

UNITED STATES MARITIME COMMISSION

REPORT TO CONGRESS

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UNITED STATES MARITIME COMMISSION

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LETTER OF TRANSMITTAL

UNITED STATES MARITIME COMMISSION,

Washington, January 21, 1947.

To the Congress:

I have the honor to present herewith the annual report of the United States Maritime Commission for the fiscal year ending June 30, 1946.

This report covers the beginning of the difficult period of transition from total mobilization of the merchant fleet for war to private ownership and operation. The problems of reconversion to a peacetime basis are difficult and complex.

The Commission has endeavored to outline the maritime situation that existed at the end of the war, and the actions that were initiated to restore the merchant fleet to private operation. It is also an accounting of the work of the Commission in liquidating its wartime construction program, the initial steps taken toward disposal of surplus war-built vessels, and its plans for carrying out the policy declared in the Merchant Marine Act, 1936, as amended, for the maintenance of a merchant fleet adequate for national defense and to carry our domestic and a substantial portion of our water-borne foreign commerce.

The American merchant marine was transformed during the war years from a merchant fleet barely beginning to feel the rejuvenating effects afforded by the addition of less than 200 modern vessels to the largest fleet any nation ever has had. More than 5,000 vessels built in American shipyards after Pearl Harbor were in the service of the United States at the end of the war. When victory came, the Commission's construction program virtually came to an end, and its prime endeavor became the fitting of this huge fleet into a pattern for private peacetime operation.

There are certain fundamental differences between a merchant fleet built for war and one which will serve efficiently in peace. The single purpose of the American merchant marine after Pearl Harbor was to give effective help to the armed services of the United States and to our Allies in the common pursuit of victory. Every vessel built by the Commission during the war and every operation directed by the War Shipping Administration was devoted to that aim. The wartime Commission, however, when it could do so without impeding rapid production of tonnage, and always with the approval of the Joint Chiefs of Staff, built vessels designed to have a higher value in postwar operations. Inevitably the war program produced a great many vessels for which there is little postwar commercial use, and whose construction cost must be, in the main, charged to the war. As is indicated in the report, the Merchant Ship Sales Act of 1946 provides the statutory basis for disposal of surplus merchant vessels by sale, scrapping, or placing in the national defense reserve fleet.

The Commission has found a distressing lack of knowledge and understanding by the public concerning the Nation's maritime policy, postwar requirements, the importance of a strong merchant fleet to our national welfare, and of the powers and duties of the Commission under the Merchant Marine Act, 1936, to encourage and foster the maintenance of a privately owned and operated merchant fleet.

It is often asserted that the United States has more ships than it can possibly use. While that statement is true, it is equally true that only a relatively small part of the merchant fleet we own can meet the long-term competition of foreign vessels in matters of speed and efficiency. Demand for the Commission's C2 and C3 types is far above the available supply, and there is a serious deficiency in passenger and passenger-cargo ships, refrigerated vessels, and types suitable for coastwise and intercoastal trades. In a small measure, some deficiencies are being corrected by postwar construction and reconversion. Shipping operators are reluctant to purchase any appreciable number of vessels built for emergency war use, and economically not suited to the intense competition of peacetime. Additional construction is required to fill these categories.

During the fiscal year 1946 the Commission completed designs for new-type passenger and cargo vessels, but subsequent to the period covered by this report the construction program was curtailed at the request of the President and the Director of War Mobilization and Reconversion. Thus the Commission is prepared to proceed with construction of the vessels required to round out the present merchant fleet as soon as funds are available and contracts can be entered into for the sale of such vessels.

The Commission is also prepared to convert to commercial use certain military and semimilitary vessels built on C2 and C3 designs which can be done at a reasonable expense to the Government. There is a demand for conversion of some of these vessels to passenger-cargo types. However, such conversions have been restricted by lack of funds.

On the day Japan capitulated, the Maritime Commission virtually ceased to be a construction agency except for the limited amount of building heretofore indicated.

The operation of the merchant fleet during the war was under the control of the War Shipping Administration acting jointly with our Allies until March 2, 1946, when the shipping pool was dissolved. Vessels released from war service were returned to the Maritime Commission to be disposed of under the Ship Sales Act of 1946 referred to above, and on September 1, 1946, the Maritime Commission assumed the functions and duties of the War Shipping Administration which went out of existence on that date. As a result of these changes, immediate action was required on several important matters.

Inasmuch as the Government owned or had under charter every ocean-going vessel, the first step in the disposal program was to return requisitioned vessels to their owners. Approximately 900 large vessels had been requisitioned during the war of which 750 had been returned by the end of the fiscal year 1946, and only 27 remained in Government service by January 1, 1947.

The second step was carrying out the program of ship disposal under the Ship Sales Act of 1946 which is described in this report under the heading: "The War-Built Merchant Fleet." Under this act applications had been received by January 1, 1947, from American citizens for the purchase of over 400 vessels and for charter of about 1,300 vessels. Of these over 100 were delivered to purchasers and over 1,100 applications for charter were approved by that date. Applications for purchase of over 1,000 ships were also received during this period from foreign operators and governments. As of December 15, 1946, 1,742 vessels had been placed in the 9 permanent and temporary reserve sites maintained for storage of the national defense reserve fleet and the surplus vessels which may be undisposed of under the Ship Sales Act on January 1, 1948.

The next most pressing problem was and is the restoration of the coastwise and intercoastal fleet. By statute all domestic water-borne commerce is required to be carried in American-flag ships, and at the beginning of the war these constituted 70 percent of our merchant marine. The entire fleet was requisitioned for war and not only took the initial shock of war, but was largely depleted in the war service.

Its prompt restoration is of vital concern to the Nation. The return or replacement of these vessels has been delayed because of the reluctance of ship operators to acquire war-built vessels that may not be operated profitably under the present rate structure. Many of the private operators feel that especially designed vessels are required for profitable operation in these services. To alleviate this condition and to provide essential services, the Maritime Commission and War Shipping Administration in March 1946 asked and received temporary authority from the Interstate Commerce Commission to operate vessels in these services on the basis of public need. This authorization was extended in September 1946, through February 28, 1947, at which time the Commission's budget authority for this operation will expire unless further action is taken by Congress.

The development and maintenance of that portion of the merchant marine engaged in carrying our foreign commerce presents different problems. Direct Government aid in the maintenance of service on essential foreign trade routes has been established by statute as our national policy. Only operators in competitive foreign trade are eligible for subsidies and then under restrictions on operation and profits, and they must establish that competition with foreign operators puts them at a competitive disadvantage. The construction subsidy, as explained in the report, enables an American operator on an essential route to buy an American-built vessel as the equivalent of the lower construction price abroad. An operating differential subsidy compensates him for his higher operating costs in competition with foreign operators. Any excess over a prescribed profit must be returned by the subsidized operator to the Government. As indicated in the report, the 10-year subsidy agreement period is almost ended, and the amount to be recaptured by the Commission is now more than half the total subsidy expenditures, despite the war period when operating subsidy contracts were in suspension.

The resumption of these aids prescribed by law requires the most careful appraisal of the postwar possibilities as referred to in the report. The Commission is pressing forward with these matters in the current fiscal year. As indicated certain deficiencies in the existing fleet should be balanced as to its age composition by a proper scrapping program, placing in defense reserve, sale or charter for operation, and new construction; otherwise we may again have a fleet which will become obsolete substantially all at once instead of by gradual steps necessary to bring about a balanced long-range competitive fleet.

Bearing in mind the matters herein outlined and considered in the report, it may be said that the work of the Commission in the develop-

ment and maintenance of a merchant marine adequate for our peacetime needs and national defense is only well started. In this letter I have indicated some of the actions initiated in the fiscal year 1946 directed toward that end which have continued beyond that period. All of them were and are significant to the maintenance of a merchant marine necessary to our economic welfare and national security.

W. W. SMITH, *Chairman.*

THE MERCHANT MARINE—FROM WAR TO PEACE

Forty-five days after the beginning of the period covered by this report, the greatest war in history came to a sudden and dramatic end. To the United States Maritime Commission the close of hostilities meant virtual termination of the greatest shipbuilding program ever undertaken by any nation. It meant also that the Commission's prime function would no longer be the building of ships, but conversion of the American Merchant Marine to peacetime requirements. The situation presented problems of a magnitude equally as great as those met and solved during the war, but of a wholly different nature.

The legacy the United States inherited from the wartime shipbuilding program was a merchant fleet that comprised two-thirds of the world's tonnage.

On the day the war ended, the huge effort that produced such a fleet came almost to a standstill. Shipbuilding contracts for future fulfillment were canceled, vessels under construction were halted or changed in design to peacetime standards, and building schedules were adjusted to entirely new conditions. For, despite its size, the merchant fleet was not well balanced for peacetime purposes. The wartime construction program left deficiencies in categories essential to commercial operations. There were not enough passenger or refrigerated vessels. There was an indicated need for cargo ships designed for special trades. Many operators in coastal services—withstanding a reluctance to resume operations until an unfavorable freight rate structure was adjusted through the Interstate Commerce Commission—found a lack of vessel types suitable for their requirements.

Nevertheless, there were 50.4 million deadweight tons of shipping under the United States flag, and some 4.7 million tons of American-owned vessels under other flags to which the United States retained title. From this wealth of tonnage—only a relatively small portion of which would be required to carry the Nation's domestic and foreign waterborne commerce—arose many of the complexities that faced the Commission in the fiscal period covered by this report.

The basic problem of the Commission was to place the American Merchant Marine in position to accomplish the peacetime objectives of the Merchant Marine Act of 1936; or, stated in another way, to convert a fleet that was almost entirely Government-owned, entirely Government controlled, and conditioned for war, to a Merchant

Marine that, in accord with the basic policy of the act of 1936, shall be owned and operated so far as practicable by private American industry.

Mingled with this purpose, nevertheless, was an obligation felt by the Commission to bear in mind that possession of the world's largest merchant fleet carries an international responsibility. The enormous production of American shipyards in 1942 and 1943 provided a balance of tonnage for use of the United Nations that replaced their aggregate losses to and through those years. Meanwhile, the merchant fleets of nations that had possessed great prewar maritime strength were being depleted at the same time American tonnage increased so prodigiously. While the Maritime Commission, so far as it was authorized to express the maritime policy of the Nation, was not disposed to offer other nations any benefits that would be inimical to the interests of the United States, neither did it feel justified in taking advantage of its strong position to attempt domination of sea lanes and world markets.

These facts governed many decisions made in the period covered by this report. The manner in which the United States would use its ships in trade, and dispose of its surplus tonnage, were matters of great concern to ourselves and every other maritime nation.

LAST DAYS OF WAR AND THE FIRST OF PEACE

A tremendous load was placed on the American Merchant Marine at the end of the war. In the months following the surrender of Japan, shipping was as tight as it ever had been during hostilities. There was the repatriation of several millions of servicemen, 9 of every 10 of them returning to the United States in WSA-controlled vessels. Millions of destitute persons were dependent upon our vessels for life-sustaining cargoes. Devastated countries began to rebuild with materials brought in American vessels.

On top of these tasks was the gradual restoration of normal commercial services.

Operation of the merchant fleet during the war was not the concern of the Maritime Commission, but of the War Shipping Administration, which was directly responsible to the Joint Chiefs of Staff for this phase of the war effort. The ships built by the Commission or requisitioned for purchase from private operators—except those under military jurisdiction—became the property of the Government, operated by more than 100 shipping companies under control of the WSA. Too, there were several hundred vessels requisitioned for use from private industry.

The Commission, nevertheless, was preparing for the time when the functions that have been performed by the WSA would be returned to

the Commission. This would inevitably place the Commission in the shipping business to some extent, as the WSA had been in the months following the war. The cargoes purchased by the United Nations Relief and Rehabilitation Administration and transported at its cost, and the materials purchased for rehabilitation of war-devastated countries under national programs of those countries and transported at their own expense, then constituted the greater part of United States exports.

As rapidly as possible, this business was to be returned to private shipping companies. The difficulty was that these companies had no ships under their control until those requisitioned from them were returned by the WSA after restoration to commercial standards. The surplus of Government-owned tonnage could not be placed in the hands of private industry until the Congress enacted legislation governing its disposal.

AN EYE TO THE FUTURE

The intention of the Commission in 1937 was to build 500 new, fast, safe, and modern vessels in the ensuing decade, and retire the over-age and obsolescent vessels that had run their economic life. At the time, no one could foretell that at the end of the 10-year period the United States would possess not 500, but close to 5,400 new vessels, and outrank Great Britain in terms of tonnage by about three to one. But in 1944 the Commission, realizing that postwar shipping would likely be changed in many respects from any situation that had existed before, initiated studies of the probabilities of the postwar era. It began to plan the eventual restoration of normal services by the shipping industry on a long-range basis under the authority given the Commission by the act of 1936, and according to the basic policy expressed in that legislation.

The act of 1936 recognizes the fundamental need of the United States for a Merchant Marine adequate for two purposes: support of the armed services in maintaining national defense, and development of our foreign and domestic commerce.

The Commission believes, on the record, that the American ship-building industry, under direction of the Commission during the war, performed a superb task in constructing merchant vessels and other types required by the Joint Chiefs of Staff in their strategically brilliant victory. The Nation now possesses a merchant fleet sufficiently large to give the armed services full and adequate support in the event of any emergency, and, with the building of passenger vessels and certain specialized types now planned or in initial stages of construction, will possess a balanced fleet for peacetime purposes.

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prospect for peacetime trade, the Merchant Marine in domestic and foreign service.

a Merchant Marine sufficient to handle our foreign commerce and a substantial reserve fleet for exports and imports, and provide the essential for maintaining this fleet. The ships of the active fleet to be modernized, constructed in the United States, and efficient personnel. The fleet shall be owned and operated by citizens of the United States,

was conceived and placed on our agenda as one of the American merchant fleet. It was designed to correct certain fundamental errors and a more realistic approach to a practical and reasonably economical shipbuilding program. American shipbuilding operators who encounter lower-cost competition on designated routes in our foreign trade by operating expenses by grants from

1936, at war's end, was still the dominant policy. A virtually new program for the fiscal period would be guided by the elements of fitting a vast fleet into a program so immensely complicated as an

PRIVATE OPERATION

the merchant fleet in private operation. It had been chartered for war use. The War Shipping Administration and the Maritime Commission would assume the responsibility. The bodies were merged, and cognate functions had to be kept by the shipping companies could begin

of the Government during the war. The vessel in the Merchant Marine,

plus many of enemy or neutral registry that happened to be in American ports when the United States declared war. At the end of hostilities about 900 of these remained under control of the WSA, and had to be conditioned for return to their owners, or a cash adjustment made to cover the cost of restoration.

By types, the 900 ships were:

Tankers.....	341
Dry cargo.....	464
Passenger.....	57
Colliers.....	34
Miscellaneous.....	4

Tankers and foreign flag vessels were released from control of the United Maritime Authority (the coalition of leading maritime nations that regulated United Nations shipping for 6 months after cessation of hostilities) on October 31, 1945, and the following day the WSA's redelivery program was initiated.

From the standpoint of maintaining ocean transportation for petroleum products—which were as important to immediate postwar operation as they had been during the war—the return of the tanker fleet to private operation was imperative. To avoid delays that would be encountered if tankers had to be submitted to long and complicated surveys to determine what belonged to the private owner and what was Government property by reason of installation of defense equipment, a shortcut plan was developed. Chartered tankers were redelivered from the WSA to their owners without formal survey as rapidly as they entered American ports. The owners and the WSA charged off their claims against each other on the basis of standard sums for items in question, and avoided holding up a major portion of the tanker fleet at a critical time.

By June 30, 1946, all the chartered tankers but one had been redelivered.

The remaining chartered vessels of all types were available for redelivery with the expiration of the United Maritime Authority on March 2, 1946. During the ensuing months the program proceeded rapidly, and by the end of the fiscal period 750 of the 900 vessels had been redelivered. The remainder were principally those vessels in the Alaskan and Hawaiian trades or troopships still in service.

That was only the start of returning the fleet to private operation. The imperative shipping task that faced the Nation compelled the development of a temporary charter system to enable private industry to share the shipping burden until there was a statutory basis for selling or chartering the war-built surplus. This device, which came to be known as "interim chartering," lasted throughout the fiscal year.

