Ninth Annual Report

OF THE

UNITED STATES SHIPPING BOARD

Fiscal Year Ended
June 30

1925

WASHINGTON
GOVERNMENT PRINTING OFFICE
1925

THE UNITED STATES SHIPPING BOARD

T. V. O'CONNOR, *Chairman.*
EDWARD C. PLUMMER, *Vice Chairman.*
WILLIAM S. BENSON, *Commissioner.*
BERT E. HANEY, *Commissioner.*
WILLIAM S. HILL, *Commissioner.*
MEYER LISSNER, *Commissioner.*
FREDERICK I. THOMPSON, *Commissioner.*
ROY H. MORRILL, *Secretary.*

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LETTER OF TRANSMITTAL

UNITED STATES SHIPPING BOARD,
Washington, D. C., December 1, 1925.

To the Congress:

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the ninth annual report of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation covering the fiscal year ended June 30, 1925.

T. V. O'CONNOR, *Chairman.*
EDWARD C. PLUMMER, *Vice Chairman.*
W. S. BENSON, *Commissioner.*
BERT E. HANEY, *Commissioner.*
WILLIAM S. HILL, *Commissioner.*
MEYER LISSNER, *Commissioner.*
JOHN H. WALSH, *Commissioner.*

PART I

UNITED STATES SHIPPING BOARD

UNITED STATES SHIPPING BOARD

ORGANIZATION

On July 1, 1924, the Shipping Board consisted of the following members: T. V. O'Connor (chairman), Great Lakes, appointed a member June 9, 1921, term five years, qualified June 15, 1921; Edward C. Plummer (vice chairman), Atlantic coast, qualified June 14, 1921, term three years, reappointed May 23, 1924, term to expire June 8, 1930, qualified June 3, 1924; Frederick I. Thompson, Gulf coast, served under recess appointment from December 1, 1920, to March 4, 1921, qualified June 13, 1921, term two years, reappointed June 9, 1923, and served under recess appointment until January 28, 1924, when he was appointed for a term of six years; Meyer Lissner, Pacific coast, term one year, qualified June 16, 1921, reappointed June 13, 1922, term six year; W. S. Benson, Atlantic coast, served under recess appointment from December 1, 1920, to March 4, 1921, term one year, qualified June 13, 1921, reappointed June 13, 1922, term six years; Bert E. Haney, Pacific coast, appointed July 1, 1923, qualified July 2, 1923, serving under recess appointment until January 28, 1924, when he was reappointed for the unexpired term of four years from June 9, 1921, and reappointed for a term of six years from June 9, 1925; William S. Hill, from the Interior, appointed to serve unexpired term of A. D. Lasker, resigned, qualified February 1, 1924, term to expire June 8, 1927.

During the year the board held 116 meetings in addition to many special hearings conducted either by the board or by committees thereof.

Carl P. Kremer, secretary of the Shipping Board, resigned, effective March 15, 1925, and was succeeded by Roy H. Morrill, appointed, effective April 1, 1925.

GENERAL

The scheme of organization and functions of the United States Shipping Board have remained practically unchanged since the last annual report. Its work under the shipping act of 1916 and the merchant marine act of 1920 is clearly defined and divides itself into three distinct headings: (1) Regulatory and promotional; (2)

maintenance and operation of the Government merchant fleet; (3) liquidation.

The board has kept constantly in mind the mandate of Congress expressed in the merchant marine act, 1920, as defining the goal toward which we are to aim and expressed in the preamble thereof as follows:

"That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be obtained."

Regulatory and Promotional.

The board's organization is divided into seven bureaus, namely: Bureau of Traffic, Bureau of Operations, Bureau of Construction, Bureau of Law, Bureau of Research, Bureau of Regulation, and Bureau of Finance, the details of which are submitted herewith, besides committees of the board dealing with such matters as dieselization of ships, ship sales, codification of navigation laws, registration and transfer of ships, construction loan fund, claims, etc. Some of the functions consist of dealing with the charter of United States ships to aliens, rules for registry, recording of titles, rules and regulations affecting shipping, rules for income tax deductions, investigative functions, cost of building here and abroad, advantages and disadvantages of operating vessels under American and foreign registry; rules for construction and classification here and abroad, marine insurance, navigation laws and rules thereunder, status of mortgage loans, discriminatory practices and penalties provided, discrimination by foreign governments against United States vessels, study of ship routes necessary for American commerce, mail payments on essential routes, advise Interstate Commerce Commission as to railroad rates or practices inimical to the flow of American commerce, administration of construction loan fund, and the general promotional work of the board in the upbuilding of an American merchant marine. The board is proceeding in the full development of these functions.

Each bureau is under the supervision of a commissioner. After the preliminary and advisory work on any subject has been com-

pleted by a bureau, the recommendations thereon may be reported to the entire board for action.

The broad, regulatory, and quasi-judicial powers of the board extend to the American merchant marine as a whole, whether privately or publicly owned. Among the functions in this group may be mentioned:

(*a*) Prevention of all unfair practices, including payment of deferred rebates, use of "fighting ships," or resort to discriminating methods or contracts.

(*b*) Requiring the filing of copies of agreements fixing rates or any memoranda of facts.

(*c*) Altering rates or fares to correct discriminations.

(*d*) To report to the President cases of discriminations by foreign governments against the American merchant marine.

(*e*) To determine whether a United States vessel may be transferred to foreign registry, and to approve or withhold approval of charter to an alien.

(*f*) To approve all Government rules and regulations affecting shipping in the foreign trade.

(*g*) To cooperate with the Post Office Department in fixing rates of compensation for ocean mail contracts.

Some of the duties in connection with the promotional work are:

(*a*) To study the main routes desirable for American commerce in general and to determine what lines should be established.

(*b*) To make loans from the construction loan fund to aid private citizens in the building of ships.

(*c*) To promote, encourage, and develop ports and water transportation facilities in cooperation with the Secretary of War.

(*d*) To investigate the comparative American and foreign costs of building, operation, and marine insurance, the advantages and disadvantages of operating vessels under American and foreign registry, the methods of classification, the navigation laws, and the status of mortgage loans.

(*e*) To adjust downward the income taxes of shipping companies under certain conditions to encourage new construction.

(*f*) To advise the Interstate Commerce Commission as to railroad rates or practices which hamper the flow of commerce through a port.

The separate reports covering the individual bureaus will be found beginning on page 17 of this report.

Operation of Government-Owned Fleet.

As permitted by law, the Shipping Board, following its policy established by resolution passed September 30, 1921, operates the Government fleet through a subsidiary organization known as the

Emergency Fleet Corporation, the president of which corporation reports to the Shipping Board as to a board of directors, the board fixing the broad general policies and holding the Fleet Corporation officials responsible to it for results in the carrying out of the policies fixed by the board. Accordingly, in line with established commercial practices the board has adhered closely to the principle of placing ample authority in a single executive for the administration of ship operation. In fixing the policies for the operation of vessels the primary purpose of the board has been to maintain berth services sufficient to insure to the commerce of the United States regular, frequent, certain, and permanent transportation to the principal trade regions of the world.

About 80 per cent of American tonnage in operation on overseas trade routes is Government owned. Half of the remaining 20 per cent is owned by industrial carriers not employed to any considerable degree in the competitive field. Conditions have been such that practically all American flag services, other than those operated as industrial carriers, would have to be abandoned to foreign ships if they were not maintained by the Government.

Therefore, the problem of the Shipping Board in this respect resolved itself to one of efficiency in ship operation in order to maintain the greatest possible number of vessels within the appropriations granted by Congress. Accordingly, the Shipping Board on November 30, 1923, passed a resolution outlining a new ship operation policy designed to increase efficiency and reduce the cost of operation, which resolution in more detail provided for:

1. Consolidation of ship routes to avoid overlapping and duplication.

2. Elimination and consolidation of managing operators to reduce their number.

3. Revision of the then existing operating agreement so as to provide for—

(*a*) An adequate fixed fee which should be the sole compensation of the operator, dependent upon the volume of gross receipts, thus establishing an incentive for obtaining full cargoes.

(*b*) Elimination of duplicate organizations in the handling of its vessels while retaining supervision necessary to protect the Government's interest.

(*c*) Establishment of closer supervision by the owner to safeguard insurance, fuel, repair bills, etc.

(*d*) Elimination of fixed allowances.

(*e*) Prohibiting subsidiary corporations except where specifically authorized.

(*f*) Protection against foreign affiliations,

and the resulting reduction in personnel and administrative charges.

Since the adoption of this new procedure as outlined above, our voyage losses have shown a material reduction. The board has also been steadily reducing its administrative costs, and it might be stated by way of comparison that it has reduced the number of employees of the Fleet Corporation from in excess of 8,000 July 1, 1921, to 2,245 on June 30, 1925.

During the fiscal year ending June 30, 1921, the expenditures for salaries were approximately $15,500,000, and for traveling expenses, office supplies, advertising, communication service, and other general expenses approximately $8,275,000, or a total of $23,775,000.

On June 30, 1923, the number of employees had been reduced to 3,372, and for the year ending June 30, 1923, expenditures for salaries and wages were $9,049,649. Traveling expenses, office supplies, advertising, communication service, and other general expenses amounted to $4,372,971, making a total of $13,422,620, or a reduction of 1923 under 1921 of $10,375,000 approximately.

On June 30, 1925, the number of employees was 2,245, and the salaries paid during that year amounted to $5,247,193. For traveling expenses, office supplies, advertising, communication service, and other general expenses there was expended $2,207,272, a total of $7,454,465 and a reduction over the fiscal year 1923 figures of almost $6,000,000. The number of managing operators have been reduced from 36 on June 30, 1924, to 25 on June 30, 1925, which has permitted supervision of the activities of managing operators with greatly reduced personnel.

There is a minimum beyond which reduction in expenses can not go and still give efficient service except by taking off of additional ships. A considerable part of the $14,000,000 reduction in appropriations and in operating expenses during the fiscal year 1925 under those of 1924 was brought about by the reduction of ships in operation.

The Shipping Board feels its responsibility imposed by Congress to maintain adequate trade routes to carry the larger part of American exports and imports as an aid to American commerce and national defense.

Whether the board will go forward with the establishment of a merchant marine sufficient to carry the larger portion of our foreign commerce in accordance with the merchant marine act, or whether the lines already established at great cost are to be gradually abandoned, must be determined by Congress, either by specific legislation or in the granting of appropriations sufficient or insufficient to carry on the work.

American flag vessels are now far from carrying a major portion of the American imports and exports. Our cargo vessels in the foreign trade have been steadily decreased in number.

Figures compiled recently by our Bureau of Research show overseas cargo carried in American flag vessels as follows:

	Imports	Exports	Total
	Per cent	*Per cent*	*Per cent*
Calendar year 1921	37	29	31
Calendar year 1922	28	32	30
Calendar year 1923	26	28	28
Calendar year 1924	31	28	29
Calendar year 1925 (first half)	30	27	28

These figures do not take into consideration bulk oil from Mexico and grain, lumber, and ore from Canada on the Great Lakes, because to present a true picture of the import situation the Mexican oil and the Great Lakes imports should not be considered in the question of the American merchant marine.

Even including tanker cargoes, near by foreign, and the Great Lakes trades, we find:

	Imports	Exports	Total
	Per cent	*Per cent*	*Per cent*
Calendar year 1921	71	38	51
Calendar year 1922	63	40	51
Calendar year 1923	53	33	42
Calendar year 1924	54	35	44
Calendar year 1925 (first half)	48	33	40

During the fiscal year 1923–24 we had an average of 338 cargo vessels in operation, during 1924–25 an average of 299, and during the ensuing fiscal year for 1925–26 an effort will be made to operate 279 freight vessels as a maximum within appropriations, whereas the board feels the necessity of placing back into service an additional number of vessels rather than having to take them out of service.

The board is directed to determine what steamship lines should be established and are necessary for the promotion, development, expansion, and maintenance of the foreign and coastwise trade of the United States with a view to furnishing adequate, regular, certain, and permanent services. With respect to routes Congress has also provided in the merchant marine act that where steamship lines and regular services have been established and maintained by the Shipping Board, such lines shall be maintained by the board until in the opinion of the board the maintenance thereof is unbusinesslike and against the public interest. The board feels that to sacrifice any of the present routes would be injurious to the public interest; to further lessen the number of ships or reduce the number of sailings would not permit of adequate service, but would further remove the present minimum protection of American producers,

consumers, and exporters and would be an expenditure of money for a purpose which could not be accomplished because of its inadequacy, resulting not only in gross waste of such funds but a waste of moneys appropriated in the past to build these essential ship routes. Additional vessels must be put into operation in order to provide an adequate number of vessels to maintain trade routes to meet competition of foreign lines. Reliability and responsibility have been built up by the foreign lines through giving regular, reliable, and frequent sailings to their patrons. Competition must be met by competition, not only in quality of service but in quantity, and if the board does not add more ships to these particular routes where the foreign vessels predominate in such large numbers it is impossible to hope to comply with the merchant marine act in the building of a merchant marine to carry the major portion of the commerce of this country.

Liquidation.

The board has maintained a vigorous sales program during the past fiscal year.

In the disposition of the surplus ships there have been 63 sold of a total deadweight tonnage of 359,867, for nearly $9,000,000. This included 48 steel ships of various types and 10 wooden and concrete vessels, together with some ocean-going tugs, barges, and other craft. Five of the "President" type passenger boats were sold for operation in designated trade routes with guaranteed service, 4 steel tankers and 1 steel cargo vessel were sold for change of motive power, and 13 cargo and 1 passenger vessel sold with obligation to perform specific alterations and betterments.

Of the dry docks which came into the board's possession as a result of the war three now remain. These have been leased to private enterprise and are in general use.

Sales of surplus operating supplies and materials, approximating $900,000, have been made, and in addition approximately $400,000 worth of material has been transferred to other Government departments. Some small lots of surplus material still remain to be disposed of, but their values are nonconsequential.

The Federal Marine Railway Co. property on Hutchinson Island, near Savannah, and a few houses in Camden, N. J., and Philadephia, Pa., and two lots in Brooklawn, N. J., are the only properties not transferred. Some of these have been sold.

Hog Island was extensively advertised for sale, bids to be opened October 1, 1925.

From the special claims appropriation of $50,000,000 there has been disposed of claims aggregating $171,256,000 for settlement of

$21,394,836 in cash and offsets and counterclaims of $22,459,088, or a total value of $43,853,925.

Considerable progress has been made in the liquidation of old accounts, both payable and receivable. Uncollectable accounts receivable have been thoroughly investigated and written off when found absolutely worthless, old liabilities have been settled or compromised, so that a considerable amount of dead accounts have been eliminated from the balance sheet.

A decision of the board to sell some of the vessels for scrap resulted in the sale of 200 for either scrap or conversion to Diesel propulsion.

RECOMMENDATIONS

In considering the merchant marine problem of the United States the first question to be answered is this: Is a merchant marine essential to the business prosperity and military security of the United States?

This question has been repeatedly considered by Congress, and from the time the first Congress spoke up to the time Congress expressed its views in the merchant marine act of 1920 the answer has been unqualifiedly in the affirmative. So that question, so far as Congress is concerned, may be considered settled.

Next comes the question: Is it possible for an American merchant marine to exist in the foreign trade of this country without Government aid?

Passing over the emphatic declarations of earlier Congresses it may be said that from the close of the Civil War, when the disappearance of American merchant ships from the foreign trade of this country became so marked as to compel congressional investigation, Congress has repeatedly considered this question, and from the day that the bipartisan committee of Congress in 1870 rendered its unanimous report up to and including the action of Congress as embodied in the merchant marine act of 1920, the answer has been in the negative, and in all these cases the kind of Government aid which should be given has been stated by the Congress or its committees. The recommendation of the Lynch Commission of 1870 was for direct subsidies for freight ships and mail payments for mail steamers.

The act of 1920 provided for preferential duties on cargoes carried in American ships; for preferential rail rates on cargoes delivered to, or brought in by, American ships in foreign trade; mail payments and other special aids like loans to companies who would contract to build American ships, etc., were authorized. Therefore it may be considered as settled by the deliberate and extended investigations of Congress that Government aid must be given in some form in

order that American ships may exist in the foreign trade of this country.

The act of 1920, which created the present Shipping Board and authorized it to operate and finally dispose of the great merchant fleet which had been brought into being by World War exigencies also provided the Government aids considered by Congress necessary to enable the Shipping Board to perform the important duties imposed upon it by that act. It was fully recognized that only through such Government aids could private operators be induced to take over these ships and operate them in foreign trade.

But those aids have not been permitted to be given. The very premise upon which Congress based the operation and disposal of these ships by the Shipping Board has been eliminated. The provisions of section 34 have not been put into effect, which would have permitted those contemplated preferential tariff and tonnage duties declared for in the Wilson-Gorman and Dingley tariff bills for the benefit of American ships in our foreign trade. The provisions of section 28, allowing rail preferentials, have not been permitted to go into effect. As a necessary result, private operators generally have not been put in a position to take over and operate permanently lines of merchant ships in our foreign trade. To secure the purchase and operation by private owners of any of its freight ships in foreign trade, the Shipping Board has been compelled to resort to what, in effect, is a system of subsidies made possible by the broad provisions of the act under which it operates, namely, authority to maintain services and dispose of ships in such ways as its good business judgment may dictate.

This system, inaugurated by the board, in effect results in utilizing freight ships, of which we have a very large surplus, as pay to operators for operating losses instead of taking money from the National Treasury. It is permissible, because otherwise these surplus ships must remain in idleness and ultimately reach the scrap heap.

To an operator who, according to the character of the service in which he is engaged, will guarantee to operate at his own expense ships in the foreign trade of this country for a period of from three to five years ships are sold at a very low price, the price being fixed at such a sum as, so nearly as can be calculated, will make these vessels, when the probable losses, which must be paid by the purchaser himself during the guaranteed period of from three to five years, are added to the purchase price, stand him at the end of that guaranteed period about $20 a ton. Of course, each operator is confident that he can reduce the amount of losses which his service now is sustaining as soon as he is left free to exercise his own judgment in the handling of his ships. If his confidence proves to be well

placed, the ships will stand him less than $20 per ton at the expiration of his period of guaranteed service; but in any event during that period it will be unnecessary for the United States Treasury to take care of operation losses in that particular service, and the service will be maintained.

As the operator must pay those losses himself, the board takes from each purchaser a guaranty of operation and sees to it that he has a working capital which gives reasonable assurance that he will be able to carry on the burden which he has assumed, i. e., pay the annual operating losses which his ships will suffer during the period for which he has guaranteed to keep them serving United States commerce in foreign trades.

Of course this is but a temporary expedient, an attempt to utilize surplus vessels, of which we have an abundance, in the payment of operating losses, and thus to reduce the amounts which Congress must appropriate for the Shipping Board. But it is only temporary. It in no way solves the problem of a permanent merchant marine. But it does enable the operator to buy these ships at almost scrap prices and thereby reduce his interest and depreciation account on capital invested to an inconsiderable figure, so as to enable him to carry on for the limited period provided for in his guaranteed purchase contract. But when these ships are worn out, he can not hope to replace them by other American-built craft. It is questionable if, in some cases, he can continue to operate them beyond the guaranteed period; but this expedient, provided by the Shipping Board, does serve to keep these services in operation for a period which should be sufficient to enable Congress to provide permanent effective aid for American ships in the foreign trade.

The danger, of course, is that the consideration of minor pieces of legislation may consume this period of temporary relief before the general fundamental aid that Congress has so often declared necessary is put into effect.

For instance, it is seriously contended by some that the repeal of the so-called La Follette Act should be had. Whatever the merits or demerits of that act may be, American ships had been driven out of our country's foreign trade before this act ever came into existence. Its repeal, therefore, would simply leave American ships where they were before it was enacted—namely, unable to compete with foreign ships in the foreign trade of this country—and agitation for its repeal would simply raise unnecesary obstacles to legislation, while distracting attention from the great issue which must be met by Congress.

The suggestion that Americans be allowed to purchase ships abroad overlooks the fact that this permission was granted by the canal act of 1912, and no ships came under the American flag by

reason of that privilege. To argue, then, that this privilege will restore American shipping is to argue against established facts, and becloud the real issue.

The suggestion that repairs to American vessels should be made in foreign ports overlooks the fact that that privilege was the shipowner's for more than half a century, and during that whole period American ships in the foreign trade of the United States continued to disappear from the sea.

High cost of American labor, both on land and on sea, is one of the real causes of the inability of private enterprise to maintain an American merchant marine in the general foreign commerce of this country. Of course, the fact that great financial powers like the Steel Corporation and the Standard Oil Corporation maintain ships in their foreign trade has no bearing on this problem. Their fleets merely serve to emphasize the fact that just as they, leading business men of the world, realize that it is essential for the success of their business that they have fleets of their own to insure delivery of goods at such times and on such terms as they may deem proper, so the United States should have available for all its less powerful but very numerous commercial people American tonnage to serve them in exactly the same way that these greatest corporations are served; for the average producers of textile goods, machinery, and other American products can not afford to own ships for their individual uses. Any great concern like the Steel Corporation, that can supply full cargoes for its ships, can reduce the per ton cost of transportation to as low a figure as can any competitor under any flag who is not able to secure full cargoes.

Since, then, American labor on land and on sea does cost more than corresponding labor under other flags, and since half a century's experience has proved conclusively that this handicap is one of the handicaps which the private individual or ordinary corporation can not overcome and has resulted in those numerous and powerful shipping firms which this country once had being driven out of business, the question reverts to that which Congress has so often faced—namely, the problem of providing some sufficient and permanent Government aid to equalize the higher costs of American ship operation with the costs of their foreign competitors. The problem then should not be how the ship or how ship repairs may be reduced in cost by patronizing foreign labor, but how shipping can be put on exactly the same plane as other great American industries, and provision should be made for a permanent merchant fleet, to be built in American yards and maintained and operated by American labor, the purpose which Congress had in mind and which it supposed it had accomplished when it enacted the law of

1920 and created the present Shipping Board. When that is done, there is no question but that the American flag will return to its former important position on the sea. Devising new instrumentalities or modifying existing ones for operating existing ships in no way tends to solve the real question.

If the law which already provides for one form of Government aid is not to be utilized, then a substitute should be provided; but whatever form of aid is given, it should not be to special services, but should be general in its provisions so that any American shipping firm willing to undertake the building and operation of American ships will be entitled to the same aid and the same opportunities to secure that aid that any other concern may have. Provision for that aid having been made, American shipping men should be left to demonstrate their ability to succeed in our foreign trade without fear or favor, just as has been done in the coastwise services of the United States—services which have given the United States the most magnificient fleet of coastwise vessels in the world.

Of course the difference between mail liners and freight ships must constantly be kept in mind, but existing law makes possible the proper support of mail ships. Freight ships, the ships which handle the vast agricultural and manufactured products of this country and transport necessary raw materials for our mills, are the craft that particularly need assistance.

Shipping Board commissioners, as individuals, are not a unit as to what method of Government aid would be most effective and desirable. There are those who feel that discriminating tariff duties would not be effective and would produce retaliation. But, sinking their individual preferences, they have joined their associates in putting the Shipping Board, as a board, squarely behind the law which Congress has enacted. There are commissioners of the Shipping Board who, individually and in accordance with economic principles which they have long approved, are opposed to the theory of Government subsidies. They question the efficacy of such aid as well as the fundamental principle involved, but they have submerged their own personal views and thus enabled the board, as a board, to support the Harding subsidy bill which the committees of Congress had formulated and recommended.

The board realizes that Government aid alone, either through preferential tariff duties, preferential tonnage dues, or subsidies, more or less direct, can secure the operation and continued existence of an adequate number of American merchant ships under private ownership.

Fast passenger ships, which are the type commonly referred to when the expression "mail liners" is used, necessarily sail from and serve but a limited number of ports. Therefore, it is necessary that they be selected after an examination of port requirements. But

practically all ships that are engaged in or will engage in carrying foreign commerce of this country are steamers or other power-driven vessels. They are available for the purpose of transporting mails, a fact recognized by the merchant marine act of 1920.

But all these mail contracts are based upon the premise that Congress makes appropriations sufficient to pay for such mail transportation. In order to give permanency to this form of aid to American ships, especially when the building of new vessels or the establishment of new lines is proposed, provision should be made, when the board and the Postmaster General have agreed upon the compensation which should be paid, which would enable the Postmaster General to enter into such contracts for a stated term of years, with the expectation that successive Congresses would recognize the obligations arising under such contracts. This would secure such transportation for American ships and thus to some extent reduce the amount of other aids which are necessary to overcome the financial handicaps which American ships are under when competing with foreign vessels.

The naval subvention also is not only permissible but justified by the practice of foreign nations. The American Navy without an ample auxiliary of freight and passenger ships admittedly is handicapped for the performance of its general purposes. The fact that when the Navy was sent on its tour around the world during the administration of President Roosevelt it was compelled to depend upon foreign colliers, which of course would be unavailable in time of war, shows not only the need there is for a supply of ships to serve the Navy in times of peace but their absolute necessity in times of war.

This Navy subvention also would be far from sufficient to overcome the handicap of high cost under which American vessels exist, but, as in the case of mail payments, it would contribute something toward a reduction of the total amount which must be provided in order for American merchant ships to be restored to and maintained in the position which they once occupied and which it is recognized is so essential for the commercial and military welfare of this country.

In addition to some of the financial handicaps already mentioned under which American ships in foreign trade now operate, it also must be recognized that our principal foreign competitors are strongly entrenched in the ocean-carrying business of the world. They have expert organizations which have been engaged in this business for many years. They have long-established commercial contacts. They have the benefit of long-continued training for shipping merchants, officers, and crews of their ships, which has created in these foreign countries a shipmindedness—a personal interest in shipping as a great national industry, which at present does not sufficiently exist in the United States.

A great aid in solving this merchant marine problem would be an equal enthusiasm of Americans for American ships—a determination of American merchants to patronize American ships for their exports and for their imports. When it is remembered that 75 per cent of the contracts made with Americans by foreigners for exports from this country provide that the cargoes contracted for must be transported in the ships of that country to which the purchaser belongs—i. e., foreign ships—it will be appreciated how great is the handicap which American ships, comparatively new to the business, without the benefit of old established contacts, suffer.

It must be recognized that the foreign purchaser, when he buys goods in this country, generally buys f. o. b.—that is, to be taken by him at an American port and carried on his own vessels. When he sells, he sells c. i. f., which means he sells *delivered* at an American port, and again he chooses his own vessels for that ocean transportation. American buyers and sellers pay not enough attention to the question of the ship's nationality. They allow the foreigner to select the ships, and the foreigner, of course, selects his own flag vessel. American merchants should be awake to the fact that this practice discriminates against American ships. This is one of the instances where they can learn with profit from their foreign competitors.

But one fact stands out clearly: Unless and until the aids provided for in the merchant marine act, 1920, are made effective or adequate substitutes in the way of more direct but equally comprehensive assistances are provided, Congress must continue to make appropriations sufficient to maintain an adequate merchant marine in the foreign trade of the United States, and what that merchant marine should be Congress has stated as a fleet sufficient to handle the major portion of our foreign commerce.

If the present method of maintaining our merchant marine in the foreign trade of this country by means of annual appropriations for operation expenses is to continue, then Congress must face the problem of replacements. Merchant ships will eventually become obsolete. The development of internal-combustion engines has brought about a radical change, which means that within a few years the bulk of a great Government-owned merchant fleet will be out of date.

There is immediate need for at least two new passenger ships available as naval auxiliaries for our United States lines. The development of our South American trade already calls for an addition to that fleet of combination passenger and freight vessels.

No attempt to stand still will succeed. Failure to progress means retreat and practical withdrawal of our flag from the seas as soon as existing vessels are worn out or have become so out of date as to

be excessively expensive for operation. It is a fundamental problem that must be solved, and it can not be solved by mere variations in methods of mechanical handling.

BUREAU OF TRAFFIC

In previous annual reports the Bureau of Traffic has reported on the activities of the board, not only in respect to matters still within its jurisdiction, as shown below, but also as to matters within the jurisdiction of the Division of Regulation in respect to the regulatory powers of the board arising under various sections of the shipping act, 1916, as the joint jurisdiction over all these matters was exercised by the bureau under the supervision of two commissioners of the board, but, during the year, the work was divided leaving each in charge of a department, one in charge of the Bureau of Traffic and one in charge of the Division of Regulation now, organized as a separate bureau.

As at present constituted the Bureau of Traffic has been active in respect to the duties of the board arising under sections 7, 8, 19, 21, 22, 24, 27, and 28 of the merchant marine act, 1920. During the year the personnel of the bureau has been increased, including the appointment of a director.

Under section 7 of the merchant marine act, 1920, the board is authorized and directed to investigate and determine what steamship lines should be established and put in operation from ports of the United States to other world and domestic markets to the extent such services, in its judgment, seem desirable for the promotion, development, expansion, and maintenance of the foreign and coastwise trade of the United States and adequate postal service. It is also authorized to determine the type, size, speed, and other requirements of vessels best fitted for such services, respectively, together with the frequency and regularity of their sailings to meet the demand of commerce, in which may be reasonably included not only the regularity and frequency required by existing commerce, but the establishment of schedules adequate for the proper development of our commerce.

The activities of the board under this provision of law have a twofold aspect. One of these is the collection of information for the benefit of persons contemplating engaging in steamship operation, wholly apart from and irrespective of the operation or sale of the Government-owned fleet. The other is the conduct of investigations of the kind mentioned incidental not only to the operation of the foreign routes by the Government itself, but with respect to their consolidation and to their sale to private parties. The details of such consolidations made during the last fiscal year are as follows:

Consolidations During Fiscal Year 1924–25

1. North Atlantic Ports to Mediterranean and Black Sea Ports.

Services maintained by three operators were consolidated and placed in the hands of one managing operator, authorized by board resolutions of July 2 and August 27, 1924, and consolidated service ratified by agreement September 5, 1924. By resolution of September 23, 1924, board approved the trade name "American Export Line" for use in the consolidated service.

Old services

Mallory Transport Lines, Inc., 8 steamers. Export Steamship Corporation, 7 steamers. A. H. Bull & Co., 6 steamers.	North Atlantic range, Norfolk to Portland.	Azores and Canary Islands, Portuguese, Spanish Atlantic, Spanish French Mediterranean, west coast Italy, Adriatic ports, North Africa (west of Bizerta). Malta, Constantinople, Greek, Levant ports, Syria, Palestine coast, North Africa (east of Bizerta). Constantinople/Black Sea ports.

It was felt that consolidation of these services and changes in the assignment of berths would result in improved service. Services of Export Steamship Corporation and A. H. Bull & Co. were parallel, both having authority to operate from North Atlantic ports to the port of Constantinople. Consolidation of the three Mediterranean operators into one company to which could be allocated the Mediterranean services could not be effected, and the entire Mediterranean services were allocated to the Export Steamship Corporation, with contemplated reduction in number of steamers from 21 to 18.

Consolidated service

American Export Lines (Export Steamship Corporation).	North Atlantic range, Norfolk to Portland.	Greece, Constantinople, Black Sea, and Levant. Malta-Alexandria-Syrian coast and Greece. West coast Italy and French Mediterranean. North Africa and other Mediterranean and Adriatic ports as cargo offers.

2. South Atlantic Ports to the United Kingdom and Continental Ports.

Services maintained by three operators were consolidated and placed in the hands of one managing operator, under the trade name "American Palmetto Line," authorized by board resolutions of July 1, 1924, and September 4, 1924, and ratified by agreement October 14, 1924.

Old services

Carolina Co	South Atlantic ports to Bremen and Hamburg.
Tampa Interocean Steamship Co.	South Atlantic ports to London, Rotterdam and Antwerp.
Trosdal, Plant & Lafonta	South Atlantic ports to Liverpool and Manchester.

The nature and volume of cargo moving on these routes rendered it highly desirable to have this trade in the hands of one operator who would be able to take advantage of cargo offerings from all South Atlantic ports and furnish satisfactory service with reduction in number of steamers from nine to seven when possible.

Consolidated service

Palmetto Line (Carolina Co.)	Jacksonville, Charleston, Savannah.	Liverpool, Manchester. Bremen, Hamburg.
	Tampa, Jacksonville, Charleston, Savannah.	London, Rotterdam, Antwerp.

3. Texas Ports and New Orleans to United Kingdom Ports.

Services maintained by two operators were consolidated and placed in the hands of one managing operator, under the trade name "American Dixie Line," authorized by board resolution of June 19, 1924, and ratified by agreement of August 4, 1924; trade name approved by board resolution of August 13, 1924.

Old services

Trosdal, Plant & LaFonta	New Orleans to Liverpool and Manchester. New Orleans to Glasgow, Belfast, Dublin, and Avonmouth.
S. Sgitcovich & Co	Texas to Liverpool and Manchester.

The companies operating these services were combined and a new company organized, known as the United Gulf Steamship Co., Inc., to which latter company the consolidated service was allocated.

Consolidated service

American Dixie Line (United Gulf Steamship Co., Inc.).	New Orleans, Galveston	London.
	Galveston (Houston)	Liverpool, Manchester.
	New Orleans	Liverpool, Manchester. Glasgow, Belfast, Avonmouth.

4. New Orleans and Texas Ports to Germany and Holland, and Texas Ports to France and Belgium.

Services maintained by two managing operators were combined and placed in the hands of one managing operator, under the trade names "Southern States Line" and "Texas Star Line," authorized by board resolution of December 30, 1924, and ratified by agreement of January 20, 1925; semi-trade names authorized by resolution of July 31, 1924.

By board resolution of June 19, 1924, ratified by agreements of July 25, 1924, and July 26, 1924, respectively, the above services, which had each theretofore been maintained by two managing operators, were combined and placed in the hands of one managing operator for each service, under the trade names above mentioned. Subsequent to this consolidation the two operators, Lykes Bros. Co. and Daniel Ripley & Co., were consolidated into one company under the name of "Lykes-Ripley Steamship Corporation," approved by board resolution of December 30, 1924, as above noted.

Services previous to board resolution of June 19, 1924

Lykes Bros	New Orleans to Rotterdam. New Orleans to Hamburg and Bremen.
Daniel Ripley & Co.	Houston to Hamburg, Bremen, Rotterdam.
Lykes Bros.	Galveston to Bremen, Hamburg, Rotterdam.

24 steamers operated in above services.

Daniel Ripley & Co.	Houston to France and Belgium.
S. Sgitcovich & Co.	Galveston to France and Belgium.

11 steamers operated in above services.

Consolidated services authorized by board resolution of June 19, 1924

Southern States Line (Lykes Bros. Steamship Co.)	New Orleans to Rotterdam. New Orleans to Bremen and Hamburg. Galveston and Houston to Bremen, Hamburg, and Rotterdam.

Number of steamers reduced to 19.

Texas Star Line (Daniel Ripley & Co.).	Houston and Galveston to France and Belgium.

Number of steamers reduced to 7.

Consolidated service authorized by board resolution of December 30, 1924

Southern States Line Texas Star Line	Lykes-Ripley Steamship Corporation.	New Orleans to Rotterdam. New Orleans to Bremen and Hamburg. Galveston and Houston to Bremen, Hamburg, and Rotterdam. Houston and Galveston to France and Belgium.

The services previously handled by Lykes Bros. and Daniel Ripley & Co., while not directly competing with each other, were closely related in that they served the same general range, and the combination into one company was voluntarily proposed by both companies as in line with the announced policy of the Shipping Board to encourage consolidation of trade routes along practical lines.

5. North Atlantic Ports to Antwerp and Rotterdam and from New York to Rotterdam.

Services maintained by two managing operators were combined and placed in the hands of one managing operator, under the trade name "American Diamond Lines," authorized by Shipping Board resolution of September 16, 1924, and ratified by agreement of September 27, 1924; trade name "American Diamond Line," authorized by Shipping Board resolution of November 26, 1924, changed to "American Diamond Lines" by board of trustees resolution of January 26, 1925.

Old services

Black Diamond Steamship Corporation	North Atlantic/Rotterdam–Antwerp.	12 steamers.
Cosmopolitan Shipping Co.	New York/Rotterdam	3 steamers.
	North Atlantic/French ports	11 steamers.

The first recommendation, approved by the Shipping Board resolution of July 2, 1924, was for the consolidation of these services under the management of the Cosmopolitan Shipping Co., with 12 steamers to Antwerp and Rotterdam and 10 steamers to French ports. This action was rescinded by Shipping Board resolution of September 16, 1924, and the Black Diamond Steamship Corporation was given the exclusive service from North Atlantic ports to Rotterdam and Antwerp, and the Cosmopolitan Shipping Co. the exclusive service from North Atlantic ports to French Atlantic ports, the latter under the trade name "America France Line."

The consolidation, while making it possible to reduce the number of steamers by eliminating duplications, did not contemplate a less number of sailings; it also resulted in the most practical combination of ports, coupled with greater flexibility of operation.

Consolidated service

Black Diamond Steamship Co.	Philadelphia, New York	Rotterdam.
	New York	Rotterdam.
	Philadelphia, New York	Antwerp.
	Boston, Baltimore, Norfolk.	Antwerp, Rotterdam.
Cosmopolitan Shipping Co.	Baltimore, Philadelphia, New York.	Havre, Dunkirk.
	Philadelphia, New York	Bordeaux, St. Nazaire.

6. Gulf Ports to the Orient, New York to the Orient, and New York to the Dutch East Indies.

Services maintained by three managing operators were consolidated and placed in the hands of one managing operator, under the trade name "American Pioneer Line," authorized by Shipping Board resolution of July 1, 1924, and ratified by agreements of August 6, 1924, and September 8, 1924; semi-trade name authorized by Shipping Board resolution of August 13, 1924.

Old services

Barber Steamship Lines	North Atlantic ports (calling at South Atlantic when cargo inducements offer)/Orient via the Panama Canal, returning one steamer a month via Europe and the other steamers direct to the North Atlantic.	11 steamers.
Kerr Steamship Co	North Atlantic ports/Dutch East Indies.	6 steamers.
Tampa Interocean Steamship Co.	Gulf ports/Orient	11 steamers.
Total		28 steamers.

Of the above services, those to the Far East were more extensive and of greater importance than the Dutch East Indies service, and the operators from the North Atlantic to the Far East and from the Gulf to the Far East were willing to effect a combination for the operation of Shipping Board steamers. This combination of the Tampa Interocean Steamship Co. and the Barber Steamship Lines resulted in a reduction of four ships in the consolidated service.

Consolidated service

American Pioneer Line (Atlantic Gulf & Oriental Steamship Co.).	North Atlantic ports	China and Japan. Philippines and Dutch East Indies.
	Gulf	Far East (China, Japan, and Philippines).

7. North Atlantic and Gulf Ports to West African and South African Ports.

Services maintained by two managing operators were consolidated and placed in the hands of one managing operator, under the trade names "American West African Line" and "American South African Line," authorized by Shipping Board resolution of August 27, 1924, and ratified by agreement of October 22, 1924; semi-trade names authorized by Shipping Board resolution of October 13, 1924.

Old services

Mallory Transport Lines, (Inc.).	Port Arthur and New York.	South and East African ports.
A. H. Bull & Co	New York (Gulf via New York when inducements offer).	Azores, Canary Islands, Madeira, and West Africa.

These services were consolidated and allocated to A. H. Bull & Co.

Consolidated service

American South African Line (A. H. Bull & Co.).	Port Arthur and New York.	South and East African ports.
American West African Line (A. H. Bull & Co.).	New York (Gulf via New York when inducements offer).	Azores, Canary Islands, Madeira, and West Africa.

Adequacy of Existing Services

The staff of the Fleet Corporation having also been engaged in the study of existing trade routes during the fiscal year, with special reference to the consolidation of lines operated by the Government, the work has not been duplicated by the staff of the Bureau of Traffic. The report of the Fleet Corporation on this subject, however, is limited chiefly to existing trade routes covered by Shipping Board vessels. The larger task contemplated by section 7 of the merchant marine act, namely, the study of world routes, whether at present covered by American vessels or not, is distinctly a task of the Shipping Board in its relations to the American merchant marine as a whole, including the privately owned and privately operated lines.

Not only has the study of the problems arising under section 7 to do with the maintenance of service itself, but also with the adequacy of existing service, having in view the increase of tonnage, especially when such increase is dependent upon Shipping Board operation, to meet the reasonable requirements of the trade, whether seasonal or otherwise. An interesting illustration of this function is presented in an occurrence at the port of Galveston, Tex., where insufficient American tonnage was in service to meet the demands of the grain movement during the season 1924, with the result that the farmers were not only subjected to inconvenience in the movement of their crops but were exposed to serious loss both in the payment of possible higher freight rates and in the proceeds of sale of their commodities resulting from delayed transportation. The board studied the situation and promptly supplied the additional tonnage required.

Another illustration relates to the transportation of pineapples from the Hawaiian Islands to United States ports. Transshipments are usually made of this commodity in cases. It was reported to the board that the movement from Pacific ports around to the Gulf and Atlantic ports was inequitable and unfair to the Mississippi River area of the United States, in that intercoastal steamship companies engaged in such transportation quoted a higher rate of freight for delivery of the commodity at New Orleans than was quoted to north Atlantic ports, notwithstanding the mileage to New Orleans is much less, of course, than the mileage to Atlantic ports. The board investigated the situation and succeeded in having equality of rates established, thus making possible the maintaining of service to New Orleans, for distribution of the commodity throughout the Mississippi Valley, instead of having cargoes unloaded at north Atlantic ports to be transported westward by rail to midwest destination.

It is also provided by section 7 that the Postmaster General may contract for the carrying of mails over such lines as may be approved by the Shipping Board, at such price as may be agreed upon by the board and the Postmaster General. This power to the board and the Postmaster General is supplemented by the provisions of sections 24 of the merchant marine act, 1920, where it is emphasized that all mails of the United States shipped on vessels shall, when practicable, be carried on American-built vessels documented under the laws of the United States, and that the Shipping Board and the Postmaster General "in aid of the development of the merchant marine adequate to provide for the maintenance and expansion of the foreign or coastwise trade of the United States and of the satisfactory postal service in connection therewith" may determine the just and reasonable rate of compensation to be paid for such services, and the Postmaster General is thereby authorized to enter into contracts for such service. The section expressly provides, however, that such contracts must be for payments "within limits of appropriations made therefor by Congress to it for the carrying of such mails in such vessels at such rate."

The value of this power in the board is illustrated in the services rendered by it in procuring the continuance of the service between San Francisco and Australia by the Oceanic Steamship Co., the maintenance of which was impracticable without adequate compensation for mail transportation, and, apart from the powers vested by sections 7 and 24 of the merchant marine act no previous law existed under which such compensation could be assured as the ocean mail act of March 3, 1891, under which the company had been previously functioning, had become wholly inadequate because of the great increase in the cost of operations since its enactment. Under the provisions of the merchant marine act, however, the reasonable compensation needed was arranged by the board with the Post Office Department and has since been maintained.

The value of this power in the development of the merchant marine is further illustrated in the active negotiations which have been conducted by the Bureau of Traffic during the fiscal year with prospective purchasers of existing lines of the board, the success of whose operation after having passed into private hands will so largely depend upon adequate postal contracts. By way of illustration, facts developed by this bureau during the fiscal year in negotiations with a prospective purchaser of the Pan American Line, on which line is operated some of the finest of the Shipping Board vessels, between New York, Rio de Janeiro, Buenos Aires, and other east-coast South American ports, showed that a postal contract of about $1,000,000 per annum under the provisions of sections 7 and 24 would, on the one hand, assure success of the operation of the line commercially,

and, on the other hand, would relieve the Government of the deficits annually made in maintaining its operation, which deficits have heretofore exceeded $1,000,000 per annum.

The bureau has on hand at the present time three separate routes in respect to which it is proposed to secure contracts, if possible, under these sections of the law. The great difficulty, however, under the law as it at present stands, is, not only are any and all such contracts agreed upon by the board and the Postmaster General futile unless and until Congress has made suitable appropriations, but even though an appropriation exists for the current year, it is not practicable to secure private capital in such operations so long as so important a part of the income is dependent upon annual appropriations by Congress, for which reason the law should be amended by authorizing contracts for a stated term of years and committing Congress to appropriations to meet the obligations of the contract.

In respect to that part of section 24 which declares as a policy that all mails of the United States carried on vessels shall, if practicable, be carried on American vessels, this bureau has actively investigated during the fiscal year the extent to which this requirement is met. In general, it finds the Post Office Department sympathetic with the policy outlined. Whether in given instances the use of American vessels may be further developed is now the subject of definite investigation by the bureau.

Interest in Lines Sold.

In its obligations to the privately owned merchant marine, the duties of the board under section 7, and under the merchant marine act generally, remain in full force, to the lines heretofore operated by the Government and since sold to private companies, and the Bureau of Traffic of the board will continue to consider problems incident to such lines, notwithstanding liability for their operation has entirely passed from the Government to private owners. It will continue to interest the bureau, to investigate and study conditions arising from any attempt on the part of foreign steamship lines, by rate wars or otherwise, to impair or destroy the services guaranteed to be maintained by the purchasers, and should occasion arise, the board may invoke action under the provisions of section 19 of the merchant marine act, 1920, in determining what, if any, rules and regulations affecting shipping in the foreign trade can be developed, to meet such conditions and to protect the American merchant marine against unjust discriminations or unfair rate wars. Among its other provisions, section 19 authorizes and directs the board, in proper cases, to make necessary rules and regulations to carry out the provisions of the merchant marine act, 1920, and to make rules and regulations affecting shipping in the foreign trade, in aid of the accomplishment of the purposes of that act, in order to adjust or meet general or special conditions unfavorable to American shipping

engaged in foreign trade, whether the route on which the vessel may be operated is a particular trade route or not, and more generally when such conditions arise out of or result from foreign laws, rules, or regulations "or from competitive methods or practices employed by owners, operators, agents, or masters of vessels of a foreign country." Any service, however, in such matters will be as promotional work of the board, based upon its interest in the growth and development of the American merchant marine, and in no sense as incidental to any contractual obligation whatever, in respect to the sale of the line involved.

Work Under Section 8, Merchant Marine Act, 1920.

The work of the board under section 8 of the merchant marine act, 1920, has in some of its aspects been done through the Bureau of Traffic. Section 8 directs the board, in cooperation with the Secretary of War, to investigate territorial regions and zones tributary to ports, taking into consideration the economies of transportation by rail, etc., and the natural direction of the flow of commerce, with the view of promoting, encouraging and developing ports and transportation facilities in connection with water commerce of the United States, to the end that ports normally entitled to draw portions of such commerce for ocean transportation should not be debarred of proper participation therein because of artificial conditions which might be corrected, such as, for instance, rules and regulations by railroads prejudicial to particular ports. In so far as these conditions are due to railroads, the functions of the board are limited to investigation of facts and making recommendations thereon to the Interstate Commerce Commission which alone, of course, has mandatory power over railroads.

The annual report for 1924 refers to an instance of the board's activity in this field in connection with which it is mentioned that a motion had been made before the Interstate Commerce Commission for the enforcement of the principle that when railroads maintain water terminals at ocean ports, they shall not be permitted to absorb in their line-haul rate the cost for services at such water terminals but shall set forth as a separate factor in quoting rates the part thereof to cover such terminal services. During the present fiscal year the Interstate Commerce Commission rendered a decision in the matter and granted the motion of the board with the result that the proceedings in which the motion was made (I. C. C. Docket No. 12681) were reopened and investigations extended both geographically and as to subject matter.

The position of the board was presented to the Interstate Commerce Commission in 10 points or propositions as follows:

I. *Railroad control of ports.*—Railroads should not be permitted to monopolize rail-water terminal facilities at ports, because: (*a*) Other railroads seeking an outlet at such ports might thereby be excluded from tidewater; (*b*)

preferential treatment could be given steamship lines in which the railroad owning the terminal is interested, to the prejudice of competing steamship lines; (*c*) persons owning the railroad may be more interested, directly or indirectly, in the development of some port other than the port involved; (*d*) it should not be within the power of a railroad, either because of conflicting interests or because of indifference, inefficiency, or financial incapacity, to make or mar a port. Furthermore, though the railroad may act in good faith and have ample capital, other persons may have greater faith in the possibilities of the port than the railroad has.

II. *Absorption of terminal charges.*—To the end that independent terminals may be encouraged, rail-owned terminals should be operated on a fair competitive basis, and the owning railroad should be compelled to charge separately the reasonable cost of such service, thus enabling shippers to compare the cost, as well as the efficiency of the service at the railroad terminal, with the cost of similar service at independent terminals; in other words, railroads should be compelled to stop *absorbing* terminal charges in the line-haul rate.

III. *Separate cost accounts.*—When a railroad operates a rail-water terminal, cost accounts of operation and maintenance should be kept distinct from the line-haul service, so that the terminal service may be eliminated, if the returns do not compensate the railroad for its cost, and also that there may be a proper basis for computing the reasonable charge to be made shippers using the terminal. If the cost of such service is not earned, the deficit is met by the general treasury of the road; and, instead of collecting cost from those to whom the service is rendered, the cost is distributed, through the higher level of line-haul rates, among all persons using the railroad. The result is that many shippers who neither seek nor receive the use of the rail-water terminal are compelled to contribute to the cost of such terminals through the higher cost of their line-haul rates.

IV. *Service "costs what it costs."*—It is neither an injustice nor a hardship to require the railroad to separate the terminal charges from the line-haul rates, for the terminal service "costs what it costs" and no illusion can alter that fact. If a railroad received $1.00 as a joint rate on a rail-and-water shipment, and that amount is a reasonable rate for the rail haul alone, nothing being added for the *terminal* service, that service nevertheless costs the railroad what in fact it costs it. If, therefore, in the hypothetical case cited the railroad in fact contributes terminal service which costs it 20 per cent of the total rate, then it is obvious the railroad is receiving 80 cents only for the line-haul service; no agreement, custom, or competitive pressure can change the substantive fact.

V. *Quotation of single rate.*—Prohibiting the absorption of terminal charges in the line-haul rate will not affect the convenience of shippers in obtaining one total rate. The division of the total rate into line haul and terminal units will not require the shipper to pay the items separately. The proposal is, that in quoting a total rate the railroad will show, in the quotation or on request, how the total is divided as between the line-haul and terminal charges. With the quotation in this form, the shipper can elect to use the railroad for the line haul only; and he should be able to require the railroad to deliver the shipment at a terminal other than the railroad terminal. The advantage to the shipper in this independence of choice is obvious. The independent terminal may have facilities for handling the particular commodity greatly superior to the facilities offered by the railroad; or the shipper may prefer to use vessels which have access to the independent terminal, but may not have equally favorable access to the railroad terminal.

VI. *Effect on parity of rates.*—It is claimed that if railroads are required to separate their terminal charges from their line-haul rate, this will result in breaking down the rate structure which has been developed in recent years, involving parity of rates between interior points and competing ports. This contention is not sound. The interests of competing ports involve only an equality in the total traffic charge between a point in the interior and two or more ports competing for the traffic. A railroad having its terminal, say, at Mobile may quote $1 on a rail-and-water shipment, and another railroad having its terminal, say, at Savannah may quote the same rate for the same shipment. The cost of the terminal service at Mobile may in fact be, say, 20 per cent of the total rate, while the cost of the terminal service at Savannah may be, say, 15 per cent of the total rate; this does not affect the parity of rates between such ports, for the total rate quoted is the same in both cases and the shipper is interested only in his total cost; hence neither the interests of the ports nor the rights of the railroad would be affected by requiring the quotation to show what the terminal charges are, apart from the line-haul rate.

VII. *Charges need not be uniform.*—The separation of terminal charges from line-haul rates does not require, in order to maintain parity of rates as between competing ports, that the terminal charges at the several ports should be made uniform. The *cost* of the service is not at present uniform, yet parity of rates is maintained. We have shown above that varying costs need not prevent the separation suggested; it follows, therefore, the terminal rates need not be made uniform.

VIII. *Transit over terminals.*—It is claimed that a rail-water shipment is substantially one movement, from the point of origin to the point of destination, including its transit over the rail-water terminal. While this may be true in particular cases, in the sense that the movement is on a single through rate and on one bill of lading, it is not true in a physical sense. The movement of freight across the rail-water terminal is an articulate step in its transit, and should be so treated. Freight deposited on a wharf, whether from a vessel for delivery to a railroad or by a railroad for delivery to a vessel, may not have its movement continued for some time; hence the policy of "free time" permitted commodities while at such terminals; its next step may not yet have even been decided. Freight is often delivered at the terminal by a railroad before the vessel is at dock; it is frequently collected together at the terminal from various points of origin on railroads, so that it may be consolidated for shipment by vessel.

IX. *Competition by public terminals.*—It is claimed that publicly owned terminals may not be operated on a fair competitive basis in their relation to rail-owned terminals, because the interest of the community owning such terminals would have in view the development of the port, without respect to the success of the terminal as a separate business venture. We think the practice in such cases does not justify this fear. Laws authorizing the investment of public funds in terminal properties usually provide that the terminal shall be operated on a self-supporting basis.

X. *Charging vessels dockage.*—It has been suggested that the cost of a rail-water terminal should be met in part by a charge against the vessels docking at that terminal. The suggestion has great merit, and such a charge is in fact made at various ports. The vessel enjoys the privileges of the terminal, and without such privileges it would of course not be able to ship its cargo. Furthermore, vessels sometimes physically injure the terminals, thereby increasing the cost of their maintenance.

In the light of the board's participation in the matter conferences have been held from time to time with the Interstate Commerce Commission's representatives developing the plan and scope of these further hearings, the tentative suggestions of the board in respect to which are as follows:

I. C. C. DOCKET No. 12681

TENTATIVE SUGGESTIONS OF UNITED STATES SHIPPING BOARD FOR INFORMATION THAT WILL BE DESIRED OF RAILROADS

The words "terminal charges," as here used, refer to charges for handling commodities, from the time they, or the car containing them, leaves the "line-haul" to the time they are discharged on dock, at ship side, or in adjacent sheds, under circumstances that the railroad has no further responsibility for their physical movement. The term includes wharfage, if any; also storage, incident to the movement in regular course of transportation; it does not include "warehousing" for general storage purposes; nor does it include "elevator" service. Information concerning such elevator service, and also warehousing of a general warehousing kind, is also desired, for the same periods.

