

UNITED STATES MARITIME COMMISSION

REPORT TO CONGRESS

**FOR THE PERIOD ENDED
JUNE 30
1944**



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UNITED STATES MARITIME COMMISSION

OFFICE: COMMERCE BUILDING

WASHINGTON, D. C.

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LETTER OF TRANSMITTAL

UNITED STATES MARITIME COMMISSION,

Washington, December 1, 1944.

To The Congress:

I have the honor to present herewith the report of the United States Maritime Commission for the year ending June 30, 1944, pursuant to section 209 of the Merchant Marine Act, 1936, as amended.

The Commission is not submitting at this time any recommendations for legislation, other than to emphasize the urgent need for the enactment of legislation which will establish basic prices for the disposal to private ownership of the ships presently in the Government fleet. This is a very important part of the reconversion of industry to peacetime operations. From time to time as the occasion requires the Commission will submit further recommendations for legislation to Congress.

E. S. LAND, *Chairman.*

UNITED STATES MARITIME COMMISSION

INTRODUCTION

The efforts of the United States Maritime Commission during the fiscal year ending June 30, 1944, were primarily directed to the construction of vitally needed ships to back up the military forces in the Nation's war effort. While the submarine sinkings had gradually lessened during the fiscal year, there was nevertheless the imperative need for ships and more ships in order to meet the demands of the ever widening fields of operation.

More ships were required, first, for the continuance of the military operations in the Mediterranean and southwest Pacific areas; and, second, in preparation for the invasion of Europe from the west which occurred late in the fiscal year, and for the projected operations in the central and western Pacific areas, leading to the eventual all-out attack against Japan.

The Maritime Commission which was created by Congress to administer the provisions of the Merchant Marine Act, 1936, has for the past 2 years and for the duration of the war will probably be engaged primarily in building ships. As these vessels are completed, they are immediately turned over to the War Shipping Administration or the Army or the Navy for use and operation.

The Commission at no time, however, has lost sight of the direction of the Congress to foster the development and to encourage the maintenance of an adequate merchant marine under the Stars and Stripes. It has carried on such of the responsibilities as were delegated to it by the Merchant Marine Act of 1936, as amended, which were not transferred to the War Shipping Administration by Executive Order 9054 of February 7, 1942, and it has carried forward studies of the post-war Merchant Marine.

The functions of the Maritime Commission and of the War Shipping Administration are currently being prosecuted to full maximum production and operating capacity. It is anticipated that this will continue until the war with Germany is terminated. Upon the happening of that event, and within the discretion of the military authorities, there may be some reduction in our ship construction program. However, it is obvious that until the war with Japan is terminated our War Shipping Administration vessel operation activi-

ties must continue with full vigor, with the emphasis somewhat diverted from the European area to the Pacific and Asiatic areas.

With the termination of both the European and Japanese wars, it is anticipated that there will remain definite requirements for transportation facilities for the armed forces and relief agencies as well as the resumption of commercial transportation. It is impossible at the moment to have any clear picture of what will be required of merchant vessels for the transportation of troops and supplies, relief and rehabilitation, and such other governmental activities as may be developed. It is clear that since wartime shipbuilding has created a merchant fleet many times the size of the one in existence before the emergency construction program had started, the operation of the fleet will be of much greater magnitude than before the war. Practically all merchant vessels flying the American flag were requisitioned for either title or use during the war, and as soon as practicable, it is the desire of the Commission and in accordance with the intent of the Merchant Marine Act, 1936, to return these vessels to their owners or dispose of them for normal merchant marine services.

The Maritime Commission is a permanent statutory long-range agency which is now engaged almost exclusively in war activities. The War Shipping Administration is strictly a war agency to which were assigned many of the duties of the Maritime Commission when the War Shipping Administration was set up under Executive order. Many of these functions will have to be continued after the war and it is assumed that they will revert to the Maritime Commission.

What the immediate future construction program will be depends upon the continuance of the construction of those types of vessels considered most urgently needed by the joint chiefs of staff. Consideration will likewise have to be given to such additional construction that may be required to meet the needs of American steamship companies for the resumption of competitive commercial operations. This latter type of construction, however, cannot be developed to any considerable degree until all vessels needed for military service have been constructed.

The scope of future activities of the Maritime Commission is dependent in some respects upon the action of commercial steamship operators. While it is anticipated that the requirements for ships for private operation can and will be met to some extent with vessels already constructed and now in operation, it is known to the Commission that demands for certain designs of ships for post-war operations cannot be satisfied by many of the types of vessels constructed primarily to meet war needs that may be made available with the termination of the war. The Commission has already received applications for the purchase of over 50 standard C-type ships even

before prices or sales terms are known. It is therefore estimated that there will be a substantial continuing demand for new construction.

CONSTRUCTION PROGRAM

In the first half of the 1944 fiscal year, 1,017 vessels aggregating 10,410,971 deadweight tons, were completed, while during the second half of the fiscal year 864 vessels aggregating 8,614,260 deadweight tons were constructed. The difference between the two periods arose as a result of the shift from the slow Liberty type to the faster Victory type, with many conversions for military use, and the construction of special military types for the Army and the Navy.

Notwithstanding the material loss in tonnage production which occurred when the switch from Liberty to Victory types took place due to the far greater man-hours required to complete the Victory and special military types than were needed for the Liberty type, the construction of 1,881 vessels with an aggregate of 19,025,231 deadweight tons for the full year is a record for a fiscal year never before reached, and one which it is doubted will soon be equaled.

If the vessels that have been converted during the fiscal year to military use had been completed as regular cargo vessels, the aggregate deadweight tonnage would have been larger. The deadweight of a vessel is the number of tons of cargo, fuel oil, fresh water, and stores it can carry down to the full load draft. The weight of any additional equipment or passenger accommodations placed upon a vessel correspondingly reduces the number of tons of cargo that it can carry and remain within the safety range.

A Liberty ship of 7,176 gross tons has a deadweight capacity of 10,800 tons, while the former cabin liner *America* of 26,455 gross tons had a deadweight capacity of only 14,361 tons. The former French superliner *Normandie* of 83,423 gross tons had a deadweight capacity of only 13,288 tons. With both the *America* and the *Normandie*, the deadweight cargo capacity was materially lessened by the fuel oil, fresh water, and stores that were carried.

Types

Of the 1,881 ships completed for service during the fiscal year, 1,065 were of the Liberty type; 222 were oceangoing tankers; 23 were coastal tankers; 62 were tankers converted from Liberty types; 46 were the new Victory type; 164 were the standard C-type; 30 were coastal cargo ships; 10 were bulk ore carriers for use on the Great Lakes; 34 were large oceangoing tugs; 41 were non-self-propelled concrete barges; 10 were self-propelled concrete barges; and 174 were military types.

In comparison with the previous fiscal year, there was an increase in the 1944 fiscal year of 484 ships and 4,671,224 deadweight tons over the previous year.

Total Number Constructed

The total number of vessels of all types constructed under the supervision of the Maritime Commission from the inception of the program in 1937 to the end of the 1944 fiscal year was 4,910 at an estimated completed cost of \$8,382,673,897, with 1,855 under construction or on contract at an estimated completed cost of \$5,441,628,921. The over-all picture at the end of the fiscal year was 6,765 vessels constructed, under construction, or on contract, with a total estimated completed cost of \$13,824,302,818 of which \$8,947,946,299 had been disbursed as of June 30, 1944. The completed deadweight tonnage was 36,305,427 with 17,633,400 under construction or a total of 53,938,827 deadweight tons. The details of the total over-all program from its inception to June 30, 1944, are shown in appendix B of this report, including an itemization of the ships built, building, or on contract at that time together with estimated completion costs and disbursements made to that date.

Shipbuilding Facilities

No new shipyards were established during the fiscal year, but \$31,142,777 were expended during that period for additional facilities in existing yards primarily to outfit the yards for the switch from the Liberty to the Victory type. The expenditures made on shipbuilding facilities with their regional locations are shown on appendix D.

Credit Due to Shipbuilders and Their Employees

The shipbuilders and their employees and the large number of contractors and subcontractors who have been supplying equipment for vessels under construction have been most faithful to the trust put in them to provide the ships needed to carry on our war effort. The Commission would be remiss in its duty if it did not credit the shipbuilding industry, the shipyard employees, and the suppliers of a wide variety of materials from practically every State in the Union with a remarkable performance.

There have been times when the manpower problems have seemed insurmountable but the month by month answer of the shipyards to the demands of the military needs has been heartening. The details of this record are shown in appendix C of this report. The drop in the number of ships produced during the second half of the year, as previously stated, was occasioned by the change from the Liberty type to the Victory, standard C, tanker, and special military types. More man-hours per ship slows down the mass production.

TECHNICAL DEVELOPMENTS

As the war developed and military objectives became more clearly defined, there arose a definite need for special vessels of various types adapted to the solution of new military problems. Conventional port facilities for landing troops and supplies were lacking in many places around the globe where Allied troops were carrying the fight to the enemy. Particularly was this true in the Pacific theater where the prevalence of island fighting required beach landings that quickly presented problems of special design to shipbuilders.

Special Military Vessels

The Maritime Commission has had a conspicuous part in the design and production of the special craft developed for these purposes. Some of the problems have been solved by adaptation of existing vessels to military needs. Other situations have demanded that virtually new designs be created. Members of the Commission's technical staff have worked closely with those of the armed services and private designers in developing not only special military types but cargo carriers adapted to the unusual combat conditions of this global war.

The special types include combat loaded transports and combat loaded cargo ships essential for military operations in the Pacific area. Some of these have been delivered, with a considerable number scheduled for delivery in the fall and early winter months.

A large number of small cargo carriers of 3,840 deadweight tons are now under construction at the request of the joint chiefs of staff. They are 339 feet in length, driven by Diesel machinery placed in the stern, and so arranged as to meet the requirements of Army and Navy.

There have been a few large troopships delivered on the East coast and deliveries will begin soon on the West coast. Some of these troop carriers have seen several months of service and have proven very efficient in the services for which they are intended. These vessels were designed for combination passenger and cargo service and can be converted to that service when no longer needed for military use.

A satisfactory production of aircraft carriers in Commission yards was attained on the West coast, beginning with deliveries in July 1943, and a number of these have already stamped their names on the Nation's roll of honor for conspicuous combat service. Many frigates—small, fast, and highly maneuverable vessels designed principally for convoy escort service—have also been produced, many of them on the Great Lakes, and have given remarkable returns on convoy duty.

Victory Ships

The first deliveries of Victory ships came within the fiscal period and initial reports on their performance in service are favorable.

They exceed somewhat their design speed and their cargo handling is reported to be excellent.

Wooden Vessels

The programs of wooden vessels undertaken early in the shipbuilding emergency are now complete. These included deck scows, hold scows, large non-self-propelled barges, a few large tugs and a group of small 65-foot tugs. Many vessels among these types have seen successful service.

Concrete Vessels

The concrete ship construction program, initiated as an emergency measure when the regular shipbuilding materials were most critical, is now being brought to completion. Ten self-propelled ships were completed in this program, also a group of 41 non-self-propelled oil and non-self-propelled cargo lighters. Many of these vessels have given months of effective service under severe conditions.

These concrete vessels, contrary to the feeling of many that the program was useless, have proven most useful particularly in military operations. Some of the barges have carried gasoline to the South Pacific area and a number of them have been used as floating warehouses in that area. Others have been completed for refrigerated service for Army use and two were sacrificed in the so-called "corn-cob" operations at the Normandy beachhead.

Welding

A large amount of study and experiment has been given to problems involved in welding ships' structures which has already resulted in alterations in certain details of welding procedure. Pursuit of the studies, the Commission believes, will make further advances possible.

