
**UNITED STATES
MARITIME COMMISSION**

**REPORT
TO CONGRESS**

**FOR THE PERIOD ENDED
JUNE 30**

1943



UNITED STATES MARITIME COMMISSION

Office: Commerce Building

Washington, D. C.

COMMISSIONERS

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LETTER OF TRANSMITTAL

UNITED STATES MARITIME COMMISSION
WASHINGTON, January 1, 1944

TO THE CONGRESS:

I have the honor to present herewith the report of the United States Maritime Commission for the year ended June 30, 1943, pursuant to Section 208 of the Merchant Marine Act, 1936, as amended.

Because of the provisions of Public 600 - 76th Congress, the report has not been printed and the original report will be maintained in the files of the Commission. Additional copies may be had upon request.

The Commission will from time to time submit recommendations for legislation as the occasion requires.


E. S. Land, Chairman

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INTRODUCTION

During the fiscal year ending June 30, 1943, the chief efforts of the United States Maritime Commission were directed to the shipbuilding phase of the nation's war effort. American ship operations, which previously were under jurisdiction of the Commission in accordance with the provisions of the Merchant Marine Act of 1936, were transferred to the War Shipping Administration by Executive Order of February 7, 1942. The two organizations, however, being closely correlated, many of the executives of the Maritime Commission are administrative officials of the War Shipping Administration. Through this arrangement the vastly expanded activities of shipbuilding and operations have been administered with continuity of procedure and a considerable conservation of trained and skilled personnel.

Prior to the entrance of this nation into the war, several preliminary steps had been taken to expand the American Merchant Marine. Soon after the passage of the Merchant Marine Act of 1936, a long-range shipbuilding program calling for the construction of 50 fast, merchant ships a year was inaugurated. This plan was intended to give the nation a competitively efficient merchant fleet, and to replace over a ten-year period, the over-age and obsolete vessels under the American flag.

Outbreak of war in Europe shortly after the first of these new ships had been placed in service, withdrawal of European ships from many trades and widespread destruction of vessels sailing under flags

of the belligerents, placed on the American Merchant Marine the burden of carrying a constantly growing portion of world trade outside the war areas.

Even with the ship production program already doubled it was realized that this would not provide adequate tonnage for the nation's immediate needs.

Determination by the Congress and the Chief Executive upon a policy of aid to the democracies already engaged in a defensive war with the Axis aggressors, imposed a still greater world transportation problem on American shipping. The continuing spread of the war, involving nation after nation, and an ever-increasing volume of merchant ship losses, made it imperative that American shipyards produce merchant vessels in greater quantities and faster than ever before.

Early in 1941 the President directed the Commission to inaugurate an emergency program to build 200 vessels of what is now known as the Liberty Ship type, in addition to the already greatly augmented long-range program of fast C-types and tankers. As the impact of the war increased, the Merchant Marine was called upon not only to meet unprecedented tonnage requirements but to provide, in accordance with the mandate of the Merchant Marine Act of 1936, auxiliary vessels for the armed forces. Expansion plans for the Navy provided for a five-ocean sea-fighting force instead of the two-ocean naval establishment previously maintained. The result was a proportionate expansion in the auxiliary vessels the Merchant Marine would be obliged to provide to adequately serve that larger Navy. No greater obligation ever had been imposed on the maritime industry of any nation. Only virtual miracles

of production could meet the unrelenting demands of the war and preservation of our national security.

Foresight of Congress

Following the Japanese sneak attack on Pearl Harbor, this country became the merchant shipbuilder for the United Nations. Under the impetus of the long-range construction program, authorized by a Congress with seemingly prophetic foresight, the shipbuilding capacity of the nation had been virtually doubled. In 1936 there were but 10 shipyards with 46 ways in this country capable of producing oceangoing vessels 400-foot or longer but the Maritime Commission's program to rehabilitate the Merchant Marine, as approved by the Congress, had resulted in expansion of some of the existing shipyards and the establishment of seven new emergency yards, financed with Government funds.

Shortly after the United States became involved in the war, the ship production program which had been set at 12,000,000 deadweight tons for 1942 and 1943, was increased to 18,000,000 deadweight tons. Directive for this expansion was given by the President in his State of the Union address to the Congress in January 1942. A month later, another 6,000,000 deadweight tons was added and at the start of the fiscal year covered by this report, a further directive had been given the Maritime Commission to add another 2,890,000 deadweight tons. These expansions brought the total program to 8,000,000 deadweight tons for the calendar year 1942 and 18,890,000 deadweight tons to be built in 1943.

Shipbuilding Facilities

Early in 1942 the Commission expanded further the nation's shipbuilding facilities in order to reach the goal set by the Presidential directives. The result of this expansion was a total of 81 shipbuilding yards in virtually full operation by June 1943. These plants, with a production capacity of at least 20,000,000 deadweight tons annually, were made up of 39 yards producing large oceangoing vessels, 27 producing smaller types and 15 devoted to construction of various types of barges, either wood or concrete. There were more than 300 shipways in active employment.

At the end of the 1943 fiscal year, shipbuilding facilities of an estimated cost of \$552,236,350 had been financed by the Government. Details of this financing are shown in Appendix D to this report.

The War at Sea

Immediately after the United States entered the war, Axis submarines and surface raiders, as well as long-range bombers, launched a most intensive and devastating attack on United Nations shipping. Although the Allied Powers had suffered severe losses prior to 1942, this intensified and wide-spread attack, particularly in Atlantic waters, brought the toll of sunken merchant ships to an all-time high. Nothing in World War I or in the earlier stages of the present war had presented such a serious shipping problem for the United States and her allies.

Then began the real miracle in American ship construction. Shipbuilders in the United States accepted the challenge of the Axis war lords who had characterized the American shipbuilding program as an

"hallucination," an "attempt to delude the American people" and as "impossible of accomplishment."

During the fiscal year covered by this report, virtually every known world record in shipbuilding was surpassed in American shipyards. It became a race between the forces of destruction and the forces of production. Actually the winning of the war became dependent on our ability to produce ships. Our armed forces were being expanded rapidly; our production of munitions, planes, tanks and supplies for the fighting forces was increasing at a rapid pace. The bottleneck in the over-all plan of prosecution of the war thus became the merchant tonnage available for transport of men, munitions and supplies.

THE AMERICAN MERCHANT FLEET

When the war began in September 1939, the United States had a merchant fleet, made up for the most part of vessels built during or immediately after World War I. Few of the new ships being constructed under the Maritime Commission's program had been delivered. The American merchant fleet totaled at that time approximately 1,150 oceangoing vessels of 3,000 deadweight tons (2,000 gross tons) or over in size aggregating approximately 10,500,000 deadweight tons. Although this nation occupied second position in merchant marine status, the fleet was inadequate to meet the rapidly growing volume of cargo to be carried for our own production requirements and later under our program of aid to the other democracies.

By December 1941 when we became involved in the war, our merchant fleet augmented by foreign vessels, acquired by negotiation, requisition

and seizure in American ports, had grown to 1,375 ships aggregating nearly 12,000,000 deadweight tons. That was our immediate contribution to the merchant shipping resources of the United Nations.

By July 1942 losses through enemy attack had more than offset our production, with the result that our merchant fleet at that time was slightly under 1300 ships of 2400 deadweight tons (1600 gross tons) or larger, aggregating about 11,750,000 deadweight tons.

While our entire merchant fleet, including coastwise, intercoastal and some Great Lakes tonnage, had been taken over for war service, we were desperately short of ships. The only remedy for the situation lay in our shipyards. Our Allies were producing all of the tonnage possible but it was negligible in comparison to the losses they were suffering.

American shipbuilders were confronted with the Herculean task of building ships to fill the gap and break the bottleneck in our supply lines to the far-flung battlefronts in virtually every quarter of the globe. In addition, the shipbuilding industry of the nation was called upon to construct more vessels for the Navy than ever before in our country's history.

The shipbuilders were confronted also with a serious manpower problem as well as a shortage of essential materials, notably of steel. Upon the Maritime Commission rested the obligation to find the workers and the materials to build the ships.

At the end of the fiscal year June 30, 1943, the American merchant fleet totaled approximately 2,000 ships of 2400 deadweight tons (1600 gross tons) or larger, aggregating about 20,000,000 deadweight tons, an

increase of nearly 50 percent in size in a twelve-month period. This increase was made despite offsetting losses sustained by our Merchant Marine.

The Axis U-boats were fighting a losing battle as far as American flag shipping was concerned. The picture with regard to the entire United Nations shipping resources, however, was not as favorable, because the best available records show that during the twelve months there had actually been a net loss of 1,000,000 deadweight tons -- approximately 100 ships.

But American shipbuilders had hit their stride and were nearing the peak of production levels. As a result, subsequent to the period covered by this report, American shipyards have more than replaced the losses sustained by all of the United Nations, and the merchant tonnage in war service against the Axis aggressors under the flags of the Allies now exceeds the pre-war figure of about 57,000,000 deadweight tons.

CONSTRUCTION PROGRAM

Details of the ship construction program in the fiscal year 1943 reveal how workers and management in American shipyards performed the near-miracle of turning the Axis hopes for victory through ship sinkings into a certainty of ultimate defeat. In the first half of 1942, they had delivered 228 vessels, aggregating about 2,550,000 deadweight tons, or a little more than one merchant ship per day. At the start of the fiscal year 1943, on July 1, 1942, the objective for the remaining six months of 1942 was 5,500,000 deadweight tons, more than twice the record in the first six months of the year. Back of that lay a still greater objective -- the construction of nearly 19,000,000 deadweight tons by

the end of the calendar year 1943. This would require delivery into war service of approximately five merchant vessels a day, a production achievement twice as great as anything ever before attempted.

Expansion of shipbuilding facilities as previously shown in this report was the first step. The second was to reduce construction time -- to increase productivity of every worker. The principal source of new tonnage lay in construction of the emergency cargo vessel -- the Liberty Ship. Originally contracts had set 210 days for the building of each Liberty ship. The first vessel of that type, the PATRICK HENRY, had required 244 days from keel-laying to delivery into service.

By July 1942 shipyards producing the Liberty ship had reduced average construction time to approximately 105 days. This average was made in both fast and slow yards -- the older yards where know-how of both workers and management had been developed, and in the newer yards where comparative inexperience was still a handicap. By June 1943, however, average construction time on the Liberty ship in all yards had been reduced to a little more than 50 days, and since that time has been reduced still further, to about 40 days. The miracle of construction is found by comparison with comparable ships during World War I. At that time a similar type of vessel, although not more than two-thirds the size of the Liberty ship, required 10 to 12 months for construction at the peak of the program, when all yards were in full swing and workers had obtained their maximum of skill and experience.

Contributing to this accomplishment in shipbuilding were the adoption of assembly line methods, extensive pre-fabrication of parts,

particularly of ship hulls, and utilization of electric welding rather than the slower process of riveting. The policy of "no changes" played a vital part in this construction project.

Fiscal Year Record

The construction record made in the Commission's shipbuilding program during the fiscal year covered by this report reveals the month-to-month gain in this vital phase of the nation's war effort. During the fiscal year, a total of 1,397 ships aggregating 14,354,007 deadweight tons were completed. Of these, 1,346 were for Maritime Commission account, 22 under order for the British Government and 29 for private account. In the Maritime Commission program, 999 Liberty ships were delivered, as were 116 C-type cargo vessels, 10 C-type passenger and cargo ships, 76 tankers, 31 coastal cargo vessels, seven coastal tankers, six ore carriers, five concrete barges, 15 sea-going tugs and 81 special types, the latter being built largely for the armed forces.

The month-to-month record indicates conclusively how our American shipyards met the challenge of the Axis U-boats. In July, 1942, 71 ships were completed; August, 68; September, 93; October, 81; November, 84; December, 121. In January 1943, there were 103 ships delivered; February, 130; 146 in March; 157 in April; 176 in May; 167 in June. Details of this record are shown in Appendix C to this report. It is pointed out, however, that construction levels in the last half of the year were about double those of the first half.

At the close of the fiscal year, the average construction of more than five ships a day had been reached and that level has been sustained or bettered continuously throughout subsequent months.

The Over-All Program

The entire ship construction program of the Commission from its inception in 1938 to the end of 1944, as scheduled, contemplates the building of approximately 50,000,000 deadweight tons of merchant ships of all types. This tonnage is the equivalent of two-thirds of all merchant vessels in the world prior to the war, and is the equivalent of the five largest pre-war merchant fleets, those of the British Empire, the United States, Japan, Norway and Germany.

Although the principal construction has centered about the Liberty ship, there has been no curtailment in the program for building C-types and tankers, which are intended not only for war service, but will serve to form the nucleus for the post-war Merchant Marine. These ships are being constructed in accordance with the mandate of the Congress as expressed in the Merchant Marine Act of 1936.

As of June 30, 1943, the total over-all program from its inception in 1938 is shown in details in Appendix B to this report, including an itemization of the ships built, building and on order at that time, the estimated completion costs and disbursements made to that date.

The distribution of the nation's shipbuilding facilities and contracts is also detailed in Appendix B. This illustrates how the spread-the-work policy of the Maritime Commission has been applied by allocations to the East Coast, Gulf Coast, West Coast and the Great Lakes area. In addition to the shipyards, the Maritime Commission has contracts or sub-contracts with approximately 1,200 industrial plants throughout the nation located in more than two-thirds of the states for the production of

materials, parts and accessories for the ships. On July 1, 1942, the Commission had contracts outstanding for 2,540 ships for future delivery. On June 30, 1943, contracts and awards were outstanding covering 3,326 vessels, an increase of approximately 30 percent. How an orderly flow of materials and an adequate supply of manpower has been maintained in the shipyards in order to meet this expansion, and to build at the speed required by schedules, is shown in this report in detail in those portions relating to the various Divisions operating under the Commission.

Tanker Program

One of the principal objectives of the enemy attack on merchant shipping was the destruction of tankers. Petroleum products constituted the veritable lifeblood of the Allied forces and the Axis submarines concentrated chiefly on destruction of the ships which carried those highly essential supplies.

The building of high-speed tankers was part of the original program of the Maritime Commission. In fact, among the first ships to be turned over to the armed forces were 12 high-speed tankers which became fueling vessels for the Navy.