The term "rail-water" terminal as herein used means a terminal at a port on the Great Lakes, or at a port of continental United States visited by ocean-going vessels, operating in coastwise or foreign water-borne commerce.

The traffic involved in this inquiry is especially traffic moving over such rail-water terminals between line-haul rail transportation and such ocean-going or Great Lakes vessels, both in coastwise and foreign trade.

These preliminary statements are not to be construed too literally; they are mentioned only to indicate the plan and scope of the information desired.

Subjects to be covered:

(1) At what ports in continental United States has the road rail-water terminal facilities; and if at more than one port, which of these is regarded as its principal rail-water terminal? Has the road the customary terminal facilities, exclusively rail, either for freight or passengers, or both, at the same port, separate and apart from its rail-water terminals?

(2) Describe such rail-water facilities at each such port, including a map of the entire harbor and also plans and photos of the terminal.

(3) If the road has warehouses (apart from the warehouses incident to transportation uses) and elevators at such port, describe these with the terminal, if adjacent thereto; otherwise, give separate description.

(4) Describe the equipment at the rail-water terminals for the handling of commodities.

(5) Give history of such rail-water terminals in a physical sense, including full statements of expansions and substantial replacements from time to time.

(6) Give a financial statement showing the total capital invested in rail-water terminals in each port separately; whether direct or through subsidiary corporations, setting forth outstanding bond issues and stock investments. Also show what stock, if any, is owned by railroad in other rail-water terminals and also in steamship lines.

(7) What stock, if any, is owned by the road in other rail lines; which other lines have rail-water terminals at the same or other ports?

(8) What zones in the United States are chiefly served by these rail-water terminals both as to outgoing and incoming freights; and what are the commodities chiefly handled over such terminals, either as shipments from or shipments into such zones; of course limiting the statement to shipments which have been transported by ocean-going vessels to or from such terminals?

(9) With what other terminals at such ports has the road: (*a*) Switching facilities, physically; and (*b*) switching traffic arrangements?

(10) Give statement showing the extent the road's rail-water terminal has been used—say, for last three years, if practicable—including in such statement following items: (*a*) Number and total tonnage (dead-weight tonnage) of vessels loading and unloading freight at such terminals, and which freight was transferred to or from line-haul transportation; (*b*) destination of such vessels, or port from which commodity has been brought, respectively; (*c*) what proportion of such freight consisted of bulk freight, and what proportion of the total was packet freight; what was the nature of chief commodities moving in bulk?

(11) What volume of freight was switched from main line of road during last fiscal year to water terminals at some port other than its own water terminal?

(12) Give comparative statement for, say, last five years, if practicable, showing: (*a*) total tonnage handled by road's rail-water terminal, in and out; and (*b*) total tonnage similarly handled at all terminals at each port at which road has such rail-water terminals.

The freight movements herein in mind are only those over the rail-water terminals between ocean and line-haul transportation.

(13) What other ports, in respect to the chief commodities transported by the road reporting, can be fairly regarded as competitive ports of that where the reporting road has its chief rail-water terminal?

(14) At what ports, where the road has rail-water terminals, are there in force uniform regulations and rates affecting all terminals at such port alike, whether by agreement, local law, or Interstate Commerce Commission rulings? State generally what these rates, rulings, and regulations are, and file copies of all such items.

(15) If the port at which such rail-water terminals are located is one of a group of ports in respect to which uniform tariffs are maintained on a parity, either for through movement or otherwise, state what other ports are members of this group and file copies of all tariffs, regulations, and rulings on which such parity is based.

(16) Give full statement (covering last five years, if practicable) showing what commodities have passed between line-haul transportation and transportation by ocean-going vessels over such rail-water terminals and in respect to which the line-haul rate has "absorbed" the whole or any part of the terminal charges; and if any, though not *all*, state what part of such charges were thus absorbed.

(17) If at any one time such charges have been absorbed on a particular commodity when shipped from a particular point in the interior but not absorbed when shipped from other points to the same rail-water terminal, give full statement of all such cases as they have occurred (during the last five years, if practicable); also give reasons on which such variations of treatment were based.

(18) Give full statement showing in what instances "storage in transit" is permitted; and in what cases it has been permitted during the last five years, if practicable; including a statement of the concessions which have been made either in respect to terminal charges or payments by the road to

warehouses for such storage, or handling charges in or out of storage, or otherwise. Also stating, by way of comparison, the treatment the commodity would have received if the movement had been an initial shipment from warehouse where stored-in-transit.

(19) Of the movement over the rail-water terminal during the last fiscal year, state what part thereof, respectively, was: (*a*) on through bill of lading; (*b*) though not on through bill of lading, yet had a definite routing prescribed by the shipper; (*c*) what part of it was undefined so far as the routing of the movement was involved.

(20) Put in evidence all tariffs which have been in force at any time during the last five years relating to or affecting terminal charges or other privileges or concessions in transit.

(21) Give statement showing regulations and allowances regarding "free time" both as to freight consigned locally and as to freight in transit between line-haul and ocean-going vessels. Show variations existing as to "free-time" allowances, as between various commodities, and as between points of origin of shipment; also as between export movements and coastwise movements. If practicable, set forth the average "free time" consumed in all such movements, including separate statement of the amount of "free time" used wholly on account of the commodities awaiting the arrival of the vessel.

(22) Give statement showing total receipts for terminal services rendered at the rail-water terminal in connection with the transit of commodities, between line-haul and ocean transport. When such receipts are severally charged on different items of terminal services set forth the total receipts from each such item.

(23) Give description of any system of separate cost accounting maintained by the road in respect to its rail-water terminals.

(24) Give statement showing the net result of the operation of the rail-water terminal treated as a separate entity and based upon the accounting system at present used by the railroad. Furnish a similar statement or at any rate, an estimate, based upon the items set forth in Exhibit A, hereto annexed, being a memorandum by Capt. F. T. Chambers, of the appropriate elements to be included in such computation of costs.

(25) To what extent have vessels mooring at the road's rail-water terminals been made a "dockage charge"? Submit any schedule of such dockage charges which may be in force, or which may at any time during the last five years have been in force.

Another instance of the board's participation in proceedings of the Interstate Commerce Commission affecting ports in their relation to the ocean-borne commerce of the United States was the case of Jones *v.* The Atlantic Coast Line Railroad (I. C. C. Docket No. 16955). This case is an apt illustration of the function of the board in such matters. Several years ago large quantities of tobacco moved through the port of Norfolk, Va., and this movement was lost to Norfolk in favor of Newport News, Va., under circumstances alleged to be inequitable to the port of Norfolk, in that the Chesapeake & Ohio Railroad introduced the practice in respect to movements of tobacco from the interior to Newport News under which it not only permitted storage-in-transit facilities but absorbed a part of the costs incident to such storage, or at least of the handling charges out of such storage, whereas movements from the interior

to Norfolk were not given similar treatment. As a result of this preferential treatment on movements to Newport News, that port absorbed a very large part of the entire movement to the Hampton Roads region, to the prejudice of the port of Norfolk. The attitude of the board in the matter, as presented to the Interstate Commerce Commission, is as follows:

When two ports are in competition and one of them proceeds to furnish itself with modern terminals equipped "for the most expeditious and economical transfer or interchange of passengers or property between carriers by water and carriers by rail," as section 8 of the merchant marine act suggests ports should do, in proper cases, and as that section suggests that the Shipping Board should encourage them to do, in proper cases, may a railroad, to offset the terminal advantages accruing to the port thus securing such improved terminals, be free to make in favor of the other port, concessions incident to the line-haul or terminal services rendered in connection with commodities transported to such port, which are not made in connection with commodities transported to the port building such new modern terminals, and then have such concessions or special regulations justified on the ground that they are necessary in order to assure to the other port some of the traffic which would otherwise go to the port securing such new modern terminals.

As applied to the present case, for instance: Should new, modern, water-front terminals at Norfolk be prejudiced by special service or treatment given, or special charges made, by railroads in connection with shipments to Newport News, and then, on complaint, have this difference in the treatment of shipments to the two ports, respectively, justified by the fact that at Newport News adequate water-front terminals have not been built, and special concessions must be made because interior warehousing facilities must be used, with shipments to Newport News?

The bureau has continued its interest and work in the proceedings pending before the Interstate Commerce Commission under section 4 of the interstate commerce act, having in view a grant to the transcontinental railroads of the right to quote rail rates between the Atlantic and Pacific coasts lower than between intermediate points on the same route, commonly known as "fourth section applications." These applications have been prompted by the competition created by intercoastal steamship service with the transcontinental rail routes. The conditions which have resulted from this competition have affected not only the railroads involved, but many cities of the Middle West complain that their commerce has also been affected by the direct ocean haul between the two coasts, in that the earlier practice of bringing commodities from the Atlantic seaboard to Middle West cities, for distribution later from time to time to cities farther west, has been impaired, in that the commodities are now transported by water to Pacific coast cities, and from them are shipped to interior points. A solution of this difficulty has not been presented by the commercial bodies of the Middle West. Whether the new condition is the normal result of the canal route, or results from railroad conditions which in a

measure may be corrected, remains to be determined by the Interstate Commerce Commission in the proceedings now pending.

It is a fact that the Panama Canal act anticipated the possibility of the benefits of water-borne commerce between the two coasts being neutralized by the intercoastal steamship companies getting under the control of the transcontinental railroads and to guard against such consequences section 5 of that act provides, in substance, that it shall be unlawful for a railroad to own, lease, operate, control or have any interest whatsoever in any common carrier by water operated through the Panama Canal "or elsewhere" with which said railroad or other carrier subject to the interstate commerce act may compete for traffic, or in any vessel carrying freight or passengers upon said water route or elsewhere, with which said railroad or other common carrier may compete for traffic.

A recent development in the relations of transportation companies and the shipping public has been the creation of "regional advisory boards" having in view representatives of these two large groups meeting from time to time and discussing their respective requirements and problems. Believing that these "regional advisory boards" are instruments of value not only for the immediate purposes of their creation but also as instruments with which the board might cooperate in doing work imposed on the board by section 8 of the merchant marine act, 1920, especially as these involve influencing the natural flow of commerce through appropriate ports, this bureau has given its support and encouragement to these boards and to that end has attended their conferences.

The Bureau of Traffic has also interested itself in the development of a cooperative group recently organized on the Atlantic coast under the title of the "Atlantic States Shippers Advisory Board," to expedite traffic and to advance cooperation between steamship lines, railroads and shippers. In a measure, it is supplemental to the regional advisory boards above referred to, which, however, involves chiefly, the relations of shippers to railroads, and the new organization is intended, by introducing steamship executives into the circle, to combine the efforts of all three interests involved and improve the rail and water transportation. The Bureau of Traffic of the board in lending its support to these cooperative movements has especially in mind those functions of the board under section 8 of the merchant marine act, 1920, by which it is the privilege of the board to present matters to the Interstate Commerce Commission, if and when necessary, in securing in proper cases cooperation and readjustments by railroads.

Free Zones and Ports.

Proposed legislation has appeared from time to time in Congress having in view the creation of "free ports" or zones, at points in the United States. Because of the bearing the question of free ports

has on the water-borne commerce of the United States this bureau has made a careful investigation of the whole subject and is equipped to present the matter to Congress should further legislation be proposed. The principle involved in the creation of free zones or ports is the elimination of customs handicaps on movements in and out of the country when the imported commodity or product does not enter into and become a part of the commercial life of the country but is exported from the United States to other countries, either in manufactured form or otherwise, from the free zone in the United States. Some applications of the principle contemplate the physical isolation of an area by fences, etc. within which area commodities or products may be stored pending export or may be absorbed in a manufactured product which in turn is exported and the whole process of the import of such raw material thus used in manufactures is simplified by the elimination of customs duties including the escape from the system of drawbacks, which in some measure meets the same need. The system would also make possible retention within these areas of imports intended to be absorbed in our commercial life, but in respect to which the importer saves interest upon the import duty until a time when the product or commodity is needed in our commercial life and is then withdrawn from the free zone.

Coastwise Laws.

While the enforcement of the coastwise laws of the United States comes within the jurisdiction of the Department of Commerce in so far as the enforcement involves proceedings against persons violating those laws, duties are imposed on the board by law pertaining to the extension of the coastwise laws to our island possessions and the development of the principles and policies of the coastwise laws in the protection and advancement of the merchant marine.

In section 21 of the merchant marine act, 1920, Congress has provided that when adequate service exists with vessels under the American flag, the coastwise laws of the United States shall be extended to all of the island possessions of the United States, and to that end an express direction is given the board to have adequate steamship service established to accommodate the commerce and passenger travel of all such islands, respectively. A distinction is drawn as to time and method by which the extension of these laws shall be accomplished. In respect to those islands to which the laws do not apply, other than the Philippine Islands, it is provided that the extension should automatically go into effect on February 1, 1922, with the proviso that if the board fails to establish adequate shipping service with any one or more of such islands by the date named, the President shall extend the period mentioned, and under proper certifications from the board such extensions have been from time to time made in certain cases. With reference to

the Philippine Islands, however, the proceeding is reversed, in that the coastwise laws do not then automatically go into effect but are effective only when the President, by proclamation, declares an adequate shipping service has been established and fixes a date for them to go into effect. His proclamation is required to be based on a full investigation not only of the trans-Pacific traffic and the adequacy of the ocean tonnage but also the adequacy of tonnage to meet local needs and conditions in the interisland traffic. It is furthermore expressly provided that until Congress shall have authorized the registry, as vessels of the United States, of vessels owned in the Philippine Islands, the government of the Philippine Islands is authorized to enforce regulations governing the transportation of merchandise and passengers between ports or places in the Philippine Archipelago.

On January 30, 1922, the board passed a resolution certifying to the President the adequacy of tonnage available for service in commerce between the United States and the Philippine Islands, having in view the issue of the proclamation by the President, contemplated by section 21, thus effectively extending the coastwise laws to those islands, but the President has not thus far issued a proclamation to that end. The resolution reads as follows:

Whereas in the opinion of the United States Shipping Board, adequate steamship service at reasonable rates to accommodate the commerce and the passenger travel of the Philippine Islands has been established; be it

Resolved, That certification be made to the President of the United States that such adequate service as set forth above does exist, and that in the opinion of the United States Shipping Board the provisions of section 21 of the merchant marine act of 1920, extending the coastwise laws of the United States to the Philippine Islands, should now be carried into effect in the manner specified therein.

On the other hand, the board has, from time to time, certified to the President that the tonnage available for service between the United States and the Virgin Islands is inadequate, and that the time should be extended when the coastwise laws of the United States shall be effective as to the Virgin Islands; the last certification having been by resolution of the board, dated April 14, 1925, requesting that the time be extended to December 31, 1925, in response to which certification, the President issued a proclamation accordingly.

During the year the bureau considered the merits of a claim by Great Britain that the coastwise laws as extended to the island of American Samoa, because of the provisions of article 3 of the tripartite convention of 1899, between Great Britain, the United States, and Germany, relating to the Samoan Islands, did not apply to British vessels. After careful examination of the question, the bureau

recommended to the board a resolution, which was duly adopted, reading as follows:

Whereas the Secretary of State by letter dated November 3, 1924, has made known to this board that the British Government contends that British vessels have a right to participate in trade between American Samoa and other ports of the United States, and which letter requests information involving the interpretation of article 3 of the tripartite convention of 1899, between Great Britain, the United States, and Germany, relating to the Samoan Islands, and the effect of section 21 of the merchant marine act, 1920, on any rights, if any, of British vessels to participate in the coastwise trade mentioned:

Resolved, the attitude of the United States Shipping Board is that section 21 of the merchant marine act, 1920, extends the coastwise laws of the United States to trade between American Samoa and other ports of the United States and that the tripartite convention of 1899 does not give British vessels the right to operate in that trade; and furthermore, if that convention had conferred that right section 21 of the merchant marine act, 1920, being later in date, extinguished the right, and this board is opposed to legislation or to the negotiation of treaties which have in view extending to British or other foreign vessels the right to operate on any route covered by our coastwise laws.

Resolved further, a copy of this resolution together with a copy of the memorandum entitled "Coastwise Laws and Samoa," this day filed with the board by Commissioner Plummer, setting forth the reasons on which it is based, shall be sent to the Secretary of State with a letter in reply to his letter of November 3, 1924.

The bureau has made special study of traffic conditions on the Great Lakes, with special reference to the enforcement of the coastwise laws on those Lakes, and the relief, as far as possible, of vessels there operating under the American flag, from the handicap resulting from the requirements of the navigation laws of the United States, whereas Canadian vessels in competition with them are operated free from many of those requirements. The Great Lakes area was visited and conditions in the field examined, especially as to conditions resulting from the proviso of section 27 of the merchant marine act, 1920.

Under the provisions of section 27 of the merchant marine act, 1920, merchandise in transit from one point in the United States to another point in the United States, transported by water at any point in its transit, must be transported by water by an American vessel. The section provides, however, that it shall not apply to merchandise moving over "through routes," meaning rail routes in cooperation with water transportation, "heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities." As a result of the bureau's activities in this field, it recommended to the board a resolution reading as follows, which was adopted by the board on October 30, 1924:

Whereas vessels of foreign registry, especially those navigating the Great Lakes, are operated in the domestic commerce of the United States in active competition with American vessels, under the exception set forth in section 27 of the merchant marine act, 1920, and by evasions and violations of our general coastwise laws; and

Whereas substantial competition now exists between vessels of American registry operating on the Great Lakes, in through lake and rail traffic, notwithstanding it did not exist when the Interstate Commerce Commission entered an order in effect qualifying Canadian vessels to engage in through domestic commerce of the United States, on the Great Lakes, under the exception contained in section 27, merchant marine act, 1920; and

Whereas it is within the power of this board to assure competitive conditions in the traffic mentioned, by operating tonnage on the Great Lakes by methods similar to those employed in the board's operation of tonnage on ocean routes, or by charter, or by other effective means, including their operation by private capital, made possible in proper cases by sales of vessels at low prices or by loans from the construction loan fund maintained under section 11, merchant marine act, 1920, at low rates of interest; and

Whereas the admission of foreign vessels in competition with American vessels in our domestic commerce when vessels under American registry are subjected to expenses under express provisions of law to which expenses such foreign vessels are not subject, presents an unfair competitive condition which should not be permitted; and as it is the intention of this board, under proper circumstances and when necessary, to maintain adequate tonnage in the traffic mentioned, as contemplated by section 7 of the merchant marine act, 1920, to the end that shippers may be protected against monopoly or inadequacy of service in through traffic on the Great Lakes, even though Canadian Lines are excluded from the traffic mentioned; it is

Resolved, the bureau of traffic of this board is hereby authorized and directed to take all necessary steps to procure, if possible, the revocation by the Interstate Commerce Commission of any orders or regulations heretofore promulgated by it relative or pursuant to section 27, merchant marine act, 1920, in so far as these either by express provisions or in their general effect make it lawful for vessels of foreign registry to participate in the exclusively domestic commerce of the United States; and

Resolved further, the committee on legislation is hereby authorized and directed to have a bill prepared and introduced at the next session of Congress, having in view the complete elimination of vessels of foreign registry, including Canadian vessels operating on the Great Lakes, from participation in the exclusively domestic commerce of the United States, by the repeal of any provisions of law which permit such participation, when adequate tonnage of American registry is available; and by amendments which will effectively prevent the evasion and violation of the coastwise laws of the United States.

Believing that conditions prejudicial to the American merchant marine on the Great Lakes can not be fully corrected without appropriate legislation to prevent evasion of the coastwise laws there and elsewhere, the Bureau of Traffic has held conferences during the year with shipping interests on the Great Lakes, having in view presenting to Congress a bill preventing such evasion both as regards freight and passenger service. The unfair competitive relationship between American and foreign vessels resulting from such practices under the proviso of section 27 is obvious. An

illustration is as follows: A Canadian line advertises extensively transportation of passengers from Detroit to Duluth, a route obviously wholly domestic, and coming clearly within the principles and polices of the coastwise laws of the United States. Notwithstanding this fact, Canadian vessels are operated on this route, and do not have to meet the requirements of many provisions of American law to which American vessels are subject. An examination of the matter revealed that the evasion has in the past been successful because the Canadian line, in selling tickets, issues a ticket reading from Sarnia (a Canadian port on the Detroit River near Detroit) to Duluth, thus exploiting it as a transaction in foreign commerce, not domestic commerce. The evasion lies in the fact that the vessel physically sails from Detroit, though stopping at Sarnia en route, and the passenger though holding a ticket reading from Sarnia, in fact boards the vessel at Detroit. The movement is wholly domestic in all respects save only that the reading matter printed on the ticket reads "Sarnia"; to conform to the physical facts of the case it should read "Detroit."

Another instance of attempted evasion of our coastwise laws was by the steamship *Voltaire*, of the Lamport & Holt Line. The *Voltaire*, a foreign vessel, carried a large number of passengers from Philadelphia to Boston, the purpose of their trip being to attend a convention in the latter city. Incidentally the vessel also carried the passengers from Boston to Halifax, and then claimed the entire movement did not come within the coastwise laws because it was a trip from Philadelphia to Halifax, therefore foreign commerce, and that the stop at Boston was incidental only. The Department of Commerce, which department is charged with the enforcement of these laws, imposed on the operating company a fine of $25,000. On protest, the department submitted the case to the Attorney General of the United States, who sustained the action of the department, the ruling being that the voyage was a voyage from Philadelphia to Boston, and would not have been made excepting for the purpose of visiting Boston, and the rest of the trip, purporting to make it a foreign trip, was incidential only.

As the result of conferences the bureau has held with shipping interests on the Great Lakes, it has recommended legislation providing among other things, that when a passenger is sold a ticket between two international points, as in the case of the Detroit-Duluth evasion, if the place of embarkation is a foreign port, he shall not be permitted to board the vessel for the commencement of the voyage in an American port; and, conversely, if the place of embarkation is an American port and the destination is a foreign port, while, of course, he would be permitted to board the vessel in the American

port he would not be permitted to disembark at an American port of destination.

The effort to weaken legislation protecting our domestic and coastwise traffic and to evade existing coastwise laws has been given careful investigation during the past year, as foreign interests are making definite efforts to that end, at international conferences and otherwise. As the board had information that some action to that end might be taken at the conference of the International Chamber of Commerce planned to be held in the summer of 1925 at Brussels, Belgium, for the discussion of international maritime affairs; the board in anticipation of this fact, passed a resolution, dated May 20, 1925, reading as follows:

Whereas the agenda for the meeting of the International Chamber of Commerce to be held in Brussels, Belgium, in June has on it the consideration of two resolutions dealing with flag discrimination; and, as it has been suggested that the subject of flag discrimination should be extended to include the consideration of the coastwise laws of nations;

Resolved: In the judgment of the United States Shipping Board, the continuance and effective enforcement of the coastwise laws of the United States is essential to the existence of an American Merchant Marine and for our national defense; and the policy underlying such laws is a domestic question the discussion of which is not within the purisdiction of the proposed Brussels conference; and therefore

Resolved further: This board respectfully requests delegates from the United States to object to the discussion by the Brussels conference of any question having in view the relinquishment of the coastwise laws of the United States, whether by reciprocal arrangements or otherwise, should any such discussion be proposed.

Among the facts justifying the above resolution, are the following:

1. The agenda of the approaching conference of the International Chamber of Commerce to be held at Brussels, Belgium, in June, contained the following, under the title "Marine Transport":

The Congress will be asked to vote on a series of resolutions which will be submitted by Sir Alan Anderson, ex-president of the Chamber of Shipping of the United Kingdom, deputy governor of the Bank of England, and chairman of the sea transport committee of the International Chamber of Commerce. Two resolutions deal with flag discrimination, indorsing the Rome resolution and insisting on the harm done to the country practicing such discrimination.

2. That some foreign shipowners have, as an ultimate purpose, the breaking down of the coastwise laws of the United States when they discuss flag discrimination, is reflected by the following occurrence at a meeting of the Liverpool Steamship Owners' Association, held several months ago, as recorded in the Liverpool Journal of Commerce:

Mr. R. D. Holt presided at the annual general meeting of the Liverpool Steamship Owners' Association held yesterday. In moving the adoption of the annual report he said he was strongly impressed with the work of an international character with which the association had been engaged in recent times.

Of particular importance had been their labors against the practice of some countries making a discrimination between their own shipping and that of other nations using their ports.

He had always wished that international bodies should declare that all carriage by sea, whether in the foreign or in the coastwise trade, should be equally open to all parties. His own idea had always been that the British Empire should agree to throw any form of carrying trade open to those who were willing to do the same in return. He believed Scandinavia, Germany, Holland, Belgium, and Japan would all come into such an agreement, and they would then be in a position to compel every nation to throw open its trade to every flag. In this way they would very soon have an end of all the exclusions, which were so extremely bad for trade in every form.

3. In the light of this attitude the following extract from a resolution passed by the Federation of British Industries is significant:

Discriminations which deny equality of treatment to vessels of all flags constitute a serious menace to the maintenance of an open market. The federation, therefore, hopes that the Government will do their utmost to secure that provision is made in the proposed convention for true equality of treatment for flags of all nations.

Now, the "convention" referred to in this extract was a document framed by the "Organization of Communication and Transit" of the League of Nations (an official unit of the league), disclosing the attitude of that body to be that flag discrimination should be prohibited at all ports coming within the terms of the convention.

4. At a meeting of the International Chamber of Commerce held in 1923, a resolution passed by it, though apparently limited by its express terms to the foreign commerce of nations, has in it this broad language:

The congress, therefore, recommends that any attempt to restrict the carriage of goods or passengers between different countries to vessels sailing under the national flag of any nation, by discrimination in any form, should be strongly opposed as being contrary to international comity and disastrous to international commerce, the congress being of opinion that the establishment and maintenance of commerce between the various nations on a sound basis can only be secured by equal opportunity to all ships under all flags in all parts of the world.

The International Chamber of Commerce passed another resolution, at a later meeting, containing the following:

Cheap and efficient transport depends upon the vessels of all flags * * * being treated by every country in all that concerns the use of the ports of that country, and in all respects, on a footing of equality with vessels, cargo, and passengers of that country.

5. The "convention" to which we have referred above, namely, the findings of the "Organization of Communication and Transit," functioning under the League of Nations, in referring to various privileges to be enjoyed by foreign vessels, including "the full enjoyment

of the benefits as regards navigation and commercial operations which it affords to vessels, their cargo and passengers," further says:

The flag of the vessels must not be taken into account, nor may any distinction be made to the detriment of the flag of any contracting state whatsoever, as between that flag and the flag of the states under whose sovereignty or authority the port is situated or the flag of any other state whatsoever.

6. That the tendency and the intent of some foreign shipowners may be to break down restrictions at present imposed by our coastwise laws, if possible, is further evidenced by the following extract from an article entitled "Flag discrimination," by Charles B. L. Tennyson, Esq., one time deputy director of the Federation of British Industries, appearing in Brassey's Naval and Shipping Annual for 1925, a prominent British publication, under the caption "Restrictions on coasting trade":

It must not, however, be assumed that this convention is the last word on the subject. * * *

The writer is here referring to the "convention" of the "Organization of Communication and Transit" of the League of Nations. He continues:

There is at least one omission of very great importance, for the convention is expressly stated not in any way to apply to the maritime coasting trade. The position in regard to this trade is that the British coasting trade is free to all flags and that of almost all other nations is reserved to the national flag.

The writer further says:

* * * There has been a regrettable tendency on the part of foreign nations to include within the scope of their coasting trade traffic between the mother countries and her overseas possessions. * * * Although the convention above mentioned did not cover the coasting trade, a resolution was included in the final act expressing the hope that all States, whether parties to the convention or not, would support these principles, and in particular would abstain from undue extension of the coasting trade.

In noting these comments on the "regrettable tendency on the part of foreign nations to include within the scope of their coasting trade traffic between the mother countries and her overseas possessions", the provisions of section 21 of the merchant marine act, 1920, under which the coastwise laws have been extended to our island possession and under which they may yet be extended to the Philippine Islands, may have been in the mind of the writer.

This extract, especially when considered with the above quotation from the Liverpool Journal of Commerce, clearly reveals the attitude of some foreign shipping interests to the coastwise laws of the United States.

7. At a meeting of the council of the International Chamber of Commerce held in Paris in February, 1925, the members of the

council from a prominent martime nation proposed the following resolution:

In the light of the principle of freedom in transit and communication, as stipulated in the covenant of the League of Nations, the Congress is respectfully invited to use its best endeavors to induce the Governments concerned to remove all barriers on the coasting trade of their respective countries.

8. Although the council did not adopt the above quoted resolution, action was taken by it in the premises, as evidenced by the following statement in Fairplay, a prominent British publication, issue of February 19, 1925, under the title "French shipping news":

The sea transport committee of the International Chamber of Commerce met here on 5th February and adopted a series of resolutions which were approved by the council of the chamber on the following day, and will be submitted to the next congress to be held at Brussels. With regard to flag discrimination the committee recalled the principles laid down by the Rome congress of the chamber and insisted on the fact that those States which resort to flag discrimination damage their own trade even more than of their neighbors. It may also be noted that the general secretary of the chamber has been asked to collect evidence showing how the restrictions placed on the coasting trade (flag monopoly) in various countries affect commercial exchanges, especially as regards exports.

The board's action was brought to the attention of the delegates from the United States attending the conference and a similar position was taken by important steamship associations and other commercial bodies, with the result that when an effort was made at the sessions of the Brussels Conference to discuss the question of coastwise laws, the American delegates opposed such action and successfully maintained the position, as is also set forth in the resolution of the board cited above, that as the coastwise laws of a nation relate exclusively to the domestic commerce of the nation, they are not a subject for discussion at an international conference.

Work Under Section 28, Merchant Marine Act, 1920.

The status of section 28 of the merchant marine act, 1920, in so far as formal action by the board is involved, remains the same as under the resolution of the board dated February 27, 1924, under which resolution the board withdrew the certification previously given the Interstate Commerce Commission, under which certification the act became effective, the board's action having been taken for the reasons set forth in the annual report (p. 16) for the fiscal year ending June 30, 1924.

During the present fiscal year, in his annual message to Congress in December, 1924, the President referred to section 28, as follows:

The procedure under section 28 of the merchant marine act has created great difficulty and threatened friction during the past 12 months. Its attempted application developed not only great opposition from exporters, particularly as to burdens that may be imposed upon agricultural products, but also great anxiety in the different seaports as to the effect upon their relative rate struc-

tures. This trouble will certainly recur if action is attempted under this section. It is uncertain in some of its terms and of great difficulty in interpretation.

It is my belief that action under this section should be suspended until the Congress can reconsider the entire question in the light of the experience that has been developed since its enactment.

Although no formal action has been taken, the bureau has been active in procuring further information which may be of value should any proposed legislation be presented for the consideration of Congress, and to that end has communicated extensively with persons interested to secure the latest information.

Uniform Bills of Lading.

Closely related to transportation matters is the movement to procure a uniform bill of lading for use by maritime nations generally. The board has passed a resolution approving the movement in general without final commitment, however, as to details. Various international conferences have considered the subject of a standard bill of lading, and uniform obligations, for use by ocean carriers in connection with foreign commerce. The first of these conferences was at the Hague in August, 1921, at which a code of rules on the subject was prepared; these have since been commonly known as "The Hague rules, 1921." These basic rules have been developed at various meetings, and, at the International Maritime Conference held at Brussels in October, 1922, a convention was agreed upon and was referred to a committee for further development. In October, 1923, that committee further revised the convention, and it has been the basis of several bills in Congress, having in view the enactment of a bill of lading conforming to its provisions. The board took an active interest in the matter and proposed changes it deemed essential to the interests of the American merchant marine and American commerce. The last bill introduced was to the House of Representatives (H. R. 12339, 68th Congress) and the Committee on Merchant Marine and Fisheries of the House submitted a report on it, No. 1620, dated February 27, 1925. This bill was a revised form of H. R. 11447. Much weight was given to the fact that Great Britain had enacted a new "carriage of goods by sea act," based substantially on the convention mentioned; in earlier discussions of the matter before the committee of Congress, it was assumed that the British act was mandatory; the pending bill contained mandatory provisions accordingly; the board demonstrated to the committee of Congress that the British act in all of its aspects was not mandatory, and it might be a handicap if American shipping was subjected to a mandatory form if competing British lines were not subject to a similar mandatory form. The bill above referred to (H. R. 12339) was favorably reported by the House committee, but omitting penal clauses contained in the earlier bill was among the changes which had been made by it; the bill submitted to the House by the committee proposed a uniform bill of lading, the use

of which was optional with carriers and shippers. Notwithstanding the use was made optional, a substantial advantage would accrue from such a law, as it would have the force of law in respect to all contracts for the carriage of goods by sea, where the parties to the contract adopted the provisions of the act by reference to the act, and they would thus become relieved of any and all provisions of law in conflict with the provisions of the bill of lading thus authorized. If the use of such provisions was mandatory on American carriers, they might not, if their competitors were not limited exclusively to similar provisions, be in a position to offer as good terms as their competitors, in the transportation of commerce. The matter is emphasized, as similar legislation will probably be proposed at the next session of Congress; all shipping interests are requested to read the report of the House Committee on Merchant Marine and Fisheries, referred to above (Report No. 1620, 68th Congress), and also the bill to which the report relates (H. R. 12339, 68th Congress).

York-Antwerp Rules.

A proposed revision of the "York Antwerp rules" has also been the subject of international consideration, and has been receiving the attention of this bureau because of the relation these rules bear to ocean transportation, involving as they do rights and liabilities of vessels and cargo owners in cases of general average. The position taken by the board, in common with other American interests, has been that the proposed revision, having been developed at a conference at which shipping interests of the United States were not adequately represented, could not be introduced and that the whole subject should be reconsidered by an international gathering, at which all maritime nations should be given adequate representation.

Special Cases.

In addition to activities under express provisions of law, some of which have been set forth in this chapter, the bureau of traffic has taken action on cases brought to its attention by shippers and others, where their interests have been involved and prejudiced by deficiencies of service, either in respect to trade routes or, though the route itself may be adequately covered for general purposes, in respect to special movements on such routes. These specific cases will not be referred to in detail, but the fact is mentioned that the public may understand the Bureau of Traffic of the board is an instrument that may be invoked for the investigation and consideration of all reasonable complaints affecting shipments, in whole or in part, transported by water. During the fiscal year a number of these complaints have received the attention of the bureau.

Consular Service.

The Consular Service of the United States is a source from which the bureau receives great assistance, and this opportunity is taken to

acknowledge the obligation of the bureau to members of that service in communicating, through the State Department, deficiencies of service in various parts of the world.

BUREAU OF REGULATION

The work of the Bureau of Regulation covering the administration of the regulatory provisions of the shipping act and merchant marine act relating to rates, fares, charges, and practices of common carriers by water in interstate and foreign service was enlarged in certain of its phases to care for the increasing volume of regulatory matters coming before the board for attention. To facilitate and afford a more stable basis for the conduct of the work of the bureau, extensive inquiries were made during the last several months of the period of this report to determine the status of all common carriers by water furnishing transportation service of any character in, from, or to the United States, and of "other persons" whose business in one manner or another reflects a relation to the regulatory provisions of the shipping act as contemplated by section 1 thereof. As a result of this effort and of a revision of the somewhat similar data previously at hand, there is now available and in use a comprehensive record of the organization and activities of 1,512 carriers by water. Of this number 196 interstate and 263 foreign carriers are subject to the jurisdiction of the board. In addition 186 forwarders and others furnishing wharfage, dockage, warehouse, or other terminal facilities in connection with common carriers by water are shown to be within the purview of the shipping act and amenable to such of its regulatory provisions as have application to their respective activities.

Formal Docket.

Nine sworn complaints and six intervening petitions filed by shippers and port interests in pursuance of section 22 of the shipping act in connection with rates and practices of carriers were considered by the bureau during the year. Six of these formal complaints were terminated by the issuance of appropriate orders of the board following submission by the bureau of recommendations and proposed reports prepared from evidence presented under oath at hearings conducted in accordance with the board's rules of practice. In one instance of violation established in regard to unreasonable rates charged, reparation in the sum of $1,902 was found to be due and payment thereof effected. Hearing on a second complaint involving reparation approximating $53,000 for injury alleged to have been incurred by reason of a carrier's unjust discrimination between importers, previously found by the board to have been practiced,

was conducted by the bureau and is the subject of proposed report now in preparation for submission to the board with recommendations for disposal. Upon complaint of shippers the rates of three carriers applicable to carload and less-than-carload consignments of peanuts were found to be unjust and unreasonable, and reasonable maximum rates to be applied in the future were prescribed. Two other complaints attacking rates of carriers as unreasonable and unduly prejudicial were dismissed for lack of proof of the violations alleged.

In addition to complaints handled on the formal docket, the bureau also conducted a proceeding of inquiry and investigation instituted by the board on its own motion under authority of section 22 of the shipping act into the rates and charges applicable on freight traffic moving from North Atlantic, South Atlantic, and Gulf ports of the United States to United Kingdom and European ports. After an extended hearing at which 16 witnesses gave evidence on the issues involved and oral argument by counsel for the contending parties was had before the board, an existing joint conference agreement between carriers operating from the three ranges indicated, requiring the application by the South Atlantic and Gulf carriers of substantial differentials in rates over the North Atlantic lines, was found to be unfair as between carriers and to operate to the detriment of the commerce of the United States. The triconference agreement was accordingly disapproved and canceled by formal order of the board.

Informal Docket.

By section 24 of the rules of practice of the board governing procedure under the regulatory provisions of the shipping act, shippers and others (including carriers) are privileged to file with this bureau informal memoranda setting forth statements of acts or omissions of carriers conceived by them to be in contravention of the statute. The bureau thereupon by correspondence and informal conference seeks to bring about understanding and withdrawal, adjustment, or settlement and to promote and preserve amicable relations between the parties. This docket has been particularly active during the period of this report, as in addition to 11 cases pending at the close of the previous year 64 new complaints were entered in which the assistance of the bureau as an intermediary was requested. Of the total of 75 cases thus given attention, 69 were closed. Results accomplished have been gratifying, and the bureau's efforts, through the medium of advice and opinions, to induce complaining shippers and respondent carriers to consider the principles governing the material facts in controversy have in numerous cases averted the filing of formal complaints. With two exceptions the cases filed on this

docket related exclusively to freight as distinguished from passenger transportation, and while those in regard to tariff interpretation and terminal transactions have predominated, questions involving practically every angle of water service were presented for determination.

Carriers' Conferences and Contracts.

Thirteen new conference agreements were filed during the year in pursuance of the requirements of section 15 of the shipping act and were subjected to examination by the bureau as to the propriety of their terms under the regulatory provisions of that statute as amended by the merchant marine act. These agreements differ greatly in detail, according to the particular trades to which they apply or the special requirements of the lines party thereto, and record many important changes in conference relations. Modifications designed to protect the interests of American flag carriers or to prevent possible unjust discrimination between patrons of the conference lines were incorporated as a condition of the board's approval in several of these new agreements, and in all instances were adopted by the conferences without dissent. Of the 79 conference agreements filed to date 39 are at present operative, as well as 34 subconferences functioning as committees of their respective main conferences. Minutes of 967 meetings recording action of the various conferences and committees in pursuance of their agreements and 812 conference tariffs were also submitted and given the bureau's attention during the period covered by this report.

Copies or memoranda of 66 written agreements or oral arrangements between carriers concerning other than conference matters were likewise filed for consideration and approval during the past 12 months. Most of these individual carrier agreements relate to through billing or prorating arrangements or provide for the establishment of through rates between United States and foreign ports. More than half of the memoranda of oral agreements as originally presented were not complete, as required by the statute, and a considerable number of interviews with carriers' representatives were necessary before their submission for action by the board.

Tariffs.

The administration of the requirements of section 18 of the shipping act and the tariff regulations of the board governing the publication, posting, and filing by interstate carriers operating on the high seas and Great Lakes of tariffs showing in detail the rates, fares, charges, classifications, and rules in respect to services rendered by them was one of the major activities of the bureau during the year. In all 1,127 original freight and passenger schedules arranged in the form and manner and submitted within the time prescribed by the regulations were accepted and permitted to be placed

in the hands of the carriers' agents for posting at piers and port offices for the information and inspection of the public. Many of these tariffs are participated in by other lines not subject to the act except for their performance of joint interstate transportation services in conjunction with carriers primarily within our jurisdicton. Seven hundred and forty-two concurrences and powers of attorney filed on behalf of both classes of carriers through the medium of 18 tariff-publishing agencies are of record in the bureau's register at the close of the fiscal year. The publicity of rates as provided by the tariffs filed and posted under supervision and authority of law has proved to be of advantage both to the carriers and the shipping public, and has been a considerable factor in the prevention of the evils of unreasonableness and unwarranted discrimination designed by the shipping act to be abolished.

To provide for the increasing demand by representatives of shippers and carriers, trade bodies and traffic organizations for use of the bureau's public file of tariffs, supplements and rate and traffic data, additional space was assigned for their accommodation in the bureau's quarters.

BUREAU OF OPERATIONS

The Bureau of Operations, under the division of duties made by the board, is concerned with the supervision of all matters relating to (1) industrial relations (including sea service section); (2) piers and wharves; (3) investigations (including study of operating costs and differentials, navigation laws, and rules and regulations affecting shipping and foreign trade; (4) port facilities.

Industrial Relations Division

The Shipping Board is charged with doing everything necessary for the encouragement and development of the merchant marine to meet the requirements of the United States. Marine and dock labor represent so important a factor in the success of the merchant marine, and so vital is the matter of sound industrial relations to its efficiency, that it has been incumbent upon the board to give special study and attention to questions involved in labor administration, irrespective of any temporary financial gains to be made thereby.

There are few branches of American industry wherein continuity of service is more essential than in marine and longshore work. Even a brief stoppage of labor occasions heavy loss to the shipowner, and unrest or discontent among the employees eventually results in multiplied operating costs.

The division of industrial relations concerns itself with labor matters as they apply to the operation of ships. Its activities may

be summarized as the investigation and study of questions relating to wages, hours of labor, and other conditions of employment, and the respective privileges, rights, and duties of employer and employee in the merchant marine. It endeavors to maintain friendly contact with the representatives of the respective unions and keeps on file a collection of data relative to marine and dock labor problems.

It is a primary function of this division to serve independent owners and operators of ships as well as the Emergency Fleet Corporation of the Shipping Board. When grievances arise this is the body to take the lead in negotiations, with a view to satisfactory and equitable settlement. Naturally, such work is simplified when the negotiators have the confidence of the men; consequently an effort is made at all times to make the laborers feel that they can bring their grievances to the board at will with assurance of receiving fair treatment. In numerous cases the division has acted as a coordinating agency to secure peaceable adjustment of disputes, negotiating working agreements, and promoting better relations between employer and employee.

Importance of Centralized Study and Control.

The Shipping Board in a way regulates all the shipping of the country, and is itself the largest owner and operator. As a result, the expediency of dealing with labor matters alongshore and aboard ship from a national point of view is obvious. Were not a consistent policy applied alike in all ports, confusion and local disturbances would ensue. The board has favored the policy of collective bargaining with labor wherever possible and has encouraged a fair and impartial attitude toward organized labor. During the latter part of the fiscal year the division conducted various conferences with the Marine Engineers' Beneficial Association, the Ocean Association of Marine Engineers, the Masters, Mates and Pilots, the Neptune Association, and the International Seamen's Union, as well as keeping in touch with the local longshore conferences in the different ports throughout the year. There have been practically no changes in wages of marine and dock labor during the fiscal year. No strikes have occurred during the year of any import.

Since the Government, through the Shipping Board, is the owner and operator of a large number of vessels, it is concerned with industrial relations from two points of view: First, the welfare and permanence of the American merchant marine as a whole; secondly, the economical and efficient operation of its own ships. To cover these various phases of activity requires:

(*a*) Investigation and study of labor relations in the American merchant marine.

(*b*) The readjustment of wages and working conditions upon sound principles of economic justice, and the peaceable settlement of disputes arising therein.

(*c*) Affirmative action in the promotion of better feeling generally between employers and employees.

(*d*) The collection, compilation, and classifying of data for study and comparison of American marine labor rates and foreign labor rates and conditions.

(*e*) General improvement in personnel.

The policy of the Shipping Board in making labor readjustments on its own ships has been an attempt at working them out in an orderly manner through collective bargaining wherever possible. The success with which this has been done, through the industrial relations division, resulting in so great a saving in wages without serious interruption of work tends to justify that policy.

Sea Service.

The sea service section of the industrial relations division is conducted by the Shipping Board in the Americanization, education, and general welfare of crews on American vessels, being in direct line with the promotion work of the American merchant marine. Agencies are now maintained in 12 ports: namely, Boston, New York, Philadelphia, Baltimore, Norfolk, Savannah, New Orleans, Galveston, Mobile, San Francisco, Portland, and Seattle.

The great purpose of the sea service work is to man the American merchant marine with Americans. Whether the merchant fleet be employed constantly as the carrier of United States commerce, or occasionally as a naval or military auxiliary, and whether it be privately or publicly owned, it is imperative for motives of efficiency and self-defense that the crews be loyal and dependable.

It can not be said that we have done everything necessary to develop and maintain the merchant marine until provision has been made for carrying American crews. The only official agency in the United States which is attempting even in a limited way to attract American citizens to seamanship is the sea service section of the division of industrial relations. This agency does not confine its activities to the Government-owned fleet, but relates to private owners and operators as well.

To have access to a Government agency which is able without charge to supply crews of American citizens should be a great boon especially to the small shipowner who has not developed a name or an organization to attract the best applicants. It is the aim of the board through its sea service organization to be of material assistance to the American merchant marine as a whole, satisfying a great need which could not be met in any other way.

Irrespective of the promotional value of the sea service section in the Americanization of crews on American vessels, and in the improvement of the character of such crews, from the standpoint of efficiency alone this service saves to the Government many thousands of dollars annually which otherwise would have to be paid to secure seamen through "crimps" and other employment agencies. From the standpoint of economy, therefore, disregarding the advantages of Americanization and morale of crews, as a most important element in the upbuilding and promotion of a merchant marine, it more than justifies itself.

Reduction in Expenses.

Since the sea service section has been in the Bureau of Operations there has been a constant reduction in costs, the total annual expense ranging downward from $177,469.44 in 1921 to $114,742.00 in 1925. The following table is a breakdown of the total annual expenses over a period of four years:

As of—	Annual salaries	Annual rental	Miscellaneous expense	Total annual expense
June, 1921	$131, 520. 72	$19, 128. 00	$26, 820. 72	$177, 469. 44
June, 1922	119, 720. 16	18, 528. 00	14, 956. 08	153, 204. 24
June, 1923	106, 654. 32	18, 240. 00	13, 043. 04	137, 937. 36
June, 1924	112, 504. 20	18, 680. 04	16, 117. 20	147, 301. 44
June, 1925	94, 860. 00	14, 356. 68	5, 525. 52	114, 742. 20

At the present time the per capita cost of placing men is somewhat higher than the average cost for last year because of a substantial decrease in the number of men placed. Wise selections of personnel in the past probably account for the small turnover in crews at this time.

Deck Boys.

A phase of the sea service recently inaugurated and promising gratifying results is the placing of deck boys on the cargo vessels operated by the Emergency Fleet Corporation and in some cases on ships operated by private owners. Applicants must be American citizens between the ages of 18 and 23, and must desire training essential to developing efficient seamen. The purpose is to open the door to the American boy to go to sea on American vessels and then to educate him in a knowledge and love of the service. An effort is made especially to reach boys of the interior who ordinarily have no inducement to become seamen nor any chance to acquire sea training under ideal conditions. This program has resulted in placing over 1,425 deck boys since June, 1924, many of whom have been promoted by the captain to ordinary seamen and are on their way toward A. B. certificates.

The total number of boys placed through the Sea Service Bureau for the fiscal year just ended was 1,425. Over half of these boys received a report on conduct and ability of "very good." A large per cent qualified for the position of ordinary seaman. There were 11 transferred to the engine department, 8 to steward's department, and only 25 desertions.

Nothing can be more important to the American merchant marine as a whole than the upbuilding of a real 100 per cent American personnel, and we should continue our efforts to induce American boys in this way to go to sea and stay at sea.

The bureau has had several conferences with the representatives of private American shipowners with reference to adopting a similar program of placing deck boys which has developed to a point where it is morally certain that the private owners will jointly adopt such a plan.

Continuous Discharge Books.

Another current activity of the division is a study of the merits of the continuous discharge book for seamen. In cooperation with the American Steamship Owners' Association and the Department of Commerce there is in course of preparation a bill providing for legislation on this subject. Such a system is now in force in Great Britain. Private steamship owners of America have adopted the continuous discharge book. It is believed that a plan highly advantageous and satisfactory to all interested parties can be formulated.

The following table shows the number and rating of all men placed at each port where a local office was maintained during the year:

Total placements, Sea Service Bureau, June 30, 1924, to June 30, 1925

	Boston	New York	Philadelphia	Baltimore	Norfolk	Savannah	New Orleans	San Francisco	Portland	Seattle	Galveston	Mobile	San Pedro	Newport News	Total
Masters	0	0	6	0	4	0	0	0	0	1	0	0	0	0	11
First officers	2	0	19	0	1	0	0	0	5	5	0	0	0	0	32
Second officers	5	0	14	2	4	0	0	0	9	7	0	0	0	0	41
Third officers	13	0	29	7	7	0	1	0	9	17	0	0	0	0	83
Fourth officers	0	0	1	0	0	0	0	0	1	1	0	0	0	0	3
Carpenters	11	208	23	18	3	2	25	15	7	23	5	11	2	0	353
Carpenters' mates	0	17	0	0	0	0	0	0	0	1	1	1	0	0	20
Boatswains	21	269	72	51	10	8	60	34	51	23	30	19	5	1	654
Boatswains' mates	0	10	0	0	0	0	0	3	0	5	0	0	0	0	18
Quartermasters	18	40	7	2	4	1	9	16	21	50	0	0	0	0	168
Able seamen	698	10,719	1,911	1,390	441	116	2,169	1,155	1,315	982	956	714	128	39	22,733
Ordinary seamen	194	1,898	1,032	293	569	29	570	177	196	378	299	237	29	68	5,969
Radio operators	1	1	0	40	5	2	0	0	17	1	0	0	0	0	67
Chief engineers	1	0	3	0	2	0	0	0	0	0	0	0	0	0	6
First assistant engineers	2	2	22	0	5	0	0	0	0	3	0	0	0	0	34
Second assistant engineers	5	5	19	0	7	0	0	0	1	2	0	0	0	0	39
Third assistant engineers	3	20	24	3	4	0	2	0	10	1	0	0	0	0	67
Fourth assistant engineers	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2
Cadet engineer officers	0	0	0	0	0	0	0	0	0	61	0	0	0	0	61
Refrigerator engineers	0	6	0	0	0	0	0	2	0	0	0	0	0	0	8
Electricians	0	33	0	0	0	0	0	12	0	3	0	0	0	0	48
Deck engineers	0	13	2	1	0	0	14	8	0	15	1	0	2	0	56
Pump men	23	13	23	35	2	0	5	2	5	0	0	1	3	0	112
Oilers	137	2,010	343	272	168	42	339	175	369	228	177	116	23	9	4,408
Watertenders	11	494	65	62	4	26	133	42	15	67	52	49	2	0	1,022
Storekeepers	2	12	25	1	0	0	1	4	2	2	0	0	0	0	49
Firemen	220	3,460	697	682	537	45	559	409	444	614	221	211	28	77	8,204
Wipers	170	1,758	480	393	112	34	656	357	325	403	328	302	58	13	5,389
Coal passers	17	2,422	64	198	297	0	7	0	0	0	0	0	1	44	3,050
Deck boys	37	731	60	377	10	2	90	113	105	9	74	20	23	1	1,652
Chief steward	14	206	13	6	54	11	3	5	36	1	0	0	1	0	350
Second steward	3	11	1	2	5	0	0	0	1	0	0	0	0	0	23
Chief cooks	74	557	94	147	74	11	138	69	104	32	68	47	4	11	1,430
Second cooks	51	791	161	240	31	13	226	11	107	26	105	78	14	3	1,857
Third cooks	15	35	2	2	1	1	2	16	0	0	0	0	0	1	75
Bakers	1	83	5	0	7	0	0	0	2	1	0	0	2	0	101
Butchers	0	6	0	0	4	0	0	0	0	2	0	0	0	3	15
Storekeepers	3	8	1	0	0	0	0	0	0	1	0	0	0	0	13
Mess men	261	854	8	1	20	15	0	2	22	35	1	0	2	0	1,221
Mess boys	19	3,369	722	732	498	23	1,001	169	425	44	402	301	33	117	7,855
Pantrymen	5	23	0	1	3	0	5	0	7	1	1	1	0	0	47
Miscellaneous	72	619	54	24	71	0	485	21	278	146	1	4	5	7	1,787
Total	2,109	30,705	6,002	4,982	2,964	381	6,500	2,817	3,889	3,191	2,722	2,112	365	394	69,133

Americans, 84.3 per cent.

Piers and Wharves Division

The piers and wharves division of the Bureau of Operations is charged with the administration and general oversight of piers and wharves in possession of the board. In connection with the obligation imposed upon the Shipping Board by law to study and develop port facilities of the United States, section 17 of the merchant marine act provides that the board is authorized and directed to take over the possession and control and to maintain and develop certain docks, piers, warehouses, wharves, terminal equipment, etc., and provides further that other similar properties acquired by the War Department or the Navy Department may be transferred by the President to the board, to be similarly developed, and that none of such property shall be sold by the board.