Gas Turbine

The Commission is carefully developing the gas turbine as a means of ship propulsion. A contract has been awarded for the design and construction of the new type of turbine, but some difficulties have been encountered, for whose solutions the Commission is collaborating with the Navy in the development of such a turbine.

Great Lakes Yards

The Nation's shipbuilding capacity was enhanced somewhat during the fiscal period by development of a method for delivering medium-sized oceangoing vessels built on the Great Lakes by way of the Mississippi River. Several shipyards in the area were capable of constructing these vessels but the route to the sea by the St. Lawrence River imposed limitations of length, beam, and draft. A possible route through the Chicago Drainage Canal into the Illinois and Mississippi Rivers had only the limitations of draft in the upper reaches of the

rivers and bridges to face. These were overcome by attachment of steel pontoons to the aft ends of the vessels and the removal of the masts and parts of the superstructure before they entered the rivers. By this means the sterns were raised sufficiently high to clear all shallow water. The superstructure and the masts were reinstalled at Gulf ports. These innovations permitted utilization of several Great Lakes shipyards and available manpower for construction of highly important oceangoing ships.

PRODUCTION AND SCHEDULING

Steel plate remained the largest single component of ship construction and the scheduling of this vital material through milling processes, allocating its distribution in line with shipyard requirements and expediting its delivery so that shipbuilding would not be delayed continued to be the most important functions in the production and scheduling work of the Commission.

Several hundred persons were required in Washington and in the field to keep these functions operating smoothly so that there might be maintained an orderly flow of shipbuilding materials from the sources of production to the points of ultimate use.

With 50 shipyards actively engaged during the fiscal year in the construction of vessels for the Maritime Commission and with the change over from Liberty ship to the Victory ship program, and the enlarged construction program for military type vessels, the production and scheduling of material for these yards required and received very careful attention.

A close integration between the production and procurement activities of the Commission was maintained to insure this smoothness. Materials and parts for many types of ships in the construction program were purchased by the Commission. As such purchase orders were placed they came under the purview of these agencies to align them with ship production schedules, steel mill schedules, transportation, priorities, and other regulations governing the wartime procurement and delivery of critical materials.

The basis of material purchases and allocations is the ship construction schedule. The ship program is also the basis for scheduling the manufacture and delivery of ships' parts made in hundreds of factories all over the Nation in which such critical items as boilers, turbines, pumps, and other fabrications more or less common to all mechanized industry are manufactured under order M-293 of the War Production Board.

This WPB order directs fabricators of such equipment to manufacture their products on an agreed schedule prepared from listed requirements of claimant agencies. Thus a close control is maintained

over production and delivery of these critical components which has been and continues to be of inestimable benefit to the shipbuilding program.

Expediting

Expediting offices were maintained in Pittsburgh, Detroit, Chicago, and Oakland to follow Commission orders through the mills and factories to the shipyards and make certain that steel plate and other material for the construction program was scheduled according to shipyard requirements.

The controlled materials plan has been of great importance to the construction program. Under its operation the Maritime Commission continued to receive satisfactory deliveries of its requirements of the critical materials—steel, copper, and aluminum.

Special priority subjects involving relationships with the War Production Board and the Army and Navy Munitions Board in matters of material supply were handled. This work was performed also for all shipyards making their own purchases of supplies, and for vendors to shipyards.

During the fiscal year both materials and component parts have been in tight supply and extremely close planning has been required to meet the requirements of the merchant shipbuilding program, augmented as it is by the Commission's construction of military types at an accelerated rate in the fiscal year.

PROCUREMENT

Responsible for carrying out and interpreting the procurement policy of the Commission, the Procurement Division is closely associated with the construction program.

It is responsible for the procurement, transportation, maintenance, and custody of all materials, supplies, and equipment purchased by the Commission; inventorying of vessels and other projects owned or in which the Commission has an interest; maintenance and operation of warehouses; sale and transfer of Commission-owned material, and the disposal of surplus marine equipment for the Commission and other Government agencies.

With the approaching termination of the Liberty ship construction program, the enormous procurement that was necessary for this phase of the wartime building program came virtually to an end.

In the fiscal year the Division was concerned with the procurement of material and supplies for the following construction programs: Victory cargo; Victory transport; combat loaded transports; combat loaded cargo; tankers; coastal cargo, regular and special designs; and Liberty colliers.

A total of 593 ships of the above types were delivered in the fiscal year, and the procurement of materials for approximately 1,000 more was underway.

Total Orders

A total of 33,017 orders were placed by the Washington office during the fiscal year, with an aggregate value of \$1,000,040,246.96. During the same period the district offices placed 45,558 orders valued at \$29,022,779.65, or a total of \$1,029,063,026.61 embracing 78,575 separate orders.

In addition to the district purchasing offices at New York, Philadelphia, Baltimore, Norfolk, New Orleans, San Francisco, Oakland, and Chicago, new offices were opened in Seattle, Portland, and San Pedro. The Philadelphia office was given the responsibility of purchasing the material for the entire coastal tanker program, and the New Orleans office purchased all additional material required for the 24 Liberty ships which are being constructed as colliers. The Oakland office purchased all material except main propulsion engines and heat exchange equipment for the second 45 AV1 coastal cargo ships.

Equipment and supplies required for outfitting 19 medical examination centers under the jurisdiction of the War Shipping Administration were obtained by the Procurement Division.

Small War Plants

Contracts with small war plants were handled directly during the first three quarters of the fiscal year, and represented more than 40 percent of the total number of purchases made by the Commission with an approximate value of \$242,350,817. Since then contracts with plants with less than 500 employees have been handled through a representative of the Smaller War Plants Corporation working in the Commission's Procurement office.

Storage Facilities

To meet the requirements of the construction program and constantly expanding operations of the War Shipping Administration as well as the surplus property disposal operations of the Commission, additional storage facilities were acquired at Portland, Oreg.; Seattle, Wash.; Mobile, Ala.; San Pedro, Emeryville, and San Francisco, Calif.; Cristobal and Balboa, C. Z.; Reading, Pa.; Baltimore, Md.; and Hoboken, N. J.

During the year material valued at \$39,716,441.16 was received at the warehouses with material valued at \$20,587,826.50 being shipped out. At the end of the fiscal year, the value of material still on hand in Maritime Commission and War Shipping Administration warehouses aggregated \$24,356,153.95.

Checking and Routing

Activities in checking rates and routing shipments were extremely heavy due to increased purchasing and transfer of material. The transportation bill for the movement of materials procured through this Division during the fiscal year aggregated \$130,223,480.73. This entailed the preparation of 480,403 bills of lading and the issuance of 108,998 transportation vouchers.

Vessel Inventories

Physical inventories of 3,931 vessels were made during the year, and 3,326 inventory examinations were completed, effecting final settlements with the owners and charterers of the vessels involved. Inventories in process at the end of the year totaled 5,057.

Necessary actions were taken to establish and maintain applicable priorities for all shipbuilders' contracts and Maritime Commission purchase orders so that there would be no delay in the delivery of needed materials and supplies to the shipways.

Surplus Property Disposal

A Surplus Property Disposal Section was set up in the Procurement Division to handle the details of cataloging of unrequired property, and handling the disposal of marine basic hardware, marine boilers, winches, anchor windlasses, capstans, marine propulsion machinery, marine fixtures, compasses and accessories, azimuths, sextants, octants, taffrail logs, wire rope cargo nets, and wire rope slings, not only for the Maritime Commission but for all other Government agencies in accordance with the Surplus Property Act of 1944.

Following arrangements made with the Surplus War Property Administration, small lots of materials purchased for shipbuilding found to be unrequired property are disposed of at public auction in the yard where located after it has been determined that it cannot be used elsewhere by the Commission or other Government agencies. Where the material, other than the items mentioned above for which the Maritime Commission is the designed disposal agency, is valued at more than \$1,000, it is turned over by the Commission to the disposal agency designated to handle it.

CONTRACT TERMINATIONS

The Commission's Termination Committee in close cooperation with the Office of Contract Settlement set up a procedure that has been followed in the termination of contracts entered into by the Commission or by contractors of the Commission.

This procedure had in view the necessity of prompt settlement of all amounts due under such contracts so as to preserve the economic set-up of the Nation.

Up to the end of the fiscal year, 3,053 prime contracts with a value of \$1,417,340,335 were terminated. In 506 cases with a value of \$7,541,667, claims were filed, and in 157 of these cases, settlements have been approved with an aggregate value of \$1,619,449. Eighty-three claims were withdrawn or the contracts were reinstated with a value of \$623,679, and at the end of the fiscal year, there were 260 claims in process of adjustment involving \$4,936,107.

SHIPYARD LABOR RELATIONS

The manpower situation in shipyards came sharply to the forefront in the connection with shipyard labor relations during the fiscal year 1944. Continuous efforts were made to keep shipyards informed of what they might expect concerning military deferments for employees. Conferences were held with the War Manpower Commission and the Inter-Agency Committee on Occupational Deferment at some of which determinations of national policy concerning the inductions of war workers who were held to be irreplaceable were made. Innumerable requests for guidance along these lines, not only from shipyards but also from prime and subcontractors, were filled.

In order that shipyard labor requirements might be placed in proper perspective, a survey of manpower in each of the regions was made and tabulations of the results in several of the yards were submitted to the National Manpower Priorities Committee of the War Manpower Commission for consideration. On the basis of these tabulations, permission of the War Manpower Commission was obtained for inter-regional labor recruitment for the Oregon, Vancouver, Swan Island, and Richmond shipyards. The War Manpower Commission also undertook intensive recruiting campaigns on behalf of one yard at Wilmington, Calif., and one at Baltimore within their local regions.

Feeding Facilities

The Maritime Commission in July 1943 approved appointment of a food consultant to conduct a 3-month survey of feeding facilities in Commission shipyards, the point having been raised that inadequate feeding facilities were a considerable factor in absenteeism and labor turnover.

The most serious situation was found on the West coast and it was determined to make the initial installation of in-plant feeding facilities at a Wilmington, Calif., yard. A completed plan for this installation was presented to the Commission December 30, 1943, along with a partially completed plan for a yard at San Francisco.

The cost of the first installation was to be prorated between the Maritime Commission and the Federal Works Agency, the latter participating by providing off-plant feeding facilities to serve the

yard employees, as well as a number of other industries in the area. The Federal Works Agency, however, found it necessary to withdraw from this proposed plan, and following a further survey, the Commission approved a total expenditure of \$387,000 for in-plant facilities to serve only shipyard employees, and these in-plant feeding facilities are now in operation in two West coast yards.

Discussions of feeding problems have been conducted with the War Food Administration, War Production Board, Bureau of the Budget, and other agencies, and membership on the Inter-Agency Committee on Food for Workers has been maintained.

Women Workers

Increased employment of women in shipyards, which reached a national average of 10 percent of shipyard labor in 1943—and went as high as 25 percent in two West coast yards—led to employment by the Commission of an experienced consultant on women's labor problems. A Nation-wide survey of shipyards was made under direction of the consultant, covering such matters as organization of women's personnel departments; facilities for their comfort and convenience; proper, safe, and adequate clothing; amount of training; safety provisions peculiar to women; types of physical examinations; child care, housing, and transportation.

Since that plan of survey was inaugurated all of the larger yards and a preponderance of the smaller ones now have women's counsellors or coordinators. Information and procedures developed in one yard are made available to all. Those in charge of similar projects in the War Production Board, Federal Housing Agency, War Department, Department of Labor, and Office of Education have sought information concerning the Commission's program in this phase of labor relations and conferences have been held with them for discussion of mutual problems.

Wage Stabilization

The Maritime Commission continues to be represented on the Shipbuilding Stabilization Committee, which is composed of representatives of the Maritime Commission, War and Navy Departments, War Production Board, employers, and employees. Its purpose is to stabilize shipyard wages in various sections of the country according to the principles enunciated in Executive Order No. 9250.

