

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



Fiscal Year Ended  
June 30  
**1932**



UNITED STATES  
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**UNITED STATES SHIPPING BOARD**

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

S. S. SANDBERG, *Vice Chairman.*

H. I. CONE, *Commissioner.*

SAMUEL GOODACRE, *Secretary.*

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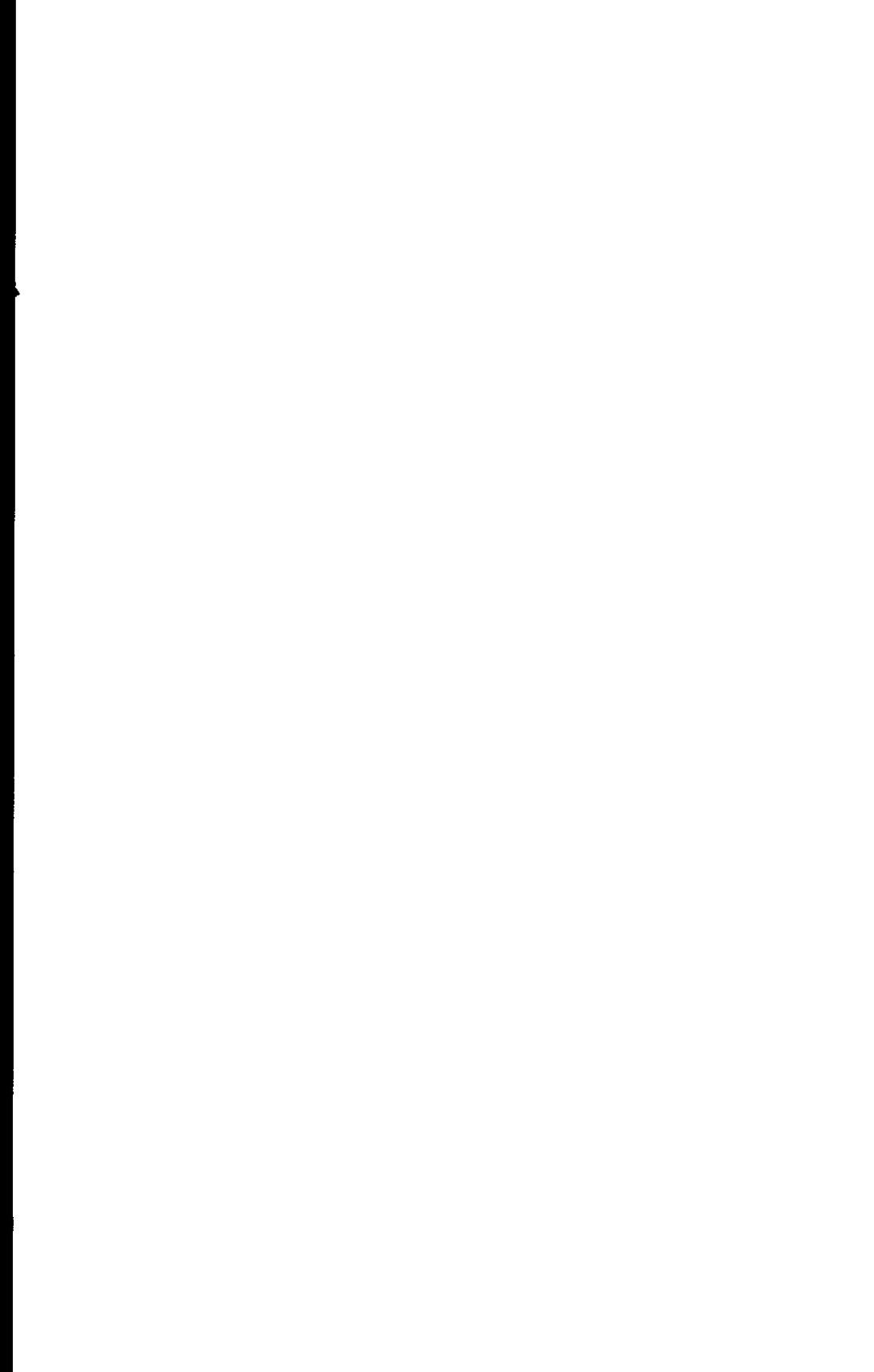
## LETTER OF TRANSMITTAL

UNITED STATES SHIPPING BOARD,  
*Washington, D. C., December 1, 1932.*

*To the Congress:*

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the sixteenth annual report of the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation covering the fiscal year ended June 30, 1932.

T. V. O'CONNOR, *Chairman.*  
S. S. SANDBERG, *Vice Chairman.*  
H. I. CONE, *Commissioner.*



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PART I  
UNITED STATES SHIPPING BOARD

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# UNITED STATES SHIPPING BOARD ORGANIZATION CHART

JUNE 30, 1932

T. V. O'CONNOR ..... CHAIRMAN  
 SAMUEL S. SANDBERG ..... VICE CHAIRMAN  
 JEFFERSON MYERS ..... COMMISSIONER  
 ROLAND K. SMITH ..... COMMISSIONER  
 ALBERT H. DENTON ..... COMMISSIONER  
 HUTCH I. CONE ..... COMMISSIONER  
 Y. GANCY ..... COMMISSIONER  
 SAMUEL GOODACRE, SECRETARY

CHAIRMAN  
T. V. O'CONNOR

ASSISTANT  
TO THE  
CHAIRMAN

DISBURSING  
OFFICE

SECRETARY

COMMISSIONER  
R. K. SMITH

**BUREAU OF  
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HUTCH I. CONE

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COMMISSIONER  
T. V. O'CONNOR

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COMMISSIONER  
S. S. SANDBERG

**BUREAU OF  
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COMMISSIONER  
A. H. DENTON

**BUREAU OF  
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# THE UNITED STATES SHIPPING BOARD

## ORGANIZATION

On July 1, 1931, the United States Shipping Board was composed of the following members: T. V. O'Connor, chairman; E. C. Plummer, vice chairman; and Commissioners H. I. Cone, Albert H. Denton, Jefferson Myers, S. S. Sandberg, and R. K. Smith.

T. V. O'Connor, Great Lakes, was appointed a member June 9, 1921, term five years; reappointed June 15, 1926, for a term of six years from June 9, 1926; nomination for a term of six years from June 9, 1932, confirmed on June 20, 1932; term expires June 8, 1938. Mr. O'Connor was elected vice chairman of the board on June 16, 1921, and on February 5, 1924, was designated chairman. E. C. Plummer, Atlantic coast, was appointed June 9, 1921, term three years; reappointed May 23, 1924, term six years from June 9, 1924; reappointed June 12, 1930, term six years from June 9, 1930. Mr. Plummer died on March 20, 1932, since then the office has remained vacant; term expires June 8, 1936. Mr. Plummer served as vice chairman of the board from February 7, 1924, until his death and on April 6, 1932, was succeeded by Commissioner Sandberg as vice chairman. Jefferson Myers, Pacific coast, was appointed June 15, 1926, succeeding B. E. Haney, resigned, for the term expiring June 8, 1931; reappointed on June 3, 1931, during recess of Congress, for a term of six years from June 9, 1931, which reappointment was confirmed December 18, 1931; term expires June 8, 1937. R. K. Smith, Gulf coast, was appointed October 14, 1926, under a recess appointment, to succeed J. H. Walsh, resigned; reappointed December 17, 1926; term expired June 8, 1929; reappointed May 28, 1929, for a term of six years from June 9, 1929; term expires June 8, 1935. Albert H. Denton, interior, was appointed January 4, 1928, to serve the unexpired term of six years from June 9, 1927, succeeding W. S. Hill, resigned; term expires June 8, 1933. Admiral H. I. Cone (United States Navy, retired), Atlantic coast, was appointed for a term of six years from June 9, 1928, succeeding Admiral W. S. Benson (United States Navy, retired); term expires June 8, 1934. S. S. Sandberg, Pacific coast, was appointed for a term of six years from June 9, 1928, succeeding P. S. Teller; term expires June 8, 1934. On April 6, 1932, Mr. Sandberg was elected vice chairman of the board, succeeding E. C. Plummer, deceased.

During the fiscal year 1931 there occurred two events affecting the membership of the Shipping Board. On March 20, 1932, the board suffered a great loss through the death of Edward C. Plummer, com-

missioner of the board from June, 1921, to March, 1932, and an outstanding advocate of the American merchant marine for nearly 40 years. On June 30, 1932, the so-called Economy bill (Public, 212, 72d Cong.) became a law, which law provides that the Shipping Board shall be composed of three members, but carries with it the proviso that the board as constituted at the time of the enactment of the law shall continue to function until the reorganization of the board as therein provided.

On June 30, 1932, the personnel of the board was: T. V. O'Connor, chairman, S. S. Sandberg, vice chairman, and Commissioners H. I. Cone, Albert H. Denton, Jefferson Myers, and R. K. Smith, there being one vacancy, the unexpired term of E. C. Plummer (deceased) remaining unfilled.

During the year the board held 129 meetings, in addition to which there were held many special meetings conducted either by the board or by committees thereof.

#### GENERAL STATEMENT

During the fiscal year ended June 30, 1932, the work of the United States Shipping Board was carried on in seven bureaus, as follows: Bureau of Traffic, Bureau of Regulation, Bureau of Operations, Bureau of Construction, Bureau of Law, Bureau of Finance, and Bureau of Research. Each bureau was under the supervision of a member of the board, as shown in the accompanying organization chart.

In addition to carrying on the work of the Merchant Fleet Corporation, the board's principal activities during the period covered by this report may best be summarized by stating that continued progress has been made in reducing, by sales and consolidations, the number of lines remaining in the Government's possession, and in extending further aid to lines sold to private American interests. The economic depression, world-wide in scope and intensity, has been particularly severe on shipping, and the American merchant marine, a comparatively new industry, lacking the substantial intrenchment of its leading competitors, has needed every assistance that could properly be given it in order to carry on. It has therefore become necessary for the board to exercise great leniency to shipowners indebted to the Government. Notes of purchasers of Shipping Board tonnage have been extended, and efforts have been made to secure the same liberal treatment for borrowers from the construction loan fund.

As a result of this policy, the fiscal year ended without any case of failure or receivership among the many lines in which the Government holds an equity.

Sale to private interests of the greater portion of the Government's war-built merchant tonnage has resulted in a material curtailment

of the activities and personnel of the Shipping Board's Merchant Fleet Corporation, formed in 1917 to serve as the board's agency for the construction and operation of the Government's merchant ships. Corresponding reductions in annual budget figures for ship operation and overhead have been effected.

Coincident with the board's gradual retirement from the operating field—a line of activity forced upon it as an aftermath of the war—its normal regulatory and promotional functions have more and more assumed their rightful importance. Under the regulatory provisions of the shipping act of 1916 the board during the year exercised an enlarged administrative and quasi-judicial function, shippers and shippers' organizations having more generally recognized the board as the regulatory forum for the determination of controversies with carriers respecting rates. This recognition was due in some measure to three notable court decisions in which the board's regulatory authority was affirmed with finality.

#### **Retrenchment in Operating Expenses.**

The extent to which the board's active ship operations have been curtailed, through sale of ships and services to private interests, is reflected in the appropriations made annually by Congress for this purpose for the past several years. For the fiscal year 1928 it was \$17,000,000, for 1929 \$13,400,000, for 1930 \$11,134,250, for 1931 \$5,950,000, and for the fiscal year covered by this report it was \$1,970,000. For the fiscal year ending June 30, 1933, no appropriation of new funds was made for this purpose. This will result in a reduction in appropriations of \$17,000,000 since 1928 and of 50,000,000 since 1924.

During the fiscal year covered by this report the pay roll of the Merchant Fleet Corporation showed a reduction of 566 employees, with annual salaries and wages totaling \$954,398, compared with the fiscal year 1931. Since July 1, 1928, 2,037 employees have been dropped from the rolls, involving salaries and wages totaling \$3,062,309.

The total operating loss of the Merchant Fleet Corporation for the fiscal year, exclusive of the cost of operating vessels in the coal trade, was \$8,430,705.82, as against \$9,294,229.43 for the fiscal year 1931.

#### **Operating Agreement, 1930.**

During the year the "operating agreement, 1930," usually referred to as the "lump-sum" operating agreement, was put into effect on all lines operated for board account. The America-France line was the last service to be placed on a "lump-sum" basis, action in this case having been delayed because of the prospect of its sale to private interests. Most of the operating agreements were revised during the year, in some cases with a view to increasing the compensation, in others to decrease it, and in practically all cases to eliminate the repair franchise and throw the entire cost of these items on the managing

operators. No longer an experiment, the "lump-sum" agreement is saving the board a substantial sum each year.

#### **Sale of Ships and Consolidation of Lines.**

As part of its program of retrenchment, and to promote efficiency, the number of lines operated for Shipping Board account was reduced during the year from 13 to 9. This reduction was brought about by the sale of two lines, the elimination of another, and the consolidation of two others. In several cases consolidation of management, as well as of lines, was effected, as a result of which the number of managing operators was reduced from 12 to 5.

On June 30, 1932, the Shipping Board fleet consisted of 357 vessels, made up of 336 cargo ships, 10 refrigerator ships, 4 combination passenger and cargo ships, and 7 harbor tugs. Two hundred and forty of the cargo ships were in the laid-up fleet and 96 in active operation. Four lake-type ships whose transfer to the War Department had been authorized, but which had not yet been delivered, have been omitted from the number of ships owned by the board as of June 30, 1932.

During the fiscal year covered by this report 37 vessels, of 227,975 dead-weight tons, were sold for \$2,644,687.50. This number was made up of 28 cargo ships, 2 transports, 1 damaged concrete tanker, and 6 small craft.

Included in the 28 cargo ships were 24 vessels comprising the Mobile Oceanic Line and the American Diamond Lines, sold to the Waterman Steamship Corporation and the American Diamond Lines (Inc.), respectively. Under the terms of the sales contracts, the purchasers are obligated to operate the vessels for a period of five years and to make certain additions and betterments.

Through the office of the Chief Coordinator, 10 vessels were transferred to other Government departments during the year.

The records show that of the 1,725 American ships of 1,000 gross tons or over, registered on June 30, 1932, a total of 1,366 ships, aggregating 7,360,000 gross tons, was privately owned, while 359 (this number includes 5 vessels belonging to the Panama Railroad Steamship Line), aggregating 2,114,000 gross tons, were still in the hands of the Government. From these figures it will be seen that at the close of the fiscal year 79 per cent of the ships and 78 per cent of the tonnage was owned by private American interests. The Shipping Board aims to dispose of the ships still remaining in its possession just as soon as this can be done consistently with good business methods.

#### **Reorganization of United States Lines.**

In October, 1931, a new company, the United States Lines Co. of Nevada, in the organization of which the Shipping Board played a prominent part, took over the operation of the United States Lines

(Inc.), which had become involved in financial difficulties. Two of the old company's vessels, the *America* and *George Washington*, were redelivered to the Shipping Board and placed in the laid-up fleet; another, the *Republic*, was redelivered to the board and transferred to the War Department in exchange for two transports, which in turn were delivered to the new company.

It is believed that the taking over of this service by the United States Lines Co. of Nevada will make for financial and administrative stability and thus greatly strengthen our position in the North Atlantic.

#### **Merchant Shipbuilding in the United States.**

Commercial shipbuilding in the United States has continued quite active due to the completion of contracts entered into during the previous year, although the new contracts placed during the period covered by this report aggregated less than one-fourth of the tonnage of those placed during the fiscal year ended June 30, 1931. Present indications are that all contracts for seagoing ships now building in American shipyards will be completed early in the next calendar year. Construction of seagoing tonnage during the past year has been confined to the east coast yards.

The total tonnage of merchant vessels of 1,000 gross tons or over, under construction in the United States on June 30, 1932, was about 176,000 gross tons, representing 15 per cent of the world tonnage under way. The only cargo vessels under construction were those designed for the carriage of freight cars.

Because of the general depression in business, orders for small craft, largely of the nonseagoing type, have been greatly reduced.

#### **Construction Loans.**

Beneficial effects of the Jones-White Act in stimulating activity in American shipyards are shown by the advances made from the construction loan fund during the fiscal year. These totaled \$50,817,809.29 as contrasted with \$28,704,786.65 for the year ended June 30, 1931.

From the inception of the construction loan fund the board has authorized loans totaling \$152,717,247.41, of which amount \$122,573,-485.94 has been advanced up to and including June 30, 1932. Full details relating to the administration of the construction loan fund will be found in the report of the Bureau of Construction.

#### **Ocean Mail Contracts.**

At the beginning of the fiscal year the number of ocean mail contracts previously signed, under provisions of the merchant marine act of 1928, totaled 41. Four contracts were signed during the year. The three contracts classed on June 30, 1931, as in process of award were signed and put into effect during the course of the year, as follows: The American Diamond Lines (Inc.)—services from New York to Rotterdam (direct), New York to Antwerp (direct), and

North Atlantic outports to Antwerp and Rotterdam, respectively; the Waterman Steamship Corporation—services from Mobile or other east Gulf ports to Harve, Liverpool, Manchester, Glasgow, Belfast, London, Antwerp, Aberdeen, and other ports between the London-Aberdeen range, also to Rotterdam, Bremen, and Hamburg; the Gulf Pacific Mail Line (Ltd.)—service from Seattle via Puerto Colombia and Kingston to Tampico. In addition to these contracts the Postmaster General made certification to the Shipping Board of the route from New Orleans to Habana, and the Shipping Board, as required by law, subsequently certified to the Postmaster General the type of vessel required, whereupon the service was advertised, bids were received, and the contract was awarded by the Postmaster General to the Seatrain Lines (Inc.). One contract, that of the United States Lines (Inc.) on the New York-Southampton route, was canceled by mutual consent.

Toward the close of the year there were under examination, although not formally certified, the following prospective mail routes: (1) Boston, Portland, New York, Philadelphia, Hampton Roads, and Baltimore to Liverpool, Manchester, Cork, London, Leith, Dundee (and other United Kingdom and Irish ports), Hamburg, and Bremen, except that vessels may not load or discharge cargo in the following services: New York to London, New York to Hamburg and Bremen, and Baltimore and Hampton Roads to Bremen and Hamburg. (2) United States Gulf ports—with certain exceptions—to the Bordeaux-Hamburg range, United Kingdom and Irish ports, Adriatic, Greek, Levant, Black Sea, and other eastern Mediterranean ports, and China, Japan, and the Philippines.

By the terms of the four contracts signed during the year the construction of eight new vessels was required. Betterments and optional requirements covering 21 additional vessels were also provided for. Of the new vessels, 5 are to be of 16 knots and 3 of 13 knots speed.

The American Diamond Lines (Inc.), for example, will be required to build two additional 16-knot vessels if and when mail-contract sailings exceed 124 per annum. The Gulf Pacific Mail Line (Ltd.) will be required to build an additional vessel with a speed of 13 knots should its mail-contract sailings exceed 15 per annum. Still another new vessel will be required if its sailings exceed 19 per annum.

The mail contract with the Waterman Steamship Corporation provides that upon this company exceeding 60 mail contract sailings per annum, the contractor is required to expend an additional \$1,000,000 for reconditioning, or reconstruction, or for building new tonnage.

At the close of the fiscal year the number of ocean mail contracts signed since the passage of the merchant marine act of 1928 stood

at 44, with positive or conditional requirements for the construction of 69 new vessels (including 5 completely rebuilt vessels), and betterments or substitutions affecting 57 vessels. The estimated cost of the new vessels is about \$300,000,000, and of the betterments \$22,300,000.

#### **Intercoastal Carriers.**

During the protracted period in which unstable conditions prevailed in the intercoastal trade, following the breaking up of the United States Intercoastal Conference on February 13, 1931, the board presented to Congress drafts of a regulatory measure designed to benefit both carriers and shippers by placing the rate structure on a more secure and equitable basis.

Doubtless influenced in some measure by this proposed regulation, the carriers on March 1, 1932, entered into a temporary conference agreement, to be operative until August 31, 1932. Steps have already been taken to extend the life of this "armistice" conference or, preferably, to organize another conference on permanent lines.

The temporary character of the existing agreement and the continued presence in the trade of competitive problems which the carriers themselves have not succeeded in solving point to legislation as the only remedy promising equitable and lasting relief. Senate bill 4491, a regulatory measure drawn up along the lines suggested by the board, was passed by the Senate on June 1, 1932, and will doubtless receive the attention of the House at the session of Congress which convenes on December 5, 1932.

#### **Safety Requirements and Load Lines.**

Neither the Safety Convention, 1929, nor the Load Line Convention, 1930, were brought into effect internationally within the past year, as had been expected. Progress toward ratification of the conventions has been made in different countries, and the Government of Great Britain has proposed that ratifications by the different governments be deposited simultaneously in order that when the respective conventions become effective they may apply to as wide an area as possible.

The United States has completed ratification of the Load Line Convention, and the Committee on Foreign Relations of the Senate has held a hearing on the Safety Convention. In the meantime, new vessels building in the United States, and in other countries, conform generally to the Safety Convention rules.

The load-line regulations for foreign voyages, in force nationally in the United States, are substantially the same as the requirements of the *International Load Line Convention*. Other countries have amended their national regulations by adopting the convention standards of loading for tankers, and in some cases for vessels carrying timber deck loads

It appears certain that merchant shipping will soon enjoy the advantage of uniform international regulations for both of these important subjects, safety and loading.

#### **Fifth National Conference on the Merchant Marine.**

The Fifth National Conference on the merchant marine, held under Shipping Board auspices, was held in Washington, D. C., on January 27 and 28, 1932.

As was the case in previous conferences, the meeting brought together in a spirit of active cooperation leaders in shipping and allied industries, as well as exporters, importers, manufacturers, trade associations, traffic clubs, and others interested in the development of the American merchant marine and American foreign trade.

The conference agenda dealt with the more outstanding problems confronting the industry. Unfair competition and ways and means of increasing the amount of patronage now bestowed on American ships were subjects that had a prominent place in the discussions. A report submitted by the national standing committee on the merchant marine, the appointment of which had been authorized by the Fourth National Conference, was adopted, and continuance of the committee's work was authorized.

#### **Recommendations.**

The shipping act of 1916 directs the Shipping Board to include in its annual report its recommendations to Congress. The following recommendations are therefore submitted for consideration in connection with further measures which may be taken to build up and maintain the American merchant marine:

Legislation should be enacted providing for the award of ocean mail contracts to purchasers of Shipping Board services, substantially along the lines of H. R. 9592 Seventy-first Congress.

Legislation should be enacted providing that ocean mail contracts shall not be awarded to American lines operating foreign-flag ships in competition with American-flag ships, substantially as provided in S. 628, Seventy-second Congress.

Section 409 (b) of the merchant marine act of 1928 should be amended so as to authorize higher rates of pay than now provided for mail-carrying vessels whose speed is in excess of 24 knots. Mail pay for this class of ships should be commensurate with the increased differential in cost of operating vessels of the higher speeds.

Provision should be made for tax exemption on American vessels operating in foreign trade, including a provision whereby deductions shall be allowed from taxable incomes derived from operating profits to the extent that such profits are devoted to new ship construction in American yards.

Legislation should be enacted looking to the transfer to privately owned American shipping interests of the peace-time business now handled by Army and Navy transports and by the vessels owned and chartered by the Panama Railroad Steamship Line.

Funds should be appropriated to carry into effect the act of Congress approved February 23, 1925, providing for the creation of a naval reserve.

Some form of Government aid should be provided for American cargo ships not benefited by mail contracts, in order to lower the operating differential which now handicaps these vessels in competing with ships owned and operated by foreigners.

Proposals have frequently been made to establish "free ports" or foreign trade zones in ports of the United States, and several bills to that end have been introduced in Congress. In view of differences of opinion as to whether or not the establishment of these zones would benefit American shipping, it might well be considered whether their establishment in this country, if sanctioned by Congress, should not first be undertaken on a limited scale under direct authority of the Federal Government.

It is recommended that the limitation of \$185,000,000 on the amount of construction loans as prescribed in the independent offices appropriation act, fiscal year 1932, page 21, be removed, and that the Shipping Board be authorized to enter into contracts to make loans up to the ultimate amount of the fund, namely, \$250,000,000, the board, however, not to obligate itself to make actual disbursements of money in excess of the available cash balance standing at the time to the credit of said fund.

It is recommended that section 11 (a) merchant marine act, 1920, be further amended to provide that the contributions to the construction loan fund by the United States Shipping Board be permitted to continue until such sums, plus appropriations by Congress, reach the maximum of \$250,000,000 provided by section 202 (b) merchant marine act of 1928.

It is highly important that legislation be enacted granting authority to the board to extend, rearrange or hold in abeyance payments due the construction loan fund, under certain restrictions which would protect the interest of the Government, substantially as provided in H. J. Res. 328, Seventy-second Congress.

Subsection (f) of section 11 of the merchant marine act of 1920 should be amended so as to authorize the Shipping Board to purchase vessels sold under foreclosure of mortgages held by the board on account of construction loans.

Changes should be made in the present laws relating to the division of damages in cases of collisions of vessels at sea, to conform to the proposals of the International Marine Convention of 1910. These changes should be brought about by legislation rather than by treaty.

Legislation should be enacted repealing certain laws which permit alien seamen who have filed declarations of intention to become citizens of the United States and who have served for three years on American vessels to be classed and hold the same status as American born or fully naturalized citizens. This proposed legislation is substantially embodied in H. R. 6710, Seventy-second Congress.

Recommendation is made that legislation looking to the adoption of The Hague Rules, substantially as provided in H. R. 3830, Seventy-first Congress, should be enacted at an early date.

The International Convention for Safety of Life at Sea, signed in London on May 31, 1929, by delegates from 18 governments, including the Government of the United States, should be ratified and given full effect by Congress.

The coastwise laws should be amended so as to make it unlawful for ships of foreign flag to engage in so-called "voyages to nowhere"—voyages originating at ports of the United States and terminating at the same place of embarkation, without touching at a foreign port, substantially as provided in H. R. 8875, Seventy-second Congress.

Legislation should be enacted to provide for additional regulatory authority over common carriers by water. In so far as the international trade is concerned, legislation of this character is contained in Senate bill 4491, Seventy-second

Congress, passed by the Senate on June 1, 1932, which measure is now pending before the House Committee on Merchant Marine, Radio, and Fisheries.

Had it not been for the aids granted by Congress in 1928, it is doubtful if many of our overseas services could have survived the distressing conditions which have prevailed in international trade during the past year. In all the maritime nations there has been a marked increase in the number of ships laid up, until 14,000,000 tons of shipping is now idle, while freights earned by active ships have been depressed to levels which in many cases fall below the cost of operation. In these circumstances various scrapping and laying-up schemes, designed to alleviate world conditions, have been proposed to remedy the situation.

The United States, foremost exporting nation and principal contributor to international long-voyage passenger traffic, actually has less tonnage in the foreign trade per ton of exports, or per head of population, than has any other commercial maritime power. Notwithstanding the rapid growth of its commercial shipping since the war, its minimum needs are still far from being satisfied in the matter of modern vessels. In this connection it is a point worthy of note that six other countries have each launched more tonnage within the past four and one-half years than has the United States. It is further to be noted that the United States has led the world in scrapping ocean-going cargo ships since the war.

In view of these facts the board can not with equanimity contemplate any proposal that would tend to interfere with the avowed policy of the American people to build up an adequate merchant marine. While it is natural that there should take place, during the period of depression, a temporary slowing up of the country's marine development, it is obvious that the United States, still undertonnaged in the matter of modern ships, can not become a party to any international scrapping or laying-up agreement without sacrificing some of the important gains it has already made in building up its commercial shipping.

In the following pages will be found detailed reports, covering the fiscal year 1932, of the seven bureaus constituting the Shipping Board, and also the report of the United States Shipping Board Merchant Fleet Corporation.

#### BUREAU OF TRAFFIC

The work of the Bureau of Traffic relates primarily to matters affecting the operation and development of the privately owned American merchant marine, pursuant to the following provisions of law: Section 26 of the shipping act, 1916, and section 19 of the merchant marine act, 1920, in so far as they relate to the investigation of discriminatory law, rules, and regulations of foreign governments and unfair foreign competition; sections 21 and 27 of the merchant

marine act, 1920, involving the coastwise laws; section 7 of the merchant marine act, 1920, involving the study of trade routes and related matters, including the study of competitive conditions between foreign and American vessels in foreign trade and between American vessels in the intercoastal and coastwise trades; section 8 of the merchant marine act, 1920, with special reference to the economic factors involved in competition between the various ports and between rail and water coastwise and intercoastal transportation, including a study of the movement of commerce to the end that exports and imports should move through ports naturally entitled thereto. This also involves a study of pertinent proceedings before the Interstate Commerce Commission and in some instances active participation therein. A more detailed statement of the activities of the bureau during the fiscal year is set forth as follows:

#### **International Items.**

Various items involving conditions unfavorable to our shipping in foreign trade received the attention of the bureau; and in those cases involving foreign laws, rules, or regulations or unfair practices, we have had the uniform cooperation of the Department of State. Further developments in matters included in the last annual report, as well as new matters, are reported as follows:

*Agreements for reciprocal exemption from income taxes on shipping profits.*—In the last annual report (p. 12) reference was made to negotiations pending with Belgium and the Irish Free State relative to agreements for reciprocal exemption from income taxes on shipping profits. The State Department advises that these agreements have not as yet been concluded.

*Brazil.*—In the last annual report (pp. 12 and 13) reference was made to a decree of the Brazilian Government, No. 19682, dated February 9, 1931, which provides, among other preferences, a 50 per cent reduction in the cost of visas of bills of lading and consular invoices of merchandise shipped by vessels of the Lloyd-Brasileiro Line, which vessels are in direct competition with American-flag lines, both private and Government owned. Attempts through the State Department to obtain a modification of the decree and the removal of the discrimination against American-flag vessels have met with no success, as the Brazilian Government refuses to recognize any discrimination and firmly holds that the measure in question is simply in the nature of a subsidy to the Lloyd-Brasileiro Line, which is almost wholly Government owned. The matter is receiving further attention with a view to effecting, if possible, an amicable arrangement with the lines in the Brazilian Conference.

*Cuba.*—In the last annual report (p. 14) reference was made to a bill pending before the Cuban Legislature providing for substantial reduction of tonnage dues on vessels engaged in the tourist trade, in

regard to which the State Department was requested to make representations to the Cuban Government. Subsequently the bureau was advised that legislation of this nature had passed both houses of the Cuban Legislature and required only the signature of the Cuban President and publication to become law. Through the cooperation of the State Department, immediate action was taken to protest against the signing of the bill by the Cuban President and to point out the discrimination against American-flag vessels carrying both cargo and passengers between the United States and Cuba, which vessels, under the terms of the bill, would not receive the benefit of the reduced tonnage dues. By letter, dated March 3, 1932, the State Department advised the Shipping Board that the bill in question had been returned to Congress by the President of Cuba with his veto.

*France.*—In previous annual reports reference has been made to instances in which French inspectors at Marseilles have attempted to subject American vessels to requirements of the French inspection laws. Through the cooperation of the State Department, orders were issued by the French authorities lifting the requirements in every case. During the past fiscal year the board was again advised that American passenger ships classed with the American Bureau of Shipping were threatened with detention in French ports for the purpose of inspection and strict compliance with all the requirements of French law. In some instances American vessels were given only provisional certificates of inspection by French authorities, providing as a condition of renewal and in order to enable vessels to take on passengers in French ports that the vessel must be classified in Lloyd's Register or Bureau Veritas, or else be subjected to all inspections required by the French laws. The steamship *Exochorda* of the Export Line was threatened with detention at Marseilles, undoubtedly as a result of the instructions above mentioned; but due to prompt action by the State Department, the orders were rescinded. The board has been advised that this vessel was not subjected to any inconvenience during its stay in port and that assurance has been given the American consul at Marseilles concerning future recognition of seaworthiness certificates. The board is awaiting the receipt through the State Department of formal advices transmitting definite assurances from the French Government that the inspection certificates carried by American-flag vessels will be duly recognized and that these vessels will not be subjected to undue interference and delay by requirements of French law. In this connection, attention is invited to the fact that the International Convention for the Safety of Life at Sea, now pending before the Senate Committee on Foreign Relations, contains provision for recognition of certificates issued by all signatories thereto.

*Italy.*—(a) In previous annual reports reference has been made to negotiations between Italy and the United States concerning the mutual recognition of the inspection laws of the two countries. An agreement covering reciprocal recognition of certificates of inspection of vessels assigned to the transportation of passengers was effected by exchange of notes signed June 1, 1931, and August 5 and 17, 1931, the agreement becoming effective on August 15, 1931.