As the pre-war fleet of approximately 350 tankers was being rapidly depleted in Atlantic waters soon after the United States became a belligerent, the Commission expanded its tanker building program. During the calendar year of 1942, 62 tankers aggregating nearly 1,000,000 deadweight tons were delivered. In the first half of 1943, under the expanded program, 80 tankers aggregating more than 1,300,000 deadweight tons were delivered.

The principal designs of tankers in the current Commission program are the T-2 and T-3 types. These ships approximate 16,600 deadweight tons each and have an average cargo capacity of 135,000 barrels. Shipyards devoting their greatest effort to tanker construction have cut the construction time about in half.

Because of the long distances to be covered to the European, the Asiatic and the South Pacific areas, the tanker building program has been particularly vital. Construction schedules of the Commission call for delivery of more than 400 additional tankers by the end of 1944. On that basis there will have been approximately 550 to 600 of this type of ships delivered by that time since the attack on Pearl Harbor. In addition, to meet the emergency needs, 62 Liberty ships have been converted into a tanker type. These vessels, although not comparable to the fast modern tankers, will serve as supplemental supply ships being equipped to carry from 65,000 to 70,000 barrels of petroleum products.

Future Program

At the end of the 1943 fiscal year, plans had been virtually completed and specifications drawn for a faster type of emergency cargo vessel than the Liberty ship. This new design, known as the Victory ship, a 15 to 17 knot vessel, will supplant in considerable degree the production of the slower Liberty ship, an 11 knot vessel. The schedule for 1944 calls for fast ships, either the Victory type, the C-types or tankers, in the ratio of about 11 to 8 in comparison to Liberty ship schedules, or about 1,100 of the fast types as compared to 800 of the Liberty type.

The policy of the Maritime Commission has been to avoid changes of design as much as possible. Standardization and continuous building of one design has contributed wonderfully to the speed of construction. However, in view of the need for faster ships now and in the post-war period, it was deemed desirable to bring out the Victory ship and reduce the production of the Liberty ship to the lowest point practicable. The ratio of fast to slow ships built in the future will depend primarily on the availability of turbines and gears required for the faster vessels.

The changeover, the primary one of major proportions made during the entire war program, is being effected with as little delay in construction as possible. Shipyards are converting gradually to the newer and faster types. Construction of the Liberty ship will continue on a scale necessary to augment the construction of the faster ships sufficiently to provide necessary tonnage for war requirements. The 1944 program includes approximately 340 of the Victory ships.

PRODUCTION AND PLANNING

Orderly conduct of the world's greatest shipbuilding program from allocation of materials for facilities and ships to delivery of the completed vessels necessitated establishment by the Commission of an augmented Production Division. During the fiscal year covered by this report some organizational changes were made in that division. The Procurement Section was removed from Production Division supervision, and a new Procurement Division was established to handle all Commission purchases. Sections were created to administer the Controlled Materials

Plan of the War Production Board and the Scheduling Order M-293 supported by the War Production Board.

The Controlled Materials Plan was instituted to insure the best possible distribution of critical materials, such as carbon steel, alloy steel, copper and aluminum production. This involves computation of requirements for these controlled materials by quarters by each of the claimant agencies, such as Maritime, Army, Navy, Air Forces, Civilian Supply, Office of Lend Lease, etc. The War Production Board allocates to each of the claimant agencies definite quantities of the controlled materials and it then becomes the duty of the agency to distribute to the contractors and subcontractors, the necessary allotments to permit purchase of the controlled material at mill level.

The War Production Board initiated a new scheduling procedure for all critical components, such as boilers, pumps, blowers, fans, valves, etc. This procedure, called Order M-293, is one whereby the manufacturers are directed by the War Production Board to produce on a given and agreed schedule only. The claimant agencies furnish to the War Production Board Division that schedules a particular component, an accurate list of requirements for all components, - giving the date on which they must be produced to meet the shipbuilding program. This means that, critical components procured in Washington, as well as those procured by all Maritime agencies and contractors must be listed. These are then put in the manufacturers' schedules as required. If satisfactory dates cannot be granted other sources of supply are located or the shipbuilding schedule changed, to meet the availability of components.

This work is being done by the Scheduling and Survey Branch and is extremely important to the ship production schedule.

Another new Section created within the year was the Conservation Section, which administers the various limitation orders on the use of critical materials as directed by the War Production Board. This section also combs all new requisitions and specifications so as to require the use to the fullest extent of the least critical materials.

To determine and effect the policies of the United States Maritime Commission regarding the use of strategic and critical materials, the Commission established a Conservation Committee composed of chiefs of six sections of the Technical Division and chief of the Conservation Section. After determination of policy matters, the Committee issues conservation orders to restrict or eliminate use of critical materials. These orders supersede all drawings and specifications previously used and apply to all present and future contracts.

In addition, the Conservation Section reviews all bills of material, purchase requisitions and drawings before procurement, recommends changes in material where possible and initiates the action to correct out-of-line conditions. Almost absolute control is maintained by this procedure and the use of critical materials has been reduced to a minimum. Problems arising from the use of critical materials when vendors are unable to supply them and production bottlenecks develop, receive immediate attention and new sources of supply, new designs, and manufacturing methods in addition to the use of less critical materials are adopted.

Stampings are used in place of die castings and changes of design have been initiated to make unused production facilities and additional vendors available. Changes to iron or steel from brass and copper for salt water lines and materials exposed to salt air have continued although the use of less critical material reduces the life of the equipment. These change-overs have effected savings of more than 24,425,211 pounds of brass and copper.

A change-over from brass to steel has been made for conduit and couplings for electric cable for cargo vessels and tankers alike. The savings accomplished by this change-over for tankers alone amounts to more than 7,180,000 pounds of brass a year.

The use of brass for airports has been eliminated, malleable iron being used instead. However, the increased demand for malleable iron and the tightening up of malleable iron facilities has made it necessary to develop an entirely new design of fabricated steel. The fabricated steel airport is now in production and the design change which eliminates the lens frame reduces the man hours required approximately one-third. The change-over will effect a saving of more than 6,000,000 pounds of brass a year.

A screening program for all ropes purchased by the Commission has been established. In a four month period this has saved more than 10,000,000 pounds of manila or the equivalent of fiber required for one thousand cargo vessels. This resulted from the substitution of sisal for manila, wire rope for hawsers and shortening of mooring lines.

The exhaust pipe from the main engine to the condenser on both the cargo and tanker vessels has been changed from copper to steel. This

involves not only a change in material but also a change in the method of manufacture. Originally coppersmiths formed the copper sheet by hand in the shipyards. The exhaust pipe is now stamped and fabricated outside the shipyard by previously unused fabricating facilities, thereby reducing man hours as well as saving more than 4,413,000 pounds of copper a year.

Nickel plated brass plumbing fixtures have been eliminated; malleable iron or carbon steel, galvanized or painted, is now used. Ship bells are now made of steel in lieu of brass. The steel bell of equivalent tone weighs 40 percent less than the brass bell.

Asbestos furniture with a marine veneer finish has been substituted for furniture originally furnished in steel or wood. Standard joiner hardware has been redesigned to simplify and eliminate the use of intricate manufacturing techniques.

Standards for binnacles are made of plywood in lieu of brass. Most aluminum and stainless steel items have been eliminated from the galley equipment. Design of electrical fittings and lights has been simplified and standardized and eliminates the use of cast aluminum, brass or bronze.

Use of crude or latex rubber for water-tight hatches, manholes, airports, electric cable and hose, has been eliminated. The covering for electric cable is either synthetic rubber or fabric. Reclaimed rubber, synthetic Neoprene or Buna S is used for man-hole and water-tight door gaskets.

Allowance lists for all expendable items furnished the ship operators have been reviewed and miscellaneous and non-essential items eliminated.

Allocating government-purchased materials is an important Production Division function. All material purchased by the Procurement Division is allocated to the shipyards in accordance with the progress of the yard on each hull. This eliminates any slowing down in schedule in one yard, while excess materials are available in another.

The Expediting Branch checks on all orders placed by the Maritime Commission directly or indirectly to see that the required schedules are being maintained. Any help required by the vendors in maintaining those schedules is rendered by the Expediting Branch. Services of this branch also are available to the long-range yards and others who do their own procurement for the Maritime program.

The Steel Requirements Branch has been increased considerably, particularly by the addition of steel expediting offices in Pittsburgh, Detroit, Chicago, and Oakland. The demand for steel plate in all war agencies is so great compared to the supply that it is necessary to screen all orders very carefully. The Maritime Commission receives about one-half of the steel plate manufactured and this is the most essential allotment in its program. All orders are carefully followed and expedited through the mill schedules and through shipment. The changes in methods of allocating plate by the War Production Board has necessitated very close control by the Steel Requirements Branch.

PURCHASE AND PROCUREMENT

Midway of the fiscal year 1943 the Procurement Section, Production Division, which was responsible for the procurement of vessel construction material covering the various construction programs, and

the Division of Purchase and Supply, which was responsible for the procurement of allowance list or outfitting equipment for the various vessel construction programs together with the procurement of administrative material, equipment and services and warehouse and inventory activities, were merged into one organization and designated the Procurement Division. This report includes the activities for the period of the first six months of the fiscal year 1943 of the former Division of Purchase and Supply and the Procurement Section, Production Division, and for the last six months of the fiscal year of their combined activities under the Procurement Division.

The purchasing work of the Division was primarily concerned with the procurement of all vessel construction material for the following construction programs:

<u>Vessel Design</u>	<u>No. of Ships</u>
EC-2	900
T2-SE-A1	92
N3-SA2	33
T2-SE-A2	24
ClB (Consolidated Steel)	40

For those programs approximately 20,000 purchase contracts were entered into totaling approximately \$2,000,000,000.

There were also purchased outfitting items for all ships constructed by the Commission for which expenditures of approximately \$24,000,000 were made involving approximately 10,000 purchase contracts. A considerable volume of procurement was effected for Lease-Lend and for special requirements of the Commission and the ship construction program.

Advance plans for following programs were extensively developed and contracts for future delivery of materials were made so that the various Commission programs could be supplied with necessary materials.

District Offices

District Purchasing Offices were in operation in New York, Philadelphia, Baltimore, Norfolk, New Orleans, San Francisco, Oakland and Chicago. These offices were engaged primarily in procuring material and equipment for vessel repairing and in operation or conversion programs. Approximately 25,000 purchase contracts were entered into by these offices totaling approximately \$5,000,000.

There were completed 2,876 vessel physical inventories and 1,270 vessel inventories upon which settlements with owners, charterers, agents and other interested parties were concluded. Inventories were also made of the entire facilities, equipment and materials of the Marine Maintenance Corporation Shipyard at Bayonne, New Jersey and Walsh-Kaiser Shipyard at Providence, Rhode Island.

Warehouses

Commission warehouses were established for the purpose of storing new vessel construction material and equipment at Charlotte, North Carolina; San Francisco, California; Reading, Pennsylvania, and McComb, Mississippi. Warehouses for the storing of material and equipment for operating vessels, vessel repairing and conversion programs were established at Philadelphia, Pennsylvania; Baltimore, Maryland; Seattle, Washington, and Portland, Oregon. These warehouses are in addition to warehouses previously established at Hoboken, New Jersey; New Orleans, Louisiana, and San Francisco, California. The total value of stock on

hand at the end of the fiscal year in Commission warehouses was \$4,756,071.12 and the total value of stock in the warehouses for operating vessels was \$1,103,535.36. Stock valued at \$15,014,764.89 was received in Commission warehouses and stock valued at \$11,588,376.14 was delivered out.

The responsibility and accounting for material and equipment installed on vessels in connection with the Torpedo Net Defense program was assumed by the Procurement Division, and in connection therewith, it was necessary to place a small staff of employees in seven installation depots in the United States and two depots in Canada.

The movement of material and equipment incident to the shipbuilding and vessel operating program necessitated the issuance of 351,742 government bills of lading. Carrier's bills in the amount of \$96,939,765.31 were approved for payment by the Rate and Routing Section. Particularly to facilitate the shipbuilding program, traffic consultants and coordinators were established in Oakland, California; Chicago, Illinois, and Philadelphia, Pennsylvania. These consultants have been of considerable assistance in connection with traffic problems arising as a result of the procurement programs of the Newport News Shipbuilding & Dry Dock Company for account of the North Carolina Shipbuilding Company and Kaiser Cargo Incorporated, Agents, in connection with the escort vessel program.

A Surplus Property Section was established for the purpose of re-locating, collecting and distributing property accumulated in connection with the shipbuilding program which could still be of use in connection with other programs.

Contract Termination

The Commission created a "Termination Committee" to work out a plan of procedure to be followed in termination of work under contracts entered into by the Commission or by contractors of the Commission. In setting up the Committee, the Commission enunciated the following policy:

"The Commission recognizes that with increasing number of terminations of war contracts it is essential to the preservation of the economy of the country to have prompt settlements of all amounts due under such contracts. Unnecessary delays in all cases must be avoided."

A general formula for procedure to meet those objectives has been outlined in an Administrative Order by the Commission.

TECHNICAL DEVELOPMENTS

There are two designs of unusual interest which have been developed by the Technical Division during the past year. The first is that of the airplane transport designated as S4-S2-BB3. The design of these vessels was carried out by the Maritime Commission in close collaboration with the Navy Department, although some of the original construction impetus was provided by Mr. Henry J. Kaiser. The plans, specifications and materials ordering were initiated simultaneously early in July 1942. The building began in November of the same year and the first vessel was on trial early in July 1943. Vessels of this type are actually naval ships designed for the accommodation and handling of airplanes. These are two-purpose ships: - (1) Airplane Transports (2) Auxiliary or Convoy Carriers. They are approximately 500' in length and made their designed speed satisfactorily on trial. The

comment by Navy representatives upon the trial performance of the first ship was highly commendatory.

The second design to receive principal attention by the Commission during the past year is that of the so-called Victory ships. These vessels are somewhat longer than the well known Liberty ship but designed to handle and transport the same amount of cargo as the Liberty ship. The speed contemplated is about 15-1/2 knots, with steam turbine propulsion of about 6,000 horse-power. A number will have C-3 type turbines with a speed of 17 knots or better. Every effort has been made to develop this design so that it will lend itself satisfactorily to mass production. To this end a wide spacing of frames, a moderate hull shape both forward and aft and straight line construction have been used wherever possible. These ships are already under construction and deliveries are anticipated early in 1944.

