472, 270	1, 115, 360. 81	<i>Per ton</i> <i>s. d.</i> 65 62 6	<i>Per ton</i> <i>s. d.</i> 69 6 67 6
(Leviathan only) .....					
Continental ports .....	60	194, 348	432, 424. 32	<i>Per bbl.</i> \$2. 15	65
Copenhagen .....	26	82, 681	200, 647. 43	<i>Per ton</i> <i>s. d.</i> 66 64	72 6 62 6
Las Palmas .....	12	46, 246	106, 698. 75	59	65 6
Aden .....	4	4, 666	10, 871. 78	63 6	(1)
Almeria .....	19	29, 503	74, 193. 10	64	65 6
Dakar .....	19	10, 997	27, 272. 06	64	70
St. Vincent .....	18	90, 408	198, 985. 47	\$14. 00	\$15. 25
Port Said .....					
South America .....	40	86, 260	183, 572. 09	<i>Per bbl.</i> (1)	<i>Per bbl.</i> \$2. 15
Tampico .....	14	69, 103	99, 902. 71	\$1. 36	(1)
Miscellaneous .....	45	44, 893	125, 161. 25	(1)	(1)
Grand total .....	1, 946	10, 964, 578	17, 511, 945. 45		

<sup>1</sup> Open market.

The following tabulation shows the quantity and issue value of bunker fuel oil issued from owned or leased storage stations during the fiscal year ended June 30, 1927, with a comparison of issue prices as of June 30, 1926, and June 30, 1927:

Station	Number deliveries	Quantity	Value	Issue price as of—	
				June 30, 1926	June 30, 1927
DOMESTIC					
Total.....	382	<i>Barrels</i> 1, 990, 123	\$2, 861, 111. 03	<i>Per bbl.</i>	<i>Per bbl.</i>
Craney Island.....	147	826, 358	1, 258, 788. 80	\$1. 65	\$1. 65
Mobile.....	120	628, 396	1, 009, 273. 20	1. 60	1. 60
Portland.....	56	254, 573	281, 642. 28	1. 20	1. 05
Seattle.....	59	280, 796	311, 406. 75	1. 20	1. 05
FOREIGN					
Total.....	317	1, 139, 450	1, 605, 628. 89	-----	-----
Balboa.....	50	193, 871	257, 952. 92	1. 50	1. 25
(Diesel oil).....				-----	1. 45
Bermuda.....	17	14, 757	31, 727. 55	2. 15	2. 15
Cristobal.....	18	55, 655	87, 679. 70	1. 50	1. 25
Honolulu.....	70	436, 901	522, 918. 43	1. 30	1. 15
Manila.....	111	344, 696	526, 061. 77	1. 75	1. 55
Ponta Delgada.....	6	10, 633	23, 392. 60	2. 20	2. 20
St. Thomas.....	28	50, 815	91, 467. 36	1. 80	1. 60
Yokohama.....	17	32, 122	64, 428. 56	2. 03	1. 65
Grand total.....	699	3, 129, 573	4, 466, 739. 92	-----	-----

The following tabulation shows the quantity and cost of bunker coal purchased under contracts and on the market by ports for the fiscal year ended June 30, 1927, with a comparison of contract prices as of June 30, 1926, and June 30, 1927:

Port	Number deliv- eries	Quantity	Cost	Contract price as of—	
				June 30, 1926	June 30, 1927
DOMESTIC		Tons		Per ton	Per ton
Total.....	277	224,701	\$1,339,349.91		
New York:					
United States Lines.....	13	34,210	215,523.00	(1)	<sup>2</sup> \$6.39
Other.....	112	91,690	577,663.80	(1)	<sup>2</sup> 6.04
Philadelphia.....	8	5,674	26,674.62	(1)	(1)
Baltimore.....	27	6,603	36,617.53	(1)	(1)
Norfolk.....	101	82,587	459,278.42	(1)	(1)
Charleston.....	6	2,118	11,324.47	(1)	(1)
Savannah.....	3	346	2,407.00	(1)	(1)
Jacksonville.....	1	100	900.00	(1)	(1)
Miscellaneous.....	6	1,373	8,961.07	(1)	(1)
FOREIGN					
Total.....	82	77,670	395,506.62		
Bremen.....	10	33,528	218,523.87	S. d. <sup>1</sup> 23 8	<sup>2</sup> 24
Glasgow.....	9	8,799	38,723.68	<sup>1</sup> 17	<sup>2</sup> 17
Miscellaneous.....	63	35,343	138,259.07	(1)	(1)
Grand total.....	359	302,371	1,734,856.53		

<sup>1</sup> Open market.<sup>2</sup> T. I. B.<sup>3</sup> F. O. B.

Altogether, the Merchant Fleet Corporation purchased during the fiscal year ended June 30, 1927, 14,094,151 barrels of fuel oil at a cost of \$21,978,685.37, and 302,371 tons of coal at a cost of \$1,734,856.53, a grand total for all fuel of \$23,713,541.90. The fuel-oil cost for the year averaged \$1.559 a barrel, as against \$1.599 a barrel for the fiscal year ended June 30, 1926. The cost of coal averaged \$5.737 a ton, as compared with \$5.37 a ton for the year ended June 30, 1926. The increased cost per ton of bunker coal in 1927 over 1926 was due to mine labor conditions in the United Kingdom. The decrease in the average cost per barrel of fuel oil in 1927 was not due to general market conditions, for the price of fuel oil, unlike that of crude oil, remained up; but was largely due to an increased quantity of fuel oil handled through the Merchant Fleet Corporation's bunkering stations.

There was during the year no material change in the method of purchasing bunker fuel. As in previous years all purchases of bunker fuel have been centrally made.

There has, however, been a very important change in the method of purchasing other supplies and equipment. During the latter part of the fiscal year the system of centralized purchasing was extended so as to include, so far as possible, the purchase of all those supplies which heretofore have been purchased by managing operators. Also the purchase of supplies for the United States Lines was transferred

from the jurisdiction of the Lines to that of the supply department of the Merchant Fleet Corporation proper. During the next fiscal year practically all commodities will be purchased by the supply department.

Purchases already made on contracts negotiated by the home office, under the new plan of centralized procurement, for lubricating oils, paints, packing, manila rope, and fire brick had amounted by the close of the fiscal year to \$1,400,000, on which there had been a saving of approximately \$550,000, compared with the cost of these commodities at current wholesale market prices. The total value of purchases made by Fleet Corporation offices, exclusive of bunker fuel and office supplies and equipment, was approximately \$4,750,000, of which \$2,000,000 was for the account of the United States Lines.

In addition to the monetary savings, the new plan of centralized purchasing has assured commodities of uniform and good quality. The extension of the centralized purchasing to cover all commodities required for Shipping Board vessels has included among other things the extension of the inspection of subsistence items by inspectors of the various bureaus of the United States Department of Agriculture. This inspection, together with the specifications under which these items are purchased, assures passengers, officers, and crews of vessels the best quality at reasonable prices.

A large number of materials specifications have been revised by the materials section of the maintenance and repair division of the operations department to bring them in accordance with current practice, and 10 new specifications have been issued. Data are being collected for specifications for various other classes of materials to be purchased by the supply department, such as deck and engine stores, cleaning materials, galley gear, etc. The necessity for quick reports of analysis led to the reopening of the laboratory attached to this section, and a large volume of work was handled through its operations expeditiously and at low cost.

The Hoboken warehouse, where stocks of material and machinery are largely concentrated for distribution to all the districts in the United States, and at times to foreign districts, was rearranged during the year so as to place it in the best condition for the care and the more efficient receipt and shipment of stock.

The Merchant Fleet Corporation has followed a policy of liquidating and reducing the stocks of materials on hand at various storehouses by the sale of all surplus, obsolete, and scrap supplies and equipment. This policy resulted in sales during the year of approximately \$230,000, in which amount is included materials transferred to other departments at a value of \$55,000. However, supplies on hand at the end of the year showed an increase, due to a periodical stocking up of propulsion-equipment parts and passenger-vessel



supplies and stripping of vessels which had been placed in temporary service.

#### **Selection of Ports for Bunkering.**

Important economies have been effected during the past year through a more careful study of the relative advantages of bunkering at various ports. It was found that in too many cases fuel was being purchased abroad when it could have been obtained more economically and often more conveniently at home. Other cases were noted where very low-paying cargo was carried at the sacrifice of fuel, the cost of replenishment of the fuel abroad being greater than the revenue derived from the cargo carried in its stead.

At present in advance of each voyage a tentative bunker schedule is submitted by the managing operator covering the proposed voyage. Each schedule is then carefully examined and checked by the Department of Operations of the Fleet Corporation before the commencement of the voyage and changes ordered where necessary in the interest of economy or expediency. Again, upon the completion of the voyage the performance of the vessel is reviewed and compared with the proposed bunker schedule. Explanations are required in cases where unnecessary departures have been made from the proposed schedule.

#### **Food Control.**

In September, 1926, the United States Lines installed a food-control system to reduce loss and waste. This contemplated no reduction in the quantity and quality of food actually furnished the passengers, but had for its primary object a reduction of expense due to spoilage from overstocking and preparation of excess quantities. With the food requirements per head per day worked out and knowledge as to the number of persons on board, the stewards and chefs are now enabled to determine and check the necessary quantity of raw food to be prepared with reasonable accuracy. The savings effected by this system have amounted to many thousands of dollars. Notwithstanding this reduction in cost, the food service has received more commendation and less criticism than at any time prior to this period.

With the cancellation in 1925 of the corporation's orders providing maximums for crew and passenger subsistence on cargo vessels and tankers, it was noted that subsistence costs were increasing out of all reason consistent with market conditions or proper subsistence of the crews. With a view to reducing these costs the managing operators were instructed in November, 1926, that the per man per day cost must not exceed 60 cents without a full explanation. It soon became evident from analysis of the revenue and expense reports that these instructions did not have the desired effect, as a number of the operators were still incurring subsistence expenses in excess of

60 cents. On June 6, 1927, orders were issued holding managing operators strictly to account for proper subsistence of crews at a cost which should under no circumstances exceed 60 cents. It was further ordered that the operators should be charged with any difference in excess of the maximum fixed.

#### **Stevedoring Costs.**

Next to fuel, the most important items in ship operating expense are stevedoring, and the wages of ship's crews. For the fiscal year 1927 the Merchant Fleet Corporation's stevedoring bill was \$13,768,000. Some progress has been made during the past year in reducing stevedoring costs, particularly in European ports, where effective supervision of contracts has been particularly difficult. During the past year closer supervision has been established under the European district's representatives, and in most places the situation is now well in hand.

In reducing stevedoring costs in European ports the introduction of inclusive rate contracts has been an important factor. At London, on the five passenger and freight vessels of the American Merchant Line, berthed at Surry Commercial, there has been a saving of 1¼ per cent. At Liverpool there will be a saving in stevedoring cost of \$10,000 per annum, and \$5,000 in the cost of terminal facilities for the first year, \$10,000 for the second year, and \$15,000 for the third year if the contract is carried out in its entirety. At Manchester there will be an approximate annual saving of \$2,500.

All French ports except Marseilles are now operated under inclusive rate contracts, this plan having been introduced prior to the year just closed. Unfavorable conditions have made it inadvisable to change the situation at Marseilles for the present. A semi-inclusive rate contract effected for Antwerp in 1924 will be surveyed with a view to its improvement as early as possible. A semi-inclusive rate contract effected for Hamburg April 1, 1927, has brought considerable savings, which will be approximately 10 per cent.

An early survey is planned of conditions at Rotterdam, and it is the intention to enter into a new contract at Bremen similar to that at Hamburg. Negotiations are under way for further reduction of operation costs at Finnish and Swedish ports. Stevedoring and operating conditions in Spain and Portugal have been, generally speaking, very unsatisfactory. New semi-inclusive contracts have, however, now been effected at the following ports: Algeciras, Alicante, Barcelona, Cadiz, Seville, Tarragona, Valencia, Lisbon, and Oporto. In general the savings in these ports will run from about 20 to about 50 per cent. There has been no change as yet in the situation at Italian ports.

Experience having shown that, in general, materially lower stevedoring costs can be secured where contracts are in effect than under

the "overall" system, the Merchant Fleet Corporation is now arranging for bids on the stevedoring of certain lines at domestic ports with a view to later extending the system.

In the meantime some savings have been effected at domestic ports through closer supervision. At Boston the position of stevedoring inspector has been reestablished, and, with the aid of the operations department, savings have been effected amounting to \$6,235. This money would have been paid out with the approval of managing operators and agents had it not been for the supervision of port activities resulting in the disallowances. The Norfolk office estimates the reduction in stevedoring costs at that port as \$14,026.

The stevedoring labor situation has been satisfactory in domestic ports and wage agreements have been entered into on a favorable basis. In foreign ports, a strike in Manila, of short duration, was settled with no appreciable difficulties attendant upon Shipping Board vessels. Some reduction in the cost of cargo handling was made in foreign ports because of a lowering of the index figure of wages to parallel a reduction in the index for the cost of living.

#### **Shortening of Vessel Turn Around.**

The most effective single way of reducing operating costs, particularly those for wages and crews' subsistence, should be through reducing the number of days required to complete a voyage. A slight gain in this respect has been made during the year. Taking all cargo lines, the average turn around for voyages ending during the fiscal year 1926 was 88 days, the voyages averaging 10,857 miles. In 1927 the average turn around was 86 days, the voyages averaging 10,968 miles. There remains a large possibility for reduction in costs along this line. By analysis of voyage results it has been found in many instances that losses have been largely contributed to by delays in port. The operations department of the corporation is now giving this feature exhaustive study. A speeding up of turn arounds should also make possible the performance of the same service with a lesser number of ships.

#### **Repair and Betterment of Active Fleet.**

By a general order issued September 1, 1926, the maintenance and repair division of the operating department was given joint responsibility with the managing operators for—

- (1) Determining in the first instance the necessity for work.
- (2) Including all possible work in the original contract, thus avoiding "extras."
- (3) Withholding authorization of work that should properly be performed by the crew.
- (4) Seeing that maximum competition is obtained and award is regular.

(5) Making inspections during progress of work, so that both completion certificates and repair bills may be signed by representatives of the maintenance and repair division.

The total expenditures for maintenance incurred in connection with 1,174 voyages terminated by the active cargo fleet during the year were \$3,740,000, or an average of \$3,186 per termination.

The efforts of previous years to keep alterations and betterments to the absolute minimum have been continued and intensified, so that the sums expended for this item during the last fiscal year have been much less than in any year prior thereto. For the 1,174 terminations of the active cargo fleet the total expenditure of this class was \$208,573, or an average of only \$178 per termination.

The above figures, of course, do not include the cost of breaking out of lay-up the nearly 100 vessels required for the special grain and cotton movement. For a relatively brief period of time the repair facilities of the shipyards were taxed to the utmost. In general the repair yards have received much less than a maximum amount of work. This has quickened competition and so tended to lower repair costs.

