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69th Congress, 2d Session - - - - - - - - - House Document No. 507

ANNUAL REPORT

OF THE

GOVERNOR OF THE PANAMA CANAL

FOR THE

FISCAL YEAR ENDED JUNE 30

1926

WASHINGTON
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2. Stoney gate valve, upstream side, center wall culvert, Miraflores Lock. Interior view of lock tunnel taken at time of overhaul.

3. Miraflores power plant. New Diesel electric generating station in course of erection; estimated cost $290,000.

4. Launching of improved 1,000-yard scow, constructed at Balboa shops for dredging division. March 15, 1926.

5. Hull of buoy tender (*Coco Solo No. 2*) 65 feet long by 15 feet 6 inches beam, built at Balboa shops for lighthouse subdivision, being lowered into dock by dry-dock crane.

6. New (revised) type-17 cottage erected for housing of American employees. New Cristobal.

7. New telephone exchange building at Cristobal erected to house automatic equipment installed during fiscal year 1926. Ground floor to be used for district offices of electrical and municipal engineering divisions.

APPENDIXES NOT PRINTED

Reports of Heads of Departments and Divisions

Reports for the fiscal year 1926 have been made as follows and may be consulted at the Washington office of The Panama Canal or at the office of the Governor, Balboa Heights, Canal Zone:

Engineer of maintenance:
- Assistant engineer of maintenance, report of.
- Pacific locks, report of superintendent.
- Atlantic locks, report of superintendent.
- Electrical division, report of electrical engineer.
- Municipal engineering division, report of municipal engineer.
- Dredging division, report of superintendent.
- Office engineer, report of.
- Meteorology and hydrography, report of chief hydrographer.
- Surveys, report of assistant engineer.
- Gatun dam and backfills, report of general foreman.

Marine division, report of superintendent.

Mechanical division, report of superintendent.

Supply department, report of chief quartermaster.

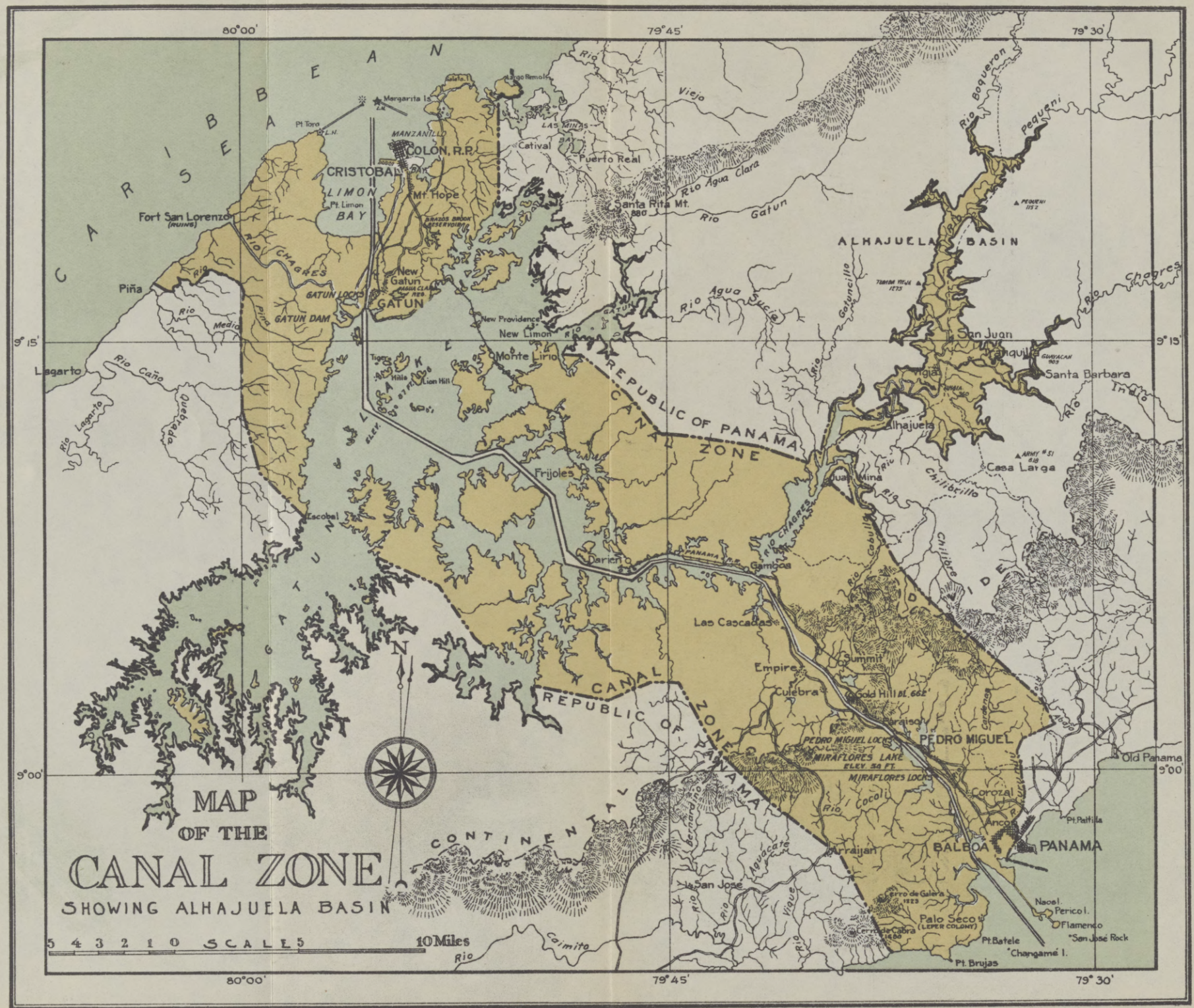
Executive department:
- Division of civil affairs, report of chief of division.
- Police and fire division, report of chief of division.
- Division of schools, report of superintendent of schools.
- Bureau of clubs and playgrounds, report of general secretary.

District attorney, report of.

Accounting department, report of the auditor.

Land agent, The Panama Canal and Panama Railroad Co., report of.

Purchasing department, report of the general purchasing officer and chief of Washington office.



House Doc. No. 507, 69th Cong., 2 Sess.

ANNUAL REPORT

OF THE

GOVERNOR OF THE PANAMA CANAL

BALBOA HEIGHTS, CANAL ZONE,
August 26, 1926.

The SECRETARY OF WAR,
Washington, D. C.

SIR: Herewith is the report of the Governor of The Panama Canal for the fiscal year ended June 30, 1926.

Respectfully,

M. L. WALKER, *Governor.*

INTRODUCTION

Administration of The Panama Canal involves three main elements, (*a*) the operation and maintenance of the canal proper, which includes activities in putting ships through the canal and maintaining the waterway, (*b*) operation of auxiliary business enterprises necessary for shipping and the canal force, such as coal and oil stations, storehouses for foodstuffs and supplies, including chandlery, marine and railway repair shops, quarters for the working force, terminal facilities for transhipment of cargo and passengers, operation of the Panama Railroad on the isthmus and the Panama Railroad Steamship Line between New York and the isthmus, and other enterprises which are commonly conducted by private organizations, and (*c*) administration of government for the Canal Zone, populated by 8,000 American civilians, 9,000 Americans in military and naval forces, and 20,000 natives and West Indians, in which administration are embraced education, sanitation and hospital service, post offices, police and fire protection, customs and quarantine services, etc. The conduct of these works is under nine major departments or divisions reporting to the Governor, in whom are centralized responsibility and control for the entire organization.

OPERATION AND MAINTENANCE OF THE CANAL

The primary function of the canal is the dispatch of vessels through the waterway with safety and a minimum of delay. No interruptions to traffic, due to slides or other causes, occurred throughout

the year. Including public vessels of the United States, Panama, and Colombia, a total of 5,749 sea-going vessels, or an average of approximately 16 per day throughout the year, passed through the canal. Of these, 1,786 stopped at the terminal ports for the purpose of loading and discharging passengers and cargo, for necessary repairs, or to secure fuel or other necessary supplies.

In the handling of this traffic in the restricted waters of the canal and the harbors of the two terminal ports, a total of 83 accidents occurred, the majority being of a trivial nature, and the most serious of which (other than a fire involving a loss of $29,350, not incidental to the vessel's transit of the canal) resulted in damages to the vessel estimated at $19,575.

The scouting fleet and control force of the United States Navy passed through the canal southbound during February, and returned northbound in March, making the transit in both directions without interference to commercial traffic, and without circumstance except the necessary overtime work incidental thereto on the part of the operating forces.

The necessary maintenance work and various improvement projects were carried forward without interruption to commerce.

BUSINESS OPERATIONS

Commerce requires and has a right to expect at the canal certain conveniences, such as coaling stations, fuel oil plants, repair shops, dry docks, adequate terminal facilities for the transshipment of cargo, storehouses for the purchases of ships' chandlery, and other essential supplies. Employees must be housed and fed, and assured of transportation for themselves and families to and from the United States at reasonable prices. To meet these requirements, the business enterprises auxiliary to the canal were established. Some of them—for instance the coaling plants, the commissaries, and the steamship line—are operated by the Panama Railroad Co. and with railroad funds, but except for purposes of accounting the distinction is unimportant. The Governor of the Panama Canal is president of the Panama Railroad Co., and all the business units operated by the railroad company are integral parts of the Panama Canal organization.

By furnishing fuel and other supplies to shipping at reasonable rates and in providing facilities for making essential operating repairs, the operation of these business units directly promotes shipping through the canal; by providing food, clothing, and steamer transportation to employees at a minimum of cost and red tape, they are instrumental in keeping a contented and efficient working force; and in the event of war these subsidiary business enterprises would be invaluable in helping to meet the military and naval demands of the United States upon the Isthmus.

ADMINISTRATION—GOVERNMENT

The carrying out of the usual functions of government, such as construction and maintenance of streets, water supply, sewers, quarantine, immigration service, public health, posts, customs, schools, police and fire protection, aids to navigation, steamboat inspection, hydrographic and meteorological work, etc., which in the United States are directed by various officers of the National, State, and municipal governments, are here intrusted to the governor, and are executed under his authority and responsibility. This concentration of governmental activities under one responsible head simplifies the problem of economical and efficient administration since it has been found in many instances to be practicable to assign governmental functions to department heads and their subordinates. The cost of government is thus merged with that of administration, and complete cooperation as well as greater efficiency in the primary work of putting vessels through the canal is thus assured.

NET REVENUE OF THE CANAL AND ITS AUXILIARIES

For the fiscal year 1926 the net income from tolls and other miscellaneous receipts grouped under the head of "Transit revenue" was $15,151,668.06, as compared with $13,465,924.72 in 1925 and $16,307,948.50 in 1924.

The net profits on auxiliary business operations conducted directly by The Panama Canal, of which the most important are the mechanical shops, material storehouses, and fuel oil plants, totaled $841,310.29, as compared with $765,916.85 in 1925, and $901,624.12 in 1924; while those conducted by the Panama Railroad Co., exclusive of the Panama Railroad Steamship Line, but including commissaries, docks, coaling plants, and cattle industry, showed a profit of $1,347,887.33, as compared with $1,525,910.13 in 1925, and $1,044,887.04 in 1924. The total net revenue of the year from all sources, exclusive of the Panama Railroad Steamship Line, was $17,340,865.68, as compared with $15,757,751.70 for 1925, and $18,254,459.66 in 1924.

In tabulated form the financial results of the operation of the canal and its auxiliaries on the Isthmus were:

	1926	1925
Net transit revenue	$15,151,668.06	$13,465,924.72
Net revenue on Panama Canal business operations	841,310.29	765,916.85
Total net revenue, Panama Canal	15,992,978.35	14,231,841.57
Net revenue on Panama Railroad business operations	1,347,887.33	1,525,910.13
Combined net revenue	17,340,865.68	15,757,751.70

SERVICES RENDERED BY THE CANAL TO SHIPPING

In terms of service to shipping, the main items accomplished during the past fiscal year, as compared with 1925, were:

	1926	1925
Transits of the canal by ships paying tolls	5,197	4,673
Free transits	552	386
Calls at canal ports by ships not transiting canal	963	791
Cargo handled at ports (tons)	1,089,244	994,245
Coal sales and issues (tons)	347,619	340,966
Coal—number of ships served other than vessels operated by The Panama Canal	902	755
Fuel oil pumped (barrels)	12,562,146	11,142,357
Fuel oil—number of ships served other than vessels operated by The Panama Canal	2,064	1,908
Ships repaired, other than Panama Canal equipment	836	874
Ships drydocked, other than Panama Canal equipment	109	97
Provisions sold to ships (commissary sales)	$1,174,478.46	$932,471.30
Chandlery sold to ships (storehouse sales)	$109,590.58	$94,898.67

SECTION I

CANAL OPERATION AND TRADE VIA PANAMA

Traffic in 1926

For the year ended June 30, 1926, commercial traffic through the canal was greater than for the preceding 12 months but was less than in 1924, a record year.

As compared with 1925, the number of vessels transiting the canal (exclusive of public vessels of the United States and other ships exempt from the payment of tolls) increased from 4,673 to 5,197; and gross revenue from tolls rose from $21,400,523.51 to $22,931,055.98, an increase of more than one and one-half million dollars.

The decline in mineral-oil shipments, commented upon in the last two annual reports, apparently reached its ebb during the early part of the fiscal year, as for the last nine months the trend of oil shipments for the year was slightly upward, and the aggregate shipments for the year were approximately the same as for 1925. With oil shipments stabilized, the normal growth of traffic in other lines resulted in an increase in the volume of tonnage passing through the canal from 23,958,836 tons in 1925 to 26,037,448 tons during the past year.

With tankers excluded, the volume of tonnage passing through the canal has increased steadily the past four years as may be seen by the following table:

	Panama Canal net tonnage		Total
	Tankships	General cargo carriers, passenger ships, etc.	
Fiscal year 1923	5,374,384	13,231,402	18,605,786
Fiscal year 1924	10,212,047	15,936,831	26,148,878
Fiscal year 1925	6,424,622	16,430,529	22,855,151
Fiscal year 1926	6,324,240	18,450,351	24,774,591

As compared with the fiscal year 1924, the aggregate tonnage of general cargo carriers passing through the canal in 1926 was greater by more than two and one-half million net tons, but this gain was not sufficient to offset the decline in tanker tonnage. With tankers

excluded, 1926 traffic shows increases of 12 per cent over the preceding year and 16 per cent over 1924 with respect to net tonnage. For the 12 months ended June 30, 1926, tanker tonnage through the canal comprised approximately 25 per cent of the total as compared with 39 per cent in 1924, the peak year for mineral-oil shipments.

Traffic figures for each fiscal year since the canal was opened to navigation are shown in the table below:

Fiscal year ending June 30—	Number of transits	Panama Canal net tonnage	Tolls	Tons of cargo
1915 [1]	1,075	3,792,572	$4,367,550.19	4,888,454
1916 [2]	758	2,396,162	2,408,089.62	3,094,114
1917	1,803	5,798,557	5,627,463.05	7,058,563
1918	2,069	6,574,073	6,438,853.15	7,532,031
1919	2,014	6,124,990	6,172,828.59	6,916,621
1920	2,478	8,546,044	8,513,933.15	9,374,499
1921	2,892	11,415,876	11,276,889.91	11,599,214
1922	2,736	11,417,459	11,197,832.41	10,884,910
1923	3,967	18,605,786	17,508,414.85	19,567,875
1924	5,230	26,148,878	24,290,963.54	26,994,710
1925	4,673	22,855,151	21,400,523.51	23,958,836
1926	5,197	24,774,591	22,931,055.98	26,037,448
Totals	34,902	148,450,139	142,134,397.95	157,907,275

[1] Canal opened to traffic August 15, 1914.
[2] Canal closed to traffic approximately seven months of fiscal year by slides.

With the exception of the first four months of the fiscal year, both net tonnage and cargo tonnage figures for 1926 show an increase over the corresponding month in the fiscal year 1925. Comparative traffic statistics for the two years are shown in the following tabulation:

Month	Number of transits		Panama Canal net tonnage		Tons of cargo	
	1924	1925	1924	1925	1924	1925
July	422	418	2,036,097	1,951,295	2,097,154	1,960,654
August	372	372	1,901,895	1,779,627	1,958,479	1,912,217
September	395	388	1,976,213	1,831,039	2,112,264	1,891,988
October	393	410	1,923,950	1,955,485	2,017,980	2,009,171
November	384	424	1,872,531	2,028,034	1,961,593	2,023,398
December	407	462	1,989,196	2,257,409	2,265,687	2,358,170
	1925	1926	1925	1926	1925	1926
January	401	479	1,960,015	2,300,187	1,907,469	2,346,643
February	379	424	1,789,447	1,991,127	1,839,619	2,139,207
March	398	506	1,964,106	2,398,694	2,104,324	2,607,046
April	382	425	1,840,692	2,048,247	1,950,902	2,237,567
May	372	470	1,847,682	2,243,103	1,823,042	2,416,701
June	368	419	1,753,327	1,990,344	1,920,323	2,134,686
Fiscal year	4,673	5,197	22,855,151	24,774,591	23,958,836	26,037,448

Traffic for the last six months of the fiscal year exceeded the traffic from January 1 to June 30 during any preceding year, being greater even than for the corresponding months in the record year of 1924:

Six months' period from—	Number of transits	Panama Canal net tonnage	Tolls	Tons of cargo
Jan. 1 to June 30—				
1923	2,327	11,300,437	$10,506,371.47	11,644,812
1924	2,520	12,711,878	11,830,496.83	13,478,977
1925	2,300	11,155,269	10,421,604.00	11,545,679
1926	2,723	12,971,702	11,971,900.28	13,881,850

PROPORTION OF TANKER TRAFFIC

The number of ocean-going vessels transiting the canal daily averaged 14.2 throughout the year, exclusive of public vessels of the United States and other ships exempt from the payment of tolls. Tank ships averaged 3 transits daily, and the remaining 11.2 transits were made up of general cargo carriers, passenger ships, warships of foreign nations, etc. In the table below the number of commercial vessels transiting the canal is shown by months, segregated to show the proportion of tankers to the total traffic:

	Proportion of tankers to total traffic					
	Total commercial transits			Average daily transits		
	Tankers	General	Total	Tankers	General	Total
July	87	331	418	2.8	10.7	13.5
August	71	301	372	2.3	9.7	12.0
September	63	325	388	2.1	10.8	12.9
October	73	337	410	2.4	10.9	13.2
November	90	334	424	3.0	11.1	14.1
December	96	366	462	3.1	11.8	14.9
January	100	379	479	3.2	12.2	15.4
February	85	339	424	3.0	12.1	15.1
March	104	402	506	3.4	13.0	16.3
April	102	323	425	3.4	10.8	14.2
May	118	352	470	3.8	11.4	15.2
June	101	318	419	3.3	10.6	13.9
Fiscal year—						
1926	1,090	4,107	5,197	3.0	11.2	14.2
1925	1,079	3,594	4,673	2.9	9.8	12.8
1924	1,704	3,526	5,230	4.6	9.6	14.2
1923	913	3,054	3,967	2.5	8.3	10.8

TANKER CARGOES

Tanker cargoes through the canal during the last six months of the fiscal year were greater by more than three-fourths of a million tons than for the first half, the gain being principally in the Californian crude. For the entire year, however, shipments of Californian crude were some 750,000 tons under last year and this loss, combined with the decreased shipments of Mexican crude, slightly more than offset

the net gains for the year in shipments of lubricating and refined mineral oils from California and of crude petroleum from Peru. The table below shows the origin of the bulk of tanker cargoes passing through the canal during the past four years:

Tanker Cargoes [1]

	Californian			Peruvian crude	Mexican crude	Total
	Crude	Refined	Lubricating			
July	163,369	239,408	10,137	45,612	9,120	467,646
August	164,060	217,893	9,936	29,774	0	421,663
September	179,273	99,812	0	37,283	9,915	326,283
October	131,640	134,953	10,049	102,201	0	378,843
November	161,537	171,995	0	57,540	0	391,072
December	367,494	160,965	12,770	39,275	0	580,504
January	254,125	147,632	62,375	86,109	0	550,241
February	274,956	139,742	12,551	17,000	0	444,249
March	301,888	150,800	0	55,056	0	507,744
April	301,877	201,535	17,452	86,917	0	607,781
May	391,427	193,576	0	72,615	0	657,618
June	402,597	117,880	9,953	56,028	0	586,458
Fiscal year—						
1926	3,094,243	1,976,191	145,223	685,410	19,035	5,920,102
1925	3,840,347	1,570,545	104,781	468,930	145,546	6,130,149
1924	8,501,010	782,588	49,652	371,512	257,776	9,962,538
1923	3,689,049	249,840	113,802	239,751	261,877	4,554,319

[1] This table shows the important oil shipments in tank steamers through the canal, but it is complete only for the headings shown. Occasional shipments of refined oil from Mexico and Peru and other tanker cargoes of miscellaneous origin are not included.

Mineral-oil shipments from the east coast of the United States totaled approximately 650,000 tons during the year, but as much of this was refined oil in cases, transported by general cargo carriers, it has been omitted from the tabulation above.

The development of the Colombian and Venezuelan fields may have considerable bearing on the future trend of mineral-oil shipments through the canal.

NATIONALITY OF VESSELS

Twenty-four flags were represented in the traffic passing through the canal, with vessels of United States registry comprising a larger share of the whole than those of any other nation. With respect to cargoes routed through the canal, vessels of United States registry carried approximately 53 per cent of the total; British vessels, 26 per cent; Norwegian vessels, 4 per cent; German vessels, 3½ per cent; Japanese vessels, 2½ per cent; and Swedish vessels, 2½ per cent. Combined, the vessels of these six countries carried 91 per cent of all the cargo that passed through the canal.

As compared with the preceding year, cargo passing through the canal was greater by 2,078,612 long tons. By flags, the principal increases were as follows: British, 833,785 tons; United States, 630,756 tons; Swedish, 353,819 tons; Norwegian, 208,568 tons; and

Italian, 142,174 tons. The cargo carried in Japanese bottoms was less by 278,934 tons, or a decline of 29 per cent; vessels of other countries showing an appreciable loss in cargo tonnage as compared with the preceding year were those of France with 83,133 tons and Holland with 66,276 tons.

Complete statistics for all flags contributing to the 1926 traffic through the canal appear in the table below:

Commercial traffic through the canal during fiscal year ended June 30, 1926, segregated by flags

TONNAGE

Flag	Number of transits	United States equivalent	Panama Canal net	Registered gross	Registered net	Tolls	Tons of cargo
Belgian	19	67,604	81,774	106,315	67,396	$78,052.62	87,829
British	1,423	5,492,171	7,039,542	8,822,954	5,493,568	6,569,712.05	6,750,843
Chilean	26	90,883	121,901	189,976	103,016	113,603.75	82,695
Colombian	46	4,514	4,897	7,733	4,120	5,195.40	5,378
Danish	63	187,344	234,753	284,425	183,749	223,595.27	295,530
Danzig	15	84,021	105,460	131,091	75,258	89,852.25	95,604
Dutch	93	393,317	530,652	635,315	393,065	489,405.80	552,741
Ecuadorian	3	448	453	847	464	477.90	340
Finnish	2	3,602	3,632	3,930	3,526	4,358.40	6,600
French	90	339,262	421,752	548,514	338,555	414,556.96	398,393
German	163	526,769	726,340	855,602	523,723	658,858.12	885,007
Greek	8	25,858	32,076	41,995	25,833	28,996.52	35,432
Honduran	20	20,730	28,443	34,580	20,746	25,541.40	6,126
Italian	90	326,139	379,990	519,376	316,967	405,031.30	322,236
Japanese	131	555,976	649,028	826,503	541,667	671,071.35	667,982
Yugoslav	33	102,081	133,028	160,277	101,609	127,601.25	231,994
Mexican	1	1,689	2,025	2,890	2,183	2,111.25	1,064
Norwegian	306	761,444	987,040	1,216,120	752,397	875,812.99	1,051,276
Panaman	53	52,089	84,295	109,044	70,310	64,187.40	63,922
Peruvian	64	89,421	149,162	231,676	122,329	111,618.67	94,778
Portuguese	1	2,116	2,360	3,825	2,611	2,645.00	4,500
Spanish	31	95,523	121,461	167,761	102,977	117,786.81	49,956
Swedish	84	272,064	369,272	786,996	326,400	311,174.14	636,266
United States	2,432	9,957,763	12,565,255	15,984,873	9,976,412	11,539,809.38	13,710,956
Total, 1926	5,197	19,452,828	24,774,591	31,672,618	19,548,881	22,931,055.98	26,037,448

VESSELS ENTITLED TO FREE TRANSIT AND LAUNCHES OF LESS THAN 20 TONS NET MEASUREMENT

Naval and other public vessels of the United States, Panama, and Colombia, and vessels sent through the canal solely for repair at the Balboa shops, are exempt from the payment of tolls, and such vessels are not included in the transit statistics of the preceding sections. They accounted for the following additional transits: Public vessels of the United States, 534; public vessels of the Republic of Panama, 5; of Colombia, 1; vessels for repairs, 12; or a total of 552. Launches of less than 20 tons net measurement are also excluded from the traffic statitics, although they are not exempt from the payment of tolls. They numbered 177 during the fiscal year 1926 and paid tolls aggregating $706.25.

If charges at commercial rates had been made against the 534 public vessels of the United States that transited the canal without payment of tolls, the revenue from tolls would have been increased by approximately $926,863.04 during the year.

TRADE ROUTES AND CARGO

The table next below shows the volume of cargo moving through the canal during the past four years over the principal trade routes. As in the past several years, the most important of these was the trade between the Atlantic and Pacific coasts of the United States. During the fiscal year ended June 30, 1926, more than 10,000,000 tons of cargo passed through the canal in the United States intercoastal trade, exceeding the tonnage of any previous year excepting 1924, when the mineral-oil shipments brought the cargo moving between United States intercoastal ports up to 13,527,378 tons, or an even 50 per cent of all the cargo passing through the canal that year. With respect to the total volume of cargo moving through the canal during 1926, the United States intercoastal trade comprised 38.7 per cent of the whole, as compared with 39.6 per cent in the year 1925.

The trade between the east coast of the United States and the west coast of South America ranked second in volume, the tonnage for 1926 being higher than for any preceding year and comprised 12.4 per cent of all cargo moving through the canal. This was largely a one-way movement, the volume of the northbound tonnage being more than six and one-half times the southbound.

Third in volume was the trade between Europe and the west coast of South America, and this is the only important trade showing a lower cargo movement for 1926 than for 1925. The decline was in the European-bound tonnage and the shrinkage was less than 100,000 tons.

The trade between Europe and the Pacific coast of North America showed gains over the preceding year. In the table following separate statistics are given in this trade for Canada and the United States, but the same steamship lines serve both countries, and the trade between the Pacific northwest and Europe should be considered as a unit. Combining the two trades, the cargo movement exceeded that of any previous year.

