

*Annual Report of the*

**FEDERAL MARITIME BOARD  
and  
MARITIME ADMINISTRATION**

*1959*



**UNITED STATES DEPARTMENT OF COMMERCE**

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Washington 25, D.C. - Price 25 cents (paper cover)

UNITED STATES DEPARTMENT OF COMMERCE

FREDERICK H. MUELLER, *Secretary*

Washington, D.C.

FEDERAL MARITIME BOARD

CLARENCE G. MORSE, *Chairman*

BEN H. GULL, *Member*

THOS. E. STAKEM, *Member*

JAMES L. PIMPER, *Secretary*

MARITIME ADMINISTRATION

CLARENCE G. MORSE, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

# LETTERS OF TRANSMITTAL

U.S. DEPARTMENT OF COMMERCE,  
FEDERAL MARITIME BOARD,  
MARITIME ADMINISTRATION,  
*Washington 25, D.C., October 19, 1959.*

*To: The Secretary of Commerce.*  
*From: Chairman, Federal Maritime Board, and Maritime*  
*Administrator.*  
*Subject: Annual Report for Fiscal Year 1959.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1959.

  
CLARENCE G. MORSE.

---

SECRETARY OF COMMERCE,  
*Washington 25, D.C.*

*To the Congress:*

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the Department of Commerce for fiscal year 1959.

  
*Secretary of Commerce.*



# TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
AID TO SHIPPING.....	2
<i>Construction-differential subsidy</i> .....	3
<i>Operating-differential subsidy</i> .....	4
<i>Federal ship mortgage and loan insurance</i> .....	5
<i>Other forms of construction aid</i> .....	6
<i>Aid to vessels over 20 years of age</i> .....	7
<i>Trade routes</i> .....	7
SHIP OPERATIONS AND REPAIR.....	7
<i>Oceangoing traffic</i> .....	7
<i>Charters and general agency operations</i> .....	8
<i>Ship custody</i> .....	8
<i>Ship repair</i> .....	9
RESEARCH AND TECHNICAL DEVELOPMENT.....	9
SHIP CONSTRUCTION.....	11
<i>NS "Savannah"</i> .....	11
<i>Other construction</i> .....	12
<i>Ship conversion and reconstruction</i> .....	13
SHIPPING STUDIES AND REPORTS.....	13
<i>Ship and cargo data</i> .....	13
<i>Port development</i> .....	13
<i>Labor data and labor-management relations</i> .....	14
<i>Shipping documentation</i> .....	14
MARITIME TRAINING.....	15
<i>U.S. Merchant Marine Academy</i> .....	15
<i>State maritime academies</i> .....	16
<i>Other activities</i> .....	16
SHIP SALES AND TRANSFERS.....	17
<i>Ship sales</i> .....	17
<i>Transfers to foreign ownership and/or registry</i> .....	17
PROPERTY AND SUPPLY.....	18
<i>Real property</i> .....	18
<i>Warehouses</i> .....	19
<i>Material control, inventory, and disposal</i> .....	19
ADMINISTRATIVE MANAGEMENT.....	19
<i>Defense planning</i> .....	19
<i>Personnel</i> .....	19
<i>Organization and methods</i> .....	20
<i>Investigations and security</i> .....	20
FINANCE.....	21
<i>Financial relationships with contractors</i> .....	21
<i>Accounting</i> .....	21
<i>Audits</i> .....	21
<i>Insurance</i> .....	22
<i>Notes and accounts receivable</i> .....	23
<i>Claims</i> .....	23

	<b>Page</b>
<b>LEGAL ACTIVITIES</b> .....	24
<i>Contract administration</i> .....	24
<i>Legislation</i> .....	24
<i>Litigation</i> .....	25
<b>REGULATORY ACTIVITIES</b> .....	27
<i>Conference and other agreements</i> .....	28
<i>Rates—foreign</i> .....	28
<i>Rates—U.S. Territories and possessions</i> .....	28
<i>Terminal tariffs</i> .....	29
<i>Freight forwarders</i> .....	29
<b>PROCEEDINGS BEFORE HEARING EXAMINERS</b> .....	29
<i>Final decisions of the Board and/or Administrator</i> .....	29
<i>Recommended decisions of hearing examiners</i> .....	32
<i>Pending proceedings</i> .....	34
<b>INTERNATIONAL MARITIME AFFAIRS</b> .....	34

## FINANCIAL STATEMENTS

<b>EXHIBITS:</b>	
1. Balance Sheet—June 30, 1959 and 1958.....	38
2. Statement of Operations for the Years Ended June 30, 1959 and 1958.....	40
3. Statement of Equity of the U.S. Government for the Years Ended June 30, 1959 and 1958.....	41
4. Statement of Sources and Application of Funds for the Year Ended June 30, 1959.....	42
<b>NOTES TO FINANCIAL STATEMENTS—June 30, 1959 and 1958</b> .....	42
<b>SCHEDULE:</b>	
1. Statement of Operations of National Shipping Authority for the Years Ended June 30, 1959 and 1958.....	43

## APPENDIXES

A. Summary of Operating Differential Subsidy Agreements on June 30, 1959.....	46
B. Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended.....	47
C. New Ship Construction on June 30, 1959.....	49
D. Employment of U.S.-flag Merchant Ships as of June 30, 1959.....	50
E. Deliveries of New Merchant Ships During Fiscal Year 1959.....	52
F. Merchant Fleets of the World as of June 30, 1959.....	54
G. Cash and Approved Securities on Deposit in Statutory Capital and Special Reserve Funds of Subsidized Operators as at June 30, 1959..	56

# FISCAL YEAR ACTIVITIES

## Introduction

During fiscal year 1959 the Federal Maritime Board and the Maritime Administration directed their efforts to the fulfillment of their responsibilities under the maritime laws for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country, capable of serving as a naval auxiliary in time of war, owned by, and operated under the U.S. flag by citizens of the United States, and composed of the best equipped, safest, and most suitable types of ships manned by a trained and efficient citizen personnel.

The Federal Maritime Board and the Maritime Administration were established in the Department of Commerce by Reorganization Plan No. 21, effective May 24, 1950, to accomplish more effectively the objectives of the maritime laws. The plan simultaneously abolished the U.S. Maritime Commission. The Federal Maritime Board is composed of three members, appointed by the President, by and with the advice and consent of the Senate. The President designates one of such members to be the Chairman of the Board, who also serves, *ex officio*, as Maritime Administrator.

The plan transferred to the Federal Maritime Board the regulatory functions of the Maritime Commission and the functions with respect to making, amending, and terminating subsidy contracts and with respect to conducting hearings and making determinations antecedent thereto, under the provisions of titles V, VI, and VIII, and sections 301, 708, 805 (a), and 805 (f) of the Merchant Marine Act, 1936, as amended.

The Board, in respect of the regulatory functions transferred to it by the plan, is independent of the Secretary of Commerce. These functions include the regulation and control of rates, services, practices, and agreements of common carriers by water and of other persons, under provisions of the Shipping Act, 1916, as amended, and rates, fares, classifications, tariffs, and practices of common carriers by water under provisions of the Intercoastal Shipping Act, 1933, as amended; making rules and regulations affecting shipping in the foreign trade; and investigating discriminatory practices in such trade. In administering other functions transferred to the Board by the plan, the Board is guided by the general policies of the Secretary of Commerce. The actions of the Board in regard to the subsidy functions transferred to it are final.

The Maritime Administration is charged with the administration and execution of shipbuilding, shipping, port development, and other programs authorized by law. Many of its actions are based on determinations made by the Federal Maritime Board. The Administration carries out its functions under a delegation of authority from the Secretary of Commerce.

The fiscal year presented many problems to both the American shipping and shipbuilding industries, as a result of the continued decline in worldwide shipping and ship construction activities. However, despite these depressing factors considerable progress was made to: (1) achieve a planned shipbuilding program adequate to meet the country's immediate and future requirements; (2) promote and assist the American merchant marine through the Government-aid programs prescribed by the Congress, including those for operating and construction-differential subsidy, insurance of ship construction loans and mortgages, and trade-in-and-build; (3) establish a sound and progressive research and development program, which will provide the means of investigating and developing new ship design concepts, including those for ships' hulls, propulsion equipment (both conventional and nuclear powered), auxiliaries, cargo equipment, and other ship components and systems; and (4) improve the management and efficiency of the agency.

In addition to the foregoing, continued efforts were devoted by the Federal Maritime Board and the Maritime Administration to other programs and activities, including those for the operation of Government-owned ships under charter and general agency agreements; conduct of regulatory activities; maintenance of the national defense reserve fleets; operation of warehouses; the custody and maintenance of reserve shipyards and other facilities; administration of the provisions of Public Law 664, 83d Congress (sec. 9.01(f) of the 1936 act), relating to 50-percent participation by American-flag operators in the movement of Government cargoes; furnishing of advisory services to the Export-Import Bank on shipping arrangements of exports financed under the Bank's loan credits pursuant to the provisions of Public Resolution 17, 73d Congress; investigation and removal of discriminatory practices of foreign governments against American-flag shipping; and administration of the U.S. Merchant Marine Academy and the program for Federal aid to State maritime schools.

## Aid to Shipping

The fiscal year saw a substantial reduction in the volume of ocean-going traffic being moved by the American merchant marine, and in the number of ships under construction or on order in U.S. yards. These conditions necessitated continued and renewed effort with respect to the Government-aid programs, to the end that a temporary adverse situation would not detrimentally affect the operation

and maintenance of an efficient and modern American merchant marine. Through the Government-aid programs designed to assist and promote the American merchant marine, the U.S. ship operators not only maintained their services on essential U.S. foreign trade routes but proceeded with plans for the orderly replacement of their fleets with new and modern types of ships, thereby assuring the continued availability of an adequate American merchant marine with trained personnel to meet the Nation's normal trade requirements or emergency requirements. Further, the ship replacement program has additional significance since it materially contributes to providing the minimum mobilization base of ship construction capabilities.

### ***Construction-differential subsidy***

During the fiscal year the Federal Maritime Board executed construction-differential subsidy contracts with American Export Lines, Inc., covering the construction of four new cargo ships; Lykes Bros. Steamship Co., for constructing four new cargo ships; Mississippi Shipping Co., Inc., involving the construction of three new cargo ships; and Moore-McCormack Lines, Inc., for three new cargo vessels. These new ships will be built at a total estimated cost of \$140.4 million, and there were approved for trade-in 16 obsolete vessels for an allowance of credit on the new construction of \$12.8 million.

The contract price of each of the American Export vessels, which are being constructed on a fixed-price-bid basis by the National Steel & Shipbuilding Corp. (associated with Morrison-Knudsen Co., Inc., Henry J. Kaiser Co., Macco Corp., and F. E. Young Construction Co.), was \$11,035,519 per vessel. The construction-differential subsidy allowance on each vessel was \$5,249,168, and the Government will also pay the cost of national defense features amounting to \$136,725. Four vessels were traded in against this construction for a total allowance of \$4,509,000. Two of the vessels were chartered back to the operator for use during the construction period of the new vessels.

The contract price for the Lykes Bros. ships was \$9,172,000 per vessel, inclusive of national defense features costing \$55,840 with a tentative construction-differential subsidy of 48.4 percent subject to adjustment when a final subsidy rate is developed, but not to exceed 50 percent. The construction contract was awarded to Bethlehem Sparrows Point Shipyard, Inc. Four vessels were traded in against this new construction for a total allowance of \$2,522,000. These vessels were chartered back to the operator for use during the construction period.

The contract price of the Mississippi ships was \$9,802,718 per vessel, inclusive of national defense features costing \$181,792 with a tentative construction-differential subsidy of 47.9 percent, subject to adjustment when a final subsidy rate is developed, but not to exceed 50 percent. The construction contract was awarded to Avondale Marine Ways, Inc. Four vessels were traded in against this new construction for a total allowance of \$2,541,600. These vessels

were chartered back to the operator for use during the construction period.

The contract price of each of the Moore-McCormack vessels was \$10,065,514, inclusive of national defense features costing \$80,730 with a tentative construction-differential subsidy of 49.2 percent, subject to adjustment when a final subsidy rate is developed, but not to exceed 50 percent. The construction contract was awarded to Sun Shipbuilding & Drydock Co. Four vessels were traded in against the construction for a total allowance of \$3,177,000. All of the traded-in vessels have been chartered back to the operator for use during the construction period.

In addition to the foregoing, the Federal Maritime Board authorized a construction-differential subsidy to American President Lines, Ltd., with respect to the reconstruction of four Mariner vessels. The domestic contract price was \$1,763,150 per vessel and a construction-differential subsidy of 50 percent was allowed. The construction contract was awarded to Todd Shipyards Corp.

Following action initiated in fiscal year 1958, the Federal Maritime Board executed construction-differential contracts with (a) Grace Line Inc., with respect to the reconstruction of the SSs. *Santa Eliana* and *Santa Leonor* from C-2 cargo ships to containerships, providing for a construction-differential subsidy allowance of 48.8 percent of the estimated domestic cost of \$3,500,000 per vessel; (b) American Export Lines, with respect to the reconstruction of the SSs. *Independence* and *Constitution*, to provide for additional first-class passenger space, with a construction-differential subsidy allowance of 50 percent of the estimated domestic cost of \$3,567,000 per vessel.

On June 30, 1959, there were pending from 9 American-flag operators applications for construction-differential subsidy contracts to aid in the construction of 27 cargo ships, 3 combination cargo/passenger ships, and in the reconstruction of 2 passenger ships and 1 C4-type cargo ship to a roll-on/roll-off-type ship. An application for construction-differential subsidy for construction of one passenger liner was not being actively processed at the close of the fiscal year due to the fact that no appropriation for this construction was available.

### ***Operating-differential subsidy***

During the fiscal year new operating-differential subsidy contracts were executed with 3 operators providing for the replacement of 22 vessels. The replacement provisions of these contracts plus the replacement provisions in the contracts of the 12 other subsidized operators will provide for the collective replacement of 299 ships between the years 1958 and 1978, at a construction cost approximating \$4.4 billion. The new contracts were executed with the American Mail Line Ltd., Gulf & South American Steamship Co., Inc., and Pacific Far East Line, Inc., effective as of January 1, 1959,

to replace their old operating-differential subsidy agreements which were terminated as of December 31, 1958. The expiration dates of the old agreements for these companies were December 31, 1960, December 31, 1963, and December 31, 1962, respectively, and the expiration date of the new agreements for all three companies is December 31, 1978. In addition, the operating-differential subsidy agreement with United States Lines Co. which was scheduled to expire December 31, 1959, with respect to the SS *America*, and December 31, 1965, with respect to this company's cargo vessels, was extended to December 31, 1960, and to December 31, 1969, respectively. No change was made with regard to the subsidized operations of the SS *United States*, for which the operating-differential subsidy agreement is scheduled to expire on June 20, 1967, subject to extension to June 20, 1972.

Two new subsidized services were awarded: one to American Export Lines, Inc., for service on Trade Route No. 34 from Great Lakes to Mediterranean, and the other to the Grace Line Inc., for service on Trade Route No. 33, from Great Lakes to Caribbean. In both instances these new services were incorporated in the existing operating-differential subsidy agreements with these operators.

There were pending new applications for operating-differential subsidy agreements from eight American-flag operators involving services on the essential trade routes of the United States, including those for Round-the-World Service, Europe, the Near East, and the Far East. Also, at the close of fiscal year 1959, there were applications for operating-differential subsidy on file for additional services by two existing subsidized operators.

Of a total of 2,915 operating-differential subsidy rates required for the calendar years 1947-58, 2,580 rates were completed as of June 30, 1959. This substantially completes all rates required for calendar years 1947 through 1956.

As of June 30, 1959, \$815,867,768 net advance subsidy payments (subsidy less recapture) had been made. This amount represents payment on account to operators from the date of postwar resumption of subsidized operations (January 1, 1947) through the first half of calendar year 1959. A summary of operating subsidy contracts is given in appendix A.

### ***Federal ship mortgage and loan insurance***

The Maritime Administration during the fiscal year 1959 executed contracts of insurance for construction loans aggregating \$16,807,130, and mortgage commitments or loans aggregating \$50,353,500, made by banks and other lending agencies, covering the construction or reconstruction of 8 ships having a total estimated construction cost of \$62 million, as follows: (a) Washington Tug & Barge Co., a mortgage loan of \$360,000 for construction of a tank and deck cargo barge; (b) Transeastern Shipping Corp., a construction loan of \$8,381,250 and a mortgage commitment of \$11,825,000 for construc-

tion of a tanker; (c) Isbrandtsen Tankers, Inc., a mortgage loan of \$9,487,000 for construction of a tanker; (d) Black Ball Transport, Inc., a construction loan of \$1,989,630 and a mortgage commitment of \$2,650,000 for construction of a combination passenger automobile ferry and roll-on/roll-off trailership; (e) A. & S. Transportation Co., a mortgage commitment of \$380,000 for construction of a sewage barge; (f) Tanker Four Lakes, Inc., a mortgage loan of \$2,250,000 for reconstruction of a tanker; (g) Beaugard, Inc., a mortgage loan of \$2,490,000 for reconstruction of a cargo vessel; and (h) Manhattan Tankers Co., Inc., a construction loan of \$6,500,000 and a mortgage commitment of \$20,925,000 for construction of a tanker. In addition, there were administered the provisions of mortgages executed in prior fiscal years involving 24 companies with original principal amount of \$214,379,000 on 27 vessels.