On March 10, 1926, the steamship *America* of the United States Lines was seriously damaged by a fire occurring while the vessel was being repaired at the plant of the Newport News Shipbuilding & Dry Dock Co., Newport News, Va. This fire resulted in the burning out of a greater part of the passenger spaces and public rooms of the vessel. Specifications were prepared covering the reconditioning of the vessel, and restoration to her condition prior to the fire. Bids were opened under these specifications on February 21, 1927, and the lowest bid was submitted by the Newport News Shipbuilding & Dry Dock Co. A contract was subsequently executed with that company, dated March 9, 1927, in the total amount of \$1,912,335, providing for the completion of the vessel within 260 calendar days from the date of delivery to the contractor. The vessel was delivered to the shipyard on March 14, 1927. The work to be accomplished involves clearing the vessel of fire damage, the replacement of a large amount of damaged steel and wooden structure, and the rebuilding of the greater part of the cabin passenger spaces and public rooms. It will also be necessary to outfit the ship with an entirely new complement of furniture, linens, china, silverware, and other furnishings.

During the winter lay-up of the *Leviathan* the unused galley and pantry of the former Ritz Carlton Restaurant was converted into a children's playroom, three first-class passenger staterooms with a capacity of three each, and one first-class four-passenger suite of

two rooms—or additional first-class accommodations for 13 passengers. The maximum annual revenue that can be derived from these accommodations is approximately \$132,000. The cost of these alterations was approximately \$78,000. The playroom is proving particularly popular, and has been the subject of very favorable comment. Improvements were also made in the tourist third-class staterooms, public rooms, and dining saloon accommodations, that place the *Leviathan* above all other vessels in the North Atlantic service in respect to accommodations and service for this class of ocean travelers.

#### **Care of Reserve Fleet.**

During the year there were an average of 515 ships in lay-up, 204 less than the average for the previous year. Eighty-two ships entered lay-up and 275 were withdrawn, making a total of 357 “in and out” movements. One lay-up point was eliminated. Also the ships at Staten Island, N. Y., were concentrated into two fleets instead of three, and extensive regrouping was accomplished in the James River fleet with a view to reducing the maintenance expense. As far as practicable the ships in all fleets have been grouped in accordance with their classification.

During the past year more vessel surface was preserved due to the employment of a greater portion of the personnel in applying the special oil preservatives for metal work reported upon last year. These preservatives are proving most beneficial in the preservation of the hull and other metal work of ships, particularly those vessels of deferred classification; and their use has made it possible to maintain a larger number of the ships in good condition than would have been possible with the regular scaling and painting processes formerly used.

Since the fall of 1926, when so many vessels were broken out of lay-up, a program has been instituted whereby a number of ships will be held at the reserve fleets in readiness to sail on two or three days' notice, permitting seasonal demands for ships to be met promptly.

The Hog Island property has been generally improved, buildings repaired and painted, and unserviceable structures demolished, and the property as a whole is being cleaned up to present a better appearance to prospective purchasers.

#### **Inspection of Vessels Sold.**

The preferred mortgage that has been taken back by the Shipping Board upon the sale of a large number of vessels, provides that printed notice advising that the vessel is covered by a first preferred mortgage to the United States shall be displayed in the chart room and master's cabin. There is also a provision obligating the mort-

gagor to maintain and preserve the vessel in as good condition, working order, and state of repair, as at the date of the execution of the mortgage, ordinary wear, tear, and depreciation excepted. These requirements affect about 120 vessels. Inspections required by the mortgage have been made as the vessels become available in United States ports.

Under an agreement dated August 18, 1925, 199 vessels, comprised for the greater part of the "Lake" type, were sold to the Ford Motor Co., for the purpose of dismantling and scrapping. The bulk of these vessels were turned over to the Ford Motor Co. after the beginning of the fiscal year just ended. The vessels were drawn from the laid-up fleets in the James River, New York, and Philadelphia. A number of the vessels were scrapped at the River Rouge plant of the Ford Motor Co. Some of the vessels were scrapped by the Norfolk Dry Dock Co., Norfolk, Va., the Sun Shipbuilding & Dry Dock Co., Chester, Pa., and the Federal Shipbuilding Co., Kearney, N. J.

Inspections were made during the progress of the scrapping by the operations department to insure that the work was done in accordance with the terms of the contract. The American Bureau of Shipping made the necessary inspections at the River Rouge plant for the Shipping Board.

#### Terminals.

The Hoboken Terminal, which is the terminus for the United States Lines (except the *Leviathan*), the Munson Steamship Line (South American service), the America France Line, and the American Diamond Lines, is operated directly by the Merchant Fleet Corporation through a staff of annual and per diem employees. The annual dredging has been done by contract. The terminal is generally in good condition. The bulkhead between Piers No. 4 and No. 6, was damaged by fire some years ago and has been weakened by natural weathering. Such reconstruction as was within the capacity of the regular employees has been effected. The terminal reflected a net profit of approximately \$400,000 during the fiscal year. This is somewhat less than the previous year's revenue, partly due to the fact that certain reductions were made in pier rentals to conform to prevailing market conditions.

Reconditioning work at the Boston, Philadelphia, Norfolk, and Charleston terminals has already been noted in the report of the piers and wharves division, Bureau of Operations, United States Shipping Board.

The Shipping Board now has two appropriated berths in London, one at Greenland Basin and one at Surry Commercial Docks Nos. 5 and 9. The appropriated berth at Tilbury was given up, and the American Merchant Line "B" type vessels formerly accommodated

at Tilbury are now berthed at the Surry Commercial Dock No. 9. The cost of the differential between Tilbury and London has been saved and better results assured in the way of an increase in shipments both eastbound and westbound. The "B" type vessels are handled very satisfactorily at the No. 9 Surry Commercial Dock, which is equipped with portable ramps for loading to trucks and with small cranes in rear of shed for handling cargo on the quay. Equipment for expediting the handling of passengers and baggage has also been provided. Other Shipping Board vessels are berthed at No. 5, which has been found to be very satisfactory for lumber ships from the Gulf.

At Liverpool the appropriated berths allocated to the Shipping Board on the north side of Canada, Branch No. 2, were able to accommodate only 50 per cent of the Shipping Board vessels calling at that port. Application made to the harbor board for the allocation of the adjoining berths on the south side of Canada. Branch No. 2 resulted, shortly after the close of the fiscal year, in the allocation being made, and the Shipping Board lines will now be in an excellent position at Liverpool regarding terminal facilities.

#### **Reduced Costs in the Orient.**

A considerable reduction in the cost of maintaining the oriental organization of the Merchant Fleet Corporation has been effected during the fiscal year through a reduction in the number of employees. From \$87,888.06 on June 30, 1926, the pay roll has been reduced to \$73,183.06 on June 30, 1927, a saving of \$14,704.19.

The Merchant Fleet Corporation now has only two engineers in the oriental district, one stationed in Yokohama and the other in Manila. Any repair work requiring technical supervision in the ports without engineers, such as Hong Kong and Shanghai, is covered by the use of engineers attached to agencies of the American Bureau of Shipping, and this has been found to work satisfactorily.

### **PROGRESS ALONG SPECIAL TECHNICAL LINES**

#### **Diesel Conversion Program.**

The fiscal year marked the actual fruition of the Diesel conversion program. Of the 12 vessels to be converted, 7 were completed by the end of the year, 1 was ready for sea trial, 3 were in the shipyards undergoing conversion, and bids for the conversion of the remaining vessel were about to be invited. Prior annual reports have given information as to the equipment and engines under contract for these vessels. Information relative to the actual motor ships, their status, etc., is shown below:

Motor ship	Installation contractor	Date vessel delivered to yard	Date of sea trial	Date of delivery	Amount of installation contracts
Tampa.....	Newport News Shipbuilding & Dry Dock Co.	June 7, 1926	Nov. 8, 1926	Nov. 2, 1926	\$357,750
Unicoi.....	do.	June 21, 1926	Dec. 22, 1926	Dec. 21, 1926	357,750
Savokla.....	do.	Sept. 24, 1926	Mar. 13, 1927	Mar. 15, 1927	385,950
City of Rayville.....	do.	Oct. 18, 1926	Apr. 27, 1927	Apr. 26, 1927	385,950
City of Dalhart.....	do.	Jan. 14, 1927	( <sup>1</sup> )		396,100
Yomachichi.....	do.	Apr. 28, 1927		<sup>2</sup> Oct. 10, 1927	400,000
West Honaker.....	Bethlehem Shipbuilding Corporation, Quincy, Mass.	June 26, 1926	Nov. 29, 1926	Nov. 23, 1926	410,120
West Cusseta.....	do.	July 10, 1926	Jan. 14, 1927	Jan. 8, 1927	410,120
Crown City.....	do.	Aug. 9, 1926	Feb. 19, 1927	Feb. 19, 1927	411,620
West Grama.....	do.	June 12, 1927		<sup>2</sup> Nov. 23, 1927	410,000
Seminole.....	Tietjen & Lang Dry Dock Co., Hoboken, N. J.	Apr. 18, 1927		<sup>2</sup> Sept. 30, 1927	436,260

<sup>1</sup> Sea trial to be held about July 26, 1927.<sup>2</sup> Delivery due.

Continuous 30-day test runs were held on the first engines built at the McIntosh & Seymour plant, Worthington Pump & Machinery Corporation, Busch-Sulzer Bros. Diesel Engine Co., and Hooven, Owens, Rentschler Co. Twenty-four-hour tests were conducted on the one additional engine constructed by Worthington, the three additional engines built by Busch-Sulzer, and the two additional engines of the single-acting type built by McIntosh & Seymour. In addition thereto a 30-day test run was observed on the one double-acting engine built by McIntosh & Seymour as the first of its type. Toward the close of the year the 30-day test was begun on the double acting engine of the M. A. N. type built by the New London Ship & Engine Co. These engines all operated with success on the test and met their contract requirements. It is notable that the seven vessels so far completed have been able to sail on their voyages immediately after the sea trials and it was not necessary to return them to the shipyards for correction of defects or incomplete work. The records established by these vessels in actual service have been uniformly satisfactory. They have approximated or exceeded the designed operating features, particularly speed.

The Dieselized ships are being officered by masters and chief engineers selected for their competency by the operations department. These officers are held responsible for the keeping of accurate records, upon the basis of which the performance of the ships can from time to time be determined.

Toward the end of the fiscal year work was begun on preparing specifications for securing bids on furnishing an additional number of main Diesel engines.

#### Tests with Powdered Coal.

The tests of burning pulverized coal under a Scotch marine boiler, which were started during the preceding fiscal year, have been con-



tinued throughout the year just ended with very promising results. The tests on the type of coal burner that had first been installed were concluded and the burner was removed to the manufacturer's plant for further development work. The burner developed by the Peabody Engineering Co. was then installed and very satisfactory results were secured. Also a ball mill type of pulverizer was installed which gave greater pulverization than the type previously installed.

Results obtained with this equipment at the test plant at Philadelphia are so promising that authority was granted by the Shipping Board to install the equipment on a vessel to be placed in regular service with a view to trying out the equipment in actual sea service. The *Mercer*, built by the Federal Shipbuilding Co., was selected from the Reserve Fleet as the best available vessel for this tryout. The *Mercer* was selected largely because it has 22 sister ships of the Federal type, 12 of which are oil burners and 10 coal burners, and is considered very adaptable to trade uses. With various vessels of this same type using powdered coal, oil, and ordinary coal, reliable and valuable comparisons should be possible.

The alteration and installation of the equipment in the *Mercer* are now under way and it is expected will be completed and the vessel ready for service within a few months.

#### Radio.

Progress was made during the year in the development of the "synchronized radio and submarine signal" method of distance and position finding at sea by utilization of radio and submarine signals sent out simultaneously by light ships. A large number of Merchant Fleet Corporation ships were equipped with apparatus by means of which such synchronized signals are very satisfactorily utilized. Distance and position finding by this method have proved in the several months use to be entirely practical and reliable.

Representatives of the radio division of the operations department collaborated with representatives of other Government departments and with commercial communication companies in the making of preparations for the forthcoming International Radio-telegraph Conference.

Close cooperation with the Weather Bureau of the Department of Agriculture in obtaining meteorological observations from ships at sea was maintained throughout the year and the results of such cooperation were very beneficial to shipping.

A saving of approximately \$100,000 was effected during the year by utilizing naval radio facilities for the transmission of official and business messages.

## TRAFFIC

One of the most important means of reducing the net cost to the Government of maintaining the Shipping Board's merchant fleet services is through increasing voyage revenues. This is also the means by which the fleet will be of the greatest public service. Excluding those lines sold during the last two years, the cargo tons carried in 1927 were 28 per cent in excess of the cargo tons carried in 1926. The gross revenues of these same lines—excluding the revenue of the United States Lines derived from carrying passengers—were 30 per cent greater in 1927 than in 1926. To carry this larger volume of cargo and earn this greater revenue approximately 25 per cent more voyages were required.

Some of the more important phases of the traffic activity of the Merchant Fleet Corporation during the past year will be set forth in the sections which immediately follow.

### The Year in the European and Mediterranean Trades.

Unusually heavy traffic to Germany accounted for approximately 50 per cent of the additional tonnage placed in the services for European ports. This was due particularly to the large movement of grain, flour, cotton, and seasonal products. The exports of cotton handled in the services to Europe amounted to approximately 3,500,000 bales, or about 50 per cent of the total movement of the season. Of this nearly one-third went to Germany.

Exports to the United Kingdom, with the exception of coal, were somewhat restricted due to the economic depression caused by the coal strike. The export cattle movement to the United Kingdom, an important trade with this country years ago and reinaugurated since the war, seems again to have been practically abandoned during the last fiscal year.

Shipping Board services to France, notwithstanding the unsatisfactory financial situation and labor difficulties in French ports, were maintained with improved results. Services to other European countries generally met with an increased demand for space, and the results have been gratifying from the standpoint of the cargoes handled and the revenues derived.

Homeward traffic was generally well maintained, with trade from the European Continent showing some improvement in revenues. The European organization of the corporation has continually directed its attention toward securing west-bound cargoes for vessels which would otherwise be required to take ballast, with the result that the number of ships taking ballast in Europe has been reduced from 263 in the fiscal year 1924 to 130 in the fiscal year 1925 and 90 in the fiscal year 1927.

**South American Trades.**

Freight carryings from North Atlantic and Gulf ports to the east coast of South America have been greater than during the previous year. Keen competition was met from regularly operated foreign lines, many of which operate motor ships, but traffic conditions were generally improved by reason of the absence of the volume of tramp charter tonnage usually employed in this trade. The British coal strike caused a diversion of much of this tonnage to the North Atlantic coal trade, where more lucrative revenues were obtainable. This enabled the lines maintaining regular services to secure a greater volume of traffic at somewhat better rates.

The homeward market from the River Plate was strong and better rates and offerings prevailed. The Brazil market was also good, and revenues were improved through increases secured in the rates on coffee, the principal homeward commodity.

Services from the Gulf previously operated under the trade names "American Delta Line" and "American Dispatch Line" were consolidated for operation under the trade name "Gulf Brazil River Plate Line." The combined service was allocated to the Mississippi Shipping Co. (Inc.), New Orleans, for operation. The American Republics Line was transferred from a New York to a Boston operator and itineraries revised to provide better service.

**Oriental, Indian, Australian, and African Services.**

The oriental services showed a general improvement in traffic and revenues. Additional vessels were placed in operation from the Gulf to the Far East during the cotton season to supply the extraordinary demand for tonnage. The civil disturbances in China and the financial crisis in Japan temporarily affected carryings and revenues adversely, but the Philippine market has held strong throughout.