FOR SALE: THE WAR-BUILT MERCHANT FLEET

Meanwhile, the shipping industry, the Maritime Commission, and various interested agencies were working with congressional committees, during 1945 and 1946, on provisions of a bill to provide for disposition of our vast war-built merchant fleet. This task was completed when, on March 8, 1946, President Truman signed the Merchant Ship Sales Act of 1946.

As it finally emerged from Congress, the Ship Sales Act necessarily represented a compromise between conflicting opinions and interests. The basic differences between the interests of the American Merchant Marine and the taxpayers' direct interest in securing the greatest possible return of their wartime expenditure on merchant vessels could be resolved only through compromise. The act grants a large degree of opportunity and protection to the qualified American operator—subsidized or unsubsidized—who wants to purchase or charter ships. It serves the American taxpayers, who collectively have some 15 billions of dollars in the ship construction program, not only by the return from American interests, but also by permitting the Commission to sell vessels to foreigners under conditions that give preference to American operators and are not inconsistent with the policies concerning foreign sales expressed in prior legislation.

The Ship Sales Act fixes the prices at which "war-built merchant vessels"—roughly defined as those built after September 3, 1939—may be sold. It also establishes the order of preference for consideration of applications, giving United States citizens the first choice of purchase, then of charter, before offering ships to foreigners for purchase. It further provides standards for establishing the order of preference among American operators applying for vessels in short supply, and among foreign interests applying for vessels not required for the American Merchant Marine.

Price ranges and certain terms and conditions of sale are also covered by the act, which directs appropriate allowances for age, war service depreciation, and condition of each ship, and establishes floor prices for each type based on fixed percentages of actual war cost, below which no vessel may be sold.

Rules and regulations governing the selling and chartering procedures were published in the Federal Register of April 23, 1946, together with the statutory prices for the most important types. The Commission thereby was in the ship-selling business.

Demand for these war-built vessels was relative heavy. Applications made by American operators to purchase C2 and C3 cargo vessels, T3 tankers and Liberty colliers exceeded the supply available, even including those which had been converted to military auxiliaries and requiring reconversion for commercial use.

To the end of the fiscal year, 73 American shipping companies had made application to purchase 339 vessels, and 24 American companies had made application to charter 211 vessels.

There was also a substantial demand for purchase of ships by non-citizens. This demand leaned much more heavily on Liberty ships and coastal vessels than American demand, as these types are suitable for tramp trades traditionally carried on by low-cost foreign operators. The supply of faster and more expensive cargo liners has in general been fully taken up by the purchase or charter applications of American operators, and hence few of these types are available for foreign sale. To the close of the fiscal year 117 noncitizen applications to purchase 656 vessels were received by the Commission. (The vessel-disposal program is discussed in further detail in the Commission's quarterly reports to Congress which are required by the Ship Sales Act.)

AN EXPANDED CHARTERING PROGRAM

Pressing demands for relief shipments—particularly of coal and grain—from America to various parts of the world, compelled the Commission to consider plans for a comprehensive charter program under provisions of the Ship Sales Act. Such a program would envisage both the long-range requirements of American liner companies and the measures to be instituted for handling relief shipments in lieu of general agency agreements between the War Shipping Administration and ship operators.

Upon promulgation of such a program, it is anticipated that the approximately 400 vessels presently working under "interim" charters will be transferred to the charter form prescribed in the Ship Sales Act.

The Commission anticipates further that many additional vessels will be taken by charterers as general agency operations are curtailed and eventually ended. It is foreseen that as many as 1,000 vessels may be chartered before the end of the calendar year 1946, with a large financial return to the Government from the operation.

A BACKLOG OF SHIPS

The Commission built 5,875 ocean-going vessels since its inception, 5,545 of them between September 3, 1939, and the end of the war and consequently within the purview of the Ship Sales Act. A survey of the physical state of the war-built vessels disclosed that the total number available for sale under the ship sales legislation was 4,133, including the military types that could be converted to commercial use. The total demand on June 30, 1946—for domestic purchase or charter and for foreign sale—was for 1,246 vessels. This indicated there would be a huge balance of vessels available for sale or charter that would not be disposed of in that manner. There were about

2,000 Liberty ships, more than 300 Victory ships, and 500 tankers that probably would be above any demands made for them.

The Congress took cognizance of these facts in the Ship Sales Act by providing for the establishment of a National Defense Reserve Fleet.

THE RESERVE FLEET

When the war ended in August 1945, only one of the ship sanctuaries established after World War I remained in use. It was in the James River near Fort Eustis, Va. In a matter of months after the war's end there was need for additional temporary moorage, for it was on the side of prudence and economy that vessels beyond economical repair because of war damage or extreme wear be withdrawn from service and placed in temporary lay-up pending scrapping, and that other vessels be withdrawn on the basis of comparative costs of repairs and comparative economy of operation with those left in service.

Three temporary sites were chosen for use until a final policy for the Reserve Fleet could be established. The James River site was utilized to receive ships coming out of service on the East coast and sites were acquired in the Mobile River, near Mobile, Ala., and in Suisun Bay, near Benicia, Calif., for ships withdrawn on the Gulf and Pacific coasts.

The Reserve Fleet Division was established on February 1, 1946. Immediately it began surveys of possible sites for permanent moorage and was well along with this preliminary work when the Merchant Ship Sales Act was passed, setting forth regulations to govern the composition and maintenance of the National Defense Reserve Fleet.

The act directs the Commission to place in the National Defense Reserve Fleet such vessels as the Commission owns which it deems, after consultation with the Secretary of War and the Secretary of the Navy, necessary for the national defense.

In addition the Commission must place in this Reserve all the vessels owned by it on December 31, 1947, for which a contract of sale has not been made, with any ships under charter at that time to be added at the expiration of contract. Two exceptions to this stipulation are made. The Commission may determine that vessels have insufficient value either for national defense or commercial operation to warrant maintenance, and are suitable only for scrapping; and the vessels built after September 2, 1945, under provisions of the Merchant Marine Act are excluded.

In estimating the probable number of vessels for which it would ultimately be necessary to find permanent mooring, the Commission consulted with the Navy Department in outlining the types and numbers for availability in case of national emergency. This includes,

of course, vessels in active operation as well as those to be placed in the Reserve.

There were about 5,500 vessels under the American flag at the end of the war that could be classed as merchant ships or capable of being reconverted from military or semimilitary types to commercial service. Of these, the 2,800 vessels for which there were limited prospects of sale would constitute the core of the permanent Reserve. There had to be provision, however, for the temporary lay-up of vessels that are up for sale until December 31, 1947. The number of vessels to be handled by the Reserve Fleet Division, in permanent and temporary reserve, is about 4,500 vessels, according to the best estimate the Division can make.

By the end of the fiscal period 5 permanent sites were in use or under development. They had a total maximum capacity of 2,850 vessels. There were also 4 temporary sites in use, with a total maximum of 1,010 vessels. Approximately 1,400 vessels were moored in the 4 permanent and 4 temporary sites in use on June 30, 1946.

It was found in the course of the Reserve Fleet Division's surveys of sites, that organization of a corps of engineers and technicians adequate to direct and supervise all the details of developing these permanent sites would require expenditure of funds and time which could be saved by utilizing the organization, facilities, and abilities of the United States Corps of Engineers of the War Department. Accordingly, an agreement was made by which the Corps of Engineers would direct and supervise the projects, subject to the general supervision and approval of the Reserve Fleet Division.

In order to carry on these developments with funds already appropriated for the purpose, the sum of \$10,000,000 was transferred by the Commission to the Corps of Engineers for the complete development of permanent reserve sites on James River, Lee Hall, Va.; Brunswick River, Wilmington, N. C.; Tensaw River, Mobile Ala.; Neches River, Beaumont, Tex.; Suisun Bay, Benicia, Calif., and for an additional site in the Columbia River, if more moorage is required.

As vessels are scheduled for out-of-service status, the Reserve Fleet Division designates the site to which they shall be delivered. There the vessels are secured, and, according to whether a vessel's lay-up is temporary or permanent, the techniques aimed at maintenance and preservation are applied.

The Reserve Fleet Must Always Be Ready

The principal objective of the Reserve Fleet program is preservation on a long-term basis. The main purpose of such a fleet is to aid the national defense, however, and there are governing factors to consider.

The vessels must be preserved in such a manner that they can be

returned to service in a sound condition in a minimum of time, with a minimum use of manpower and facilities, and minimum cost. With budgetary limitations, the Commission was compelled to consider preservation methods from the standpoint of the probable amount of funds available.

The Commission considered two preservation methods: dehumidification of ships' interiors, and the oil-and-grease method.

Dehumidification's basic principle is the maintenance of air inside a vessel at a level of humidity that will inhibit corrosion and deterioration. It is a comparatively new method of preservation. The Commission believed it worthy of experimentation, and on October 16, 1945, entered into a contract with the Todd Shipyards Corp. for carrying out the complete experimental dehumidification of a Liberty ship, the *John Stevenson*, at Hoboken, N. J. The experiment continued for 6 months. At the end of that time the Todd corporation submitted estimates of the costs of the methods it had tried.

The "oil and grease" method is time honored and effective. It requires that all machinery other than electrical be opened up, either grease or oil applied to all working parts, and the interior of the vessel completely sprayed with a preservative oil especially compounded to penetrate rust and scale and prevent further corrosion. It is necessary to spray the interior every fourth year. The exterior of the hull above the waterline is sprayed with a mixture of the preservative oil and paint, and resprayed every third year. The windings of all electrical installations such as motors, generators, and controls are treated with an insulating varnish containing a fungicide.

A comparison of the estimated differences in costs between the two methods resulted in a recommendation by the Reserve Fleet Division to the Commission that the "oil and grease" method be adopted as entirely satisfactory for the preservation of merchant vessels, and far less expensive. The recommendation was approved by the Commission in April.

As the Ship Sales Act places a time limit upon the disposition of the war-built surplus of ships, the composition of the permanent National Defense Reserve Fleet will be substantially known when the time limit expires on December 31, 1947.

The Reserve Fleet Division estimates that in the calendar year of 1947 the labor force required to prepare these vessels will be relatively large, commensurate with rapid and adequate performance of the task; but it estimates further that by December 31, 1948, the personnel required to perform supervisory, maintenance and recurring preservation work will be the equivalent of one half-man, or less, for each vessel in the fleet.

CHARTING A PEACETIME COURSE

The surplus of ships is, of course, a special situation born of the war, and far beyond the contemplation of those who legislated the act of 1936. The dominant position of the United States in cargo-carrying capacity demands that we formulate our operating policies, regulations and procedures to take full advantage of an opportunity to fulfill our legitimate maritime aspirations; yet work so far as possible in conjunction with other maritime powers toward stabilizing world maritime affairs.

The Declaration of Policy of the Merchant Marine Act of 1936, among other objectives declares that the United States shall foster and encourage a merchant fleet adequate to carry a substantial portion of the Nation's waterborne exports and imports. High among the requisites for placing and maintaining the Merchant Marine in position to serve the Nation adequately in peacetime are three factors:

(1) Collaboration of the shipping industry, Maritime Commission, and other Government agencies in planning the course of the Merchant Marine.

(2) Utilization of Government aids to American shipping operating on essential routes in foreign trade, to give the American operator an equality of opportunity with foreign competitors, and help to insure that the American Merchant Marine shall remain on the seas.

(3) Regulation of shipping serving United States ports by the Maritime Commission in the interest of conformable operations as to rates and practices.

ESTIMATING THE FUTURE

The Commission, realizing 2 years ago that reliable information on which positive action could be based would be prerequisite to planning the future of the Merchant Marine, directed a Postwar Planning Committee to estimate the probable maritime situation after the war, and to project our maritime needs into the future.

The Postwar Planning Committee was directed to study such matters as probable trade trends, subsidies, maritime labor, changes resulting from the war, shipping conferences, the Reserve fleet and other influences on our maritime activities, with special emphasis toward determination of the trade routes essential to our foreign commerce. A report was submitted in June 1946.

Determination of the essential trade routes is more than an abstraction. They are required as a basis for the payment of parity grants to American ships in foreign trade which compete on these routes with foreign vessels having much lower operating costs.

They also form a basic pattern for our foreign trade, and give some interpretation to the phrase "substantial portion of the Nation's

exports and imports" which the act of 1936 declares our fleet shall be adequate to carry.

Definition of "a substantial portion," as used in the Declaration of Policy, still means many things to many persons. When used as a target for our expectations in international shipping, those persons who advocate that the United States should have only a minimum of participation in international trade diminish it to a low figure. To proponents of a strong American merchant fleet, it means that about 50 percent of our exports and imports should be carried in American vessels. Estimates of the ultimate size of the fleet required to carry this commerce fluctuate according to the degree of optimism entertained as to the prospect for world trade.

The route studies gave light on the size of the deep sea fleet, for, along with the suggestions submitted to the Commission as to essential routes went recommendations for the types and minimum numbers of vessels and frequency of sailings on each, estimated by the Postwar Committee to provide adequate service.

The Commission adopted 32 trade routes as essential to our foreign trade. They connect the Atlantic, Pacific, and Gulf coasts with the principal trade areas of the world.

When the recommendations were totaled, there were 405 vessels aggregating 4,011,400 deadweight tons deemed the minimum necessary to service these trades. It is probably as realistic an interpretation of "substantial portion" as can be had with existing data.

SUPPLYING THE FACTS AND FIGURES

Information upon which valid conclusions could be based for postwar planning came from many sources. No source, however, was more important or of more value than the Commission's own organization for the gathering of statistics and the preparation of special studies—its Division of Economics and Statistics.

Together with WSA's Division of Research and Statistics, a comprehensive record of shipbuilding and ship operation was maintained during the war, and throughout this fiscal period. Accompanying research into the activities during other periods and into subjects bearing on maritime matters provided a broad base of information for estimating the future.

With the war over, therefore, information and statistics became of even greater importance. The projects undertaken in the fiscal period were, in general, on the Commission's order or with a statutory basis. Research extends into practically every phase of shipping, and gives particular attention to those phases where the Government and private industry meet. The Division gathers material on which the Commission bases the grants and payments of subsidies. Both

domestic shipping and foreign trade come under its analyses. Port development is studied and research conducted into maritime labor matters, rate economics and the competition between sea and air carriers. Of these, one of the most important activities of the Division is the gathering of information relating to subsidy payments.

GOVERNMENT AID TO THE INDUSTRY

Support and protection of that part of American shipping engaged in foreign commerce is one of the prime objectives of the Merchant Marine Act, 1936. As the time approached for resumption of commercial operations on routes essential to our foreign commerce, the Commission's Division of Government Aids proceeded with the intricate matters involved in preparing to extend construction-differential and operating subsidy grants to facilitate private operation on these routes by citizens of the United States qualifying under the subsidy provisions of the 1936 act.

There is frank recognition in the act of 1936 that the American Merchant Marine is at a disadvantage with foreign competitors. Vessels built in the United States cost more than those built abroad, because we pay our shipyard workers more, and other costs are greater. The same is true as to American seamen, paid the highest wage scale of any seamen and furnished accommodations and subsistence commensurate with the substantially higher American standard of living.

These competitive disadvantages the act of 1936 seeks to lessen by extending financial aid in both the purchase and operation of ships engaging in foreign commerce on the essential routes. Grants covering all or most of the differential between the cost of building a vessel in the United States and the construction cost abroad are designed to place the American operator generally on a par with foreign competition as to capital costs. Operating-differential grants for vessels operating on essential foreign trade routes are computed to cover the difference between crew wages, repairs and other items in which foreign vessels have a low cost advantage.

CONSTRUCTION AIDS HAVE HELPED CURRENT PROBLEMS

American operators of deep sea vessels who took advantage of construction aids in the early stages of the long range program, and those who continued to invest in Government-built tonnage in the war years, at the end of the fiscal year had available for resumption of commercial operation 203 dry cargo and cargo-passenger vessels of 2,079,345 deadweight tons, and 67 tankers of 1,148,197 tons, all built since June 30, 1939. Included in these totals are 39 dry cargo, cargo-passenger and refrigerated vessels of some 363,000 deadweight tons, shown in appendix E as uncompleted at the end of the period. Appli-

cable construction-differential contracts will result in private operators acquiring this latter group of vessels, upon completion, at estimated foreign construction costs, unless an adjustment to a lower figure is obtained under provisions of the Ship Sales Act relating to building contracts made prior to September 3, 1945.