Five zone conferences were attended by a Commission representative during the fiscal year. At Portland, Oreg., and at Seattle, Minneapolis, and New York.

Safety and Health

The Safety and Health Section, charged with a comprehensive program to guard the health and lower accident frequency among employees of Maritime Commission and Navy shipyards, initiated

surveys of respiratory illnesses in six Commission shipyards during the fiscal year. Three of them have been completed. Public health doctors, with assistance of Maritime Commission health consultants are making the studies, selecting as their subjects principally those exposed to fumes, dust, and smoke in shipbuilding. A full report will be made when all surveys are completed.

A shipyard safety contest was held among 10 shipyards building Liberty ships in March, the yard having the lowest accident frequency rate under uniform standards in the month to be given the privilege of building and sponsoring a Liberty ship to be christened the *Raymond F. Clapper* in honor of the war correspondent who lost his life in the Pacific war theater.

St. John's River Shipbuilding Corporation, Jacksonville, Fla., was the winner, with J. A. Jones Construction Co., Inc., Brunswick, Ga., gaining second place. Unfortunately, however, these high records have not been maintained.

Frequent inspections and surveys by safety and health consultants continue to turn up areas for improvements in these fields. Accident frequency reports have been issued monthly and quarterly to all shipyards for purposes of comparison. Bulletins and pamphlets stressing safety have been issued. Consultants and physicians have held frequent group meetings and have participated in various safety and health conferences over the country at which labor, Government, and management have set higher standards of accomplishment in lowering the accident rate and promoting the health of those within the industry.

Disputes and Grievances

Prompt action in handling disputes and grievances in shipyards has aided greatly in holding the few strikes and work stoppages that have occurred to a minimum of lost production. In a small number of cases involving alleged racial discrimination the principles of the President's Committee on Fair Employment Practice were applied to their solution with great success. At the request of the Committee on Labor of the House of Representatives the experience of the Commission in this respect was made available to that Committee.

Training

A considerable improvement in shipyard training methods and procedures has been brought about during the fiscal year by closer integration of supervisors' duties and responsibilities. Through the efforts of the Commission's consultant on training, working with top management, top supervision and training officials in the shipyards, some of the most acute problems were overcome. Subsequent conferences with shipyard executives, supervisors, and Maritime Commission officials have led to fuller definition of supervisors' duties, so that

responsibilities may be delegated through more effective channels, in order to increase production per man-hour and reduce costs.

INSURANCE

The Commission passes upon the sufficiency of various types of insurance required by mortgages, construction and operating subsidy agreements, vessel and facilities building contracts and other agreements executed by the Commission. This includes insurance covering damage to property, workmen's compensation and various forms of legal liability protection. Many of the other insurance functions of the Commission, particularly those directly connected with vessel operations, were transferred to the War Shipping Administration by Executive order when that Administration was established.

Supporting American Market

The Commission has continued its policy on vessels mortgaged to it of requiring as much of the insurance as practicable to be placed in the American market. This has assisted in fostering and strengthening the American marine insurance market which is of vital importance to the future of American Merchant Marine. During the past year, when practically all of the mortgaged vessels were chartered under some form of agreement to the War Shipping Administration, a large part of the insurance has been assumed by the Government, thereby greatly reducing the amount of insurance supplied by mortgagors.

Builder's Risk

On most of the vessels under construction the Commission has assumed all risks except on those being constructed under lump-sum contracts where builder's risk insurance has been required of the contractor as guarantee that there will be no default under the contract because of serious accidental damage. Some other vessels constructed entirely at the expense of the Government have also been protected by builder's risk insurance, with the result that the Commission has received the advantage of the loss prevention services supplied by the underwriters.

On contracts with manufacturers for material for the shipbuilding program the Commission has required that insurance be arranged to protect its interests as well as those of the contractor.

Workmen's Compensation

Since 1941 the emergency shipyards have placed their workmen's compensation, automobile and other forms of liability insurance on a cost basis in accordance with a uniform plan where State statutes would permit.

Under this plan the cost of complete insurance protection is determined by the sum of (1) the actual losses plus 12 percent to cover

loss expenses, (2) an agreed percentage of the standard premium for the fixed charge and overhead of the carrier, (3) allocated expenses such as legal expenses incurred in defense and adjudication of claims and, (4) taxes chargeable to each contract. The cost cannot exceed 90 percent of the standard premium rates prevailing in the States where the contracts are being performed.

The Commission requires the insurance carriers to submit the computation of insurance costs at regular stated intervals; and when contracts have been completed and the insurance canceled, final settlements are completed.

Where shipyards are still working on their contracts an interim settlement is made annually after the second anniversary.

Statements have been examined with respect to 17 separate projects. The total cost of the insurance on these projects was \$7,201,-602.69 or 55 percent of the cost had the same insurance been purchased commercially at standard premium rates at a cost of \$13,077,062.86.

In connection with projects on which settlements cannot be made at present, the indications are that the savings will be consistent with those on which settlements have been consummated.

Group Insurance

Since June 1943 when the Commission modified its policy with respect to group insurance, it has approved the requests from a number of shipyards for the installation of contributory group insurance plans.

The principal change in the Commission's policy was to allow inclusion in overhead, in yards not constructing vessels on the lump-sum basis, as a proper item of cost in the construction of ships 75 percent of the employer's share of the group insurance premium instead of the 50 percent that was originally allowed, the management absorbing 25 percent. Also approved, in addition to the life insurance and health and accident benefits were several other forms of coverage, such as hospitalization and surgical benefits. No two plans were alike and the Commission's approval was based on what it considered to be the merits of the individual plan.

REGULATORY FUNCTIONS

Functions of the Maritime Commission embrace enforcement of the regulatory provisions of the various shipping acts. The study and regulation of shipping conferences—which are groups of carriers that are authorized to establish ocean freight rates under approved cooperative working arrangements—is one of these functions. This acts to prevent preferences, discrimination and other forbidden practices and provides supervision of the rates of carriers engaged in foreign and, to some extent, interstate commerce.

Many of the regulatory functions have been somewhat minimized during the war because the Government, through the War Shipping Administration, has taken over practically all ship operations for use in the war effort and regulations have been through the warrant system rather than regulation.

A large part of these activities during the fiscal year were directed toward aiding the War Shipping Administration's program to keep ocean freight rates within established rate levels. This was accomplished only by close scrutiny of the rates filed with the Commission by the carriers and their careful comparison with the orders and advices of War Shipping Administration.

The Allies' success in opening new areas to water transportation gave indication that the volume of work would increase. This was particularly noticeable in the matter of conference agreements, involving renewals of some and modifications of others to meet changed conditions.

Formal Investigations

Three formal investigations, one of them of major importance to terminal operations on the West coast, were instituted by the Commission in the fiscal year, and further action was taken in a case that had been closed.

The first of these, Pan American S. S. Co., Inc., and Transport S. S. Corp., 2 U. S. M. C. 693, involved a violation of the Inter-coastal Shipping Act. These carriers, without tariffs on file, were found to have received shipments at New York destined for Puerto Rico, but to have failed to perform the carriage. A cease and desist order was issued. One of the carriers filed a tariff after shipments were received at the pier, although there were no vessels available for the transportation. The schedules were stricken from the files.

The second case, Rates, etc., of American Fruit and S. S. Co., Inc., 2 U. S. M. C. 706, involved a violation of an order which requires common carriers in foreign commerce to file schedules with the Commission within 30 days after their effective date. The respondent, though not a conference member, observed conference rates. Because of the company's interpretation of the tariffs, certain absorptions were not made, but there was found no wilful violation of the order and the respondent was declared not subject to punishment.

The third proceeding, Wharfage and Dockage Increases—California Ports (Docket No. 632) was of major importance. Various California terminals filed increases in their rates and charges for wharfage and dockage, whose estimated cost would be approximately \$1,500,000 annually.

Seven Government agencies as well as other interests protested the increases on grounds that they were unreasonable, unjustly discriminatory, and detrimental to commerce.

The matter was set for hearing. The protestants were given opportunity to justify their claims of illegality and the operators were ordered to show cause why their agreement should not be modified or disapproved.

After answers were filed by the operators several of them canceled the increases and others advised that increases would not be published. The order setting the matter for hearing was thereupon vacated.

Subsequent to the vacation of the order the Commission was petitioned by the California Association of Port Authorities to make an investigation and analysis of California ports and terminals, both public and private. The association offered full cooperation and a contribution to the expense, so that the survey could form a fair and proper basis of rates and charges for use of marine terminals, services, and facilities.

The proceeding in which further action was taken was Practices, etc., of San Francisco Bay Area Terminals which involved the Commission's jurisdiction over State and municipally owned terminals.

In an earlier report (2 U. S. M. C. 588), the Commission had found among other things that excessive free time periods and unduly low rates charged for wharf demurrage and stowage by terminals in the San Francisco Bay area were in violation of sections 16 and 17 of the Shipping Act of 1916.

To correct this condition the Commission prescribed maximum time periods and minimum charges. Two respondents sought to enjoin the order and the matter went before the United States Supreme Court in *State of California et al. v. United States et al.* (320 U. S. 57).

In the court opinion the Commission's authority under the phrase "regulation or practice" extends to discrimination resulting from non-compensatory charges and the court declared that the Commission had unlimited power to stop all unjust and unreasonable practices in receiving, handling, storing or delivering property, within the framework of the Shipping Act of 1916. It further held that the Commission had the power to correct the condition by prescribing minimum rates that would reflect the cost of service.

The respondents then petitioned for modification of the Commission's order to permit them to establish a substitute basis of rates and regulations. The proceeding was reopened and hearings disclosed that the proposed new basis would yield as much or more revenue than the rates previously set as minima. The order was modified accordingly. (2 U. S. M. C. 709).

An earlier complaint case was reopened for hearing. In *Beaumont Port Commission v. Seatrain Lines Inc.* (2 U. S. M. C. 500), the Commission had condemned Seatrain's practice of absorbing the difference between the cost of delivery to shipside at Houston, Galveston or Beaumont, Tex., and the cost of delivery by rail to

Seatrain's terminal at Texas City, Tex., on shipments destined for Havana, Cuba.

Upon further hearing the decision was reversed except as to Beaumont (2 U. S. M. C. 699), based primarily upon the differences in cost of Seatrain's operations and the fact that shippers would not use Seatrain's services under normal conditions if its rates were higher than those of competing break-bulk lines.

Eight investigations and complaints were instituted or received during the year. Five proceedings were carried over from the preceding year. Four cases were carried over to the next year. Four proposed reports, 7 final reports and 19 orders were issued and 3 special inquiries begun.

Rate Filings

In addition to the usual steps taken to assure that rate filings were made by carriers engaged in transportation between continental ports of the United States and those in its territories and possessions, unusual vigilance was exercised during the fiscal year over small craft trade between the United States, Puerto Rico, and the Virgin Islands.

Examination of charter parties in this trade permitted detection of common carrier activities in some instances and the carriers involved were required to file a tariff.

Tariff Schedules

The number of tariff schedules received in the year was 109. Two were rejected. Twenty-one applications were received for permission to file schedules on less than statutory notice or to waive filing requirements. All were granted.

Conference Agreements

On file with the Commission as of June 30, 1944, were 552 agreements between common carriers or persons subject to provisions of the shipping laws, all of which have been approved according to section 15 of the Shipping Act of 1916, as amended. Of these, 114 are agreements of common carriers establishing steamship conferences. During the year 36 agreements, modifications, or cancellations were given approval.

A review of all effective conference agreements on file with the Commission has been undertaken in the year for the purpose of bringing up to date those agreements which appear deficient according to present day requirements. Clarification and broadening of terms are sought, so that they may be made all inclusive of the actual agreement and facilitate resumption of full scale conference activities upon conclusion of the war.