The American Far East Line, operated between California and oriental ports, was consolidated during the year with the Pacific Australia Line, operated between the Pacific coast ports and Australia and New Zealand. The consolidated line was given the trade name "American Australia Orient Line." A subsequent realignment of the itineraries of these services was made for the benefit of American foreign commerce, and because it promised to give improved voyage results.

The Atlantic Australian Line was allocated during the year to a New York operator for operation jointly with the American India Line, and motor ships were assigned to these services. By virtue of this union of two services under one management, even without formal consolidation, it will be possible, between the "wool seasons" in Australia, for ships jointly to cover both routes, making the return voyage via Indian ports. This should give better service as well as

lower costs. The motor ships have introduced economies of operation that are possible only with vessels of low fuel consumption and long cruising radius. Trade conditions in Australia showed little change over the previous year, while competition remained exceptionally keen. However, by routing the majority of the Australian vessels home via India, the board's participation in the important India homeward trade will be greatly increased. Outward carryings in the India service showed a gratifying improvement.

The West African service continued to show considerably better results than during the previous year in respect to both cargoes and revenues, profits being reported for a number of completed voyages.

#### **Passenger Services.**

The United States Lines continued their operations with the first-class steamers *Leviathan* and *George Washington*, and the cabin steamers *President Harding*, *President Roosevelt*, and *Republic*. The *America*, partially destroyed by fire during the previous year, was not in service, but reconditioning is expected to be completed in time to place her in service during the spring of 1928.

Although deprived of the services of the *America*, which made six voyages during the previous year, the gross revenues of the United States Lines increased from \$16,032,000 in 1926 to \$16,693,000 in 1927. Passenger revenues declined \$185,000, but the increase in cargo revenues was \$584,000 and in mail revenues \$284,000. During the year 1926 the passenger revenue of the *America* was \$1,140,000. It is therefore apparent that the passenger revenue of the five ships now active has increased approximately \$950,000. While this increase was partly due to the five active vessels making 10 more voyages in 1927 than in 1926, a strenuous sales campaign and close supervision over all the general agencies of the Lines was the greater factor.

The increase in cargo revenue was primarily due to increased tonnage both east and west with some slight increase in rates. To a great extent, however, the increase in freight and mail was due to a concerted drive to secure this business.

Arrangements were concluded with the American Legion during the year whereby the *Leviathan* was made the flagship for the Legion pilgrimage to France during the month of September, 1927. Other United States Lines ships will likewise participate in this movement.

The five combined freight and passenger steamers of the Hog Island "B" type, operated by the American Merchant Lines between New York and London, have proven popular with the traveling public. These vessels have accommodations for 79 passengers and are being booked to capacity during the traveling season.

The motor vessels recently assigned to the Atlantic Australian Line for service between New York and Australia have excellent quarters for the carriage of 16 passengers each. They provide direct passage to the main ports of Australia, and there is an indication there will be a demand for these accommodations.

#### **Tankers.**

During the first two months of the fiscal year the demand for tankers was light and rates were low. The market strengthened in September and improvement in rates was shown until early February, 1927, when the market again weakened. Unsettled conditions in Mexico had an adverse effect upon the market, while the inter-coastal demand for tankers was very light.

#### **Traffic Offices.**

During the year new traffic offices were established at Boston, Norfolk, Atlanta, and Pittsburgh, to assist in the booking of passengers and freight for all Shipping Board vessels. Similar offices had previously been established at New York, Cincinnati, Detroit, Chicago, Minneapolis, St. Louis, Memphis, and Kansas City.

The offices above mentioned are in addition to the special traffic offices maintained by the United States Lines. To increase the business of the United States Lines in the South, a new general agency was opened during the year at Norfolk. The United States Lines now have general agencies, distinct from the other Merchant Fleet Corporation traffic offices, at Boston, Philadelphia, Washington, D. C., Norfolk, Pittsburgh, Cleveland, Detroit, Chicago, Minneapolis, St. Louis, and San Francisco. Subagencies are maintained at Atlanta, Omaha, Los Angeles, and Seattle. The general offices of the United States Lines are maintained in New York.

In the New York district of the Merchant Fleet Corporation's organization the appointment of traffic representatives has made possible the more aggressive solicitation of business. In this district there was a merger during the year of the South American long-voyage and chartering division with the European division. In the New England district the reestablishment of the traffic department has also permitted a more aggressive solicitation of firms in that territory.

#### **Future Traffic Needs.**

While the results of last year as compared with the previous fiscal year were satisfactory so far as the operation of the Shipping Board's freighter services is concerned—a marked increase both in the number of tons of cargo handled and the revenues derived therefrom being shown—conditions during most of the year were abnormal due to the British coal strike. The effects of this strike did not wear off until far into 1927. With the return to normal conditions it becomes increasingly evident that the Shipping Board will

have difficulty in holding its own in those services where the board's slower general cargo ships compete with combined freight and passenger vessels of greater speed, or where fast motor ships are gradually being placed in service by foreign flag lines. Among the latter may be cited particularly the services operated between North Atlantic ports and east coast, South America, and those operated to the Orient from both North Atlantic and Pacific coast ports. Motor ships under the Dieselization program of the board, when available, will in a slight measure only offset this competition, as the tendency of foreign shipowners is to build vessels of 14 to 16 knots, an excess over the speed of the board's Dieselized ships of from 2 to 4 knots.

Modern business with the large sums invested demands more and more speed in transport of the high-priced commodities that naturally command the higher freight rates. American flag vessels must meet this demand for speed or see the better paying cargoes go to faster and more modern foreign flagships. The law of supply and demand applies to transportation as well as to other business ventures, and the shipowner must be able to meet the requirements of the shippers or fail of success in the overseas transport field.

### PUBLICITY

During the past year the Merchant Fleet Corporation has made a serious effort to acquaint shippers and the public generally with the character of the service which the Shipping Board vessels, and the privately owned American flag lines originally established by the Shipping Board, are offering. With this end in view there was compiled a convenient booklet containing a description of each Shipping Board service, with route map, illustrations of ship activities, names of ships and operators, statistical data for each trade region, synopsis of trade peculiar to each route, and a complete index of all domestic and foreign ports touched by the corporation's ships. This book has been in such demand that over 70,000 have been distributed.

A monthly house organ known as the Merchant Fleet News and designed primarily for the enlightenment and stimulation of the employees of the Merchant Fleet Corporation at home and abroad has also been started. Owing to a pressing demand for it the circulation has been extended to include manufacturers, exporters, and others directly concerned with shipping.

Motion picture work, which has proven of great value, has been resumed, and an extensive campaign of cooperative window displays developed. Cooperative efforts with representative American business firms resulted in a large amount of advertising for the Fleet Corporation's passenger and freight services. Widespread publicity was made possible by cooperation with the Navy Department and the

Famous Players-Lasky studio on the "Save Old Ironsides" campaign.

Direct mail campaigns were carried on to reach shippers, manufacturers, importers, exporters, and prospective passengers.

Special attention has been extended by the home office to the passenger advertising of the United States Lines, and the results achieved attest the success of the efforts in this direction. Immediate passenger business was developed for the New York-London service of the American Merchant Lines through inexpensive advertising and descriptive folders. Assistance was rendered the Atlantic Australian Line in securing passengers for the limited accommodations available on the motor vessels assigned to this service. Early sailings indicate the possibility of further development in this direction.

All foreign freight advertising has been placed on a schedule basis, and separate budgets prepared for each service, resulting in more efficient expenditure of available funds and substantial savings.

### INSURANCE AND CLAIMS

#### Centralization of Insurance Work.

During the fiscal year the administration of a large amount of miscellaneous insurance was transferred from the finance department to the insurance department. The insurance department had been responsible for the administration of the insurance fund, the settlement of claims of a marine-insurance nature, and the examination of all marine and United States Protection and Indemnity Agency insurance arranged in accordance with mortgages held by the Shipping Board and contracts made by the board. It is now responsible, in addition to its former duties, for such miscellaneous work as that connected with workmen's compensation, public liability, steam, boiler, automobile, elevator, and fire insurance, so that there is brought together under the insurance department all of the insurance of the United States Shipping Board and Merchant Fleet Corporation, except the schedule policy covering fidelity bonds issued on employees and insurance coverage on funds of the Merchant Fleet Corporation and the United States Lines.

Premiums credited to the insurance fund and charged against the vessels in operation amounted to \$2,849,245.92, while the net amount which has been accepted as charges against the insurance fund for this and previous years is \$2,893,623.34.

During the year the Merchant Fleet Corporation, due to the combined efforts of the insurance and traffic departments, has succeeded in getting the cargo underwriters to show their recognition of the improved operation of the steamers by quoting lower insurance rates. Insurance rates for cargoes moving in Shipping Board vessels are

now, generally speaking, on terms of equality with those of foreign competitors.

**United States Protection and Indemnity Agency (Inc.).**

On December 1, 1926, all litigation in the New York district courts previously handled by the United States Protection and Indemnity Agency (Inc.), was transferred to the Bureau of Law of the United States Shipping Board.

During the last six months of the fiscal year the United States Protection and Indemnity Agency (Inc.), in addition to preparing the monthly statements of cargo claims, by managing operators, has prepared monthly statements of all injury and illness claims received, also segregated by managing operators. These monthly statements are used by the Merchant Fleet Corporation in an efficiency classification of operators.

Through cooperation with the operations department and the sea service section of the Bureau of Operations of the board, there has been brought about a better system for the physical examination of seamen, resulting in a decrease in the injury and illness claims, and the employment of a higher grade of personnel for Shipping Board vessels. Persons suspected of being affected with communicable diseases, such as tuberculosis, are given special examinations, and if found to be affected are denied employment and advised as to necessary medical treatment. This system should effect a noticeable reduction in claims during the next fiscal year.

By closer cooperation with the operations department a material reduction in the losses incident to cargo damage and pilfering has been effected. A statement of all cargo-damage losses and pilfering is issued each month to the managing operators, and has aroused their interest, as it offers a means whereby competition is brought about in an endeavor to reduce losses.

The agency during the fiscal year ended June 30, 1927, received 2,861 new claims, of which 443 were in litigation as of June 30, 1927.

During the past fiscal year special effort was made to dispose of claims which arose prior to February 20, 1923, these claims having been taken over from the United States Steamship Owners' Mutual Protective and Indemnity Association, in which the Shipping Board vessels were enrolled prior to the date mentioned. On June 30, 1927, there were still pending 329 of these prior claims aggregating \$5,902,869.40 in "amounts claimed." Reference to the report for the fiscal year ended June 30, 1926, will show that there were 543 prior claims still unsettled, aggregating \$8,520,094.35 in "amounts claimed." The agency reduced the number of these prior claims by approximately 40 per cent during the fiscal year.

Including claims which arose prior to the creation of the agency in 1923, as well as those which have arisen subsequent to that date—



including those arising in the year just ended—the Agency accomplished the settlement of 3,008 claims during the fiscal year ended June 30, 1927, 684 of which were in litigation. The amount authorized to be paid on these claims was \$1,080,432.44, as against the total amount claimed of \$10,768,639.75. These settlements include United States Protection and Indemnity Agency litigated claims disposed of by the Bureau of Law, United States Shipping Board, New York district, since December 1, 1926, but do not include a number of small claims, aggregating about \$515,000, which were settled by the various managing operators under their franchise.

The amounts expended during the fiscal year ended June 30, 1927, for all United States Protection and Indemnity Agency claims and expenses in connection with the claims, were as follows:

*Nature of claim*

Personal injury to or loss of life of any person whether on board or not-----	\$601, 626. 36
Illness of passengers or crew-----	74, 400. 33
Damage to other vessels (exclusive of collision)-----	123. 00
Damage to docks and any other property (except damage to other vessels by collision)-----	95, 852. 21
Damage to cargo or shortage of cargo-----	722, 629. 79
Extraordinary quarantine expenses-----	532. 53
Customs and immigration fines and penalties arising from neglect of officers-----	75, 066. 99
Repatriation expenses-----	4, 593. 42
Miscellaneous-----	21, 313. 04
Total-----	1, 596, 137. 67

On June 30, 1927, there were pending in the home office of the agency 1,457 claims, involving \$12,975,727.57, of which 794 were in litigation.

Including claims pending in the offices of the managing operators and the London office of the agency, the total number of claims of record as of June 30, 1927, was 2,860, involving \$19,077,083.46, of which 1,118 were in litigation.

**Cargo Claims.**

On July 1, 1926, claims aggregating \$84,349.51 were pending before the claims division of the traffic department. At the close of the fiscal year 1927 this amount had been reduced to \$55,260.46. Claims totaling \$94,596.88 were disposed of during the year.

A situation was encountered in connection with shipments of flour from Gulf ports to the United Kingdom and Continental Europe during the fall of 1926. Receivers alleged that flour had been delivered infested with weevils and other insects, and that this condition depreciated the sales value of the flour. The character of these claims brought them within the jurisdiction of the United

States Protection and Indemnity Agency (Inc.), but their importance from a traffic standpoint necessitated consideration by officials of the corporation and the traffic claims division. Conferences were held with representatives who had shipped the flour, and also with representatives of the foreign receivers who came to the United States to discuss the situation. These conferences resulted in an agreement that the millers would make adjustment with the receivers, with the understanding that thereafter they would ask that each claim be considered by the Merchant Fleet Corporation on its individual merit. A threatened boycott against Merchant Fleet Corporation vessels was withdrawn, the claims were submitted to the United States Protection and Indemnity Agency (Inc.), and the matter is now under way to a satisfactory disposition.

### FINANCE DEPARTMENT

During the fiscal year the finance department continued to improve the methods employed for recording and controlling the finances of the United States Shipping Board and the Merchant Fleet Corporation. Important changes were made, resulting in better protection of the finances and more efficient and economical methods of administration.

During the year the finance department was made responsible for the preliminary preparation under the vice president for administration of the annual budget and preliminary estimates of appropriation requirements of the Merchant Fleet Corporation. This added responsibility increased somewhat the finance department's total pay roll, but reductions in other parts of its organization were effected during the year, resulting in a total on June 30, 1927, of 106 employees with an annual pay roll of \$266,860. The number of employees was slightly less at the end of the year than at the beginning, but the pay roll was increased \$3,775 due to equalizations in compensation and promotions of deserving employees.

#### New Financial Plan.

The new financial plan for handling revenues and disbursements for Merchant Fleet Corporation vessels, which consists in depositing revenues and disbursing vessels' expenses in the same currencies, thus eliminating conversions of foreign currencies into United States dollars, and United States dollars into the various foreign currencies, was described in the Ninth Annual Report. This plan is now effective in all ports of the United Kingdom, Europe, West Africa, Australia, and South America, resulting in economies that have been highly satisfactory.

Negotiations were completed during the year for the revision of the agreement with the Australian Bank of Commerce for the handling of Merchant Fleet Corporation revenues and disbursements

in Australia under the new financial plan, which resulted in a material saving to the corporation.

With the completion of the institution of the new financial plan in West Africa and adjacent islands during the past fiscal year, all of the foreign revenues and disbursements of the Merchant Fleet Corporation are now handled under the new procedure, except those in the Orient (Manila, Japan, China, India, and Straits Settlements ports). Due to the unsettled conditions in China, no negotiations for the institution of the new financial plan in the Orient have been made, but the institution of the plan for handling all revenues and disbursements in oriental ports will be effected as soon as practicable.