The board is directed to maintain and develop such piers and wharves coming into its possession for the improvement of American port facilities and in connection with the development of the American merchant marine, all entirely irrespective of the ownership and operation of vessels by the Shipping Board through the Emergency Fleet Corporation.

The Shipping Board at present is possessed of terminals, warehouses, supply bases, or water-front property in connection therewith, at Boston, New York (Hoboken and Brooklyn), Philadelphia, Norfolk, and Charleston.

At present the Shipping Board does not itself physically operate any of these properties, with the exception of the terminal at Hoboken, in which case it is the policy to place the actual management in the hands of the Emergency Fleet Corporation.

The study of port facilities and the handling of matters affecting piers and wharves within the Shipping Board comes under the Bureau of Operations of the board. In the administration of these properties the Shipping Board determines the policy to be followed.

(*a*) Whether it will itself operate the water-front property in question.

(*b*) Whether it will lease such property to private parties for operation.

(*c*) Whether it will expand, improve, or in any way alter the property, and the general disposition and policy to be followed in connection with the upkeep, maintenance, and development thereof.

The following detail covers the six terminal properties at Boston, New York (Hoboken, Brooklyn), Philadelphia, Norfolk, and Charleston, with the exception of Hoboken, which will be found under Emergency Fleet Corporation, it being operated by the board in conjunction with its own ships.

Boston Army Base.

The Boston Army base has continued under the operation of the Boston Tidewater Terminal, the operating company, and has made

much progress both in the matter of profits from the board's standpoint and as a commercial water terminal.

During the year there were 286 vessels docking at the wharf, which amounted to 1,125 berth days. There were 263,197 tons of cargo loaded and discharged at the terminal. This is more tonnage than has ever before been handled at the base in any one year.

This property when operated by the Shipping Board was operated at a loss. Since leased, however, it has gradually been earning a return. During the fiscal year ending June 30, 1925, the Shipping Board received $17,810, representing two-thirds of the net proceeds in accordance with the terms of the lease.

During the year $13,214.83 was expended in repairing the foundation wall under the wharf shed, reconstructing crossings, and repairing the roof to the wharf shed.

Brooklyn Army Base.

Considerable progress has been made in the operation of the Brooklyn Army base. During the year there were 216 vessels docking at Piers 3 and 4, Brooklyn Army base; 372,269 tons of cargo were loaded and 145,477 tons were discharged; $269,419 accrued to the Shipping Board from the lease for the year. No expenditures were made for repairs or reconditioning at this base.

Philadelphia Army Base.

The board controls the Philadelphia Army base in its entirety, consisting of three piers with 88 acres of land adjacent thereto. These piers are known as A, B, and C and are leased to the Merchants' Warehouse Co., which pays the board a guaranteed flat rental of $100,000 per year for Pier B, and 50 per cent of the gross receipts from Piers A and C, which for the year amounted to $21,997, or a total of $121,997 net to the board.

During the year 368 vessels docked at Pier B, discharging 353,224 tons of cargo and loading 237,605 tons. Piers A and C had 112 vessels docking, which discharged 77,712 tons and loaded 16,995 tons during the year.

The area of land referred to as the 88-acre tract has been idle for a number of years. The board has been endeavoring, however, to have this property improved and developed in conjunction with the piers. Accordingly, 25 acres were leased to the Merchants' Warehouse Co., the present lessees of Piers A, B, and C, for the development of a lumber concentration yard. By the development of this yard the tonnage over Piers A and C should materially increase, and the board will also receive 50 per cent of the gross receipts from the storage of lumber, merchandise, etc. Consideration is being given several propositions now before the board for the leasing of the remainder of this acreage for similar purposes.

Norfolk Army Base.

The Norfolk Army base was acquired by the Shipping Board near the beginning of the fiscal year, subject to an agreement entered into between the War Department and the city of Norfolk. This agreement contemplates a return to the board of about 60 per cent of the net proceeds, which during the fiscal year amounted to $35,835 net to the board.

A program for repairing this property was commenced after its transfer, there having been no major repairs undertaken at the base since its construction in 1918.

Charleston Army Base.

The Charleston Army base was leased to the Port Utilities Commission of Charleston on July 10, 1924. This commission operates the property as a municipal terminal on a basis of 60 per cent of the net profit to the board and 40 per cent to the commission. Up to the present this terminal has paid no return to the Shipping Board, but business is improving and the losses are gradually growing smaller, and it is believed that in the course of another year the property will be on a paying basis, both to the city and the board.

Repairs undertaken at the Charleston Army base consist of only such work as is absolutely necessary for its operation; $50,000 was expended for this purpose during the year.

Investigations Division

The investigations division is a recent addition to the bureau. It has practically completed a comprehensive study of steamship line services at United States ports. Data collected have been recorded on 5 by 8 inch cards, each card bearing name of district, name of line, port of origin, ports of destination, name and type of each vessel in service, flag, speed, deadweight tonnage, and frequency of sailings. It is expected to keep this file up to date for use in connection with studies of operating costs and determination of advantages or disadvantages of operating under the American flag.

A preliminary survey has been made of the rules and regulations effecting shipping in the foreign trade, developing the fact that such rules and regulations have been adopted by as many as five bureaus in other Government departments. The question, therefore, becomes one of interpretation of section 19 of the merchant marine act, to determine whether overlapping authority has been given to various Governmental agencies.

Contemplated work by the division covers operating questions under section 12 of the shipping act, 1916, and sections 7 and 8 of the merchant marine act, 1920.

Section 12 of the shipping act outlines the duty of determining the extent and character of advantages and disadvantages incident

to operation of ships in foreign trade under American and foreign registry. It is proposed to make a study covering (1) laws and regulations aiding as well as hindering the merchant marine; (2) relative to American and foreign costs of labor, subsistence, insurance, and capital; (3) the relative efficiency of crews under various flags; and (4) the operating advantages and disadvantages of classes of fuel and types of engines.

Under section 7 of the merchant marine act it is proposed, in connection with the record of ships employed in line services, to determine the suitability of various types of vessels for established and proposed routes.

It is the plan of the division, in carrying out the duties assigned under section 8 of the merchant marine act, to work in cooperation with other divisions of the bureau. The investigation of the practicability and advantages of harbor, river, and port improvements in connection with foreign and coastwise trade, however, will be primarily a function of this division.

Port Facilities Division

Paragraph 53, section 8 of the merchant marine act, 1920, defines certain duties of the Shipping Board in cooperation with the Secretary of War, with the object of promoting, encouraging, and developing ports and transportation facilities in connection with water commerce. The duties thus imposed by law may be divided into (*a*) investigation; (*b*) advice to communities; and (*c*) bringing to the attention of the Interstate Commerce Commission such matters discovered under (*a*) as seem to call for new rates, charges, rules, regulations, or other affirmative action, affecting ports or shipping, which may come under the jurisdiction of the commission, in order that it may take such action as it may consider proper under existing law.

Under previous laws, the War Department has been charged with certain duties similar to those just named, with the exception of matters pertaining to the Interstate Commerce Commission. Specifically, the river and harbor act approved March 21, 1919, among other things, declares it to be the policy of the Congress that water terminals are essential to all cities and towns located upon harbors or navigable waterways, and charges the Secretary of War, through the Chief of Engineers, with the duty of giving full publicity to this provision.

Section 500 of the Esch-Cummins bill for the termination of Federal control of railroads, February 28, 1920, made it the duty of the Secretary of War to investigate certain matters relating largely to inland waterways, inclusive of the Great Lakes; to advise with communities, cities, and towns regarding the appropriate location of ter-

minals; to cooperate with them in the preparation of plans for suitable terminal facilities; and to compile, publish, and distribute such useful statistics, data, and information concerning transportation by inland waterways as may be deemed to be of value to the commercial interests of the country.

The passage of the merchant marine act, 1920, thus found the Board of Engineers for Rivers and Harbors of the War Department, to which the above-named duties had been assigned, preparing for publication a series of documents entitled "The Port Series" upon the important seaports of the United States, giving information not only as to their physical characteristics, but also such traffic data as imports and exports, origin and destination of cargo, as are believed to be of vital interest to both shippers, shipowners, and operators. The Shipping Board at once joined forces with the Board of Engineers for Rivers and Harbors.

During the fiscal year just closed, the Shipping Board has contributed to this work practically the same personnel as during the past several years. The activities of the port facilities division were, however, transferred on September 1, 1924, from the Bureau of Research to the Bureau of Operations.

Previous annual reports have recorded progress in this work. The end of the fiscal year 1924 showed that Port Series No. 1 on Portland, Me., No. 2 on Boston, Mass., No. 3 on Mobile and Pensacola, No. 4 on Philadelphia, Camden, and Wilmington, and No. 5 on New Orleans had been published and made available for distribution to interested parties. For certain other ports the manuscripts had been completed and sent to the printer.

During the fiscal year just completed reports Nos. 6, on Galveston, Houston, and Texas City, Tex.; 7, on Seattle, Tacoma, Everett, Bellingham, and Grays Harbor, Wash.; 11, on Portland and Astoria, Oreg., and Vancouver, Wash.; 13, on Los Angeles, San Diego, and San Luis Obispo; 14, on Port Arthur, Sabine, Beaumont, and Orange, Tex.; and 19, on Pascagoula and Gulfport, Miss., were issued and distributed. Each issue of a new document of the series has increased the demand for previous documents, and indeed the publications have been so popular that it has been necessary for the Government Printing Office to print second editions in several instances.

During the past year the manuscripts of numbers in the series, including that on the port of New York, have been completed and sent to the printer. The past fiscal year has added a volume upon the Great Lakes, entitled "Transportation on the Great Lakes," to the series. It is deemed wise to treat the Great Lakes ports and Great Lakes traffic along somewhat different lines from those

adopted for the seaports. The scope of the Great Lakes report is shown by the following table of contents:

I. General description of the Great Lakes system.
II. Laws, treaties, and regulations.
III. Vessels of the Great Lakes.
IV. Commerce.
V. The grain movement.
VI. The ore movement.
VII. The coal movement.
VIII. Other bulk freight.
IX. Package freight.
X. Car ferry traffic.
XI. Summary.

It is believed that this Great Lakes report will be useful not only in the same sense as those of the series upon the seaports but because it contains information useful in the study of the Great Lakes-St. Lawrence waterway now under consideration by a special board of engineers.

The previous annual report estimated the state of completion of the entire series at 80 per cent. Inclusive of the Great Lakes report, the present estimate is 84 per cent for the enlarged series. The following table gives percentages of completion as of June 30, 1925, in detail:

Tentative serial No. of volume	Ports	Percentage of completion, June 30, 1925	Tentative serial No. of volume	Ports	Percentage of completion, June 30, 1925
[1] 1	Portland, Me	100	[1] 13	Los Angeles, Calif	100
[1] 2	Boston, Mass	100		San Diego, Calif	100
[1] 3	Mobile, Ala	100		San Luis Obispo, Calif	100
	Pensacola, Fla	100	[1] 14	Port Arthur, Tex	100
[1] 4	Philadelphia, Pa	100		Sabine, Tex	100
	Chester, Pa	100		Beaumont, Tex	100
	Camden, N. J	100		Orange, Tex	100
	Wilmington, Del	100	[2] 15	Norfolk, Va	95
[1] 5	New Orleans, La	100		Portsmouth, Va	95
[1] 6	Galveston, Tex	100		Newport News, Va	95
	Houston, Tex	100	[2] 16	Baltimore, Md	95
	Texas City, Tex	100		Washington, D. C	50
[1] 7	Seattle, Wash	100		Alexandria, Va	50
	Tacoma, Wash	100	[2] 17	Hawaiian ports	75
	Everett, Wash	100	[2] 18	New London, Conn	50
	Bellingham, Wash	100		Bridgeport, Conn	50
	Grays Harbor, Wash	100		New Haven, Conn	50
[2] 8	Jacksonville, Fla	100		Norwalk, Conn	50
	Fernandina, Fla	100		Stamford, Conn	50
	Miami, Fla	100	[1] 19	Pascagoula, Miss	100
	Key West, Fla	100		Gulfport, Miss	100
	Tampa, Fla	100	20	Gloucester, Mass	0
	South Boca Grande, Fla	100		Beverly, Mass	0
[2] 9	Charleston, S. C	100		Salem, Mass	0
	Wilmington, N. C	100		Lynn, Mass	0
[2] 10	Savannah, Ga	100		Newburyport, Mass	0
	Brunswick, Ga	100		Portsmouth, N. H	0
[1] 11	Portland, Oreg	100	21	San Juan, P. R	90
	Astoria, Oreg	100		Ponce, P. R	90
	Vancouver, Wash	100	22	New Bedford, Mass	50
[2] 12	San Francisco, Calif	80		Fall River, Mass	50
	Oakland, Calif	80		Newport, R. I	50
	Berkeley, Calif	80		Providence, R. I	50
	Richmond, Calif	80	23	Panama Canal ports	0
	Upper San Francisco Bay	80	[2] 24	New York	100
	Monterey, Calif	80		Great Lakes, volume 1	95
	Santa Cruz, Calif	80			

[1] Available for distribution. [2] Now in Government Printing Office.

In the matter of advice to communities regarding the appropriate location and design of water terminals, there has been correspondence with various Gulf and Pacific ports, as well as with several inland ports, inclusive of some on the Great Lakes and others on the interior rivers. In this connection, visits were made to various seaports on the South Atlantic and Gulf coasts, inclusive of Pensacola, St. Petersburg, Tampa, Miami, and Jacksonville, Fla.; Savannah, Ga.; New Orleans and Lake Charles, La.; Newark, N. J.; Chicago, Ill.; and Rochester, N. Y.

BUREAU OF CONSTRUCTION

In the division of work incumbent on the Shipping Board in its relation to the privately owned and privately operated merchant marine, duties arising under sections 9 and 12 of the shipping act, 1916, and sections 11 and 23 of the merchant marine act, 1920, have been assigned the Bureau of Construction of the board, to which bureau has also been assigned supervision of the program authorized by the amendment, dated June 6, 1924, of section 12 of the merchant marine act for the conversion of a number of the vessels of the Government into motor ships.

Under the provisions of section 9 of the shipping act, 1916, it is unlawful to sell, transfer, or mortgage, or, except under regulations prescribed by the board, to charter any vessel purchased from the board or any vessel documented under the laws of the United States to any person not a citizen of the United States, or to put any such vessel under a foreign registry or flag without first obtaining the board's approval. That part of this provision which relates to chartering a vessel under such circumstances, except under regulations prescribed by the board, has been covered by resolution of the board, which authorizes the charter of any such vessel to any person not a citizen of the United States for any term not exceeding one year. In all cases where it is proposed to sell or mortgage any vessel purchased from the board or documented under the laws of the United States to any person not a citizen of the United States, such sale or mortgage must first be approved by the Shipping Board, and when it is proposed to put any such vessel under a foreign registry or flag, notwithstanding the ownership of the vessel may remain in a person who is a citizen of the United States, the approval of the board must be first obtained.

The policy controlling the board in respect to such sales to aliens or transfers to foreign registry is based primarily in not permitting vessels of a type and kind deemed by the board necessary to the upbuilding of the American merchant marine to pass from the jurisdiction of the United States Government by their transfer to foreign

flag, or to have any conflict in respect to the use of any such vessel, in times of national emergency, because of their ownership by persons not citizens of the United States.

In addition to the fundamental principle controlling this policy, another aspect of the matter is presented by the Volstead Act and the extensive use of vessels in the illicit transportation into the United States of alcoholic liquors, commonly referred to as rum running. The board has been requested by the Department of Justice to cooperate by imposing, as it is authorized to do under the provisions of section 41 of the shipping act, 1916, a condition in approvals under section 9, which condition reads as follows:

> That the said vessel shall not be used for the importation into or exportation from the United States of America of any spirituous, vinous, malted fermented, or other intoxicating liquors of any kind, or of any articles, property, goods, wares, or merchandise, in violation of the laws of the United States; that this condition shall run with the title to the said vessel for the further guaranty of the strict performance hereof; that upon any breach of this condition by the purchaser and/or transferee of said vessel or his, their, or its successors in interest, the permission hereby granted shall be and become null and void and without effect, and thereupon said vessel shall be immediately subject to seizure, libel, and forfeiture to the United States of America wherever and whenever found, without compensation to any person therefor.

In those cases where it is clear a vessel, because of its type and kind, is unfit for such service as that prescribed by the above condition, the board may for special reasons omit the condition from the formal approval. As the smaller type of vessel is the type usually used for such service, the board frequently permits the issue of approvals of transfers of vessels, without condition, when the approval is otherwise proper, when the vessel exceeds 2,500 deadweight tons.

A person wanting the approval of the board to any such sale or transfer is required to present a formal application containing all relevant particulars, including a certificate of the collector of customs at the home port of the vessel certifying the name of the present registered owner and what, if any, mortgages or liens are on file. The last requirement—namely, certifying the names of mortgagees or lienors, though not required by law, is usually, but not always, required by the board, as vessels should not be transferred to foreign registry if creditors in the United States have claims against the vessel.

As the Canadian Government has objected to receiving transfers to Canadian registry with the condition mentioned above attached, the board has in several special instances issued certificates of approval without the condition in it, accepting in lieu of such condition a joint and several bond from the seller and the buyer of the

vessel that the penal sum named in the bond would be paid if in any instance within a period of five years the vessel transported alcoholic or spirituous liquors in violation of the covenant of the bond, which covenant is expressed in terms similar to the condition quoted above, even though such transportation should be without the connivance of the owner or officers of the vessel and even though it should be subsequent to the sale of the vessel by the persons giving the bond. The following is a statement of transactions which have occurred in these matters during the present fiscal year:

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

[Footnotes at end of table]

Name of vessel	Official number	Gross tonnage	Last American home port	Name of purchaser	To what foreign registry	Date of order
Algonquin	106774	2,832	New York, N. Y.	Ditta Luigi Pittaluga Vapori	Italian	July 9, 1924
Capt. T. W. Morrison	(1)	128	U. S. Army	Quebec Preserving Co	British	July 11, 1924
Dorothea	219748	420	New Orleans, La.	Jacobo Rincon	Mexican	July 12, 1924
Suruga	212935	4,390	New York, N. Y.	A. N. Hansen Co	Danish	July 16, 1924
Dochra	212798	4,429	do	do	do	Do.
Zephyr	206413	127	do	Isle of Pines Steamship Co	Cuban	July 17, 1924
Delaware	216545	14	Los Angeles, Calif.	J. H. Foullere	British	Do.
Toronto	216752	18	do	do	do	Do.
Ryono	221926	18	do	do	do	Do.
Chalmette	125768	3,205	New York, N. Y.	Socancoop Ligure Demolitori Novi	Italian	July 18, 1924
Saxon	116376	2,663	do	Jensen Linien Aktieselskab	Danish	Do.
Wisla	219438	3,416	do	do	do	July 21, 1924
Bertrand	168644	2,248	Seattle, Wash.	R. F. Whalen	Canadian	July 31, 1924
Dacula	168598	2,234	do	do	do	Do.
Bayden	168612	2,236	do	do	do	Do.
St. Georges	(1)			Leonard Fisheries (Ltd.)	do	Do.
Northern King	130420	2,565	Port Arthur, Tex.	Produits Metallurgiques Anciens Establissements Meiboom et Cie. Soc. An.	Italian	Aug. 6, 1924
Shur	203610	48	Gloucester, Mass.	The Lago Petroleum Corporation	Venezuelan	Do.
Wanderer	80951	25	Gulfport, Miss.	Ivan C. Fergusson	British	Aug. 9, 1924
Galatea	212390	367	New York, N. Y.	Sanchez Neptune & Co	Haitian	Do.
Lizzie May	140172	15	Miami, Fla.	Charles Hazell	British	Aug. 13, 1924
Golden Gate	222376	3,128	New York, N. Y.	Societe Anonima Acciaierie e Ferrieri di Novi Ligure	Italian	Aug. 27, 1924
Lobos X	220695	133	New Orleans, La.	Juan Diego and Nemesio Ruiz y Hermanos	Mexican	Do.
Agnes C	222095	14	San Diego, Calif.	Mexican Industrial Development Co	Japanese	Do.
M. A. Achorn	91196	308	Mobile, Ala.	Segundo Humaran y Cia	Mexican	Aug. 29, 1924
Dayton	213095	5,134	New York, N. Y.	Hannevig Corporation Aktieselskab	Norwegian	Sept. 12, 1924
Vincennes	168626	2,117	Tacoma, Wash.	Franz Alfred James Franzen	British	Sept. 16, 1924
D. & W. 401 [2]	(1)	300		Andian National Corporation (Ltd.) of Canada	Colombian	Oct. 7, 1924
D. & W. 404 [2]	(1)	300		do	do	Do.
D. & W. 405 [2]	(1)	300		do	do	Do.
D. & W. 406 [2]	(1)	300		do	do	Do.
Anita II	213147	65	Jacksonville, Fla.	Antonio G. Gonzalez	Cuban	Sept. 22, 1924
Nat. L. Gorton	214308	225	New York, N. Y.	The Trinidad Leaseholds (Ltd.)	British	Sept. 24, 1924
Corning	213098	5,073	do	The Brynymor Steamship Co. (Ltd.)	do	Sept. 26, 1924
Morro Castle	93055	6,004	do	Ditta Luigi Pittaluga	Italian	Oct. 1, 1924
Pauline	54581	119	do	Regis Jolly	Canadian	Oct. 7, 1924
Bayway	212841	5,084	do	Societe Auxitiere De Transport	French	Oct. 13, 1924 Mar. 20, 1925
Somerset	212835	4,738	do	do	do	Do.
M. L. Hanahan	221864	429	Mobile, Ala.	Bonnefil Freres & Co	Haitian	Oct. 15, 1924

Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens—Continued

Name of vessel	Official number	Gross tonnage	Last American home port	Name of purchaser	To what foreign registry	Date of order
Star No. 8	58017	24	Seattle, Wash	Coast Packing Co	Canadian	Oct. 17, 1924
Star No. 26	58040	24	do	do	do	Do.
Margaret	216228	19	Chicago, Ill	John Purvis	do	Oct. 18, 1924
Bingamon (hull No. 94)	(1)			British Pacific Transport Co. (Ltd.)	do	Oct. 25, 1924
Republic	214028	4,159	New York, N. Y	Christoffer Hannevig Aktieselskab	Norwegian	Oct. 29, 1924
Monsoon No. 61	(1)			Montreal Light, Heat & Power Co	Canadian	Oct. 30, 1924
Baton Rouge	212880	4,973	New York, N. Y	European Shipping Co. (Ltd.)	British	Nov. 3, 1924
Gloucester	126777	560	do	The All American Steamship Co. (Inc.)	Panaman	Nov. 12, 1924
Sorento	117231	35	Tampa, Fla	Jose A. Fernandez	Honduran	Nov. 19, 1924
John G. Olsen	214616	62	New York, N. Y	Compania Arucarera Baragua Corporation	Cuban	Nov. 28, 1924
Rosa Ferlita	221287	673	Tampa, Fla	D. D. Yates	British	Dec. 5, 1924
Snowdon[2]	212970	1,112	Boston, Mass	Ian Mackee Galbraith	do	Dec. 22, 1924
Grace	206785	15	New York, N. Y	Tropical Forest Products Co	Panaman	Dec. 23, 1924
Lydia	217022	4,052	do	Adria Societa Anonima di Navigazione Maritima	Italian	Dec. 24, 1924 Dec. 27, 1924
Baytown	220590	2,630	Houston, Tex	Societa Armatrice Italiana	do	Dec. 26, 1924
Engadine	81813	29	Miami, Fla	Theodore Farrington	British	Jan. 12, 1925
Walrus[2]	215482	474	Gloucester, Mass	N. D. Entenza	Cuban	Jan. 13, 1925
Seal[2]	215641	479	do	do	do	Do.
San Pasqual	220201	6,486	San Diego, Calif	The Old Time Molasses Co	do	Jan. 16, 1925
Northern Queen[2]	130436	2,476	Port Arthur, Tex	Raffaele Serra	Italian	Jan. 22, 1925
Patapsco	141811	25	New York, N. Y	St. George Hotel	Bermuda	Jan. 23, 1925
Magdelina	223731	14	Key West, Fla	Jeronimo Hidalgo	Cuban	Jan. 26, 1925
Philadelphia	150344	2,520	Wilmington, Del	Reginald Harrison	British	Jan. 28, 1925
Fenella	120722	42	Providence, R. I	Guillermo Schweyer y Hernandez	Cuban	Jan. 30, 1925
Mildred A	(1)			Lago Petroleum Corporation	Venezuelan	Feb. 7, 1925
Prins Valdemar	213604	1,338	New York, N. Y	Compania Mercantil Del Norte	Nicaraguan	Feb. 12, 1925
Truxillo	130098	2,265	do	Reginald Harrison	British	Feb. 28, 1925
Northern Wave	130437	2,599	Port Arthur, Tex	Capt. Duilio Villa	Italian	Mar. 2 1925
W. S. Porter	203629	4,901	San Francisco, Calif	Petroleum Societa Anonima Navigazione	do	Mar. 5, 1925
Apache	168040	123	Port Arthur, Tex	Venezuela Gulf Oil Co	Venezuelan	Mar. 6, 1925
Shawnee	168038	123	do	do	do	Do.
Rambler	202967	30	Erie, Pa	Wm. F. Kolbe	British	Mar. 11, 1925
Mae Hyman	220460	41	San Francisco, Calif	Compania Occidental Mexicana	Mexican	Do.
Fort Logan	218720	2,534	New York, N. Y	M. J. Gicas	Persian	Mar. 19, 1925
Nerens	223836	1,822	Boston, Mass	T. W. Ward (Ltd.)	British	Do.
Solarina	215697	255	New York, N. Y	Alberto Vales Co	Mexican	Mar. 20, 1925
Wright	211865	12	do	Murray, Ryan & Schanvenka	Venezuelan	Mar. 23, 1925
Lake Como	216039	2,018	Cleveland, Ohio	Robert Babcock	British (Newfoundland)	Mar. 27, 1925
Moritz	216703	3,020	New York, N. Y	Agha Nedjmeddin fils de Ihrahim Edhem	Persian	Apr. 2, 1925
Vagabondia	214402	178	do	Andian National Corporation (Ltd.)	Colombian	Apr. 4, 1925
Clackamas	217275	2,922	do	W. N. McDonald	Canadian	Apr. 7, 1925
Reta	218552	8	Seattle, Wash	Robert Barton	do	Apr. 8, 1925

W. H. Talbot	81349	817	Marshfield, Oreg	Frank R. Vida	Chinese	Apr. 10, 1925
St. Andrews	96564	240	New York, N. Y	Daniel McDonald	Canadian	Apr. 11, 1925
Algiers	105595	2,294	Philadelphia, Pa	Reginald Harrison	British	Apr. 16, 1925
General O. H. Ernst	215026	3,564	New York, N. Y	John G. Hansen	Norwegian	Apr. 21, 1925
Yule	218269	10	Seattle, Wash	James Bryne	British	Do.
Hawaiian	96534	5,397	New York, N. Y	Cio de Navegacas Lloyd Brazileiro	Brazilian	Apr. 25, 1925
Lake Fielding	218767	2,571	Toledo, Ohio	Kwong Hang Hing	Chinese	Apr. 30, 1925
Juniata	215238	1,433	Port Arthur, Tex	Venezuela Gulf Oil Co	Venezuelan	May 4, 1925
Susquehanna	215387	1,381	do	do	do	Do.
Shenango	117254	2,365	do	do	do	Do.
Homestead	167814	772	do	do	do	Do.
Duquesne	167815	772	do	do	do	Do.
Calvert	209492	161	do	do	do	Do.
Pascagoula	201208	65	do	do	do	Do.
E. L. Russel	136724	207	do	do	do	Do.
Ruth A. Welles	200241	31	Tampa, Fla	Victoriano Bengochea y Fernandez	Cuban	May 5, 1925
Mex 42	222571	9	Port Arthur, Tex	Venezuela Gulf Oil Co	Venezuelan	May 6, 1925
Buoa Viage	218320	15	San Diego, Calif	Joe Coroña	Italian	May 8, 1925
Etta Mildred	136974	73	Tampa, Fla	Compania de Pesca Mediavilla	Cuban	May 14, 1925
Atlas	107430	2,006	San Francisco, Calif	Societa Armatrice Italiana	Italian	May 18, 1925
Nokomis	205152	14	Juneau, Alaska	Skeena River Packing Co. (Ltd.)	Canadian	June 1, 1925
Fordonian	214598	2,368	New York, N. Y	Herbert F. Williams	do	June 3, 1925
Eagle	220373	341	Miami, Fla	Hon. John Alan, Baron Inverclyde	British	June 30, 1925

[1] Undocumented.
[2] Vessels thus indicated had previously received the permission of the board for sale and transfer to various registries but the transaction had failed of consummation.
There were thus in all 112 transactions of which, so far as we are advised, 103 became effective, concerning 18 countries and 145,829 gross tons distributed as follows:

RECAPITULATION

Register	Number of vessels	Gross tonnage	Register	Number of vessels	Gross tonnage	Register	Number of vessels	Gross tonnage	Register	Number of vessels	Gross tonnage
Bermudan	1	25	Colombian	5	1,378	Honduran	1	35	Panaman	2	575
Brazilian	1	5,397	Cuban	10	7,853	Italian	12	36,413	Persian	2	5,554
British	21	25,740	Danish	4	14,898	Japanese	1	14	Venezuelan	14	7,471
Canadian	15	12,456	French	2	9,822	Mexican	5	1,157			
Chinese	2	3,388	Haitian	2	796	Norwegian	3	12,857	Total	103	145,829

NOTE.—A sale and transfer of the sailing vessel *Prins Valdemar* to Nicaraguan registry failed of consummation and the vessel remained under American registry.

If the vessel whose transfer has been permitted, but with a condition annexed to the approval, violates the condition, the status of the vessel is the same as if the transfer or sale had been made without the approval of the board in the first instance.

Construction Loan Fund.

Section 11 of the merchant marine act, 1920, authorizes the board, during the period of five years from the commencement of that act (June 5, 1920), to annually set aside, out of the revenue from sales and operations, a sum not exceeding $25,000,000, to be known as its construction loan fund, the original provisions of which section were amended by the act of June 6, 1924. The board is permitted to use the fund thus created to the extent it thinks proper, on such terms as it may prescribe, in making loans to aid citizens of the United States in the construction, in shipyards within the United States, of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable or necessary by the board, or to aid in the outfitting and equipment, in shipyards within the United States, of American vessels already built, with engines, machinery, and commercial appliances of the most modern and the most efficient kind, including the most economical engines, machinery and commercial appliances.

Under the terms of the act no loan can be made for a longer time than 15 years, and if it is not to be repaid within two years from the date when the first advance on the loan is made the principal shall be payable in installments at intervals not exceeding two years. Each installment shall be not less than 6 per cent of the original amount of the loan, if the installments are payable at intervals of one year or less; an amount not less than 12 per cent of the original amount of the loan, if the installments are at intervals exceeding one year in length. The loan may be repaid at any time on 30 days written notice to the board with interest computed to date of payment.

Loans from the construction loan fund made since the amendment of June 6, 1924, bear interest at rates to be fixed by the board, payable not less frequently than annually, with minimum rates not less than 5¼ per cent for any interest period in which the vessel is operated exclusively in coastwise trade or is inactive and not less than 4¼ per cent during any interest period in which the vessel is operated in foreign trade. No such loan can be for a greater sum than one-half the cost of the vessel or vessels to be constructed or more than one-half the cost of the equipment hereinbefore authorized for the vessel already built, unless security is furnished in addition to a first-preferred mortgage on the vessel or vessels, in which event the board may increase the amount loaned, but such additional amount shall not exceed one-half the market value of the

additional security furnished, and in no case shall the total loan be for a greater sum than two-thirds of the cost of the vessel or vessels to be constructed or more than two-thirds of the cost of the equipment and its installation for vessels already built.

The total amount credited to this fund by the Treasury Department during the five-year period has been $73,090,661.10. The balance on hand July 1, 1924, was $60,881,931.62, and the receipts from sales and interest during the fiscal year ending June 30, 1925, was $6,382,071.20, in addition to which $20,000 was received on account of payments of principal. During the year, however, the sum of $11,808,729.48 was transferred from the account back to the general fund of the United States Treasury on the ground that its deposit was not justified by the provisions of the act.

The loans made from the fund from the commencement to the present time are as follows:

(A) $400,000 to the Minnesota-Atlantic Transit Co., in aid of the construction of the vessels *Twin Cities* and *Twin Ports*, the notes for the repayment of which are the joint and several obligations of the Minnesota-Atlantic Transit Co. and the McDougall Terminal and Warehouse Co. and are secured by a first-preferred mortgage on the two vessels above named.

(B) $1,825,000 to the Eastern Steamship Lines (Inc.), in aid of the construction of the vessels *Boston* and *New York*, the notes for the repayment of which are the obligations of the Eastern Steamship Lines (Inc.) and are secured by a first-preferred mortgage on the two vessels named.

(C) $1,000,000 to the Robert E. Lee Steamship Corporation in aid of the construction of the steamship *Robert E. Lee*, the notes for the repayment of which are the joint and several obligations of the Robert E. Lee Steamship Corporation and the Old Dominion Steamship Co. and are secured by a first preferred mortgage on the vessel named.

All the foregoing loans have been advanced, the vessels completed and in commission.

In addition to the foregoing, the following loans have been made and advances thereon have been partly made, as follows:

(A) $2,666,000 to the Cherokee-Seminole Steamship Corporation, on which to June 30, 1925, $1,935,000 has been advanced, in aid of the construction of the steamships *Cherokee* and *Seminole*, for which the board holds the joint and several notes of the Cherokee-Seminole Steamship Corporation and the Clyde Steamship Co., secured by a deed of trust under the laws of the State of Virginia, covering the two vessels in the process of construction at the yard of the Newport News Shipbuilding and Dry Dock Co., Newport News, Va.

(B) $1,500,000 to the Coamo Steamship Corporation, on which loan no advances have yet been made, the loan, however, having been

assured in aid of the construction of the steamship *Coamo*. Advances will be made during the progress of the construction, and the notes taken will be joint and several notes of the Coamo Steamship Corporation and the New York and Porto Rico Steamship Co., which notes will also be secured during the construction period of the vessel by a deed of trust under the laws of the State of Virginia, as the vessel is being built at the yard of the Newport News Shipbuilding and Dry Dock Co., located at Newport News, Va.

In addition to the above loans, a resolution of the board has been passed authorizing a loan of $600,000 to the New York Shipbuilding Corporation in aid of the construction of a tanker that company is now building in its yards; the contract for this loan, however, has not been consummated, and under the terms of this and of other resolutions heretofore made authorizing loans, the loan may be revoked at any time before the execution of a formal contract.

The total amount of loans, as shown above, thus far made and authorized is $7,991,000.

As a preferred mortgage can not be taken on the hull of a vessel during its period of construction, the security usually taken by the board has been in the form of mortgages or deeds of trust under the State law where the vessel is being built, which mortgage is succeeded, when the vessel has been completed and has been documented, by a first preferred mortgage under the ship mortgage act, 1920, thus complying with the requirements of the law that in all cases the board shall have a first lien upon the vessel in aid of whose construction the money is loaned. To give the board this first lien during the construction period, it has been required of the builder to subordinate any lien the builder might have to the lien of the United States as security for the loan.

To justify advances made on account of the loan during the construction period, the builder has been required to give a bond to the United States guaranteeing the completion of the vessel for the contract price. In those instances where advances during the construction period are not required such bond by the builder to the Government is not required. Persons applying for loans are required to submit a formal application giving relevant information touching their business integrity and financial ability, together with evidence of their experience and ability to successfully operate vessels, and a thorough examination is given by the credit officer of the board concerning the financial standing of the applicant. Such formal applications must contain the following information:

After an appropriate title reading substantially as follows: "Application of the ———, for a loan from the construction loan fund, under section 11 of the merchant marine act, 1920," and after stating the amount of the loan desired, the application should give the following information:

1. Name of applicant; main address, and address of all agencies; place and date of incorporation. Annex copy of articles of incorporation.

2. Names, addresses, and nationality of each of the officers and directors, and of each of the 10 largest stockholders; if any are naturalized citizens, date of naturalization and place of nativity.

3. The capital stock; the amount authorized, and that actually paid in. What proportion of the stock, if any, is in the name of or is beneficially owned by persons not citizens of the United States.

4. The funded debts of the applicant, showing in detail the various kinds of funded obligations outstanding; and, as far as possible, by whom its bonds, etc., are chiefly held.

5. A full and complete statement of the applicant's financial condition, including a balance sheet showing assets and liabilities, duly certified by an accountant acceptable to the board.

6. A statement setting forth the assets of the applicant, with their current market value, verified by an appraiser acceptable to the board.

7. A statement of all mortgages, liens, conditional sales, judgments, etc., affecting any of the assets enumerated; including pending suits which, if judgment is adverse, may affect applicant or its assets.

8. In addition to a first lien on the vessel to assist in whose construction the loan is asked, what other security, if any, is tendered?

9. If a guaranty of the repayment of the loan is to be made by some other person or corporation, state such facts as will evidence the value of such guaranty; and whether such guarantor will give a mortgage on any of its assets to secure its undertaking.

10. If applicant, or if any one owning a substantial part of the stock of an applicant corporation, is engaged in any business other than the operation of vessels, as common carriers, state generally what the business is, and whether the proposed new vessel may be used in the transport of the supplies or products of such other business.

II

As to the Vessel

11. State: (*a*) The type and kind of vessel in whose construction the loan would be used; (*b*) its main dimensions and estimated deadweight tons; (*c*) the type of engine and propulsive power; (*d*) its estimated speed; (*e*) the fuel to be burned; (*f*) plans and specifications must be submitted, when ready.

12. The special trade or route, if any, for which the vessel is planned, and in which it will probably be operated.

13. If the construction contract for the vessel has not been placed, state: (*a*) That it will be built in the United States; (*b*) the estimated cost of construction; (*c*) supporting evidence showing the estimated cost will probably equal its reasonable market value when finished.

14. If the contract for its construction has been awarded, state: (*a*) The shipyard in which it will be built; (*b*) the amount of the contract price; (*c*) what competitive bids were received; (*d*) copy of plans and specifications; (*e*) whether plans have been passed on by American Bureau of Shipping; (*f*) copy of contract for construction; (*g*) evidence the contract cost will probably equal its reasonable market value when finished.

15. If the following facts have been determined, also state: (*a*) The builder's hull number; (*b*) the name the vessel has or will have; (*c*) at what United States port the vessel has been or will be documented; (*d*) the name and address of the managing owner or operating agent.

The closing paragraph to read as follows:

The statements of facts made above are accurate, and are made for the purpose of inducing the United States Shipping Board to grant a loan to applicant from its construction loan fund authorized under section 11 of the merchant marine act, 1920. Any other information required by the Shipping Board will be furnished on request.

(The application should be signed by the president of a corporation and by its treasurer, and duly sworn to by the president.)

The period of time within which the construction loan fund could be set up expired on June 5, 1925. While ample funds had been received from sales of vessels and other property during the five-year period to have justified the setting aside of the entire sum of $125,000,000 authorized by the act, that total sum was not set aside, in large measure because appropriation acts had required a large part of proceeds of sales to be applied to current expense of operations, and funds were therefore not always available for the annual allotment to the construction loan fund.

During the period of five years, however, the board had taken promissory notes, bonds, letters of credit, and other evidences of debt for the payment of the purchase price of various vessels and other property that had been sold, the sales having been made on that basis to procure better prices for the Government. On April 21, 1925, realizing that the period of time was about to expire within which deposits could be made to the credit of the fund, the board passed a resolution setting aside in the fund a group of these securities aggregating $19,841,373.27. Any technical question of the right to deposit such proceeds in the fund could have been eliminated by the

sale of the securities and the deposit of the proceeds of sale in the fund within the time limit named in the act. Such a sale, however, could not have been consummated except at a substantial discount; the board, therefore, elected to deposit the securities themselves. The deposit of the securities has been disapproved by the Comptroller General of the United States, notwithstanding the natural underlying equity in support of the action of the board.

During the five-year period through which the construction loan fund was to be set up, as provided in section 11 of the merchant marine act, 1920, which period of five years ended June 5, 1925, the following allotments were made to the fund, namely: For the year ending June 5, 1921, nothing; for the year ending June 5, 1922, $25,000,000; for the year ending June 5, 1923, $25,000,000 (in addition thereto $11,808,729.48, which was also added to the fund because that amount was also available as proceeds from sales, was added to the fund in lieu of the fact that nothing was added for the year ending June 5, 1921; subsequently, however, as hereinbefore mentioned, the Treasury Department disallowed this allotment); for the year ending June 5, 1924, $11,281,931.62; for the year ending June 5, 1925, $6,282,071.20 in cash and in addition thereto the securities hereinbefore referred to.

It is the belief of this board that Congress intended a construction loan fund to be created in the sum of $125,000,000 within the five-year period named, provided sales of ships and other property yielded that amount during that period. It is obvious that the amount deposited in the fund in the form of securities does in fact represent proceeds of the sales of vessels, etc. It is equally obvious that the $11,808,729.48, referred to above, being proceeds of sales of vessels, etc., during the five-year period, as a matter of substance belongs to the fund, and its disallowance by the Treasury Department is based upon a very technical interpretation of the act. The total amount credited to the fund in cash should have added to it the $11,808,729.48 referred to above and also all proceeds of the above-mentioned securities if appropriate legislation to that end is obtained, in addition to which Congress should be requested to make possible the completion of the fund to the maximum named in the original act.

Diesel Program

As mentioned in the report for the fiscal year ending June 30, 1924, the board took immediate steps on the passage of the act of June 6, 1924, making available an amount not exceeding $25,000,000 for installing internal-combustion engines in vessels of the Government to give effect to the provisions of the act by the appointment of a committee of experts to study the various types of internal-combustion

engines, with special reference not merely to adopting an acceptable type for use in the American merchant marine, but to create competition in the development of the various types and to promote the manufacture of such engines in the United States, and also for the development of skilled workmen in this field among the citizens of the United States; after due investigation and consultation the committee mentioned made recommendations to the board, and the board after due consideration authorized certain contracts for the construction of internal-combustion engines for the equipment of 14 of its vessels by resolution dated November 8, 1924, as follows:

Whereas the provisions of section 12 of the merchant marine act, 1920, as amended June 6, 1924, authorize this board, as a part of the work of reconditioning vessels under its control, to substitute the most modern, most efficient, and most economical types of internal-combustion engines as the main propulsive power of vessels; and

Whereas, acting under the direction of this board, investigations have been conducted by a committee of which Commissioner W. S. Benson has had supervision, having in view the selection of appropriate types of internal-combustion engines to be installed in some of the vessels of the board, the results of which investigations are set forth in a report dated November 6, 1924, signed by R. D. Gatewood, manager, a duplicate of which report is filed herewith as information: Now then, as the initial step in the reconditioning of a number of vessels of the fleet, it is

Resolved, That the chairman of the board is hereby authorized, in behalf of the board, to execute contracts on the basis of the revised prices set forth in the above-mentioned report for the following approved types of internal-combustion engines, viz:

SINGLE-ACTING ENGINES

Four 3,000 S. H. P. Busch-Sulzer Diesel Engine Co., St. Louis, Mo.
Four 2,800 S. H. P. Cramps Ship & Engine Building Co., Philadelphia, Pa.
Three 2,700 S. H. P. McIntosh & Seymour Corporation, Auburn, N. Y.
Two 2,900 S. H. P. Pacific Diesel Engine Co., Oakland, Calif.

DOUBLE-ACTING ENGINES

One 3,000 S. H. P. Hooven, Owens, Rentschler, Hamilton, Ohio.
One 2,700 S. H. P. McIntosh & Seymour Co., Auburn, N. Y.
One 3,050 S. H. P. New London Ship & Engine Co., Groton, Conn.
Two 2,900 S. H. P. Worthington Pump & Machinery Co., Buffalo.

Resolved further, the sum of four million three hundred and fifty thousand dollars ($4,350,000) is hereby appropriated and made available for obligations arising under contracts which may be executed in accord with the above authority, including such spare parts for the engines as may be enumerated in such contracts;

Resolved further, All contracts executed pursuant to this resolution shall be subject to and conform with the requirements of section 12 of the merchant marine act, 1920, as amended by the act of June 6, 1924. The general counsel of the board is directed to prepare the necessary contracts therefor, and their preparation, the selection of the vessels to be thus reconditioned, and the in-

stallation of the engines, together with auxiliaries and equipment in said vessels, shall be under the direction of Commissioner W. S. Benson, who shall make frequent reports to the board in connection therewith. The Emergency Fleet Corporation is directed to cooperate with Commissioner Benson in carrying into effect the provisions of this resolution.

A resolution supplemental to the above was passed by the board on December 2, 1924, reading as follows:

Whereas a resolution was passed by the board on November 8, 1924, authorizing certain contracts for the purchase of internal-combustion marine engines, by which resolution it was the intent of this board to reserve to itself full control, through appropriate officials, of any and all contracts made pursuant thereto both as to their terms and as to their performance, which resolution, however, it is claimed inadequately reveals the intent mentioned: Now, then, to emphasize the intent and purpose of this board and as a supplement to its resolution of November 8, it is hereby

Resolved, That the performance of any and all contracts executed in behalf of the board under authority of the resolution mentioned above and all payments made pursuant to such contracts shall be subject at all times to the supervision of this board acting through agents it will from time to time designate.

Resolved further, That Commissioner W. S. Benson is hereby requested to give his general supervision to the performance of all such contracts, including the supervision of the selection and appointment, subject to existing provisions of law, of such supervising engineers, assistant engineers, experts, inspectors, and other personnel as he may deem necessary for adequate supervision and inspection.

Resolved further, That Rear Admiral W. S. Benson, United States Navy, retired, is hereby requested to serve as referee, to whom shall be referred all disputes which may arise in the interpretation, application, and performance of any such contracts and of any documents referred to therein, or concerning compensation claimed thereunder. If Admiral Benson accepts this designation, all such contracts shall contain an acceptance provision, naming him as referee for such purposes, whose decision shall be binding on all parties to such contracts.

Pursuant to the foregoing resolutions, the following contracts were duly entered into with the parties mentioned, as follows:

(*a*) Busch-Sulzer Diesel Engine Co., St. Louis, Mo., contract, dated December 22, 1924, covering four 6-cylinder, 2-cycle, single-acting engines, 3,000 brake horsepower, in the total sum of $979,568.

(*b*) McIntosh & Seymour Corporation, Auburn, N. Y., contract dated December 22, 1924, covering three 6-cylinder, 4-cycle, single-acting engines, 2,700 brake horsepower, in the total sum of $685,649.

(*c*) Pacific Diesel Engine Co., Oakland, Calif., contract dated January 22, 1925, covering two 8-cylinder, 4-cycle, single-acting engines, 2,900 brake horsepower, in the total sum of $474,400.

(*d*) Hooven, Owens, Rentschler Co., Hamilton, Ohio, contract dated December 22, 1924, covering one 4-cylinder, 2-cycle, double-acting engine, 3,300 brake horsepower, in the total sum of $236,857.

(*e*) McIntosh & Seymour Co., Auburn, N. Y., contract dated December 22, 1924, covering one 4-cylinder, 4-cycle, double-acting engine, 2,700 brake horsepower, in the total sum of $228,550.

(*f*) New London Ship & Engine Co., Groton, Conn., contract dated December 22, 1924, covering one 4-cylinder, 2-cycle, double-acting engine, 3,300 brake horsepower, in the total sum of $246,857.

(*g*) Worthington Pump & Machinery Co., Buffalo, N. Y., contract dated December 22, 1924, covering two 4-cylinder, 2-cycle, double-acting engines, 2,900 brake horsepower, in the total sum of $414,378.

Due to certain desirable modifications, slight changes were made in the brake horsepower ratings of the engines to be furnished by the Hooven Rentschler Co., and New London Ship & Engine Co., between the time of the passing of Shipping Board resolution of November 8, 1924, and the execution of the contracts.

The proposed contract with the Cramps Ship & Engine Building Co., which is one of those enumerated in the above resolution, was not, in fact, entered into, because the engine manufactured by that company was covered by foreign patents, and the relation of the Cramps company with the foreign owners of the patent was such that they would not assure to the Government full freedom in the examination of all structural or trade secrets incident to the engine.

In addition to the engines covered by the above contracts, which engines are intended to furnish the main propulsive power of the vessels, various contracts have been entered into, as follows, for smaller internal-combustion engines for auxiliary service on the vessels:

(*a*) McIntosh & Seymour Corporation, Auburn, N. Y., contract dated April 20, 1925, covering nine 2-cylinder, 4-cycle, single-acting, Diesel-type, auxiliary marine oil engines, 108 brake horsepower, in the total sum of $144,154.

(*b*) Worthington Pump & Machinery Corporation, New York, N. Y., contract dated April 20, 1925, covering six 3-cylinder, 2-cycle, single-acting, Diesel-type, auxiliary marine oil engines, 115 brake horsepower, in the total sum of $86,380.

(*c*) Pacific Diesel Engine Co., Oakland, Calif., contract dated June 1, 1925, covering twenty-two 3-cylinder, 4-cycle, single-acting, Diesel-type, auxiliary marine oil engines, 108 brake horsepower, in the total sum of $277,325.

In addition to the foregoing contracts for engines, various contracts have been entered into and others remain to be entered into for incidental equipment, such as generators, air tanks, pumps, etc.

By resolution of the board dated April 7, 1925, the following steel vessels were selected as vessels to be converted from reciprocating engines to internal-combustion engines, all of them being cargo vessels at present equipped with reciprocating engines:

(*a*) Eight vessels of 9,400 dead-weight tons, built by the Oscar Daniels Shipbuilding Co.;

(*b*) Three vessels of 8,800 dead-weight tons, and one vessel of 8,371 dead-weight tons, all built by the Los Angeles Shipbuilding Co.;

(*c*) Two vessels of 8,624 dead-weight tons, and 8,625 dead-weight tons, respectively, built by the Columbia River Shipbuilding Co.; making a total of 14 vessels of 127,220 dead-weight tons, as follows:

Vessel	Location
West Harts	San Francisco.
West Hartland	Seattle.
Crown City	New York.
West Honaker	James River.
West Cusseta	Do.
West Grama	New York.
Yomachichi	James River.
Wilscox	Mobile.
Tampa	James River.
Seminole	New York.
Unicoi	James River.
Sawokla	Do.
City of Rayville	Do.
City of Dalhart	Do.

As all the contracts above mentioned contemplated entirely new building programs to produce the engines involved, considerable time was expended in preliminary work, with the result that the total payments on account of the contracts during the fiscal year ending June 30, 1925, aggregated only $285,069.69, which amount was paid as follows:

1. To the Worthington Pump & Machinery Corporation	$39,365.91
2. To the McIntosh & Seymour Corporation	164,555.78
3. To the Pacific Diesel Engine Co	81,148.00

The total commitments under the contracts thus far made is $3,080,435.31. This does not include expenses incident to the actual installation of the Diesel engines, auxiliaries ,and other necessary equipment, nor does it include any items of incidental equipment essential to the success of the entire program. It is estimated that the total amount required to complete the conversion of the 14 vessels mentioned above, ready for service, will be about $8,938,000, and it is expected they will be completed, ready for commission in December, 1926, or January, 1927.

It was deemed most advantageous to the entire industry that the Shipping Board should buy all auxiliaries direct rather than to have one contract with a shipyard for the complete installation of Diesel power on each ship, and providing that the shipyards purchase the auxiliaries. Therefore this division proceeded with the

preparation of specifications for the direct purchase of all auxiliaries. The material benefit that could be expected to accrue in the reduction in price on account of the purchase of so many similiar articles in mass has been fully realized.

Bids were received for auxiliary engines, main thrust bearings, generators, electrical equipment for deck auxiliaries, cargo and warping winches, electric cables, and starting air tanks from the following companies:

Name of unit	Number required	Bid awarded to—
Auxiliary engine	37	McIntosh & Seymour Corporation, Worthington Pump & Machinery Corporation, Pacific Diesel Engine Co.
Main thrust bearings	14	Kingsbury Machine Works.
Generators	42	Ridgeway Dynamo & Engine Co.
Shunt brakes for 14 ships' equipment		Cutler-Hammer Co.
Motors and controls for 14 ships' equipment.		Westinghouse Electric & Manfacturing Co.
Cargo winches	140	Lingerwood Manufacturing Co.
Warping winches	14	Do.
Electric cable (47,100 feet)		Standard Underground Cable Co.
Starting air tanks	4	Moore Dry Dock Co.
	14	Newport News Shipbuilding & Dry Dock Co.
	8	New York Shipbuilding Corporation.

In addition to the vessels in respect to which work is now in progress, the conversion of other vessels will also be undertaken in due course. It is not intended to duplicate the type of engines now under construction until actual experience has been had with each of these types and their possibilities and relative desirability have thereby been adequately demonstrated. Owing to the rapid development of internal-combustion engines and the fact that other desirable types will soon be introduced in this country, the conversion of four vessels in addition to those enumerated above may be undertaken in the near future. When the work on these vessels has been completed and tests have been made as contemplated, the board will then be in a position to definitely determine which types of engine we desire to install in other vessels which may be converted, all which vessels will probably be cargo ships, although some of them may be tankers; the cost of conversion will be approximately the same in either case. It is difficult to estimate when the last ship of the entire program will be completed, as it is uncertain what lapse of time may occur between finishing the present program and the active initiation of work on the balance of the entire group of approximately 50 ships. It is believed, however, that as a result of the experience gained by engine builders in the present program, when work is started on the remainder of the ships much more rapid progress will be made, and possibly at lower cost per vessel, as the builders will have obtained valuable manufacturing cost records and shop experience under the present program.