As of June 30, 1959, there were pending from 16 American-flag operators applications under title XI of the act for Federal ship mortgage insurance aid covering the construction and/or reconstruction of 31 ships at a total estimated cost to the applicants of approximately \$389,911,000, on which insurance has been requested covering estimated construction loans of \$203,210,000 and estimated mortgage loans of \$325,484,000.

A title XI default occurred in February 1959, involving the SS *Leilani*, owned by Hawaiian Textron, Inc., for which a mortgage loan of \$2,625,000 had been insured in January 1957. This default required the payment to the mortgagee of insurance in the amount of \$2,380,255.22, consisting of principal of \$2,333,333.34 and interest of \$46,921.88. Upon default and foreclosure of the mortgage, the vessel was acquired by the Maritime Administration and at the close of the fiscal year plans were being formulated for the sale or charter of the vessel. The program from its inception to June 30, 1959, involved the construction or reconstruction of 37 ships with a total mortgage coverage in excess of \$271 million.

### ***Other forms of construction aid***

As of June 30, 1959, balances in 9 construction reserve funds totaled \$14,037,734.43 compared with \$18,401,375.85 as of June 30, 1958, in 12 construction reserve funds. One additional fund was established during the fiscal year 1959 and four funds were closed. Deposits in the construction reserve funds during the year amounted to \$99,437.27, and withdrawals totaled \$4,463,078.69.

In addition to mandatory deposits required by statute, voluntary deposits, on a tax-deferred basis, of free earnings of subsidized operators were authorized in the total amount of approximately \$19,066,000, for nine operators. As at the close of the fiscal year 1959, there was pending one application for authority to make a voluntary deposit of \$500,000 from 1958 free earnings. Also pending were applications from four subsidized operators for trade-in allowances on old vessels to be applied against the construction cost of new vessels.

### ***Aid to vessels over 20 years of age***

The Federal Maritime Board having found it to be in the public interest under section 605 (b) of the Merchant Marine Act, 1936, as amended, had authorized formerly, and in the current fiscal year, through issuance of formal orders, the continued payment of operating-differential subsidy on ships now over 20 years old, or which will become overage prior to the delivery of their scheduled replacements. The actions of the Federal Maritime Board were predicated upon the ship replacement provisions of the new operating-differential subsidy contracts entered into by these companies. Cumulative authorizations by the Board in this connection are shown in appendix B.

### ***Trade routes***

The essentiality and U.S.-flag service requirements of nine of the U.S. foreign trade routes were reviewed, and limited reviews were also made of two other routes. These reviews, made in accordance with section 211 (a) and (b) of the Merchant Marine Act, 1936, in addition to determining their essentiality and service requirements, resulted in the consolidation of Trade Routes Nos. 29 and 30 into one route (Trade Route No. 29). Included in the completed reviews is one newly established Trade Route—No. 34 (U.S. Great Lakes/Mediterranean), and studies are underway to determine the essentiality of routes between the U.S. Great Lakes and other foreign areas. At the end of fiscal year 1959 there were a total of 33 trade routes and three services described as essential to the foreign commerce of the United States.

## **Ship Operations and Repair**

### ***Oceangoing traffic***

The volume of oceangoing traffic continued at a greatly reduced rate throughout the fiscal year. Primarily affected was the world chartering market which, due to its depressed condition, resulted in an unprecedented number of ships being laid up, predominantly tankers and dry cargo tramps. Consequently, the worldwide charter rates continued their downward trend of the previous fiscal year, reaching new lows which were considerably below the Maritime Administration's fair and reasonable rates and generally were not compensatory for U.S. operators in the bulk trades. The liner trades were affected to a lesser degree. The factor materially contributing to the reduced volume of traffic was the decline of U.S. exports (comparison of the first 8 months of fiscal years 1958 and 1959 indicated a drop of 12 million tons). In this connection, while U.S. export grain shipments exceeded those of the last fiscal year by some 3.5 million tons, this increase was more than offset by a decrease of approximately 15.6 million tons in coal exports. Other factors which contributed to the depressed market were: the continued presence and further advent of large, modern, and faster foreign-flag freighters;

the increasing number of large tankers under foreign flag adaptable to handling bulk grain or petroleum, and their ability to fix at rates with which most dry cargo operators could not compete.

The Maritime Administration continued to maintain liaison with other U.S. Government agencies in order to assure compliance with the requirements of the Cargo Preference Act, Public Law 664, 83d Congress. In the administration of Public Resolution 17, 73d Congress, the Maritime Administration continued to advise the Export-Import Bank on shipping arrangements of exports financed under the Bank's loan credits. A number of waivers of the exclusive U.S.-flag requirement were authorized, as provided by the law, permitting foreign-flag vessel participation in cargo movements generated by Export-Import Bank loans.

### ***Charters and general agency operations***

During the fiscal year the operation of Government-owned ships under bareboat charter decreased from 11 to 7, due to normal expiration of charter agreements, and review of charters in effect by the Federal Maritime Board, in accordance with Public Law 591, 81st Congress. Three of these ships, including the two experimental *Libertys John Sergeant* and *Thomas Nelson*, were in the offshore trade and four were in the Alaska trade. At the end of the fiscal year, there were 26 ships operating under use agreements. These ships included 14 which had been traded in on new construction during the fiscal year and 12 which had been traded in during fiscal year 1958.

At the beginning of the fiscal year there were seven ships on assignment to three general agents to meet requirements of the Military Sea Transportation Service. At the close of the year this number was reduced to four ships operated by two general agents for MSTS account, of which three were refrigerated ships in the Pacific area and one experimental Liberty ship in the Atlantic area.

### ***Ship custody***

At the close of the 1959 fiscal year, there were 2,060 ships in the reserve fleets. During the year 197 were taken into the fleets and 211 were withdrawn for a net decrease of 14 ships. The ships taken into the fleets consist of 108 employed in the grain storage program, 6 redeliveries from bareboat charter, 80 redeliveries from loan to other Government agencies or delivered by them for temporary or permanent layup, and three delivered under the trade-in-and-build program. The ships withdrawn from the fleets consist of 102 for employment in the grain storage program, 12 loaned to other Government agencies or returned to them from temporary or permanent layup, and 97 for sale. These ships were assigned to the various fleet sites as follows:

Hudson River.....	182	Beaumont .....	213
James River.....	375	Suisun Bay.....	346
Wilmington .....	283	Astoria .....	211
Mobile .....	292	Olympia .....	158

The basic preservation of all ships in the fleet reached 97.5 percent of completion, and 23 percent of the recurring preservation workload was accomplished at the end of the fiscal year.

In accordance with section 11(a) of the Merchant Ship Sales Act of 1946, a review was completed relative to the selection of ships for continued retention and for use in a national emergency. The review, which was approved by the Secretary of the Navy, resulted in the selection for retention of 922 ships out of approximately 2,050 in the reserve fleet. The remainder, mostly Liberty ships, will be disposed of by scrapping over a period of about 10 years. The current status of this disposal program, involving 300 ships, is reflected under the section of this report titled, "Ship Sales and Transfers." From time to time surveys will be made of tonnage available to fill emergency ocean shipping requirements, and it is expected that the number of priority ships will fluctuate as better classes are taken out of service and laid up in the reserve fleet.

At the end of the 1959 fiscal year, 180 ships loaded with grain for the account of the Commodity Credit Corporation, Department of Agriculture, were moored in 4 of the reserve fleets. During the year there was a net increase of six loaded ships in the grain program. Since the inception of the program the reserve fleets have been utilized for the storage of approximately 136 million bushels of grain.

### ***Ship repair***

There were conducted during the fiscal year, 2,653 shipboard inspections to verify the necessity for and the satisfactory completion of repairs to subsidized ships. In addition, 69 full condition surveys were made to determine ship condition at time of changes in status under subsidy agreements. There was a review for subsidy eligibility of repair summaries from 15 subsidized operators, and of the \$39.5 million submitted for subsidy participation, \$4 million of repair work performed was found to be ineligible.

A variety of other ship surveys and reviews of repair reports were made, including those to: (a) ascertain the condition of Government-owned ships at time of delivery or redelivery from charter; (b) determine the condition of ships on which the Maritime Administration has a preferred mortgage; (c) decide the propriety and reasonableness of repair costs of vessels operating under General Agency agreements; (d) appraise the condition of ships being traded in; (e) assure compliance by purchasers with provisions of contracts covering the sale of ships for scrapping purposes; and (f) establish the validity of claims for allowances submitted by purchasers of certain Mariner-type ships.

## **Research and Technical Development**

There was continued during the fiscal year a research and development program designed to provide progressive leadership in mari-

time technology. In this connection the agency procured the services of the National Academy of Sciences to review maritime research requirements and to formulate a planned program which would accomplish as its basic objective a coordinated industry-Government effort. At the close of the year the National Academy of Sciences had organized the program under a Maritime Research Advisory Committee. The Maritime Administration, in carrying out its research and technical development program, utilizes the professional and technical skills of its staff, as well as the assistance of some of the foremost engineering and research firms.

During the year efforts were directed to the following areas: (a) *ship operations*, which included basic considerations and/or studies of marine collisions and possibilities of improvements or additions to marine equipment, displays and techniques for bridge control; shipboard organization and activities; navigational and operational problems on the St. Lawrence Seaway; automation of ship and port facilities; antifouling paints and other techniques for preservation of ships' hulls; (b) *advanced ship concepts*, including basic consideration and/or studies of high-speed conventional type ships, container ships, merchant submarines, hydrofoils, and the levitating ship concept; (c) *ship construction components and techniques*, embodying studies involving the design criteria for utilization of gas-lubricated machinery bearings and gas-turbine-driven generators; development of damage control equipment; use of ductile iron to provide shock-resistant machinery; design and testing of shipboard cargo-handling systems; fireproofing and ratproofing of ships; and studies as to the habitability of crew accommodations.

Related to the foregoing, the following contracts were awarded: Dunlap & Associates, for a study of marine collisions; Grumman Aircraft Engineering Corp., for a design study and testing relative to a high-speed hydrofoil seacraft; Sierra Research Corp., for the procurement of a set of seakeeping instrumentation; Southwest Research Institute, for the study of shipboard organization and activities; Stevens & Wood, Inc., for the development of vessel ratproofing techniques; Raymond Loewy Associates, for the development of crew accommodations and furniture; Solar Aircraft Co., for construction of a gas turbine ship's service generator set; and Stevens Institute of Technology, for engineering service and facilities for studying the hydrodynamic characteristics of surface and underwater bodies.

In the nuclear ship field, other than the construction of the NS *Savannah*, the Maritime Administration and the Atomic Energy Commission continued their efforts toward achieving the design and construction of nuclear-powered merchant ships which would be economically competitive in foreign commerce. In this connection, contracts were awarded during the year as follows: General Dynamics Corp., for design and model testing of a nuclear-powered submarine tanker; Ford Instrument Co., for the study of nuclear prototype powerplant installations in merchant ships; Todd Shipyards Corp., for the study of maintenance and repair of nuclear-

powered merchant ships; Esso Research & Engineering Co., for the study of the application of petroleum and petroleum products to the shielding and operation of nuclear powerplants; and George G. Sharp, Inc., for naval architectural, design, and engineering services related to the application of nuclear power to ships. Other significant studies being made, utilizing the facilities of contractors through contracts awarded in previous years, include the gas-cooled, boiling water, and the organic-moderated reactor plants, nuclear-powered tankers, containment optimization and development of methods for shielding, safety and accident considerations, nontechnical operations and environmental studies, and nuclear prototype powerplant installation.

Finally, the Maritime Administration continued to play an important role in the design, construction, and operation of modern ships through its participation in the activities of international, inter-governmental, and Government-industry committees and associations, and through the contributions of individual staff members to the professional societies.

## Ship Construction

### NS “*Savannah*”

Substantial progress was made during the fiscal year in the construction of the nuclear-powered merchant ship, the NS *Savannah*, authorized by Public Law 848, 84th Congress. At the close of the year the hull was 85 percent complete and the machinery was 48 percent complete. The scheduled launching of the ship was fixed for July 21, 1959, with Mrs. Dwight D. Eisenhower as sponsor.

The States Marine Lines was selected as General Agent to operate the NS *Savannah*, and the Babcock & Wilcox Co. was selected to train the engineering and deck officers for the ship.

Through the joint efforts of the Maritime Administration and the Atomic Energy Commission, acting within their respective spheres of responsibility for the construction of the NS *Savannah*, the following were accomplished:

1. Establishment of a committee, composed of representatives of the Maritime Administration, Atomic Energy Commission, the New York Shipbuilding Corp., the Babcock & Wilcox Co., and States Marine Lines to insure safe operation during the vessel's startup, tests, and trials.
2. Crystallization of plans for the fueling of the reactor in the spring of 1960, tests and trials from June to January 1961, to be followed by an experimental period of operation of the vessel in limited commercial service. The limited commercial operation, approximately 18 months, will resolve many of the legal, regulatory, operational, and technical problems which will arise from the operation of a nuclear ship in world commerce.
3. Appointment by the Maritime Administration and the Atomic Energy Commission of a task force group to identify

the nonengineering problems related to the acceptance of the NS *Savannah*. The group initiated informal discussions with maritime and nuclear regulatory agencies of the United Kingdom, France, Germany, Denmark, Norway, and Sweden.

With respect to the maintenance and repair of the NS *Savannah*, a contract has been let with the Electric Boat Division, General Dynamics Corp., for the detailing of shore facilities requirements. In addition, a contract was let with Todd Shipyards Corp (executed July 9, 1959) at a contract price of \$569,165 for construction of a nonpropelled shipside servicing barge.

Finally, considerable efforts have been directed to assess and minimize potential environmental hazards resulting from nuclear-ship operation, to minimize accidents and their effects, and to provide for the maximum degree of safety. These efforts have been coordinated with the U.S. Public Health Service, U.S. Weather Bureau, U.S. Coast Guard, American Bureau of Shipping, and State health agencies.

### ***Other construction***

The total number of merchant ships under construction, conversion, reconstruction, or on order in U.S. privately owned shipyards again decreased due to the reduction in the backlog of construction on order and the small number of new contract awards during the year. In summation, at the end of the fiscal year 72 ships were under construction, conversion, or on order, providing approximately \$769.4 million worth of work to the industry. Of this number, 29 ships, having a construction value of \$307.3 million, were under construction or on order under the subsidized operators' replacement programs, and 3 ships with an estimated construction value of \$71.4 million, were delivered during the year.

At the beginning of the fiscal year, 21 ships were being constructed under Maritime Administration contracts. Of these, one passenger/cargo ship for Grace Line Inc., and two passenger/cargo type for Moore-McCormack Lines, Inc., being constructed under Title V, Merchant Marine Act, 1936, were completed.

Contracts were also awarded under Title V, Merchant Marine Act, 1936, for the construction of ships under the subsidized operators' replacement programs which are reflected in the section of this report titled "*Construction-differential subsidy*."

Criteria for implementing the provisions of Public Law 805, 84th Congress (amendment of sec. 502(f), of the Merchant Marine Act, 1936), were restudied during the year and revised in certain respects to facilitate their applicability. While all contract awards are considered as to the applicability of this public law, no allocations of contracts under its authority were made during the year.

A summary of new ship construction as of June 30, 1959, is contained in appendix C.

## ***Ship conversion and reconstruction***

Contracts were awarded during the fiscal year, under Title V, Merchant Marine Act, 1936, for reconstruction of eight vessels. These included two passenger vessels, the SS *Independence* and SS *Constitution*, for American Export Lines, Inc.; four C4-S-1a cargo vessels for American President Lines, Ltd.; and two C2 cargo vessels to container vessels for Grace Line Inc. The two passenger vessels for American Export Lines, Inc., and three of the four cargo vessels for American President Lines, Ltd., were completed during the year.

## **Shipping Studies and Reports**

Considerable effort was expended in the conduct of special studies and the preparation of a variety of reports to be utilized in connection with hearings before the Congress and the Federal Maritime Board. Special reports also were prepared for the Department of Defense and in response to studies and meetings of the Planning Board for Ocean Shipping, NATO. These reports reflected the status and employment of American-flag ships in the domestic and foreign trades, competition of American-flag and foreign shipping on certain of the principal trade routes, and the characteristics of ships of the American merchant marine.

### ***Ship and cargo data***

The collection and processing of reports of ship operations in the foreign and domestic trades of the United States continued on a slightly reduced scale; the reduced oceangoing traffic resulted in the receipt of approximately 60,000 reports of entrances and clearances of ships in the foreign trade of the United States, which was approximately 4,000 less than received in the previous fiscal year. Data on foreign-flag competition encountered by U.S. steamship companies operating on 44 subsidized liner services during 1958 were prepared for use in calculating rates for operating-differential subsidy purposes.

Efforts were directed during the year to the publication of "A Summary of the Principal Subsidies and Aids Granted by Foreign Countries and Their Shipping and Shipbuilding Industries," and the compilation of basic data and information which will be utilized in the publication in the latter part of fiscal year 1960 of "A Statistical Analysis of the World's Merchant Fleets" and a "Handbook of World Shipping and Shipbuilding." Preparation of a number of regular reports continued throughout the year, including those shown in appendixes D, E, and F.