(b) In the last annual report (p. 15) reference was made to another instance of Italian activity designed to extend the ocean-transportation facilities of that country, which appeared to involve the use of unfair methods with the object of depriving American-flag vessels of their rightful share of the trade between the two countries. Investigation by the Department of State disclosed that the agitation referred to was not directed particularly against the American line, but referred generally to the competition which the Genoese shipping companies had to meet from all foreign shipping. The facts as developed did not, therefore, indicate that American-flag vessels were being subjected to unfair treatment.

*Portugal—Preferential tariff.*—Portugal has for some years granted preferences in import and export tariffs in favor of goods transported, either direct or via transshipment routes, in Portuguese bottoms—10 per cent on imports and 20 per cent on exports. These preferences have resulted in the movement of American exports and imports via European transshipment ports, the movement between Portugal and the transshipment ports being made in Portuguese vessels in order to receive the preferential rates. This subject has heretofore been considered by the State Department and has also received attention by the Bureau of Traffic, but it has only recently been brought to the board's attention that the application of these preferential tariffs seriously threatens the life of the American steamship line operating from United States ports to Portuguese colonial ports on the West Coast of Africa. Through the cooperation of the Department of State the board has been furnished with a copy of a recent decree of the Portuguese Government in which it is announced that beginning with the fiscal year 1932 a system of gradual reduction of the preferential tariffs has been inaugurated, which reductions will continue until the preferences have been entirely eliminated. It is not apparent, however, that the new policy of gradual reduction will extend to the Portuguese colonial possessions, and the Department of State has been requested to give the matter further consideration and endeavor to persuade the Portuguese Government to make further modification of existing law and regulations applicable to the African colonies.

*Sweden.*—In the last annual report (p. 18) reference was made to the practice of the Swedish Government in assessing tonnage taxes on

American vessels under the Swedish rules, which results in a net registered tonnage approximately one-third greater than the tonnage recognized and approved by our Department of Commerce. The excess taxes payable under the Swedish measurement system amount to a considerable item in the operation of these vessels and the bureau has, therefore, given the matter careful consideration with a view to establishing a proper basis on which representations may be made to the Swedish Government. As stated in the previous report, the bureau has had the cooperation of the State Department and as a result of their investigation there appeared to be no discrimination against American vessels on the theory that all vessels in Swedish ports must pay tonnage dues on the basis of the measurements arrived at under the Swedish rules. Further investigation of this matter by the bureau, based on information received from the American Scantic Line, indicates there is discrimination against American-flag vessels, and particularly the vessels of the line mentioned, for the following reason: Although Sweden assesses tonnage dues against all vessels under the same rules of measurement, Swedish vessels are built with an eye to the Swedish rules and are thereby held to a lower tonnage under such rules than is possible for our vessels built under different rules. Several of the American Scantic Line vessels have been or are now being reconstructed to add additional passenger quarters and cargo space, and the bureau is advised that under the rules of Swedish measurement substantial tonnage will be added on which dues will have to be paid in Swedish ports, whereas under United States registry very little will be added to the tonnage on account of the reconstruction. It would appear, therefore, that there is actual discrimination against American-flag vessels in Swedish ports, as under the Swedish rules Swedish vessels obtain a substantial advantage over American vessels. Swedish vessels also carry notation of their measurement under the British rules and the tonnage dues are assessed in American ports on that basis. The United States does not assess tonnage dues against Swedish vessels under the Swedish rules, but they are allowed to pay on the basis of measurement under the British rules, thus receiving the benefit of reduced tonnage and equality with American-flag vessels. It would seem, therefore, that Sweden should accord American-flag vessels like treatment and assess tonnage dues against them under the same rules of measurement the benefit of which is accorded to Swedish vessels in United States ports. The bureau is proceeding to collect the necessary detailed information and data in order to support the position above outlined and has, in the meantime, requested the State Department to give the matter further consideration.

**Competitive Discrimination.**

(a) *Australian tariff regulations.*—Reference has been made in previous annual reports to an artificial rule prescribed by Australia for assessing duties on imports into that country, which has caused the diversion of a large part of our Australian exports through Canadian ports to the great prejudice of American railroads, American ports, and American vessels. In response to Senate Resolution 220 a report was sent to Congress on January 29, 1929, containing a separate report of the Shipping Board on this subject. As stated in the last annual report (p. 19), all efforts to eliminate this discrimination through the intervention of the Department of State have been unsuccessful, and appropriate legislation is necessary. A bill (H. R. 12043) was introduced in the first session of the Seventieth Congress, the second section of which bill was designed to meet the situation here complained of, but no action was taken thereon and no further legislation on the subject has since been introduced.

(b) *Canadian preferential tariff.*—This item has been covered in previous annual reports and a detailed report thereon was included in a separate report of the board to Congress in response to Senate Resolution 220. The Canadian preferential tariff is applied only when the commodities subject to that tariff are imported directly through Canadian sea or river ports. Imports received via a United States port and thence shipped by rail into Canada are denied the preferential rate. A bill (H. R. 10128), introduced in the Seventy-first Congress, provided for a special tax or duty of 10 per cent of the value of articles imported into the United States through a contiguous country, with further provision for suspension of the tax, upon proclamation by the President, in the case of any contiguous country which extends reciprocal privileges in the matter of imports into that country through the United States. No action was taken on that bill, but three identic bills were introduced and are now pending in the Seventy-second Congress, namely, S. 3516, S. 3804, and H. R. 8915. It is hoped that the matter will receive attention during the session of Congress commencing in December, 1932.

**Unfair Foreign Competition.**

*Temporary operation of foreign vessels in trade between the United States and Cuba.*—This matter, as stated in previous annual reports, involves unusual and unfair competition in the passenger-carrying trades between the United States and Cuba caused by foreign steamship companies placing in that service during the profitable winter season some of their large vessels withdrawn from their usual service in the North Atlantic. A bill (H. R. 10129) was introduced in the Seventy-first Congress, designed to meet this situation by extending the definition of "fighting ship" (sec. 14 of the shipping act, 1916, as

amended by sec. 20 of the merchant marine act, 1920), to cover the operations of any foreign company which attempts to operate its vessels for a few months each year in competition with regularly established American lines between the United States and nearby foreign ports during the season of profitable operation, leaving such ports to be served by the American lines during that portion of the year when business is poor and necessarily unprofitable. No action was taken on this bill in the Seventy-first Congress, but similar bills were introduced in both the Senate and House during the first session of the Seventy-second Congress (S. 3501, H. R. 8874, and H. R. 10674). Hearings were held by the Senate and House committees and both House bills were reported favorably by the Committee on Merchant Marine, Radio, and Fisheries, the latest report, dated May 9, 1932, in connection with H. R. 10674, in effect superseding the earlier report on H. R. 8874. It is expected this proposed legislation will receive further attention during the next session of Congress commencing in December, 1932.

#### Coastwise Laws.

(a) *American Samoa*.—During the first session of the Seventy-second Congress there was introduced a bill (S. 417) to provide a government for American Samoa. In examining this bill, it was found to contain the following provision (p. 6):

The provisions of law restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from any port of the United States to another port of the United States shall not be applicable to foreign vessels engaging to trade between the islands of American Samoa or between those islands and the United States.

This bill was referred to the Committee on Territories and Insular Affairs and reported without amendment. In considering the above-quoted provision of the proposed bill relative to American Samoa, the board had in mind a resolution adopted by it under date of November 26, 1924, to the effect that section 21 of the merchant marine act, 1920, extended the coastwise laws of the United States to trade between American Samoa and other ports of the United States and that the board was opposed to legislation or to the negotiation of treaties which have in view extending to foreign vessels the right to operate on any route governed by our coastwise laws. By resolution dated February 16, 1932, the board reaffirmed this attitude and recorded its opposition to the above-quoted provision of S. 417 which was designed to lift the application of the coastwise laws to American Samoa. This action of the board was transmitted to the Senate Committee on Territories and Insular Affairs for consideration. The bill was thereafter amended by modifying the provisions thereof in regard to the coastwise laws, and was finally passed by the Senate on February 24, 1932. The amended provision reads as follows:

The provisions of law restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from any port of the United States to another port of the United States shall not be applicable to foreign vessels engaging to trade between the islands of American Samoa or between those islands and the United States *until the President of the United States after a full investigation of the local needs and conditions shall, by proclamation, declare that an adequate shipping service has been established to such islands and fix a date for going into effect of the same.*

It will be noted this language is substantially the same as that part of section 21 of the merchant marine act, 1920, relating to the Philippine Islands. After passage by the Senate, the act was transmitted to the House and there referred to the Committee on Insular Affairs. So far as the bureau has been advised, no action was taken by that committee, but it is expected that the matter will receive attention during the next session of Congress commencing in December, 1932.

(b) *Virgin Islands.*—Under the provisions of section 21 of the merchant marine act, 1920, the coastwise laws of the United States were to have been extended to the Virgin Islands from and after February 1, 1922, provided there had been established by that date adequate steamship service at reasonable rates to accommodate the commerce and passenger travel of said islands. In the absence of adequate steamship service, the President of the United States has from time to time issued proclamations extending the time for the establishment of such service and deferring the application of the coastwise laws to the Virgin Islands, the last mentioned proclamation having postponed the extension of the coastwise laws until September 30, 1932. The latest action of the Shipping Board was by resolution dated July 21, 1931, which certified to the President of the United States that adequate steamship service under the United States flag had not been established between the United States and the Virgin Islands and requested the President to issue a proclamation postponing the time for the extension of the coastwise laws to the Virgin Islands from September 30, 1931, to September 30, 1932, which proclamation was duly issued, as above noted.

Under date of March 2, 1932, a bill (S. 3950) was introduced in the Senate proposing an amendment to section 21 of the merchant marine act, 1920, to provide "That the coastwise laws of the United States shall not extend to the Virgin Islands of the United States." The Senate Committee on Commerce requested the board to submit its views touching the merits of the bill and the propriety of its passage, and upon careful consideration of the matter the board approved and submitted to the Senate committee a recommendation that the bill be amended by an additional provision which would, in effect, place the Virgin Islands in the same situation as the Philippine Islands with respect to the coastwise laws as set forth in the last paragraph of

section 21 of the merchant marine act, 1920. The additional provision recommended would make the bill read as follows:

And provided further that the coastwise laws of the United States shall not extend to the Virgin Islands of the United States *until the President of the United States after a full investigation of the local needs and conditions shall, by proclamation, declare that an adequate shipping service has been established to such islands and fix a date for going into effect of the same.*

The language in italics is the same as that adopted by the Senate in the bill to provide a government for American Samoa (S. 417). The Senate Committee on Commerce reported the bill on March 31, 1932, with the amendment recommended by the board, and the bill as thus amended was passed by the Senate on June 13, 1932. No action was taken on this measure by the House of Representatives but it is expected that it will receive attention during the session commencing in December, 1932. An identical bill (H. R. 10329) was introduced in the House of Representatives on March 9, 1932, and in response to a request from the House Committee on Merchant Marine, Radio, and Fisheries the board repeated the recommendation which was submitted in connection with S. 3950, and was represented at the hearing held by the committee. The House bill was reported with an amendment substantially the same as that adopted by the Senate, but the House adjourned without taking final action. It is expected the bill will receive further attention at the next session of Congress.

(c) *Philippine Islands.*—As noted in the last annual report, the question of the extension of the coastwise laws to the Philippine Islands was made the subject of hearings held before a subcommittee of the Senate Committee on Commerce during the Seventy-first Congress, but no action was taken by that Congress. Data were submitted by the board in connection with the matter. Recently the bureau was called on to prepare a report in connection with a suggestion of the Southern Colorado Beet Growers' Association that extension of the coastwise laws to our island possessions would cause all sugar to be shipped in coastwise vessels and materially help both the American shipping industry and our domestic sugar industry. A survey was made of the sugar imports from the Philippine Islands and the Virgin Islands which at the present time are the only island possessions to which the coastwise laws do not apply. Sugar imports from the Virgin Islands are inconsequential, but considerable quantities of sugar are imported from the Philippines, the principal movement being to the north Atlantic district. For the calendar year 1931 imports of sugar from the Philippine Islands amounted to 757,345 tons, of which American-flag vessels carried 231,233 tons and foreign-flag vessels carried 526,112 tons. The extension of our coastwise laws to the Philippine Islands would, of course, entirely eliminate foreign-flag vessels from participation in

the traffic between those islands and the United States. Under the law (sec. 21 of the merchant marine act, 1920), the Philippine Islands are excluded from the operation of the coastwise laws until the President of the United States declares, by proclamation, that an adequate shipping service has been established and fixes a date for the coastwise laws to go into effect. The Shipping Board, by resolution dated January 30, 1922, certified to the President of the United States that adequate steamship service at reasonable rates to accommodate the commerce and passenger travel of the Philippine Islands had been established, and that in the opinion of the board the provisions of section 21 of the merchant marine act, 1920, should be carried into effect. No action was taken by the President at that time and no proclamation on the subject has been issued. As noted above, the matter was made the subject of investigation in the Seventy-first Congress pursuant to Senate Resolution 130, which directed the Senate Committee on Commerce to investigate the question of extending the coastwise laws of the United States to the Philippine Islands, and thereafter to report to the Senate upon the question of policy. Hearings were held before a subcommittee of the Committee on Commerce, but so far as the board has been advised no further action was taken. There is no question but that the extension of our coastwise laws to the Philippine Islands would materially benefit the American merchant marine on the Pacific Ocean. The bureau is unable to state, however, what the result of this would be upon freight rates; it does not necessarily follow that such rates would be higher than they usually are based on competition between American and foreign vessels, as competition between American vessels exclusively would in all likelihood insure a continuance of reasonably low rates.

(d) "*Voyages to nowhere.*"—Section 27 of the merchant marine act 1920, relates generally to the investigation of alleged violations of the coastwise laws of the United States by foreign vessels, which are brought to the attention of the board and which would result in illegal competition with American-flag vessels. Enforcement of the law in this regard is within the jurisdiction of the Department of Commerce. In this connection, two bills were introduced in the first session of the Seventy-second Congress (S. 3502 and H. R. 8875), providing for an amendment to the coastwise laws designed to prevent the so-called "*voyages to nowhere*" by foreign-flag ships sailing from ports of the United States. Recommendation for the passage of legislation covering this subject was contained in the board's fifteenth annual report (p. 10). Hearing was held by the House Committee on Merchant Marine, Radio, and Fisheries in connection with H. R. 8875, at which hearing the board was represented. This committee reported the bill favorably on February 9, 1932, with a slight amend-

ment to restrict its application to "near-by" foreign ports on the voyages referred to instead of foreign ports generally. Hearing was also held on S. 3502 by a subcommittee of the Committee on Commerce, but no further action was taken on either bill during the first session of the Seventy-second Congress. It is expected that the matter will receive further attention during the next session of Congress commencing in December, 1932.

**Interest in Trade Routes.**

(a) *Pacific-South African Line.*—In the last annual report (p. 26) reference was made to the board's interest in the Pacific-South African Line, operating three motor vessels under charter from the board on the route between Pacific coast ports and ports on the south and southeast coast of Africa. During the past year it became apparent that by reason of preferential duties and depreciation of Canadian currency the operation of American-flag vessels on this route in competition with foreign tonnage was becoming more and more difficult. Due to the economic factors referred to, American exporters have lost considerable business to their British Columbia competitors, making it necessary for the vessels of the Pacific-South African Line to obtain the greater portion of their outbound cargo in Canadian ports. Return cargo is very light. Considering the traffic movement from Pacific coast ports, the conclusion was reached by the board, and concurred in by the operators, that this line could not be developed to the point of sale within a reasonable time and that, therefore, the charter should be canceled. Arrangements have accordingly been made for redelivery of the three motor vessels to the board. According to informal advices, it is understood that the owners of the line are continuing operations with chartered foreign tonnage.

(b) *Competition in the New York-Habana trade.*—At the request of the New York and Cuba Mail Steamship Co. (Ward Line), the Shipping Board on January 11, 1932, granted a hearing to all the American lines operating on this trade route for the purpose of a full and frank discussion of the competitive conditions involved in this trade, in the hope that a basis of agreement might be reached which would be of advantage to all concerned. The bureau assisted in the matter of preparation of a report to the board showing the American lines with ports of call and the frequency of service, as well as details in regard to mail contracts and construction loans. Subsequent to this hearing the board considered the matter and decided that it would take no further action at that time, and so advised the several interested lines.

(c) *New Orleans-Habana trade route.*—In connection with the consideration of applications for construction loans, the bureau was requested to submit a report on the traffic conditions existing in the New Orleans-Habana trade. In view of the statements made by the

operators of American-flag vessels from other United States ports to Cuba that their business would be affected by the building and operation of new vessels in the New Orleans-Cuba trade, the bureau's report was extended to include the principal Gulf and North Atlantic ports as well as New Orleans.

(d) *Coal to West Indies ports.*—On May 16, 1932, a petition was filed with the board by certain coal operators requesting the board to use the unexpended balance of an appropriation originally made available by the independent offices appropriation act, 1930, for reconditioning and operating ships for carrying coal to foreign ports. The proposition submitted by these coal operators was that out of the balance of this fund the board should absorb the differential between the price of American and foreign coal delivered in the West Indies, by a contribution of \$1.25 per ton on coal exported to Cuba and \$1.50 per ton on coal exported to the other West Indies Islands, when carried in American bottoms. The board granted a hearing at which the matter was presented by the coal operators and their counsel. It developed at this hearing that the differential is primarily due to the cost of rail haul to the United States ports of export. The bureau assisted in the matter by preparation of data relative to exports of coal and coke to the West Indies. Upon consideration of all the facts presented and having in mind a previous ruling in a somewhat similar case, the board decided that the law does not go so far as to permit the use of the so-called "coal funds" for other than vessels owned and operated by the board.

#### **Control of Minimum Intercoastal Rates.**

Reference was made in the last annual report (pp. 27 and 28) to the question of control and regulation of minimum intercoastal water rates. In that report (p. 10) the board recommended legislation to provide for additional regulatory authority over common carriers by water, with particular reference to jurisdiction over minimum rates and restriction of operation of common carrier services by industries or by industrially-owned or controlled organizations. Following this recommendation, the board on December 11, 1931, adopted a tentative draft of proposed legislation entitled "Shipping act, 1932," and submitted copies thereof to both the Senate Committee on Commerce and the House Committee on Merchant Marine, Radio, and Fisheries for consideration and such action as they might deem appropriate. On December 15, 1931, this proposed legislation was introduced in the Senate as S. 1963 entitled "A bill amending the shipping act, 1916, as amended, for the purpose of further regulating carriers by water engaged in interstate and foreign commerce of the United States, and for other purposes." Hearings were subsequently held by the Senate Committee on Commerce and at the conclusion thereof the committee referred the bill back to the Shipping Board with the request that it

submit a new measure dealing exclusively with the intercoastal problem. Pursuant to this action, the board submitted a draft of proposed Intercoastal shipping act, 1932, which was introduced in the Senate as S. 3643. A substitute bill was also transmitted as a minority proposal by the chairman of the board and was introduced in the Senate as S. 3617. A further hearing was held by the Senate Committee on Commerce, and in view of the controversy which developed at this hearing in regard to a number of items of the proposed legislation, a new bill was drafted by members of the Senate committee and introduced in the Senate as S. 4491. This new bill substantially modified the preceding proposals, and was favorably reported by the Senate Committee on Commerce with the notation that "it is designed to establish uniformity and to guarantee to the public stability of rates." The bill passed the Senate on June 1, 1932, and was thereafter referred by the House to the Committee on Merchant Marine, Radio, and Fisheries. Congress adjourned without further action being taken, but it is expected the matter will receive further attention at the next session commencing in December, 1932.

The intercoastal conference was reorganized by a new agreement dated February 11, 1932, which was filed with and approved by the Shipping Board, and became effective on March 1, 1932. This agreement by its terms expires on August 31, 1932.

#### **The Hague Rules.**

As noted in the previous annual report (p. 28), The Hague Rules have been made the subject of proposed legislation introduced in Congress on several occasions, and a hearing was started by the House Committee on Merchant Marine and Fisheries in connection with H. R. 3830 in the Seventy-first Congress. These hearings were not completed and Congress adjourned without further action on the bill. The board has on several occasions recommended the passage of legislation looking to the adoption of The Hague Rules in a modified form. A new bill (S. 482) was introduced in the first session of the Seventy-second Congress entitled "A bill relating to the carriage of goods by sea," and in reply to a request from the Senate Committee on Commerce the board submitted a report approving this bill in substance and suggesting the enactment of such legislation at an early date. Congress adjourned without taking further action on this bill, but it is hoped that the matter will receive further consideration at the next session commencing in December, 1932, and that the desired legislation will be enacted.

#### **Development of Ports and Water Transportation.**

In the last annual report (p. 29), several items were listed pertaining to matters arising under the provisions of section 8 of the merchant marine act, 1920. Further developments are noted as follows:

(1) *Southern Pacific transcontinental cases.*—The Interstate Commerce Commission on March 8, 1932, rendered a decision, in which all but one commissioner concurred, denying the fourth section applications of the Southern Pacific Lines, thus making it impossible for them to apply to intercoastal traffic via their Sunset-Gulf route the extremely low rates proposed in their applications, which rates, if approved, would undoubtedly have diverted a large part of the traffic carried by the intercoastal water lines. Petition for reopening was filed by the applicants with the Interstate Commerce Commission on June 15, 1932, and replies thereto have been filed by some of the opposing interests. The matter will receive further attention by the bureau.

In this connection, a bill (H. R. 5071) was introduced in the first session of the Seventy-second Congress proposing to amend section 4 of the interstate commerce act by adding a new paragraph providing, in substance, that fourth-section relief shall not be granted on account of water competition through the Panama Canal, and that the fourth-section limitations shall not apply to rates on import and export traffic including traffic coming from or destined to a possession or dependency of the United States.

(2) *Export and import rates to and from South Atlantic and Gulf ports.*—As noted in the last annual report (p. 30), fourth-section relief was granted by the Interstate Commerce Commission subject to certain limitations. A number of tariffs were subsequently filed by the southern lines proposing changes in export and import rates without violating the fourth section of the interstate commerce act. Northern and eastern railroads protested against these tariffs and asked for their suspension. At the same time tariffs were filed by the northern and eastern railroads canceling all joint export and import rates from territory north of the Ohio, via South Atlantic and Gulf ports, leaving domestic rates to apply. Southern ports and railroads, as well as some northern shippers, protested and asked for the suspension of these tariffs. The commission thereupon ordered all the tariffs suspended pending a further hearing concerning the lawfulness of rates, charges, regulations, and practices stated therein. These further hearings are now being held, and the bureau is continuing its interest in the case so that further action may be taken if deemed necessary or desirable.

In this connection, the following proposed legislation was introduced in the first session of the Seventy-second Congress: S. 3709, proposing to amend paragraph (1) of section 4 of the interstate commerce act, as amended, by adding the following new sentence: "The provisions of this paragraph shall not apply to rates and charges for the inland transportation of property imported by water to, or to be exported by water from, the United States"; H. R. 9493, an identic

bill. Congress adjourned without taking action on either of these bills.

(3) *Pacific coast fourth-section applications.*—A petition for reopening this case, which was filed by the steamship companies and supported by the Shipping Board, was denied by order of the Interstate Commerce Commission dated October 5, 1931. Thereafter a petition was filed by the railroad companies asking for reconsideration and modification of the commission's decision referred to in the last annual report (p. 31), and by order dated January 2, 1932, the cases were reopened and assigned for further hearing at San Francisco on April 6, 1932, on the question of the propriety of the minimum revenue provisions contained in the report and order previously entered in the proceeding. The hearing was duly held, but decision on the application for modification of the minimum rate provisions has not yet been rendered by the commission. The Bureau of Traffic is carefully following this case with a view to recommending such action as may be deemed advisable.

#### BUREAU OF REGULATION

During the period covered by this report the board's bureau of regulation administered the regulatory provisions of the shipping act relating to rates, fares, charges, practices, and cooperative traffic relationships of common carriers by water engaged in interstate and foreign commerce of the United States, and of forwarders and other persons subject thereto. To facilitate such administration, extensive inquiries were made throughout the period to ascertain the status of all common carriers by water furnishing transportation service of any character in, from, or to the United States, its Territories and possessions, and of such other persons. Due to unfavorable economic conditions, the changes in ownerships, corporate identities and interrelationships have been numerous, as have also the changes in ports served. As of June 30, 1932, the bureau's classification record in this connection is as follows:

1. Interstate carriers on rivers and canals.....	33
2. Towage, lighterage, or ferriage services.....	285
3. Interstate water carriers within purview of section 5 of interstate commerce act.....	21
4. Carriers by water engaged in proprietary service.....	206
5. Interstate carriers on high seas or Great Lakes (exclusive of classes 2, 3, and 4).....	159
6. Carriers engaged in foreign commerce of the United States in tramp service.....	168
7. Carriers operating in foreign commerce of the United States (exclusive of classes 2, 4, and 6).....	240
8. Forwarders, wharfingers, warehousemen, and others furnishing terminal facilities in connection with common carriers by water.....	211

By reference to classes 5 and 7, it will be noted that 159 interstate carriers and 240 carriers in foreign commerce of the United States are subject to the board's regulatory jurisdiction.

The bureau's activities during the year were in connection with (1) formal quasi judicial proceedings; (2) informal complaints and special administrative inquiries; (3) agreements, including understandings, conferences, and arrangements, between carriers; (4) tariffs and regulations of interstate carriers, and (5) miscellaneous.

#### **Formal Quasijudicial Proceedings.**

This function of the bureau was conducted pursuant to section 22 of the shipping act, 1916, providing in part that—

any person may file with the board a sworn complaint setting forth any violation of the shipping act by a common carrier by water, or other person subject thereto, and asking reparation for the injury, if any, caused thereby. If the complaint is not satisfied the board shall investigate it in such manner and by such means, and make such order<sup>1</sup> as it deems proper. The board upon its own motion may in like manner and with the same powers investigate any violation.

Fourteen separate proceedings were handled by the bureau on this docket during the year, there being involved as parties thereto 64 shippers and port organizations and 85 carriers. The issues presented for determination chiefly related to undue prejudice, unjust preference, and unreasonableness in connection with carriers' rates and practices assailed as violative of sections 14, 16, 17, and 18 of the shipping act. As provided by the board's rules of practice governing procedure in these quasi judicial investigations, pleadings docketed were considered and determined, argument and jurisdictional motions ruled upon, sworn testimony of the contending parties received at hearings, and issues decided. Subpœnas were served in 12 instances to insure reception of material facts. Upon the bureau's recommendation in these investigations, the board adopted 6 resolutions and issued 11 orders.

Illustrative of the complaint proceedings handled under this function of the bureau are *Lesem Bach & Co. v. Societe Anonyme de Navigation Belge-Americaine*, relating to issues of undue prejudice and unjust discrimination in violation of sections 16 and 17 of the shipping act against the complaining American importers of linen; *Atlantic Refining Co. v. Ellerman and Bucknall Steamship Co. et al.*, concerning rates on case oil New York and Philadelphia to various South African ports alleged to unduly prefer another shipper of oil from New York to the same destinations and to subject the complainant to unjust discrimination in violation of sections 14, 16, and 17; and *Firtex Insulating Board Co. v. Luckenbach Steamship Co.*

<sup>1</sup> By section 23 of the shipping act "Orders of the board relating to any violation of this act shall be made only after full hearing," and section 24 thereof provides that "the board shall enter of record a written report of every investigation made under this act in which a hearing has been held, stating its conclusions, decision and order, and, if reparation is awarded, the findings of fact on which the award is made."

respecting an issue of undue prejudice and unreasonableness violative of sections 16 and 18 in connection with rates and classification of complainant's shipments in intercoastal commerce.

Notable among the complaint proceedings was *Los Angeles Jobbers and Manufacturers v. Intercoastal Carriers*, in which it was determined that the split delivering of car-load quantity shipments among from two to six Pacific coast ports at the same rates as charged for delivering a car-load quantity shipment solid at one Pacific coast port constituted undue prejudice against the complainant's members, in violation of section 16 of the statute. The 16 carriers defendant were accordingly ordered to discontinue such practice and to make adjustment of their rates to reflect the additional cost and service incident to split deliveries.

Such order was sought to be enjoined by two of the carriers upon numerous grounds. Each of such grounds was demonstrated to the court to be untenable, the decision of the special court of three judges (*Isthmian Steamship Co. and Argonaut Steamship Line v. United States*, 53 Fed. (2d) 251) being, in part, that "the 1,300 odd pages of testimony taken before the Shipping Board have been carefully examined \* \* \* and in our opinion there can be no doubt that the administrative action of the board was within its powers and subject to no criticism by this court."

Illustrative of the proceedings initiated by the board upon its own motion and conducted by the bureau during the year are *In re Marginal Track Deliveries*, bringing in issue under sections 15 and 22 of the shipping act whether a 1½-cent equalization charge at Gulf ports having marginal track-loading facilities constitutes unjust discrimination against such ports and undue preference to ports where such facilities are not available; *In re Long Island Sound*, determining an issue of the board's regulatory jurisdiction of carriers operating over that body of water in relation to section 18 of the statute; *In re North Pacific Steamship Line*, regarding the filing of freight classification as required by section 18 and the board's tariff regulations, and *In re Rates in Canadian Currency*, involving the lawfulness of practice of carriers operating to Australasia, the Orient, Dutch East Indies, and Straits Settlements in charging like rates from Canadian and United States Pacific coast ports, notwithstanding depreciated Canadian currency.

In relation to its function of administering the formal quasi judicial proceedings of the board pursuant to section 22 of the shipping act as above reviewed, the bureau also participated in a consultant capacity with counsel in two important court proceedings affecting fundamental jurisdictional questions. These proceedings were *United States Navigation Co. v. Cunard Steam Ship Co. et al.*, 284 U. S. 474, and *Dixie Steamship Co. et al. v. American Pitch Pine Export Co.*

et al., 55 Fed. (2d) 1077. Although independent therefrom as to parties and particular subject matters, each of these judicial proceedings brought into review two previous regulatory proceedings conducted by the bureau and decided upon its reports by the board in 1922 and 1927, respectively.<sup>2</sup> Both of such court decisions establish the primacy of the board over the courts as the tribunal for the determination of issues of fact arising out of alleged violation by carriers of the shipping act. After stating the substance of sections 14, 14a, 16, and other regulatory provisions of the act, the Supreme Court in the first indicated decision affirms that—

A comparison of the enumeration of wrongs charged in the bill with the provisions of the sections of the shipping act above outlined conclusively shows, without going into detail, that the allegations either constitute direct and basic charges of violations of these provisions or are so interrelated with such charges as to be in effect a component part of them, and the remedy is that afforded by the shipping act. \* \* \* The matter, therefore, is within the exclusive preliminary jurisdiction of the Shipping Board.

The decision in this case, relating to attack by a competing carrier upon rate practices of carriers in transatlantic service from North Atlantic ports (39 Fed. (2d) 204; Aff. 50 Fed. (2d) 83) further states that only through recognition of the board as the primary forum in such cases can there be secured "the uniformity of ruling upon which protection from unreasonable exactions and unjust discriminations must depend \* \* \*. Congress undoubtedly intended that the board should possess the authority primarily to hear and adjudge," and "for the courts to take jurisdiction in advance of such hearing and determination would be to usurp that authority."

The second court proceeding adverted to above (*Dixie S. S. Co. et al. v. American Pitch Pine Export Co. et al.*, 55 Fed. (2d) 1077) was an appeal from grant of injunction by the District Court for the Eastern District of Louisiana issued upon suit of shippers and enjoining rate practices of carriers in the Gulf to United Kingdom trade. The Circuit Court of Appeals, in recognition of the primary jurisdiction of the board rather than of the courts, remanded the case to the District Court with direction to dissolve the injunction.

#### **Informal Complaints and Special Administrative Inquiries.**

Rule XXIV of the board's rules of practice provides that unsworn communications addressed the board alleging violations of the regulatory sections of the shipping act, if setting forth concisely and in definite terms the facts relied upon as constituting the violations alleged, are to be regarded as informal complaints. All such complaints are docketed by the bureau and their subject matters squared with the transportation principles which appear to be concerned, following which the bureau endeavors through correspondence and

<sup>2</sup> *Eden Mining Co. v. Bluefields Fruit & S. S. Co.*, and *Ex Parte 5, Contract Rate Investigation*.

informal conference with complainants' and carriers' representatives to bring about amicable settlement, adjustment, or understanding. In instances where after extended endeavor as indicated the parties are adamant and it is evident that further effort by the bureau to promote friendly disposition of the particular controversy would be unavailing, the complainant is referred to the provision of the board's Rule XXIV which directs that "where a settlement can not be effected through informal proceedings the complainant will be promptly so advised, and thereafter, if he so desires, may file a formal complaint as provided in Rules V and XXI."