#### Cash Discount.

Advantage of the cash discount privilege was taken on all payments where that privilege could be obtained, and as a result of continuous efforts in this direction, the sum of \$148,388.25 cash discount was earned in the fiscal year ended June 30, 1927, which was in excess of such earnings for the previous year.

#### Collection of Past Due Accounts.

A summary of the progress made during the past fiscal year in the collection, settlement, or adjustment of inactive past due accounts is as follows:

	Number	Amount
Accounts on hand June 30, 1926.....	381	\$105,625,882.99
Accounts and added charges to old accounts transferred from current list to inactive list during fiscal year.....	135	2,414,018.48
Total accounts handled during fiscal year.....	516	108,039,901.47
Accounts remaining unsettled June 30, 1927.....	295	97,169,839.50
Accounts closed during the fiscal year.....	221	10,870,061.97

The collection division has also been instrumental in effecting final disposition of unbilled accounts and securities amounting to \$14,910,-159.95 in addition to the above.

#### Shipyard Plants.

The Federal Marine Railway property at Savannah, Ga., was conveyed to the purchaser, and the only remaining shipyard plant unsold is the Hog Island plant in Delaware and Philadelphia Counties, Pa.

#### Housing Properties.

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 prior to the beginning of the fiscal year, with the exception of 12 houses in Camden, N. J. The conveyance of the last mentioned properties has been prevented because of imperfect titles. Various utilities, park spaces, etc., in certain of the projects, which it

had been agreed were to be conveyed to the municipalities in which the projects were located are also still held by the board.

The Mooreland Realty Co., of Bath, the entire issued and outstanding capital stock of which was held by the board, and which was organized for the purpose of holding title to the housing project at Bath, Me., was dissolved during the fiscal year.

The dissolution of the following companies, the entire capital stock of which is held by the board, and which were organized to hold title to the housing projects constructed in the various States in which they were incorporated, has not yet been completed:

Atlantic Heights Co., Portsmouth, N. H.  
 Fairview Realty Co., Camden, N. J.  
 Noreg Realty Co., Brooklawn, 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 finance department.

#### **Transportation.**

At the beginning of the fiscal year, contracts with the following companies covering the installation or improvement of passenger transportation facilities in connection with the various shipbuilding plants, remained unsettled:

San Diego Electric Railway Co., San Diego, Calif.  
 Lewiston, Augusta & Waterville Street Railway, Bath, Me.  
 Metropolitan Park Commission, Boston, Mass.

The account with the Lewiston, Augusta & Waterville Street Railway was closed during the year. A proposed settlement of the Metropolitan Park Commission account was also before the board at the end of the year for its consideration.

#### **Bonding of Ticket Agents.**

During the past year the bonding division of the finance department has made an extensive investigation on the subject of the bonding of ticket agents of the United States Lines in this country. This resulted in the establishment of a procedure which will enable the United States Lines, in conjunction with this division, to handle the bonding of ticket agents in a decidedly more efficient manner than heretofore.

#### **Pay-Roll Robbery Insurance.**

During the year arrangements were made to cover transportation of ships' pay rolls in all domestic ports with pay roll robbery insurance.

#### **Special Disbursing Officer at Galveston.**

A special disbursing officer has been installed at Galveston, Tex., to handle the receipts and disbursements of managing operators'

branch houses at Galveston and Houston. Prior to the installation of this special disbursing officer at Galveston, these revenues and disbursements were handled by the managing operators' branch houses in these ports through cash advances made from the operating accounts of the managing operators at New Orleans.

The new procedure brings under the direct supervision of the representative of the finance department, the handling of large sums of revenues and disbursements in Galveston and Houston, and materially expedites the rendition of the accounts from the branch houses, in addition to eliminating many controversies which formerly arose in connection with handling these revenues and disbursements under the old procedure.

### COMPTROLLER'S DEPARTMENT

#### Rearrangements Affecting Field Offices.

During the year the accounting and auditing of the United States Protection & Indemnity Agency was transferred to the New York office of the comptroller's department. An auditor was stationed at Galveston to control the large volume of business transacted at Texan ports. Arrangements were made to discontinue the local audit of voyage accounts at Portland and Seattle and transfer this work to the home office. These changes permit a better control of the work involved and accomplish a reduction in administrative expenses.

#### Manual Standardizing Operators' Accounts.

A manual was prepared and issued early in the year, concisely outlining the corporate accounts to be maintained by the managing operators, and furnishing detailed instructions as to the maintenance of the accounts and their clearance to the Merchant Fleet Corporation. It consolidated the instructions theretofore contained in many "orders" issued by the general comptroller—either individually or in conjunction with other departments—and clarified the accounting requirements to a degree that brought about a uniformity in the maintenance and rendition of operators' accounts and accountings that has done much to decrease the auditing and accounting difficulties both of the operators and of the Merchant Fleet Corporation.

#### Improvements in Accounting and Auditing Procedure.

The supplying of information to the traffic department, which assisted in the practical elimination of the material losses previously sustained on advance and prepaid beyond ventures; the furnishing of data to the stevedoring and terminals division, which was used in making advantageous revisions of cargo-handling tariffs and schedules; a further reduction in the number of entries required to reconcile the operators' accounts with those of the Merchant Fleet Corporation; the more prompt deposit of collections and submission of revenue and expense accountings by subagents; and the cash

recovery of more than \$100,000 from operators indicate the close attention given to vessel operation auditing and accounting during the year.

Similar care has been given the miscellaneous auditing and general accounting activities of the department. The internal analysis of accounts, the review and consequent standardization of district auditing activities, the consolidation of registers, and betterments in classification and in the control of both real and nominal accounts have wrought a gratifying improvement in their general condition and have made it possible to compile and supply, with less analysis and research than heretofore has been required, the financial statements, balance sheets, and other reports and detailed information required by the by-laws and executives of the corporation and in litigation.

#### **Reduction in Personnel and Pay Roll.**

Despite the additional work devolving upon the comptroller's department, as a result of Dieselization activities and the marked increase in the number of voyages made by the ocean-going vessels of the corporation, the following reductions in personnel and pay roll were effected during the year:

Date	Number of employees	Annual salaries
June 30, 1926 .....	323	\$701, 710
June 30, 1927 .....	301	656, 880
Reduction .....	22	44, 830

#### **CHARACTER OF OPERATING AND STATISTICAL REPORTS**

As in past years, it has been the practice to obtain from managing operators and from the United States Lines estimates of operating revenues and expenditures concurrently with the sailing of each vessel from each port. The various reports for each voyage are carefully checked as to probable accuracy, and within 20 days from the close of each calendar month the completed estimates of the revenues and expenditures for all voyages ending that month are made available within the Merchant Fleet Corporation organization. As a result of this intensive check and analysis of the managing operators' figures, operators are now reporting their revenue approximately 100 per cent correct in these early estimates, and their expenditures approximately 98 per cent correct, these percentages being determined by a comparison of the financial data in the revenue and expense reports with the actual voyage accounts as finally audited many weeks or months later.

In the analysis of the revenue and expense reports, attention is given to unusual or extravagant items of expense, and during the

past 12 months many very important savings have been effected as a result of the analyses made. Officials of the Merchant Fleet Corporation also know at a very early date almost exactly how each line is functioning.

Part of the statistical work of the Merchant Fleet Corporation is routine. Part consists in the preparation, on the basis of the corporation's records, and from other sources, of special reports. Effort is made to coordinate this work wherever possible, and to develop necessary information for the proper guidance of the officials of the United States Shipping Board, those of the Merchant Fleet Corporation, and others concerned.

The statistical division and operations department are at the present time cooperating with a view to consolidating all logs, abstracts, capacity plans, and other ships' papers, which plan will result in a more uniform procedure and a central location for all general ship information and statistics.

### CONCLUSION

A general reorganization of the Merchant Fleet Corporation was made effective during the fiscal year. Special effort was made to effect a more logical grouping of the various activities and to place all activities of a similar character in one department under one responsible department head, and to have these departments administered in accordance with commercial practices.

Special attention was given to standardizing, so far as was practicable, the salaries of the employees throughout the various departments and offices with a view to providing a compensation for each office or position that would be commensurate with its responsibilities.

Rules respecting appointments, promotions, and separations from the service were promulgated so as to insure equalities in promotions in the various departments. Many minor promotions and readjustments of salary were effected that on the whole have been most beneficial in the giving of assurance to employees that efficient and faithful service would be rewarded.

A survey of the activities of the Merchant Fleet Corporation for the fiscal year ended June 30, 1927, indicates that there has been a general improvement, with a downward trend in the operating losses of the active fleet. The average revenue per voyage has been increased and the average voyage expense decreased. There were approximately 2,200,000 tons more freight carried in 1927 than in 1926 by the lines still operated by the United States Shipping Board. The revenue per payable ton for the fiscal year 1926 was slightly less than that for the fiscal year 1927, but the expense per payable ton was considerably greater in 1926 than in 1927.

The operations of the United States Lines for the fiscal year 1927 show particularly gratifying results. Excluding the *America*, which was not in operation during 1927, the improvement in the net operating results aggregated \$1,016,366.52, as compared with the result of operations in 1926.

A reorganization of the inactive fleet and the transfer of all the activities connected therewith to the department of operations was effected in May and June, 1927. The reduction in expense of the inactive fleet due to this consolidation will not become effective until after the close of the fiscal year 1927, but a reduction in the total costs of the care of the inactive fleet of approximately \$615,000 is forecast.

Particular effort was made to build up the traffic department, with a view not only to assisting the operators in getting more business, but to acquainting exporters and importers generally with the character of the service that could be rendered by the vessels of the United States Shipping Board.

The general improvement in the business activities of the Merchant Fleet Corporation has been made possible only by the loyal support and the earnest and able efforts of the officials, the heads of the departments, and the employees in the central office and in the field.



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## APPENDIX

## APPENDIX

TABLE I.—*Vessels sold, vessels disposed of other than by sale, vessels lost, and vessels added to the United States Shipping Board fleet during the fiscal year ended June 30, 1927*

### VESSELS SOLD

Name	Dead-weight tons	Gross tons	Sales price	Purchaser
<b>UNRESTRICTED SALES</b>				
<b>Steel cargo ships:</b>				
Chappell.....	3, 610	2, 323	<sup>1</sup> \$27, 945. 00 (\$1, 055)	Baltimore and Carolina Steamship Co.
American Star.....	7, 564	5, 268	<sup>1</sup> 139, 500. 00 (\$5, 000)	The Charles Nelson Co.
Lake Falama.....	4, 155	2, 606	31, 000. 00	John George Murphy.
Lake Inglenook.....	4, 155	2, 606	34, 000. 00	{ New England, New York & Texas Steamship Corporation.
Lake Ellithorpe.....	4, 261	2, 674	31, 000. 00	
West Canon.....	8, 584	5, 645	196, 000. 00	Ocean Transport Co. (Inc.).
Lake Farber.....	4, 155	2, 638	36, 000. 00	York Steamship Corporation.
Total (7).....	36, 484	23, 760	495, 445. 00	
<b>Tankers:</b>				
Dannedaik.....	6, 008	4, 310	210, 000. 00	American Tankers Corporation.
Hoven.....	10, 387	7, 071	683, 000. 00	Beacon Oil Co.
Dartford.....	7, 500	5, 186	<sup>1</sup> 331, 909. 00 (\$8, 243)	{ James C. Brady.
Kehuku.....	7, 540	5, 107	323, 000. 00	
Cabrille.....	7, 500	5, 030	<sup>1</sup> 416, 534. 00 (\$3, 466)	{ Chile Steamship Co. (Inc.).
Lilmae.....	7, 500	5, 186	<sup>1</sup> 412, 597. 00 (\$7, 403)	
Inspector.....	7, 565	5, 036	150, 000. 00	Inspector Steamship Corporation. (Dunbar Molasses Co., Inc., principal.)
Kishacoquillas.....	7, 565	5, 039	135, 000. 00	Kishacoquillas Steamship Corporation. (Dunbar Molasses Co., Inc., principal.)
Hampton Roads.....	10, 254	7, 529	550, 800. 00	{ Oil Transport Co.
Cecil County.....	10, 254	7, 641	489, 600. 00	
Kekoskee.....	7, 540	5, 124	393, 575. 00	
Romulus.....	7, 540	5, 104	316, 000. 00	
Castana.....	7, 565	5, 030	200, 000. 00	Richfield Oil Co.
Total (13).....	104, 718	72, 393	4, 612, 015. 00	Steamer Romulus Corporation. (A. I. Kaplan, principal.)
<b>Tug:</b>				
Donald G. (wood construction 60 feet long.).....		52	1, 610. 00	United States Tank Ship Corporation.
<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>				
Eastern Admiral.....	10, 585	6, 668	175, 000. 00	{ American Merchant Marine Steamship Corporation.
Eastern Light.....	10, 705	6, 655	175, 000. 00	
Eastern Marinet.....	10, 545	7, 240	175, 000. 00	
Buffalo Bridge.....	5, 291	3, 315	30, 000. 00	
Chetopa.....	5, 207	3, 545	30, 000. 00	{ The Charles Nelson Co.
Fort Armstrong.....	5, 255	3, 545	30, 000. 00	
Marsodak.....	5, 286	3, 545	30, 000. 00	
Plow City.....	5, 340	3, 283	<sup>1</sup> 26, 514. 00 (\$3, 486)	
Suwied.....	5, 340	3, 545	30, 000. 00	
Tashmo.....	5, 340	3, 283	<sup>1</sup> 23, 865. 00 (\$6, 135)	

<sup>1</sup> Represents net turn on sale of vessel after deduction of credit account bottom damage not chargeable to insurance. The amount of the credit in each case is shown immediately following the sales price.

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TABLE I.—*Vessels sold, vessels disposed of other than by sale, vessels lost, and vessels added to the United States Shipping Board fleet during the fiscal year ended June 30, 1927*—Continued

## VESSELS SOLD

Name	Dead-weight tons	Gross tons	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.				
City of Lordsburg.....	5,303	3,545	\$40,000.00	Coastwise Steamship and Barge Co. (Inc.). Coastwise Transportation Corporation. Frank C. Hill.
Eastern Tempest.....	6,694	4,624	35,000.00	
West Mingo.....	8,377	5,940	50,000.00	
Pittsburgh Bridge.....	5,340	3,545	30,000.00	Matson Navigation Co.
Milwaukee Bridge.....	5,191	3,275	30,000.00	
West Cape.....	8,541	5,597	121,000.00	McCormick Steamship Co.
Absaroka.....	8,521	5,641	131,000.00	
Pansa.....	7,635	4,839	<sup>1</sup> 96,150.00 (\$3,850)	Pacific American Fisheries. John J. Roen.
Craycroft.....	3,364	2,292	25,000.00	
Lake Flag.....	4,230	2,686	25,000.00	Southern Steamship Co.
Lake Itatan.....	4,208	2,689	25,000.00	
Union Liberty.....	4,095	2,559	<sup>1</sup> 22,700.00 (\$2,300)	Stanley Hiller (Inc.). Swayne & Hoyt (Inc.).
Lake Miraflores.....	4,336	2,677	25,000.00	
Federal Bridge.....	5,291	3,383	30,000.00	
Total (24).....	150,020	97,916	1,411,229.00	
Steel cargo vessels sold for restricted operation on trade routes heretofore sold:				
“American Export Lines” Half Moon. (Not designated by trade name: vessel with 6 others—4 purchased from the Shipping Board for restricted operation—operate between west coast United States and west coast South America.)	8,434	5,673	63,255.00	Export Steamship Corporation.
Deuel.....	8,557	5,586	55,620.50	
Total (2).....	16,991	11,259	118,875.50	
Tankers sold for Dieselization by buyer under approved plans and specifications:				
Bessemer.....	7,029	4,923	\$40,000.00	The Atlantic Refining Co.
John M. Connelly.....	6,997	4,939	40,000.00	
Sharon.....	7,029	4,936	40,000.00	
Chestnut Hill.....	7,023	4,935	57,000.00	Anglo-Chilean Consolidated Nitrate Corporation. Standard Oil Co. of California.
District of Columbia.....	10,254	7,641	174,762.50	
Total (5).....	38,337	27,374	351,762.50	

## DISPOSITION OF VESSELS OTHER THAN BY SALE

Name	Dead-weight tons	Gross tons	Sales price	Transferee
Transferred to Government departments:				
Lake Elliljay (cargo).....	4,261	2,674	-----	War Department (Inland Waterways Corporation). War Department (Quartermaster General's Office).
Dolphin (steel harbor tug, length, 111 feet). .....		284	-----	

<sup>1</sup> Represents net return on sale of vessel after deduction of credit account bottom damage not chargeable to insurance. The amount of the credit in each case is shown immediately following the sale price.