### ***Port development***

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, a study was completed on Port Series No. 19, Ports on the Gulf Coast of the United States, Part I (Port

St. Joe, Panama City, Pensacola, Pascagoula, Gulfport, Baton Rouge, and Lake Charles) ; Part II (Orange, Port Arthur, Beaumont, Freeport, Port Isabel, and Brownsville). At the close of the fiscal year, the following Port Series volumes were in process: No. 20, The Port of New Orleans, La.; No. 23, The Port of Galveston and Texas City; No. 24, The Port of Houston, Texas; and No. 25, The Port of Corpus Christi, Texas.

### ***Labor data and labor-management relations***

Seafaring employment aboard oceangoing U.S.-flag merchant ships of 1,000 gross tons and over decreased by 1,300 jobs to an estimated total of 50,200 jobs on June 30, 1959, which was the lowest point since 1942. Those shipyards capable of constructing large merchant ships experienced a slight increase in employment, from 54,900 to 55,500. The number of workers on Maritime Administration and private construction contracts decreased by more than 10,000 but employment on Navy contracts increased by 10,600. The estimated nationwide longshore employment remained fairly constant during the year.

The study of seamen's annual earnings and employment was completed by the Bureau of Labor Statistics, and the report, "The Earnings and Employment of Seamen on U.S. Flag Ships," was published jointly by that agency and the Maritime Administration.

The 3-year contracts of the major seafaring unions terminated and were renegotiated without materially disrupting ship operations, except for a 7-day strike of the licensed deck officers against many of the east and gulf coast dry cargo and passenger ship companies. Various individual ports on the east and gulf coasts and the Great Lakes experienced labor-management difficulties and ship delays as the result of longshore, shipyard, and towboat contract negotiations and other collective-bargaining issues. A more favorable atmosphere for sound collective bargaining appears imminent with the significant decrease of interunion discord and management's recognition of the industrywide advantages of an informed coordinated labor-management program.

### ***Shipping documentation***

The Subcommittee on Shipping Documentation of the Shipping Coordinating Committee of the Department of State was established, with the Internal Auditor of the Maritime Administration as Chairman. This interdepartmental committee is undertaking to establish the U.S. Government position regarding the simplification of passenger and cargo documents required of vessels in international trade. The initial phase of the study is concentrated on the vast maze of documents required of vessels entering and clearing U.S. ports. In conjunction with the subcommittee's objectives, a study was initiated having as its end result the improvement and simplification of the internal records and statistics of the shipping industry.

# Maritime Training

## *U.S. Merchant Marine Academy*

The U.S. Merchant Marine Academy had in training during the fiscal year an average of 953 cadets, including 1 Latin-American, with 163 successfully completing the 4-year course of instruction. All graduates, exclusive of foreign nationals, received U.S. Merchant Marine officer licenses, issued by the U.S. Coast Guard, as third mates or third-assistant engineers of ocean ships; they also received bachelor of science degrees and, if qualified, commissions as ensigns in the U.S. Naval Reserve.

There were 1,944 candidates for the 1959 incoming class nominated by Members of Congress, 313 of whom will be admitted upon passing the entrance and physical examinations. The nomination of cadets by the Members of Congress, as in the case of the other service academies, resulted in a more national representation by State than was possible in the past; however, the desired representation by State has not fully materialized to date as many States have not furnished a sufficient number of candidates.

The 16th Congressional Board of Visitors for the U.S. Merchant Marine Academy conducted its annual inspection of the Academy on June 12, 1959, with membership consisting of: Senators Warren G. Magnuson, Washington (*ex officio*); Norris Cotton, New Hampshire; Clair Engle, California; and Hugh Scott, Pennsylvania; and Representatives Herbert C. Bonner, North Carolina (*ex officio*); Victor L. Anfuso, New York; Thomas N. Downing, Virginia; Paul A. Fino, New York; John H. Ray, New York; and Herbert Zelenko, New York. It is anticipated that the board's report will be issued early in fiscal year 1960.

Pursuant to Public Law 691, 84th Congress, the Maritime Administrator convened a meeting of the Advisory Board to the U.S. Merchant Marine Academy at Washington, D.C., on December 4, 1958. The Advisory Board was composed of the following: Carl Bailey, dean of instructions, Concordia College; John E. Burchard, dean, School of Humanities and Social Studies, Massachusetts Institute of Technology; Harvey H. Davis, provost, State University of Iowa; Martin A. Mason, dean, school of Engineering, George Washington University; Henry D. Mercer, chairman of the board, States Marine Corp.; and Edward Reynolds, administrative vice president, Harvard University. Also attending this meeting were two Representatives, Paul A. Fino and John H. Ray of New York, members of the Congressional Board of Visitors, and Representative Steven B. Derounian of the Kings Point Congressional District. Discussions were held with the Maritime Administrator and staff officials concerning the current operation of the Academy, its present and future budgetary requirements, necessary curricula changes, and personnel problems. Subsequently, at the request of its Chairman, the advisory board

convened at Kings Point, N. Y., on March 25, 1959, and expressed satisfaction with the progress being made in carrying out previous recommendations of the board. In addition, the board recommended among other things: (a) the scheduling of faculty members for three quarters of teaching and one quarter of other service (preparation, grading, consultation, etc.); (b) that steps be taken to admit a class of 400 and urged that the required funds be appropriated; (c) the enactment of H.R. 5383 and S. 1233 to convert the faculty to a civilian status; and (d) that funds be provided to make badly needed major repairs to the Academy.

On January 19, 1959, a contract was awarded for the basic construction of a memorial chapel at the Academy. The cost of this construction, \$581,117 on June 30, 1959, will not require financing through appropriations by the Congress. The required funds, in the form of cash, bonds, and pledges, have been acquired through the use of some \$200,000 in profits from the operation during the last war of ship service stores at training stations, and donations from the public under the provisions of Public Law 485, 80th Congress. The finishing of the chapel and its furnishing and outfitting will be dependent upon future donations. The chapel will be the national memorial for all American merchant seamen lost during wartime.

### *State maritime academies*

The State Maritime Academies at Vallejo, Calif., Castine, Maine, and Hyannis, Mass., and the New York State Maritime College at Fort Schuyler, N.Y., had an average of 710 cadets in Federal-pay status during the fiscal year and 354 in State-pay status. There were 213 graduates who received their U.S. merchant marine officer licenses as third mates or third assistant engineers of ocean ships from the U.S. Coast Guard, and those who qualified received commissions as ensigns in the U.S. Naval Reserve.

### *Other activities*

The Maritime Administration's radar observer training program was continued with three radar observer schools operating in New York, New Orleans, and San Francisco. This training program was initiated pursuant to the recommendations of the Safety of Life at Sea Study of the House Merchant Marine and Fisheries Committee (H.R. 2969, January 3, 1957). Since inception of the program in November 1957, there have been issued in excess of 2,200 certificates of successful completion of the course, covering radar fundamentals, operation and use, and the interpretation and analysis of radar information. Also there was continued the training of licensed U.S. merchant marine officers in atomic, biological, and chemical warfare, defense firefighting, and damage control. This training, supported jointly by the Maritime Administration, Military Sea Transportation Service, and the Department of the Navy, is available at three centers—New York, New Orleans, and San Francisco.

# Ship Sales and Transfers

## *Ship sales*

Under authority of the Merchant Marine Act, 1936, 300 of the least desirable of the 1,400 World War II Liberty-type ships in the National Defense Reserve Fleet have been approved by the Department of the Navy for scrapping. Sixteen ships were sold in fiscal year 1958 and 113 ships during the past fiscal year, for a total monetary return to the Government of \$9,721,641.

As a result of the continuous survey of all other types of ships in the reserve fleet, the overage hospital ship *Rescue* was sold for \$127,890.

An additional \$53,153 was recovered for metallic ballast removed from the ships during dismantling to which the Government retained title under the sales contract.

## *Transfers to foreign ownership and/or registry*

During the fiscal year the policy with respect to approval of transfers of U.S. privately owned ships to foreign ownership and/or registry was revised to: (a) assure that a U.S. citizen recipient of a foreign transfer approval, given in consideration of new construction in U.S. shipyards, does not assign or transfer his foreign transfer privilege to another U.S. citizen without prior approval of the Maritime Administration; and (b) strengthen the financial requirements of the Maritime Administration with respect to new ship construction and the payment of liquidated damages for failure to build, where such construction was a consideration for the approval of a foreign transfer.

The foreign transfer activities during the fiscal year 1959 moderated although the trend of redocumentation of foreign-flag vessels under U.S. laws continued. During the past year applications were approved for the transfer of 23 foreign-owned, foreign-flag vessels to U.S. corporations for redocumentation under U.S. laws. These, plus 13 approved for redocumentation in fiscal year 1958, total 36 ships approved for the 2-year period. However, at the close of business June 30, 1959, only 23 of these vessels were actually redocumented under U.S. laws.

Approvals were granted pursuant to sections 9 and 37 of the Shipping Act, 1916, of applications for the transfer to foreign ownership and/or registry of 852 ships owned by U.S. citizens. In addition, approvals were granted for the construction of four ships in U.S. shipyards for foreign-flag operation. Of the total approved, 813 were ships of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. The remaining 43 ships, including those constructed for foreign-flag operation, were of 1,000 gross tons and over, and consisted of 6 tankers, 15 dry cargo vessels, and 22 miscellaneous types (schooners, dredgers, barges, etc.)

Forty-one charters of U.S. privately owned ships to aliens were approved by the Maritime Administration, including contracts of affreightment and voyage and time charters, for periods ranging from 1 to 20 years.

During the year an item of interest was presented for consideration. This involved an approval which had been granted by the Maritime Administration in 1957 for a U.S. shipyard to construct for a foreign-owned, foreign-controlled corporation a tanker of about 65,000 deadweight tons, for operation under Liberian registry and flag. The approval then granted placed the vessel, when completed, under effective U.S. control. However, during the current fiscal year a request was received from the shipyard to permit the ship to be documented under Greek, rather than Liberian, registry and flag, and the release of the vessel from effective U.S. control. The request was granted, and in consideration the Maritime Administration obtained effective U.S. control over three Liberian-owned and registered tankers, built in Japan, having a total deadweight of approximately 123,000 tons.

## Property and Supply

### *Real property*

Reevaluation of Maritime Administration real property holdings from the standpoint of immediate and future need and maintenance costs produced the following results: (a) the reserve shipyards at Alameda, Calif., and Vancouver, Wash., and the reserve training station at Sheepshead Bay, N.Y., were declared excess to General Services Administration and, upon disposal, there will be an annual savings in maintenance costs of \$285,000; and (b) leases to private interests of certain property, required to be retained by the agency in event of national emergency, resulted in a return during the year of \$179,000, in addition to maintenance of the property by the lessees without cost to the Government. There were executed a number of contracts with private industry for leasing machine tools from Government-owned reserve shipyards from which there will be derived an annual return to the Government of \$145,000.

On May 15, 1959, the proposed lease of the National Defense Shipyard at Richmond, Calif., one of the two remaining reserve shipyards under the Maritime Administration (the other being at Wilmington, N.C.), was advertised. The terms required the yard to be used for such purposes as ship scrapping, ship conversion, and ship repair, or such other industrial uses as would retain the shipbuilding characteristics of the yard.

Other real property of the Maritime Administration includes terminals at Hoboken, N.J., and Norfolk, Va.; warehouses at Kearny, N.J., Baltimore, Md., Norfolk, Va., New Orleans, La., and Richmond, Calif.; and reserve fleets at Tomkins Cove, N.Y., Lee Hall, Va., Wilmington, N.C., Mobile, Ala., Beaumont, Tex., Suisun Bay, Calif., Astoria, Oreg., and Olympia, Wash.; and a reserve training station at St. Petersburg, Fla.

## ***Warehouses***

The Maritime Administration continued the operation of five Government-owned warehouses for the storage of vital marine equipment required in a national emergency for the reactivation of vessels in the reserve fleets and for the construction, repair, and operation of vessels. At the end of the fiscal year the warehouse inventories, including administrative equipment stocks, totaled \$41,422,545, an increase of \$2,127,945. This increase was due primarily to the removal and placement in the warehouses of outfitting materials and spare parts from ships placed in the reserve fleets.

## ***Material control, inventory, and disposal***

There were 118 ship and related inventories accomplished, and inventory certificates for consumable stores were processed in the amount of \$269,177 as accounts receivable, and \$336,517 as accounts payable. Certificates of overages and shortages were processed in the amount of \$231,354 as accounts receivable and \$1,497 as accounts payable.

Surplus and excess personal property having a reported original acquisition value of \$2,515,047 was disposed of by the Maritime Administration. This amount includes transfers in a foreign country of property valued at \$288. Property having an original acquisition value of \$2,514,759 was disposed of domestically by donation, transfer, and sale under the provisions of law. Property having an acquisition value of \$1,471,205 was sold or transferred to other Government agencies with an exchange of funds, for a return of \$116,691.

# **Administrative Management**

## ***Defense planning***

In the area of defense mobilization planning for ports, approximately 100 U.S. cities were requested to provide leadership and initiate plans for the continued operation of their ports under emergency conditions. A manual was prepared and forwarded to the ports to assist them in accomplishing the desired planning. Pending full formal delegation to the agency of responsibilities for emergency control and operation of ports, the Office of Civil and Defense Mobilization requested the Maritime Administration to proceed with basic planning activities. Accordingly, an internal manual has been drafted, containing port control functions and authorities, an emergency port control organization, and emergency action plans—pre-attack and postattack. This manual has been submitted to the Department of Defense for concurrence.

## ***Personnel***

Composition of the three-member Federal Maritime Board remained unchanged, consisting of Clarence G. Morse, of California, Chairman, 4-year term expiring June 30, 1960; Ben H. Guill, of

Texas, Vice Chairman, 4-year term expiring June 30, 1961; and Thomas E. Stakem, of Virginia, 4-year term expiring June 30, 1962.

The total number of employees on the rolls of the Federal Maritime Board and the Maritime Administration on June 30, 1959, was 2,922, a decrease of 199 positions from a year ago. The reduction of 6 percent reflects primarily the sharp cutback of preservation work in the eight national defense reserve fleets and the separation, by reduction in force, of fleet workmen.

Greater emphasis was placed on the staffing of a National Defense Executive Reserve Maritime Unit. This unit has a complement of 309 and, as of June 30, 1959, 80 executives from the shipping industry were designated as reservists, with an additional 72 prospective reservists in various stages of processing. The purpose of this program is to have a standby force of maritime specialists for vital assignment in time of national emergency, as required under provisions of Executive Order 10660, issued February 15, 1956.

### ***Organization and methods***

During the past year there were conducted surveys of a number of the activities of the Federal Maritime Board/Maritime Administration. These surveys have resulted in actions being taken, as appropriate in the following areas: (a) realignment of the organizational and functional responsibilities of offices; (b) establishment, modification, or elimination of procedures and work methods; and (c) simplification of administrative processes. The major surveys conducted included: (1) internal authorities, functions, and procedures involved in the performance of the agency's regulatory responsibilities; and (2) internal processing and administration of Government-aid contracts.

### ***Investigations and security***

The excess of cargo space over available cargo during the year resulted in an ever-increasing number of complaints of malpractice on the part of carriers, shippers, freight forwarders, and other persons subject to the shipping acts. These malpractices included alleged rebating and other unfair and discriminatory practices on the part of terminal operators, freight forwarders, and carriers, and unapproved agreements within the scope of section 15 of the Shipping Act, 1916. As a consequence, the Federal Maritime Board continued to put emphasis on its regulatory activities necessitating an increased investigative workload in this area encompassing all phases of the handling and carriage of oceanborne traffic. During the year 49 cases were closed where it was determined no violation existed or compliance with the regulations was obtained administratively, or hearings were held and Board orders were issued or are pending issuance. There remained at the end of the year 11 cases in various stages of formal hearing, 3 cases pending at the Department of Justice awaiting action as to possible prosecution, 46 cases under investigation, and 56 investigated cases awaiting final disposition.

The security program with respect to the internal management of the Federal Maritime Board/Maritime Administration continued in accordance with the provisions of Executive Orders 10450 and 10501.

## Finance

### *Financial relationships with contractors*

Activities in connection with the establishment of financial requirements, and obtaining compliance therewith, for companies having contracts or negotiating contracts with the Federal Maritime Board and the Maritime Administration increased during the fiscal year primarily because of the finalization of new construction in completing trade-out-and-build transactions, development of the ship replacement programs under operating-differential subsidy contracts, and the processing of applications for ship loan and mortgage insurance. During the last 6 months of the year, due to the generally depressed operating conditions in the shipping industry, more frequent and detailed analyses of financial statements and projections of profit and loss were required to determine the proper course of action by the Government in protecting its interest under the various contracts to which it is a party.

### *Accounting*

Accounting operations were maintained on a current basis and in accordance with principles and standards prescribed by the Comptroller General of the United States. Financial statements of the Federal Maritime Board and Maritime Administration are contained in the exhibits and schedules following the text of this report.

Of the 51 agents under National Shipping Authority operations originating in 1951, 46 were inactive as of June 30, 1959, and the accounts of 31 had been closed. Release agreements have been executed with 20 of the closed agents.

### *Audits*

Expenses eligible for subsidy under operating-differential subsidy contracts have, except for protection and indemnity insurance expense, been audited through the calendar year 1956, resulting in payments of up to 90 percent of accrued operating-differential subsidy covering such expenses. Audits of annual subsidy accountings were completed during the current fiscal year for 11 subsidized operators, covering varying subsidy periods from 1947 through the calendar year 1955, resulting in payments to the operators of the final 10 percent of accrued operating-differential subsidy. Audits of bareboat charter agreements have, for the most part, been deferred, awaiting settlement of pending litigation with many of the charterers. Audit functions relating to ship construction, reconversion, and repair contracts are being performed on a current basis. Additional recapture

due the Government, approximating \$333,000, resulted from audits completed during the fiscal year.