Representative of the subject matters involved in the 17 cases handled on this docket as above are disparity in rates on citrus fruits from Puerto Rico and Florida to Liverpool; on corn, flour, and grits as compared with wheat flour to various United Kingdom ports; alleged overcharges on lard, Gulf to Hamburg; special rates on lumber, Pacific coast to east coast of South America; unreasonable rates and charges and failure to settle claims on machinery, cotton fabrics, mill-work, and other commodities shipped interstate between various North Atlantic ports; misclassification of automobile bodies and parts moving between Great Lakes ports; discrimination in rates on wool tops as compared with finished yarn in intercoastal commerce; alleged removal of competing carrier service to effect increases in Pacific coastwise rates on canned goods and other commodities; and prejudicial rates on small-arms ammunition, North Atlantic ports to the Far East.

Nine additional cases covering special administrative matters were also handled on this informal docket. These latter were directed to insuring observance by carriers of the requirements of regulatory sections of the shipping act, particularly in reference to unsupported statements made to the bureau by shippers or others, or from information incidentally acquired by it from related matters passing through its hands in course of business. In six instances resolutions of the board were adopted in aid of this bureau activity.

#### **Agreements.**

By section 15 of the shipping act every carrier in interstate or foreign commerce of the United States within the purview of that act is required to file with the board true copies or complete memoranda of all agreements between it and any other such carrier—

fixing or regulating transportation rates or fares; giving or receiving special rates, accommodations, or other special privileges or advantages; controlling, regulating, preventing, or destroying competition; pooling or apportioning earnings, losses, or traffic; allotting ports, or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive, preferential, or cooperative working arrangement.

The term "agreement" as used in this section of the act is by it declared to include all "understandings, conferences, and other arrangements" between carriers in respect to the subject matters detailed; all such agreements to be approved, disapproved, modified, or canceled by the board according as they may be found upon examination to be unobjectionable or to be—

unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be in violation of the shipping act.

Board approval of an agreement under this section of the statute excepts such agreement and the parties thereto from attack for violation of the Sherman Antitrust Act, the Wilson Tariff Act, and amendments and supplementary acts.

The 563 agreements analyzed by the bureau and recommended to the board for action under this section during the 12-month period covered by this report naturally grouped themselves according to general subject matter into what have come to be known as "tandem" agreements between two or more carriers engaged in separate trades and proposing by such agreements to establish through routes and connected service, and "conference" agreements between from 3 to 20 carriers engaged in the same trade and serving the same range of ports. Intermediate variations of these two general classes, as, for illustration, agreements between conference and nonconference carriers, and between two or more conference groups respecting competitive routes or territory, formed a substantial and particularly difficult third general class.

Due apparently to decreased volume of normal movement of local traffic, the agreements filed and considered by the bureau were unprecedented in scope of provision as well as in the number filed. The majority of such agreements record a purpose of the party carriers by shrinkage of rates and absorption of charges to draw traffic from direct line routes for transportation via more distant transshipment routes. Outstanding among the direct line agreements were those providing for pooling of earnings, allotment of ports, and curtailment of sailings, such agreements in a number of instances involving fundamental effects upon commerce of the United States in the particular direct trades concerned.

Revision and realignment of existing agreements between carriers in several of the interstate trades to meet present economic conditions were especially intensive, and required before approval extended action by the bureau to insure common-carrier action under them which should be unobjectionable from the viewpoint of all of the regulatory provisions of the statute. The bureau's work in connection with agreements in trades between the United States and

foreign countries also required an enlarged activity not hitherto approached, in order to meet with the rapid readjustments in freight and passenger alignments proposed by such agreements for board approval. The year was characterized by the consolidation into single managements of carriers heretofore operating independently, and by extreme instability of carrier relationships existing under cooperative agreements on file.

As of June 30, 1932, the active conferences in the foreign and interstate commerce of the United States, functioning in pursuance of section 15 agreements on file with and approved by the board are 86 in number. Briefly the trades covered by these conference agreements and the number of conferences functioning in each trade are indicated below, together with the number of member carriers of the conference having the largest membership in each particular trade range.

Trades	From United States North Atlantic and South Atlantic ports to—	To United States North Atlantic and South Atlantic ports from—	From United States Gulf ports to—	To United States Gulf ports from	From United States Pacific coast ports to—	To United States Pacific coast ports from—	Membership
United Kingdom.....	7	5	3	1	3	1	21
Continental Europe, including Spanish Atlantic, Scandinavian, and Baltic ports.....	8	6	3	—	2	1	17
Mediterranean ports.....	9	6	4	1	2	—	8
Far East, including Straits Settlements, Siam, and India.....	2	8	2	8	3	8	36
Dutch East Indies.....	1	1	1	1	—	—	9
South Sea Islands.....	—	—	—	—	2	2	9
Australia.....	1	—	—	—	—	—	9
Africa.....	2	—	—	—	—	—	17
West Indies and Caribbean Sea ports.....	5	4	5	4	2	—	6
South and Central America.....	4	3	3	1	4	2	11
Between Philippine Islands and foreign ports.....	—	—	2	—	—	—	18
Between Puerto Rico, Virgin Islands, and Europe.....	—	—	—	1	—	—	9
Intercoastal and coastwise, including Hawaii and Alaska.....	—	—	7	—	—	—	19

#### Tariffs and Regulations of Interstate Carriers.

Filing and posting requirements of section 18 of the shipping act provide that every common carrier by water in interstate commerce, as defined by section 1 of such act—

shall file with the board and keep open to public inspection, in the form and manner and within the time prescribed by the board, the maximum rates, fares, and charges for or in connection with transportation between points on its own route; and if a through route has been established, the maximum rates, fares, and charges for or in connection with transportation between points on its own route and points on the route of any other carrier by water.

In the administration of these requirements of the statute the bureau prepared and the board adopted during the year amended regulations to more readily cope with conditions disclosed by section

22 investigations conducted by the bureau. These regulations as now amended and promulgated are believed to insure, to the fullest extent compatible with the authority vested in the board by the statute, information to shippers of interstate commodities respecting the "just and reasonable rates, fares, charges, classifications, and tariffs, and just and reasonable regulations relating thereto and to all other matters relating to or connected with the receiving, handling, transporting, storing, or delivering of property" which carriers in interstate commerce are by the shipping act required to establish, observe, and enforce.

The 159 carriers in interstate commerce subject to the above requirements of the act and the board's tariff regulations filed during the year 2,286 tariffs through their own traffic departments, by independent tariff agents under powers of attorney, or by concurrences, as permitted by the regulations. Geographically the interstate tariffs currently on file cover transportation by 51 carriers operating on the Atlantic and Gulf seaboard, 19 in intercoastal trade between Atlantic and Gulf ports and Pacific coast ports, 29 operating in Pacific coastwise traffic, including Alaska, 19 on the Great Lakes, and 41 between the United States and the Philippines, Puerto Rico, Canal Zone, Samoa, Virgin Islands, and Hawaii.

On 61 occasions the bureau, after examination and upon notice, withheld authority for the posting of tariffs on wharves and at other places specified by the regulations, pending the furnishing of required affidavits setting forth justification for advances in rates, or for change of carriers' regulations or tariff rules effecting proposed advances in rates. In 32 instances it was necessary to reject tariffs and tariff supplements because of nonconformity with the board's regulations. The trend of rates as shown by the tariffs filed was perceptibly downward, although, due to increases in competitive rail rates permitted by the Interstate Commerce Commission,<sup>3</sup> many substantial advances by water carriers in port-to-port rates are recorded by the tariffs filed. Pursuant to the provisions of section 18 and the tariff regulations, seven petitions for authority to file tariffs naming increased rates and charges to become effective on less than statutory notice were received from carriers subject to the act and passed upon.

The bureau's public tariff files were the subject of daily examination by representatives of shippers' organizations located in Washington, of trade bodies and traffic associations. Extensive use of such files was also made by traffic employees of carriers, both water and rail, and by representatives of Government departments and agencies. To the fullest extent possible the bureau complied with all requests of such persons for assistance in obtaining desired informa-

<sup>3</sup> I. C. C. Docket 16879, 164 I. C. C. 314; Ex Parte 103, 178 I. C. C. 639.

tion from the tariffs on file and in the compilation of rate data in which they were engaged.

#### **Miscellaneous.**

Chief among the miscellaneous activities of the bureau were those relating to proposed amendments to regulatory sections of the existing shipping act and to additional regulatory legislation, particularly in reference to Senate bills 1963, 3643, and 4491. Included among the other general work performed were compilation of comparative analyses respecting nationality of carriers party to section 15 agreements, examination of annual reports of carriers by water on file with the Interstate Commerce Commission, and of consular and other governmental reports in connection with terminal and other practices of subject carriers abroad.

### **BUREAU OF OPERATIONS**

The work of the Bureau of Operations is carried on in three divisions as follows: (1) Industrial relations division (including sea service section), (2) investigations division, and (3) port facilities division.

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

Generally, and for obvious business reasons, wage scales on docks have undergone downward revision. Reduced revenues earned by steamship companies and the consequent desire to lower operating costs have depressed wages. Employees without prolonged objection have accepted their share of helping in this way to sustain merchant shipping as a major industry in our economic scheme. The established custom of the trade to rely upon formal agreement and understanding has had the effect of producing amicable industrial relations, thus avoiding the costly delays which disruption of water transportation always entails.

Tangible benefits accruing to the nation from the possession of a strong merchant marine include of course monetary gains to builders, repairers, and vendors of various merchandise and equipment through original construction and subsequent maintenance and operation of the ships. A large percentage of the total cost accrues to labor. It follows therefore that in encouraging and developing the merchant marine the board's interest in industrial relations is proportionately large. The industrial relations division keeps informed as to these conditions.

Expiring agreements with certain changes were renewed between longshoremen and employing interests in the North Atlantic ports on October 1, 1931. In the opinion of the employing interests, business conditions required reductions in wages of 10 per cent, whereas the men argued for renewal at unreduced rates. After amicable negotiation, the wage on overtime was reduced 10 cents per hour to \$1.20,

leaving unchanged, however, the straight time rate of 85 cents per hour. This agreement was concluded with respect to the ports of Portland, Boston, New York, Philadelphia, and Baltimore.

In February, 1932, one line became involved in a controversy with the longshoremen in the port of New York by attempting to reduce the hourly rate to 75 cents. While the line had not signed the formal agreement the previous October and therefore did not feel bound by it, negotiations in accordance with the principles of collective bargaining were instituted and the minor differences quickly adjusted. Normal operations were soon restored and the company continued the regular scale.

At New Orleans there had been early in 1931 a prolonged dispute, touched upon in the last report, which ended by the employers adopting a reduced scale which has since prevailed.

Last year witnessed an adjustment of wages in the Texas ports of Galveston, Houston, and Texas City. At the expiration of the prevailing agreement, October 1, 1931, the men were presented with a proposal by the employers to reduce wages 15 cents per hour on general cargo, or from 80 to 65 cents, and a reduction of 8 cents per bale for loading and discharging cotton. While the men were willing to accept a reduction of 10 cents per hour and of 3 cents per bale on cotton, the employers insisted on their proposal.

It was, however, evident that some of the employing interests were in favor of compromising by accepting the men's offer. Meanwhile the ships were being indifferently worked. At Galveston, for example, men brought from Houston were admittedly inefficient and unable to do the required handling of general cargo. There were some indications, shortly after the breach, that foreign lines were not united in holding out against the offer of the men, and the appearance of communistic circulars addressed to the workers did not serve to assure employers of the security of the situation. It rather demonstrated the mutual advantage of dealing with respectable organized labor in a collective negotiation. The unsatisfactory situation was ended on October 20, 1931, when both sides agreed upon a scale of 70 cents per hour on general cargo and 13 cents per bale on cotton.

The Pacific coast scales were practically maintained, the basic rate being reduced but 5 cents, or to 85 cents per hour.

Measures designed to promote the safety of marine workers, especially those engaged in handling cargoes ashore and aboard ship, have been of special concern to the board over a considerable period. The longshore and stevedoring occupations only a few years ago were a most prolific source of accident and injury cases, and, therefore, greatly in need of a program of prevention. While much satisfactory progress has been made in educating employer and employee to the value of safe working conditions, considerable yet remains to be

accomplished before the hazards surrounding this industry are reduced to a level comparable with other callings.

The board's efforts in this direction have met with gratifying results, especially in uniting action among the interested parties in our major ports with a view to the adoption of longshore safety codes. Local representatives of the board have given their cooperation to the movement, and, as was stated in the previous annual report, voluntary safety codes have been adopted in New York, Philadelphia, Boston, New Orleans, the Texas ports, Pacific coast ports, Hampton Roads, Pensacola, Mobile, and Gulfport.

In the opinion of certain local safety committees, a national safety code offering sufficient opportunity for adaptation to the particular needs of individual ports would operate to the best advantages. A draft of a proposed national safety code is now in course of preparation under the direction of the safety committee at New York. In sentiment, the industry seems to favor such a move and would prefer that its adoption be voluntary rather than to give it the force of legislation.

At Savannah, the employers of labor engaged in deep-water work agreed to review the accident record of the past year in an effort to eliminate as far as possible the causes of accidents.

The local safety committee at Tampa at its last meeting decided to await the draft of a national safety code before taking definite action. The Norfolk committee is cooperating with the New York group and has deferred action until the draft of the national code becomes available. Steamship operators at Charleston, at a meeting of the Maritime Association, adopted the standard code of safety rules compiled by the American Steamship Owners' Association. There is no change in the situation at Baltimore. The matter is in abeyance awaiting action by the Steamship Trade Association.

A survey of the situation obtaining over the past fiscal year shows that, in general, beneficial results have been derived through the use of the local codes and that pier and terminal officials and workmen have been cooperating closely in carrying out the code provisions with the result that further progress in accident prevention has been achieved.

The National Safety Council, in its twenty-first annual safety congress, to be held in Washington in October, will again devote a portion of its program to the marine industry. A more comprehensive review of accident frequency and severity in the industry is now possible, since in 1931, 55 organizations, employing 62,000 men, reported their experience, as compared with 28 organizations, employing about 40,000 men, in 1930. This indicates the increasing interest displayed in accident prevention by the marine industry.

The National Safety Council's industrial accident statistics for 1931 show the frequency rate in the marine industry to be still abnormally high when compared to land establishments.

The committee on the safety of marine workers, formed under the auspices of the Third National Conference on the Merchant Marine, continued to function throughout the year. In its report to the Fifth National Conference in January, 1932, it enlarged upon the topics enumerated in its first report which were mentioned in this division's last annual report. The committee favors the voluntary adoption of suitable safety codes, in the formation of which employers and employees would cooperate.

#### Sea Service Section.

During the fiscal year the sea service section, through field offices located at the ports of Boston, New York, Philadelphia, Baltimore, Norfolk, Savannah, Mobile, Galveston, Houston, New Orleans, Portland, Oreg., and Seattle, placed 30,367 men in the various ratings aboard ships of American registry.

The aim of the United States Shipping Board sea service section is to assist the American shipowner to obtain physically fit, competent American crews without delay to the ship, and without paying exorbitant fees to crimps, as they had to do before this service was established. During the depression, when many ships are laid up and thousands of seamen are out of employment, the sea service offices have cooperated with local charitable organizations in looking after the welfare of the men and in many instances have been instrumental in locating work ashore for them.

The medical department of the sea service section has continued to cooperate with the United States Public Health Service, with the result that American seamen are in better physical condition to-day than ever before. This condition has been brought about by the regular physical examination given seamen prior to their employment. If they are found suffering from disease or any physical ailment, they are directed as to how to obtain medical treatment and must again undergo physical examination before they are allowed to go to sea.

The work of Americanizing the crews of American merchant ships has always been a foremost aim of the sea service section. The effort to place all-American crews on American ships has shown increasingly satisfactory results, figures compiled for the fiscal year showing that 95.4 per cent of the seamen placed by the sea service offices were American citizens, a slight gain over last year.

The following table shows the total number of men placed in positions during the fiscal year ended June 30, 1932:

Sea service section record of placements, June 30, 1931, to July 1, 1932

	Boston	New York	Philadelphia	Baltimore	Norfolk	New Orleans	Portland	Seattle	Galveston	Mobile	Savannah	Houston	Total
Masters.....	2	1	3	0	1	0	4	0	0	0	0	0	11
First officers.....	4	3	2	0	1	0	4	1	0	0	0	0	18
Second officers.....	1	1	5	2	1	0	3	2	0	0	1	2	20
Third officers.....	10	2	15	3	4	0	7	3	0	0	0	4	50
Fourth officers.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Cadet deck officers.....	1	22	0	32	2	19	26	0	3	41	38	2	197
Carpenters.....	10	113	16	13	2	10	74	17	1	1	9	0	206
Carpenters' mates.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Boatswains.....	7	152	30	41	4	55	74	10	20	29	46	29	487
Boatswains' mates.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Quartermasters.....	4	18	7	41	0	0	0	4	0	0	0	0	6
Able seamen.....	147	2,915	787	593	308	1,012	1,046	373	461	388	310	282	8,632
Ordinary seamen.....	63	508	95	248	102	265	255	107	108	112	103	107	2,166
Deck apprentices.....	0	0	0	0	0	77	0	0	0	33	0	24	184
Radio operators.....	0	0	1	0	0	0	1	0	0	1	0	1	4
Chief engineers.....	0	5	0	0	0	0	1	0	0	0	0	0	6
First assistant engineers.....	0	5	4	0	1	0	1	0	0	0	0	0	6
Second assistant engineers.....	3	4	3	0	1	0	3	0	0	0	0	0	19
Third assistant engineers.....	7	8	16	2	6	0	4	3	0	0	0	2	35
Fourth assistant engineers.....	0	3	0	0	0	1	3	5	0	0	1	9	35
Cadet engineer officers.....	0	0	0	0	0	0	0	0	0	0	2	9	51
Refrigerator engineers.....	0	7	0	0	0	2	38	0	0	0	35	0	51
Electricians.....	0	23	0	6	0	0	0	0	0	0	0	0	32
Deck engineers.....	0	68	0	6	0	0	0	0	0	0	0	0	80
Boys.....	0	19	2	9	0	9	3	3	0	0	0	0	74
Pump men.....	1	0	2	9	0	0	0	0	0	0	0	0	12
Others.....	34	0	8	4	1	0	0	0	3	1	7	1	47
Water tenders.....	31	979	130	165	39	279	470	76	122	116	157	133	2,704
Storekeepers.....	7	368	111	51	9	73	0	0	0	53	26	10	616
Writers.....	0	11	0	8	0	8	0	0	0	0	0	0	19
Wipers.....	39	1,847	142	369	171	420	460	125	221	151	136	192	4,206
Coal passers.....	22	570	97	170	44	271	261	117	131	71	69	198	1,681
Boys.....	5	268	10	80	32	0	0	1	0	0	0	0	336
Engineer apprentices.....	0	3	0	0	0	5	0	0	0	0	0	0	15
Deck boys.....	5	80	9	5	30	145	1	1	3	1	24	36	412
Chief steward.....	5	32	6	14	1	6	13	1	0	0	0	0	88
Second steward.....	0	17	0	81	1	36	0	3	0	0	0	0	137
Chief cooks.....	32	217	15	52	31	24	53	31	0	36	50	25	595
Second cooks.....	47	259	42	64	13	103	80	12	58	37	30	30	777
Third cooks.....	0	6	0	0	0	1	0	0	0	0	0	0	7



### Investigations Division.

The investigations division of the Bureau of Operations handles miscellaneous matters other than those covered by the industrial relations division and the port facilities division.

*Safety of life at sea.*—Notwithstanding that the international convention has not yet come into effect, it has had a great influence on the design of new vessels both in our own country and abroad. Prudence dictates that in essential features new ships should conform to the higher standards of the convention.

The division has continued its studies and cooperation with other Government offices and with the shipowners, shipbuilders, classification and underwriters' societies, and with other marine interests, in the adoption and development of safety measures and practices and in support of the safety convention. The importance of this work will be still greater when the convention is brought into operation.

*Load-line developments.*—The load-line regulations, to govern for foreign voyages, as promulgated by the Secretary of Commerce in pursuance of the act of March 2, 1929, have been in effect throughout the year. They have been administered without hardship and to the general satisfaction of shipping. Reciprocal agreements for the mutual recognition of load lines have been entered into with certain foreign countries.

The load-line convention, when it comes into operation, will be applied to United States shipping without any inconvenience. The requirements are nearly all identical with our present load line law, except the extension of the convention regulations to vessels of between 150 and 250 tons.

*Fifth National Conference on the Merchant Marine.*—The investigations division handled the preparatory and editorial work incident to the Fifth National Conference on the Merchant Marine, held in Washington, D. C., on January 27 and 28, 1932, as well as the work incident to the meetings of the national standing committee on the merchant marine, appointment of which was authorized by the Fourth National Conference. Copies of the proceedings of the Fifth National Conference have been made available to the public in printed form and may be secured by addressing the Shipping Board.

*Study of operating differentials.*—Investigation into the relative costs of operating vessels under the American flag in foreign trade, as compared with vessels of foreign registry, was assigned to the Shipping Board by the shipping act of 1916.

During the past year, a survey was made of wage scales on the ships of 12 of the principal foreign maritime countries, together with their manning requirements and subsistence costs. The whole subject has been in a state of flux during the past 12 months due to frequent adjustments of wage scales and subsistence allowances, and also to the

fact that currencies in which foreign wages and other expenses have been paid are at a discount and subject to fluctuation. The normal spread between American costs and those of some of our principal foreign competitors has been widened by the depreciation of foreign moneys. Seven of the 12 countries included in the survey are thus affected.

Other handicaps against American ships occur in higher costs of building and repairs in this country, and higher expenditures for supplies and insurance. Here, again, conditions are aggravated by cheaper foreign currencies.

The net result of the year's happenings has been to create even wider operating differentials in favor of foreign ships than have heretofore existed.

*Prevention of marine fires.*—The prevention of ship fires, and especially fires on ships building or laid up, is of increasing importance. The safety convention deals with fire prevention and extinguishing of fires on ships in service. The National Board of Fire Underwriters is studying the subject of fires occurring while the vessel is still on the building slip, their cause and the better methods for prevention, detection, and extinguishing them.

Cooperation and encouragement is being given to that work. A special expert of the Bureau of Operations serves as a representative of the board on the committee in charge.

*American marine standards.*—The work of the American Marine Standards Committee has been continued through the year. The committee's work was greatly aided by the support of the Shipping Board and the Department of Commerce. The purpose is to aid shipping by developing, out of actual marine experience, standards for component parts, fittings and details that may be relied upon to conform to all regulations, to be efficient for the purpose intended, and that may cover all usual requirements with a minimum number of sizes and types. Such standards are an advantage to designer, builder, and owner. Special finishes, odd sizes, and unusual arrangements are left to individual preferences as nonstandard. Appreciation of the work is evidenced by the increasing number of the issued standards that are coming into general use at building and repair yards.

*American Bureau of Shipping.*—The board has continued to take part in the operations of the American Bureau of Shipping, as provided in section 25 of the merchant marine act of 1920. All Shipping Board vessels are classed by the American bureau. The policy of supporting and building up this American classification society has been followed consistently in order to increase its usefulness to shipping.

*Madrid Radio Conference.*—The preparatory studies for the International Radiotelegraph Congress, to meet early in September in Madrid, have been followed closely. The principal subject to be considered is the possibility of a reallocation of the available transmission frequencies from that adopted at the Washington conference in 1927. Experience has shown that the mobile services, and especially the merchant marine, can not give up any frequencies now used, and can not be deprived of its present distress and calling frequency without great interference with essential communications and without endangering the safety of life and ships at sea.

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

The work of the port facilities division of the bureau of operations is carried on in two sections, (1) the domestic port section, and (2) the foreign port section.

*Domestic port section.*—During the past fiscal year the domestic port section continued its cooperative program with the Board of Engineers for Rivers and Harbors of the War Department in conformity with the provisions of section 8 of the merchant marine act of 1920.

Outstanding accomplishments of the joint forces during the fiscal year just ended were the entire revision of the three volumes of the "Port Series" report treating of the port of New York, the reissue of the report on the port of New Orleans, and the completion of the second edition of the volume on the port of Philadelphia, reported in the last annual report as 25 per cent completed. These three important publications having become obsolete and the available supply of copies for distribution having been exhausted, it was determined to bring out second editions in order that current data on these ports might be made accessible to the public. During the year second editions were completed of the volumes treating of the ports of Wilmington, Del., and Chester, Pa., and the ports of Bellingham, Grays Harbor, and Everett, Wash., work on which was reported in the last annual report as 75 and 80 per cent completed, respectively. A new volume to be added to the port series, covering the ports of Olympia and Port Angeles, Wash., reported as 80 per cent completed in the last annual report, was finished during the year, and work was initiated on revising editions of the following volumes: The ports of San Francisco, Oakland, Berkeley, Richmond, upper San Francisco Bay, Santa Cruz, and Monterey, Calif.; the port of Baltimore, Md.; and the ports of Port Arthur, Sabine, Beaumont, and Orange, Tex.

The "Lake Series" consisting of companion volumes to the "Port Series" made its appearance during the year when the first six volumes were received from the Government Printing Office and distributed to the public. Manuscripts for two other volumes were completed during the year and forwarded to the printer. These two volumes will be known as Lake Series Reports No. 7—the Port of Toledo, Ohio,

and No. 8—the Ports of Sandusky, Lorain, and Huron, Ohio. It is expected to round out the series by the addition of other volumes until all the main ports of the Great Lakes have been covered.

The annual volume of Port and Terminal Charges at United States Ports took the form this year of a supplement to the 1931 edition. The issuance of a supplement in preference to a complete revision of the volume was determined upon in the interest of economy. Originally planned for use in conjunction with the port series reports which cover more than 75 important ocean ports of the United States and its possessions, the 1932 issue of Port and Terminal Charges contains data on several ports not heretofore included in either the port series or in earlier editions of the volume.

The following volumes were published and distributed during the fiscal year ended June 30, 1932:

#### PORT SERIES

- No. 11—Part 1, the Port of Portland, Oreg.
- No. 11—Part 2, the Ports of Astoria, Oreg., and Longview and Vancouver, Wash.

#### LAKE SERIES

- No. 1—The Port of Buffalo, N. Y.
- No. 2—The Port of Detroit, Mich.
- No. 3—The Port of Milwaukee, Wis.
- No. 4—The Port of Chicago, Ill.
- No. 5—The Port of Cleveland, Ohio.
- No. 6—The Port of Duluth-Superior, Minn.-Wis.

#### MISCELLANEOUS SERIES

- No. 1—Port and Terminal Charges at United States Ports (Supplement).

As the fiscal year closed, the following reports were at the Government Printing Office in process of publication:

#### PORT SERIES

- No. 4—Part 1, the Ports of Philadelphia, Pa., Camden and Gloucester, N. J., and Ports on the Delaware River above Philadelphia.
- No. 4—Part 2, The Ports of Wilmington, Del., and Ports on the Delaware River below Philadelphia.
- No. 5—The Port of New Orleans, La.
- No. 7—Part 1, The Port of Seattle, Wash.
- No. 7—Part 2, The Port of Tacoma, Wash.
- No. 7—Part 3, The Ports of Everett, Bellingham, and Grays Harbor, Wash.
- No. 20—The Port of New York (in three parts).
- No. 23—The Ports of Olympia and Port Angeles, Wash. (original edition).

#### LAKE SERIES (ORIGINAL EDITION)

- No. 7—The Port of Toledo, Ohio.
- No. 8—The Ports of Sandusky, Huron, and Lorain, Ohio.

There is listed below, in tabular form, publications in the course of preparation at the close of the fiscal year, with the percentage of completion of each:

Serial No. of volume	Subject	Percentage of completion
<i>Port Series (Revised Editions)</i>		
4—Part 1.....	The Ports of Philadelphia, Pa., Camden, and Gloucester, N. J., and Ports on the Delaware River above Philadelphia.	100
4—Part 2.....	The Ports of Wilmington, Del., and Ports on the Delaware River below Philadelphia.	100
5.....	The Port of New Orleans.....	100
7—Part 1.....	The Port of Seattle, Wash.....	100
7—Part 2.....	The Port of Tacoma, Wash.....	100
7—Part 3.....	The Ports of Everett, Bellingham, and Grays Harbor, Wash.....	100
12.....	The Ports of San Francisco, Oakland, Berkeley, Richmond, Upper San Francisco Bay, Santa Cruz, and Monterey, Calif.	10
14.....	The Ports of Port Arthur, Sabine, Orange, and Beaumont, Texas.....	15
<i>Port Series (Original Edition)</i>		
23.....	The Ports of Olympia and Port Angeles, Wash.....	100
<i>Lake Series (Original Volumes)</i>		
7.....	The Port of Toledo, Ohio.....	100
8.....	The Ports of Sandusky, Huron, and Lorain, Ohio.....	100

In the performance of the work of this section, representatives of the office conducted field investigations during the fiscal year at the following ports: Detroit, Mich.; Toledo, Cleveland, Sandusky, Lorain, and Huron, Ohio; Buffalo and New York, N. Y.; New Orleans, La.; Beaumont, Orange, Port Arthur, and Sabine, Tex., and Baltimore, Md.

In addition to the preparation of the port, lake, and miscellaneous series of reports, the domestic surveys section compiled numerous special reports on various phases of shipping and harbor development in response to requests received from port organizations, institutions of learning, chambers of commerce, and transportation interests. Special articles were also prepared for newspapers, shipping journals, and various other marine publications.

Among the special studies undertaken during the year were:

Rules, regulations, and laws governing the office of harbor master at South Atlantic and Gulf ports.

Port administration, methods and practices in a selected group of American ports.

Summary of bases for assessment of pilotage charges at ports of United States and possessions.

Physical and economic factors to be considered in connection with port planning and development.

Commerce moving through Port Arthur, Tex., and its effect on local employment conditions.

Trends of commerce on the Great Lakes.

Flour milling facilities and the grain trade of Buffalo, N. Y.  
Foreign trade of United States insular possessions.  
Dry docking facilities of the United States.

#### **Foreign Port Section.**

This section continued its cooperation with the Department of Commerce in developing information on foreign ports and related subjects. Due to the policy of retrenchment, the publication of individual reports on Oslo, Goteborg, and the Brazilian and Argentine ports was suspended. In their stead a revised program was formulated. Pertinent information on the principal foreign ports is to be included in a series of eight reports covering the following geographical areas:

(1) Southern Europe; (2) Northern Europe and British Isles; (3) Northern Africa and Asia Minor; (4) Central and South Africa, India, Malay Peninsula, and Malay and Philippine Archipelagos; (5) China, Japan, Korea, Manchuria, and Siberia; (6) Australia, New Zealand, and South Sea Islands; (7) South America; (8) Central America, West Indies, Mexico, and Canada.

All of the principal and some of the less important ports of each of the countries within these areas will be discussed in a concise but comprehensive manner. The description of each port will contain information on its location, water area and depths of water, tidal range, berthage space, administration, anchorage, dry docks, warehouses, mechanical handling equipment, bunkering facilities, working hours, wages, and holidays for port labor, steamship services, commerce, and port charges. Special emphasis will be placed on the last named which will be divided to show the charges assessed against the ship, the cargo, and the ship and/or cargo. Small-scale maps of the more important harbors will be included in the reports.

At the end of the fiscal year, three volumes of this new program were in the course of preparation, viz: No. 1, Southern Europe; No. 2, Northern Europe and the British Isles; and No. 7, South America. The first two will include all European and British Isle ports while the last will include the harbors of Argentina, Brazil, Chile, Colombia, Ecuador, the Guianas, Peru, Paraguay, Uruguay, and Venezuela.

Foreign Bunkering Stations (revised edition) was completed, printed, and released during the year. This report contains information on coal and oil bunkering facilities at 374 foreign ports. In addition to the grades and stocks of fuel maintained, it describes the handling facilities and methods, depths of water, speed of bunkering, and extra charges for trimming and lightering. A new section of the directory gives the charges usually assessed against vessels calling for bunkers only. These charges are given in local currency, and, as

a conversion aid, a tabulation giving the par value of the currencies is appended.