On July 1, 1943 occurred the trials of the first one of the large transports designed by the Commission and built by the Federal Shipbuilding and Dry Dock Company. This is a twin screw vessel 590' in length with steam turbine machinery and mechanical gearing. She is designed for a sustained sea speed of 19 knots. Her speed and maneuvering trials and her tests for fuel consumption were highly satisfactory.

SHIPYARD LABOR RELATIONS

The range of activities of the Division of Shipyard Labor Relations was greatly expanded during the Fiscal year, 1943. The Division continued to represent the Commission in the activities of the Shipbuilding

Stabilization Committee which is composed of representatives of this agency, the War and Navy Departments, War Production Board, employers and employees. Likewise, the representative of this Division acted as a public member on the Shipbuilding Commission of the National War Labor Board. This Commission, representing labor, industry, and the procurement agencies, applies the stabilization principles enunciated in Executive Order No. 9250.

Manpower problems developed to an important stage during the year and the Division was called upon to maintain close relationship with the War Manpower Commission in keeping employment in Maritime Commission contract shipyards at top peak.

During the year the Division maintained direct contract with representatives of labor and management in order to settle disputes which threatened production. Working in conjunction with the regional offices of construction and other government agencies, the Division was successful in holding work stoppages, slowdowns, and other factors adversely affecting production at a minimum.

In a small number of cases where racial discrimination was alleged to exist in shipyards, the Division cooperated with the representatives of the President's Committee for Fair Employment Practice in applying the principles of Executive Order No. 8802.

Serving as a liaison agency between shipyards and the national headquarters of the Selective Service System, the Division assisted Maritime Commission contract shipyards in securing deferments for key shipyard personnel whose inductions would have a deleterious effect on production.

On numerous occasions the Division was called upon to intercede with other government agencies in the interest of providing transportation, housing, food, and other necessities to shipyard employees and shipyard communities. Cooperation along these lines was maintained with Office of Price Administration, Office of Defense Transportation, Federal Housing Administration, War Production Board, and others.

Safety and Health

The Safety and Health Sections of the Division are charged with the responsibility of supervising the joint United States Navy-United States Maritime Commission Health and Safety Program in contract shipyards. A comprehensive safety and health program covering more than one million employees was initiated in October 1942. It is now in effect in the larger yards and is being rapidly extended to the smaller yards. The Regional Consultants, under the direction of a Chief Safety Consultant and a Chief Health Consultant, make surveys of yards to advise and assist management on methods of eliminating hazards; interpret and distribute accident statistics; make available safety and health bulletins and literature, and aid in controlling absenteeism due to accidents or occupational diseases. They also consult with labor and endeavor to adjust any complaints bearing on health and safety. The activities of the section have resulted in a marked decrease in accident frequency rates in contract shipyards.

Overall supervision of a national training program for shipyard workers has been given by the Division through its Washington and field staff. It is the aim of this program to establish and constantly

improve the productivity of supervisors and workers; to train these employees to a high degree of skill in the shortest possible time and at the lowest practicable cost in manhours and money; to train primarily on the job and for the job. The entire training program and every activity carried on thereunder is aimed specifically at constant increase in production.

Housing Facilities

Examination of the requirements of certain shipyard areas as to adequate housing facilities was assigned to the Examining Division immediately prior to June 30, 1942 and coordination with National Housing Agency was established to encourage rapid construction of housing to relieve a serious shortage which impeded production of ships. This influence on production arose from inability to hire the required quota of manpower, through lack of housing, dissatisfaction of men unable to have their families present, a large turnover and loss of skilled help because of unacceptable living conditions or no facilities at all, and the general impossibility of hiring or maintaining a large force without providing places to live. Temporary types of construction have predominated. The principal areas causing concern were Portland, Vancouver, Richmond, Oakland, Sausalito and Los Angeles on the West Coast; Beaumont, Pascagoula, Mobile, Panama City and Tampa on the Gulf; and Brunswick, Savannah, Wilmington (N.C.), Baltimore, and Portland on the Atlantic.

Of a total 135,883 units authorized for those areas (a large portion of them during the year ending June 30, 1943), the National

Housing Agency financed approximately 104,135 and the Commission 31,748. About 70% were 80-100% complete as of June 30, 1943. The Portland-Vancouver area accounted for 52,429 units; Richmond-Oakland-Sausalito 36,080; and Los Angeles 8,210, an aggregate of 96,719 or 70% of the total to the West Coast. For the Gulf Coast communities indicated 20,053 units were authorized, 11,452 of which are at Mobile. East Coast authorizations amounted to 18,011 and Sturgeon Bay, Wisconsin 1,100.

The estimated cost to the Commission for its portion of the construction will be approximately \$50,000,000.

The general situation has improved to the extent that any future construction projects will presumably be limited in number and possibly to the West Coast. Reports indicate some expected shortages in the Bay and Portland-Vancouver areas if employment expands to meet the quotas; otherwise housing should be adequate there as well as in the other areas mentioned. Housing has been constructed, in volume, only at the new emergency Commission-owned yards, the older established yards usually being located in large, populated areas where both housing and manpower were available to meet expanding needs of those particular yards.

Transportation for Shipyard Workers

Also assigned to the Examining Division, with housing, was analysis of shipyard transportation situations in congested areas. This policy was based on the forecasts of O.P.A., O.D.T. and other agencies who considered a general transportation crisis as imminent, particularly in view of the great overall reliance on automobiles, gasoline and tires for employee transport. The picture was not reassuring that automobiles

could be maintained, repaired, tired and gassed indefinitely. On advice of O.D.T., et al., the Commission made an effort to insure against this eventuality in those locations where the situation appeared to warrant some action.

Rail services have been established to the yards at Richmond and Terminal Island, California; Houston, Texas and Vancouver, Washington. Ferry operations have been installed serving the yards at Richmond and Sausalito, California; Mobile, Alabama; South Portland, Maine; Portland, Oregon, and Fairfield, Maryland. Bus operations have been established serving the yards at Portland, Oregon, Vancouver, Washington, Panama City, Florida, Savannah and Brunswick, Georgia; Wilmington, N. C.; Pascagoula, Mississippi and Beaumont and San Jacinto, Texas.

Although automobiles and tires are definitely deteriorating and huge numbers of cars have been entirely withdrawn from operation, the situation is reasonably satisfactory as to facilities for going to and from work. This condition is bound to become tighter in course of time, requiring overcrowding of public vehicles, and full group rides which will help cushion an eventually almost impossible problem. Public facilities are not equipped to carry more than a small percentage of the total traffic.

ORGANIZATION AND PERSONNEL

There were no changes in the membership of the Commission during the year covered by this report. Two members of the Commission, Rear Admiral Howard L. Vichery and Captain Edward Macauley, were appointed

Deputy Administrators to the War Shipping Administration and assumed those duties in addition to their functions as members of the Commission.

The personnel of the Commission increased from 5,743 during the fiscal year 1942 to 8,474 as of June 30, 1943. Of this total, 5,501 are located in the field and the remainder are in service in Washington.

During the fiscal year 1943 approximately 1,300 Maritime Commission employees were transferred to the War Shipping Administration to handle those duties in connection with functions of the Commission which were delegated to the War Shipping Administration by Executive Order. Many of these employees were detailed temporarily to the War Shipping Administration pending their official transfer. In addition, several of the Service Divisions of the Commission also function for the War Shipping Administration under a directive issued by the Administrator. This served in some degree to reduce the personnel requirements by utilizing experienced employees in a dual capacity, without change of their payroll status.

LEGISLATION

The principal legislative activities affecting the Commission during the year were appropriations and authorizations for continuing the construction program under the Merchant Marine Act, 1936, and the First Supplemental Defense Appropriation Act, 1942, which was the major activity of the Commission — the operation of merchant ships being under the War Shipping Administration pursuant to Executive Order 9054. These appropriations and authorizations included the First Deficiency Appropriations Act, 1943, the Defense Aid Supplemental Appropriation

Act, 1943, and Independent Offices Appropriation Act, 1944, which provided the funds and authority for the expanded construction program directed by the President which is 18,890,000 deadweight tons for the calendar year 1943, and approximately 21,000,000 deadweight tons for 1944.

An authorization Act for naval auxiliary vessels contained a provision relating to construction of such vessels by the Commission to the effect that Navy Department supervision of such construction and possession of such vessels applied only to vessels specifically authorized by statute as naval auxiliaries and not to vessels constructed under the Merchant Marine Act, 1936, or other law applicable to the Commission.

The ship construction reserve fund provisions of the Merchant Marine Act, 1936 (Sec. 511), were amended to further effectuate its objective in the light of recent experience, and to remedy the effects of unfair handicaps on replacement construction arising from the requisition of certain types of vessels.

There was a considerable body of generally applicable legislation affecting the Commission. These included such statutes as the amendments to the War Contracts Renegotiation Law, an act relating to transportation facilities for Commission and shipyard personnel, the War Labor Disputes Act, and the Vocational Rehabilitation Act Amendments of 1943.

CONSTRUCTION -- DIFFERENTIAL SUBSIDIES

The wise provision of the Congress in authorizing the Commission to grant aid up to 50 percent of domestic construction cost of new

vessels to rehabilitate the American Merchant Marine and provide proper auxiliaries for the armed forces in event of war, has been a vital factor in the nation's success in prosecution of the war. Under provisions of Title V of the Merchant Marine Act of 1936, the Commission had up to June 30, 1943, granted construction-differential subsidies on 189 vessels. Grants were made on 31 of these ships in the fiscal year covered by this report.

At the end of the fiscal year, 85 vessels owned by purchasers under construction subsidy agreements were in operation under charters to the War Shipping Administration. Thirteen others were under construction. Of the 189 ships on which construction subsidies have been granted, 91 had been re-acquired for the armed forces or lost in war service up to June 30, 1943. This left the net grant of construction-differential subsidies applicable to only 98 vessels, delivered or under construction.

In re-acquiring title to these subsidized ships, the Government reimburses the operator only for his part of the construction cost less depreciation on the vessel up to the time it is re-acquired by the Government. Under this provision the branch of the armed forces which obtains title to the ship pays the depreciated domestic cost, including repayment to the Commission for its contribution under the original subsidy grant, less depreciation for the time the vessel was in operation prior to acquirement.

OPERATING-DIFFERENTIAL SUBSIDY AGREEMENTS

Operating-differential subsidy agreements have been virtually dormant for the past year because contract vessels are off berth and

under requisition time charter to the War Shipping Administration.

There was a rapid reduction of subsidy accruals during the previous fiscal year. As of July 1, 1942 there were eight voyages in progress on which subsidies accrued to the extent of approximately \$145,000.

These voyages commenced prior to requisitioning by the War Shipping Administration and terminated prior to December 31, 1942, thus becoming the last voyages to be made under which subsidy is payable.

Proposed legislation seeking suspension of operating-differential subsidy agreements for the war period is still pending. Subsidized operations covering eight voyages are shown in the following tabulation:

Accrued Operating-Differential Subsidy on Voyages
and Inactive Periods, July 1, 1942 to June 30, 1943

	<u>Number of Voyages</u>	<u>Accrued Subsidy</u>
American Export Lines, Inc.	5	\$ 103,824.70
Mississippi Shipping Co., Inc.	1	366.96
Moore-McCormack Lines, Inc.	1	6,869.41
United States Lines Co.	<u>1</u>	<u>5,832.70</u>
Total	<u>8</u>	\$ <u>116,893.77</u>

With virtually all vessels under the American flag in war operations under Government requisition, the above accrued subsidy for the period under review in this report is comparable to a total of \$4,069,329.37 for the previous fiscal year and \$13,061,301.06 in the fiscal year to June 30, 1941.

Statutory Reserve Funds

In Appendix I to this report, the status as of July 31, 1943 of the cash and Government securities on deposit in the Statutory Capital

and Special Reserve Funds and in the Contractual Construction Funds of subsidized operators is shown.

Although proposed legislation seeking suspension of operating-differential subsidy agreements for the war period has not been enacted into law, the 12 subsidized operators holding contracts with the Commission have continued to deposit into the statutory Capital and Special Reserve Funds depreciation on the subsidized vessels, proceeds from the loss or sale of such vessels and profits to the extent authorized by the Merchant Marine Act, 1936, as amended, or by specific authority of the Commission. In view of the uncertainty of the legislative situation, it is not possible to determine the amounts subject to recapture for the fiscal year covered by this report. Consequently, Appendix I does not include operations during this fiscal year.

The total deposits shown in Appendix I indicate the substantial amounts from operating-differential subsidies which have gone into replacements.

Aid to Vessels Over 20 Years of Age

Appendix F to this report includes a list of vessels over 20 years of age for which operating-differential subsidy has been paid during the period from July 1, 1942 to June 30, 1943. It is to be noted, however, that these payments were made on trips terminated prior to requisitioning by the Government of the merchant vessels involved.

The payments for voyages commenced subsequent to July 1, 1942, were limited to one percent of the crew's wages. The Commission had intended originally to discontinue all financial aid for operation of over-age vessels on that date. Rapid withdrawal of new vessels from

the merchant service to serve as auxiliaries to the armed forces left only the over-age ships available for operation. Consequently, the reduced subsidy plan was adopted. The subsidized lines under this plan obtained only nominal payment with respect to over-age vessels.

General requisitioning of all merchant vessels by the War Shipping Administration in April 1942 terminated the operation of this modified subsidy plan and subsidy payments were allowed only on vessels on trips which had not been terminated by that date. The proposed legislation to suspend all operating agreements for the period of the war is now exemplified in the reintroduced measure H.R. 134.

TRADE-IN OF OBSOLETE VESSELS

During the fiscal year ending June 30, 1943, the Commission approved applications under Section 510 of the Merchant Marine Act, 1936, involving the trade-in of thirty-three obsolete Great Lakes ore carriers on account of the purchase of fourteen of the sixteen new ore carriers built for the Commission at the request of the War Production Board as a part of the emergency ship construction program.

The total of the allowances made for the thirty-three obsolete carriers was \$13,117,453.72. The estimated total selling price of the fourteen new carriers is \$31,500,000.