Trade between the east coast of the United States and the Far East showed an increase over the preceding year, but was less than in 1923 or 1924. Returning cargoes over this route aggregated less than one-third the volume of the outbound tonnage.

Trade between Europe and Australasia and between the east coast of the United States and Australasia in point of cargo tonnage was greater than the trade for any preceding year. Although not shown separately in the table below, Canadian trade with Australasia was also important, totaling 152,281 tons for the year.

Comparative cargo statistics for past four fiscal years, by principal trade routes through canal

Trade routes	Tons of cargo			
	1923	1924	1925	1926
United States intercoastal:				
Atlantic to Pacific	2,608,307	2,719,240	2,213,603	2,435,748
Pacific to Atlantic	5,460,246	10,808,138	7,282,656	7,633,856
Total	8,068,553	13,527,378	9,496,259	10,069,604
East coast United States-west coast South America:				
Atlantic to Pacific	275,313	373,348	377,864	423,730
Pacific to Atlantic	1,779,210	2,329,281	2,661,756	2,816,346
Total	2,054,523	2,702,629	3,039,620	3,240,076
Europe-west coast South America:				
Atlantic to Pacific	486,952	627,356	776,388	783,007
Pacific to Atlantic	1,263,034	1,378,501	1,708,626	1,612,733
Total	1,749,986	2,005,857	2,485,014	2,395,740
Europe-west coast Canada:				
Atlantic to Pacific	230,331	242,279	361,792	377,446
Pacific to Atlantic	885,670	1,211,535	1,409,277	1,681,663
Total	1,116,001	1,453,814	1,771,069	2,059,109
United States-Far East:				
Atlantic to Pacific	1,466,013	1,504,275	1,234,608	1,421,214
Pacific to Atlantic	443,272	294,003	266,269	333,834
Total	1,909,285	1,798,278	1,500,877	1,755,048
Europe-west coast United States:				
Atlantic to Pacific	375,700	427,992	334,761	324,540
Pacific to Atlantic	1,020,090	1,231,230	1,157,556	1,331,662
Total	1,395,790	1,659,222	1,492,317	1,656,202
Europe-Australasia:				
Atlantic to Pacific	415,861	509,477	518,406	543,825
Pacific to Atlantic	306,404	304,370	420,356	556,871
Total	722,265	813,847	938,762	1,100,696
East coast United States-west coast Canada:				
Atlantic to Pacific	168,140	130,364	178,110	199,175
Pacific to Atlantic	347,407	356,223	501,623	651,969
Total	515,547	486,587	679,733	851,144
United States-Australasia:				
Atlantic to Pacific	462,057	587,481	663,619	727,406
Pacific to Atlantic	72,534	47,777	28,195	33,087
Total	534,591	635,258	691,814	760,493
Miscellaneous routes and sailings:				
Atlantic to Pacific	597,585	738,288	739,246	801,006
Pacific to Atlantic	903,749	1,173,552	1,124,125	1,348,330
Total	1,501,334	1,911,840	1,863,371	2,149,336
Total traffic, all routes:				
Atlantic to Pacific	7,086,259	7,860,100	7,398,397	8,037,097
Pacific to Atlantic	12,481,616	19,134,610	16,560,439	18,000,351
Total	19,567,875	26,994,710	23,958,836	26,037,448

PRINCIPAL COMMODITIES

Complete manifests of cargo are not required of vessels transiting the canal. In lieu thereof, at the time of transit a briefly itemized statement, listing the origin and destination of the principal commodities carried, is submitted by the master. These itemized statements

are the basis of the statistics compiled on commodities passing through the canal, and, except for the items commonly carried in bulk, such as mineral oils, wheat, nitrate, and lumber, actual shipments of commodities are likely to be in excess of the tonnage reported by the vessels and shown in the annual summaries, since there is a natural tendency on the part of masters of vessels to classify small miscellaneous shipments under the head of "General cargo." Subject to errors arising from this source, the tonnage of the principal commodities shipped through the canal the past three years has been as follows:

Commodity movement

ATLANTIC TO PACIFIC

	Fiscal year ended June 30—		
	1926	1925	1924
Manufactures of iron and steel	1,525,280	1,416,135	1,691,712
Refined petroleum	566,075	690,770	648,750
Cement	283,328	359,831	303,724
Cotton	226,092	145,604	100,925
Coal	222,288	159,231	191,488
Tin	202,773	145,188	191,733
Sulphur	188,889	165,925	146,712
Phosphates	162,254	67,206	25,473
Sugar	158,997	91,461	32,952
Railroad materials	150,993	138,740	192,537
Machinery	134,411	133,024	181,112
Automobiles (exclusive of accessories)	125,820	124,972	110,351
Ammonia	108,104	88,199	78,813
Lubricating oils	106,575	75,049	110,835
Paper	101,493	101,827	90,885
Coke	93,344	96,114	90,447
Textiles	78,770	94,132	90,207
Tobacco	65,174	68,472	71,550
Crude petroleum	49,167	182,632	319,552

PACIFIC TO ATLANTIC

Crude petroleum	3,807,689	4,311,411	8,872,540
Lumber	3,200,311	2,255,421	1,824,438
Refined petroleum	1,977,543	1,573,430	799,234
Nitrates	1,878,050	2,155,814	1,744,580
Iron ore	1,334,408	1,045,383	888,198
Wheat	1,187,384	1,078,844	1,352,388
Canned fruit	356,609	255,688	229,691
Sugar	318,032	300,465	286,782
Copper (metal)	319,045	211,168	270,688
Barley	313,535	236,115	266,859
Food products in cold storage [1]	221,068	202,781	142,830
Canned fish	168,701	165,071	151,201
Dried fruit	150,229	135,832	103,469
Wool	146,092	91,586	84,696
Lubricating oils	145,484	104,781	49,672
Coffee	104,739	81,881	102,451
Lead	79,734	76,343	29,916
Copper ore	79,104	100,289	85,947
Copra	76,223	90,125	51,115
Cotton	65,850	75,358	54,253
Flour	64,391	82,402	36,943
Fresh fruit	63,495	45,376	25,063
Phosphates	58,585	38,483	39,032
Beans	54,565	101,218	60,030
Borax	51,951	50,428	46,791
Tin ore	51,325	27,955	24,677
Skins and hides	48,479	46,875	51,595

[1] Does not include fruit.

In the Atlantic-to-Pacific cargo movement, reported shipments of crude and refined mineral oils and of cement were lower than for the preceding year, while shipments of iron and steel, cotton, coal, phosphates, and sugar include the more important increases.

In the Pacific-to-Atlantic cargo movement, six commodities accounted for 14,000,000 out of a total of 18,000,000 tons of cargo passing through the canal. Of these six commodities, four show increases and two decreases as compared with 1925. As compared with the preceding year, lumber shipments were greater by almost a million tons, refined mineral oils by 400,000 tons, and iron ore by 300,000 tons. Shipments of crude petroleum declined 500,000 tons and nitrate cargoes were lower by 275,000 tons. Shipments of wheat, canned fruit, copper, and barley show increases of approximately 100,000 tons each.

CLASSIFICATION OF VESSELS

Of the 5,197 vessels which made the transit of the canal during the fiscal year 1926, 4,633 were steamers, 443 were motor ships, 64 were motor schooners, and the remaining 41 were sailing ships, tugs, etc. For the past three years the proportion of each class was as follows:

	1924	1925	1926
	Per cent	*Per cent*	*Per cent*
Steamers	94.4	92.0	89.2
Motor ships	3.9	6.0	8.5
Motor schooners	1.0	1.1	1.2
Miscellaneous	.7	.9	1.1
	100.0	100.0	100.0

Of the 4,633 steamers, 3,070 burned oil, 1,538 burned coal, and 25 were reported as fitted for either fuel. For the past three years the proportion of each class was as follows:

	1924	1925	1926
	Per cent	*Per cent*	*Per cent*
Oil-burning	69.1	69.4	66.2
Coal-burning	30.1	30.1	33.2
Either coal or oil	.8	.5	.6
	100.0	100.0	100.0

DETAILS OF THE TRADE

Further details of the trade through the canal will be found in the following tables in Section V of this report:

Table 67. Number of commercial transits by nationality, 1915–1926.

Tables 68–A and 68–B. Origin and destination of cargo, 1924–1926.

Table 69. Net tonnage of commercial vessels by nationality, 1915–1926.

Table 70. Cargo passing through canal, 1915–1926, segregated by nationality of vessels.

Dual Measurement System

For a number of years the administration has been endeavoring to have legislation enacted establishing the Panama Canal rules of measurement as the sole basis for computing tolls, thus removing the difficulties brought about by the necessity of having to use the above rules and also the United States rules for this purpose.

With a view to securing the cooperation and support of shipping interests in obtaining the passage of remedial legislation, the Governor of The Panama Canal attended two conferences of officials of American flag steamship lines. The representatives of the steamship companies placed themselves on record, however, that unless a toll rate not to exceed 80 cents per net ton for loaded ships and a proportionate rate for ships in ballast, based on Panama Canal measurement rules, were to be authorized they would oppose any change in the present system of measurements and toll rates at the canal.

Reducing the toll rate for laden vessels to 80 cents per net ton, Panama Canal measurement, with a corresponding reduction in the rate for ships in ballast, would reduce the revenue from tolls approximately 20 per cent, or, stated in terms of revenue, between four and five million dollars per annum based on the present volume of traffic.

From an administrative viewpoint, the authorization of the Panama Canal rules of measurement as the sole basis for the computation of tolls would be advantageous, but the present dual system of measurement is not so onerous, nor the advantages accruing from a single standard of measurement so great, as to justify any appreciable lowering of tolls in order to win over the support of the steamship interests who have opposed the enactment of this remedial legislation since it was first proposed.

The request for lower toll rates was made coincident with demands for 24-hour operation of the canal. Opposed to the request of intercoastal shippers for lower toll rates, protests have been made by the railroads, alleging that freight rates by water are so low that transcontinental rail carriers are unable to meet the competition of intercoastal steamship lines operating through the canal.

Hours of Operation

For the past several years a system of dispatching vessels through The Panama Canal on a prearranged time schedule has been followed, and experience has confirmed the effectiveness of the schedule in achieving safe and economical handling of shipping with slight delays.

In October, 1925, regulations were issued to the effect that vessels loaded with gasoline or naphtha will not be permitted to move about in canal waters during darkness or to transit the canal on such schedule as may cause them to encounter other vessels in Gaillard Cut, but they are permitted to clear from harbors for sea during darkness. To put this in effect, transit of such vessels is ordinarily restricted to places Nos. 1 and 2 on the northbound schedule.

Certain steamship interests having requested that the canal be placed under 24-hour operation, an analysis of the cost of lengthening the schedule for dispatching vessels through the canal was begun during the fiscal year 1925, and this study continued into the fiscal year 1926.

Under present operating conditions, for vessels at the Pacific entrance awaiting transit, the ship on No. 1 schedule is dispatched through the canal so as to reach the Miraflores Locks at 7 a. m. Subsequent dispatches are made at approximately 30-minute intervals until all awaiting traffic is disposed of, except that no vessel is permitted to begin the northbound transit unless she can be dispatched so as to reach Miraflores Locks by 3.30 p. m.

For vessels awaiting transit at the Atlantic entrance, the first two ships are dispatched so as to reach the Atlantic Locks at 7.15 a. m. and 7.25 a. m., respectively. Subsequent dispatches, averaging approximately two per hour, are made by schedule until all awaiting traffic is disposed of, except that no vessel is permitted to begin southbound transit unless she can be dispatched so as to reach Gatun Locks by 2.20 p. m.

The schedules outlined above for dispatching vessels through the canal require the Atlantic Locks to be operated from 7 a. m. to 11 p. m. daily and the Pacific Locks from 6.50 a. m. to 10.50 p. m. daily. Lengthening the hours of transit necessarily would prolong the hours of lock operation, which would mean added difficulties and increased costs of operation not only at the locks, but for other divisions of the canal as well.

Under present schedules for dispatching vessels, ships may begin transit of the canal approximately but 8 hours out of the 24. Theoretically, assuming that arrivals of ships at the canal entrances were evenly spaced throughout the 24 hours, two-thirds of the vessels arriving for transit would be delayed due to the present limited hours for beginning transit, and the delay awaiting transit would average about eight hours per vessel. By actual check of vessels

calling at the canal solely for the purpose of transit (i. e., not loading or discharging cargo, taking fuel, etc.), the average delay for the months of December, 1924, and May, 1925, was found to be approximately five hours per vessel. The average delay would have been greater, no doubt, except that the hour of arrival was timed somewhat to conform to canal operating hours by regulating the speed at sea, time of departure from last port of call, etc. One passenger line, using the canal regularly, stated that its vessels had never been delayed at canal ports due to the present limited dispatching hours.

Roughly speaking, one out of every three vessels transiting the canal berths at one of the terminal ports prior to transiting the canal. Not infrequently it is possible for these ships to utilize part or all of the time between the hour of arrival and the hour for beginning transit of the canal in loading or discharging cargo, taking fuel and water, or in making necessary repairs, so that the net delay for these vessels is less even than for those vessels whose sole object in calling is to make the transit of the canal.

After a thorough study of the question it was found that the additional costs resulting from 24-hour operation would be greatly in excess of the saving resulting to shipping through continuous operation. Further, that with the present volume of traffic any lengthening of the present hours of operation would be unwarranted, since the saving resulting to shipping would be offset through increased costs of operation.

When the volume of traffic reaches a point where the added costs resulting from the lengthening of hours of operation are offset by the resulting saving to shipping, the lengthening of the present dispatching schedule should receive serious consideration. For the present and for several years to come, it is highly desirable that for at least 8 hours during each 24 the Cut be clear of shipping, so that dredging operations in or near midchannel can be carried on without danger to life and equipment. This consideration is not so vital as to make 24-hour operation out of the question, if it were otherwise necessary, but it merits serious consideration, and militates strongly against the adoption of continuous operation with the present volume of traffic.

For the average vessel the time required to transit the canal is approximately eight hours. Assuming an average delay of five hours off the entrance awaiting transit, the total time required for a vessel transitting the canal, from deep-water Atlantic Ocean to deep-water Pacific Ocean (or vice versa), averages about 13 hours per vessel. It is understood that the average transit time at the Suez Canal is about 16½ hours, exclusive of time lost at entrance awaiting admittance to channel.

Twenty-four-hour operation has not been requested by all operators. There are some who prefer that the handling of their vessels in the canal during darkness, especially in the Cut, be minimized, for the reason that, regardless of aids to navigation, the calculation of distances at night is uncertain and navigation in narrow waters is attended by some danger.

Lockages and Lock Maintenance

At Gatun Locks there were no changes in the operating schedule during the year, three shifts being employed to cover the hours from 7 a. m. to 11 p. m., the second shift overlapping the first and third during the period of heaviest traffic. At Pedro Miguel and Miraflores the normal shifts remained the same as during the preceding year—7.30 a. m. to 9 p. m. at Pedro Miguel and 6.50 a. m. to 10.50 p. m. at Miraflores. The shifts overlap for the purpose of making double lockages from 9.30 a. m. to 5.30 p. m. at Pedro Miguel and at Miraflores from 9.20 a. m. to 5.20 p. m. During the overhaul period the shifts covered from 7 a. m. to 2 a. m. at Pedro Miguel and 6.50 a. m. to 3 a. m. at Miraflores.

The authorized force at all locks remained the same as at the close of the last fiscal year, one authorized position at Gatun Locks, vacant June 30, 1925, being filled. Very few changes in personnel occurred.

The average number of lockages per day was 14.3 at Gatun, 14.8 at Pedro Miguel, and 14.7 at Miraflores. The total number of lockages at all locks was 15,970, as compared with 14,480 in the fiscal year 1925, an increase of 10 per cent.

There were no accidents of any moment to vessels in the locks and no serious delays due to faulty operation or mechanical defects. In this connection the following are considered worthy of mention:

At Gatun 14 ships during the year were delayed for more than five minutes due to faulty operation and accidents. But four of these were delayed for more than 20 minutes, the total delay for the four aggregating 2 hours and 21 minutes.

The east chamber at Pedro Miguel was out of commission from 8 p. m., October 26 to 11.30 a. m., October 29, due to opening the upper valves and letting water into the chamber while the lower gates were closing, causing them to slam together, breaking the strut bolts and bending one gear and shaft.

On December 18, while tying up at the south approach wall at Miraflores, the United States submarine *S-42*, through confusion of signals in the engine room, ran under the fender chain, causing considerable damage to her forward deck, including the breaking of the gun mount. No damage was done to lock walls or mechanism.

The periodical overhaul of submerged parts at Pedro Miguel was completed between January 4 and March 4, 1926, the west chamber being out of commission 31 days and the east chamber 25 days. With the exception of 2½ days in February, 1926, when the west chamber of Gatun Locks was drained to sea level to install a new type of cylindrical valve, all other chambers were available for use throughout the year, only the usual routine maintenance work being done.

On March 20, 1926, Gatun Locks handled 27 toll-paying vessels and 1 United States Government vessel. This established a new record for one day's commercial traffic.

Lockages during the year are summarized in the following table:

Month	Gatun		Pedro Miguel		Miraflores		Total	
	Lockages	Vessels	Lockages	Vessels	Lockages	Vessels	Lockages	Vessels
1925								
July	428	525	435	516	431	513	1,294	1,554
August	373	452	396	465	390	464	1,159	1,381
September	393	462	410	479	406	480	1,209	1,421
October	421	513	436	489	433	492	1,290	1,494
November	418	499	438	506	434	511	1,290	1,516
December	465	553	487	552	483	547	1,435	1,652
1926								
January	481	573	460	551	475	554	1,416	1,678
February	434	579	447	596	456	592	1,337	1,767
March	509	643	547	672	536	659	1,592	1,974
April	424	547	444	548	434	546	1,302	1,641
May	460	567	475	582	464	570	1,399	1,719
June	407	473	423	478	417	475	1,247	1,426
Fiscal year:								
1926	5,213	6,386	5,398	6,434	5,359	6,403	15,970	19,223
1925	4,644	5,485	4,977	5,703	4,859	5,689	14,480	16,877
1924	5,260	6,205	5,572	6,297	5,520	6,277	16,352	18,779
1923	4,011	4,638	4,267	5,017	4,273	4,960	12,551	14,615

Power for Canal Operation

As in previous years, electric power for the operation of the canal was derived from a hydroelectric plant at Gatun and a reserve steam-generating plant at Miraflores. The combined generator output of the two plants averaged 5,031,756 kilowatt-hours per month, as compared with 5,409,357 kilowatt-hours per month last year. An average of 4,231,127 kilowatt-hours per month was distributed from substations during the past year, as compared with a corresponding figure of 4,235,057 kilowatt-hours per month for the preceding year. These figures show a transmission and distribution loss of 15.91 per cent for 1926 as compared with corresponding losses of 21.7 per cent in 1925 and 14.5 per cent in 1924. The higher system losses in 1925 were due primarily to the fact that the electro-steam boiler at the Miraflores steam plant was kept in service practically the entire dry season of that year, while its use was discontinued during the past dry season.

The plant at Miraflores was maintained on a stand-by basis during the greater part of the year. Due to the prolonged dry season and the resulting low level of Gatun Lake, the Miraflores plant was required to carry part of the power load from January 28 to June 7 in order to reduce the water consumption at the hydroelectric station at Gatun. The Miraflores plant carried about one-thirtieth of the total load in January and about one-fourth through the rest of the season until the first week in June, when normal hydroelectric operations were resumed.

At the Miraflores plant there were no interruptions to service during the year and but one at the Gatun hydroelectric station. On the 44,000-volt transmission line, there were 19 interruptions, all of which were of short duration.

At the close of the year work on the building being erected for the new Diesel electric generating station at Miraflores was about 90 per cent completed; one of the three new Diesel engines, complete with generator, together with the main switchboard, had been received on the isthmus; a second engine had passed satisfactory tests in the contractor's plant and was being prepared for shipment to the isthmus; and the construction of the third engine was underway.

Water Supply

Comparative data showing the inflow of water into Gatun Lake from all sources, utilization, and losses, for the fiscal years 1925 and 1926 are shown in the following table:

	Per cent of total, fiscal year		Billion cubic feet, fiscal year	
	1925	1926	1925	1926
Run-off above Alhajuela	35.4	35.0	69.54	55.01
Yield from land area below Alhajuela	45.5	41.7	89.24	65.46
Direct rainfall on lake surface	19.1	23.3	37.49	36.66
Total	100.0	100.0	196.27	157.13
Evaporation from lake surface	9.4	13.3	18.35	20.97
Gatun Lake lockages	16.0	19.8	31.30	31.14
Hydroelectric power	24.9	26.4	48.96	41.52
Spillway waste	53.1	39.5	104.31	62.07
Leakage and municipal water	.8	1.0	1.61	1.53
Decrease in storage	−4.2		−8.26	−0.10
Total	100.0	100.0	196.27	157.13

From a water-supply standpoint, the dry season's duration was from December 17, 1925, to May 24, 1926, a period of 159 days. The season was the second dryest since the formation of the lake, the dryest being that of 1919–20. At Alhajuela, the Chagres River discharge was 55 per cent below the 25-year four months (January to April, inclusive) dry season average, or 547 cubic foot-seconds against a mean of 1,223 cubic foot-seconds.

At the beginning of the dry season the elevation of Gatun Lake was 87.05 feet above sea level, from which height it fell continuously until the low elevation of 81.39 feet was reached on May 24. This represented a loss in storage of 25.83 billion cubic feet, as compared with 20.67 billion cubic feet for 1925 and 24.42 billion cubic feet in 1920.

Considering the period January 1 to May 24, 1926, approximately 1.15 feet of water storage on Gatun Lake was saved by the economical use of water at the locks and 1.25 feet by the transfer of load from the the Gatun hydroelectric station to the Miraflores steam plant. At the locks the best water-saving record to date was made during this season. Considering the five-month period (January to May, inclusive) the water requirements per through lockage per 24 hours were 52 cubic foot-seconds, as compared with 80 cubic foot-seconds during the same months in 1920; and for May, 1926, the requirements were brought to a new low mark of 45.7 cubic foot-seconds per through lockage per day.

The flow at the hydroelectric station was reduced in January from the normal rate of approximately 1,500 cubic feet per second to 1,306 cubic foot-seconds by taking off the load of the electrically heated boiler at Miraflores, and for the rest of the dry season was reduced still further, to approximately 1,000 cubic foot-seconds by also shutting down some of the turbines and placing the equivalent load on the steam plant.

Without these savings of water the elevation of Gatun Lake on May 24 would have been approximately 79.00 feet, or about 2.4 feet below the minimum stage of 81.39 feet actually recorded on that date.

Additional Storage at Alhajuela

The low level reached by Gatun Lake during the past dry season, in spite of economies of water effected by cross filling and other expedients at the locks and by partly shutting down the hydroelectric station, emphasizes the need of promptly beginning the work on the Alhajuela project, damming the upper Chagres to create additional storage of approximately 22,310,000,000 cubic feet. The extra storage would have facilitated operations during the past dry season, and with the growth of traffic which seems probable in the next five years the need will become imperative. As our plans provide for two years' road building to connect the site of the dam with the railroad and three years to build the dam after the road is completed, the importance of initiating the road construction without delay is obvious. The sums of $50,000 for the preparation of plans and $500,000 for the first year's work on the road were included in the estimate for the fiscal years 1926 and 1927 but eliminated by the

Bureau of the Budget. Similar provision has been made in the preliminary estimates for 1928; and, since the work should have been started two years ago it is expected that this year it will pass.

The depopulation of the area which will be flooded by the lake at Alhajuela was completed during the year, and practically all claims for land and improvements have been settled. Survey of the route of the road, from Paraiso to Alhajuela, was completed with respect to field work and consolidating and compiling the data was in progress at the end of the year.

Seismology

Thirty-six seismic disturbances were recorded at Balboa Heights during the fiscal year 1926. Of these about 50 per cent were of local origin, 22 per cent of distant origin, and 28 per cent were so slight that no estimate of the distance of the epicenter could be made. No damage was reported.

Maintenance of Channel

For the maintenance and improvement of the channel, the following floating equipment was employed or held in reserve during the fiscal year: Three 15-yard dipper dredges, operated for nine and one-half, seven and one-half, and seven months, respectively; two 20-inch pipe-line suction dredges, employed for eight and one-half and five months, respectively; a relay pump barge, in service about four months; two drill boats, employed continuously throughout the year in subaqueous mining operations in Gaillard Cut and at the Pacific entrance; a hydraulic grader, operated for four months in grading banks, sluicing material, and filling in low areas; a ladder dredge and a floating air compressor were held in reserve but were not used during the fiscal year. Other equipment included 5 large and 2 small tugs, 11 launches, a crane boat, and two 250-ton floating cranes.

A statement of all material removed from the canal prism and auxiliary projects during the past year follows:

	Cubic yards
From the canal prism:	
Atlantic entrance	0
Gatun Lake	578, 400
Gaillard Cut	1, 170, 400
Pacific entrance (maintenance)	468, 750
Pacific entrance (improvement project No. 1)	391, 850
Total	2, 609, 400
Auxiliary:	
Balboa inner harbor (maintenance)	282, 150
Balboa inner harbor (improvement project No. 1)	248, 700
Dredging for Panama Railroad and U. S. Navy	261, 100
Total	791, 950
Grand total	3, 401, 350

Of the grand total, 2,021,550 cubic yards were classified as earth and 1,379,800 cubic yards as rock.

Slides

A résumé of the slide movements during the year, in order of their importance, is as follows:

On April 18, 1926, at 5.30 a. m., a slide occurred between stations 1619 and 1624, in what has been designated as the old East Powderhouse area, carrying some 35,000 cubic yards of material into the canal prism, nearly all of which was composed of very hard rock. The channel was affected for a distance of 130 feet from the east prism line. The total amount of material involved in this movement was about 250,000 cubic yards, and the break occurred some 400 feet back from the east prism line. This slide was again active on May 14, May 28, June 7, June 17, and June 25, carrying additional material into the canal. On account of the large quantity of unbroken rock involved in this movement, it was necessary to mine and dredge alternately, which greatly retarded progress in restoring the channel to its normal width and depth. Between April 18 and June 30, 118,200 cubic yards of material were removed from this area, of which 111,200 cubic yards were rock.

At West Culebra slide, a slow general movement and settlement continued intermittently throughout the year, the horizontal movement toward the canal between stations 1770 and 1795 averaging about 16 feet. On the night of November 1, 1925, a settlement occurred in a portion of the bank at the northern end of East Culebra slide, between stations 1762 and 1764, pushing material into the prism to a point 100 feet west of the east prism line. From these two slides dredges removed 129,750 cubic yards of material during the year, bringing the total excavation from this area up to 27,640,360 cubic yards to the end of the year.