Some of the vessels built with Commission aid, either in the form of a construction-differential subsidy or installment mortgage payments, were casualties of war. Others were still under Government requisition at the end of the fiscal period. There remained in actual private operation at that time 286 modern vessels of 3,481,200 dead-weight tons that had been built with some measure of Government aid.

In the fiscal period the Commission granted construction-differential aid for the building of 31 vessels. This brought to 289 the total number of vessels for which this aid was made applicable since inception of the Merchant Marine Act. In addition, aid was extended in the private acquisition of 5 other vessels sold at actual construction cost, but with deferred payments, which brings the total number of vessels for which aid in this form has been granted, to 117. By vessel types, this figure breaks down to 30 dry cargo vessels, 71 tankers, and 16 bulk ore carriers, the latter for the Great Lakes.

The Revolving Fund

The act of 1936 established a revolving construction fund. Among the credits to the fund are down payments on ships built and sold under the 1936 act, and collection proceeds of ship mortgage notes given for deferred payments. In the last fiscal year the amount recovered from these sources was \$101,174,455.37, raising the total of payments into the fund between October 26, 1936, and June 30, 1946, to \$465,863,273.41. In addition, interest at 3½ percent per year was collected on the mortgage-secured indebtedness.

OPERATION SUBSIDY IN SUSPENSE

Operating-differential subsidy agreements in effect between the Commission and 12 foreign trade operators at the beginning of the war were virtually suspended during hostilities. Subsidy payments to these operators were greatly curtailed after June 30, 1941, and entirely discontinued for voyages beginning after June 30, 1942. Certain amounts withheld for auditing reasons have been paid from time to time, applicable to voyages made prior to the suspension. Such deferred payments during the fiscal year were \$1,140,193.70, which brought the adjusted total of operating-differential subsidy payments between October 26, 1936, and the end of the fiscal period, to \$48,809,815.69.

FUNDS FOR NEW SHIPS

An operator holding an operating-differential subsidy contract with the Commission is under certain restrictions. He must operate on an essential route, provide services the Commission deems adequate, and maintain financial accounting with the Commission for the purpose of repaying obligations to the Government and replacement of obsolescent tonnage with new and suitably designed vessels. Above an allowable profit, the subsidized operator is required to deposit his earnings in joint accounts with the Commission to accomplish these purposes.

In a capital reserve fund is deposited annually an amount equal to the annual depreciation on his vessels, based on a 20-year life expectancy. In this fund must be deposited the proceeds of the sale of any subsidized vessel, proceeds of insurance collected on account of vessel loss, and, as determined by the Commission, a portion of earnings under subsidy contract. With approval of the Commission, earnings otherwise available for distribution to stockholders may be deposited in this fund. Furthermore, with permission of the Commission, the operator may deposit insurance collected on loss of a nonsubsidized vessel.

The capital reserve fund is available to the contractor for paying mortgage indebtedness on subsidized vessels, for the purchase of replacement vessels or additional vessels for use on essential foreign trade routes. The law provides that earnings of a subsidized operator deposited in the reserve fund are exempt, with certain exceptions, from all Federal taxes.

Despite the suspension of operating-differential agreements during the war years, the contractors' reserve funds continued to increase. Notwithstanding substantial withdrawals from capital reserve funds by various operators for acquirement of new vessels, the aggregate balances on June 30, 1946, were \$66,605,885.47 in the capital reserve fund, supplemented by special reserve fund totals of \$68,824,478.10 which may be used for specified purposes with the consent of the Commission.

Unsubsidized operators, on proper application, may be permitted to deposit funds in a construction reserve account held jointly with the Commission. Deposits in the construction reserve account of such funds as insurance on the loss of vessels, or their sale, are not taxed as income if they are used for construction of new vessels, or for acquisition of war-built vessels under the Merchant Ship Sales Act of 1946.

This is not an outright exemption from taxation; rather, it is an adjustment of the tax base of the vessel acquired with such funds, to reflect the amounts on which the tax has been deferred. This pro-

vision was particularly designed to promote the rehabilitation of domestic and other services not eligible for subsidy, and is comparable to deferment provisions in the tax law in cases of involuntary conversions of property. Tanker operators and others normally engaged in domestic and intercoastal services have availed themselves of this provision, which was expressly made a part of the ship disposal program under the Ship Sales Act.

There have been deposited in construction reserve funds by non-subsidized operators approximately \$213,979,000 to June 30, 1946, as the proceeds of insurance or sales during the war period. Of this total, \$11,438,000 was withdrawn for authorized purposes and \$118,433,000 has been invested in new construction, leaving a balance of \$84,108,000 for further acquisitions.

Certain questions have arisen prior to and during the war, as to the scope of tax exemption for the capital reserve and special reserve funds. These questions concern primarily earnings during the war and capital gains from losses or requisitions of title. The Commission has been cooperating in efforts to clarify and settle these matters with the Treasury Department and the operators.

The Commission's Division of Government Aids is preparing for early resumption of subsidized services, with such readjustments and modifications as will recognize changed and changing conditions.

Members of the Commission and various staff members have held numerous conferences with representatives of operating companies. Public hearings were planned to hear proposals of established operators and others seeking subsidy aid, and interveners to these proposals. A few hearings were held before the end of the fiscal year; others were scheduled for the fall of 1946.

There has been some opposition expressed to resumption of operating subsidy payments under the present conditions of availability of full cargoes for the vessels retained or being placed in active service. However, as indicated before, operating subsidies are paid to offset disparities in certain operating costs by American flag and foreign flag companies operating on essential routes. Recapture provisions incorporated in each operating subsidy contract provide for a return to the Commission of half of the operator's profits in excess of an amount equal to 10 percent of the capital necessarily employed in the business, computed cumulatively on an annual basis. The accrual becomes due to the Commission at the end of each 10-year period, provided that the total refund to the Commission shall not exceed the total subsidy payments to the operator during each recapture period. The total recapture accrual to the Commission under current subsidy contracts, due principally from prewar operations, now exceeds

\$28,000,000 as against total subsidy payments of approximately \$49,000,000.

The Commission believes that the recapture provisions justify the taking of a long range viewpoint toward development and maintenance of each essential foreign service, regardless of temporary changes in shipping conditions such as the present high volume of cargo offerings and increased rates, due in some measure to the efforts of war-ravaged nations to rebuild their economies. This viewpoint, of course, is dependent upon the Commission's findings that the applications for subsidy aid are compatible with the subsidy provisions of the Merchant Marine Act.

FEDERAL SHIP MORTGAGE INSURANCE

During the war years the vessel construction aid authorized by title XI of the Merchant Marine Act, 1936, has had little appeal to eligible members of the industry. Since the last of the outstanding contracts of mortgage insurance was paid off during the fiscal year ended June 30, 1944, no liability has been incurred by the Commission for commitments of this description.

During the past fiscal year two applications for commitments to insure proposed mortgages were filed. Thus, the Federal Ship Mortgage Insurance Fund, as shown in appendix A, reflects only a \$100 increase during the period, representing payment of two filing fees. The balance in the fund, with no outstanding obligations, on June 30, 1946, amounts to \$586,757.73.

REGULATING THE INDUSTRY

The third requisite in seeking our maritime objectives is regulation of the shipping industry by the Maritime Commission. In the period of transition between relinquishment of WSA's control over the American merchant fleet and the return to private operation the Commission's Division of Regulation plays a most important part.

The Division of Regulation is charged with supervision of freight rates, fares and charges made by ocean carriers, the prevention and elimination of unfair and discriminatory practices, and clarification of rules and regulations promulgated by the Commission with respect to water carriers.

It was recognized that a most rapid and effective method of aiding the transition would be in assisting the reactivation of conferences covering operators on the trade routes serving United States foreign trade.

This was in line with the Commission's experience in the past. It has been established for some time that the conference method is the most feasible method of providing supervision over carriers in foreign

commerce. These groups of American and foreign operators, organized to establish orderly rates and practices among themselves in the conduct of business on trade routes affecting American commerce, provides the Commission with authority it could secure in no other manner. Supervision over these conferences is one of the most important points of contact between the United States and other nations in their maritime relations.

Early reactivation of conference agreements indicated a need for reorganization of conferences themselves, for new conditions produced ambiguities in basic agreements and tariff matters that could be straightened out in no other way.

It has to be kept continuously in mind that carriers engaged in this international industry are serving two nations in every transaction, each of them equally interested in the rates charged for transportation. An attempt by one nation to establish rates would undoubtedly bring retaliation and impairment of ocean services. It would also affect importers and exporters of both nations, for they are subject to global competition, and freezing of rates would be advantageous to competitors.

Many investigations have been conducted by various nations into practices of carriers engaged in foreign commerce. The sum of the investigations is that the shipping public in each country is in need of regular and frequent sailings, and that uniform and stable rates are preferable to mere cheapness. Unrestricted competition breeds devious practices to obtain business. Special favors, rebates, and rates, all kept secret, are exceedingly detrimental to the public welfare and very difficult to discover.

It has been the aim of the Maritime Commission to secure the maximum of self-regulation of the industry through the conference system. At the same time supervision of the conferences and their practices has been toward the end of preventing members from securing traffic monopolies or intrenching their positions by unfair practices.

Pursuit of these objectives during the fiscal year brought out, in a scrutiny of agreements, that one company, acting solely as agent for owners and operators and not assuring carrier obligations, was a member of several conferences. The decision condemning this practice led to a review of the status of all conference members. Several similar situations were discovered and steps were taken to limit conference membership to common carriers, under applicable provisions of the Shipping Act of 1916.

The Commission submitted several conference matters to public hearing. There were such questions as the material increase of fees for admission to conferences; the legality of conference actions for-

bidding members to pay brokerage; legality of provisions allowing their members to equalize, by absorption or other means, the cost of transporting cargo between one port and the port served by the particular member; the effect of requiring unanimous consent for changes, particularly in rates; and similar matters that can be smoothed out by conferences, working under Commission regulation.

The scope of the Commission's regulatory work is indicated by the number of agreements it supervises. At the end of the fiscal year there were 117 conference agreements. In addition, there were 455 agreements for accomplishment of various results such as pooling of revenues, allocation of sailings, joint services by two or more operators, and like matters.

During the fiscal year, 7,219 tariff filings were received, either new and complete schedules, or amended filings.

Commission Jurisdiction Over Terminals

A decision of the United States Supreme Court in October 1945 clarified a phase of regulation which had been cloudy since before the outbreak of war. This case, labeled the *United States v. American Union Transport, Inc.*, involved the Commission's jurisdiction over marine terminals owned by States or municipalities, with particular reference to uniform and compensatory rates among terminal operators.

Though the locale of this particular case was in the San Francisco Bay area, the effect of the decision and its aftermath will be felt in all areas, for it confirmed a decision of the Maritime Commission that certain terminal charges were not remunerative, or were unfairly distributed, and that the Commission possessed the authority to prescribe minimum charges which would ease a burdensome situation.

The Commission's decision was taken into court by California State-owned terminals, not only to test the Commission's jurisdiction, but to test the legality of the ruling on minimum rates in relation to authority granted the Commission by the 1916 Shipping Act.

The Supreme Court held that the Commission had not established a minimum rate, but a floor below which terminal rates were non-remunerative, throwing an undue burden on other services.

Terminal operators in California then requested the Maritime Commission to make an investigation to determine if it were possible to set up a formula under which each service given by a terminal operator would bear a proportionate share of the total cost of the terminal's operation; and, if such a formula could be established, to determine specific proportions at terminals in northern and southern California. An examination of the activities and financial structures of various

operators has been instituted, with the hope that a precedent can be set for the benefit of all United States ports.

A possible necessity for an entirely new field of regulation has opened up recently with a movement to form conferences among those who furnish car loading and unloading services for cargo arrivals or departures. A group in San Francisco and another in southern California have submitted agreements and tariffs to the Commission for approval. After open hearings to investigate the Commission's jurisdiction over this activity and determine a level of charges with relation to the governing legislation—the 1916 Shipping Act—the Commission decided that the facilities were within its jurisdiction. It has not yet been determined whether the decision will be taken to court.

The Division of Regulation also held responsibility for supervision and policing of the tariff practices of carriers that serve United States Territories or possession during the war. With the coming of peace the Puerto Rican, Virgin Islands, and Hawaiian traffic has passed from Government to private operation, though the Alaskan and Hawaiian inter-island traffic was still served by the Government at the end of the fiscal period. Tariffs applicable to this traffic are being subjected to hearings to conform with the peacetime situation.

The hearing of complaints alleging violations of the 1916 Shipping Act, and those arising from investigations initiated by the Commission, require a great deal of the Division's attention.

Many complaints came from refusal of conferences to admit new members. As conferences readied themselves to function with members operating on private account rather than for the Government, and carriers showed desire to enter trades they had not formerly served, this refusal assumed a serious aspect.

While all conference agreements provide that no line shall be denied membership except for just or reasonable cause, it has been found that conferences will frequently resist admission of a new line because (1) it is not regularly engaged in the trade, (2) does not propose to participate in the trade on an equal basis, (3) is not a common carrier by water, (4) the trade is adequately tonnaged, and for other reasons.

An important decision in this connection during the fiscal period was in the case of the *Black Diamond Steamship Corp. v. Compagnie Maritime Belge*. The Commission held that it was discriminatory and unfair to require the Black Diamond Corp. to place ships in regular operation as a prerequisite to conference membership. The Commission concluded that the test should be the proven ability and intention of a carrier to operate a regular service.

The Commission has no power to grant certificates of convenience and necessity to carriers operating on world trade routes. Conse-

quently, it has consistently refused to recognize adequacy of tonnage in a trade as a bar to new membership. Applications have not been approved, however, where it is clearly demonstrated that a proposed member's interest in a trade is dissimilar to that of regularly established lines, and that the apparent purpose of the applicant is to "skim the cream" from the trade without accepting the obligations of a regular service.

The Commission's procedure for hearings closely approximated the requirements of the Administrative Procedure Act before it became a law, so that the final changes necessary to comply with the law will be comparatively slight.

THE TRAINING PROGRAM

The training of officers and men for the wartime fleet was transferred as an emergency measure shortly after Pearl Harbor from the Maritime Commission, which possesses this responsibility under the Merchant Marine Act, 1936, to the War Shipping Administration. The approaching merger of the two organizations would again place this phase of maritime activity under Commission jurisdiction.

The Division of Training of the War Shipping Administration is composed of the United States Merchant Marine Cadet Corps and the United States Maritime Service. It also has jurisdiction over five State maritime academies. Since its inception in 1938, the training program under the Commission and a huge wartime expansion of facilities by the WSA has graduated and made available to the Merchant Marine approximately 275,400 officers and men.

The core of the training for officers is the Merchant Marine Cadet Corps, with its Academy at Kings Point, N. Y., and Basic Schools at San Mateo, Calif., and Pass Christian, Miss. It is supplemented by the State maritime academies of Massachusetts, New York, California, Maine, and Pennsylvania, partially supported by Federal funds and under supervision of the WSA's Division of Training. Courses in these institutions were shortened and intensified during wartime to meet requirements of the rapidly expanding merchant fleet, and means were provided, through the Maritime Service, for seamen to become officers, and be upgraded to higher ranks.

The accelerated program that was required for wartime operations has been modified. The course at the Merchant Marine Academy has been lengthened from 3 to 4 years. Subject matter and semester hours of the curriculum have been developed to meet accreditation requirements of the American Association of Universities, which will result in the awarding of a bachelor of science degree to academy graduates. The State academies are embarking on a 3-year course.

The United States Maritime Service has training schools at Sheeps-

head Bay, Brooklyn, N. Y.; Alameda, Calif.: and St. Petersburg, Fla. The need is evident for upgrading and retraining of both licensed and unlicensed personnel so that they may cope with the complexity of newer developments in the marine industry and the problems of increasing technological developments. The courses of instruction in the United States Maritime Service have been developed from that viewpoint.

THE DOMESTIC FLEET

Though the aid and protection extended to subsidized operators in foreign trade demands a great deal of the Commission's time and attention because of its intricacies and international complications, the welfare of the coastal, intercoastal and noncontiguous trades is a matter of equal concern.

Almost three-fourths of the American Merchant Marine was in domestic trades in 1939. There is substantial indication that the volume of traffic to be carried in the future may be greater than prewar. Certain factors, however, are hampering the early resumption of service under private operation, and, until these inequities are cleared up, there is little likelihood that this part of our national transportation system will arise to its full capabilities.