Ship Warrants

During the fiscal year 3,239 rate filings covering foreign trade were received. All ship warrant applications pertaining to common carrier operations were examined to determine compliance with rate filing regulations of the Commission and War Shipping Administration. This action brought to light the activities of several nonfiling ship operators. Their compliance has now been secured.

Terminal Operations

Affirmation by the United States Supreme Court of the Commission's claim of jurisdiction in regulating terminal operations has benefited both terminal operators and the shipping public. Increasing interest is being shown by the operators in establishment of cooperative working arrangements, uniform practices, and public tariffs.

A total of 266 terminal tariff filings were made during the year, an increase of 139 over the previous period.

FINANCIAL DIFFERENTIAL AID

In administering those provisions of the act of 1936 that deal with extension of financial aid to the American shipbuilding and ship operating industry—the differential subsidies that place American shipbuilders and operators on a basis of parity with foreign competitors, all applications for such grants are reviewed for conformity to the operational, legal, technical, and financial requirements of the act of 1936.

A considerable volume of negotiation, of conference and a measure of control over statutory funds is entailed, including the review of applications for establishment of replacement reserve accounts arising from vessels sold or lost; applications for trade-in of old vessels on account of new ship purchases; applications for revisions or exceptions to contracts; applications for ship mortgage insurance, and examination of bids for purchase or charter of Government-owned lines.

Construction Differentials

Title V of the act of 1936 authorizes the Commission to grant financial aid up to 50 percent of the domestic construction cost of new vessels to citizens of the United States whose applications meet the requirements of the statute. During the fiscal year grants were made on 7 ships, compared to 31 in the previous period, bringing the total to 196 between inception of the long-range program and June 30, 1944.

Of this total, 97 ships had been reacquired by the War Shipping Administration or lost in war service at the close of the fiscal year. Ninety ships of the total were owned by their original purchasers and in war service under control of War Shipping Administration. Nine

vessels were under construction as of June 30, 1944, for sale under existing contracts. This leaves the net grant of construction-differential subsidies applicable only to 98 vessels.

Under provisions governing reacquirement of vessels by the Government, the branch of the armed services obtaining title to a ship pays the depreciated domestic cost, including repayment to the Commission of its original subsidy grant, less depreciation for the time the vessel has been in operation. The operator is reimbursed only for his part in the construction cost, less operational depreciation.

Operating Differentials

Activities under title VI of the act of 1936 relating to operation-differential subsidies remained more or less dormant in the fiscal year, because of so many vessels being under time charter to War Shipping Administration. There was, however, some indication in the last quarter of the year that applications for operational-subsidy contracts will be forthcoming as some shipping companies begin to formulate post-war plans.

Trade-In Allowance

Greatest activity under section 510 of the act of 1936, which authorizes the Commission to accept old vessels on an allowance of credit against purchases of new ships, was among tankers during the fiscal period. Fifty-six obsolete ships were accepted as credits against purchases of 37 new vessels, the predominance of tankers appearing in the following table:

Type	Old vessels	New vessels
Lake ore carriers.....	3	2
Dry cargo.....	7	7
Tankers.....	46	28
Total.....	56	37

All of the transactions were completed during the year with the exception of the delivery of four new vessels, which were in course of construction as of June 30, 1944.

Ship Sales

The total of ship sales during the fiscal year, both of subsidized and unsubsidized construction, was 44, which includes those under contract but not completed as of June 30, 1944. Seven were dry cargo ships built and delivered under subsidy. Of 7 more not under subsidy contract, 1 had been delivered and 6 were uncompleted at the end of the fiscal year. Two Lake carriers were completed without subsidy and of 28 tankers not under subsidy contract, 26 have been

completed and 2 are still under construction. All ships on which transactions have been completed are included in appendix E.

Mortgage Insurance

Under provisions of title XI of the act of 1936, as amended, the Commission is authorized to make commitments for insurance of eligible mortgages which secure loans that aid construction of vessels in domestic, North American, and nearby island trades.

During the year, activity in this field has been dormant. No new applications were received, thus the total of \$8,255,000 reported in 1943 remains the maximum of commitments issued since enactment of title XI.

Outstanding balances of loans secured by insured mortgages during the fiscal year were reduced \$2,813,250.34 by scheduled amortization payments and prepayments, and 6 of the 9 contracts outstanding at the beginning of the year have been eliminated. The outstanding mortgage debt at the end of the fiscal year amounted to \$1,629,811.87.

The June 30, 1944, balance in the Federal ship mortgage fund amounts to \$577,702.46, an increase of \$16,367.01 over the previous year, which represents the net premium receipts for the period. No defaults were recorded, consequently no debentures were issued.

TRANSFER OF VESSEL REGISTRY AND SALES TO ALIENS

A total of 216 vessels aggregating 134,000 gross tons were transferred to alien ownership or registry under sections 9 and 37 of the Shipping Act of 1916 during the fiscal year. The majority of them were small vessels, with the exception of a group of medium tankers. Thirteen proposed sales were disapproved by the Commission.

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 secs. 9 and 37 of the Shipping Act 1916, as amended, for period July 1, 1943, through June 30, 1944

	Number	Total gross tonnage	Average age (years)
1. Sailing vessels, schooners.....	13	6,776	31.3
2. Tugs and barges.....	27	4,933	11.9
3. Pleasure vessels, yachts, etc.....	19	1,792	23.8
(a) Motorboats (undocumented of less than 5 net tons).....	81	540	7.4
4. Tankers.....	15	88,782	11.3
5. Commercial vessels under 1,000 gross tons (fishing vessels, motorboats, etc.).....	53	7,172	22.1
6. Commercial vessels over 1,000 gross tons (cargo, combination cargo-passenger):			
(a) Subsidized (proceeds reserved for new construction).....			
(b) Nonsubsidized (proceeds reserved for new construction).....			
(c) Nonsubsidized.....	6	20,325	30.5
(d) United States owned vessels.....	2	3,684	9
Total.....	216	134,004	15.4

22 REPORT OF THE UNITED STATES MARITIME COMMISSION

Statement showing nationality, number and tonnage of vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag pursuant to secs. 9 and 37 of the Shipping Act 1916 as amended for period July 1, 1943, through June 30, 1944

	Number of vessels	Total gross tonnage
Arabian.....	8	110
Brazilian.....	1	2, 185
British.....	14	496
Canadian.....	11	699
Chilean.....	1	37
Colombian.....	4	275
Costa Rican.....	2	614
Cuban.....	5	1, 616
French.....	5	554
Guatemalan.....	2	16
Haitian.....	1	148
Honduran.....	32	9, 673
Icelandic.....	1	160
Mexican.....	32	4, 936
Netherlands.....	11	683
Newfoundland.....	1	5
Nicaraguan.....	2	604
Norwegian.....	4	49
Panamanian.....	13	63, 938
Philippine.....	1	16
Portuguese.....	2	3, 107
Swiss.....	1	2, 832
Uruguayan.....	1	6, 599
Venezuelan.....	5	42
Total.....	160	99, 394
Sale alien only.....	56	34, 610
Grand total.....	216	134, 004

Charters to Aliens

In the fiscal period there were 19 charters of American-owned vessels to aliens approved by the Commission. These were chiefly small craft operating in the Caribbean area. This number is not representative of all charters to aliens the Commission has approved, as blanket authority has been given to charter American-owned vessels under War Shipping Administration control to aliens upon the American owner filing a certified copy of the charter party covering the proposed voyage.

Surrender of Marine Documents

During the fiscal year, the Maritime Commission approved, pursuant to section 30, subsection O (a), Merchant Marine Act of 1920, the surrender of marine documents of 83 vessels. The Commission also approved, pursuant to subsection B (4) of the same statute, surrender of the marine documents of 74 vessels, incident to their acquisition for use by the armed services.

MAINTENANCE AND REPAIRS

Practically all of the operations in connection with the maintenance and repair of vessels heretofore handled by the Commission have been assumed by the War Shipping Administration by Executive order. The remaining staff of the Commission formerly charged

with this duty collaborated closely with the War Shipping Administration.

Reserve Fleet

Additional duties were assigned the Division of Maintenance and Repairs during the fiscal year with establishment of the Reserve Fleet Section. Examination of locations preparatory to selection of sites for the lay-up of merchant vessels after the war and formulation of plans for the procurement and installation of such facilities as may be required are the principal duties being performed by the section.

Appraisals and Surveys

Within the fiscal year appraisals and condition surveys on Government-owned and private vessels for mortgage purposes and trade-in were as follows:

U. S. Maritime Commission

	Number of appraisals made	Number of ships appraised	Total tonnages	
			Deadweight tons	Gross tons
Tankers.....	316	93	984, 775	-----
Freighters.....	143	41	270, 961	-----
Passenger vessels.....	32	8	-----	79, 174
Miscellaneous types.....	6	4	1, 500	3, 389
Totals.....	497	146	1, 257, 236	82, 563

A greater number of appraisals were conducted for War Shipping Administration, to ascertain ship valuations for chartering, insurance, and title requisition. The War Shipping Administration appraisals were:

War Shipping Administration

	Number of appraisals made	Number of ships appraised	Total tonnages	
			Deadweight tons	Gross tons
Tankers.....	252	99	1, 283, 169	-----
Freighters.....	342	131	769, 667	-----
Passenger vessels.....	569	110	-----	775, 688
Miscellaneous types.....	68	28	4, 558	37, 564
Totals.....	1, 231	368	2, 057, 394	813, 252

ORGANIZATION AND PERSONNEL

There were no changes in the membership of the Commission within the fiscal year.

The personnel of the Commission increased from 8,474 during the fiscal year 1943, to 10,580 as of June 30, 1944. Of the latter total, 7,127 were in the field and the remainder in Washington.

During the year the Division of Personnel Management of the War Shipping Administration was consolidated with the Division of Personnel Supervision and Management of the Maritime Commission, resulting in an improved structure for increased service to the two agencies.

LEGISLATION

To continue the construction program of the Commission in the 1945 fiscal year, appropriations and authorizations were provided in the regular Independent Offices Annual Appropriation Act for the construction of approximately 20,000,000 deadweight tons in that fiscal year.

An authorization act for auxiliary vessels, landing, and district craft was enacted and provided that in case of the expenditure of Maritime Commission construction appropriations for the construction of vessels which are transferred to the Navy, no reimbursement shall be made from naval appropriations except under preexisting agreements; and that vessels acquired by the Navy from the Commission without reimbursement shall not be disposed of except by return to the Commission.

Suggestion Awards

The success of the voluntary plan established by the Maritime Commission to provide awards for useful suggestions brought about the enactment of legislation authorizing the Commission and the War Shipping Administration to pay cash awards for suggestions deemed to be of value in providing increased efficiency, economy, or general improvement in carrying out the activities of the agency. These cash awards may be made to any officer or employee of the agency, and several suggestions already submitted have proven of considerable merit.

In less than 2 years more than \$25,000,000 has been saved in man-hours and material in building ships as the result of ideas and suggestions submitted by shipyard employees. From the launching of its speed-up suggestion program, August 11, 1942, to the end of the last fiscal year 2,400 suggestions were reviewed by the Commission's shipyard efficiency awards committee and 90 percent were found to be meritorious enough for distribution to all shipyards.

All this has been accomplished at a cost of \$106,104 for cash and War Bond awards ranging from \$25 to \$100 given employees for successful suggestions; plus the expense of providing devices required to carry some of the suggestions into practice. In addition to the money savings realized, there have been many safety suggestions made and some on health promotion whose value cannot be measured in dollars. These suggestions improved morale and the quality of work.