On the nights of August 4 and 5, 1925, the West Lirio slide again became active between stations 1729.50 and 1737.50, pushing material out to a point 80 feet east of the west prism line and necessitating the removal of 116,400 cubic yards of material to restore the original channel widths. Up to June 30 last the total excavation at West Lirio slide amounted to 1,745,770 cubic yards.

During the period from September to December, 1925, the slide at Cucaracha Signal Station showed some surface movement, with a slight shoaling on the prism line between stations 1816+50 and 1820+50. During October 18,900 cubic yards of material were removed and an additional 17,300 cubic yards had to be dredged out when the high bank between stations 1819.50 and 1821.50 broke off on May 1 and settled into the channel for a distance of 60 feet from the west prism line. In June an additional quantity of 4,750 yards was removed, making the amount excavated from this slide 40,950 cubic yards during the fiscal year, and a total of 115,850 cubic yards up to June 30, 1926.

On July 22, 1925, the high bank between stations 1742+50 and 1747+00 broke off, pushing material into the prism to a point 70 feet west of the east prism line. During the fiscal year 32,000 cubic yards of material were removed from this point, bringing the total excavation to June 30, 1926, up to 368,450 cubic yards.

The slide at Cucaracha Village, which covers approximately 5 acres, showed slight movements in October and November. During the year 16,650 cubic yards of material were removed from this area.

Small slides occurred at stations 1160 east, at 1674 west, and at various other points throughout the cut, but the amount of material involved was relatively small.

There was no interference with shipping on account of slides during the year.

Improvement Projects

Work on the deepening of the Pacific entrance channel, from Miraflores Locks to the sea buoys, and the inner harbor at Balboa from 45 feet to a ruling depth of 50 feet, which is known as improvement project No. 1 and was begun in July, 1924, was continued throughout the year without interruption.

From the inner harbor at Balboa a total of 530,850 cubic yards of material was dredged during the year, of which all except 2,500 cubic yards was soft material removed by pipe-line suction dredges. Of the total of 530,850 cubic yards, 282,150 were chargeable to maintenance and 248,700 to construction and improvement project No. 1.

In the Pacific sea level channel much harder material prevailed. Two drill boats were employed, one throughout the year, the other for the last 10 months, breaking up an estimated total of 347,007 cubic yards of rock by drilling and blasting. Dipper and pipe-line suction dredges removed 394,050 cubic yards of rock and 466,550 cubic yards of earth, a total of 860,600 cubic yards. Of this total, 468,750 cubic yards were chargeable to maintenance of the existing channel and 391,850 cubic yards to improvement project No. 1.

The total excavation, other than maintenance, accomplished to date on improvement project No. 1, is 1,272,250 cubic yards. The estimated total construction excavation involved in the project is 6,500,000 cubic yards, leaving 5,227,750 cubic yards yet to be accomplished.

At the United States naval submarine base and air station at Coco Solo 192,100 cubic yards of coral and blue rock and 56,700 cubic yards of mud and silt were removed in necessary maintenance work and in deepening and widening the channel.

In order to provide wharfage for ships of 30 feet draft, 12,300 cubic yards of blue rock and earth were removed from in front of the Mindi unloading dock for the Panama Railroad Co.

During the year a systematic clean-up program was begun in Gaillard Cut, the need for which became more acute during the past dry season when the level of Gatun Lake dropped to slightly over 81 feet above mean sea level. During January and February a complete drag survey of Gaillard Cut was made as a check upon lead line soundings and several shoal spots and lumps were disclosed. Two 15-yard dipper dredges and a drill boat were assigned to the task of cleaning up these spots and the work was completed in May. This clean-up work resulted in decreased output of the dredges, with correspondingly higher unit cost as compared with former years. With the completion of this clean-up program, it will be possible to handle future maintenance work in the cut almost entirely with suction dredges, excepting the removal of material resulting from slides and breaks in the bank of the cut.

Aids to Navigation

The maintenance of lights, buoys, and beacons established in the canal and adjacent waters was continued throughout the year. The Isla Grande Lighthouse, located at latitude 9° 38′ 32″ north, longitude 79° 33′ 38″ west, known as Point Manzanillo Lighthouse, which had been operated by private interests, was taken over by The Panama Canal as of October 1, 1925, by agreement with the Republic of Panama.

An unwatched light was established at Farallon Sucio, latitude 9° 38′ 38″ north, longitude 79° 38′ 22″ west, on October 30, 1925; visibility, 10 miles. A combination gas and whistling buoy established 9 miles off the Atlantic entrance to the canal at latitude 9° 32′ 09″ north, longitude 79° 55′ 02½″ west, on October 30, 1925, sank shortly afterward, and was replaced in June, 1926; this buoy has been seen at a distance of 16 miles. The San Jose light, Pearl Islands, Gulf of Panama, at latitude 8° 12′ 50″ north, longitude 79° 07′ 55″ west, was increased to 1,500 candle power, thereby giving a visibility of 20 miles.

A radio compass station at Cape Mala, constructed by The Panama Canal and equipped by the Navy, was placed in commission on August 4, 1925, operating under the commandant of the fifteenth naval district.

ACCIDENTS

Investigations were conducted and reports submitted by the board of local inspectors on 83 accidents to vessels in transit through the canal or using its terminal ports, as compared with 50 in the preceding year. The majority of these were of a trivial nature, only 21 resulting in damage estimated at $1,000 or over. They are

classified as follows: Collisions between ships, 5; grounded in canal, 1; struck bank, 12; struck lock wall, 21; docking accidents, 10; miscellaneous, 34.

The following is a brief description of the more serious accidents of the year:

On July 20, 1925, the steamship *Mineola* northbound through the canal with a cargo of 3,630 tons of nitrates, was in collision with the motor schooner *San Luis* in the vicinity of Darien. The *Mineola* was not damaged but the *San Luis* was badly stove in and had to be beached. Estimated damage to *San Luis*, including drydocking $3,500.

On September 25, 1925, the *Agwismith*, northbound through the canal with a cargo of 14,500 tons of crude oil, grounded on the west bank of the canal near buoy 76. It was not practicable to estimate the cost of repairs but chocks and a part of the rail valued at about $1,500 were carried away in an endeavor to pull her off.

On November 13, 1925, the *Oroya*, southbound through the canal, struck the north center wall fender at Pedro Miguel with a great deal of force, causing damage to herself estimated at $2,600.

On November 18, 1925, the *Australien*, northbound through the canal, collided with the Panama Canal drill barge *Terrier*, causing estimated damages of $19,575 to the *Terrier;* no damage to herself.

On November 17, 1925, the launch *Adair*, belonging to the fortifications division of The Panama Canal, caught fire in Balboa Harbor due to a gasoline leak, An estimated damage of $1,000 was done before the fire was extinguished.

On December 23, 1925, the survey ship *Niagara*, belonging to the United States Navy, was damaged to the extent of $1,332 while being moved from dock 6 to dock 14 in Cristobal Harbor.

On December 18, 1925, the United States submarine *S–42* in transit of the canal northbound struck the fender chain at the south approach to Miraflores Locks, damaging herself to an estimated amount of $3,185. No damage to canal machinery or apparatus.

Early in the morning of January 20, 1926, fire was discovered in the hold of the *Julia Luckenbach*, then lying at dock 6, Cristobal. Before the fire was extinguished by the Panama Canal fire department a total estimated damage of $29,350 was done.

On Januray 20, 1926, the *Georgian*, while refueling the Panama Canal tug *Gorgona* at sea, suffered an estimated damage of $2,275, caused by the vessels rolling together.

On January 30, 1926, the *J. R. Gordon*, northbound through the canal with a cargo of 6,500 tons of lumber, struck the east bank of Gaillard Cut with an estimated damage to herself of $15,000.

On February 5, 1926, the *Dinteldyk*, northbound through the canal with a cargo of 10,000 tons of grain and general merchandise, struck the north center wall at Pedro Miguel Locks with a resulting damage to herself estimated at $2,000.

On February 6, 1926, the United States minesweeper *Robin* ran into the pipe line of Panama Canal suction dredge *No. 86*, damaging it to the extent of $1,000.

March 14, 1926, the *Corinthic*, southbound through the canal, struck the west wing wall and center wall at Miraflores Locks, resulting in damage to the ship of $2,100 and to the walls of the locks, $100.

March 13, 1926, the *Wolhandel*, southbound through the canal, struck the fender on the north approach wall of Miraflores Locks, demolishing it. The fender was old and badly worm-eaten, and the damages were estimated at $1,028.20, or 10 per cent of the cost of a new fender.

March 15, 1926, the cruiser *Trenton*, belonging to the United States Navy, touched the walls at Miraflores and Pedro Miguel locks with her propeller with an estimated damage to the propeller of $900.

February 6, 1926, the *Mystic*, entering Balboa Harbor from sea, fouled a Panama Canal pipe-line suction dredge and mooring "A," with an estimated damage to the dredge of $150 and to the mooring of $1,300.

March 16, 1926, the Panama Canal tug *Tavernilla* rammed the United States battleship *New York* while assisting her to dock, causing an estimated damage of $3,900.

March 30, 1926, the *Finland*, docking under her own power, struck dock 6, Balboa Harbor, with a resulting estimated damage to herself of $1,400 and to the dock of $1,781.98.

March 27, 1926, the *Steel Age*, through the canal southbound, touched the center wall hardwood fender in Pedro Miguel Locks with a resulting estimated damage to the vessel of $1,500.

April 22, 1926, the *Peter Kerr*, transiting the canal southbound, fouled a pipe line across the canal with damage to the line estimated at $1,200.

On May 2, 1926, the *Benicia*, transiting the canal southbound, struck the bank of the canal and fouled the Las Cascadas pipe line with her anchor. Estimated damage to the ship $3,000 and to the pipe line $1,090.35.

The Panama Canal was held to be responsible in the accidents to the *Corinthic*, *New York*, *Steel Age*, and *Peter Kerr*. In the other accidents outlined above the canal was held not to be responsible. With respect to the total of 83 investigated accidents, the canal was found responsible for 21.

RULES AND REGULATIONS

The President signed an Executive order on September 25, 1925, to establish rules governing the navigation of The Panama Canal and adjacent waters, to become effective January 1, 1926, and under this authority rules and regulations have been issued in pamphlet form. The order made no radical changes. Its principal object was to codify and clarify existing orders, with the supersession of any which might no longer be applicable, concerning transit and harbors, maritime quarantine, exclusion of undesirables, exclusion of Chinese, steamboat inspection service, and customs service. A secondary purpose was to remove from the field of Executive orders subordinate matters which may be handled better by regulations issued by the governor. With few exceptions only rules the violation of which should properly make the offender liable to fine or imprisonment were included in the Executive order. Matters of subordinate regulations, violations of which should properly involve the ship only in delay, were left to the governor. The order establishes rules which serve as the basic law, and the issuance of supplementary regulations to make the law effective is intrusted to the governor. The first edition of the revised rules and regulations was distributed in January, 1926, and several supplements were issued later. In future editions these supplements will be embraced in the one booklet.

SALVAGE OPERATIONS

Owing to the establishment of commercial salvage companies in the Caribbean area, the salvage operations of the Panama Canal wrecking tug *Favorite* were greatly curtailed as compared with former years. The *Favorite* was dispatched to the assistance of the steamship *Steel Scientist*, which grounded on the Farallon Sucio Shoals, approximately 25 miles from Colon, at 11.30 p. m. on April 14, 1926, and gave such assistance as was possible until the arrival of a commercial salvage tug. The *Favorite* was also dispatched to assist the steamer *Virginia*, which had grounded in Mandinga Harbor off the San Blas coast, but this vessel succeeded in getting off the reef undamaged prior to the arrival of the canal wrecking tug. The motor schooner *San Luis*, which was beached in Gatun Lake following a collision with the steamship *Mineola*, was assisted to the dry dock by the *Favorite*. In other instances Panama Canal tugs were dispatched to the assistance of disabled vessels requiring towing into port.

Shipping interests were advised on May 19, 1926, that The Panama Canal would no longer undertake salvage operations in other than Canal Zone waters except where lives are endangered or great emergency exists. However, The Panama Canal will continue to dispatch towboats for the purpose of bringing disabled vessels into port, provided they are not disabled at a greater distance than 1,000 miles from either terminal by the nearest sea route.

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SECTION II

BUSINESS OPERATIONS

A detailed statement of the expenses (including depreciation), revenues, and profit or loss on the various subsidiary business operations conducted by The Panama Canal will be found in Table No. 26, Section V, of this report. The total net profit on these operations was $702,873.27, as compared with $765,916.85 in the preceding year.

The business operations of the Panama Railroad Co. on the isthmus yielded an additional net revenue of $1,347,887.33. In 1925 this revenue was $1,525,910.13. Details of operation pertaining to the major business units of both The Panama Canal and Panama Railroad are briefly discussed in the following paragraphs:

MECHANICAL AND MARINE WORK

The volume of shop and marine work during the past fiscal year decreased as compared with the preceding year. The smaller volume of work resulted in a slight decrease of force as compared with 1925, and a further decrease is indicated in the spring of 1927 unless work not now in view materializes. So far as expedient, the repairs to canal and Panama Railroad equipment, the manufacture of spares for the locks, etc., are so distributed throughout the year as to provide employment for the mechanical force during the periods when the outside work declines appreciably. In this way it has been possible to maintain a highly skilled and well organized force throughout the year at comparatively steady employment.

The value and class of work done, and the source of the same, for 1926, as compared with the two preceding years, are shown in the following tables:

AMOUNT OF WORK DONE

Class	1926	1925	1924
Marine	$2,123,956.45	$2,245,522.56	$1,787,869.78
Railroad	629,478.27	526,149.75	488,324.86
Sundries	382,422.45	531,758.96	374,498.57
Stock materials	383,866.90	316,787.36	301,098.04
Total	3,519,724.07	3,620,218.63	2,951,791.25

ORIGIN OF WORK DONE

Individuals and companies [1]	$1,001,586.00	$1,229,868.37	$1,097,250.48
The Panama Canal	1,473,071.54	1,481,476.19	1,106,576.84
The Panama Railroad Co	731,251.52	516,156.08	513,165.34
Other departments of United States Government	313,815.01	392,719.99	234,798.59
Total	3,519,724.07	3,620,218.63	2,951,791.25

[1] Includes Panama Railroad Steamship Line.

Marine work.—No especially large or feature jobs covering repairs to marine shipping were handled during the fiscal year ended June 30, 1926. The bulk of the work performed was emergency repair work necessary to enable the ship to reach its home port. In a few instances heavy running repairs in the machine, deck, and steward's departments were made on small tankers operating to the south of the canal.

The three 1,000-yard barges for the dredging division under construction at the beginning of the fiscal year were completed and now are in service. The work of remodeling the ends and sides of the older canal barges was under way at the close of the year.

Routine operating repairs to the United States Navy submarines stationed at the naval base at Coco Solo were performed as authorized by the Navy Department, as well as miscellaneous small jobs covering repairs and material for the special service squadron stationed at Balboa. Operating repairs to tugs, mine planters, and launches stationed in local waters were handled for the Army.

Other work.—A large number and variety of spare parts were made for use in the annual overhaul of the locks, and considerable shop work was performed upon parts removed and replaced during the overhaul. A considerable quantity of dredge pipe was made for The Panama Canal and for interests in Colombia. The usual heavy run of work on dredge buckets, spuds, and dipper sticks was performed for the dredging division, and a number of spuds were altered at the suspension and lengthened 5 feet for work in deepening Balboa Harbor and approaches. Material has been ordered for converting another locomotive of the Panama Railroad into a superheater locomotive for use as a steam weed killer, as the locomotive so converted last year has not only proved effective for killing weeds but when not so required has been very satisfactory in passenger service. The program of converting the old 61-foot poplar passenger coaches into mahogany coaches was continued, and at the end of the fiscal year there was but one 61-foot poplar body left in the service. Work on the four new towing locomotives for the locks, under way at the beginning of the year, was carried forward, and during the year one was completed and put into service.

Plans were prepared for the construction of two tugboats for canal service to replace two now in operation nearing the end of their usefulness. These tugboats will be 125 feet in length, with Diesel electric drive and pilot-house control. The hulls are to be constructed at the Balboa shops, the machinery to be purchased in the United States and installed on the Isthmus. Project plans were prepared for a Diesel electric pipeline suction dredge. Also, plans were prepared for the new Cristobal roundhouse, and the steel for this structure and for the new tugboats has been ordered.

Dry docks.—A total of 142 dry dockings was made during the year, 69 at Balboa and 73 at Cristobal. Of those at Balboa, 24 were of canal or Panama Railroad equipment and 45 other vessels; at Cristobal, the corresponding figures were 20 and 53.

Plant.—Failures in the air compressor equipment at the Balboa shops due to long-continued service necessitated the installation of a new compressor, and at the close of the fiscal year the foundation for the new machine was completed. When the new equipment is installed, the smallest compressor, which is a relatively new machine, will be removed to the new Cristobal roundhouse. A special form of storage battery automobile truck, carrying a light crane, was purchased, and has proven very useful, permitting the transfer of a steam locomotive crane to another division and dispensing with the services of about five laborers. Two dry kilns for lumber, the use of which has been discontinued in favor of air seasoning on account of the excessive cost of steam for the kilns, have been converted at small expense into chambers for spray painting.

Financial.—The mechanical division earned net profits of $182,732.09 after providing funds for extraordinary repairs and replacements totaling $45,000. Local reserves as of June 30, 1926, including reserve for employees' accrued leave, totaled $616,427.32.

COAL

The sales of coal from the plants at Cristobal and Balboa totaled 347,619 tons during the fiscal year, as compared with 340,966 tons during 1925 and 222,734 tons during 1924. There was no change in the sales price of coal during the year. Gross receipts from coal operations amounted to $3,081,238.60, resulting in net profits for the year of $507,663.47, as compared with $510,108.27 for 1925 and $161,502.28 for 1924. Approximately $216,000 of additional profits for the year were set aside as a reserve for the repair and replacement of Panama Railroad colliers and barges, which charges were not in effect during 1924 and 1925.

Purchases totaled 365,276 tons, as compared with 296,612 tons during 1925. While total sales were approximately the same as for the preceding year, commercial sales were greater by approximately 50,000 tons, and this resulted in a considerable increase in operating expenses as compared with 1925 when 46,000 tons were sold to the United States Navy but did not involve any handling charges since that quantity was already in the pile and was not disturbed.

At the close of the fiscal year 1925, tentative arrangements had been made with the Ore Steamship Co. for the transportation of coal to the isthmus at a rate of $1.15 per ton until such time as the transit delays and expense of discharging their various types of vessels had

been carefully analyzed. These factors having been definitely determined, a contract was signed with them during the current fiscal year whereby they transport coal to the isthmus at a flat rate of $0.90 per ton, with agreed penalties for exceptional delays in transit. This arrangement has materially reduced the cost of bringing coal to the isthmus as compared with the expense of transporting it with our own equipment and is a major factor in lowering the cost of coal in the plants. The Ore Steamship Co. vessels are employed in the transportation of iron ore from the west coast of South America to the east coast of the United States and the return voyages southbound were being made in ballast, which accounts for the advantageous arrangement whereby the plant secures its coal at a transportation cost of but 90 cents per ton.

Practically all deliveries were made through the Cristobal plant; at the Balboa plant the operating force has been reduced to a skeleton organization and only emergency orders from commercial vessels and small deliveries to the Navy and Panama Canal equipment are handled from this depot.

FUEL OIL, DIESEL OIL, GASOLINE

During the year an additional fuel-oil tank, with a capacity of 80,000 barrels, was erected at the Balboa tank farm by the Arrow Oil Co. The total storage capacity for fuel and Diesel oil at the Balboa and Mount Hope tank farms now is 2,066,040 barrels, made up as follows:

	Balboa	Mount Hope	Total
Panama Canal	194,540	249,500	444,040
West India Oil Co	84,000	110,000	194,000
Arrow Oil Co	105,000	110,000	215,000
Asiatic Petroleum Storage Co	190,000	110,000	300,000
Union Oil Co	228,000		228,000
United States Navy	150,000	150,000	300,000
Texas Co		110,000	110,000
Huasteca Oil Co		165,000	165,000
United Fruit Co		110,000	110,000
Total	951,540	1,114,500	2,066,040

All oil deliveries to and from the tanks, for private companies as well as for The Panama Canal and the United States Navy, were handled through the pipe lines and pumping plants of The Panama Canal.

Issues of fuel and Diesel oil are summarized in the following tabulation:

	Balboa	Mount Hope	Total
Fuel oil sold to steamships by The Panama Canal (barrels)	1,167	2,682	3,849
Fuel oil sold to steamships by companies (barrels)	2,041,462	3,432,455	5,473,917
Number of ships supplied by The Panama Canal	2	5	7
Number of ships supplied by companies	735	980	1,715
Diesel oil sold to steamships by The Panama Canal (barrels)	0	3,740	3,740
Diesel oil sold to steamships by companies (barrels)	342,891	2,082	344,973
Number of ships supplied by The Panama Canal	0	39	39
Number of ships supplied by companies	185	1	186

As compared with the fiscal year 1925, issues of fuel oil increased 651,213 barrels or 13 per cent and issues of Diesel oil increased 77,550 barrels or 28 per cent.

Gasoline.—During the fiscal year 1,520,842 gallons of gasoline were received by The Panama Canal for bulk storage, of which 454,150 gallons were stored in the tanks at Mount Hope and 1,066,692 in the tanks at Balboa. The total storage capacity for bulk gasoline at the Isthmus is 2,086,000 gallons, made up as follows:

	Balboa	Mount Hope	Total
The Panama Canal	391,000	225,000	616,000
West India Oil Co	1,470,000		1,470,000
Total	1,861,000	225,000	2,086,000

There were no sales of bulk gasoline to ships during the year.

The handling of fuel oil resulted in net profits of $180,964.88 for the year after deduction of fixed capital charges.

SHIP CHANDLERY AND OTHER SUPPLIES—STOREHOUSE OPERATIONS

The general storehouse at Balboa and the branch storehouses at Paraiso and Cristobal handled a total of 130,308 requisitions and foremen's orders during the year, covering issues of all classes of material and supplies to the various departments and divisions of The Panama Canal and Panama Railroad. From these storehouses gross sales aggregating $1,140,019.79 in value and involving a total of 43,364 separate transactions were made to the Army and Navy, to steamships, individuals, and companies. Gross sales to steamships totaled $109,590.58.

Consistent efforts were made to keep the amount of stock on hand at the minimum deemed prudent to meet possible needs, but, due to increased construction activities which require a larger amount of construction material immediately available, the value of the material on hand at the close of the fiscal year was greater by $308,787.55 than at the end of 1925.

The value of the material and supplies on hand at the several stores at the close of the past two fiscal years is given in Table No. 21, Section V, of this report; while purchases, issues, and sales for the fiscal year 1926 are given in Table No. 22.

NATIVE LUMBER OPERATIONS

Operations were conducted on the Gatun Lake area under the supervision of the general storekeeper to procure native hardwood logs to be used in substitution for high-priced northern hardwoods. A total of 80,000 board feet of lumber was obtained, of which 70,000 feet cost $35 and 10,000 cost $20 per thousand board feet in the log.

The purchase of native hardwood ties was commenced during this period, 1,500 being secured, at $1.50 each, as compared with the ties purchased in the States at approximately $2.09 each.

HARBOR TERMINALS

A total of 2,456 vessels utilized the terminal facilities of the canal in loading, discharging, and interchanging cargoes at the terminal ports, as compared with 2,227 vessels for the preceding year. A comparison of cargo tonnage handled, gross and net revenue from terminal activities, etc., for the past three years is given in the tabulation following:

	1926	1925	1924
Tons of cargo stevedored	372, 760	327, 237	334, 242
Revenue per ton stevedored	$0. 3570	$0. 3504	$0. 3543
Cost per ton stevedored	$0. 2543	$0. 2345	$0. 2265
Tons of cargo handled and transferred	1, 089, 244	994, 245	933, 092
Revenue per ton handled	$0. 9708	$0. 9630	$0. 9904
Cost per ton handled	$0. 7412	$0. 6812	$0. 6890
Gross operating revenue	$1, 381, 375. 58	$1, 233, 984. 77	$1, 161, 839. 34
Gross operating expense	$1, 066, 376. 07	$913, 242. 01	$867, 749. 46
Net revenue	$314, 999. 51	$320, 742. 76	$294, 089. 88
Per cent of expense to gross revenue	77. 20	74. 01	74. 69

The distribution of business between the Cristobal and Balboa terminals is indicated below:

	Cristobal	Balboa
Number of vessels discharging or taking cargo	1, 715	741
Tons of cargo received	576, 205	68, 756
Tons of cargo delivered	398, 529	20, 936
Tons of cargo stevedored by Panama Railroad	350, 845	21, 915

In addition to the above business, agency duties were undertaken for various commercial steamship lines which do not maintain their own agencies on the isthmus, and this service was furnished 336 ships transiting the canal, at the nominal agency fee of $25 per ship.

CANAL ZONE FOR ORDERS

The system of receiving shipments consigned to "Canal Zone for orders" for storage and forwarding according to subsequent directions, which was inaugurated by the Panama Railroad Co. on April 1, 1925, was continued through the past year with satisfactory results and an increase in the number of packages received for such handling.

COMMISSARY

Gross receipts from the sale of commissary supplies amounted to $8,731,841.00 as compared with $7,944,101.65 during 1925, an increase of approximately 10 per cent. Profits from operations totaled $251,046.56 for the year, a decrease of $141,023.92 as compared with 1925, due to an effort to reduce the profit to an average of 2 per cent of the gross sales.

Extensive alterations were made to the Balboa retail store, and at the end of the fiscal year the construction of a new retail store at La Boca, to cost approximately $116,000 was under way.

The number of wholesale units, retail stores, manufacturing plants, etc., remained the same as in 1925, and the total capital investment at the end of the year was estimated at $4,209,404.36, made up as follows:

Plants and stores	$2, 328, 343. 79
Equipment	147, 901. 54
Supplies on hand	1, 233, 159. 03
Floating capital	500, 000. 00
	4, 209, 404. 36

Purchases during the year aggregated $6,567,946.18; segregated among the various classes of supplies, the quantities bought as compared with the two preceding years were as follows:

	1924	1925	1926
Groceries	$1, 165, 601. 38	$1, 351, 059. 33	$1, 428, 138. 67
Hardware	349, 166. 82	586, 436. 39	613, 123. 67
Dry goods	843, 994. 34	1, 134, 196. 45	1, 035, 508. 32
Shoes	169, 517. 15	245, 272. 02	199, 873. 72
Cold storage	1, 121, 741. 11	1, 250, 231. 94	1, 498, 313. 07
Tobacco	366, 643. 95	412, 567. 67	382, 528. 94
Cattle and hogs	430, 463. 47	473, 229. 49	550, 711. 25
Milk and cream	88, 025. 31	98, 027. 88	101, 499. 55
Eggs	172, 618. 22	249, 398. 85	237, 233. 74
Butter	171, 539. 20	230, 415. 72	237, 872. 44
Raw material	280, 218. 72	303, 878. 64	283, 142. 81
Total	5, 159, 529. 67	6, 334, 714. 38	6, 567, 946. 18

During 1926 purchases were made as follows: In the United States $4,877,886.32; in Europe and the Orient, $551,756.09; in Central and South America, $234,280.61; from the cattle industry on the isthmus, $596,971.70; from the Panama Canal storehouses, $90,993.77; other local purchases, $216,057.69.