After war broke out in Europe, many vessels of the domestic fleet bore the brunt of shipping crises that could not have been overcome without these ships being in instant readiness. Before the emergency construction program began its outpouring of tonnage for the United Nations, many ships of the domestic fleet had made deep sea voyages which substantially aided the anti-Axis nations to withstand the enemy onslaught.

The domestic fleet will continue to be the core of the American Merchant Marine's part in the national defense. More than that, its indispensability to the Nation's economic life is firmly established and the deplorable situation in which the domestic water carriers were left at the close of the war received the immediate attention of the Maritime Commission and War Shipping Administration.

During the war, of course, the domestic trades were under control of the War Shipping Administration, and, in the various missions to which the vessels were assigned, many were lost. The vessels that survived are well worn, over age, and obsolescent. Working under wartime economic conditions and at top speed and utilization, the domestic fleet performed a remarkable job, only to emerge at the sudden termination of the war in a depleted, debilitated state.

The rate structure also was clearly inadequate to maintain profitably under private operation the services that are implicit in the Declaration of Policy to the Merchant Marine Act of 1936.

This statement of policy declares that the United States shall have a merchant fleet capable of carrying all of its domestic water-borne commerce in the most suitable types of vessels for these trades. On September 1, 1939, there were 467 vessels of 1,000 gross tons or more in the coastwise, intercoastal and noncontiguous trades, totaling 3,206,000 deadweight tons. At the end of the fiscal period, this total had declined to about 200 ships of some 1,700,000 tons.

Rates in effect at the end of the war were carried over from prewar days. Even at that time the rates were considered inadequate. The obstacle to relief has been, and still is, the competitive rates allowed railroads in coastal areas, which compel water carriers to hold an abnormal rate position bordering on the ruinous.

Operators in these trades, needing new ships, were understandably reluctant to invest in them without some assurance that they could be operated profitably with swollen postwar costs.

Most of the operators in coastwise trades feel that especially designed vessels are required for these services. Some intercoastal operators, needing larger vessels, have made application to acquire C2 and C3 types under the Ship Sales Act to replace the Victory and Liberty ships used by the WSA in these trades during the immediate postwar period, but neither coastal nor intercoastal operators are satisfied entirely with the vessels that are available.

In the months between the end of the war and the close of this fiscal period the Maritime Commission and War Shipping Administration initiated a series of actions calculated to alleviate conditions in all the domestic trades.

The WSA, upon behalf of the Government, assumed responsibility for restoring coastwise and intercoastal services at public expense for the period between release of vessels from wartime service and the return of relatively normal peacetime economic conditions. It was necessary for the War Shipping Administration to obtain temporary authority from the Interstate Commerce Commission for operation of ships in these essential services, on the basis of public need. Less than 2 weeks after the capitulation of Japan the WSA made such application, and some 3 weeks later the Interstate Commerce Commission, despite vigorous protests from rail carriers, granted authority for domestic operations by the WSA through December 31, 1945.

Sailings began about November 1, under WSA authority, and continued through such periods of national adversity as the steel and coal strikes and the threat of a Pacific coast dock strike. The vessels were operated at a loss, because of lack of tonnage for the foregoing reasons, the high costs of operation and the low freight rate. Consequently, the commercial lines still were unable to take over operation. The WSA and the Maritime Commission were compelled to procure

extensions of the operating authority through June 1946, and subsequently through September 30, with prospect of further extensions.

General cargo service along the Pacific coast was reconstructed in February 1946 on a basis closer to peacetime requirements, and along the North Atlantic, Florida, and Gulf ports shortly after the end of this fiscal period.

The Commission used every means within its power during the fiscal year to restore these services to a compensatory basis. Rate increases were instituted by the WSA in both the coastal and inter-coastal trades, making them as high as possible without reaching the level of rail rates, but the soaring costs of labor, fuel supplies, and other items compelled the initiation of proceedings before the Interstate Commerce Commission asking a full investigation of water competitive rail rates, with the objective of obtaining more equitable rates for both. The proceeding was initiated March 21, 1946, but no action on it had been taken by the close of the fiscal year.

The wartime passenger and general cargo services operated by the WSA in noncontiguous trades were continued from August 1945 through June 1946, when the Hawaiian and Puerto Rican trades were restored to private operation. The Hawaiian inter-island and Alaskan trades continued under WSA after the fiscal period, with proceedings seeking increased rates in these trades being under consideration by the Commission.

The Alaskan trade presents a serious problem beyond the universally higher operating costs. The over-age vessels in this service, the seasonal nature of the business, difficult harbor operations, adverse weather, and the many small ports that require regular service make profitable operation difficult. Prospect of establishment of rates which will make Alaskan services compensatory has brought protest from Alaskan citizens. Nevertheless, the WSA maintained these services at a loss during the fiscal year to provide water communication for the basic commercial needs of the Territory and the various United States military establishments, and the Maritime Commission is giving full consideration, within its statutory authority, to placement of new or at least more modern and suitable vessels in this trade.

NEW SHIPS FOR THE FLEET

It was anticipated as early as 1944 that there would be glaring deficiencies in certain categories of ship types. At that time President Roosevelt directed the Maritime Commission to prepare a "bold and daring plan" for the construction of low-travel-cost passenger vessels, to bolster our expectations for obtaining a fair share of postwar travel.

The Commission's Technical Division immediately began design and evolution of high speed passenger vessels. To a considerable

extent, competition from air transport gave impetus to research and development of comfortable passenger accommodations for ocean crossings on shorter time schedules.

Rapid strides in improving vessel design had been made by the Commission's technicians during the war period. Form, structure, machinery, and space arrangement were refined and improved. Power requirements were reduced for speeds of 28 knots or better, through great savings in displacements and improvements in basic characteristics. Welded construction brings more efficient use of metal and lighter weight steel structures, and consequently less displacement. Substitution of light alloys for steel in a greater proportion of superstructures has reduced total weight and lowered the centers of gravity, to make for greater stability and minimize the necessity for extensive ballasting.

The combination of weight reduction and improved form characteristics has enabled Commission designers to retain the more efficient twin screw power installations, as compared to the standard quadruple screw power plants of the conventional high speed passenger vessels now in use. Low pressure salt water evaporators, left in many vessels used as transports in the war, have been incorporated in new designs, thus eliminating the transportation of large quantities of fresh water. Progress in machinery design has brought fuel consumption down materially, diminishing fuel-oil requirements for a given service, and, of course, increasing the cruising radius.

Improvement in space arrangements has achieved a high degree of utilization with no sacrifice of comfort. Compact staterooms and a higher standard of crew accommodations have been achieved without sacrificing passenger capacity, which should make travel in American vessels much more attractive to the postwar tourist.

Another great contribution to projection of a modern travel fleet is improvement in ventilation and air conditioning. Great strides were made in these phases of ship design during the war. Routes that were formerly unpopular because of heat, cold, or humidity may soon be traveled in comfort, for developments in this field permit individual control of stateroom temperature and humidity, affording a measure of enjoyment not available in foreign ships, or even airplanes.

Air conditioning is also important to the Commission's postwar cargo ships, for application of these techniques can afford a great measure of protection for cargoes. Modern dehumidification practice can almost entirely prevent condensation of air and consequent tainting of cargo. Atmospheric conditions can be so closely controlled in a ship's hold that in many instances cargo is kept in better

condition than if stored on shore, and some commodities are actually improved during a voyage.

The emphasis on modernized design has not all been on passenger vessels. Consistent efforts are made to develop greater efficiency for cargo vessels as well. A new 19-knot standard dry cargo vessel design, slightly larger than the very popular C3 design of the Commission, has been developed and proved at the David Taylor Model Basin.

The new vessel shows promise of achieving greater operating economies, particularly for long-distance hauling. Cargo handling has been given especial attention. Twin hatches are contemplated for the largest holds, served by overhead traveling cranes which are expected to speed loading and discharge. Stowage methods are under intense study; the use of containers, of pallets, and of small, powerful vehicles inside a hold—all these are contributing to solution of the problem of reducing costs and placing the American merchant fleet on a more economical and profitable basis.

Experimentation and practice with new types of cargo gear were obtained by the installation of overhead cranes over three forward hatches of a C3 vessel. Several months of operation and close study proved that this gear, with a few alterations, was superior to present types in handling many types of cargoes. It has limitations, but to overcome these, other designs are being developed, as well as machinery for sideport loading.

Another interesting development has been the design of a truck trailer vessel for coastal shipping. Like the sea train vessels, in which loaded box cars have been transported between ports, this development gives promise of greatly reducing stevedoring charges on overnight runs along United States seaboards.

Analysis of operating expenses of ship types has been investigated extensively by the Commission's technicians, with a view to merging conclusions obtained from this viewpoint into general design. The studies progressed to various combinations of cargo, cargo-passenger and passenger ships with capacity to carry substantially equal volumes of business. The general conclusions were that cargo ships operate most economically at 14 to 17 knots, passenger vessels at 28 to 30 knots and that combination cargo-passenger vessels are suitable where there is a volume of passenger business that does not justify high speed vessels.

These studies, it is believed, will notably influence the postwar trend of ship design. The immediate purpose was to recommend improvements of designs in progress, but long range studies will explore possibilities for the future.

ADJUSTING THE BUILDING PROGRAM

The end of the war, in August 1945, brought immediate readjustments in the Commission's construction schedules, and consequent cancellation of much material that had been ordered. Some 3,200 contracts for materials or parts were cut back or canceled by telegram. It developed that some items were completed but unshipped, others partially completed and some well advanced in manufacture. More than 1,100 cancellations were withdrawn, and when adjustments were made, canceled contracts at the end of the fiscal year amounted to about \$56,100,000.

The Commission's Procurement Division, charged with purchasing and expediting delivery of materials for the Commission and War Shipping Administration, had only slightly less volume of purchases during the fiscal year than the year before. The total for the period ending June 30, 1946, was \$36,207,740.32, compared to \$37,159,058.65 for the previous year.

During the war, the Procurement Division's principal activities were procuring the materials used in some 80 shipyards, following through the purchases in manufacture, delivery, and distribution. This highly complicated procedure is now changed, with the decline in shipbuilding, to purchase for varied activities in which the Commission and the WSA were engaged after the end of hostilities.

These were for:

(a) The AP7 vessels building at the Oregon Shipbuilding Corp. for the Alcoa Steamship Co., involving materials needed to complete the vessels after war manufacture had declined. It was necessary to screen all the Commission's surplus sources, as well as those of the Army and Navy and War Assets Administration, to obtain items in dwindling supply. The program involved 132 requisitions for materials valued at \$1,064,964.46 from surplus sources and new purchases in the amount of \$698,817.34.

(b) The Reserve Fleet Division, requiring large amounts of materials for work on Reserve fleet sites, for vessel preservation work, subsistence, and operating materials. This category accounts for \$737,930.44.

(c) Additions to training facilities at Sheepshead Bay Training Station, requiring expenditure of \$789,796.43.

(d) Lend Lease Division of the WSA, for procurement of marine equipment for various nations participating in lend lease. Two hundred and eighty-seven purchase orders amounted to approximately 18 million dollars.

(e) Outfitting of war-bride vessels with such special items as baby

cribs, blankets, diapers, and furniture for the care and comfort of the brides and their small children.

(f) Reconversion to peacetime requirements of passenger and passenger-cargo vessels used as transports. The WSA had the obligation of returning these requisitioned vessels to their former owners in a condition set forth by contract. The Procurement Division arranged to survey the vessels with the owners, determine the Government's liability, and procure whatever was necessary to fulfill the Government's obligation. With respect to vessel furnishings and equipment, more than 200 vessels are in this category.

(g) The reconversion program, which involves the procurement of supplies, furnishings and equipment beyond the responsibility of the contractor for passenger and passenger-cargo vessels owned by the Government. This program began late in the fiscal year.

(h) The War Shipping Administration's requirements for maintenance, repair, and salvage operations.

SAVINGS BY CONTRACT REVISION

The Commission has authority, under the Revenue Act of 1943, to revise contracts made between vendors or contractors and the Commission in the interest of curbing excessive profits. The authority extends over both prime and subcontractors, and to the end of the fiscal year the Procurement Division had requested financial and accounting data from approximately 1,000 contractors or vendors.

Negotiations based on these data have enabled adjustments of \$32,952,592.86 in the period between November 1944, when the provisions were put in effect, and the end of the fiscal year.

SAVINGS BY RENEGOTIATION

With passage of the Renegotiation Act of 1942, the Commission began examining its contracts in accordance with the terms of this legislation, covering recapture by the Government of profits deemed excessive. The efforts of the Commission's Price Adjustment Board in renegotiating contracts and obtaining price reductions has enabled a saving to the Government of almost \$400,000,000. The saving was effected at a cost to the Government of less than one-half of 1 percent of the amount recovered.

Savings effected during the fiscal year were in excess of \$105,000,000. The Price Adjustment Board processed 1,196 cases, of which 879 pertained to contractors subject to the Renegotiation Act, involving sales in the amount of \$4,153,000,000.

Of these contractors, 444 with renegotiable sales of \$1,460,000,000 will refund some \$91,000,000. It was found that 435 contractors, with renegotiable sales of \$2,693,000,000 had realized no excessive

profits. The remaining 317 cases were found not subject to the Renegotiation Act or were the responsibility of other Government agencies.

READJUSTMENTS WITH SHIPYARD LABOR

The end of the war also brought immediate and sweeping changes affecting labor relations in shipyards building vessels for the Maritime Commission and repairing them for the War Shipping Administration. The rapid series of alterations in the national wage stabilization policy in that period were reflected in shipyard labor.

Controls over labor exercised during the war were relaxed. The War Manpower Commission released its powers over the movement of workers between jobs and the number of workers allocated to industry, although it continued as a recruiting and placement agency. The National War Labor Board eased its wage control requirements on August 17, 1945. Selective Service lowered the draft age to 18-25. And the work week in Commission shipyards was cut to a 6-day, 48-hour week on September 3, 1945.

The War Labor Board, moving toward liquidation by the end of the calendar year, streamlined its procedures and removed many restrictions which had complicated the labor policies of many agencies. When the National Wage Stabilization board succeeded the War Labor Board, wage control policies became less restrictive and more stabilized.

Working these adjustments into the Commission's building programs was the responsibility of the Division of Shipyard Labor Relations. During the war this Division's responsibility had been the channeling of necessary manpower into shipyards in accordance with the manpower policies of various agencies. From this most essential wartime activity, the prime duty of the Division has now become wage stabilization, and establishment of labor standards that will fit postwar conditions.

Shipbuilding and ship repair organizations in 1941 began operations under a national wage and working arrangement administered on a zone basis, corresponding with the three coastal regions and the Great Lakes. Basic working conditions and pay rates were established for first-class skilled mechanics in each. Although widespread changes were made in wage rates of unskilled and intermediate grade mechanics through collective bargaining and actions of the War Labor Board, the fundamental conditions of the original zone standards were essentially unchanged to the end of the war.

An annual review of wage rates is provided in the zone agreements to permit adjustments reflecting changing conditions. During the war the only general change in rates was an increase in 1942.

In an annual review called for December 4, 1945, representatives of labor, industry, the War and Navy Departments and Maritime Commission-War Shipping Administration met in Colorado Springs, Colo.

Labor entered the conference with sweeping demands, which industry countered by refusing any increase, their contention being that shipbuilding wage rates were among the highest in the country. A stalemate developed, and after several weeks the conference adjourned to Washington. The deadlock continued until February 18, 1946, when an 18-cent per hour increase for all workers in the shipbuilding and ship repair industry was finally agreed upon, 2 to 1, with labor and Government for the increase and industry against it.

The increase was made effective December 4, 1945, and was subsequently extended to include the Pacific coast repair industry, which had not been a party to stabilization agreements.

Although there were misgivings at the national conference as to the shipyards' acceptance of the increase over their dissent, no work stoppages or strikes resulted, and all major yards reached an amicable agreement with their labor and the increase went into effect. The only exceptions were a few relatively small ship repair yards.