Details of the arrangements under which the above transactions were effected are set forth in the ruling by the Comptroller General dated February 17, 1943, which is incorporated in document No. 20, Compilation of Material on the Determination and Payment of Just Compensation for Vessels Requisitioned under Section 902 of the Merchant Marine Act, 1936, for the Committee on the Merchant Marine and Fisheries of the

House of Representatives.

All of the above transactions have now been completed and since July 1, 1943, the remaining two new ore carriers have been sold with an allowance made on the purchase price for three obsolete vessels traded in under Section 510.

The obsolete vessels averaged about 6,000 deadweight tons each, and the new ore carriers are approximately 15,000 deadweight tons.

Further interest by prospective purchasers of replacement tonnage under provisions of Section 510 has been evidenced during the year through application and negotiation involving 25 or more C-type vessels. All ships on which transactions have been completed are included in Appendix E to this report.

Sales of Ships

Other than trade-in transactions, sales of 38 new standard C-type cargo vessels to American citizens operating in foreign trade, both with and without construction subsidy, were made and ships delivered. Additional sales are pending for future delivery.

Sales of tankers involving 23 deliveries during the year were made at domestic cost to several American tanker operators. Other tanker transactions for future delivery are under negotiation. All of the sales transactions consummated during the fiscal year are shown also in Appendix E.

INSURANCE

The functions of the Insurance Division include examination and approval of various kinds of insurance required by mortgages, construction subsidy agreements, vessel and facilities building contracts and other agreements executed by the Commission. This includes property damage insurance, workmen's compensation and a number of forms of legal liability insurance. All of the underwriting functions previously exercised by the Division were transferred to the Division of Wartime Insurance of the War Shipping Administration.

It has been the policy of the Commission for a number of years in supervising the insurance on vessels which were mortgaged to it to influence the placing of as large an amount of insurance as practicable in the American market. This was done to give the Commission American security for its mortgages and to strengthen and foster the American market as an auxiliary to the American Merchant Marine. The distribution of this insurance during the past five years over the three available markets is shown in the following tabulation:

	<u>Fund</u> Percent	<u>American</u> Percent	<u>Foreign</u> Percent
Oct. 25, 1939	6.4	46.2	47.4
Oct. 1, 1940*	16.8	50.48	32.72
Oct. 1, 1941	10.52	60.91	28.57
June 30, 1942	6.56	70.20	23.24
June 30, 1943**	1.65	62.84	35.51

* The fund percentage is unusually high and the foreign percentage is unusually low because at the time three high-valued vessels were insured a large section of the British market could not be used as it had not made deposits in this country. If the fund could have been limited to its usual participation its percentage would have been 7.1 percent instead of 16.8 percent.

** War Shipping Administration fund as distinguished from the Commission fund.

It will be noted that although the amount of insurance underwritten by the government has been reduced the percentage carried by the American market is also less than in the previous year. This change even in wartime is attributable to various factors, such as a shrinkage in the capacity of the American market from approximately \$4,000,000 to \$2,500,000, an increase in the values to be insured and lower rates in foreign markets.

Property Insurance

At the beginning of the year practically all of the hulls being constructed outside of the emergency shipyards owned by the Commission were protected by builder's risk insurance. As all of these vessels were owned by the Commission, it decided to assume the risk and arrangements were made to have no builder's risk attach on keels which were laid on or after October 30, 1942. This applied in all cases where the contracts could be amended as well as on new contracts. It is estimated that a saving of approximately \$4,000,000 has been effected by assuming this insurance.

Practically all contractors have taken advantage of the provisions of the contracts and have arranged third party liability insurance to protect their interests. The Commission has cooperated and has been instrumental in reducing the cost of such insurance.

The manufacturers who have contracted to produce material and equipment for the vessels under construction have provided fire and

extended cover insurance to protect all advance payments made by the Commission or the builders. All such insurance, aggregating over one billion dollars, has been examined and approved.

Liability Insurance

The emergency shipyards have placed their workmen's compensation, automobile and other forms of liability insurance with sound American casualty insurance companies on a cost basis. The plan adopted provides that the ultimate cost will be derived from the total of (1) the actual losses incurred plus 12 percent to cover loss expenses, (2) agreed percentage of the standard premium for the fixed charges and overhead of the carriers, and, (3) taxes chargeable to each contract. The cost cannot exceed 90% of the manual rates prevailing in the states where the contracts are being performed.

The business has been distributed among as many insurance companies as possible in order that all companies so desiring may participate.

This procedure has been in operation for nearly two years and its application has become more widespread as the number of shipyards multiplied and increased in capacity and production.

Periodical reports are required of the amount of payrolls expended, divided among appropriate work classifications, as well as detailed reports of losses incurred by the insurance carriers.

As the shipyards are still engaged in the active performance of their contracts, no final results have been calculated, but the plan in operation has already demonstrated its practical value and economy. The savings made to June 30, 1943. amounted to almost \$9,000,000, which

amount is less than half what the cost would have been had the risks been insured at regular commercial rates.

In addition to reduction in costs, refunds of more than \$1,000,000 have been or will be received in the form of reductions in rates, or from dividends earned under casualty insurance which could not be adapted to the cost-plus plan because of state regulations or other considerations of a legal nature.

This result has been obtained by the enforcement of a safety program participated in by both the shipyards and the insurance companies. Not only were costs of insurance kept at a low level but through prevention of accidents many thousands of potentially lost man-hours have been saved. This has helped to speed up production. In carrying out the safety program this Division, in conjunction with the Bureau of Labor Statistics, Department of Labor, makes monthly analyses of all lost time accidents. This analysis shows the frequency of the accidents, their causes, nature, location, etc. Copies are sent to the contractors and the insurance companies so they can take steps to eliminate the cause.

Group Insurance

The Commission is interested in having group life insurance and other forms of protection provided for the workers in the yards which are building vessels for its account. Inasmuch as a part of the cost of such insurance is paid by employees, the Commission has taken no action which would appear to bring pressure on the yard to install such a program. The Commission has taken the position that when the employees show a desire for such protection the Commission will accept

part of the cost of such insurance paid by the employer, as an item entering into the cost of construction of the vessels. It is believed that unless the employer has a financial participation in the program he will not show the necessary interest to keep the insurance in force.

Federal Ship Mortgage Insurance

Only one federal ship mortgage insurance contract under Title XI of the Merchant Marine Act, 1936, was approved by the Commission for the fiscal year ended June 30, 1943. This contract involved the sum of \$65,000. Up to the end of the fiscal year covered in this report, total commitments under Title XI have been \$8,255,000. The outstanding balance of these mortgage insurance contracts on June 30, 1943 was \$4,443,062.21.

LEGAL FUNCTIONS

The Legal Division is responsible for preparation of all contracts covering construction of vessels and their sale. In addition the division must prepare all bills of sale, preferred mortgages, bonds, notes, leases, and other legal documents, and oversee all details with reference to documentation of all vessels constructed and the proper transfer of title of vessels sold, as well as the proper authentication of all mortgages and other documents required by law to accompany a preferred mortgage for the deferred purchase price on vessels so sold. While many of these documents are to a large extent in standard form, contracts and other papers have to be varied to suit conditions of a particular case.

This Division also prepares all opinions that may be required either by the Commission or any of its divisions. During the 1943 fiscal year there were 278 of these opinions. The number of contracts and other formal instruments, exclusive of amendments, prepared during the year was approximately 750. Of those, 375 contracts covered construction of 3,170 vessels of an estimated construction cost in excess of \$6,500,000,000. The contracts and other instruments here reported are exclusive of the preparation of purchase order forms and approval of hundreds of contracts in the form of purchase orders covering the procurement of materials and equipment for vessels. More than 100 real estate transactions not in litigation, such as leases, licenses, permits and purchases, have been supervised as to their legal aspects.

Litigation and Claims

Investigation of all claims by and against the Commission is handled by the Office of the General Counsel, except in so far as such claims relate to functions transferred by Executive Order to the War Shipping Administration, subject to supervision by the Attorney General of the United States.

The information hereinafter set forth with regard to cases disposed of and in litigation during the year is exclusive of cases handled by the War Shipping Administration, and, therefore, direct comparison with the Commission's report for the fiscal year ending June 30, 1942, cannot be made without taking into account the report of the Administrator, War Shipping Administration, for the current year with regard to litigation and claims handled by that agency.

During the fiscal year covered by this report 41 cases of the Maritime Commission, involving \$16,785,793.91, were litigated and closed, the total amount paid being \$168,611.97 and the amount received \$5,513.58.

There were 55 cases involving \$21,507,924.34 on the docket on July 1, 1942. Added during the fiscal year were 42 cases involving \$979,309.05 and there were 56 cases involving \$5,701,439.48 pending on June 30, 1943.

Claims pending but not in litigation for the Maritime Commission on July 1, 1942, numbered 2 involving \$814.99. During the year 2 were added involving \$5,005.00 and 2 involving \$480.63 were closed on which nothing was paid and \$480.63 was received.

Acquisition of Property

The acquisition of real property for shipyard purposes has resulted in numerous condemnation cases and the filing of a large number of declarations of taking.

As these cases have been filed in courts at a great distance from Washington, it is not possible to state the exact number of pending cases or the exact number of closed cases, but as of June 30, 1943, approximately 50 cases were pending.

Shipyard activities have also made it necessary to take title to transportation equipment and equipment and material for ship construction by requisition. Approximately 50 per cent of requisition cases have been closed by settlements agreed to by the property owners.

REGULATORY FUNCTIONS

The Commission during this fiscal year directed a large part of its regulatory activities to rates and tariffs of carriers engaged either in foreign commerce or in commerce with the possessions and territories of the United States to insure that maximum rate levels established by the War Shipping Administration under the warrant system were not exceeded. Also to prevent carriers and other persons subject to the Act from taking advantage of the disturbed situation and overcharging or discriminating between shippers and others. In view of the fact that the Commission is the repository of tariffs filed by conferences or conference members and by carriers subject to the order of the Commission in Docket 128 and those subject to the filing requirements of the Intercoastal Shipping Act, 1933, it was believed that this machinery could best be used to assist the War Shipping Administration in enforcement of its orders.

The Division of Regulation assisted the Office of Price Administration, the Department of the Interior and other Government agencies interested in providing transportation to Puerto Rico and the Virgin Islands, in controlling applicable rates and in assisting the carriers engaged in this traffic to comply with the statutory requirements with respect to the filing of rates.

Formal Docket

Three formal investigations are handled in which was involved the scope of jurisdiction of the Commission over carriers and "other persons subject to the Act."

Two of these cases, namely, Practices, etc., of San Francisco Bay Terminals, 2 U. S. M. C. 588, involving the jurisdiction of the Commission over State and municipally owned terminals, and Port of New York Freight Forwarder Investigation, involving the jurisdiction of the Commission over freight forwarders, resulted in court actions brought by the respondents to challenge the Commission's right to exercise jurisdiction. Further action thereon is pending the determination of the questions by the courts.

The third case, Restrictions on Transshipments at Canal Zone under Agreement No. 3302, 2 U.S.M.C. 675, involved the question of the status of transportation from foreign countries to ports in the United States, with transshipment at the Canal Zone. The Commission found that it had jurisdiction and issued orders correcting the situation which had arisen. These orders were not challenged.

The Commission handled other cases designed to protect the interests of shippers. These cases were: In re M. S. Vencedor, Inc., 2 U.S.M.C. 666; Rates, Charges and Practices of General Atlantic Steamship Corporation, 2 U.S.M.C. 681; Rates and Practices of Maurice Benin (Shipping) Ltd. and Sigma Trading Corporation, 2 U.S.M.C. 662; Interchange of Freight at Boston Terminals, 2 U.S.M.C. 671. In all cases except the one involving Maurice Benin (Shipping) Ltd. and Sigma Trading Corporation, the Commission issued cease and desist orders against the practices found violative of the Act. In the case noted as an exception, the Commission found that the respondents were not subject to the Act.

Five investigations and complaints were instituted or received during the year; four proceedings were carried over from the preceding

year; six proposed reports were issued; five final reports were issued; 25 orders; five cases were carried over, two of which await decisions from the courts.

One Special Docket case involved payment arising out of the collection of unreasonable rate for the transportation of gasoline drums from Alaska to Pacific Coast ports of the United States.

Interstate Filings:

The work of the Division in connection with the receipt, analysis and administration of tariffs required by the Act to be filed by carriers engaged in interstate commerce between continental United States and its Territories and possessions involved the activities of a large number of new carriers using vessels of over 1,000 deadweight tons in the Puerto Rican trade.

These new carriers were, for the most part, ignorant of the requirements of the law and it became necessary to supervise their activities with particular care. The cooperation maintained by the Division with the War Shipping Administration in the administration of the Ship Warrants Act facilitated this examination of activities and enabled the Division to secure substantial compliance with the law.

By reason of the need for the use of all tonnage without unnecessary delays procedures were adopted in cooperation with various agencies of the Government whereby the filing of rates could be expedited.

There were 186 tariff schedules received for filing. Forty-nine letters were written to carriers criticizing tariffs and 306 were written concerning tariff filings and circulars executed by carriers covering their operations. Under the authority granted by the Shipping

Act, 1916, as amended, 17 special permission applications requesting permission to file on less than statutory notice or to waive the tariff filing requirements were received. Fifteen were granted, one denied and one passed to files without action.

Agreements:

As of June 30, 1943, 555 agreements between common carriers or other persons subject to the Shipping Act were on file with the Commission, all of which had been duly approved pursuant to the provisions of Section 15 of the Shipping Act, 1916, as amended. Of these, 117 are conference agreements. During the fiscal year 49 agreements, modifications or cancellations received the Commission's approval.

Although the activities of many conferences were either curtailed or suspended as a result of the war, the conferences have made every effort to retain their organizations and to maintain at least a skeleton force of employees. This action was designed to prevent the loss of trained personnel and valuable records, and to facilitate the orderly resumption of services in the future and thus reduce the cost which would be entailed in replacing personnel and records. Time has been spent in studying the scope of the agreements and the terms thereof for the purpose of clarification and improvement. In several cases study has resulted in consolidation of conferences thereby eliminating overlapping of jurisdiction and many variances in freight rates from or to competitive areas.