The revenue from sales was approximately $800,000 greater than in 1925. The distribution of sales, as compared with the two preceding years, was as follows:

	1924	1925	1926
United States Government, Army and Navy	$1,001,572.10	$1,062,589.02	$1,370,929.81
The Panama Canal	767,026.83	743,594.24	685,894.65
Steamships	468,291.68	604,656.09	766,989.50
Panama Railroad and Steamship Line	230,285.10	249,774.64	192,360.29
Individuals and companies	598,549.69	731,675.58	660,336.75
Employees	4,419,007.40	4,909,983.00	5,477,106.19
Gross sales	7,484,732.80	8,302,272.57	9,153,617.19
Deducting discounts and credits	160,529.04	358,170.92	421,776.19
Revenue from sales	7,324,203.76	7,944,101.65	8,731,841.00
Supplies for expense and equipment:			
Retail commissaries and warehouse	100,459.98	43,070.90	42,527.73
General	1,429.34	1,499.93	1,231.70
Plants	19,005.58	20,165.80	15,827.28
Total	120,894.90	64,736.63	59,586.71
Loss by condemnation, shrinkage, clerical errors, pilferage, etc	103,255.97	128,232.60	195,113.84
Grand total	7,548,354.63	8,137,070.88	8,986,541.55

Products to the value of $204,803.42 were manufactured in the industrial laboratory during the year; the bakery turned out 3,975,000 loaves of bread, 1,175,000 rolls, and 253,000 pounds of crackers, in addition to cakes, pies, and doughnuts, with a total value of $267,687.52. The coffee-roasting plant produced 196,000 pounds of coffee, and including roasted peanuts, almonds, etc., the total output was valued at $102,000. The ice plant manufactured 40,975 tons of ice, valued at $209,000. The dressed value of cattle and hogs slaughtered at the abattoir was $372,725.66, and the value of sausages and other by-products totaled $148,500. Sales of ice cream, milk, and Eskimo pies totaled over $200,000, and the laundry handled over 4,500,000 pieces during the year, producing a gross revenue of more than $185,000.

HOTELS AND RESTAURANTS

The restaurants and silver messes were operated under contract during the fiscal year and satisfactory service at fair prices was rendered. The Hotel Tivoli at Ancon and the Hotel Washington at Colon continued under the operation of the supply department and were essential adjuncts to the canal in affording accommodations to visiting Government officials, persons having business to transact with the canal, American tourists, and others.

The Hotel Tivoli made a net profit of $23,086.45 during the year, after deduction of capital charges of $7,547.40 and of operating expenses. At the Hotel Washington a balance of $2,562.46 of revenue over operating expenses was earned, but capital charges of $19,865.08 reduced the net result to a deficit of $17,302.62 for the year.

BUILDING CONSTRUCTION

In addition to the ordinary maintenance and repair work on Canal Zone buildings, a number of new construction projects were undertaken during the year. Work on the new power plant at Miraflores, estimated to cost $290,000, was 80 per cent completed at the close of the year. Construction work on the new commissary building to be erected at La Boca, at an estimated cost of $115,000, was 50 per cent completed. The erection of a gravel washing and screening plant at Gamboa was 50 per cent completed at the close of the year. At Balboa alterations to the commissary building were practically completed and have resulted in greatly improved facilities for handling the large increase in trade. At La Boca eight barracks were converted into quarters for alien colored employees. At Gatun, where the demand for quarters for alien colored employees at the locks was particularly urgent, 12 new 12-family standard type silver family quarters were practically completed during the year, and two surplus gold bachelor quarters were moved to the silver section and converted into a 20-family house. Two additional four-family apartments were provided through the conversion of other surplus buildings, and a 48-room building was moved from the quarantine reservation at Cristobal and converted into silver bachelor quarters.

ANIMAL AND MOTOR TRANSPORTATION

During the year transportation for the fortifications section, which heretofore had been operated independently, was taken over by the transportation division and resulted in practically all motor and animal transportation for the various departments and divisions of The Panama Canal and Panama Railroad being consolidated under one operating head. This tends to economy in that the centralization of activities permits the reducing of both employees and equipment to the minimum necessary to meet transportation demands.

At the close of the year the equipment consisted of 244 cars and trucks, 9 trailers, 21 motor cycles, 7 mowing machines and rakes, and 10 mules. The operating force as of June 30 was 27 gold employees and 154 silver employees, and the maintenance force employed at the motor car repair shops was 20 gold and 47 silver employees.

The division is required to operate on a self-sustaining basis and for the year the revenue exceeded the expenses by $30,722.48.

PRINTING

Besides printing The Panama Canal Record (an official bulletin published weekly for the dissemination of information, statistics, etc., of interest to the shipping world), the coupon books used by employees

in making purchases at the Canal Zone commissaries, and the various pamphlets, circulars, tariffs, folders, etc., issued by The Panama Canal, the printing plant carries in stock and manufactures such stationery as is required on the isthmus in connection with canal operations.

During 1926 the manufacturing output of the plant was valued at $174,769.92, as compared with $155,645.51 for the preceding year. Issues and sales from the stationery stock aggregated $146,363.93, and the inventory value of all stationery and stock on hand at the close of the fiscal year totaled $95,983.81. The plant operates on a self-sustaining basis, and it is the established policy to curtail all classes of printing work as much as possible. The year's operations showed an excess of revenue over expenses and fixed capital charges of $941.43.

PANAMA RAILROAD

The gross revenues from the operations of the railroad proper amounted to $1,564,074.30; the gross operating expenses were $1,433,263.08, leaving a net revenue of $130,811.22 for the fiscal year. This is a decrease of $51,257.06 in net revenue as compared with 1925, due mainly to extensive repairs to equipment held in reserve.

The following table shows statistics covering various phases of operation during the past three years:

	1926	1925	1924
Average miles operated, Colon-Panama	47.61	47.61	47.61
Gross operating revenue	$1,564,074.30	$1,508,501.69	$1,418,652.48
Operating expenses	$1,433,263.08	$1,326,433.41	$1,341,954.31
Net operating revenue	$130,811.22	$182,068.28	$76,698.17
Per cent of expenses to revenue	91.64	87.93	94.59
Gross revenue per mile of road	$32,851.80	$31,684.56	$29,797.36
Operating expenses per mile of road	$30,104.24	$27,860.39	$28,186.39
Net revenue per mile of road	$2,747.56	$3,824.17	$1,610.97
Number of passengers carried:			
First class	176,611	163,688	170,058
Second class	304,652	291,578	248,315
Passenger revenue:			
First class	$248,943.70	$213,667.38	$206,743.25
Second class	$194,564.59	$179,839.11	$172,165.22
Revenue per passenger train-mile	$5.18	$4.76	$4.32
Revenue per freight train-mile	$11.98	$12.08	$10.43
Total revenue train mileage	$179,932.00	$178,524.00	$174,694.00
Railroad revenue per train-mile	$8.69	$8.45	$8.12
Railroad operating expenses per revenue train-mile	$7.96	$7.43	$7.68
Net railroad revenue per revenue train-mile	$0.73	$1.02	$0.44
Freight, passenger, and switch locomotive train mileage	295,156	297,433	278,384
Work-train mileage	1,992	1,992	3,754
Passenger-train mileage	104,663	105,259	103,624
Freight-train mileage	75,369	73,265	71,070

TELEPHONES

The gross revenue from the operation of telephones, electric clocks, and electric typewriting machines was $216,861.17 for the fiscal year, and the operating expenses were $201,211.07, resulting in a net revenue of $15,650.10 for the year.

The new telephone exchange buildings at Cristobal, Gatun, and Pedro Miguel were completed during the year at a total cost of $80,000. Alterations to the exchange in the administration building at Balboa Heights were made, costing approximately $10,000, and new automatic equipment was purchased and installed in the main exchanges at Balboa Heights, Cristobal, Gatun, and Pedro Miguel at a total cost of $550,000. The change from manual to automatic operation was made at midnight on January 23, 1926, and the new system has been operating satisfactorily since that date.

During the year 784 telephones were installed and 646 telephones were removed from service. There was a total of 2,888 telephones in service at the close of the fiscal year.

Four additional electric printing machines were purchased during the year, two of which were installed for the fifteenth naval district, for communication with the Balboa radio station. Two are on hand for reserve.

LANDS AND BUILDINGS

The gross revenue from Panama Railroad real-estate operations totaled $184,574.30 for the year, representing an increase of $21,385.15 as compared with 1925. Operating expenses totaled $56,453.03, leaving a net revenue of $128,121.27 as compared with $103,233.90 for the preceding year.

On June 30, 1926, there were in effect 1,273 leases and 13 licenses granted by the Panama Railroad Co., covering the use of its property in the cities of Panama and Colon. The income derived from these leases and licenses accounted for $179,303.50 of the gross revenue shown above.

At the close of the fiscal year 2,012 licenses were in force covering 7,277½ hectares of agricultural and other lands in the Canal Zone, representing an average holding of 3.6 hectares per person. Rentals from this source totaled $36,630.20 during the year.

Alhajuela Basin.—During the year a total of 183 claims for land and improvements in the Alhajuela Basin, aggregating $83,422.55, were settled direct with claimants, except in three instances where settlers were represented by counsel. In connection with the depopulation of this basin, the United States acquired 300 hectares of banana land in various stages of production. The former owners were permitted to market the fruit from their original holdings upon payment to The Panama Canal of 10 to 15 cents on each stem of bananas cut, and additional revenue from this source totaled $5,274.53 during the year.

PLANT INTRODUCTION GARDEN AND EXPERIMENTAL STATION

The work at the plant introduction gardens and experimental station, begun in June, 1923, was carried forward under the direction of the agronomist. A large number and variety of useful and ornamental plants from all parts of the world have been acquired gradually and set out for experimental and test purposes, with a view of determining their value for general propagation on the Isthmus of Panama. Many additions to the plant collections were added during the past year through exchange of plants and seeds with other botanical gardens and agricultural experimental stations.

Particular attention has been given to the propagation and distribution of plants valuable for their edible fruits. Numerous varieties of bananas, pineapples, papayas, avocados, mangoes, oranges, grapefruit, limes, and other tropical fruits, including the mangosteen, are being propagated and cultivated with a view to determining the varieties best adapted to local soils; and plantings of cotton, sugar cane, rice, coffee, rubber, abaca, forage, and other plants have been made for the purpose of determining the possibilities of commercial development.

Although the work is in its infancy, during the year a great many people from the Canal Zone, Panama, and neighboring Republics of Central and South America visited the gardens to obtain plants and to secure information concerning the propagation and cultivation of the same. It is believed that the experimental work being carried out at this station will prove invaluable to future agricultural development in the American Tropics.

QUARTERS

The work which was begun last year on the replacement of deteriorated asphalt shingle roofs with standing seam galvanized iron on quarters of gold employees was continued, and at the close of the year was about 75 per cent completed. Considerable work also was done on interior and exterior painting of quarters that had not been painted for three or more years. Exterior woodwork in the Tropics should be repainted about every two years but sufficient funds have not been available to do this.

Rent was paid for all quarters occupied at established rental rates. Charges also were made for fuel, water, light, care of grounds, etc. The demand for quarters from American employees was somewhat in excess of the supply, particularly at Cristobal. For alien colored employees there is not now, nor has there ever been, nearly enough quarters to meet the demand. While the receipts for rent from silver quarters have not covered maintenance cost at any time in

the past, the advantages accruing to the canal organization through having these employees reside in the Zone near their work has more than justified the appropriation necessary to cover the deficit.

The maintenance costs for many of the older wooden buildings are gradually increasing to a point where it will be no longer economical to maintain them. Funds should be provided for the inauguration of a continuous building program, to be carried forward from year to year, for the replacement of old, cheaply constructed, frame quarters with permanent buildings.

The Panama Canal collected from employees and others the sum of $591,227.83. Not including an expenditure of $94,873.80 for the maintenance of laborers' quarters, rental charges exceeded maintenance expenses by $66.84.

CLUBHOUSES

To the maintenance of clubs and playgrounds for American and West Indian employees and their families, The Pannma Canal contributed $100,000. The additional expenses defrayed from current revenue were $529,686.12, and the income from moving pictures, soda fountains, candy and cigar counters, swimming pools, tennis courts, and other activities promoted was $537,687.55. The accumulated surplus of clubhouse funds on June 30, 1926, was $154,150.80.

Additional detail of income and operating expenses may be obtained from Table 42, Section V, of this report.

FARM INDUSTRIES

Plantations.—The net loss from the operation of the plantations for the fiscal year amounted to $3,905.73, as compared with a loss of $2,064.73 in 1925. Revenue from the sale of products decreased $3,600, while the decrease in operating expenses was only $1,800.

Dairy farm.—The operations of the dairy farm for the fiscal year show a net loss of $3,654.61, as compared with a loss of $1,436.78 in 1925, the larger deficit resulting from an increase in operating expenses and to losses on cattle turned in for slaughter.

Cattle.—The net profit from the operations of the cattle industry during the fiscal year was $21,547.04 as compared with a profit of $16,971.47 last year. During the year 6,449 fat cattle were purchased and 8,233 head were turned in to the commissary division for slaughter. Sales to the commissary division and to outsiders, including miscellaneous products, amounted to $565,010.92. The cost of production was $543,463.88. There were 187 births and 270 deaths during the year, leaving 5,952 head of cattle on hand June 30, 1926. The operating expenses for the fiscal year were $146,411.36 as compared with $137,405.23 in 1925, an increase of $9,006.13 for the year.

OPERATIONS WITH PANAMA RAILROAD CO.'S FUNDS

Only a brief review of the operations of the coaling plants, harbor terminals, commissaries, and other business activities carried on with Panama Railroad Co.'s funds are given in this report. Detailed statements of revenue, expenses, and statistics of all railroad industries, changes in the capital account, and the results from the operations of the steamship line, will appear in the regular annual report of the Panama Railroad.

The operations of the railroad proper, harbor terminals, coaling plants, stables, and baggage transfer were continued throughout the fiscal year under the direction of the superintendent of the railroad; the telephone system under the electrical engineer of The Panama Canal; renting of lands and buildings under the land agent; and the commissaries, Hotel Washington, plantations, dairy farm, and cattle industry, under the chief quartermaster of The Panama Canal.

PANAMA RAILROAD STEAMSHIP LINE

The gross operating revenue of the steamship line for the fiscal year ended June 30, 1926, amounted to $2,210,775.29, and the total operating expenses to $2,496,124.55, resulting in a net deficit from operation of $285,349.26. This operating deficit compared with that for the fiscal year ended June 30, 1925, of $198,568, shows an increase in deficit of $86,781.26.

The steamship line carried all freight and passengers for account of the United States Government during the year at material reductions from tariff rates, which amounted to the important sum of $504,962.08. Had tariff rates been charged by the line for such services rendered to the Government, its operating deficit of $285,-349.26 would have been reversed and a profit of $219,612.82 shown.

For the year ended June 30, 1926, the tonnage carried amounted to 258,448 tons as against 221,999 tons for the previous year, an increase of 36,449 tons. The increase in deficit of $86,781.26 as compared with the previous year—notwithstanding the increase in tonnage transported—is attributable to increases in stevedoring rates and in the cost of fuel oil, as well as to increases in wages and other items due to the operation of the S. S. *Ancon* in place of the S. S. *General W. C. Gorgas*, retired from service in May, 1925.

SECTION III

GOVERNMENT

The civil government of the Canal Zone has been conducted as prescribed in the Panama Canal act of August 24, 1912, and other acts and Executive orders made applicable to the Canal Zone. Wherever it has been found practicable to assign governmental functions to department heads in the organization for the operation and maintenance of the canal and to the personnel under them, this has been done. Complete cooperation as well as greater economy and efficiency is thus assured.

Data on the cost and revenue of various branches of the government may be obtained from the financial statements in Section V.

POPULATION

A census of the civil population of the Canal Zone was taken by the police force during the month of June, 1926, a summary of which is given below:

	Americans					All others					Grand total
	Total men	Employees	Total women	Employees	Children	Total men	Employees	Total women	Employees	Children	
Balboa district	1,739	1,586	2,004	326	2,269	3,734	2,269	2,437	35	4,539	16,722
Cristobal district	555	501	660	27	741	3,049	2,106	1,932	11	3,910	10,847
Prisoners	22					97		4			123
Total:											
Fiscal year 1926	2,316	2,087	2,664	353	3,010	6,880	4,375	4,373	46	8,449	[1] 27,692
Fiscal year 1925	2,301	1,989	2,413	315	2,399	6,928	4,322	4,563	191	8,547	27,151

[1] Includes 91 civilian employees of the Army and Navy.

In addition to the civilian population listed above, the military population in the Canal Zone in June, 1926, numbered 9,296, making a grand total of 36,998.

PUBLIC HEALTH

Malaria.—The total number of malaria cases reported from the Canal Zone and terminal cities during the year, compared with the five previous years, is as follows:

	1926	1925	1924	1923	1922	1921
Employees	[1] 312	180	208	216	176	325
Military and naval personnel	854	762	894	870	828	810
Nonemployees	445	494	521	657	243	459
Total	[1] 1,611	1,436	1,623	1,743	1,247	1,594

[1] Omitting the cases from Bruja Point, where a gang of men was engaged in construction work for the Army and housed in a temporary camp outside the sanitated areas, the number of employees reported with malaria was but 188, and the total number of cases 1,487. Over half of the men employed at Bruja Point developed malaria within 5 months, and this furnished a very good example of what would occur throughout all the villages and settlements in the Canal Zone should our sanitary measures be relaxed.

There were no deaths among employees from malaria during the year.

Canal Zone.—The average population of the Canal Zone (civil and military) for the fiscal year 1926 was 35,971, and this figure has been used as a base for vital statistics. From this population 297 deaths occurred during the year, 247 of which were from disease, giving a rate of 6.87 for disease alone, as compared with 7.17 for 1925, and 7.48 for 1924.

There were 592 live births reported during the year, and 35 stillbirths. Including stillbirths, this is equivalent to an annual birth rate of 17.43 per 1,000 population. The infant mortality rate, based on the number of live births reported for the year, was 30.61 for white children and 98.48 for colored children, with a general average of 76.01. Of the total births reported 6 per cent were stillbirths. Of the total deaths reported, 26 per cent occurred among children under 5 years of age.

The maternal mortality rate (from conditions due to the puerperal state) was 7.97 per thousand births, stillbirths included.

Panama.—The population of the city of Panama for the year was 59,635. From this population, 1,133 deaths occurred during the year, of which 1,093 were from disease, giving a rate of 18.33 for disease alone, as compared with 18.25 for the preceding year.

The principal causes of death, compared with the past few years, were as follows:

	1926	1925	1924	1923	1922
Tuberculosis (various organs)	201	201	193	218	232
Pneumonia (broncho and lobar)	154	187	276	128	225
Diarrhea and enteritis	85	90	121	144	176

There were 2,085 live births reported during the year and 127 stillbirths. Including stillbirths, this is equivalent to an annual birth rate of of 37.09 per 1,000 population. The infant mortality rate, based on the number of live births reported, was 123.26. Of the total number of births reported, 6 per cent were stillbirths. Of the total deaths reported, 31 per cent occurred among children under 5

years of age. The maternal mortality rate (from conditions due to the puerperal state) was 5.42 per thousand births, stillbirths included.

Colon.—The population of the city for the year was 31,285. From this population 426 deaths occurred during the year, of which 391 were from disease, giving a rate of 12.50 for disease, as compared with 13.81 for 1925.

The principal causes of death, as compared with the past few years were as follows:

	1926	1925	1924	1923	1922
Tuberculosis (various organs)	71	87	57	79	70
Pneumonia (broncho and lobar)	36	54	42	40	32
Diarrhea and enteritis	26	27	33	26	46

There were 760 live births reported during the year and 40 stillbirths. Including stillbirths, this is equivalent to an annual birth rate of 25.57 per 1,000 population. The infant mortality rate, based on the number of live births, was 101.32. Of the total births reported, 5 per cent were stillbirths. Of the total deaths, 27 per cent occurred among children under five years of age. The maternal mortality rate (from conditions due to the puerperal state) was 8.75 per thousand births, stillbirths included.

Canal hospitals.—Patients treated in Panama Canal Hospitals, fiscal year 1926:

	Number in hospital July 1, 1925		Admitted		Died		Discharged		Transferred		Remaining June 30, 1926	
	White	Black	White	Black	White	Black	White	Black	White	Black	White	Black
Ancon	180	194	4,365	3,442	71	189	4,274	3,218	26	62	174	167
Colon	12	26	870	1,153	19	51	699	954	151	140	13	34
Corozal:												
Insane	101	297	66	117	3	23	52	66	2	10	110	315
Cripples	3	28	4	9	0	0	1	4	2	8	4	25
Chronics	3	31	1	46	0	5	1	36	0	1	3	35
Palo Seco leper colony	6	89	1	12	1	9	0	0	0	0	6	92
Total	305	665	5,307	4,779	94	277	5,027	4,278	181	221	310	668

Quarantine division.—As in former years, an efficient quarantine has been maintained with the usual minimum delay to shipping. It is worthy of note that no quarantinable disease was introduced into the Canal Zone, and that only four ships out of the total 6,483 were held on account of suspicious quarantinable disease and their detention was but three days.

The quarantine embargo prohibiting the introduction of animals and articles that are carriers of foot-and-mouth disease remained in force against all of the countries of South America except Colombia,

Venezuela, British Guiana, Dutch Guiana, and French Guiana. A special study relative to existence or nonexistence of foot-and-mouth disease in Ecuador was made by the chief quarantine officer during a trip to that country. He also visited Colombia during the year, continuing the study of sanitary conditions at ports and to encourage relations with sanitary officials. On account of smallpox in the United States, especially on the west coast, particular care was taken to prevent its introduction.

In the performance of their duties as quarantine officers, the physicians employed in the quarantine division acted also as immigration officers.

The following table shows transactions of the quarantine division for the year 1926:

Vessels detained in quarantine	4
Vessels inspected and passed	4, 198
Vessels granted pratique by radio	347
Vessels passed on sworn declarations	2, 063
Total vessels entering	6, 483
Supplementary inspections of vessels	4, 925
Vessels fumigated	157
Crew inspected and passed	234, 406
Crew passed on declarations of medical officers	100, 937
Crew passed by radio pratique	28, 253
Passengers inspected and passed	96, 269
Passengers passed on declaration of medical officers	24, 631
Passengers passed by radio pratique	3, 063
Total persons entering at canal ports	481, 321
Persons vaccinated in passing through quarantine	1, 098
Persons deported under immigration laws	967
Persons detained on account of immigration laws	1, 212
Persons held for investigation and later landed	1, 105

MUNICIPAL ENGINEERING

Water supply.—Other than the routine maintenance work on pipe lines, reservoirs, filtration plants, and pumping stations, a number of projects were carried out for the improvement and enlargement of the Canal Zone water system, the more important of which were as follows: Construction of a 30-inch pipe line from Gatun Lake to Mount Hope; the reclaiming of the existing 20-inch lines from Brazos Brook to Mount Hope; the construction of a 500,000-gallon clear-water well at the Mount Hope filtration plant; the construction of a 12-inch water line from Mount Hope to the cold-storage plant; changes in the layout of water lines necessitated by the construction of the new Miraflores power plant; the construction of a roof over the wash water tank at the Miraflores filtration plant; together with numerous smaller jobs.

The amount of water consumed during 1926, as compared with the preceding fiscal year, is shown in the following table:

	1926	1925
	Gallons	*Gallons*
Canal Zone	3,000,372,000	3,140,009,765
City of Panama	1,163,545,000	1,117,982,000
City of Colon	575,429,000	586,325,000
Sales to ships	144,191,672	132,942,685
Total	4,883,537,672	4,977,259,450

Sewers.—In addition to the usual maintenance work performed during the year, a 20-inch storm drain was constructed to eliminate flooding in the area south of the Hotel Washington. Storm drains also were constructed to take care of the excess surface water in the vicinity of the laundry at Ancon. A number of culverts, drains, and additional catch basins were constructed in the Balboa–Quarry Heights area, and the sanitary sewer along Balboa Road was rebuilt.

Roads, streets, and sidewalks, Canal Zone.—Other than the usual maintenance and repair work, a section of the Bolivar Highway between Cristobal and Gatun was reconstructed; the roadway near Gatun Dispensary was straightened; the Camp Bierd Road was resurfaced; the section of Amador Road between Empire Street and Balboa Road was widened; and a number of other new construction and improvement jobs were carried out.

Garbage disposal.—In the northern district, the incinerator at Mount Hope was operated throughout the year, disposing of 21,924 tons of garbage. In the southern district the garbage was dumped on waste land and buried by the health department, as has been the practice for the past several years.

Cities of Panama and Colon.—The following is a summary of the more important work handled during the year in addition to the necessary maintenance work on the sewer and water systems and on the streets: Paving of D Street, Colon, from intersection with Broadway to Second Street, Colon, at cost of $41,942.80; installing water and sewer lines and concreting streets in the Thirty-fourth Street section, exposition grounds, Panama City, $21,731.22; reconstruction of Caledonia Road, Panama City, $41,942.80.

Army and Navy.—Various jobs, such as the laying of water lines, resurfacing of roads, construction of sea walls, etc., were performed for the Army and Navy during the year.

Miscellaneous.—Among the more important miscellaneous work handled during the year was the construction of a swimming pool at Pedro Miguel, the installation of a recirculating system at the Balboa swimming pool, the excavation work necessary in connection with the erection of the new Miraflores power plant, the municipal work in

connection with the erection of new quarters for colored employees at Camp Bierd and at Gatun, and the construction of approaches and slabs for new garage stalls at various points.

PUBLIC ORDER

The number of arrests during the year was 3,008, the lowest number made during any year since 1905. The average number of prisoners in the common jails at the close of each month was 52, as compared with 58 in 1925, 63 in 1924, and 73 in 1923. In the persons arrested, natives of 84 countries and territories were represented, which is indicative of the cosmopolitan nature of the population it is necessary to handle, many of whom are seamen, travelers, or other transients arriving at the local ports. The resident population of the Canal Zone, consisting almost entirely of civilian employees of The Panama Canal and the military and naval forces with their families and dependents, is law abiding as a whole and represents a comparatively simple problem in so far as police control is concerned.