A change in the Commission's perspective on many phases of its labor relations was dictated by the change in the Commission's activities during the fiscal year. The Commission now is a direct employer of labor. Establishment of Reserve fleet bases brought a demand for employees. Surplus property disposal activities require warehouse staffs and industrial-type personnel. So that the essential duties of a direct employer of these kinds of workers can be discharged in compliance with accepted standards and with Federal laws and regulations governing such situations, a wage rate board was established within the Commission. The Commission viewed its labor relations as generally satisfactory at the end of the fiscal year, with most shipbuilding and ship repair yards holding contracts with labor effective for at least a year, with reopening probable only in the event of inflationary prices.

THE END OF WARTIME SHIPBUILDING

The sudden cessation of shipbuilding by the Commission in August 1945 left a great many contracts, both with shipbuilders and suppliers, in various stages of fulfillment. There was also a large surplus of marine materials on hand awaiting utilization.

The Commission had prepared for this situation in January 1945 by establishing a Contract Settlement and Surplus Materials Division to function under provisions of the Contract Settlement Act and the Surplus Property Act, both enacted by the Congress in 1944.

In the 6 months prior to the period of this report, the Division was

organized and procedures established for a heavy work load anticipated with the end of the war. At the beginning of this fiscal year, the Division planned to utilize the period for expansion of organization and deployment of its forces in such a manner as to set in motion a comprehensive and methodical system for clearing up as rapidly as possible the aftermath of wartime shipbuilding.

The major functions of the Division are:

1. Settlement of terminated contracts, which fall into three classes: (a) prime supply contracts and related subcontracts; (b) prime shipbuilding contracts; and (c) subcontracts under prime shipbuilding contracts.

2. Locating and listing Commission property in excess of current or anticipated requirements; receiving property declared to it by other agencies; maintaining records, and processing property for disposal.

3. Disposition, either by sale or by declaration to other disposal agencies.

Terminating The Contracts

At the end of the fiscal year 10,565 terminations of contracts with prime suppliers involving canceled commitments of \$290,400,000 had been effected by the Procurement Division and processed by the Contract Settlement and Surplus Materials Division. Of these terminations, 7,415 with canceled commitments of \$128,700,000 had been settled without claim. The remainder includes settled or pending claims, and open terminations amounting to \$13,000,000 in terminated commitments.

Settlement of prime shipbuilding contracts has been restricted by the time required by the Technical and Construction Divisions for calculation of the percentage of construction completed at the time of contract termination. The Contract Settlement and Surplus Materials Division, however, has developed a procedure for rapid settlement of claims once they are submitted. Contract settlements up to \$25,000 and dispositions of contractor inventories not exceeding \$50,000 may be approved finally by the Division Director; actions involving sums over these limits must be approved finally by the Settlement Review Board, which, in the case of prime shipbuilding contracts, is the Commission itself.

Disposal of Surplus Material

It is estimated that the total reported cost of property owned by the Commission—excepting real property, documented vessels and undocumented vessels over 30 feet long—either determined or to be determined in excess of requirements, is about \$310,000,000. Forty-one percent of this amount (\$128,000,000) has been declared to various

agencies for disposal; 18 percent (\$56,000,000) has been processed for disposal at owning agency level, and the remainder (\$126,000,000) is to be processed for declaration or listing.

During the fiscal period the Commission made net declarations of surplus materials and equipment within the continental United States to the amount of \$128,200,000 reported cost. Of this sum, \$113,500,000 was to War Assets Administration—which includes declarations formerly made to the Treasury Department, Department of Commerce, Reconstruction Finance Corporation and War Assets Corporation; \$10,600,000 to the Maritime Commission; \$3,800,000 to the Department of Agriculture, and \$300,000 to the War Shipping Administration (small vessels).

Surplus real property was declared to the War Assets Administration to a total reported cost of \$118,200,000; materials and equipment in foreign locations were declared to the Department of State, totaling \$400,000; owning agency sales lists totaled \$40,300,000 reported cost, and transfers from other agencies for utilization on Commission contracts, needs of the armed forces and other requirements totaled \$16,000,000.

During the fiscal year disposition of materials and equipment by the Commission acting as a disposal agency totaled \$56,600,000 reported cost, at a recovery rate of 31 percent, and net declarations received amounted to \$111,800,000 reported cost.

Disposal of Real Holdings

The cutback in shipbuilding also left the Commission with shipbuilding facilities greatly in excess of requirements. In the fall of 1945 the Commission embarked on a program to dispose of this excess. Sales of such properties as the facilities of the California Shipbuilding Corp., at Wilmington, Calif., and the Bethlehem-Fairfield Shipyard, at Baltimore, Md., were effected, along with smaller installations.

By extension of the Surplus Property Act, on December 22, 1945, the Commission was designated the disposal agency for shipyards and facilities generally classed as marine industrial real property within the United States and possessions. Under this authority the Commission disposed of three yards: the Concrete Ship Construction Co., National City, Calif.; Joshua Hendy Iron Works, Sunnyvale, Calif.; St. Johns River Shipbuilding Co., Jacksonville, Fla.; and a portion of the New England Shipbuilding Co., South Portland, Maine. Where the Commission acted as a disposal agency, appraisals of the Government's assets within the property and cost of restoration were obtained and the properties advertised widely, with awards on the basis of the highest and best bids.

Disposition of real property is laden with many difficulties, for there

is a maximum of competition between States, counties, and cities for various Commission properties, and in many cases the Commission faced hard decisions in satisfying these claimants and at the same time obtaining an adequate return to the Government.

On May 14, 1946, Surplus Property regulations were again changed, omitting the Commission as the disposal agent for marine real property. Up to that time, however, the Commission had sold property of this type to a total value of \$112,755,418. In addition, to the end of the fiscal period, a total of 42 items of real property have been declared to the War Assets Administration for disposition, including 18 shipyards in their entirety. The total number of real properties sold, liquidated, declared to other agencies or otherwise disposed of is 49, including 26 entire shipyards.

Conversion of Terminals

During the war the deep water terminals in United States ports were barely adequate for the immense volume of cargo. Careful control and full use of every facility were required. There was some congestion on piers, because of the quantity and type of cargo, the irregularity of sailings due to convoy operations, and the mixed use of some piers by the WSA, Army and Navy. No situation developed, however, that unduly hampered the flow of war cargoes.

Reconversion to peacetime conditions has been rapid in the fiscal year because military cargoes have decreased and the armed services have released many piers. Steamship operators, however, continue to use the better facilities, abandoning older piers and avoiding smaller ports, so that the facilities in principal ports are still used at capacity, a condition that will evidently continue for some time.

Before the United States entered the war, the Maritime Commission had custody and control over major portions of the Boston Army Base, part of Brooklyn Army Base, all of the Philadelphia and Norfolk Army Bases, and Hoboken Terminal. During the war these facilities were either placed under jurisdiction of the armed services or the use granted to them.

Control over the facilities is being returned to the Commission. The Philadelphia base was returned in 1945, the Boston base was scheduled to be returned by October 1946 and the Norfolk base, with about half under Commission control at the end of the fiscal period, will be completely returned in 1947.

SALES TO ALIENS

The Commission is authorized to transfer vessels to alien ownership or registry under provisions of the Shipping Act of 1916. The accompanying table shows the vessels approved by the Commission

during the fiscal year. It is interesting to note that 72 vessels, having a gross tonnage of 113,739, were transferred to Chinese ownership and registry, and 11 others of 32,494 gross tons were transferred to Philippine flag and registry in the fiscal period. These vessels were principally for the rehabilitation of these countries, which had lost almost all their ocean transportation during the war.

During the fiscal period the Commission also approved the surrender of marine documents of 221 vessels for various reasons. It also approved surrender of documents of 88 Commission-owned vessels which were to be scrapped or transferred to military jurisdiction.

Nationality, number, and tonnage of vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag pursuant to secs. 9 and 37 of the Shipping Act 1916, as amended

ACCUMULATIVE TOTALS JULY 1, 1945-JUNE 30, 1946

	Number of vessels	Total gross tonnage		Number of vessels	Total gross tonnage
Argentine.....	4	15,202	Netherlands.....	29	1,134
Bahamian.....	2	43	Newfoundland.....	1	75
Brazilian.....	18	73,233	Nicaraguan.....	2	10
British.....	15	2,534	Norwegian.....	4	1,022
Canadian.....	18	19,990	Panamaian.....	31	117,236
Chilean.....	4	16,222	Peruvian.....	2	1,835
Chinese.....	72	113,739	Philippine.....	11	32,494
Colombian.....	14	264	Portuguese.....	4	79
Costa Rican.....	6	1,903	Salvadorian.....	2	16
Cuban.....	8	1,477	Swiss.....	1	1,938
Danish.....	1	1,559	Venezuelian.....	36	3,960
Ecuadorian.....	1	199			
Egyptian.....	1	270		378	532,441
French.....	22	50,780	Sale alien.....	16	1,169
Honduran.....	32	69,439			
Icelandic.....	1	136		394	533,610
Mexican.....	36	5,652			

Type, number, gross tonnage, average age of vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag pursuant to secs. 9 and 37 of the Shipping Act 1916, as amended

ACCUMULATIVE TOTALS JULY 1, 1945-JUNE 30, 1946

	Number	Total gross tonnage	Average age
I. Sailing vessels, schooners.....	3	1,424	20.7
II. Tugs and barges.....	54	6,841	5.7
III. Pleasure vessels, yachts, etc.....	25	3,092	19.2
(a) Motorboats (undocumented of less than 5 net tons).....	71	477	1.7
IV. Tankers.....	11	59,060	27.5
V. Commercial vessels under 1,000 gross tons (fishing vessels, etc.).....	62	9,389	20.7
VI. Commercial vessels over 1,000 gross tons (cargo; combination cargo-passenger):			
(a) Subsidized (proceeds reserved for new construction).....	2	11,123	26.5
(b) Nonsubsidized (proceeds reserved for new construction).....			
(c) Nonsubsidized.....	91	356,222	20.6
VII. U. S. Government owned.....	75	85,982	7.6
	394	533,610	12.8

LITIGATION

The Legal Division, which functions both for the Maritime Commission and the War Shipping Administration, faced a mounting number of cases in the fiscal period, though the greatest preponderance of legal work was for the WSA.

Claims pending at the beginning of the fiscal year covered by this report amounted to 5,501, including those litigated and unlitigated for both agencies. At the end of the period this total has increased to 8,051.

On behalf of the Maritime Commission, the Legal Division had 230 cases in process on June 30, 1946. Cases against the Commission numbered 133, amounting to \$4,043,043.52, and cases in favor were 97, amounting to \$3,917,110.87.

The Commission holds (but intends to sell when such action can legally be taken and is determined to be advantageous to the Government) for the United States 113,206 shares of class A stock, and 2,100,000 shares of class B stock in American President Lines, Ltd.

The Government's title to this stock is being questioned at law by R. Stanley Dollar and others. The Commission is presently restrained from disposing of the stock, and the case is now pending before the Supreme Court of the United States.

THE AMERICAN MARINE INSURANCE MARKET

All recent American shipping legislation has stressed the importance of supporting the American marine insurance market. The Ship Sales Act, enabling a potentially great number of vessels to be placed in private operation by American operators, and the sale of vessels to foreigners, with the Government retaining a mortgage interest covering deferred payments, will in either case place a considerably greater load on the Commission's Division of Insurance.

During the war the principal insurance requirements of the Commission were for protection of various phases of the ship construction program. Protection was principally in the form of fire and builders' risk insurance, broadly covering marine perils, materials for construction, and certain liabilities of the Commission and contractors.

After the cessation of shipbuilding one of the first requirements of the Division was the processing of insurance covering vessels returned to private owners on which there remained mortgage and subsidy agreements.

Early in 1946 the WSA inaugurated the chartering of Government vessels to private operators to perform essential shipping duties pending passage of the Ship Sales Act. Certain insurance provisions

were required, and protection was obtained for more than 800 vessels, which was reviewed and processed by the Commission.

At the end of the fiscal period approximately 500 mortgaged and chartered vessels were being privately operated and insured with commercial underwriters. The total insurance processed in connection with these operations is shown below:

	Total amount	American	Foreign
		Percent	Percent
Marine Hull.....	\$445,372,058	60	40
Marine P. & I.....	438,126,274	87	13
War Risk Hull.....	357,779,343	40	60
War Risk P. & I. & Crew.....	178,051,070	30	70

PERSONNEL

Several changes occurred in the Commission's membership during the fiscal year. Vice Admiral Emory S. Land, USN (Ret.), who was appointed to membership on the Commission when it was established in 1936, and had been chairman since February 1938, resigned January 15, 1946. He was succeeded by Vice Admiral William W. Smith, USN (Ret.) on June 3, 1946.

Vice Admiral Howard L. Vickery, USN, vice chairman, resigned December 31, 1945, and was succeeded on February 1, 1946, by Richard Parkhurst of Massachusetts.

The term of Thomas M. Woodward expired September 26, 1945, and on October 16, 1945, Raymond S. McKeough of Illinois was appointed to fill the vacancy.

Capt. Edward Macauley, USN (Ret.), reappointed to a full term in September 1944, and made Acting Chairman after the resignation of Admiral Land, resigned May 21, 1946. On July 2, 1946, J. Grenville Mellen of Mississippi was appointed to serve out the unexpired term.

The term of John M. Carimody, the only remaining member of the wartime Commission, is to expire September 26, 1946.

A great many other changes occurred in key positions within the Commission. Many who served patriotically with the Commission as their contribution to the war returned to private industry. As the character of the Commission's work changed essentially from ship-building to other duties, continual changes in organization were required, and every effort was made to shift employees to other duties for which they are fitted.

The number of employees dropped from 10,781 at the beginning of the fiscal period to 10,318 on June 30, 1946, a reduction of 463.

PROMOTING OUR FOREIGN TRADE

The achievements of America's wartime shipbuilders received wide acclaim in the Nation's press, because of their spectacular nature and the race against time. Interest in shipbuilding became Nation-wide. The Commission's Division of Information was enlarged to meet the demands put upon it by newspapers, magazines, radio, and other media.

When the construction program began to place hundreds of new cargo vessels in the service of the United Nations, the public's interest turned to their operations. Demands made by other government agencies, by press and periodicals, shipping organizations and the general public for news of ship and cargo movements, of personnel and the progress of shipping operations in support of the war, became difficult to handle, in view of censorship restrictions. The Division of Information, throughout the war, was responsible for application of the voluntary censorship code in relation to maritime matters.

Censorship restrictions were ended with the close of hostilities. The Division's activities became centered on aiding the transition of the merchant fleet to peacetime utilization, in accordance with a provision of the Merchant Marine Act of 1936. This act directs the Commission to establish and maintain liaison with other departments of the Government and representative organizations throughout the Nation interested in foreign trade, for the purpose of securing preference for United States vessels in moving our waterborne exports and imports.

Through cooperation with the Government agencies and private organizations interested in accomplishing the objectives of the 1936 act, the Commission hopes to achieve a greater understanding on the part of American businessmen and the citizenry of the importance of the American Merchant Marine in bolstering our economic welfare, our national defense and in helping to stabilize our peaceful relations with the rest of the world.