TABLE I.—*Vessels sold, vessels disposed of other than by sale, vessels lost, and vessels added to the United States Shipping Board fleet during the fiscal year ended June 30, 1927—Continued*

## VESSELS LOST

	Dead-weight tons	Gross tons	Date of loss
<b>Steel cargo ships:</b>			
Haleakala.....	8,538	5,587	Oct. 27, 1926
Elkton.....	9,693	6,318	Mar. 7, 1927
Total (2).....	18,231	11,905	

## ADDITIONS TO SHIPPING BOARD FLEET

Name	Length	Gross tons	Purchase price	Transferred from—
<b>Transferred from Government dements:</b>	<i>Feet</i>			
Guide (U. S. Coast Guard cutter, wood construction).	70			Treasury Department (U. S. Coast Guard).
Motor launch No. 1558 (wood construction).	26			
4 coal barges Nos. 544, 545, 548, 551 (500 tons capacity, wooden construction), each.	110		\$10.00	Navy Department.
1 motor launch.....	40		10.00	
Do.....	30		10.00	
2 motor launches, each.....	33		10.00	
1 steam launch.....	50		10.00	
<b>Purchased at United States marshal sale: American Star.....</b>	<i>Dead-weight tons</i> 7,564	5,268	86,000.00	

TABLE II.—*Vessel property controlled by the United States Shipping Board Merchant Fleet Corporation*<sup>1</sup>

[Compiled as of June 30, 1927. This report is based on information received through July 1, 1927, affecting status of vessels as of June 30, 1927]

	Total		Contract		Requisitioned	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
<b>Steel vessels:</b>						
Passenger and cargo.....	14	143,330	7	62,206		
Cargo.....	<sup>2</sup> 771	6,139,727	634	4,969,926	122	1,045,804
Tankers.....	10	89,362	7	67,315	1	7,047
Refrigerators.....	14	100,920	5	41,967	9	58,953
Tugs.....	4		1			
Unfinished cargo.....	1	9,400	1	9,400		
Total steel.....	<sup>2</sup> 814	6,482,739	655	5,150,814	132	1,111,804
Concrete vessels, tankers.....	1	7,500	1	7,500		
Wood vessels, tugs.....	8		8			
Total vessels.....	<sup>2</sup> 823	6,490,239	664	5,158,314	132	1,111,804

<sup>1</sup> The figures in this table do not include barges, launches, surf, or work boats. Table I of the appendix of the tenth annual report included the following vessels which had been sold during the fiscal year ended June 30, 1926, but whose actual delivery was deferred until the fiscal year ended June 30, 1927: Steel cargo vessels, 130 (of which 127 were sold to the Ford Motor Co.); passenger vessels, 4; tankers, 1.

<sup>2</sup> Includes steamship Kosciuszko, 7,371 deadweight tons, in possession of Shipping Board as mortgagee.

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TABLE II.—*Vessel property controlled by the United States Shipping Board Merchant Fleet Corporation—Continued*

	Purchased		Seized enemy		Acquired from other depart-ments
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Number
Steel vessels:					
Passenger and cargo.....			7	81,124	
Cargo.....	13	106,462	2	17,535	
Tankers.....	2	15,000			
Tugs.....					3
Total steel.....	15	121,462	9	98,659	3
Total vessels.....	15	121,462	9	98,659	3

TABLE III.—*Status of vessels controlled by United States Shipping Board Merchant Fleet Corporation as of June 30, 1927*

[This report is based on information received through July 1, 1927, affecting status of vessels June 30, 1927.]

	Number	Dead-weight tons
Vessels in hands of operators, charterers, or active in hands of Merchant Fleet Corporation:		
Cargo, operating in specified services, United States ports to foreign ports.....	264	2,329,216
Cargo, spot in hands of managing operators.....	12	108,195
Cargo, United States Army Service.....	1	7,840
Passenger and cargo, in specified services.....	9	94,669
Passenger and cargo, spot with managing operators.....	1	8,101
Tankers.....	9	82,315
Tugs, steel (1 with Operations, 3 bare boat).....	4	
Tugs, wood (in service with Reserve Fleet).....	7	
Total.....	307	2,630,336
Inactive vessels in hands of Merchant Fleet Corporation:		
Cargo, tied up.....	486	3,624,534
Cargo, spot with Operations.....	5	42,369
Cargo, Dieselizing.....	4	36,973
Passenger and cargo, tied up.....	3	28,000
Passenger and cargo, reconditioning.....	1	12,560
Refrigerators, tied up.....	14	100,920
Tankers, steel, tied up.....	1	7,047
Tankers, concrete, tied up.....	1	7,500
Tugs, wood, tied up.....	1	
Total.....	516	3,859,903
Grand total, all vessels.....	823	6,490,239

## Summary of total fleet

	Active		Inactive		Total	
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons
Cargo.....	277	2,445,251	495	3,703,876	772	6,149,127
Passenger and cargo.....	10	102,770	4	40,560	14	143,330
Refrigerators.....			14	100,920	14	100,920
Tankers.....	9	82,315	2	14,547	11	96,862
Tugs.....	11		1		12	
Total.....	307	2,630,336	516	3,859,903	823	6,490,239

TABLE IV.—List of Shipping Board lines and of operators and charterers of Shipping Board vessels as of June 30, 1927 <sup>1</sup>

Line and managing operator or charterer	Address	Number of vessels	Dead-weight tons	Form of agreement
America France Line (Cosmopolitan Shipping Co., Inc.).....	42 Broadway, New York City.....	9	78, 141	Operating agreement, 1924.
American Australia Orient Line (Swayne & Hoyt, Inc.).....	430 Sansome Street, San Francisco, Calif.....	19	174, 865	Do.
American Diamond Lines (Black Diamond Steamship Corporation).	67 Exchange Place, New York City.....	17	150, 250	Do.
American Dixie Line (United Gulf Steamship Co., Inc.).....	Whitney Central Building, New Orleans, La.....	21	190, 373	Do.
American India Line (Roosevelt Steamship Co., Inc.).....	16 Beaver Street, New York City.....	5	47, 799	Do.
American Merchant Lines (J. H. Winchester & Co., Inc.).....	Whitehall Building, 17 Battery Place, New York City.....	10	79, 776	Do.
American Oriental Mail Line (Admiral Oriental Line).....	1519 Railroad Avenue, South, Seattle, Wash.....	7	66, 370	Do.
American Palmetto Line (South Atlantic Steamship Line).....	34 East Bay Street, Savannah, Ga.....	10	79, 837	Do.
American Pioneer Line (Atlantic, Gulf & Oriental Steamship Co., Inc.).....	17 Battery Place, New York City.....	22	240, 262	Do.
American Premier Line (United Gulf Steamship Co., Inc.)....	Whitney Central Building, New Orleans, La.....	10	81, 265	Do.
American Republics Line (C. H. Sprague & Son, Inc.).....	44 Whitehall Street, New York City.....	13	109, 983	Do.
American Scantic Line (Moore & McCormack Co., Inc.).....	132 Broad Street, Boston, Mass.....	7	54, 350	Do.
American West African Line (A. H. Bull & Co., Inc.).....	5 Broadway, New York City.....	10	82, 352	Do.
Atlantic Australian Line (Roosevelt Steamship Co., Inc.)....	40 West Street, New York City.....	10	93, 019	Do.
Gulf Brazil River Plate Line (Mississippi Shipping Co., Inc.)..	16 Beaver Street, New York City.....	14	115, 443	Do.
Gulf West Mediterranean Line (Tampa Inter-Ocean Steamship Co.).....	1310-1316 Hibernia Bank Building, New Orleans, La.....	8	64, 695	Do.
McAllister Brothers.....	Whitney Central Building, New Orleans, La.....	2	42, 894	Tanker agreement, 1925.
Merritt, Chapman & Scott Corporation.....	17 State Street, New York City.....	3		Bareboat charter.
Mississippi Valley European Line (Mississippi Shipping Co., Inc.).....	17 Battery Place, New York City.....	6	54, 303	Operating agreement, 1924.
Mobile Oceanic Line (Waterman Steamship Corporation).....	1310-1316 Hibernia Bank Building, New Orleans, La.....	12	104, 535	Do.
Oregon Oriental Line (Columbia-Pacific Shipping Co.).....	City Bank Building, Mobile, Ala.....	10	85, 703	Do.
Oriole Line (Consolidated Navigation Co.).....	810 Porter Building, Portland, Oreg.....	18	148, 257	Do.
Southern States Line (Lykes Brothers-Ripley Steamship Co., Inc.).....	Citizen's National Bank Building, Baltimore, Md.....	27	234, 254	Do.
Struthers & Barry.....	925 Whitney Central Building, New Orleans, La.....	2	39, 421	Tanker agreement, 1925.
Texas Star Line (Lykes Brothers-Ripley Steamship Co., Inc.)..	112 Market Street, San Francisco, Calif.....	9	80, 698	Operating agreement, 1924.
United States Lines.....	925 Whitney Central Building, New Orleans, La.....	4	62, 164	Managers and operators.
War Department.....	45 Broadway, New York City.....	1	7, 840	Loan basis.
Yankee Line (Rogers & Webb).....	Washington, D. C.....	7	61, 487	Operating agreement, 1924.
Total.....	110 State Street, Boston, Mass.....	299	2, 630, 336	

<sup>1</sup> Excludes 8 tugs operated directly by Merchant Fleet Corporation.<sup>2</sup> Tankers.<sup>3</sup> Tugs.<sup>4</sup> Passengers.

TABLE V.—Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1927<sup>1</sup>

	Total services	Number of vessels		Total services	Number of vessels
European trades.....	29	158	Far East trades.....	12	83
Mediterranean trades.....	4	18			
South American trades.....	6	27	Total.....	51	286

## EUROPEAN SERVICES

Operator	From—	To—	Frequency of sailings	Number of vessels
NORTH ATLANTIC/UNITED KINGDOM				
Oriole Lines (Consolidated Navigation Co.).....	Baltimore, Hampton Roads, New York <sup>1</sup> .....	Glasgow, Cardiff.....	2 per month.....	4
Do.....	do.....	Cork, Dublin, Londonderry.....	Monthly.....	3
Do.....	Baltimore, Hampton Roads, Boston <sup>2</sup> .....	Liverpool, Manchester.....	2 per month.....	4
Do.....	Baltimore, Hampton Roads, New York.....	Manchester, Belfast.....	do.....	4
American Merchant Lines (J. H. Winchester & Co.).....	Spot ships in hands of managing operator.....			3
Do.....	New York <sup>2</sup> .....	London.....	Weekly.....	4
	Philadelphia, Baltimore, Hampton Roads, Boston, Portland.....	London, Hull, Leith.....	2 per month.....	5
United States Lines <sup>3</sup> .....	Spot ships in hands of managing operator.....			1
	New York.....	Cherbourg, Southampton.....	Every 3 weeks.....	1
NORTH ATLANTIC/SCANDINAVIAN AND BALTIC				
American Scantic Line (Moore & McCormack Co., Inc.).....	North Atlantic ports.....	Scandinavian and Baltic ports.....	2 per month.....	7
NORTH ATLANTIC/CONTINENT				
American Diamond Lines (Black Diamond Steamship Co.).....	New York <sup>4</sup> .....	Rotterdam.....	Weekly.....	9
Do.....	do. <sup>4</sup> .....	Antwerp.....	do.....	8
America France Line (Cosmopolitan Shipping Co.).....	Baltimore, Philadelphia, New York.....	Havre, Dunkirk.....	do.....	7
Do.....	Philadelphia, New York.....	Bordeaux, St. Nazaire.....	Monthly.....	2
Yankee Line (Rogers & Webb).....	Baltimore, Hampton Roads.....	Hamburg, Bremen.....	Every 3 weeks.....	3
Do.....	Philadelphia, Boston, Portland.....	do.....	do.....	2
United States Lines <sup>5</sup> .....	Spot ships in hands of managing operator.....			2
	New York.....	Plymouth, Cherbourg, Bremen.....	Weekly.....	4

<b>SOUTH ATLANTIC/UNITED KINGDOM AND CONTINENT</b>				
American Palmetto Line (South Atlantic Steamship Line).	South Atlantic ports.....	Liverpool, Glasgow.....	2 per month.....	4
Do.....	do.....	Bremen, Hamburg, Rotterdam, Antwerp.....	do.....	6
<b>GULF/UNITED KINGDOM</b>				
American Dixie Line (United Gulf Steamship Co., Inc.).	New Orleans, Texas ports.....	London, Hull.....	2 per month.....	9
Do.....	Houston, Galveston.....	Liverpool, Manchester.....	do.....	3
Do.....	New Orleans.....	do.....	do.....	5
Do.....	do.....	Glasgow, Belfast, A vonmouth.....	Every 3 weeks.....	3
	Spot ships in hands of managing operator.			1
Mobile Oceanic Line (Waterman Steamship Corporation).	Mobile, Pensacola, Gulfport.....	London (also Antwerp or Rotterdam).....	2 per month.....	4
Do.....	do.....	Liverpool, Manchester.....	do.....	4
<b>GULF/CONTINENT</b>				
Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.).	New Orleans.....	Bremen, Hamburg, Rotterdam.....	4 per month.....	10
Do.....	Galveston, Houston.....	do.....	do.....	14
	Spot ships in hands of managing operator.			3
Mississippi Valley European Line (Mississippi Shipping Co.).	New Orleans.....	Havre, Antwerp.....	2 per month.....	6
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.).	Houston, Galveston.....	Havre, Antwerp, Rotterdam.....	do.....	9
Mobile Oceanic Line (Waterman Steamship Corporation).	Mobile, Pensacola, Gulfport.....	Continental ports (Havre-Hamburg range).....	do.....	5
				158
<b>MEDITERRANEAN SERVICES</b>				
Gulf West Mediterranean Line (Tampa Inter-Ocean Steamship Co.).	Gulf and South Atlantic, Galveston to Wilmington.	Portuguese, Spanish Atlantic.....	1 per month.....	3
Do.....	do.....	Spanish Mediterranean, North Africa (west of Bizerta).	Every 3 weeks..	5
American Premier Line (United Gulf Steamship Co., Inc.).	do.....	French Mediterranean, west coast Italy.....	2 per month.....	8
Do.....	do.....	Adriatic, Greek Levant, Constantinople, Malta, North Africa (east of Bizerta).	1 per month.....	2
				18

<sup>1</sup> Tankers, tugs, and 1 cargo vessel in War Department service excluded.