Much interest is evidenced by private persons in the present program of the Government, as all operators of vessels recognize that efficient internal-combustion propulsive machinery has great advantages over the old-type marine engine because of the great saving in fuel through the higher efficiencies obtained and the further reduction in operating costs, due to the engine-room staff being substantially reduced in numbers, in addition to which, the problem of bunkering is greatly reduced.

The act authorizing these expenditures in the conversion of vessels expressly provides that any vessel so equipped by the board shall not be sold for a period of five years from the date the installation of the new equipment is completed unless it is sold for a price not less than the cost of installation thereof and of any other work of reconditioning done at the same time plus an amount not less than $10 for each dead-weight ton of the vessel as computed before such reconditioning thereof is commenced. The date of completion of such installation and the amount of the dead-weight tonnage of the vessel is to be fixed by the board. In fixing the minimum price at which the vessel may thus be sold, the board may deduct from the aggregate amount above prescribed 5 per cent thereof per annum from the date of the installation to the date of sale as depreciation. It is further provided by the act that any such vessel shall remain documented under the laws of the United States for a period of not less than five years from the date of the completion of the installation, and during such period it shall be operated only on voyages which are not exclusively coastwise.

Replacement of Vessels.

Under the direction of the Bureau of Construction plans have been completed during the fiscal year by Gibbs Brothers, Inc., of New York, for two vessels of the general type of the steamship *George Washington*, but on an improved and enlarged scale, and at an appropriate time it is the purpose of the bureau to urge the board and Congress to proceed with the building of two vessels of such type and kind on the ground that the American merchant marine possesses too few passenger vessels capable of competing with the great liners under foreign flags. These proposed vessels were designed in full contemplation of their possible use as naval auxiliaries, and the plans in this respect have been given the tentative approval of the Navy Department.

The subject of replacements to succeed the existing merchant fleet of the Government, whether sold to private parties or whether their operation in part is continued by the Government itself, has been considered. Any policy based solely upon the assumption that a guarantee of service attached to the sale of a line is any assurance

whatever of the permanent continuance of the service, when the guarantee does not include a provision for replacement of the vessels, is an illusion in so far as it affects the permanent upbuilding of the American merchant marine. A buyer may guarantee the operation of a route for a period of time named in his contract when the sales price of the vessel, because of the guarantee, is low enough to offset deficits accruing during the period, for the vessel will remain an asset at the expiration of the time and can them be sold at its market value free of the guarantees of service, and the proceeds of sale may exceed the deficits.

Unless profitable in itself as an operating proposition and sufficiently profitable to justify replacement of vessels, the route will obviously be dropped, so far as the American flag is concerned, at the end of the time, and the only function the sale, though with the guarantee, has discharged has been that of the liquidation of the line as an asset of the Government and not in the least a constructive factor in the permanent upbuilding of the merchant marine.

The trend of American shipping compared with British shipping during the past three years is obvious from statistics contained in the British publication known as "Lloyd's Register" for that period, from which it appears that in 1923 the British Empire had a total of 10,164 steam and motor ships, aggregating 21,695,074 gross tons; in 1924 that Empire had 10,078 steam and motor ships, aggregating 21,546,044 gross tons; in 1925 that Empire had 10,068 steam and motor ships, aggregating 21,907,924 gross tons. The data for the United States for the same years is as follows: The United States in 1923 had 4,217 steam and motor ships, aggregating 15,623,229 gross tons; in 1924 the United States had 3,992 steam and motor ships, aggregating 14,706,507 gross tons; in 1925 the United States had 3,829 steam and motor ships, aggregating 14,208,401 gross tons. More significant than these figures, however, is the fact that the amount of tonnage under construction for the 12 months ending June 30, 1925, was as follows: In Great Britain 1,093,587 gross tons; in the United States 92,001 gross tons, showing a preponderance in favor of Great Britain of tonnage under construction of over 1,000,000 gross tons.

The Shipping Board fleet has at present only 27 passenger vessels. These have a gross tonnage of 421,294 and an average age of six years. There is little doubt that these vessels are a minimum to carry on our trade, in cargo and passengers, on the routes over which they are now operated. In the case of passenger and cargo vessels, on the North Atlantic particularly, is the American fleet most inadequate, the vessels operated by the United States Lines constituting an unbalanced fleet of passenger and cargo vessels, and it is impracticable to give with this fleet a passenger and cargo service comparing

favorably in frequency and regularity of sailings and type of accommodations to that provided by the great foreign lines.

If our American fleet in the North Atlantic is to be brought up to a reasonably competitive position, it is desirable that the two vessels, plans for which have been prepared, as hereinbefore mentioned, be constructed to operate in conjunction with the *Leviathan* to British channel ports, thus providing a weekly service under the American flag for the transportation of mail, passengers, and cargo. These vessels should be approximately 30,000 tons each, with careful consideration given to the practicability of using internal-combustion engines as the main propulsive power of the vessels, giving them a speed of about 20 knots. They would have capacity for a very large number of passengers and a cargo capacity of about 6,000 tons. They can be designed so as to be convertible into auxiliaries of the Navy in time of war, including use as airplane carriers. In considering the problem of passenger transportation there should be remembered that there is no reservoir of laid-up fleets from which can be drawn vessels under the American flag to supply deficiencies in such service.

The average age of the 27 passenger vessels in the Government fleet is six years. Assuming that the life of the vessels is 25 years, another 3 years must elapse before any replacements can be constructed and put into operation. The replacement of the fleet will have to be accomplished within the period of 16 years, which will require the construction of about 26,000 gross tons of passenger vessels per year. This is in addition to the construction of the two combined passenger and cargo liners required for the North Atlantic service. Including these two vessels, the building program would involve the construction of an average of 30,000 gross tons of passenger vessels per year during the period from 1928 onward.

American Bureau of Shipping.

The interest of the Bureau of Construction in the welfare and development of the American Bureau of Shipping has been continued, and concrete work has been done in this connection. The American Bureau of Shipping is an organization having similar functions to the British Lloyds, to the French Bureau Veritas, and to similar organizations in other maritime countries, and is maintained primarily for the classification of vessels.

Realizing the importance of having an organization with such functions, wholly free of bias in favor of foreign shipping, to classify American vessels, it is provided by section 25 of the merchant marine act, 1920, that all departments, boards, bureaus, and commissions of the Government shall recognize the American Bureau of Shipping as their agency in such matters so long as that organization continues to be maintained as an organization " which has no capital stock and

pays no dividends." The act provides, as further evidence of the national recognition of the organization, that the Secretary of Commerce and the chairman of the Shipping Board shall each appoint one representative as representing the Government upon the executive committee of the American Bureau of Shipping and the American Bureau of Shipping shall agree that these representatives shall be accepted by them as active members of such committee.

During the fiscal year the Bureau of Construction has secured the cooperation of the Department of State in further developing the full recognition of the American Bureau of Shipping by foreign Governments.

It is the practice of the board in all cases where loans are made from the construction loan fund, or where benefits are granted under section 23 of the merchant marine act, 1920, to require vessels receiving benefits thereunder to be classified by the American Bureau of Shipping, and that the rating of such vessels shall be maintained at the standards required by that bureau.

Incidental to the work of the board in promoting the interests of the American Bureau of Shipping in foreign countries questions have risen, both in Italy and in France, involving mutual recognition by these countries, and the United States, of the inspection laws of the countries, respectively. In one instance the Italian Government requested changes in an American vessel visiting Italian ports to conform to the Italian inspection laws, notwithstanding the arrangement of the vessel met the requirements of the American law. This bureau intervened, and, with the cooperation of the Department of State, secured a suspension of the request of the Italian officials; pending negotiations of an arrangement by which both countries, reciprocally, will pass a vessel which meets the requirements of the inspection laws of the country by which it is documented. The impossibility of a vessel physically complying with conflicting provisions of the laws of different countries is obvious, and emphasizes the importance of maritime nations having reciprocal agreements under which their officials will accept as sufficient conditions which are in compliance with the laws of the nation to which the vessel belongs.

Work Under Section 23, Merchant Marine Act, 1920.

Work of the board under the provisions of section 23 of the merchant marine act, 1920, is assigned to the Bureau of Construction.

In the last annual report of the board reference was made to an item under section 23, merchant marine act, 1920, namely, the application of the American-Hawaiian Steamship Co. for the approval of the type and kind of vessel proposed to be built by it at a cost of about $6,000,000. The plans then pending lapsed, as the bidding on which the company had proceeded was not regarded

by the board as competitive bidding under the requirements of the rules and regulations of the board and of the Treasury Department. This bureau further interested itself in the matter with the result that plans were prepared on which all shipyards of the United States were invited to bid and bids having been duly received, action by the American-Hawaiian Steamship Co. in awarding a contract, dated December 9, 1924, to Wm. Cramp & Sons Ship & Engine Building Co., for the construction of a combined freight and passenger express vessel of the most modern type and kind, was approved by the Shipping Board by resolution dated December 16, 1924.

The vessel mentioned, to which the name of *Malolo* has been given, will be the finest passenger vessel yet built in an American shipyard, its cost being at present estimated in excess of $6,000,000. It is the most marked instance of the wisdom of Congress in enacting section 23 of the merchant marine act, 1920, as an aid in upbuilding our merchant marine, for without the assistance of benefits accruing under section 23 the vessel would not have been built.

Notwithstanding section 23 by its own terms expressly provides that it shall be effective for 10 taxable years beginning with the first taxable year ending after the enactment of the merchant marine act, 1920, under a ruling of the Treasury Department its benefits have been impaired by the repeal of the revenue act of 1918. Under the provisions of section 23 a citizen will be allowed as a deduction for the purpose of ascertaining his net income subject to the war profits and excess profits tax imposed by "Title 3 of the revenue act of 1918" an amount equivalent to the net earnings of any American vessel operated by him in foreign trade during the taxable year involved; in other words, a citizen is exempt from the tax named as to any net earnings received from the operations in foreign trade of an American vessel owned by him, provided he invests an amount equal to the tax thus waived in the building in shipyards in the United States of new vessels of a type and kind approved by the Shipping Board, which vessels must cost not less than three times the amount of the tax money thus invested, it being provided that at least two-thirds of the cost of any such vessel shall be paid for out of the ordinary funds or capital of the person having such vessel constructed.

Section 23 also provides that a citizen who may sell a vessel documented under the laws of the United States and built prior to January 1, 1914, shall be exempt from "all income taxes that will be payable for any of the proceeds of such sale under Title 1, Title 2, and Title 3 of the revenue act, 1918," if the entire proceeds of sale are invested in the building of new ships in American shipyards, such ships to be of a type and kind approved by the board.

The Treasury Department has ruled that, notwithstanding the express provision that the policy laid down by Congress should be continued for 10 years, or until 1930, it can no longer be applied, not even as to ordinary income taxes (and ordinary income taxes are included by express mention in the second part of the section), because the taxes enumerated are described as taxes imposed by the "revenue act of 1918," and as the revenue act of 1918 has been succeeded by a revenue act bearing another date similar taxes imposed by the new act can not be regarded as applicable, because they are not taxes imposed by the "revenue act of 1918." Without challenging the accuracy of the ruling of the Treasury Department, notwithstanding its highly technical aspects, the original policy of Congress in providing that section 23 should be continued for 10 years should again be made effective and to that end appropriate legislation, if necessary, should be enacted.

During the fiscal year a number of routine items arising under section 23 of the merchant marine act, 1920, received attention, in regular course, including action by the board extending to December 31, 1925, the time when claimants, under the provisions of this section, might proceed with building programs.

Completion of the work of the board on cases in which benefits under section 23 are claimed has not been practicable, because action by the board in the premises can not be final until the Treasury Department has completed its audits of the various tax returns involved and certifies to the Shipping Board the amount of the tax money in fact involved, to the end that the board, in turn, may certify that the amount has been duly invested, as required by the act. It has been the wish of the board to complete its work in all these cases, and to that end the Treasury Department has been requested to advance the audit of the tax returns involved so that the Shipping Board, in turn, might render its final reports in the premises.

BUREAU OF LAW

The work of the Bureau of Law has been largely concentrated during the year in the codification of the navigation laws of the United States, which has been in charge of two attorneys on the staff of the bureau, and as it is anticipated that the codification will be presented at the first session of the Sixty-ninth Congress special attention will be given to this work in this report.

The duty of proposing amendments to the navigation laws of the United States is obviously incident to the general work of the United States Shipping Board, and is also expressly imposed on it by section 12 of the shipping act, 1916. The war period and the period of readjustment following the war, however, caused several

years to pass before the general work of codification of the laws was undertaken, although during that period the board interested itself in specific bills pending in Congress from time to time relating to different aspects of such laws. The board has been greatly assisted in the work by committees in various sections, consisting of experts in shipping, representing labor, shipowners, and operating agents, respectively. One of these committees, frequently referred to as the Franklin committee, as P. A. S. Franklin, Esq., was chairman, prepared a very full report, a copy of which will be furnished on request. A later report (March 20, 1925) from the present committee of the American Steamship Owners' Association on the revision of the navigation laws (successor to the Franklin committee) contains valuable suggestions as to the laws concerning seamen and the inspection of vessels, among other matters discussed. The board is indebted also to a committee of similar experts, especially interested in conditions in the Great Lakes, for an excellent report.

Several smaller committees were organized from time to time to concentrate on specific subjects; to one of these was assigned "bulkheads," to another "boilers," to another "ship mortgages," etc. Valuable suggestions were received from individual members of these committees and in some instances the committees themselves submitted reports of values.

The report of the Franklin committee recommended a number of specific changes in existing law and also recommended that the entire body of our maritime laws be coded, so as to make the provisions more accessible and understandable. The board concurred with this recommendation, and the work of codification was undertaken and prosecuted without interruption until 1923, in which year it was suspended for a period, and the way for its systematic prosecution was not made clear again until May, 1924, at which time it was resumed, and for many months the entire time of two codifiers has been given to the work.

The work has two main aspects: (1) consolidating existing laws, revising their form into a comprehensive maritime code and thus making them more orderly and accesisble; (2) changes in the present law by eliminating obsolete matters, adding items required by modern conditions, physical and economical, and amending the administrative machinery to make it more efficient, just and economical.

Preliminary chapters have been drafted on specific subjects and are prepared in the following form: There are three parallel columns, the first of which contains the present law in its present form but brought together from various sources in this column, with citations showing the source from which they have been collected. The second column also presents the law as it now exists but in revised

or coded form without any changes being made, in this column, in existing law. The third column shows the law in coded form similar to the arrangement of the second column, but it includes various changes in the law which have been proposed. Notes are also added in the third column emphasizing the changes in present law thus introduced and the source of the suggestion on which the change is based, when the suggestion has come from an outside source.

The fact that the work of codification is in progress under a special staff does not militate against the introduction of separate bills, pending the work of codification, having in view immediate changes in particular laws before it can be hoped that the code in its entirety can receive the approval of Congress. Special subjects, therefore, have been considered by other bureaus and departments of the board, independently of the work of codification. To the end that the code might have intrinsic merit and in order that thoroughness of the preliminary work done may be apparent, an extensive and comprehensive examination of the Federal statutes has been made and is still in progress for the purpose of gathering together all statutes, or new provisions of statutes, relating to the subject. Under the system prevailing in Federal legislation this task is complex and difficult for the reason that any enactment of Congress relating to any subject whatever is valid as law, so far as its validity depends on the method and form of the enactment, no matter under what title or in what bill it may appear, and though wholly unrelated in subject matter to the title of the bill in which it is included.

The need of revision, even when important changes are not made, is apparent from the report of the Franklin committee (p. 15) with respect to those sections of the Revised Statutes enacted at periods long before *motor* vessels had appeared in commerce. The language frequently used in existing law is, "any vessel propelled in whole or in part by steam." Although vessels with Diesel engines come within the purpose of many such laws, the phraseology does not apply to them. This has been corrected at numerous points in the preliminary chapters.

The report annexes a copy of the report of the American delegates to the International Maritime Conference, 1910, concerning a convention on collisions at sea, and the subject, including the present status of the convention in the United States, was examined by the board. One of the main proposals of the International Maritime Conference of 1910 was that the present rule which divides equally the total damages, when both ships have in some measure been guilty of neglect which has contributed to the collision, no matter how great the difference in degree may be, should be changed so that the division should be proportional to their respective negligence.

The convention was duly filed by the American delegates with the Department of State and, though 12 years have passed, it has not been submitted to the Senate for action. We have investigated two aspects of this matter, viz: (*a*) The present status of the convention in the Department of State, and the reasons why it had never been submitted to the Senate; and (*b*) a canvass of the admiralty judges of the United States, to obtain from them their views as to the wisdom of the proposed change.

We have learned from the Department of State that the convention was not in fact submitted to the Senate, and the reason it was not was because many protests were received from commercial bodies throughout the United States against its adoption by this Government. The department has permitted us to examine some of these letters of protest, dated 1911. It is obvious that the protestants were not objecting to the main provision set forth above, but to a subsidiary provision of the proposed treaty under which they were limited in their rights of action against a particular vessel to the proportional part of the loss for which such vessel was liable. The main rule was directed chiefly to the relative liability of the two vessels as between themselves. The commercial bodies were largely influenced to make their protest, we surmise, by reasons which do not affect the main principle.

We have communicated with many of the judges of the United States district courts, which are our admiralty courts, and with practical unanimity they approve of the proposed change from equal division of damages. When the relative degrees of negligence are unequal, to a proportional division of the loss.

We recommend the submission of the convention to the Senate, for its consideration, notwithstanding the great delay that has occurred, if this course is permissible under diplomatic precedents.

The following subjects have thus far been treated for use in the codification of the law:

1. The inspection of vessels; including the marine inspection service and the license of officers of the merchant marine.
2. The registry or documentation of vessels.
3. The measurement of vessels.
4. Seamen, including shipping of seamen, discharging of seamen, wages of seamen, protection and relief of seamen, property of deceased seamen, offenses by and against seamen, and also the status of alien seamen under the immigration laws.
5. Marine and coastal fisheries, including the shipping and discharge of fishermen.
6. Entry of vessels.
7. Clearance of vessels.

8. Classes of cargo.
9. Aids to navigation.
10. Obstruction to navigation.
11. Transportation in commerce with contiguous countries.
12. Coastwise commerce and navigation.
13. Pilot laws.
14. Consular service.
15. Passengers and immigration.
16. Marine postal service.
17. Tonnage dues and discriminating duties.
18. Insular possessions.
19. Crimes.

The Bureau of Law has administered the duties of the board imposed by section 30 of the merchant marine act, paragraph (a), subsection O, in respect to sales of vessels subject to a preferred mortgage. Among the facilities having in view the development of an adequate merchant marine was the enactment of the ship-mortgage act, embodied as section 30 of the merchant marine act, 1920, under which financing of shipping was somewhat improved by assuring to persons lending money on vessels more adequate security for their money, and with remedies, in case of default, more simply administered than ordinary ship mortgages had theretofore afforded.

The development of the financial aspect of investments in vessels, as loans, is one of the various angles recognized by the shipping act, 1916, and the merchant marine act, 1920, bearing on the development and maintenance of a merchant marine, apart from the mere physical existence of vessels and their operation in the commerce of the United States. The superiority of some nations in the world's ocean transportation is due, not only to such factors as greater tonnage of appropriate vessels, but the superiority of collateral factors such as international banking facilities, maritime insurance facilities, classification societies, and simpler maritime laws and regulations.

It is provided in substance by subsection O of section 30 of the merchant marine act, 1920, that a vessel documented under the laws of the United States, which is subject to a preferred mortgage, can not be transferred to new owners by voluntary sale unless the surrender of its documents incident to the sale has the approval of the United States Shipping Board; the board, however, can not give such approval unless the person holding a preferred mortgage, if any, consents to the surrender of the documents. The protection afforded by this requirement is obvious and recognizes the part the financial and moral standing of the owner of a vessel has in the security afforded by a mortgage on the vessel. The security thus

furnished is strengthened by the provisions of section 9 of the shipping act, 1916, which prohibits the sale of a vessel to an alien or its transfer to foreign registry without the approval of the United States Shipping Board, with the result that when a citizen takes a preferred mortgage on a vessel as security for a debt or loan he knows he is protected by these provisions of law and by the cooperation of the United States Shipping Board.

The following is a statement of instances in which the approval of the board has been given during the last year under the provisions of the ship mortgage act:

Approvals under paragraph (a), subsection O, Section 30, Merchant Marine Act, 1920, transfers of vessels subject to preferred mortgage

Name of vessel	Official No.	Owner of vessel	Transferee	Order No.	Date approved
Suboatco	220010	Electric Boat Co., New Jersey.	Submarine Boat Corporation.	6	Sept. 30, 1924
Suedco	220011	do	do	6	Do.
Sucubaco	221125	do	do	7	Do.
Sutransco	220246	do	do	8	Do.
Sunelseco	220012	do	do	9	Do.
Suspearco	221066	do	do	9	Do.
Sucarseco	219776	do	do	10	Do.
City of Grand Rapids	210065	Graham & Morton Transportation Co.	Goodrich Transportation Co.	11	Jan. 7, 1925
City of Benton Harbor.	200919	do	do	11	Do.
City of St. Joseph	126627	do	do	11	Do.
City of Saugatuck	126974	do	do	11	Do.
City of Holland	126988	do	do	11	Do.
R. D. Macbeth	54525	Lakewood Steamship Co.	Forest City Steamship Co.	12	Mar. 26, 1925
Wm. F. Raprich	117248	Clifton Transportation Co.	do	13	Apr. 23, 1925
David S. Troxel	117266	Fairmont Steamship Co.	do	13	Do.
Colombia	214660	Pacific Mail Steamship Co.	Panama Mail Steamship Co.	14	June 16, 1925
Ecuador	214368	do	do	14	Do.
Venezuela	214325	do	do	14	Do.
Governor John Lind	216871	Porto Rico American Steamship Co., Baltimore.	Baltimore Insular Line (Inc.), Baltimore.	15	June 30, 1925
Major Wheeler	217046	do	do	15	Do.
Delisle	218980	do	do	15	Do.
Delfina	218811	do	do	15	Do.

An item arising during the past year aptly illustrates the distinction between the functions of the Shipping Board in operating vessels owned by the Government and one aspect of the relations of the board to privately owned and privately operated vessels. The item in question is based on the fact that the board's relations to shippers under contracts for the transportation of freight by vessels of the Government are identical with the relations of private shipping companies to shippers under similar contracts, whereas the board also has certain supervisory or regulatory functions over the activities of private shipping companies, of a very limited nature, however, for the protection of shippers in their relations with such companies.

A large shipment of wool having been made from Australia by the steamship *We Mahwah*, one of the Shipping Board vessels, on a

through rate quoted for its transportation to Boston, resulted in a controversy on a claim for rebate on freight moneys paid. The claimant, however, failing to distinguish between a case of ordinary breach of contract for transporting the commodity and rights of citizens for redress through the regulatory powers of the board, filed a proceeding in the division of regulations, through which division the board administers some of its quasi-judicial powers in deciding complaints that common carriers by water have violated provisions of law. Under the principles controlling the facts, the claimant was not entitled to redress by the division of regulations, and the board so decided. Whether the claimant was entitled to redress on the ground that there had been a breach of contract, as distinguished from an express violation of some provision of law, presented a different issue, one which in the first instance becomes a routine matter in the claims division of the operating company.

It has come to the knowledge of the board that the functions of the board in respect to rate regulations and control of common carriers by water, are misunderstood, not only by citizens at large but by many officials of Government. The impression prevails that a large measure of the board's functions parallel similar functions exercised by the Interstate Commerce Commission in its relation to railroads. To a limited extent the board has powers under the shipping act, 1916, in its relation to certain classes of common carriers by water similar to some of the powers of the Interstate Commerce Commission in its relation to railroads. To assist in a proper understanding of the board's real functions in this field, the Bureau of Law during the year, prepared a memorandum analyzing and paraphrasing sections 15, 16, 17, 18, and 19 of the shipping act, 1916, which are the sections of law having special reference to the regulatory powers of the board, so as to clarify and coordinate the intent and scope of the act. Because of the general interest recently developed in the board's functions in these matters, and because they will probably be of special interest to Members of Congress, this memorandum is set forth as follows:

Memorandum on Sections 15, 16, 17, 18, and 19 of the Shipping Act, 1916

Sections 15, 16, 17, 18, and 19 of the shipping act, 1916, relate primarily to rates, classifications and regulations, in the movement of goods or passengers.

Among the elements involved in these sections are the following:

(1) Matters pertaining to joint action by two or more carriers in the fixing of rates, regulations, etc., under conference agreements or other similar understandings.

(2) Protecting shippers against unjust or unreasonable discrimination as between shippers; and similar protection as to ports.

(3) Information to shippers concerning the maximum rates, fares and charges for transportation.

(4) To protect shippers against unjust or unreasonable charges, classification or practice.

(5) To guard against rate wars by strong companies against weak companies, having in view the elimination of the latter by prohibiting a company increasing its rates when they have been reduced for the purpose of eliminating competition, unless a proposed increase rests upon changed conditions other than the elimination of such competition.

It will be observed that one class of these provisions relates to duties imposed on the common carrier, and another class to the powers vested in the board with respect to such common carriers. We present below a synopsis of these sections, not an exhaustive analysis.

SEC. 15, SHIPPING ACT, 1916—RELATIVE TO CONFERENCE AGREEMENTS

This section affects common carriers by water, as defined by section 1 of the act, and therefore includes those in foreign trade and those in interstate trade. It requires such carriers to file information concerning any agreements, written or oral, it may have with other carriers, when such agreements relate to, either (*a*) fixing or regulating transportation rates or fares; (*b*) giving or receiving special rates, accomodations, or other special privileges or advantages; (*c*) controlling, regulating, preventing, or destroying competition; (*d*) pooling or apportioning earnings, losses, or traffic; (*d*) alloting ports; (*f*) restricting or otherwise regulating the number and charater of sailings between ports; (*g*) limiting or regulating in any way the volume of character of freight or passenger traffic to be carried; or, (*h*) in any manner providing for an exclusive, preferential, or cooperative working arrangement.

A distinction must be drawn between the obligation of the company to file all such agreements and the powers of the Shipping Board with respect thereto when filed. A distinction must also be drawn between the duties of the board in enforcing the obligation to file, and its powers with respect thereto when filed.

The board has power to disapprove any such agreement under tests laid down by the act; the discretion of the board is in the application of this test. The test to be applied is whether the board finds the agreement to be unjustly discriminatory or unfair as between either (*a*) carrier, i. e., other common carriers competing in the trade; (*b*) shippers, including exports and importers; (*c*) as between American exporters and foreign competitors; (*d*) or between ports, i. e., between various ports of the United States; we think it does not apply to discrimination as against foreign ports; or (*e*) to operate to the detriment of the commerce of the United States, or (*f*) to be in violation of this act.

Whether an agreement having either of the objections enumerated can be judicially declared void, on that ground, when the board by affirmative action "finds" it to be legal, is doubtful; we favor the view that when the Shipping Board approves it, a court can not abrogate it as violating this section for the Shipping Board has a broader discretion in the matter than has a court.

A distinction is drawn between agreements of the type mentioned existing at the time of the organization of the board and agreements made after its organization. The term "organization" as here used does not mean the organization of a particular board; it means the initial organization of the board after the enactment of the shipping act, 1916.

Agreements existing prior to the organization of the board as thus defined need only be filed with the board, and may be regarded as continuing in effect,

unless board on its own affirmative action examines the agreement and declare to be illegal. Those agreements made subsequent to the organization of board, may not be put into effect until, and shall be lawful only when anas long as, approved by the board.

It is pressly provided that every agreement lawful under this section shall be cepted from the provisions of the antitrust acts.

The pelty imposed by the act for the failure to file an agreement thus required be filed is $1,000 per day, to be recovered, not by the Shipping Board, bu by the United States.

SECTION 16 SHIPPING ACT, 1916—THIS SECTION MAKES UNLAWFUL PREFERENTIAL OR REJUDICIAL TREATMENT IN RESPECT TO THE MATTERS MENTIONED

The firs two paragraphs of section 16 of the shipping act, 1916, may be considered with respect to (*a*) the things forbidden and (*b*) the persons restrained. The persons restrained include common carriers by water whether operating n foreign commerce or in interstate commerce, as defined. The expression "other persons subject to this act" has, it will be remembered, a special definition and relates to persons carrying on the business of forwarding and those operating terminal facilities, and who are not included in the term "common carrier by water."

The section immediately preceding relates to activities of common carriers in conjuction with *other* carriers. Section 16, however, expressly provides that it applies whether the person restrained is acting "alone" or is acting "in conjunction with any other person." If acting with another person, it will be observed that the "other person" does not have to be a common carrier.

Paragraph 1 of section 16

Among the things forbidden are those which give a "preference or advantage * * * in any respect whatsoever." No enumeration is made of instances of "preference or advantage" aimed against. This group assumes a normal grade of fair treatment as due all shippers, and then forbids. (*a*) on the one hand, "any undue or unreasonable preference or advantage," over and *above* the normal treatment due; and (*b*) on the other hand, "any undue or unreasonable prejudice or disadvantage" *below* the normal treatment due.

It would seem that the complaining party might be receiving fair and normal treatment in the premises, and yet the complaint be good, when "preference or advantage," that is, "undue or unreasonable" preference or advantage, is being given another. Also a just ground of complaint would exist by one who is the victim of "any undue or unreasonable prejudice or disadantage in any respect whatever," although no one is being given a "preference or advantage." The base line of comparison seems to be, in both cases, the normal fair treatment due all, to which we have referred above.

Though no specification is given of the respect in which the "preference or advantage" or the "prejudice or disadvantage" may be extended, the persons or things who are the beneficiaries of, or are the victims of the practice, *are* enumerated; they are any particular (*a*) person, (*b*) locality, or (*c*) description or class of traffic.

As affecting a "particular *person*" the term relates chiefly to shippers or consignees, though preferential or prejudicial treatment of a forwarding agent would seem to come within the test.

As affecting a "particular description of traffic," every one interested in that class might be equally favored or prejudiced, and therefore as between

all such persons there would be no discrimination; yet the practice may be unlawful, as prejudicing other descriptions or classes of traffic.

As affecting a "particular locality" the provision does not seem to involve individuals, as such, but, among other aspects, has in view fair and equal treatment of ports, in their separate and competitive relations. It will be observed the "preference" or "prejudice," respectively, must be "undue and unreasonable;" this vests a substantial discretion in the board; it is not sufficient to show that a discrimination exists; it must be an unreasonable discrimination.

Paragraph 2, Section 16

The second group relates to rates charged for transportation of property, having in view, but not requiring, equality of charge to all users. No attempt is made to assure uniformity of charge, not even for similar service; in other words nothing in the section affects the right to charge, *openly*, several different rates on the same voyage for the same commodity; it is forbidden, however, to do this *secretly*. It may not be done by such indirect methods as (*a*) false billing, (*b*) false classification, (*c*) false weighing, (*d*) false report of weight, or (*e*) by any other unjust or unfair device or means.

What is the rate below which it may not deviate by the methods mentioned? It is not the rate named in the tariffs required to be filed in certain cases, nor the "just and reasonable" rate required by section 18, nor a rate free from the discrimination or prejudice forbidden by section 17. These and other legal tests must of course be met, when and as required, but the test for section 16 is different.

The test under this section is the regular rate then established and *enforced* by the carrier; in other words, it is the prevailing rate commonly quoted and actually applied by the carrier for similar service. If a rate of 50 cents per C is charged a shipper for 100 tons, a rate of 25 cents per C may under proper circumstances be charged another shipper on the same commodity for the same distance on the same voyage, if done openly; it may not be done, however, for example, by having the freight bill show a 50-cent rate, and the quantity hauled appear on the bill only one-half of what it in fact is.

It must be noticed this group relates only to the transportation of *property*; it does not include passenger traffic.

Paragraph 3, section 16

The third group does not involve relations between common carriers and shippers. It undertakes to restrain one common carrier from injuring a competing carrier by water, by "inducing, persuading, or otherwise influencing" a marine insurance company not to quote the competing carrier "as favorable a rate of insurance on vessel or cargo, having due regard to the class of vessel or cargo, as is granted" the offending carrier.

It will be noted the section does not affect full freedom of action by the insurance company; that company is left free to discriminate at its pleasure, in quoting insurance rates; it is directed against an offending *carrier*. It would seem that it must be a "competing" carrier, and that no penalty is incurred if "a common carrier by water or other person subject to this act" causes the quotation of a prejudicial rate, if the victim is not a *competing* carrier.

It will of course be observed that the provision applies to insurance on *cargo* as well on the vessel; a differential on cargo insurance would divert patronage as well as a differential on freight rates, other things being equal.

SECTION 17, SHIPPING ACT, 1916—VESSELS IN FOREIGN COMMERCE

The provisions of this section relate only to vessels operated in foreign trade, and include not only American vessels engaged in that trade, but also foreign vessels when in American ports or when operating in trade with American ports.

Special emphasis should be given the second paragraph of section 17 reading "every such carrier and every other person subject to this act shall * * *." This clause seems an ordinary English sentence, presumptively meaning what it says, viz, "other person subject to this act." As common carriers by water in interstate commerce are "subject to the act," it would seem they are included in the clause mentioned, but they are not. The reason they are not is that the clause has been given a specific definition by section 1 of the act, and relates to terminal facilities, as distinguished from shipping. It is an apt illustration of the danger attending artificial definitions, when the common sentences so used are not given some distinguishing mark, "quote" marks, for instance.

It will be observed that no duty is imposed on "common carriers by water in foreign commerce" to file tariffs setting forth their rates, etc., either maximum or otherwise. Nor is there any express requirement that any rates charged in foreign commerce shall be "just or reasonable," as is required in the case of common carriers by water in interstate commerce.

What then is the significance of section 17? It has two purposes; one of these is to guard against discrimination; the other relates to methods prevailing at terminals.

As to discriminations: section 17 emphasizes that no carrier in foreign commerce shall demand, charge, or collect any rate, fare, or charge which is unjustly discriminatory between (*a*) shippers, or (*b*) ports, or (*c*) "unjustly prejudicial to exporters of the United States as compared with their foreign competitors."

Discrimination of the carrier with respect to rates or fares seems to have nothing to do with the *amount* charged, but requires reasonable uniformity of application of prevailing rates, not only as between shippers but as between ports. Power is given the board to alter any prevailing rate or fare, not to an amount which the board may think reasonable, but only in so far as there is discrimination. In other words, the board may require the rate in force to be applied under similar circumstances to all shippers alike; but it would seem that it can not pass on the reasonableness of the rate per se, where the question arises between, say, a single shipper and the vessel, and no question of discrimination is involved.

This conclusion is not affected by the term "prejudicial," used apparently as an alternate to "discriminatory." As here used, "prejudicial" relates solely to the clause "unjustly prejudicial to exporters of the United States as compared with foreign competitors"; hence further on in the section to make the subsequent language comprehensive in each case the two terms "discrimination or prejudicial" are used so as to have language appropriate to each of the earlier provisions of the section.

The second paragraph of section 17 not only does not relate to rates or fares, but it does not relate to *vessels*, except as they may be affected by or involved in handling or storing of cargo or other "terminal" processes enumerated. Primarily this paragraph relates to *terminal* matters; hence it includes "other persons subject to this act," which clause has a particular definition (sec. 1, Shipping act 1916) and relates to persons "carrying on the business of forwarding or furnishing wharfage, dock, warehouse or other

terminal facilities in connection with a common carrier by water." The requirements with respect to such terminal facilities are that the carrier or "other person subject to this act" shall establish, observe, and enforce just and reasonable regulations and practices, relating to or connected with the (*a*) receiving, (*b*) handling, (*c*) storing, or (*d*) delivering of property.

It will be observed no express statement about "discrimination" is made; the requirement is that all such regulations and practices shall be "just and reasonable." As to these "terminal" services, it is not a comparison of the facilities furnished one shipper as compared with those furnished another shipper; the question is an intrinsic one, relating to the *quality* of the services rendered, per se.

It is provided that the board may inquire into and determine whether any regulation or practice with respect to such terminal facilities is unjust or unreasonable, and in case it is found that they are, the board may prescribe and enforce a just and reasonable regulation. It seems that the paragraph has no reference to rates charged for the water trnsportation, or to *rates* of charges for such terminal facilities; it has to do primarily with the physical and supervisory aspects of the matter; not with the financial.

SECTION 18, SHIPPING ACT, 1916—VESSELS IN INTERSTATE COMMERCE

Section 18 relates only to common carriers by water in interstate commerce. The terms "vessels engaged in interstate commerce" and "vessels engaged in coastwise trade" are not interchangeable. A vessel may be engaged in interstate commerce, as defined by section 1, shipping act, 1916, and yet not be engaged in coastwise trade, for the term includes water transportation with possessions of the United States not yet brought within the coastwise laws. For instance, a vessel on a regular route, port to port, from California to the Philippine Islands, is a common carrier by water in interstate commerce, but it is not engaged in coastwise trade, at least not at present, for the President has not taken action on section 21, merchant marine act, 1920.

An important distinction to be observed in the provisions of section 18, shipping act, 1916, is that paragraph 1 relates to actual transactions with shippers and paragraph 2 relates to duties to be performed in filing tariffs, wholly apart from any immediate transaction with the shipper. Paragraph 1 relates to concrete items of business, paragraph 2 relates to compliance with Government requirements, though there be no transactions.

The requirement of paragraph 1 is that the carrier establish, observe, and enforce (*a*) just and reasonable rates, fares, and charges; (*b*) just and reasonable classifications and tariffs; (*c*) just and reasonable regulations and practices relating to such rates, fares, charges, classifications, and tariffs; and (*d*) just and reasonable regulations and practices relating to the issuance, the form, and the substance of tickets, receipts, and bills of lading; and also (*e*) to the manner and method of presenting, marking, packing, and delivering the property for transportation; (*f*) the carrying of personal and excess baggage; (*g*) the facilities of transportation; and finally (*h*) to all other matters relating to or comected with the receiving, handling, transporting, storing, or delivering of property. We repeat, these requirements relate to concrete transactions and not to mere printed tariffs, whether or not filed with the board.

The second and third paragraphs of section 18 relate to compliance with Government requirements, wholly apart from transactions with shippers. The requirement is that the common carrier by water in interstate commerce file

with the board, and, apart from the copy filed with the board, keep open to public inspection, in a form and manner and within the period of time prescribed by the board, the maximum rates applicable to shipments for transportation between points on its own route, or to points on other routes under joint shipments. The carrier is not permitted to charge higher than the *maximum* tariffs thus filed, except with the approval of the board and after 10 days' public notice, setting forth the increase proposed; the board, however, may permit such an increase without notice.

Unless the fourth paragraph of section 18 gives the board some power in the matter, which is very doubtful, it would seem that a common carrier has great liberty with respect to the rates, fares, and charges published by him as maximum rates, fares, and charges. Whether the board may or may not control the maximum rate, there is no question that it has no power to prescribe a minimum rate or any other exact rate.

We do not think that the fourth paragraph of section 18 gives power to the board to prescribe the maximum rate, as published generally; we think, however, it gives the board power to control the maximum rate charged a particular shipper for a particular shipment. The control in this respect extends to the point of prohibiting the carrier by water in interestate commerce from demanding, charging, collecting, or observing any "unjust or unreasonable" (*a*) rate or fare, (*b*) classification or tariff, (*c*) regulation or practice. In cases where the board finds these requirements violated, the board may prescribe and enforce a just and reasonable maximum rate, fare, or charge, or a just and reasonable classification, tariff, regulation, or practice.

It may be claimed that as the term "tariff" is included in the enumeration of the things required by this paragraph to be "just and reasonable," and as the term "maximum" is used in this connection, that these powers extend the control of the board to the *maximum* rates published by the carrier. We do not think this follows. That paragraph 4 relates to concrete transactions is confirmed by the fact that the language used, namely, rates or fares "demanded, charged, collected," is identical with the words used in section 17, namely, "demand, charge, or collect," in referring to rates or fares charged by vessels in foreign commerce, and with respect to which the board may exercise certain control to protect against unjust discrimination, and with respect to which rates or fares there is no requirement that tariffs be filed. If it was the intention of Congress to have paragraph 4 apply to tariffs filed with the board it would have been easy to have said so. The paragraph commences by referring to rates, fares, charges, classifications, tariffs, regulations, or practices, not as set forth in filed documents, but as "demanded, charged, or collected." The paragraph is not dealing with abstract standards; it is dealing with actual transactions, and with respect to these it authorizes the board, in the case of a particular shipper and a particular shipment, to prescribe and enforce the maximum amount the carrier may charge in the particular case.

SECTION 19, SHIPPING ACT, 1916—ESTOPPEL ON INCREASE OF CERTAIN RATES

Section 19 of the shipping act has in view estopping a carrier by water in interstate commerce from increasing rates it has voluntarily made, notwithstanding they are "below a fair and remunerative basis" when such rates have been quoted "with the intent of driving out or otherwise injuring a competitive carrier by water."

The section seems to apply to *transportation* rate[illegible]nly and not to terminal charges when the terminal is not a part of th[illegible]r by water involved. The language includes only a "common carri[illegible] in interstate com-

merce"; it does not include "other persons subject to this act," which clause, as we have seen, applies to persons conducting water terminals not included in the term "common carrier by water." A private company therefore operating water terminals, but not operating as a "common carrier by water in interstate commerce" in connection therewith, does not come within section 19; and it will be noted the section does not apply to a common carrier by water in *foreign* commerce; not to one operating only between points in the same *State*.

The rates involved must be rates "to or from competitive points." If rates should be quoted, and "with the intent" of driving out competition, but quoted "to or from points" at which there was no competition, it would seem that such rates, notwithstanding the intent, would not come within the section. However, if carrier A is serving one port, and carrier B is serving another port, and the two ports are in competition for an export movement from the interior, would not the vessels, though sailing from different ports, be serving the same "competitive point"?

The reduction must be to a level "below a fair and remunerative basis." A reduction in itself, though substantial, does not come within the section, unless it is to the level indicated. The distinction is logical; if the competing line has a rate-level which, though lower than before, is "fair and remunerative" the rate-cutting line is not penalized by section 19; it is the rate which seeks to *destroy* the competition which is aimed at.

If the reduced rate is "fair and remunerative" to the rate-cutting line, because of modern equipment, but is not "fair and remunerative" to the competing line because, say, it has not got modern equipment, would the rate-cutting line be penalized by section 19? We think not; to hold otherwise would put an embargo on progress.

The reduction must have been made "*with the intent* of driving out or otherwise injuring a competitive carrier by water." The question of "intent" will sometimes be a difficult one to solve; it must be determined by all the circumstances of the case. The fact that a person is presumed to "intend" the natural consequences of an act makes the problem somewhat less difficult. However, if a strong line cuts rates in normal competition with another strong line, and a third line, not so strong, succumbs, the rule of "natural consequences" in ascertaining "intent" may not be applicable.

The penalty imposed is that the carrier "shall not increase such rates" above the level to which they have been thus reduced, with the intent mentioned, without the consent of the board; and the board may not give its consent "unless after hearing" it finds that such proposed increase rests upon changed conditions "*other than the elimination of such competition.*"

The question arises: If the carrier thus reduces rates below a "fair and remunerative basis" and with the intent mentioned, but the intent fails of its purpose, are the penalties of the section incurred, notwithstanding the competition is *not* eliminated? The general language through the body of the section would require an answer in the affirmative; but, by implication, there is strong reason to believe that the penalties may not be incurred, unless the competitive lines aimed at *are* eliminated. The implication arises from the fact that the test fixed for permitting an increase is a change of conditions "other than the elimination of said competition"; it would seem therefore if the competition had not been eliminated the application of other tests was not contemplated.

As section 19 itself provides a penalty, it would seem that section 32 of the shipping act, declaring a violation of the act a misdemeanor, "except where a different penalty is provided," would not apply.

At the request of the Department of State the Bureau of Law assigned a member of its staff to make an address to members of the class of the Department of State, recently inaugurated as a part of the general development of the Consular and Diplomatic Service of the United States, the subject of the address being an exposition of the shipping act, 1916, and merchant marine act, 1920, with special reference to the services consuls can render the American merchant marine in the discharge of their official duties in the ports of the world. The Shipping Board acknowledges its obligation to members of the Consular Service for their industry in observing and skill in reporting many things that occur in various ports, knowledge of which is helpful to the Shipping Board in the discharge of its duties and in revealing problems remaining for solution in developing and maintaining an adequate merchant marine.

For a part of the fiscal year the staff of the bureau, as such, rendered other bureaus services relating to items arising under section 9 of the shipping act, 1916, and sections 8, 11, and 23 of the merchant marine act, 1920, similar to services mentioned in the annual report of the board of the fiscal year ending June 30, 1924. During the last fiscal year, however, the bureaus having charge of matters arising under the sections of law mentioned further developed their organizations and personnel, and as such work of the board for the entire year is included in the reports of those bureaus, respectively, no further reference is here made to services rendered in such matters by the Bureau of Law during the early part of the fiscal year involved, thus concentrating the entire statement of the activities of the board in such matters in the reports of the bureaus chargeable therewith.

Much work has been done from time to time by the staff of the Bureau of Law of a nature which can not be set forth in a public report of this kind because it is related to confidential matters presented for consideration not only in the course of the routine work of the bureau but also in respect to subject matters presented for consideration by various commissioners of the board.

BUREAU OF FINANCE

The Shipping Board at a meeting on December 2, 1924, by resolution directed that all financial matters which are to be presented to the board for action be referred to the Bureau of Finance for investigation and report before being submitted to the board. This bureau investigates and reports to the board requests for any extensions or rearrangements of terms on obligations due the board growing out of the sale of vessels and other property. Due to the general depression in the shipping industry, a number of such requests have been made, and it has been the policy of this bureau to

be as liberal in these matters as possible, consistent with sound business principles and the protection of the best interests of the Government.

The Bureau of Finance is also charged with the responsibility of administering the construction loan fund in conjunction with the Bureau of Construction.

From time to time, it may appear desirable to the Emergency Fleet Corporation, which has charge of all bookkeeping records, to transfer on their books from the live assets to the suspense accounts certain accounts or other evidences of indebtedness which, due to the smallness of the amount involved, do not warrant the expense of continued effort to collect, or where the financial condition of the debtor, or the difficulty of proof is such that the recovery to be made does not appear to justify further expenditures in an effort to effect collection.

Such write-offs or adjustments do not in any sense forgive the indebtedness of the debtor. The transfer from the live assets to the suspense accounts is merely for record purposes, and such accounts or other evidences of indebtedness may be used in litigation as a credit to the United States of America, and/or the United States Shipping Board, Emergency Fleet Corporation, as the case may be notwithstanding such transfer.

The purpose of these write-offs is to eliminate dead timber and to place the books of the Emergency Fleet Corporation in such condition that they will reveal the true value of its assets. When such cases are referred to the Shipping Board they are investigated and reported by this bureau.

The Bureau of Finance cooperates with the treasurer's department, and with the legal department in the collection of accounts and in the liquidation of past-due securities. Satisfactory progress has been made in this direction during 1925, but there still remains a considerable volume of past-due accounts and securities which it will take some time to liquidate.

BUREAU OF RESEARCH

The Bureau of Research conducts special studies and investigations for other departments of the organization and current studies on commerce and general shipping information. During the past year the work of the port facilities commission has been transferred to the Bureau of Operations.

Among the important surveys completed by the bureau during the fiscal year ended June 30, 1925, were reports on the water-borne foreign commerce between the United States and the various foreign trade regions of the world in the fiscal years 1922, 1923, and 1924,

with classifications of cargo and segregations of types and flags of carrier vessels. Reports of movements in foreign commerce of principal commodities between ports of origin and destination in the fiscal years 1923 and 1924 were also completed.

This bureau maintains the only existing records of the volume, in terms of cargo tonnage, of commodities moved in foreign and intercoastal trade, the ports of origin and destination of cargoes and the types, size, and nationality of the carrier vessels. Passenger traffic, by classes, is also recorded in a similar manner. More than 150 reports were compiled from these records during the fiscal year, and upward of 16,000 copies of these reports were issued in fulfillment of requirements of the board, the Emergency Fleet Corporation and various governmental, industrial, shipping, railroad, commercial, educational and other organizations.

The bureau also maintains current records of the employment of American steam and motor vessels of 1,000 gross tons and over and issues quarterly reports on the status of the seagoing American merchant marine.

The records of the vessel section are now current, and the data contained therein on the physical characteristics of the world's merchant marine are complete up to a more recent date than the latest issues of Lloyds and other registers of shipping.

LEGAL DEPARTMENT

The fiscal year ended June 30, 1925, marked still further retrenchment of the expenses of the department pertaining to personnel and administrative activities. It also marked very material liquidation of many of the cases growing out of the war program.

Every effort has been made to continue the efficient handling of the work of the department with the decreased personnel by the perfection of the organization of the department.

The form of the organization of the department has not changed from that maintained during the fiscal year ended 1924. The pay roll of the department, including Fleet Corporation and Shipping Board attorneys and clerical force, on June 30, 1924, was $679,260, and on June 30, 1925, was $488,100, a reduction of $191,160.

The legal department is divided into three divisions—litigation; contracts, opinions, recoveries, and special assignments; and admiralty—and will be considered under these divisions.

Litigation Division.

The work of the litigation division involves practically all phases of litigation that arise in the courts, including actions at law, in tort and on contracts; suits in equity for injunctions, foreclosures of mortgages, accountings, reformation of contracts, specific per-

formance, and receivership and bankruptcy matters; workmen's compensation; probate court proceedings and tax matters; but does not include matters in admiralty, as these matters are handled by the admiralty division.

A number of new cases have been filed probably because of the fact that claimants were desirous of preventing the statute of limitations from running against their claims, particularly those of the so-called war program.

The litigation division has maintained a corps of attorneys in offices at Washington and New York, and district counsel at Seattle, Portland, San Francisco, Philadelphia, and Norfolk. There is also maintained an office in London which handles, subject to the supervision of the general counsel, not only such litigation as arises in European ports but also renders opinions and passes upon contracts growing out of the European business.

The work of the litigation division has not been confined to the above referred to cities as many cases have been brought by the Fleet Corporation and the Government, and against the Fleet Corporation or agents and operators of the Fleet Corporation, in other jurisdictions, and the attorneys attached to the home office have prepared such cases for trial in collaboration with the particular United States attorney within whose district the cases are pending, and have appeared in court and either assisted the United States attorney or actually conducted the trials in person, as special assistants to the Attorney General. The assistance of the attorneys in the litigation division is also rendered to the Department of Justice in the preparation of the defense of the cases in the Court of Claims of the United States involving Shipping Board matters.

There are still pending certain cases growing out of the war-time program of the Government involving large sums of money and upon which, during the fiscal year, a great amount of work has been done in the preparation of pleadings, the assembling of evidence, and in arguments on preliminary motions. Among these cases is the Bethlehem Shipbuilding Corporation litigation, in which an action at law was instituted by the Bethlehem Shipbuilding Corporation (Ltd.) against the Fleet Corporation, in the New York State Court, afterwards removed to the United States District Court for the Southern District of New York, to recover $9,744,899.94. The complaint in this action consists of 62 causes of action made up of 507 paragraphs covering 235 printed pages together with 576 printed pages of exhibits. Contemporaneously with this, a suit in equity was instituted by the United States of America aganist the Bethlehem Steel Corporation and its affiliated companies, including the Bethlehem Shipbuilding Corporation (Ltd.), the plaintiff in the action begun in New York, in the United States District Court

for the Eastern District of Pennsylvania, asking for the return to the Government of unconscionable profits and for an accounting and a decree for the return of advances made to Bethlehem Shipbuilding Corporation (Ltd.) approximating $11,000,000. This latter suit was instituted by and with the advice of the Attorney General of the United States, and the attorneys of that department have collaborated with the attorneys of the litigation division assigned to the conduct of the case, in the preparation of the pleadings, and the assembling of the evidence. Inasmuch as these two cases covered the entire contractual relationship between the Bethlehem Shipbuilding Corporation (Ltd.) and its affiliated companies, with the Government, from August 3, 1917, down to the present time, the task of preparing the pleadings and assembling the facts therefor has been and will be very arduous.

Another case, that of Skinner & Eddy Corporation of Seattle, Wash., involves a number of contracts for the construction of ships. A case had been started by the contractor against the Fleet Corporation to recover the sum of $9,129,401.14. After an examination of the situation it was determined that the contractor was indebted to the United States in a sum in excess of the amount claimed and an action was begun, in the name of the United States, in the United States District Court at Seattle against the contractor to recover $7,536,432.08. This case has required a great deal of time and energy in its preparation.

The division also was occupied during the year in the preparation and handling of the Pusey & Jones litigation, in an endeavor to bring the same to a conclusion. This litigation concerned the construction of ships for the Government at the three plants of the shipbuilder and involved claims of the shipbuilder amounting to approximately $14,000,000 and the denial of those claims by the Government, together with the claims of the Government against the shipbuilder amounting to approximately $14,000,000. Cases were instituted, one in the Court of Claims of the United States, which has been dismissed, two in the United States District Court of New Jersey, and two in the United States District Court of Delaware. The last two have been prepared and hearings were started before the end of the fiscal year, which, it is hoped, will result in a speedy termination of the litigation.

The litigation division has been successful in securing a finding in the litigation involving the Virginia Shipbuilding Corporation in Virginia. In this litigation the Virginia Shipbuilding Corporation and other interests of Charles W. Morse endeavored to assert a claim of approximately $5,000,000 against the Government, and, after hearings and arguments, the court found in favor of the Government in the sum of approximately $11,571,858.05.