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APPENDIX

Appropriations, transfers, collections, and

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Construction fund, U. S. Maritime Commission, act June 29, 1946, Revolving fund:				
Collections:				
Construction loan notes receivable.....	\$19,298,997.02	\$6,736,231.52	\$5,317,436.48	\$12,034,166.47
Ship sales notes receivable.....	6,278,845.86	627,586.94	604,087.55	6,435,458.16
Miscellaneous notes receivable.....	836,597.21	36,337.99	321,293.42	505,615.60
Interest on notes receivable on deferred payments of insurance premiums, etc.	3,923,313.89	1,138,268.55	1,219,825.73	2,453,622.56
Cash payments on sales of vessels.....	3,848,216.62	701,420.40	11,148,864.95	40,011,256.91
Sale of other assets including sale of scrap materials and surplus property.....	273,816.79	37,382.02	496,462.94	46,270.12
Charter hire revenue.....	0	174,386.21	1,432,345.62	5,548,040.15
Operation of vessels revenue.....	16,568,832.87	8,340,612.17	6,742,597.96	253,706.06
Rentals—real estate, housing projects, facilities, cafeterias, etc.....	1,075,841.64	668,667.00	771,492.68	1,050,562.81
Insurance premiums, loss recoveries, etc.	489,734.03	293,295.77	792,116.01	1,888,561.28
Receipts and liquidation of receivables arising out ocean-mail (Maiden Creek, Agwimonte, and Pan Pennsylvania) settlement agreements.....	601,367.59	0	0	0
Recapture of excess profits on construction and repair contracts.....	0	0	0	2,091,933.74
Sale of tankers and vessels to U. S. Navy and War Department.....	0	6,413,901.00	4,229,976.14	81,878,579.95
Recovery of advanced and deposits and miscellaneous reimbursements.....	0	0	0	0
Transfer from 69X0201 and Federal Housing Authority.....				
Refund of construction, facility, and other contract cancellation claim payments.....				
Recovery of direct loans.....				
Miscellaneous.....	2,437,428.97	253,051.36	664,829.41	3,058,335.26
Total collections.....	55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10
Disbursements:				
General administrative expense.....	3,596,804.59	3,026,642.50	3,779,645.16	4,603,660.09
Operation of vessels expense.....	18,188,465.16	10,158,332.48	6,070,389.47	578,197.71
Inactive and laid-up vessel expense, including repairs.....	681,142.33	3,391,240.01	703,252.50	6,455,776.39
Real-estate operations—repairs and betterments.....	547,164.27	415,202.87	478,984.75	520,221.01
Insurance claims, returned premiums, etc.....	878,126.46	192,646.20	312,111.14	689,704.28
Operating differential subsidy payments.....	4,080,618.10	7,742,789.79	10,241,080.47	11,285,072.07
Construction progress payments, including outfitting and defense features.....	1,297,422.00	31,981,506.78	105,740,295.40	141,856,069.38
Foreign ocean-mail contract payments and settlements.....	16,663,361.49	912,539.13	0	0
U. S. Maritime Service cadet training and other seamen's training expenses.....	0	2,705,426.12	3,421,149.01	4,119,165.26
Payments to cover acquisition of vessels for Navy and War Department.....	0	2,324,274.16	4,650,970.45	25,575,873.77
Charter hire expense.....	0	0	0	0
Payments for acquisition of vessels for U. S. Maritime Commission.....	0	0	0	0
Facilities contract payments.....	0	0	0	0
Direct loans to contractors.....	0	0	0	
Agency agreements operating expense.....	0	0	0	
Partial deposits for requisitioned foreign vessels.....	0	0	0	
Transfer to National Housing Agency to establish working fund.....				
Transfer to War Shipping Administration.....	0	0	0	
Transfer to Treasury Department.....	0		0	
Transfers and reimbursements to other appropriations.....	0	0	0	
Advances to contractors and other recoverable expenses.....	0	0		
Construction, facility, and other contract cancellation claim payments.....				
Reserve Fleet expense.....				
Vessel reconversion expense.....				
Preservation and maintenance of shipyard facilities.....				
Miscellaneous.....	2,479,672.89	2,830,791.61	611,951.32	1,726,558.26
Total disbursements.....	48,362,777.29	65,461,391.65	136,009,829.67	197,410,358.22

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disbursements, Oct. 26, 1936, to June 30, 1946

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
\$7,619,357.96	\$6,033,745.70	\$4,217,465.03	\$1,562,277.13	\$635,670.70	\$63,455,348.01
16,514,890.56	13,866,114.56	60,933,286.17	52,964,315.09	29,836,362.33	188,060,947.22
85,119.48	702,958.31	452.00	41,745.66	2,905,897.56	5,436,017.23
1,722,126.06	2,413,325.53	4,342,660.45	3,905,316.63	4,438,138.52	25,556,606.92
25,895,565.62	60,400,619.36	39,367,305.16	25,090,984.13	71,338,093.04	277,802,328.10
101,479.24	3,675,836.43	13,945,269.55	25,559,514.58	36,619,701.55	80,755,733.22
11,158,115.91	800,000.00	0	4,525,710.62	279,766.10	23,918,864.61
0	0	0	0	0	31,905,749.06
885,710.42	111,040.22	4,017,863.37	3,506,792.78	778,821.87	12,866,792.19
1,042,533.19	156,710.72	2,174,418.79	1,064,395.68	1,376,062.66	9,227,828.13
0	0	0	4,714,147.07	0	5,315,514.66
4,446,255.17	4,217,363.33	14,474,470.79	32,700,620.78	21,018,226.47	78,948,870.31
63,241,939.60	776,662.54	0	0	0	156,541,059.23
0	298,202,281.84	431,456,390.04	749,895,030.08	253,973,249.70	1,733,626,951.66
			7,141,563.60	11,796,907.00	18,937,470.60
			17,432,496.20	31,868,849.07	49,301,345.27
			586,182.79	307,936.81	894,119.60
2,944,131.58	3,956,532.84	3,394,129.97	9,642,869.78	9,877,754.92	36,228,064.09
135,657,224.79	395,313,191.38	578,323,720.32	940,333,962.60	477,050,433.30	2,798,680,180.80
7,226,751.08	21,016,208.72	31,566,922.13	36,006,105.47	29,424,125.53	140,246,865.27
0	0	0	0	0	34,995,384.82
9,004,575.14	0	0	0	0	20,235,986.37
272,381.13	229,558.61	214,630.34	1,875,282.30	4,393,341.14	8,946,766.42
897,272.05	458,967.96	16,160.59	34,214.66	2,100,264.61	5,579,533.95
7,611,567.43	3,841,698.76	1,702,134.63	1,214,660.74	1,140,193.70	48,809,815.69
293,127,245.22	2,717,640,946.43	4,298,236,830.30	3,839,111,141.36	855,320,543.25	12,284,312,000.12
0	0	0		0	17,575,900.62
36,369,829.50	0	0		0	46,615,569.89
12,992,487.83	658,019.22	0		0	46,201,625.43
7,700,706.52	0	0		0	7,700,706.52
29,721,181.46	0	32,282.46		0	29,753,463.92
75,877,207.35	240,544,351.77	80,552,700.29	21,482,565.31	9,625,582.00	428,082,406.72
191,798.36	0		225,000.00	0	225,000.00
3,175,000.00	0		0	0	191,798.36
			0	0	3,175,000.00
			2,164,328.00	0	2,164,328.00
145,090,000.00	50,000,000.00		0	0	195,090,000.00
			3,100,068.167.00	796,568,000.00	3,896,636,167.00
142,501,686.90	279,340,317.99	49,887,607.17	0	1,103,581.25	472,833,193.31
4,283,500.00	17,287,388.94	16,254,608.01	8,199,854.26	18,273,857.60	64,299,208.81
			512,919.22	6,971,769.09	7,484,688.31
				10,518,007.47	10,518,007.47
				133,965.89	133,965.89
				567,075.90	567,075.90
6,888,831.29	1,637,761.50	1,166,070.36	399,641.84	1,875,634.11	19,614,913.18
782,930,021.26	3,332,656,219.90	4,479,629,952.28	7,011,293,880.16	1,738,015,941.54	17,791,989,371.97

40 REPORT OF THE UNITED STATES MARITIME COMMISSION

APPENDIX

Appropriations, transfers, collections, and disbursements,

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Summary of construction fund, revolving fund, U. S. Maritime Commission:				
Appropriations.....	\$105,104,689.51	\$4,100.00	\$100,000,000.00	\$144,505,500.00
Collections.....	55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10
Total.....	160,737,682.00	25,425,240.93	133,750,328.89	301,771,609.10
Less: Disbursements.....	48,362,777.29	65,681,391.69	136,009,329.67	197,410,368.22
Excess of receipts or disbursements.....	112,374,904.71	40,256,150.72	2,259,500.78	104,301,250.88
Add: Balance at beginning of fiscal year.....	0	112,374,904.71	72,118,753.99	69,859,253.210
Construction fund, revolving fund, balance at close of fiscal year.....	112,374,904.71	72,118,753.99	69,859,253.21	174,160,504.09
NOTE.—Activities not shown during this fiscal year have been either terminated or transferred to War Shipping Admin- istration.				
Emergency ship construction fund, U. S. Maritime Commission:				
Appropriations.....				314,000,000.00
Transfers.....				0
Collections.....				0
Total receipts.....	0	0	0	314,000,000.00
Less: Disbursements.....				11,808,998.67
Excess of receipts or disbursements.....				302,196,006.33
Add: Balance at beginning of fiscal year.....				0
Emergency ship construction fund balance at close of fiscal year.....	0	0	0	302,196,006.33
Judgments, United States courts, U. S. Maritime Commission:				
Appropriations.....				0
Less: Disbursements.....				0
Excess of receipts or disbursements.....				0
Add: Balance at beginning of fiscal year.....				0
Judgments, United States Courts balance at close of fiscal year.....	0	0	0	0
Claims for damages, U. S. Maritime Com- mission:				
Appropriation to U. S. Maritime Commis- sion.....				
Total receipts.....	0	0	0	0
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Claims for damages, balance at close of fiscal year.....	0	0	0	0
Federal ship mortgage insurance fund, revol- ving fund, U. S. Maritime Commission:				
Appropriations.....		500,000.00	0	0
Collections.....		450.00	11,988.77	7,813.26
Total receipts.....	0	500,450.00	11,988.77	7,813.26
Less: Disbursements.....		0	0	17.34
Excess of receipts or disbursements.....		500,450.00	11,988.77	7,795.92
Add: Balance at beginning of fiscal year.....		0	500,450.00	512,438.77
Federal ship mortgage insurance fund balance at close of fiscal year.....	0	500,450.00	512,438.77	520,234.69

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
\$2,360,650,000.00 135,657,224.79	\$4,980,080,000.00 395,313,191.38	\$1,289,780,000.00 578,323,720.32	\$6,766,000,000.00 940,333,962.60	0 \$477,050,438.30	\$15,746,133,289.51 2,798,680,108.80
2,496,307,224.79 782,930,021.26	5,375,393,191.38 3,332,656,219.90	1,868,103,720.32 4,479,629,952.28	7,706,333,962.60 7,011,293,880.16	477,050,438.30 1,738,015,941.54	18,544,813,398.31 17,791,989,371.97
1,713,377,203.53 174,160,504.09	2,042,737,971.48 1,887,537,707.62	2,611,526,231.96 3,930,275,679.10	695,040,082.44 1,318,749,447.14	1,260,965,505.24 2,013,789,629.58	----- -----
1,887,537,707.62	3,930,275,679.10	1,318,749,447.14	2,013,789,629.58	752,824,026.34	752,824,026.34
-----	-----	-----	-----	-----	-----
161,000,000.00 0 0	----- 0 177,422,959.55	35,000,000.00 13,010,167.81	10,662,676.87 1,560,199.55	0 607,168.67 1,975,285.96	475,000,000.00 46,269,845.54 193,968,612.87
161,000,000.00 293,272,852.67	177,422,959.55 332,154,991.85	48,010,167.81 42,400,548.32	12,222,876.42 17,523,224.60	2,582,454.63 15,781,639.38	715,238,488.41 712,937,160.49
132,272,852.67 302,196,006.33	154,732,032.30 169,923,153.06	5,609,619.49 15,191,121.36	5,300,348.18 20,800,740.85	13,199,084.75 15,500,392.67	----- -----
169,923,153.66	15,191,121.36	20,800,740.85	15,500,392.67	2,301,307.92	2,301,307.9
-----	-----	-----	-----	-----	-----
0 0	5,287,615.10 0	25.00 5,287,640.10	0 0	549.14 0	5,288,189.24 5,287,640.10
0 0	5,287,615.10 0	5,287,615.10 5,287,615.10	0 0	549.14 0	----- -----
0	5,287,615.10	0	0	549.14	549.14
-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	50.00	50.00
0	0	0	0	50.00 0	50.00
-----	-----	-----	-----	50.00 0	-----
0	0	0	0	50.00	50.00
-----	-----	-----	-----	-----	-----
0 12,450.33	0 28,650.43	0 19,471.75	0 8,969.75	0 100.00	500,000.00 89,894.29
12,450.33 0	28,650.43 0	19,471.75 0	8,969.75 3,119.22	100.00 0	589,894.29 3,138.56
12,450.33 520,234.69	28,650.43 532,685.02	19,471.75 561,335.45	5,850.53 580,807.20	100.00 586,657.73	----- -----
532,685.02	561,335.45	580,807.20	586,657.73	586,757.73	586,757.73

APPENDIX

Appropriations, transfers, collections, and disbursements,

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Marine and war risk insurance fund, revolving fund, U. S. Maritime Commission Appropriations.....				\$40,000,000.00
Collections.....				0
Total receipts.....	0	0	0	40,000,000.00
Less: Disbursements.....				43.75
Excess of receipts or disbursements.....				39,999,956.25
Add: Balance at beginning of fiscal year.....				0
Balance.....				39,999,956.25
Transfer to War Shipping Administration.....				0
Marine and War Risk Insurance Fund balance at close of fiscal year.....	0	0	0	39,999,956.25
State marine-school funds, fiscal years 1938-41:				
Appropriations.....				344,057.18
Collections.....				0
Total receipts.....	0	0	0	344,057.18
Less: Disbursements.....				264,695.90
Excess of receipts or disbursements.....	0	0	0	79,363.28
Add: Balance at beginning of fiscal year.....				0
Balance.....	0	0	0	79,363.28
Transfer to surplus fund and U. S. Coast Guard.....				0
State marine-school funds balance at close of fiscal year.....	0	0	0	79,363.28
Working fund, U. S. Maritime Commission, Navy Department:				
Transfer—advances and deposits.....				15,006,937.50
Collections.....				0
Total receipts.....	0	0	0	15,006,937.50
Less: Disbursements.....				269,000.00
Excess of receipts or disbursements.....	0	0	0	14,707,937.50
Add: Balance at beginning of fiscal year.....				0
Working fund, Navy, balance at close of fiscal year.....	0	0	0	14,707,937.50
Working fund, U. S. Maritime Commission, War Department:				
Transfers and advances.....				800,000.00
Collections.....				0
Total receipts.....	0	0	0	800,000.00
Less: Disbursements.....				667,182.50
Excess of receipts or disbursements.....	0	0	0	132,817.50
Add: Balance at beginning of fiscal year.....				0
Working fund, war Department, balance at close of fiscal year.....	0	0	0	132,817.50
Emergency fund for the President, War (allotment to U. S. Maritime Commission):				
Allotment.....				6,000,000.00
Collections.....				0
Total receipts.....	0	0	0	6,000,000.00
Less: Disbursements.....				7,645.68
Excess of receipts or disbursements.....	0	0	0	5,992,354.42
Add: Balance at beginning of fiscal year.....				0
Emergency fund for the President, balance at close of fiscal year.....	0	0	0	5,992,354.42

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued.