Terminal Operators:

A total of 127 terminal tariff filings were made during the year. One new terminal agreement was approved; this was the Los Angeles

Steamship Association comprised of the principal terminal operators in southern California. The fact that terminal operators have continued to function under these agreements in spite of the various handicaps imposed by the war is indicative of the value which the terminal operators place upon them. The public is also benefited in that these terminal agreements tend to bring about a greater uniformity in terminal charges and practices.

Foreign Freight Rates:

During the year 2,337 rate filings were received covering the foreign trade. A continuing review is made of all tariffs filed with the Commission and action is taken where necessary for the purpose of eliminating ambiguous and inequitable rules and regulations governing the application of the rates shown in these tariffs and conflicts or discrepancies in the rates themselves to forestall possible undue preference or prejudice, unjust discrimination and other practices contravening the regulatory provisions of the Shipping Act.

The continued examination of rate schedules filed pursuant to the warrant system has increased the work of the Division but appears to have been well worth the effort. The rate schedules on file with the Commission show conclusively that the administration of the Ship Warrants Act has prevented the spiraling of freight rates which accompanied World War I. As an example, during World War I the rate of coffee from Brazil is reported to have gone as high as \$3.00 per bag, and even after some form of control was established over these rates in 1918, the rate was \$1.70 per bag. The rate today is \$1.48½, which includes the war surcharge. From Chile to United States Atlantic ports

the rate on nitrate was \$25.00 per ton in 1918; today it is \$13.86. Even more striking is the difference in rates to the Mediterranean area where general cargo to Alexandria, Egypt, was \$90.00 per ton in 1918 as against the current rate of \$53.00 -- which latter rate incidentally was established when vessels were routed via Capetown. From Australia to San Francisco, wool in 1918 cost \$5.50 per 100 pounds freight; today the rate has been set at \$3.83 per 100 pounds including war surcharge.

War conditions have greatly reduced the volume of through rail and water shipments; as a consequence, only three revised port bill of lading forms were filed during the year in connection with the through export bill of lading.

TRANSFER OF VESSEL REGISTRY AND SALES TO ALIENS

In the fiscal year reviewed by this report, the principal transfer of vessels from American to foreign registry was made through construction of ships in American shipyards for alien account. The transfer in actuality was more of a certification of departure from United States ports. There were some transfers of registry without transfer of title of ships destined for use by others of the United Nations in war service.

Sixteen of the "ocean" type, which were constructed for the Government of the United Kingdom by the Todd-Bath Iron Shipbuilding Corporation at Portland, Maine, were granted approval for delivery to the contracting government. No other ocean-going vessels in this category were transferred during the year.

For obvious reasons of national security, a detailed statement of transfers for use and not for title is not given.

Nationality, number and tonnage of vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag pursuant to Sections 9 and 37 of the Shipping Act, 1916, as amended, for period July 1, 1942, through June 30, 1943.

	<u>Number of Vessels</u>	<u>Total Gross Tonnage</u>
Brazilian	8	125
British	14	334
Canadian	9	1,581
Colombian	6	26
Costa Rican	3	1,142
Cuban	6	383
Dominican	2	202
French	1	110
Haitian	1	34
Honduran	29	13,346
Mexican	21	2,015
Netherlands	11	865
Nicaraguan	1	77
Norwegian	2	14,354
Panamanian	18	21,611
Peruvian	5	1,168
Portuguese	1	3,102
Venezuelan	2	47
	<u>140</u>	<u>60,522</u>
Sale Alien Only	<u>41</u>	<u>13,271</u>
	<u>181</u>	<u>73,793</u>

In the fiscal year ended June 30, 1943, 123 approvals were granted by the Commission for the surrender of marine documents pursuant to section 30, subsection 0 (a), Merchant Marine Act, 1920. In the same period eight certificates granting approvals required by section 30, subsection B (4), Merchant Marine Act, 1920, were granted. In the main, these are routine proceedings intended to preserve an accurate record of the documented vessels concerned.

The following tabulations present in detail those transactions which require approval of the Commission under Section 9 of the Shipping Act of 1916 and Section 37 of the same Act during the emergency declared to exist by the President in the Proclamation of May 27, 1941:

Type, number, gross tonnage, average age of vessels approved by U.S. Maritime Commission for transfer to alien ownership and/or registry and flag under Sections 9 and 37 of the Shipping Act, 1916 as amended, for period July 1, 1942, through June 30, 1943.

	<u>No.</u>	<u>Total Gross Tonnage</u>	<u>Average Age</u>
1. Sailing Vessels, Schooners	6	4,002	46
2. Tugs and Barges	29	12,894	16.5
3. Pleasure Vessels, Yachts, etc.	33	2,310	19.2
(a) Motorboats (Undocumented of less than 5 net tons)	65	269	6
4. Tankers	1	6,986	22
5. Commercial Vessels under 1,000 gross tons (fishing vessels, motorboats, etc.)	31	8,531	25.5
6. Commercial Vessels over 1,000 gross tons (cargo, combination cargo- passenger)			
(a) Subsidized (proceeds reserved for new construction)	-	-	-
(b) Non-subsidized (proceeds re- served for new construction)	-	-	-
(c) Non-Subsidized	4	5,870	36.2
(d) U. S. M. C. Vessels	<u>12</u>	<u>32,931</u>	<u>12.3</u>
Total	<u>181</u>	<u>73,793</u>	<u>16</u>

MAINTENANCE AND REPAIRS

Virtually all of the functions of the Commission with regard to maintenance and repair of vessels were transferred to the War Shipping Administration, with the exception of appraisals made by the Division of Foreign Repairs and Salvage Operations for the Commission and the War Shipping Administration. The following tabulation shows the number of vessels, types and tonnages appraised for each account during the fiscal year 1943:

United States Maritime Commission

	Number <u>Appraised</u>	<u>Total Tonnages</u> <u>D.W.T.</u>	<u>Gross</u>
Tankers:	14	131,714	
Freighters:	104	941,395	
Passenger Vessels:	1		10,006
Miscellaneous Types:	<u>3</u>	<u>3,473</u>	
Grand Totals:	<u>122</u>	<u>1,076,582</u>	<u>10,006</u>

War Shipping Administration

Tankers:	27	237,571	
Freighters:	276	1,744,709	
Passenger Vessels:	84		488,125
Miscellaneous Types:	<u>28</u>	<u>42,974</u>	
Grand Totals:	<u>415</u>	<u>2,025,254</u>	<u>488,125</u>

On the majority of the vessels listed in this report, appraisals of more than one type were calculated and submitted. This work was done in connection with ship sales, charters and losses.

PUBLIC RELATIONS

Throughout the fiscal year 1943, the Division of Public Relations, serving in dual capacity, has exerted every effort to reflect the all-out programs of the Maritime Commission and the War Shipping Administration

in the war effort. It has coordinated informational programs which would explain to the public the vital part played by merchant ships, the men who build them, and the men who sail them.

Among the year's public relations activities are the following:

Special events, such as the inauguration of the United Seamen's Service; the opening of the first rest homes for merchant seamen at Oyster Bay and Bayridge; the monthly Maritime "M" Awards, and special support for a nationwide observance of ship construction achievements on July 4, Labor Day, Victory Fleet Day, and National Maritime Day has been given.

The Division assisted the Training Division in the dedication of several of its training stations, including Sheepshead Bay, the largest Merchant Marine training school in the world.

Cooperation was offered to commercial motion picture studios and scripts were reviewed for eight motion pictures. This review included all phases of the Maritime Commission and War Shipping Administration programs; ranged from dramatic stories, such as "Action in the North Atlantic", to shipyard pictures. Technical details and factual material were checked with the assistance of Divisions interested or standing to benefit by the production of these films.

In cooperation with several Divisions, arrangements were made for exhibit material to interpret the programs of these two war agencies.

Arrangements were completed during the close of the fiscal year, 1943, for an eight-week radio show, in cooperation with the National Broadcasting Company which produced outstanding results in the way of enrollment and recruitment for both the Training Division and the

Recruitment and Manning Organization.

Through facilities of the Division, regulatory matters and items of interest to readers of Trade Magazines were widely disseminated.

The Division's day-to-day activities, through the media of the press, radio and periodicals, have brought increased public knowledge of the war programs of the Maritime Commission and the War Shipping Administration. It is through these continuing efforts that a program of public education can be fostered, supporting the intent of the Merchant Marine Act of 1936. The public relations program of the Commission is directed in a marked degree toward the post-war maritime development of the nation.

ECONOMICS AND STATISTICS

The Division of Economics and Statistics was established by Commission Order effective April 2, 1941, by consolidation of the Commission's Division of Research and the Section of Special Studies, with a view to laying increased emphasis upon professional economic research in connection with problems involved in the Commission's responsibilities.

The course of development of this work which would have taken place in normal times was necessarily affected by the increasing critical nature of the shipping emergency and the consequent emergency character of much of the Commission's activities. With the entry of the United States into active participation in the war and the general requisitioning of American vessels which followed shortly thereafter, it became necessary to establish a very close degree of Governmental supervision over the operation of American merchant shipping.

For the maintenance of a close operating control of this nature, the War Shipping Administration, established for this purpose, required a vastly more detailed system of current operating statistics and reports than had been necessary for the normal activities of the Maritime Commission. For some months, the Division of Economics and Statistics of the Maritime Commission was engaged primarily in the development of such operating statistics until the establishment, during the latter half of 1942, of the War Shipping Administration's Division of Statistics and Research, as a part of the general development of that agency's organization. Over the course of the ensuing months there was transferred to that Division the responsibility for routine production of the special operating statistics and reports required for the emergency administration of the war-time shipping control.

With this transfer of responsibility went a transfer to the War Shipping Administration of a large part of the staff of the Commission's Division of Economics and Statistics. The latter Division was then enabled to devote its attention increasingly to the problems of a longer range nature, including research activities relating to the Commission's shipbuilding program and the analysis of the war's effect upon the merchant shipping supply of the United States, the United Nations and the World as a whole.

More recently, increasing attention is being devoted to the development and analysis of basic information relating to post-war shipping prospects and long-range problems of national merchant marine policy, including the basic economic and statistical research work

required in connection with the program of the Commission's Committee on Post-War Planning.

So long as the shortage of personnel consequent upon the war effort continues, the Division will necessarily remain upon a somewhat skeletonized basis, particularly with regard to those activities most comparable to the work performed by the War Shipping Administration's Division of Statistics and Research. The Division maintains, however, very full and detailed statistical records of the ocean-going merchant shipping of the United States, the United Nations and, so far as available information and estimates permit, of the World as a whole. This provides the basis for research and reports upon the merchant shipping tonnage position and prospects, and trends in gains and losses.

While this information is, for security reasons, largely confidential under existing circumstances, it will provide a very complete basis of factual statistics on the subject, for use in studying post-war problems. A part of the Division's staff is engaged in economic and statistical research relating to merchant shipping and shipbuilding employment. Current developments and prospective problems with respect to essential trade routes, waterborne commerce, port surveys, and foreign merchant marine policies (Government Aid) are receiving the attention of the staff. That part of the Division's staff, which in peace times maintained the necessary records and conducted the research requisite for the formulation and recommendation of specific rates of construction and operating differential subsidies, has been reduced to the bare skeletonized basis necessary to maintain continuity and provide a nucleus for the re-establishment of these activities when the War emergency is over.

CONTRACT RENEGOTIATIONS

Under provisions of the Renegotiation Act (Section 403, Title IV of the Sixth Supplemental National Defense Appropriation Act, 1942) the Commission on June 1, 1942 established the Price Adjustment Board.

There were four employees of the Board on July 1, 1942, including negotiators, accountants and stenographers. Vastly expanded activities and the volume of contracts to be renegotiated required addition to this small staff. There were 25 employees in all categories on June 30, 1943.

The summary of results of renegotiation by the Board up to the end of the fiscal year 1943, and subsequently to November 15, 1943, is as follows:

	<u>June 30, 1943</u>	<u>November 15, 1943</u>
Total number of cases assigned	<u>403</u>	<u>907</u>
Total number of cases renegotiated and excessive profits determined	58	133
Total number of cases renegotiated and no excessive profits found	32	96
Total number of cases exempt, not subject to Act or reassigned to other departments	<u>—</u>	<u>217</u>
Total cases handled	<u>90</u>	<u>446</u>
Balance cases in process	<u>313</u>	<u>461</u>
Excessive profits determined	\$ 44,843,388.17	80,096,387.20
Total amount of forward price reductions effected	<u>43,476,632.00</u>	<u>55,066,354.00</u>
Total	88,320,020.17	135,162,741.20
Total sales on which excessive profits were determined	\$ 383,890,269.13	691,488,579.54
Total sales on which no excessive profits found	\$ 84,488,796.57	134,505,221.79

Most of the contracts renegotiated were with suppliers of materials, parts and accessories. Because of profit limitation provisions in shipbuilding contracts and the use in emergency shipbuilding of a cost-minus contract form, few ship construction contracts came before the board for action.

MERCHANT MARINE DISTINGUISHED SERVICE MEDAL

Recognizing the remarkable feats of valor being performed by members of the American Merchant Marine the 77th Congress by Public Law No. 524 approved April 11, 1942, authorized and directed the Maritime Commission to provide and award a suitable medal to each person in the American Merchant Marine who on and after September 3, 1939 distinguished himself by outstanding conduct or service in the line of duty.

The Commission accordingly created a special Merchant Marine Medals Award Committee on May 26, 1942 to carry out the provisions of this law. There have been 411 meritorious cases carefully considered by the Committee and 96 Merchant Marine Distinguished Service Medals have been awarded to those men whom the Committee believes especially distinguished themselves in the line of duty. In addition, letters of commendation have been awarded to 211 other men as a result of the investigations carried on by this Committee.

The first Merchant Marine Distinguished Service Medal was awarded on October 8, 1942.

POST-WAR PLANNING

The Commission, without relaxing its efforts in behalf of the war, and in line with its statutory responsibility under the Merchant

Marine Act of 1936, is also working on post-war plans. In this way it is hoped to provide for orderly liquidation of excess shipbuilding capacity, for orderly transfer of excess workers to other jobs, for provision of types of vessels suitable for peace-time competition, and, finally, for utilization (in the interests of national defense and of our foreign commerce) of as many of the war-built vessels as may be deemed proper and necessary.