The persons arrested included rperesentatives of 194 trades and professions, operators of motor cars being the most frequent offenders and accounting for 777 of the arrests. The more common causes of arrest were violations of the motor vehicle regulations, with 781 cases; violations of the immigration regulations, 337; disorderly conduct, 289; violations of the traffic regulations, 189; loitering, 153; violations of the national prohibition act, 134; violations of license regulations, 157; assault and battery, 108; petit larceny, 107. Nine arrests were made for violations of the narcotic drugs import and export act, all of which resulted in convictions. Two arrests were made for violation of the white slave traffic act, one of which resulted in conviction.

In addition to the routine police work in the Canal Zone villages, a continuous patrol of the harbors of Balboa and Cristobal was maintained throughout the year, principally for the enforcement of the navigation laws and for the prevention of smuggling and irregular traffic. Police launches were maintained also for the patrol of the Chagres River and Gatun Lake, and details of police officers were continued at all canal locks and at the spillway at Gatun. For the enforcement of the vehicle traffic regulations and for special emergency police service, motor-cycle patrols were continued throughout the year at Balboa, Pedro Miguel, Cristobal, and Gatun. Monthly patrols of the interior sections of the Canal Zone were continued throughout the year to ascertain if any unauthorized clearings or cultivations were being made.

There were nine homicides during the year, three of which were due to automobile accidents. In two of these accidents the drivers of the cars were exonerated by the coroners' juries, while in the third

the driver was convicted on a charge of manslaughter and sentenced to 18 months' imprisonment. Of the remaining six homicides, one assailant received a sentence of 10 years after conviction on a charge of second degree murder; two others received sentences of five years and 2 years, respectively, after conviction on charges of voluntary manslaughter; two were acquitted; and the sixth died as a result of a gunshot wound self-inflicted before being taken into custody for his crime. There were four cases of suicide during the year.

Coroner investigations were made in 68 cases of death during the year. Of these, 25 were due to accidental drowning, 16 to accidental traumatism, 10 to natural causes, 5 to homicides, 4 to suicides, 3 to accidental burns, 2 to snake bite, 1 to accidental gunshot wound, and 2 undetermined.

There was a total of 301 traffic accidents on the Canal Zone during the year, resulting in four persons being killed and 77 injured. Practically all of these accidents were avoidable and were caused by careless and reckless operation of vehicles.

During the year 46 convicts were admitted to the Canal Zone penitentiary, with sentences aggregating 101 years, 7 months, and 7 days. Fifty-four convicts completed their terms of imprisonment and were discharged; included in these were two pardoned and four paroled by the governor. The average number of convicts in custody during the year was 71.67. At the close of the fiscal year 68 convicts remained in custody, 16 of whom were citizens of the United States. So far as practicable, convicts were employed on road and municipal improvements, maintenance of prison grounds and buildings, manufacture of prison clothing, raising of vegetables, etc., the value of their labor at prevailing local rates being estimated at $33,194.69.

OFFICE OF THE DISTRICT ATTORNEY

The district attorney and his assistant prosecuted 177 criminal cases before the district court, with 151 convictions, 21 acquittals, and 5 cases dismissed. There were 17 criminal cases pending at the close of the fiscal year. Of the criminal cases prosecuted, 77 were for violations of the national prohibition act.

The district attorney represented The Panama Canal or the United States Government in eight civil actions, three of which were still pending at the close of the year.

DISTRICT COURT

Sessions of the district court were held at Ancon and Cristobal, and the following business transacted during the year:

Cases pending at the beginning of the fiscal year: Civil, 36; probate, 68; criminal, 22. Cases filed during the year: Civil, 110;

probate, 213; criminal, 173. Cases settled during the year: Civil 118; probate, 197; criminal, 168. Cases pending at the end of the year: Civil, 28; probate, 84; criminal, 27.

Of the civil cases settled, 81 were decided, 9 transferred, and 28 dismissed. Of the criminal cases settled, 10 resulted in acquittal, 133 in conviction, 8 were dismissed, 1 was nol prossed, 15 were transferred between the Balboa and Cristobal divisions of the court, and 1 was forfeited.

Marriage licenses issued numbered 577, deeds recorded numbered 22, and collections from fines, fees, licenses, etc., totaled $6,552.19.

MARSHAL

During the year writs of process received in the office of the United States marshal numbered 725. Of these 681 were served and 44 could not be accomplished since the parties could not be located within the Canal Zone. Fees collected totaled $388.10; fees paid to witnesses, jurors, interpreters, etc., amounted to $180; trust funds handled during the year aggregated $66,345.75; and surety bonds handled totaled $309,950.

MAGISTRATES' COURT

In the magistrate's court at Balboa 12 cases were pending at the beginning of the year, 1,576 cases were docketed, 1,581 cases disposed of, leaving 7 cases pending at the close of the year. Of the criminal cases settled, 24 resulted in acquittal, 1,212 in conviction, 251 were dismissed, and 49 held to the district court. Fines and other collections during the year totaled $10,819.05.

As provided in the Executive order of May 10, 1911, petitions were made to the district judge for the commitment of 63 persons to the Corozal Hospital for observation.

In the magistrate's court at Cristobal, 10 cases were pending at the beginning of the fiscal year, 1,144 cases were docketed, 1,148 cases were disposed of, leaving 6 cases pending at the close of the year. Of the criminal cases settled, 83 resulted in acquittal, 856 in conviction, 56 were dismissed, and 105 held to the district court. Fines, forfeitures, and other collections totaled $8,436.60 during the year.

FIRE PROTECTION

During the year, 161 fires, 5 emergency calls, and 6 false alarms were reported. Of the fires, 114 occurred in property of The Panama Canal, 26 in property of the Panama Railroad Co., 3 in property of the United States Army, 2 in property of the United States Navy, and 16 in private property.

Property losses by fire during the year aggregated $71,575.15, distributed as follows: Panama Canal, $325.65; Panama Railroad Co., $672.50; United States Army, $31,410; United States Navy, $65; private property, $39,102. The total value of the property involved was $3,851,456.90.

No changes were made in the organization or in the number and locations of fire stations during the past fiscal year. Inspections of all Government buildings, docks, storehouses, yards, etc., were conducted periodically, and all hose, extinguishers, and other equipment were maintained in good condition throughout the year. Additions to apparatus and equipment included 31 fire extinguishers and 4,000 feet of fire hose, the greater part of which was used to replace unservicable equipment.

In addition to the paid firemen, who numbered 44 at the close of the year, a number of volunteer fire companies were maintained during the year, the personnel of which numbered 197 on June 30 last.

PUBLIC SCHOOL SYSTEM

During the past year six elementary and two high schools for white children, and eight elementary schools for colored children were maintained. The net enrollment in the white schools was 2,426 and in the colored schools 2,302; corresponding figures for 1925 were 2,274 and 2,314. The growth in school population has been steady during the past five years, and the increasing number of pupils has resulted in an overcrowded condition in a number of the grades. At the close of the school year, in some of the colored schools the number of pupils per teacher was 50, and notwithstanding that this number is entirely too high for efficient teaching, there still remained 700 colored children of school age for whom no educational facilities were provided. Even in some of the white schools, with any growth at all next year new rooms must be opened and additional teachers employed, else it will be necessary to exclude children from school.

From the two high schools there were 53 graduates at the close of the school year. During the year 87 teachers were employed in the white schools and 47 in the colored schools.

In the white schools the educational qualifications of the teachers compare most favorably with those in the States. In addition to the preliminary training in elementary and high schools, the minimum qualifications for grammar school teachers are two years of training in a recognized normal school or teachers' college; while for high-school teachers, four years of training (with a diploma) in a recognized State teachers' college or university are required. These are the minimum requirements but actually much higher standards have been set up, as owing to the number and high qualifications of applicants it has been possible to appoint grammar grade teachers from

among those who have had actual training and experience in these grades and, in addition thereto, have earned a B. A. degree; and in the case of high school teachers, applicants with an M. A. degree are given preference in appointment.

Otis classification test.—In order to make a comparison with respect to intelligence and achievement in school work with pupils in corresponding grades in the United States, the Otis classification test was given to the children of Grades VII and VIII in the white schools, and Grades VI, VII, and VIII in the colored schools. This classification test has been given to approximately 100,000 school children in the United States and the average results obtained by this test have furnished a standard whereby the intelligence and achievement of pupils may be fairly measured. Owing to the effects of an enervating climate, the comparatively rapid turnover of teachers and pupils, and the fact that the pupil's school year is often disrupted by vacations, it was thought that the pupils in the Canal Zone schools would fall somewhat below the average for children in corresponding grades in States' schools. However, it is most gratifying to report that the average achievement of the pupils in the white schools was decidedly superior to the average achievement of pupils in corresponding grades in the States. The achievement of the colored pupils was considerably below that of pupils in the white schools and was inferior to that of children in corresponding grades in the States' schools, but when it is remembered that these children frequently lack textbooks, and that the school-rooms are overcrowded, the results obtained are considered very good, and it is remarkable that as much can be accomplished as has been done in these schools.

There is an urgent need for additional funds for Canal Zone schools in order to provide educational facilities for the several hundred colored children not now in school, to provide text-books to meet the demands made by the present courses of study, and to effect repairs to place the present school buildings in first-class condition.

POSTAL SYSTEM

Thirteen post offices were in operation on June 30, 1926, there having been no change during the year in the number or location of offices. Owing to the evacuation of villages in the Alhajuela Basin, the postal service for this area, which had been provided by special messenger since early in 1924, was discontinued on February 15, 1926.

The total receipts of the postal service were $178,324.02, as compared with $168,958.22 for the year preceding, an increase of 5½ per cent. The total disbursements were $177,241.27, leaving a surplus of $1,082.75 for the year. Since it is estimated that 60 per cent of all mail handled locally is dispatched under official frank, from which

the bureau of posts derives no revenue, the fact that the postal system operated on a self-sustaining basis during the past year is deemed highly creditable.

The sale of United States postage stamps and postal cards surcharged "Canal Zone" was continued throughout the year, but stamped envelopes were manufactured at the Panama Canal press. As soon as funds are available for obtaining the required dies for the printing of a distinctive series of Canal Zone postage stamps and other stamped paper, it is proposed to discontinue the use of the surcharged United States stamps.

There were 142,047 money orders issued during the year, amounting to $2,777,603.61, on which fees amounting to $12,999.09 were collected. During the year 41,211 money orders, amounting to $1,244,683.19, were paid. The total amount on deposit at all post offices on June 30, 1926, including deposit money orders, old postal savings accounts, and unpaid fee money orders in favor of the remitter, was $466,996.65, as compared with $536,939.68 at the close of the previous fiscal year.

In the registry division of the post offices 261,195 letters and parcels were handled, of which 44,396 were official mail under frank and accepted for registration without fee.

During the year a total of 2,688 dispatches of mail were made to various foreign post offices by the office at Cristobal as compared with 2,353 dispatches during the preceding fiscal year. Dispatches of mail received from foreign exchange post offices by the Cristobal office numbered 3,158, as against 2,275 for the previous year. The Balboa post office, which dispatches mail to the west coast of Central and South America and the United States, made 1,583 dispatches to foreign post offices and received 788 dispatches from foreign offices during the year, as compared with corresponding figures of 1,631 and 606 for the preceding year.

Throughout the year United States and foreign transit mail destined to the west coast of Central and South America, as well as mail exchanged between Cuba, Jamaica, and other insular governments with Colombia, Costa Rica, Venezuela, etc., was handled under the supervision of the director of posts. Mail from European countries, routed via the isthmus for transshipment, is handled by the director of posts in behalf of the United States Post Office Department, whereas direct agreements are in effect between the director of posts and the postal authorities of Costa Rica, Australia, and New Zealand for the handling of their mails routed via the isthmus.

Effective February 1, 1926, at the request of the Director General of Posts of Peru, the service formerly performed by the Peruvian postal agent in Panama and Colon was transferred to the office of the director of posts of the Canal Zone. The new arrangement has

afforded more expeditious dispatch of Peruvian mails and has resulted in economy to the Peruvian postal administration. It would be more satisfactory, as well as more economical, for the postal administrations of all Central and South American countries to discontinue their local postal agencies and to agree to the establishment of one central agency under the supervision of the director of posts of the Canal Zone. The existing agencies were established before the opening of the canal when it was necessary to receive and dispatch mail in both directions, but the necessity for separate agencies ceased about 10 years ago.

During August, 1925, two German hydroplanes made a pioneer flight from Colombia, via the Canal Zone, Costa Rica, Nicaragua, Salvador, Honduras, Guatemala, and Cuba, to the United States in the interest of a proposed air mail route to be established with the cooperation of the governments concerned.

CUSTOMS

Vessels entering and clearing Canal Zone terminal ports numbered 11,694 and 11,698, respectively, an increase of about 12 per cent as compared with the previous fiscal year.

All merchandise discharged at Cristobal or Balboa for local consignees not connected with The Panama Canal, the Panama Railroad, or the United States Army or Navy, is in the custody of the Canal Zone customs until submission of the necessary papers from Panaman officials showing that duty has been paid. Permits for 8,948 releases were authorized during the year. A total of 2,560 free-entry requests were approved for employees of The Panama Canal or the Panama Railroad Co. and members of the United States Army and Navy, who have the privilege of importing articles for their personal use without payment of duty.

Customs duty was paid to the Republic of Panama to the amount of $101,993.45 on 35,279 mail parcels for nonemployees and on dutiable articles for employees imported through the Canal Zone post offices.

No arrests were made for violations of the customs regulations during the year. At each port, however, numerous attempts to smuggle small quantities of merchandise of various classes were frustrated, and such merchandise was confiscated and delivered to the proper authorities of the Republic of Panama. Appreciable progress has been made in arresting the traffic in narcotic drugs. During the year nine arrests were made by police and customs officers, and convictions were secured in each case.

During the year 750 vessels requested the detail of customs inspectors for the examination of passengers' baggage after the usual working hours, and the sum of $6,089.67 was collected for this special service.

SHIPPING COMMISSIONER—SEAMEN

The shipping commissioner and his deputies have the same powers with respect to American seamen as shipping commissioners in the United States and American consuls in foreign ports. During the fiscal year 2,882 seamen shipped on American vessels and 2,611 were discharged at Canal Zone ports. There were 125 American seamen lodged and subsisted at the expense of the United States Government. Destitute seamen returned to the United States at the expense of the appropriation for the relief of destitute American seamen numbered 190, and 81 were signed on vessels as seamen or workaways and returned to the United States without expense to the Government.

The wages earned by seamen discharged at Canal Zone ports aggregated $72,959.84; the total approved for deduction on account of advances, allotments, fines, slop chest account, etc., was $17,287.05; and the balance of $55,672.79 was either paid to seamen under the supervision of the deputy shipping commissioners or received on deposit for their account. The wages and effects of 12 American seamen who died in Canal Zone hospitals during the year were handled by the shipping commissioner as provided by law.

PROHIBITED ALIENS

During the fiscal year 799 Chinese subjects arrived at Canal Zone ports on incoming passenger vessels, in addition to 25 that remained on July 1, 1925, awaiting transit to the Republic of Panama and other countries. Of this number, 449 were admitted to the Republic of Panama by authority of that Government, and the others, with the exception of 46 awaiting transportation at the end of the year, either proceeded on their journey or were returned to the port of embarkation.

Chinese crews also were checked upon arrival and again upon the vessel's departure in order to see that no illegal landings were made, and crews of 534 vessels were so checked during the year.

Cash bonds were accepted for the temporary release in the Canal Zone of 24 Chinese subjects in transit.

ADMINISTRATION OF ESTATES

During the year 100 estates of deceased and insane employees of The Panama Canal and the Panama Railroad Co. were administered, and there were 31 estates in course of administration on June 30, 1926.

LICENSES AND TAXES

Motor vehicle, bicycle, and animal-drawn vehicle licenses, as well as permits for the peddling of foodstuffs, the vending of merchandise, ships' runners, and similar licenses and permits were issued, numbering in all 6,286 for the year. License fees, taxes, etc., aggregated $30,126.90 for the year.

IMMIGRATION VISAS

By Executive order of the President, dated January 12, 1925, the executive secretary was designated to issue immigration visas to alien residents of the Canal Zone going to the United States. This designation was made in accordance with the provisions of section 28 (e) of the immigration act of 1924.

During the fiscal year ended June 30, 1926, a total of 101 visas were issued, of which 49 were quota, 34 nonquota, and 18 were nonimmigrant visas. The fees collected for the visas amounted to $940.

RELATIONS WITH PANAMA

There was direct correspondence between the Government of the Canal Zone and the Republic of Panama on various questions, largely routine. The negotiations for a general revision of the existing agreements between the United States and the Republic of Panama, which have been pending for several years, were continued, and at the close of the year an agreement between the two governments on practically all points at issue had been reached.

SECTION IV

ADMINISTRATION

CHANGES IN ORGANIZATION AND PERSONNEL

There were no changes in the organization of The Panama Canal during the fiscal year 1926.

Capt. John Downes, United States Navy, was appointed marine superintendent, effective April 12, 1926, relieving Capt. James H. Tomb, United States Navy.

Commander Elmer W. Tod, United States Navy, was appointed captain of the port, Balboa, effective July 13, 1925, relieving Commander Mathias E. Manly, United States Navy.

Mr. Irvin M. Lieser was appointed by the President as marshal for the Canal Zone, effective August 14, 1925, to succeed Mr. Horace D. Ridenour.

FORCE EMPLOYED

The force employed by The Panama Canal and the Panama Railroad Co. on the Isthmus increased from 12,270 in June, 1925, to 12,819 in June, 1926, or 4.47 per cent. The distribution of the personnel on the third Wednesday in June of both years is shown in the following table, from which it may be noted that the gross increase in the number of employees was confined to the silver roll, and the total number of American or gold employees, comprising the supervisory, technical, higher clerical, and highly skilled mechanical force remained practically stationary:

	June, 1925			June, 1926		
	Gold roll	Silver roll	Total	Gold roll	Silver roll	Total
Operation and maintenance:						
Office	27	35	62	37	35	72
Electrical division	174	186	360	148	153	301
Municipal engineering	73	509	582	79	580	659
Lock operation	204	612	816	210	624	834
Dredging division	173	827	1,000	174	879	1,053
Mechanical division	470	864	1,334	408	738	1,146
Marine division	177	497	674	185	535	720
Fortifications	33	283	316	14	118	132
Supply Department:						
Quartermaster	166	1,133	1,299	181	1,519	1,700
Subsistence	7	95	102	8	100	108
Commissary division	189	912	1,101	198	977	1,175
Cattle industry and plantations	6	277	283	7	326	333
Hotel Washington	8	93	101	8	88	96
Transportation	37	166	203	49	200	249
Accounting	196	8	204	198	8	206
Health	219	706	925	227	801	1,028
Executive	495	269	764	502	285	787
Panama Railroad:						
Superintendent	48	236	284	47	217	264
Transportation	62	107	169	65	112	177
Receiving and forwarding agent	80	1,300	1,380	85	1,419	1,054
Coaling stations	41	270	311	49	226	275
Total	2,885	9,385	12,270	2,879	9,940	12,819

The larger number of employees on the rolls of some of the divisions at the end of the fiscal year, as compared with June, 1925, was due partly to increased construction work and in part to increased business in the units concerned. Explanations of the larger increases are given below:

Office engineer.—Increase in drafting force due to new building construction.

Municipal engineering.—Increase in work due to enlarging the water system in the northern district, road construction work at Balboa, and work being carried out for the United States Navy and the Panaman government.

Lock operations.—Temporary increase due to special maintenance work on lock machinery.

Dredging division.—Increase due to placing a second shift on drill barge and to increased survey work.

Marine division.—Increase in number of pilots and in employees handling lines on ships transiting canal, due to increased number of transits.

Constructing quartermaster.—Increase in building construction work.

Commissary division.—Increase in sales, particularly at enlarged Cristobal commissary.

Cattle industry.—Temporary increase due to clearing of pasture lands.

Motor transportation.—Transportation for fortifications section taken over.

Health department.—Most of increase is due to installation of permanent ditching and other work. Temporary increase.

Executive.—Small increase due to greater volume of business in the division of posts and at the clubhouses.

Receiving and forwarding agent.—Greater number of vessels and larger volume of cargo handled at piers as compared with preceding year.

Coaling plants.—Slight increase made in order to facilitate the discharge of coal from ore vessels.

WAGE ADJUSTMENTS

Gold employees.—The policy of compensating American employees at 25 per cent above rates paid by the Government for similar employment in the United States was continued in so far as appropriations would permit. In all cases the granting of the 25 per cent increment for tropical service is limited by the requirements of suitable coordination within the Panama Canal organization, the full 25 per cent not being allowed for isolated groups or individuals

if its application would result in rates not properly commensurate with the service performed in comparison with authorized rates of pay for other employees.

The board on rates of pay, gold roll, composed of the assistant engineer of maintenance and a representative selected by the organized employees, held 24 meetings during the year. Wage matters considered by this board primarily are rates for mechanical and related classes of employees not coming under the classified service. Following the trend of wages in the States, adjustments of rates for these employees during the year was slightly upward. The most important wage matter considered by this board was the annual adjustment of rates for mechanical and allied employees whose rates of pay are determined by rates authorized for similar classes of service in the navy yards in the United States.

The board on clerical and allied rates of pay, composed of the heads of the nine major departments and divisions of The Panama Canal and Panama Railroad, held meetings in December and June. This board acts in an advisory capacity to the governor primarily in the matter of rates of pay for clerks and other employees whose rate of compensation is based on the classified service in the United States, or having no base, must be adjusted administratively. The board meets semiannually to consider all requests made for the regrading of classified positions, makes recommendations to the governor concerning the rate of pay for employees whose duties with the canal are such that no comparable employment can be found in the United States, and acts as a coordinating board in maintaining standard rates of pay throughout all the departments and divisions of The Panama Canal and Panama Railroad Co. for approximately equal classes of work.

Alien employees on silver roll.—As a check on existing canal rates of pay for alien employees on the silver roll, data regarding prevailing rates of pay and living conditions pertaining to tropical labor in the adjacent countries in the Caribbean area were obtained through questionnaires sent out to United States consuls and large business interests in this area. These data showed little change in rates as compared with a similar survey made in 1924. The two checks justify the following conclusions:

(*a*) The average worker in the Caribbean area receives in the aggregate more pay than the average alien employee of The Panama Canal, due largely to the longer number of hours worked per day in other countries.

(*b*) Occupations requiring little skill or training are better paid on The Panama Canal. The average alien employee working for the canal is better off than the average employee performing a corresponding class of work in the adjacent countries, but for the man of more than average ability, the pay and opportunities elsewhere are greater than in the canal service, where the positions requiring a considerable degree of aptitude, training, and skill are not open to the alien employee as they are elsewhere in the Caribbean area.

(c) Living conditions on the Canal Zone for the alien employee are superior to those for corresponding classes of employees in adjacent countries. Retail prices of food and clothing are lower on the isthmus than in the neighboring countries, and a higher standard of living prevails on the isthmus.

During the year there was no general revision of the schedules of rates of pay for alien employees, but small increases in the schedule were authorized for individual groups and classes where rates appeared to be out of line with rates paid by private interests and difficulty was being experienced in holding competent employees. The basic rate for unskilled labor remains at 20 cents an hour, and the maximum authorized rates for alien employees remains at 40 cents an hour or $80 per month.

The index of cost of living, using costs in July, 1914, as a base, declined from 142.44 as of July 1, 1925, to 140.37 as of July 1, 1926.

At the end of the year there was practically no voluntary unemployment among capable West Indians, and the general condition of this class was better than at any time in recent years. Licensing of land in additional areas in the Canal Zone for settlement was discontinued on April 24, 1925, but at the same time a ruling was made that individual holdings might be increased to 5 hectares. During the past fiscal year a number took advantage of this, and at the end of the year 7,277½ hectares were under license to 2,012 licensees. This system absorbs surplus labor and at the same time provides a reserve of labor which can be drawn upon for temporary employment. Objection to its further extension lies principally in the cost of sanitation and public services in general which become obligatory after the establishment of communities, alike as a need of the West Indians and as a protection to the rest of the Canal Zone against communicable disease, principally malaria.

GRIEVANCE BOARD

Upon requests of employees or of labor organizations, six grievance cases or complaints of American employees concerning working conditions were referred to the board for investigation and recommendation. This board is composed of the assistant engineer of maintenance, the head of the division in which the complaint originates, and two representatives of the employees, nominated by the central body of the employees' organizations. Efficiency ratings, seniority, and like questions are frequently the basis of these complaints, since they are a determining factor in making reductions of force.

The small number of complaints brought before the grievance board during the 12 months is indicative of the continuance of the satisfactory conditions of employment that have existed on the isthmus the past few years.

RECRUITING AND TURNOVER OF FORCE

Gold employees.—The number of persons tendered employment through the Washington office of The Panama Canal was 401, of whom 167 accepted tenders and were appointed. Corresponding figures for 1925 were 512 and 234, and for 1924 they were 973 and 436. The smaller number employed in the United States during the past year was due to a greater stability of force, absence of special recruiting for temporary service during lock overhaul, and ability to fill vacancies by employments on the isthmus. Including the 167 employed in the United States and 366 employments on the isthmus, total additions to the gold roll were 533. Separations numbered 504. Based on a force of 2,885 gold employees at the beginning of the year, this gives a turnover rate of 17.5 per cent per year from all causes. In many instances the break in service was temporary and the individual accepted reemployment in another department or division. Over two-thirds of all appointments made during the year were from the local register of applications, and of those sent from the United States many were former employees.

After a number of years' service in the Tropics employees are frequently reluctant to return to the States and, therefore, when the services of an employee are no longer required in one department every effort is made to provide a place for him in another department in preference to bringing a new employee from the States. This policy has reduced greatly the number of requisitions placed for new employees and has proved very profitable to the canal in that not only are the effort and expenses incurred in bringing new employees to the Isthmus eliminated but also the experience and knowledge obtained by the employee in one department often are of value to him in his new work; moreover the canal retains the services of a worker accustomed to tropical living conditions.

Silver employees.—No figures are available concerning the number of separations and employments among the alien personnel comprising the silver roll, but no difficulty was experienced in maintaining an adequate force, and the percentage of turnover was fairly low for this class of labor.

In connection with provisions for retirement under the national law for employees of the United States Government, considerable statistical information, including a card (Form 2500) for each gold employee, was compiled for the use of the United States Civil Service Commission and congressional committees working on retirement.