Contract Settlement, Reconversion, and Surplus Property

Important and extensive legislative measures applicable to other agencies, but specifically applicable in many respects to the Maritime Commission, have been placed upon the statute books. Among these are the Contract Settlement Act of 1944, the War Mobilization and Reconversion Act of 1944, and the Surplus Property Act of 1944. Under the latter act, the Commission is specifically designated as the sole disposal agency for vessels which the Commission determines to be merchant vessels or capable of conversion to merchant use; and such vessels are to be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

Ship Sales

Legislation is pending in both houses of Congress providing for the fixing of basic prices for the sale of vessels owned by the Government that were constructed in the United States prior to or during the war period which are available for disposition to private ownership. Such legislation is of vital importance in order to secure price stability, and to avoid continued Government ownership of the large war-built fleet of merchant ships. The Merchant Marine Act, 1936, as amended, provides that the Merchant Marine "shall be privately owned and operated insofar as practicable."

STATUTORY RESERVE FUNDS

The status of the statutory capital reserve and the special reserve funds and in the contractual construction funds of subsidized operators is shown in appendix G.

While the payment of operating-differential subsidies has been suspended due to the abandonment of regular scheduled operations on essential routes for the duration, the operators holding subsidy contracts with the Commission continue to deposit into the statutory reserve funds proceeds from the loss or sale of vessels, depreciation funds on the subsidized vessels, and profits from operations in accordance with the Merchant Marine Act, 1936, as amended, or as specifically authorized by the Commission.

In view of the uncertainty as to the extent of war operations, the Commission has from time to time, at the request of the operators, extended the period within which the owner-operator must in accordance with section 511 (G) of the Merchant Marine Act, 1936, as amended, expend their construction reserve funds. These extensions, however, have been for limited specific periods only. Until the owners know more clearly what situation they will face when the war is over, it seems unwise to force them to build ships at this time.

CONTRACT RENEGOTIATIONS

Well over \$200,000,000 has been saved to the Government by renegotiation of contracts and forward price reductions, at a cost of about \$300,000, or one-tenth of 1 percent of the savings effected.

Between the time of the establishment of the Price Adjustment Board in June 1942 and October 1, 1944, the board processed about 2,800 cases, and the amount recovered aggregated \$223,749,000.

A total of 802 contractors were brought up for renegotiation with total sales of \$2,519,000,000 subject to renegotiation.

A total of 368 contractors have actually executed agreements embodying refunds or are in the process of executing agreements. The total amount of excessive profits recovered from this group is \$146,855,000 on renegotiable sales amounting to \$2,031,000,000.

Four hundred and thirty-four contractors were examined and found not to have realized excessive profits on renegotiable sales amounting to \$488,000,000.

In addition to the above recoveries, forward price reductions have been negotiated with an estimated saving of not less than \$76,894,000.

The balance of approximately 2,000 cases which were processed were found either to be not subject to the act or were reassigned to other Government departments.

PUBLIC RELATIONS

In carrying out the declared policy of Congress in Title I of the Merchant Marine Act, 1936, to foster the development and to encourage the maintenance of an adequate American Merchant Marine, and more specifically to carry out the directions and authority given to it in section 212 (b) of the Act, the Commission has disseminated news and general information to the public pertaining both to the operations and programs of the Maritime Commission and the War Shipping Administration.

Close contacts have been maintained with the press, periodicals, radio, and other media through which pertinent material and facts have been disseminated, and informational programs have been coordinated so as to explain to the public the vital part that the merchant ships, the men who build them, those who operate them, and those who sail them, play in the United Nations' war efforts.

Contacts have been maintained with organizations in the marine industry, shipbuilders, shipowners and operators, suppliers, and maritime unions, as well as with Chambers of Commerce, boards of trade, and similar organizations. In cooperation with them, programs have been arranged to disseminate educational information as to the value of maintaining at all times a merchant marine sufficiently adequate to serve as an auxiliary to our armed forces in times of emergency, and in times of peace and tranquility to furnish the means of

transporting all of our domestic water-borne commerce and a substantial portion of our foreign water-borne commerce, both export and import.

In the shipnaming program, an effort has been made to create a Nation-wide interest in the merchant marine by selecting names that have special interest to the different areas, and by furnishing background material and data to the press for use when a ship is launched.

The exploits of the unsung heroes, the merchant seamen, who have sacrificed their lives, or who have gone through fire or military attack have been disseminated through the press, the radio, and the motion pictures, not only to the home towns of these men, but Nationwide as a further means of creating an interest in the merchant marine of today and its possibilities in the future.

As an incentive to the workers in the shipyards and in the factories from which come the material and equipment that goes in the ships to keep on the job until the final battle of the global war is won, the Commission has distributed effective posters to these shipyards and factories. In addition it has carried on specific incentive programs at various plants, and from time to time has presented the Maritime "M" pennant to shipyards and manufacturing plants, which is awarded in recognition of outstanding production records.

Through programs arranged with various media country-wide appeals were made for men to man the ships, and for manpower for the shipyards, with very good responses.

HOUSING

At the close of the fiscal year, the Commission transferred to the National Housing Agency all of its shipyard housing facilities with the exception of six properties on the Pacific coast, which were retained as they were primarily used for other purposes.

With this transfer the housing facilities which had cost the Commission \$54,000,000 and provided some 36,000 dwelling units for shipyard workers came entirely under the supervision of the Federal Public Housing Authority, with the exception of the 6 referred to above.

LEGAL OPERATIONS

Conduct of the litigation of all claims by or against the Commission is handled in the office of the general counsel, subject to supervision by the Attorney General of the United States.

During the fiscal year covered by this report, 29 cases of the Maritime Commission involving \$4,398,944.94 were litigated and closed, the total amount paid being \$744,459.39 and the amount received \$33,680.27.

There were 56 cases involving \$5,701,439.48 on the docket on July 1, 1943. Added during the fiscal year were 75 cases involving

\$7,943,067.52 and there were 102 cases pending on June 30, 1944, involving \$9,245,562.06. This amount included 71 condemnation proceedings in which no amounts are carried in this litigation report.

Claims pending but not in litigation for the Maritime Commission on July 1, 1943, numbered 2 involving \$5,339.36. During the year 8 were added involving \$336.49 and 8 involving \$5,596.49 were closed on which nothing was paid or received; also, 2 cases pending as of June 30, 1944, involving \$79.36.

The above is exclusive of cases handled by the War Shipping Administration.

RESEARCH

In further development of its responsibilities, the Commission has been studying all the phases of international trade, shipping, and shipbuilding.

Chief among these were the basic studies for use in the preparation of reports relating to the post-war shipping policy for use by the Commission's Post-War Planning Committee, and in which an interest has been shown by congressional committees, the shipping industry, and the general public.

Included in the scope of current studies are estimates of the probable tonnage required to provide adequate service for our foreign water-borne commerce; in respect to desirability and practicability of trade routes that were considered essential prior to the war, and others which might be considered essential after the war; and as to the needs of ships in the coastwise, intercoastal, and Great Lakes trade in post-war days, and as to the effect of the war on the volume and character of American and foreign seagoing shipping.

Studies have been made and are being continued on problems dealing with the manning of ships now and in the future, as well as in respect to seamen's wages and working conditions especially in anticipation of possible post-war adjustment.

Records are maintained covering all phases of shipbuilding and ship operations for the use of the Commission in determining its policy on any point of issue.

POST-WAR PLANNING

Ever mindful of its responsibilities to foster the development of an adequate merchant marine, the Commission early in the fiscal year appointed a Post-War Planning Committee consisting of key officials in the Commission and the War Shipping Administration to make a comprehensive study of the problems which would face the merchant marine industry when the war ends and full commercial operations are resumed.

The Commission also set up various subcommittees to study specific subjects and invited all organizations interested in foreign trade and shipping to cooperate with it in determining what the post-war plans should be.

A number of these studies have been completed and others will soon reach that stage. The main committee will take all these into consideration and make up a report of its recommendations to the Commission.

At the appropriate time, the Commission will submit to the Congress its specific recommendations for a post-war Merchant Marine, adequate to meet the declared policy of Congress.

A number of the ship operators and owners who operated ships in foreign trade before the outbreak of the war, and some of those who have been operating ships for the Government since all vessels were requisitioned but who were not previously operators have indicated an interest in post-war operations.

Post-War Commerce

It is the general belief that there will be an increase in the foreign water-borne commerce of the Nation after the war, and there seems to be no legitimate reason why American flag ships should not participate in this increase. In fact, it does not seem unreasonable to plan for an American flag fleet in the overseas trade sufficiently large to carry about 50 percent of our export and import trade.

Disposal of Ships

With a fleet of ships aggregating more than 50,000,000 deadweight tons when the war ends, there will be a considerable number not needed for commercial operations under the Stars and Stripes. This will pose a problem of their disposal and the Bland-Radcliffe ship sales bill now before congressional committees will go a long way toward simplifying the problems facing the Commission for the sale to private operators of these and the more modern vessels in the Government fleet.

Basic Plan

The basic plan of Congress is to have an adequate merchant marine, privately owned and operated as far as practicable, composed of the best-equipped, safest, and most suitable types of vessels constructed in the United States and manned by a trained and efficient citizen personnel.

In preparing its post-war plans, the Commission is mindful of the fact that there will be a trained and efficient citizen personnel to man the ships of whatever fleet may be determined necessary to meet the requirements of our commercial operations. It knows that there will be a group of well-established and experienced operators, citizens of

the United States who can successfully operate American flag ships in foreign trade provided they are able to obtain such ships on a par as to investment with the foreign flag operator with whom they must compete, and that through Government assistance they may be able to bring their operational costs to the same level of their foreign-flag competitors.

The standard C-type cargo ships, the Victory ships, and the T2 and T3 type tankers that were designed by the Commission and built to its order will be the best-equipped, safest, and most suitable types of vessels, but just when they will be available for commercial use in any quantity cannot be definitely determined now. They are in war service, and their return from that service and reconversion to commercial use will take time.

Shortage of Some Types

There undoubtedly will be a shortage of passenger and combination passenger and cargo ships, for all of these have been converted to transport use and must remain in that service for some time after the war is over. To place our merchant marine on a competitive basis, it will be necessary to construct some vessels of this type without delay; and it will also be necessary to award contracts for some smaller vessels for coastal trade.

Overage Vessels

The Commission will have some overage vessels that have been obtained through trade-in allowances on new vessels to be disposed of for other than commercial use, and it is believed that these, together with such of the vessels that are Government owned and over 20 years of age, should be broken up.

Ships in Sanctuary

It is not believed that any of the war-built cargo ships or tankers that are or can be put in first-class condition at a reasonable cost should be scrapped. Those which are not otherwise disposed of can be placed in sanctuary as a national defense reserve, as insurance against a heavy expenditure of time and money if and when another war is forced upon us, or better still as an insurance against such a contingency.