The balances in the statutory Capital and Special Reserve Funds as of June 30, 1959, aggregated \$169,000,888 and \$130,040,121, respectively, and are set forth, by operators, in appendix G. Such balances amounted to \$137,300,343 and \$117,259,457, respectively, as of the beginning of fiscal year 1959.

In addition to mandatory deposits, subsidized operators are permitted with approval of the Maritime Administrator, to make voluntary deposits from earnings otherwise available for dividends into the statutory reserve funds on a tax-deferred basis. Voluntary deposits aggregating \$19,066,000 for nine operators were approved during the fiscal year, and the application of an operator for \$500,000 was pending approval at the close of the fiscal year.

### ***Insurance***

During the fiscal year legislation was introduced to transfer to the Department of Labor responsibility for the payment of seamen's benefits provided for under Public Law 449, 78th Congress (this legislation, Public Law 86-233 was enacted on September 8, 1959). In this connection there were paid benefits totaling \$147,500 for the year ending June 30, 1959.

As a result of competitive bids, insurance against protection and indemnity risks was provided by the National Automobile & Casualty Insurance Co. of Los Angeles, effective April 1, 1959, covering ships operated by general agents of the National Shipping Authority for the Military Sea Transportation Service.

During fiscal year 1959, under the recapture provisions of the wartime protection and indemnity insurance agreement, \$125,000 was recovered from underwriters; to date recoveries total \$47,950,000. As of June 30, 1959, the underwriters are retaining as a reserve for the settlement of outstanding claims the sum of \$1,333,561.

Under the Maritime Administration self-insurance program, hull marine and war risk insurance, as well as second seamen's insurance, continued to be assumed on its Government-owned vessels. Second seamen's insurance remained in effect on 27 Department of the Navy contract-operated tankers. As of June 30, 1959, after 66 months under this arrangement, payments totaling \$33,419 were made and approximately \$51,500 was set aside as a reserve for pending claims, resulting in a net premium saving estimated at \$47,500. Upon the request of the Department of the Navy, the Maritime Administrator agreed to furnish war risk hull insurance on 12 newly constructed supertankers chartered by the Military Sea Transportation Service from private owners, in the event that such insurance, presently underwritten commercially, becomes unavailable, or is available only at a prohibitive premium. Under the charter provisions, any increase over the agreed basic premium is for the account of the Military Sea Transportation Service. To date, no request has been received to provide this coverage.

During the fiscal year 1959, under the stand-by war risk insurance program as authorized under Title XII, Merchant Marine Act, 1936, as amended, 369 new war risk insurance binders were issued. On June 30, 1959, binders reported outstanding were as follows: 1,032 war risk hull; 962 war risk protection and indemnity, and 865 war risk second seamen. Since the inception of the program net binder fees and binder extension fees of \$343,962 were received, and a total of \$134,929 in expenses and fees was incurred, of which \$113,648 was paid to the underwriting agent.

The Maritime Administration continued during the fiscal year to collect monthly premiums on war risk builder's risk insurance underwritten as authorized under subpart E of General Order 75 (Revised). From inception of the program to June 30, 1959, 72 war risk builder's risk policies had been issued and premiums totaling \$794,150 were received. Subpart F of General Order 75 (Revised) provides for war risk insurance on cargoes in the event of war, provided commercial insurance is not available on reasonable terms and conditions. Of the 27 contracts executed with cargo underwriting agents, 21 remain in effect.

The Maritime Administration approved original insurance or renewals thereof obtained in commercial markets by mortgagors, charterers, and subsidized operators, in the following amounts:

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine hull.....	\$2, 112, 552, 958	47	53
Marine Protection and indemnity.....	1, 686, 020, 896	54	46
War risk hull.....	3, 073, 735, 437	6	94
War risk protection and indemnity.....	2, 874, 350, 922	2	98

### ***Notes and accounts receivable***

Of the balance of accounts receivable on June 30, 1959, totaling approximately \$17 million, an amount approximating \$665,582 represents items on which active collection efforts were required. The remainder of the balance is made up of additional charter hire to be collected at the time of final accountings, amounts referred to the Department of Justice, accrued construction costs to be settled upon completion of ship construction, matters pending in a claim or litigation status, and accounts on the books of National Shipping Authority general agents. Of billings during the fiscal year totaling \$37,994,830, only \$193,970, or approximately one-half of 1 percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies. This does not include items totaling \$7,271,154 on which collection efforts must await legal and other basic determinations.

### ***Claims***

The following reflects the claims settled under the Suits in Admiralty Act during the year: one claim, upon which \$8,000 was

claimed, resulted in a settlement but no return in favor of the Government, and five claims amounting to \$301,182 were settled against the Government for \$9,491.

## **Legal Activities**

There were rendered, for internal and external use, services and opinions with respect to the legal aspects or problems involved in all of the programs and activities of the Federal Maritime Board/Maritime Administration. In addition, discussions and contacts were maintained with representatives of the shipping industry and other Government agencies with respect to legal matters involved in the administration of the maritime laws, the formulation of policy and the administration of programs related thereto. Specifically, there follows the more significant legal activities in the broad fields of contract administration, legislation, and litigation.

### ***Contract administration***

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, the details of which are described in other sections of this report. These matters involved considerations of executive and administrative policy and the application and interpretation of statute and judicial decisions.

### ***Legislation***

Testimony, statements, and reports to congressional committees and/or reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget, were prepared on maritime legislation enacted into law covering the following: amendment of section 2 of the Shipping Act, 1916, with respect to citizenship; amendment of the Renegotiation Act of 1951; extension of war risk insurance provisions of Title XII, Merchant Marine Act of 1936; amendments to Title XI, Merchant Marine Act, 1936, to authorize standby mortgage insurance on existing vessels and to authorize the deposit of funds in escrow and thus provide an unconditional guarantee by the United States of bonds secured by insured mortgages; and Public Laws 86-3 and 86-70 insofar as such public laws related to the maritime field. In addition, efforts were directed to proposed legislation covering ship warrants standby authority; tax-deferred deposits of ship earnings; Merchant Marine Academy personnel status; custom duties on foreign repairs to Government-owned ships; authorization of appropriation to build a nuclear-powered tanker; aid in developing, constructing, and operating nuclear-powered merchant ships; dual rate compensation; superliner construction aid; construction of an experimental hydrofoil vessel; clarification of respective admiralty jurisdiction of the Court of Claims and district courts; and amendments to sections 510 and 511 of the Merchant Marine Act of 1936.

Including the foregoing, the Maritime Administration/Federal Maritime Board, through its representatives, testified or submitted prepared statements or reports on some 150 legislative bills and proposals.

### ***Litigation***

A substantial portion of pending litigation was composed of claims for and against the Government under the Merchant Ship Sales Act of 1946. A new category of litigation developed through the filing of 13 libels by charterers claiming a total of \$1,873,052, with the principal portion of the total sum being for disallowed expenses alleged as incidental to the breaking out of 61 vessels from the national defense reserve fleet preparatory to the bareboat charter of such vessels to the claimants during the years 1956 and 1957. Two new suits for refund of additional charter hire under postwar charters of war-built ships were filed, making a total of 42 cases pending before the courts. In this category there are an estimated \$40 million in claims against the Government and about \$4 million due the Government for unpaid charter hire. Of great importance to the Government's possible liability was a request to the U.S. Supreme Court to review a decision of the Court of Appeals (2d Cir.), involving the right of a retired judge to participate in a decision en banc affecting 14 of these charter-hire cases (the Court of Appeals, with the retired judge's vote being decisive, had reversed an earlier decision in favor of the Government on the question of time bar and remanded the 14 cases to the district court for the hearing of evidence). In the category of claims alleging the invalidity of this agency's prior sales settlements, the Court of Claims rendered an adverse decision in one of seven suits, as a result of which the Government has requested a hearing on the facts before a commissioner (the seven suits involve claims totaling \$1,357,461). A district court decision dismissing a suit for refund of \$1,427,991 charter hire, based on the alleged impropriety of computing hire on a floor price higher than the unadjusted statutory sales price, was affirmed on appeal. Among other claims pending were a suit involving class and related work on war-built ships in the amount of \$384,881, and three suits totaling \$886,258 which concern the validity of conditions to foreign transfers imposed by the agency.

In addition to the foregoing, four suits for slotting and strapping and class work totaling \$362,200, together with counterclaims by the Government were dismissed pursuant to a stipulated settlement. Another slotting and strapping suit for \$99,600 was dismissed after administrative settlement for \$49,800. One suit by a citizen involving a claim for desirable features refund was settled for \$16,600, leaving a total of 14 such suits by citizens, involving 23 vessels, and totaling \$141,136, still pending. This agency has 76 receivables for desirable features, totaling \$550,836, against foreign buyers under the 1946 act, after settling 30 of such claims for a total of \$69,663. An overall settlement with the Norwegian Government and its citizens involving various pending desirable-features claims resulted in the dismissal of

two Court of Claims suits and the net payment by this Government of \$6,136.

Cases filed during the year which do not involve the 1946 act include Court of Claims suits by American President Lines, Ltd., for \$304,863 involving capital necessarily employed under its operating-differential subsidy agreement, and by Union Oil Co. of California for \$51,729 for charter hire on three obsolete tankers from the date of its agreement to sell to the Government to the dates of delivery. Decisions during the period in other cases include *United States v. T. Y. Fong*, U.S.D.C., N.D. Calif., holding the Government entitled to \$1,027,000 for failure to timely scrap vessels purchased, and *United States v. Biloxi Boat Wrecking Company*, U.S.D.C., W.D. Pa., denying the Government's claim for \$86,000 as damages for failure to timely scrap vessels purchased on the ground the vessels had been substantially scrapped within the period allowed.

During the fiscal year there were before the courts nine cases involving determinations and orders of the Federal Maritime Board in its regulation of rates, charges, and practices of carriers in the foreign trades of the United States and in the administration of the operating-differential subsidy program. Of these, the following four were disposed of: (a) *Ezra Taft Benson v. United States of America*, an appeal from an order of the Board approving an exclusive patronage contract/noncontract rate system in which the Court of Appeals (D.C. Cir.) remanded the proceedings to the Board in the light of the recent decision of the U.S. Supreme Court (*Federal Maritime Board v. Isbrandtsen Co.*, 356 U.S. 481) and this year's interim legislation (Public Law 85-626, 72 Stat. 574); (b) *Grace Line Inc. v. Federal Maritime Board*, in which the Court of Appeals (2d Cir.) reversed and remanded a Board order requiring that the Grace Line offer space on a common-carriage basis to banana shippers (the Board has since issued a new decision which also has been appealed by Grace Line); (c) *Anglo Canadian Shipping Company, Ltd. v. United States of America*, in which the Court of Appeals (9th Cir.) set aside an order of the Board and remanded the proceedings to the Board for further action relative to the legality of a shipper's exclusive patronage agreement in use by the Pacific Coast European Conference; and (d) *Pacific Far East Line v. Federal Maritime Board* (D.D.C.), an appeal from a decision of the Board denying to the petitioner permission to carry cargo from west coast ports to Hawaii, in which the Board's motion for summary judgment was granted.

Other pending cases of importance include the tanker *Jeanny* explosion litigation (*Sheffield Tankers Corp. v. United States*, U.S.D.C., N.D. Calif.) in which the court held during the past year that the Government may limit its liability to the value of the vessel in damaged condition, if it can show that there was no privity or knowledge involved.

## Regulatory Activities

During fiscal year 1959, cargo offerings continued to decline in the foreign trade of the United States. The reduced offerings resulted in intensified efforts of the steamship lines to obtain a share of the available cargo. These efforts, while generally legitimate, did give rise to an increased number of complaints and protests as to the employment of unfair practices, such as cutting of established tariff rates, misbilling and misclassification of freight. A number of these complaints and protests were under investigation and if supporting evidence is obtained, they will be the subject of formal proceedings before the Board to determine violations of the Shipping Act, 1916. The conference lines were confronted with a difficult situation arising out of the uncertain legal status of the conference contract system. This situation appears to have been an invitation to some unscrupulous member lines to violate the provisions of their conference agreement. It was anticipated that congressional clarification of the status of the contract/noncontract system of ratemaking would improve this situation. In this connection the Federal Maritime Board proposes to submit to the Congress recommendations which will: (a) advocate that steamship conferences are desirable and necessary; (b) subscribe to the principle that fair freight rates and rate stability are in the interest of the foreign commerce of the United States and are of greater importance than cutrate open competition; (c) advocate the legalization of the contract rate system as being essential to the preservation of stability of rates and services in ocean foreign commerce; and (d) provide for appropriate modifications to the shipping statutes to accomplish the foregoing and to otherwise enable the Board to discharge its regulatory responsibilities.

The domestic offshore trades witnessed a greater use of container ships, which has made possible the through movement of goods to the offshore territories and possessions of the United States in an ever-increasing volume. In many instances this has resulted in reduced expenditures to the carrier, who has endeavored to share this saving with the shippers in the form of lower freight rates. Even when no reduction in freight rates has followed, there has been a saving in transportation costs to the shipper through economies in packing and reduced port costs. Accordingly, the growth of container traffic has brought many new problems requiring solution through the regulation of container carriage based upon sound principles. One of the principal matters of concern is that under certain conditions container rates may become another form of rate cutting, and this was receiving the attention of carriers and the Board.

The admission of Alaska to statehood will present a number of problems with respect to the domestic offshore trade. In this connection, when Alaska was a Territory the Board accepted single-factor through tariffs which included the essential link of water carriage, but also embraced transportation to inland points of delivery in Alaska. Although recognizing that this could present serious reg-

ulatory problems, the Board felt justified in taking this step in view of the benefits to the conduct of trade which would follow. With the advent of statehood these single-factor through rates have created a possible conflict in jurisdiction. The Board feels that this may be best overcome by the creation of a joint board, through appropriate legislation, which will make possible the coordination of transportation by land, sea, and air without materially impairing or interfering with the regulatory duties or developmental functions of the existing agencies.

### ***Conference and other agreements***

The Federal Maritime Board approved 84 new agreements, 79 agreement modifications, and 17 agreement cancellations. Among agreements approved were five conference agreements, two of which were between steamship lines for fixing of freight rates in the trades to the Great Lakes and to North Atlantic ports from Scandinavian and Baltic ports, and three of which were between common carriers by motor, who also operate as nonvessel common carriers by water, for fixing of rates on household goods in the trades between U.S. ports and various foreign destinations, Hawaii/Puerto Rico/Guam, and Alaska.

The Board instituted on its own motion two investigations with respect to agreements filed for approval concerning the effects of: (a) operation under a new conference agreement providing for fixing rates in the trade from U.S. Great Lakes ports to Great Britain, Northern Ireland and Eire, where there is presently in operation a rate-fixing conference agreement; and (b) operation under an agreement between Matson Navigation Co., Isthmian Lines, Inc., Matson Orient Line, Inc., and States Marine Corp. of Delaware, with respect to the common carrier service which Matson Orient proposes to operate between U.S. Atlantic ports to the Far East. The Board also instituted on its own motion two investigations with respect to agreement and practices pertaining to freighting agreement of the Gulf and South Atlantic Havana Steamship Conference.

### ***Rates—foreign***

Freight and passenger rate filings totaled 22,317. Examinations were made for ambiguities in tariff descriptions and classifications which lead to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices. In this connection, the Board, on its own motion, instituted an investigation with respect to misclassification of container blanks transported from U.S. Atlantic ports to Venezuela.

### ***Rates—U.S. territories and possessions***

Freight and passenger rate filings totaled 3,235, which included filings for 75 new services, 22 of which embrace the specialized transportation of household goods and personal effects. Sixty-four tariffs were rejected for failure to comply with the Board's tariff regula-

tions. Sixty-five special permission applications to establish rates or fares or waive certain tariff regulations on less than statutory notice were filed, 52 of which the Board approved, while 13 of them were denied by the Board or withdrawn by the applicant.

The Board, on its own motion, instituted: (a) an investigation with respect to misclassification of paper products transported from the United States to Puerto Rico, and (b) investigation into the lawfulness of the reduced rates of the Alaska Freight Lines between U.S. Gulf and midwest points and points in Alaska.

### ***Terminal tariffs***

A total of 2,095 tariff schedules were received and examined for compliance with formal rulings of the Board, court decisions, and shipping laws.

### ***Freight forwarders***

After proposed legislation to license and further regulate ocean freight forwarders failed to pass in the 85th Congress, the Board resumed its formal forwarder proceedings in dockets 765 and 831. Public hearings in these dockets were held covering: (a) lawfulness of various practices of ocean freight forwarders; (b) consideration of proposed rules and regulations governing ocean freight forwarders; and (c) review of previous decisions relative to the payment of brokerage and other fees, and determination of the Board's authority to limit payment of brokerage. At the close of the year these cases were pending hearing examiners' recommended decision.

The number of persons holding certificates of registration as ocean freight forwarders decreased to 1,494. The decrease resulted from cancellation of 286 registrations, while only 181 new registrations were granted. The Maritime Administration continued to furnish a list of U.S. citizen forwarders to other Government agencies concerned with the movement of Government-sponsored cargoes. The Board published its annual list of all registrants including those of foreign citizenship.