<sup>2</sup> Call at Boston home-bound.

<sup>3</sup> Combination passenger and cargo vessels.

<sup>4</sup> Steamers also call at Philadelphia, Baltimore, Hampton Roads, twice a month and at Boston once a month.

<sup>5</sup> Increased number sailings account grain and cotton movement.



TABLE V.—Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1927—Continued

SOUTH AMERICAN SERVICES

Operator	From—	To—	Frequency of sailings	Number of vessels
American Republics Line (C. H. Sprague & Son, Inc.).	Boston, New York.....	River Plate ports.....	Monthly.....	5
Do.....	Philadelphia, Baltimore, Hampton Roads, South Atlantic.	Brazil and River Plate.....	do.....	4
Do.....	New York.....	Santos, Plate.....	Every 21 days.....	4
Gulf Brazil River Plate Line (Mississippi Shipping Co.).	New Orleans and Port Arthur.....	Brazil ports.....	Monthly.....	—
Do.....	do.....	River Plate ports.....	do.....	14
Do.....	New Orleans, Mobile, Pensacola (Gulfport).....	do.....	do.....	27

FAR EAST AND LONG VOYAGE SERVICES

American Pioneer Line (Atlantic Gulf & Oriental Steamship Co.).	North Atlantic ports.....	China and Japan.....	Monthly.....	18
Do.....	do.....	Philippines and Dutch East Indies.....	do.....	
Do.....	Gulf.....	Far East (China, Japan, and Philippines).....	do.....	
Oregon Oriental Line (Columbia Pacific Shipping Co.).	Spot ships in hands of managing operator.....	Japan, China, and Philippines.....	3 monthly.....	4
American Oriental Mail Line (Admiral-Oriental Line).	Portland, Oreg.....	do.....	2 per month.....	10
Atlantic Australian Line (Roosevelt Steamship Co.).	Principally Everett, Tacoma, Vancouver, and Seattle.	do.....	Monthly.....	7
American India Line (Roosevelt Steamship Co.).	New York.....	Australia.....	Monthly.....	8
American West African Line (A. H. Bull & Co.).	Spot ships in hands of managing operator.....	India.....	Monthly.....	2
American Australia Orient Line (Swayne & Hoyt).	New York (Gulf via New York when inducements offer).	Azores, Canary Islands, Madeira, and West Africa.	Every 20 days.....	5
Do.....	Eureka, Portland, Grays Harbor, Seattle, San Francisco, and Los Angeles.	New Zealand.....	Every 28 days.....	10
Do.....	do.....	New Zealand and Australia.....	do.....	19
Do.....	Los Angeles and San Francisco.....	China, Japan, Philippines, and Straits Settlements.	do.....	
				88

TABLE VI.—Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1927

Type	Total acquired from all sources		Conversions in type	Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Vessels scrapped		Vessels owned June 30, 1927	
	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	-7 cargo converted to tankers. -3 cargo converted to coolie carriers. -5 cargo converted to passenger. +11 transports converted to cargo.	1,517	10,127,944	670	3,510,842	55	315,942	21	161,433			771	6,139,727
Steel (uncompleted) <sup>1</sup> .....	1	9,400		1	9,400									1	9,400
Wood.....	307	1,123,400		307	1,138,163	263	983,838	22	82,910	4	6,008	18	65,407		
Composite.....	18	63,750		18	63,750	18	63,750								
Concrete.....	4	13,500		4	12,656	2	6,078	2	6,578						
Total.....	1,851	11,308,918		1,847	11,351,913	953	4,564,508	79	405,430	25	167,441	18	65,407	772	6,149,127
Tankers:															
Steel.....	143	1,394,180	+7 cargo converted to tankers.	150	1,447,493	128	1,226,451			12	131,680			10	89,362
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	1,508,478	132	1,251,121	1	7,500	15	152,995			11	96,862
Passenger steamers:															
Steel.....	57	626,967	+5 cargo converted to passenger.	62	625,492	43	423,875	2	19,910	3	38,377			14	143,330
Iron.....	1	4,000		1	4,000	1	4,000								
Total.....	58	630,967		63	629,492	44	427,875	2	19,910	3	38,377			14	143,330
Refrigerator steamers, steel.....	19	161,400	-11 transports converted to cargo.	19	143,358	1	11,600	1	5,524	3	25,314			14	100,920
Transports, steel.....	33	233,904		22	125,390	5	31,670			17	93,720				
Colliers, steel.....	19	103,728	+3 cargo converted to coolie carriers.	19	105,413	19	105,413								
Coolie carriers, steel.....				3	11,395	3	11,395								
Tugs:															
Steel.....	86			86		59				23				4	
Wood.....	74			74		60		1		5				8	
Wood (uncompleted).....	1			1		1									
Total.....	161			161		120		1		28				12	
<sup>1</sup> Oakhurst.															

TABLE VI.—Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1927—Continued

Type	Total acquired from all sources		Conversions in type	Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Vessels scrapped		Vessels owned June 30, 1927	
	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
Barges:															
Steel .....	9	22,456		9	22,200	7	7,200			2	15,000				
Wood .....	101	279,500		101	279,500	88	276,000	1	3,500	2				10	
Total .....	110	301,956		110	301,700	95	283,200	1	3,500	4	15,000			10	
Sailing vessels:															
Steel .....	7	24,264		7	24,264	6	22,050	1	2,214						
Wood .....	12	34,500		12	34,500	10	34,500			2					
Total .....	19	58,764		19	58,764	16	56,550	1	2,214	2					
Finished hulls:															
Wood, cargo .....	115	447,700		115	447,700	114	443,850			1	3,850				
Wood, tugs .....	6			6		5		1							
Total .....	121	447,700		121	447,700	119	443,850	1		1	3,850				
Grand total .....	2,543	14,706,217		2,543	14,683,603	1,507	7,187,182	87	444,078	98	496,697	18	65,407	833	6,490,239

## VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD MERCHANT 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, 1927	
	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 .....	1,419	9,499,834	{ -7 cargo converted to tankers. -3 cargo converted to coolie carriers. -5 cargo converted to passenger. +11 transports converted to cargo.           }	1,415	9,521,418	604	3,157,079	41	236,306	14	112,303			756	6,015,730

Steel (uncompleted) <sup>1</sup>	1	9,400		1	9,400								1	9,400
Wood	304	1,120,600		304	1,135,463	262	981,138	22	82,910	2	6,008	18	65,407	
Composite	18	63,750		18	63,750	18	63,750							
Concrete	4	13,500		4	12,656	2	6,078	2	6,578					
Total	1,746	10,707,084		1,742	10,742,687	886	4,208,045	65	325,794	16	118,311	18	65,407	757
Tankers:														
Steel	138	1,363,030	+7 cargo converted to tankers.	145	1,416,300	125	1,210,258			12	131,680			8
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
Total	147	1,427,730		154	1,477,285	129	1,234,928	1	7,500	15	152,995			9
Passenger steamers, steel	25	308,972	+5 cargo converted to passenger.	30	324,488	23	262,282							7
Refrigerator steamers, steel	19	161,400		19	143,358	1	11,600	1	5,524	3	25,314			14
Transports, steel	22	179,775	-11 transports converted to cargo.	11	73,591	3	18,610			8	54,981			
Colliers, steel	9	70,350		9	70,350	9	70,350							
Coolie carriers, steel			+3 cargo converted to coolie carriers.	3	11,395	3	11,395							
Tugs:														
Steel	54			54		47				6				1
Wood	70			70		58				4				8
Wood (uncompleted)	1			1		1								
Total	125			125		106				10				9
Barges:														
Steel	6	22,456		6	22,200	4	7,200			2	15,000			
Wood	84	277,000		84	277,000	83	273,500	1	3,500					
Total	90	299,456		90	299,200	87	280,700	1	3,500	2	15,000			
Sailing vessels, wood	10	34,500		10	34,500	10	34,500							
Finished hulls:														
Wood, cargo	115	447,700		115	447,700	114	443,850			1	3,850			
Wood, tugs	6			6		5		1						
Total	121	447,700		121	447,700	119	443,850	1		1	3,850			
Grand total	2,314	13,636,967		2,314	13,624,554	1,376	6,576,260	69	342,318	55	370,451	18	65,407	796

<sup>1</sup> Oakhurst.

TABLE VI.—Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1927—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, 1927		Total distributed	
	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:												
Steel.....	49	286,277	26	126,342	8	42,287	2	8,965	13	106,462	49	284,056
Wood.....	1	2,800	1	2,700							1	2,700
Total.....	50	289,077	27	129,042	8	42,287	2	8,965	13	106,462	50	286,756
Tankers, steel.....	5	31,150	3	16,193					2	15,000	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.....	26		10				16				26	
Wood.....	2		1		1						2	
Total.....	28		11		1		16				28	
Barges, wood.....	8	2,500	5	2,500					3		8	2,500
Grand total.....	103	368,305	58	194,998	9	42,287	18	8,965	18	121,462	103	367,712

## EX-ENEMY VESSELS SEIZED

	Total vessels seized		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1927		Total distributed	
	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:												
Steel.....	52	300,257	39	223,921	6	37,349	5	40,165	2	17,535	52	318,970
Wood.....	2						2				2	
Total.....	54	300,257	39	223,921	6	37,349	7	40,165	2	17,535	54	318,970
Passenger, steel.....	29	302,291	17	145,889	2	19,910	3	38,377	7	81,124	29	285,300
Transports, steel.....	9	39,629					9	38,739			9	38,739
Tugs, steel.....	1		1								1	
Barges, steel.....	3		3								3	
Sailing vessels:												
Steel.....	7	24,264	6	22,050	1	2,214					7	24,264
Wood.....	2						2				2	
Total.....	9	24,264	6	22,050	1	2,214	2				9	24,264
Grand total.....	63	675,441	66	391,860	9	59,473	21	117,281	9	98,659	105	667,273

<sup>2</sup> Includes Santa Catalina transferred to Navy for a monetary consideration.<sup>3</sup> Includes Clinton wood water carrier.<sup>4</sup> Two subtenanders classed as cargo vessels (Bridgeport and Camden) included.<sup>5</sup> Hermes (wood, motor) and Samoa (wood, gunboat) classed as cargo vessels.<sup>6</sup> Auxiliary schooners (Atlas and Neptune) classed as sailers.

TABLE VI.—*Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1927—Continued*

## VESSELS TRANSFERRED FROM OTHER GOVERNMENT DEPARTMENTS TO UNITED STATES SHIPPING BOARD

	Total vessels acquired by transfer		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1927		Total distributed	
	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, steel.....	1	3,500	1	3,500							1	3,500
Passenger, steel.....	2	7,504	2	7,504							2	7,504
Transports, steel.....	2	14,500	2	13,060							2	13,060
Tugs:												
Steel.....	5		1				1		3		5	
Wood.....	2		1				1				2	
Total.....	7		2				2		3		7	
Barges, wood.....	9						2		7		9	
Grand total.....	21	25,504	7	24,064			4		10		21	24,064

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

TABLE VIII.—Balance sheet as of June 30, 1927

## ASSETS

A-1-1. Cash and unrequisioned appropriations available for general purposes.....		\$38, 114, 851. 01	
A-1-2. Cash and unrequisioned appropriations available for the operation of vessels taken back from purchasers.....		10, 000, 000. 00	
A-2. Cash and unrequisioned appropriations available for settlement of claims, appropriation act, fiscal year 1923.....		1, 927, 767. 12	
A-3. Cash and unrequisioned appropriations, United States Shipping Board.....	\$74, 669. 60		
Less appropriation balance, fiscal year 1925.....	36, 984. 60		
Amount available for expenses of United States Shipping Board.....		37, 685. 00	
A-4. Construction loan and Dieselization funds.....		86, 578, 989. 58	
A-5. Accounts receivable.....	\$92, 641, 882. 73		
Less payable offsets.....	\$1, 436, 118. 62		
Less claim offsets.....	18, 799, 302. 61		
Less reserve for doubtful or uncollectible accounts.....	66, 170, 183. 60		
	86, 405, 604. 83		
A-6. Accounts receivable of managing operators.....		6, 236, 277. 90	
A-7. Notes receivable.....	\$1, 793, 372. 66		
Less payable offsets.....	\$6, 907. 85		
Less claim offsets.....	52, 526. 29		
Less reserve for doubtful or uncollectible accounts.....	977, 202. 80		
	1, 036, 636. 94		
A-8. Operating supplies.....		756, 735. 72	
A-9. Surplus material for sale.....		4, 586, 065. 81	
A-10. Land, structures, and equipment for sale.....		3, 263, 398. 09	
A-11. Mortgages receivable and securities.....	\$7, 143, 677. 85		
Less payable offsets.....	\$27. 15		
Less claim offsets.....	2, 936, 968. 83		
Less reserve for estimated value.....	2, 169, 000. 00		
	5, 105, 995. 98		
A-12. Accounts and notes receivable for ship sales.....	\$41, 888, 734. 04		
Less payable offsets.....	\$135, 068. 26		
Less claim offsets.....	920, 097. 10		
Less reserve for uncollectible accounts and notes.....	14, 839, 802. 40		
	15, 894, 967. 76		
		2, 037, 681. 87	
A-13. Real estate and equipment used in operations.....		25, 993, 766. 28	
A-14. Estimated recoverable value of claims in favor of United States Shipping Board.....		13, 166, 716. 28	
A-15. Fleet (at appraised value).....		1, 082, 411. 69	
A-16. Deferred accounts and commitment charges.....		125, 157, 177. 00	
		19, 913, 584. 21	
Total.....		342, 328, 934. 19	

## LIABILITIES

L-1. Accounts payable and unclaimed wages.....	\$4, 902, 546. 81		
Less receivable offsets.....	1, 191, 660. 84		
		\$3, 710, 885. 97	
L-2. Accounts payable of managing operators.....		13, 074, 480. 36	
L-3. Deposits on sales and other contracts not consummated.....	\$253, 521. 30		
Less receivable offsets.....	198, 764. 10		
		54, 757. 20	
L-4. Suspense credits (receipts from ship sales contracts not fulfilled by purchasers).....	305, 490. 65		
Less receivable offsets.....	187, 696. 94		
		117, 793. 71	
L-5. Commitments (other than Dieselization).....		6, 793, 304. 09	
L-6. Reserve for insurance claims and losses.....		10, 493, 617. 14	
L-7. Reserve for operating claims.....		3, 870, 012. 54	
Total liabilities payable from general funds.....		38, 114, 851. 01	
L-8. Dieselization commitments and accounts payable.....		1, 824, 722. 15	
L-9. Reserve for claim settlements.....		1, 927, 767. 12	
Reserve for operation of vessels taken back from purchasers.....		10, 000, 000. 00	
Net worth as at June 30, 1927.....		290, 461, 593. 91	
Total.....		342, 328, 934. 19	