Success was also obtained in the various suits which were brought by the Atlantic Corporation against the Fleet Corporation, and the Fleet Corporation and the United States against the Atlantic Corporation, in New Hampshire and Massachusetts, so that instead of the Fleet Corporation or the Government becoming liable to the Atlantic Corporation in the amount of $4,100,000, as claimed, the government procured title to the Atlantic Heights housing project, and in addition thereto secured return of approximately $402,659.62.

Action was instituted and successfully prosecuted against the Puget Sound machinery depot, of Seattle, Wash., wherein the Government claimed that the contractor had converted to its own use a large quantity of steel and other boiler materials belonging to the Government, which action was tried before a jury and a verdict rendered in the sum of $333,601.35. As a result of the recovery of this judgment a settlement of all the claims of the contractor for the cancellation of its contracts was made possible, which settlement was consummated in a manner advantageous to the Government.

The litigation in New York relating to the Downey Shipbuilding Corporation, which litigation involved a claim of approximately $6,000,000 against the Government, was contested through the year and was finally disposed of by the exchange of mutual releases. Although this settlement did not result in the payment of any money to the Government, it has undoubtedly saved the Government a very large sum of money which must have been spent had the litigation continued with no prospect of return.

Two suits are pending in the United States District Court for the District of Connecticut, one by Harwood, as trustee in bankruptcy of the Groton Iron Works against the Fleet Corporation, and the other a foreclosure suit by the United States against Groton Iron Works and others to foreclose a mortgage on its shipbuilding plant and other property. The two cases have been referred to a special master, and hearings are proceeding. The amount of the claims involved is approximately $10,000,000.

Another case which resulted favorably to the Government was the injunction proceeding which was begun in the Supreme Court of the District of Columbia by the Pacific Mail Steamship Co. against the Shipping Board to prevent the consummation of the sale of the California-Orient Line, running from San Francisco to Hawaii and the Orient, with five *President* type ships, to the Dollar Steamship Line, the bids for which had been accepted. This case involved the very important principle of the powers of a governmental agency to exercise discretion in carrying out the mandates of Congress and an interpretation of the powers conferred in those mandates. The application for an injunction was denied, the tem-

porary restraining orders that had been issued were discharged, and the bill of complaint filed in the cause dismissed.

Another case in which the Government was successful was that of the trustee in bankruptcy of the American Shipbuilding Co. against the United States in the Court of Claims. Although this case was primarily handled by the Department of Justice, the litigation division took an active part in the litigation, not only in the presentation of the evidence but in the preparation of the brief. The Court of Claims found against the shipbuilding company in its claim for approximately $1,000,000 and in favor of the United States in its cross claim for approximately $700,000. The points presented on behalf of the trustee of the shipbuilding company involved the interpretation of war-time ship construction contracts, and the result will undoubtedly deter other shipbuilders from presenting the same points, which should eventually materially reduce the amount of litigation governing similar situations.

Another case which has been handled by this division and argued before the Supreme Court of the District of Columbia was that brought by the Western Union Telegraph Co. to determine the right of the Fleet Corporation to avail itself of Government rates for telegraph messages. Although the particular amount involved in the suit is not large the principle to be determined, if finally determined against the Fleet Corporation, will undoubtedly result in the loss to the Government of very large sums of money.

Attached hereto are tabulations showing the number of cases which have been handled by the division on behalf of the Fleet Corporation or the United States, either as plaintiff or as defendant, or so interested as to require the assumption of the defense of the litigation by the legal department, or in which the Government has been interested because of bankruptcies or receiverships. This tabulation is exclusive of cases which come within the functions of the admiralty division. The tabulations show a total of 621 cases, involving $487,930,574.96, were handled during the year. Of the cases brought against the Government, 57, involving $21,267,625.13, were settled or otherwise disposed of for a sum of $120,293.94. In cases where the Government was the plaintiff 12 cases, involving $1,970,100.55, were settled or otherwise disposed of by the collection of $1,036,819.38. Of the bankruptcy and receivership cases the sum of $280,724.36 was collected as dividends from the estates and 39 cases were disposed of on the books of the Fleet Corporation.

The tabulation of figures, of course, does not indicate the nature or amount of work necessarily performed in the care and conduct of the litigation involved.

Contracts, Opinions, Recoveries, and Special Assignments Division.

The work of this division comprises the miscellaneous legal business of both the Fleet Corporation and the Shipping Board not particularly handled by the litigation division or the admiralty division. The work covers a multitude of subjects and is exceedingly diversified. This division is called upon to render oral and written opinions for all of the different departments of the Fleet Corporation and the Shipping Board, to prepare, revise, and approve contracts, proposals, advertisements of purchases and sales, bids, contracts of purchases, and sales of ships and other personal property, personal, indemnity, and performance bonds, bills of sale of ships and other personal property, leases, bonds, mortgages, assignments of bonds and mortgages, and deeds covering real property, releases, and settlement agreements, satisfactions of mortgages covering real estate and ships, chattel mortgages and trust deeds, preparation of resolutions for the board of trustees of the Fleet Corporation and for the Shipping Board; to investigate and approve attorneys' accounts; prepare necessary recommendations to procure the approval of the Attorney General respecting the same; settlements for personal injuries; investigate and approve the settlement of managing agents' accounts; review proposed legislation; consider questions of workmen's compensation and cooperate with the Federal Employees' Compensation Commission.

This division also acted as attorney for the collection division and assisted in the examination of the accounts receivable and the liability and financial responsibility of the debtors.

One outstanding matter handled by this division during the year was the prosecution to a successful issue of the claim of the Shipping Board and Fleet Corporation against Germany for losses inflicted upon Government property during the war, particularly with reference to vessels sunk or damaged by submarines or mines. These losses included requisitioned vessels of American registry, vessels constructed or purchased, seized vessels, and chartered vessels. The claim was submitted to the Mixed Claims Commission of the United States and Germany, and an award was entered by that commission on May 27, 1925, in favor of the Government for $16,500,000, with interest thereon at the rate of 5 per cent per annum from November 11, 1918, to the date of payment.

It has been necessary to attempt to secure the remission of income taxes imposed by foreign Governments on the earnings of Shipping Board vessels touching their ports, which has required representations to be made through the State Department, and, in many instances, these representations resulted successfully.

This division has also handled investigations of charges against the vessels of the Government or operators or captains thereof by reason of the fact that members of the crews and passengers concealed in the vessels contraband, such as liquor, narcotics, etc., which was discovered by the customs officials and the vessels or those in charge are held liable because the contraband does not appear on the manifests of the vessels. Alien stowaways and alien members of the crews occasionally elude the vigilance of the officers of the vessels and get ashore illegally, with the result that fines are assessed either against the captain or vessel by the Department of Labor. Every effort has been made to cooperate with the Treasury Department and the Department of Labor in these matters.

On June 30, 1924, there were pending 48 claims, in the total of $6,184,904.55, against the Shipping Board or Fleet Corporation, which claims in large part grew out of the war program. During the fiscal year there were filed additional claims to the number of 18, involving $11,402,325.51.

During the year 30 claims were finally acted upon, representing the sum of $996,098.73, leaving pending on June 30, 1925, 36 claims, totaling $16,591,131.33.

As a result of the above-mentioned Atlantic Corporation litigation, title was secured by the Government to the Atlantic Heights housing project and the legal department assisted in the preparations and advertisement necessary to hold an auction sale of the project, which sale was started on the last day of the fiscal year. The completion of this sale will end practically the liquidation of the housing program of the Fleet Corporation, with the exception of a few scattered parcels of property, purchasers of which have failed to carry out their contracts.

The following figures will give an idea of the volume of work handled by this division:

1. Preparation, revision, and approval of contracts, proposals, bids, bonds, bills of sale, leases—approximately 412.
2. Written opinions prepared at the request of other departments of the Shipping Board and Fleet Corporation—approximately 203.
3. Miscellaneous instruments and papers covering the other subjects heretofore mentioned—approximately 858.

Admiralty Division.

The admiralty division has three offices, New York, London, and Washington, in each of which there is a staff of admiralty attorneys. The division handles all admiralty matters for the Shipping Board and the Fleet Corporation, whether in or out of litigation.

The members of the New York admiralty staff handle the admiralty litigation in the southern, eastern, northern, and western dis-

tricts of New York, district of Connecticut, and the district of New Jersey. In addition they advise the operating officials in New York, the United States lines, and managing operators on current admiralty matters as they arise.

The admiralty attorneys attached to the London office have general supervision over the prosecution of all admiralty litigation in Europe. They advise as to the employment of proper counsel in the various countries, prepare cases for trial, and see that witnesses are available at the proper time and that the cases are properly tried. Settlements and compromises are subject to the approval of the home office and the Fleet Corporation.

Members of the Washington staff prepare cases for trial, write briefs, try cases, argue cases on appeal, all in cooperation with the Department of Justice and the United States attorneys. In addition they draw bills of sale of ships, attend to legal matters in connection with the consummation of the sale of vessels, and recording of preferred mortgages. A good deal of care is required in recording mortgages to make sure that all the requirements of the ship mortgage act and the home port law have been satisfied.

Questions are continually being presented to the division by the marine insurance department, contract department, operating department, and traffic department which require an immediate answer. Other questions are presented by the same departments in a formal way which require careful consideration, although immediate action is not imperative.

A member of the staff serves on the traffic department's bill of lading committee and advises it on legal questions. The admiralty division draws bills of lading for the various trades. All these bills of lading have some clauses in common, but each trade has one or more clauses which are peculiar to it. These are necessary to meet special conditions in the particular trade.

The admiralty division disposed of 615 cases, involving about $13,500,000, and received 337 new cases, involving about $3,750,000, during the fiscal year. The cases disposed of consisted of 192 collision, 47 salvage, 51 lien, and 55 demurrage cases. The rest were of a miscellaneous nature.

At the end of the fiscal year there were pending in the admiralty division 434 cases not in litigation, involving about $9,500,000, and 1,080 cases in litigation, involving about $45,000,000. Of the latter 955, involving $39,000,000, were in litigation in 34 different district courts of the United States, and 125, involving about $6,000,000, were in litigation in the courts of 22 different foreign countries. In each of five countries (England, France, Italy, Germany, and Sweden) there were 10 or more cases in litigation.

The Supreme Court of the United States during the fiscal year decided two cases involving the construction of the suits in admiralty act. In one, the *Biran*, it held that a vessel in the laid-up fleet was still a merchant vessel within the meaning of that act, and in another, the *Quinnipiac*, that jurisdiction of a libel on in rem principles is not confined to the district in which the ship is found at the time of the filing of the libel; that such libels may be filed either in the District Court of the United States for the district where the ship is found or where the libelant resides or has his principal place of business.

In the *Thekla-Luckenbach* case, which did not come under the suits in admiralty act, the Supreme Court of the United States held that where the United States goes into court as a libelant in a collision case a decree may be entered against the United States on a cross libel. The court held that the filing by the United States of a libel submitted the collision to the jurisdiction of the court and the court could do complete justice with regard to the subject matter.

The United States District Courts (eastern district of Pennsylvania, in the *Henry County* and district of Massachusetts, in *Lake Capens*) held that the Shipping Board was entitled to collect demurrage for delay in loading vessels when such delay was caused by regulations of another department of the Government. This means that when the Government makes a contract in its business capacity and in the exercise of governmental functions hinders the other party to the contract from performing that contract, such action, commonly called governmental interference, is no defense to the other party.

SECRETARY

The functions of the secretary of the board may be enumerated briefly as follows:

(1) Recording and custody of all minutes of meetings of the Shipping Board.

(2) Preparation and presentation to the board, by formal docket or otherwise, of all cases requiring the board's attention.

(3) Custody of the immediate files and records of the board.

(4) Issuance of orders under section 9 of the shipping act, 1916, as amended, and conducting investigations relative to violations.

(5) Preparation for the board or committee thereof of cases arising under section 30, subsection 0 (*a*), of the merchant marine act, 1920, and the issuance of orders thereunder.

(6) Collaborates with the budget officer in the preparation for the consideration of the board and transmittal to Congress of estimates for appropriations required by the board.

(7) Administrative examination and audit of vouchers covering salaries and expenses of the Shipping Board by direction of the chairman.

(8) Jurisdiction of the service divisions of the board, such as mails, duplicating, library, files, chief clerk's division, personnel division, etc., and general office management.

(9) Control of communications, telegrams, cables, etc.

(10) Under direction of the chairman exercises supervision over personnel of the Shipping Board.

(11) Assisting in preparation of annual report and special reports to Congress.

(12) Assisting special committees of the board in preparing data or holding hearings required under legislation affecting the board.

(13) Compilation and distribution of weekly report.

Sale of Vessels to Aliens and/or Transfer to Foreign Registry.

Section 9 of the shipping act, 1916, as amended, makes it unlawful to sell, transfer, or mortgage, or, except under regulations prescribed by the board, to charter any vessel purchased from the board or documented under the laws of the United States to any person not a citizen of the United States or to put the same under a foreign registry or flag without first obtaining the board's approval. The section further provides appropriate penalties for the violation of its provisions.

In the exercises of the powers conferred by this section, the board requires a prescribed application form to be executed by those desiring to sell to an alien or transfer a vessel to a foreign registry or flag. The applicant seller and purchaser are required, in executing the application form, to give all the details of the vessel's construction, the reason for requesting transfer of ownership or registry, and why it is not desirable to retain the vessel under the American flag. A statement must be made as to the trade in which the vessel is at present engaged and the trade in which the proposed purchaser or transferee will employ the vessel, thus enabling the board to determine upon the merits of each case, whether the sale and/or transfer should be authorized or the vessel retained under the United States flag. Each application must be supported by a sworn affidavit that the purpose of the sale and/or transfer is not to avoid the laws of the United States. The applicants must state whether there are any liens, encumbrances, or other charges against the vessel. If there are liens, encumbrances or other charges, the approval of the mortgagee or lienor must be obtained and an affidavit to that effect filed with the board. It is generally provided that the sale and/or transfer be affected within a period of six

months and that the vessel shall not engage in trade in contravention of the laws of the United States.

In case of the violation of section 9 of the shipping act, 1916, as amended, or the violation of any of the provisions or conditions which the board places in the orders granting its approval to the sale of aliens and/or the transfer to foreign registry, the secretary has conducted investigations, and when full information relative to the alleged violation has been obtained the matter was referred to the Department of Justice for prosecution of the party or parties responsible for the violation. On June 1, 1925, the examination of applications for the approval of the board to the sale and/or transfer of vessels to foreign registry and the investigation of alleged violations of section 9 were withdrawn by the commissioner of the board charged with the administration of matters arising under section 9 of the shipping act of 1916, as amended.

During the past year, July 1, 1924, to June 30, 1925, inclusive, the board authorized the sale and/or transfer of 109 vessels of 158,931.43 gross tons, of which 46 were steam screw, 11 sailing vessels, 23 motor vessels, 3 uncompleted hulls (no tonnage given), and 26 vessels with no motive power. The countries to which these vessels were transferred are distributed as follows:

Registry	Number of vessels	Gross tonnage	Registry	Number of vessels	Gross tonnage
Brazilian	1	5,397.00	Italian	14	43,710.92
British	24	28,011.31	Japanese	1	14.00
Canadian	15	12,456.48	Mexican	5	1,202.70
Colombian	6	1,678.00	Nicaraguan	1	2,036.00
Chinese	2	3,387.00	Norwegian	3	12,893.00
Cuban	10	7,922.49	Panaman	2	574.98
Danish	4	14,898.55	Persian	2	6,619.80
French	2	9,821.67	Venezuelan	14	7,475.63
Haitian	2	796.42			
Honduran	1	35.00	Total	109	158,931.43

The secretary has been called upon from time to time by the United States Coast Guard, Treasury Department, Department of Commerce, and the Department of Justice for information concerning vessels which have been seized for violation of the laws of the United States and against which there may be pending charges in which the Shipping Board oftentimes has an interest.

Ship Mortgage Act—Surrender of Documents.

Section 30, subsection 0 (*a*), of the merchant marine act, 1920, provides that the documents of a vessel of the United States covered by a preferred mortgage may not be surrendered (except in the case of forfeiture of the vessel or its sale by the order of any court of the United States or any foreign country) without the approval

of the Shiping Board and that the board shall refuse such approval unless the mortgagee consents to such surrender.

In carrying out the provisions of this section of the merchant marine act, the board requires the owner of the vessel to file a formal application under signature and oath, stating the name of the vessel involved, the amount of the preferred mortgage or other encumbrances existing against the vessel, and a statement of the conditions under which the sale is to be made. The board also requires the preferred mortgagee to file consent to the surrender of the documents of the vessel involved. The proposed purchaser or transferee of the vessel is required to furnish a statement as to citizenship and to consent that the vessel involved will be concurrently redocumented under the American flag, to the end that said vessel, so long as it is so encumbered, shall remain a vessel of the United States.

In carrying out the provisions of this section of the merchant marine act, the board during the past year has authorized the surrender of the outstanding marine documents on 22 vessels documented under the laws of the United States.

PART II

UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

EMERGENCY FLEET CORPORATION

During the fiscal year 1925 the activities of the president's office were conducted along much the same lines as in the previous fiscal year, being directed, aside from the general supervision and coordination of the activities of the various departments of the corporation, toward the improvement of the Shipping Board's services and the reduction of operating and administrative expenses.

It has long been apparent that the reduction of operating losses is of the greatest possible importance, both as a necessary step toward the eventual transfer of the services to private operation, and also as a direct means of reducing the demand on the United States Treasury. With a view, therefore, of accomplishing these purposes, and having in mind the necessity for keeping the operating losses during the year within the amount appropriated, the Fleet Corporation has concentrated its efforts on every tangible method, that appeared available, to reduce the operating losses.

As the greater part of the expenditures by the Fleet Corporation for salaries and wages and for other items of administrative expense is a direct addition to the operating expenses incurred by the services themselves, we are steadily working for reductions along these lines. A constant effort is being made toward the elimination of detailed direction of operators, as well as detailed checking of the individual activities incident to the services, with a view not only toward developing the independence of the managing agents but reducing the direct expenditure of Government funds. While it is, of course, recognized that adequate general supervision by the Government is essential, eventual success must lie in the fostering of the greater initiative of the operators by the placing of additional responsibilities upon them.

As a definite step in the reduction of administrative expenses of the Fleet Corporation, a material reduction in personnel has been made. The number of employees paid by the Fleet Corporation and charged to general administration expense of the active fleet and of liquidation on June 30, 1924, amounted to 3,033, and by the end of the fiscal year 1925 this number had been reduced to 2,245, and an annual pay roll of $6,558,880 had been reduced to $4,928,015; that is, while still conducting about the same amount of business, there have been removed from our payrolls 788 employees, with a corresponding reduction in salaries of $1,630,865 a year.

While the consolidation of services with consequent reduction in the number of operators and other changes incident thereto assisted materially in making possible this saving in personnel, it by no means accounts for the total result achieved, as every effort possible was and is still being made to consolidate duties and eliminate such work as is found to be no longer essential.

In the operations of the Fleet Corporation, the cargo services involve the greater part of the losses, and it is in these services that success or failure must eventually be found. Success must mean reduced losses—greater economy in every element that goes into making up the total of operating costs, with a gradual improvement in the tons of cargo carried per vessel and the gross revenue per vessel resulting therefrom.

The business done in the cargo services, during the fiscal year 1925, has been approximately equal to that of the previous year. A review of the records shows that the payable tons of cargo per voyage increased and that there has been an increase of freight revenue for this fiscal year as compared with the last fiscal year.

The consolidation of the various cargo services begun the latter part of the last fiscal year, but which became fully operative during the present fiscal year, has permitted much more effective operation, resulting, among other benefits, in a material reduction in the average turn around, which reflects directly in the reduced costs of operation. The average turn around during the fiscal year 1924, amounted to 97 days, which was reduced in the fiscal year 1925 to an average of 90 days. There is perhaps no better index of operating improvements than this item. There is still more to be accomplished in this direction, and the next year should reflect a still lower average turn around.

A comparison of the profit and loss statements for the fiscal years 1924 and 1925 indicates that the total losses for fleet operation were reduced from about $41,000,000 in 1924 to about $30,000,000 in 1925. The reduction in losses of cargo lines forms the largest part of the reduction in total losses, but improvement was also shown in some of our passenger services and in other features of our operations.

Details with regard to the results of operations of cargo ships and other services during the fiscal year may be found in the " Statement of profit and loss, excluding liquidation, fiscal year 1925," which is included as Table No. XI in the appendix.

In March, 1925, the Shipping Board sold the California Orient Line, a passenger service operated between San Francisco and points in the Far East, to Mr. R. Stanley Dollar and the Dollar Steamship Line, and the transfer was practically completed at the end of the fiscal year.

The organization of the Fleet Corporation has not been materially altered during the fiscal year, the principal changes being the appointment of a general manager, and the transfer of a vice president to London to take charge of all of the Fleet Corporation's activities in Europe. There have, however, been modifications in the duties of various offices, in the jurisdiction of department heads, and otherwise to secure better coordination of activities and higher efficiency.

Officers of the Corporation.

During the fiscal year the following changes of officers were made:

On July 21, 1924, J. E. Sheedy was transferred to London, England, as vice president in charge of European affairs. On July 23, 1924, J. E. Sheedy resigned as a trustee, effective July 26, 1924. The same date, David A. Burke, general comptroller, was elected a trustee, effective July 28, 1924, to fill the vacancy. T. L. Clear, treasurer, resigned as a trustee and treasurer on July 21, 1924, effective July 31, 1924. On July 21, 1924, E. H. Schmidt was appointed treasurer, effective August 1, 1924, vice T. L. Clear, resigned. On July 23, 1924, E. H. Schmidt was elected a trustee, effective August 1, 1924, to fill the vacancy created by the resignation of T. L. Clear. On December 8, 1924, the resignation of David A. Burke as a trustee, effective November 28, 1924, was accepted. On January 28, 1925, Asa F. Davison was elected a vice president of the corporation. On February 4, 1925, Vice President Davison was elected a trustee of the corporation, filling the vacancy created by the resignation of David A. Burke. On March 15, 1925, Carl P. Kremer resigned as secretary of the corporation and was succeeded by Roy H. Morrill, who was appointed secretary, effective April 8, 1925.

At the close of the fiscal year June 30, 1925, the officers of the corporation and the trustees were as follows:

L. C. Palmer, president, chairman of board of trustees.
H. I. Cone, trustee, vice president and general manager.
J. E. Sheedy, vice president in charge of European affairs.
Sidney Henry, trustee, vice president in charge of finance.
W. B. Keene, trustee, vice president in charge of traffic.
Asa F. Davison, trustee, vice president in charge of operations.
J. Harry Philbin, trustee, manager, department of ship sales.
E. H. Schmidt, trustee, treasurer.
Roy H. Morrill, secretary.

During the year the board of trustees held meetings regularly each week.

GENERAL MANAGER

In November, 1924, H. I. Cone was appointed general manager of the Fleet Corporation and assigned the usual duties of that office.

In addition to exercising administrative supervision over the affairs of the Fleet Corporation, the general manager has given particular attention during the fiscal year 1925 to the reduction of personnel and to methods of effecting savings in other administrative expenses. As a result of these efforts the pay rolls and other expenses of the corporation have been materially reduced.

Aside from general supervisory duties, the general manager has direct jurisdiction over the department of investigation and the statistical department, and the secretary's office reports to him in connection with certain administrative details which are handled by that office and are fully described in its report.

Department of Investigation.

The department of investigation has continued its work of conducting investigations, locating witnesses, debtors, etc., for the Fleet Corporation and Shipping Board, as described in previous annual reports.

Statistical Department.

The statistical department is responsible for the preparation of a large number of reports and statements pertaining to the operations of the Fleet Corporation, and consists of the actuarial division and the records and information division.

The functions of the actuarial division are to receive from the various managing operators detailed reports covering the operating results of each individual voyage of Shipping Board vessels, and from these reports to prepare voyage statements indicating revenues, detailed expenses, and losses to the corporation; to distribute these voyage statements to interested officials, department heads in the home office, and to the district directors in the field, as well as to the managing operators; to prepare for the general comptroller a complete statement of operating results for inclusion in his monthly financial statement; and to compile from the records above referred to basic data to permit the preparation of the considerable number of special reports and statements which are called for by the officials of the Fleet Corporation and Shipping Board.

The functions of the records and information division are to collect data relating to the acquisition, operation, and status of all Shipping Board vessels, the principal work involving the proper recording of all movements and changes in status of vessels under the control of the Fleet Corporation, and the maintenance of the

various filing systems necessary for the prompt and satisfactory dissemination of data. There have been a number of periodical reports and numerous special statements issued for the purpose of furnishing currently advices covering movements and positions of vessels and of changes in allocations and assignments, etc.

During the fiscal year the organization of the statistical department has continued to be the subject of close study, by reason of which its various elements have been coordinated, with the result that, while the volume of detail has not materially decreased, and efficiency has not been impaired, the personnel has shown a steady reduction. On July 1, 1924, the department consisted of 40 employees, with a pay roll aggregating $83,280 per annum, whereas at the end of the fiscal year 1925 there were 33 employees and a pay roll of $68,640.

Secretary.

During the past year the secretary or the assistant secretary attended each meeting of the board of trustees, or the executive committee thereof, and the minutes of all meetings have been recorded in suitable books for that purpose, notices of the actions taken being distributed on the day of each meeting to all interested departments and officials.

This office has been called upon to furnish certified copies of minutes and official documents on file for use in litigation and has sent representatives to testify in many cases in different sections of the country, where it was also necessary to produce the original books and documents.

The secretary's office handles directly administrative details pertaining to transportation and travel of employees, rented space, communication services, etc. In this connection an administrative examination of expense vouchers incident to travel of employees of the corporation is made and Government transportation is issued upon request properly approved by department heads. A careful check of transportation authorized and the reasons given for its necessity has resulted in a reduction in the cost involved.

Under the direction of the general manager, the secretary exercises control over all office space occupied by the Fleet Corporation in the home office and in the field. During the past year, consolidations of functions of various departments and reduction of personnel have permitted the release of office space formerly occupied, which has resulted in a saving in our annual rental. Upon the expiration of certain leases during the year, we have executed new leases at lower rental or moved our offices to property under our control, thereby eliminating the payment of rent.

In handling of telegrams and cables, several important changes were made during the past year, which resulted in reduction of

costs. Leased telephone wires have been surrendered due to reduced communication between Norfolk and Washington, Washington and Baltimore, Washington and Philadelphia, and Philadelphia and New York. The leased telegraph wire, Washington to Norfolk, was also surrendered during the past year. The corporation has availed itself of the use of Army and Navy leased wires wherever possible.

A plan has been formulated by which managing operators will route through the Washington office of the corporation all cablegrams with respect to matters affecting the operation of Shipping Board vessels addressed to points in Europe, except confidential and urgent communications. Where the corporation maintains private wires, the managing operators will make use of them in transmitting communications for the account of the corporation. It is proposed to place this procedure into effect at the beginning of the next fiscal year or shortly thereafter, and it is expected that a reduction of these charges will result from this method of transmission.

The Bureau of Information, supervised by its director, has been under the jurisdiction of the secretary. This bureau has charge of the dissemination of all publicity relative to hearings, changes of policy, sales of vessels and matters of general public interest.

The personnel division, which handles the records, files and reports pertaining to personnel of the corporation, is also under the supervision of the secretary.

OPERATIONS

At the beginning of the fiscal year 1925 the organization under the control of the vice president in charge of operations comprised the following departments:

Contract department.
Stevedoring committee.
Purchases and supplies department.
Maintenance and repair department.
Operating department.
Construction department.
Piers and wharves department.

Internal changes during the closing months of the fiscal year left the organization at the end of the 12-month period as follows:

Radio section.
Disability and vessel personnel section.
Revenue and expense section.
Contract division.
Stevedoring and terminals division.
Purchase and supply division.
Maintenance and repair division.

It will be noted that the principal changes are the elimination of the construction department, which was transferred to the vice president in charge of finance; and combination of the stevedoring committee and the piers and wharves department into the stevedoring and terminals division; the elimination of the operating department, instead of which the radio, disability and vessel personnel, and revenue and expense sections reported direct to the vice president; and the designation of other units as divisions instead of departments.

During the fiscal year 1925 the personnel of operations was materially reduced, the number of employees (exclusive of the construction department) on June 30, 1924, being 1,386 with a total annual pay roll of $2,718,570, while on June 30, 1925, the corresponding figures were 942 employees, and a pay roll of $1,835,498.

Duty on Foreign Repairs.

The following statistics are of interest in connection with foreign repair entries handled during the fiscal year:

Number of entries handled	638
Amount of duties assessed	$252,121.27
Total duties remitted	$202,584.25
Total duties paid	$39,764.52
Number of entries still awaiting decision by Treasury Department	10
Total amount duties outstanding	$9,772.50

Payment of duties averaged less than 20 per cent of the total amounts assessed. The amounts remitted are on the basis of repairs due to stress of weather or other casualties. Records indicate that maintenance work, which includes painting, has approximated only $80,000 for the entire operating fleet. Upon this amount there has been paid a duty of about $40,000, thus making the cost of such reconditioning around $120,000.

Radio Section.

The work of the radio section was carried on through the past year along the lines followed during the five preceding years, except that toward the latter part the maintenance of radio apparatus aboard operating ships was handled by managing operators in the same general way that they handle the maintenance of other ship equipment.

During the first half of the year the maintenance of radio apparatus aboard operating ships, the handling of radio traffic accounting, the furnishing of ships with radio operators, etc., were taken care of under contracts with the same contractors who previously performed such service. At the close of the year the maintenance of such apparatus was handled by managing operators, and only traffic

accounting, the furnishing of ships with radio operators, etc., were executed under contracts with the Radio Corporation of America and the Independent Wireless Telegraph Co., the Ship Owners Radio Service having gone out of business at the termination of our radio service contract.

The aforementioned change in the manner of handling radio service has resulted in a very appreciable reduction in the expense of handling such service.

The contract with the Submarine Signal Co. has been continued.

A large number of Fleet Corporation vessels in distress satisfactorily secured assistance by means of radio, and for the sixth successive year not a single ship was "lost without trace."

Radiocompasses were installed aboard all passenger steamers and have been giving very satisfactory service.

The radio section carefully observed the functioning of the "fathometer" (a new continuously indicating depth-finding, or sounding, device) aboard a coastwise merchant vessel and, also, aboard a vessel of the Coast and Geodetic Survey Service, and assembled comprehensive data concerning it for use in determining its practicability for service aboard Fleet Corporation vessels.

Considerable experimentation was carried on by this section with a view to extending the use of the radiocompass and the synchronizing of radio and submarine signals used to determine the position of ships, their distance from certain points, etc. The results obtained indicate that considerable advance in the art of navigating ships by such means may be expected.

Close cooperation with the Weather Bureau of the Department of Agriculture in obtaining meteorological observations from ships at sea was maintained and the results of such cooperation were very beneficial to shipping.

Approximately $46,000 were saved during the year by transmitting trans-Atlantic messages destined to points in Europe by Navy radio stations to the Fleet Corporation's radio receiving station in London.

Many important conferences on radio communication matters held by the various Government departments, radio interests, etc., were attended by representatives of the radio section, and much work was done in the way of making preparations for the forthcoming International Telegraph Conference, International Radio Conference, and Fourth National Radio Conference.

Disability and Vessel Personnel Section.

This section has maintained a close supervision over disabilities of vessels at sea, furnished relief and, in conjunction with the insurance and traffic departments arranged for the diversion or towage to suitable ports of refuge.

By employing Fleet Corporation steamers for the towage in such cases, the payment of salvage to foreign and domestic companies has been practically avoided, outside assistance being required in only one major case. The number of disabilities during the past year has been considerably reduced in comparison with former years.

This unit arranged for diversion of Fleet Corporation cargo vessels when westbound across the North Atlantic by way of the Azores to United States ports during the winter months from October to April in order to avoid heavy weather damage.

The usual functions in connection with the vessel personnel have been continued as described in previous reports.

Revenue and Expense Section.

This section has made a study and analysis of revenue and expense reports for 1,598 voyages and has, through corrective measures, brought about an improvement in the accuracy of the reports, thus providing reasonably reliable figures for use in the preparation of the monthly financial statement, considerably in advance of the actual voyage accounts.

Through its activities savings have been accomplished and steps have been taken which have led to reductions in the various items of voyage expenses.

Contract Division.

The contract division has, during the fiscal year 1925, continued its work of interpreting contracts, settling disputes, and adjusting claims with regard to contractual agreements, handling subagency agreements, and cooperating with the general comptroller's department in adjustment of accounts, etc.

In the adjustment of claims arising under contracts of affreightment and supervision over demurrage and kindred claims previously referred to the legal department and London and other foreign offices, special attention was directed to the settlement of disputes which had been pending for some years. The total number of claims directly handled during the year was 202 involving approximately $3,000,000, of which 63 claims amounting to approximately $260,000 were definitely disposed of, resulting in the cash collection of about $60,000. The bulk of these claims was for steamer demurrage. On the other hand, this division approved payment of despatch money under contracts of affreightment to the extent of approximately $50,000 resulting from more liberal conditions in favor of charterers.

The managing agents' accounts adjustment committee, created by the board of trustees during 1922 for the purpose of settling accounts arising under various managing agency agreements, rendered 36 decisions involving approximately $1,000,000. As a result of its activities, settlements involving exchange of release agreements were

concluded with 15 operators involving the payment of approximately $35,000 by the corporation and receipts of approximately $150,000 and four additional settlements involving approximately $700,000 are in process of completion.

During the year this division handled the execution of "Operating agreement, 1924," including amendments thereto, by 24 managing operators and carried out all administrative details necessary to place the agreement in effect.

The policy to charter only in trades not conflicting with our regular services, and the continued depression of the charter market resulted in the fixture of only one cargo steamer of 3,350 dead-weight tons and three tugs on a bareboat basis. Charter hire received amounted to approximately $67,000.

Considerable activity was directed toward the consolidation of foreign agents, the creation of American agencies wherever possible, and the fixing of fees in accordance with the policy adopted by the Fleet Corporation in connection with "Operating agreement, 1924." The result has been a material reduction in the number of foreign agents and the establishment of seven additional American agencies during the past year at foreign ports, which, it is expected, will bring economies in the handling of vessels at foreign ports by the elimination of competition, quicker turn-arounds, and more standardized charges for services rendered.

Stevedoring and Terminals Division.

During the year past it was deemed advisable to give the managing operators direct control of their stevedoring operations, heretofore exercised by this division. By this procedure their own stevedoring arrangements are made, which are supervised and approved by us. This action has resulted in many changes which it is believed will benefit the Fleet Corporation.

The new arrangements will soon be operative on all routes out of New York and are now in effect on all routes out of Pacific coast ports except Seattle. These arrangements will be extended as conditions permit to other Atlantic coast and Gulf routes.

The contracts entered upon, both prior and subsequent to the new arrangement, are such that it is believed they will save the corporation a considerable amount of money.

The terminal work of the division is twofold—that pertaining to the Government-owned Army bases and the Hoboken piers and that pertaining to other than Government-owned terminals which are used by operating managers for Fleet Corporation vessels. Supervision of the Norfolk Army base and Hoboken piers, which are not under lease, rests with this division and is exercised through dis-

trict offices. It is also responsible for all betterments to and reconditioning of the Government-owned piers used by the Fleet Corporation, whether under lease or otherwise, this work having been delegated to the Fleet Corporation by the Shipping Board. When the Army base piers were taken over from the War Department they had greatly deteriorated and much reconditioning work was imperative. This has gone steadily forward to date. During the fiscal year $551,666.58 were expended on such work under Fleet Corporation supervision, and similar work is still in progress. These piers, together with the Hoboken terminal, returned a net profit for year of $696,933.22, an increase of $157,814.56 over the previous fiscal year. The expenses of operation were $460,597.29 as against $697,646.21 for the previous year.

Supervisory control is also exercised over all charges to the corporation for privately owned piers used by its managing operators. When these piers are rented or leased exclusively for corporation purposes, these transactions are under the direct control of this division. A general revision of all pier charges paid by the corporation through its managing operators at the port of New York has been under way during the latter part of the fiscal year. Based upon the present volume of business, this revision will decrease these charges to the corporation during the coming fiscal year by many thousands of dollars.

In addition to the work done in this country general control over all similar functions is exercised abroad. Local officials are in direct authority, but their work is subject to review and correction by this division.

Purchase and Supply Division.

In the year just completed the purchase and supply division has purchased, stored, distributed, and disposed of all materials, supplies, and equipment required by the vessels and offices of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation with the exception of purchases made by the managing operators of the corporation under their operating agreements.

Organization.—The division has been supplemented by the addition of an inventory section taken from the operating department, while the custody and maintenance of Hog Island has been transferred to the department of ship sales, laid-up fleet division, as of February 15, 1925, as the storehouse, and its personnel at Hog Island had been discontinued.

Fuel section.—The fuel section has handled the details in connection with the procurement, inspection, storage, and distribution

of fuel oil and bunker coal at domestic and foreign ports; the directing of the repair and operation of fuel oil storage stations; the accumulation and maintenance of statistical data covering production, consumption, imports and exports, storage of petroleum and its by-products, and bunker coal at world ports, together with the market prices for the purpose of studying market conditions affecting the prices of these commodities.

Most of the bunker fuel contracts have been made at the home office in Washington, the manager of the purchase and supply division personally conducting negotiations for contracts on the Pacific coast and in Europe, due to the fluctuation of the market at these points and the desirability of dealing directly with the home offices of the suppliers.

In the drawing up of all contracts due attention has been paid to the including of any and all clauses whereby the corporation might benefit. Also advantage of all reduced costs has been taken, and in some cases lower prices have been secured after negotiation.

For the fiscal year the prices under contracts uniformly average lower than those previously in the open market. For contracts effected during the fiscal year at Atlantic and Gulf ports, the difference between the cost of the oil actually taken under contract and what it would have cost on the the open market is $2,218,308.22; for Pacific Coast ports, $547,576.76; for European ports, $101,000; for Asiatic ports, $87,600; or a grand total of $2,954,484.98 difference for the fiscal year.

The approximate total quantities, based on actual performance during 11 months and estimated performance for 1 month and cost of bunker fuel oil purchased during the year, are as follows:

	Quantity	Cost
FUEL OIL	*Barrels*	
Atlantic and Gulf ports	11, 197, 471	$16, 893, 844. 77
Pacific ports	2, 901, 828	4, 171, 580. 00
Open market—domestic	350, 063	594, 721. 99
Foreign ports	2, 468, 191	5, 200, 163. 59
Total	16, 917, 553	26, 860, 310. 35
COAL	*Tons*	
Domestic and foreign	288, 120	1, 641, 160. 94
Total cost of fuel		28, 501, 471. 29

The following table is a comparison of prices under contracts at domestic ports as of June 30, 1924, and June 30, 1925:

Comparison of contract prices, domestic ports

	June 30, 1924, terminal (per barrel)	June 30, 1925, terminal (per barrel)
Boston	$1.395	$1.80
New York	1,395	1.75
Philadelphia	1.395	(1)
Baltimore	1.395	1.75
Norfolk	1.395	----------
Charleston	1.29	.170
Savannah	1.29	(1)
Tampa	1.19	1.50
Jacksonville	1.29	1.70
New Orleans	1.145	(2) 1.53¼
Destrehan	----------	1.50
Houston	----------	1.50
Galveston	1.145	1.50
Texas City	1.145	----------
Port Arthur	1.145	(1)
San Francisco	1.40	----------
San Pedro	1.40	1.29

[1] Market [2] Barge only.

In April, 1925, a contract was negotiated at London with the Anglo-Persian Oil Co. for the corporation's entire requirements of fuel oil at United Kingdom ports for a period of 12 months from May 1, 1925, and to continue thereafter, subject to cancellation by either party on 90 days' written notice, at prices ranging from 7s. 6d. per ton for cargo vesseds to 9s. 6d. per ton for the steamship *Leviathan* below the then existing market price, with a further provision that should the market price at any time throughout the contract period go below 70s. per ton the price would be 1s. per ton less than the market in the case of cargo vessels and 3s. per ton less than the market in the case of the *Leviathan*. From May 1 to June 30, as compared to the market price on the same quantity of fuel oil, our savings under this contract are estimated to be $25,000.

In line with the past policy of maintaining a reserve of fuel oil at the Norfolk station, there were in storage at this point on January 1, 1925, approximately 910,000 barrels of oil. Due to the increase which we were asked to pay under contract at this port over the agreement expiring December 31, 1924, it was decided to again place the plant in operation and issue oil to our vessels at the lowest price offered under contract.

When the fuel-oil contract at San Francisco expired, the market price of fuel oil being over the contract price, it was decided to open a bunker station at San Francisco and supply the requirements of our vessels at this port from the station, using the oil under our cargo contract at San Pedro.

The following table shows the leased and owned bunker stations, with their capacity, in operation during the fiscal year ending June 30, 1925:

Name of station	Capacity, in barrels	Owned and operated by—
Balboa, Canal Zone	50,000	Panama Canal Commission.
Bermuda, West Indies	35,000	West India Oil Co.
Cristobal, Canal Zone	50,000	Panama Canal Commission.
Durban, South Africa	110,000	Vacuum Oil Co. of South Africa.
Honolulu, T. H.	110,000	United States Shipping Board.
Manila, P. I.	165,000	Do.
Mobile, Ala.	110,000	Do.
Norfolk, Va.	1,100,000	Do.
Pago Pago, Samoa Islands	110,000	Do.
Ponta Delgada, Azores	55,000	Tagus Oil Co.
Portland, Oreg.	55,000	Associated Oil Co.
St. Thomas, Virgin Islands	165,000	United States Shipping Board.
San Francisco, Calif.	(1)	General Petroleum Corporation.
Seattle, Wash.	110,000	Do.

[1] No definite quantity specified.

The volume of business done at the above stations during the fiscal year 1925, and comparisons of prices on June 30, 1924, and June 30, 1925, are shown in the following table:

Port	Barrels issued during fiscal year ending June 30, 1925	Issue price as of June 30, 1924	Issue price as of June 30, 1925	Annual turnover, 1925
Balboa	89,523.79	$1.45	$1.70	$139,784.71
Bermuda	2,823.58	2.15	2.15	6,070.71
Cristobal	94,744.59	1.45	1.70	144,686.74
Durban	None.	2.50	2.50	
Honolulu	390,740.67	1.65	1.55	620,798.08
Manila	677,117.38	2.10	2.00	1,385,040.03
Mobile	496,603.78	1.25	1.65	750,654.77
Norfolk	224,427.89	1.40	1.75	375,752.70
Ponta Delgada	38,384.90	2.20	2.20	38,384.90
Portland	378,388.62	1.60	1.50	586,303.50
Pago Pago	None.			
St. Thomas	64,949.56	1.80	1.80	116,909.21
San Francisco[1]	81,960.66	1.40	1.40	114,744.92
Seattle	921,557.92	1.60	1.50	1,420,563.14

[1] Storage station started deliveries May 4, 1925.

The maintenance of stocks of fuel oil at foreign and domestic bunkering stations provides profitable employment for some of our tank steamers, and at the beginning of the present fiscal year there remained in floating storage (laid-up tankers) approximately 231,000 barrels of fuel oil out of a total of 3,186,074 barrels of oil originally placed in floating storage during a period extending over about three years. In September, 1924, the last of this oil was taken out of floating storage and was reissued or sold with a loss in quantity of only 2,928 barrels or 0.09 of 1 per cent.

At the beginning of the fiscal year our bunker-coal requirements for passenger and cargo vessels were covered by a contract at New York running until June 14, 1925, at a price of $5.89 per gross ton trimmed into bunkers. This was the only domestic coal contract then in effect, as it was decided to purchase our requirements at

Philadelphia, Baltimore, and Norfolk on the spot market as and when required, feeling that the small quantity of coal required at these ports would not be of sufficient inducement to contractors to quote their lowest prices.

Our decision to stay on the market at these ports has resulted in the purchase of our spot requirements of coal at prices considerably under the established market, as in a number of cases advantage was taken of small quantities of coal on demurrage which sellers were willing to sell in order to avoid an accumulation of demurrage charges, at prices much under the existing market.

Our European bunker-coal requirements were covered by contracts, the principal contract covering our passenger vessels at Bremerhaven running from July 1, 1924, to June 30, 1925. All of these contracts were at maximum prices subject to the "fall clause." During the fiscal year the market price of bunker coal declined at Bremerhaven and Rotterdam, and in accordance with the "fall clause" in the contracts, we received the advantage of this reduction in the market.

The fuel section, through its representation on the fuel-conservation committee, has been in close cooperation with the committee at all times and through its district fuel inspector assists materially in accomplishing the aims of this committee.

Purchasing section.—The purchasing section purchased materials, supplies, and equipment for the corporation with the exception of bunker fuel and office supplies, stationery, books, periodicals, printing and furniture, and such purchases as were made by the managing operators of the corporation under the operating agreements. These purchases principally consist of contracts covering the entire requirements of our vessels for topside paints, bottom paints, lubricating oils, packings, and condenser tubes manufactured in accordance with the corporation's specifications. Purchases under these contracts amounted to about $1,400,000.

Buying in this manner, the Fleet Corporation obtained full advantage of its bulk purchasing power, as the business in such large volume is sufficiently valuable to attract the competition of the best houses in each line of industry affected thereby. A comparison of the prices paid indicates that purchases in this manner saved the Fleet Corporation over a half million dollars above the cost of similar material at the wholesale prices referred to and if compared with the prices ordinarily obtained by steamship companies, represents even greater savings to the Fleet Corporation. These contracts, in addition to the monetary savings, also give the Fleet Corporation assurance of uniform and good quality.

In addition to these contracts, the purchasing section also bought the requirements of all passenger vessels of the fleet of such items

as linens, carpets, glassware, chinaware, and other furnishings, and the requirements of the entire fleet as to boiler tubes, condenser tubes, tail shafts, and propeller blades and hubs, which purchases in this fiscal year amounted to over $700,000.

At certain ports where the quantities involved were sufficiently large to justify such methods of purchase, contracts were made for subsistence supplies for the various laid-up fleets and for our entire requirements of grate bars, fire brick and clay, dunnage, fresh water, laundry service, and similar items which afforded uniform and good quality at the lowest possible prices.

The total amount of purchases made by Fleet Corporation offices, exclusive of bunker fuel and purchases on contracts mentioned above, during the fiscal year was approximately $4,000,000.

General instructions were issued to all managing operators of vessels for the Fleet Corporation systematizing and standardizing the procedure they are to observe in purchasing materials, supplies, and equipment for the vessels which they operate for our account. The issuance of the regulations were followed up by personal visits to the managing operators by our trained district purchasing officials, and many specific instances have shown that these instructions have, in addition to providing for the proper expenditure of funds, produced a very material reduction in the cost of supplies through the introduction of competitive bidding and bulk purchasing.

All articles of food purchased for our passenger vessels and for the various laid-up fleets are rigidly inspected by inspectors of the various bureaus of the United States Department of Agriculture, and this, together with the specifications under which these articles are purchased and which were prepared in collaboration with experts of that department, has assured our passengers, officers, and crews of the vessels of the very best quality at very reasonable prices.

Stores and sales section.—The stores and sales section supervised and directed the details in connection with the receipt, handling, storage, delivery and sale of usable and surplus, obsolete and scrap materials, supplies and equipment carried in stock for ship operation or turned over to this division for disposition.

In line with the policy to liquidate and reduce the stocks of materials on hand, a survey was made by a committee appointed for the purpose of surveying stocks in storage at various points in order that surplus, obsolete, and scrap materials might be determined and disposed of promptly. This procedure will be continued.

Sales approximating $900,000 were made, and in addition materials valued at approximately $400,000 were transferred to other Government departments with and without exchange of funds. Materials approximating $60,000 in value were obtained by the Fleet Corporation from the other Government departments, thereby avoid-

ing the expenditure of Government funds in an amount approximating $460,000.

The storehouses at Boston, Philadelphia, Baltimore, and Savannah were discontinued and the storehouse at Norfolk moved from the rented quarters to the Army base, all of which in addition to reductions in pay rolls resulted in an annual saving of approximately $32,000 in rentals of storehouses.

Inventory section.—This section succeeded to the activities of the voyage supplies section and has been engaged in closing the records of deck, engine, and steward stores and subsistence stores for which fixed allowances were made to the managing operators, these allowances having been discontinued with the inauguration of the "Operating agreement, 1924."

This section handled details of inventory and accounting for materials and supplies aboard vessels at the time of transfer from managing operators, charterers, laid-up fleet or to purchasers.

Inland traffic section.—The inland traffic section supervised the transportation of materials, supplies and equipment for use of the corporation, including preparation of bills of lading, prosecution of claims and verification of transportation vouchers.

Office supply section.—The office supply section handled the details of purchasing, receiving and storing, and issuing of office supplies, stationery, books, periodicals, printing and furniture required for the use of the Shipping Board and Fleet Corporation.

Maintenance and Repair Division.

The fiscal year 1925 was marked by a major change in policy in the handling of repair work. This involved the turning over to the operators, under certain regulations and limitations, the handling of their own repairs. This has naturally resulted in a drastic reduction in personnel of the department.

The other major event of the year was the inauguration of the Shipping Board's plan to convert a number of steam vessels to motor ships, the work being handled by this department.

The general scheme of organization as previously followed was retained throughout the year; a complete description of the functions of the various units of the division is contained in the annual report for the fiscal year 1924 (p. 55).

Managing operators handling own repairs.—During the fiscal year nine managing operators were permitted to handle their own repairs under regulations prescribed by this division. The operating agreement, 1924, contemplated turning over repairs to these operators when the port staff of the operator was deemed adequate and competent to handle the work.

The port staff of each operator was very carefully considered and various changes were suggested in quite a number of them to insure the proper handling of this important feature of ship operation.

However, during the year, repairs were turned over to the managing operators one by one as they measured up to standard, and by the close of the year all operators were handling their own work, except for the passenger vessels of the Pan America Line and the tank steamers operated by Walker & Daly and McAllister Bros.

Repair costs.—Expenditures for repairs and alterations during the past fiscal year have continued to decrease markedly and are now reaching a very creditable basis on the whole. The physical condition of the vessels has been materially improved due to:

(1) More efficient personnel.

(2) Better operation from both port staff and ship's force.

(3) Fuel conservation work and desire of officers and port staff for high efficiency ratings.

(4) Spirit of rivalry developing between vessels of a managing operator and also vessels of a class.

It is to be noted the Fleet Corporation during the past fiscal year contracted for about $6,000,000 less repair work (including damage repairs) than during the previous fiscal year, or a reduction of about 33 per cent.

The policy, established in 1920, of performing all work possible after receiving competitive bids has been keenly followed up, insuring that the Fleet Corporation generally receives the lowest possible prices for its repair work.

In commenting on this reduction in repair costs, full credit should be given to the effort on the part of the staff of the managing operators toward increasing the efficiency of the crews and the performance of more work by them on their own vessels.

Passenger vessel repairs.—The expenditures for repairs and alterations on passenger vessels amounted to a considerable sum during the past fiscal year. This was mainly incurred in completing all approved alterations and the usual lay-up overhaul on the vessels of the California-Orient Line and the American Oriental Mail Line.

To clean up all outstanding approved alterations and to give the ships a needed overhaul after long continuous service on the long North Pacific route, a lay-up schedule was carried out on the five vessels of the American Oriental Mail Line and all work was accomplished during these periods, at the following costs:

Vessel	Cost
President Grant	$230,961.00
President McKinley	206,116.84
President Jefferson	204,534.17
President Jackson	203,387.10
President Madison	209,485.49

Since the reconditioning periods of the vessels of these two lines, they have been operating with the ordinary moderate repair expenses generally expected from steamers of this class. Exceedingly few

alterations have been made since the overhauling and those that have been placed in hand were absolutely necessary.

The repair costs on the four passenger vessels of the Pan America Line have been commendably reduced, but during the year were higher than they should be because of heavy expenditures necessitated by extensive condenser retubing. However, the normal maintenance expenditures have been growing less trip by trip, and they will be brought to the minimum that can be expected from a passenger vessel on such a long run.

The policy of standardizing equipment for the passenger vessels has been pursued throughout the year and in all there has been established some 400 standards. This equipment is now being issued to all passenger ships in operation.

Dry docks.—Inspections were conducted during the year on all dry docks leased by the board and all docks sold in which the board still retains an interest. Also a record was kept of the earnings and employment of those docks under lease and in which the board participates in the earnings.

Spot ships.—The policy of holding in reserve a number of vessels in "spot" condition—that is, in proper repair to proceed to sea on 48 hours' notice—was continued throughout the year. To accomplish this it was necessary to repair upward of 100 vessels for spot condition. Many of these vessels were those turned back to the fleet by managing operators for various purposes, and others were brought out of the laid-up fleet for the purpose.

Alterations.—Very close attention has been given during the year to limiting to the absolute minimum the performance of alterations. Only those were authorized that appeared to be absolutely necessary, and this action has resulted in decreasing the cost of operation without impairing the operating efficiency or the physical condition of the vessels.

There were also carried forward during the year the alterations to the winch steam exhaust piping on the Hog Island type "A" class of vessels, which is described in the last annual report. This alteration is responsible for a large portion of the expenditure for alterations during the past year. There was another alteration made on this same class of vessel during the year, and about 20 vessels were completed. This involved the installation of a new pintle block and cheek plates on the rudders of these ships.

Materials engineering.—Work of the materials section has continued along the same general lines as indicated in previous reports. This unit has cooperated with the Federal specifications board, the American marine standards committee, the American Society for Testing Materials, and other bodies working on materials problems.

New specifications have been issued for materials, and existing specifications have been revised where such revision was required.

Every endeavor has been made to standardize materials in so far as possible and to use only such materials as are commercially available in the open market.