PUBLIC AMUSEMENTS AND RECREATION

Ten clubhouses, five for white and five for colored employees of the canal, were operated continuously throughout the year under the auspices of the bureau of clubs and playgrounds. These clubhouses

were open daily, including Sundays and holidays, from 7 a. m. until 11 p. m., and provided central meeting places in each of the larger settlements where employees and their families could find wholesome amusement and recreation. The clubhouses operate soda fountains and lunch counters, deal in candy, tobacco, souvenirs, photographic and athletic supplies, exhibit moving pictures, maintain bowling alleys, pool and billiard tables, and promote a variety of entertainments. The bureau promotes, and in part supervises, such athletic sports as swimming, boxing, wrestling, baseball, handball, and tennis. Kindergartens and playgrounds are also maintained for the children of employees. Free reading rooms and branch libraries were maintained at the clubhouses, and musical, vaudeville, and other entertainments were staged from time to time. At some of the clubhouses for colored employees, classes in shorthand, typewriting, and grammar-school subjects were held several nights weekly.

At Pedro Miguel work was begun on a swimming pool in September, and by December construction had advanced sufficiently to permit the water to be turned in, and since that time the pool has been in constant use.

Some of these activities are carried on at a profit; others are not self-sustaining, and the deficit resulting therefrom is made up from appropriations. The justification for their continuance is that they add materially to the morale of the organization and to the physical and moral health of the community. Clubhouse finances for the fiscal year are taken up in the section on business operations.

PURCHASES AND SALES IN THE UNITED STATES

The total number of orders placed by the Washington office of The Panama Canal for the purchase of supplies was 6,674, as compared with 6,731 in the preceding year, and the value of supplies purchased amounted to $4,236,313.10, as against $4,695,632.29 in 1925. The offices of the assistant purchasing agents at New York, New Orleans, and San Francisco were maintained through the year. The amount of material purchased through these offices was relatively small and the personnel thereof acted principally as receiving and forwarding agencies for supplies purchased by the Washington office for shipment to the isthmus through their respective ports. Medical and hospital supplies for use on the isthmus, for the greater part, were purchased through The Panama Canal, medical section, New York general intermediate depot, United States Army, Brooklyn, N. Y. Decisions of the Comptroller General, affecting the methods of purchase of supplies and settlements in connection there-with, made considerable extra work and required the maximum effort of the personnel of the purchasing department to handle the same properly.

The sale of surplus canal material during the year by the purchasing department in Washington amounted to $76,357.94, as compared with $45,914.98 during the fiscal year 1925.

As in previous years, considerable time and attention of the higher officials of the Washington office was spent in serving on various Government boards and coordinating committees.

TACNA-ARICA PLEBISCITE

At the request of Gen. John J. Pershing, president, Tacna-Arica Plebiscitary Commission, and Gen. Jay J. Morrow, American commissioner, Special Commission on Boundaries, Tacna-Arica Arbitration, The Panama Canal acted as agent for the two commissions, both on the isthmus and in Washington, D. C., in making purchases and shipments of supplies and in the employing and dispatching of personnel for duty in the plebiscitary area. The cost of this service was billed against the respective commissions.

From the large number of applications received for duty with the two commissions, it was possible to select men of excellent character, high qualifications, and with a good working knowledge of the Spanish language. Among the personnel recruited were 61 employees of The Panama Canal and Panama Railroad, leave of absence from their regular duties being granted in order that they might assist in the work of the plebiscite. At the end of the year two employees of the canal were still absent on this detail, working with the Commission on Boundaries.

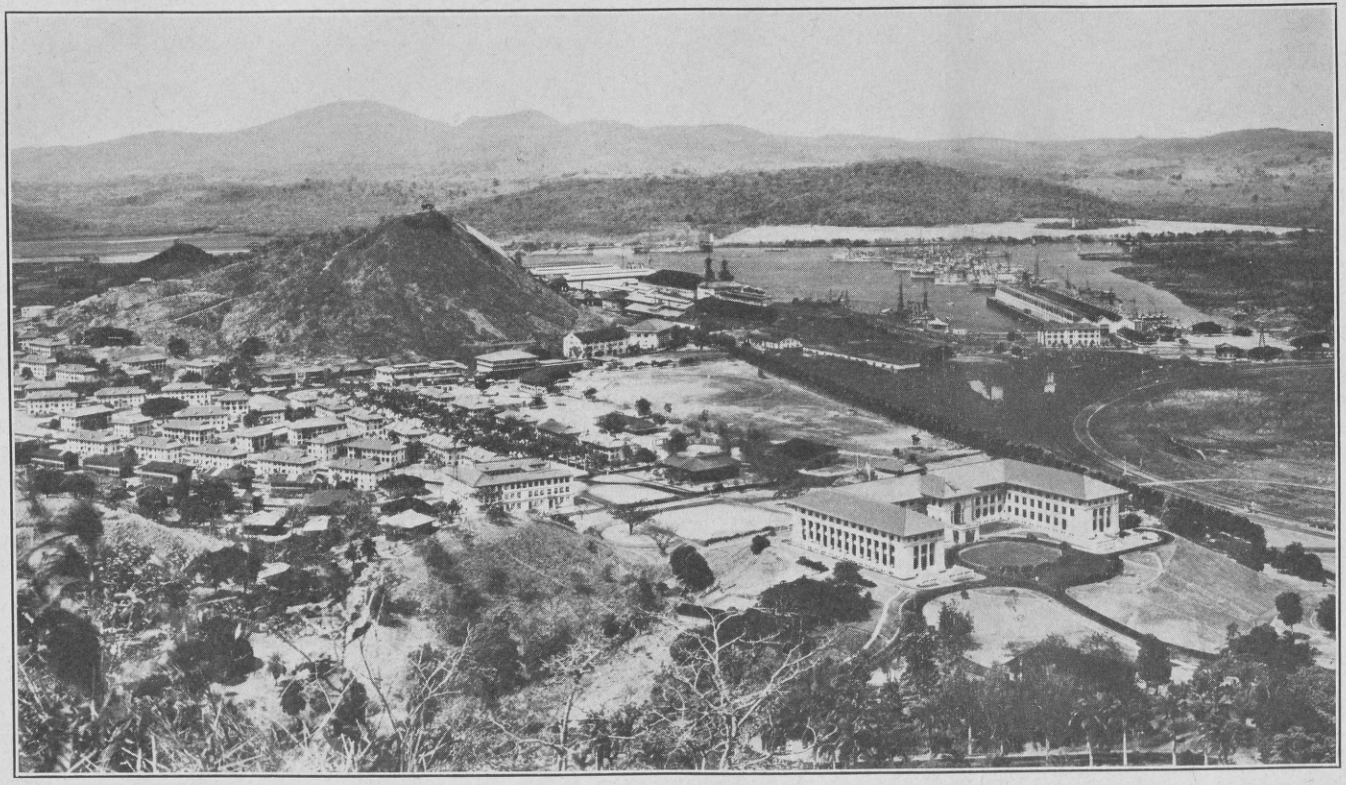


PLATE NO. 1.—VIEW FROM ANCON HILL, MARCH, 1926, SHOWING PART OF VILLAGE OF BALBOA, WITH PART OF SHOPS, DOCKS, AND INNER HARBOR, PACIFIC ENTRANCE TO CANAL. ADMINISTRATION BUILDING IN FOREGROUND

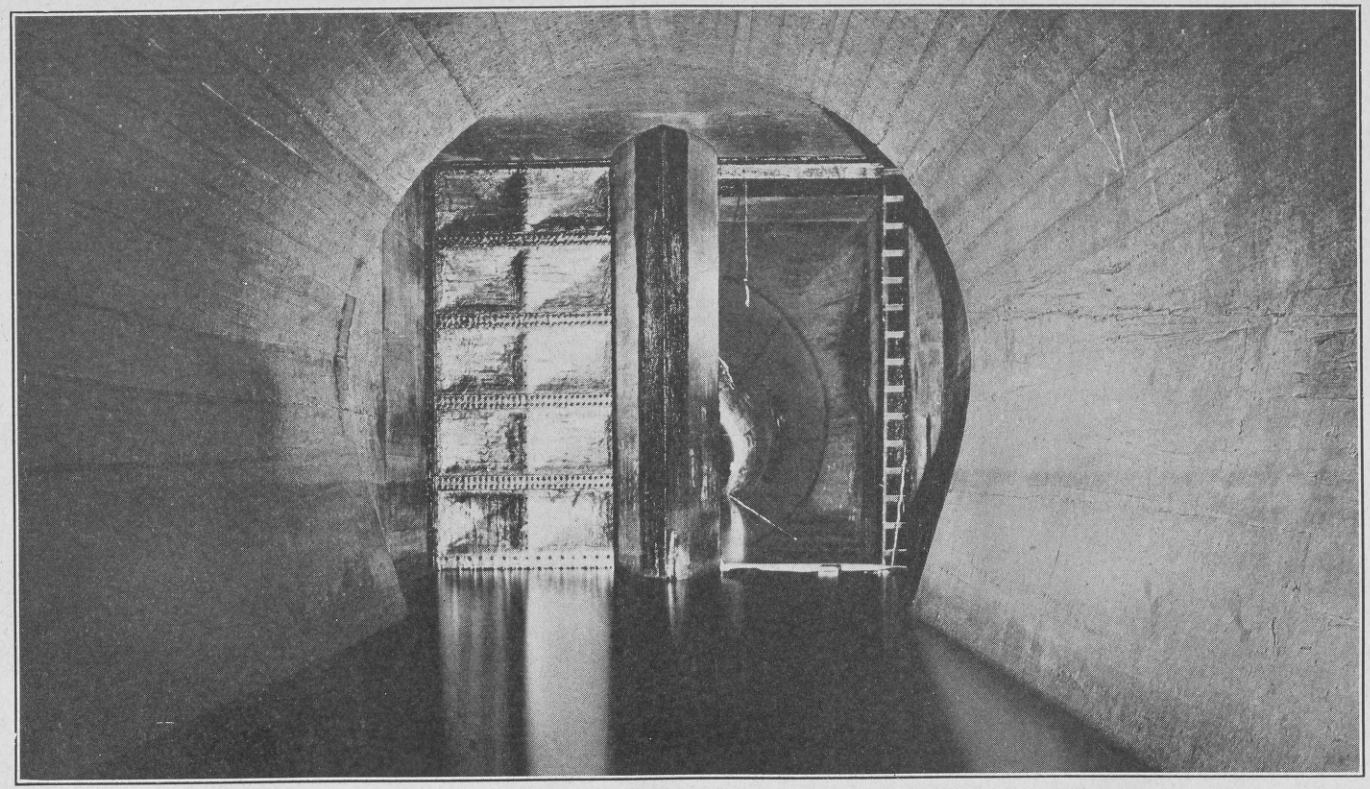


PLATE NO. 2.—STONEY GATE VALVE, UPSTREAM SIDE, CENTER WALL CULVERT, MIRAFLORES LOCK. INTERIOR VIEW OF LOCK TUNNEL TAKEN AT TIME OF OVERHAUL

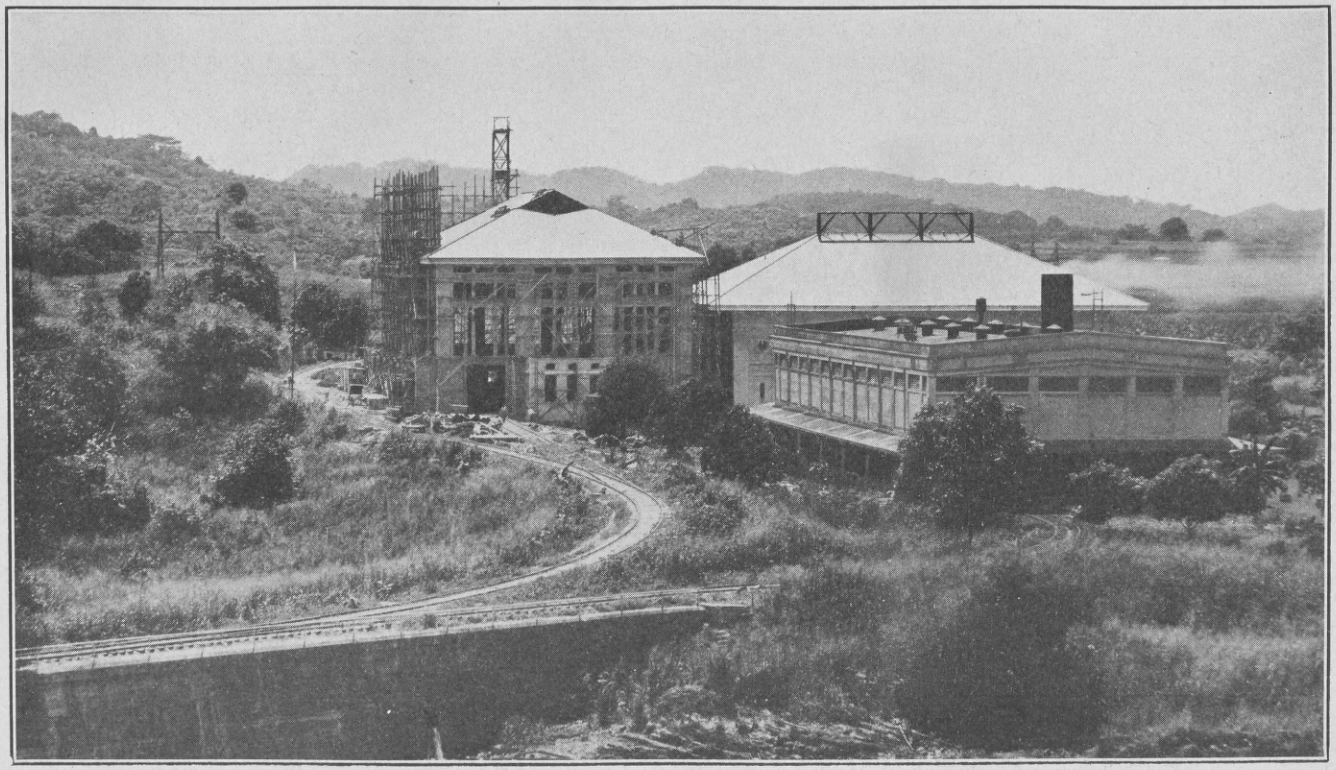


PLATE NO. 3.—MIRAFLORES POWER PLANT. NEW DIESEL ELECTRIC GENERATING STATION IN COURSE OF ERECTION; ESTIMATED COST, $290,000

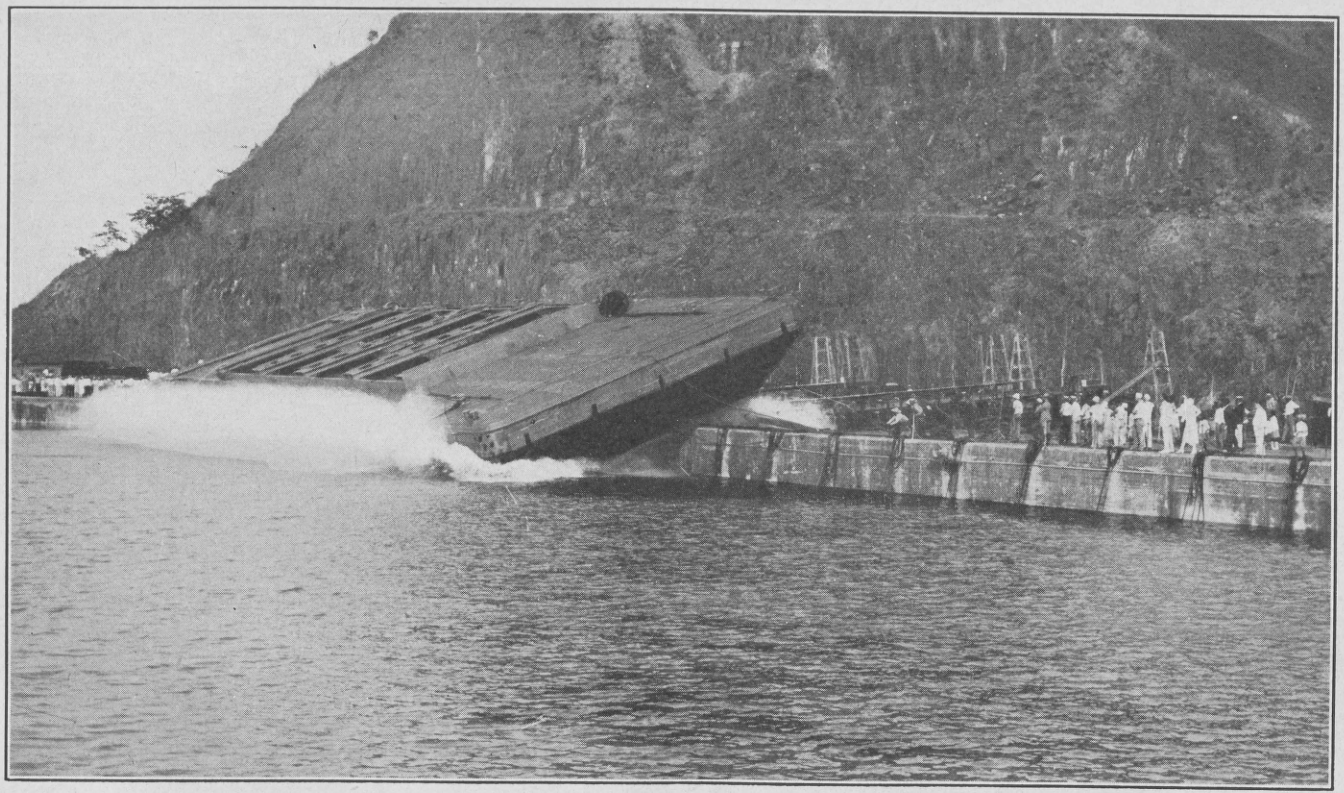


PLATE NO. 4.—LAUNCHING OF IMPROVED 1,000-YARD SCOW, CONSTRUCTED AT BALBOA SHOPS FOR DREDGING DIVISION. MARCH 15, 1926

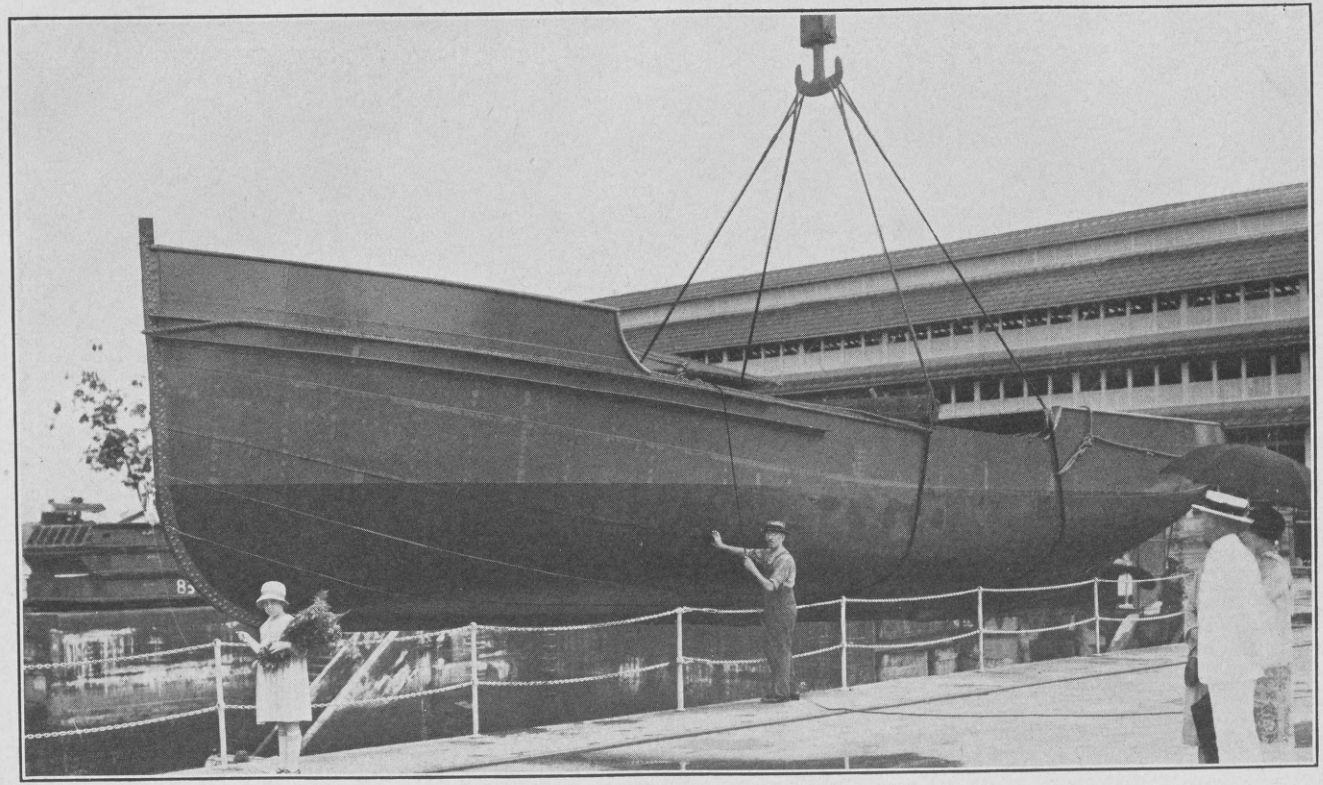


PLATE NO. 5.—HULL OF BUOY TENDER (COCO SOLO NO. 2), 65 FEET LONG BY 15 FEET 6 INCHES BEAM, BUILT AT BALBOA SHOPS FOR LIGHTHOUSE SUBDIVISION, BEING LOWERED INTO DOCK BY DRY-DOCK CRANE

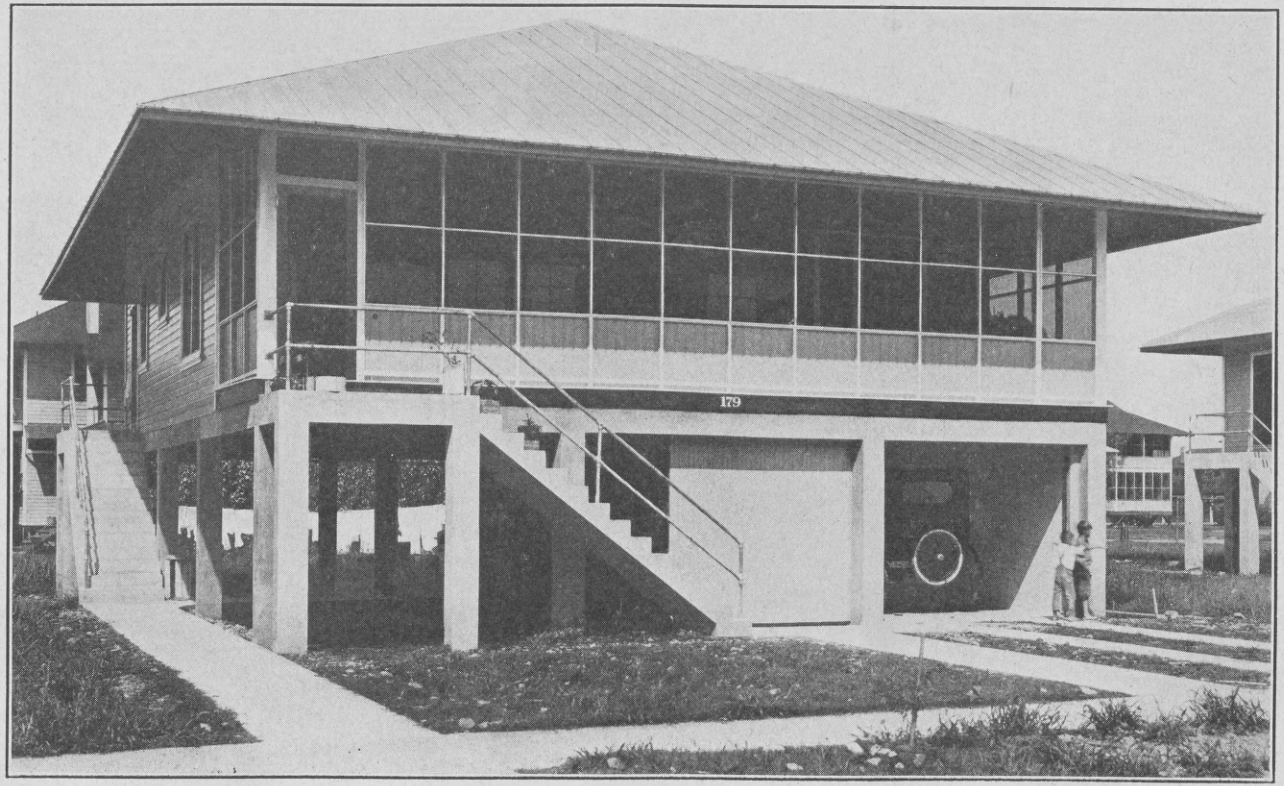


PLATE NO. 6.—NEW (REVISED) TYPE 17 COTTAGE ERECTED FOR HOUSING OF AMERICAN EMPLOYEES. NEW CRISTOBAL



PLATE NO. 7.—NEW TELEPHONE EXCHANGE BUILDING AT CRISTOBAL, ERECTED TO HOUSE AUTOMATIC EQUIPMENT INSTALLED DURING FISCAL YEAR 1926. GROUND FLOOR USED FOR DISTRICT OFFICES OF ELECTRICAL AND MUNICIPAL ENGINEERING DIVISIONS

SECTION V

FINANCIAL AND STATISTICAL STATEMENTS

This section contains financial statements of The Panama Canal (Tables 1 to 66) and statistical statements of canal traffic (Tables 67 to 70). For convenience of cross reference, the original numbering of the financial statements quoted from the annual report of the auditor of The Panama Canal has been preserved, although Tables Nos. 23, 35, 40, 41, and 45 to 66, inclusive, have not been printed. A complete list of the tables, including those omitted, follows:

Table No.—

1. General balance sheets.
2. Balances in appropriation and fund accounting.
3. Appropriations by Congress.
4. Status of authorized bond issue.
5. Cash receipts and disbursements for account of the United States.
6. Payments made by the paymaster.
7. Receipts and disbursements by the collector.
8. Collections repaid to appropriations and to individuals and companies.
9. Collector's special deposit account.
10. Audited pay rolls.
11. Accounts receivable registered and outstanding.
12. Comparative statement of accounts receivable.
13. Comparative statement of accounts payable.
14. Statement of defense capital expenditures to June 30, 1926.
15. Details of canal fixed property.
16. Detail of canal transit equipment.
17. Business property, equipment, etc., by divisions.
18. Business fixed property.
19. Canal business equipment.
20. Status of public works in Panama and Colon.
21. Canal transit material and supplies.
22. Receipts, issues, and transfers of stores.
23. Comparative statement of store balances.
24. Statement of canal earnings, expenses, and net expenses.
25. Canal revenues.
26. Business expenses, revenues, and net revenues.
27. Comparison of expenses and revenues and surplus by years to date.
28. Pay-roll deductions from employees for rent, etc.
29. Reserves for depreciation.
30. Reserves for repairs.
31. Reserves for gratuity.
32. Cost of production and distribution of electric current.
33. Cost of production and distribution of water.
34. Dredging operations (channel maintenance).
35. Money orders issued and paid by Canal Zone and Canal Zone orders paid by other administrations, fiscal years 1907 to 1926, inclusive.