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### SCHEDULE 1.—*Cash and unrequisitioned appropriations available for general purposes as at June 30, 1927*

Cash available for general purposes, before adjustment—Cash in United States Treasury, in banks, in hands of managing operators, and in transit to depositories.....	\$42,254,192.37
Unrequisitioned appropriations, emergency shipping fund.....	191,373.70
Plus net charges to Dieselization account disbursed from operating fund for which operating fund will be reimbursed from Dieselization fund, subsequent to June 30, 1927.....	2,736.96
	<u>42,448,303.03</u>
Less:	
Amount to be transferred to construction loan fund, subsequent to June 30, 1927, representing excess of sales receipts over liquidation expense requirements.....	\$2,650,354.06
Amount to be transferred to Dieselization fund from operating fund, subsequent to June 30, 1927, in accordance with United States Shipping Board resolutions of June 23 and July 23, 1927, to provide in Dieselization fund an amount sufficient to cover all Dieselization expenses and commitments incurred on or before June 30, 1927.....	1,683,097.96
	<u>4,333,452.02</u>
Total cash and unrequisitioned appropriations available for general purposes, June 30, 1927.....	<u>38,114,851.01</u>

### SCHEDULE 2.—*Reconciliation of cash and unrequisitioned appropriation balances as shown by the balance sheet with Treasurer's cash and appropriation statement as at June 30, 1927*

Total cash and unrequisitioned appropriation balances per Treasurer's statement, June 30, 1927.....	<u>\$127,145,475.65</u>
Balance sheet application of the above total:	
Cash and unrequisitioned appropriations available for general purposes (Schedule A 1-1).....	\$38,114,851.01
Unrequisitioned appropriation for operation of vessels taken back from purchasers (Schedule A 1-2).....	10,000,000.00
Claims fund—Cash and appropriation balance; fund established by Fleet Corporation appropriation act for the fiscal year 1923 (Schedule A-2).....	1,927,767.12
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).....	20,570.64
United States Shipping Board, 1927, cash and appropriation balance (Schedule A-3).....	17,114.36
Amount set aside for construction loan fund as authorized by section 11 of the merchant marine act of 1920, and amendment thereto approved Mar. 4, 1927 (Schedule A-4).....	75,203,465.77
Amount established as a fund for the Dieselization of vessels (Schedule A-4).....	1,824,722.15
Total cash and unrequisitioned appropriations per balance sheet of June 30, 1927..	<u>127,145,475.65</u>

### SCHEDULE 3.—*Cash and unrequisitioned appropriations available for expenses of United States Shipping Board as at June 30, 1927*

Cash:	
Available for salaries and expenses, fiscal year 1927.....	\$12,822.16
Available for printing and binding, fiscal year 1927.....	1,325.90
Total cash.....	<u>\$14,148.06</u>
Unrequisitioned appropriations:	
Salaries and expenses, fiscal year 1925.....	\$36,677.57
Printing and binding, fiscal year 1925.....	307.03
Salaries and expenses, fiscal year 1926.....	20,416.45
Printing and binding, fiscal year 1926.....	154.19
Salaries and expenses, fiscal year 1927.....	2,486.01
Printing and binding, fiscal year 1927.....	490.29
Total unrequisitioned appropriations.....	<u>60,521.54</u>
Total cash and unrequisitioned appropriations, United States Shipping Board.....	<u>74,669.60</u>
Less amount of 1925 appropriations, unrequisitioned as at June 30, 1927, to be covered into the United States Treasury subsequent to that date:	
Salaries and expenses, fiscal year 1925.....	\$36,677.57
Printing and binding, fiscal year 1925.....	307.03
	<u>36,984.60</u>
Cash and unrequisitioned appropriation available for expenses of United States Shipping Board.....	<u>37,685.00</u>

<sup>1</sup> The unexpended balance of this appropriation as at June 30, 1927, will be covered into the U. S. Treasury as of July 1, 1927, and this amount has therefore been deducted from Schedule A-3.

TABLE IX.—Gross appropriations and allotments from inception to July 1, 1927

	Original appro- priation	Returned to United States Treasury surplus or reappropriated	Net appropria- tion	United States Shipping Board	United States Shipping Board Merchant Fleet Corporation
For fiscal years ended prior to July 1, 1926:					
United States Shipping Board—					
Acts of Sept. 7, 1916; June 12, 1917; July 1, 1918; July 19, 1919; June 5, 1920; Mar. 4, 1921; June 16, 1921; June 12, 1922; Feb. 13, 1923; June 7, 1924; and Mar. 3, 1925.....	\$4,833,042.41	\$654,860.73	\$4,178,181.68	\$4,178,181.68	-----
United States Shipping Board Merchant Fleet Corporation—					
Act of Sept. 7, 1916, permanent fund.....	50,000,000.00	-----	50,000,000.00	-----	-----
Acts from June 15, 1917, to June 12, 1922, emergency shipping fund.....	3,363,553,000.00	37,689,497.61	3,325,863,502.39	-----	-----
Acts of Feb. 13, 1923, June 7, 1924, and Mar. 3, 1925, current maintenance and operations.....	104,000,000.00	-----	104,000,000.00	-----	-----
Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments.....	50,000,000.00	11,745,815.10	38,254,184.90	-----	-----
Acts of Apr. 17, 1917, and July 1, 1918, national security and defense (presidential allotments).....	29,512,426.27	4,524,107.72	24,988,318.55	-----	-----
Total United States Shipping Board Merchant Fleet Corporation.....	3,597,065,426.27	53,959,420.43	3,543,106,005.84	-----	\$3,543,106,005.84
Total for fiscal years ended prior to July 1, 1926.....	3,601,898,468.68	54,614,281.16	3,547,284,187.52	-----	-----
For fiscal year ended June 30, 1927:					
United States Shipping Board—					
Act of Apr. 22, 1926—					
7 commissioners.....	84,000.00	-----	84,000.00	-----	-----
Printing and binding.....	6,000.00	-----	6,000.00	-----	-----
All other expenses.....	208,574.00	-----	208,574.00	-----	-----
Total United States Shipping Board.....	298,574.00	-----	298,574.00	298,574.00	-----
United States Shipping Board Merchant Fleet Corporation—					
Act of Apr. 22, 1926—					
Current maintenance and operations.....	13,900,000.00	-----	13,900,000.00	-----	-----
Operation of trade lines, ex-purchasers (expenditures on approval of President of the United States).....	10,000,000.00	10,000,000.00	-----	-----	-----
Total United States Shipping Board Merchant Fleet Corporation.....	23,900,000.00	10,000,000.00	13,900,000.00	-----	13,900,000.00
Total for fiscal year ended June 30, 1927.....	24,198,574.00	10,000,000.00	14,198,574.00	-----	-----

TABLE IX.—Gross appropriations and allotments from inception to July 1, 1927—Continued

	Original appropriation	Returned to United States Treasury surplus or reappropriated	Net appropriation	United States Shipping Board	United States Shipping Board Merchant Fleet Corporation
For fiscal year ending June 30, 1928:					
United States Shipping Board—					
Act of Feb. 11, 1927—					
7 commissioners.....	\$84,000.00		\$84,000.00		
Printing and binding.....	7,000.00		7,000.00		
All other expenses.....	199,000.00		199,000.00		
Total United States Shipping Board.....	290,000.00		290,000.00	\$290,000.00	
United States Shipping Board Merchant Fleet Corporation—					
Act of Feb. 11, 1927—					
Current maintenance and operations.....	17,000,000.00		17,000,000.00		
Operation of trade lines, ex-purchasers (expenditures on approval of President of the United States).....	5,000,000.00		5,000,000.00		
Total United States Shipping Board Merchant Fleet Corporation.....	22,000,000.00		22,000,000.00		\$22,000,000.00
Total for fiscal year ending June 30, 1928.....	22,290,000.00		22,290,000.00		
Gross appropriations and allotments.....	3,648,387,042.68	\$64,614,281.16	3,583,772,761.52	4,766,755.68	3,579,006,005.84

TABLE X.—Statement of profit and loss, excluding liquidation, fiscal year 1927

[Amounts shown in italics represent losses]

Class of vessel	Number of terminations	Cargo, tonnage, and passengers	Estimated voyage revenue	Operating costs								
				Estimated voyage expense	Adjustment	Insurance	Repairs		Adver- tising	Adminis- trative expense	Total expense	Profit or loss
							Mainte- nance	Better- ments				
Freighters-----	1, 174	<sup>1</sup> 9,387, 942	\$62, 953, 231. 05	\$64, 431, 239. 82	\$1, 061, 665. 55	\$3, 569, 320. 59	\$4, 208, 541. 11	\$230, 017. 41	\$164, 830. 52	\$3, 201, 687. 92	\$76, 867, 302. 92	<i>\$13, 914, 071. 87</i>
Passenger and cargo (excluding United States Lines), pas- senger-----	55	<sup>2</sup> 6, 336 <sup>1</sup> 272, 946	3, 605, 803. 31	3, 034, 505. 08	64, 338. 93	102, 690. 36	358, 835. 72	6, 210. 00	25, 000. 00	81, 599. 93	3, 673, 180. 02	<i>67, 376. 71</i>
United States Lines, passenger-----	61	<sup>2</sup> 84, 556 <sup>1</sup> 274, 894	16, 675, 390. 81	14, 157, 350. 71	57, 642. 68	401, 795. 68	889, 875. 94	207, 415. 12	325, 467. 71	264, 757. 33	16, 304, 305. 17	371, 085. 64
Tankers-----	134	<sup>1</sup> 1, 310, 181	2, 690, 637. 12	1, 506, 879. 92	22, 658. 55	169, 032. 76	152, 704. 17	2, 105. 00	-----	55, 154. 15	1, 908, 534. 55	782, 102. 57
Total ocean opera- tions-----	1, 424	<sup>2</sup> 90, 892 <sup>1</sup> 11, 245, 963	85, 925, 062. 29	83, 129, 975. 53	1, 206, 305. 71	4, 242, 839. 39	5, 609, 956. 94	445, 747. 53	515, 298. 23	3, 603, 199. 33	98, 753, 322. 66	<i>12, 828, 260. 37</i>
Tugs-----	12	-----	75, 768. 00	40, 582. 13	-----	2, 325. 05	5, 206. 03	-----	-----	561. 50	48, 674. 71	27, 093. 29
Chartered vessels-----	-----	-----	61, 344. 57	-----	-----	25, 100. 33	-----	-----	-----	8, 744. 17	33, 844. 50	27, 500. 07
Total vessel opera- tions-----	1, 436	<sup>2</sup> 90, 892 <sup>1</sup> 11, 245, 963	86, 062, 174. 86	83, 170, 557. 66	1, 206, 305. 71	4, 270, 264. 77	5, 615, 162. 97	445, 747. 53	515, 298. 23	3, 612, 505. 00	98, 835, 841. 87	<i>12, 773, 667. 01</i>
Expenses of inactive vessels-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	<i>4, 438, 942. 95</i>
Miscellaneous income, net-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1, 286, 198. 08
Loss-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	<i>15, 926, 411. 88</i>

<sup>1</sup> Tons.<sup>2</sup> Passengers.

TABLE XI.—*Report of litigation for period June 30, 1926–June 30, 1927*

CASES IN WHICH THE UNITED STATES, THE UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION, OR THE UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION ARE DEFENDANTS OR OBLIGATED TO DEFEND BY CONTRACT

District	Cases pending June 30, 1926		Cases docketed during period June 30, 1926–June 30, 1927		Total		Cases after noting amendments, judgments, or reversals during period June 30, 1926–June 30, 1927		Cases settled during period June 30, 1926–June 30, 1927			Cases pending June 30, 1927	
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount of suit	Amount of settlement	Num-ber	Amount
Home office.....	21	\$911,426.94	5	\$28,870.58	26	\$940,297.52	26	\$833,006.72	18	\$493,117.75	\$45,500.00	8	\$339,888.97
North Atlantic.....	95	25,542,577.39	31	429,179.13	126	25,971,756.52	127	16,251,856.58	50	2,459,519.16	19,920.00	77	13,792,337.42
Middle Atlantic.....	79	532,704.90	17	123,237.48	96	655,942.38	96	9,724,359.06	33	121,408.90	925.00	63	9,602,950.16
Central.....	4	14,021.46	1	-----	5	14,021.46	5	14,021.46	4	13,373.81	-----	1	647.65
Southern.....	36	1,465,334.56	-----	-----	36	1,465,334.56	36	1,465,334.56	18	498,540.35	-----	18	966,794.21
Northern Pacific.....	12	4,668,252.83	1	5,905.00	13	4,674,157.83	13	4,674,157.83	7	643,425.08	2,300.00	6	4,030,732.75
Southern Pacific.....	1	-----	-----	-----	1	-----	1	-----	-----	-----	-----	-----	-----
Foreign.....	1	27,337.50	2	350,679.56	3	378,017.06	3	378,017.06	1	27,337.50	16,466.16	2	350,679.56
Total.....	249	33,161,655.58	57	937,871.75	306	34,099,527.33	307	33,340,753.27	132	4,256,722.55	85,111.16	175	29,084,030.72
Court of Claims.....	90	283,967,518.83	37	826,854.56	127	284,794,373.39	127	253,318,751.45	122	17,825,054.55	1,365,066.08	105	235,493,696.90
All districts.....	339	317,129,174.41	94	1,764,726.31	433	318,893,900.72	434	286,659,504.72	154	22,081,777.10	1,450,177.24	280	264,577,727.62

**CASES WHERE THE UNITED STATES, THE UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION, OR THE UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION ARE PLAINTIFFS**

Home office.....	7	\$11,962,547.84			7	\$11,962,547.84	7	\$12,560,167.54	3	\$138,752.52	\$3,500.00	4	\$12,421,415.02
North Atlantic.....	22	4,841,665.44	8	\$72,317.57	30	4,913,983.01	30	4,690,633.98	6	18,235.06	4,566.61	24	4,672,398.92
Middle Atlantic.....	26	16,253,657.67	3	1,900.00	29	16,255,557.67	29	16,249,036.27	13	5,168,122.90	630,267.77	16	11,080,913.37
Central.....	5	106,521.45	2	8,516.60	7	115,038.05	7	115,038.05	1	19,094.36	1,059.32	6	95,943.69
Southern.....	6	144,872.23			6	144,872.23	6	144,872.23	5	138,865.12	3,108.95	1	6,007.11
Northern Pacific.....	7	10,368,759.33	1	600.00	8	10,369,359.33	8	10,384,755.03	5	2,832,327.25		3	7,552,427.78
Southern Pacific.....	1		1		2		2		1			1	
All districts.....	74	43,678,023.96	15	83,334.17	89	43,761,358.13	89	44,144,503.10	34	8,315,397.21	642,502.65	55	35,829,105.89

<sup>1</sup> Among this number are 2 cases in which affirmative judgments were rendered in favor of the United States and were satisfied by payment of \$1,222,878.09 by claimants.