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
0	0	0	0	0	\$40,000,000.00
\$762,159.69	0	0	0	0	762,159.69
762,159.69	0	0	0	0	40,762,159.69
5,143,973.37	0	0	0	0	5,144,017.12
4,381,813.68	0	0	0	0	-----
39,999,956.25	0	0	0	0	-----
35,618,142.57	0	0	0	0	35,618,142.57
35,618,142.57	0	0	0	0	35,618,142.57
0	0	0	0	0	0
190,000.00	0	0	0	0	534,057.13
9,968.52	0	0	0	0	9,968.52
199,968.52	0	0	0	0	544,025.70
128,554.05	0	0	0	0	393,247.95
71,414.47	0	0	0	0	-----
79,363.28	0	0	0	0	-----
150,777.75	0	0	0	0	-----
150,777.75	0	0	0	0	150,777.75
0	0	0	0	0	0
41,609,909.99	\$709,463,948.31	\$877,294,386.08	\$454,854,657.00	\$162,053,543.12	2,260,343,382.00
0	3,844,595.62	3,304,842.28	4,738,444.47	1,476,250.19	13,364,132.56
41,609,909.99	713,308,543.93	880,599,228.36	459,593,101.47	163,529,793.31	2,273,767,514.96
29,740,896.32	507,018,917.53	764,161,638.27	630,744,575.33	189,000,783.41	1,920,945,810.86
11,929,013.67	406,289,626.40	116,437,590.09	171,151,473.86	25,470,990.10	-----
14,707,937.50	26,636,951.17	432,926,577.57	549,364,167.66	378,232,693.80	-----
26,636,951.17	432,926,577.57	549,364,167.66	378,232,693.80	352,761,703.70	352,761,703.70
12,270,039.14	38,310,628.50	3,117,661.00	3,033,750.00	4,571,014.74	62,103,093.33
0	2,863.28	301,682.24	2,649.66	11,172.24	318,367.42
12,270,039.14	38,313,491.78	3,419,343.24	3,036,399.66	4,582,186.98	62,421,460.80
7,946,753.61	30,441,420.58	10,951,060.13	5,342,661.66	4,973,009.13	60,329,083.41
4,323,305.53	7,872,061.20	7,531,732.89	2,313,262.69	390,822.15	-----
132,817.70	4,456,123.23	12,328,184.43	4,796,461.54	2,483,199.54	-----
4,456,123.23	12,328,184.43	4,796,461.54	2,483,199.54	2,092,377.39	2,092,377.39
0	0	0	0	0	6,000,000.00
0	517,015.17	140,782.11	88.24	0	657,885.52
0	517,015.17	140,782.11	88.24	0	6,657,885.52
5,985,861.30	396.39	523,584.81	140,310.20	88.24	6,657,885.52
5,985,861.30	516,619.78	332,802.70	140,221.96	88.24	-----
5,992,354.42	6,493.14	523,112.90	140,310.20	88.24	-----
6,493.12	523,112.90	140,310.20	88.24	0	0

APPENDIX

Appropriations, transfers, collections, and disbursements

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Deposits, rents, National Defense Housing projects (emergency fund for the President) U. S. Maritime Commission:				
Collections.....				
Less: Disbursements.....				
Excess of receipts or disbursements....	0	0	0	0
Add: Balance at beginning of fiscal year....				
Balance.....	0	0	0	0
Transfer to National Housing Agency, Federal Housing Authority.....				
Balance at close of fiscal year.....	0	0	0	0
Deposits, compensation for foreign merchant vessels:				
Collections.....				
Transfer to War Shipping Administration.....				
Excess of receipts or disbursements....	0	0	0	0
Add: Balance at beginning of fiscal year....				
Balance at close of fiscal year.....	0	0	0	0
Deposits, unclaimed moneys due creditors of contractors with the United States under cost-plus-a-fixed-fee contracts:				
Collection of unclaimed wages.....				
Total receipts.....	0	0	0	0
Less: Disbursements or transfers to 69 x 8990.....				
Excess of receipts or disbursements....	0	0	0	0
Add: Balance at beginning of fiscal year....				
Deposits, unclaimed wages, balance at close of fiscal year.....	0	0	0	0
Unclaimed moneys due creditors of contractors with the United States under cost-plus-a-fixed-fee contracts:				
Transfer from 69 x 8990.....				
Collections.....				
Total receipts.....	0	0	0	0
Less: Claims of employees for wages and other disbursements.....				
Excess of receipts or disbursements....	0	0	0	0
Add: Balance at beginning of fiscal year....				
Unclaimed moneys, balance at close of fiscal year.....	0	0	0	0
Expenses, disposal agencies, War Assets Administration (allotment to U. S. Maritime Commission):				
Allotment from War Assets Administration appropriations.....				
Collections.....				
Total receipts.....	0	0	0	0
Less: Disbursements.....				
Excess of receipts or disbursements....	0	0	0	0
Add: Balance at beginning of fiscal year....				
Expenses, disposal agencies balance at close of fiscal year.....	0	0	0	0

REPORT OF THE UNITED STATES MARITIME COMMISSION 45

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
\$154,003.94 36,883.78	\$12,324.26 3,631.75	\$595.23 5,080.11	0 0	0 0	\$166,923.43 45,545.64
117,170.16 0	8,692.51 117,170.16	4,434.88 125,862.67	0 0	0 0	----- -----
117,170.16 0	125,862.67 0	121,377.79 121,377.79	0 0	0 0	----- 121,377.79
117,170.16 0	125,862.67 0	0 0	0 0	0 0	----- 0
3,600,000.00 0	0 3,600,000.00	0 0	0 0	0 0	3,600,000.00 3,600,000.00
3,600,000.00 0	3,600,000.00 3,600,000.00	0 0	0 0	0 0	----- -----
3,600,000.00 0	0 0	0 0	0 0	0 0	----- 0
				\$266,567.61	266,567.61
0	0	0	0	266,567.61 10,067.59	266,567.61 10,067.59
0	0	0	0	256,500.02 0	----- -----
0	0	0	0	256,500.02	256,500.02
				10,000.00 0	10,000.00
0	0	0	0	10,000.00 5,526.78	10,000.00 5,526.7
0	0	0	0	4,473.22 0	----- -----
0	0	0	0	4,473.22	4,473.22
				1,065,500.00 0	1,065,500.00
0	0	0	0	1,065,500.00 564,599.98	1,065,500.00 564,599.98
0	0	0	0	500,900.02 0	----- -----
0	0	0	0	500,900.02	500,900.02

APPENDIX

Appropriations, transfers, collections, and disbursements,

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Defense aid, vessels and other watercraft (allotment to U. S. Maritime Commission):				
Allotment from defense aid appropriations.				\$507, 756, 800. 00
Transfer to War Shipping Administration and Treasury Department.				0
Balance of allotment after transfer				507, 756, 800. 00
Less: Allotment revoked				0
Balance of allotments				507, 756, 800. 00
Collections				0
Total receipts				507, 756, 800. 00
Less: Disbursements				5, 228, 624. 57
Excess of receipts or disbursements				504, 528, 175. 43
Add: Balance at beginning of fiscal year				0
Defense aid, vessels, and other watercraft balance at close of fiscal year				504, 528, 175. 43
Defense aid, facilities and equipment (allotment to U. S. Maritime Commission):				
Allotment from defense aid appropriations				50, 000, 000. 00
Transfer to War Shipping Administration and Treasury Department.				
Balance of allotment after transfer				50, 000, 000. 00
Collections				0
Total receipts				50, 000, 000. 00
Less: Disbursements				4, 618, 589. 30
Excess of receipts or disbursements				45, 481, 410. 70
Add: Balance at beginning of fiscal year				0
Defense aid facilities and equipment balance at close of fiscal year				45, 481, 410. 70
Defense aid, agricultural, industrial, and other commodities (allotment to U. S. Maritime Commission):				
Allotment from defense aid appropriations				
Transfer to War Shipping Administration and Treasury Department.				
Balance of allotment after transfer				
Collections				
Total receipts				
Less: Disbursements				
Excess of receipts or disbursements				
Add: Balance at beginning of fiscal year				
Defense aid agricultural, industrial, etc., balance at close of fiscal year				
Defense aid testing reconditioning, etc., of defense articles (allotment to U. S. Maritime Commission):				
Allotment from defense aid appropriation				13, 596, 936. 00
Transfer to War Shipping Administration and Treasury Department.				0
Balance of allotment after transfer				13, 596, 936. 00
Collections				0
Total receipts				13, 596, 936. 00
Less: Disbursements				1, 169, 538. 88
Excess of receipts or disbursements				12, 437, 397. 12
Add: Balance at beginning of fiscal year				0
Defense aid testing, etc., of defense articles balance fiscal year				12, 437, 397. 12

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
\$317, 226, 200.00	\$22, 250, 000.00	\$39, 614.00	\$21, 000, 000.00	0	\$868, 272, 614.00
212, 813, 825.54	0	0	0	\$16, 617, 726.48	229, 431, 552.02
104, 412, 374.46	22, 250, 000.00	39, 614.00	21, 000, 000.00	16, 617, 726.48	638, 841, 061.98
0	0	2, 160, 000.00	0	0	2, 160, 000.00
104, 412, 374.46	22, 250, 000.00	2, 120, 386.00	21, 000, 000.00	16, 617, 726.48	636, 681, 061.98
169, 874, 500.05	169, 874, 500.05	76, 618, 637.93	19, 199, 998.60	7, 231, 607.90	272, 924, 744.48
104, 412, 374.46	192, 124, 500.05	74, 498, 251.93	40, 199, 998.60	9, 386, 118.58	909, 605, 806.46
240, 094, 128.67	349, 786, 956.54	170, 184, 759.68	87, 398, 205.11	42, 872, 977.61	893, 565, 652.28
135, 681, 754.21	157, 662, 456.49	95, 680, 507.65	47, 198, 206.51	52, 259, 096.39	
504, 628, 175.43	368, 846, 421.22	211, 183, 964.73	115, 497, 457.08	68, 299, 250.57	
368, 846, 421.22	211, 183, 964.73	115, 497, 457.08	68, 299, 250.57	16, 040, 154.18	16, 040, 154.18
15, 000, 000.00	6, 000, 000.00	0	0	0	71, 000, 000.00
				1, 260, 423.95	1, 260, 423.95
15, 000, 000.00	6, 000, 000.00	0	0	1, 260, 423.95	69, 739, 576.05
0	22, 072, 315.34	815, 556.19	446, 359.87	11, 790.01	23, 346, 021.41
15, 000, 000.00	28, 072, 315.34	815, 556.19	446, 359.87	1, 248, 033.94	93, 085, 597.46
47, 426, 545.83	34, 490, 637.75	1, 862, 709.58	677, 157.01	86, 698.22	89, 062, 337.74
32, 426, 545.83	6, 418, 322.41	1, 047, 153.39	250, 797.14	1, 335, 332.16	
46, 481, 410.70	13, 054, 864.82	6, 636, 542.41	5, 589, 389.02	5, 358, 591.88	
13, 054, 864.82	6, 636, 542.41	5, 589, 389.02	5, 358, 591.88	4, 023, 259.72	4, 023, 259.72
114, 633, 500.00			61, 783.18		114, 695, 283.18
93, 659, 641.76			0	61, 783.18	93, 721, 424.94
20, 973, 858.24			61, 783.18	61, 783.18	20, 973, 858.24
				3, 811, 474.19	3, 811, 474.19
20, 973, 858.24			61, 783.18	3, 749, 691.01	24, 785, 332.43
20, 973, 858.24			0	0	20, 973, 858.24
0			61, 783.18	3, 749, 691.01	
0			0	61, 783.18	
			61, 783.18	3, 811, 474.19	3, 811, 474.19
124, 678, 064.00	64, 500, 000.00	0	0	0	202, 775, 000.00
118, 052, 479.06	0	0	0	4, 422, 898.53	117, 475, 377.59
11, 625, 584.94	64, 500, 000.00			4, 422, 898.53	85, 299, 622.41
	154, 824.74	76, 628.35	5, 517, 502.34	2, 550, 539.46	8, 299, 494.80
11, 625, 584.94	64, 654, 824.74	76, 628.35	5, 517, 502.34	1, 872, 369.07	93, 599, 117.30
23, 978, 656.57	3, 972, 039.76	18, 335, 299.38	33, 803, 598.35	10, 056, 759.37	91, 305, 882.31
12, 353, 071.63	60, 682, 784.98	18, 258, 671.03	28, 286, 096.01	11, 929, 118.44	
12, 437, 397.12	84, 325.49	60, 767, 110.47	42, 508, 439.44	14, 222, 343.43	
84, 325.49	60, 767, 110.47	42, 508, 439.44	14, 222, 343.43	2, 293, 224.99	2, 293, 224.99

APPENDIX

Appropriations, transfers, collections, and disbursements.

	Oct 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Defense aid, services and expenses (allotment to U. S. Maritime Commission):				
Allotments from defense aid appropriations.				\$264,000.00
Transfer to Lend-Lease Administration--return of allotments				0
Balance of allotment after transfer				264,000.00
Less: Disbursements				266,663.62
Excess of receipts or disbursements				8,436.38
Add: Balance at beginning of fiscal year				0
Defense aid, services and expenses balance at close of fiscal year				8,436.38
Defense aid, administrative expenses (allotment to U. S. Maritime Commission):				
Allotments from defense aid appropriations.				294,000.00
Collections				0
Total receipts				294,000.00
Less: Disbursements				742.10
Excess of receipts or disbursements				293,257.90
Add: Balance at beginning of fiscal year				0
Defense aid, administrative expenses balance at close of fiscal year				293,257.90
Special deposits suspense, U. S. Maritime Commission:				
Transfer from 69 X 0200--construction fund.				
Transfer from 69 F 5885--special deposits, proceeds of sale of surplus property, U. S. Maritime Commission				
Collections and good faith deposits				
Total receipts				
Less: Return of good faith deposits and other disbursements				
Excess of receipts or disbursements				
Add: Balance at beginning of fiscal year				
Special deposits, suspense balance at close of fiscal year				
Special deposits, proceeds of sale of surplus property, U. S. Maritime Commission.				
Collections				
Total receipts				
Less: Transfers to 69 F 5887 and other disbursements				
Excess of receipts or disbursements				
Add: Balance at beginning of fiscal year				
Special deposits, proceeds of sale of surplus property balance close of fiscal year				
Special deposits, refunds from sale of surplus property, U. S. Maritime Commission.				
Transfer from 69 F 5885				
Collections				
Total receipts				
Less: Refunds on sale of surplus property and other disbursements				
Excess of receipts or disbursements				
Add: Balance at beginning of fiscal year				
Special deposits, refunds from sale of surplus property balance close of fiscal year				

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
0	\$10,000.00	0	0	0	\$274,000.00
\$8,436.3	10,000.00	0	0	0	18,436.38
8,436.38	0	0	0	0	255,563.62
0	0	0	0	0	255,563.62
8,436.38	0	0	0	0	
8,436.38	0	0	0	0	
0	0	0	0	0	0
0	350,000.00	\$433,548.00	\$7,897.44	0	1,085,445.44
0	7,735.95	6,085.21	184.30	\$581.77	14,587.23
0	357,735.95	439,633.21	8,081.74	581.77	1,100,032.67
224,005.51	392,605.72	438,417.55	22,399.00	21,414.38	1,099,484.26
224,005.51	34,769.77	1,215.66	14,317.26	20,832.61	
293,257.90	69,252.39	34,482.62	35,698.28	21,381.02	
69,252.39	34,482.62	35,698.28	21,381.02	548.41	548.41
	5,127,228.10	0	0	0	5,127,228.10
	0	0	0	38,000.00	
	229,256.12	17,295,009.18	4,570,384.17	24,999,252.32	47,191,901.79
	5,356,484.22	17,295,009.18	4,570,384.17	25,097,252.32	52,319,129.89
	1,227,534.51	14,010,202.74	395,014.30	14,769,982.55	30,400,744.10
	4,128,949.71	3,284,806.44	4,177,369.87	10,327,259.77	
	0	4,128,949.71	7,413,756.15	11,591,126.02	
	4,128,949.71	7,413,756.15	11,591,126.02	21,918,385.79	21,918,385.79
			1,239,224.12	28,501,918.31	29,741,142.43
			1,239,224.12	28,501,918.31	29,741,142.43
			70.00	6,512,873.26	6,512,943.26
			1,239,154.12	22,189,040.05	
			0	1,239,154.12	
			1,239,154.12	23,428,194.17	23,428,194.17
			5.00	500,000.00	500,005.00
			0	0	0
			5.00	500,000.00	500,005.00
			0	216,045.33	216,045.33
			5.00	283,954.67	
			0	5.00	
			5.00	283,959.67	283,959.67

APPENDIX

Appropriations, transfers, collections, and disbursements,

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Miscellaneous receipts, excess profits on renegotiated contracts:				
Transfer from 69F5875—special deposits, suspense U. S. Maritime Commission.....				
Collections.....				
Total receipts.....				
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Miscellaneous receipts, excess profits on renegotiated contracts, balance at close of fiscal year.....				
Miscellaneous receipts, refunds of terminal leave:				
Collections.....				
Total receipts.....				
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Miscellaneous receipts, refunds of terminal leave, balance at close of fiscal year.....				
Miscellaneous receipts, forfeitures, all other than bonds:				
Collections.....				
Total receipts.....				
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Miscellaneous receipts, forfeitures, all other than bonds, balance at close of fiscal year.....				
Miscellaneous receipts, commissions on telephone pay stations in Federal buildings outside of Washington, D. C.:				
Collections.....				
Total receipts.....				
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Miscellaneous receipts, commissions on telephone pay stations in Federal buildings:				
Balance at close of fiscal year.....				
Miscellaneous receipts, fines, and penalties, all other:				
Collections.....				
Total receipts.....				
Less: Disbursements.....				
Excess of receipts or disbursements.....				
Add: Balance at beginning of fiscal year.....				
Miscellaneous receipts, fines, and penalties, all other, balance at close of fiscal year.....				