A Post-War Planning Committee, consisting of key officials in the Commission and the War Shipping Administration, has been set up, with fourteen subcommittees to deal with various aspects of the post-war problem. At the appropriate time the Commission plans to submit to the Congress a comprehensive survey of our maritime position, a statement of policies which in the opinion of the Commission should be pursued, and specific recommendations for effectuating the objectives with which the Commission has been charged.

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(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTS.

OCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
Construction Fund, United States Maritime Commission, Act of June 29, 1936, Revolving Fund							
Collections:							
Construction-loan notes receivable	\$ 19,298,997.02	6,736,231.52	5,317,436.48	12,034,166.47	7,619,357.96	6,033,745.70	57,039,935.15
Ship-sales notes receivable	6,278,845.86	627,586.94	604,087.55	6,435,458.16	16,514,890.56	13,866,114.56	44,326,983.63
Miscellaneous notes receivable	836,597.21	36,337.99	321,293.42	505,615.60	85,119.48	702,958.31	2,487,922.01
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	1,722,126.06	2,413,325.53	12,870,482.32
Cash payments on sales of vessels	3,778,688.24	393,559.26	6,790,437.05	21,171,585.87	12,059,037.70	46,962,193.87	91,155,501.99
Sale of other assets, including sale of scrap materials	273,816.79	37,382.02	496,462.94	46,270.12	101,479.24	3,675,836.43	4,631,247.54
Charter hire revenue	-0-	174,386.21	1,432,345.62	5,548,040.15	11,158,115.91	800,000.00**	19,112,887.89
Operation of vessels revenue	16,568,832.87	8,340,612.17	6,742,597.96	253,706.06	-0-	-0-	31,905,749.06
Rental - real estate, housing projects, field hospitals and cafeterias	1,075,841.64	668,667.00	771,492.68	1,050,562.81	885,710.42	111,040.22	4,563,314.77
Insurance premiums, loss recoveries, etc.	489,734.03	293,295.77	792,116.01	1,838,561.28	1,042,533.19	156,710.72	4,612,951.00
Construction progress collections	69,528.38	307,861.14	4,358,427.90	18,839,671.04	13,836,527.92	13,438,425.49	50,850,441.87
Receipts in liquidation of receivables arising out of ocean-mail settlement agreements	601,367.59	-0-	-0-	-0-	-0-	-0-	601,367.59
Recapture of excess profits on construction and repair contracts	-0-	-0-	-0-	2,091,933.77	4,446,255.17	4,217,363.33	10,755,552.27
Sale of tanker and vessels to U.S. Navy and War Departments	-0-	6,413,901.00	4,229,976.14	81,878,579.95	63,241,939.60	776,662.54	156,541,059.23
Recovery of advances and deposits and miscellaneous reimbursements	-0-	-0-	-0-	-0-	-0-	298,202,281.84	298,202,281.84
Miscellaneous	2,437,428.97	253,051.36	664,829.41	3,058,335.26	2,944,131.58	3,956,532.84	13,314,309.42
Total Collections	\$ 55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10	135,657,224.79	395,313,191.38	802,971,987.58
Disbursements:							
General administrative expense	3,596,804.59	3,026,642.50	3,779,645.16	4,603,660.09	7,226,751.08	21,016,208.72	43,249,712.14
Operation of vessels expense	18,188,465.16	10,158,332.48	6,070,389.47	578,197.71	-0-	-0-	34,995,384.82
Inactive and laid-up vessel expenses (including repairs)	681,142.33	3,391,240.01	703,252.50	6,455,776.39	9,004,575.14	-0-	20,235,986.37
Real estate operations, repairs and betterments	547,164.27	415,202.87	478,984.75	520,221.01	272,381.13	229,558.61	2,463,512.64
Insurance claims, returned premiums, etc.	878,126.46	192,646.20	312,111.14	689,764.28	897,272.05	458,967.96	3,428,888.09
Operating-differential subsidy payments	4,030,618.10	7,742,789.79	10,241,080.47	11,285,072.07	7,611,567.43	3,841,698.76	44,752,826.62
Construction progress payments, including outfitting and defense features	1,297,422.00	31,981,506.78	105,740,295.40	141,856,069.30	293,127,245.22	2,717,640,946.43	3,291,643,485.21
Foreign ocean-mail contract payments and settlements	16,663,361.49	912,539.13	-0-	-0-	-0-	-0-	17,575,900.62
United States Maritime Service, cadet training, and other seamen's training expenses	-0-	2,705,426.12	3,421,149.01	4,119,165.26	36,369,829.50	-0-	46,615,569.89
Payments to cover acquisition of vessels for Navy and War Departments	-0-	2,324,274.16	4,650,970.45	25,575,873.77	12,992,487.83	658,019.22	46,201,625.43
Charter hire expense	-0-	-0-	-0-	-0-	7,700,706.52	-0-	7,700,706.52
Payments for acquisition of vessels for United States Maritime Commission	-0-	-0-	-0-	-0-	29,721,181.46	-0-	29,721,181.46
Facilities contract payments	-0-	-0-	-0-	-0-	75,877,207.35	240,544,351.77	316,421,559.12
Agency agreements operating expense	-0-	-0-	-0-	-0-	191,798.36	-0-	191,798.36
Partial deposits for requisitioned foreign vessels	-0-	-0-	-0-	-0-	3,175,000.00	-0-	3,175,000.00
Transfers to War Shipping Administration	-0-	-0-	-0-	-0-	145,090,000.00	50,000,000.00	195,090,000.00
Transfers and reimbursements to other appropriations	-0-	-0-	-0-	-0-	142,501,686.90	279,340,317.99	421,842,004.89
Advances to contractors and other recoverable expenses	-0-	-0-	-0-	-0-	4,283,500.00	17,287,388.94	21,570,888.94
Miscellaneous	2,479,672.89	2,830,791.61	611,951.32	1,726,558.22	6,886,831.29	1,637,761.50	16,173,566.87
Total All Disbursements	\$ 48,362,777.29	65,681,391.65	136,009,829.67	197,410,358.22	782,930,021.26	3,332,655,219.90	4,563,049,597.99

(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTS

OCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
Construction Fund, United States Maritime Commission, Act of June 29, 1936, Revolving Fund - Continued							
Summary of construction fund, revolving fund, United States Maritime Commission:							
Appropriations	\$ 105,104,689.51	4,100.00	100,009,000.00	144,505,500.00	2,360,650,000.00	4,980,080,000.00	7,690,353,289.51
Collections	55,632,992.49	25,421,140.93	33,741,328.89	157,206,109.10	135,657,224.79	399,313,191.38	802,971,987.58
Total appropriations and collections	160,737,682.00	25,425,240.93	133,750,328.89	301,711,609.10	2,496,307,224.79	5,375,393,191.38	8,493,325,277.09
Less: Disbursements	48,362,777.29*	65,681,391.65*	136,009,829.67*	197,410,358.22*	782,930,021.26*	3,332,655,219.90*	4,563,049,597.99*
Excess of receipts or disbursements	112,374,904.71	40,256,150.72*	2,259,500.78*	104,301,250.88	1,713,377,203.53	2,042,737,971.48	
Add: Balance at beginning of fiscal year	-0-	112,374,904.71	72,118,753.99	69,859,253.21	174,160,504.09	1,887,537,707.62	
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	1,887,537,707.62	3,930,275,679.10	3,930,275,679.10
Emergency Ship Construction Fund, United States Maritime Commission:							
Appropriations				314,000,000.00	161,000,000.00	-0-	475,000,000.00
Collections				-0-	-0-	177,422,959.55	177,422,959.55
Total appropriations and collections				314,000,000.00	161,000,000.00	177,422,959.55	652,422,959.55
Less: Disbursements				11,803,993.67*	293,272,852.67*	332,154,991.85*	637,231,838.19*
Excess of receipts or disbursements				302,196,006.33	132,272,852.67*	154,732,032.30*	
Add: Balance at beginning of fiscal year				-0-	302,196,006.33	169,923,153.66	
Emergency Ship Construction Fund, balance at close of fiscal year	\$			302,196,006.33	169,923,153.66	15,191,121.36	15,191,121.36
Judgments, United States Courts, United States Maritime Commission:							
Appropriations	\$					5,287,615.10	5,287,615.10
Federal Ship Mortgage Insurance Fund, Revolving Fund, United States Maritime Commission:							
Appropriations	-0-	500,000.00	-0-	-0-	-0-	-0-	500,000.00
Collections		450.00	11,988.77	7,813.26	12,450.33	28,650.43	61,352.79
Total appropriations and collections	-0-	500,450.00	11,988.77	7,813.26	12,450.33	28,650.43	561,352.79
Less: Disbursements	-0-	-0-	-0-	17.34*	-0-	-0-	17.34*
Excess of receipts or disbursements	-0-	500,450.00	11,988.77	7,795.92	12,450.33	28,650.43	
Add: Balance at beginning of fiscal year	-0-	-0-	500,450.00	512,438.77	520,234.69	532,685.02	
Federal Ship Mortgage Insurance Fund, balance at close of fiscal year	-0-	500,450.00	512,438.77	520,234.69	532,685.02	561,335.45	561,335.45

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** Charter Hire Revenue - Collections for fiscal year 1941, activities were transferred to War Shipping Administration.

Note: Activities not shown during this fiscal year have been either terminated or transferred to War Shipping Administration.

(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTSOCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
<u>Marine and War Risk Insurance Fund, Revolving, United States Maritime Commission:</u>							
Appropriations				40,000,000.00	-0-	-0-	40,000,000.00
Collections				-0-	762,159.69	-0-	762,159.69
Total appropriations and collections				40,000,000.00	762,159.69	-0-	40,762,159.69
Less: Disbursements				43.75*	5,143,973.37*	-0-	5,144,017.12*
Excess of receipts or disbursements				39,999,956.25	4,381,813.68*	-0-	
Add: Balance at beginning of fiscal year				-0-	39,999,956.25	-0-	
Balance				39,999,956.25	35,618,142.57	-0-	35,618,142.57
Transfer to War Shipping Administration				-0-	35,618,142.57*	-0-	35,618,142.57*
Marine and War Risk Insurance Fund, balance at close of fiscal year	\$			39,999,956.25	-0-	-0-	-0-
<u>State Marine-School Funds, Fiscal Years 1938 to 1941:</u>							
Appropriations					544,025.70	-0-	544,025.70
Less: Disbursements					402,653.00*	-0-	402,653.00*
Balance					141,372.70	-0-	141,372.70
Transfer to U. S. Coast Guard					141,372.70*	-0-	141,372.70*
State Marine School Funds, balance at close of fiscal year	\$				-0-	-0-	-0-
<u>Working Funds, United States Maritime Commission, Navy Department:</u>							
Transfers - advances and deposits				15,006,937.50	41,669,909.99	709,463,948.31	766,140,795.80
Collections						3,844,595.62	3,844,595.62
Total Transfers, Advances, Deposits and Collections				15,006,937.50	41,669,909.99	713,308,543.93	769,985,391.42
Less: Disbursements				299,000.00*	29,740,896.32*	307,018,917.53*	337,058,813.85*
Excess of receipts or disbursements				14,707,937.50	11,929,013.67	406,289,626.40	
Add: Balance at beginning of fiscal year				-0-	14,707,937.50	26,636,951.17	
Working Funds, balance at close of fiscal year	\$			14,707,937.50	26,636,951.17	432,926,577.57	432,926,577.57
<u>Working Funds, United States Maritime Commission, War Department:</u>							
Transfers and advances				800,000.00	12,270,039.14	38,310,628.50	51,380,667.64
Collections						2,863.28	2,863.28
Total Transfers, advances and collections				800,000.00	12,270,039.14	38,313,491.78	51,383,530.92
Less: Disbursements				667,182.30*	7,946,733.61*	30,441,430.58*	39,055,346.49*
Excess of receipts or disbursements				132,817.70	4,323,305.53	7,872,061.20	
Add: Balance at beginning of fiscal year				-0-	132,817.70	4,456,123.23	
Working Funds, balance at close of fiscal year	\$			132,817.70	4,456,123.23	12,328,184.43	12,328,184.43

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(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTS,

OCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
Emergency Fund for the President - War (Allotment to United States Maritime Commission):							
Allotment	\$			6,000,000.00	-0-	-0-	6,000,000.00
Collections						517,015.17	517,015.17
Total allotment and collections				6,000,000.00	-0-	517,015.17	6,517,015.17
Less: Disbursements				7,645.58*	5,985,861.30*	399.39*	5,993,902.27*
Excess of receipts or disbursements				5,992,354.42	5,985,861.30*	516,619.78	
Add: Balance at beginning of fiscal year				-0-	5,992,354.42	6,493.12	
Emergency Fund for the President, balance at close of fiscal year	\$			5,992,354.42	6,493.12	523,112.90	523,112.90
Deposits, Rents, National Defense Housing Project (Emergency Fund for the President) United States Maritime Commission:							
Collections					154,003.94	12,324.26	166,328.20
Less: Disbursements					36,833.78*	3,631.75*	40,465.53*
Excess of receipts or disbursements					117,170.16	8,692.51	
Add: Balance at beginning of fiscal year					-0-	117,170.16	
Balance at close of fiscal year	\$				117,170.16	125,862.67	125,862.67
Deposits, Compensation for Foreign Merchant Vessels:							
Collections					3,600,000.00	-0-	3,600,000.00
Transfer to War Shipping Administration					-0-	3,600,000.00*	3,600,000.00*
Excess of receipts or disbursements					3,600,000.00	3,600,000.00*	
Add: Balance at beginning of fiscal year					-0-	3,600,000.00	
Balance at close of fiscal year	\$				3,600,000.00	-0-	-0-
Defense Aid, Vessels and Other Watercraft (Allotment to United States Maritime Commission):							
Allotments from defense appropriations				507,756,800.00	317,226,200.00	22,250,000.00	847,233,000.00
Transfer to War Shipping Administration				-0-	212,813,825.54*	-0-	212,813,825.54*
Balance of allotments after transfer				507,756,800.00	104,412,374.46	22,250,000.00	634,419,174.46
Collections				-0-	-0-	169,874,500.05	169,874,500.05
Total receipts				507,756,800.00	104,412,374.46	192,124,500.05	804,293,674.51
Less: Disbursements				3,228,624.57*	240,094,128.67*	349,786,956.54*	593,109,709.78*
Excess of receipts or disbursements				504,528,175.43	135,681,754.21*	157,662,456.49*	
Add: Balance at beginning of fiscal year				-0-	504,528,175.43	368,846,421.22	
Defense Aid, Vessels and Other Watercraft, balance at close of fiscal year	\$			504,528,175.43	368,846,421.22	211,183,964.73	211,183,964.73