Table No.—

36. Monthly money order business of Canal Zone postal service.
37. Postal service—Audited revenues, fiscal years 1907 to 1926, inclusive.
38. Postal revenues, fiscal year 1926.
39. Postal savings and deposit money order transactions, fiscal year 1926.
40. Income, bureau of clubs and playgrounds, fiscal year 1926.
41. Expenses, bureau of clubs and playgrounds, fiscal year 1926.
42. Income and expenses, bureau of clubs and playgrounds, fiscal year 1926.
43. Balance sheet, bureau of clubs and playgrounds, June 30, 1926.
44. Coupon books issued, sold, etc., fiscal year 1926.
45. Amounts of injury payments made during the period August 1, 1908, to June 30, 1926.
46. Injury and death payments, September 7, 1916, to June 30, 1926.
47. Number of injuries by extent of disability for each division or department.
48. Nature of nonfatal cases, by department or division.
49. Number of cases and compensation paid, classed by injury.
50. Class of work being performed by employees at time of injury, by departments and divisions.
51. Cause of injuries, by departments and divisions.
52. Cost of commissary supplies purchased and sold during fiscal year 1926.
53. Collections from other than employees.
54. Collections, Panama Railroad land rents.
55. Rental of silver (laborers') quarters.
56. Panama Canal accounts payable vouchers registered.
57. Panama Railroad accounts payable vouchers registered.
58. Employees' bonds.
59. Report of the accounting bureau (general and cost accounts).
60. Report of the pay roll section (claims bureau).
61. Report of the claim officer—personal injury claims.
62. Report of the claim clerk—freight and cargo claims.
63. Report of rent and other collections from silver employees.
64. Report of the general inspection bureau.
65. Report of the time inspection bureau.
66. Report of the property inspection bureau.
67. Number of commercial vessels of various nationalities passing through The Panama Canal, 1915–1926.
68–A, 68–B. Origin and destination of cargo passing through the canal, 1924–1926.
69. Net tonnage, Panama Canal measurement, of commercial vessels passing through the canal, 1915–1926, segregated by flags.
70. Tons of cargo passing through the canal 1915–1926, segregated by flag under which carried.

EXPLANATION OF FINANCIAL AND STATISTICAL STATEMENTS

A brief explanation of Tables Nos. 1 to 70, inclusive, follows:

Table No. 1—General balance sheet.—No change was made in the general accounts during the past year. The credit and debit items are analyzed and explained in subsequent tables.

Table No. 2—Appropriation and fund accounting.—This table shows the balance of appropriated and available funds in the United States Treasury and in the hands of the Panama Canal fiscal officers as of June 30, 1926. The fiscal officers—i. e., the disbursing clerk in

Washington, and the paymaster and collector on the Isthmus—had cash on hand amounting to $2,890,455.56, of which $535,363.78 were miscellaneous receipts and trust funds, leaving an actual working cash balance of $2,355,091.78.

The balance available for expenditure, after providing for direct liabilities, obligations, and reserves, was $2,263,259.34. Most of this balance is allotted for expenditure during the fiscal year 1927 on projects which were not completed during the fiscal year 1926, such as the Miraflores power plant, Gatun-Colon water works, towing locomotives, etc. Any balance remaining after providing for the cash requirements in the fiscal year 1927 will be carried forward to be used in the fiscal year 1928. This amount will be estimated and deducted from the total estimates for 1928, as has been done for a number of years.

The amount shown under the heading of work in process and suspense represents expenditures which have been made but which have not been charged off or set up in the capital account on the books.

The $5,983,154.54 shown under the heading of reserves represents the actual cash available for repairs and replacements of property and equipment and for the payment of gratuity earned by employees. The difference between this figure and the total reserves shown in the general balance sheet covers theoretical amortization, depreciation and interest for which no cash is held in reserve. Out of this reserve the sum of $1,100,000 has been obligated and allotted for expenditure during the fiscal year 1927, the amount required for operation during 1927 having been reduced, and Congress appropriated only the balance.

From the balance available June 30, 1926, the sum of $785,238.42 is immediately payable to Miscellaneous Receipts, representing the profits on business operations during the fiscal year 1926.

Table No. 3—Appropriations by Congress.—There has been no change in the appropriations for canal construction. The various acts are shown in detail in Table No. 3 of the annual report for 1924.

The total amount appropriated to date for the annual payments to the Republic of Panama for the use of the Canal Zone is $3,750,000.

The total amount appropriated to June 30, 1926, for the operation and maintenance, sanitation, and civil government of The Panama Canal and Canal Zone is $89,259,007.88. The sum of $7,627.62 from appropriations for increased compensation, has been returned to the surplus fund ($33.32 during the fiscal year 1926), leaving $89,251,380.26 expended or available for expenditure.

The appropriations for the fiscal year 1927 not included in the above figures are as follows:

Operation and maintenance	$5, 086, 094
Sanitation	670, 000
Civil government	999, 980
Total	7, 656, 074

In addition to this amount, there is obligated for expenditure during 1927 an unexpended balance of $258,440 brought forward from the fiscal year 1925, and the $1,100,000 from the depreciation reserve fund referred to above.

Table No. 4.—Status of authorized bond issue.—The authorized bond issue was $375,200,900, of which all but $2,215,782.62 was appropriated for canal construction.

Table No. 5—Cash receipts and disbursements.—This table shows that the Treasurer of the United States advanced to the fiscal officers of The Panama Canal during the fiscal year 1926 the sum of $8,170,000 and disbursed directly from the Treasury $420,245.80, a total disbursement of $8,590,245.80. Against this amount, the fiscal officers of The Panama Canal remitted to the Treasury the sum of $455,688.64 and direct collections by the Treasurer amounted to $385,016.69, a total of $840,705.33, resulting in a net withdrawal from the United States Treasury of appropriated funds amounting to $7,749,540.47 for the fiscal year 1926. The net amount withdrawn during the fiscal year 1925 was $8,223,412.01.

Table No. 6—Disbursements by the paymaster.—Disbursements to the amount of $19,584,192.80 were made during the year by the paymaster. Of this amount, the sum of $7,487,274.21 was for the account of The Panama Railroad Co. Employees on the gold rolls were paid $6,602,699.58 and those on the silver rolls, $4,120,087.15. The amount of $1,374,131.86 was paid on miscellaneous vouchers.

Collections on the pay rolls amounted to $3,667,523.57. Of this amount the sum of $2,922,647.21 was collected for coupon books, the remainder for miscellaneous items. Of the total collections, the sum of $2,953,589.94 was disbursed by the paymaster, the balance, $713,933.63, being transferred to the collector's accounts.

The Chase National Bank of New York, Panama branch, was continued as a Government depositary. The International Banking Corporation was taken over by the National City Bank of New York and the business continued as a branch of the National City Bank. During the year the sum of $8,117,700 Panama Railroad funds was transferred to the Treasurer, New York. This sum includes $2,217,700 cash transfer, of which $1,117,700 was mutilated currency, due to deterioration of paper money through climatic conditions. Very little new currency was put into circulation during the year. The paymaster requisitioned $2,660,000 from the Treasurer of the United States during the year. Of this amount, $660,000 was sent to the isthmus in cash. The gold reserve on the isthmus is approximately $350,000 and is held by the banks. The cash situation has continued satisfactory as a whole. There has been a shortage of American change at times which has been adjusted by the paymaster importing the required denominations.

Tables Nos. 7, 8, and 9—Receipts and disbursements by the collector.—The miscellaneous receipts collections amounted to $23,241,075.05 of which $22,927,456.03 was for tolls and the balance for postal receipts, taxes, fees, fines, etc., and amortization and interest on the investment in public works in the cities of Panama and Colon. Collections repaid to appropriations amounted to $9,849,800.73. The amount handled through the security deposit accounts totaled $29,497,255.64, as shown in Table No. 5. In addition to these amounts, the collector handled independent funds consisting of clubhouse funds, trust funds, postal savings funds, money order funds, interest, Treasury savings certificates, as shown in Table No. 7, amounting to over $2,000,000. Collections for account of the Panama Railroad Co. amounted to $14,832,348.83, making a total cash turn over, exclusive of the security deposit funds, of approximately $50,000,000.

Table No. 10—Salaries and wages.—The amount of money earned by Panama Canal employees during the fiscal year 1926 was $10,801,686.46. Of this amount, $6,655,846.56 was earned by gold employees and $4,145,839.90 by employees on the silver rolls. The total pay roll for the fiscal year 1925 was $10,615,412.92. Of the amount paid for salaries and wages during the fiscal year 1926, $9,081,691.60 was from the appropriation for operation and maintenance; $829,086.82 from the sanitation appropriation; and $890,908.04 from the appropriation for civil government. These figures include the employees of the business divisions, the outlay for which is collected back and repaid to the appropriation. The net expenditures for salaries and wages from appropriated funds are considerably less than the figures shown in this table.

Table No. 11—Accounts receivable.—The number of bills registered during the year was 37,425, covering $31,033,890.68, compared with 33,637 and $29,561,896.31 during the fiscal year 1925, an increase of 3,788 bills covering $1,471,994.37. This table shows in detail the bills registered for tolls by months during the fiscal year, the largest amount being in the month of December, 1925, $2,111,995.11, and the smallest amount in August, 1925, $1,658,161.70. The total amount of tolls bills registered was $22,931,979.78, an increase of $1,530,987.54 over the fiscal year 1925.

Table No. 12—Comparative statement of accounts receivable.—The uncollected bills at the end of the fiscal year 1926 amounted to $795,926.04, compared with $1,181,913.83 the previous fiscal year, a reduction of $385,987.79.

Table No. 13—Comparative statement of accounts payable.—Bills payable at the end of the fiscal year amounted to $1,522,114.10 compared with $1,410,914.82 the previous year, an increase of $111,199.28. The unpaid bills exceed the accounts receivable by $726,188.06.

Table No. 14—National defense expenditures.—This table shows the individual items which were charged off as an arbitrary proportion of the cost of constructing The Panama Canal, representing its value from a national defense standpoint. The difference between the amount so charged off and the total cost of constructing the canal is carried in the accounts as the commercial value of the canal, on which a return on the investment is expected. This account was increased during the fiscal year by $8,737.51, of which $3,651.71 was additional expense in connection with the armor plates for the spillways, and $5,085.80 in connection with the depopulation of the Canal Zone covering some old land claims at Mindi. The total amount now charged to national defense is $112,662,732.60.

Table No. 15—Canal fixed property.—The book value of fixed property used in connection with the transiting of vessels amounts to $236,115,089.01. There were no removals during the year but additional property was set up amounting to $139,755.27. Of this amount $84,506.37 was for expenditures on the Alhajuela Dam project, $16,912.63 for street improvements, $1,100 for the hydrographic building at Gamboa, $11,629.68 for fairway buoy No. 76, and $25,606.59 for aids to navigation, including a radio compass station at Cape Mala, $1,590.07; Isla Grande light, $3,741.34; keeper's quarters at Isla Grande light, $13,791.38; Farallon Sucio light, $6,483.80.

Table No. 16—Canal transit equipment.—The amount invested in equipment used in connection with the transiting of vessels and channel maintenance was $4,140,923.88, an increase of $1,116.56. There were a number of reductions by transfer of equipment and reduction in book value amounting to $228,364.79. The machinery and tools in use by the salvage section, valued at $5,725.29, were transferred to business equipment. The coal hoist barge valued at $2,112, was sold and the book value of dredging division barges was reduced by $211,250 in order to make depreciation funds available for the construction of new steel barges. The balance represents transfers.

This account was increased by $229,481.35, the largest item of which represents the cost of two new 1,000-yard steel barges manufactured at the Balboa shops for the dredging division at a cost of $209,500. Three of these barges were constructed. One was completed and set up in the accounts last year. The balance of the increase represents capital improvements on various items of equipment.

Table No. 17—Business property.—This table shows the entire investment in the business activities of the canal, consisting of fixed property, equipment, material and supplies, cash, work in process, and undistributed business capital, separated according to the

divisions using same. The undistributed business capital charge against the divisions is made up of a portion of the general store stock (representing the value of standard material and supplies held in reserve for the business divisions); cash; and accounts receivable registered in the transit accounts for account of the business units. The capitalization of these business units amounted to $30,341,290.56, an increase of approximately $1,000,000 over the previous year. These increases are principally in connection with additional fixed property and equipment which are explained under Tables 18 and 19.

Table No. 18—Business fixed property.—The total amount of fixed property in use by the business divisions as shown in Table No. 17 was reduced by $96,339.61 and increased by new items amounting to $1,036,406.69. The principal reductions are made up of the amortization of public works in the cities of Panama and Colon, approximately $56,000; transfer of a crane from the hydroelectric plant, $9,000; and buildings transferred and sold, $11,465. There was also a reduction of $19,485.99 in the capitalization of garage stalls in order to release depreciation funds for the construction of new stalls.

The largest increase was in connection with the new Miraflores power plant, $967,314.58. Improvements were made to the water system amounting to $33,377.90; a new kerosene tank was constructed at Balboa at a cost of $11,834.61; and additional garage stalls were built at a cost of $20,187.93, and a 10-ton auxiliary hoist installed at the hydroelectric plant, Gatun, at a cost of $3,691.67.

Table No. 19—Business equipment.—The value of equipment in use by the business divisions of The Panama Canal was $897,538.93. The book value of motor equipment was reduced by $116,387.12 in order to release that amount of depreciation funds for the purchase of replace equipment. The total reductions and withdrawals amounted to $126,382.41 and the additions to $201,159.01. The main items added were new automobiles and trucks, $114,981.83; truck loaders for the municipal enginering division, $10,344.18; tractors, $10,830; pumps, $13,520.85; and new concrete mixers, $17,138.12.

Table No. 20—Water works, sewers, and pavements in the cities of Panama and Colon.—The amount invested in water works, sewers, and pavements in the cities of Colon and Panama, reimbursable to the United States on June 30, 1926, was $1,769,331.50, of which $963,427.89 was in the city of Panama and $805,903.61 in Colon.

The Panama Canal supplies water to these two cities from the Canal Zone system and maintains the sewers and pavements under a contract entered into in 1907 between The Panama Canal and the Republic of Panama. The Panama Canal collects the water rentals from the residents of these two cities and uses the funds to cover the cost of the water and maintenance of sewers and streets, interest on

the investment at 2 per cent per annum, and amortization based on 50 years from 1907 on. During the term of the contract The Panama Canal has used approximately $3,000,000 for maintenance, operation and repairs of the water system, sewers, and streets; approximately $1,000,000 has been withheld from water rent collections as interest on the investment, and approximately $880,000 has been repair on the original cost.

Table No. 21—Material and supplies.—This table shows the value of material and supplies in the general store stock on June 30, 1926, compared with the prior fiscal year. The amount on hand on June 30, 1926, was $4,565,769.63, which is $308,787.55 more than the value on hand at the end of the previous year. This increase is due to increased construction activities which require a larger amount of construction material immediately available.

There is held in reserve for inventory adjustment from a fund created during the war for war price reductions subsequent thereto the amount of $457,173.85. During the year there were certain inventory adjustments in the general store stock which increased this amount, principally in the gasoline stock, which showed a surplus due to charging it out at a price somewhat above cost. The $520,238.96 shown in the table includes the value of dynamite secured for the dredging division through the chief coordinator without cost, $63,065.11.

Table No. 22—Material and supplies received and issued.—The form of this table has been changed. The amount of stores purchased for stock during the year was $4,200,2 10.07. In addition to this, material and supplies were purchased for direct delivery to divisions at a cost of $1,564,417.25, making the total purchases during the year $5,764,627.32. There were also produced by local manufacture material and supplies taken into stock at a value of $639,099.89. Besides the direct purchases for divisions the transit divisions drew from the general store stock to the extent of $1,536,677.15 and business divisions, $3,311,060.88. The sales amounted to $1,099,642.28, which includes sales to the departments and divisions of the Panama Railroad Co. The total turnover during the year was in excess of seven and a half million dollars, leaving a balance on hand at the end of the year of approximately $5,000,000.

Table No. 23—Comparative statement of material and supplies, by commodities.—This table shows the classification of store stock, by commodities, in comparative columns for the last two fiscal years. The value of fuel oil on hand at the end of the year was $184,405.40; medical stores, $67,592.87; Panama Canal press stock of paper, stationery, etc., $95,983.81; lock parts at Corozal store, $437,157.01; gravel in the Gamboa gravel pile, $138,086.43.

Table No. 24—Canal transit expenses and earnings.—Under the present system of accounting the gross operating expenses of the divisions engaged in the transiting of vessels, together with the cost of sanitation and civil government, are first reduced by the earnings in those units and the net expense is then compared with the revenues from tolls and other miscellaneous receipts.

The net cost of operation and maintenance, sanitation, and civil government of The Panama Canal and Canal Zone, exclusive of the theoretical amortization and depreciation charge, was $7,293,945.97, compared with $7,461,315.94 the previous year. The net expense is divided as follows:

Civil government	$998, 406. 58
Sanitation, hospitalization, and medical attention	653, 509. 43
Operation and maintenance	5, 642, 029. 96

These figures do not include expenditures for improvements and construction enumerated in Tables No. 14 to 19, inclusive.

The gross operating costs, including the amortization and depreciation charges, were $11,038,613.93, but these were reduced by earnings amounting to $3,045,145.46, covering all kinds of supplies and services furnished employees for which the employees are required to pay, for pilotage, tug and launch service, handling lines for vessels, and for charges made to business divisions which, in turn, make collections for the supplies and services to the credit of the appropriations.

EXECUTIVE DEPARTMENT

Under this heading are grouped the salaries and office supplies and expenses of the governor, engineer of maintenance, executive secretary, correspondence bureau, personnel bureau, record bureau, etc., the shipping commissioner, cost of publishing the Canal Record, land office and law book expenses, official railroad motor cars, and clubs and playgrounds. The net executive expenses amounted to $203,989.67. Expenses in connection with the shipping commissioner's work amounted to $40,236.96. The cost of printing the Canal Record, $13,069.64. More than one-third of the strictly executive expenses are charged off to business divisions as overhead, which is reimbursed to The Panama Canal through the business activities by adding surcharges to direct costs.

The Government's contribution toward the operation of clubs and playgrounds has been limited to $100,000 a year for a number of years, and everything over and above that is paid from the receipts and profits from operation of the clubhouses. The business activities of the Panama Canal clubhouses, from which revenues are derived, are shown in Tables 40 to 43, inclusive. The total net expenses of the executive department for the year amounted to $363,049.80, which is $5,000 less than the preceding year.

ACCOUNTING DEPARTMENT

The gross expenses of the accounting department on the Isthmus, including the collector's and paymaster's offices, was $510,751.24. Of this amount, $330,842.90 was charged off to business divisions and the Panama Railroad for clerical and accounting work performed for them and was absorbed in those operations in the form of overhead recovered through surcharges. This left the net expense of the department chargeable to appropriations, $179,908.34. Some of the bureaus of the accounting department, such as the railroad accounts bureau, commissary accounts and commissary coupon accounts, are entirely chargeable to the Panama Railroad.

WASHINGTON OFFICE

The net expenses of the Washington office, including the chief of office, the purchase and inspection bureau, the assistant auditor, and the disbursing clerk, were $218,352.75, which is approximately $2,000 less than last year. From the gross expense of the purchasing bureau the sum of $41,308.33 was charged off to business storehouse operations on the Isthmus, representing the proportion of purchasing and inspection expenses chargeable to material and supplies purchased for use in business activities and for sale.

CIVIL GOVERNMENT

The gross expense of all activities under the heading of civil government amounted to $1,059,480.25, of which $61,073.67 was charged off or collected from other interests, leaving the net amount $998,406.58. The net expense for the administration of estates and other civil affairs was slightly more than $16,000, approximately the same as last year. In the customs service, certain collections are made for inspection of household goods and personal effects for shipment to the States. The gross post office expenses were reduced by approximately $11,000 collected for the handling and transferring of mails other than Canal Zone. The net cost of operating the school system, including the two high schools, was $258,944.77. The earnings for school tuition and proceeds from the sale of school books and supplies amounted to $8,166.76. The gross expenses of the police department, including the prisons and penitentiary, were $392,741.66, of which $41,193.56 was recovered for police services furnished the Panama Railroad.

HEALTH DEPARTMENT

The gross cost of operating all hospitals, asylums, quarantine and public health service, sanitation and street cleaning, was $1,376,935.17, and the earnings amounted to $723,425.74, leaving the net appropriation expenditure $653,509.43. The largest amount

of revenue was derived from the operation of Ancon Hospital, $345,321.01. The gross expenses of operating the Corozal Farm and the insane asylum amounted to $147,153.03, of which $122,382.72 was recovered from the Republic of Panama for its insane, and from the sale of produce off the farm, leaving the net expense to the Government only $24,770.31. The Government's contribution toward the operation of the Santo Tomas Hospital was discontinued the previous fiscal year, and the credit item under this account represents the return of the portion of the former superintendent's salary extending over several years in lieu of his Army allowance which was paid to him from Army appropriations. The net expenses were approximately $40,000 greater than the year before, which is almost entirely made up of an increase in the cost of sanitary work representing expenditures for permanent concrete ditches and other permanent sanitary measures which had been carried on temporarily from year to year. After these permanent installations are complete, there should be a considerable reduction in the annual cost of sanitation.

OFFICE ENGINEER, METEOROLOGY AND HYDROGRAPHY, AND SURVEYS

The gross expenses of planning and drafting, blue printing, etc., were $63,836.27, of which $50,175.47 was chargeable to business operations and construction work, leaving the net expense from appropriation $13,660.80.

The net expense of the division of meteorology and hydrography was $36,228.18, which was $1,000 less than last year.

The net expense of survey work was $24,321.90.

GENERAL STOREHOUSES

The gross cost of operating the general storehouses, including the handling and transportation of material and supplies on the isthmus, was $527,560.38, which was $34,000 less than the previous fiscal year. This reduction was caused by reduction in the handling of Chame sand, logging operations, and the handling of armor plate which was included in the previous year. The reduction in the cost of operating the Paraiso storehouse was due to the transfer of the dynamite storage. From the gross operating expense the sum of $209,123.73 was charged to business storehouse operations, the results of which are shown in Table No. 26.

PUBLIC BUILDINGS AND GROUNDS

The gross expense of the chief quartermaster, including the four district quartermasters, was $383,791.46. This expense is reduced by $223,447.56 covering services and supplies charged to employees,

business divisions, the Panama Railroad, etc., for general utility services, janitor service, care of grounds chargeable to employees, sale of gasoline, mattress factory operations, etc. The net expense payable from appropriation for care of buildings and grounds was $160,343.90, of which a large share was the cost of operating and maintaining the Administration Building at Balboa Heights, which was greater than last year on account of painting the woodwork.

MISCELLANEOUS

The cost of lighting streets and roads on the Canal Zone during the year was $18,868.68, which was approximately $4,000 more than last year due to the extension of the lighting system to formerly unlighted roads.

The item of $23,400 for water for municipal purposes is a fixed figure credited to the municipal engineering division for watering public grounds, flushing sewers, and for water supplied to swimming pools.

The cost of maintaining roads, streets, and sidewalks was $98,341.13. The sum of $120,000 was available by appropriation, but the difference between the cost of maintenance and the amount available is used for certain improvements in roads which will be set up as capital additions rather than current operating expenses.

The expenditure on storm sewers for the proper drainage of town sites was $18,838.42.

The cost of maintaining Panama Canal tracks was $30,223.43. Last year this item included the cost of maintenance and preservation of reserve equipment, especially a number of railroad cars which were transferred to the Panama Railroad and the maintenance assumed by that company.

The cost of recruiting and repatriating employees was $15,314.18.

The lump sum paid the Panama Railroad for the transportation of Panama Canal employees on the isthmus has been $120,000 for a number of years, although the actual transportation furnished usually exceeds this amount. A large part of this expense represents the cost of transporting ships' line handlers to their home stations after bringing vessels through the canal.

The sum of $95,000 was available for extraordinary repairs to laborers' quarters, and the expenditures were limited to this amount although considerable heavy repairs, such as reroofing, are immediately necessary on these quarters. Against the ordinary cost of operation of laborers' quarters, as shown on Table No. 26, the rent collections from silver employees are first applied and any deficit is paid from this appropriation.

MARINE DIVISION

The gross expense of the marine division, including the port captains' offices, dispatching vessels through the canal, board of admeasurement, board of local inspectors, pilots, tugs, launches, handling lines, and aids to navigation, all of which have to do with the transiting of vessels through the canal, amounted to $1,436,136.81. Against this expense, the marine division's earnings amounted to $1,008,361.36, leaving a net expense of $427,775.45 payable from appropriation. The collections from vessels for harbor pilotage amounted to approximately $292,000 and almost offset the entire pilotage cost. The gross expense of operating tugs and launches at both ends of the canal amounted to approximately $474,000. All but $37,000 of this was charged off or collected back. The collections from vessels for handling lines through the locks exceeded the actual expense by approximately $19,000.

During the prior fiscal year the cost of operating and maintaining the salvage section of The Panama Canal, including the operations of the salvage boat *Favorite,* was included under the marine division's operations as aids to navigation and the revenues derived from this service shown as earnings of this division. It was found that this stand-by service, however, resulted in a considerable loss to the canal and the salvage operations were therefore transferred to the heading of business operations, leaving the net expense under the marine division for strictly aids to navigation. This is the reason for the reduction in the cost of aids to navigation from $242,911.96 in the fiscal year 1925, to $171,885.26 in 1926.

LOCK OPERATION

The cost of operating and maintaining the Gatun Locks was $477,601.67 compared with $443,154.49 the previous year. The cost of operating, maintaining and overhauling the Pedro Miguel Locks was $537,551.80, of which $177,932.86 was for the periodic overhaul. The cost of operating and maintaining the Miraflores Locks was $431,741.69. Last year this expense was shown as $692,602.05, which included the overhaul expenses during that year. The cost of operating the Corozal storehouse for lock spares for all locks was $8,428.91 The net cost of operating and maintaining all locks was $1,456,755.79.

DAMAGES TO VESSELS

The amount actually expended during the year in connection with damages to vessels in the locks was $4,101.59, and in the canal $573.53. The largest amount was paid to the Tidewater Oil Co. for damages to the steamship *Robert E. Hopkins,* $3,550. A cash settlement of $250 was also made for damages to the steamship *Adventuress.* There were a total of 85 accidents to vessels during the year, out of which The Panama Canal was held responsible for 21.

Besides the amounts paid, there are a number of claims on which the board of local inspection has found The Panama Canal responsible and on which settlement will be made with the owners or operators when the actual costs of repairs are determined the next time the vessels go in dry dock for general overhauling.