The revision of Stowage of Ship Cargoes, undertaken at the end of the last fiscal year, was continued. American and foreign steamship lines were requested to furnish information relative to the dimensions, weights and stowage factors of commodities carried in their vessels. This material and that procured from other sources has been tabulated and is being prepared for inclusion with other subjects to be treated in the revised edition.

A member of this section acted in the capacity of technical adviser on shipping at the Fourth Pan American Commercial Conference which convened at Washington early in the fiscal year.

The conference agenda contained a topic under which the development of ocean steamship services between the American Republics was to have been considered. Action on the subject was withheld pending a further study of the problem by a group of technical experts. Concrete conclusions are to be presented to the Seventh International Conference of American States, to be held in Montevideo some time in near future.

As in the past, this unit conducted special investigations into foreign ports and shipping matters for other departments of the Government and for business concerns and others. The scope of these special reports is indicated by the following examples:

Directory of shipping services between North and South America, and between South and Central America and the continents of Europe, Asia, Africa, and Australasia.

Report on port charges against ships and certain commodities at Antwerp, Belgium, and Fowey, England.

Export grain trade of Pacific Canadian ports and port facilities for its handling.

Ship and cargo traffic at the 30 most important world ports.

Description of facilities at west coast ports of Mexico.

Special report on charges, facilities, and port practices, Sydney, Australia.

#### BUREAU OF CONSTRUCTION

During the fiscal year ended June 30, 1932, the duties of the Bureau of Construction embraced five distinct activities, i. e., (1) construction loan fund, (2) inspection of vessels receiving aid from the construction loan fund, (3) engineering development program, (4) Dieselization program, and (5) determination of speed, tonnage, and costs of vessels.

##### 1. CONSTRUCTION LOAN FUND

During the fiscal year 1932 applications for loans in aid of the construction, improvement, and reconditioning of vessels were received and action taken thereon as follows:

**Loans for Construction and Equipment of Vessels.**

1. *Colombian Mail Steamship Corporation.*—Two loan agreements were executed with this company October 26, 1931, providing for loans amounting to approximately 75 per cent of the cost of construction and equipment, but not to exceed \$1,807,250 each, of two combination passenger and cargo vessels of approximately 5,200 gross tons each and 15½ knots cruising speed. These two vessels are being constructed by the Newport News Shipbuilding & Dry Dock Co. at Newport News, Va. As of June 30, 1932, work had progressed to the point where advances amounting to \$840,000 had been made on one ship and \$420,000 on the other ship. It is expected that these vessels will be completed and delivered to the owner in November and December, 1932.

2. *Seatrains Lines (Inc.)*.—Two loan agreements were executed with this company December 3, 1931, providing for loans amounting to approximately 75 per cent of the cost of construction and equipment, but not to exceed \$1,189,687 each, of two single-screw steamers for carrying a maximum of 100 loaded railroad freight cars each. The vessels are being constructed by the Sun Shipbuilding & Dry Dock Co. and are designed to carry a total of 8,445 deadweight tons each, at a speed of 15½ knots. As at June 30, 1932, work had progressed to the point where advances amounting to \$215,741 had been made on each loan. It is expected that construction will be completed and deliveries made to the owner in September, 1932.

**Reconditioning, Remodeling, and Improvement Loans.**

1. *American Diamond Lines (Inc.)*.—Six loan agreements were executed with this company April 20, 1932, providing for loans amounting to approximately 75 per cent of the cost of remodeling and equipping six cargo vessels purchased from the Shipping Board. The authorized loans on these vessels are not to exceed the following amounts: \$127,328, \$130,784, \$122,848, \$105,744, \$131,520, and \$133,912. As at June 30, 1932, one of these vessels had been completed and delivered to the owner, an advance of \$122,641 having been made, the final advance to be made subsequent to delivery of spares to the owner. Work was under way at the Federal Shipbuilding & Dry Dock Co.'s plant on three of the remaining vessels, and the owner had not as yet delivered the last two vessels to the shipyard. Advances on the last five vessels will be made when work is completed.

2. *American Scantic Line (Inc.)*.—Four loans were approved on February 16, 1932, and April 6, 1932, but the loan agreements had not been executed as at June 30, 1932. The loans will be approximately 75 per cent of the cost of remodeling and equipping four vessels purchased from the Shipping Board, and in each case the loan is not to exceed \$256,581. At the end of the fiscal year 1932, no

advances had been made on these loans. Work had been completed on three of the vessels and nearly completed on the last vessel at the New York Shipbuilding Co.'s plant, at Camden, N. J.

3. *Bulk Transportation Corporation*.—An additional loan of \$13,150 was executed with this company January 21, 1932, to cover the cost of installing on the *H. F. De Bardeleben*, a Bethlehem-Dahl oil-burning system to replace the Todd unit system of pulverizers. The latter was removed after installation, resulting in a refund to the Shipping Board amounting to \$21,330.40 of the original loan. The *H. F. De Bardeleben* foundered at sea March 10, 1932, and all outstanding amounts were recovered from insurance.

4. *Gulf Pacific Mail Line (Ltd.)*.—Two loans were approved on April 6, 1932, but as at June 30, 1932, the loan agreements had not been executed. The loans will amount to approximately 75 per cent of the cost of remodeling and improving two cargo vessels, with limited passenger accommodations, purchased from the Shipping Board. The authorized loans are not to exceed \$150,000 for each vessel. Contracts for the shipyard work were awarded June 20, 1932, to the Craig Shipbuilding Co. of Long Beach, Calif.

5. *Mississippi Shipping Co.*—Two loan agreements were executed with this company August 24, 1931, providing for loans amounting to approximately 75 per cent of the cost of remodeling and improving two combination passenger and cargo vessels purchased from the Shipping Board. The loans amounted to \$150,000 each and the work was done by the Jahneke Shipbuilding & Dry Dock Co. at New Orleans.

Two other loan agreements were executed with this company April 29, 1932, providing for loans amounting to approximately 75 per cent of the cost of reconditioning and equipping, but not to exceed \$201,128 each, of two combination passenger and cargo vessels purchased from the Shipping Board. As at June 30, 1932, work was in progress and practically completed on one vessel at the Newport News Shipbuilding & Dry Dock Co.'s plant. The other vessel will be completed and delivered to the owner early in August, 1932. Advances on the loans will be made when work is completed.

6. *United States Lines Co.*—On June 15, 1932, the Shipping Board approved a loan to this company, not to exceed \$30,760, to cover approximately 75 per cent of the cost of converting the ex-troopship *Somme* to a combination passenger and cargo vessel. At the close of fiscal year 1932, work had been completed at the United Dry Docks plant, Brooklyn, N. Y., but no advances had been made.

7. *Waterman Steamship Corporation*.—Four loan agreements were executed with this company January 4, 1932, providing for loans amounting to approximately 75 per cent of the cost of fitting cargo

refrigerating spaces and installing refrigerating machinery in four vessels purchased from the Shipping Board. Work was completed by the Alabama Dry Dock & Shipbuilding Co., the loans amounting to \$58,544 for each of two of the vessels and to \$54,544 for each of the other two vessels.

#### Pending Applications for Loans.

Applications from the following companies for construction or reconditioning loans were pending on June 30, 1932: Gravel Motorship Corporation, for the reconditioning of one bulk cargo vessel; Northland Transportation Corporation, for the construction of one new vessel; United States Lines Co., for converting the ex-troopship *Cambrai* to a combination passenger and cargo vessel, which work was completed in June, 1932, by the Robbins Dry Dock & Repair Co. at Brooklyn, N. Y.

#### Status of Loans Authorized Prior to July 1, 1931.

The progress made on new construction, reconditioning, etc., which was under way at the beginning of the fiscal year 1932 is outlined below:

1. *Baltimore Mail Steamship Co.*—The reconditioning and equipping of the four remaining cargo vessels, covered by loan agreements executed September 11, 1930, was completed by the Federal Shipbuilding & Dry Dock Co. during the fiscal year ending June 30, 1932. For three of these vessels the loans amounted to \$1,304,000 each, and for the other vessel the loan amounted to \$1,304,468.36.

2. *Dollar Steamship Lines (Inc.) (Ltd.)*—The newly constructed combination passenger and cargo vessels, *President Hoover* and *President Coolidge*, covered by loan agreements executed October 26, 1929, were completed by the Newport News Shipbuilding & Dry Dock Co. in July and October, 1931, respectively. The total amount loaned for the construction of each vessel was \$5,287,500, and additional loans for hotel equipment were made amounting to \$305,400 for the *President Hoover* and \$311,020 for the *President Coolidge*.

3. *Eastern Steamship Lines (Inc.)*—The newly constructed combination passenger and cargo vessels, *Saint John* and *Acadia*, covered by loan agreements executed February 25, 1931, were completed by the Newport News Shipbuilding & Dry Dock Co. in April and June of 1932, respectively. The total amounts loaned for construction and hotel equipment for the *Saint John* and *Acadia* were \$2,312,000 and \$2,316,000, respectively.

4. *Export Steamship Corporation*—The newly constructed combination passenger and cargo vessel *Excambion*, covered by loan agreement executed August 31, 1929, was completed by the New York Shipbuilding Co. in August, 1931. The total loan, which covered construction and equipment, amounted to \$1,725,000.

5. *Grace Steamship Co.*—Work is in progress at the Federal Shipbuilding & Dry Dock Co.'s plant on two combination passenger and cargo vessels, covered by loan agreements executed January 7, 1931. The authorized loans amount to \$3,071,264 each, and at June 30, 1932, advances amounting to \$462,404.04 had been made on one vessel which was 47.6 per cent completed. The progress of work on the other vessel had reached only 16.8 per cent of completion and no advances on the loan had been made.

6. *Motor Tankship Corporation.*—The second series of five tankers to be constructed by the Sun Shipbuilding & Dry Dock Co. was covered by loan agreements executed August 15, 1930, one of these tankers having been completed in April, 1931. One of the remaining four tankers of this series was completed in December, 1931, and a loan of \$1,265,625 was made thereon by the Shipping Board. At the end of fiscal year 1932 no work had been started on the three other tankers and no immediate commencement date was contemplated. The authorized loan on each vessel of the second series is \$1,265,625.

7. *Oceanic Steamship Co.*—The newly constructed combination passenger and cargo vessels, *Mariposa* and *Monterey*, covered by loan agreements executed October 25, 1929, were completed by the Fore River plant of the Bethlehem Shipbuilding Corporation in December, 1931, and April, 1932, respectively. The loans on these vessels, covering construction and hotel equipment, amounted to \$5,850,000 for the *Mariposa* and \$5,827,500 for the *Monterey*.

The Shipping Board, on October 15, 1930, approved a loan not to exceed \$5,887,500 for the construction and equipment of a third combination passenger and cargo vessel. Work is now in progress on this ship, named the *Lurline*, at the Fore River plant, and at the end of the fiscal year 1932 construction was 80 per cent completed. The loan agreement had not been executed and no advances will be made until completion in January, 1933.

8. *Panama Mail Steamship Co.*—Work is in progress at the Federal Shipbuilding & Dry Dock Co.'s plant on the two combination passenger and cargo vessels *Santa Rosa* and *Santa Paula*, covered by loan agreements executed January 7, 1931, providing for loans not to exceed \$3,071,264 each for construction and equipment. At the end of the fiscal year 1932, the *Santa Rosa* was 84.3 per cent completed and \$1,603,227.60 had been advanced. The *Santa Paula* was 63.2 per cent completed and \$848,764.89 had been advanced.

9. *United Mail Steamship Co.*—The construction of four of the six combination passenger and cargo vessels, covered by loan agreements executed August 5, 1930, has been completed and loans amounting to \$2,533,750 each have been made thereon, covering construction and equipment. The *Segovia*, one of the two remaining vessels, was

partially burned and sunk at dock December 23, 1931, at the Newport News Shipbuilding & Dry Dock Co.'s plant, and the total advanced, amounting to \$1,808,750, was recovered from insurance. Construction is now progressing on the *Segovia*, renamed *Peten*, which will be completed in February, 1933. The *Veragua*, which is the last vessel, is now under construction at the Fore River plant of the Bethlehem Shipbuilding Corporation and as at June 30, 1932, was 92 per cent completed, advances having been made amounting to \$1,808,750 on a total authorized loan not to exceed \$2,568,750 for construction and equipment.

10. *United States Lines (Inc.)*.—The construction, at the plant of the New York Shipbuilding Co., of the passenger ship *Manhattan* was 92.9 per cent completed and advances amounting to \$6,596,250 had been made as at June 30, 1932, on account of the authorized loan not to exceed \$7,875,000 for construction and equipment. It is expected that the *Manhattan* will be completed and delivered to the owner July 26, 1932. Work at the same shipyard on the other passenger ship, *Washington*, covered by loan agreement executed on the same date, May 24, 1930, was 73.8 per cent completed at the end of the fiscal year 1932, and \$5,516,250 had been advanced on account of a total authorized loan not to exceed \$7,875,000 for construction and equipment. It is expected that the *Washington* will be completed and delivered to the owner about May 1, 1933. The owner of the *Manhattan* is the North Atlantic Steamship Corporation and the owner of the *Washington* is the Transatlantic Steamship Corporation, both being subsidiaries of the United States Lines (Inc.).

*Summary*.—From the inception of the construction loan fund to June 30, 1932, inclusive, the Shipping Board has authorized loans to 31 steamship companies for construction of 59 new vessels and for conversion and/or reconditioning of 38 vessels. These authorized loans total \$152,717,247.41, of which \$122,573,485.94 had been advanced by June 30, 1932, leaving a balance of \$30,143,761.47 to be advanced on these loans in the future.

The financial activities of the construction loan fund during the fiscal year 1932, and the distribution of the total fund at the close of the year, are shown in the following statements:

Cash and appropriation balances, June 30, 1931 (as shown in fifteenth annual report).....		\$40, 519, 283. 78
Deposits during fiscal year 1932:		
Appropriation.....	\$35, 000, 000. 00	
Sales receipts, fiscal year 1931, transferred after June 30, 1931.....	1, 633, 105. 73	
Sales receipts, fiscal year 1932, transferred before June 30, 1932.....	1, 839, 849. 92	
Loan repayments.....	4, 602, 758. 06	
Total deposits.....		43, 075, 713. 71
		83, 594, 997. 49

Advances on loans during fiscal year 1932.....	\$50, 817, 809. 29
Cash and appropriation balances, June 30, 1932, (excluding 1932 sales receipts to be transferred after June 30, 1932)....	32, 777, 188. 20

*Distribution of total fund at June 30, 1932*

## Outstanding loans:

Total amount advanced from inception of fund to June 30, 1932, inclusive... \$122, 573, 485. 94	
Total repayments of loans to date.....	11, 437, 941. 46
Outstanding loans.....	\$111, 135, 544. 48
Advances to Diesel fund.....	9, 500, 000. 00
Cash and appropriation balance, as above.....	32, 777, 188. 20
Total construction loan fund.....	153, 412, 732. 68

## 2. INSPECTION OF VESSELS

Upon agreement between the Shipping Board and owners of vessels receiving the benefits of loans from the construction loan fund, the total amount of each loan is divided into several advances or progress payments, depending upon the amount and relative value of work accomplished at time of application from the owner for advances. It is therefore necessary, before making such payments or advances, to determine whether the progress and quality of the work performed justify such payments.

The Bureau of Construction maintains control over all payments or advances made on loans by actual inspection and appraisal of work performed. During the fiscal year inspections incident to progress payments on loans have been carried out on the following vessels, all of which were completed prior to June 30, 1932:

Name of vessel	Owner	Yard where built or reconditioned
Black Eagle (R).....	American Diamond Lines (Inc.).....	Federal Shipbuilding & Dry Dock Co.
Scanmail (R).....	American Scantic Line (Inc.).....	New York Shipbuilding Co.
Scanpenn (R).....	do.....	Do.
Scanyork (R).....	do.....	Do.
City of Baltimore (R).....	Baltimore Mail Steamship Co.....	Federal Shipbuilding & Dry Dock Co.
City of Hamburg (R).....	do.....	Do.
City of Havre (R).....	do.....	Do.
City of Newport News (R).....	do.....	Do.
City of Norfolk (R).....	do.....	Do.
President Coolidge.....	Dollar Steamship Lines (Inc.) Ltd.....	Newport News Shipbuilding & Dry Dock Co.
President Hoover.....	do.....	Do.
Acadia.....	Eastern Steamship Lines (Inc.).....	Do.
Saint John.....	do.....	Do.
Excambion.....	Export Steamship Corporation.....	New York Shipbuilding Co.
Ereter.....	do.....	Do.
Delnorte (R).....	Mississippi Shipping Co.....	Jahncke Shipbuilding & Dry Dock Co.
Delsud (R).....	do.....	Do.
Mercury Sun.....	Motor Tankship Corporation.....	Sun Shipbuilding & Dry Dock Co.
Mariposa.....	Oceanic Steamship Co.....	Bethlehem Shipbuilding Corporation.
Monterey.....	do.....	Do.
Antigua.....	United Mail Steamship Co.....	Do.
Chirqui.....	do.....	Newport News Shipbuilding & Dry Dock Co.
Quiriqua.....	do.....	Bethlehem Shipbuilding Corporation.
Segovia *.....	do.....	Newport News Shipbuilding & Dry Dock Co.
Talamanca.....	do.....	Do.
Afoundria (R).....	Waterman Steamship Corporation.....	Alabama Dry Dock & Shipbuilding Co.
Maiden Creek (R).....	do.....	Do.
Topa Topa (R).....	do.....	Do.
West Hika (R).....	do.....	Do.

(R) "Reconditioned." All others were newly constructed.

\* Segovia was partly burned at shipyard Dec. 23, 1931. Subsequently renamed Peten.

In addition, periodical inspections have been maintained on the following vessels, which were still under construction or being reconditioned as of June 30, 1932:

Name of vessel	Owner	Yard where built or reconditioned
Black Hawk (R).....	American Diamond Lines (Inc.).....	Federal Shipbuilding & Dry Dock Co.
Black Falcon (R).....	do.....	Do.
Black Gull (R).....	do.....	Do.
Seanstates (R).....	American Seantic Line (Inc.).....	New York Shipbuilding Co.
Haiti.....	Colombian Mail Steamship Corporation.	Newport News Shipbuilding & Dry Dock Co.
Colombia.....	do.....	Do.
Santa Elena.....	Grace Steamship Co.....	Federal Shipbuilding & Dry Dock Co.
Santa Lucia.....	do.....	Do.
Delmundo (R).....	Mississippi Shipping Co.....	Newport News Shipbuilding & Dry Dock Co.
Delvalle (R).....	do.....	Do.
Manhattan.....	North Atlantic Steamship Corporation.	New York Shipbuilding Co.
Santa Paula.....	Panama Mail Steamship Co.....	Federal Shipbuilding & Dry Dock Co.
Santa Rosa.....	do.....	Do.
Seatrain New York.....	Seatrain Lines (Inc.).....	Sun Shipbuilding & Dry Dock Co.
Seatrain Havana.....	do.....	Do.
Washington.....	Transatlantic Steamship Corporation.	New York Shipbuilding Co.
Veragua.....	United Mail Steamship Co.....	Bethlehem Shipbuilding Corporation.

(R) "Reconditioned." All others are new construction.

Periodical inspections are being maintained on all operating vessels previously constructed or reconditioned with the aid of construction loans and upon which the Shipping Board still holds mortgages. At the end of the fiscal year 1932 there were 41 vessels which had been in commission one year or longer and which were inspected by the Shipping Board's representative. The number of such vessels subject to periodical inspections is being constantly increased as construction and reconditioning work is completed. Vessels thus inspected during the fiscal year ending June 30, 1932, are as follows:

Name of vessel	Owner	Yard where built or reconditioned
Morro Castle.....	Agwi Navigation Co.....	Newport News Shipbuilding & Dry Dock Co.
Oriente.....	do.....	Do.
California.....	American Line Steamship Corporation.	Do.
Pennsylvania.....	do.....	Do.
Virginia.....	do.....	Do.
City of New York.....	American South African Line.....	Sun Shipbuilding Co.
Ulysses (R).....	American Tankers Corporation.....	United Dry Docks (Inc.).
H. F. De Bardeleben <sup>1</sup> (R).....	Bulk Transportation Corporation.	Janke Dry Dock Co.
Algonquin.....	Cherokee Seminole Steamship Corporation.	Newport News Shipbuilding & Dry Dock Co.
Cherokee.....	do.....	Do.
Seminole.....	do.....	Do.
Borinquin.....	Coamo Steamship Corporation.....	Bethlehem Shipbuilding Corporation.
Coamo.....	do.....	Newport News Shipbuilding & Dry Dock Co.
President Adams (R).....	Dollar Steamship Line.....	Bethlehem Shipbuilding Corporation.
President Harrison (R).....	do.....	Newport News Shipbuilding & Dry Dock Co.
President Fillmore (R).....	Dollar Steamship Lines (Inc.) (Ltd.).....	Do.
President Johnson (R).....	do.....	Do.
Boston.....	Eastern Steamship Lines.....	Bethlehem Shipbuilding Corporation.
New York.....	do.....	Do.
Excalbur.....	Export Steamship Corporation.....	New York Shipbuilding Co.
Exochorda.....	do.....	Do.

<sup>1</sup> H. F. De Bardeleben foundered at sea Mar. 10, 1932.

Name of vessel	Owner	Yard where built or reconditioned
Exarch (R)	Export Steamship Corporation	United Drydocks (Inc.)
Excelsior (R)	do	Do.
Exilona (R)	do	Do.
Cleveland	General Motorship Corporation	Great Lakes Engineering Co.
Detroit	do	Do.
Santa Clara	Grace Steamship Co.	New York Shipbuilding Co.
Chester Sun	Motor Tankship Corporation	Sun Shipbuilding Co.
Eastern Sun	do	Do.
Northern Sun	do	Do.
Pacific Sun	do	Do.
Western Sun	do	Do.
Iroquois	New York & Miami Steamship Corporation	Newport News Shipbuilding & Dry Dock Co.
Shawnee	do	Do.
Evangeline	Nova Scotia Steamship Corporation	Cramp Ship & Engine Building Co.
Yarmouth	do	Do.
Robert E. Lee	Robert E. Lee Steamship Co.	Newport News Shipbuilding & Dry Dock Co.
Floridian (R)	Strachan's Southern Steamship Co.	Tietjen & Lang Dry Dock Co.
Georgian (R)	do	Do.
Tide Water	Tidewater Associated Transport Co.	Sun Shipbuilding Co.
Tide Water Associated	do	Do.

(R) Reconditioned. All others were newly constructed.

#### Certification of Vessels, as to Type and Kind, to Treasury Department.

The provisions of section 23, merchant marine act, 1920, as amended, require that the Shipping Board certify to the Treasury Department certain features, as to type and kind, of vessels receiving benefits of that act. During the fiscal year ended June 30, 1932, the Shipping Board received no requests requiring such certification.

#### 3. ENGINEERING DEVELOPMENT PROGRAM

1. *Model basin work.*—The Bureau of Construction, United States Shipping Board, as a part of its engineering development program, is cooperating with the United States experimental model basin in certain research work affecting the development of the merchant marine. There follows a brief description of such work which was in progress during the fiscal year 1932 and its status as at June 30, 1932.

(a) Investigation of practicable improvements in Shipping Board design No. 1025, representing a class of moderate-speed cargo vessels built by the Merchant Shipbuilding Co. The research completed on this project consists principally of a determination of the effect of increased frictional resistance due to fouling, the latter being simulated in the tests by using rough and stippled paint and also by using varying areas of wire mesh. The results of the completed work have not yet been published.

(b) Comparative tests of the effective horsepower for a vessel of 9,600 tons displacement with Maier-form bow and a vessel with normal bow. The results of this work have not yet been published, but it may be stated that effective horsepower of the Maier form is slightly less at speeds below 12½ knots and above 17½ knots, whereas in the region of 12½ to 17½ knots the effective horsepower of the Maier form is as much as 8 or 9 per cent greater than that of the normal form.

(c) Resistance tests on a series of models with parallel middle body of varying lengths. The model tests have been completed but the test report is still in course of preparation.

(d) Tests for a series of high-speed Atlantic liners, Gibbs and Cox design No. 171, were carried out on two models, one with three screws and one with four screws. The models were first towed and then run self-propelled and were tested in the bare-hull condition and with appendages, consisting of rudder, bossings, and bilge keels. None of these results has yet been published.

(e) Tests in open water of a series of 4-bladed propellers, Nos. 1114 to 1119, inclusive. These tests have been completed and the necessary data for a report prepared, but the results have not yet been published.

(f) Tests in open water of a series of 4-bladed propellers, Nos. 1130 to 1133, inclusive; also tests of a series of 3-bladed propellers, Nos. 1134 to 1139, inclusive, for comparison with the tests of the 4-bladed series. This work has been completed and the data worked up for a later report.

2. *Welding research.*—In cooperation with the Bureau of Construction and Repair of the Navy Department, the Shipping Board is engaged in an extensive program of welding research which will cover quite generally the entire field of ship construction. This work is still in progress and numerous test reports have been received. The final results will be applicable to the design and fabrication of welded structures and parts in all types of vessels and will be made available to the industry in the form of a special publication.

3. *Boiler feed-water treatment.*—In cooperation with the naval engineering experimental station of the Navy Department, the Shipping Board is engaged in an extensive study and investigation of modern methods of boiler feed-water treatment. The results of this work, and the expected improvements to be made in the care and preservation of marine boilers, will be of benefit to shipowners and operators and to the American merchant marine in general.

The results of one of these tests on boiler feed-water treatment were incorporated in Bureau of Construction Report No. 102, titled "A Study of Oxygen in Feed Water System," and distributed in February, 1932, to those interested. Other special bulletins will be prepared and made available to the industry as investigation progresses.

4. *Steel-castings research.*—In cooperation with the naval research laboratory of the Navy Department, the Shipping Board is engaged in a program of research into steel castings. The results of this work will be applicable to the design and production of steel castings in all types of vessels and will be of direct benefit to the American merchant marine. It is expected that shipbuilders, particularly, will be the first to feel its effects, in that ways and means will be provided

which will insure improvement in steel-foundry practices. Results accomplished will be available to the industry.

5. *Trials of the S. S. "Clairton."*—The third set of trials of this vessel were held in October, 1931, on the Rockland measured-mile course. The vessel was fitted with a new propeller, with Sperry gyro and automatic steering device and with various special instruments. The results of these trials showed a marked improvement over those previously held.

#### 4. DIESEL PROGRAM

The activities during the fiscal year 1932, in connection with the Diesel program, consisted in the investigation and correction of defects developed during the continued operation of the engines of the 23 vessels converted from steam to Diesel propulsion. This was carried on by a small staff of experts in cooperation with the builders of the engines. A considerable amount of data and information have been obtained and made available to the industry through the distribution of Bureau of Construction Report No. 104, Data Relating to the Diesel Conversion Program, which was prepared by the maintenance and repair department of the Merchant Fleet Corporation, United States Shipping Board.

Of the original fund of \$25,000,000 authorized for this program, the total sum of \$23,665,000 has been made available. Expenditures for the several Diesel programs have totaled \$23,319,736.97, leaving an unexpended balance of \$345,263.03 remaining from the total amount made available for such purposes.

#### 5. DETERMINATION OF SPEED, TONNAGE, AND COSTS OF VESSELS

The Bureau of Construction conducted investigations and examinations during the fiscal year 1932 to determine the speeds, tonnage, and costs of certain vessels operating in the ocean mail contract and other services. It also made the necessary inspections of certain vessels to determine whether or not they were constructed in accordance with plans and specifications approved by the Secretary of the Navy.

Bureau of Construction Report No. 103 was issued March 15, 1932, relating to differentials in cost of construction of vessels in the United States and in foreign maritime countries.

#### BUREAU OF LAW

As in the previous fiscal year, the work of the bureau of law has been carried on in three divisions, as follows: Litigation and claims division, contracts and opinions division, and admiralty division. The work of these divisions may be summarized as follows:

##### **Litigation and Claims Division.**

The number of cases in litigation on June 30, 1931, was 651 and the amount involved was \$81,993,242.44. On June 30, 1932, the number

of cases in litigation was 583 and the amount involved was \$56,966,-427.81. These figures include all litigation other than that handled by the admiralty division. A summary of the changes which have occurred during the fiscal year shows that the number of cases disposed of was 178, amounting to \$26,606,711.54, and the number of cases added was 110 amounting to \$1,579,896.91.

By passage of the amendment to section 5 of the suits in admiralty act, Congress authorized the suits to be brought in a great many cases involving personal injury, cargo damage and cargo loss, deviation, death, wages, etc. These cases had been dismissed or barred by reason of the decision of the Supreme Court of the United States on January 6, 1930, in the case of *Lustgarten v. Fleet Corporation* (280 U. S. Reports 320), in which that court held that the provisions of the suits in admiralty act provided an exclusive remedy for bringing such suits in the Federal courts in admiralty and that the limitation therein of two years was good. As a result of the new act, approximately 186 cases involving \$4,627,789.64 may be reinstated. These suits when brought will be handled by the general counsel in cooperation with the Department of Justice.

Of the many cases handled by the general counsel there were several decisions of various courts throughout the country which were of importance to the Government.

*J. M. Enright, et al., receiver for W. & A. Fletcher Co. v. United States.*—This was a suit against the United States by the receivers of W. & A. Fletcher Co. for a refund on account of overpayment of income tax. The Shipping Board was interested and a counterclaim was filed by the Government which arose out of a contract for the construction of ships, and claimed overpayments arising out of cancellation. After trial the court gave judgment in favor of the Government on its counterclaim in the sum of \$204,451.97. A petition for writ of certiorari was denied by the Supreme Court of the United States.

*Atlantic Refining Co. v. United States.*—This was a suit in the Court of Claims to recover just compensation arising out of the requisitioning by the Government of the vessels *H. C. Folger* and *J. W. Van Dyke* and the amount claimed was \$1,810,840.52. The Government filed a counterclaim and after trial the court handed down a decision favorable to the Government by an award of \$74,585.97.

*France and Canada Cie. Francaise de Navigation v. United States.*—This was a suit in the Court of Claims to recover for work, labor, and services and disbursements alleged to have been made on behalf of the United States in connection with the operation of ships by the Shipping Board, and the amount claimed was \$38,893.78. The Government filed a counterclaim for \$146,935.75 and after trial the petition was

dismissed and judgment given in favor of the United States for \$208,265.92.

*In re liquidation of Republic Casualty Co.*—In the years 1919 to 1923 the Fleet Corporation had contracts with Shipowners Radio Service (Inc.), providing that the radio company would furnish operators for a large number of merchant vessels then being operated by the Fleet Corporation and providing that the radio company would act as a clearing house for the proper distribution of the message tolls collected by such operators for radio messages originating on the vessels. In 1923 it was discovered that the radio company had been mingling the toll collections with its private funds and had failed to make proper remittances to the Navy Department and the Department of Commerce for foreign and domestic tolls due to connecting lines. These shortages were made up by the Fleet Corporation. Thereafter a claim was filed against Republic Casualty Co. of Pennsylvania, which company had become surety on the fidelity bonds given by the radio company in connection with the contracts. The Republic Casualty Co. being insolvent, the claim was considered by the deputy insurance commissioner of Pennsylvania and was rejected, but on appeal to the Circuit Court of Appeals at Harrisburg the claim was allowed in the full amount, with interest. As a result of this decision, the sum of \$27,553.37 was collected from the surety.

*Frederick C. Crane and William Young, as receivers of the property of Standard Shipbuilding Corporation v. United States.*—This was a suit in the Court of Claims by the receivers of the Standard Shipbuilding Corporation to recover the sum of \$176,496.01 for alleged overpayments on income and profit taxes by reason of the fact that the money due was withheld by the Secretary of the Treasury and credited against indebtedness of Standard Shipbuilding Corporation to the Fleet Corporation on a bond and mortgage in the sum of \$1,337,000 upon which suit had been brought by the United States in the United States District Court for the Southern District of New York, to foreclose, resulting in a decree in favor of the Government. The case was tried and the court found in favor of the Government for \$1,160,503.94, with interest. Petition for writ of certiorari has been filed in the Supreme Court of the United States.

*Grays Harbor Motorship Corporation v. United States.*—This was a suit in the Court of Claims to recover compensation alleged to be due for construction of wooden hulls under various ship construction contracts and the amount sued for was \$817,608.30. Counterclaim was filed on behalf of the Government for \$2,778,482.10, and after trial a favorable decision was obtained by the Government on its counterclaim for \$273,404.40. A petition for writ of certiorari was denied by the Supreme Court of the United States.