<sup>2</sup> Among this number are 31 cases totaling \$201,699,977.64, originally begun for \$236,426,521.64, in which verdicts or judgments have been rendered as follows: 2 cases in which affirmative judgments have been rendered in favor of the United States in the sum of \$734,385.70 in which plaintiffs claimed \$1,881,001.27; 16 cases in which verdicts or judgments have been rendered in favor of plaintiffs in the sum of \$7,237,380.85, originally begun for \$41,963,924.85; 13 cases in which judgments of dismissal have been rendered, totaling \$192,581,595.52. Among this number are 11 cases in which no amounts are claimed or not ascertained or not included in totals.

<sup>3</sup> Among this number are 13 cases, totaling \$12,915,356.34, in which verdicts or judgments have been rendered, of which cases there is 1 case for \$35,595.80 in which a judgment of dismissal has been rendered. Among this number are 6 cases in which no amounts are claimed, or where not ascertained or not included in totals.

**UNITED STATES PROTECTION & INDEMNITY AGENCY (INC.), JANUARY 1, 1927-JUNE 30, 1927**

District	Cases pending Jan. 1, 1927		Cases docketed during period Jan. 1, 1927-June 30, 1927		Totals		Cases after noting amendments, judgments or reversals during period Jan. 1, 1927-June 30, 1927		Cases settled during period Jan. 1, 1927-June 30, 1927			Cases pending June 30, 1927	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount of suit	Amount of settlement	Number	Amount
Home Office.....	8	\$74,062.50	5	\$67,750.00	13	\$141,812.50	13	\$141,812.50	3	\$25,000.00	\$4,000.00	10	\$116,812.50
North Atlantic.....	1,080	18,351,952.61	201	2,657,448.65	1,281	21,009,401.26	1,281	21,009,401.26	430	5,769,802.49	255,216.24	851	15,239,598.77
Middle Atlantic.....	16	90,604.87	2	51,884.65	18	142,489.52	18	142,489.52	5	28,500.00	1,000.00	13	115,489.52
Southern.....	57	635,576.10	5	140,056.00	62	775,632.10	62	775,632.10	21	158,039.53	4,800.76	41	617,592.57
Northern Pacific.....	27	355,760.46	5	97,358.19	32	453,118.65	32	453,118.65	8	97,199.16	1,094.00	24	355,919.49
Southern Pacific.....	24	171,426.77	6	1,617.97	30	173,044.74	30	173,044.74	3	45,895.00		27	127,149.74
Total.....	1,212	19,679,383.31	224	3,016,115.46	1,436	22,695,498.77	1,436	22,696,998.77	470	6,124,436.18	266,211.00	966	16,572,562.59

TABLE XI.—*Report of litigation for period June 30, 1926–June 30, 1927—Continued*  
 UNITED STATES PROTECTION & INDEMNITY AGENCY (INC.), JANUARY 1, 1927–JUNE 30, 1927

## FOREIGN COUNTRIES

Cases pending Jan. 1, 1927			Cases docketed during period Jan. 1, 1927–June 30, 1927		Totals		Cases settled during period Jan. 1, 1927–June 30, 1927		Cases pending June 30, 1927	
Country	Number	Amount	Number	Amount	Number	Amount	Number	Amount of suit	Number	Amount
Argentina.....	4	{ \$40,754.46 (A. P.) Rs. 1,691,700.....	4	{ Frs. 17,730.95..... \$232.00.....	4	{ \$40,754.46 (A. P.) Rs. 1,691,700.....			4	{ \$40,754.46 (A. P.) Rs. 1,691,700.....
Belgium.....	27	{ Frs. 658,145.91..... £839 7s. 6d..... \$10,637.47.....								
Cuba.....	1	{ \$10,637.47.....	1	Frs. 250.....	8	{ Frs. 631,137.65..... £30 7s..... \$351.32.....	3	£1,865 10s. 9d.....	31	{ Frs. 675,876.86..... £839 7s. 6d..... \$10,869.47.....
England.....	6	{ £7,751 5s. 4d..... Frs. 630,887.65.....								
France.....	7	{ £30 7s..... \$351.32.....	3		3	{ \$8,299.46..... Florins 2,372.06.....	3	Florins 2,372.06.....	8	{ Frs. 631,137.65..... £30 7s..... \$351.32.....
Greece.....	3	{ \$8,299.46.....								
Holland.....	3	{ Florins 2,372.06.....	7		7	{ Lire 23,372.30..... \$29,091.68.....			3	{ \$8,299.46.....
Italy.....	7	{ Lire 23,372.30..... \$29,091.68.....								
Latvia.....	1	{ Lats 176,790.....	1		1	{ Lats 176,790..... Pesetas 65,000.....			7	{ Lire 23,372.30..... \$29,091.68.....
Spain.....	1	{ Pesetas 65,000.....								
Total.....	60	{ \$48,379.93..... Frs. 1,289,033.56..... £8,620 19s. 10d..... Rs. 1,691,700..... Lire 23,372.30..... Florins 2,372.06..... Lats 176,790..... Pesetas 65,000..... \$40,754.46 (A. P.).....	6	{ \$232.00..... Frs. 17,980.95.....	66	{ \$48,611.93..... Frs. 1,307,014.51..... £8,620 19s. 10d..... Rs. 1,691,700..... Lire 23,372.30..... Florins 2,372.06..... Lats 176,790..... Pesetas 65,000..... \$40,754.46 (A. P.).....	6	{ £1,865 10s. 9d..... Florins 2,372.06.....	60	{ \$48,611.93..... Frs. 1,307,014.51..... £8,620 19s. 10d..... Rs. 1,691,700..... Lire 23,372.30..... Lats 176,790..... Pesetas 65,000..... \$40,754.46 (A. P.).....

# BANKRUPTCY AND RECEIVERSHIP REPORT CHANGES OCCURRING DURING YEAR JUNE 30, 1926-JUNE 30, 1927

District and action	Cases pending June 30, 1926		Cases docketed during year June 30, 1926, to June 30, 1927		Amount after noting cases docketed and amendments during year June 30, 1926, to June 30, 1927		Dividends received during year June 30, 1926, to June 30, 1927	Cases settled during year June 30, 1926, to June 30, 1927			Balance, June 30, 1927	
	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					2	4,914.00
North Atlantic:												
Bankruptcy.....	20	12,521,855.21			20	12,521,855.21	\$1.20	7	1,647,148.64	\$16,600.00	13	10,874,705.97
Receivership.....	11	6,801,860.33			11	7,103,563.15	130,772.88	1	325.00	25.00	10	6,972,465.27
Liquidation.....	1	1,360.00			1	1,360.00	80.00				1	1,280.00
Total.....	32	19,325,075.54			32	19,626,778.36					24	17,848,451.24
Middle Atlantic:												
Bankruptcy.....	5	80,808.68	1	\$1,526.92	6	82,335.60	646.39	1	74,013.47	3,829.31	5	8,322.13
Receivership.....	7	17,310,070.13			7	15,613,453.69		2	14,173,033.75		5	1,439,773.55
Total.....	12	17,390,878.81			13	15,695,789.29					10	1,448,095.68
Central:												
Bankruptcy.....	5	4,587.28			5	4,587.28		2	1,148.37	20.12	3	3,438.91
Receivership.....	3	500,001.66			3	1.66		1	1.66		2	
Dissolution.....	1	1,081.34			1	1,081.34					1	1,081.34
Total.....	9	505,670.28			9	5,670.28					6	4,520.25
Southern:												
Bankruptcy.....	3	6,939,539.61			3	6,939,539.61					3	6,939,539.61
Receivership.....	3	98,844.05			3	98,844.05					3	98,844.05
Total.....	6	7,038,383.66			6	7,038,383.66					6	7,038,383.66



TABLE XI.—*Report of litigation for period June 30, 1926-June 30, 1927—Continued*

## BANKRUPTCY AND RECEIVERSHIP REPORT CHANGES OCCURRING DURING YEAR JUNE 30, 1926-JUNE 30, 1927

District and action	Cases pending June 30, 1926		Cases docketed during year June 30, 1926, to June 30, 1927		Amount after noting cases docketed and amendments during year June 30, 1926, to June 30, 1927		Dividends received during year June 30, 1926, to June 30, 1927	Cases settled during year June 30, 1926, to June 30, 1927			Balance, June 30, 1927	
	Number	Amount	Number	Amount	Number	Amount		Number	Amount of claim	Amount of settlement	Number	Amount
Northern Pacific:												
Bankruptcy.....	2	\$415. 11			2	\$415. 11		2	\$415. 11			
Insolvency.....	1	2, 600. 00			1	2, 600. 00		1	2, 600. 00	\$2, 600. 00		
Liquidation.....	1	459. 00			1	459. 00					1	\$459. 00
Total.....	4	3, 474. 11			4	3, 474. 11					1	459. 00
Southern Pacific:												
Bankruptcy.....	1	167, 888. 46			1	167, 888. 46					1	167, 888. 46
Foreign:												
Bankruptcy.....	2	3, 069. 36			2	3, 069. 36					2	3, 069. 36
Liquidation.....	2	30, 478. 33			2	30, 478. 33					2	30, 478. 33
Total.....	4	33, 547. 69			4	33, 547. 69					4	33, 547. 69
Grand total.....	71	44, 478, 873. 65	1	\$1, 526. 92	72	42, 585, 486. 95	\$131, 500. 47	18	15, 907, 726. 50	22, 474. 43	154	26, 546, 259. 98

## RECAPITULATION

Bankruptcy.....	40	\$19, 723, 077. 71	1	\$1, 526. 92	41	\$19, 724, 604. 63	\$1. 20	12	\$1, 722, 724. 99	\$16, 000. 00	29	\$18, 001, 878. 44
Receivership.....	24	24, 710, 776. 17			24	22, 815, 862. 55	131, 419. 27	4	14, 173, 360. 41	25. 00	20	8, 511, 082. 87
Liquidation.....	4	32, 297. 33			4	32, 297. 33	80. 00				4	32, 217. 33
Insolvency.....	2	11, 641. 10			2	11, 641. 10		2	11, 641. 10	2, 600. 00		
Dissolution.....	1	1, 081. 34			1	1, 081. 34					1	1, 081. 34
Total.....	71	44, 478, 873. 65	1	1, 526. 92	72	42, 585, 486. 95	131, 500. 47	18	15, 907, 726. 50	22, 474. 43	154	26, 546, 259. 98

<sup>1</sup> Among this number are 14 cases carried without amounts.

TABLE XII.—*Names and compensation of employees of the United States Shipping Board in the service on June 30, 1927*

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 Bowsman	Junior clerk	Missouri	1, 440
Robert L. Boyd	Laborer	Washington, D. C.	960
Lylle R. Buskey	Attorney	New York	4, 000
Ruth E. Cain	Junior clerk	do	1, 440
Mabel G. Carragher	File clerk	Massachusetts	1, 440
Lora S. Cass	Senior stenographer	Oklahoma	1, 920
Lettie B. Chapman	Clerk	Washington, D. C.	1, 560
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, 560
Maude Darracott	Junior stenographer	South Carolina	1, 560
Albert D. Davis	Cabinetmaker	Virginia	2, 040
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
Dan P. Eldridge	Examiner	do	3, 000
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
Samuel Goodacre	Secretary	do	5, 600
Olive M. Henderson	Clerk	Virginia	1, 440
Lillian M. Hildebrand	Senior stenographer	Maryland	1, 800
William S. Hill	Commissioner	South Dakota	12, 000
Nettie J. Hipple	Senior stenographer	Pennsylvania	1, 800
James Jackson	Unskilled laborer	Virginia	1, 080
Larkin C. King	Laborer	Washington, D. C.	1, 080
Olive V. King	Clerk	do	1, 800
Lottie P. King	Senior typist	Maryland	1, 560
Florence J. Lacy	Library assistant	Washington, D. C.	1, 500
Leon A. LeBuffe	Clerk	South Carolina	1, 800
Manilla R. McCue	Assistant clerk-stenographer	Virginia	1, 500
Bessie C. Mallicote	Stenographer	Washington, D. C.	1, 680
Julius Manns	Laborer	do	960
Jefferson Myers	Commissioner	Oregon	12, 000
Alice S. Murray	Senior clerk	Massachusetts	2, 200
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
L. R. Roberts	Chief, filing section	Iowa	2, 600
Evelyn M. Sackett	Senior stenographer	New York	1, 680
Samuel D. Schell	Assistant secretary	Maryland	3, 600
Linda M. Shanahan	Examiner	Washington, D. C.	2, 400
D. W. Shannon	Multigraph operator	do	1, 440
Marietta A. Stevens	File clerk	Indiana	1, 320
Roland K. Smith	Commissioner	Louisiana	12, 000
Philip S. Teller	do	California	12, 000
Anna Tiede	Examiner	do	3, 000
Landon W. Trudgian	Assistant to secretary	Washington, D. C.	2, 600
Marie C. Van Arnum	Telephone operator	do	1, 320
Emma Von Toerne	Senior stenographer	Wisconsin	1, 980
May E. Wagner	Senior typist	Washington, D. C.	1, 440
Alma L. Webster	do	do	1, 560
George West	Underclerk	California	1, 200
Lillian Wilson	Senior typist	Minnesota	1, 560
Bertha E. Wolfe	Clerk	Washington, D. C.	1, 680
W. M. Woods	Accountant	Massachusetts	2, 400
Virginia E. Woodward	Clerk	Maryland	1, 560
Albert C. Wimberly	Junior clerk	Washington, D. C.	1, 320
Walter Ziwn	Senior typist	Pennsylvania	1, 560

# 132 ELEVENTH ANNUAL REPORT UNITED STATES SHIPPING BOARD

*Names and compensation of employees of the United States Shipping Board who have been in the service some part of the fiscal year ended June 30, 1927*

Name	Designation	Legal residence	Rate per annum	Date of separation
Lillian Boswell.....	Junior statistical clerk.....	Washington, D. C.....	\$1, 320	July 15, 1926
Peninah F. Breen.....	Junior clerk.....	Missouri.....	1, 320	Oct. 15, 1926
Robt. E. Caine.....	Examiner.....	Washington, D. C.....	1, 860	Apr. 1, 1927
Ethel M. Coleman.....	Junior library assistant.....	Louisiana.....	1, 620	Aug. 31, 1926
Sara T. Duffy.....	Clerk-typist.....	North Carolina.....	1, 320	May 19, 1927
Lucy A. Emmons.....	Junior clerk.....	Washington, D. C.....	1, 320	Apr. 10, 1927
Mina G. Irvine <sup>1</sup> .....	Administrative assistant.....	New York.....	4, 200	Aug. 1, 1926
Roy H. Morrill <sup>1</sup> .....	Secretary.....	Massachusetts.....	5, 200	July 25, 1926
Robt. L. Rohrback.....	Junior clerk.....	Maryland.....	1, 320	Dec. 30, 1926
Harry S. Riggles.....	do.....	Virginia.....	1, 500	Mar. 31, 1927
Jesse E. Saugstad <sup>1</sup> .....	Assistant director.....	New York.....	3, 600	Aug. 1, 1926
John S. Woodruff <sup>1</sup> .....	Attorney.....	New Jersey.....	5, 000	Do.
John H. Walsh.....	Commissioner.....	California.....	12, 000	Oct. 15, 1926
Thos. A. Wadden.....	Senior examiner.....	South Dakota.....	5, 000	Mar. 31, 1927
W. H. Woolfolk.....	Examiner.....	Virginia.....	2, 700	May 25, 1927

<sup>1</sup> Transferred to fleet rolls.

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