The materials laboratory has been further developed and is now equipped to handle practically all of the routine work required. The policy of utilizing the Navy Department for inspections on special materials, such as condenser tubes, has been continued. Arrangements have also been made to have frequent simulative service tests made by the Navy Department on samples of fire brick representing deliveries made on Shipping Board vessels.

A large number of tests are being made on the materials entering into the construction of Diesel engines with a view to securing definite data as to the performance of various materials in such service.

Turbine and gears.—The four types of turbines used in the active fleet—namely, Parsons, Bethlehem and Newport News, General Electric, and Westinghouse—have operated with general satisfaction, although difficulties have been experienced in some instances. The measures taken to correct these difficulties indicate success.

Careful study was made of the gear situation, and by careful observation extended mileage has been obtained. Sets of replacement elements were installed and additional sets ordered where necessary. To relieve the situation during the manufacture of replacement sets and to save time and conserve funds, high-speed gears were removed from laid-up vessels and used on active steamers.

During the year it became apparent that the motor stator-coil insulation on the five electric drive ships was defective, and immediate action was taken to rewind the motors with new coils protected with improved insulation. The main turbines and generators were also overhauled.

Fuel conservation.—The work of fuel conservation was very energetically carried forward during the year and extended so that it covered all ports in the United States and all active vessels. Fuel conservation inspectors were placed in all home ports, and during the year 1,274 vessels were inspected at the termination of voyages. Following these inspections of all departments of the vessel, an analysis was made of the logs and a standard report drawn up which arrived at the efficiency of the vessel during the voyage. These forms were sent to all interested parties, including the managing operators, to whom a letter of comment was written with the constructive criticisms of the section.

The work of the fuel schools at the navy yard, Philadelphia, Pa., and Mare Island, Calif., was continued with marked success during the year. Two hundred and ninety-three men attended the fuel school at Philadelphia, making a total attendance at the school since its establishment of 783. Two hundred and fifty-four men took ad-

vantage of the course at Mare Island. In all 1,037 men have attended the two schools, 122 of whom were from the Navy and Coast Guard.

The benefits derived from these schools have been of inestimable value to the Fleet Corporation and the American merchant marine as a whole. They have offered the opportunity to American marine engineers to become acquainted with information concerning the theory and practice of fuel combustion that they have never previously had.

In an endeavor to promote the efficiency of oil combustion, tests were conducted at the fuel oil testing plant, navy yard, Philadelphia, on three types of proprietary oil burners.

The fuel conservation section has also followed experiments that have been made during the year to develop a process for the economical and practical burning of pulverized coal. Such a process would result in quite marked reduced fuel consumption coupled with the extraction of a far greater number of heat units from the coal than is now obtained. This matter will be followed further during the coming year.

The year witnessed the institution of the system of paying a bonus to those engineers appearing on the honor roll. The board of trustees approved granting a $50 bonus to each of the engineers whose names appeared on the honor roll. The roll was limited to 50 names. The first bonuses were paid for the period July 1, 1924, to December 31, 1924; the men securing this bonus were those having the highest efficiency ratings for the period covered. There were, however, such a large number of engineers with noteworthy records that it was decided to establish a secondary roll, called the honorable mention roll, on which the names of the next 50 engineers were entered. These rolls and the bonus have produced a great spirit of rivalry and healthful competition among the engineers which can not fail to redound to the benefit of the corporation and be reflected in decreased operating costs.

The bonus of chief engineers excited such favorable comment that it was deemed most advantageous to establish a similar bonus for captains. This was subsequently approved and is effective for the period January 1, 1925, to June 30, 1925. The bonus will be $50 each and will be limited to a total of not more than 50 masters.

All sea performance standards had been set prior to this fiscal year. However, during the year, as the result of experience gained in the actual application of these standards, revisions have been made thereto to take care of and allow for numerous variables and contingencies incident to certain types of vessels, peculiarities of trade routes, etc.

Having covered the sea consumption standards quite thoroughly, attention was directed to the port consumption, which represents a

large percentage of the total fuel consumed. Standards were set covering port consumption and a form drawn up for arriving at the efficiency of the vessel in this regard. This act has served to focus attention on this most important item of fuel expenditure and has served to bring home to the managing operators and the deck and engine officers the wide field for fuel saving that exists in port consumption, and the same spirit of cooperation in reducing this consumption has been exhibited as in the sea standards.

The fuel conservation section in anticipation of the entry into operation of the 14 vessels being converted to Diesel propulsion has worked out a voyage report form for this type of vessel.

The work of fuel conservation has been very favorably reflected in the decrease of fuel burned on the vessels, the spirit of cooperation and competition aroused amongst the crews of the various ships, the stability of the personnel on Fleet Corporation steamers, and is also reflected in decreased maintenance costs and the better physical appearance of the vessels.

Diesel conversion.—The physical details in connection with the conversion of 14 steam vessels to motor ships were handled under the Diesel section of this division.

Executive matters were handled by the Bureau of Construction and are covered in the report of that branch.

Inspection of vessels scrapped.—In addition to the inspection of vessels sold for conversion this division was called upon during the year to inspect the work of scrapping of 18 vessels sold for this purpose. The vessels inspected were the following:

Vessel	Type	Gross tonnage
West Eagle	Cargo	5,690
Philippines	Cargo (ex-German)	11,440
Western Comet	Cargo	5,871
Black Arrow	Cargo and passenger (ex-German)	6,599
Andalusia	Cargo (ex-German)	5,509
Amphion	Cargo and passenger (ex-German)	7,409
Ascutney	Cargo (ex-German)	4,996
Wyandotte	do	4,761
Armenia	do	5,463
Neuse	do	4,496
Coosa	do	1,969
Wachusett	do	4,336
Mercury	Cargo and passenger (ex-German)	10,982
Nansemond	do	13,333
Von Steuben	do	14,908
Burnside	Cargo	2,548
Zaca	do	6,165
Freedom	Cargo and passenger (ex-German)	5,640

Inspection of vessels under section 11, merchant marine act, 1920.—During the year inspections were conducted on five vessels, to finance the construction of which loans were made from the construction loan fund. Three of these vessels were of the passenger and cargo type for coastwise service and two of the passenger type for overnight service between New York and Boston.

Details of these steamers are as follows:

Name	Owner	Builder	Type	Tonnage		
				Gross	Net	Dead weight
Cherokee	Cherokee-Seminole Steamship Co.	Newport News Shipbuilding & Dry Dock Co	Passenger and cargo.	5,300		
Seminole	do	do	do	5,300		
Robert E. Lee.	Robert E. Lee Steamship Co.	do	do	5,814	3,167	2,525
New York	Eastern Steamship Co	Bethlehem Shipbuilding Corporation, Sparrows Point, Md.	Passenger	4,989	2,703	
Boston	do	do	do	4,989	2,703	

Inspection of vessels under section 23, merchant marine act, 1920.—Inspections were conducted by this department during the year on 16 vessels constructed under the provisions of section 23 of the merchant marine act, 1920. Making up this total were 1 passenger and freight vessel, 7 bulk freighters for Great Lakes service, 1 coastwise freighter, and 7 tankers, 1 of which was Diesel drive and 1 Diesel electric.

Details of these steamers are as follows:

Name	Owner	Builder	Type	Tonnage		
				Gross	Net	Dead weight
Thomas P. Beal	Mystic Steamship Co.	Bath Iron Works, Bath, Me.	Steel freighter	5,818	3,642	9,500
Jos. H. Frantz	Columbia Steamship Co.	Great Lakes Engine Works, River Rouge, Mich.	Steel bulk freighter.	8,269	6,436	13,725
Worrell Clarkson	Kinsman Transit Co.	Toledo Shipbuilding Co., Toledo, Ohio.	do	8,203	6,739	13,000
James MacNaughton.	Wilson Transit Co.	Great Lakes Engine Works, River Rouge, Mich.	do	8,299	6,608	12,813
Philip D. Block	Pioneer Steamship Co.	American Shipbuilding Co., Lorain, Ohio.	do	7,931	6,215	13,000
Edward J. Berwind	Franklin Steamship Co.	Great Lakes Engine Works, River Rouge, Mich.	do	8,318	6,517	12,560
Fred G. Hartwell	do	American Shipbuilding Co., Lorain, Ohio.	Steel freighter	8,889	6,942	15,174
A. L. Kent	Mystic Steamship Co.	Bath Iron Works, Bath, Me.	do	5,849	3,664	9,600
Atlantic Sun	Sun Oil Co	Sun Shipbuilding & Dry Dock Co., Newport News.	Steel tanker	6,666	4,044	12,500
George Washington	Old Dominion Steamship Co.	Newport News Shipbuilding & Dry Dock Co.	Steel freighter and passenger.	5,784	3,167	
Delaware Sun	Sun Oil Co	Sun Shipbuilding Co.	Steel tanker	8,964	5,617	13,200
Solana	Pacific Mail Steamship Co.	New York Shipbuilding Corporation.	do	6,879		9,820
J. N. Pew	Sun Oil Co	Sun Shipbuilding Co.	do	9,074	6,473	13,000
Standard Service	Standard Oil Co. of California.	Bethlehem Shipbuilding Co.	Steel tanker, motorship.	1,274	768	1,700
Alaska Standard	do	do	do	1,271.11	765	1,690
F. H. Hillman	do	do	Steel tanker	9,836	6,006	16,372

Inspection of vessels sold.—Inspections were conducted at intervals during the year on a number of vessels which had been sold by the Shipping Board to various private interests. These vessels were sold with certain provisions for changes to be made therein to fit them for a particular service, more efficient operation, etc. In all, 20 vessels were involved. Four were converted to Diesel propulsion and two to Diesel electric propulsion.

TRAFFIC

The vice president in charge of traffic has jurisdiction over the traffic and advertising departments.

Traffic Department

In line with the program of the Fleet Corporation for a reduction in its overhead expenses, the personnel under the vice president in charge of traffic was reduced from a total of 178 on June 30, 1924, to 147 at the end of the fiscal year 1925, with a corresponding reduction in pay roll from $443,620 to $399,460.

The annual report for the fiscal year 1924 outlines the functions of the traffic department, which are performed through the following divisions:

European and Mediterranean Trades Division.—Covering all European ports, including United Kingdom and Mediterranean and Black Sea ports.

South American and West Indies Trades Division.

Far East and Long-Voyage Trades Division.—Covering all ports of Japan, China, Philippine Islands, Dutch East Indies, Straits Settlement, Australia, India, and West, South, and East African ports.

Chartering Division.—For the chartering of such tankers as are available for commercial business after the requirements of the fuel department have been met and the negotiation of bulk cargoes moving in regular general cargo steamers under charter parties.

Passenger and Mails Division.—Dealing with Fleet Corporation passenger services, including booking of passengers. This division also maintains contact with the Post Office Department in the interest of the procurement of mails for our services.

Claims Division.—For the handling and settlement of traffic claims arising from operation of services.

Inland Offices Division.—Providing a medium of personal contact between managing agents of Fleet Corporation steamers and importers and exporters. Offices are maintained at Washington, New York, Detroit, Chicago, Minneapolis, St. Louis, Kansas City, Memphis, and Cincinnati.

District traffic offices are maintained in the following domestic and foreign ports:

Domestic ports: Boston, New York, Baltimore, Savannah, New Orleans, Galveston, San Francisco, Seattle.

Foreign ports: London, Antwerp, Hamburg, Genoa, Rio de Janeiro, Buenos Aires, and Manila.

Changes in Organization.

During the fiscal year it was found possible to discontinue traffic representatives at Philadelphia and Norfolk. In order to permit of a closer study of conditions, it was decided to transfer the Rotterdam office to Antwerp as well as establish an office at Genoa. By establishing an office at Genoa it was found possible to discontinue the office previously maintained at Marseille.

During the fiscal year the allocation department was discontinued and the work previously performed by that department absorbed by the traffic department. The chartering department and the inland offices division, which had previously been maintained as separate organizations, were made divisions of the traffic department.

Consolidations.

The rearrangement of services by consolidations has made it possible in a number of cases to maintain services with a less number of steamers. While the work of consolidating services was well under way at the close of the fiscal year 1924, but a few of these were completed and in effect at that time. During the fiscal year just ended, however, material progress was made in this regard as will be noted in the reports of the various trades divisions.

Enropean and Mediterranean Trades Division.

On June 30, 1925, 168 freight and 6 passenger ships were employed in the services of the European and Mediterranean division, whereas on June 30, 1924, there were 176 freight steamers and 6 passenger ships in these services. While depressed conditions continued to prevail, there was little change in freight rates with the exception of those from North Atlantic ports to Mediterranean ports. A general increase in rates from North Atlantic ports to ports on the west coast of Italy was effected due to the formation of a conference. Despite conditions obtaining the tonnage and revenues of our steamers compared favorably with the previous year.

During the fiscal year the services previously maintained by three operators from North Atlantic ports to Mediterranean and Black Sea ports were consolidated and placed in the hands of one managing operator. These services are now operated under the trade name "American Export Lines."

The services previously operated from South Atlantic ports to the United Kingdom and continental ports under the management of three operators were consolidated and placed in the hands of

one managing operator. These services are now operating under the trade name "American Palmetto Line."

The services previously operated from Texas ports and New Orleans to the United Kingdom ports under the management of two operators were consolidated and placed in the hands of one operator. These services are now operated under the trade name "American Dixie Line."

During the year the services from Gulf and South Atlantic ports to French Mediterranean/west coast Italy/Adriatic, Greek Levant, Constantinople, Malta, and North African ports east of Bizerta were designated as "American Premier Line."

The services previously operated by two managing operators from New Orleans and Texas ports to Germany and Holland, and from Texas ports to northern France and Belgium were combined and placed in the hands of one managing operator. These services were designated "Southern States Line" to Germany and Holland and "Texas Star Line" to northern France and Belgium.

During the fiscal year the services previously managed by two managing operators from North Atlantic ports to Antwerp and Rotterdam and from New York to Rotterdam were combined and placed in the hands of one managing operator. These services were designated as "American Diamond Lines."

The services from North Atlantic ports to French ports were designated as "America-France Line."

During the year the services from Mobile, Pensacola, and Gulfport to the United Kingdom, Germany, Holland, Belgium, and French ports were designated as the "Mobile Oceanic Line."

The name "Mississippi Valley-European Line" was assigned to the New Orleans/Havre-Antwerp service.

The services from Gulf ports to Portuguese, Spanish, and north African ports west of Bizerta were given the trade name "Gulf-West Mediterranean Line."

During the midsummer and fall of 1924 additional steamers were placed in service from Gulf ports to European ports in order to relieve the situation brought about by the heavy demand for tonnage due to the shortage of the grain crop in Europe. These steamers made 34 voyages. There were six full chargoes of wheat, the balance consisting of combined cargoes of wheat, flour, and cotton.

South American and West Indies Trades Division.

The services to the east coast of South America employed on June 30, 1925, 4 fast combination passenger and cargo steamers operating between New York, Rio de Janeiro, Santos, Montevideo, and Buenos Aires, 12 cargo steamers operating from and to Atlantic coast ports, 15 vessels out of Gulf ports, and 5 out of Pacific coast ports.

This represents an increase of 3 cargo steamers over the total number in the general cargo service at the close of the preceding fiscal year.

A general cargo service from Philadelphia and Hampton Roads was added in the east coast of South America services to meet the requirements of the trade.

The trade names which during the year have been established for the several lines are:

Express passenger and cargo service from New York—Pan America Line.
General cargo services out of Atlantic coast ports—American Republics Line.
General cargo service from Mobile and Gulf ports other than New Orleans—American Dispatch Line.
General cargo service from New Orleans and Gulf ports other than Mobile—American Delta Line.
General cargo service from Pacific coast ports—Pacific Argentine Brazil Line.

The establishment of additional River Plate services out of the port of New York has materially increased the competition to be met by the Pan America Line and the American Republics Line, but both of these lines have been able to hold their positions in this trade. The Pan America Line continues to be of the highest value in the maintenance of quick, regular, and dependable communication between the United States and Brazil, Uruguay, and the Argentine.

The Atlantic coast ports other than New York and Boston are served regularly in their trade with the east coast of South America only by the steamers of the American Republics Line.

From the Gulf and from the Pacific coast there are no regular general cargo lines except those maintained by the Fleet Corporation, i. e., the American Dispatch Line to the River Plate, the American Delta Line to Brazil and the River Plate, and the Pacific Argentine Brazil Line.

Automobiles, dry goods, agricultural implements, machinery, case oil, and lubricating oil, naval stores, and lumber represent the principal commodities which have been carried from United States ports, while coffee, hides, fertilizer, quebracho extract, and linseed constitute the more important business homeward. Refrigerator space, offered principally by the passenger lines, permits the exchange of fruits and other articles in the reverse seasons which respectively obtain in North and South America.

Except during the usual seasonal periods of weakness the demand for space southbound has been good and the steamers generally have gone out full. From the Pacific coast the improvement has been marked. The need of the several regular lines to restrict the number of sailings to Santos, thus in a measure to obviate delays incident to continued severe congestion there, caused a temporary especially strong demand for space to that port, and several steamers carried

full cargoes to Santos; one of these was a Shipping Board steamer of the American Republics Line. Improvement in conditions at the port does not yet assure the early return to normal conditions.

Homeward from the River Plate cargo offerings have been progressively less during the fiscal year, and no improvement immediately is in sight. There has not been a strong market for linseed, and with a poor demand for space in the Plate rates on this commodity and on others have sagged to a low point.

The Brazil coffee market has been very erratic, and high prices have brought about reduced sales to the United States. Short stocks carried in the United States have influenced the coffee movement to the passenger lines making quicker deliveries at New York, and during the last six months of the fiscal year the general-cargo steamers to New York have not been able successfully to compete with the passenger lines.

Our lines have fared well in both directions as compared to the foreign competitive lines. Confidence in the dependability and efficiency of the Shipping Board services is evidenced by the favorable position attained by the lines in the east coast of South America trade.

Southbound rates generally have held firm during the year. Rates on some commodities have been driven down, but should, with improved conditions, again reach a better level. While rates from the River Plata have been low, the coffee rate from Brazil has improved and remained firm.

The trade with South America has developed to encouraging proportions, and it is expected that there will be an increasing demand for the manufactures of the United States, which, unless the situation changes, will exceed the volume of return cargoes in the general-cargo steamers. The future in this trade is most encouraging.

Since the last report a steamer which had been employed in the West Indies trade to serve Haitian outports has been withdrawn, other arrangements having been made to maintain these communications.

There remain, as during the previous fiscal year, two steamers in service between New York, Trinidad, and the British, Dutch, and French Guianas. Transshipping arrangements recently have been made whereby hereafter cargo for French Guiana will be transshipped from a port in Dutch Guiana. This line of two steamers has been given the name "American Antilles Line."

Far East and Long-Voyage Trades Division.

At the end of the fiscal year 77 vessels were employed in the Far East and long-voyage trades division, as compared with 96 employed at the end of the fiscal year 1924. During the year the following [illegible] were given the trade names indicated:

Atlantic Gulf/oriental and Dutch East Indies services—American Pioneer Line.
North Atlantic/South African service—American South African Line.
North Atlantic and Gulf/West African service—American West African Line.
North Atlantic/Indian service—American Indian Line.
North Atlantic/Australian service—Atlantic Australian Line.
Seattle/oriental services (freight and passenger)—American Oriental Mail Line.
San Francisco/Honolulu oriental service (freight and passenger)—California Orient Line.
Columbia River/oriental service—Oregon Oriental Line.
Pacific coast Australian service—Pacific Australia Line.
San Francisco–Los Angeles/oriental service (freight)—American Far East Line.

The Gulf/Orient, New York/Orient, and New York/Dutch East Indies services, which were previously handled by three managing operators, were consolidated and placed in the hands of one managing operator. As will be noted above, these services are now operated under the trade name "American Pioneer Line."

During the year the California Orient Line, comprising five combination passenger and cargo steamers, was sold to private American interests.

The annual report for the previous fiscal year outlined plans being made for the discontinuance of the oriental feeder service between India ports and Hongkong. This service was discontinued during the fiscal year 1925.

Trade conditions to the Orient from the Atlantic and Pacific coasts have been subnormal as the result of the civil disturbances in China, fluctuations of exchange in Japan, and the high prices of wheat and flour resulting in a measure from poor crops in 1924 in Oregon and Washington.

There has been little change in conditions in the Australian service from the Atlantic and Pacific coasts. The India service showed no improvement during the year.

The services previously handled by two managing operators from North Atlantic and Gulf ports to West African and South African ports were consolidated and placed in the hands of one managing operator. As shown above, these services are now known as "American West African Line" and "American South African Line." These lines have shown material improvement during the year. This is particularly true of the West African service, a traffic arrangement having been effected whereby revenues have greatly increased and the turn around of steamers decreased, with a consequent reduction in voyage expenses.

Passenger and Mails Division.

During the year the work of maintaining stencils of prospective passengers and the mailing of literature previously carried on by the advertising department was transferred to this division.

At the close of the fiscal year there were 15 passenger vessels in operation as follows:

UNITED STATES LINES

Leviathan	New York to Cherbourg, Southampton.
George Washington President Roosevelt President Harding America Republic	New York to Plymouth, Cherbourg, and Bremen, with frequent calls at Cobh (Queenstown).

PAN AMERICA LINE

Pan America Southern Cross American Legion Western World	New York to Rio de Janeiro, Montevideo, Buenos Aires, every other steamer calling at Santos southbound.

AMERICAN ORIENTAL MAIL LINE

President Jackson President Jefferson President Madison President McKinley President Grant	Seattle and Victoria to Yokohama, Kobe, Shanghai, Hongkong, and Manila.

During the year passenger and freight service operated from San Francisco to Honolulu and oriental ports was given the trade name "California-Orient Line," and the freight and passenger service from Seattle to oriental ports was given the trade name "American Oriental Mail Line."

As mentioned elsewhere in this report, the California-Orient Line was sold to private interests during the year resulting in a reduction of five passenger steamers as compared with the previous year.

European Passenger Service.

Effective January 1, 1925, passenger rates were increased generally by trans-Atlantic passenger lines. This increase effected the steamers *Leviathan*, *America*, and *Republic* and has resulted in increased revenues.

In order to provide additional accommodations, a number of rooms were installed on E deck of the *America*. This has increased the capacity of this vessel to provide for slightly more than 100 additional passengers.

South American Passenger Service.

Due to increased first-class passenger rates the revenues of the steamers of this line have improved during the year. This line continues to show improvement and is ranked second to none in the

trade. As the result of service given the line is carrying the greater percentage of the first and third class travel. First-class carryings southbound increased approximately 15 per cent over the previous year.

Seattle/Orient Passenger Service.

While this line has not shown material improvement over the previous year it is believed that this is largely the result of the subnormal conditions prevailing in the Orient.

Mails.

This division continued to cooperate closely with the Post Office Department. The following table shows the percentage of first-class mail and parcel-post matter carried on Fleet Corporation and privately owned American vessels in the various trades where passenger services are maintained:

Percentage of United States mail carried on American vessels during the fiscal year 1924–25

Service	Percentage carried on Fleet Corporation vessels		Percentage carried on private American vessels		Total percentage carried on American-flag vessels	
	Regular	Parcel post	Regular	Parcel post	Regular	Parcel post
New York to Europe	32.8	37.0	3.3	5.0	36.1	42.0
New York to east coast, South America	53.5	52.8	2.5	2.6	56.0	55.4
San Francisco to Orient	71.2	57.9	21.7	36.2	92.9	94.1
Seattle to the Orient	69.3	81.2	----------	----------	69.3	81.2

Claims Division.

On July 1, 1924, there were pending in this division claims aggregating $172,354.71, while at the close of the fiscal year covered by this report this amount had been reduced to $124,622.20 in pending claims. During the year there were disposed of claims aggregating $358,908.97.

Special attention has been given to prevention of claims. When claims have been received which grew out of a condition which it was apparent could be corrected they have been brought to the attention of those directly interested.

It has been observed that complaints with regard to the handling of claims have been brought down to a minimum.

This division has been active in endeavoring to improve cargo insurance ratings of our steamers with good results. A number of differentials previously existing against our steamers have been eliminated. Recently an agreement was entered into with all the American underwriters covering a certain class of insurance whereby shippers patronizing our steamers on the commodity involved now receive preferential class "A" insurance rates.

Inland Offices Division.

During the year additional offices were established at New York and Cincinnati.

This division continued its close cooperation with the managing agents in the interest of securing freight and passenger business for Fleet Corporation lines with satisfactory results. Particular attention has been given to see that importers and exporters were kept constantly informed of changes and improvements in our various services, sailing dates of steamers, etc., through personal contact and correspondence.

The monthly sailing schedule, distributed by this division, has grown in value and reports indicate that it is followed closely by a great number of shippers. The mailing list has increased to approximately 30,000.

Chartering Division.

The decline in tanker rates continued and at the end of the year the market had reached such a low level that practically all tankers in commercial business were withdrawn. Despite conditions obtaining during the year the results of our operations were very satisfactory. Indications at this time, however, do not point to an early strengthening of the tanker market.

This division negotiated during the year charters of cargo and tank steamers totaling 902,549 dead-weight tons, and part cargoes to the extent of approximately 35,000 tons.

Advertising Department

The advertising department has charge of all advertising of the Fleet Corporation services, and also arranges for the placing of advertising covering the sale of surplus property, material, ships, etc.

Due to reduction in advertising appropriation there were a number of changes in advertising policies during the year. To meet this reduction practically all magazine advertising during the last four months of the fiscal year was discontinued. Newspaper advertising was reduced to the publication of sailing dates and such vital information in a limited list of papers.

With the reduction in the appropriation it was also necessary to discontinue the "coupon" or "inquiry" type of advertising which had been used during the previous two and one-half years. Consequently the solicitation of direct inquiries was discontinued and the advertising followed the general publicity type.

In February, 1925, the contract with the Gundlach Advertising Agency, through which organization the Fleet Corporation had been placing its domestic advertising for passenger services, was canceled. New contracts were made with Barton, Durstine &

Osborne (Inc.) and Dorrance Sullivan & Co. Barton, Durstine & Osborne (Inc.) were selected to place the advertising for the United States Lines and the advertising of sales of surplus property, ships, bids, etc. Dorrance Sullivan & Co. were selected to place the advertising of the Pan American Line, California Orient Line, and the American Oriental Mail Line. This company has also taken over the advertising of the cargo vessels services which heretofore had practically been handled and placed direct by the advertising department. The agreements with the new agencies became effective April 1, 1925. These agencies cooperate on all matters, and their officials, with the president of the Fleet Corporation, vice president in charge of traffic, and advertising manager, serve as members of a general advertising policy committee.

With the discontinuance of "coupon" or "inquiry" type advertising the coupon section of the advertising department was discontinued. A limited number of the personnel was transferred to the passenger and mails division of the traffic department for the purpose of maintaining stencils, mailing literature, etc. During the year the personnel of the advertising department handling vouchers and maintaining reports was transferred to the comptroller's department.

During the year the motion-picture department was discontinued, arrangements having been made to have this work carried on directly by the passenger lines.

FINANCE

During the fiscal year 1925 several changes were made in the offices under the jurisdiction of the vice president in charge of finance. In July, 1924, the construction department was transferred from operations, and the department of investigation was transferred to the jurisdiction of the president of the Fleet Corporation, while in February, 1925, the statistical department was transferred to the general manager.

The offices reporting to the vice president in charge of finance at the end of the fiscal year 1925 are as follows: general comptroller's department, treasurer's department, marine insurance department, construction department.

Aside from the general supervision of the activities of these offices, there are a number of matters of a financial nature which are handled in the vice president's office. Among these are the preparation of the annual budget, the current comparison of operating results with this budget, the preparation of detailed estimates of the financial results of the operations of individual cargo and passenger lines, and the consideration of methods of disposing of the large number of outstanding accounts and claims.

Possibly the most important of these duties is the preparation of the annual budget, setting forth, in detail, the estimated income and expenditures by services, and in accordance with the several classes of revenue and expenses. The first budget of this kind was prepared for the fiscal year 1925, and operations for that year showed results within the total loss estimated. The budget for the fiscal year 1926 was completed in June, 1925, and will be the basis for checking, each month, the results of operations to determine their effect upon the balance of the appropriation available to cover operating losses during that year.

There has been a considerable reduction in the personnel assigned to the various departments which report to the vice president in charge of finance. On June 30, 1924, the personnel of these departments number 733, with an annual pay roll of $1,666,676, while one June 30, 1925, the corresponding figures were 556 employees and a pay roll of $1,259,230.

General Comptroller's Department

Functions.

The general comptroller is charged with the installation, maintenance, and supervision of the accounting records essential to a proper reflection of the assets and liabilities and earnings and expenses of the corporation; the audit, approval, and certificatation of all receipts and disbursements; the preparation of current balance sheets and profit-and-loss statements, and the compilation of such statistical information as may be required.

Organization.

The department is now composed of the following divisions and offices, each performing the duties specified:

General comptroller's office supervises all activities and personnel of both home and field offices; prepares and issues balance sheets and other financial reports; approves all vouchers passed for payment by the Washington office; audits corporation accounts on books of managing operators; assists in litigation and in the negotiation of settlements; analyzes and adjusts subsidiary and control accounts; and institutes and supervises accounting and auditing procedure.

General auditor's office, managing agents and general accounts divisions and claims and construction audit section maintain the books of original entry and ledgers of the corporation; supervises all auditing and accounting records and the details relevant thereto; issues auditing and accounting instructions.

Audits and records all repair, supply, stores, stock material, administrative and miscellaneous expenses of the home office, Boston, New York, Philadelphia, Baltimore, Norfolk, and Charleston.

Audits and records ship revenue and disbursements as reported by managing operators in voyage accounts, and conducts investigations and audits in connection with litigation and claims arising from construction and other contracts.

Prepares stevedoring, operating, and other statements as required.

Field Offices.

Offices under the jurisdiction of the general comptroller are located at New Orleans, La.; San Francisco, Calif.; Seattle, Wash.; London, England; Boston, Mass.; New York, N. Y.; Philadelphia, Pa.; Baltimore, Md.; Norfolk, Va., and Portland, Oregon.

The personnel of the New Orleans, San Francisco, Seattle, and London offices is engaged in the audit and preparation for payment of miscellaneous charges; the audit and supervision of managing operators' or (in the European district) subagents' accounts, and the audit of disbursing officers' funds.

The staffs of the Boston, New York, Philadelphia, Baltimore, and Norfolk offices are engaged in the supervision and audit of managing operators' accounts; and/or the securing and transmission of properly certified vouchers for expenses authorized in their respective districts to the home office for audit and payment, and the audit of disbursing officers' funds.

The personnel at Portland performs similar duties save that vouchers are forwarded to San Francisco for audit and payment.

Joint representatives of the general comptroller and treasurer are stationed at Charleston, S. C., and Mobile, Ala., in connection, so far as the comptroller is concerned, with the supervision of managing operators' accounts.

Special representatives of the general comptroller, charged with the examination and audit of port expenses, imprest funds, and subagents accounts, have been assigned to South America and the Orient with headquarters at Buenos Aires, Argentina, and Manila, P. I., respectively.

Traveling auditors, with headquarters at London, England, audit and report on port and subagency charges in the United Kingdom and Ireland, and European and Near East ports.

Changes in Organization.

During the past fiscal year forces of traveling auditors have been established in the United States and the European district and representatives stationed in South America and the Orient, in order that closer control might be maintained over the procedure and accounts of managing operators, and that, through utilization of the intimate knowledge of the propriety and reasonableness of charges, port customs, etc., available only to men in the field, a more effective audit of our operating accounts might be made.

The segregation of our operation auditing and accounting activities from those of a miscellaneous nature has been accomplished by a regrouping of units in Washington and has resulted in a logical distribution of work and responsibility that has had much to do with the general improvement which may be reported in the condition of all accounts.

The discontinuance of the accounting records formerly maintained at San Francisco and London has resulted in the centralization of all accounts (save those of the United States Lines) at Washington, and has reduced personnel and other expenses.

The repair and miscellaneous charges formerly handled by the New York office are now audited by the personnel in Washington at a considerable saving over the previous cost.

Activities.

In addition to supplying much data, necessitating extensive research, to the select committee appointed to investigate the Shipping Board and the Fleet Corporation and compiling many reports in connection with the consolidation and/or sale of services, the department has currently complied with the routine requirements of the corporation.

The activities of the newly-established staff of domestic traveling auditors in the audit of the accounts of managing operators, lessees of Shipping Board property (dry docks, terminals, etc.) in the operation of which we have a profit-sharing interest, and of disbursing officers' funds and warehouse accounts, have tended to a standardization of internal procedure and a rigid and current compliance with the regulations of the corporation that has much improved the condition of their accounts and made possible a more efficient control than could previously be maintained.

The traveling auditors in the European district and the representatives in South America and the Orient have supplied the corporation with data of inestimable value in the audit of revenue accounts and vessel, port, and agency charges.

Serious attention has been given accounts applicable to operations prior to August 15, 1921, and considerable progress made in the adjustment and settlement thereof. Accounts covering operations subsequent to that date are maintain in current reconciliation and rendered promptly and, with the general accounts and records of the corporation, have received such careful supervision that they are now in better condition than ever before.

The accounting instructions necessary to meet the requirements of the corporation in connection with the handling of ship revenue and disbursements in United Kingdom and European ports through "central depositories" have already been promulgated and will become effective with sailings subsequent to July 1, 1925.

The reductions in personnel and salaries were greater than had been anticipated, and are reflected in the following:

	Employees	Annual salaries
June 30, 1924	526	$1,108,990
June 30, 1925	403	856.910
Reduction	123	252,080

Briefly, the department has established a closer control of foreign activities; eliminated duplication and increased flexibility by the centralization, so far as is conducive to efficiency, of all accounts and auditing; improved the control and condition of the operating and general accounts of the corporation; coordinated auditing and accounting activities so that they are now conducted more efficiently and with less expense than at any time in the past; and kept abreast of all current requirements.

The following statements will be found in the appendix:

1. Balance sheet as at June 30, 1925.
2. Cash and unrequisitioned appropriations available for general purposes as of June 30, 1925.
3. Reconciliation of cash balance as of June 30, 1925 (as shown by Treasurer's cash statement), with cash balance as shown by statement of assets and liabilities as of the same date.
4. Cash and unrequisitioned appropriations available for expenses of United States Shipping Board as of June 30, 1925.
5. Gross appropriations and allotments from inception to June 30, 1925.
6. Statement of profit and loss, excluding liquidation, fiscal year 1925.

Treasurer's Department

Functions.

The treasurer of the Fleet Corporation, who is also disbursing officer of the United States Shipping Board, is responsible for the handling of the finances and securities of the United States Shipping Board, the United States Shipping Board Emergency Fleet Corporation, and the United States Lines. It is his duty to maintain adequate records showing the financial activities of these institutions and exercise control of the cash income and outgo from the United States Treasury and bank accounts in connection with the operations of these institutions.

Organization.

The financial activities of these institutions are administered by the treasurer through his home office organization, district disbursing officers, and special disbursing officers located at New York,

Philadelphia, Baltimore, Norfolk, Charleston, New Orleans, San Francisco, Seattle, Portland (Oreg.), Manila, and London.

Shortly after the beginning of the fiscal year 1925 two of the divisions comprising the surplus property department—namely, plant, and transportation and housing divisions—were abolished and the unfinished work of these offices was transferred to the deferred liquidation division. The latter division was transferred from the direct jurisdiction of the vice president in charge of finance to the treasurer in August, 1924.

Personnel.

During the past fiscal year, in accordance with the policy of the Fleet Corporation, every effort has been put forth in the interests of economy of administration to reduce personnel to a minimum. As a result the Fleet Corporation personnel in this department on June 30, 1925, numbered 106, with an annual pay roll of $264,920, whereas the figures for the corresponding organization on June 30, 1924, were 152 employees, with a pay roll of $384,900.

General.

During the past fiscal year the methods in vogue for handling the finances of the United States Shipping Board, the Fleet Corporation, and the United States Lines have been studied, and changes have been made, resulting in better protection of the finances involved and more efficient and economical methods of administration.

The New Financial Plan for the United Kingdom and Continental Europe.

For some years past foreign currencies collected in foreign countries were converted into United States dollars and brought to the United States, and United States dollars were sent abroad by means of dollar letters of credit and converted into foreign currencies for the purpose of paying ships' disbursements.

It was apparent that heavy losses were being incurred on these conversions through high exchange rates charged. Furthermore, a large amount of capital was tied up in domestic banks as guarantee for the credits established to cover disbursements abroad.

In order to overcome the unsatisfactory conditions existing under these arrangements a new plan was developed of setting up central depositories into which all revenue received in the various ports would be deposited in the same currencies as collected, and out of the moneys so deposited disbursements would be made in the same currency, thus obviating the necessity for money conversions and thereby eliminating exchange losses. The United Kingdom and Europe being an important field of activity in foreign finances and the most accessible it was decided to institute a new procedure for the handling of this problem first in this field.

The treasurer went abroad for the purpose of discussing these problems with the representatives of American banking institutions at London, and after many conferences it was agreed that the London branches of two internationally known American banking institutions be designated as central depositories with which we would maintain accounts for the revenue collected and disbursed in the United Kingdom and continental Europe in the currencies of the countries and that the disbursements necessary in each country be made therefrom.

The economies effected by the new arrangements which were made for handling receipts and disbursements in the United Kingdom and Europe are as follows:

(*a*) Savings of approximately $170,000 per annum by the elimination of the conversions of foreign currency into dollars and from dollars into foreign currency.

(*b*) Saving of approximately $13,000 by the reduction of the commission charges by the banks heretofore handling our foreign credits.

(*c*) The release of approximately $2,500,000 from balances now held in domestic banks to guarantee payment of drafts drawn under letters of credit for our account, making said sum available for operation needs.

(*d*) The increase of one-half of 1 per cent per annum in the rate of interest paid to the Fleet Corporation on guarantee deposits.

(*e*) The elimination of practically all cable and telegraphic expense.

(*f*) The elimination of all turnover charges and charges covering correspondence.

(*g*) The assumption of the banks handling our foreign business in the United Kingdom and Europe of all liability for safety and security of various currencies deposited in those banks or their correspondent banks.

(*h*) The receipts and disbursements in the United Kingdom and Europe will be handled at London, thereby reducing the length of time credits will be open, consequently reducing the average outstanding liabilities of the Fleet Corporation on letters of credit, as well as reducing transit time of revenue collected in the United Kingdom and Europe between the time of collection of the revenue and the time of its deposit to the credit of our accounts which bear interest.

This new plan was made effective throughout the United Kingdom and Europe on July 1, 1925, and it is intended to set up the same system during the fiscal year 1926 in all other foreign countries where American vessels operate.

Subagency Accounts.

At the beginning of the fiscal year 1925 all advances of Fleet Corporation funds made by managing operators to other managing operators acting as their subagents and branch houses of managing operators for account of ships' disbursements and all revenue collected by such managing operators and branch houses were deposited in the private accounts of the respective managing operators or branch houses and interest accrued on these funds to the credit of the managing operator or branch house, as the case might have been.

Under date of November 10, 1924, this office instituted a procedure whereby all Fleet Corporation moneys received by managing operators acting as subagents of other managing operators and branch houses as advances or revenues would be deposited in an account in the name of the United States Shipping Board Emergency Fleet Corporation, which account draws interest at the rate of 2½ per cent per annum calculated on the average daily balance. Since the establishment of this procedure there have been opened 55 subagency accounts, 49 of which are in active status. The Fleet Corporation has realized the sum of $11,844.68 as interest on these accounts since their establishment in November, 1924.

Cash Discount.

During the past fiscal year the treasurer has put forth every effort to take advantage of the discount privilege on all payments where that privilege could be obtained, and as a result of continuous efforts in this direction the sum of $141,214.59 cash discount was earned in the fiscal year 1925. Notwithstanding the total disbursements during the past fiscal year were much less than the total disbursements for the preceding year, the earnings on cash discounts were much in excess of such earnings for the previous year.

Consolidated Cash Statement.

A consolidated cash statement summarizing the financial activities of the United States Shipping Board and the Fleet Corporation during the fiscal year 1925 will be found in the appendix.

Executive Division.

The executive division of the treasurer's department handles all receipts and disbursements of the United States Shipping Board and the Fleet Corporation at the home office and maintains all the records and books in connection with home office and district cash accounts, including United States Treasury accounts, as well as commercial bank accounts. This division also prepares reports and statements as required, maintains supervision over the activities of the district disbursing offices, issues transportation requests to the Secretary for distribution, and maintains files of paid vouchers, remittance manifests, and correspondence.

During the past fiscal year the executive division handled total disbursements of $38,110,606.49 and receipts totaling $27,458,883.65, both figures being exclusive of transfers from one fund to another. These transactions affected the many treasury and bank accounts maintained by the treasurer, of which on June 30, 1925, there were 138. Of these, 17 were accounts in the United States Treasury and 121 were in commercial banking institutions. These figures are exclusive of the subagency accounts which have been opened during the past fiscal year, of which on June 30, 1925, there were 49, and the accounts of the United States Lines, of which there were 48 at the same date.

During the fiscal year all cash accounts held outside of the United States Treasury which were not essential in connection with the operating activities of the Fleet Corporation were closed, and funds amounting to $3,611,727.09 were transferred to the United States Treasury.

A complete survey and check of all the commercial bank accounts of the Fleet Corporation was accomplished and corrections made, establishing uniformity of titles for these accounts and making proper designation of authority to sign checks in accordance with our present organization. Unsatisfactory conditions which were found to exist have been corrected, and a system has been devised and installed whereby constant check is made of the titles and authorized signatures on all bank accounts of the Fleet Corporation.

The total amount collected during the past fiscal year for interest earned on funds of the Fleet Corporation deposited in the various depositories, both domestic and foreign and including subagency accounts and United States Lines accounts, was $380,623.83.

Collection Division.

In January, 1925, the deferred liquidation division and the collection division of the treasurer's department were consolidated into one division, designated as the collection division. The duties of the collection division are as follows:

(*a*) Collection of all current and active accounts receivable.

(*b*) Negotiations for settlement of miscellaneous inactive accounts receivable, comprising a large number of old and involved accounts requiring investigation and adjustment.

(*c*) Custody and disposition of certain surplus materials, plants, and transportation and housing projects formerly handled by the surplus property department and clearing of the accounts in connection therewith.

(*d*) Maintenance of the records of the former material sales, plant, and transportation and housing divisions, and furnishing therefrom information and data required by other departments.

Considerable progress has been made during the past fiscal year in the collection, settlement, or adjustment of inactive past-due accounts. There were closed on the receivable books over 500 accounts totaling approximately $43,000,000, and in addition this division has been instrumental in effecting final disposition of unbilled accounts and securities of approximately $26,000,000. It is hoped that during the fiscal year 1926, with the exception of accounts in litigation, the division's activities will be confined to current accounts. Statement showing the accomplishment for the fiscal year will be found in the appendix.

Surplus Material.

At the beginning of the fiscal year there was on hand to be disposed of surplus material at seven different locations throughout the country. Of this number, four projects have been completely closed during the year—namely, Downey Shipbuilding Co., Staten Island, N. Y.; Meacham & Babcock Co., Seattle, Wash.; John Curtin Corporation, New York City; and Groton Iron Works, Noank, Conn.

Plants at which surplus material still remains to be disposed of are Pensacola Shipbuilding Co., Pensacola, Fla., Hog Island, Delaware County, Pa., and Skinner & Eddy Corporation, Seattle, Wash.

Plants.

Hog Island, Delaware County, Pa., and the Federal Marine Railway Co. property on Hutchinson Island near Savannah, Ga., are the only remaining properties not disposed of by the former plant division. Hog Island is to be offered for sale by sealed bids to be received up to October 1, 1925.

In September, 1924, the Federal Marine Railway Co. property was sold by the United States marshal in execution of judgment in the amount of $131,911.05 held by the United States. The property, including real estate, machinery, and equipment, was bid in by the board at the price of $9,600. This division was charged with the duty of obtaining a buyer for the property, and after several months' effort two bids were received and submitted to the board. The acceptance of the higher bid was approved conditionally by the board, and the matter was still unsettled at the end of the fiscal year.

Housing.

At the end of the fiscal year 1924 all of the housing properties acquired or constructed by the Fleet Corporation pursuant to the act of March 1, 1918, had been sold and conveyed with the exception of 12 houses in Camden, N. J., 2 lots in Brooklawn, N. J., and 4 houses in Philadelphia, all of which were under contract of sale, but not conveyed because of legal and other obstacles to

the transfers, and various utilities, park spaces, etc., in certain of the projects which the board had obligated itself to convey to the municipalities in which the projects were located.

These utilities, etc., consisted of sewerage system (including sewage-disposal plant), water system, bridge, public squares, and park spaces at Fairview, Camden, N. J., sewerage system (including sewage-disposal plant), water system, streets and alleys, bridge, public squares, and park spaces at Brooklawn, Camden County, N. J., and sewerage and water systems and public squares and park spaces at Atlantic Heights, Portsmouth, N. H.

During the year 3 of the 4 houses in the city of Philadephia were conveyed to their purchasers, but the 12 houses at Camden, N. J., the 2 lots at Brooklawn, N. J., and the utilities listed above remained unconveyed at the end of the year.

In March, 1925, the board obtained in the settlement with the Atlantic Corporation an absolute assignment of the total issued and outstanding capital stock of the Atlantic Heights Co., record owner of the housing project at Portsmouth, N. H., on which the board held a mortgage of $1,750,000. Having thus acquired complete control of the property, the board directed that it be disposed of at public auction, the dates of sale being subsequently fixed as June 30, 1925, and July 1, 1925.

The entire issued and outstanding capital stock of the following corporations, which were organized in various States for the purpose of holding title to housing projects located therein, is held by the board:

Mooreland Realty Co. of Bath	Bath, Me.
Atlantic Heights Co	Portsmouth, N. H.
Groton Park Real Estate Co	Groton, Conn.
Fairview Realty Co	Camden, N. J.
Noreg Realty Co	Brooklawn, N. J.
Chester Emergency Housing Corporation	Chester, Pa.
Liberty Land Co	Wilmington, Del.
Liberty Housing Co	Dundalk, Md.
Federal Home Building Co	Lorain, Ohio.
Wyandotte Home Co	Wyandotte, Mich.

With a few exceptions, the officers and directors of these corporations are members of the treasurer's department.

The purposes for which these corporations were organized having been accomplished, the necessary proceedings for their dissolution have been begun.

Transportation.

There remained unsettled at the close of the fiscal year the following contracts covering the extension or improvement of passenger

transportation facilities in connection with various shipbuilding plants:

San Diego Electric Railway Co	San Diego, Calif.
Lewiston, Augusta & Waterville Street Railway Co	Bath, Me.
Metropolitan Park Commission	Boston, Mass.

The settlement of the first-named contract is in the hands of the legal department, the others are being handled by the division with prospects of settlement early in the new fiscal year.

Securities Division.

The securities division, which is the custodian of all securities and valuable papers, handles the collection of all current maturing notes, securities, and other similar obligations and keeps records of notes, mortgages, bonds, contracts, and agreements, from which it furnishes other departments photostat copies of necessary information for their use.

During the year collections on receivables amounted to $7,707,811.46 as principal, of which $4,833,129.60 was cash and $2,874,681.86 was new paper in the form of renewals. New paper placed for custody aggregated $28,104,178.22, which includes the decree of the German-American Mixed Claims Commission of $16,500,000. Securities of the face value of $4,167,490.64 were surrendered, as authorized and directed by board resolutions, and securities aggregating $33,588,959.61 were eliminated from the active records.

Insurance Department.

The insurance department handles all activities in connection with the various classes of insurance and bonds required other than those assigned to the marine insurance department and the United States Protection & Indemnity Agency, as well as reviews all contracts, leases, and agreements, in order to determine that the interests of the corporation or board are properly protected by the necessary insurance. All losses and claims arising are handled by this department in conjunction with the brokers, underwriters, and bonding companies.

Fire, automobile, burglary, and similar insurance matters were handled by this department throughout the year, but it was not until June, 1925, that the employer's liability, public liability, and workmen's compensation covering stevedore risks were transferred from the marine insurance department to this department.

In line with a decision of the board of trustees, masters and pursers of all vessels operated by the Fleet Corporation and freight clerks, assistant freight clerks, storekeepers, baggage clerks, steward storekeepers, and chief stewards on all passenger vessels have been included under the Emergency Fleet Corporation schedule fidelity

bond. This brought the total number of persons covered under this bond as of June 30, 1925, to 540. A schedule fidelity bond of similar form has been executed covering 245 employees of the United States Lines.

Credit Department.

There was an increase in the activities of the credit department, due to a closer supervision of the business of the corporation and a more consistent application of commercial methods in transacting business, necessitating 976 investigations of firms, corporations, stocks, bonds, securities, etc.

Field Offices.

New York district.—The district disbursing office at New York is responsible for the handling of the finances of the Fleet Corporation in the North Atlantic district, which includes the ports of New York and Boston. This office, through its staff of special disbursing officers, handles all receipts and disbursements in connection with the managing operators in this district. This office also disburses semimonthly the wages of the crews of the three groups of laid-up ships in that district and semimonthly pay rolls of Fleet Corporation employees, as well as handles the district administrative disbursements and miscellaneous receipts.

The foreign-credit department of this office establishes the foreign credits for ships' disbursements on vessels operated by managing operators in New York, Boston, Baltimore, and Charleston and handles drafts supported by voyage accounts drawn thereunder. The foreign-credit department of the New Orleans office was discontinued as of July 1, 1925, and the foreign credits to be established on account of vessels operated by managing operators in the New Orleans district subsequent to July 1, 1925, will be established through the New York district foreign-credit department.

The activities of this department will gradually decrease during the next fiscal year by reason of the institution of the new plan for the handling of the finances of the Fleet Corporation in the United Kingdom and continental Europe previously outlined.

New Orleans district.—The district disbursing office at New Orleans is responsible for the handling of the finances of the Fleet Corporation in the Gulf district, which includes the ports of New Orleans, Galveston, Houston, and Mobile. This office through its staff of special disbursing officers handles all receipts and disbursements in connection with the managing operators in this district and disburses semimonthly the wages of the crews of the laid-up vessels in this district, handles the district administrative disbursements and miscellaneous receipts.

During the past fiscal year the special disbursing officer located at Galveston, Tex., who handled the disbursements in connection with the managing operators at Galveston and Houston, has been transferred to New Orleans, as the managing operators who were heretofore active at these two cities have combined, due to consolidations, and have moved their consolidated headquarters to New Orleans.

With the institution of the new plan for the handling of finances in the United Kingdom and Europe, effective July 1, 1925, all requests for foreign credits emanating from managing operators in the New Orleans district other than those covered under the new financial plan will be established through the New York district office, and the foreign-credit department of the New Orleans office will be abolished as soon as the credits which were outstanding as of June 30, 1925, have expired and all drafts drawn thereon have been paid.

San Francisco district.—The district disbursing office at San Francisco is responsible for the handling of the finances of the Fleet Corporation for the Pacific coast district, which includes the ports of San Francisco and Portland and up to March 1, 1925, included Seattle. On this date a separate district was created with headquarters at Seattle.

The district disbursing office at San Francisco through its staff of special disbursing officers handles all receipts and disbursements in connection with managing operators in this district and handles the district administrative disbursements and collections.

The foreign credit department of this office establishes foreign credits for ships' disbursements abroad and handles drafts supported by voyage accounts drawn thereon. While the activities of this department are not affected by the new financial plan which has been instituted for the handling of our finances in the United Kingdom and Europe, it is anticipated that this new system will be installed in the countries which are touched by vessels operated from the Pacific coast during the fiscal year 1926. The foreign credit department at San Francisco continues to establish foreign credits on account of vessels operated by the Admiral Oriental Line, which is now under the jurisdiction of our Seattle office.

Seattle district.—At the beginning of the fiscal year 1925 the North Pacific district disbursing office of the treasurer's department consisted of a special disbursing officer and one assistant, under the supervision of a special disbursing officer of the Fleet Corporation at San Francisco. The duties of this office were to handle the receipts and disbursements in connection with the Admiral Oriental Line through an operating account established at Seattle for that purpose and to handle through an impressed fund the payment of Fleet Corporation

Manila district.—The Manila disbursing office is responsible for the handling of the general administration expenses and miscellaneous accounts receivable of the Fleet Corporation in the Orient.

During the past fiscal year the revolving funds of our various agents throughout the Orient which were established and handled direct from the home office were closed. They were replaced by revolving funds under the jurisdiction of the disbursing officer at Manila.

There were no other changes made in the method of operation of the Manila disbursing office during the past fiscal year, and work has been carried on in the same manner as in prior fiscal years.

United States Lines.—At the beginning of the fiscal year 1925 the personnel of the financial division of the United States Lines consisted of a number of employees under the jurisdiction of the general manager of the United States Lines, and in addition there was assigned to the United States Lines a special disbursing officer from the staff of special disbursing officers, New York district. This special disbursing officer had the supervision of the financial division of the United States Lines and reported direct to the treasurer of the Fleet Corporation.

The financial division of the United States Lines at that time handled all the receipts and disbursements in connection with their activities in the United States and handled in part their finances.

This plan of organization, with the special disbursing officer reporting direct to the treasurer of the Fleet Corporation but having supervision of employees under the jurisdiction of the general manager of the United States Lines, was not deemed satisfactory, and, effective June 30, 1925, the financial and accounting procedures of the United States Lines were made to conform to the practices prevailing in connection with all managing operators. A special disbursing officer from the staff of the New York office was assigned to the United States Lines to handle the receipts and disbursements through operating accounts in the same manner as receipts and disbursements are handled for all managing operators. The personnel of the financial division of the United States Lines was put under the jurisdiction of a general cashier, who reports direct to the general manager of the United States Lines and is responsible to him. This change in the organization and the new procedure prescribed are expected to eliminate the confusion which existed.