## **Proceedings Before Hearing Examiners**

At the beginning of the fiscal year, 67 formal proceedings were pending, and there were filed during the fiscal year 743 regulatory and 18 subsidy cases, and 8 cases were returned to the docket for further proceedings by reopening or remand, making a total of 836 cases. The Board and/or Administrator heard oral argument in 22 cases and issued final reports in 25 cases. Sixteen cases were disposed of without report.

### ***Final decisions of the Board and/or Administrator***

Docket No. 771—*Banana Distributors, Inc. v. Grace Line Inc.*, and docket No. 775—*Arthur Schwartz v. Grace Line Inc.* The Board's supplemental report found that: (1) respondent, in the operation of freighters and combination

vessels between ports on the west coast of South America and U.S. Atlantic ports, was a common carrier by water subject to the provisions of the Shipping Act, 1916; (2) the practice of contracting all refrigerated space on respondents' vessels to three shippers was found to be unjustly discriminatory and unduly and unreasonably prejudicial and disadvantageous in violation of the Shipping Act, 1916; and (3) forward-booking arrangements of 2-year periods, under which respondent's refrigerated space would be equitably prorated among qualified banana shippers, found to be not unjustly discriminatory.

Docket No. 799—*Aleutian Homes, Inc. v. Coastwise Line et al.* It was found that respondent carrier violated section 18 of the Shipping Act, 1916, and section 2 of the Intercoastal Shipping Act, 1933, in misclassifying shipments of prefabricated houses, and in failing to file terminal charges with the Board, resulting in overcharges to complainant. Reparation was awarded to complainant.

Docket No. 800—*Empire State Highway Transportation Association, Inc., and New Jersey Motor Truck Association, Inc. v. American Export Lines, Inc., et al.*; Docket No. 801—*Truck Loading and Unloading of Waterborne Cargo at New York—Investigation of Rates and Practices of Parties to Agreement No. 8005*; and Docket No. 821—*In the Matter of Agreement No. 8005-1 Between American Export Lines, Inc., American President Lines, Ltd., Bull-Insular Line, Inc., American Stevedores, Inc., International Terminal Operating Co., Inc., et al.* The Board found that (a) respondents' Tariffs No. 3 and 4 were not found to be new agreements or modifications of an agreement within the meaning of section 15 of the Shipping Act, 1916; (b) the general level rates in Tariff No. 3 were not shown to be unjustly discriminatory or unfair or detrimental to commerce or in violation of the Shipping Act, 1916; but failure of respondents properly to comply with the express provisions of Agreement No. 8005 and the tariffs issued thereunder were found to be in violation of section 17 of the Shipping Act, 1916; (c) the general level of rates in Tariff No. 4 were not shown to be unjustly discriminatory or unfair or detrimental to commerce or in violation of the Shipping Act, 1916, but rates on iron, steel, and tinplate in this tariff were found unreasonably high in relation to other rates, and therefore unjustly discriminatory and unfair and detrimental to commerce; (d) the provisions that extra charge for loading or unloading cargo weighing more than 6,000 pounds to be determined by negotiation, found to be an unjust and unreasonable practice in violation of section 17 of the Shipping Act, 1916; (e) the agreement No. 8005-1, insofar as it would eliminate "no service" with respect to truck unloading found not to be unjustly discriminatory or unfair or detrimental to commerce or in violation of the Shipping Act, 1916, was approved as modified; and (f) the complainants were shown not to have been injured and not entitled to reparations.

Docket No. 817—*Nickey Brothers, Inc., et al. v. Associated Steamship Lines (Manila Conference), American Mail Line, Ltd., et al.* It was found that respondents' rates on Philippine mahogany logs from the Philippine Islands to Atlantic and gulf ports of the United States were unduly prejudicial to and unjustly discriminatory against the logs and the complainant receivers thereof, and unjustly preferential of Philippine mahogany sawn lumber and the shippers and receivers thereof, in violation of section 16 First and 17 of the Shipping Act, 1916, to the extent that the rates on logs exceeded the rates on bundled lumber. The respondents were ordered to abstain from these violations.

Docket No. 820—*Brokerage on Shipments of Ocean Freight—Maw LePack, Jack Pollack, Phyllis Pollack, Lynne Forwarding, Inc., United Export Clothing Co., Inc., Bimor Textile Company, Inc.* The Board found that respondent, Lynne Forwarding, Inc., made collections of ocean freight brokerage during the period of April 1952 through 1956, under circumstances which resulted in violation of General Order 72 and of section 16 of the Shipping Act, 1916, and its Freight Forwarder Registration was revoked. All respondents, except Phyllis Pollack, were found to have knowingly and willfully, directly or indirectly, by unjust or unfair device or means, obtained transportation by water for property at less than the rates or charges which would otherwise be appli-

cable, in violation of section 16 of the Shipping Act, 1916, and this matter was referred to the Department of Justice for appropriate action. The proceeding was dismissed as to Phyllis Pollack, respondent.

Docket No. 823—*Classification and Billing of Glass Tumblers as Empty Glass Jars Hazel-Atlas Glass Company, Inge & Company.* It was found that respondent Hazel-Atlas Glass Co., knowingly and willfully, by means of false classification obtained transportation by water for property at less than rates or charges which would be otherwise applicable, in violation of section 16 of the Shipping Act, 1916. Hazel-Atlas Glass Co. appealed the Board's decision. As to respondent Inge & Co., the proceeding was remanded to the presiding examiner.

Docket No. 824—*Classification and Billing of Certain Manufactured Glass-ware Items as Glass Bottles and/or Jars—Markt & Hammacher Company.* The respondent Markt & Hammacher Co., a shipper, was found to have knowingly and willfully, by means of false classification obtained transportation by water for property at less than rates or charges which would otherwise be applicable, in violation of section 16 of the Shipping Act, 1916, and was ordered by the Board to abstain from such practices.

Docket No. 828—*General Increases in Alaska Rates and Charges.* The Board found that the proposed increased rates and charges, and regulations and practices of respondents were just and reasonable.

Docket No. 844—*Asgrow Export Corp., Phoenix Shipping Co., Inc., Agents v. The Hellenic Lines, Ltd.* It was found that there was no violation of sections 14 Fourth, 16 and 17 of the Shipping Act, 1916.

Docket No. S-57—*States Marine Corporation and States Marine Corporation of Delaware—Application for Operating-Differential Subsidy in the Tri-Continent Service, U.S. Pacific Coast/Far East Service and U.S. Gulf Coast/Mediterranean Service;* and No. S-57 (Sub-No. 1), S-57 (Sub-No. 2)—*States Marine Corporation and States Marine Corporation of Delaware—Application for Written Permission Under Section 805(a), Merchant Marine Act, 1936.* The Board found that (a) Section 605(c) of the Merchant Marine Act, 1936, does not interpose a bar to the granting of an operating-differential subsidy contract to States Marine Corp. and States Marine Corp. of Delaware for the operation of vessels in the Tri-Continent, Gulf Mediterranean, and in the transpacific services (number of sailings were prescribed); (b) section 605(c) interposed a bar to the award of an operating-differential subsidy contract to States Marine Lines for inbound service on Trade Route 30 from the Far East to the Pacific Northwest with vessels other than those which sailed outbound on Trade Route 30; inbound service to Hawaii from the Far East; inbound service to the Gulf from Europe on Trade Route 21 in the Tri-Continent service; and service between the Gulf and the Azores on Trade Route 13 sailings; (c) the continuation of a Pacific-Atlantic lumber service to the extent of 24 to 36 annual sailings, and a Pacific-Gulf intercoastal service to the extent of 14 to 17 eastbound sailings and 24 westbound sailings, by States Marine Lines would not result in unfair competition to domestic operators, and would not be prejudicial to the objects and policy of the act; (d) the continuation of Isthmian Lines, Inc., in the U.S. Atlantic-Hawaii leg of its U.S. Atlantic/Gulf-Hawaii service would not result in unfair competition to domestic operators and would not be prejudicial to the objects and policy of the act.

Docket No. S-60—*Isbrandtsen Company, Inc.—Application for Operating-Differential Subsidy Agreement—Eastbound Round-the-World Service;* and Docket No. S-60 (Sub-No. 1)—*Isbrandtsen Company, Inc.—Application for Written Permission Section 805(a).* Found that the present service by U.S.-flag vessels in the eastbound round-the-world service was inadequate and that additional vessels should be operated thereon, and accordingly section 805(c) of the Merchant Marine Act, 1936, does not constitute a bar to the award of an operating-differential subsidy contract to Isbrandtsen for its eastbound round-the-world service except as to the Azores. Continuation by Isbrandtsen of its eastbound intercoastal services from California to Puerto Rico, from

Puerto Rico to Norfolk, and from California to Norfolk, Baltimore, and New Haven, in conjunction with its eastbound round-the-world service, found not to constitute unfair competition under section 805(a) of the act, or to be prejudicial to the objects and policy of the act.

Docket No. S-64—*Isbrandtsen Company, Inc.—Application for Operating-Differential Subsidy on Trade Route No. 32*. It was found that U.S.-flag service between North Atlantic ports of the United States and the United Kingdom, Germany, Holland, Belgium, Atlantic France, and northern Spain was inadequate, and additional vessels should be operated thereon, and accordingly, section 605(c), Merchant Marine Act, 1936, does not interpose a bar to the granting of an operating-differential subsidy contract to Isbrandtsen Co., Inc., for the operation of cargo vessels in such service.

Docket No. S-67—*T. J. McCarthy Steamship Company—Application for Section 805(a) Permission*. This proceeding was remanded to examiner for further hearing under section 805(a) of Merchant Marine Act, 1936.

Docket No. S-77—*Oceanic Steamship Company—Application for Written Permission Under Section 805(a), Merchant Marine Act, 1936*. Written permission was granted to Oceanic Steamship Co. under section 805(a) of the Merchant Marine Act, 1936, permitting its parent company, Matson Navigation Co., to charter the latter's owned C-3 vessel, SS *Hawaiian Fisherman*, or a similar substitute owned vessel, to States Marine Corp. of Delaware, for a single one-way intercoastal voyage from Seattle, Wash., to U.S. Gulf and North Atlantic ports with a full load of lumber. It was found that granting of such permission did not result in unfair competition to any person operating exclusively in the coastwise or intercoastal trade and was not prejudicial to the objects and policy of the Merchant Marine Act, 1936.

Docket No. S-79—*The Oceanic Steamship Company—Application Under Section 805(a)*. The Board found that one voyage by SS *Lurline* commencing on or about January 6, 1959, between San Francisco and Seattle, Seattle and Hawaii, and Seattle and California ports via Hawaii, would not result in unfair competition to any person, firm, or corporation engaged exclusively in the domestic trade, nor be prejudicial to the objects and policy of the Merchant Marine Act, 1936.

Docket No. S-80; Docket No. S-90—*Moore-McCormack Lines, Inc.—Applications Under Section 805(a)*. It was found that one voyage by the SS *Robin Mowbray*, commencing on or about December 4, 1958, carrying a full cargo of lumber from U.S. North Pacific ports to U.S. North Atlantic ports, and one voyage by the SS *Mormacsun*, commencing on or about June 2, 1959, carrying a full cargo of lumber from U.S. North Pacific ports to U.S. Gulf or North Atlantic ports, would not result in unfair competition to any person, firm, or corporation engaged exclusively in the coastwise or intercoastal service, and not prejudicial to the objects and policy of the Merchant Marine Act, 1936.

Docket No. S-82; Docket No. S-94—*American President Lines, Ltd.—Applications Under Section 805(a)*. It was found that the carriage of passengers booked by the Military Sea Transportation Service from California to Hawaii aboard the SS *President Hoover*, sailing outbound on or about February 5, 1959, and one sailing inbound on or about July 29, 1959, would not result in unfair competition to any person, firm, or corporation engaged exclusively in the domestic trade, nor be prejudicial to the objects and policy of the Merchant Marine Act, 1936.

### ***Recommended Decisions of Hearing Examiners***

Docket No. 827—*Philip R. Consolo v. Flota Mercante Grancolombiana, S.A.*; Docket No. 835—*Flota Mercante Grancolombiana, S.A.—Carriage of Bananas from Ecuador to the United States*; and Docket No. 841—*Banana Distributors, Inc. v. Flota Mercante Grancolombiana, S.A.* It was found that (a) respondent Flota Mercante Grancolombiana, S.A., by refusing to allocate refrigerated space to complainants for the carriage of bananas from Ecuador to U.S. Atlantic ports, and at the same time leasing all such space to another shipper, violates

section 14 Fourth and 16 First of the Shipping Act, 1916; and (b) Flota should cancel its existing contracts for the carriage of bananas from Ecuador to the Atlantic and Gulf coasts of the United States, and its refrigerated space should be prorated on a fair and reasonable basis among existing shippers and all qualified applicants therefor under forward-booking arrangements of 2 years.

Docket No. 830—*Agreements Nos. 8225 and 8225-1, Between Greater Baton Rouge Port Commission and Cargill, Inc.* The agreement between port and its lessee leasing port's grain elevator to lessee to operate as a public terminal facility was found not subject to filing and approval under section 15 of shipping Act, 1916. However, it was found that said agreement as modified to give lessee exclusive right to stevedore vessels loading grain at terminal would be detrimental to commerce, and would result in unreasonable regulations and practices relating to the delivery of property.

Docket No. 833—*Maatschappij "Zeetransport" N.V. (Oranje Line) et al. v. Anchor Line Limited et al.*; Docket No. 834—*Agreement No. 840, Between Anchor Line Limited, The Bristol City Line of Steamships Ltd., et al.*; Docket No. 840—*Petition of Anchor Line Ltd., et al. Parties to Agreement No. 840*; and Docket No. 843—*In the Matter of Agreement No. 8440, Between Anchor Line, Limited, The Bristol City Line of Steamship Ltd., et al. and the Protest of Oranje Line, et al., Against Approval Thereof.* The proceedings were consolidated for hearing and report. In No. 833, it was found that respondents have not been shown to have engaged in concerted rate action, cooperative pooling and sailing arrangements, or a conspiracy to drive complainants from the United States Great Lakes-United Kingdom trade, in violation of sections 14 Second and 15 of the Shipping Act, 1916. In No. 840, it was found that the Board has power to act, under the Shipping Act, 1916, with respect to Agreements Nos. 8140 and 8130 covering the trades between United States and Canadian Great Lakes ports and ports on the St. Lawrence River, Nova Scotia, Newfoundland, and New Brunswick, on the one hand, and ports of the United Kingdom, on the other, notwithstanding that the agreements embrace also the foreign commerce of nations other than the United States; and that the subject agreements have not been shown to be detrimental to the commerce of the United States or otherwise in contravention of the Shipping Act, 1916. In Nos. 834 and 843, it was found that approval of proposed Agreements Nos. 8400 and 8440 in substantially the same trade area as is covered by existing approved Agreements Nos. 8140 and 8130 would be detrimental to the commerce of the United States, and that the proposed agreements should not be approved.

Docket No. S-67—*T. J. McCarthy Steamship Company—Application for Section 805(a) Permission.* It was found that if an operating-differential subsidy be granted to applicant on Trade Route No. 32, the continued handling of automobiles on the Great Lakes from Detroit to Cleveland-Buffalo, and of bulk cargo between any and all ports on the Great Lakes, would not result in unfair competition to any person, firm, or corporation operating exclusively in the coastwise or intercoastal service, or be prejudicial to the objects and policy of the Merchant Marine Act, 1936. Written permission to engage in such trades should be granted.

Docket No. S-72—*Isthmian Lines, Inc.—Application for Operating-Differential Subsidy Agreement*; Docket No. S-74—*American President Lines, Ltd.—Application for Increase in Subsidized Sailings, Round-The-World Service*; Docket No. S-75—*American Export Lines, Inc.—Application for Increased Sailings on Trade Route 18*; and Docket No. S-76—*Central Gulf Steamship Corporation—Application for Operating-Differential Subsidy.* It was found that section 605 (c) of the Merchant Marine Act, 1936, would not be a bar to the granting of an operating-differential subsidy contract to Isthmian Lines, Inc., for an existing operation on its westbound round-the-world service and for existing and proposed operations on its India-Pakistan-Ceylon service and Persian Gulf service. Isthmian Lines, Inc., and its predecessor having been in continuous bona fide operation in the Atlantic and Gulf/Hawaii trade since 1934, Isthmian found entitled as a matter of law to permission under section 805(a) of the act to continue this service. Similarly, Isthmian's parent, States Marine Corp. of Dela-

ware, found entitled to continue its Gulf intercoastal general cargo service and its Pacific-Atlantic lumber service. Present and authorized service by U.S.-flag vessels in the round-the-world westbound service of American President Lines, Ltd., found not inadequate within the meaning of section 605(c) of the act which therefore interposes a bar to granting an operating-differential subsidy contract to American President Lines, Ltd., for operation of additional vessels thereon. The requested permission under section 805(a) of the act to operate such additional vessels in westbound intercoastal service should not be granted. U.S.-flag service from the Red Sea to California shown to be inadequate, wherefore American President Lines' operating-differential subsidy contract should be amended to authorize privilege calls by vessels in its westbound round-the-world service at Red Sea and Gulf of Aden ports for shipments to California. Section 605(c) of the act found not to be a bar to the granting of operating-differential subsidy aid to American Export Lines, Inc., and to Central Gulf Steamship Corp. for operation of additional vessels in the Persian Gulf service, present service by U.S.-flag vessels being inadequate.