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(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTS

OCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
Defense Aid, Facilities and Equipment (Allotment to United States Maritime Commission):							
Allotments from defense aid appropriations				50,000,000.00	15,000,000.00	6,000,000.00	71,000,000.00
Collections				-0-	-0-	22,072,315.34	22,072,315.34
Total receipts				50,000,000.00	15,000,000.00	28,072,315.34	93,072,315.34
Less: Disbursements				4,518,589.30*	47,426,545.88*	34,490,637.75*	86,435,772.93*
Excess of receipts or disbursements				45,481,410.70	32,426,545.88*	6,418,322.41*	
Add: Balance at beginning of fiscal year				-0-	45,481,410.70	13,054,864.82	
Defense Aid, Facilities and Equipment, balance at close of fiscal year	\$			45,481,410.70	13,054,864.82	6,636,542.41	6,636,542.41
Defense Aid, Agricultural, Industrial and other Commodities (Allotment to United States Maritime Commission):							
Allotments from defense aid appropriations					114,633,500.00	-0-	114,633,500.00
Transfer to War Shipping Administration					93,659,641.76*	-0-	93,659,641.76*
Balance of allotment after transfer					20,973,858.24	-0-	20,973,858.24
Less: Disbursements					20,973,858.24*	-0-	20,973,858.24*
Defense Aid, Agricultural, Industrial and other Commodities, balance at close of fiscal year	\$				-0-	-0-	-0-
Defense Aid, Testing, Reconditioning, etc., of Defense Articles (Allotment to United States Maritime Commission):							
Allotment from defense aid appropriations				13,596,936.00	124,678,064.00	64,500,000.00	202,775,000.00
Transfer to War Shipping Administration				-0-	113,052,479.06*	-0-	113,052,479.06*
Balance of allotment after transfer				13,596,936.00	11,625,584.94	64,500,000.00	89,722,520.94
Collections				-0-	-0-	154,824.74	154,824.74
Total receipts				13,596,936.00	11,625,584.94	64,654,824.74	89,877,345.68
Less: Disbursements				1,159,538.88*	23,978,656.57*	3,972,039.76*	29,110,235.21*
Excess of receipts or disbursements				12,437,397.12	12,353,071.63*	60,682,784.98	
Add: Balance at beginning of fiscal year				-0-	12,437,397.12	84,325.49	
Defense Aid, Testing, Reconditioning, etc., of Defense Articles, balance at close of fiscal year	\$			12,437,397.12	84,325.49	60,767,110.47	60,767,110.47
Defense Aid, Services and Expenses (Allotment to United States Maritime Commission):							
Allotments from defense aid appropriations				264,000.00	-0-	10,000.00	274,000.00
Transfer to Lend Lease Administration and return of allotments				-0-	8,436.38*	10,000.00*	18,436.38*
Balance of allotment after transfers				264,000.00	8,436.38*	-0-	255,563.62
Less: Disbursements				255,563.62*	-0-	-0-	255,563.62*
Excess of receipts or disbursements				8,436.38	8,436.38*	-0-	
Add: Balance at beginning of fiscal year				-0-	8,436.38	-0-	
Defense Aid, Services and Expenses, balance at close of fiscal year	\$			8,436.38	-0-	-0-	-0-

(APPENDIX A)

APPROPRIATIONS, TRANSFERS, COLLECTIONS, AND DISBURSEMENTS.

OCTOBER 26, 1936 TO JUNE 30, 1943

	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	July 1, 1941 to June 30, 1942	July 1, 1942 to June 30, 1943	Total
Defense Aid, Administrative Expenses (Allotment to United States Maritime Commission):							
Allotments from defense aid appropriations	\$			294,000.00	-0-	350,000.00	644,000.00
Collections				-0-	-0-	7,735.95	7,735.95
Total receipts				294,000.00	-0-	357,735.95	651,735.95
Less: Disbursements				742.10*	224,005.51*	392,505.72*	617,253.33*
Excess of receipts or disbursements				293,257.90	224,005.51*	34,769.77*	
Add: Balance at beginning of fiscal year				-0-	293,257.90	69,252.39	
Defense Aid, Administrative Expenses, balance at close of fiscal year	\$			293,257.90	69,252.39	34,482.62	34,482.62
Special Deposit Account:							
Transfer from 6910200 - Construction Fund						5,127,228.10	5,127,228.10
Collections and Good-faith Deposits						229,256.12	229,256.12
Total receipts						5,356,484.22	5,356,484.22
Less: Return of Good-faith Deposits and other disbursements						1,227,534.51*	1,227,534.51*
Excess of receipts or disbursements						4,128,949.71	
Add: Balance at beginning of fiscal year						-0-	
Special Deposit Account, balance at close of fiscal year	\$					4,128,949.71	4,128,949.71
Summary of Available Funds at Close of Fiscal Year:							
Construction Fund, Revolving Fund, United States Maritime Commission	\$ 112,374,904.71	72,118,753.99	69,859,253.21	174,160,504.09	1,887,537,707.62	3,930,275,679.10	
Emergency Ship Construction Fund, United States Maritime Commission	-0-	-0-	-0-	302,196,006.33	169,923,153.66	15,191,121.36	
Judgments, United States Courts, United States Maritime Commission	-0-	-0-	-0-	-0-	-0-	5,287,615.10	
Federal Ship Mortgage Insurance Fund	-0-	500,450.00	512,438.77	520,234.69	532,685.02	561,335.45	
Marine and War Risk Insurance Fund	-0-	-0-	-0-	39,999,956.25	-0-	-0-	
State Marine-school Funds, Fiscal Years 1938 to 1942	-0-	-0-	-0-	79,363.28	-0-	-0-	
Emergency Fund for the President - War (Allotment to United States Maritime Commission)	-0-	-0-	-0-	5,992,354.42	6,493.12	523,112.90	
Working Funds, United States Maritime Commission - Navy Department	-0-	-0-	-0-	14,707,937.50	26,636,951.17	432,926,577.57	
Working Funds, United States Maritime Commission - War Department	-0-	-0-	-0-	132,817.70	4,456,123.23	12,328,184.43	
Defense Aid, Allotments to United States Maritime Commission	-0-	-0-	-0-	562,748,677.53	382,054,863.92	278,622,100.23	
Deposits, Rents, National Defense Housing Project	-0-	-0-	-0-	-0-	117,170.16	125,862.67	
Deposits, Compensation for Foreign Merchant Vessels	-0-	-0-	-0-	-0-	3,600,000.00	-0-	
Special Deposit Account	-0-	-0-	-0-	-0-	-0-	4,128,949.71	
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	2,474,865,147.90	4,679,970,538.52	
Employees' Trust Funds:							
Employees' War Savings Bonds, United States Maritime Commission						\$ 171,325.94	
Employees' Victory Tax, United States Maritime Commission						166,564.61	
Total Employees Trust Fund						\$ 337,890.55	

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(APPENDIX C)

VESSELS BUILT IN UNITED STATES SHIPYARDS FOR MARITIME COMMISSION, BRITISH AND PRIVATE ACCOUNTS

JULY 1, 1942 TO JUNE 30, 1943

[illegible]

(APPENDIX B)
SUMMARY OF SHIP CONSTRUCTION PROGRAM
AS AT JUNE 30, 1943

Ships Completed		Under Construction (Including Awards)		Total of all Vessels	
No. of Vessels	Estimated Completion Costs to June 30, 1943	No. of Vessels	Estimated Completion Costs to June 30, 1943	No. of Vessels	Estimated Completion Costs to June 30, 1943
East Coast - Long Range Program					
477	\$ 1,091,036,889	982	\$ 2,469,314,000	1,459	\$ 3,560,350,889
210	75,745,555	42	131,695,408	278	282,767,172
For Other Governmental Agencies	150,380,554	98	176,929,647	115,839,638	114,615,944
Gulf Coast - Long Range Program					
74	167,945,712	671	1,488,044,500	745	1,655,990,212
68	136,000,000	1	2,000,000	69	138,000,000
Defense Aid Program	151,655,020	184	10,840,176	131,588,401	134,615,588
For Other Governmental Agencies	89,525,442	10	29,521,000	95,769,380	95,769,380
Total Gulf Coast					
720	557,395,019	866	1,530,405,676	1,586	2,087,800,695
101,794,287	89,525,442	29,521,000	6,243,938	131,315,287	131,315,287
West Coast - Long Range Program					
581	1,244,868,282	408,449,246	3,834,119,025	1,883	5,078,987,307
131	262,000,000	-	-	131	262,000,000
Defense Aid Program	48,814,107	4,146,405	121,854,760	52,445,089	52,445,089
For Other Governmental Agencies	219,088,146	1,481	3,960,120,190	445,138,013	445,138,013
Total West Coast					
922	1,802,286,647	1,551,697,513	5,511,697,513	2,433	7,192,652,652
227	28,299,652	37	48,893,421	50	71,192,652
Defense Aid Program	28,299,652	11,310,421	10,148,513	245	37,873,902
For Other Governmental Agencies	1,625,000	1,304,159	6,287,159	54	7,591,720
Total Great Lakes					
245	52,178,652	104	160,653,421	349	212,832,073
5	1,625,000	49	100,450,000	54	102,075,000
For Other Governmental Agencies	245	104	160,653,421	349	212,832,073
Procurement and Servicing - Defense Aid Program Allocable to Ship Construction					
-	536,474	315,072	299,982	891,546	891,546
Total - Long Range Program					
2,680	\$ 3,733,651,760	3,543	\$ 8,409,433,414	6,223	\$ 12,143,085,174
1,145	2,528,150,535	2,992	7,840,370,255	4,137	2,904,847,417
Emergency Ship Program	398,000,000	1,772,456	769,125,717	2,000,000,000	369,598,437
Defense Aid Program	280,447,913	183,541,721	55,814,681	492,174,740	336,733,973
For Other Governmental Agencies	500,668,206	383,521,168	64,292,426	884,389,374	472,733,973
Total All Programs					
2,680	\$ 3,733,651,760	3,543	\$ 8,409,433,414	6,223	\$ 12,143,085,174
214	500,668,206	168	383,521,168	382	884,389,374
1,122	308,633,019	382	183,541,721	1,504	492,174,740
Defense Aid Program	398,000,000	1	1,772,456	200	369,598,437
Emergency Ship Program	2,528,150,535	2,992	7,840,370,255	4,137	2,904,847,417
For Other Governmental Agencies	214	168	383,521,168	382	884,389,374
Total Tonnage					
(Ships 172) (Small Craft 2)	1,145	(Ships 119) (Small Craft 263)	2,992	(Ships 291) (Small Craft 2)	4,137
For Other Governmental Agencies	214	168	382	382	884,389,374
Defense Aid Program	1,122	382	183,541,721	1,504	492,174,740
Emergency Ship Program	2,528,150,535	2,992	7,840,370,255	4,137	2,904,847,417
For Other Governmental Agencies	214	168	383,521,168	382	884,389,374
Note: (A) No deadweight tonnage included for 1,215 small craft. (B) Includes reimbursement to the shipbuilder for facilities rental payments to the defense plant corporation.					

(APPENDIX D)

CONSTRUCTION OF SHIPWAYS AND OTHER FACILITIES

AS AT JUNE 30, 1943

<u>District</u>	<u>Long Range Program</u>		<u>Emergency Ship Program</u>		<u>Defense Aid Program</u>		<u>Total All Programs</u>	
	<u>No. of Shipways</u>	<u>Estimated Cost</u>	<u>No. of Shipways</u>	<u>Estimated Cost</u>	<u>No. of Shipways</u>	<u>Estimated Cost</u>	<u>No. of Shipways</u>	<u>Estimated Cost</u>
East Coast	47	\$ 106,483,261	9	\$ 20,103,407	28	\$ 37,071,814	84	\$ 163,658,482 ^{1/}
Gulf Coast	37	92,798,546	17	24,541,031	3	4,823,440	57	122,163,017 ^{2/}
West Coast	67	196,234,742	25	41,614,673	12	25,773,920	104	263,623,335 ^{3/}
Great Lakes	-	2,680,764	-	-	-	-	-	2,680,764 ^{4/}
Procurement and Servicing Expense						110,752		110,752
Total	151	\$ 398,197,313	51	\$ 86,259,111	43	\$ 67,779,926	245	\$ 552,236,350

^{1/} Includes cost of expansion of existing facilities, transportation and housing, totalling \$31,615,022.

^{2/} Includes cost of expansion of existing facilities, transportation, housing and provision for contingent liability in connection with canceled contracts, totalling \$32,530,303.

^{3/} Includes cost of expansion of existing facilities, transportation and housing, totalling \$64,513,061.

^{4/} Cost of expansion of existing facilities \$2,680,764.