The method of handling the foreign finances of the United States Lines has also been revised in line with the system which has recently been installed in connection with the foreign finances of the Fleet Corporation in the United Kingdom, continental Europe, and Africa, which procedure will become effective in London and Paris on August 1, 1925, and in Bremen, Germany, on September 1, 1925.

vouchers carrying the cash discount privilege covering supplies purchased in that district.

Upon considering the unnecessary duplication of work and delay incident to reporting through the San Francisco office, the Seattle disbursing office was made a separate district as of March 1, 1925, reporting directly to the home office. The impressed fund formerly maintained at Seattle was discontinued and a disbursing account in the United States Treasury was established for the disbursements of the administrative expenses of the Fleet Corporation in that district.

Philadelphia district.—The district disbursing office at Philadelphia is responsible for the disbursing of payrolls of the laid-up fleet at Hog Island and the collection of rentals in connection with the housing projects in the Philadelphia district as a result of the sales of surplus property.

Norfolk district.—The Norfolk district disbursing office is responsible for the disbursements of the pay rolls of the James River laid-up ships and other miscellaneous petty cash disbursements in that district and the collection of miscellaneous accounts receivable as the result of the sale of surplus material.

The operations of the Norfolk district disbursing office during the past fiscal year have been conducted along lines practically uniform with those followed the previous year.

London district.—The district disbursing office at London is responsible for the handling of miscellaneous accounts receivable, general administration expenses, and fuel and repair accounts payable for vessels of the Fleet Corporation in the United Kingdom, Europe, and Africa, and the disbursements of ships passing through the Suez Canal. All other ships' disbursements, and all freight revenues on account of operations of vessels under managing operators calling at ports under the jurisdiction of the London office, were handled by disbursing officers in New York and New Orleans through domestic banks in the United States.

Under the new financial procedure covering the handling of funds of the Fleet Corporation in the United Kingdom, continental Europe, and Africa, effective July 1, 1925, the establishment of all letters of credit and the handling of all drafts drawn thereunder covering ships' disbursements of vessels operated to ports in the United Kingdom, continental Europe, and Africa, as well as all revenues collected in those ports, will be the duty of the London district disbursing office.

The centering of this new financial plan in the London disbursing office will materially increase the duties of that office, but will be offset by a greater decrease in personnel and duties in the district offices in the United States.

Under this new plan all foreign currency revenues of the United States Lines are made interchangeable with and available to the Fleet Corporation, and vice versa, as the needs of either may require. The purpose of this arrangement is to avoid the exchange costs of currency conversions.

Marine Insurance Department

The marine insurance department during the fiscal year 1925 acted as marine underwriters for all vessels of the Fleet Corporation in operation and handled marine insurance questions arising in connection with vessels sold or arising through other activities of the corporation, as well as such insurance matters arising in connection with the construction loan fund as have been referred to the Fleet Corporation by the Shipping Board. During most of the fiscal year this department also handled stevedores' compensation and public liability policies and other matters of this nature, but in the latter part of June, 1925, the handling of these matters was transferred to the treasurer's department.

The department was divided into a number of sections, whose duties may be briefly outlined as follows:

Three of the sections were similar in organization and handled all claims against the Fleet Corporation covered by the form of hull policy in use, and they also handled claims of a marine insurance nature in favor of the Fleet Corporation.

Another section was charged with the duty of examining all insurance submitted by those who purchased steamers from the Shipping Board on a part-payment plan. This included renewals as well as new insurance. It also received requests from purchasers that the Shipping Board waive its interest in claims which they had against their commercial underwriters and acted on these requests after obtaining the consent of the proper officials.

A fifth section during most of the year examined and passed upon the stevedore compensation and public liability policies arranged by the Fleet Corporation as well as all other policies of this nature until the transfer of these matters to the treasurer's department, as already mentioned. It kept the books and tabulated the records of the department, notifying other departments of new losses, as well as the settlement of those which were reported previously.

During the last fiscal year this department has handled to a conclusion 384 claims against the Fleet Corporation, amounting to $5,250,000 through payments of $1,711,775, and 393 claims in favor of the corporation, amounting to $3,250,000 for $1,142,228. New claims have arisen to the number of 217 against the Fleet Corporation, while 209 in favor of the corporation have had their origin

during the year. Some of these have been settled and are included in the above figures, while others remain open. Insurance has been examined and approved on steamers sold on a part-payment plan in the amount of $110,000,000, which includes renewals as well as new insurance. The Shipping Board has waived, through this department, its interest in 176 claims which the purchasers had against their commercial underwriters in an amount of $1,249,188.39. In addition to handling these claims, 1,164 condition survey reports, which were drawn up by the United States Salvage Association, have been examined and followed up with the operators to see that the recommendations to improve the cargo-carrying qualities of the steamers have been carried out.

Only one total loss has occurred during the year—namely, the S. S. *West Hesseltine*, which stranded on the Cape Verde Islands on June 26, 1925.

Construction Department

During the fiscal year 1925 the construction department continued its work of investigating claims arising out of the construction program and collecting data required by the legal department for use in connection with claims, law suits, or other purposes. These duties are described in the annual report for the fiscal year 1924.

Ship Sales Department

Organization.—The department of ship sales consists of:

1. The administrative office, having cognizance of negotiations for the sale of vessel property, the activities of which are entirely in the Washington office.

2. The laid up fleet division, which is charged with the duty of the preservation and maintenance of laid-up vessels, not only in an administrative, planning, and supervisory capacity, but in the executing of the actual physical work thus involved, and the employment of personnel on the laid-up fleets. This division operates under its administrative and supervisory general headquarters, at the Washington office, in charge of the manager of ship sales, and performs the duties of caring for the laid-up fleets through district managers and fleet organizations at the respective points of lay up.

Changes in organization.—During the year the department of ship sales proper reduced its Washington office personnel from 17 to 14 employees, and its annual payrolls from $56,600 to $41,520, about 27 per cent. The general headquarters of the laid-up fleet division at Washington reduced its personnel from 7 to 6 employees, and its annual pay roll from $18,060 to $14,520, about 20 per cent. These pay-roll changes were made in harmony with the general economy

plan of the Fleet Corporation, under its program for minimizing personnel and pay rolls.

The personnel and pay-roll requirements of the laid-up fleets offered additional opportunity to institute economies in these respects, of which full advantage was taken, as will be noted in the report of the laid-up fleet division.

In respect of the scope of its duties and responsibilities, the department underwent several important changes. On August 1, 1924, the department had transferred to it the custody and sale of dry docks, formerly a separate activity of the Fleet Corporation.

On February 15, 1925, the department had transferred to it the caretaking and supervision of the Hog Island plant property, formerly under the department of purchases and supplies. No additional personnel were engaged for this duty, the skeleton organization guarding the property being placed under the local jurisdiction of of the district manager of the laid-up fleet division at Hog Island, the fleet of about 100 vessels moored at that point constituting the principal activity of the corporation at this plant.

The department of ship sales proper underwent no change in organization plan during the year, and continued to function as during the preceding year.

Ship Sales.

Review of activities.—Dealing with sales activities, the policy was continued of negotiating sales on a private competitive basis, as authorized by law. The department negotiated and prepared for consideration and decision of the board all sales of ships except the sales of lines upon a guaranteed service basis, in which cases the Shipping Board conducted the negotiations.

The entire fleet was readvertised for sale on a private competitive basis, in pursuance of the requirements of law, in February, 1925. This advertisement was published as a means of giving due notice periodically that the vessels of the board are for sale, and also serves to acquaint prospective buyers with the principal terms and conditions laid down as a matter of policy for sales by the board.

No marked improvement in the sales of vessels was noted during the year, depressed shipping conditions forbidding the sale of ships to prospective owners excepting for replacement and occasional expansion. As will be noted from the report of the preceding year, the total number of vessels unsold July 1, 1924, was 1,294 and volume of tonnage was 8,907,326 dead weight. Sales during the past year reduced the number of ships to 1,231 and the volume of tonnage to 8,547,459, a net reduction of 63 ships and 359,867 dead-weight tons. Actual sales during the year included 48 steel ships of various types, total tonnage 302,000, and 10 wooden and concrete vessels, total tonnage 37,000. Transfers to other governmental agencies and minor

additions to the fleet, such as launches, comprise the balance which contribute to the net reduction of the fleet.

The following tables reflect the names and types of vessels, tonnage and selling price, and names of buyers, classified according to the conditions under which sales were made.

Ships sold during fiscal year 1925

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
Steel cargo ships:				
Biran	4,755	2,873	$74,920.00	A. H. Bull Steamship Co.
Eastern Gale	6,631	4,669	145,000.00	Booth Fisheries Co.
Hannawa	11,724	7,592	329,000.00	Columbia Pacific Steamship Co.
Lake Como	2,875	2,018	33,330.00	Robert Badcock & Co.
Lake Farmingdale	4,155	2,642	60,000.00	Cadwallader-Gibson Lumber Co.
Lake Faulk	4,155	2,598	40,000.00	Do.
Lake Fielding	4,000	2,571	52,648.89	Kwong Hang Hing.
Lake Gadsden	4,225	2,689	71,000.00	Lykes Brothers Steamship Co.
Lake Harminia	4,230	2,686	33,500.00	E. I. du Pont de Nemours.
Lake Markham	2,899	1,998	25,000.00	E. M. Graves.
Lake Ogden	2,875	2,013	26,505.00	Atlantic & Caribbean Steam Navigation Co. (Ltd.).
Lake Savus	4,225	2,689	57,820.00	Clyde Steamship Co.
M. J. Scanlon	8,597	5,602	97,500.00	Hammond Lumber Co.
West Katan	8,541	5,656	227,000.00	Frank C. Hill.
Total	73,887	48,286	1,273,223.89	
Steel tankers:				
Burnwell	8,981	5,771	61,000.00	Alpha Steamship Corporation.
Avondale	8,974	5,731	47,590.66	M. & J. Tracy (Inc.).
Hisko	8,986	5,665	45,920.50	Walker & Daly.
Overbrook	8,974	5,724	60,000.00	American Tankers Corporation.
Phoenix	8,974	5,731	53,126.04	Do.
Silverbrook	8,981	5,674	55,500.00	Mountain Oil & Refining Co.
Total	53,870	34,296	323,137.20	
Steel ocean-going tugs:				
Barwick (oil burner)	----------	429	60,760.00	George H. Crofton.
Moositauka (coal burner)	----------	429	45,080.00	Matson Navigation Co.
Hukey (coal burner)	----------	429	44,100.00	Atchison, Topeka & Santa Fe Ry Co
Tagus (coal burner)	----------	429	45,080.00	O'Brien Bros. (Inc.).
Total	----------	1,716	195,020.00	
SALES WITH SPECIAL PROVISIONS				
Steel ships sold for restricted operation in designated trade route:				
President Cleveland (passenger).	11,210	14,123	1,125,000.00	Dollar Steamship Line
President Lincoln (passenger).	11,368	14,187	1,125,000.00	Do.
President Pierce (passenger).	12,077	14,123	1,125,000.00	Do.
President Taft (passenger).	12,044	14,123	1,125,000.00	Do.
President Wilson (passenger).	11,312	14,127	1,125,000.00	Do.
Total	58,011	70,683	5,625,000.00	
Steel ships sold for change of motive power:				
Bethelridge (tanker), reciprocating engines.	10,254	7,366	293,620.00	Clifford D. Mallory.
Betterton (tanker), reciprocating engines.	10,254	7,366	300,000.00	Frank W. Seth.
East Indian (cargo), Diesel.	11,679	8,229	81,753.00	Ford Motor Co.
Miskianza (tanker) Diesel.	9,971	6,910	150,000.00	Gulf Refining Co.
Tulsagas (tanker) reciprocating engines.	10,250	7,245	310,000.00	Associated Oil Co.
Total	52,408	37,116	1,135,373.00	

Ships sold during fiscal year 1925—Continued

Name	Deadweight tonnage	Gross tonnage	Sales price	Purchaser
SALES WITH SPECIAL PROVISIONS—continued				
Steel ships sold with obligation to perform specified alteration/betterments:				
Bartholemew (cargo)	4,155	2,598	$25,000.00	Eastern Steamship Lines (Inc.).
Lake Ellicott (cargo)	4,261	2,674	25,000.00	Gulf & Southern Steamship Co.
Lake Elon (cargo)	4,261	2,676	25,000.00	Mallory Steamship Co.
Lake Faristell (cargo)	4,165	2,624	25,000.00	King Steamship Corporation.
Lake Flanders (cargo)	4,145	2,609	25,000.00	Mallory Steamship Co.
Lake Flovilla (cargo)	4,165	2,592	25,000.00	Queen Steamship Corporation.
Lake Floravista (cargo)	4,145	2,606	25,000.00	Eastern Steamship Lines (Inc.).
Lake Fluvanna (cargo)	3,525	2,349	25,000.00	Baltimore & Carolina Steamship Co.
Lake Fresco (cargo)	4,165	2,622	25,000.00	Jack Steamship Corporation.
Lake Frohna (cargo)	4,165	2,616	25,000.00	Ace Steamship Corporation.
Lake Felden (cargo)	4,155	2,592	25,000.00	Milton C. Jackson.
Lake Galera (cargo)	3,525	2,316	25,000.00	Baltimore & Carolina Steamship Co.
Lake Geneva (cargo)	2,989	1,998	25,000.00	Bison Steamship Corporation.
President Arthur (ex-enemy passenger).[1]	10,500	10,421	60,000.00	American Palestine Line (Inc.).
Total	62,321	43,293	385,000.00	
MISCELLANEOUS				
Concrete vessels for stationary service:				
Atlantus (cargo)	3,000	2,391	3,025.00	H. P. Etheridge (Inc.).
Palo Alto (tanker)	7,500	6,144	18,750.00	Oliver J. Olson & Co.
Peralta (tanker)	7,500	6,149	15,000.00	Peralta Portland Cement Co.
San Pasqual (tanker)	7,500	6,486	16,000.00	Old Time Molasses Co.
Total	25,500	21,170	52,775.00	
Wooden ships sold for scrapping:				
Ashburn	4,000	2,799	6,200.00	W. A. Hamlen.
Balosaro	3,500	2,469		
Biloxi	3,870	3,021		
Total	11,370	8,289	6,200.00	
Other craft:				
Caponka	(2)	(2)	500.00	P. J. Derieux.
Dix	(3)	(3)	200.00	F. R. Russ.
Mary Priscilla[4]	(4)	(4)	35.00	W. C. Booker.
Total			735.00	
Dry dock	(5)	(5)	50,000.00	Todd Shipyards Corporation.

DISPOSITION OF VESSELS OTHER THAN BY SALE

Transferred to Government departments:				
Cuyamaca	7,500	6,486		War Department.
Latham[6]	7,500	6,287		
Moffit[7]	7,500	6,144		
Active[7]				Navy Department.
Diligent[7]				
Total	22,500	18,917		

[1] Buyer obligated to recondition vessel to extent necessary to entitle her to United States steamboat inspection certificate and classification in American Bureau of Shipping.
[2] Wooden ship hull.
[3] 33-foot wooden launch.
[4] Obsolete wooden motor boat.
[5] 10,000-ton, 5-pontoon wooden construction.
[6] Concrete tankers.
[7] 100-foot wooden harbor tugs.

It will be observed that aside from lake-built ships comparatively few cargo vessels were sold. Six steel tankers of odd design and of emergency construction, for which there had been no demand by purchasers, were sold at prices which attracted buyers and effected the disposal of all of that type at necessarily low prices but at far in excess of their junk value. One large cargo vessel and one large tanker were sold at concessions from the normal prices of such ships in consideration of the buyers obligating themselves to convert the ships to Diesel propulsion—a policy adopted by the board several years ago as a means of encouraging the development in the United States of this modern method of propulsion. Under similar forms of contract, by which the buyers were afforded concessions from basic sales prices, three large tankers were sold for installation of improved type of steam propulsion. Thirteen lake-built ships were thus sold to buyers who undertook to render them of more competitive design by major hull alterations without which the ships would not have proved suitable. In this manner important additions were made to the American coastwise shipping trade. A large ex-enemy passenger and cargo vessel, withdrawn from the United States Lines due to the necessity of extensive overhauling, was sold under this policy at a low price, was commissioned as agreed, and placed in regular service with Mediterranean ports, thereby increasing American flag foreign operations.

The concrete ships remaining from the emergency construction program were finally disposed of, three tankers of this type being sold for storage use, three transferred to the Federal Barge Line for the same purpose, and a concrete cargo ship being sold for dismantling, as were the three remaining wooden ships which had been withheld from sale with the wooden fleet due to pending litigation.

There was continued in effect the valuation of all vessels in the fleet, based on the appraisement made the preceding year in conjunction with a physical survey. Individual prices, calculated according to the type, design, and physical condition of each ship, are carried in an inventory of vessel property on the books, and monthly changes in such prices are submitted to the board for approval to maintain a proper system of appraisal and to afford a correct monthly statement of the asset value of the fleet. Such changes are occasioned by improvements to vessels, repairs required on vessels entering lay up, equipment removed from inactive ships for the use of active ones, and kindred causes.

In August, 1924, the Shipping Board authorized the writing off of depreciation at the rate of 5 per cent per annum, progressively, effective semiannually, a business-like practice designed to compensate for the accumulating age of the vessels.

The prices of ships carried on the books of the board are those which the department is authorized to quote to prospective buyers, but when in the opinion of the board the circumstances justify a variation from such prices, vessels are sold at lower figures, and prospective buyers are at all times encouraged to submit bids. The same liberal terms quoted in the last annual report were continued in effect and in September, 1924, the board authorized the granting of a 2 per cent discount when the entire purchase price is paid in cash for vessels which might otherwise be purchased on the deferred payment plan. This discount permits of an equalization between those buyers who are enabled to pay cash and those who elect deferred payments, and the inducement to pay cash not infrequently overcomes the necessity for preparing notes and mortgages which are required in deferred payment sales. A credit report is obtained from the treasurer before granting any deferred payments, and in the past several years there have been no cases where losses have been incurred by virtue of granting credit to approved buyers.

One of the largest elements in the board's fleet consists of the group of about 300 lake-built vessels. These ships were built in Great Lakes yards to maximum Welland Canal dimensions for ocean service. They range in tonnage from 2,800 to 4,300 tons, the difference being represented by added depth. For several years these vessels, regardless of size, were offered for sale at a flat price of $75,000 each, and a fair number of them were sold at that figure. A number of important coastwise lines were established and expanded through the ability to acquire these small ships at low prices, but in due course the demand for them was abated. In the spring of 1925 the board undertook to encourage the purchase of these vessels on a broad scale, even to the extent of companies anticipating future requirements, and with this end in view the price was reduced to a basis of $50,000 each, less the cost of reconditioning for service as shown by Fleet Corporation estimates. This campaign was fairly productive, a total of 18 lake-built ships being sold thereunder to companies who were especially attracted by the exceptionally low prices.

The sale by the Shipping Board of the five *President* type combination passenger and cargo vessels to Dollar Steamship Line in April, 1925, in conjunction with an obligation for the maintenance of California-Orient Line berth service for a period of five years, marked the only activity of the year in respect of the sale of tonnage for such guaranteed service, and incidentally marked the disposal of the first of the most important berth services established by the board.

Reference was made in the 1924 report to the possibility of entering upon a campaign for the sale of certain vessels to aliens. While no definite activity along these lines occurred during the past

year, yet at the end of the year the board adopted a policy laying down certain principles for the sale of any vessels to aliens and directing that steps be taken to endeavor to develop sales of a limited number of vessels, selection of which will be made, to foreign buyers. It is thought that activity in this connection might result in the sale of a number of ships.

Toward the close of the fiscal year the board decided to advertise for sale 200 vessels for dismantling and scrapping, and the outcome of this effort doubtless will suggest the course to be followed in the disposal of a large volume of laid-up tonnage.

Dry Docks.

When the department assumed custody and caretaking of dry docks not under sale or lease agreement, there were two such docks—one 10,000 ton, five-pontoon wooden dock, laid up in New York, and one 6,000-ton, five-pontoon wooden dock, laid up at Jacksonville, Fla. Efforts were made to develop purchasers of these docks, more particularly the one at Jacksonville. In the summer of 1924 local interests at Jacksonville, having the support of the municipal authorities there, entered into an agreement to purchase the dock on the deferred-payment plan, agreeing to thoroughly recondition the dock. Under this agreement the municipal authorities released the Government from a very substantial claim for accrued mooring charges on city water-front property. The purchasers endeavored to consummate the transaction, but were unable to obtain the financial support which had been promised, with the consequence that toward the end of the fiscal year it became necessary to repossess the dock. While this course was not desirable, it could not be avoided, and although the effort for disposal of the dock failed the transaction resulted in the release of the claim by the city of Jacksonville. Immediately following repossession, negotiations were instituted with other prospective buyers which it is believed will result in the successful sale of the dock on a cash basis.

The 10,000-ton dock at New York, similarly requiring extensive rebuilding and overhauling, proved difficult in which to interest prospective buyers. It became evident after a thorough convass of the market that the full value of the dock could not be realized. An opportunity developed to dispose of the dock to responsible interests who desired to expand the facilities in the Gulf—a desirable course for shipping interests in general and particularly for the Fleet Corporation—and the dock was accordingly sold at a low valuation, but for cash.

Laid-up Fleet Division.

With respect to the laid-up fleets, the policies and methods which were summarized in last year's report were, in general, continued during the fiscal year 1925.

The field forces of this division are divided into five districts as follows: New York, Hog Island, James River, Gulf and Pacific coast, the respective points of lay-up being as follows:

New York.—Caldwell fleet at Caldwell, N. Y., 40 miles up the Hudson River from New York City. Ships are moored in one group along the west shore of the river.

Staten Island fleet at Staten Island, N. Y., in the Arthur Kills. Ships are moored in three groups of approximately 40 ships each.

Hog Island.—Seventy-five per cent of the ships are moored to piers, and the remainder are anchored abreast in a basin formed in the Delaware River by a stone dike.

James River.—At Norfolk, Va., the passenger ships *Mount Vernon*, *Agamemnon*, and *President Fillmore* are moored to the Army base piers.

At Fort Eustis, Va., 16 miles up the James River from Newport News, approximately 400 ships are anchored in 25 units of 15 to 19 ships abreast for a distance of 5½ miles up and down the river.

Gulf district.—Mobile fleet at Mobile, Ala., 13 miles up the Mobile River. Ships are moored along river bank.

New Orleans fleet at New Orleans, La., within the city limits, 9 miles up Mississippi River from Canal Street. Ships are anchored in the stream.

Orange fleet at Orange Tex., 37 miles up the Sabine River from the Gulf. Ships are moored along river bank.

Pacific district.—Southampton Bay fleet at Benicia, Calif. Ships anchored along shore line.

Seattle fleet at Seattle, Wash. Ships are anchored in Lake Union.

Portland fleet at Portland, Oreg. Two ships only, moored to United States Shipping Board and Emergency Fleet Corporation concentration yard pier.

The former lay-up points at Boston, Mass., and Pensacola, Fla., were abandoned during the year and the ships moved to other points.

Each district presents its peculiar advantages or disadvantages as lay-up points for idle ships, and it has accordingly been necessary to treat each, in some respects, as a separate organization. For instance, the Caldwell fleet up to the Hudson River is frozen in during the winter, which necessitates provisioning the fleet in the fall to last for several months. Also ships can not be moved to and from this fleet during the winter months on account of ice. In the Gulf district it has been found impracticable to house the men on the fleets during the summer months, due to the extreme heat and the mosquito pest. At Hog Island most of the ships are moored to piers, thus making the care of the ships much simpler than when moored in the stream, as at other points of lay-up. The extent of the James River fleet, which is about 5 miles, presents many prob-

lems in the care of the 400 ships moored there, especially the matter of moorings and an effective watch service to prevent pilfering.

During the first quarter of the fiscal year it was found necessary to temporarily augment the field personnel in order to expedite such needed preservation work at several of the fleets. Later the personnel was reduced, until at the close of the fiscal year the maximum force employed during the year had been reduced 12 per cent. The personnel of all districts was reorganized during the latter part of the year and is now on a sound operating schedule, with a total authorization of 1,913 men, 12½ per cent of which are officers. The total number of men employed at any one time is about 10 per cent less than the authorized total.

The welfare of the personnel at each fleet, with special reference to the care of sick and injured, housing facilities, quality of subsistence, recreational features, shore leave, and other conditions which build up the morale of the crews, has the careful consideration of each district manager at all times. The labor turnover is not high, with the possible exception of that at the New York fleets, where a shifting type of personnel is all the labor market affords, making a turnover of 1.4 per cent of the force per diem. This condition exists only in the lower grades, and it is now being studied to determine if some means can be instituted to hold the seamen, coal passers, wipers, and others for a longer period.

The main functions of this division are the maintenance and preservation of inactive vessels, the former being considered the "overhead" or care-taking element, whereas the latter is the productive or tangible effort, which not only keeps the ships from rapid deterioration but actually enhances their values as operative ships or for sales purposes.

Between 65 and 70 per cent of the expenditures for the past year has been for preservation. The total preservation expenditure is divided into nonrecoverable and recoverable, the latter item representing approximately $785,000 which was necessary to spend on a number of the ships to properly preserve them, but at the same time putting those ships in first-class condition as operative ships exclusive of repairs and outfittings. This expenditure covers the cleaning, scaling, and painting the holds, tank tops, decks, hulls, quarters, etc., which items have always appeared on shipyard repair lists of ships being put in operation. This work will not have to be done when those ships which have passed through the preservation processes are broken out for operation.

With an average of 892 ships in lay up and an average force of only two men per ship, a systematic preservation program was

adopted so that all ships would receive due attention in sequence of their classification and desirability as operating ships.

The following table gives various data in respect to the number of ships in custody of this division, number of ships entering and withdrawn from lay up, etc.:

District	Ships in custody, lay-up fleet, June 30, 1924	Ships entering lay up during year	Ships withdrawn during year	Ships in custody, lay-up fleet, June 30, 1925	Ships dry-docked during year
New York	242	46	38	250	19
Hog Island	100	13	9	104	4
James River	379	35	14	400	19
Gulf	103	32	21	114	5
Pacific coast	29	22	9	42	5
Total	853	148	91	910	52

From May 12 to the close of the year eight "spot" ships were taken in custody by this division. These eight ships had all repairs completed and were otherwise ready for sea before they were turned over to the laid-up fleets. No expendable stores or equipment was removed. All ships were kept in readiness to turn back to operations with steam up within 48 hours. In most cases the chief engineer and steward who came in with the ship were retained at laid-up fleet wages to watch and care for their particular ship while in lay-up. This scheme of handling spot ships seemed to work out satisfactorily and certainly at a big saving to the corporation over the old method of having operations hold spot ships for an indefinite period with a crew aboard and steam up.

Upon request of the maintenance and repair department 14 ships selected for Dieselization are to be completely cleaned, scaled, and painted by this division. Five of these vessels have been finished, and the remainder will be completed later as required by the conversion program.

Under a special appropriation, funds were available for dry-docking a number of the laid-up ships. Full advantage was taken of this opportunity to inspect and preserve the underwater hull of 52 vessels. These inspections proved conclusively that the ships are moored in waters which have no particular deteriorating effect on steel hulls, and from this it was concluded that further docking, for some time at least, was not considered necessary.

The outstanding factor in the efficient and economical preservation of the laid-up ships has been the adoption of labor-saving devices for the cleaning, scaling, and painting operations. Air-compressor plants, pneumatic hammers of various types, power-driven wire brushes, and paint-spraying machines constitute some of the devices put in operation during the past year at each fleet.

The preservation work which has been accomplished is best shown by the following table:

Per cent completed	100 per cent	Between 100 and 75 per cent	Between 75 and 50 per cent	Between 50 and 25 per cent
Number of vessels	70	82	116	132

Complete information on the work accomplished is submitted quarterly to headquarters by each district, so that the exact preservation status of each ship may be known at headquarters and the ship values can be adjusted according to the work completed. Removal of any equipment from a laid-up ship is reported to headquarters, where an adjustment is made in the value of the ship from which it is removed. The value of the equipment removed the past year amounted to $145,000.

For the fiscal year 1925 it was estimated (February 7, 1924) that $2,750,000 would be required for laid-up ships, of which amount $500,000 was to represent the improvements to vessels as a result of the preservation program. A careful check on all items rightly chargeable to the laid-up fleet expense will show the actual cost of operating this division to be well within the estimated appropriation and at the same time it has been previously pointed out that approximately $785,000 instead of $500,000 was actually spent to improve the condition of the vessels.

DISTRICT OFFICES

The Fleet Corporation is represented at various seaports in the United States by district organizations, which have been in effect for a number of years and in which during the past fiscal year there has been little change in jurisdiction or duties aside from that which may have been incident to the reduction in personnel during the year.

In pursuance of the general policy of the Fleet Corporation to require the managing operators to assume greater responsibility in the operation of the vessels assigned to them, it has been possible to materially reduce the organizations in the districts, as repairs and other activities have been assumed by the operators.

There are outlined below the jurisdictions of the various districts, the headquarters and branch offices of each, and comparative figures for the number of personnel and annual pay rolls at the end of the fiscal year 1924 and on June 30, 1925. The personnel and pay-roll figures cover all personnel located in the districts without regard for the pay roll on which this personnel is actually included. In some cases they are on district pay rolls, while in others they are a part

of the field forces of departments in Washington and included on their pay rolls.

New England District.

This district covers Boston and Fall River, Mass., Providence, R. I., Portland, Me., St. John, New Brunswick, and Halifax, Nova Scotia. The principal office is at Boston, Mass., with a branch office at Portland, Me. The personnel located in this district on June 30, 1924, numbered 48, with a pay roll of $106,880 per annum, which by June 30, 1925, had been reduced to 22 employees, with a pay roll of $51,000 per annum.

New York District.

This district includes the port of New York, Hoboken, New York Harbor, and vicinity. The headquarters for this district are located in New York City, and there are no branch offices, although a separate organization is maintained at the Hoboken terminal. The personnel located in this district on June 30, 1924, numbered 824, with a pay roll of $1,610,816, which by June 30, 1925, had been reduced to 490 employees, with a pay roll of $1,044,814.

Philadelphia District.

This district covers the port of Philadelphia and vicinity, with headquarters at Philadelphia. The personnel located in this district on June 30, 1924, numbered 96, with a pay roll of $175,374 per annum, which by June 30, 1925, had been reduced to 43 employees with a pay roll of $87,326.

Baltimore District.

This district includes the port of Baltimore and vicinity and its headquarters are in Baltimore. The personnel located in this district on June 30, 1924, numbered 52, with a pay roll of $112,152, which by June 30, 1925, had been reduced to 20 employees, with a pay roll of $54,040.

Norfolk District.

This district includes the various ports in Hampton Roads and vicinity, with headquarters at the Army supply base near Norfolk, Va. Aside from the usual district activities, supervision is exercised over the activities of the Army supply base, which has been leased to a private concern, and a fuel bunkering station is maintained at Craney Island. The personnel located in this district on June 30, 1924, numbered 80, with a pay roll of $160,294 which by June 30, 1925, had been increased to 124 employees, with a pay roll of $212,083. This increase was due to the fact that during the year the Fleet Corporation took over from the War Department the Army supply base, at which it was necessary to set up an organization.

South Atlantic District.

This district covers North and South Carolina, Georgia, and the eastern coast of Florida. The principal office is located at Savannah, Ga., with branch offices at Charleston, S. C., and Jacksonville, Fla. The Charleston (S. C.) office, in addition to its regular duties, also exercises supervision over the Charleston Army Base, which is leased to the port utilities commission of Charleston, S. C. The personnel located in this district on June 30, 1924, numbered 53, with a pay roll of $105,220 per annum, which by June 30, 1925, had been reduced to 13 employees, with a pay roll of $32,220.

Gulf District.

This district covers all ports on the Gulf of Mexico. The principal office is located at New Orleans, with branch offices in Galveston, Tex., and Mobile, Ala. During the early part of the fiscal year a branch office was also maintained at Pensacola, Fla., but this office was discontinued in March, 1925. In addition to the usual district activities, a fuel-bunkering station is maintained at Mobile, Ala. The personnel located in this district on June 30, 1924, numbered 144, with a pay roll of $303,622 per annum, which by June 30, 1925, had been reduced to 99 employees, with a pay roll of $210,131.

Pacific Coast District.

This district includes Oregon and California. The principal office is located in San Francisco, Calif., with branch offices at Portland, Oreg., and Los Angeles, Calif. The personnel located in this district on June 30, 1924, numbered 129, with a pay roll of $318,880 per annum, which by June 30, 1925, had been reduced to 82 employees, with a pay roll of $214,420.

Puget Sound District.

This district includes Puget Sound and near-by ports in British Columbia. The personnel located in this district on June 30, 1924, numbered 48, with a pay roll of $100,112 per annum, which by June 30, 1925, had been reduced to 36 employees, with a pay roll of $84,700.

United States Protection and Indemnity Agency (Inc.)

During the fiscal year ended June 30, 1925, the method of handling claims of a protection and indemnity nature against Shipping Board vessels, through the United States Protection and Indemnity Agency (Inc.), was continued on the basis as described in the seventh annual report.

On February 15, 1925, Mr. N. A. Smyth resigned as president of the Protection & Indemnity Agency (Inc.). On the resignation of Mr. Smyth all of the capital stock of the agency was transferred to

the United States Shipping Board, and pursuant to a resolution of that board the certificates of stock were deposited with the treasurer of the Fleet Corporation.

On February 16, 1925, Mr. Willis G. Mitchell was elected president of the agency and a member of the board of directors.

The annual meeting of the stockholders was held on Febraury 26, 1925, and the following were elected directors: L. C. Palmer, H. I. Cone, and W. G. Mitchell.

On April 1, 1925, it was decided to have all cargo claims handled through a department known as the cargo claims department and all personal injury and miscellaneous claims handled through the personal injury claims department, the previous arrangement having been that claims were handled as domestic and foreign. It is felt that under the plan of organization adopted on April 1, 1925, a more specialized and effective handling can be obtained.

When it is remembered that claims which are presented to this agency for investigation and adjustment include claims for cargo loss, damage, shortage, pilferage, personal injury and illness, death, dock damage, fines and penalties, and miscellaneous claims arising from the operation of the vessels and the handling of cargo, the desirability of the Emergency Fleet Corporation having claims of the above nature settled by an agency of its own creation is apparent. The efforts of the agency are not only confined to the investigation and settlement of claims, but a considerable amount of time is spent in analyzing the various causes and classifying these causes. Periodical reports are made to the departments of the Fleet Corporation as to the nature of the claims arising in the various services in order that corrective steps may be taken.

The following table shows the total number and nature of claims settled during the fiscal year ended June 30, 1925, and the total amount paid thereon:

Nature of claim	Number	Amount paid
Cargo damage	2,469	$323,340.82
Cargo shortage	9,043	467,339.45
Cargo pilferage	974	25,901.84
Personal injury	678	420,235.44
Illness	504	30,145.79
Death	39	48,349.72
Dock damage	158	29,321.67
Fines and penalties	485	37,751.52
Miscellaneous	3,420	82,260.59
	17,770	1,464,646.84

The above table includes the claims which arose prior to February 20, 1923, and those which arose subsequent to that date. The claims which arose during the fiscal year ended June 30, 1925, and which were settled during that year are also included in the above totals.

The agency, during the last six months, made a concentrated effort to dispose of the majority of the claims which arose prior to February 20, 1923, which is the date on which the Shipping Board took its vessels out of the mutual insurance cover of a private club and enrolled them in an agency of its own creation.

FOREIGN OFFICES

Europe.

During the fiscal year of 1925 material modifications have been made in the methods of handling our European affairs and important changes made in the European personnel.

Early in the year the trustees reached the decision that the efficient functioning of the European organization was of such importance to the corporation as a whole that every effort should be made to improve and expedite the handling of our European operations, and with this in mind and recognizing the fact that many major problems requiring prompt decisions were continually arising in the European district it was decided to place one of the vice presidents in entire charge of affairs in Europe. Mr. Sheedy, then vice president in charge of operations, was selected for this position and arrived in London to assume his new duties about August 1, 1925, having authority under the policies laid down by the home office to settle problems which previous to this time had been referred to Washington for decision. This avoided much delay and contributed materially to the functioning of the European organization and tended to coordinate the European activities of the Fleet Corporation and the United States Lines, under one responsible head.

It appeared that the time had arrived when much could be done toward bringing our methods of operation more nearly into line with commercial practice by placing the maximum of responsibility upon the operators through their European agents, granting them authority commensurate with their added responsibilities, our organization to act in only a supervisory capacity to protect the interests of the corporation. With this in mind, he whole European scheme of operations has been thoroughly reviewed and revised during the fiscal year just passed with the idea of obtaining the greatest economy and simplicity consistent with efficiency and good operation.

In order to maintain a thorough general supervision of all phases of our activities in Europe, the territory was subdivided into six general districts, each of which was placed in general charge of a district operating representative. To each district was also assigned a district traffic representative and a traveling auditor.

The changes in organization of field offices may be summarized as follows:

District headquarters established:

Copenhagen—for Scandinavia and north Baltic ports.

Hamburg—for Germany and southern Baltic ports.

Antwerp—for western Europe, including Netherlands, Belgium, and west coast of France.

Genoa—western Mediterranean and Spanish ports.

Piraeus—eastern Mediterranean district.

Port offices closed: Gothenburg, Helsingfors, Rotterdam, Bremen, Glasgow, Bristol, Azores, Marseille, Constantinople.

Offices transferred: Constantinople to Piraeus, Marseille to Genoa, Gothenburg to Copenhagen.

Offices closed but where district representative is maintaining headquarters in offices of either general agents or United States Lines: Bremen (United States Lines), Hamburg (general agents), Le Havre (general agents), Dublin (United States Lines).

Special surveys of the different phases of our operations have been undertaken as regards service and supply contracts and new contracts executed wherever necessary to insure that we obtain the best conditions possible, this applying particularly in regard to stevedoring and towage agreements. Terminal and berthing facilities have been inspected and changes made wherever found desirable; agreements have been made and extended to meet our interests. In all these phases the collective bargaining power of the corporation has been exercised fully to insure that we obtain the best conditions possible, and in all cases at least the equivalent of those obtained by the most favored of our competitors.

Good results have been obtained in the concentration of our activities in the hands of not more than two agents in each port (one wherever possible) in order to eliminate undesirable competition among the too numerous agents which existed in the past. The establishment of American agencies at the various ports has also been strongly indorsed and supported.

While the policy of limiting repairs made in Europe to those absolutely necessary to insure seaworthiness of the vessel has been continued the actual method of handling and supervising repairs has been materially modified in the past year with a view to obtaining the greatest economy consistent with efficiency. This has been accomplished by assigning duties formerly performed by the port superintendent engineers at the various ports to the district operating representatives in the districts. Most of the district representatives have had sufficient engineering experience to handle the ordinary repairs, but where, due to the size of character of a repair, special technical services or attendance are required the district representatives are at liberty to call upon the services of a local independent engineer in the port to attend the work and assist the representative.

Within the ensuing fiscal year it is contemplated that the handling of all voyage repairs in Europe will be taken over by the managing

operators, who will provide for their own engineering service at the various ports of call, this in accordance with the policy now effective in the United States, the board in Europe retaining general supervision of repairs only and direct control in handling major casualties, as grounding, collisions, etc., and special repairs involving turbines and gears and electric-drive repairs.

General business conditions in Europe throughout the period covered by this report, while showing improvement over the preceding year along the lines of stability in the matter of national currencies of different countries, were not good so far as the general exchange of commodities is concerned. This resulted in a contraction in the demand for cargo space and increased competition amongst the different shipping lines for such business as was offered, with resultant general lowering of freight rates.

During this period our position was considerably strengthened through the consolidation effected among our operating companies, thereby lessening the competition in certain points of Europe between the different services. It has been our policy to give the greatest latitude possible consistent with our position as owners to our operating companies in the matter of meeting the rates and loading conditions of our foreign competitors on the westbound cargo.

The efforts of the European traffic department continued to concentrate upon the securing of westbound cargo for the ships, and during the period a great reduction was effected in the number of our vessels taking ballast homeward.

The contract for transportation of Egyptian cotton from Alexandria to North Atlantic ports was renewed during the period, as was also the contract with the Finnish Cellulose Association and the Holland Bulb Growers' Association for the movement of their products to America.

We have continued our efforts in the matter of combating insurance discrimination against our vessels. During the period we have had numerous conferences with shipping and underwriting interests whenever it was brought to our attention that the rates charged against our vessels were higher than those levied on our competitors' ships. Our efforts have been successful, with the result that our ships are now enjoying the same insurance rates as similarly classed vessels of our competitors.

Argentine and Uruguay.

The branch office of the Fleet Corporation at Buenos Aires continued during the fiscal year 1925 to supervise the activities of our tonnage in Argentine and Uruguay with practically no change in its organization or in its activities.

Brazil.

The Brazilian agency of the Fleet Corporation has continued during the fiscal year 1925 the supervision of the corporation's activities in Brazil with no important changes in its organization aside from the establishment of an office at Santos. Serious congestion existed at this port, and the office at Rio de Janeiro was at a considerable disadvantage in obtaining reliable and prompt information regarding the Santos situation and in cooperating with the agents of the various lines. An office was therefore opened in Santos in August, 1924.

Orient.

The agency of the Fleet Corporation with headquarters at Manila has continued the supervision of the affairs of the Fleet Corporation in the Orient with essentially the same organization as that of the previous year, consisting of the headquarters staff at Manila and branch offices at Hongkong, Shanghai, and Kobe. In addition there is an office at Yokohama which reports to the general agent for Japan located at Kobe.

UNITED STATES LINES

The United States Lines is the trade name of the Fleet Corporation's organization that operates the steamships *Leviathan*, *George Washington*, *America*, *Republic*, *President Roosevelt*, and *President Harding* in the passenger and freight service between New York, Queenstown, Plymouth, Cherbourg, Southampton, and Bremen.

Since the adoption of the present immigration law and the consequent reduction in immigrant passenger traffic much effort has been directed to the development of round-trip tourist third-class traffic by students, teachers, professional men and women, tourists, and war veterans with such satisfactory results as to practically offset the loss of immigrant traffic.

The steamers in the service have been maintained in satisfactory operating condition, have complied in all respects with the requirements of the American Bureau of Shipping, and upon each departure from a foreign port have regularly passed the inspections and requirements of the British and German Governments that are made in connection with passenger steamships sailing from their ports.

During the winter overhaul an improved ventilating system was installed on the *Leviathan* under the supervision and direction of ventilating experts of the Navy Department, so that the ventilation in all passenger rooms has become eminently satisfactory.

To take care of the increased demand for cabin space on the *America*, 52 additional staterooms were constructed in space formerly occupied by a part of the crew and additional crew quarters provided in other sections of the steamer. This increased capacity should increase the revenue.

APPENDIX

TABLE I.—*Vessel property controlled by the United States Shipping Board Emergency Fleet Corporation*

[Compiled as of June 30, 1925]

	Total		Contract		Requisitioned		Purchased		Seized enemy		Acquired from other departments	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Steel vessels:												
Passenger and cargo	21	241,125	12	136,745					9	104,380		
Cargo	1,138	7,961,542	944	6,564,142	178	1,262,698	14	117,167	2	17,535		
Tankers [1]	29	242,663	20	177,533	5	35,130	4	30,000				
Refrigerators	14	100,920	5	41,967	9	58,953						
Tugs	17		12								5	
Barges	7		7									
Unfinished—Cargo	1	9,400	1	9,400								
Total steel	1,227	8,555,650	1,001	6,929,787	192	1,356,781	18	147,167	11	121,915	5	
Concrete vessels—Tankers	1	7,500	1	7,500								
Wood and composite vessels:												
Tugs	13		10				1				2	
Barges	3										3	
Unfinished—Tug	1		1									
Total wood and composite	17		11				1				5	
Total vessels	1,245	8,563,150	1,013	6,937,287	192	1,356,781	19	147,167	11	121,915	10	

[1] Includes two molasses tankers, dead-weight tonnage 15,130.

TABLE 11.—*Status of vessels controlled by United States Shipping Board Emergency Fleet Corporation as of June 30, 1925*

	Number	Dead-weight tons
Active vessels:		
Cargo, operating in specified services, United States ports to foreign ports (O. A. 1924)	251	2,174,121
Spot in hands of managing operators	26	237,469
Passenger and cargo, operating in specified services	16	191,145
Tankers, United States ports to foreign ports	6	55,114
Tankers, coastwise	3	30,504
Tankers, intercoastal	1	10,250
Cargo, United States Public Health Service	1	4,261
Cargo, United States Army Service	1	10,013
Barges, steel	7	----------
Barges, wood	3	----------
Tugs, steel	6	----------
Tugs, wood	10	----------
Total active vessels	331	2,712,877
Inactive vessels:		
Cargo, tied up	858	5,528,307
Passenger and cargo, tied up	5	49,980
Refrigerators, tied up	14	100,920
Cargo, tied up but assigned	----------	----------
Tankers, tied up [1]	20	154,295
Cargo, custody, United States Shipping Board as mortgagee	1	7,371
Cargo, contract unfinished	1	9,400
Tugs, steel	11	----------
Tugs, wood	4	----------
Total inactive vessels	914	5,850,273
Grand total, all vessels	1,245	8,563,150

[1] Includes one 7,500 concrete tanker.

TABLE III.—*Recapitulation of vessels owned or controlled by the United States Shipping Board, segregated according to type, fuel used, and dead-weight tonnage as of June 30, 1925*

	10,000 dead-weight tons and over						9,000 to 9,999 dead-weight tons						8,000 to 8,999 dead-weight tons					
	Oil		Coal		Subtotal		Oil		Coal		Subtotal		Oil		Coal		Subtotal	
	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
Steel cargo steamers	38	435,726	8	90,775	46	526,501	134	1,288,596	25	236,382	159	1,524,978	273	2,371,215	43	352,382	316	2,723,597
Steel cargo steamers, unfinished											1	9,400						
Steel refrigerator steamers							1	9,737			1	9,737	5	41,967	1	8,700	6	50,667
Steel tank steamers	6	61,395			6	61,395	6	57,315			6	57,315						
Steel passenger steamers	14	165,285	4	48,860	18	214,145			1	9,980	1	9,980			2	17,000	2	17,000
Total	58	662,406	12	139,635	70	802,041	141	1,355,648	26	246,362	168	1,611,410	278	2,413,182	46	378,082	324	2,791,264

	7,000 to 7,999 dead-weight tons						6,000 to 6,999 dead-weight tons					
	Oil		Coal		Subtotal		Oil		Coal		Subtotal	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Steel cargo steamers	116	906,670	36	266,073	152	1,172,743	1	6,248	14	90,845	15	97,093
Steel refrigerator steamers									3	18,282	3	18,282
Steel tank steamers	15	110,948			15	110,948	2	13,005			2	13,005
Concrete tank steamers	1	7,500			1	7,500						
Total	132	1,025,118	36	266,073	168	1,291,191	3	19,253	17	109,127	20	128,380

	5,000 to 5,999 dead-weight tons						4,000 to 4,999 dead-weight tons						3,000 to 3,999 dead-weight tons				2,999 and under				Totals	
	Oil		Coal		Subtotal		Oil		Coal		Subtotal		Coal		Subtotal		Coal		Subtotal			
	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	Number	Dead-weight tons	Number	Dead-weight tons
Steel cargo steamers	129	679,072	5	26,920	134	705,992	104	435,139	60	254,060	164	689,199	142	492,398	142	492,398	10	29,041	10	29,041	1,138	7,961,542
Steel cargo steamers, unfinished																					1	9,400
Steel refrigerator steamers			4	22,234	4	22,234															14	100,920
Steel tank steamers																					29	242,663
Steel passenger steamers																					21	241,125
Steel barges																					7	
Wood barges																					3	
Concrete tank steamers																					1	7,500
Tugs, steel																					17	
Tugs, wood																					13	
Tugs, unfinished, harbor																					1	
Total	129	679,072	9	49,154	138	728,226	104	435,139	60	254,060	164	689,199	142	492,398	142	492,398	10	29,041	10	29,041	1,245	8,563,150

NOTE.—The total of vessels owned or controlled include the following, which are not grouped according to oil or coal burners: 1 9,400 dead-weight ton cargo (uncompleted), 7 steel barges, 3 wood barges, 17 steel tugs, 14 wood tugs.

TABLE IV.—*Managing operators, managers and operators, and charterers of shipping board vessels as of June 30, 1925*

Name of company	Address	Number of vessels	Deadweight tons	Form of agreement
America-France Line (Cosmopolitan Shipping Co., Inc.)	42 Broadway, New York City	10	85,772	Operating agreement, 1924.
American Antilles Line (Colombian Steamship Co., Inc.)	Pier No. 2, Empire Stores, Jay Street Terminal, Brooklyn, N.Y.	2	8,406	Do.
American Delta Line (Mississippi Shipping Co., Inc.)	1310–1316 Hibernia Bank Building, New Orleans, La	9	75,494	Do.
American Diamond Lines (Black Diamond Steamship Corporation).	67 Exchange Place, New York City	13	114,014	Do.
American Dispatch Line (cargo service) (Munson Steamship Line).	67 Wall Street, New York City	6	47,593	Do.
American Dixie Line (United Gulf Steamship Co., Inc.)	Whitney Building, New Orleans, La	16	147,750	Do.
American Export Lines (Export Steamship Corporation)	25 Broadway, New York City	19	149,167	Do.
American Far East Line (Struthers & Barry)	112 Market Street, San Francisco, Calif	8	75,727	Do.
American India Line (Roosevelt Steamship Co., Inc.)	44 Beaver Street, New York City	5	47,444	Do.
American Merchant Lines (J. H. Winchester & Co., Inc.)	17 Battery Place, New York City	13	103,251	Do.
American Oriental Mail Line (Admiral Oriental Line)	L. C. Smith Building, Seattle, Wash. (head), 32 Broadway, New York City (branch).	11	113,943	5-passenger, managing operator, No. 4; 6 cargo, operating agreement, 1924.
Amercian Palmetto Line (The Carolina Co.)	Charleston, S. C	7	54,820	Operating agreement, 1924.
American Pioneer Line (Atlantic, Gulf & Oriental Steamship Co., Inc.).	17 Battery Place, New York City	20	222,742	Do.
American Premier Line (United Gulf Steamship Co., Inc.)	Whitney Building, New Orleans, La	11	93,162	Do.
American Republics Line (International Freighting Corporation).	44 Whitehall Street, New York City	13	107,961	Do.
American Scantic Line (Moore & McCormack Co., Inc.)	5 Broadway, New York City	7	55,740	Do.
American South African Line (A. H. Bull & Co., Inc.)	40 West Street, New York City	5	44,317	Do.
American West African Line (A. H. Bull & Co., Inc.)	do	[1] 8 [2] 7	68,020	Do.
Atlantic Australian Line (United States & Australasia Steamship Co.).	8–10 Bridge Street, New York City	6	55,857	Do.
California-Orient Line (Pacific Mail Steamship Co.)	508 California Street, San Francisco, Calif. (head), 10 Hanover Square, New York City (executive).	[3] 1	11,328	Managing operator, No. 4.
Gulf-West Mediterranean Line (Tampa Inter-Ocean Steamship Co.).	Whitney Central Building, New Orleans, La	6	48,292	Operating agreement, 1924.
McAllister Bros	21–24 State Street, New York City	[4] 4	40,189	Manager and operator.
Merritt, Chapman & Scott Corporation	17 Battery Place, New York City	[5] 3		Bareboat charter.
Mississippi Valley-European Line (Mississippi Shipping Co., Inc.).	1310–1316 Hibernia Bank Building, New Orleans, La	5	43,386	Operating agreement, 1924.
Mobile Oceanic Line (Waterman Steamship Corporation)	City Bank Building, Mobile, Ala	11	95,455	Do.
Oregon-Oriental Line (Columbia-Pacific Shipping Co.)	810 Porter Building, Portland, Oreg	10	86,527	Do.
Oriole Lines (Consolidated Navigation Co.)	Citizens National Bank Building, Baltimore, Md	17	137,177	Do.
Pacific Argentine-Brazil Line (Swayne & Hoyt, Inc.)	430 Sansome Street, San Francisco, Calif	5	43,000	Do.
Pacific Australia Line (Swayne & Hoyt, Inc.)	do	5	43,069	Do.
Pan America Line (passenger service) (Munson Steamship Line.)	67 Wall Street, New York City	[3] 4	45,660	Special agreement.
Public Health Service	Washington, D. C	1	4,261	Loan basis.

Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.)	Whitney Building, New Orleans, La	22	193,372	Operating agreement, 1924.
Struthers & Barry	112 Market Street, San Francisco, Calif	[4] 4	39,421	Manager and operator, No. 2.
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.)	Whitney Building, New Orleans, La	6	54,565	Operating agreement, 1924.
United States Lines	45 Broadway, New York City	[3] 6	76,934	Managers and operators.
Walker & Daly	16-18 Bridge Street, New York City	[4] 2	16,258	Managers and operators, No. 2.
War Department	Washington, D. C	1	10,013	Loan basis.
Yankee Line (Rogers & Webb)	110 State Street, Boston, Mass	6	52,707	Operating agreement 1924.
Total		[6] 312	2,713,050	

[1] Cargo.
[2] Barges.
[3] Passenger.
[4] Tankers.
[5] Tugs.
[6] Does not include 13 tugs and 3 barges operated by the Emergency Fleet Corporation.

TABLE V.—*Statement of vessels assigned to passenger and cargo service maintained by the United States Shipping Board as of June 30, 1925*

	Number of vessels		Number of vessels
European trades	138	Far East trades	77
Mediterranean trades	36		
South American trades	[1] 38	Total	289

[1] Includes 1 vessel under assignment to managing operator for supervision of repairs.