*Orange Car and Steel Co. v. United States.*—This suit was brought by the Orange Car & Steel Co. as a successor to the Southern Dry Dock & Shipbuilding Co. and was authorized to be brought in the Court of Claims by an act of Congress because the statute of limitations barred suit. The claim, amounting to \$176,665.42, was for plant amortization, dredging, and removal of outboard ways under certain contracts for the construction of wooden ships. The case was argued and submitted and the petition dismissed.

*United States v. Boston Iron and Metal Co.*—This case was decided by the United States District Court for the District of Maryland, approved by the United States Circuit Court of Appeals for the Fourth Circuit, and involved a question of breach of a contract for the purchase of certain vessels to be scrapped and removed within the period of a year. The contract contained a provision that if the contract was not completed before the date fixed for completion, liquidated damages would accrue. The contract was completed except as to one vessel, on which there was a delay, and the Government filed suit for \$8,500. The important question decided by the courts was whether or not the claim of the Government was to be construed as liquidated damages within the meaning of the contract or unenforceable as a penalty, the defendant contending that the Government suffered no damage by reason of their delay in scrapping the ship. The courts decided it was not a penalty but was liquidated damages and gave judgment in favor of the Government. A petition for writ of certiorari to the Supreme Court of the United States was denied.

*Brooklawn, N. J., foreclosures.*—The Shipping Board directed the foreclosure of a total of 184 mortgages on properties in Brooklawn, N. J., on which there had been defaults either in the principal or interest, or both. In all such cases separate suits in equity were commenced. This division was entirely responsible for the preparation of all court papers and attending to all court proceedings therein. This division was also responsible for the preparation of all court papers incident to suits for deficiencies arising from these foreclosures in which sales had been held. On November 4, 1931, after due advertisement, an agreement was entered into with the Brooklawn Housing Corporation for the sale of certain properties and bonds and mortgages on properties located in Brooklawn, N. J., involving 331 properties. Under the terms of the contract these properties and bonds and mortgages are taken periodically, and up to June 30, 1932, 132 properties and bonds and mortgages were taken over and paid for by the Brooklawn Housing Corporation. In the closing of these transactions the necessary deeds of conveyance for each separate property conveyed were prepared by this division in addition to discharges of mortgages, warrants to cancel and discharge of *lis pendens*,

warrants for satisfaction of decrees, assignments of bonds and mortgages, assignments of title insurance policies, assignments of final decrees, and all other papers necessary for the proper transfer thereof.

*Foreclosure of preferred mortgages on vessels.*—There was activity in foreclosure of preferred mortgages which the Government held on certain vessels purchased and on which there was a default. In all such cases after the sale of the vessel at marshal's sale, substantial deficiencies arose for which it was necessary to bring suit against the individual indorsers of the notes given to secure the purchase price of the vessel. While in many cases judgments by default were entered, yet proceedings supplementary to judgment were initiated in an effort to locate assets on which to levy execution.

*Groton Iron Works litigation.*—This litigation arose out of certain contracts for the building of wooden and steel ships and was a suit by the trustees in bankruptcy of the Groton Iron Works against the Fleet Corporation for an accounting, claiming \$13,000,000 damages. The United States of America brought suit to foreclose its mortgage on certain property which was given to secure certain advances made by the Government to the Groton Iron Works, and these cases were consolidated and tried. After lengthy hearings before a special master, the cases reached the United States District Court and were then successively appealed to the United States Circuit Court of Appeals and the Supreme Court of the United States on the question as to whether the Fleet Corporation was personally liable for an accounting on the contracts. The Supreme Court decided that even though the Fleet Corporation was acting as an agency of the United States in making the contracts, it was the proper party defendant in such an action and must account to the trustee in bankruptcy. The case was remanded to the district court for further proceedings. After preparations had been made by our attorneys to go to trial on the merits, the trustee in bankruptcy, with the approval of the bankruptcy court, abandoned the litigation by consenting to the entry of an order dismissing the suit for an accounting with prejudice and without cost to the Government, and by consenting to the entry of a decree in the foreclosure suit whereby the United States received the sum of \$69,803.13, which represented the proceeds of the sale of the mortgaged property, and gave the United States a deficiency judgment against the bankrupt for \$2,704,417.92.

*Palmer & Parker v. United States.*—Palmer & Parker sued the United States as owner of the *Mount Shasta* for physical deterioration of a cargo of logs and for loss of market value arising out of delay in delivery. The district court found that the vessel was unseaworthy at the time the voyage commenced and that the United States was liable under the suits in admiralty act for the vessel's delay. The District Court of Massachusetts decreed that Palmer & Parker's

damages amounted to \$200,000, with interest at 4 per cent, which amounted to \$84,808.96 additional. At the same time the district court denied the claim of the United States to unpaid freight money amounting to \$30,555.55, which had been earned by the vessel and which the United States claimed on account of unpaid charter hire due from Fox & Co. On appeal, the First Circuit Court of Appeals reversed the district court, holding that the United States was entitled to the unpaid freight money and also holding that the damages awarded to Palmer & Parker Co. were excessive. The appellate court found that Palmer & Parker's damages as proved in the lower court did not exceed the sum of \$43,956.72, less than 25 per cent of the amount awarded by the lower court. Setting off the freight money against the damages found in the upper court would leave a net liability of the United States of \$13,401.17, with 4 per cent interest. If Palmer & Parker Co. are unwilling to accept this decision, the case will go back to the district court for a new trial on the question of damages.

In addition to the foregoing, of course, there were many other cases decided by the various courts and handled by this division.

#### **Contracts and Opinions Division.**

Much work has been done by this division during the fiscal year 1932, in the handling of the legal matters arising out of loans made out of the construction-loan fund authorized by Congress to assist private interests in the construction and reconditioning of vessels. This work has been extremely important, and has been marked by an increase over the previous fiscal year. This division has the responsibility for the preparation of all loan agreements and other documents, mortgages, notes, conducting all formalities of checking up title searches, passing on the applications for advances, and in addition rendering opinions with regard to the various phases of the loans made. The matter of ship sales and the preparation of all documents in connection therewith was handled by this division. This includes the proposals for sale, notices and conditions of sale, all contracts, bills of sale, preferred mortgages, bonds and notes, and other documents of a similar nature involved in the sale of several steamship lines. Many other miscellaneous contracts, leases, bonds, mortgages, notes, releases of mortgages, and other instruments were also prepared by this division, as well as opinions and advice on various other matters required by the board and Fleet Corporation to be used by them in the conduct of the business of the Shipping Board and Fleet Corporation. In addition to this work much work was done by the personnel of this division in taking part in the negotiations by the board with several purchasers of steamship lines with the view of the continued operation of such lines under private ownership.

*Reorganization of the United States Lines (Inc.).*—This division took part in the negotiations for the reorganization of this important enterprise, and rendered service during the summer and fall of 1931, acting as legal adviser to the Shipping Board which had this matter in charge, and preparing all documents pertaining to the reorganization.

*Applications for extensions of time for payment of ship sales and construction-loan notes.*—Because of the existing depression many companies made such applications, and this division acted as legal adviser in connection with the same.

#### **Admiralty Division.**

This division handled all matters in litigation and not in litigation of an admiralty nature. During the fiscal year ended June 30, 1931, there were pending in this division 327 cases involving \$12,991,323.19 in litigation. At the same time there were 180 admiralty cases not in litigation involving \$4,298,088.65. On June 30, 1932, there were 294 cases in litigation involving \$10,374,121.31, and on June 30, 1932, there were 176 cases not in litigation involving \$4,279,807.51. These litigations and claims arose not only in the United States but in practically all foreign countries, particularly in Europe. While, of course, the litigation and claims in the foreign countries are handled by outside attorneys in accordance with the laws of each country, practically all of the cases in this country are handled by our own attorneys. In those cases in foreign countries this division maintains complete supervision through our representative in London. All settlements arising out of foreign business and all recommendations to the Shipping Board with relation thereto or in connection therewith are handled by this bureau. This division also handled a class of cases known as "public vessel" cases, which are suits brought in admiralty involving public vessels of the Government belonging to departments other than the Shipping Board.

In all controversies arising out of collisions or other accidents at sea in which the Shipping Board is concerned this division conducts and oversees investigations, attends to the prosecution and defense of any suits that arise therefrom, and reviews all controversies arising out of hull insurance in the Shipping Board's insurance fund where the United States of America has an interest. All litigation arising out of protective and indemnity insurance is likewise supervised by this division. The preparation and trial of all of such cases is handled by this division.

*Revision and codification of shipping and navigation laws.*—The revision and codification of the shipping and navigation laws, undertaken several years ago, and handled by the Bureau of Law, has been completed and incorporated in a draft of a bill entitled "A bill to

amend and revise the bill to codify the shipping and navigation laws of the United States and for other purposes." The board approved the revision on May 11, 1932, and copies of the proposed bill were transmitted to the Committee on Commerce of the Senate and the Committee on Merchant Marine, Fisheries, and Radio of the House with the recommendation that same be enacted into law. The bill contains 234 sections of amendments to existing laws and new legislation. Reports which accompanied the bill explained the scope and purpose of same fully. If the bill is enacted into law, it will give the United States a modern merchant shipping code comparable to those of the leading maritime nations of the world.

#### **Miscellaneous.**

There are many other matters which the Bureau of Law handled not included in the work of the three subdivisions referred to above. These involve collection of outstanding accounts in favor of the board, handling miscellaneous claims in favor of and against the board, attending and conducting negotiations leading up to settlements, preparation of recommendations for settlements, passing on write-offs and cancellations of doubtful debtors' accounts, and giving informal advice to the officials of the board and Fleet Corporation. The clerical force of the Bureau of Law maintains and operates a docket similar to a court docket of the various cases in litigation so as to reflect at all times the current status of these matters, maintains complete files of all cases in litigation, maintains a chronological record of the progress of various cases, attends to the preparation of all reports and other data for the information and guidance of other departments of the board and Fleet Corporation, has custody of all original contracts and other instruments of the Shipping Board and Fleet Corporation, and attends to the preparation of copies thereof and distribution to interested departments of the board and Fleet Corporation for their guidance. Such information and reports as are required by Congress on various bills pending in Congress affecting shipping are prepared by representatives of this bureau.

#### **BUREAU OF FINANCE**

During the fiscal year 1932 the Bureau of Finance made 35 special investigations into the financial condition of shipping companies who applied for modification of ship sales contracts. Some of these investigations involved detailed study of the history and operation of lines.

The bureau also made a special investigation into the subject of protection and indemnity insurance, in accordance with direction of the board that a report be made as to reasons why large amounts of protection and indemnity insurance was written abroad.

**Marine Insurance.**

1. The survey of marine insurance written by domestic and foreign companies in the United States during the calendar year 1931 has just been completed. A summary of this survey indicates that the hull insurance market for American underwriters has remained about the same as for 1930, that there was a substantial drop in cargo insurance premiums received by both American and foreign countries, and that American shipowners are sending ocean-going hull insurance premiums direct to foreign markets in large amounts.

2. Reports have been received from 64 domestic companies and 27 foreign admitted companies. Premiums received by domestic companies amounted to \$36,126,000 as compared with \$40,315,000 for 1930, and by admitted foreign insurance companies \$7,011,000 as compared with \$10,425,000.

3. After allowing for reinsurance with nonadmitted foreign insurance companies, the total net premiums received within the United States by all companies amounted to \$38,173,000 as compared with \$44,202,000 in 1930. The decrease in premiums was almost entirely in cargo insurance. Premiums on hull insurance written by domestic companies (including Shipping Board fund) amounted to \$20,628,000 as compared to \$19,407,000 in 1930.

4. (a) *American insurance companies.*—Of the \$36,126,000 received as original premiums, 47 per cent was for cargo insurance and 53 per cent for hull insurance as compared with 54 per cent and 46 per cent, respectively, for 1930.

(b) Hull insurance premiums reported by the American Marine Insurance Syndicates (which represent the American hull insurance market), amounted to \$6,892,000 for ocean-going hulls and \$996,000 for Great Lakes, as compared with \$6,809,000 and \$1,249,000, respectively, for 1930.

(c) Premiums received by the Shipping Board insurance fund amounted to \$2,916,000, which is higher than the amount reported last year, as this figure includes premiums paid by Government-owned ships under present plan of operation as well as by private owners, whereas the figure used last year included only privately owned ships. Approximately \$10,000,000 was received for premiums outside of the Marine Insurance Syndicates accounted for largely by pleasure-going yachts, fishing vessels, etc., and by some foreign ships, the extent of which is not reported. This amount is about the same as for last year so that there is very little change in the total amount of commercial hull premiums.

(d) Domestic companies reinsured hull business with foreign admitted companies in the amount of \$3,515,000 and with foreign nonadmitted companies in the amount of \$1,429,000. They rein-

sured cargo business with foreign admitted companies of approximately \$4,000,000 and with nonadmitted foreign companies of approximately \$2,182,000. In each case the total of amounts reinsured with admitted and nonadmitted foreign countries was approximately the same as was reinsured with domestic companies. About 10 per cent of all original premiums received by domestic companies was sent abroad for reinsurance which is approximately the same proportion as for last year.

5. *Foreign admitted insurance companies.*—These companies reported total original premiums as \$7,011,000, of which 55 per cent was for cargo and 45 per cent for hull premiums as compared with 70 and 30 per cent, respectively, in 1930. Cargo premiums were only \$3,875,000 as compared with \$7,388,000 for 1930. The hull premiums were approximately the same as for last year.

6. *Foreign nonadmitted companies.*—These companies received by way of reinsurance from American companies premiums amounting to \$3,612,000 and from admitted foreign companies \$1,353,000. In addition to these premiums, shipowners in the United States reported that they placed hull and disbursement insurance directly with foreign companies abroad to the extent of \$6,834,000. (These same shipowners reported having placed insurance in the United States for hull and disbursements on ocean and lake going ships amounting to \$8,613,000.)

7. The attached tables indicate comparative amounts of hull and cargo premiums as between American and foreign admitted companies in United States during calendar years 1929, 1930, and 1931. These figures may appear complicated by reason of the difference in classes of reinsurance; therefore, by way of clarification, the figures are restated in another form, as follows:

8. Questionnaire reports from American companies indicate a total of \$51,777,000 premiums, which sum includes reinsurance premiums of \$10,766,000 from American to American and \$4,885,000 from foreign-admitted to American companies, leaving a total "original" premium of \$36,126,000 in American companies.

9. The annual survey has been made and this report prepared in accordance with provisions of section 12, merchant marine act, 1916. In view of the special interest of the insurance companies in the subject matter, it is recommended that the report as submitted be made available to the public.

*Total premiums, reinsurance, and net premiums*

	1929	1930	1931
<b>Insurance premiums reported:</b>			
By American companies.....	\$67,256,000	\$60,069,000	\$51,777,000
Reinsurance (deduct).....	21,477,000	19,754,000	15,651,000
Total American premiums.....	45,779,000	40,315,000	36,126,000
By foreign companies.....	30,537,000	25,300,000	18,334,000
Reinsurance (deduct).....	15,874,000	14,875,000	11,323,000
Total foreign premiums.....	14,663,000	10,425,000	7,011,000
Total original premiums—American and foreign.....	60,442,000	50,740,000	43,137,000
<b>Cargo premiums reported:</b>			
By American companies.....	41,803,000	33,468,000	24,534,000
Reinsurance (deduct).....	14,671,000	12,560,000	9,036,000
Total American cargo premiums.....	27,132,000	20,908,000	15,498,000
By foreign companies.....	22,209,000	16,770,000	10,605,000
Reinsurance (deduct).....	11,122,000	9,388,000	6,730,000
Total foreign cargo premiums.....	11,087,000	7,382,000	3,875,000
Total cargo premiums.....	38,219,000	28,296,000	19,373,000
<b>Hull premiums reported:</b>			
By American companies.....	25,453,000	20,601,000	27,243,000
Reinsurance (deduct).....	6,806,000	7,194,000	6,615,000
Total American hull premiums.....	18,647,000	13,407,000	20,628,000
By foreign companies.....	8,328,000	8,530,000	7,729,000
Reinsurance.....	4,752,000	5,493,000	4,593,000
Total foreign hull premiums.....	3,576,000	3,037,000	3,136,000
Total hull premiums.....	22,223,000	22,444,000	23,764,000
Grand total cargo and hull premiums.....	60,442,000	50,740,000	43,137,000
Reinsurance with foreign nonadmitted companies.....	8,696,000	6,538,000	4,964,000
Net premiums within United States.....	51,746,000	44,202,000	38,173,000

*Reinsurance—Comparison by years 1929, 1930, 1931*

	Premiums		
	1929	1930	1931
<b>AMERICAN COMPANIES</b>			
<b>Reinsurance on hull with—</b>			
American companies.....	\$5,358,000	\$5,281,671	\$4,733,041
Foreign admitted companies.....	3,684,000	4,336,224	3,515,334
Foreign nonadmitted companies.....	1,975,000	1,347,655	1,429,485
Total hull.....	11,017,000	10,965,550	9,677,860
<b>Reinsurance on cargo with—</b>			
American companies.....	9,140,000	8,381,080	6,033,307
Foreign admitted companies.....	5,759,000	5,145,282	3,997,288
Foreign nonadmitted companies.....	3,610,000	3,060,680	3,182,222
Total cargo.....	18,509,000	16,587,022	12,212,817
<b>FOREIGN COMPANIES</b>			
<b>Reinsurance on hull with—</b>			
American companies.....	1,448,000	1,911,849	1,882,075
Foreign admitted companies.....	1,068,000	1,156,635	1,078,033
Foreign nonadmitted companies.....	839,000	735,808	570,980
Total hull.....	3,355,000	3,804,292	3,531,088
<b>Reinsurance on cargo with—</b>			
American companies.....	5,531,000	4,179,484	3,002,447
Foreign admitted companies.....	5,363,000	4,236,378	2,732,350
Foreign nonadmitted companies.....	2,272,000	1,393,803	781,724
Total cargo.....	13,166,000	9,809,665	6,516,521

### Housing Mortgages.

The properties owned by the Shipping Board at the borough of Brooklawn, Camden County, N. J., consisting of 72 properties and 262 bonds and mortgages, were sold by negotiation after competitive sealed bids had been rejected. Properties are being delivered to the purchasers in installments. The borough has been greatly benefited by this transaction, and the board has been relieved of a troublesome problem which arose out of the persistent refusal of owners to pay amounts due, and the growing loss to the borough on account of failure to collect taxes. The provision in the sales contract that accumulated unpaid taxes must be paid by the purchasers, and that a sufficient amount was to be advanced to the borough to enable it to carry on had the result of restoring strength and confidence to the borough.

### BUREAU OF RESEARCH

The Bureau of Research continues to maintain records of the ocean-going merchant fleet of the world, classified by nations and principal vessel characteristics. The records indicate that during the fiscal year ended June 30, 1932, 4,200 vessels of the world fleet participated in our water-borne trade, making nearly 47,000 entrances and clearances at 169 United States ports and carrying over 74,000,000 tons of cargo and 1,700,000 passengers. The foreign ports of origin and destination involved numbered 1,275.

The records of the bureau now include data pertaining to the water-borne foreign commerce of the United States during a period of 11 years, and cover transactions at 350 domestic ports, 420 ports in non-contiguous United States territory, and 2,809 foreign ports, a total of 3,579 world ports which have participated in our water-borne commerce during the period 1921 to 1931. During that period 2,050 world products were transported in the water-borne commerce of the United States. The total volume of these commodities exceeded 950,000,000 tons and their value was nearly \$79,000,000,000.

During the fiscal year the bureau prepared 84 periodical reports, copies of which were issued to Government officials and organizations, transportation companies, financial, industrial, educational, and other institutions. The bureau also compiled 202 special reports, 97 of which were for the use of the Shipping Board and 40 for other Government departments. The remaining 65 special compilations were prepared for commercial and port organizations, transportation companies, periodical publications, and educational institutions.

The records of the bureau for the fiscal year 1932 were based upon over 100,000 individual reports received from vessel operators, collectors of customs, and others. The formulation and verification of these items for the year involved the making of 67,500,000 individual entries in the permanent records of the bureau.

## SECRETARY

The office of the secretary is the central administrative office of the board, and the duties thereof during the past year were the same substantially as during the preceding year and comprise, briefly, the following:

Records all minutes of meetings of Shipping Board.

Prepares and presents to the board, by formal docket or otherwise, all cases which require the board's attention.

Acts as custodian of the files, records, and seal of the board.

Has supervision over the division of public information.

Prepares for use in litigation or otherwise certified copies of documents and records. Sometimes, through a representative, presents documentary evidence in court.

Conducts all investigations and correspondence under section 9 of the shipping act, 1916, as amended. Prepares recommendations for standing committee of board on such cases and issues formal orders thereunder.

Conducts all investigations and correspondence under section 30, subsection 0 (a), merchant marine act, 1920. Prepares recommendations for standing committee of board on such cases and issues formal orders thereunder.

Prepares, as budget officer, for the consideration of the board and transmittal to Congress, estimates for appropriations required by the board and Merchant Fleet Corporation.

Examines and takes administrative actions on vouchers covering salaries and expenses of employees of the Shipping Board, by direction of the chairman.

Maintains jurisdiction over the service divisions of the board, such as library, mails, duplicating, files, chief clerk's division, personnel division, etc., and general office management.

Supervises communications, telegraph, cables, etc.

Under direction of the chairman, exercises supervision over the personnel of the Shipping Board.

Assists standing and special committees of the board in preparing data and holding hearings in connection with various matters which are under consideration by the board.

This office also serves in the performance of general secretarial and administrative duties for the Merchant Fleet Corporation.

**Sales to Aliens and Transfer of Registry of Vessels.**

The office of the secretary conducts the investigations involving all applications under section 9 of the shipping act, 1916, as amended, on behalf of a standing committee of the board to which the administration of the provisions of this law has been assigned. Appropriate recommendations are prepared for the committee for presentation to the Shipping Board for final action.

Upon approval of an application by the board, the office of the secretary issues a formal order setting forth the board's approval and incorporating therein all conditions upon which such approval has been granted. Notice of disapproval is also communicated to persons interested.

The board has continued to cooperate closely with the Treasury Department, Bureau of Customs, and the United States Coast Guard in the investigation of the proposed trade in which vessels of 2,500 deadweight tons and under will be engaged after transfer to foreign registry so as to minimize the possibility of such vessels being used in smuggling narcotics, liquor, and aliens into the United States. The board has also imposed strict conditions in its approval of such transfers, involving severe penalties should vessels be used in violation of such conditions.

During the past year numerous investigations have been conducted of violations of section 9 of the shipping act, 1916, as amended, several of which have been forwarded to the Department of Justice for appropriate action.

The form of application adopted by the board and the procedure to be followed by the applicant has remained the same during the past year and was set forth with some particularity in the fifteenth annual report covering the preceding fiscal year.

During the past year the board has acted favorably upon applications involving 27 vessels of 15,145 gross tons. There were also approved 21 charters to aliens for limited periods of time. There are now pending 22 applications for the approval of the board awaiting results of further investigation and consultations with applicants. There are also pending 10 cases which have been referred to the Department of Justice for appropriate action, which have not been concluded.

The following table shows that the vessels which were approved for sale alien and transfer to foreign registry were of such size, type, and obsolescence as to be of no value to the American marine. It is believed that this provision of law as administered by the board has prevented the transfer to foreign registry of some larger vessels now under United States registry and that the law is a safeguard against possible loss of vessels essential to the United States merchant marine. At the same time it has been possible for vessel owners to dispose of obsolete tonnage to aliens without detriment to our merchant marine.

Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens, July 1, 1931, to June 30, 1932

Name	Official No.	Type	Gross tons	Last home port	Owner or applicant	Purchaser	Foreign registry	Date of order	Order No.
A. B. Carpenter	209623	Ol. s.	178.48	Los Angeles, Calif.	James Treglars.	Compania de Productos Marinos S. A.	Mexican.	July 1, 1931	2309
Waegwoltic	227266	Yacht.	201	Philadelphia, Pa.	H. O. Keeper.	Francis Pugh.	British.	July 25, 1931	2310
Russar	225301	Yacht.	533	New York, N. Y.	Edward F. Elutton.	Friedrich Krupp Germania-werft.	(No change of registry.)	Aug. 4, 1931	2311
Arundia	228220	Ol. s.	1,169.40	Honolulu, Hawaii	Conrad Mathiasen.	Dominican Republic.	Dominican.	Aug. 19, 1931	2312
Niokokai	203808	Ol. s.	1,269	Philadelphia, Pa.	W. W. Keene.	Shell Eastern Petroleum Products (Inc.) (charter-ers).	(No change of registry.)	Sept. 9, 1931	2313
Baldhill	218915	Tnk.	6,413	Philadelphia, Pa.	Pennsylvania Shipping Co.	do.	do.	Sept. 16, 1931	2314
Baldbutte	218878	Tnk.	6,295	do.	do.	(Not stated.)	do.	do.	2315
Corinto	219317	St. s.	1,973.53	San Francisco, Calif.	Panama Mail S. S. Co.	Luis Beltran Romero.	Mexican.	do.	2316
Bruja	221506	St. s.	45	San Juan, P. R.	Antonio Perez Bermudez.	Occidental Coast Co. (Ltd.)	Venezuelan.	Sept. 23, 1931	2276A
Emporor	209755	St. s.	124	Los Angeles, Calif.	Jacke Terporten.	John E. Russell.	Foreign.	do.	2317
Japan	75323	St. s.	1,239	Cleveland, Ohio	Ohio Tankers (Inc.)	Louis M. Salazar.	Canadian.	Oct. 6, 1931	2318
Metroses	215062	St. s.	20	San Diego, Calif.	Manuel G. Silva and Joe Lial.	do.	Mexican.	do.	2319
Metroses	225437	St. s.	9	do.	James C. Garcia.	C. E. Bernstein.	do.	Oct. 14, 1931	2320
Dilworth	210462	Tnk.	7,045	Philadelphia, Pa.	Pennsylvania Shipping Co.	Shell Eastern Petroleum Products (Inc.) (charter-ers).	(No change of registry.)	Nov. 18, 1931	2321A
Do.	219462	Tnk.	7,045	do.	do.	do.	do.	do.	2322A
Arlestem	219229	Tnk.	6,972	do.	do.	do.	do.	do.	2322A
Petsy	209020	St. s.	6,228	Marshfield, Oreg.	Umpqua Transportation Co.	D. De Cima.	Mexican.	Dec. 22, 1931	2322
Dannedaake	219262	Tnk.	4,310	Philadelphia, Pa.	Pennsylvania Shipping Co.	Shell Petroleum Corporation of St. Louis (charter-ers).*	(No change of registry.)	Dec. 30, 1931	2323
Meton.	220386	Tnk.	7,311	do.	do.	Shell Eastern Petroleum Products (Inc.) (charter-ers).	do.	do.	2324
Hagan	219287	Tnk.	6,373	do.	do.	do.	do.	do.	2325
Baldhill	218915	Tnk.	6,413	do.	do.	do.	do.	do.	2326
Baldbutte	218676	Tnk.	6,295	do.	do.	do.	do.	do.	2327
Martha Buehner	209565	St. s.	774	San Francisco, Calif.	Andrew F. Mahony Co.	Shin Shibata.	Mexican.	Jan. 13, 1932	2328
Santa Ana	116944	St. s.	1,213	Tampa, Fla.	Charles Herbert Dickson.	(No sale.)	Honduran.	Jan. 20, 1932	2329
Baldbutte	220386	Tnk.	6,295	Philadelphia, Pa.	Pennsylvania Shipping Co.	Shell Eastern Petroleum Products (Inc.) (charter-ers).	(No change of registry.)	Feb. 3, 1932	2330
Baldhill	218915	Tnk.	6,413	do.	do.	do.	do.	do.	2331
Hagan	219287	Tnk.	6,373	do.	do.	do.	do.	do.	2332
Meton	219229	Tnk.	7,311	do.	do.	do.	do.	do.	2333
Malvina	200556	St. s.	16	Key West, Fla.	B. D. Trevor.	Jose Miranda y Padron.	Cuban.	Feb. 10, 1932	2334
Pioneer	212013	Tnk.	5,075	Wilmington, Del.	Standard Shipping Co.	Standard Oil Co. of Venezuela.	Venezuelan.	do.	2335
Springer	225130	St. s.	8	Everett, Wash.	John Green.	Jerry Miller.	(Mortgage).	do.	2336

Antietam	219229	St. s.	6,972	Philadelphia, Pa.	Pennsylvania Shipping Co.	Shell Eastern Petroleum Products (Inc.) (charterer.)	(No change of registry.)	Feb. 24, 1932	2337
Do	219229	St. s.	6,972	do	do	do	do	Mar. 2, 1932	2338
Baldpate	219576	Tnk.	6,295	do	do	do	do	do	2339
Baldhill	219915	Tnk.	6,413	do	do	do	do	do	2340
Dilworth	219462	Tnk.	7,045	do	do	do	do	do	2341
Hagan	219287	Tnk.	6,373	do	do	do	do	do	2342
Meton	220386	Tnk.	7,311	do	do	do	do	do	2343
Kinksjou	223927	Yaecht.	74	New York, N. Y.	Leonard Outhwaite	Lawrence M. Wilson	Canadian	Mar. 30, 1932	2344
Bruja	221506	Sch.	39	San Juan, P. R.	Antonio Perez Bernudez	Camille Correa	Dutch	May 4, 1932	2345
Eastern Star	228735	Sch.	121	New York, N. Y.	Ernest A. Ollivierre	Ernest Adams and William T. Wallace	British	do	2346
France	N one	A u x. ves	81	No home port.	George H. Sherwood	W. R. Carpenter & Co.	do	May 17, 1932	2347
Ranger	207362	Yaecht.	219	Tampa, Fla.	G. H. Cooper	(No sale)	Panamanian	June 1, 1932	2348
Memory III	227970	Yaecht.	306	New York, N. Y.	Sherburn M. Becker	W. W. Near	British	June 3, 1932	2349
Emil	230776	Ol. s.	48	Bellingham, Wash.	Nick Martesch	Pacific Seine Boats (Ltd.)	do	June 8, 1932	2350
Amide	228401	Yaecht.	539	New York, N. Y.	Ernest Beltried	Fernand A. A. Gada	do	June 22, 1932	2351
Moiokai	203308	Ol. s.	269	Los Angeles, Calif.	Walter W. Keene	Compania Maritima de Navegacion, S. A.	Egyptian	June 29, 1932	2352
Sequoia	116349	Ol. s.	370	do	George B. Traugher	Compania Sequoia, S. A.	do	do	2353

*Recapitulation, showing nationalities and tonnage*

Registry	Number	Gross tons	Registry	Number	Gross tons
British.....	5	757	Mexican.....	9	4,090
Canadian.....	2	1,313	(Mortgage).....	1	8
Cuban.....	1	16	No change of registry.....	1	533
Dominican.....	1	1,169	Panamanian.....	1	219
Dutch.....	1	39	Venezuelian.....	2	5,120
Egyptian.....	1	539			
Foreign.....	1	124	Total.....	27	15,145
Honduran.....	1	1,218			

**Ship Mortgage Act, 1920—Surrender of Marine Documents.**

The office of the secretary conducts the investigations of all applications filed with the board for approval under section 30, subsection O (a), merchant marine act, 1920, cited as the ship mortgage act, to the surrender of the marine document of a vessel documented under the laws of the United States, covered by a preferred mortgage (except in the case of a forfeiture of the vessel or its sale by order of any court of the United States or any foreign country).

These investigations are conducted on behalf of a standing committee of the board to which has been delegated the administration of this provision of the law. Appropriate recommendations are prepared for the committee to be submitted to the board for final action.

No formal application has been prescribed by the board, but applicants are required to submit full details showing name of the vessel, reason for requesting surrender of the marine document, names of all preferred mortgages, the date and amount of the mortgages held by each, and required to file a certificate of liens and encumbrances covering the vessel issued by the Collector of Customs at the vessel's home port. The preferred mortgagee must file its written consent to the surrender of the marine document. If deemed essential, the board may require additional information concerning the proposed transaction.