APPENDIX "A"

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1944

	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	July 1, 1943, to June 30, 1944	Total
Construction fund, U. S. Maritime Commission, Act of June 29, 1936, revolving fund:								
Collections:								
Construction 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	\$4,217,465.03	\$61,257,400.18
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	60,933,286.17	105,260,269.80
Miscellaneous notes receivable.....	836,597.21	36,337.99	321,293.42	505,615.60	85,119.48	702,958.31	452.00	2,488,374.01
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	4,342,669.45	17,213,151.77
Cash payments on sales of vessels.....	3,848,216.62	701,420.40	11,148,864.95	40,011,256.91	25,895,565.62	60,400,619.36	39,367,305.16	181,373,249.02
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	13,945,269.55	18,576,517.09
Charter hire revenue.....	16,568,832.87	8,340,612.17	6,742,597.96	5,548,040.15	11,158,115.91	800,000.00		19,112,887.89
Operation of vessels revenue.....				253,706.06				31,905,749.06
Rentals—real estate, housing projects, facilities, cafeterias, etc.....	1,075,841.64	668,667.00	771,492.68	1,050,562.81	885,710.42	111,040.22	4,017,863.37	8,581,178.14
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	2,174,418.79	6,787,369.79
Receipts in liquidation of receivables arising out of ocean mail settlement agreements.....	601,367.59							601,367.59
Recapture of excess profit on construction and repair contracts.....				2,091,933.77	4,446,255.17	4,217,363.33	14,474,470.79	25,230,023.06
Sale of tankers and vessels to U. S. Navy and War Departments.....		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.....						298,202,281.84	431,456,390.04	729,658,671.88
Miscellaneous.....	2,437,428.97	253,051.36	664,829.41	3,058,335.26	2,944,131.58	3,956,532.84	3,394,129.97	16,708,439.39
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	578,323,720.32	1,381,295,707.90
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	31,566,922.13	74,816,634.27
Operation of vessels expense.....	18,188,465.16	10,158,332.48	6,070,389.47	578,197.71				34,995,384.82
Inactive and laid-up vessel expense, including repairs.....	681,142.33	3,391,240.01	703,252.50	6,455,776.39	9,004,575.14			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	214,630.34	2,678,142.98
Insurance claims, returned premiums, etc.....	878,126.46	192,646.20	312,111.14	689,764.28	897,272.05	458,967.96	16,166.59	3,445,054.68
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	1,702,134.63	46,454,961.25

APPENDIX "A"—Continued

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1944—Continued

	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	July 1, 1943, to June 30, 1944	Total
Construction fund—Continued.								
Disbursements—Continued.								
Construction progress payments, including outfitting and defense features	\$1,297,422.00	\$31,981,506.78	\$105,740,295.40	\$141,856,069.38	\$293,127,245.22	\$2,717,640,946.43	\$4,298,236,830.30	\$7,589,880,315.51
Foreign ocean-mail contract payments and settlements	16,663,361.49	912,539.13						17,575,900.62
United States maritime service, cadet training, and other seamen's training expenses		2,705,426.12	3,421,149.01	4,119,165.26	36,369,829.50			46,615,569.89
Payments to cover acquisition of vessels for Navy and War Departments		2,324,274.16	4,650,970.45	25,575,873.77	12,992,487.83 7,700,706.52	658,019.22		46,201,625.43 7,700,706.52
Charter hire expense							32,282.46	29,753,463.92
Payments for acquisition of vessels for U. S. Maritime Commission					29,721,181.46 75,877,207.35 191,798.36	240,544,351.77	80,552,700.29	396,974,259.41 191,798.36
Facilities contract payments								
Agency agreements operating expense								
Partial deposits for requisitioned foreign vessels					3,175,000.00			3,175,000.00
Transfers to War Shipping Administration					145,090,000.00	50,000,000.00		195,090,000.00
Transfers and reimbursements to other appropriations					142,501,686.90	279,340,317.99	49,887,607.17	471,729,612.06
Advances to contractors and other recoverable expenses					4,283,500.00 6,886,831.29	17,287,388.94 1,637,761.50	16,254,608.01 1,166,070.36	37,825,496.95 17,339,637.23
Miscellaneous	2,479,672.89	2,830,791.61	611,951.32	1,726,558.26				
Total 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	4,479,629,952.28	9,042,679,550.27
Summary of construction fund, revolving fund, U. S. 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	1,289,780,000.00	8,980,133,289.51
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	578,323,720.32	1,381,295,707.90
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	1,868,103,720.32	10,361,428,997.41
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	4,479,629,952.28	9,042,679,550.27
Excess of receipts or disbursements	112,374,904.71	40,256,160.72	2,259,500.78	104,301,250.88	1,713,377,203.53	2,042,737,971.48	2,611,526,231.96	1,318,749,447.14
Add: Balance at beginning 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	1,318,749,447.14
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	1,318,749,447.14	1,318,749,447.14

NOTE.—Activities not shown during this fiscal year have been either terminated or transferred to War Shipping Administration.								
Emergency ship construction fund, U. S. Maritime Commission:								475,000,000.00
Appropriations.....			314,000,000.00	161,000,000.00			35,000,000.00	35,000,000.00
Transfers.....					177,422,959.55		13,010,167.81	190,433,127.36
Collections.....								
Total receipts.....			314,000,000.00	161,000,000.00	177,422,959.55		48,010,167.81	700,433,127.36
Less: Disbursements.....			11,803,993.67	293,272,852.67	332,154,991.85		42,400,548.32	679,632,386.51
Excess of receipts or disbursements.....			302,196,006.33				5,609,619.49	
Add: Balance at beginning of fiscal year.....				302,196,006.33	169,923,153.66		15,191,121.36	
Emergency ship construction fund balance at close of fiscal year.....			302,196,006.33	169,923,153.66	15,191,121.36		20,800,740.85	20,800,740.85
Judgments United States courts, U. S. Maritime Commission:								
Appropriations.....					5,287,615.10		25.00	5,287,640.10
Less: Disbursements.....							5,287,640.10	
Excess of receipts or disbursements.....					5,287,615.10		5,287,615.10	
Add: Balance at beginning of fiscal year.....							5,287,615.10	
Judgments, United States courts balance at close of fiscal year.....					5,287,615.10			
Federal ship mortgage insurance fund, revolving fund, U. S. Maritime Commission:								500,000.00
Appropriations.....	500,000.00							80,824.54
Collections.....	450.00	11,988.77	7,813.26	12,450.33	28,650.43		19,471.75	
Total receipts.....								580,824.54
Less: Disbursements.....								17.34
Excess of receipts or disbursements.....	500,450.00	11,988.77	7,795.92	12,450.33	28,650.43		19,471.75	
Add: Balance at beginning of fiscal year.....			512,438.77	520,234.69	532,685.02		561,335.45	
Federal ship mortgage insurance fund balance at close of fiscal year.....	500,450.00	512,438.77	520,234.69	532,685.02	561,335.45		580,807.20	580,807.20

† Disbursements are shown in italics.

APPENDIX "A"—Continued

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1944—Continued

	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	July 1, 1943, to June 30, 1944	Total
Marine and war risk insurance fund, revolving fund, U. S. Maritime Commission:								
Appropriations.....				\$40,000,000.00				\$40,000,000.00
Collections.....					\$762,159.69			762,159.69
Total receipts.....				40,000,000.00	762,159.69			40,762,159.69
Less: Disbursements.....				43.75	5,143,973.37			5,144,017.12
Excess of receipts or disbursements.....				39,999,956.25	4,381,813.68			
Add: Balance at beginning of fiscal year.....					39,999,956.25			
Balance.....				39,999,956.25	35,618,142.57			35,618,142.57
Transfer to War Shipping Administration.....					35,618,142.57			35,618,142.57
Marine and war risk insurance fund balance at close of fiscal year.....				39,999,956.25				
State marine-school funds, fiscal years 1938 to 1941:								
Appropriations.....				344,057.18	190,000.00			534,057.18
Collections.....					9,968.52			9,968.52
Total receipts.....				344,057.18	199,968.52			544,025.70
Less: Disbursements.....				264,693.90	128,554.05			393,247.95
Excess of receipts or disbursements.....				79,363.28	71,414.47			
Add: Balance at beginning of fiscal year.....					79,363.28			
Balance.....				79,363.28	150,777.75			150,777.75
Transfer to surplus fund and U. S. Coast Guard.....					150,777.75			150,777.75
State marine-school funds balance at close of fiscal year.....				79,363.28				
Working fund, U. S. Maritime Commission, Navy Department:								
Transfers—advances and deposits.....				15,006,937.50	41,669,909.99	\$709,463,948.31	\$877,294,386.08	1,643,435,181.88
Collections.....						3,844,595.62	3,304,842.28	7,149,437.90
Total receipts.....				15,006,937.50	41,669,909.99	713,308,543.93	880,599,228.36	1,650,584,619.78

Less: Disbursements.....				299,000.00	29,740,896.32	307,018,917.53	764,161,638.27	1,101,220,452.12
Excess of receipts or disbursements.....				14,707,937.50	11,929,013.67	406,289,626.40	116,437,590.09	-----
Add: Balance at beginning of fiscal year.....					14,707,937.50	26,636,951.17	432,926,577.57	-----
Working fund, Navy, balance at close of fiscal year.....				14,707,937.50	26,636,951.17	432,926,577.57	549,364,167.66	549,364,167.66
Working fund, U. S. Maritime Commission, War Department:								
Transfers and advances.....				800,000.00	12,270,039.14	38,310,628.50	3,117,661.00	54,498,328.64
Collections.....						2,863.28	301,682.24	304,545.52
Total receipts.....				800,000.00	12,270,039.14	38,313,491.78	3,419,343.24	54,802,874.16
Less: Disbursements.....				667,182.30	7,946,733.61	30,441,430.58	10,951,066.13	50,006,412.62
Excess of receipts or disbursements.....				132,817.70	4,323,305.53	7,872,061.20	7,531,722.89	-----
Add: Balance at beginning of fiscal year.....					132,817.70	4,456,123.23	12,328,184.43	-----
Working fund, War Department, balance at close of fiscal year.....				132,817.70	4,456,123.23	12,328,184.43	4,796,461.54	4,796,461.54
Emergency fund for the President (War allotment to U. S. Maritime Commission):								
Allotment.....				6,000,000.00				6,000,000.00
Collections.....						517,015.17	140,782.11	657,797.28
Total receipts.....				6,000,000.00		517,015.17	140,782.11	6,657,797.28
Less: Disbursements.....				7,645.58	5,985,861.30	395.39	523,584.81	6,517,487.08
Excess of receipts or disbursements.....				5,992,354.42	5,985,861.30	516,619.78	382,802.70	-----
Add: Balance at beginning of fiscal year.....					5,992,354.42	6,493.12	523,112.90	-----
Emergency fund for the President balance at close of fiscal year.....				5,992,354.42	6,493.12	523,112.90	140,310.20	140,310.20
Deposits, rents, national defense housing project (emergency fund for the President), U. S. Maritime Commission:								
Collections.....					154,003.94	12,324.26	595.23	166,923.43
Less: Disbursements.....					36,833.78	3,631.75	5,080.11	45,645.64
Excess of receipts or disbursements.....					117,170.16	8,692.51	4,484.88	-----
Add: Balance at beginning of fiscal year.....						117,170.16	125,862.67	-----
Balance.....					117,170.16	125,862.67	121,377.79	121,377.79
Transfer to National Housing Agency, Federal Housing Authority.....							121,377.79	121,377.79
Balance at close of fiscal year.....					117,170.16	125,862.67	-----	-----

APPENDIX "A"—Continued

Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1944—Continued

	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	July 1, 1943, to June 30, 1944	Total
Deposits, compensation for foreign merchant vessels:								
Collections					\$3,600,000.00			\$3,600,000.00
Transfer to War Shipping Administration						\$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						3,600,000.00		
Balance at close of fiscal year					3,600,000.00			
Defense aid vessels and other watercraft (allotment to U. S. Maritime Commission):								
Allotments from defense aid appropriations				\$507,756,800.00	317,226,200.00	22,250,000.00	\$39,614.00	847,272,614.00
Transfer to War Shipping Administration					212,813,825.54			212,813,825.54
Balance of allotments after transfer				507,756,800.00	104,412,374.46	22,250,000.00	39,614.00	634,458,788.46
Less: Allotments revoked							2,160,000.00	2,160,000.00
Balance of allotments				507,756,800.00	104,412,374.46	22,250,000.00	2,120,386.00	632,298,788.46
Collections						169,874,500.05	76,618,637.93	246,493,137.98
Total receipts				507,756,800.00	104,412,374.46	192,124,500.05	74,498,251.93	878,791,926.44
Less: Disbursements				3,228,624.57	240,094,128.67	349,786,966.54	170,184,769.68	763,294,469.56
Excess of receipts or disbursements				504,528,175.43	195,681,754.21	157,662,456.49	95,686,507.65	
Add: Balance at beginning of fiscal year					504,528,175.43	368,846,421.22	211,183,964.73	
Defense aid, vessels and other watercraft balance at close of fiscal year				504,528,175.43	368,846,421.22	211,183,964.73	115,497,457.08	115,497,457.08
Defense aid facilities and equipment (allotment to U. S. Maritime Commission):								
Allotment from defense aid appropriations				50,000,000.00	15,000,000.00	6,000,000.00		71,000,000.00
Collections						22,072,315.34	815,556.19	22,887,871.53
Total receipts				50,000,000.00	15,000,000.00	28,072,315.34	815,556.19	93,887,871.53
Less: Disbursements				4,518,589.30	47,426,545.88	34,490,637.75	1,862,709.68	88,298,482.61