Docket No. S-78—*American President Lines, Ltd.—Application Under Section 805(a), Merchant Marine Act, 1936.* It was found that American President Lines, Ltd., should be given permission under section 805(a), Merchant Marine Act, 1936, to operate its proposed "superliner" SS *President Washington* (and in interim the SS *President Hoover*) in the California-Hawaii passenger trade, subject to certain limitations. American President Lines, Ltd., was found to have "grandfather rights" under the proviso of section 805(a) in the operations of its transpacific passenger vessels in the California-Hawaii passenger trade.

Docket No. S-83—*Gulf & South American Steamship Co., Inc.—Application Under Section 605(c), Merchant Marine Act 1936.* It was found that Gulf & South American Steamship Co., Inc., is not operating an existing service between U.S. Gulf ports and the Panama Canal Zone, and as the present service by U.S.-flag vessels is inadequate, section 605(c) does not interpose a bar to the institution of the additional service proposed by Gulf & South American Steamship Co.

Examiners also issued decisions in dockets Nos. 799, 817, 824, 844, and S-64 described above under "Final decisions of the Board and/or Administrator."

### ***Pending proceedings***

At the close of the fiscal year there were 795 pending proceedings, of which 11 were initiated on the Board's own motion, and the remainder were instituted by formal complaints filed by conferences, trade associations, shippers, individual steamship operators and others.

## **International Maritime Affairs**

The Assembly of the Intergovernmental Maritime Consultative Organization (IMCO), a subsidiary organization of the United Nations and the first permanent intergovernmental organization in the field of maritime transport, held its first session in London on January 6, 1959. The Chairman of the Federal Maritime Board/Maritime Administrator was designated as the U.S. member of the Council of IMCO, a 16-nation body, which will carry on the functions of the organization between the biennial sessions of the Assembly.

Members of the Maritime Administration staff continued to serve on technical panels set up under the Commandant of the U.S. Coast Guard preparatory to the Safety of Life at Sea Conference, which will meet in London in the spring of 1960 under the auspices of IMCO.

During the year, various international organizations have initiated projects designed to promote uniformity in the law of all nations in regard to liability for injuries and damage arising out of the operation of nuclear reactors.

Of even greater interest has been the movement to adopt an international convention covering the liability of the owners and operators of nuclear-powered vessels as the local law of maritime nations should be uniform in regard to the liabilities incident to the operation of these ships. Early this year the International Maritime Committee, which is made up of the maritime law associations of all maritime nations, undertook the adoption of a draft convention on this subject. With the concurrence and assistance of other interested departments, Maritime has urged this group to complete a recommended draft as soon as possible, and has assisted the committee in the development of principles and concepts that will be acceptable to the United States as well as other maritime nations. If a definitive agreement is reached, the recommended convention will be presented to a diplomatic conference for final adoption on the intergovernmental level.

The 11th meeting of the Planning Board for Ocean Shipping met in London during April 1959. The Maritime Administrator headed the U.S. delegation. This meeting, among other things, approved continuing mobilization plans for the control and utilization of the NATO merchant fleets. Prior to this meeting, representatives of the Maritime Administration attended a meeting of the Special Working Group of PBOS held in London in September 1958, and also attended a meeting of the Senior Civil Emergency Planning Committee of NATO convened in Paris in October 1958.

The Maritime Administration participated in informal intergovernmental shipping talks held under the auspices of the Department of State in June 1959. These talks, involving a discussion of the U.S. shipping policy, with respect to cargo preference, subsidy and flags of convenience, were the result of requests from the Governments of Belgium, Denmark, France, Federal Republic of Germany, Italy, Norway, Sweden, the United Kingdom and the Netherlands.

In other areas of international significance: (a) a Maritime Administration official represented the United States at the Second Meeting of the Permanent Technical Committee on Ports held in Montevideo, Uruguay, in June 1959; (b) the Maritime Administration continued to work closely with the Department of State in providing supervision and instruction programs for foreign nationals training in this country as United Nations fellows or trainees of the International Cooperation Administration; and (c) at the request of the International Cooperation Administration, the Maritime Administration agreed to participate in a joint project for the reorganization of the Merchant Marine Training Academy of the Republic of Indonesia.

The agency continued to cooperate with the Department of State in combating discriminatory actions by foreign governments which denied parity to American merchant shipping. This was of particular

concern during the fiscal year because of the decline in the volume of U.S. foreign commerce carried in U.S.-flag vessels. In an effort to protect U.S.-flag vessels, the Federal Maritime Board adopted a proposed rule which would be invoked when negotiations with a foreign government or agencies thereof fail to eliminate discriminatory practices found to exist. Such rule would impose equalizing fees or charges or regulations against vessels flying the flags of the discriminating countries or vessels of companies to which the discriminating countries have extended the same preferential treatment and/or the users of their services. Implementing this policy, the Board approved for publication a proposed rule for payment by exporters of a fee equal to 1 percent of the F.O.B. value of goods shipped from the United States to the Republic of Ecuador on vessels registered under that flag or via vessels to which that country has extended the same privileges.

---

---

# **FINANCIAL STATEMENTS**

---

---

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Balance Sheet—June 30, 1959 and 1958*

ASSETS	JUNE 30		LIABILITIES	JUNE 30	
	1959	1958		1959	1958
<b>CASH:</b>			<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES:</b>		
Fund balances with U.S. Treasury:			U.S. Government agencies:		
Operating funds.....	\$281,559,503	\$193,014,606	Advances.....	\$88,729,599	\$125,168,442
Trust and deposit funds.....	13,870,263	19,202,792	Accounts payable and accrued liabilities.....	323,340	345,708
Allocations from other agencies.....	10,947,712	17,500,833		89,052,939	125,514,150
	306,377,478	229,718,231	Accrued estimated operating-differential sub- dies less estimated recapturable subsidies of \$184,352,785, 1959; \$188,750,837, 1958 (note 6)....	128,207,408	102,219,531
Cash in banks.....	726,906	1,205,915	Vessel trade-in allowances payable.....	14,748,446	15,491,319
Cash on hand and in transit.....	41,947	289,911	Amounts due shipbuilders for construction of vessels.....	11,725,569	9,539,335
	307,146,331	231,214,057	Other accounts payable and accrued accounts....	3,060,986	4,204,871
<b>ADVANCES:</b>			Accrued annual leave.....	2,764,494	2,887,258
U.S. Government agencies.....	1,321,899	1,914,568	Deposits by contractors, amounts related to un- consummated transactions and unallocated col- lections.....	1,422,092	2,109,796
Others.....	30,672	72,908	Amounts withheld from employees for purchase of savings bonds and payment of taxes.....	691,467	600,741
	1,352,571	1,987,476	Miscellaneous deferred credits.....	8,955	66,810
<b>NOTES AND ACCOUNTS RECEIVABLE:</b>				251,683,256	262,633,811
U.S. Government agencies.....	1,468,717	2,220,572	<b>NET UNTERMINATED VOYAGE REVENUE</b> (untermi- nated voyage revenue less untermimated voyage expense totaling \$278,920, 1959; \$659,251, 1958).....	20,261	(30,853)
Domestic firms and individuals.....	17,065,506	12,148,535			
Foreign governments and nationals.....	639,936	1,327,449	<b>RESERVES:</b>		
	19,174,159	15,696,556	For estimated claims in connection with vessels sold under the Merchant Ship Sales Act of 1946....		4,865,635
Less allowance for doubtful notes and accounts...	1,957,555		For estimated liabilities under assumed insurable risks on operated vessels.....		217,713
	17,216,604	15,696,556	For estimated expense of restoring vessels to the reserve fleet.....		201,346
<b>ACCRUED INTEREST</b> (note 2):					5,284,694
On mortgage loans receivable.....	1,829,760	2,751,211			
On notes and accounts receivable.....	78,332	121,550			
	1,908,092	2,872,761			
<b>MATERIALS AND SUPPLIES</b> (note 3).....	9,247,009	9,105,381			

MORTGAGE LOANS RECEIVABLE (note 2):				BORROWINGS FROM THE U.S. TREASURY BY THE			
Domestic firms.....	172,342,431	191,033,919		FEDERAL SHIP MORTGAGE INSURANCE REVOLVING		1,400,000	-----
Foreign governments and nationals.....	34,210,654	43,974,081		FUND.....			-----
	<u>206,553,085</u>	<u>235,008,000</u>		EQUITY OF THE U.S. GOVERNMENT (exhibit 3).....	<u>3,148,199,091</u>	<u>4,856,044,174</u>	-----
VESSLS OWNED (at cost or assigned amounts) (note 4):	4,440,077,162	4,291,162,997					
Less allowance for losses from scrapping of obsolete vessels.....	1,895,000,000	-----					
	<u>2,545,077,162</u>	<u>4,291,162,997</u>					
VESSLS UNDER CONSTRUCTION (note 5).....	99,762,791	129,046,238					
LAND AND SITE DEVELOPMENT, STRUCTURES AND EQUIPMENT (at cost, estimated cost or assigned amounts) (note 4):							
Reserve shipyards.....	79,239,102	78,077,380					
Marine terminals.....	44,235,749	44,232,397					
Maritime service training facilities.....	24,244,322	23,990,829					
Reserve fleet sites.....	20,621,696	19,848,324					
Warehouses.....	3,781,468	3,750,442					
Administrative offices.....	1,864,031	1,840,146					
Closed installations—permitted or leased.....	59,432	-----					
	<u>174,045,800</u>	<u>171,739,518</u>					
Construction in progress.....	2,429,998	652,371					
	<u>176,475,798</u>	<u>172,391,889</u>					
OTHER ASSETS:							
Mobilization inventories of materials and supplies (note 3).....	35,344,872	34,140,625					
Deferred charges and other miscellaneous items...	1,218,293	1,305,846					
	<u>36,563,165</u>	<u>35,446,471</u>					
	<u>\$3,401,302,608</u>	<u>\$5,123,931,826</u>			<u>\$3,401,302,608</u>	<u>\$5,123,931,826</u>	

The notes to financial statements are an integral part of this statement.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Operations for the Years Ended June 30, 1959 and 1958*

	YEAR ENDED JUNE 30	
	1959	1958
<b>OPERATIONS OF MARITIME ADMINISTRATION:</b>		
Operating activities:		
Revenues and reimbursements:		
Maintenance of reserve fleet vessels.....	\$2,294,128	\$1,355,244
Maritime training program.....	71,894	33,889
Operation of warehouses.....	123,114	73,726
Maintenance of reserve shipyards.....	203,468	560,912
	<u>2,692,604</u>	<u>2,023,771</u>
Costs and expenses:		
Maintenance of reserve fleet vessels.....	8,004,869	8,218,736
Maritime training program.....	3,486,790	3,231,475
Operation of warehouses.....	777,933	837,703
Maintenance of reserve shipyards.....	786,579	797,529
	<u>13,056,171</u>	<u>13,085,443</u>
Net costs and expenses:		
Maintenance of reserve fleet vessels.....	5,710,741	6,863,492
Maritime training program.....	3,414,896	3,197,586
Operation of warehouses.....	654,819	763,977
Maintenance of reserve shipyards.....	583,111	236,617
	<u>10,363,567</u>	<u>11,061,672</u>
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 6).....	149,271,496	142,736,715
Adjustment of estimated recapturable subsidies.....	4,908,306	-30,885,210
	<u>154,179,802</u>	<u>111,851,505</u>
Construction-differential subsidies.....	28,827,262	27,369,148
Cost of national defense features.....	334,513	1,174,263
Cost of national defense allocations.....	863,306	-----
	<u>184,204,883</u>	<u>140,394,916</u>
Administrative expenses.....	<u>9,642,265</u>	<u>8,350,325</u>
Other costs and expenses:		
Loss on vessels sold, lost or abandoned.....	185,509,214	42,112,295
Loss on sale of fixed assets, other than vessels.....	505,347	2,847,777
Loss on sale of surplus material and scrap.....	481,860	420,771
Inventory and other property adjustments.....	-1,345,157	-394,983
Research and tests.....	1,544,654	1,422,318
Cost of repairing reserve fleet vessels.....	94,786	626,373
Miscellaneous.....	58,676	18,738
	<u>186,849,380</u>	<u>47,053,289</u>
Other income:		
Interest earned on notes and mortgages receivable.....	7,514,647	9,134,148
Miscellaneous.....	519,579	324,742
	<u>8,034,226</u>	<u>9,458,890</u>
Other costs and expenses (net).....	<u>178,815,154</u>	<u>37,594,399</u>
Net cost of current year operations (note 4).....	<u>383,025,869</u>	<u>197,401,312</u>
<b>ADJUSTMENTS APPLICABLE TO PRIOR YEARS:</b>		
Write off of reserves for estimated claims in connection with vessels sold under Merchant Ship Sales Act of 1946.....	-4,859,445	-----
Adjustment of charter hire revenue of years prior to 7/1/56.....	-6,585,857	-----
Net charges arising from adjustment and settlements related principally to World War II activities.....	1,730,887	534,721
Participation in profits of World War II insurance syndicates.....	-125,000	-75,000
	<u>-9,839,415</u>	<u>459,721</u>
<b>NET COST OF MARITIME ADMINISTRATION OPERATIONS.....</b>	<u>373,186,454</u>	<u>197,861,033</u>
Net income from National Shipping Authority operations (schedule 1).....	339,178	11,814,011
Net income from War Risk Insurance Program.....	351,681	334,000
Net income (-loss) from Federal Ship Mortgage Insurance Program.....	629,459	-117,591
	<u>1,320,318</u>	<u>12,030,420</u>
<b>NET COST OF COMBINED OPERATIONS.....</b>	<u>\$371,866,136</u>	<u>\$185,830,613</u>

\* Includes reconstruction-differential subsidy of \$7,065,416, 1959 and \$4,731,608, 1958.

The notes to financial statements as an integral part of this statement

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Equity of the United States Government for the Years Ended  
June 30, 1959 and 1958*

	YEAR ENDED JUNE 30	
	1959	1958
<b>BALANCE, BEGINNING OF YEAR</b> .....	\$4, 856, 044, 174	\$4, 846, 556, 102
<b>ADDITIONS:</b>		
Funds appropriated by the Congress excluding 1959 funds of \$371,500 transferred to the Department of Commerce.....	286, 908, 118	122, 242, 258
Recorded value of 70 vessels transferred from the Department of the Navy in fiscal year 1959 and 43 vessels in fiscal year 1958.....	341, 186, 244	141, 201, 979
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	1, 498, 732	864, 458
Capitalization of dredging costs charged to cost of operations in previous years.....	1, 030, 200	-----
Equipment transferred from U. S. Government agencies (net).....	837, 194	121, 901
Materials and supplies transferred from or (-) to U. S. Government agencies (net).....	142, 542	-42, 799
Accounts receivable due from foreign governments transferred from the Department of State.....	138, 447	-----
Contributions received for construction of Chapel at the United States Merchant Marine Academy, Kings Point, N. Y.....	72, 783	206, 511
Settlement of accounts payable by General Accounting Office.....	9, 355	-----
Inventories of materials and supplies recovered from the Grain Storage Program for the Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$2,103,583 in fiscal year 1959 and \$2,423,108 in fiscal year 1958, which were reimbursed.....	3, 797	94, 209
	631, 827, 412	264, 688, 517
	5, 487, 871, 586	5, 111, 244, 619
<b>REDUCTIONS:</b>		
Net cost of operations (exhibit 2).....	371, 866, 136	185, 830, 613
Provision for estimated losses on scrapping of obsolete vessels.....	1, 895, 000, 000	-----
Payments into General Fund of the U. S. Treasury.....	49, 286, 520	51, 201, 072
Recorded cost of 1 vessel transferred to the Department of the Navy in fiscal year 1959 and 6 vessels in fiscal year 1958.....	10, 082, 427	12, 100, 200
Recorded cost of 1 vessel transferred to the Department of the Army.....	-----	1, 711, 270
Part of cost of the SS <i>Tulane</i> , MA Hull 32, constructed for and delivered to the Department of the Navy.....	8, 881, 482	-----
Write off of recorded value of 9 vessels sunk during World War II determined to be non-salvageable.....	-----	421, 534
Recorded cost of 1 vessel transferred to the Department of the Air Force.....	1, 971, 590	-----
Provision for estimated losses on doubtful notes and accounts receivable not previously recorded.....	1, 957, 555	-----
Equipment donated to state agencies.....	300, 198	57, 579
Materials and supplies donated to state agencies.....	119, 986	112, 957
Proceeds of settlement of accounts receivable retained by the Department of Justice.....	-----	125, 000
Unobligated balance of appropriations transferred to Treasury Department (net of restoration of \$11,899 in fiscal year 1959 and \$14,897 in fiscal year 1958.....	112, 304	286, 703
Adjustment of reserve established to reduce the value of vessels by the cost of the original complement of outfitting items and spare parts that were removed during prior years.....	94, 297	28, 691
Cost of accrued annual leave not previously recorded.....	-----	2, 887, 258
Adjustment of cost of leasehold improvements made by Port of New York Authority to Hoboken Terminal.....	-----	437, 568
	2, 339, 672, 495	255, 200, 445
<b>BALANCE, CLOSE OF YEAR</b> .....	\$3, 148, 199, 091	\$4, 856, 044, 174

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION  
DEPARTMENT OF COMMERCE**