The following resolution was adopted by the board August 14, 1928, and construes subsection O (a), as to when the approval of the board must be obtained:

Whereas subsection O (a), of the ship mortgage act, 1920, provides as follows: "Subsection O (a). The documents of a vessel of the United States covered by a preferred mortgage may not be surrendered (except in the case of the forfeiture of the vessel or its sale by the order of any court of the United States or any foreign country) without the approval of the board. The board shall refuse such approval unless the mortgagee consents to such surrender."

and

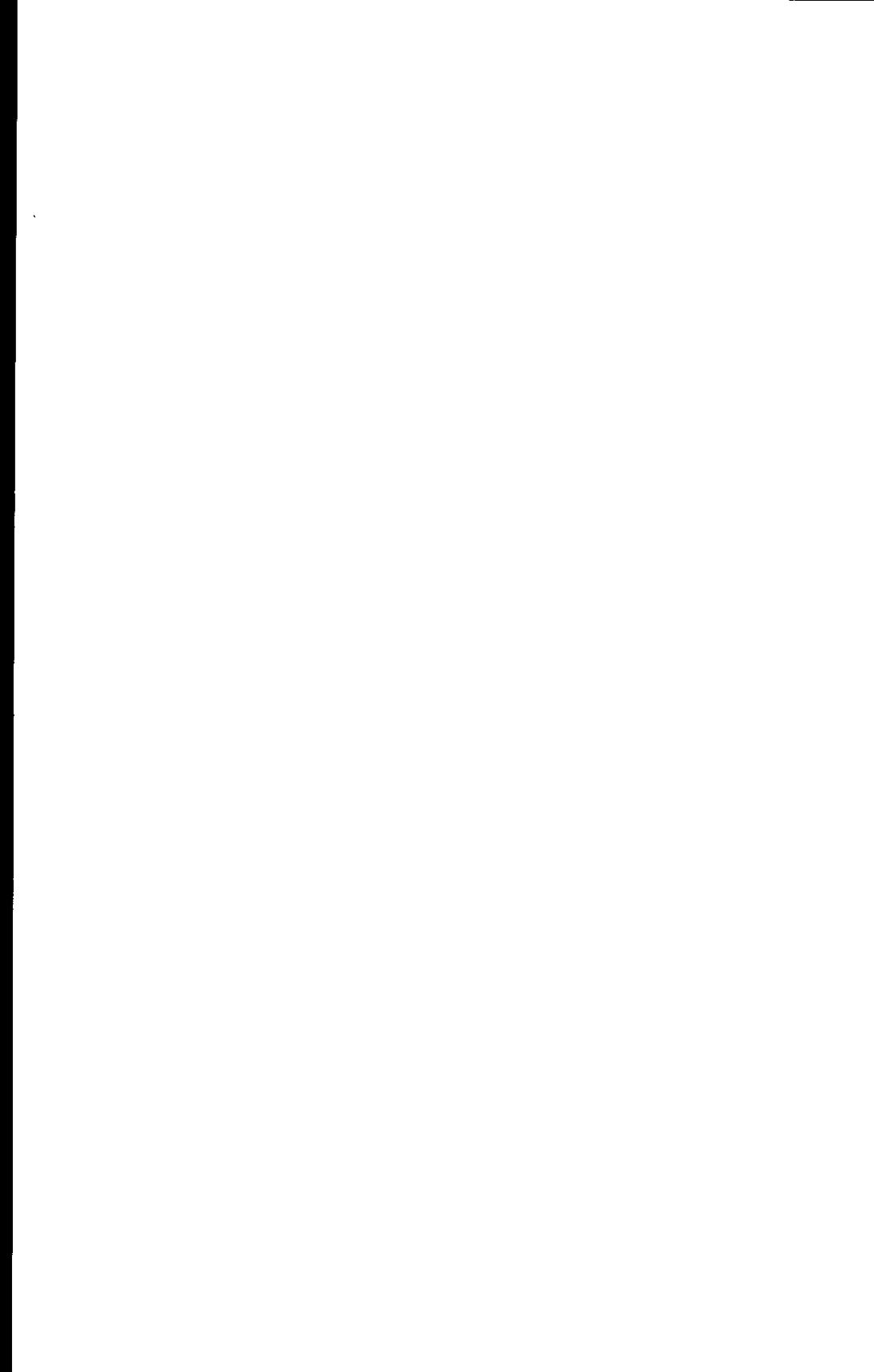
Whereas in the opinion of the board, such act does not cover cases in which a vessel owner merely renews the license or changes the document incident to change of trade where the ownership and home port remain the same; and

Whereas in the interest of shipping it is highly important that this matter be decided: Be it

*Resolved,* That the Shipping Board construes subsection O (a) of the ship mortgage act, 1920, which is contained in section 30 of the merchant marine act, 1920, as not applying to cases in which a vessel owner merely renews the license or changes the document incident to change of trade where the ownership and home port remain the same.

If the board's approval is granted, the office of the secretary issues a formal order which contains the conditions upon which the approval is granted, one of which would usually be that the vessel must be redocumented under the laws of the United States concurrently with the surrender of the outstanding marine document and all endorsements necessary to preserve the preferred status of all preferred mortgages be made upon the new document when issued. Other conditions may be imposed to protect the interests of preferred mortgagees.

During the past year the board approved applications involving 64 vessels.



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PART II

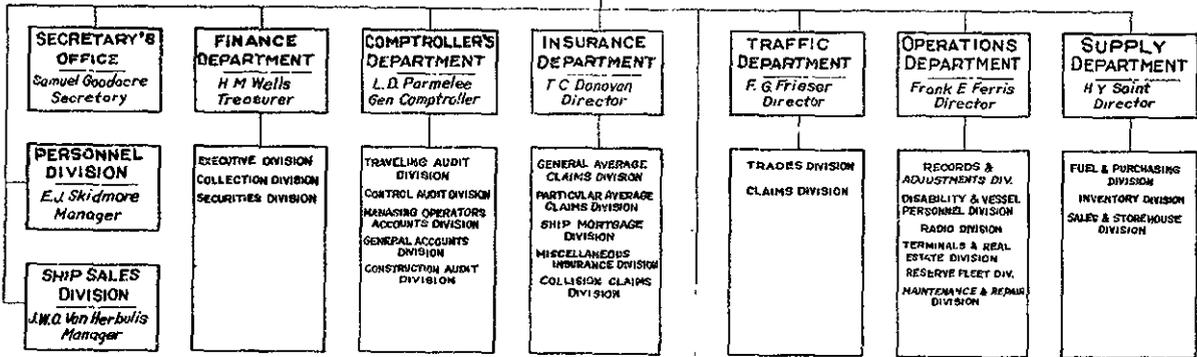
MERCHANT FLEET CORPORATION



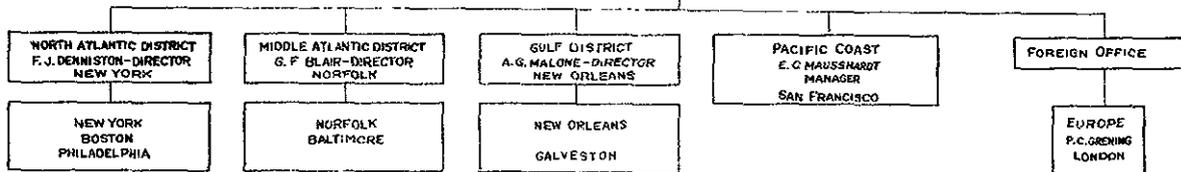
**ORGANIZATION CHART  
UNITED STATES SHIPPING BOARD MERCHANT FLEET CORP.  
JUNE 30, 1932**

**BOARD OF TRUSTEES**  
 PRESIDENT.....ELMER E. CROWLEY  
 VICE PRESIDENT.....S. S. SANDBERG  
 TRUSTEE.....R. K. SMITH  
 TRUSTEE.....A. H. DENTON  
 TRUSTEE.....JEFFERSON MYERS  
 TRUSTEE.....H. I. CONE  
 TRUSTEE.....VACANCY  
 SAMUEL GODDACRE--SECRETARY

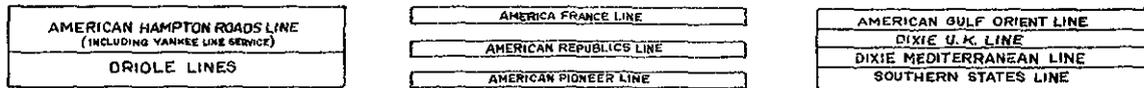
**PRESIDENT**  
 ELMER E. CROWLEY  
 EXECUTIVE ASSISTANT  
 ULRIC J. GENDRON



**DISTRICT DIRECTORS**



LINES OPERATED BY MANAGING OPERATORS FOR ACCOUNT OF UNITED STATES SHIPPING BOARD



# MERCHANT FLEET CORPORATION

## ORGANIZATION

At the beginning of the fiscal year 1932 the board of trustees of the Merchant Fleet Corporation consisted of Elmer E. Crowley, president of the corporation, and Shipping Board Commissioners Cone, Denton, Myers, Plummer, Sandberg, and Smith. Mr. Plummer died March 20, 1932, and the vacancy thus caused remained unfilled on June 30, 1932. No other change in the personnel of the board of trustees occurred during the fiscal year 1932.

At the annual meeting of the board of trustees held April 20, 1932, immediately following the annual stockholders meeting, all officers of the Merchant Fleet Corporation were reelected. No change having taken place since that time, the officers of the corporation were as follows at the close of the fiscal year:

President.....	Elmer E. Crowley.
Vice President.....	S. S. Sandberg.
Secretary.....	Samuel Goodacre.
Treasurer.....	Heber M. Wells.
General comptroller.....	Lewis D. Parmelee.

In general, the organization of the Merchant Fleet Corporation during the fiscal year 1932 continued to follow the general plan in effect for several preceding years. A few changes were made, however, including the absorption of the maintenance and repair department by the operations department and the elimination of several domestic and foreign district offices, as more fully described later in this report. An organization chart of the Merchant Fleet Corporation as at June 30, 1932, is displayed on the opposite page.

The accompanying chart shows the nine lines of cargo vessels that were being operated by managing operators under the general supervision of the Merchant Fleet Corporation on June 30, 1932. This is four lines less than were shown on the chart included in the fifteenth annual report, one being excluded by reason of its discontinuance and the assignment of its territory to another service, two being omitted because of their sale to private ownership, and one because of its merger with another line.

The effect of the program adopted during the year for the consolidation of lines, the elimination of sailings to a minimum basis without jeopardizing our position in the trade, as well as other operating and administrative economies, all hereinafter mentioned, was only slightly reflected in the losses for the fiscal year 1932, and it is antic-

ipated that with the full reflection of these economies during the fiscal year 1933, losses for that fiscal year will be at least \$2,500,000 less than the losses reported herein for the fiscal year 1932.

#### SPECIAL FEATURES OF THE YEAR'S ACTIVITIES

##### Sales of Vessels.

The sale of 37 vessels was consummated during the fiscal year 1932. Of this number, 28 were cargo ships, 24 of which were sold for restricted operation on trade routes; 2 were sold for unrestricted operation; 1 for unrestricted operation following conversion to a bulk cargo carrier, and 1 for conversion to a stationary oil storage plant. These 28 cargo ships had a total dead weight of 227,975 tons and the sales price was \$2,644,687.50. The remaining sales consisted of 2 transports sold for restricted operation and 7 miscellaneous vessels, including 1 damaged concrete tanker and 6 small craft.

The Mobile Oceanic Line and the American Diamond Lines, with a total of 24 cargo ships, were the only trade route sales consummated during the year. The purchasers of these lines, the Waterman Steamship Corporation and the American Diamond Lines (Inc.), respectively, are obligated under their sales contracts to operate the vessels in restricted service for a period of five years and are also required to undertake a comprehensive shipbuilding and reconditioning program.

Four lake-type cargo vessels, 1 passenger vessel, 2 wood tugs and 3 smaller craft were transferred to other Government departments through the Office of the Chief Coordinator, without exchange of funds.

The sale of the American Hampton Roads Line to the Southgate-Nelson Corporation and the sale of the American Gulf Orient Line, Dixie Mediterranean Line, Dixie U. K. Line, and Southern States Line to Lykes Bros.-Ripley Steamship Co. (Inc.) and Tampa Inter-ocean Steamship Co. have been authorized but as sales agreements had not been executed by June 30, 1932, they are not included in the above-mentioned sales totals. Offers are pending for the purchase of the America France Line and American Republics Line.

Due to financial difficulties, the United States Lines (Inc.), which purchased the Steamship *Leviathan* and five other passenger vessels, as well as five combination passenger and cargo ships, from the Shipping Board in the fiscal year 1929, became unable to continue the operation of these vessels. After extensive negotiations, in which the Shipping Board took an active part, arrangements were made for the organization of a new company, the United States Lines Co. of Nevada, to take over the operation of this service, beginning in October, 1931.

Preliminary to this change, United States Lines (Inc.) redelivered the Steamship *Republic* to the Shipping Board and this vessel was transferred to the War Department in exchange for two transports, the

steamships *Somme* and *Cambrai*, which were subsequently delivered to United States Lines (Inc.). These two vessels and all of the vessels formerly operated by this company, with the exception of the steamships *America* and *George Washington*, were then transferred to the United States Lines Co. of Nevada. The steamships *America* and *George Washington* were redelivered to the Shipping Board, since they were not required for operation by the new company, by reason of the transfer of the two transports and the further fact that two new passenger ships were being constructed with the aid of the construction loan fund for operation in this service.

A statement showing the various classes of tonnage sold and acquired, names of vessels, names of purchasers, sales prices, conditions governing sales, etc., is given in Table I of the appendix.

#### **Operating Agreement, 1930.**

All lines operated for the account of the Merchant Fleet Corporation have been placed under the operating agreement, 1930, which is sometimes referred to as the "lump-sum contract." The features of this form of contract have been fully described in previous reports, but it may be well to state again that the principal and distinguishing characteristic of this contract is the requirement that the managing operator assume the entire financial responsibility for operation of his service, in return for a fixed rate of compensation per voyage.

The last cargo service to be transferred to operation under this form of contract was the America France Line, the contract being effective with July, 1932, and subsequent sailings. The change in the operating agreement for this service was delayed for the reason that when the new form of agreement was first adopted, sale of this service to private ownership was expected, but consummation thereof has been delayed by economic conditions. Concurrently with the adoption of the 1930 operating agreement for the America France Line, the operator was instructed to combine the Bordeaux and Havre services, thus eliminating 12 sailings a year.

The abnormal and distressing conditions that prevailed in the shipping world during the past year have necessitated increases in the compensation of several operators, but, on the other hand, several decreases have also been made in such fees. While it is difficult to compare the cost of services under the 1930 agreement with costs under the 1924 operating agreement because of radical changes in conditions in the past few years, the adoption of the 1930 operating agreement has saved and is saving the Merchant Fleet Corporation a considerable sum of money.

As a step toward reducing the operating costs of the Merchant Fleet Corporation, practically all 1930 operating agreements have been amended so as to eliminate the repair franchise feature. The

result is that managing operators are now required to pay the entire cost of repairing their vessels, and the Merchant Fleet Corporation saves the large amount formerly expended as its share of such costs. In spite of the increased costs which the managing operators are required to assume, the operating agreements with four operators were changed to eliminate the repair franchise without a corresponding increase in compensation rates.

#### **Consolidation of Services.**

In the interest of economy and to permit reductions in the number of sailings of vessels with a minimum loss of service to shippers, several cargo lines were consolidated during the year.

The American Hampton Roads Line, Oriole Lines, and Yankee Line, formerly assigned to three managing operators, were consolidated under one operator at a reduced lump-sum fee per voyage, to operate as two lines, the American Hampton Roads-Yankee Line and Oriole Lines. Under the consolidation the same regions are being served, namely, North Atlantic to the east and west coasts of the United Kingdom, Bremen and Hamburg, but realignment of itineraries and combination of ports of call has permitted the elimination of eight vessels formerly employed in these services, and a reduction of 24 voyages.

The American Brazil Line was discontinued as a separate line serving North Atlantic and North Brazilian ports and this territory was assigned to the American Republics Line, which for several years has operated between ports in the United States and in Brazil, Argentina, and Uruguay. The abolishment of this line has saved the losses experienced in its operation and has been the means of improving the revenues and operating results of the American Republics Line.

Four lines operating from Gulf ports were withdrawn from individual operators and assigned to one management. The services affected were the American Gulf Orient Line, serving Oriental ports, the Dixie U. K. Line and the Dixie Mediterranean Line, serving the territories indicated by their trade names, and the Southern States Lines, operating to French Atlantic, Belgian, Holland, and German ports. As a result of this consolidation, the total number of sailings to these ports has been reduced about 19 voyages and 9 vessels have been withdrawn without jeopardizing the position of these lines in their trades; the operators' compensation has been adjusted to conform with the reduction in overhead costs for the unified management; and the operator has been required to assume all repair costs, which formerly were a heavy expense to the Merchant Fleet Corporation which defrayed such costs in excess of a stipulated franchise in each operating agreement.

**Extent of Vessel Operations.**

The cargo vessel operations of the Merchant Fleet Corporation were less extensive in the fiscal year 1932 than they were in 1931 or in preceding years, due, first, to a greatly decreased demand for vessel tonnage, and second, to sales of lines formerly operated by the corporation.

On June 30, 1932, there were 91 cargo ships assigned to managing operators of Shipping Board services, whereas on the same date in the preceding year there were 146 vessels so assigned. This reduction of 55 vessels resulted from several causes; 24 were formerly operated on lines sold during the year, 3 were operated by a line which has been discontinued, and 28 were operated by lines which are still active but have reduced tonnage requirements.

During 1932, 531 cargo voyages were completed, which, compared with the total of 668 in 1931, shows a reduction of 137 voyages. Of this total reduction, 75 resulted from the sales of the American Diamond Line and the Mobile Oceanic Line and 11 from the abandonment of the American Brazil Line. The balance of the reduction, or 51 voyages, may be attributed to restricted sailing schedules, resulting from consolidations of services and from the depressed state of the shipping business.

A list of the cargo services in operation on June 30, 1932, showing names of managing operators and the number of vessels assigned to each, is included as Table IV of the appendix.

**Total Results of Operations During 1932.**

The total operating loss of the Merchant Fleet Corporation in the fiscal year 1932 was approximately \$8,431,000, which is \$864,000 below the 1931 loss, and is less than the losses for several preceding years. Notwithstanding the very unsatisfactory shipping conditions that prevailed during the year, the 1932 loss is the lowest point in a gradual scale of reductions from the total loss of \$41,000,000 reported in the fiscal year 1924.

A profit and loss statement for the fiscal year 1932, showing operating results for various activities of the Merchant Fleet Corporation, is given in Table X of the appendix.

**Cost of Cargo Services.**

For cargo voyages and inactive vessels assigned to managing operators, the net cost was \$6,632,000 in the fiscal year 1932. This total is \$693,000 less than the corresponding amount for 1931.

This net decrease of \$693,000 in the cost of cargo services is accounted for by the following conditions: First, lines sold or discontinued had losses in 1932 totaling \$934,000 less than in the preceding year. Second, all other lines had a total of 42 less voyages in 1932 than in 1931, with a resulting saving of \$485,000, assuming that each of the curtailed voyages would have resulted in a loss equaling the 1931

average for voyages of these lines. Third, the average loss of 1932 voyages in active services, excluding those sold or discontinued, was more than 13 per cent higher than the average loss in the preceding year, due to increasingly adverse economic conditions, and this change in average loss caused an increase of \$726,000 in total operating losses of these lines in 1932.

#### **Other Operating Results.**

Charter hire net earnings in 1932 totaled \$52,000, or a little more than half the amount reported in 1931. The principal cause of this reduction was that a number of chartered vessels were inactive during the fiscal year 1932, and reduced charter rates prevailed during these idle periods.

The cost of maintaining inactive or spot vessels during the fiscal year 1932 totaled \$354,000, which is slightly less than the corresponding cost in the preceding fiscal year.

Miscellaneous income amounted to \$284,000 in 1932, or about \$500,000 less than the 1931 total. About \$358,000 of this decrease was in the net earnings of terminals, which like many other activities keenly felt the effect of poor business conditions. There was a decrease of \$94,000 in interest earnings, which fell off very materially for two reasons; first, withdrawal of funds from banks; and second, reduction in interest rates on bank balances. Furthermore, a net loss of \$99,000 in foreign exchange was experienced when English currency went off the gold standard and depreciated 25 per cent below its par value.

#### **Coal Trade.**

The Merchant Fleet Corporation had no activity in the coal trade during the fiscal year 1932, so the unexpended balance at June 30, 1932, of amounts made available for this service by the 1929 and subsequent appropriation acts, remained at \$938,877.21, the total reported at the end of the fiscal year 1931.

The 1933 appropriation act extends the availability of this balance through the ensuing fiscal year for the purpose of reconditioning and operating ships for carrying coal to foreign ports. Until present conditions show a decided change, however, it is unlikely that the Merchant Fleet Corporation will be active in this service, since current ocean rates for coal shipments by private carriers are far below the minimum rates established by the Shipping Board for its vessels, and are likely to remain so as long as there are a large number of privately owned vessels in idle status.

#### **Changes in District Offices.**

Since all but one cargo service is operating under the 1930 operating agreement, and this one line is to be transferred to such status in the near future, and since additional lines have been sold, it has been possible for the Merchant Fleet Corporation to make further progress

in pursuance of its policy of reducing field offices to a minimum. During the past year, therefore, the personnel at all domestic and foreign district offices was reduced, and the following field offices were closed entirely: Mobile, Ala.; Manila, P. I.; Buenos Aires, Argentina; Honolulu, Hawaii; St. Thomas, Virgin Islands; and Hamburg, Germany.

#### **Reduction of Pay Rolls and Administrative Expenses.**

A large reduction in the personnel and pay rolls of the Merchant Fleet Corporation was accomplished during the fiscal year 1932. Comparison of total pay rolls at the beginning and the end of the fiscal year shows that a net reduction of 566 employees with annual salaries totaling \$954,398 was made, a pay roll reduction of over 36 per cent.

Comparison of pay rolls at July 1, 1928, and at June 30, 1932, indicates the total accomplishment of the Merchant Fleet Corporation since the inauguration of its intensive personnel reduction program at the beginning of the fiscal year 1929. Since that time 2,037 employees, with annual salaries and wages totaling \$3,063,309, have been removed from the pay rolls of the Merchant Fleet Corporation, a decrease amounting to 68 per cent of the July 1, 1928, pay roll.

In addition to these reductions in salaries and wages, savings have been accomplished in other items of administrative expense, i. e., rent; traveling expenses and transportation; telephone, telegraph, and cable charges; legal and witness fees; cost of supplies and stationery; and other miscellaneous items. Total expenses of this nature in 1932, excluding salaries and wages, amounted to \$117,100 less than in the preceding year, a saving of approximately 31 per cent.

### **SUPPLY AND OPERATING ACTIVITIES**

#### **Fuel Purchases and Issues.**

The volume of fuel purchases and issues and the cost thereof in 1932 were much less than in 1931, and were only a fraction of the quantities and costs reported in prior years, before the general adoption of the 1930 operating agreement resulted in the transfer of purchasing responsibilities to managing operators.

Fuel oil purchased for vessels and issued from bunker stations operated by the Merchant Fleet Corporation totaled 665,125 barrels in 1932, compared with 4,416,077 in 1931, and the average purchase and issue prices for these quantities dropped from \$0.8859 to \$0.7618 per barrel. Coal purchases decreased from 37,292 tons to 18,052 tons, and the price average dropped from \$4.51 to \$4.17 per ton.

Due to the sales of several lines and the placing of other lines under 1930 operating agreements, all fuel oil station operations by the Merchant Fleet Corporation have been discontinued. Last year's report mentioned the sale of the Honolulu fuel station and the transfer

of the Mobile and Manila stations to the Inland Waterways Corporation and the War Department, respectively. These transactions have been consummated, and in addition, the fuel station located at St. Thomas, Virgin Islands, has been transferred to the Department of the Interior. The only fuel station which remains to be disposed of is at Craney Island, Norfolk, Va., and this station is inactive. Efforts have been made to dispose of this station by transfer to some Government department, or by sale or lease, but no satisfactory arrangement has yet been made for its disposition.

#### Storekeeping Activities.

On June 30, 1932, the inventory value of stores and equipment in storehouses in the United States and in foreign ports totaled \$1,522,000, whereas on the same date in 1931 warehouse inventories totaled \$1,633,000, a reduction of about 7 per cent. Sales of surplus and scrap materials during the year reduced the inventories about \$14,000, and materials with an inventory value totaling \$20,900 were transferred to various Government departments, with or without exchanges of funds.

The storehouses at Galveston, Tex., and at Mobile, Ala., were closed during the year. The Mobile storehouse building, together with its equipment, was transferred to the Inland Waterways Corporation without exchange of funds.

#### Care of Reserve Fleet.

At the beginning of the fiscal year 1932, 242 vessels were laid up; but by the end of the year this total had increased to 260, including 9 vessels assigned to managing operators but temporarily inactive and in custody of the reserve fleet, and 3 vessels held for United States marshals. On June 30, 1932, the 260 laid-up vessels were distributed to various fleets, as indicated below:

Fleet:	Number of vessels
Staten Island, N. Y.....	68
Hoboken, N. J.....	2
Hog Island, Pa.....	23
James River, Va.....	105
Patuxent River, Md.....	2
Mobile, Ala.....	3
New Orleans, La.....	57
Total.....	260

While there was an increase in the number of vessels laid up during the year, large reductions were made in the personnel assigned to the various fleets, with the result that savings in wages and subsistence expenses are estimated to total about \$208,000 a year.

#### Terminals.

The pier facilities controlled by the Shipping Board on June 30, 1932, included the terminals at Hoboken, Norfolk, and Charleston,

which are owned by the Shipping Board, and the terminals at Boston, Brooklyn, and Philadelphia, licensed to the board by the War Department. On that date the Boston and Hoboken terminals were being operated by the Merchant Fleet Corporation, but the other pier facilities were leased for private operation.

The terms of the several leases and the financial results to the Merchant Fleet Corporation of terminal operations during the fiscal year 1932 are outlined below.

*Boston.*—As mentioned in the fifteenth annual report, this terminal was taken over from its former lessee in February, 1931, for operation by the Merchant Fleet Corporation. It was so operated during the entire fiscal year 1932 with profitable results, the revenue exceeding maintenance and reconditioning expenses by approximately \$29,000.

*Hoboken.*—This terminal, which consists of five piers and other facilities, has been operated continuously by the Merchant Fleet Corporation for several years with profitable results. In the fiscal year 1932, revenues exceeded maintenance, reconditioning, and operating expenses by approximately \$90,700, which is the smallest profit reported for this terminal in many years. The reduction in net income resulted because several lines which had made use of these piers for a number of years arranged to use other terminal facilities, which by location and for other reasons are better suited to their needs.

*Brooklyn.*—This terminal, comprising piers No. 3 and No. 4 of the Brooklyn Army Supply Base, is leased to the Atlantic Tidewater Terminals for a period of five years, commencing December 1, 1928. The lease provides for rental amounting to 55 per cent of the gross receipts, with a guaranteed minimum of \$160,000 per annum. During the fiscal year 1932, approximately \$190,000 accrued to the Fleet Corporation under this lease, while repair and other expenses for the corporation's account totaled \$28,900, leaving a profit of \$162,100 to the Merchant Fleet Corporation.

*Philadelphia.*—This terminal, consisting of three piers, 11 acres comprising the classification yard and 25 acres used as a lumber concentration yard, is leased to the Merchants' Warehouse Co. for a period of five years ending August 15, 1936. This lease provides for rental amounting to 25 per cent of the gross revenue received from operation of the piers, with a guaranteed minimum of \$125,000 per annum. The lease further requires that the lessee make certain permanent improvements in the lumber concentration yard at a cost not in excess of \$50,000, the lessee to reimburse himself for this expenditure, and for an expenditure of approximately \$8,000 for work previously done, by applying the gross revenue derived from the operation of the lumber concentration yard. After reimbursement has been completed, 25 per cent of the gross revenue from said yard

is payable to the Fleet Corporation. During the fiscal year 1932, approximately \$101,000 accrued to the Fleet Corporation as its 25 per cent share of the gross revenue from operation of the piers, and since this total is less than the guaranteed minimum rental per year, the lessee will be required to pay the \$24,000 difference. Reconditioning and operating costs totaled \$51,500 for the year, leaving a net profit of \$73,500 to the Merchant Fleet Corporation.

*Norfolk.*—The 2 piers, 8 major fireproof warehouses, and 3 frame warehouses which comprise this terminal are leased to Norfolk Tidewater Terminals (Inc.) for a period of seven years commencing August 31, 1930. This lease provides that the Fleet Corporation receive 18 per cent of the gross revenue, with a guaranteed minimum of \$75,000 per annum, and also provides that the corporation be reimbursed to the extent of \$83,333.33, at the rate of \$10,000 per annum, for improvements it previously made to the property. During 1932 approximately \$100,000 accrued to the Fleet Corporation under this lease, while reconditioning and other expenses charged to the corporation amounted to \$228,500. These expenses were unusually heavy, due to extensive repairs which were made to warehouse roofs and the dredging of pier slips and the channel leading thereto.

*Charleston.*—This terminal is leased to the Port Facilities Commission of Charleston for a term of five years commencing March 1, 1931. This lease provides that the Fleet Corporation receive all net profits from the operation of the terminal up to an amount equivalent to 4¼ per cent per annum on the total cost of reconditioning the property. If the net profit in any year exceeds this amount, a sum not exceeding 2½ per cent of the reconditioning cost accrues to the lessee, and if the net profit in a year should exceed both these amounts it is divided two-thirds to the Fleet Corporation and one-third to the lessee. During 1932 about \$74,000 accrued to the Fleet Corporation from the operation of this terminal, while reconditioning costs assumed by the corporation amounted to \$22,700, leaving a net profit of \$51,300.

*All terminals.*—The operation of the above mentioned six terminals during the fiscal year 1932 resulted in a net profit of approximately \$277,700 to the Merchant Fleet Corporation.

#### **Radio.**

The radio service contract with the Radiomarine Corporation of America, referred to in the fourteenth annual report, was renewed for the period of one year, beginning January 1, 1932.

A large amount of research work was done in radio and radio-acoustic fields with a view to making additional aids to navigation available to vessels and to increase safety of life and property at sea.

Close cooperation with the United States Weather Bureau was maintained throughout the year, and several thousand weather

observations made from Fleet Corporation vessels were furnished to the bureau, a service which otherwise would not have been available to it.

A tabulation was prepared showing the types of navigational aids with which all American documented seagoing vessels of 1,600 tons and more are equipped, the ownership of such vessels, the tonnage category as determined by the Convention of the International Conference on Safety of Life at Sea, etc.

Preparatory work for the forthcoming International Radio Conference in Madrid in September, 1932, has been actively carried on in collaboration with the American Steamship Owners' Association and other parties who are vitally affected by a formidable attempt by American and European broadcasting interests to appropriate radio frequencies which are essential to the use of vessels and to impose other conditions which would be intolerable to shipping interests.

### TRAFFIC

#### General Conditions.

The great decline in the volume of United States foreign commerce during the past year has had a serious effect on the freight revenues of American vessels. The freight revenue obtained by lines operated for the Merchant Fleet Corporation was nearly \$5,000,000 less than during the preceding fiscal year. This serious decline was partially offset, however, by curtailments in schedules and by consolidations of services which enabled these lines to keep their average revenues at a reasonable level.

Many foreign lines have been more seriously affected by the depression than American lines and, in some cases, foreign-flag services of many years' standing have been abandoned. Nevertheless, many trades are still overtonnaged. At the present time there is insufficient cargo to fill all ships in service, and a number of lines apparently feel that the way to meet the situation is to free themselves of conference restrictions and obligations and fill their ships by underquoting the rates of other lines. By this time, however, it should be obvious that the steamship lines can not work themselves out of their present difficulties by fighting among themselves, and not until the lines generally unite to prevent overtonnaging can the steamship trade come back to normal.

The efforts of the Merchant Fleet Corporation in traffic matters have been particularly devoted to conference difficulties. Threatened disruptions have been avoided, ruptures have been mended, and negotiations have been conducted looking toward new or better agreements in an effort to strengthen the position of Shipping Board and other American flag services by bringing about a closer cooperation and a more rational method of conducting business between all lines,

domestic or foreign. Numerous difficulties have been encountered, however; for instance, effective December 31, 1931, in the west coast of Italy trade from the Gulf of Mexico the Italian lines terminated a cargo pooling agreement which had been in successful operation for over two years. Since that time the Merchant Fleet Corporation has actively conducted negotiations with Italian lines looking to a new agreement. Important assistance has also been rendered in the negotiations to prevent a complete break of the South American and Far East conferences in which American flag services are heavily interested.