Excess receipts or disbursements.....			45,481,410.70	32,426,545.88	6,418,322.41	1,047,153.39	
Add: Balance at beginning of fiscal year.....				45,481,410.70	13,054,864.82	6,636,542.41	
Defense aid, facilities and equipment balance at close of fiscal year.....			45,481,410.70	13,054,864.82	6,636,542.41	5,589,389.02	5,589,389.02
Defense aid, agricultural, industrial, and other commodities (allotment to U. S. Maritime Commission):							
Allotments from defense aid appropriations.....				114,633,500.00			114,633,500.00
Transfer to War Shipping Administration.....				93,659,641.76			93,659,641.76
Balance of allotments after transfer.....				20,973,858.24			20,973,858.24
Less: Disbursements.....				20,973,858.24			20,973,858.24
Defense aid, agricultural, industrial, etc., balance at close of fiscal year.....							
Defense aid, testing, reconditioning, etc., of defense articles (allotment to U. S. Maritime Commission):							
Allotment from defense aid appropriations.....			13,596,936.00	124,678,064.00	64,500,000.00		202,775,000.00
Transfer to War Shipping Administration.....				113,052,479.06			113,052,479.06
Balance of allotments after transfer.....			13,596,936.00	11,625,584.94	64,500,000.00		87,722,520.94
Collections.....					154,824.74	76,628.35	231,453.09
Total receipts.....			13,596,936.00	11,625,584.94	64,654,824.74	76,628.35	89,953,974.03
Less: Disbursements.....			1,159,538.88	23,978,656.57	3,972,039.76	18,355,299.38	47,445,534.69
Excess of receipts or disbursements.....			12,437,397.12	12,353,071.63	60,682,784.98	18,253,671.03	
Add: Balance at beginning of fiscal year.....				12,437,397.12	84,325.49	60,767,110.47	
Defense aid, testing, etc., of defense articles balance at close of fiscal year.....			12,437,397.12	84,325.49	60,767,110.47	42,508,439.44	42,508,439.44
Defense aid, services and expenses (allotment to U. S. Maritime Commission):							
Allotments from defense aid appropriations.....			264,000.00		10,000.00		274,000.00
Transfer to Lend-Lease Administration—return of allotments.....				8,436.38	10,000.00		18,436.38
Balance of allotments after transfer.....			264,000.00	8,436.38			255,563.62
Less: Disbursements.....			255,563.62				255,563.62
Excess of receipts or disbursements.....			8,436.38	8,436.38			
Add: Balance at beginning of fiscal year.....				8,436.38			
Defense aid, services and expenses balance at close of fiscal year.....			8,436.38				

APPENDIX "A"—Continued

Appropriations, transfers, collections, and disbursements. Oct 26, 1936 to June 30, 1944—Continued

	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	July 1, 1943, to June 30, 1944	Total
Defense aid, administrative expenses (allotment to U. S. Maritime Commission):								
Allotment from defense aid appropriations				\$294,000.00		\$350,000.00	\$433,548.00	\$1,077,548.00
Collections						7,735.95	6,085.21	13,821.16
Total receipts				294,000.00		357,735.95	439,633.21	1,091,369.16
Less: Disbursements				742.10	\$224,005.51	392,505.72	438,417.55	1,055,670.88
Excess of receipts or disbursements				293,257.90	224,005.51	34,769.77	1,215.66	
Add: Balance at beginning of fiscal year					293,257.90	69,252.39	34,482.62	
Defense aid, administrative expenses balance at close of fiscal year				293,257.90	69,252.39	34,482.62	35,698.28	35,698.28
Special deposits, suspense, U. S. Maritime Commission:								
Transfer from 69X0200—Construction fund						5,127,228.10		5,127,228.10
Collections and good faith deposits						229,256.12	17,295,009.18	17,524,265.30
Total receipts						5,356,484.22	17,295,009.18	22,651,493.40
Less: Return of good faith deposits and other disbursements						1,227,534.51	14,010,202.74	15,237,737.25
Excess of receipts or disbursements						4,128,949.71	3,284,806.44	
Add: Balance at beginning of fiscal year							4,128,949.71	
Special deposits, suspense, balance at close of fiscal year						4,128,949.71	7,413,756.15	7,413,756.15
Summary of available funds at close of fiscal year:								
Construction fund, revolving fund	\$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	1,318,749,447.14	
Judgments, United States courts						5,287,615.10		
Federal ship mortgage insurance fund		500,450.00	512,438.77	520,234.69	532,685.02	561,335.45	580,807.20	
Marine and war risk insurance fund				39,999,956.25				
State marine-school funds, fiscal years 1938 to 1942				79,363.28				
Emergency fund for the President, war (allotment)				5,992,354.42	6,493.12	523,112.90	140,310.20	
Working funds—Navy Department				14,707,937.50	26,636,951.17	432,926,577.57	549,364,167.66	

Working funds—War Department.....				132,817.70	4,456,123.23	12,328,184.43	4,796,461.54	
Defense aid, allotments.....				562,748,677.53	382,054,863.92	278,622,100.23	163,630,983.82	
Deposits, rents, national defense housing project.....					117,170.16	125,862.67		
Deposits, compensation for foreign merchant vessels.....					3,600,000.00			
Emergency ship construction fund.....				302,196,006.33	169,923,153.66	15,191,121.36	20,800,740.85	
Special deposits, suspense.....						4,128,949.71	7,413,756.15	
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	2,065,476,674.56	
Employees' trust funds:								
Employees' War Savings Bonds.....						171,325.94	149,009.16	
Employees' Victory tax.....						166,564.61	11,684.46	
Federal tax withholding from salaries of Federal employees.....							625,287.81	
Total employees' trust funds.....						337,890.55	785,981.43	

APPENDIX B

Summary of ship construction program as at June 30, 1944

	Ships completed			Under construction (including awards)			Total of all vessels		
	Number of vessels	Estimated completion costs	Disbursements to June 30, 1944	Number of vessels	Estimated completion costs	Disbursements to June 30, 1944	Number of vessels	Estimated completion costs	Disbursements to June 30, 1944
East coast:									
Long-range program.....	989	\$2, 270, 058, 657	\$1, 978, 409, 651	537	\$1, 442, 800, 000	\$244, 479, 496	1, 526	\$3, 712, 858, 657	\$2, 222, 889, 147
Defense-aid program.....	254	161, 617, 856	161, 653, 820				254	161, 617, 856	161, 653, 820
For other governmental agencies:									
Ships.....	122	279, 534, 750	258, 964, 613	64	202, 070, 442	50, 443, 704	186	481, 605, 192	309, 408, 317
Conversion costs on vessels in loan status.....		2, 570, 074	2, 570, 074					2, 570, 074	2, 570, 074
Total, East coast.....	1, 365	2, 713, 781, 337	2, 401, 598, 158	601	1, 644, 870, 442	294, 923, 200	1, 966	4, 358, 651, 779	2, 696, 521, 358
Gulf coast:									
Long-range program.....	407	889, 827, 251	789, 650, 322	379	876, 466, 000	211, 155, 927	786	1, 766, 293, 251	1, 000, 806, 249
Emergency ship program.....	69	138, 000, 000	139, 904, 222				69	138, 000, 000	139, 904, 222
Defense-aid program.....	739	162, 835, 225	165, 290, 027	31	38, 228, 000	447, 611	770	201, 063, 225	165, 737, 638
For other governmental agencies:									
Ships.....	31	138, 930, 550	127, 412, 884	4	4, 515, 844	3, 833, 554	35	143, 446, 394	131, 246, 438
Conversion costs on vessels in loan status.....		555, 837	555, 837					555, 837	555, 837
Total, Gulf coast.....	1, 246	1, 330, 148, 863	1, 222, 813, 292	414	919, 209, 844	215, 437, 092	1, 660	2, 249, 358, 707	1, 438, 250, 384
Great Lakes:									
Long-range program.....	49	70, 862, 652	69, 376, 685	82	143, 500, 000	28, 650, 949	131	214, 362, 652	98, 027, 634
Defense-aid program.....	245	45, 544, 421	45, 160, 137	2	514, 400	273, 250	247	46, 058, 821	45, 433, 387
For other governmental agencies:									
Ships.....	37	74, 392, 424	72, 099, 446	13	28, 749, 266	27, 060, 694	50	103, 141, 690	99, 160, 140
Total, Great Lakes.....	331	190, 799, 497	186, 636, 268	97	172, 763, 666	55, 984, 893	428	363, 563, 163	242, 621, 161
West coast:									
Long-range program.....	1, 359	3, 045, 646, 693	2, 754, 687, 334	671	2, 474, 800, 000	449, 212, 807	2, 030	5, 520, 446, 693	3, 203, 900, 141
Emergency ship program.....	131	262, 000, 000	265, 615, 258				131	262, 000, 000	265, 615, 258
Defense-aid program.....	251	70, 298, 958	69, 984, 991	38	56, 842, 737	3, 064, 507	289	127, 141, 695	73, 049, 498
For other governmental agencies:									
Ships.....	227	765, 544, 175	720, 603, 659	34	167, 163, 232	30, 754, 618	261	932, 707, 407	751, 358, 277
Floating drydock.....					2, 279, 000			2, 279, 000	
Facilities for installation and operation of drydock.....									
Conversion costs on vessels in loan status.....		2, 982, 365	2, 695, 283		2, 500, 000			2, 500, 000	
					1, 200, 000			4, 182, 365	2, 695, 283
Total, West coast.....	1, 968	4, 146, 472, 191	3, 813, 586, 525	743	2, 704, 784, 969	483, 031, 932	2, 711	6, 851, 257, 160	4, 296, 618, 457

Long-range program—Undistributed payments and inventories.....			272,491,955						272,491,955
Defense-aid program—Procurement and servicing expense allocable to ship construction.....		1,472,009	1,442,984					1,472,009	1,442,984
Total.....		1,472,009	273,934,939					1,472,009	273,934,939
Total, all regions.....	4,910	8,382,673,897	7,898,569,182	1,855	5,441,628,921	1,049,377,117	6,765	13,824,302,818	8,947,946,299
Total:									
Long-range program.....	2,804	6,276,395,253	5,864,615,947	1,669	4,937,566,000	933,499,179	4,473	11,213,961,253	6,798,115,126
Emergency ship program.....	200	400,000,000	405,519,480				200	400,000,000	405,519,480
Defense-aid program.....	1,489	441,768,469	443,531,959	71	95,585,137	3,785,368	1,560	537,353,606	447,317,327
For other governmental agencies.....	417	1,264,510,175	1,184,901,796	115	408,477,784	112,092,570	532	1,672,987,959	1,296,994,366
Total, all programs.....	4,910	8,382,673,897	7,898,569,182	1,855	5,441,628,921	1,049,377,117	6,765	13,824,302,818	8,947,946,299

	Ships completed		Under construction (including awards)		Total of all vessels	
	Number of vessels	Total deadweight, tons	Number of vessels	Total deadweight, tons	Number of vessels	Total deadweight, tons
Long-range program.....	2,804	29,844,988	1,669	17,084,692	4,473	46,929,680
Emergency ship program.....	200	2,159,514			200	2,159,514
Defense-aid program.....	1,489	1,971,920	71	238,800	1,560	2,210,720
Ships.....	276				347	
Small craft.....	1,213				1,213	
For other governmental agencies.....	417	2,329,005	115	309,908	532	2,638,913
Ships.....	415				530	
Small craft.....	2				2	
Total.....	4,910	36,305,427	1,855	17,633,400	6,765	53,938,827

¹ Subject to credit adjustments for unrequired and surplus materials.