EUROPEAN SERVICES

Operator	From—	To—	Frequency	Steamers in service	Deadweight tonnage
Oriole Lines	Baltimore—Hampton Roads, Philadelphia.	Glasgow	2 sailings per month	4	35,511
Do	Baltimore, Hampton Roads, Philadelphia, New York.	Cork, Dublin, Avonmouth, Londonderry.	Sailing every 3 weeks	3	22,158
Do	Baltimore, Hampton Roads	Liverpool	2 sailings per month	4	35,648
Do	Baltimore, Hampton Roads, Boston	Manchester, Avonmouth	do	4	30,520
Do	do	Manchester, Belfast	do	3	23,126
American Merchant Lines	New York	London	Weekly sailings	5	40,606
Do	Philadelphia, Baltimore, Hampton Roads, Boston.	London, Hull, Leith	2 sailings per month	8	62,665
United States Lines	New York	Cherbourg, Southampton	Sailings every 3 weeks	1	16,240
Do	do	Plymouth, Cherbourg, Bremen	Weekly sailings	5	60,694
American Scantic Line	North Atlantic ports	Scandinavian Baltic ports	2 sailings per month	7	55,740
American Diamond Lines	New York	Rotterdam	Sailings every 12 days	4	36,107
Do	Philadelphia, New York	Antwerp/Rotterdam	2 sailings per month	4	34,600
Do	Boston, Baltimore, Hampton Roads	do	do	4	33,604
America-France Line	Baltimore, Philadelphia, New York	Havre, Dunkirk	Sailing every 10 days	6	54,651
Do	Philadelphia, New York	Bordeaux, St. Nazaire	Sailing every 20 days	3	23,490

TABLE V.—*Statement of vessels assigned to passenger and cargo service maintained by the United States Shipping Board as of June 30, 1925*—Continued

EUROPEAN SERVICES—Continued

Operator	From—	To—	Frequency	Steamers in service	Deadweight tonnage
Yankee Line	Baltimore, Hampton Roads	Hamburg, Bremen	Sailing every 3 weeks	3	25,770
Do	Philadelphia, Boston	do	do	3	26,937
American Palmetto Line	South Atlantic ports	Liverpool, Glasgow	1 sailing per month	2	15,665
Do	do	Bremen, Hamburg	do	3	23,505
Do	do	London, Rotterdam, Antwerp	do	2	15,650
American Dixie Line	New Orleans, Texas ports	London	2 sailings per month	4	37,331
Do	Galveston, Houston	Liverpool, Manchester	do	4	38,648
Do	New Orleans	do	do	4	36,269
Do	do	Glasgow, Belfast, Avonmouth	Sailing every 25 days	4	35,502
Mobile Oceanic Line	Mobile, Pensacola, Gulfport	London	do	2	19,435
Do	do	Liverpool, Manchester	do	4	32,028
Do	do	Rotterdam, Havre, Hamburg, Bremen	2 sailings per month	5	43,992
Southern States Line	New Orleans	Rotterdam	do	4	34,668
Do	do	Bremen, Hamburg	do	6	53,211
Do	Texas ports	Bremen, Hamburg, Rotterdam	5 sailings per month	12	105,493
Mississippi Shipping Co	New Orleans	Havre, Antwerp	2 sailings per month	5	43,386
Texas Star Line	Houston, Galveston	do	4 sailings per month	6	54,565

MEDITERRANEAN SERVICES

American Export Lines	North Atlantic	French Mediterranean/west coast Italy.	2 sailings per month	6	46,837
Do	do	North Africa	1 sailing per month	3	23,475
Do	do	Malta, Greek Levant, Syria, Palestine.	2 sailings per month	7	54,805
Do	do	Piraeus, Salonica, Constantinople, Black Sea.	1 sailing per month	3	24,050
Gulf West Mediterranean	Gulf and South Atlantic	Portuguese/Spanish Atlantic	do	2	16,263
Do	do	Spanish Mediterranean, North Africa.	Sailing every 3 weeks	4	32,029
American Premier Line	do	French Mediterranean, west coast Italy.	3 sailings per month	7	61,847
Do	do	Adriatic/Greek Levant	1 sailing per month	4	31,315

SOUTH AMERICAN SERVICES

Pan American Line	New York	Rio de Janeiro, Santos, Montevideo, Buenos Aires.	Sailing fortnightly	4	45,660
American Republics Line	Boston, New York	Brazil and River Plate ports	Sailing monthly	5	42,581
Do	Philadelphia, Baltimore, and South Atlantic ports.	do	do	4	32,923
Do	Philadelphia, Norfolk	River Plate ports	do	4	32,457
American Delta Line	New Orleans and other Gulf ports (excluding Mobile).	Brazil and River Plate ports	Sailing fortnightly	9	75,494
American Dispatch Line	Mobile and other Gulf ports (excluding New Orleans).	River Plate ports	Sailing monthly	5	39,935
Pacific Argentine-Brazil Line	Pacific coast ports	Porto Rico and River Plate ports	do	5	43,000
American Antilles Line	New York	Virgin Islands, Trinidad, and the Guianas.	Sailing every 3 weeks	2	8,406

FAR EAST AND LONG-VOYAGE SERVICE

American Pioneer Line	North Atlantic ports	Japan and China	Sailing monthly	6	64,598
Do	do	Philippines and Dutch East Indies	do	6	65,188
Do	Gulf	Far East	do	8	92,956
American Far East Line	Los Angeles/San Francisco	Japan, China, Philippines	Sailing every 16 days	8	75,727
Oregon Oriental Line	Portland, Oreg	do	3 sailings monthly	10	86,527
American Oriental Mail Line	Seattle	do	Sailings every 12 days	5	57,223
Do	Puget Sound ports	do	2 sailings per month	6	56,720
Atlantic Australian Line	New York	Australia	Monthly sailings	6	55,857
Pacific Australian Line	United States Pacific ports	Australia and New Zealand	do	5	43,069
American India Line	New York	India	do	5	46,444
American South African Line	do	South and East African ports	do	5	44,317
American West African Line	do	West Africa	do	6	50,910
Do	Gulf ports	do	Sailing about every 4 months	1	8,527

TABLE VI.—*An analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1925*

Type	Total acquired from all sources		Conversions in type	Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1925	
	Number	Deadweight tons		Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Cargo steamers:															
Steel	1,521	10,098,868	−7 cargo converted to tankers; −3 cargo converted to coolie carriers; +11 transports converted to cargo	1,522	10,168,318	312	1,761,431	52	288,173	20	157,172			1,138	7,961,542
Steel, uncompleted [1]	1	9,400		1	9,400									1	9,400
Wood	307	1,123,400		307	1,138,163	263	983,838	22	82,910	4	6,008	18	65,407		
Composite	18	63,750		18	63,750	18	63,750								
Concrete	4	13,500		4	12,656	2	6,078	2	6,578						
Total	1,851	11,308,918		1,852	11,392,287	595	2,815,097	76	377,661	24	163,180	18	65,407	1,139	7,970,942
Tankers:															
Steel	143	1,394,180	+7 cargo converted to tankers.	150	1,447,493	109	1,073,150			12	131,680			29	242,663
Wood	1	4,700		1	4,700	1	4,700								
Concrete	8	60,000		8	56,285	3	19,970	1	7,500	3	21,315			1	7,500
Total	152	1,458,880		159	1,508,478	113	1,097,820	1	7,500	15	152,995			30	250,163
Passenger steamers:															
Steel	57	626,967		57	586,736	31	287,324	4	51,437	1	6,850			21	241,125
Iron	1	4,000		1	4,000	1	4,000								
Total	58	630,967		58	590,736	32	291,324	4	51,437	1	6,850			21	241,125
Refrigerator steamers, steel	19	161,400		19	143,358	1	11,600	1	5,524	3	25,314			14	100,920
Transports, steel	33	233,904	−11 transports converted to cargo.	22	126,280	5	31,670			17	94,610				
Colliers, steel	19	103,728		19	105,413	19	105,413								
Coolie carriers, steel			+3 cargo converted to coolie carriers.	3	11,395	3	11,395								

Tugs:															
Steel	86			86		47				22				17	
Wood	75			75		59		1		2				13	
Wood, uncompleted	1			1										1	
Total	162			162		106		1		24				31	
Barges:															
Steel	16	22,456		16	22,200	7	7,200			2	15,000			7	
Wood	94	279,500		94	279,500	88	276,000	1	3,500	2				3	
Total	110	301,956		110	301,700	95	283,200	1	3,500	4	15,000			10	
Sailing vessels:															
Steel	7	24,264		7	24,411	6	22,197	1	2,214						
Wood	12	34,500		12	34,500	10	34,500			2					
Total	19	58,764		19	58,911	16	56,697	1	2,214	2					
Finished hulls:															
Wood, cargo	115	447,700		115	447,700	115	447,700								
Wood, tugs	6			6		5		1							
Total	121	447,700		121	447,700	120	447,700	1							
Grand total	2,544	14,706,217		2,544	14,686,258	1,105	5,151,916	86	447,836	90	457,949	18	65,407	1,245	8,563,150

[1] Oakhurst.

TABLE VI.—*An analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1925*—Continued

VESSELS PURCHASED BY UNITED STATES SHIPPING BOARD

Type	Total vessels acquired by purchase		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1925		Total distributed	
	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Cargo:												
Steel	49	286,277	25	115,637	8	42,287	[2] 2	8,965	14	117,167	49	284,056
Wood	1	2,800	1	2,700							1	2,700
Total	50	289,077	26	118,337	8	42,287	[2] 2	8,965	14	117,167	50	286,756
Tankers, steel	5	31,150	1	1,193					4	30,000	5	31,193
Passenger:												
Steel	1	8,200	1	8,200							1	8,200
Iron	1	4,000	1	4,000							1	4,000
Total	2	12,200	2	12,200							2	12,200
Colliers, steel	10	33,378	10	35,063							10	35,063
Tugs:												
Steel	26		10				16				26	
Wood	[3] 3		1		[3] 1				1		3	
Total	[3] 29		11		[3] 1		16		1		29	
Barges, wood	5	2,500	5	2,500							5	2,500
Grand total	101	368,305	55	169,293	9	42,287	[2] 18	8,965	19	147,167	101	367,712

[2] Includes Santa Catalina, transferred to Navy for a monetary consideration.
[3] Includes Clinton, wood water carrier.

EX-ENEMY VESSELS SEIZED

Type	Total vessels seized		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1925		Total distributed	
	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Cargo:												
Steel	[4] 52	309,257	39	223,954	6	36,395	[4] 5	40,165	2	17,535	52	318,049
Wood	[5] 2						[5] 2				2	
Total	54	309,257	39	223,954	6	36.395	7	40,165	2	17,535	54	318,049
Passenger, steel	29	302,291	15	123,549	4	51,437	1	6,850	9	104,380	29	286,216
Transports, steel	9	39,629					9	39,629			9	39,629
Tugs, steel	1		1								1	
Barges, steel	3		3								3	
Sailing vessels:												
Steel	7	24,264	6	22,197	1	2,214					7	24,411
Wood	[6] 2						[6] 2				2	
Total	9	24,264	6	22,197	1	2,214	2				9	24,411
Grand total	[4 5 6] 105	675,441	64	369,700	11	90,046	[4 5 6] 19	86,644	11	121,915	105	668,305

[4] 2 submarine tenders, classed as cargo vessels (Bridgeport and Camden), included.
[5] Hermes (wood, motor) and Samoa (wood, gunboat) classed as cargo vessels.
[6] Auxiliary schooners (Atlas and Neptune) classed as sailers.

TABLE VI.—*An analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1925*—Continued

VESSELS TRANSFERRED FROM OTHER GOVERNMENT DEPARTMENTS TO UNITED STATES SHIPPING BOARD

Type	Total vessels acquired by transfer		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1925		Total distributed	
	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Cargo, steel	1	3,500	1	3,500							1	3,500
Passenger, steel	2	7,504	2	7,504							2	7,504
Transports, steel	[7] 2	14,500	[7] 2	13,060							2	13,060
Tugs:												
Steel	5								5		5	
Wood	2								2		2	
Total	7								7		7	
Barges, wood	5						2		3		5	
Grand total	17	25,504	5	24,064			2		10		17	24,064

[7] Includes cable ship Burnside.

VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

Type	Vessels originally constructed		Conversions in type	Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1925	
	Number	Deadweight tons		Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Cargo steamers:															
Steel	1,419	9,499,834	−7 cargo converted to tankers. −3 cargo converted to coolie carriers. +11 transports converted to cargo.	1,420	9,562,713	247	1,418,340	38	209,491	13	108,042			1,122	7,826,840
Steel, uncompleted.[1]	1	9,400		1	9,400									1	9,400
Wood	304	1,120,600		304	1,135,463	262	981,138	22	82,910	2	6,008	18	65,407		
Composite	18	63,750		18	63,750	18	63,750								
Concrete	4	13,500		4	12,656	2	6,078	2	6,578						
Total	1,746	10,707,084		1,747	10,783,982	529	2,469,306	62	298,979	15	114,050	18	65,407	1,123	7,836,240
Tankers:															
Steel	138	1,363,030	+7 cargo converted to tankers	145	1,416,300	108	1,071,957			12	131,680			25	212,663
Wood	1	4,700		1	4,700	1	4,700								
Concrete	8	60,000		8	56,285	3	19,970	1	7,500	3	21,315			1	7,500
Total	147	1,427,730		154	1,477,285	112	1,096,627	1	7,500	15	152,995			26	220,163
Passenger steamers, steel.	25	308,972		25	284,816	13	148,071							12	136,745
Refrigerator steamers, steel.	19	161,400		19	143,358	1	11,600	1	5,524	3	25,314			14	100,920
Transports, steel	22	179,775	−11 transports converted to cargo.	11	73,591	3	18,610			8	54,981				
Colliers, steel	9	70,350		9	70,350	9	70,350								
Coolie carriers, steel			+3 cargo converted to coolie carriers.	3	11,395	3	11,395								

[1] Oakhurst.

TABLE VI.—*An analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1925*—Continued

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

Type	Vessels originally constructed		Conversions in type	Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1925	
	Number	Deadweight tons		Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
Tugs:															
Steel	54			54		36				6				12	
Wood	70			70		58				2				10	
Wood, uncompleted.	1			1										1	
Total	125			125		94				8				23	
Barges:															
Steel	13	22,456		13	22,200	4	7,200			2	15,000			7	
Wood	84	277,000		84	277,000	83	273,500	1	3,500						
Total	97	299,456		97	299,200	87	280,700	1	3,500	2	15,000			7	
Sailing vessels, wood	10	34,500		10	34,500	10	34,500								
Finished hulls:															
Wood, cargo	115	447,700		115	447,700	115	447,700								
Wood, tugs	6			6		5		1							
Total	121	447,700		121	447,700	120	447,700	1							
Grand total	2,321	13,636,967		2,321	13,626,177	981	4,588,859	66	315,503	51	362,340	18	65,407	1,205	8,294,068

TABLE VII.—*Accomplishments and disposition of billed accounts receivable, fiscal year ended June 30, 1925*

Code account No.	Name of account	1 Unsettled accounts as of record at June 30, 1924	2 Charges recorded during fiscal year	3 Total of columns 1 and 2	4 Cash receipts during current fiscal year	5 Credits recorded during fiscal year including adjustments and write-offs	6 Total of columns 4 and 5	7 Unsettled accounts as of record at June 30, 1925
25.1	Foreign governments [1]	$16,837,665.45	$22,222,697.95	$39,060,363.40	$24,351.97	$502,122.80	$526,474.77	$38,533,888.63
25.2	United States Government departments	761,959.23	151,286.24	913,245.47	159,456.28	711,180.56	870,636.84	42,608.63
25.3	Miscellaneous debtors	4,590,303.00	3,120,574.58	7,710,877.58	2,235,789.99	3,160,974.85	5,396,764.84	2,314,112.74
25.4	Ship sales (deferred)	2,636,793.96	5,309,985.38	7,946,779.34	4,473,839.01	3,126,377.90	7,600,216.91	346,562.43
25.5	Ship sales (reconveyed)	608,895.07	100,818.34	709,713.41	249.71	1,632.95	1,882.66	707,830.75
25.6	Surplus and salvage material	177,789.15	3,844.58	181,633.73	13,309.96	98,093,38	111,403.34	70,230.39
25.7	Bankrupt and doubtful debtors and accounts in hands of legal division	61,761,006.32	12,375,557.13	74,136,563.45	337,025.20	30,072,183.59	30,409,208.79	43,727,354.66
25.8	Pending settlement of claims	15,638,648.03	4,695,327.90	20,333,975.93	144,373.88	5,915,064.31	6,059,438.19	14,274,537.74
25.9	Freight claims	22,789.34	7,732.19	30,521.53	6,983.01	14,959.20	21,942.21	8,579.32
25.10	Ship sales (bankrupt, etc.)	28,502,703.28	4,584,447.61	33,087,150.89	4,738.86	24,756,434.37	24,761,173.23	8,325,977.66
25.11	Transportation and housing	1,270,524.89	149,074.01	1,419,598.90	81,338.98	543,271.13	624,610.11	794,988.79
25.12	Insurance accounts	1,167,436.26	918,560.98	2,085,997.24	719,492.46	142,776.18	862,268.64	1,223,728.60
25.13	Assets purchased from receivers	174,270.35	37,651.96	211,922.31	3,343.12	105,962.57	109,305.69	102,616.62
402.5	Receivables arising from miscellaneous sales	----------	3,525,796.79	3,525,796.79	9,444.14	----------	9,444.14	3,516,352.65
		134,150,784.33	57,203,355.64	191,354,139.97	8,213,736.57	69,151,033.79	77,364,770.36	113,989,369.61

[1] Included in the charges recorded during the fiscal year in account 25.1, foreign governments, is an amount of $21,895,273.98 against the German Government. This amount was awarded the United States Shipping Board by the Mixed Claims Commission for damages arising out of the destruction and injury to its property during the late war by Germany and her Allies. Of this amount $5,395,273.98 is interest on the sum awarded, $16,500,000, at the rate of 5 per cent per annum from Nov. 11, 1918. Interest calculated to May 27, 1925.

TABLE VIII.—*Summarized consolidated cash statement, by appropriation, for the fiscal year ended June 30, 1925*

Code	Caption	Total	U. S. Shipping Board			U. S. Shipping Board Emergency Fleet Corporation				
			Salaries and expenses, 1924	Salaries and expenses, 1925	Reserve for liabilities	Current appropriation, fiscal year 1925	Claims settlement	Construction loan fund	Liquidation fund	Dieselization fund
	Unexpended balance July 1, 1924	$107,527,913.72	$36,542.63		$42,591,353.20		$4,018,086.27	$60,881,931.62		
RA	Receipts from appropriations	30,433,656.47		$433,656.47		$30,000,000.00				
	Sales:									
RB	Sales of vessels, tugs, and/or barges	7,801,778.28						4,676,066.40	$3,125,711.88	
RC	Sales of real estate, including buildings and improvements, housing projects, transportation projects, dry docks and marine railways, land, plants, equipment, and property not otherwise classified	1,276,041.70						608,507.17	667,534.53	
RD	Sales of surplus and salvage materials	415,316.96						116,992.10	298,324.86	
RE	Sales of fuel (oil and coal)	540,049.66			190,023.01	350,026.65				
RM	Sales of securities									
	Total sales receipts	10,033,186.60			190,023.01	350,026.65		5,401,565.67	4,091,571.27	
	Operation income—vessels:									
RF	Operation of vessels, revenue, including freight, passenger, mail, towage, lighterage, demurrage, salvage revenue, and other miscellaneous vessels revenue	99,998,069.38			707,318.93	99,290,750.45				
RG	Charter-hire revenue	122,478.82			72,996.89	49,481.93				
	Total vessel-operation receipts	100,120,548.20			780,315.82	99,340,232.38				
	Other operations:									
RH	Real estate operation and rental revenue, including revenue, operation or rental of buildings, housing projects, transportation project, dry docks and marine railways, wharves, land, and/or equipment	602,426.63			10,186.24	592,240.39				
RI	Insurance premiums and dividends (other than vessel operation)	13,556.11			8,974.36	4,581.75				
RJ	Interest earned, including interest on bank balances, mortgages and loans, notes receivable, accounts receivable, etc	1,386,545.82			58,945.26	447,094.33		880,506.23		
	Total other operation receipts	2,002,528.56			78,105.86	1,043,916.47		880,506.23		

	Other receipts:									
RK	Custodian receipts, include alien income tax and other taxes, prepaid charges, water rents, deposits on sales, unclaimed wages, and other receipts that are of such a nature as denotes them as not definitely being property of the organization	3,225,082.84			29,883.39	3,195,199.45				
RL	Miscellaneous receipts, includes slop-chest earnings, foreign-exchange earnings, and receipts not otherwise classified	385,109.63			25,689.32	359,420.31				
	Total other receipts	3,610,192.47			55,572.71	3,554,619.76				
	Recovered disbursements:									
RDA	Vessels, expenditures for ship construction and the purchases of vessels only	6,852.71			6,368.54	484.17				
RDB	Major reconditioning expense	1,238.02			1,186.08	51.94				
RDC	Real estate, transportation projects, shipyards, buildings and improvements, plants, fuel-oil stations, equipments, and property not otherwise classified	217,441.34			136,349.83	81,091.51				
RDD	Operation of vessels expense, including managing compensation, allotments, advances to masters and subagents, maintenance of radio equipment charges, etc	11,396,254.55			270,125.45	11,126,129.10				
RDE	Vessel repair, to include all repairs whether of a maintenance, voyage expense, or insurance nature, reconditioning other than provided for in code DB., as well as all alterations, betterments, and additional purchase of equipment for a particular vessel	42,701.57			10,044.57	32,657.00				
RDG	Protection and indemnity insurance claims, including sale of damaged cargo, sweeping, etc	4,901.57			3,943.43	958.14				
RDH	Marine insurance losses (other than insurance repairs, which are provided for under code DE)	890,775.58			237,974.16	652,801.42				
RDJ	Lay-up expense, steel vessels	20,250.22			1,416.90	18,833.32				
RDL	Real estate operation and rental expense, includes expense of operating of buildings, housing projects, transportation projects, dry docks and marine railways, wharves, etc	1,756.91			589.06	1,167.85				
RDN	Fuel (oil or coal) purchased for resale	774.42			774.42					
RDO	Warehouse stores, material purchased for store stock	94.07			6.68	87.39				
RDP	Cancellation claims and losses	32,882.50					32,882.50			
RDR	Loans and/or advances that are recoverable or to be accounted for (to include material purchased for rebilling to contractor)	3,257,383.38			1,165,005.59	2,072,377.79		20,000.00		
RDT	Miscellaneous disbursements to include all other disbursements which can not positively be identified with any other code	5,403.67				5,403.67				
RDU	Salaries and wages	18,124.54				18,124.54				

TABLE VIII.—*Summarized consolidated cash statement, by appropriation, for the fiscal year ended June 30, 1925*—Continued

Code	Caption	Total	U. S. Shipping Board			U. S. Shipping Board Emergency Fleet Corporation				
			Salaries and expenses, 1924	Salaries and expenses, 1925	Reserve for liabilities	Current appropriation, fiscal year 1925	Claims settlement	Construction loan fund	Liquidation fund	Dieselization fund
	Marine insurance losses, etc.—Continued.									
RDV	Other general administrative expense	$75,199.73	$2,071.49	$9,645.88		$63,482.36				
RDW	United States protection and indemnity agency expense	9,615.15			$3,766.92	5,848.23				
	Total recovered disbursements	15,981,649.93	2,071.49	9,645.88	1,837,551.63	14,079,498.43	$32,882.50	$20,000.00		
	Total receipts	162,181,762.23	2,071.49	443,302.35	2,941,569.03	148,368,293.69	32,882.50	6,302,071.90	$4,091,571.27	
	Transfer of funds	12,346,343.65				3,796,120.71				$8,550,222.94
	Total	282,056,019.60	38,614.12	443,302.35	45,532,922.23	152,164,414.40	4,050,968.77	67,184,003.52	4,091,571.27	8,550,222.94
	Disbursements:									
	Construction, improvements and/or betterment—									
DA	Vessels, expenditures for ship construction and the purchase of vessel only	81,883.96			81,883.96					
DB	Major reconditioning expenses	581,707.08			579,340.51	2,366.57				
DC	Real estate, transportation projects, shipyards, building and improvements, plant, fuel oil stations, equipment, and property not otherwise classified	60,611.67			41,228.81	19,382.86				
DX	Cost of conversion to Diesel propulsion of Shipping Board vessels	332,587.86				474.88				333,062.74
	Total construction, improvements, and/or betterments disbursements	1,056,790.57			702,453.28	21,274.55				333,062.74
	Operation outgo—vessels—									
DD	Operation of vessels expense, including management compensation, allotments, advances to masters and subagents, maintenance of radio equipment, charges, etc.	109,711,298.52			1,816,670.64	107,854,678.73	39,949.15			
DE	Vessel repair, to include all repairs, whether of a maintenance, voyage expense, or insurance nature, reconditioning other than provided for in Code DB, as well as all alterations, betterments, and additional purchase of equipment for a particular vessel	13,696,270.69			2,488,747.78	11,207,522.91				

DF	Charter hire expense	36,834.82			36,797.82	37.00				
DG	Protection and indemnity insurance claims	584,365.23			535,752.87	48,612.36				
DH	Marine insurance losses (other than insurance repair which are provided for under code DE)	1,583,131.33			1,107,684.39	475,446.94				
DI	Recruiting service operation expenses	119,032.35			1,065.85	117,966.50				
DW	United States Protection and Indemnity Agency expense	283,466.93			28,329.73	255,137.20				
	Total vessels operations disbursements	126,014,399.87			6,015,049.08	119,959,401.64	39,949.15			
DJ	Lay-up of vessels—Lay-up expense, steel vessels	3,610,346.83			138,937.32	3,471,409.51				
	Other operations—									
DL	Real estate operation and rental expense, includes expenses of operating buildings, housing projects, transportation projects, dry docks and marine railways, wharves, etc	1,375,071.98			495,708.96	879,363.02				
DM	Insurance losses (other than operation of vessels)	13,174.28			13,174.28					
	Total other operation disbursements	1,388,246.26			508,883.24	879,363.02				
	Other disbursements—									
DN	Fuel (coal and oil) purchased for resale	3,707,571.32			20,871.65	3,686,699.67				
DO	Warehouse stores, material purchased for store stock	1,336,368.93			195,371.53	1,140,997.40				
DP	Cancellation claims and losses	480,737.09			57,907.73	*3,431.19*	426,260.55			
DQ	Disbursements for and on account of vessel purchases	46,893.18			46,242.96	650.22				
DR	Loans and/or advances that are recoverable or to be accounted for (to include material purchased for rebilling to contractors)	5,769,770.34			180,016.77	829,753.57		4,760,000.00		
DS	Appropriation funds returned to United States Treasury surplus account	478.47			478.47					
DT	Miscellaneous disbursements, to include all disbursements which can not positively be identified with any other code	136,726.44			16,771.78	118,694.66	1,260.00			
	Total other disbursements	11,478,545.77			517,660.89	5,773,364.33	427,520.55	4,760,000.00		
	General administrative expense—									
DU	Salaries and wages	5,694,201.04	1,150.00	266,659.82		5,426,391.22				
DV	Other general administrative expense	1,951,559.22	11,614.90	38,555.03		1,901,389.29				
	Total general administrative expense disbursements	7,645,760.26	12,764.90	305,214.85		7,327,780.51				

TABLE VIII.—*Summarized consolidated cash statement, by appropriation, for the fiscal year ended June 30, 1925*—Continued

Code	Caption	Total	U. S. Shipping Board			U. S. Shipping Board Emergency Fleet Corporation				
			Salaries and expenses, 1924	Salaries and expenses, 1925	Reserve for liabilities	Current appropriation, fiscal year 1925	Claims settlement	Construction loan fund	Liquidation fund	Dieselization fund
	Disbursements—Continued.									
	Remitted receipts—									
DRA	Appropriations	$134,133.71	$25,849.22	$108,284.49						
DRB	Sales of vessels, tugs, and/or barges	11,957.54			$7,643.09	$4,314.45				
DRC	Sales of real estate, including buildings and improvements, housing projects, transportation projects, dry docks, and marine railway, land, plant, equipments, and property not otherwise classified	25,500.00			25,500.00					
DRD	Sales of surplus and salvage materials	3,506.16			2,554.87	951.29				
DRF	Operation of vessels' revenue, including freight, passenger, mail, towage, lighterage, demurrage, salvage revenue, and other miscellaneous vessels' revenue	4,871,122.78			4,403.28	4,866,719.50				
DRH	Real-estate operations and rental revenue, including revenue operation or rental of building, housing projects, transportation project, dry docks, and marine railways, wharves, land, and/or equipment	8.00			8.00					
DRJ	Interest earned, including on bank balances, mortgages, and loans, notes receivable, accounts receivable, etc	19,235.62			125.00	19,110.62				
DRK	Custodian receipts—includes alien income tax and other taxes, prepaid charges, water rents, deposits on sales, unclaimed wages, and other receipts that are of such a nature as denotes them as not definitely being property of the organization	3,533,577.93			56,961.24	3,492,661.28	$3,955.41			
DRL	Miscellaneous receipts—includes slop-chest earnings, foreign exchange earnings, and receipts not otherwise classified	1,064.58			71.50	993.08				
	Total remitted receipts	8,620,106.32	25,849.22	108,284.49	97,266.98	8,384,750.22	3,955.41			
	Total disbursements	159,814,195.88	38,614.12	413,499.34	7,980,250.79	145,817,343.78	471,425.11	$4,760,000.00		$333,062.74
	Transfer of funds	12,346,343.65				3,550,222.94		5,000,000.00	$3,796,120.71	
	Unexpended balance June 30, 1925	109,895,480.07		29,803.01	37,552,671.44	2,796,847.68	3,579,543.66	57,424,003.52	295,450.56	8,217,160.20
	Total	282,056,019.60	38,614.12	443,302.35	45,532,922.23	152,164,414.40	4,050,968.77	67,184,003.52	4,091,571.27	8,550,222.94

Cash balances as at June 30, 1925	109,895,480.07		29,803.01	37,552,671.44	2,796,847.68	3,579,543.66	57,424,003.52	295,450.56	8,217,160.20
Unwithdrawn appropriation balance June 30, 1925	1,123,042.01	84,270.54	10,746.30		11,424.04	1,016,601.13			
Total cash and unwithdrawn appropriation balance as at June 30, 1925	111,018,522.08	84,270.54	40,549.31	37,552,671.44	2,808,271.72	4,596,144.79	57,424,003.52	295,450.56	8,217,160.20

TABLE IX.—*Balance sheet as at June 30, 1925*

ASSETS

A-1. Cash and unrequisitioned appropriations available for general purposes		$44,206,616.66	
Less amount in excess of outstanding obligations included in Schedule A-4		3,550,222.94	
			$40,656,393.72
A-2. Cash and unrequisitioned appropriation available for settlement of claims			4,596,144.79
A-3. Cash and unrequisitioned appropriations available for expenses of United States Shipping Board			124,819.85
A-4. Construction loan and Dieselization funds			89,345,611.58
A-5. Accounts receivable		105,140,040.57	
Less payable offsets	$1,910,983.60		
Less claims offsets	33,686,792.90		
Less reserve for doubtful or uncollectible accounts	65,933,302.87		
		101,531,079.37	
			3,608,961.20
A-6. Accounts receivable of managing operators			6,121,924.02
A-7. Notes receivable		7,087,635.89	
Less payable offsets	$623.75		
Less claim offsets	846,919.24		
Less reserve for doubtful or uncollectible notes	5,635,929.82		
		6,483,472.81	
			604,163.08
A-8. Operating supplies			7,056,055.90
A-9. Surplus material for sale			3,410,038.56
A-10. Land, structures, and equipment for sale			1,148,351.98
A-11. Mortgages receivable and securities		12,305,824.54	
Less claim offsets	$9,372,009.54		
Less reserve for estimated value	2,040,503.94		
		11,412,513.48	
			893,311.60
A-12. Accounts and notes receivable for ship sales		26,939,746.70	
Less payable offsets	$127,279.62		
Less reserve for uncollectible accounts and notes	24,782,357.72		
		24,909,637.34	
			2,030,109.36
A-13. Real estate and equipment used in operations			13,694,401.94
A-14. Estimated recoverable value of claims in favor of United States Shipping Board			4,106,767.46
A-15. Fleet (at appraised value)			176,115,920.00
A-16. Deferred accounts and commitment charges			16,580,947.83
Total			370,093,922.33

TABLE IX.—*Balance sheet as at June 30, 1925*—Continued

LIABILITIES

L-1. Accounts payable and unclaimed wages	$4,897,784.77	
Less receivable offsets	1,522,861.03	
L-2. Accounts payable of managing operators		$3,374.923.74
L-3. Deposits on sales and other contracts not consummated		18,053,043.89
Less receivable offsets	$576,270.02	
	226,376.98	
L-4. Suspense credits (receipts from ship sales contracts not fulfilled by purchasers)		349,893.04
Less receivable offsets	392,904.11	
	289,648,96	
L-5. Commitments (other than Dieselization)		103,255.15
L-6. Reserve for insurance claims and losses		3,987,722.54
L-7. Reserve for operating claims		11,362,555.36
		3,425,000.00
Total liabilities payable from general funds		40,656,393.72
L-8. Commitments for Dieselization		3,080,435.31
L-9. Reserve for claim settlements		4,596,144.79
L-10. Reserve for fleet liquidation		24,541,313.99
Net worth as at June 30, 1925		297,219,634.52
Total		370,093,922.33

SCHEDULE 1.—*Cash and unrequisitioned appropriations available for general purposes as of June 30, 1925*

Emergency shipping fund:		
General cash in the United States Treasury		$30,102,174.40
Restricted cash in the United States Treasury:		
Ship sales		4,127,087.26
Revolving funds		1,557,105.07
General cash in banks		231,710.39
Restricted cash in banks—		
Ship sales		644,994.66
Revolving funds, collection, foreign credit, special, and special disbursing officers' accounts		11,039,778.44
Cash in transit		597,437.19
Managing agents' trust fund cash		1,872,419.04
Good-faith deposits		201,183.92
Total		50,373,890.37
Additions:		
Disbursements from general cash for account of Dieselization contracts, for which general cash will be reimbursed from the Dieselization fund, subsequent to June 30, 1925	$103,374.15	
Unrequisitioned appropriations, emergency shipping fund	11,424.04	
Total additions		114,798.19
		50,488,688.56
Deductions:		
Amount of receipts from liquidation activities in excess of requirements for liquidation expenses, to be transferred to construction loan fund, subsequent to June 30, 1925	6,282,071.90	
Amount of cash and unexpended appropriations available for general purposes in excess of outstanding obligations, transferred to Dieselization fund	3,550,222.94	
Total deductions		9,832,294.84
Total		40,656,393.72

SCHEDULE 2.—*Reconciliation of cash balance June 30, 1925, as shown by treasurer's cash statement, with cash balance as shown by statement of assets and liabilities as at June 30, 1925*

Cash balance, as per treasurer's cash statement		$109,895,480.07
Deductions:		
Amount set aside for construction loan fund by authority of section 11 of the merchant marine act of 1920, and included in Schedule A-4	$57,424,003.52	
Amount established as a fund for the Dieselization of vessels and included in Schedule A-4	8,217,160.20	
Restricted cash available for settlement of claims, included in Schedule A-2	3,579,543.66	
Amount of cash available from 1925 salaries and expenses appropriation and included in Schedule A-3	29,803.01	
		69,250,510.39
		40,644,969.68
Addition:		
Unrequisitioned appropriation, emergency shipping fund, included in Schedule A-1		11,424.04
Total		40,656,393.72

SCHEDULE 3.—*Cash and unrequisitioned appropriations available for expenses of United States Shipping Board as at June 30, 1925*

Cash available for salaries and expenses, fiscal year 1925		$29,803.01
Unrequisitioned appropriations:		
Salaries and expenses, fiscal year 1924 (sundry civil act, Feb. 13, 1923)	$81,398.33	
Printing and binding, fiscal year 1924 (sundry civil act, Feb. 13, 1923)	2,872.21	
Salaries and expenses, fiscal year 1925 (sundry civil act, June 7, 1924)	10,746.30	
Total unrequisitioned appropriations		95,016.84
Total		124,819.85

TABLE X.—*Gross appropriations and allotments from inception to July 1, 1925*

	Original appropriation	Returned to United States Treasury surplus or reappropriated	Net appropriation	United States Shipping Board	United States Shipping Board Emergency Fleet Corporation
For fiscal years ended prior to July 1, 1923:					
United States Shipping Board—Acts of Sept. 7, 1916; June 12, 1917; July 1, 1918; July 19, 1919; June 5, 1920; Mar. 4, 1921; June 16, 1921; and June 12, 1922	$3,747,542.41	$533,605.59	$3,213,936.82	$3,213,936.82	
United States Shipping Board Emergency Fleet Corporation—					
Act Sept. 7, 1916, permanent fund	50,000,000.00		50,000,000.00		
Acts from June 15, 1917 to June 12, 1922, emergency shipping fund	3,363,553,000.00	37,689,497.61	3,325,863,502.39		
Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments	50,000,000.00	11,745,815.10	38,254,184.90		
Acts of Apr. 17, 1917, and July 1, 1918, national security and defense (presidential allotments)	29,512,426.27	4,524,107.72	24,988,318.55		
Total, United States Shipping Board Emergency Fleet Corporation	3,493,065,426.27	53,959,420.43	3,439,106,005.84		$3,439,106,005.84
Total for fiscal years ended prior to July 1, 1923	3,496,812,968.68	4,493,026.02	3,442,319,942.66		
For fiscal year ended June 30, 1924:					
United States Shipping Board—					
Act of Feb. 13, 1923—					
Board and secretary	89,000.00		89,000.00		
Printing and binding	5,000.00		5,000.00		
All other expenses	317,500.00		317,500.00		
Total, United States Shipping Board	411,500.00		411,500.00	411,500.00	
United States Shipping Board Emergency Fleet Corporation—Act of Feb. 13, 1923, current maintenance and operations	50,000,000.00		50,000,000.00		50,000,000.00
Total for fiscal year ended June 30, 1924	50,411,500.00		50,411,500.00		
For fiscal year ended June 30, 1925:					
United States Shipping Board—					
Act of June 7, 1924—					
Seven commissioners	84,000.00		84,000.00		
Printing and binding	5,000.00		5,000.00		
All other expenses	255,000.00		255,000.00		
Total United States Shipping Board	344,000.00		344,000.00	344,000.00	
United States Shipping Board Emergency Fleet Corporation—Act of June 7, 1924, current maintenance and operations	30,000,000.00		30,000,000.00		30,000,000.00
Total for fiscal year ended June 30, 1925	30,344,000.00		30,344,000.00		

For fiscal year ending June 30, 1926—					
United States Shipping Board—					
Act of Mar. 3, 1925—					
Seven commissioners	84,000.00		84,000.00		
Printing and binding	8,000.00		8,000.00		
All other expenses	238,000.00		238,000.00	(330,000.00)	
Total United States Shipping Board	330,000.00		330,000.00		
United States Shipping Board Emergency Fleet Corporation—Act of Mar. 3, 1925, current maintenance and operations	24,000,000.00		24,000,000.00		24,000,000.00
Total for fiscal year ending June 30, 1926	24,330,000.00		24,330,000.00		
Gross appropriations and allotments	3,601,898,468.68	54,493,026.02	3,547,405,442.66	4,299,436.82	3,543,106,005.84

TABLE XI.—*Statement of profit and loss, excluding liquidation, fiscal year, 1925*

[Amounts shown in italics represent losses]

Class of vessel	Number of terminations	Cargo tonnage and passengers	Estimated voyage revenue	Operating costs						Total expense	Profit or loss
				Estimated voyage expense	Adjustment	Insurance	Repairs	Advertising	Administrative expense		
Freighters	1,265	9,240,575	$61,560,063.21	$69,007,192.29	$1,837,597.63	$3,949,395.69	$6,619,084.61	$273,125.58	$4,307,520.54	$85,993,916.34	*$24,433,853.13*
Passenger and cargo (excluding United States Lines), passenger	78	[1] 66,868 [2] 1,001,275	17,882,503.08	14,877,179.43	754,122.88	551,611.33	2,572,320.75	446,431.77	479,533.36	19,681,199.52	*1,798,696.44*
United States Lines, passenger	67	[1] 76,435 [2] 256,634	15,958,945.00	15,506,937.42	525,523.44	472,961.18	1,036,668.87	366,271.40	366,445.64	18,274,807.95	*2,315,862.95*
Tankers	159	1,574,340	4,651,628.03	3,032,006.13	67,420.82	303,781.18	440,107.94		122,410.24	3,965,726.31	685,901.72
Total ocean operations	1,569	[1] 143,303 [2] 12,072,824	100,053,139.32	102,423,315.27	3,184,664.77	5,277,749.38	10,668,182.17	1,085,828.75	5,275,909.78	127,915,650.12	*27,862,510.80*
Tugs	131		349,456.33	321,120.00		16,455.96	23,799.85	243.49	4,731.70	366,351.00	*16,894.67*
Chartered vessels			57,554.42			23,540.45	1,000.00		12,624.61	37,165.06	20,389.06
Total vessel operations	1,700	[1] 143,303 [2] 12,072,824	100,460,150.07	102,744,435.27	3,184,664.77	5,317,745.79	10,692,982.02	1,086,072.24	5,293,266.09	128,319,166.18	*27,859,016.11*
Expenses of inactive vessels											*2,708,373.62*
Miscellaneous income, net											503,601.49
Profit or loss											*30,063,788.24*

[1] Passengers [2] Tons.

TABLE XII.—*Report of litigation for period June 28, 1924–June 27, 1925*

CASES WHERE UNITED STATES OR UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION IS PLAINTIFF

District	Cases pending June 28, 1924		Cases docketed during period June 28, 1924–June 27, 1925		Total		Amount after noting amendments, judgments, or reversals during period June 28, 1924–June 27, 1925		Cases settled during period June 28, 1924–June 27, 1925			Cases pending June 27, 1925	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount of suit	Amount of settlement	Number	Amount
Home office	4	$19,092,039.32	4	$271,540.03	8	$19,363,579.35	8	$11,944,904.39	2	$9,273.82	$7,385.64	6	$11,935,630.57
North Atlantic	24	6,691,117.29	6	2,056,300.32	30	8,747,417.61	30	6,545,441.93	4	1,660,144.93	888,163.97	26	4,885,297.00
Middle Atlantic	26	5,410,761.71	5	11,018,513.28	31	16,429,274.99	31	16,438,880.15	3	42,101.24	156.56	28	16,396,778.91
Central	2	46,714.47	3	42,112.40	5	88,826.87	5	85,826.87				5	85,826.87
Southern	3	7,848.78	5	163,205.61	8	171,054.39	8	171,054.39	2	26,182.16	26,113.21	6	144,872.23
Northern Pacific	7	3,547,709.31	3	7,549,183.02	10	11,096,892.33	10	10,936,423.34	1	232,398.40	115,000.00	9	10,704,024.94
Southern Pacific	1		1	5,978.30	2	5,978.30	2	5,978.30				2	5,978.30
All districts	67	34,796,190.88	27	21,106,832.96	94	55,903,023.84	94	46,128,509.37	12	1,970,100.55	1,036,819.38	[1] 82	44,158,408.82

CASES IN WHICH UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION IS DEFENDANT OR OBLIGATED TO DEFEND BY CONTRACT

Home office	22	$13,421,096.29	12	$492,825.00	34	$13,913,921.29	34	$1,324,122.53	3	$207,825.00		31	$1,116,297.53
North Atlantic	81	32,345,127.54	44	5,009,444.16	125	37,354,571.70	123	43,040,171.23	11	3,063,896.42	$54,779.55	112	39,976,274.81
Middle Atlantic	66	1,378,772.24	17	52,824.31	83	1,431,596.55	87	582,444.25	22	126,451.86	28,863.12	65	455,992.39
Central	10	274,063.95	2	1,640.93	12	275,704.88	12	176,352.53	7	161,640.14	14,154.87	5	14,712.39
Southern	41	1,678,519.13	5	4,779.47	46	1,683,298.60	45	1,661,528.62	10	187,357.02	20,662.03	35	1,474,171.60
Northern Pacific	18	11,367,630.17	2	51,707.27	20	11,419,337.44	19	11,369,337.44	2	26,707.27	1,707.27	17	11,342,630.17
Southern Pacific	3	49,403.00	3	60,970.48	6	110,373.48	6	110,373.48	1	258.45	126.40	5	110,115.03
Foreign	1	27,337.50			1	27,337.50	1	27,337.50				1	27,337.50
Total	242	60,541,949.82	85	5,674,191.62	327	66,216,141.44	327	58,291,667.58	56	3,774,136.16	120,293.24	271	54,517,531.42
Court of Claims	57	296,983,934.68	21	9,401,032.81	78	306,384,967.49	77	300,308,544.48	1	17,493,488.97		77	282,815,055.51
All districts	299	357,525,884.50	106	15,075,224.43	405	372,601,108.93	405	358,600,212.06	57	21,267,625.13	120,293.24	[2] 348	337,332,586.93

[1] Among this number are 16 cases, totaling $16,186,128.51, in which verdicts or judgments have been rendered.
[2] Among this number are 42 cases, totalling $209,539,027.58, in which verdicts or judgments have been rendered.

TABLE XII.—*Report of litigation for period June 28, 1924–June 27, 1925*—Continued

BANKRUPTCY AND RECEIVERSHIP CASES—CHANGES OCCURRING DURING PERIOD JUNE 28, 1924–JUNE 27, 1925

Cases pending June 28, 1924		Cases docketed during period June 28, 1924–June 27, 1925		Totals		Amount after noting amendments during period June 28–1924–June 27, 1925	Dividends received during period June 28, 1924–June 27, 1925	Cases settled or written off during period June 28, 1924–June 27, 1925			Balance June 27, 1925	
Number	Amount	Number	Amount	Number	Amount			Number	Amount of claim	Amount of settlement	Number	Amount
114	$59, 379, 109. 01	8	$47, 333. 16	122	$59, 426, 442. 17	$58, 738, 182. 32	$262, 611. 83	39	$8, 415, 958. 83	$18, 112. 53	83	$50, 059, 611. 66

TABLE XIII.—*Employees of the United States Shipping Board who were separated during the fiscal year ended June 30, 1925*

Name	Designation	Salary	Date effective
Boal, Marjorie	Clerk-typist	$1,320	Sept. 25, 1924
Buckley, Charles S	Junior clerk (temporary)	1,320	May 18, 1925
Burch, Edward C	Junior clerk	1,320	Apr. 6, 1925
Day, Blanche R	Junior clerk (temporary)	1,320	May 2, 1925
Dorrance, Katherine	Junior clerk	1,320	May 6, 1925
Dunn, Marie C	Senior typist	1,320	Mar. 31, 1925
Frederick, E. H.[1]	Special assistant to chairman	5,000	July 1, 1924
Hancock, Edna	Senior stenographer	1,800	Apr. 29, 1925
Horton, Mary C	Assistant librarian	1,560	May 10, 1925
Jenkins, J. C.[1]	Special expert	8,000	Nov. 16, 1924
Kremer, Carl P.[1]	Secretary	5,200	Mar. 15, 1925
Lyons, Hubert[1]	Messenger	1,200	Aug. 1, 1924
Maxwell, L. W	Special expert	3,800	June 12, 1925
Manghum, H. E	Examiner	4,000	Jan. 31, 1925
Miles, Florence G	Junior clerk	1,320	Nov. 24, 1924
Ricketts, Ralph A	Clerk	1,680	Aug. 8, 1924
Schwartz, Morris S	Tariff clerk	2,000	Mar. 19, 1925
Stewart, Josephine H	Senior stenographer	1,680	Sept. 18, 1924
Verdi, Joseph J., jr	Typewriter mechanic	1,800	Aug. 4, 1924
Waller, Raymond E	Electrician	1,680	Feb. 25, 1925

[1] Transferred to Emergency Fleet Corporation roll.

Compensation of employees of United States Shipping Board in service on June 30, 1925

Name	Designation	Legal residence	Rate per annum
C. O. Arthur	Examiner	Indiana	$4,000
Edward J. Barnes	Assistant clerk	Washington, D. C	1,080
W. S. Benson	Commissioner	Georgia	12,000
Lillian Boswell	Junior statistical clerk	Missouri	1,320
Ruth Bowsman	Junior clerk	Washington, D. C	1,320
Robert L. Boyd	Laborer	do	900
Lylle R. Buskey	Attorney	Virginia	4,000
Ruth E. Cain	Junior clerk	New York	1,320
Robert E. Caine	Examiner	Washington, D. C	3,000
Mabel G. Carragher	File clerk	Massachusetts	1,320
Lora S. Cass	Senior stenographer	Oklahoma	1,800
Lettie B. Chapman	Clerk	Washington, D. C	1,560
Jean L. Colwell	Junior clerk	Michigan	1,320
Edward P. Cotter	Assistant to chief statistician	Connecticut	3,000
Blanche M. Curry	Senior stenographer	Washington, D. C	1,440
Maude Darracott	do	South Carolina	1,440
Albert D. Davis	Cabinetmaker	Virginia	1,980
Laura M. Davis	Senior stenographer	Washington, D. C	1,800
Maude S. Dawson	Clerk	Nebraska	1,560
Thomas H. Deckelman	Chief file clerk	Maryland	1,800
Ernest M. Dew	Senior clerk	Ohio	3,000
Margaret E. Dowden	Clerk	Washington, D. C	1,560
Dan P. Eldridge	Examiner	do	3,000
Daniel Eskridge	Head porter	do	1,200
Caroline D. Flanner	Senior clerk	do	2,400
F. H. Flinn	Assistant chief clerk	New Jersey	2,700
M. L. Fowler	Purchasing agent	South Carolina	3,000
David D. Fredericks	Junior clerk	New York	1,320
Maybelle Fry	Telephone operator	Washington, D. C	1,320
Bert E. Haney	Commissioner	Oregon	12,000
Olive M. Henderson	Clerk	Virginia	1,440
Lillian M. Hildebrand	Senior stenographer	Maryland	1,800
William S. Hill	Commissioner	South Dakota	12,000
Nettie J. Hipple	Senior stenographer	Pennsylvania	1,800
Gertrude Hyman	Senior typist	Washington, D. C	1,320
Mina G. Irvine	Administrative assistant to chairman	New York	4,200
James Jackson	Porter	Virginia	960
Emily Kemper	Clerk	Kentucky	1,320
Larkin King	Laborer	Washington, D. C	1,080
Olive B. King	Clerk	do	1,800
Gladys E. Kidd	Junior Clerk	Illinois	1,320
L. A. LeBuffe	Clerk	South Carolina	1,680
Mary F. Leddy	Examiner	California	3,000
Meyer Lissner	Commissioner	do	12,000
Sarah L. McQueen	Senior clerk	Maryland	2,400
Bessie C. Mallicote	Stenographer	Washington, D. C	1,560

Compensation of employees of United States Shipping Board in service on June 30, 1925—Continued

Name	Designation	Legal residence	Rate per annum
Julius Manns	Laborer	Washington, D. C	$900
James H. Mathiot	Chief draftsman	Maryland	1,800
Roy H. Morrill	Secretary	Massachusetts	5,200
Lillian E. Mullin	Senior typists	Washington, D. C	1,320
John Nicolson	Special expert	New York	7,500
Alice F. Nollner	Senior stenographer	Washington, D. C	1,560
T. V. O'Connor	Chairman	New York	12,000
Lottie Penn	Senior typist	Maryland	1,440
M. J. Pierce	Chief clerk	Tennessee	3,500
E. C. Plummer	Commissioner	Maine	12,000
Logan Pressler	Clerk	Ohio	1,860
Virginia W. Price	Examiner	Virginia	3,000
Fred A. Quinn	Senior clerk	Pennsylvania	2,700
L. E. Ranck	Clerk	do	1,800
J. G. Reckert	Assistant purchasing agent	Washington, D. C	2,400
Katherine C. Renz	Telephone operator	do	1,320
Joseph H. Rhoderick	Clerk	do	1,560
L. R. Roberts	Chief filing section	Iowa	2,600
Harry S. Riggles	Junior clerk	Virginia	1,320
John A. Russell	Assistant secretary	Michigan	3,600
Evelyn M. Sackett	Senior stenographer	Washington, D. C	1,680
J. E. Saugstad	Special expert	New York	3,000
D. W. Shannon	Multigraph operator	Washington, D. C	1,440
Rilla M. Skinner	Librarian	do	2,000
Glen R. Snider	Admiralty counsel	Washington	10,000
Marietta A. Stevens	File clerk	Indiana	1,320
Margaret D. Stratton	Copyist draftsman	Washington, D. C	1,560
F. I. Thompson	Commissioner	Alabama	12,000
Anna Tiede	Examiner	California	3,000
Landon W. Trudgian	Assistant to secretary	Washington, D. C	2,600
Emma Von Toerne	Senior stenographer	Wisconsin	1,980
Thomas A. Wadden	Senior examiner	South Dakota	5,000
Lillian Wagner	Senior typist	Minnesota	1,560
May Wagner	do	Washington, D. C	1,320
Alma L. Webster	do	do	1,440
George West	Messenger	California	1,200
Bertha E. Wolfe	Clerk	Washington, D. C	1,680
J. S. Woodruff	Attorney	New Jersey	5,000
W. M. Woods	Accountant	Massachusetts	2,400
Virginia E. Woodward	Clerk	Maryland	1,560
W. H. Woolfolk	Examiner	Virginia	2,700
Marie C. Wyatt	Telephone operator	Washington, D. C	1,320
Walter Ziwn	Senior typist	Pennsylvania	1,440

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