(APPENDIX E)

SHIPBUILDING PROGRAM - SALES OF SHIPS

LONG RANGE PROGRAM

FISCAL YEAR 1943

<u>Purchaser</u>	<u>Type of Ship</u>	<u>No. of Ships</u>	<u>Sales Price</u>
<u>Completed:</u>			
Alcoa S.S. Co., Inc.	C-1 Cargo	6	\$ 8,508,262.06
American South African Line	C-2 Cargo	3	4,828,146.00
Barber Asphalt Co.	Tanker	1	3,122,000.00
Cleveland Cliffs S.S. Co.	Ore Carrier	2	4,500,000.00
Grace Line, Inc.	C-2 Cargo	5	8,046,910.00
Gulf Oil Co.	Tanker	2	6,244,000.00
Interlake S.S. Co.	Ore Carrier	1	2,250,000.00
Kaymar Tankers, Inc.	Tanker	1	3,122,000.00
Keystone Tankship Corp.	Tanker	1	3,122,000.00
Lykes Bros. S.S. Co., Inc.	C-1 Cargo	4	5,668,229.45
Mississippi Shipping Co., Inc.	C-2 Cargo	6	9,888,857.14
Moore-McCormack Lines, Inc.	C-1 Cargo	7	10,170,524.00
Pittsburg S.S. Co.	Ore Carrier	1	2,250,000.00
Reiss S.S. Co.	Ore Carrier	1	2,250,000.00
Seamar Tankers, Inc.	Tanker	2	6,244,000.00
Socony Vacuum Oil Co.	Tanker	5	15,824,000.00
Standard Oil Co. of New Jersey	Tanker	6	18,839,000.00
Texas Co.	Tanker	5	15,610,000.00
U. S. Lines Co.	C-2 Cargo	3	4,648,355.04
Waterman S.S. Corp.	C-2 Cargo	4	12,800,000.00
Wilson Transit Co.	Ore Carrier	1	2,250,000.00
Total Sales of Ships Completed		<u>67</u>	<u>150,186,283.69</u>
<u>Under Construction:</u>			
American Export Lines, Inc.	Special Cargo	4	6,766,000.00
Buckeye S.S. Co.	Ore Carrier	1	2,290,000.00
Grace Line, Inc.	C-2 Cargo	5	8,250,000.00
Great Lakes S.S. Co.	Ore Carrier	2	4,540,000.00
Gulf Oil Co.	Tanker	1	3,100,000.00
Interlake S.S. Co.	Ore Carrier	2	4,540,000.00
Lykes Bros. S.S. Co., Inc.	C-2 Cargo	2	3,177,000.00
Mississippi Shipping Co., Inc.	C-2 Cargo	1	1,623,513.00
Pioneer S.S. Co.	Ore Carrier	1	2,250,000.00
Pittsburg S.S. Co.	Ore Carrier	2	4,500,000.00
Socony Vacuum Oil Co.	Tanker	1	3,229,000.00
Waterman S.S. Corp.	C-2 Cargo	1	3,000,000.00
Total Sales of Ships Under Construction		<u>23</u>	<u>47,265,513.00</u>
Total Sales of Ships Completed and Under Construction		<u>90</u>	<u>\$ 197,451,796.69</u>

(Does not include transfers to other Government Agencies)

(APPENDIX F)

VESSELS OVER 20 YEARS OF AGE ON WHICH AN OPERATING-DIFFERENTIAL
SUBSIDY WAS PAID DURING THE PERIOD JULY 1, 1942 TO JUNE 30, 1943
ON TRIPS MADE PRIOR TO REQUISITIONING BY THE GOVERNMENT

<u>Name of Contractor</u>	<u>Terminations by Fiscal Years</u>	<u>Vessel</u>	<u>Date, 20 Years of Age</u>	<u>Total No. of Vessel</u>
American Export Lines, Inc.	(1938-1940, incl.	Examiner	Oct. 20, 1939)	15
	(1938-1939, incl.	Examelia	Jan. 18, 1940)	
	(1938-1940, incl.	Excello	July 27, 1939)	
	(1938-1940, incl.	Exchange	June 15, 1939)	
	(1938-1939, incl.	Exchester	Apr. 21, 1940)	
	(1938-1940, incl.	Executive	Aug. 22, 1940)	
	(1938-1940, incl.	Exermont	Feb. 27, 1940)	
	(1939-1940, incl.	Exiria	Sept. 13, 1939)	
	(1938-1940, incl.	Exhibitor	Apr. 8, 1939)	
	(1938-1941, incl.	Exminister	May 16, 1939)	
	(1939-1940, incl.	Exmoor	Oct. 5, 1939)	
	(1938-1940, incl.	Exmouth	Mar. 8, 1940)	
	(1938-1940, incl.	Express	Oct. 14, 1939)	
	(1938-1940, incl.	Extavia	Dec. 30, 1939)	
	(1941	Siboney	Apr. 7, 1938)	
American President Lines, Ltd.	(1942	President Cleveland	Jan. 31, 1941)	7
	(1941-1942, incl.	President Grant	Apr. 22, 1941)	
	(1941-1942, incl.	President Harrison	Jan. 6, 1941)	
	(1941-1942, incl.	President Pierce	Jan. 27, 1941)	
	(1941	President Taft	Apr. 29, 1941)	
	(1942	President Taylor	Mar. 6, 1941)	
American South African Lines, Inc.	(1942	President Tyler	Dec. 6, 1940)	3
	(1941-1942, incl.	Challenge	Oct. 3, 1938)	
	(1941-1942, incl.	Charles H. Cramp	Nov. 1, 1940)	
Grace Line, Inc.	(1942	Henry S. Grove	Feb. 16, 1941)	4
	(1939	Cacique	Oct. 31, 1938)	
	(1939	Falcon	July 16, 1939)	
	(1941	Siletz	Oct. 18, 1939)	
	(1941	West Celeron	June 13, 1939)	
	(1938-1939, incl.	Almeria Lykes	May 23, 1940)	
	(1939-1942, incl.	American Press	Feb. 27, 1940)	
	(1939-1941, incl.	Aquarius	May 20, 1940)	
	(1939-1942, incl.	Cardonia	June 30, 1940)	
	(1938-1942, incl.	Chester Valley	Dec. 30, 1939)	
	(1938-1941, incl.	City of Omaha	Mar. 11, 1940)	
	(1939-1940, incl.	Cranford	Jan. 16, 1940)	
	(1940	Cripple Creek	Oct. 20, 1939)	
	(1940	Duquesne	Mar. 2, 1939)	
	(1939	Edgehill	Apr. 1, 1939)	
	(1938-1941, incl.	Effingham	Nov. 2, 1939)	
	(1939	Endicott	Sept. 23, 1939)	
	(1939-1940, incl.	Eglantine	Nov. 19, 1939)	

(APPENDIX F CONTINUED)

<u>Name of Contractor</u>	<u>Terminations by Fiscal Years</u>	<u>Vessel</u>	<u>Date, 20 Years of Age</u>	<u>Total No. of Vessels</u>
Lykes Bros. Steamship Co., Inc.	(1940	Ethan Allen	Mar. 18, 1940)	44
	(1938-1942, incl.	Genevieve Lykes	Sept. 14, 1939)	
	(1939	Handover	Oct. 23, 1939)	
	(1940-1941, incl.	Hybert	Sept. 26, 1940)	
	(1940-1941, incl.	Liberator	June 28, 1938)	
	(1938-1942, incl.	Margaret Lykes	Feb. 12, 1940)	
	(1939-1941, incl.	Meanticut	Mar. 25, 1941)	
	(1939-1940, incl.	Narbo	Nov. 29, 1940)	
	(1938-1941, incl.	Nashaba	June 6, 1941)	
	(1938-1940	Nemaha	July 12, 1940)	
	(1940	Nishmaha	Oct. 29, 1939)	
	(1938-1940, incl.	Oakwood	Oct. 29, 1940)	
	(1939-1940, incl.	Patrick Henry	Apr. 27, 1940)	
	(1938-1942, incl.	Ruth Lykes	Nov. 10, 1939)	
	(1939-1941, incl.	Scottsburg	Nov. 28, 1939)	
	(1938-1941, incl.	Stella Lykes	Oct. 2, 1939)	
	(1938-1942, incl.	Tillie Lykes	Apr. 29, 1940)	
	(1938-1940	Tripp	July 30, 1939)	
	(1938-1942, incl.	Velma Lykes	May 7, 1940)	
	(1939-1941, incl.	Volunteer	Aug. 22, 1938)	
	(1938-1940	Waban	Oct. 14, 1939)	
	(1939-1940, incl.	West Chatala	Aug. 17, 1939)	
	(1938-1940	West Cobalt	Dec. 27, 1938)	
	(1938-1940-1941	West Cohas	June 28, 1938)	
	(1939	West Gambo	July 19, 1938)	
	(1938-1940, incl.	West Harshaw	July 28, 1939)	
	(1939	West Hobomac	Aug. 16, 1938)	
	(1939-1940, incl.	West Quechee	May 23, 1939)	
	(1940	West Tacook	Apr. 22, 1939)	
	(1939-1941, incl.	Winston Salem	Apr. 25, 1940)	
	(1939	Youngstown	May 28, 1939)	
Mississippi Shipping Co., Inc.	(1940	Clearwater	Mar. 7, 1940)	9
	(1940-1941, incl.	Delalda	Apr. 10, 1939)	
	(1940-1942, incl.	Delmar	Oct. 10, 1940)	
	(1940-1942, incl.	Delmundo	Dec. 1, 1939)	
	(1940-1942, incl.	Delnorte	May 30, 1939)	
	(1940-1942, incl.	Delplata	Aug. 16, 1940)	
	(1940-1943, incl.	Delrio	Aug. 22, 1939)	
	(1940-1941, incl.	Delsud	July 29, 1939)	
14-5005	(1941-1942, incl.	Delvalle	Nov. 17, 1939)	
	(1941	Capulin	June 30, 1940)	
	(1941	City of Flint	Feb. 28, 1940)	
	(1941	Collamer	Feb. 21, 1940)	
	(1939	Collingsworth	Mar. 26, 1940)	

(APPENDIX F CONTINUED)

<u>Name of Contractor</u>	<u>Terminations by Fiscal Years</u>	<u>Vessel</u>	<u>Date, 20 Years of Age</u>	<u>Total No. of Vessels</u>
Moore-McCormack Line, Inc.	(1941	Deerlodge	July 16, 1939)	24
	(1941	Independence Hall	Aug. 2, 1940)	
	(1939-1941	Mormacmar	Oct. 28, 1940)	
	(1939-1940, incl.	Mormacport	Aug. 22, 1939)	
	(1939-1941	Mormacrey	Sept. 19, 1939)	
	(1939-1941	Mormacrio	Oct. 30, 1939)	
	(1938-1940, incl.	Mormacsea	Mar. 13, 1941)	
	(1938	Mormacstar	Sept. 5, 1939)	
	(1939-1941	Mormacsul	Mar. 19, 1940)	
	(1938-1939, incl.	Mormacsun	Oct. 11, 1940)	
	(1938-1939, incl.	Mormactide	Mar. 23, 1939)	
	(1938-1940, incl.	Scanpenn	Sept. 28, 1939)	
	(1938-1940, incl.	Scanstates	Jan. 28, 1939)	
	(1938-1940, incl.	Scanyork	May 9, 1939)	
	(1938-1939, incl.	Scanmail	Oct. 28, 1939)	
	(1938-1940	Southfolk	June 27, 1939)	
	(1938-1939, incl.	Southlure	Aug. 31, 1940)	
	(1939	West Cusseta	Jan. 18, 1941)	
	(1939	West Imboden	Mar. 14, 1939)	
	(1941	West Keene	Aug. 15, 1939)	
New York & Cuba Mail Steamship Company	(1939	Agwidale	Nov. 15, 1938)	5
	(1938-1940, incl.	Agwistar	Feb. 14, 1939)	
	(1938-1939, incl.	Orizaba	June 4, 1938)	
	(1938-1940, incl.	Panuco	Jan. 18, 1937)	
	(1938-1940, incl.	Siboney	Apr. 7, 1938)	
Seas Shipping Co.	(1941-1942, incl.	Algic	Aug. 25, 1941)	8
	(1941-1942, incl.	Greylock	Aug. 28, 1941)	
	(1941-1942, incl.	Pipestone County	July 18, 1939)	
	(1941-1942, incl.	Robin Adair	Jan. 9, 1940)	
	(1941-1942, incl.	Robin Goodfellow	Feb. 9, 1940)	
	(1941-1942, incl.	Robin Grey	Jan. 22, 1940)	
	(1941	Robin Hood	Jan. 6, 1940)	
United States Lines Co.	(1941-1942, incl.	West Imboden	Mar. 14, 1939)	11
	(1941	Artigas	Apr. 30, 1940)	
	(1941	Capulin	June 30, 1940)	
	(1941	City of Dalhart	Feb. 28, 1941)	
	(1941	Jeff Davis	Apr. 22, 1941)	
	(1941	Lehigh	July 29, 1939)	
	(1941	McKeesport	Apr. 11, 1939)	
	(1941	Potter	Dec. 20, 1940)	
	(1941	Quaker City	Feb. 3, 1940)	
	(1941	Tampa	Feb. 3, 1940)	
	(1941	West Honaker	Dec. 22, 1940)	
	(1941	Yomachichi	Oct. 16, 1939)	
Total				<u>130</u>

(APPENDIX I)

STATEMENT REFLECTING CASH AND UNITED STATES GOVERNMENT SECURITIES ON DEPOSIT IN THE STATUTORY

CAPITAL AND SPECIAL RESERVE FUNDS AND CONTRACTUAL CONSTRUCTION FUNDS

OF SUBSIDIZED OPERATORS, AS AT JULY 31, 1943

<u>Operator</u>	<u>Capital Reserve Fund</u>	<u>Special Reserve Fund</u>	<u>Construction Fund</u>	<u>Total</u>
American Export Lines, Inc.	\$ 8,164,611.64	7,699,438.94	-	15,864,050.58
American Mail Line, Ltd.	138,065.20	1,530,521.55	-	1,668,586.75
American President Lines, Ltd.	1,338,519.26	6,000,460.61	-	7,338,979.87
American South African Line, Inc.	3,242,931.14	3,925,483.85	-	7,168,414.99
Grace Line, Inc.	165,348.81	2,697,453.56	-	2,862,802.37
Lykes Bros. Steamship Co., Inc.	9,465,474.15	8,272,049.33	412,617.85	18,150,141.33
Mississippi Shipping Company, Inc.	684,769.47	4,864,608.72	-	5,549,378.19
Moore-McCormack Lines, Inc.	6,671,129.97	6,005,602.46	-	12,676,732.43
New York and Cuba Mail Steamship Co.,	989,080.79	1,441,426.97	-	2,430,507.76
Oceanic Steamship Co., The	1,586,768.77	1,175,178.63	-	2,761,947.40
Seas Shipping Co., Inc.	2,082,241.78	7,010,717.11	-	9,092,958.89
United States Lines Company	2,076,371.55	3,402,510.18	-	5,478,881.73
Totals	\$ <u>36,605,312.53</u>	<u>54,025,451.91</u>	<u>412,617.85</u>	<u>91,043,382.29</u>