² No deadweight tonnage included for 1,215 small craft.

APPENDIX C

Number and dead weight tonnage of vessels built in United States shipyards for the Maritime Commission and private account July 1, 1943 to June 30, 1944¹

	1943													
	Total		July		August		September		October		November		December	
	Num- ber	Dead weight	Num- ber	Dead weight	Num- ber	Dead weight	Num- ber	Dead weight	Num- ber	Dead weight	Num- ber	Dead weight	Num- ber	Dead weight
Maritime:														
EC2	1,057	11,411,793	109	1,176,219	110	1,187,010	106	1,143,846	98	1,057,518	87	939,600	114	1,231,200
Z-EC2	8	86,400									2	21,600	4	43,200
Victory	46	499,100												
C-type	164	1,606,871	16	155,252	15	139,961	7	81,521	7	60,890	12	120,205	17	170,291
C-P & C														
Tanker	213	3,587,280	14	232,875	16	271,898	13	219,351	16	269,829	19	323,083	22	370,054
Emergency tanker	62	669,600					8	86,400	19	205,200	17	183,600	13	140,400
Concrete cargo	10	48,562									1	4,750	1	4,868
Coastal cargo	30	83,310	5	14,235										
Coastal tanker	23	33,413	1	1,600	4	5,680	4	5,680	3	4,260			2	2,966
Ore carriers	10	157,090	3	47,220	2	31,270	3	46,960	1	15,690	1	15,950		
Concrete barges	41	247,691	2	14,180	4	24,953	5	29,905	3	17,796	4	24,281	4	23,672
Seagoing tugs	34		5		6		7		5		3		5	
Military	174	526,101	2	13,700	6	23,939	3	6,794	9	25,329	17	34,443	26	57,588
C-type	41	244,224												
Special	133	281,877	2	13,700	6	23,939	3	6,794	1	2,587	4	13,855	5	19,949
									8	22,742	13	20,588	21	37,639
Total	1,872	18,957,211	157	1,655,281	163	1,684,711	156	1,620,457	161	1,656,512	163	1,667,512	208	2,044,239
Private account: Tanker	9	68,020	1	14,060	1	5,700	4	31,160	2	11,400	1	5,700		
Grand total	1,881	19,025,231	158	1,669,341	164	1,690,411	160	1,651,617	163	1,667,912	164	1,673,212	208	2,044,239

¹ Excludes harbor tugs, wooden barges, and B5 concrete barges.

	1944											
	January		February		March		April		May		June	
	Num ber	Dead weight	Num ber	Dead weight	Num ber	Dead weight	Num ber	Dead weight	Num ber	Dead weight	Num ber	Dead weight
Maritime:												
EC2	72	777,600	77	831,600	83	896,400	79	853,200	67	723,600	55	594,000
Z-EC2	1	10,800	1	10,800								
Victory			1	10,850	4	43,400	10	108,500	16	173,600	15	162,750
C-type	9	88,965	18	178,373	16	156,106	20	192,190	14	138,042	13	125,075
C-P & C												
Tanker	11	185,604	17	285,898	21	350,490	20	337,231	23	386,124	21	354,843
Emergency tanker	3	32,400	2	21,600								
Concrete cargo			2	9,736	2	9,736	1	4,868	1	4,868	2	9,736
Coastal cargo					4	11,052	5	13,815	8	22,104	8	22,104
Coastal tanker	2	2,936	3	4,419	1	1,483	1	1,483	1	1,453	1	1,453
Ore carriers												
Concrete barges	4	25,016			2	12,109	5	29,359	4	23,609	4	22,811
Seagoing tugs			1				1		1			
Military	22	82,357	12	19,588	19	57,581	12	53,045	20	64,515	26	87,222
C-type	11	56,615			5	34,096	4	28,406	5	40,030	6	48,686
Special	11	25,742	12	19,588	14	23,485	8	24,639	15	24,485	20	38,536
Total	124	1,205,678	134	1,372,864	152	1,538,357	154	1,593,691	155	1,537,915	145	1,379,994
Private account: Tanker												
Grand total	124	1,205,678	134	1,372,864	152	1,538,357	154	1,593,691	155	1,537,915	145	1,379,994

APPENDIX D

Construction of shipways and other facilities as at June 30, 1944

Region	Long-range program		Emergency ship program		Defense-aid program		Total all programs	
	Number of shipways	Estimated cost	Number of shipways	Estimated cost	Number of shipways	Estimated cost	Number of shipways	Estimated cost
East coast.....	47	\$113,782,417	9	\$20,143,849	28	\$38,447,069	84	¹ \$172,373,335
Gulf coast.....	37	91,115,051	17	24,568,679	3	4,815,922	57	² 120,499,652
Great Lakes.....		2,945,484						³ 2,945,484
West coast.....	67	221,132,384	25	41,587,230	12	24,711,067	104	⁴ 287,430,681
Procurement and servicing expense.....						129,975		129,975
Total.....	151	428,975,336	51	86,299,758	43	68,104,033	245	583,379,127

¹ Includes cost of expansion of existing facilities, transportation and housing, totaling \$35,819,695.² Includes cost of expansion of existing facilities, transportation, housing, and provision for contingent liability in connection with canceled contracts, totaling \$27,952,271.³ Cost of expansion of existing facilities \$2,945,484.⁴ Includes cost of expansion of existing facilities, transportation and housing, totaling \$82,168,881.

APPENDIX E

Shipbuilding program—Sales of ships, long range program, fiscal year 1944

Purchaser	Type of ship	Number of ships	Sales price
COMPLETED			
American Export Lines, Inc.....	C-3 cargo.....	3	\$5,043,240.14
Bethlehem Steel Co.....	Ore carrier.....	2	4,525,000.00
Buckeye Steamship Co.....	do.....	1	2,269,889.50
Grace Lines, Inc.....	C-2 cargo.....	3	5,239,692.34
Great Lakes Steamship Co., Inc.....	Ore carrier.....	2	4,532,390.00
The Gulf Oil Corporation.....	Tanker.....	2	6,013,581.58
Interlake Steamship Co.....	Ore carrier.....	2	4,532,390.00
Kurz, Charles & Co., Inc.....	Tanker.....	2	6,001,152.12
Mississippi Shipping Co., Inc.....	C-2 cargo.....	4	6,306,181.19
National Bulk Carriers, Inc.....	Tanker.....	5	14,009,696.56
New York & Cuba Mail Steamship Co.....	C-1 cargo.....	2	2,893,658.46
Paco Tankers, Inc.....	Tanker.....	5	15,009,386.14
Pan-Atlantic Steamship Corporation.....	C-2 cargo.....	1	2,628,355.94
Pioneer Steamship Co.....	Ore carrier.....	1	2,262,500.00
Pittsburgh Steamship Co.....	do.....	2	4,525,000.00
Socony-Vacuum Oil Co., Inc.....	Tanker.....	6	18,514,542.59
Standard Oil Co. of New Jersey.....	do.....	7	19,976,090.38
The Texas Co.....	do.....	2	6,001,654.62
Waterman Steamship Corporation.....	C-2 cargo.....	6	16,950,179.46
Total sales of ships completed.....		58	147,234,581.02
UNDER CONSTRUCTION			
Grace Line, Inc.....	C-2 cargo.....	3	4,650,000.00
Pan-Atlantic Steamship Corporation.....	do.....	1	2,700,000.00
Socony-Vacuum Oil Co., Inc.....	Tanker.....	1	3,000,000.00
Standard Oil Co. of New Jersey.....	do.....	1	2,800,000.00
Total sales of ships under construction.....		6	13,150,000.00
Total sales of ships completed and under construction.....		64	160,384,581.02

APPENDIX F

Vessels over 20 years of age on which an operating-differential subsidy was paid during the period July 1, 1943, to June 30, 1944, on trips made prior to requisitioning by the Government

Name of contractor	Terminations by fiscal years	Vessel	Date, 20 years of age	Total number of vessels
American President Lines, Ltd, San Francisco, Calif.	1941	President Adams.....	Apr. 28, 1941	9
	1941	President Buchanan.....	Aug. 30, 1940	
	1941	President Cleveland.....	Feb. 1, 1941	
	1941	President Garfield.....	July 6, 1941	
	1941	President Harrison.....	Jan. 6, 1941	
	1941	President Hayes.....	Dec. 6, 1940	
	1941	President Pierce.....	Jan. 28, 1941	
Grace Line, Inc., San Francisco, Calif..	1941	President Polk.....	Mar. 7, 1941	1
	1940	President Van Buren.....	Oct. 21, 1940	
	1940	Vincent.....	Sept. 20, 1939	
	1941	City of Flint.....	Feb. 28, 1940	
	1941	Independence Hall.....	Aug. 2, 1940	
Moore-McCormack Lines, Inc., New York, N. Y.	1940-41	Mormacrey.....	Sept. 1, 1939	12
	1941	Mormacmar.....	Oct. 1, 1940	
	1941	Mormacsul.....	Mar. 19, 1940	
	1941	Mormacsun.....	Oct. 12, 1940	
	1940	Mormactide.....	Mar. 24, 1939	
	1940	Red Jacket.....	Jan. 1, 1930	
	1940	Scanmail.....	Oct. 29, 1939	
	1940	Scanpenn.....	Sept. 29, 1939	
	1940	Scanstates.....	Jan. 29, 1939	
	1938	Southfolk.....	June 28, 1939	
Seas Shipping Co., Inc., New York, N. Y.	1942	Robin Adair.....	Jan. 1, 1940	2
	1942	Robin Gray.....	Jan. 1, 1940	
Total.....				24

APPENDIX G

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 June 30, 1944

Operator	Capital reserve fund	Special reserve fund	Construction fund	Total
American Export Lines, Inc.....	\$5,980,124.39	\$7,699,438.94		\$13,679,563.33
American Mail Lines, Ltd.....	762,291.80	1,540,615.55		2,302,907.35
American President Lines, Ltd.....	2,065,591.70	8,571,732.04		10,667,323.74
American South African Line, Inc.....	4,537,073.55	3,925,483.85		8,462,557.40
Grace Line Inc.....	1,279,835.91	2,693,341.99		3,973,177.90
Lykes Bros. Steamship Co., Inc.....	21,665,901.07	9,666,750.35	\$329,899.26	31,662,550.68
Mississippi Shipping Co., Inc.....	2,520,796.37	5,052,096.38		7,572,892.75
Moore-McCormack Lines, Inc.....	3,340,314.95	7,100,347.57		10,440,662.52
New York & Cuba Mail Steamship Co.....	515,600.90	1,441,426.97		1,957,027.87
Oceanic Steamship Co., The.....	2,199,716.64	2,111,833.77		4,311,550.41
Seas Shipping Co., Inc.....	3,552,793.66	7,191,874.11		10,744,667.77
United States Lines Co.....	2,592,681.05	3,894,490.35		6,487,171.40
Total.....	51,042,721.99	60,889,431.87	329,899.26	112,262,053.12