**Statement of Sources and Application of Funds for the Year Ended June 30, 1959**

<b>SOURCES:</b>		
Funds appropriated by the Congress.....		\$286,908,118
Collections on mortgage loans receivable.....		28,454,915
Funds advanced by other Government agencies.....		8,573,080
Proceeds from sale of vessels owned.....		8,285,129
Funds provided by the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....		1,498,732
Funds borrowed from U.S. Treasury.....		1,400,000
Working capital transferred from other Government agencies (net).....		294,141
Contributions received for construction of Chapel.....		72,733
Proceeds from sale of fixed assets other than vessels.....		32,740
Total funds provided.....		<u>\$335,519,638</u>
<b>APPLICATION:</b>		
Net cost of operations (per Statement of Operations).....	\$371,866,136	
Items considered in net cost of operations:		
Loss on fixed assets sold, lost or abandoned:		
Vessels.....	-185,509,214	
Other.....	-505,347	
Payments into General Fund of U.S. Treasury.....		\$185,851,575
Expenditures for vessels owned and under construction.....		49,286,520
Expenditures for land and site development, structures and equipment, including construction in progress.....		30,287,032
Provision for losses on doubtful notes and accounts receivable.....		3,189,188
Warehouse material transferred to mobilization inventories.....		1,987,555
Materials and supplies donated to state agencies.....		1,069,859
Unobligated balance of appropriations transferred to U.S. Treasury (net).....		119,986
Increase in working capital (per summary below).....		112,304
Total funds applied.....		<u>\$335,519,638</u>

**Summary of Changes in Working Capital**

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1959	1958	Increase	Decrease
<b>ASSETS:</b>				
Cash.....	\$307,146,331	\$231,214,057	\$75,932,274	-----
Advances.....	1,352,571	1,987,476	-----	\$634,905
Notes and accounts receivable.....	17,216,604	15,696,556	1,520,048	-----
Accrued interest.....	1,908,092	2,872,761	-----	964,669
Materials and supplies.....	9,247,009	9,105,381	141,628	-----
Other assets.....	1,218,293	1,305,846	-----	87,553
Total.....	<u>338,088,900</u>	<u>262,182,077</u>	-----	-----
<b>LIABILITIES:</b>				
Accounts payable and other liabilities.....	\$ 173,751,381	\$ 156,256,597	-----	17,494,784
Reserves.....	-----	5,284,694	5,284,694	-----
Net untermintated voyage revenue.....	20,261	-30,853	-----	51,114
Total.....	<u>173,771,642</u>	<u>161,510,438</u>	-----	-----
WORKING CAPITAL.....	<u>164,317,258</u>	<u>100,671,639</u>	-----	-----
INCREASE IN WORKING CAPITAL.....	-----	-----	-----	63,645,619
			<u>\$82,878,644</u>	<u>\$82,878,644</u>

\* Disbursement of \$77,931,875 in 1959 and \$106,377,214 in 1958 for vessel construction cost for other Government agencies offset against liabilities for advances received.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION  
DEPARTMENT OF COMMERCE**

**Notes to Financial Statements—June 30, 1959 and 1958**

1. The balance sheets and the statements of operations include transactions recorded in the accounts of certain steamship companies which operated vessels for the Administration under General Agency agreements.

2. Mortgage loans receivable at June 30, 1959, included one mortgage with principal balance of \$157,050 and accrued interest of \$3,195 and at June 30, 1958 six mortgages with principal balance of \$1,706,851 and accrued interest of \$786,293, which had been declared in default on or before that date.

3. Inventories of materials and supplies are valued at stock catalog prices which represent cost or estimated cost to the Administration. No consideration was given to the physical condition of the inventories in establishing these prices.

4. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include allowances for depreciation on tangible fixed assets. As a result of this practice recorded losses on sales of fixed assets are greater, and other recorded net costs and expenses are less than they would have been if depreciation were recognized in the accounts.

5. Included in vessels under construction at June 30, 1959, are 11 vessels with accrued construction costs of \$72,685,824, and at June 30, 1958, 14 vessels with accrued construction costs of \$118,752,056 which have been delivered to the Department of the Navy. The value of these vessels will be transferred when total actual construction costs have been determined.

6. The net operating-differential subsidies payable to each subsidized operator are determinable only after termination of the recapture period provided by the individual contracts, generally a ten-year period. Therefore the estimated recapture amount of \$184,352,785 at June 30, 1959, and \$188,750,837 at June 30, 1958, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The provision for operating-differential subsidies of \$149,271,496 for the year ended June 30, 1959, includes approximately \$1 million applicable to prior years, whereas the provision of \$142,736,715 for the year ended June 30, 1958, includes a reversal of approximately \$5 million provided in prior years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$190,803,188 at June 30, 1959, and \$78,589,686 at June 30, 1958. Commitments to insure additional loans and/or mortgages amounted to \$66,310,342 at June 30, 1959, and \$139,692,212 at June 30, 1958. There were also conditional liabilities for pre-launching War Risk Builders Risk Insurance of \$70,876,590 at June 30, 1959, and \$78,176,707 at June 30, 1958.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 448 claims against the Administration aggregating \$100,499,131 at June 30, 1959, and 574 claims aggregating \$139,410,298 at June 30, 1958. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 157 claims in favor of the Administration aggregating \$15,190,097 at June 30, 1959, and 144 claims aggregating \$15,502,017 at June 30, 1958. Many of the claims both against or in favor of the Administration represent adjustments of preliminary settlements and others require original determinations to be made. Based on previous experience, it is anticipated that settlements of these claims will be made for amounts substantially less than the gross amounts of the claims.

9. At June 30, 1959, the Administration was obligated to return to their owners \$4,142,000 of United States Government securities. At June 30, 1958, the obligation was \$4,960,350 of United States Government securities and \$160,000 of municipal bonds. These securities had been accepted from vessel charterers, subsidized operators, and other contractors to assure performance under contracts, and are held for safekeeping in the United States Treasury.

## Schedule I

### FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

#### Statement of Operations of National Shipping Authority for the Years Ended June 30, 1959 and 1958

	YEAR ENDED JUNE 30	
	1959	1958
<b>SHIPPING OPERATIONS:</b>		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 36, 1959; 58, 1958):		
Revenue.....	\$5,265,583	\$8,972,237
Expenses.....	5,313,497	8,007,949
Gross profit (—loss) from vessel operations.....	—47,914	964,288
Chartering of vessels to others.....	849,320	13,862,772
Total gross income from shipping operations.....	801,406	14,827,060
<b>NONSHIPPING OPERATIONS:</b>		
Vessel reactivation costs.....	164,682	1,927,254
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)....	386,927	3,043,478
Costs of testing and operation of NS <i>Savannah</i> .....	86,758	—
Miscellaneous expenses.....	76,124	547,515
	714,491	5,518,247
<b>Less:</b>		
Reimbursement of vessel reactivation costs.....	140,152	2,037,972
Reimbursement of vessel deactivation costs.....	404,085	1,040,296
Reimbursement of costs of testing and operation of NS <i>Savannah</i> .....	17,212	—
Miscellaneous income.....	774,492	722,079
	1,335,941	3,800,347
Net cost (—income) of nonshipping operations.....	—621,490	1,717,900
	1,422,856	13,109,160
<b>ADMINISTRATIVE EXPENSES.....</b>	<b>1,083,678</b>	<b>1,295,149</b>
<b>NET INCOME FROM OPERATIONS.....</b>	<b>\$339,178</b>	<b>\$11,814,011</b>



---

---

## **APPENDIXES**

---

---

## APPENDIX A

### Summary of Operating-Differential Subsidy Contracts as of June 30, 1959

Name of operator	Expiration date of agreement	Number of ships assigned on June 30, 1959	
		Passenger and cargo combination	Cargo
American Banner Lines, Inc.....	Dec. 31, 1977	1	-----
American Export Lines, Inc.....	Dec. 31, 1965	4	24
American Mail Line Ltd.....	Dec. 31, 1978	-----	9
American President Lines, Ltd.....	Dec. 31, 1976	5	19
Bloomfield Steamship Company.....	Dec. 31, 1963	-----	4
Farrell Lines Incorporated.....	Dec. 31, 1977	-----	14
Grace Line Inc.....	Dec. 31, 1977	11	22
Gulf & South American Steamship Co., Inc.....	Dec. 31, 1978	-----	5
Lykes Bros. Steamship Co., Inc.....	Dec. 31, 1977	-----	54
Mississippi Shipping Company, Inc.....	Dec. 31, 1977	3	11
Moore-McCormack Lines, Inc.....	Dec. 31, 1977	2	40
The Oceanic Steamship Company.....	Dec. 17, 1972	2	4
Pacific Far East Line, Inc.....	Dec. 31, 1978	-----	9
States Steamship Company.....	Dec. 31, 1977	-----	13
United States Lines Company:			
Cargo Service.....	Dec. 31, 1969	-----	55
SS AMERICA.....	Dec. 31, 1960	1	-----
SS UNITED STATES.....	June 20, 1967	1	-----

## APPENDIX B

### *Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended*

Company	Vessel	20 years of age	Scheduled replacement
<b>APPROVED DURING FISCAL YEAR 1959</b>			
American Mail Line Ltd.-----	AMERICAN MAIL-----	1965	1968
	OREGON MAIL-----	1965	1968
	INDIA MAIL-----	1963	1965
Grace Line Inc.-----	CANADA MAIL-----	1964	1965
	SANTA MALTA-----	1964	1967
	SANTA MARIANA-----	1964	1967
	SANTA VICTORIA-----	1965	1967
	SANTA REGINA-----	1963	1964
	SANTA CRISTINA-----	1965	1966
Gulf & South American Steamship Co., Inc.	SANTA ALICIA-----	1965	1966
	GULF BANKER-----	1964	1965
	GULF SHIPPER-----	1964	1965
Pacific Far East Line, Inc.-----	GULF MERCHANT-----	1964	1965
	GOLDEN MARINER-----	1974	1974
United States Lines Company-----	KOREAN BEAR-----	1975	1975
	AMERICAN PRODUCER-----	1963	1964
	AMERICAN PLANTER-----	1963	1964
	AMERICAN MILLER-----	1963	1965
	AMERICAN SCIENTIST-----	1963	1965
	AMERICAN PACKER-----	1963	1965
	AMERICAN CHIEF-----	1964	1965
	AMERICAN BUILDER-----	1965	1966
	AMERICAN VETERAN-----	1965	1966
	AMERICAN PRESS-----	1965	1966
	AMERICAN FLYER-----	1965	1966
	AMERICAN MANUFACTURER-----	1965	1966
	AMERICAN FORESTER-----	1965	1966
	PIONEER TIDE-----	1966	1966
	PIONEER COVE-----	1966	1968
	PIONEER REEF-----	1963	1968
	PIONEER SURF-----	1964	1968
	PIONEER ISLE-----	1964	1968
	AMERICAN PILOT-----	1965	1968
	PIONEER GLEN-----	1965	1968
	PIONEER STAR-----	1965	1968
	PIONEER GEM-----	1965	1969
	AMERICAN MERCHANT-----	1965	1969
	AMERICAN SHIPPER-----	1965	1969
	AMERICAN FORWARDER-----	1966	1969
	AMERICAN IMPORTER-----	1966	1969
	AMERICAN CLIPPER-----	1966	1969
	AMERICAN SCOUT-----	1966	1969
	AMERICAN TRAVELER-----	1966	1969
<b>APPROVED IN PRIOR FISCAL YEARS</b>			
American Export Lines, Inc.-----	EXPLORER-----	1959	1962
American President Lines, Ltd.-----	PRESIDENT HARRISON-----	1963	1966
	PRESIDENT JOHNSON-----	1963	1966
	PRESIDENT VAN BUREN-----	1963	1966
	PRESIDENT MCKINLEY-----	1966	1966
	PRESIDENT MONROE-----	1960	1963
	PRESIDENT POLK-----	1961	1963
	PRESIDENT HOOVER-----	1959	1961
	PRESIDENT TAFT-----	1965	1966
Farrell Lines Incorporated-----	AFRICAN PILOT-----	1964	1964
	AFRICAN PATRIOT-----	1964	1964
	AFRICAN GLEN-----	1965	1965
	AFRICAN PLANET-----	1966	1967
	AFRICAN RAINBOW-----	1966	1967
	AFRICAN CRESCENT-----	1966	1967
	AFRICAN LIGHTNING-----	1967	1969
	AFRICAN MOON-----	1967	1969
Grace Line Inc.-----	SANTA JUANA-----	1962	1967
	SANTA ADELA-----	1962	1967
	SANTA CRUZ-----	1962	1968
	SANTA FLAVIA-----	1963	1967
	SANTA ELIANA-----	1964	1969
	SANTA ANITA-----	1964	1968
	SANTA LEONOR-----	1964	1969
	SANTA FE-----	1964	1968

**Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended—Continued**

Company	Vessel	20 years of age	Scheduled replacement
APPROVED IN PRIOR FISCAL YEARS—Continued			
Grace Line Inc.—Continued	SANTA ANA.....	1960	1964
	SANTA TERESA.....	1960	1964
	SANTA MERCEDES.....	1964	1966
	SANTA PAULA.....	1952	1958
Lykes Bros. Steamship Co., Inc.....	SUE LYKES.....	1965	1966
	FREDERICK LYKES.....	1960	1966
	ALMERIA LYKES.....	1965	1966
	TILLIE LYKES.....	1965	1966
	DOCTOR LYKES.....	1965	1966
	NORMAN LYKES.....	1965	1967
	LIPSCOMB LYKES.....	1965	1967
	HOWELL LYKES.....	1960	1967
	MALLORY LYKES.....	1963	1967
	HELEN LYKES.....	1964	1967
	SYLVIA LYKES.....	1965	1968
	GIBBES LYKES.....	1964	1968
	FRANK LYKES.....	1964	1968
	GENEVIEVE LYKES.....	1964	1968
	MASON LYKES.....	1964	1968
	BRINTON LYKES.....	1964	1969
	SHIRLEY LYKES.....	1963	1969
	MARION LYKES.....	1964	1969
	FRED MORRIS.....	1964	1970
	GEORGE LYKES.....	1964	1970
	ADABELLE LYKES.....	1964	1970
Moore-McCormack Lines, Inc.....	ROBIN LOCKSLEY.....	1961	1962
	MORMACSEA.....	1961	1962
	MORMACTIDE.....	1961	1962
	ROBIN SHERWOOD.....	1961	1962
	MORMACTERU.....	1962	1963
	MORMACMAR.....	1963	1963
	MORMACREED.....	1963	1963
	MORMACSUN.....	1963	1963
	ROBIN TRENT.....	1963	1964
	ROBIN GRAY.....	1963	1964
	ROBIN KIRK.....	1963	1964
	ROBIN MOWBRAY.....	1963	1965
	MORMACTEAL.....	1964	1965
	MORMACDOVE.....	1964	1965
	MORMACOWL.....	1964	1965
	MORMACWIND.....	1964	1966
	MORMACWREN.....	1964	1966
	MORMACOAK.....	1964	1966
	MORMACWAVE.....	1964	1966
	MORMACREY.....	1964	1967
	MORMACSURF.....	1964	1967
	ROBIN GOODFELLOW.....	1965	1968
	MORMACGUIDE.....	1965	1968
	MORMACPINE.....	1965	1968
	ROBIN HOOD.....	1965	1968
	MORMACHAWK.....	1965	1969
	MORMACELM.....	1965	1969
	MORMACRIO.....	1965	1969
	MORMACFIR.....	1965	1970
	MORMACGULF.....	1966	1970
	MORMACISLE.....	1966	1970
	MORMACDAWN.....	1966	1970
	MORMACLAND.....	1966	1971
	MORMACMAIL.....	1966	1971
	MORMACPENN.....	1966	1971
	MORMACSAGA.....	1967	1971
Mississippi Shipping Co., Inc.....	ARGENTINA.....	1949	1959
	DEL VALLE.....	1964	1965
	DEL ORO.....	1964	1966
	DEL SANTOS.....	1964	1965
	DEL MUNDO.....	1964	1965
	DEL ALBA.....	1964	1964
	DEL SOL.....	1964	1964
States Steamship Company.....	CHINA TRANSPORT.....	1963	1966
	JAPAN TRANSPORT.....	1961	1966
	AMERICA TRANSPORT.....	1961	1967
	PHILIPPINE TRANSPORT.....	1964	1967
	PACIFIC TRANSPORT.....	1965	1967
	C. E. DANT.....	1973	1973

## APPENDIX C

### New Ship Construction on June 30, 1959

	Number of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Basic contract cost	Maritime Administration contract cost (including national defense allowances)	Owner	Owner's contract cost
<b>Ships under construction:</b>									
Title VII Merchant Marine Act of 1936.....	1	T5-S-RM2a..	Ingalls S/B Corp....	15,600	August 1959....	\$10,097,600	\$10,097,600	Maritime Administration.	-----
Title V Merchant Marine Act of 1936.....	2	C3-S-38a.....	New York S/B Corp.	20,000	September 1960..	22,841,966	11,085,816	American Export....	\$11,756,150
Do.....	2	C3-S-38a.....	Nat. Steel & S/B....	20,000	September 1960..	23,509,002	11,159,084	American Export....	12,349,918
Do.....	4	C3-S-46a.....	Nat. Steel & S/B....	43,348	July 1962.....	44,142,079	21,571,680	American Export....	22,570,399
Do.....	2	C4-S-1q.....	Beth. Pac. Coast....	25,000	March 1961.....	29,132,000	9,924,000	American Pres. Lines.	19,208,000
Do.....	5	C3-S-37a.....	Ingalls S/B Corp....	45,000	September 1960..	48,180,135	21,530,135	Lykes Bros. SS....	26,650,000
Do.....	4	C3-S-37a.....	Beth. Sparrows Pt..	36,000	October 1961....	36,688,000	16,488,000	Lykes Bros. SS....	20,200,000
Do.....	2	C3-S-33a.....	Sun S/B & DD Co....	18,400	May 1960.....	21,243,886	10,143,506	Moore-McCormack..	11,100,380
Do.....	2	C3-S-33a.....	Todd Shipyards.....	18,400	February 1961..	22,024,842	10,710,662	Moore-McCormack..	11,314,180
Do.....	3	C3-S-33a.....	Sun S/B & DD Co....	27,600	February 1961..	30,196,542	14,316,450	Moore-McCormack..	15,880,092
Do.....	3	C3-S-43a.....	Avondale Marine Ways.	28,044	November 1961..	29,408,154	14,438,154	Mississippi Shipping.	14,970,000
Economy Act of 1932.....	1	S2-S-RM28a..	Nat. Steel & S/B....	2,400	September 1959..	5,813,243	-----	Coast and Geodetic.	5,813,243
Public Law 848, 84th Congress.....	1	P2-N1-MA 40(a).	New York S/B Corp.	12,220	March 1960.....	*30,881,046	14,222,987	Maritime Administration.	-----
Conversion under Title V.....	1	C4-S-1p.....	Todd Shipyards.....	9,217	August 1959....	1,800,400	582,609	Amer. President Lines.	1,217,791
Do.....	2	C3-S-45a.....	Maryland S/B & DD.	20,400	January 1960...	6,895,919	3,364,299	Grace Line.....	3,531,620
<b>Total ships under construction.</b>	<b>35</b>	-----	-----	<b>341,629</b>	-----	<b>\$326,854,814</b>	<b>\$169,634,982</b>	-----	<b>\$176,561,773</b>

\*Includes funds chargeable to Atomic Energy Commission Appropriations.