#### **Grain and Flour Movements.**

While grain is a low-rate commodity, it is one of the most important export movements in which our lines participate, due to its value as weight cargo and also to the tremendous volume of the movement. During the past fiscal year, grain carryings of Fleet Corporation vessels exceeded those of the previous year. This was entirely due to the movement of seven and one-half million bushels of wheat for the German Government, half of which was secured for American flag lines through negotiations by the Merchant Fleet Corporation.

The flour movement has probably shown a greater decline than that of any other commodity. The import restrictions adopted by various foreign countries have made it almost impossible for American exporters to continue business. Such market as is left appears to be retained solely on the superior merits of the American product. The decline in the volume of this movement is one of the serious factors that has decreased the revenues of American lines and, unfortunately, no increase in this movement during the coming year is now in prospect.

#### **INSURANCE**

During the fiscal year 1932 the Fleet Corporation encouraged the placing of insurance in the commercial American market for privately owned vessels in which it holds a mortgage interest. Furthermore, by reason of sales of services and curtailments of sailings, the number of vessels owned by the Shipping Board and in active service for which insurance is carried in the insurance fund has been reduced. The result of these conditions is that the total amount of insurance in force in the fund, which increased from \$116,626,537 on June 30, 1931, to \$119,741,259 on October 31, 1931, subsequently dropped to \$82,463,057 at June 30, 1932.

Of the total insurance in force on June 30, 1932, \$43,349,327 applied to 148 privately owned American flag vessels and \$39,113,730 represented the coverage on 104 vessels owned by the Shipping Board and operated in Fleet Corporation services.

From the date of the creation of the insurance fund on January 1, 1930, to June 30, 1932, premiums earned on policies carried in the

fund, interest, and miscellaneous earnings totaled \$7,720,000, while claims paid on such policies and administrative expenses together totaled \$6,420,000. Payments totaling nearly \$2,000,000 were also made during the period in settlement of old claims which arose on vessels covered in the marine insurance reserve, which was in use before the present fund was established.

Unsettled claims on policies carried in the fund and for vessels formerly covered by the marine insurance reserve were estimated to total approximately \$3,500,000 on June 30, 1932, and the balance of the insurance fund on that date was such that if settlements totaling \$3,500,000 were made an unobligated balance of \$4,550,000 would remain.

While, as previously stated, the Fleet Corporation is trying to encourage the development of the commercial American insurance market, it has nevertheless continued to assist the owners of vessels purchased from the Shipping Board, or owners of vessels constructed or reconditioned with the aid of the construction loan fund, by accepting in the insurance fund insurance in excess of the capacity of the commercial insurance market and insurance for which satisfactory rates are not obtainable by vessel owners in the commercial market.

The examination of commercial policies of insurance furnished by the purchasers of its vessels, or by borrowers from the construction loan fund, to secure the board's mortgage interest in such cases, continued to be an important activity during the past year, when policies totaling \$620,000,000 were handled. In this connection, pressure has been exerted to have such insurance placed to the full capacity of the American insurance market instead of with foreign underwriters, and gratifying progress was made along these lines.

Policies for fire, workmen's compensation, public liability, and automobile insurance totaling about \$14,000,000 were examined, and about 400 personal injury cases of employees of the Merchant Fleet Corporation were handled with the United States Employees Compensation Commission.

Progress has been made in the settlement of protection and indemnity claims which arose prior to July 1, 1929, when the United States Protection and Indemnity Agency (Inc.) was sold. During the past year 446 claims were settled for \$255,000, and on June 30, 1932, there were 291 pending claims totaling \$2,650,000.

Due to the amendment of the suits in admiralty act approved June 30, 1932 (Public, No. 213, 72d Cong.), it is expected that approximately 200 additional protection and indemnity claims will be presented for future settlement, and the value of such claims may exceed \$2,000,000.

**FINANCE****Cash Accounts.**

During the fiscal year 36 of the cash accounts that were being maintained by the Merchant Fleet Corporation on July 1, 1931, were discontinued, including 5 in the United States Treasury, 11 sub-agency bank accounts, and 20 other bank accounts maintained for various purposes. After the discontinuance of these accounts there remained a total of 33 cash accounts on June 30, 1932, of which 9 were carried in the United States Treasury, 3 were subagency accounts, and 21 were operating, collection, good faith, and other miscellaneous accounts maintained in various commercial banking institutions in the United States and abroad.

This large reduction in the number of bank accounts resulted from two principal causes—first, placing managing operators under the 1930 operating agreement, under which they finance their vessel-operating activities from private funds, thereby permitting the closing of bank accounts formerly maintained by the Merchant Fleet Corporation for this purpose; and second, continuation of the policy of transferring from commercial bank accounts to the United States Treasury all moneys on deposit in such banks not immediately essential to the operating activities of the Merchant Fleet Corporation. In pursuance of this policy, approximately \$5,900,000 was transferred to the United States Treasury during the fiscal year.

**Collateral to Secure Deposits in Banks.**

Pursuant to instructions from the Shipping Board, collateral security was obtained from various banks in the United States to insure the safety of deposits maintained in these institutions. In each case the collateral taken consisted of Government bonds or notes and other securities of a par value at least equaling, and in some cases exceeding, the maximum balance in each account. A number of the collateral deposits so taken were returned during the year coincident with the closing of the bank accounts they were given to secure, but at the close of the fiscal year collateral deposits with a total par value of approximately \$2,239,000 were held to secure the bank accounts maintained by the Merchant Fleet Corporation in the United States.

**Collection of Accounts.**

During the fiscal year, 5,294 current invoices totaling \$9,600,000 and insurance premiums amounting to about \$1,500,000 were collected. Furthermore, 99 past-due accounts amounting to \$3,661,000 were collected, settled, or adjusted. At the end of the year there were 211 unsettled past-due accounts totaling \$25,945,000.

**Housing Properties.**

The 12 properties in Camden, N. J., referred to in the fifteenth annual report were still held by the Shipping Board at the close of the

fiscal year. With one exception, these properties are under contracts of sale, but settlements could not be effected because of the refusal of the title company to insure the titles. Efforts to agree upon a plan for curing the titles to the satisfaction of the title company were continued.

In addition to the 64 improved and 4 unimproved properties in the Borough of Brooklawn, Camden County, N. J., reported in the fifteenth annual report as having been acquired by the Shipping Board through foreclosure proceedings during the fiscal year 1931, 6 improved properties and 1 unimproved property in Brooklawn were similarly acquired in 1932. Of the total of 75 Brooklawn properties so acquired, 4 were sold and conveyed to private individuals and the remaining 71 were agreed to be sold to the Brooklawn Housing Corporation by agreement dated November 4, 1931, under the terms of which settlement for all of the properties is required to be made within one year from that date. Pursuant to this agreement, 11 properties were conveyed to the Brooklawn Housing Corporation during the past fiscal year.

Certain utilities, park spaces, etc., at Brooklawn, N. J., continued to be held pending conveyance to the borough; and two vacant lots at Groton, Conn., and two vacant lots at Portsmouth, N. H., were also held.

#### Securities.

Due principally to the large volume of construction loans made during the year, the face value of notes and securities held by the Shipping Board and the Merchant Fleet Corporation increased to \$145,254,000, or \$36,500,000 more than the total at the beginning of the year.

Collections of principal payments on securities totaled \$7,196,928.07 during the year, of which \$4,602,758.06 applied to construction-loan notes and \$1,593,245.46 to ship-sales securities.

As a result of prevailing economic conditions, a large number of applications were received for extensions of notes payable to the Shipping Board during the past fiscal year. After consideration of these applications, the Shipping Board approved extensions on the notes of 20 companies, totaling \$2,621,978.25, originally payable during the fiscal year 1932.

The sum of \$4,214,805.57 was collected as interest on securities, this being the largest amount of interest ever collected in any one year and exceeding the 1931 total by \$549,000. Of the total interest collected, \$2,954,267.29 applied to loans or advances from the construction-loan fund.

**Cash Statement.**

A cash statement summarizing the financial activities of the United States Shipping Board and United States Shipping Board Merchant Fleet Corporation during the fiscal year ended June 30, 1932, is given in Table VII of the appendix.

**ACCOUNTING AND AUDITING**

The volume of work incident to the accounting and auditing procedures of the Merchant Fleet Corporation has been greatly reduced by the elimination, to a great extent, of the current detailed audit of voyage accounts and the maintenance of accounting records incidental to the recording and control of operations of vessels under the 1924 operating agreement, this having been made possible by the sale of lines and by the application of the 1930 operating agreement to the remaining services.

Under the latter agreement, books of account and other records are maintained by the managing operators, and, except in unusual cases, are subject only to spot audit and checking by the Merchant Fleet Corporation.

Aside from the usual routine accounting and auditing duties, considerable effort was expended during the fiscal year on special work, such as the preparation of data required for the defense and prosecution of claims to which the Shipping Board and/or the Merchant Fleet Corporation are interested parties, and in connection with the audit of accounts of debtors of the Shipping Board and Merchant Fleet Corporation who are in financial straits as the result of present economic conditions and have requested extension of credit on their obligations.

The balance sheet as of June 30, 1932, and the profit and loss statement for the fiscal year 1932 are included in the appendix as Tables VIII and X, respectively.

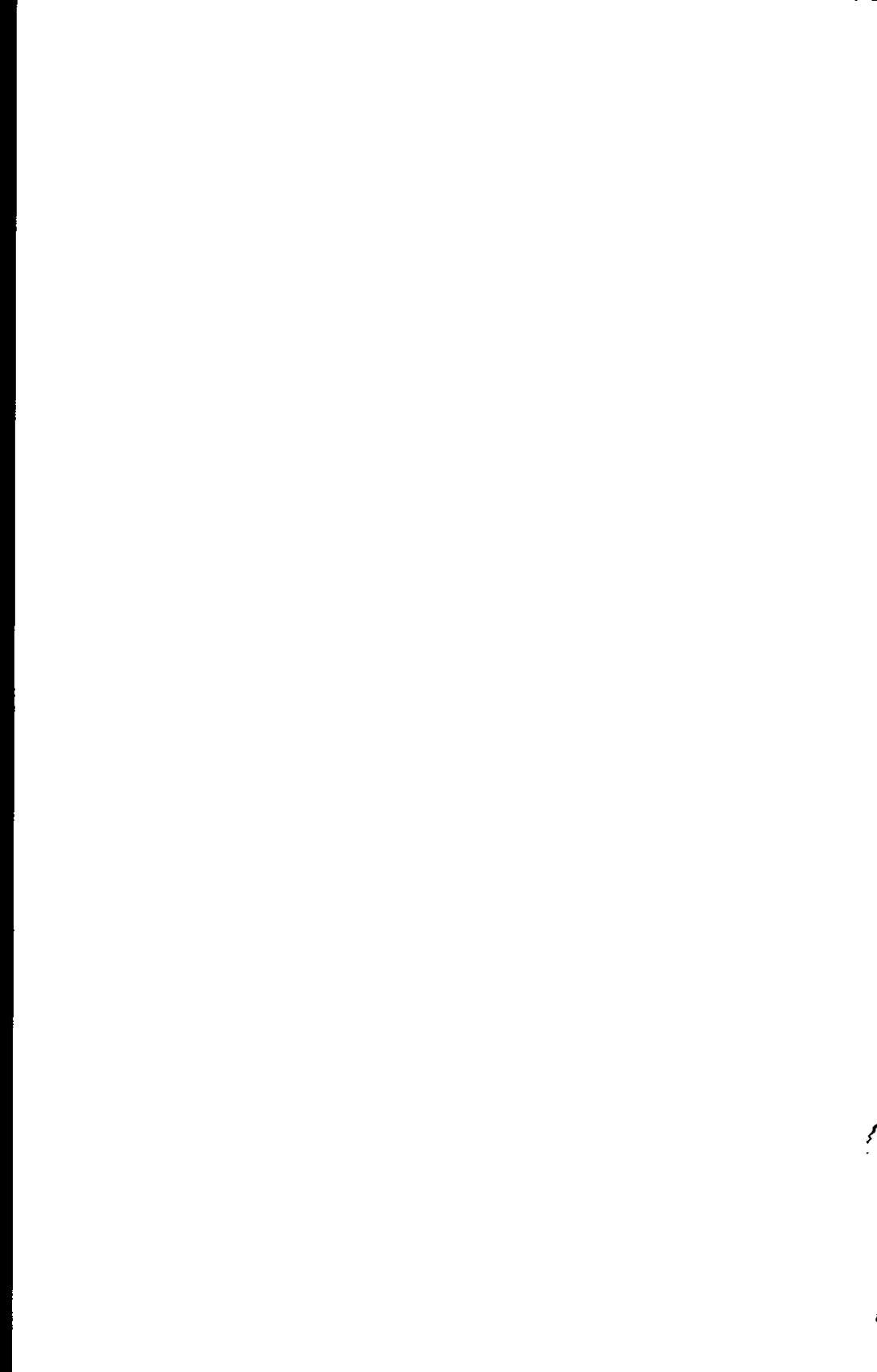
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## APPENDIX

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## APPENDIX

TABLE I.—Vessels sold and vessels disposed of otherwise than by sale during the fiscal year ended June 30, 1932

Name	Dead-weight tons	Gross tons	Sale price	Purchaser
<b>STEEL CARGO VESSELS</b>				
<i>Vessels sold for unrestricted operation</i>				
Ossining.....	7,658	4,801	\$100,000.00	Gulf Pacific Mail Line (Ltd.), Merchants & Miners Transportation Co.
Lake Glasco.....	4,155	2,606	25,000.00	
Total (2).....	11,813	7,407	125,000.00	
<i>Vessels sold for restricted operation on trade routes</i>				
<b>Mobile Oceanic Line:</b>				
Afoundria.....	7,840	5,590	70,560.00	Waterman Steamship Corp.
Antinous.....	9,604	6,094	86,436.00	
Arizpa.....	8,804	5,517	79,236.00	
City of Alma.....	8,804	5,530	79,236.00	
Gateway City.....	8,804	5,976	79,236.00	
Hastings.....	8,538	5,401	76,842.00	
Kenowis.....	7,840	4,963	103,500.00	
Malden Creek.....	7,825	5,753	70,425.00	
Topa Topa.....	8,366	5,453	75,234.00	
Wacosta.....	8,804	5,976	79,236.00	
West Hika.....	8,374	5,372	75,366.00	
West Kyska.....	8,480	6,096	76,320.00	
West Madaket.....	8,573	5,854	77,157.00	
Yaka.....	8,804	5,976	79,236.00	
<b>American Diamond Lines:</b>				
Aia.....	8,727	5,976	141,813.75	American Diamond Lines (Inc.)
City of Alton.....	7,840	5,590	127,400.00	
Coahoma County.....	7,840	5,590	127,400.00	
Sacandaga.....	7,825	4,967	127,156.25	
Sac City.....	7,825	5,735	127,156.25	
Saco.....	7,825	5,106	127,156.25	
Tomalva.....	7,825	5,104	127,156.25	
West Arrow.....	8,567	5,802	139,213.75	
West Eldara.....	8,560	5,607	139,100.00	
Wytheville.....	9,788	6,098	159,055.00	
Total (24).....	202,082	134,926	2,450,687.50	
<i>Vessels sold under special conditions</i>				
<b>For conversion to bulk cargo carrier:</b>				
Eastern Sword.....	5,532	3,785	54,000.00	Sword Steamship Line (Inc.).
<b>For conversion to stationary oil storage plant:</b>				
Westlake.....	8,548	5,771	15,000.00	The Texas Co.
Total (2).....	14,080	9,556	69,000.00	
<b>PASSENGER AND CARGO VESSELS</b>				
<i>Vessels sold for restricted operation on trade routes</i>				
Somme.....		7,555	350,000.00	United States Lines (Inc.).
Cambral.....		7,555	350,000.00	
Total (2).....		15,110	700,000.00	

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TABLE I.—Vessels sold and vessels disposed of otherwise than by sale during the fiscal year ended June 30, 1932—Continued

Name	Dead-weight tons	Gross tons	Sale price	Purchaser
MISCELLANEOUS				
Dinsmore (damaged concrete tanker). R.F. No. 1.....	7,500	6,144	\$1,500.00	Coastal Petroleum Corp.
Relief.....	Wooden barge, 111 feet 6 inches.		525.00	Edward Card.
Guide.....	Fireboat, 42 feet 6 inches.		510.00	Frank McCabe.
Hazel.....	Wooden launch, 70 feet.		60.00	J. E. Jordan.
Laura B.....	Motor sailer.....		40.00	John Kirwin.
Louisa II.....	Lifeboat.....		20.00	
	Wooden launch, 40 feet		600.00	Thomas L. Nugent.
Total (7).....			3,255.00	
Grand total (37).....	235,475	173,143	3,347,942 50	

DISPOSITION OF VESSELS OTHER THAN BY SALE

Name	Dead-weight tons	Gross tons	Transferee
<i>Transferred to other Government departments</i>			
Steel cargo:			
Detroit Wayne.....	4,155	2,606	War Department.
Lake Fenn.....	4,155	2,592	
Lake Faxon.....	4,155	2,592	
Lake Fairfax.....	4,155	2,606	
Passenger and cargo Republic.....		17,910	
Miscellaneous:			
Lightning.....	Wooden harbor tug....		Treasury Department.
Stallion.....	do.....		Navy Department.
Jerry Brown.....	Launch.....		Department of Justice.
Eagle Boat No. 46.....			Navy Department.
Pastime.....	Launch, 39 feet 8 inches.		Department of Commerce.

ADDITIONS TO SHIPPING BOARD FLEET

Name	Deadweight tons	Gross tons	Transferred from—
<i>Acquired from other Government department</i>			
Passenger and cargo:			
Somme.....	Transport...	7,555	War Department.
Cambrai.....	do.....	7,555	

OTHER ACQUISITIONS

Name	Gross tons	
Passenger vessels:		
Republic.....	17,910	} Title returned to board from United States Lines (inc.).
George Washington.....	23,788	
America.....	21,329	

TABLE II.—Vessel property controlled by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1932

(This report is based on information received through July 2, 1932, affecting status of vessels as of June 30, 1932)

	Total		Contract		Requisitioned	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Steel vessels:						
Passenger and cargo.....	4	42, 024				
Cargo.....	339	2, 965, 087	270	2, 328, 899	57	531, 465
Refrigerators.....	10	70, 277	5	41, 987	5	28, 310
Tugs.....	3					
Unfinished cargo.....	1	9, 400	1	9, 400		
Total steel.....	357	3, 086, 788	276	2, 380, 266	62	559, 775
Wood vessels: Tugs.....	4		4			
Total.....	361	3, 086, 788	280	2, 380, 266	62	559, 775

	Purchased		Seized		Acquired from other departments	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Steel vessels:						
Passenger and cargo.....			4	42, 024		
Cargo.....	11	92, 798	1	11, 925		
Refrigerators.....						
Tugs.....					3	
Unfinished cargo.....						
Total.....	11	92, 798	5	53, 949	3	

NOTE.—Excludes launches, barges, and minor auxiliary floating equipment.

TABLE III.—Status of vessels controlled by United States Shipping Board Merchant Fleet Corporation as of June 30, 1932

(This report is based on information received through July 2, 1932, affecting status of vessels June 30, 1932)

	Number	Dead-weight tons
Vessels in hands of operators or charterers:		
Cargo—		
Operating in specified services.....	81	731, 275
Idle status with managing operators.....	10	91, 726
United States Army service.....	1	12, 850
Under bare-boat charter.....	4	32, 596
Tugs—		
Steel (bare-boat).....	3	
Wood (in service with reserve fleet).....	2	
Total in hands of operators or charterers.....	101	868, 447
Vessels inactive with Merchant Fleet Corporation.		
Cargo—		
Tied up.....	235	2, 023, 753
Spot with operations department.....	9	82, 287
Passenger, tied up.....	4	42, 024
Refrigerators, tied up.....	10	70, 277
Tugs, wood, tied up.....	2	
Total inactive fleet.....	260	2, 218, 341
Total fleet.....	361	3, 086, 788

## SUMMARY OF TOTAL FLEET

	Active		Inactive		Total	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo.....	96	868, 447	244	2, 106, 040	340	2, 974, 487
Passenger.....			4	42, 024	4	42, 024
Refrigerators.....			10	70, 277	10	70, 277
Tugs.....	5		2		7	
Total.....	101	868, 447	260	2, 218, 341	361	3, 086, 788

TABLE IV.—*Managing operators and charterers of Shipping Board vessels as of June 30, 1932*

Name of line (and operator)	Address	Number of vessels	Dead-weight tons	Form of agreement
America France Line (Cosmopolitan Shipping Co. (Inc.))	42 Broadway, New York City.	8	68,352	Operating agreement, 1924.
Do.	do.	1	9,789	Operating agreement, 1930.
American Gulf Orient Line (Tampa Intercoast Steamship Co.) <sup>1</sup>	Whitney Central Building, New Orleans, La.	5	58,312	Do.
American Gulf Orient Line (Lykes Bros.-Ripley S. S. Co. (Inc.))	925 Whitney Central Building, New Orleans, La.	1	11,713	Operating agreement, 1930, amended.
American Hampton Roads Line-Yankee Line (Southgate-Nelson Corporation)	Law Building, Norfolk, Va.	4	31,330	Operating agreement, 1930.
American Pioneer Line (Roosevelt Steamship Co. (Inc.))	1 Broadway, New York City	12	109,389	Do.
American Republics Line (C. H. Sprague & Son (Inc.))	33 Broad Street, Boston, Mass.	12	98,625	Do.
American West African Line (Inc.) (Barber Steamship Lines (Inc.))	144 Whitehall Street, New York City	1	8,578	Bare-boat charter.
Dixie Mediterranean Line (Dixie Steamship Co. (Inc.)) <sup>1</sup>	17 Battery Place, New York City	2	15,665	Operating agreement, 1930.
Dixie Mediterranean Line (Lykes Bros.-Ripley S. S. Co. (Inc.))	925 Whitney Central Building, New Orleans, La.	1	7,625	Operating agreement, 1930, amended.
Dixie U. K. Line (Dixie Steamship Co. (Inc.)) <sup>1</sup>	Whitney Central Building, New Orleans, La.	7	65,222	Operating agreement, 1930.
Dixie U. K. Line (Lykes Bros.-Ripley S. S. Co. (Inc.))	925 Whitney Central Building, New Orleans, La.	7	62,368	Operating agreement, 1930, amended.
Merritt Chapman & Scott Corporation	17 Battery Place, New York City	2	3	Bare-boat charter.
Ortolo Lines (Southgate-Nelson Corporation)	Law Building, Norfolk, Va.	6	50,535	Operating agreement, 1930.
Pacific South African Line (South African Dispatch Line) <sup>1</sup>	233 Pine Street, San Francisco, Calif.	3	24,013	Bare-boat charter.
Southern States Line (Lykes Bros.-Ripley S. S. Co. (Inc.))	925 Whitney Central Building, New Orleans, La.	17	158,170	Operating agreement, 1930.
Do.	do.	8	75,806	Operating agreement, 1930, amended.
War Department	Washington, D. C.	1	12,850	Loan basis.
Total		99	868,447	

<sup>1</sup> Vessels being withdrawn from this company upon completion of current voyages. Line has been transferred to Lykes Bros.-Ripley S. S. Co. (Inc.) for operation.

<sup>2</sup> Tugs.

<sup>3</sup> Charter party canceled; vessels to be redelivered upon completion of current voyages.

NOTE.—Does not include 2 tugs and 10 barges operated by the reserve fleet.

TABLE V.—Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1932

	Number of services	Vessels in hands of operators
European.....	13	48
Mediterranean.....	2	8
South American.....	3	12
Far East, India, and North Atlantic and Gulf to Australia.....	4	18
Total.....	22	91

EUROPEAN TRADES

Line and operator	From—	To—	Frequency of sailings	Number of vessels
Ortolo Lines (Southgate-Nelson Corporation).....	Baltimore, Hampton Roads, New York.....	Glasgow, Belfast, Dublin, Avonmouth, Cardiff.....	Monthly.....	6
Do.....	Baltimore, Hampton Roads, New York, Boston.....	Liverpool, Manchester, Cork.....	2 per month.....	
American Hampton Roads Line.....	Philadelphia, Baltimore, Hampton Roads, Boston.....	Liverpool, Leith, Dundee.....	Monthly.....	
Yaukee Line (Southgate-Nelson Corporation).....	Do.....	London, Hull.....	do.....	
Do.....	Philadelphia, Boston.....	Hamburg, Bremen 1.....	do.....	4
America France Line (Cosmopolitan Shipping Co. (Inc.)).....	Baltimore, Philadelphia, New York.....	Havre, Dunkirk, Bordeaux, St. Nazaire, 2.....	2 per month.....	
Dixie U. K. Line (Lykes Bros.-Ripley S. S. Co. (Inc.)).....	New Orleans and Texas ports.....	London, Hull, Leith.....	2 per month.....	9
Do.....	Do.....	Liverpool, Manchester.....	do.....	
Do.....	New Orleans.....	Glasgow, Belfast, Dublin, Avonmouth.....	Monthly.....	7
Dixie U. K. Line (Dixie Steamship Co. (Inc.)) 3.....	New Orleans and Sabine ports.....	Bremen, Hamburg, Rotterdam.....	2 per month.....	7
Southern States Line (Lykes Bros.-Ripley S. S. Co. (Inc.)).....	Texas ports.....	(Antwerp).....	do.....	
Do.....	New Orleans and Sabine ports.....	Havre, Antwerp, Rotterdam.....	do.....	25
Do.....	Texas ports.....	do.....	do.....	
Total.....				88

1 Via London.

2 Vessels call Bordeaux/St. Nazaire once a month via Havre but omitting Dunkirk.

3 Vessels being withdrawn from this company upon completion of current voyages. Line has been transferred to Lykes Bros.-Ripley Steamship Co. (Inc.) for operation.

TABLE V.—Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1932—Continued

MEDITERRANEAN TRADES				
Line and operator	From—	To—	Frequency of sailings	Number of vessels
Dixie Mediterranean Line (Lykes Bros.-Ripley S. S. Co. (Inc.))	Gulf and South Atlantic	French Mediterranean, west coast Italy, Greece/Greek Levant/Constantinople/North Africa (west of Bizerta).	2 per month	1
Do	do		Monthly	
Dixie Mediterranean Line (Dixie Steamship Co. (Inc.)) <sup>1</sup>				2
Total				3
SOUTH AMERICAN TRADES				
American Republics Line (C. H. Sprague & Son (Inc.))	Rosston, Philadelphia, New York, North and South Atlantic	River Plate ports, Brazil and River Plate ports	2 per month	12
Do	Philadelphia, New York	do	Monthly	
Do			Every 6 weeks	
FAR EAST AND LONG-VOYAGE TRADES				
American Pioneer Line (Roosevelt S. S. Co. (Inc.))	North Atlantic ports	Far East	Monthly	12
Do	do	India	do	
Do	do	Australia	Every 2 months	
American Gulf Orient Line (Pampa Inter-ocean Steamship Co.) <sup>3</sup>	Gulf ports	Far East	Monthly	5
American Gulf Orient Line (Lykes Bros.-Ripley S. S. Co. (Inc.))				1
Total				18

<sup>3</sup> Vessels being withdrawn from this company upon completion of current voyages. Line has been transferred to Lykes Bros.-Ripley Steamship Co. (Inc.) for operation.

TABLE VI.—An analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1932

Type	Total acquired from all sources		Conversion in type		Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1932	
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons
Cargo steamers:																
Steel.....	1,521	10,088,868			1,517	10,119,221	1,097	6,641,118	57	336,031	24	176,985			339	2,965,087
Steel (uncompleted) 1.....		9,400			1	9,400									1	9,400
Wood.....	367	1,123,400			307	1,137,960	263	983,553	22	82,910	4	6,088	18	65,409		
Composite.....	18	63,750			18	63,750	2	6,073								
Concrete.....	4	13,500			4	12,656			2	6,578						
Total.....	1,851	11,308,918			1,847	11,342,987	1,360	7,694,499	81	425,519	28	183,073	18	65,409	340	2,974,487
Tankers:																
Steel.....	143	1,394,180			150	1,447,542	138	1,315,862			12	131,680				
Wood.....	1	4,700			1	4,700	1	4,700								
Concrete.....	8	60,000			8	56,282	4	27,469	1	7,500	3	21,315				
Total.....	152	1,458,880			159	1,508,524	143	1,348,031	1	7,500	15	152,995				
Passenger steamers:																
Steel.....	57	626,967			62	625,492	52	512,881	2	19,910	4	50,677			4	42,024
Iron.....	1	4,000			1	4,000	1	4,000								
Total.....	58	630,967			63	629,492	53	516,881	2	19,910	4	50,677			4	42,024
Refrigerator steamers:																
Steel.....	19	181,400			19	141,495	5	40,830			3	25,314				
Transports, steel.....	33	233,504			22	137,520	7	47,694	1	5,524	3	25,314			10	70,277
Colliers, steel.....	19	108,728			19	104,792	19	104,792			15	79,826				
Coolie carriers, steel.....					3	11,395	3	11,395								

1 1 barge lost due to obsolescence.

TABLE VI.—An analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1932—Continued

Type	Total acquired from all sources		Conversion in type		Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1932		
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	
Tugs:																	
Steel.....	84				58						23				3		
Wood.....	77				64						8				4		
Wood (uncompleted).....	1				1												
Total.....	162				123						31				7		
Barges:																	
Steel.....	9	22,466			7	7,200					2	15,000					
Wood.....	103	277,000			89	273,500			1	3,500	2						
Total.....	112	299,466			96	280,700			1	3,500	4	15,000					
Sailing vessels:																	
Steel.....	7	24,264			6	22,050											
Wood.....	12	34,500			10	34,500			1	2,214	2						
Total.....	19	58,764			16	56,550			1	2,214	2						
Finished hulls:																	
Wood (cargo).....	115	447,700			114	443,850					1	3,850					
Wood (tugs).....	6				6												
Total.....	121	447,700			120	443,850					1	3,850					
Grand total.....	2,546	14,768,717			1,965	10,544,772			89	464,167	108	510,783		18	65,408	371	3,086,788

571,500

VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION

Type	Vessels originally constructed		Conversion in type		Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1932	
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons
Cargo steamers:																
Steel.....	1,419	9,499,834			1,415	9,510,164	1,028	6,265,932	43	256,013	17	127,855			327	2,860,364
Steel (uncompleted) 1																
Wood.....	304	9,400			1	9,400									1	9,400
Composite.....	18	63,750			18	63,750	18	65,750	22	82,910	2	6,088	18	65,409		
Concrete.....	4	13,500			4	12,656	2	6,078	2	6,578						
Total.....	1,746	10,707,084			1,742	10,731,130	1,310	7,316,513	67	345,501	19	133,943	18	65,409	328	2,869,764
Tankers:																
Steel.....	138	1,363,030			145	1,416,349	133	1,284,669			12	131,680				
Wood.....	1	4,700			8	56,282	4	27,469	1	7,500	3	21,313				
Concrete.....	8	60,000														
Total.....	147	1,427,730			154	1,477,331	138	1,316,838	1	7,500	15	152,993				
Passenger steamers, steel.....	25	308,072			30	324,488	30	324,488								
Refrigerator steamers, steel.....	19	19,400			19	141,495	5	40,480	1	5,524	3	25,314			10	70,277
Tugs, steel.....	29	179,775			11	75,731	5	34,634			6	41,087				
Collies, steel.....	9	70,380			9	71,674	9	71,674								
Coolie carriers.....	3				3	11,395	3	11,395								
Tugs:																
Steel.....	54				54		48				6					
Wood.....	70				70		59				7				4	
Wood (uncompleted).....	1				1		1									
Total.....	125				125		108				13				4	
Barges:																
Steel.....	6	22,456			6	22,200	4	7,240			2	15,000				
Wood.....	86	277,000			86	277,000	83	273,500	1	3,500					2	
Total.....	92	299,456			92	299,200	87	280,700	1	3,500	2	15,000			2	

1 Due to obsolescence.

1 1 barge lost due to obsolescence.