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
				\$7,505,000.00	\$7,505,000.00
				16,613,434.22	16,613,434.22
				24,118,434.22	24,118,434.22
				15,787,136.43	15,787,136.43
				8,331,297.79	
				0	
				8,331,297.79	8,331,297.79
				2,687.17	2,687.17
				2,687.17	2,687.17
				1,938.12	1,938.12
				749.05	
				0	
				749.05	749.05
				12,397.60	12,397.60
				12,397.60	12,397.60
				10,728.88	10,728.88
				1,669.22	
				0	
				1,669.22	1,669.22
				68.25	68.25
				68.25	68.25
				62.80	62.80
				5.45	
				0	
				5.45	5.45
				807.50	807.50
				807.50	807.50
				557.50	557.50
				250.00	
				0	
				250.00	250.00

APPENDIX

Appropriations, transfers, collections, and disbursements,

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941
Summary of available funds at close of fiscal year:				
Construction fund, revolving fund.....	\$112,374,90.471	\$72,118,753.99	\$69,859,253.21	\$174,160,504.09
Judgments, United States courts.....				
Claims for damages.....				
Federal ship mortgage insurance fund.....		500,450.00	512,438.77	520,234.69
Marine and war risk insurance fund.....			0	39,990,956.25
State marine-school funds, fiscal years 1938 to 1942.....				79,363.28
Emergency fund for the President, War (allotment).....				5,992,354.42
Working funds:				
Navy Department.....				14,707,937.50
War Department.....				132,817.70
Defense aid, allotments.....				562,748,677.53
Deposits, rents, national defense housing project.....				
Special deposits, refunds of sale of surplus property.....				
Deposits, compensation for foreign merchant vessels.....				
Emergency ship construction fund.....				302,196,006.33
Special deposits, proceeds of sale of surplus property, U. S. Maritime Commission.....				
Special deposits, suspense.....				
Deposits, unclaimed moneys due creditors of contractors with the United States under cost-plus-a-fixed-fee contract.....				
Unclaimed moneys due creditors of contractors with the United States under cost-plus-a-fixed-fee contract.....				
Expenses, disposal agencies, War Assets Administration (allotment to U. S. Maritime Commission).....				
Miscellaneous receipts:				
Excess profits on renegotiated contracts.....				
Refunds of terminal leave.....				
Forfeitures, all other than bonds.....				
Commissions on telephone pay stations in Federal buildings outside of Washington, D. C.....				
Fines and penalties, all other.....				
Total of all funds available at close of fiscal year.....	112,374,904.71	72,619,203.99	70,371,691.98	1,100,537,851.79
Balance employees' trust funds:				
Employees' War Savings bonds.....				
Employees' Victory tax.....				
Federal tax withholding from salaries of Federal employees.....				
Total employees' trust funds.....				

A—Continued

Oct. 26, 1936, to June 30, 1946—Continued

July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	July 1, 1945, to June 30, 1946	Total
\$1,887,537,707.62	\$3,930,275,679.10	\$1,318,749,447.14	\$2,013,789,529.58	\$752,824,026.34	
0	5,287,615.10	0	0	549.14	
532,685.02	561,335.45	580,807.20	586,657.73	586,757.73	
0	0	0	0	0	
0	0	0	0	0	
6,493.12	523,112.90	140,310.20	88.24	0	
26,636,951.17	432,926,577.57	549,364,167.66	378,232,693.80	352,761,703.70	
4,456,123.23	12,328,184.43	4,796,461.54	2,483,199.54	2,092,377.39	
382,054,863.92	278,622,100.23	163,630,983.82	87,963,350.08	26,168,661.49	
117,170.16	125,862.67	0	0	0	
			5.00	283,959.67	
3,600,000.00	0	0	0	0	
169,923,153.66	15,191,121.36	20,800,740.85	15,500,392.67	2,301,307.92	
	4,128,949.71	7,413,756.15	1,239,154.12	23,428,194.17	
			11,591,126.02	21,918,385.79	
				256,500.02	
				4,473.22	
				500,900.02	
				8,331,297.79	
				749.05	
				1,669.22	
				5.45	
				250.00	
2,474,865,147.90	4,679,970,538.52	2,065,476,674.56	2,511,386,196.78	1,191,461,818.11	
	171,325.94	149,009.16	159,198.31	107,275.43	
	166,564.61	11,684.46	63.60	0	
	0	625,287.81	1,310,669.35	473,910.26	
	337,890.55	785,981.43	1,469,931.26	581,185.69	

APPENDIX B

Ship construction program as at June 30, 1946

	Number of ships	Dead- weight	Total esti- mated cost
Long-range program:			
Ships completed to June 30, 1946.....	4,601	47,976,830	\$10,754,789,125
Under construction as at June 30, 1946 ¹	43	405,261	195,776,205
Emergency ship construction program: Ships completed.....	4,644	48,382,091	10,950,565,330
	200	2,157,778	402,000,000
Lend-lease program:			
Ships completed.....	361	2,268,003	566,287,724
Small craft completed.....	1,213		9,574,752
	1,574	2,268,003	575,862,476
For other Government agencies:			
Ships completed.....	532	2,529,023	1,643,133,523
Small craft completed.....	2		12,263
Conversion only on 388 ships.....			418,206,924
Special facilities (floating dry docks, etc.).....			14,442,240
	534	2,529,023	2,075,794,950
Total.....	6,952	55,336,895	14,004,222,756

¹ Includes awards under new program, construction subsidy only in the amount of \$14,000,000 on 9 reefers totaling 41,400 deadweight for United Fruit Co., and design fees on passenger vessels (not yet awarded) in amount of \$6,205.

APPENDIX C

Number and deadweight tonnage of vessels built in United States shipyards for the Maritime Commission and private account July 1, 1945, to June 30, 1946

	Total		July 1, 1945, to Sept. 30, 1946		Oct. 1, 1945, to Dec. 31, 1945		Jan. 1, 1946, to Mar. 31, 1946		Apr. 1, 1946, to June 30, 1946	
	Num- ber	Dead- weight	Num- ber	Dead- weight	Num- ber	Dead- weight	Num- ber	Dead- weight	Num- ber	Dead- weight
MARITIME COMMISSION										
Major types:										
Dry cargo:										
Standard cargo	85	993,395	31	362,499	19	214,529	20	233,240	15	183,127
Liberty cargo	28	300,000	22	235,600	6	64,400				
Victory cargo	93	1,008,800	74	802,900	19	205,900				
Combination pas- senger and cargo	1	10,019							1	10,019
Total dry cargo	207	2,312,214	127	1,400,999	44	484,829	20	233,240	16	193,146
Tankers	48	803,808	27	432,655	21	351,153				
Total major types	255	3,116,022	154	1,853,654	65	835,982	20	233,240	16	193,146
Minor types:										
Coastal cargo	115	544,222	66	308,130	46	224,731	2	7,574	1	7,787
Coastal tanker	28	117,740	15	63,075	13	54,665				
Cable ship	2	9,800					1	4,900	1	4,900
Total minor types	145	672,762	81	371,205	59	279,396	3	12,474	2	8,687
Military types:										
Cargo attack	4	11,100	4	11,100						
Oiler, large	10	181,619	2	34,787	3	55,062	2	36,708	3	55,062
Oiler, small	4	16,520	4	16,520						
Transport	22	154,810	11	79,847	11	74,963				
Total military types	40	364,049	21	142,254	14	130,025	2	36,708	3	55,062
Total Maritime Com- mission	440	4,151,833	256	2,367,113	138	1,245,403	25	282,422	21	256,895
PRIVATE ACCOUNT										
Major types:										
Cargo	1	12,900					1	12,900		
Tanker	1	23,000			1	23,000				
Total major types	2	35,900			1	23,000	1	12,900		
Minor types:										
Coastal cargo	18	9,000			5	2,500	8	4,000	5	2,500
Total private	20	44,900			6	25,500	9	16,900	5	2,500
Grand total	460	4,196,733	256	2,367,113	144	1,270,903	34	299,322	26	259,395

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APPENDIX D

Construction and restoration of shipways and other facilities as at June 30, 1946

Construction:	Total estimated cost
Long-range program.....	\$421, 391, 133
Emergency ship program.....	85, 902, 863
Defense-aid program.....	66, 453, 351
Total.....	573, 747, 347
Restoration:	
Long-range program.....	\$30, 000, 000
Lend-lease program.....	2, 932, 700
Total.....	32, 932, 700
Total construction and restoration.....	606, 680, 047

APPENDIX E

Shipbuilding program—Sale of ships, long-range program, fiscal year 1946

Purchaser	Type of ship	Number of ships	Tentative ¹ sales price includes accrued interest to date of sale
COMPLETED			
<i>Ships sold at foreign cost less national defense features</i>			
American Export Lines, Inc.	C3-S-A3 cargo.....	5	\$9, 501, 672. 47
American President Lines, Ltd.	C3-S-A4 modified cargo.....	4	10, 036, 524. 86
American South African Lines, Inc.	C3-S-BH2 modified cargo.....	2	4, 066, 490. 28
Grace Lines, Inc.	C2-S1-AJ4 modified cargo.....	1	2, 034, 819. 85
Lykes Bros. Steamship Co., Inc.	C3-S-BH1 cargo.....	5	9, 071, 725. 88
Do.	C2-S-AJ1 cargo refrigerator.....	5	6, 851, 772. 86
Moore-McCormack Lines, Inc.	C3-S-A5 cargo.....	1	2, 172, 129. 63
Bethlehem Steel Corp.	C5-S-A X1 cargo bulk carrier.....	3	7, 106, 558. 73
United States Lines Co.	C2-S-AJ1 cargo refrigerator.....	7	9, 093, 419. 30
Do.	C2-S-AJ5 modified cargo.....	9	13, 917, 865. 66
United Mail Steamship Co. ²	R2-ST-AU1 refrigerator.....	3	8, 360, 325. 00
Total.....		45	82, 213, 304. 46
<i>Ships sold at domestic cost less national defense features</i>			
Atlantic Refining Co.	T2-SE-A1 tanker.....	3	8, 514, 456. 27
Continental Steamship Co.	T2-S-A1 tanker.....	1	3, 190, 693. 64
Pan-Atlantic Steamship Corp.	C2-S-E1 dry cargo.....	2	4, 976, 734. 32
Pure Oil Co. and Sabine Transportation Co.	T3-S-A1 tanker.....	1	3, 180, 368. 90
Standard Oil Co. of California	T2-SE-A1 tanker.....	3	8, 420, 789. 44
Waterman Steamship Co., Inc.	C2-S-E1 dry cargo.....	4	10, 100, 597. 41
Total.....		14	38, 383, 639. 98
Grand total.....		59	120, 596, 944. 44
UNDER CONSTRUCTION			
Alcoa Steamship Co., Inc.	VC2-S1-AP7 cargo and passenger.....	3	\$7, 200, 000. 00
American President Lines, Ltd.	C3-S-A4 modified cargo.....	2	4, 240, 000. 00
American South African Line, Inc.	C3-S-BH2 modified cargo.....	4	7, 600, 000. 00
Bethlehem Steel Corp.	C5-S-A X1 oil, ore, cargo.....	1	2, 465, 000. 00
Grace Lines, Inc.	C2-S1-DG2 cargo passenger.....	3	6, 015, 000. 00
Do.	C2-S1-AJ4 modified cargo.....	5	10, 450, 000. 00
Mississippi Shipping Co., Inc.	C3-S1-BR1 cargo passenger.....	3	9, 270, 000. 00
Moore-McCormack Line, Inc.	C3-S-A5 cargo.....	6	14, 100, 000. 00
United Fruit Steamship Co.	R2-ST-AU1 cargo refrigerator.....	3	6, 855, 000. 00
Do.	R1-S-DH1 refrigerator.....	9	14, 000, 000. 00
Total.....		39	82, 195, 000. 00

¹ Figures subject to final audit and/or adjustment under sec. 9 of the Ship Sales Act of 1946.² Privately constructed vessels—estimated construction differential subsidy.

APPENDIX F

Vessels over 20 years of age on which an operating-differential subsidy was paid during the period July 1, 1945 to June 30, 1946, on trips made prior to requisitioning by the Government

Name of contractor	Terminations by fiscal years	Vessel	Date 20 years of age	Total number of vessels
American Export Lines, Inc	1939-40-41	Extavia	Dec. 31, 1939	20
	1939-40-41	Examella	Jan. 19, 1940	
	1939-40-41	Examiner	Oct. 21, 1939	
	1941	Exbrook	Feb. 23, 1940	
	1940-41	Excellancy	Oct. 12, 1940	
	1939-40-41-42	Excello	July 23, 1939	
	1940-41	Excelsior	Apr. 22, 1940	
	1939-40-41-42	Exchange	June 15, 1939	
	1939-40-41	Exchester	Apr. 23, 1940	
	1939-40-41	Executive	Aug. 23, 1940	
	1939-40	Exermont	Aug. 23, 1940	
	1939-40-41-42	Exhibitor	Apr. 9, 1939	
	1939-40-41-42	Exiria	Aug. 14, 1939	
	1939-40-41-42	Exmunister	May 17, 1939	
	1939-40-41	Exmoor	Oct. 6, 1939	
	1939-40-41	Exmouth	Mar. 19, 1940	
	1940-41-42	Explorer	May 26, 1939	
	1940-41-42	Exporter	Feb. 20, 1939	
	1940-41	Extron	May 10, 1939	
Grace Lines, Inc	1941	Siboney	Apr. 8, 1933	3
	1941	Siletz	Oct. 16, 1939	
	1941	Vincent	Sept. 20, 1939	
	1939-40-41-42	West Celeron	June 13, 1933	
	1941	Argentina	Oct. 10, 1939	
	1941-42	Capulin	June 30, 1940	
	1941-42	City of Flint	Feb. 28, 1940	
	1941-42	Collamer	Feb. 21, 1940	
	1939	Collingsworth	Mar. 26, 1940	
	1941	Deer Lodge	July 16, 1939	
Moore-McCormack Lines, Inc	1941	Independence Hall	Aug. 2, 1940	23
	1939-40-41-42	Mormacmar	Oct. 28, 1940	
	1939-40-41-42	Mormacrey	Sept. 19, 1939	
	1939-40-41-42	Mormacrio	Oct. 30, 1939	
	1939-40-42	Mormacsea	Apr. 13, 1941	
	1939-40-41-42	Mormacstar	Sept. 5, 1939	
	1939-40-41-42	Mormacsul	Mar. 19, 1940	
	1939-40-42	Mormacsun	Oct. 11, 1940	
	1939-40-41-42	Mormactide	Mar. 23, 1939	
	1940-41-42	Mormacport	Aug. 22, 1939	
	1939-40	Scanmail	Oct. 28, 1939	
	1939-40	Scanpenn	Sept. 28, 1939	
	1939-40	Scanstates	Jan. 28, 1939	
	1939-40	Scanyork	May 9, 1939	
	1939-40	Southlure	Aug. 31, 1940	
	1940	South Folk	June 27, 1939	
	1941	West Keene	Aug. 15, 1939	
Total				46

APPENDIX G

Statement reflecting cash and U. S. Government securities on deposit in the statutory capital and special reserve funds of subsidized operators as at June 30, 1946

Operator	Capital reserve fund	Special reserve fund	Total
American Export Lines, Inc.	\$5,979,372.31	\$8,531,659.32	\$14,511,031.63
American Mail Line, Ltd.	967,777.37	2,777,546.63	3,745,324.00
American President Lines, Ltd.	12,305,703.41	8,571,740.03	20,877,443.44
American South African Line, Inc.	2,226,857.83	5,375,483.85	7,602,341.68
Grace Line, Inc.	4,277,643.63	2,692,670.35	6,970,313.98
Lykes Bros. Steamship Co., Inc.	11,471,294.71	9,820,510.62	21,291,805.33
Mississippi Shipping Co., Inc.	2,335,769.49	6,059,308.03	8,395,077.52
Moore-McCormack Lines, Inc.	5,092,960.28	7,257,549.39	12,350,509.67
New York & Cuba Mail Steamship Co.	3,297,845.48	1,537,324.90	4,835,170.38
The Oceanic Steamship Co.	3,933,539.87	5,014,401.16	8,947,941.03
Seas Shipping Co., Inc.	5,336,600.00	7,283,795.99	12,620,395.99
United States Lines Co.	9,380,521.09	3,902,847.83	13,283,368.92
Total.	66,605,885.47	68,824,478.10	135,430,363.57