## APPENDIX D

**Employment of United States Flag Merchant Ships as of June 30, 1959, Oceangoing Ships of 1,000 Gross Tons and Over**

(Excludes ships on the inland Waterways, the Great Lakes, and those owned by the U.S. Army and Navy and special types, such as cable ships, tugs, etc.)

[Tonnage in thousands]

Status and area of employment	Total			Combination passenger and cargo			Freighters			Tankers		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
<i>Total all ships</i> <sup>1</sup> .....	3,021	24,042	33,345	<sup>2</sup> 287	2,750	1,944	<sup>3</sup> 2,325	16,690	24,131	<sup>4</sup> 409	4,602	7,271
<i>Active ships</i> .....	937	8,568	12,415	38	508	338	624	4,716	6,783	275	3,344	5,294
United States foreign trade.....	556	4,647	6,403	36	471	323	480	3,659	5,251	40	517	829
Maritime Administration ships.....	29	209	267	-----	-----	-----	29	209	267	-----	-----	-----
Chartered.....	25	177	237	-----	-----	-----	25	177	237	-----	-----	-----
General agency agreement.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
For United States agency operations.....	4	32	30	-----	-----	-----	4	32	30	-----	-----	-----
Panama Canal Company.....	2	20	13	2	20	13	-----	-----	-----	-----	-----	-----
Privately owned.....	525	4,418	6,122	34	451	310	451	3,450	4,984	40	517	829
For commercial operations.....	500	4,081	5,583	34	451	310	446	3,413	4,931	20	217	343
For United States agency operations.....	25	337	539	-----	-----	-----	5	37	53	20	300	486
United States domestic trade.....	375	3,857	5,912	2	37	14	142	1,042	1,512	231	2,777	4,386
Maritime Administration ships.....	1	4	6	-----	-----	-----	1	4	6	-----	-----	-----
Chartered.....	1	4	6	-----	-----	-----	1	4	6	-----	-----	-----
General agency agreement.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Privately owned.....	374	3,853	5,906	2	37	14	141	1,038	1,506	231	2,777	4,386
Foreign to foreign—privately owned.....	6	65	101	-----	-----	-----	2	15	21	4	50	79
<i>Inactive ships</i> .....	2,084	15,474	20,930	249	2,242	1,607	1,701	11,973	17,348	134	1,258	1,977

Temporarily inactive.....	120	1,044	1,579	4	44	31	55	376	554	61	623	905
Maritime Administration ships.....	11	79	93	1	18	8	10	61	85			
Chartered.....	7	39	53				7	39	53			
General agency agreement.....	4	40	40	1	18	8	3	22	32			
Privately owned.....	109	965	1,486	3	26	23	45	315	469	61	623	905
Maritime Administration reserve fleet.....	1,964	14,430	19,351	245	2,198	1,576	1,646	11,598	16,794	73	635	982

<sup>1</sup> Excludes the following Government-owned ships originally constructed as merchant types but not available for commercial purposes since they are under the custody of the Defense, State and Interior Departments:

	26	178	220	1	13	6	22	155	202	3	10	12
--	----	-----	-----	---	----	---	----	-----	-----	---	----	----

<sup>1</sup> Excludes the following United States Government-owned tonnage transferred to—

U.S.S.R. (lend-lease).....	83	519	785
----------------------------	----	-----	-----

<sup>2</sup> Includes ships originally constructed as combination passenger and cargo ships and freighters, later converted to troop transports, hospital ships, etc., and not reconverted to their original types.

<sup>3</sup> Includes ships converted to store ships, repair ships, cargo attack, etc.

<sup>4</sup> Includes tankers converted to distilling ships.

NOTE: Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

## APPENDIX E

*Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1959**Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over by Ship Type, Country in Which Built and for Whom Built*

(Excludes ships built for operation on the Great Lakes, inland waterways, Armed Forces, and special types such as tugs, ferries, cable ships, etc.)

[Tonnage in thousands]

Registry for which built	Total		Country in which built															
			United States		United Kingdom		Sweden		Netherlands		France		Japan		Germany		All others	
	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	Number	Dead-weight tons
<b>SUMMARY—FREIGHTERS AND TANKERS</b>																		
Total.....	822	12,586	30	1,153	153	1,963	54	1,043	53	680	36	615	149	2,839	150	1,956	197	2,337
United States.....	17	506	17	506	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
United Kingdom.....	149	1,942	-----	-----	121	1,499	2	52	4	40	2	46	1	16	7	63	12	226
Sweden.....	28	548	-----	-----	-----	-----	21	432	-----	-----	1	33	-----	-----	3	39	3	44
Netherlands.....	27	389	-----	-----	-----	-----	-----	-----	16	230	-----	-----	1	32	8	93	2	34
Norway.....	119	1,872	-----	-----	8	136	25	424	11	141	3	47	-----	-----	31	587	41	557
Denmark.....	35	401	-----	-----	2	70	-----	-----	4	6	-----	-----	3	60	6	28	20	237
France.....	34	499	-----	-----	-----	-----	-----	-----	2	6	27	427	-----	-----	3	7	2	59
Italy.....	16	271	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	16	271
Japan.....	82	857	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	82	857	-----	-----	-----	-----
Germany.....	71	844	-----	-----	-----	-----	-----	-----	1	7	-----	-----	-----	-----	69	834	1	3
Liberia.....	78	2,543	10	484	5	72	3	86	5	98	1	14	40	1,486	8	216	6	87
All others.....	166	1,914	3	163	17	186	3	49	10	152	2	48	22	388	15	109	94	819

FREIGHTERS

Total	573	5,531			116	1,084	28	334	36	282	24	224	101	1,193	125	1,266	143	1,148	
United States																			
United Kingdom	111	997			95	875	1	13	2	3	1	10	1	16	4	8	7	72	
Sweden	12	156					9	128							1	3	2	25	
Netherlands	22	251							12	124					8	93	2	34	
Norway	76	791			4	52	15	164	7	44	2	27			21	257	27	247	
Denmark	24	127							4	6					6	28	14	93	
France	24	171							2	6	19	158			3	7			
Italy	8	98															8	98	
Japan	68	578											68	578					
Germany	66	710							1	7					64	700	1	3	
Liberia	34	712			4	53	1	20	2	28	1	14	17	462	4	67	5	68	
All others	128	940			13	104	2	9	6	64	1	15	15	137	14	103	77	508	

TANKERS

Total	249	7,055	30	1,153	37	879	26	709	17	398	12	391	48	1,646	25	690	54	1,189
United States	17	506	17	506														
United Kingdom	38	945			26	624	1	39	2	37	1	36			3	55	5	154
Sweden	16	392					12	304			1	33			2	36	1	19
Netherlands	5	138							4	106			1	32				
Norway	43	1,081			4	84	10	260	4	97	1	20			10	310	14	310
Denmark	11	274			2	70			4				3	60			6	144
France	10	328									8	269					2	59
Italy	8	173															8	173
Japan	14	279											14	279				
Germany	5	134													5	134		
Liberia	44	1,831	10	484	1	19	2	66	3	70			23	1,024	4	149	1	19
All others	38	974	3	163	4	82	1	40	4	88	1	33	7	251	1	6	17	311

COMBINATION PASSENGER AND CARGO SHIPS

	Number	Gross tons																
Total	10	120	3	45	2	40			4	32							1	3
United States	3	45	3	45														
United Kingdom	2	40			2	40												
Sweden																		
Netherlands	2	22							2	22								
Norway																		
Denmark	1	3															1	3
France																		
Italy																		
Japan																		
Germany																		
Liberia																		
All others	2	10							2	10								

## APPENDIX F

## Merchant Fleets of the World

## Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1959

(Excludes ships on the Great Lakes and inland waterways and special types such as channel ships, icebreakers, cable ships, etc., and merchant ships owned by any military force)  
[Tonnage in thousands]

Country of registry	Total			Type of vessel																	
				Combination passenger and cargo			Combination passenger and cargo refrigerated			Freighters			Freighters-refrigerated			Bulk carriers (including ore/oil carriers)			Tankers (including whaling tankers)		
	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons	Number	Gross tons	DWT tons
Total—All flags.....	17,106	115,015	162,074	1,230	9,587	6,680	50	712	464	11,183	58,821	85,684	396	2,403	2,559	940	5,838	9,058	3,307	37,654	57,629
United States.....	3,047	24,220	33,565	288	2,763	1,950				2,264	16,283	23,500	42	250	254	41	312	578	412	4,612	7,283
The British Commonwealth of Nations.....	3,140	21,792	28,615	243	2,206	1,451	34	611	400	1,781	9,830	13,907	155	1,399	1,576	310	1,355	1,893	617	6,391	9,388
United Kingdom.....	2,526	19,007	24,881	161	1,884	1,240	31	587	384	1,346	7,919	11,135	147	1,347	1,509	258	1,110	1,560	583	6,160	9,053
Australia.....	131	539	704	12	73	45				81	262	379				37	191	265	1	13	15
British Colonies.....	161	697	964	23	68	67	1	14	9	112	478	706	7	50	65	8	34	41	10	53	76
Canada.....	66	263	275	29	89	27				17	56	71				3	6	9	17	112	168
Ceylon.....	2	3	5							2	3	5									
Ghana.....	3	15	22							3	15	22									
India.....	127	679	982	10	51	57				115	612	902							2	16	23
New Zealand.....	61	225	258	5	34	10	2	10	7	49	167	226	1	2	2	3	9	10	1	3	3
Pakistan.....	31	174	255	1	4	2				28	158	236				1	5	8	1	7	9
Union of South Africa.....	32	190	269	2	3	3				28	160	225							2	27	41
Argentina.....	146	905	1,183	18	109	87	4	47	33	68	390	573	6	18	18	3	4	6	47	337	466
Belgium.....	87	636	857	10	106	93				57	324	464	4	13	13	3	23	34	13	170	253
Brazil.....	200	803	1,144	27	107	106				135	457	683				8	33	47	30	206	308
Chile.....	46	187	249	4	11	8				28	111	146				13	54	78	1	11	17
China.....	180	622	868	21	48	32				131	475	692				4	11	17	24	88	127
Colombia.....	24	95	138							21	80	115							3	15	23
Costa Rica.....	66	271	420	1	2	1				59	252	393				5	9	14	1	8	12
Cuba.....	20	61	84							17	57	79				1	1	1	2	3	4
Denmark.....	355	2,011	2,888	24	81	68	2	3	3	247	1,054	1,509	12	36	42	5	19	25	65	818	1,241
Finland.....	225	693	1,067	7	15	6				184	473	751				17	51	76	17	154	234
France.....	630	4,310	5,575	59	575	317	2	26	10	354	1,648	2,266	31	131	102	42	184	246	142	1,746	2,634
Germany.....	901	4,153	6,059	25	231	195	1	2	1	742	2,867	4,351	31	99	104	47	386	553	55	568	855

Greece	343	2,247	3,274	22	117	57	1	3	2	273	1,725	2,584				16	48	83	31	354	548
Honduras	36	158	207							22	94	146	13	56	50				1	8	11
Indonesia	31	81	94	9	32	28				18	32	47	1	8	8				3	9	11
Ireland	22	112	161							16	73	103				3	12	19	3	27	39
Israeli	39	218	271	6	54	27				30	136	201							3	28	43
Italy	697	4,745	6,448	80	731	404				420	2,159	3,255	13	50	49	36	259	385	148	1,546	2,355
Japan	915	5,450	7,969	22	101	102				752	3,946	5,741	10	53	58	22	162	253	109	1,188	1,815
Korea	29	103	156	2	3	4				22	85	132				1	2	3	4	13	17
Lebanon	27	77	122	1	2	2				21	61	96				5	14	24			
Liberia	1,018	11,609	18,387	9	86	66	1	2	2	490	3,465	5,152	3	11	6	103	1,087	2,051	412	6,958	11,110
Mexico	30	160	229							8	22	28	2	5	5				1	6	19
Netherlands	578	4,200	5,539	74	669	553				357	2,065	2,852	5	30	27	17	197	276	125	1,239	1,833
Norway	1,313	9,994	14,911	29	123	67	2	9	3	711	3,385	5,015	22	66	64	54	541	810	495	5,870	8,955
Panama	554	4,407	6,715	19	127	85				295	1,529	2,310	5	15	13	47	310	512	188	2,426	3,792
Peru	25	101	147	1	6	8				19	71	103				1	3	5	4	21	33
Philippines	27	100	142	4	8	8				21	90	131				1	1	2	1	1	6
Poland	102	453	635	2	23	15				81	358	521	3	10	9	10	22	29	6	40	61
Portugal	85	440	537	19	170	126				57	173	267							9	97	143
Spain	316	1,307	1,705	45	256	184	2	7	9	208	662	980	2	5	8	14	41	57	45	336	466
Sweden	578	3,320	4,815	27	182	141				370	1,294	1,985	23	102	98	52	496	685	106	1,246	1,906
Switzerland	20	116	176							19	106	162				1	10	14			
Turkey	130	524	689	292	134	86				91	325	503				2	4	5	8	61	99
United Arab Republic	34	146	176	16	61	62				18	60	75							4	25	33
U.S.S.R. <sup>1</sup>	819	3,072	4,189	7	395	291				581	1,906	2,807	9	35	42	42	139	192	111	597	853
Venezuela	45	223	344							12	45	69				5	17	38	28	161	233
Yugoslavia	104	453	693	6	23	28				89	375	578				3	15	27	6	40	60
All others	122	440	631	9	30	22	1	2	1	94	278	412	4	11	13	5	10	12	9	109	171

<sup>1</sup> Includes the following U.S. Government-owned ships transferred to U.S.S.R. under lend-lease agreement and still remaining under that registry

	83	519	785	1	5	5				79	496	752				2	11	17	1	7	11
--	----	-----	-----	---	---	---	--	--	--	----	-----	-----	--	--	--	---	----	----	---	---	----

## APPENDIX G

### *Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1959*

Operator	Capital Reserve Fund	Special Reserve Fund	Total
American Banner Lines, Inc. <sup>1</sup> .....	\$27,991,654	\$12,712,884	\$40,704,538
American Export Lines, Inc. ....	6,129,641	7,213,800	13,343,441
American President Lines, Ltd. ....	320,843	4,622,382	4,943,225
Bloomfield Steamship Company.....	124,783	816,417	941,200
Farrell Lines Incorporated.....	9,202,361	3,951,273	13,153,634
Grace Line Inc. ....	11,811,606	13,777,248	25,588,854
Gulf & South American Steamship Co., Inc. ....	1,715,396	3,259,052	4,974,448
Lykes Bros. Steamship Co., Inc. ....	88,952,942	42,108,431	131,061,373
Mississippi Shipping Company, Inc. ....	7,741,869	5,742,874	13,484,743
Moore-McCormack Lines, Inc. ....	2,526,127	13,764,097	16,290,224
Oceanic Steamship Company, The.....	725	725	725
Pacific Far East Line, Inc. ....	100,037	3,335,540	3,435,577
States Steamship Company.....	1,456,967	1,019,735	2,476,702
United States Lines Company.....	10,925,937	17,716,888	28,642,825
Total.....	169,000,888	130,040,121	299,041,009

<sup>1</sup> First subsidized voyage commenced June 6, 1958.

NOTE: Accrued mandatory deposits applicable to the resumption period (generally January 1, 1947, to December 31, 1958), not included in the above, amount to approximately \$43,964,967, comprising \$5,445,406 applicable to the Capital Reserve Fund (depreciation), and \$38,519,561 applicable to the Special Reserve Fund (excess profits).