TABLE VI.—An analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1932.—Continued

VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION—Continued

Type	Vessels originally constructed		Conversion in type		Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1932	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Sailing vessels, wood.....	10	34,500			10	34,500	10	34,500								
Finished hulls: Wood (cargo).....	116	447,700			116	447,700	114	443,850			1	3,850				
Wood (tugs).....	6				6		6									
Total.....	121	447,700			121	447,700	120	443,850			1	3,850				
Grand total.....	2,310	13,036,967			2,316	13,614,634	1,825	9,874,972	70	362,025	59	372,187	18	65,400	344	2,940,041

VESSELS PURCHASED BY UNITED STATES SHIPPING BOARD

Type	Total vessels acquired by purchase		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1932		Total distributed	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo: Steel.....	49	286,277	23	142,155	8	42,669	2	8,965	11	92,798	40	286,587
Wood.....	1	2,800	1	2,800							1	2,800
Total.....	50	289,077	29	144,955	8	42,669	2	8,965	11	92,798	50	289,387
Tankers, steel.....	5	31,150	5	31,193							5	31,193



TABLE VI.—An analysis of the total vessel property acquired by the United States Shipping Board showing disposition of same as of June 30, 1932—Continued

## EX-ENEMY VESSELS SEIZED

Type	Total vessels seized		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1932		Total distributed	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo:												
Steel.....	52	309,257	40	229,531	6	37,349	5	40,165	1	11,925	52	318,970
Wood.....	2						2				2	
Total.....	54	309,257	40	229,531	6	37,349	7	40,165	1	11,925	54	318,970
Passenger, steel.....	29	302,291	19	172,989	2	19,910	4	50,677	4	42,024	29	285,200
Transports, steel.....	9	30,620					9	38,738			9	38,738
Tugs, wood.....	1		1								1	
Barges, steel.....	3		3								3	
Sailing vessels:												
Steel.....	7	24,264	6	22,050	1	2,214					7	24,264
Wood.....	2						2				2	
Total.....	9	24,264	6	22,050	1	2,214	2				9	24,264
Grand total.....	105	675,441	69	424,270	9	59,473	22	129,581	5	53,949	105	667,273

TABLE VII.—Summarized consolidated cash statement—by appropriations—for the fiscal year ended June 30, 1932

Code	Caption	Total	United States Shipping Board			
			Salaries and expenses 1930	Salaries and expenses 1931	Salaries and expenses 1932	Construction loan fund
	Unexpended balance as at June 30, 1931.....	\$31,999,422.36	\$40,629.61	\$17,360.85		\$42,152,388.51
	Receipts:					
	Appropriations.....	37,406,000.00			\$436,000.00	35,000,000.00
	Sales—					
RA	Sales of vessels, tugs, and/or barges.....	2,365,806.05				76,000.03
RB	Sales of assets other than vessels, tugs, and/or barges.....	217,809.56				
RC	Total sales.....	2,611,705.61				76,000.03
	Operation of vessels revenue.....	3,638,350.77				
RF	Real estate operation and rental revenue.....	836,279.76				
RI	Other receipts—					
RJ	Interest earned.....	1,243,805.75				
RL	Miscellaneous receipts.....	3,344,513.21		97.15		2,942,266.96
RM	Insurance premiums.....	2,687,769.47				
	Total other receipts.....	7,276,028.43		97.15		2,942,266.96
	Recovered disbursements—					
RDD	Operation of vessels expense.....	537,094.76				
RDE	Vessel repairs and betterments.....	169,780.51				
RDG	Protection and indemnity insurance expense and losses.....	75,290.64				
RDH	Marine insurance expense and losses.....	960,238.23				
RDI	Marine insurance premiums.....	19,799.68				
RDJ	Laid-up vessels expense.....	55,107.98				
RDK	Protection and indemnity insurance premiums.....	66,778.12				
RDL	Real estate operation and rental expense.....	12,468.82				
RDM	Fuel purchased for storage and issue to vessels.....	2,270.88				
RDO	Warehouse stores.....	5,821.25				
RDT	Miscellaneous disbursements.....	5,246,780.13				4,602,758.06
RDU	Administrative salaries.....	135,977.20				
RDV	Other general expense.....	24,188.01	10.65	1,235.06	5,417.82	
	Total recovered disbursements.....	6,921,085.83	10.65	1,235.06	5,417.82	4,602,758.06
	Total receipts.....	58,682,400.40	10.65	1,235.06	441,514.97	42,621,645.65
	Transfer of funds.....	4,855,806.43				2,168,449.60
	Total.....	145,544,219.19	40,640.26	18,595.41	441,514.97	86,942,484.76

TABLE VII.—Summarized consolidated cash statement—by appropriations—for the fiscal year ended June 30, 1932—Continued

Code	Caption	Total	United States Shipping Board			
			Salaries and expenses 1930	Salaries and expenses 1931	Salaries and expenses 1932	Construction loan fund
	Disbursements:					
	Construction, repairs, and/or betterments—					
DC	Real estate and/or equipment.....	\$4,789.21				
DX	Dieselization expense.....	31,354.78				
	Total construction, repairs, and/or betterments.....	36,143.99				
	Operations out-go, vessels—					
DD	Operation of vessels expense.....	8,780,009.92				
DE	Vessel repairs.....	2,254,744.81				
DF	Protection and indemnity insurance expense and losses.....	285,085.57				
DH	Marine insurance expense and losses.....	2,505,947.79				
DI	Marine insurance premiums.....	281,540.76				
DK	Protection and indemnity insurance premiums.....	182,488.83				
	Total operations out-go, vessels.....	14,209,867.68				
	Laid-up vessels, expense.....	418,316.38				
DL	Real estate operation and rental expense.....	677,208.19				
	Other disbursements—					
DM	Fuel purchased for storage and issue to vessels.....	85,620.41				
DO	Warehouse stores.....	135,748.87				
DS	Appropriations returned to United States Treasury.....	41,007.96	\$40,640.26			
DT	Miscellaneous disbursements.....	51,465,199.19			\$60,817,809.20	
	Total other disbursements.....	51,695,576.39	40,640.26		50,817,809.29	
	General administrative expense—					
DU	Administrative salaries.....	2,648,704.12		\$9,012.33	\$359,055.59	
DV	Other general expense.....	311,685.78			44,041.55	
	Total general administrative expense.....	2,960,389.90		9,012.33	403,097.14	
	Refunded receipts—					
DRB	Sales of vessels, tugs, and/or barges.....	2,300.00				
DRC	Sales of assets other than vessels, tugs, and/or barges.....	26,997.89				
DRF	Operation of vessels revenue.....	108,267.19				
DRH	Real estate operation and rental revenue.....	1,666.42				
DRJ	Interest earned.....	117.88				

DR.L.	Miscellaneous receipts.....	3,187,958.61	93.40	2,942,286.96
DR.M.	Insurance premiums.....	282,862.86	9.65	2,942,286.96
	Total refunded receipts.....	3,610,197.85	9.65	93.40
	Total disbursements.....	73,607,670.38	9,021.98	403,190.54
	Transfer of funds.....	7,845,308.43		53,760,096.25
	Unexpended balance as at June 30, 1932.....	67,081,152.38	9,573.45	33,182,388.51
	Total.....	145,544,219.19	18,595.41	86,942,484.76

United States Shipping Board Merchant Fleet Corporation

Code	Caption	Operating fund	1923 claims appropriation	Liquidation fund 1920-1931	Sales receipts		Dieselization fund	Repossessed ships and trade routes	Insurance fund
					Liquidation fund 1932	In suspense			
	Unexpended balance as at June 30, 1931.....	\$23,793,551.96	\$1,602,512.18	\$179,688.74			\$273,324.17	\$5,000,000.00	\$8,839,965.82
RA	Receipts:	1,970,000.00							
	Appropriations.....								
RB	Sales--								
RC	Sales of vessels, tugs, and/or barges.....				\$1,202,454.97	\$1,114,840.45			
	Sales of assets other than vessels, tugs, and/or barges.....				51,639.60	166,169.96			
	Total sales.....				1,254,094.57	1,281,010.41			
RF	Operation of vessels revenue.....	3,698,350.77							
RH	Real estate operation and rental revenue.....	886,273.76							
	Other receipts.....								
RJ	Interest earned.....	145,757.82							16,710.60
RL	Miscellaneous receipts.....	402,128.91							2,687,201.22
RM	Insurance premiums.....	508.25							2,708,912.01
	Total other receipts.....	548,394.98							



DD	Operations out-go, vessels—								
DE	Operation of vessels expense.....	8,750,002.92							
DE	Vessel repairs.....	2,254,744.81							
DG	Protection and indemnity insurance expense and losses.....	285,085.57							2,012,938.95
DE	Marine insurance expense and losses.....	493,038.84							
DI	Marine insurance premiums.....	241,540.76							
DK	Protection and indemnity insurance premiums.....	132,488.83							
	Total operations out-go, vessels.....	12,196,928.73							2,012,938.95
DI	Laid-up vessels expense.....	418,316.38							
DL	Real estate operation and rental expense.....	677,208.19							
	Other disbursements—								
DM	Fuel purchased for storage and issue to vessels.....	85,620.41							
DO	Warehouse stores.....	135,748.87							
DS	Appropriations returned to United States Treasury.....	387.70							
DT	Miscellaneous disbursements.....	615,389.80							
	Total other disbursements.....	837,126.84							
	General administrative expense—								
DU	Administrative salaries.....	2,135,543.44							154,105.09
DV	Other general expense.....	291,806.04							6,766.86
	Total general administrative expense.....	2,387,408.48							160,871.95
	Refunded receipts—								
DRB	Sales of vessels, tugs, and/or barges.....								
DRC	Sales of assets other than vessels, tugs, and/or barges.....						2,300.00		
DRF	Operation of vessels revenue.....	108,297.19			936.67				
DRH	Real estate operation and rental revenue.....	1,666.42							
DRJ	Interest.....	17.38							
DRK	Miscellaneous receipts.....	245,566.60					100.00		
DRM	Insurance premiums.....								282,862.36
	Total refunded receipts.....	855,547.69			936.67		28,461.22		282,862.36
	Total disbursements.....	16,890,694.53			936.67		28,461.22		2,456,673.26
	Transfer of funds.....	138,493.03			1,470,831.25		2,087,044.42		1,034,002.81
	Unexpended balance as at June 30, 1932.....	18,442,538.91		7,750.00	29,148.78		834,513.03		5,000,000.00
				1,694,722.18					5,364,943.14
	Total.....	35,471,726.47		1,602,512.18	1,500,936.67		2,115,505.64		5,000,000.00
				179,688.74			374,994.88		11,855,619.21

TABLE VIII.—Balance sheet as at June 30, 1932

ASSETS		
A-1-1	Cash and unrequisioned appropriations available for general purposes.....	\$18,556,687.66
A-1-2	Cash and unrequisioned appropriations available for operation of vessels taken back from purchasers.....	5,000,000.00
A-1-3	Cash, insurance fund, merchant marine act, 1928.....	8,364,943.14
A-2	Cash and unrequisioned appropriations available for settlement of claims, appropriation act, fiscal year 1923.....	1,594,722.18
A-3	Cash and unrequisioned appropriations, U. S. Shipping Board.....	47,897.86
A-4	Construction loan and Dieselization funds.....	144,652,446.02
A-5	Accounts receivable.....	\$25,750,269.22
	Less—	
	Payable offsets.....	\$936,218.21
	Claim offsets.....	14,452,247.84
	Reserve for doubtful or uncollectible accounts.....	8,447,255.69
		23,835,721.74
A-5-A	Accounts receivable due insurance fund, merchant marine act, 1928.....	1,914,547.48
A-6	Accounts receivable of managing operators.....	377,789.38
A-7	Notes receivable.....	1,318,580.69
	Less reserve for doubtful or uncollectible notes.....	15,749.00
A-8	Operating supplies.....	1,302,831.69
A-9	Ground rent estate.....	1,567,363.25
A-10	Land, structures, and equipment for sale.....	2,550,000.00
A-11	Mortgages receivable and securities.....	42,623.86
	Less reserve for estimated value.....	2,019,073.92
		1,604,593.82
A-12	Accounts and notes receivable for ship sales.....	414,480.10
	Less—	
	Payable offsets.....	\$45,985.65
	Reserve for uncollectible accounts and notes.....	1,825,141.31
		1,871,126.96
A-13	Real estate and equipment used in operations.....	27,219,541.72
A-14	Estimated recoverable value of claims in favor of U. S. Shipping Board.....	11,282,861.73
A-15	Fleet (at appraised value).....	296,115.80
A-16	Fleet (at appraised value).....	57,935,540.00
	Deferred accounts and commitment charges.....	5,370,813.75
	<b>Total.....</b>	<b>288,523,053.64</b>

LIABILITIES

L-1	Accounts payable and unclaimed wages.....	\$2,744,192.05
	Less receivable offsets.....	831,812.36
		1,912,379.69
L-2	Accounts payable of managing operators.....	394,044.17
L-3	Deposits on sales and other contracts not consummated.....	298,930.56
	Less receivable offsets.....	150,391.50
		148,539.06
L-4	Suspense credits (receipts from ship sales contracts not fulfilled by purchasers).....	53,538.56
L-5	Commitments (other than Dieselization).....	4,880,566.78
L-6	Reserve for protection and indemnity insurance claims and losses.....	3,162,123.25
L-7	Reserve for operating claims.....	3,945,220.48
L-8	Dieselization commitments and accounts payable.....	60,229.14
L-9	Reserve for claims settlements.....	1,594,722.18
L-10-1	Reserve, insurance fund, merchant marine act, 1928.....	3,604,319.09
L-10-2	Accounts payable, insurance fund, merchant marine act, 1928.....	1,049,883.84
L-10-3	Unearned premiums, insurance fund, merchant marine act, 1928.....	588,523.59
	Reserve for operation of vessels taken back from purchasers.....	5,000,000.00
	Net worth as at June 30, 1932.....	262,123,957.81
	<b>Total.....</b>	<b>288,523,053.64</b>

SCHEDULE 1.—Cash and unrequisioned appropriations available for general purposes as at June 30, 1932

Cash available for general purposes—Before adjustment cash in U. S. Treasury, in banks, in hands of managing operators, and in transit to depositories.....	\$18,951,430.62
Plus:	
Amount to be transferred from Dieselization fund subsequent to June 30, 1932, representing reimbursement of net Dieselization charges disbursed from operating fund.....	2,667.35
Amount to be transferred from claims fund subsequent to June 30, 1932, representing reimbursements of a claim item disbursed from operating fund.....	7,790.00
	18,961,887.97
Less amount to be transferred from operating fund subsequent to June 30, 1932, representing excess of sales receipts over liquidation expense requirements:	
Total excess sales receipts, fiscal year 1932.....	\$2,005,200.31
Less amount transferred to "Unrequisioned funds, U. S. Treasury, construction loan fund," June 16, 1932.....	1,600,000.00
	405,200.31
<b>Total cash and unrequisioned appropriations available for general purposes as of June 30, 1932.....</b>	<b>18,556,687.66</b>

SCHEDULE 2.—*Reconciliation of cash and unrequisioned appropriation balances as shown by the balance sheet with treasurer's cash and appropriation statement as at June 30, 1932*

Total cash and unrequisioned appropriation balances per treasurer's statement, June 30, 1932.....		\$67,081,152.38
Balance sheet application of the above total:		
Cash and unrequisioned appropriations available for general purposes.....	\$18,556,687.66	
Cash, operating contingencies fund.....	5,000,000.00	
Insurance fund, merchant marine act 1923.....	8,264,943.14	
Claims fund—		
Cash and appropriation fund established by Fleet Corporation appropriation act for the fiscal year 1923.....	1,594,722.18	
United States Shipping Board, 1931 cash and appropriation balance.....	9,573.43	
United States Shipping Board, 1932 cash and appropriation balance.....	35,320.68	
Special deposit, Symbol 92669.....	3.75	
Amount set aside for construction loan fund as authorized by section 11, of the merchant marine act of 1920, and amendment thereto approved Mar. 4, 1927.....	33,182,388.51	
Amount established as a fund for the Dieselization of vessels.....	334,513.03	
	<hr/>	
Total cash and unrequisioned appropriations per balance sheet of June 30, 1932.....		67,081,152.38

SCHEDULE 3.—*Cash and unrequisioned appropriations available for expenses of United States Shipping Board as at June 30, 1932*

Cash:		
Available for salaries and expenses, fiscal year 1932.....	\$26,003.37	
Available for printing and binding, fiscal year 1932.....	4,412.52	
Special deposits, symbol 92669.....	3.75	
	<hr/>	
Total cash.....		\$30,419.64
Unrequisioned appropriations:		
Salaries and expenses, fiscal year 1932.....	7,844.22	
Printing and binding, fiscal year 1932.....	60.57	
Salaries and expenses, fiscal year 1931.....	9,573.43	
	<hr/>	
Total unrequisioned appropriations.....		17,478.22
		<hr/>
Total cash and unrequisioned appropriations, United States Shipping Board.....		47,897.86

TABLE IX.—Gross appropriations and allotments from inception to July 1, 1932

	Original appropriation	Returned to United States Treasury surplus or reapportioned	Net appropriation	United States Shipping Board	United States Shipping Board Merchant Fleet Corporation
For fiscal years ended prior to July 1, 1931: United States Shipping Board— Acts of Sept. 7, 1916; June 12, 1917; July 1, 1918; July 19, 1918; June 5, 1920; Mar. 4, 1921; June 16, 1921; June 12, 1922; Feb. 13, 1923; June 4, 1924; Mar. 8, 1925; Apr. 22, 1926; Feb. 11, 1927; May 6, 1928; Feb. 20, 1929; and Apr. 19, 1930.....	\$6,466,116.41	\$730,089.42	\$5,736,026.99	\$5,736,026.99	
United States Shipping Board Merchant Fleet Corporation— Act of Sept. 7, 1916, permanent fund.....	50,000,000.00		50,000,000.00		
Acts of June 15, 1917; to June 12, 1922, emergency shipping fund.....	3,363,553,000.00	37,689,497.61	3,325,863,502.39		
Acts of Feb. 13, 1923; June 7, 1924; Mar. 8, 1925; Apr. 27, 1926; Feb. 11, 1927; May 16, 1928; Feb. 20, 1929; and Apr. 19, 1930, current fund.....	165,384,250.00	387.70	165,383,862.30		
Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments.....	50,000,000.00	11,745,815.10	38,254,184.90		
Acts of Apr. 17, 1917, and July 1, 1918, national security and defense (Presidential allotments).....	29,512,426.27	4,524,107.72	24,988,318.55		
Acts of Apr. 22, 1926; Feb. 11, 1927; May 16, 1928; and Feb. 30, 1929, operation of trade lines expurchasers (expenditures on approval of President of United States).....	30,000,000.00	30,000,000.00			
Total U. S. Shipping Board Merchant Fleet Corporation.....	3,688,449,676.27	83,959,788.13	3,604,489,888.14		\$3,604,489,888.14
Total for fiscal years ended prior to July 1, 1931.....	3,694,915,792.68	84,689,877.55	3,610,225,915.13		
For fiscal year ended June 30, 1932: United States Shipping Board— Act of Feb. 28, 1931.....					
Expenses.....	84,000.00		84,000.00		
Printing and binding.....	12,000.00		12,000.00		
Construction loan fund.....	85,000,000.00		85,000,000.00		
All other expenses.....	340,000.00		340,000.00		
Total U. S. Shipping Board.....	85,436,000.00		85,436,000.00	35,436,000.00	
United States Shipping Board Merchant Fleet Corporation— Act of Feb. 23, 1931.....					
Current maintenance and operations.....	1,970,000.00		1,970,000.00		
Operation of trade lines, expurchasers (expenditures on approval of President of the United States).....	5,000,000.00	5,000,000.00			
Total U. S. Shipping Board Merchant Fleet Corporation.....	6,970,000.00	5,000,000.00	1,970,000.00		1,970,000.00
Total for fiscal year ending June 30, 1932.....	42,406,000.00	5,000,000.00	37,406,000.00		



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TABLE XI.—Names and compensation of employees of the United States Shipping Board in the service on June 30, 1932

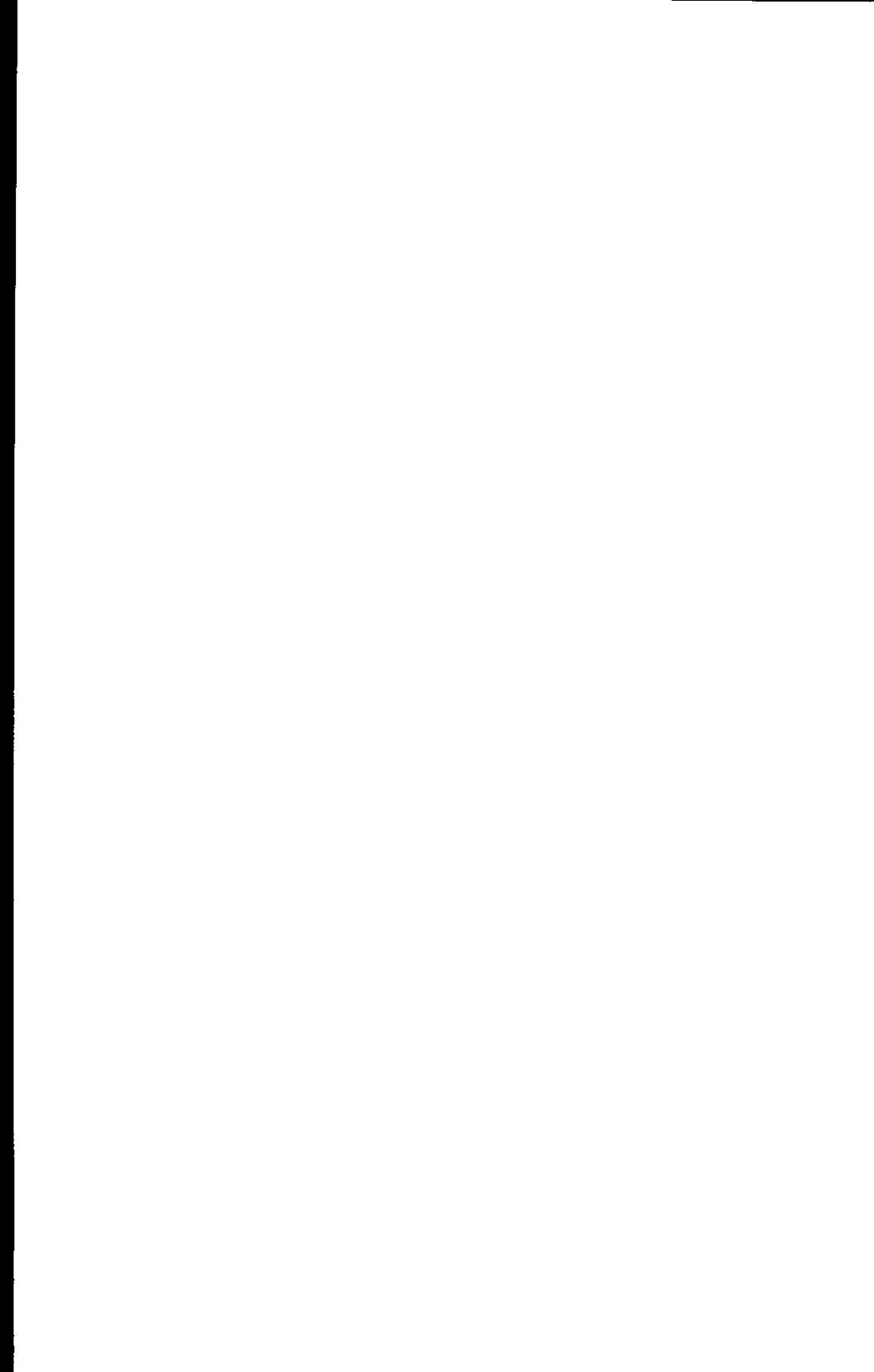
Name	Designation	Legal residence	Rate per annum
E. H. Adamitz	Examiner	Pennsylvania	\$2,300
Hazel Aiken	Clerk to commissioner	do	2,600
C. O. Arthur	Director, Bureau of Regulation	Indiana	6,500
Kathleen Baker	Senior clerk	District of Columbia	1,920
Edward J. Barnes	Assistant clerk	do	1,260
J. W. Barnett	Technical expert	Ohio	10,000
Juanita Berry	Junior stenographer	South Carolina	1,680
Grace S. Bertrand	Senior typist	District of Columbia	1,560
Zelda Blank	do	do	1,560
Ruth Bowsman	Junior clerk	Missouri	1,560
Robert L. Boyd	Laborer	District of Columbia	1,140
Minerva Bradley	Clerk	Michigan	2,000
Harry S. Brown	Examiner	Massachusetts	3,200
Olive Brownell	Senior typist	District of Columbia	1,440
Mabel G. Carragher	File clerk	Massachusetts	1,620
Lora S. Cass	Senior stenographer	Oklahoma	2,100
Walter B. Castonguay	Director, Bureau of Finance	Connecticut	6,000
Lettie B. Chapman	Clerk	District of Columbia	1,740
Jean Colwell	Junior clerk	Michigan	1,740
Hutch I. Cone	Commissioner	Florida	12,000
Emma E. Cornes	Clerk	Ohio	1,440
Edward P. Cotter	Head, foreign port surveys	Connecticut	4,000
S. C. Cross	Senior clerk	New York	2,300
Blanche M. Curry	Senior stenographer	District of Columbia	1,680
Maude Darracott	do	South Carolina	1,740
Albert D. Davis	Cabinet maker	Virginia	2,200
Maude S. Dawson	Clerk	Nebraska	1,500
Thomas H. Deckelman	Assistant examiner	Maryland	2,600
Albert H. Denton	Commissioner	Kansas	12,000
Ernest M. Dew	Senior clerk	Ohio	3,200
Margaret E. Dowden	Clerk	District of Columbia	2,200
Miriam G. Eggen	Senior typist	Minnesota	1,440
Dan P. Eldridge	Clerk to commissioner	District of Columbia	3,200
Daniel W. Eskridge	Head porter	do	1,380
Margaret E. Evans	Junior clerk	Ohio	1,500
Marie D. Fegan	Clerk	Massachusetts	1,440
Caroline D. Flanner	Senior clerk	District of Columbia	2,600
Frederick H. Flinn	Assistant chief clerk	New Jersey	2,900
Corinne M. Flynn	Telephone operator	District of Columbia	1,500
Maybelle Fry	do	do	1,500
Evelyn M. Glem	Clerk to commissioner	Massachusetts	3,000
Samuel Goodacre	Secretary	District of Columbia	7,000
Charles B. Gray	Examiner	Pennsylvania	3,200
Alfred H. Haag	Special expert	Maryland	8,000
Ethel Hatton	Clerk	Alabama	1,500
Olive M. Henderson	do	Virginia	1,560
Lillian M. Hildebrand	Senior stenographer	Maryland	2,600
Nettie J. Hipple	do	Pennsylvania	1,920
Francis J. Horan	Senior clerk	District of Columbia	2,600
Samuel R. Howell	Head, domestic port surveys	Tennessee	4,000
Mina G. Irvine	Administrative assistant to the chairman	New York	5,200
James Jackson	Unskilled laborer	Virginia	1,320
Everett D. Kern	Special expert	District of Columbia	3,600
Marjorie L. Kincheloe	Junior tabulator	do	1,440
Lottie P. King	Assistant section chief	Maryland	1,800
Olive V. King	Clerk	District of Columbia	2,100
William H. Knox	Junior clerk	do	1,440
A. L. Lansdale	Examiner	do	6,000
Joseph P. Lanigan	Clerk	New York	1,800
Leon A. LeBuffe	do	South Carolina	1,980
Irene Lewis	Clerk to commissioner	Kansas	3,000
Thomas List	Junior statistical clerk	Rhode Island	1,440
Henry C. Littlefield	Division chief	Alabama	3,900
James J. Lucey	Examiner	Massachusetts	2,300
Marguerite T. McDonough	Clerk to commissioner	District of Columbia	3,000
William S. Maginnis	Special expert	Pennsylvania	5,200
Bessie C. Mallieote	Stenographer	District of Columbia	1,800
Julius Manns	Laborer	do	1,140
Lucy A. Marsac	Stenographer	Washington	1,620
Jefferson Myers	Commissioner	Oregon	12,000
Aif W. Nelson	Port examiner	Minnesota	2,600
Margaret E. Nolan	Senior typist	New Mexico	1,440
Alice F. Nollner	Senior stenographer	District of Columbia	1,680
T. V. O'Connor	Chairman	New York	12,000
Maurice J. Pierce	Chief clerk	Tennessee	3,800
Jeanne E. Porton	Senior stenographer	District of Columbia	1,800
Logan Presler	Clerk	Ohio	2,000
Fred A. Quinn	Examiner	Pennsylvania	3,300

TABLE XI.—Names and compensation of employees of the United States Shipping Board in the service on June 30, 1932—Continued

Name	Designation	Legal residence	Rate per annum
Lee E. Ranck	Clerk	Pennsylvania	\$2,100
John G. Reckert	Assistant purchasing agent	District of Columbia	2,900
Manella A. Redd	Secretary to director, bureau research	Virginia	1,920
Katherine C. Renz	Telephone operator	District of Columbia	1,500
Joseph H. Rhoderick	Clerk	do	1,740
George M. Rice	Examiner	do	1,800
Lloyd R. Roberts	Chief, filing section	Iowa	2,900
Vera O. Rogers	Junior statistical clerk	do	1,440
Blanche E. Rudd	Assistant clerk	Virginia	1,440
Frank Rusk	Examiner	District of Columbia	3,600
John A. Russell	do	Michigan	4,000
Evelyn M. Sackett	Senior stenographer	New York	1,920
Samuel S. Sandberg	Commissioner	California	12,000
Samuel D. Schell	Assistant secretary	Maryland	4,800
Ralph I. Schneider	Examiner	Wisconsin	3,500
Marella R. Schuler	Stenographer	Ohio	1,560
Douglas W. Seitzinger	Examiner	Pennsylvania	2,400
Donald W. Shannon	Multigraph operator	District of Columbia	1,620
Edward M. Sheehan	Examiner	Maine	2,300
Hazel C. Showalter	Junior statistical clerk	Virginia	1,440
E. J. Skidmore	Chief personnel officer	Michigan	4,800
Gertrude H. Smith	Junior clerk	do	1,440
Roland K. Smith	Commissioner	Louisiana	12,000
Mary E. Soucy	Secretary to secretary	New Hampshire	2,000
Marietta A. Stevens	File clerk	Indiana	1,500
Elizabeth Sullivan	Junior office draftsman	Pennsylvania	1,440
Walter R. Swank	Reporter	Nevada	2,300
Anna Tiede	Clerk to commissioner	California	3,200
Charles W. Towle	Junior tabulating machine operator	Nebraska	1,440
Thelma E. Trusch	Senior typist	District of Columbia	1,440
Effie S. Underwood	Junior statistical clerk	Massachusetts	1,620
Alexis M. Uzetovich	Senior topographic draftsman	Illinois	2,000
Florence Van Acker	Junior library assistant	California	1,620
Marie C. Van Arnum	Telephone operator	District of Columbia	1,500
Emma Von Toerne	Senior stenographer	Wisconsin	2,106
Margaret H. Wagner	Stenographer	New York	1,680
May Wagner	Senior typist	District of Columbia	1,560
Hert P. Ware	Examiner	Maryland	3,200
George West	Under clerk	California	1,320
Audra F. Whitehouse	Senior typist	Nebraska	1,440
Cornelia M. Willfong	Senior stenographer	New York	1,680
William M. Woods	Accountant	Massachusetts	2,800
Virginia E. Woodward	Clerk	Maryland	1,740
Evelyn H. Young	Junior statistical clerk	Florida	1,440
Walter Ziwn	Senior typist	Pennsylvania	1,740

Names and compensation of employees of the United States Shipping Board who were separated during the fiscal year ended June 30, 1932

Name	Designation	Legal residence	Rate per annum	Date of separation
James L. Ackerson	Technical expert	Ohio	\$10,000	Sept. 13, 1931
Larkin C. King	Laborer	District of Columbia	1,260	Dec. 20, 1931
Edward J. Kohlbrenner	Clerk-sorter	Virginia	1,440	Dec. 26, 1931
Francis E. Petrie	Junior statistical clerk	Michigan	1,440	Oct. 14, 1931
Sadie B. Posey	Telephone operator	District of Columbia	1,500	June 29, 1932
Edward C. Plummer	Commissioner	Maine	12,000	Mar. 20, 1932
Irma P. Simonton	Junior clerk	District of Columbia	1,440	Sept. 30, 1931
F. Arlene Snure	Junior statistical clerk	Minnesota	1,440	Sept. 14, 1931



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