DREDGING AND CHANNEL MAINTENANCE

The total cost of operating the dredging division payable from the appropriation was $1,967,479.22. This includes $28,612.79 for removing floating obstructions in the lake, and $66,505.75 for maintaining the two large floating derricks, *Ajax* and *Hercules*. The balance is for channel and harbor maintenance, including a considerable expense for deepening the Pacific entrance. Up to this time, it has not been possible to take deep-draft vessels from the Pacific entrance to Miraflores Locks at low tide, which is being overcome by deepening the channel. The yardage excavated, the class of equipment used, locations, and unit costs per yard are shown in Table No. 34.

Table No. 25—Canal revenue.—This table shows a comparison of the amounts deposited in the United States Treasury as miscellaneous receipts during the fiscal years 1925 and 1926. The amount of tolls earned during the fiscal year 1926 was $22,927,456.03, which exceeds the previous year by $1,552,791.91. The taxes, fees, and fines collected amounted to $64,128.48, an increase of $7,376.56 over the previous year. The postal receipts from the sale of stamps, etc., amounted to $143,037.90, and were $6,490.50 greater than last year, the details of which are shown in Table No. 38. The total canal revenues which will be covered in as miscellaneous receipts, amounted to $23,145,136.53, which is exclusive of the profits from business operations, amounting to $841,310.29, shown in Table No. 26, and exclusive of the $3,045,145.46 earnings shown in Table No. 24, which were repaid to appropriations. The $514.12 miscellaneous receipts consist of pay-car overages, $1.01; overage in cash of shipping commissioner, Cristobal, $4.77; sale of mail matter, $22.86; interest on judgment, steamship *Nordfarer*, $485.48.

Table No. 26—Business expenses and revenues.—This table shows the business operations of The Panama Canal as separate and distinct from the operation and maintenance activities directly connected with the transiting of vessels. Under the annual appropriation act The Panama Canal is authorized to use funds appropriated for the operation and maintenance of The Panama Canal in conducting auxiliary business enterprises with the provision that funds so used will be recovered and repaid to the appropriation to be used for the purposes for which they were originally appropriated, and with the further provision that any profits derived from such business activities be covered into the United States Treasury as miscellaneous receipts annually.

ELECTRICAL DIVISION

The electric light and power system includes the operation of the Gatun hydroelectric plant, the Miraflores steam electric plant, operation of substations, transmission lines, and distribution system, detailed cost of which is shown in Table No. 32. The basic rate for electric current to departments and divisions of The Pannma Canal, Panama Railroad, and other departments of the Government, remained 1¼ cents per kilowatt-hour during the year. The basic rate to outsiders is 4 cents per kilowatt-hour. The total cost of producing and distributing electric light and power was $518,316.67 and the profit, $221,176.91. On account of the extreme dry season and in order to save water for lockages,the Miraflores steam power plant was operated as an auxiliary from January 28 to June 7. During the previous year it was not necessary to operate this auxiliary plant, and in that year the stand-by expense was $58,291.81. The stand-by expense plus the cost of operation during the dry season during the fiscal year 1926 was $112,828.39, the difference of $54,536.58 being principally for additional fuel oil required during full operation.

The other operations of the electrical division, including electrical installation and repair work not chargeable to the production and distribution of electric light and power, amounted to $1,411,336.64, which includes the value of the equipment installed.

The cost of operating and maintaining the telephone, telegraph, and automatic-signal systems for the Panama Railroad was $248,-842.80, an increase of $17,733.99 over the previous year.

MUNICIPAL ENGINEERING DIVISION

The water system involves the operation of pump stations, filtration plants, reservoirs, and pipe lines for the production, filtration, and distribution of water throughout the Canal Zone and in the cities of Colon and Panama, including water delivered to vessels using the terminals and transiting the canal. The rate for water to departments and divisions of The Panama Canal, Panama Railroad, and other departments of government was maintained at 12 cents per thousand gallons during the entire fiscal year, which represents the actual cost of production and distribution. The rate for water delivered to vessels is 50 cents per thousand gallons. The total cost of operating the system was $491,574.87. The net revenue of $33,854.46 includes an item of $23,400 to cover the value of water used for municipal purposes and the balance represents an excess over the actual cost of production. This net revenue lacks approximately $44,000 of covering 3 per cent on the investment, which represents the water and water facilities provided by the municipal

engineering division for fire protection for which that division receives no book credit.

The cost of municipal engineering work performed outside of the cost of water amounted to $756,214.85. This includes the cost of operating the incinerator at Cristobal and excavation, filling, concrete work, and street work performed for the various departments and divisions of the canal, railroad, and other departments of government, and the Panaman Government.

The expenditures, revenues, and return on the investment in public works in the cities of Panama and Colon are explained under Table No. 20.

MECHANICAL DIVISION

The total expense of shop and dry dock operations amounted to $3,336,913.68 and the revenues, $3,519,645.77, leaving a net profit of $182,732.09. The expense and revenue figures include the cost of work performed for departments and divisions of The Panama Canal, Panama Railroad and other departments of government, including the maintenance of Panama Railroad rolling stock, which service is performed at cost, and the profit represents the excess of revenues over expenses for work performed for outsiders, including repairs to vessels. The surcharge on direct labor was fixed at 35 per cent on July 1, 1925, and remained the same during the fiscal year. In addition to the customary charges into operating expenses to provide reserves for replacement, the sum of $10,000 was charged in to cover the cost of road and track changes in the mechanical division yard and $45,000 for an extension to the pattern shop.

WHARFAGE

The charges against vessels for the use of pier 6, Cristobal, and pier 18, Balboa, amounted to $53,638.74. The actual cost of pier maintenance was $74,446.27, resulting in a loss of $20,807.53. The foundations under pier 18, Balboa, are giving way and a considerable amount of money will be required in the near future for work on the substructure of this pier.

FUEL-OIL HANDLING PLANTS

The cost of operating the pumping plants at Balboa and Mount Hope was $324,468.80, and the revenues from pumping amounted to $505,433.68, resulting in a profit of $180,964.88. The rate charged for pumping oil into and out of tanks is 4 cents per barrel, and during the year 5,431,000 barrels were pumped in an out at Balboa and 6,933,000 barrels at Mount Hope. The revenues include $4,800 for tank rentals. The value of fuel oil used by the canal itself is included in business store operations.

BUSINESS STOREHOUSE OPERATIONS

The value of general store material and supplies, including fuel oil issued to the business divisions of The Panama Canal together with the value of the material sold directly to outsiders, and the storehouse expense chargeable against such material, amounted to $3,860,447.08. The net profits of $99,562.79 include approximately $40,000 profit on the sale of scrap material, and the balance represents the difference between the operating expenses charged to this account and the surcharge added to the price of the material to cover same. The surcharge to departments and divisions is 10 per cent, and on material sold to outsiders, 25 per cent. The value of fuel oil included in this account was $533,055.42, nearly all issued to divisions, only very small quantities being sold. The fuel oil furnished to vessels is handled by outside companies from their own tanks.

MISCELLANEOUS OPERATIONS

The cost of operating the motor transportation division was $372,144.08.

The motor car repair shop did a business amounting to $170,683.86.

The operating costs of the building division, including the construction and maintenance of buildings, amounted to $1,243,967.85.

The operating cost of the Panama Canal press was $281,757.82, which includes an item of $20,000 charged in to create a reserve for the replacement of printing machinery.

The expenses of operating and maintaining gold quarters were limited to the amount paid by the occupants. During the year considerable amounts were expended for interior painting and reroofing. This work is not complete and will be continued during the fiscal year 1927 from rental revenues received.

The cost of operating and maintaining silver quarters exceeded the rent collections from silver employees by $17,120.69. This deficit was charged to maintenance of laborers' quarters referred to under Table No. 24.

Under the heading of building rentals are included the rentals from garages, boat houses, restaurants, and markets.

District quartermasters' supplies and services show a loss of $30,604.23. This account includes material, supplies, and services furnished to employees, such as gasoline, coal and kindling wood, furniture, etc. About $10,000 of this loss is occasioned by the purchase and installation of capital additions, including air compressors and motors and gasoline pumps at the service stations, mattress filling machine, boiler, and fuel oil tank.

The cost of operating the Hotel Tivoli was $233,599.91 and the profits amounted to $30,633.85, compared with $13,685.59 last year.

The expenses under the heading of farm bureau and land rentals include the expenses of the agronomist, experimental farm, and plant introduction. The revenues include the rentals from fuel-oil tank sites, building sites, agricultural licenses, and the proceeds from the sale of produce. Effective July 1, 1926, the fuel-oil tank site rentals will be included under the heading of fuel-oil operations and the building site rentals under the heading of building and building site rentals, leaving only the agricultural rentals and receipts from the sale of produce in this account, against the operating expenses of the agronomist.

The salvage section, which was formerly carried under the heading of aids to navigation in Table No. 24, shows a loss of $61,083.68. This is due to the fact that an up-to-date salvage unit was maintained during the year to give assistance to ships in distress at sea, but no large salvage jobs became available for The Panama Canal, all such work being performed by outside salvage companies. The recent policy of The Panama Canal is to maintain the salvage section only for salvage work in or near The Panama Canal, and the operating expenses should reduce considerably during the current fiscal year.

The loss of $15,928.15 shown under the heading of sand and gravel is not an actual loss, simply representing a charge to departments and divisions of the canal below actual cost of this material in the Gamboa gravel pile. The pile is getting low, and during the year 1926 it has become necessary to separate the sand from the gravel and to wash the sand which is an expensive process. Arrangements have been made to replenish the stock during the coming fiscal year.

Under the heading of sale of Government property are included the proceeds from the sale of some cars to Ulen & Co., Colombia, for $25,952.89, sale of a coal hoist for $2,000, barge *No. 47*, $1,250, and a number of small items. The charges to this account represent the book value of this equipment.

Nautical charts and publications were sold to vessels for the sum of $2,454.80.

The gross revenues from all business operations amounted to $15,874,478.01, compared with $14,564,114.93 last year. The profits to be covered in as miscellaneous receipts amounted to $841,310.29, compared with $765,916.85 the previous year, and exceed somewhat 3 per cent on the investment in these business activities.

Table No. 27—Surplus.—The gross canal transit revenues since the opening of the canal amount to $144,473,111.99, and the corresponding expenses, $86,079,929.52, showing a surplus of $58,393,182.47 to date. During the same period the revenues from business operations totaled $133,487,151.03 and the corresponding expenses, $128,414,088.57, making a total business profit to June 30, 1926, of $5,073,062.46.

Table No. 28—Collections from gold employees.—The total amount collected from employees for house rent, supplies and services, was $676,279.37, of which $365,301.76 was for rent, $52,207.15 for electric current, $27,457.12 for water, $24,670.18 for telephones, $28,711.72 for garage stall rentals, $49,647.19 for hospital charges, and $128,284.25 for other miscellaneous supplies and services furnished to gold employees.

Table No. 29—Depreciation.—The total amount of depreciation written into the operating costs to date is $5,667,204.16. This includes theoretical depreciation amounting to $1,521,428.40 and theoretical interest on the depreciation fund amounting to $504,985.36, a total of $2,026,413.76. Deducting this theoretical amount from the gross depreciation leaves the net amount of cash in reserve for the replacement of property and equipment at $3,640,790.40. During the fiscal year 1926 approximately $350,000 of the depreciation funds was used for the necessary replacements of equipment, such as barges and automobiles and trucks. Out of the balance on hand June 30, 1926, the sum of $1,100,000 has been obligated for expenditure in maintenance and operation during the fiscal year 1927. This amount was deducted by the Bureau of the Budget from the gross requirements for 1927 and only the balance appropriated.

Table No. 30—Reserve for extraordinary repairs.—The total amount of cash in reserve and available for extraordinary repairs to property and equipment in daily use as of June 30, 1926, was $1,803,731.42.

Table No. 31—Reserve for gratuity.—The amount of cash held in reserve for vacation pay due the employees of the four principal business divisions was $538,632.72. This fund is created by adding a percentage to the gold labor charges for work performed by business divisions and represents a live liability, being immediately payable when the employees take their vacations or leave the service.

Table No. 32—Electric current.—The cost of operating the hydroelectric plant at Gatun was $76,829.25; Miraflores power plant, $112,828.39; substations, $143,338.56; transmission lines, $58,944.69; distribution lines, $126,375.78; making a total cost of production and distribution of $518,316.67. The total kilowatt-hours' production was 56,177,590, and the unit cost $0.0092. This cost is exclusive of the fixed capital charge.

Table No. 33—Water.—The total cost of operating the pump stations, filtration plants, reservoirs, and pipe lines in the Pacific system during the fiscal year, including the overhead expenses, was $272,594.31 on a production of 2,905,637,000 gallons, resulting in a cost of $0.0938 per thousand gallons, compared with $0.1040 last year.

The total operating cost in the Atlantic system was $170,759.81 on 1,875,095,000 gallons, resulting in a cost of $0.0911 per thousand gallons, which is exactly the same as last year.

The average cost for the year for pumping, filtering and distributing water in the Canal Zone and in the cities of Panama and Colon was $0.0927 per thousand gallons.

This table shows the proportion chargeable for water delivered in the cities of Panama and Colon, separated from that chargeable for water used in the Canal Zone, the average cost of water delivered in Panama and Colon being $0.0671 per thousand gallons and the average cost of water used in the Canal Zone, $0.1073 per thousand gallons.

Table No. 34—Dredging.—The dipper dredges excavated earth and rock in Gaillard Cut and the Pacific entrance to the extent of 1,432,650 yards at a unit cost of $0.8874 per cubic yard. Suction dredges removed 1,707,600 yards of earth from Gaillard Cut, Pacific entrance and Balboa harbor at a unit cost of $0.2139. The total cost of dredging was $1,636,559.67 on a total yardage of 3,140,250, or an average of $0.5212 per cubic yard.

Tables Nos. 35 and 36—Money orders.—During the fiscal year, 143,559 money orders were issued amounting to $2,789,535.40. Money orders, including deposits money orders, cashed by the Canal Zone post offices amounted to $1,244,670.73. Canal Zone money orders paid in the United States amounted to $1,787,756.16. Interest paid on deposit money orders amounted to $15,438.82.

Tables Nos. 37 and 38—Postal service revenues.—The revenue from money-order fees, stamp sales, post office box rent and newspaper postage was $142,324.34. The stamp sales alone amounted to $113,657.74. Interest earned on money-order funds on deposit amounted to $23,988.30.

Table No. 39—Postal savings.—Postal savings money orders were issued in the amount of $726,825. The amount paid was $796,280, and the amount remaining on deposit June 30, 1926, was $465,815.

Tables Nos. 40 to 43 inclusive—Panama Canal clubhouses.—Table No. 40 shows the income in detail from clubhouse operations, amounting to $537,687.55.

Table No. 41 shows the expenses of operating the cloubhouses, $529,686.12. This statement shows capital addition expenditures made from clubhouse surplus last year. In the annual report for last year a considerable amount invested in improvements was included in the operating expenses, which resulted in a loss in operation and gave a wrong impression as to the net results from operation.

Table No. 42 shows the net result of operation at each clubhouse, the total net profit being $5,500.33.

Table No. 43 shows the current assets and liabilities, the stock of material and supplies on hand amounting to $20,062.34, and bills collectible, $11,222.12. Against this there were bills payable at the end of the year amounting to $70,020.73. The accumulated surplus to June 30, 1926, was $154,150.80.

Table No. 44—Coupon books.—The total amount of coupon books issued to employees by pay-roll deduction was $3,577,840, and the value of books sold for cash, $1,865,437.50. In addition to these, books were issued on charge accounts amounting to $131,710, a grand total of $5,574,987.50. The value of coupons lifted in the commissaries in exchange for goods was $5,212,298.45; at Panama Canal clubhouses, $135,860.53; at restaurants, $210,939.87; and at the Hotels Tivoli and Washington, Y. M. C. A.'s, etc., $11,827.74; a grand total of $5,570,926.59. The amount of coupons handled during the year 1926 was approximately $500,000 more than the previous year.

Tables Nos. 45 to 51, inclusive—Personal injuries.—The settlement of claims arising out of personal injuries to employees of The Panama Canal, Panama Railroad, and Panama Railroad Steamship Line, was continued in accordance with the act of September 7, 1916, and Executive order dated September 15, 1916, which transferred the administration of the act, so far as the canal and railroad employees are concerned, to the Governor of The Panama Canal. Under this Executive order, the governor directed the auditor to designate an employee of the accounting department as claim officer. The contents of these tables are self-explanatory and the report of the claim officer is attached hereto as Table No. 61. The total amount of injury compensation paid during the fiscal year was approximately $44,000.

Table No. 52—Commissary purchases and sales.—The cost of goods purchased during the year amounted to $6,567,946.18 and the proceeds from the sale of supplies at wholesale and retail prices combined amounted to $8,731,841, as compared with $7,994,101.65 the previous year. The profits from all commissary operations, including these sales and the net results from the various manufacturing plants, were $251,046.56 compared with $392,070.48 the previous year.

Table No. 53.—This table shows collections from other than employees for house rent and allied charges, such as electric current, water, janitor service, and telephones, amounting to $66,606.81.

Table No. 54.—This table shows the monthly collections for Panama Railroad real estate rentals and Panama Canal market stalls, $179,303.50 and $2,848.53, respectively. It also shows the number of agricultural licenses and the amount collected, $40,594.82.

Table No. 55.—This table shows the silver quarters available and the rental value, together with the collections made from silver employees.

Table No. 56—Panama Canal vouchers registered.—The total amount of bills passed for payment during the year was $4,316,270.22. Of this amount $1,353,217.60 was payable from appropriations and $2,963,052.62 from trust funds.

Table No. 57—Panama Railroad accounts payable vouchers.—The total number of Panama Railroad accounts payable vouchers passed for payment was 3,609, covering $4,491,108.

Table No. 58—Bonded employees.—This table shows the total number of Panama Canal and Panama Railroad employees bonded and the amounts. On June 30, 1926, there were 517 employees bonded in the amount of $841,500, on which the premiums will amount to $1,310.60. This is exclusive of the paymaster and his employees and the collector, whose bonds are handled by themselves directly with the surety company. All other bonds are with the Maryland Casualty Co. at the following rates: $0.65 per $1,000 for postal clerks; $1.25 per $1,000 for postmasters and assistants; $1.70 per $1,000 for all others.

Tables Nos. 59 to 66, inclusive.—These are reports by various bureau and section heads, which are self-explanatory.

Table No. 67—Transits by flag.—This table shows the number of transits of ships of various nationalities from the date the canal was opened to traffic until the close of business June 30, 1926. Transits of public vessels of the United States, Panama, and Colombia, and ships that transit the canal solely for the purpose of having repair work carried out at the canal shops, are not included in this or the following tables since they are passed through the canal free of tolls. Transits of small nonseagoing vessels of less than 20 tons measurement also have been omitted.

Tables Nos. 68–A and 68–B—Origin and destination of cargo.—These tables show by geographical areas the origin and destination of cargo passing through the canal during the years 1924, 1925, and 1926. It will be seen that in each of the three years approximately two-thirds of the Atlantic-to-Pacific cargo originated on the Atlantic and Gulf seaboards of the United States, and that approximately one-half of the Atlantic-to-Pacific cargo was destined to the west coast of North America.

Turning to the Pacific-to-Atlantic cargo movement through the canal, it will be seen that approximately two-thirds of the total tonnage in each of the three years originated on the Pacific coast of North America and that the tonnage destined for the Atlantic and Gulf seaboards of the United States fell but slightly under two-thirds of the whole.

Table No. 69—Panama Canal net tonnage of vessels.—The volume of tonnage, Panama Canal net measurement, passing through the canal each fiscal year, is shown in this table, segregated among the flags of the various maritime nations. From the date of opening to June 30, 1926, tonnage under the American flag comprised slightly more than 48 per cent of the whole, and tonnage under the British flag slightly less than 30 per cent of the whole.

Table No. 70—Cargo carried by commercial vessels.—This table corresponds with Table No. 69 above except that figures for cargo tonnage are shown instead of net vessel tonnage. Vessels of United States registry carried slightly more than 49 per cent of all cargo passing through the canal from the date of opening to June 30, 1926, while the proportion carried by vessels of British registry during the same period was slightly under 29 per cent.

TABLE NO. 1.—*Trial balance sheets June 30, 1926*

TRIAL BALANCE SHEET

DEBITS—ASSETS		CREDITS—LIABILITIES	
Canal fixed property (Table 15)	$236,115,089.01	Canal transit and business capital	$273,673,818.51
Canal equipment (Table 16)	4,140,923.88	National defense capital (Table 14)	112,662,732.60
Cash due treasury (Table 2)	193,296.68	Accounts payable (Table 13)	1,522,114.10
Cash working	2,346,898.87	Unclassified canal credits	20,561.02
Accounts receivable (Table 12)	795,926.04	Amortization	1,903,435.69
Business property (Table 17)	30,341,290.56	Depreciation (Table 29)	5,667,204.16
Stores (Table 21)	4,045,530.67	Repair reserves (Table 30)	1,803,731.42
United States Treasury	71,815,510.79	Gratuity reserves (Table 31)	538,632.72
Theoretical interest accruals	614,276.05	Canal revenues (Table 25)	23,145,136.53
National defense expenditures (Table 14)	112,662,732.60	Business revenues (Table 26)	15,874,478.01
Undistributed business capital (Table 17)	[1] 1,813,000.00	Canal surplus (Table 27)	43,241,514.41
Canal expenses (Table 24)	11,038,613.93	Business surplus (Table 27)	4,231,752.17
Business expenses (Table 26)	15,033,167.72		
Canal earnings (Table 24)	[1] 3,045,145.46		
Total	484,285,111.34	Total	484,285,111.34

GENERAL BALANCE SHEET

DEBITS—ASSETS		CREDITS—LIABILITIES	
Canal fixed property (Table 15)	$236,115,089.01	Canal transit and business capital	$273,673,818.51
Canal equipment (Table 16)	4,140,923.88	National defense capital (Table 14)	112,662,732.60
Cash due treasury (Table 2)	193,296.68	Accounts payable (Table 13)	1,522,114.10
Cash working	2,346,898.87	Unclassified canal credits	20,561.02
Accounts receivable (Table 12)	795,926.04	Amortization	1,903,435.69
Business property (Table 17)	30,341,290.56	Depreciation (Table 29)	5,667,204.16
Stores (Table 21)	4,045,530.67	Repair reserves (Table 30)	1,803,731.42
United States Treasury	71,815,510.79	Gratuity reserves (Table 31)	538,632.72
Theoretical interest accruals	614,276.05	Canal surplus (Table 27)	58,393,182.47
National defense expenditures (Table 14)	112,662,732.60	Business surplus (Table 27)	5,073,062.46
Undistributed business capital (Table 17)	[1] 1,813,000.00		
Total	461,258,475.15	Total	461,258,475.15

[1] Credit.

TABLE NO. 2.—*Balances in appropriation and fund accounting ledger June 30, 1926*

Assets	United States Treasury appropriations	Cash on hand	Accounts receivable	Transfers available	Work in process and suspense	Storehouse stock	Water rental collections	Total
Maintenance and operation	$7,128,498.34	$2,098,171.94	$607,137.88	$73,568.92	$636,988.42	$4,553,392.49	[1] $38,104.06	$15,059,653.93
Sanitation	209,285.54	129,916.85	110,152.33		[1] 19,090.77	76,257.95		506,521.90
Civil government	37,754.74	127,002.99	6,381.64		[1] 19,979.88			151,159.49
Miscellaneous receipts		193,296.68	72,254.19	785,238.42				1,050,789.29
Trust funds		342,067.10						342,067.10
Increase of compensation, 1924	127.36							127.36
Total	7,375,665.98	2,890,455.56	795,926.04	858,807.34	597,917.77	4,629,650.44	38,104.06	17,110,319.07

Liabilities	Obligated for 1927 and 1928	Unfilled requisitions	Working capital allotments	Unfilled orders	Accounts payable	Transfers payable	General ledger reserves	Total
Maintenance and operation	$1,975,615.47	$1,667,265.97	$2,622,750.26	$689,983.77	$1,335,645.50	$785,238.42	$5,983,154.54	$15,059,653.93
Sanitation	256,600.04	21,904.52	54,749.65	23,345.83	99,364.55	50,557.31		506,521.90
Civil government	31,043.83	14,363.42	[1] 6,811.25	2,447.83	87,104.05	23,011.61		151,159.49
Miscellaneous receipts					1,050,789.29			1,050,789.29
Trust funds					342,067.10			342,067.10
Increase of compensation, 1924	127.36							127.36
Total	2,263,386.70	1,703,533.91	2,670,688.66	715,777.43	2,914,970.49	858,807.34	5,983,154.54	17,110,319.07

Detail of cash by fiscal officers	Disbursing clerk	Paymaster	Collector	Total
Maintenance and operation	$189,167.53	$1,869,404.66	$39,599.75	$2,098,171.94
Sanitation	8,381.67	112,445.40	9,089.78	129,916.85
Civil government	6,670.77	119,186.07	1,146.15	127,002.99
Miscellaneous receipts			193,296.68	193,296.68
Trust funds	1,567.18	6,952.36	333,547.56	342,067.10
Total	205,787.15	2,107,988.49	576,679.92	2,890,455.56

[1] Debit.

TABLE NO. 3.—*Statement of appropriations by the Congress*

Net canal-construction appropriations to June 30, 1926		$386,910,301.00
Total appropriations	$387,069,143.31	
Less amounts returned to surplus fund, U. S. Treasury, to June 30, 1926	158,842.31	
Panama Canal fund	$130,852.65	
Canal connecting Atlantic and Pacific Oceans	27,989.66	
(For detail see Annual Report for 1924.)		
Fifteen annual payments of $250,000 each to the Republic of Panama, including act of April 29, 1926, for payments due		3,750,000.00
Maintenance and Operation (detailed below)		89,251,380.26
Total appropriations		479,911,681.26

	Maintenance and operation	Sanitation Canal Zone	Civil government, Panama Canal and Canal Zone	Increase of compensation, Panama Canal	Total
Act of—					
Mar. 3, 1915	$5,200,000.00	$700,000.00	$540,000.00		$6,440,000.00
July 1, 1916	5,750,000.00	700,000.00	600,000.00		7,050,000.00
June 13, 1917	9,000,000.00	700,000.00	700,000.00		10,400,000.00
July 12, 1917				$10,006.22	10,006.22
June 4, 1918		150,000.00			150,000.00
July 1, 1918	9,000,000.00	900,000.00	750,000.00		10,650,000.00
July 3, 1918				16,000.00	16,000.00
Mar. 1, 1919				32,592.66	32,592.66
July 19, 1919	7,547,939.00	850,000.00	702,000.00		9,099,939.00
Nov. 4, 1919			150,000.00		150,000.00
May 29, 1920				34,500.00	34,500.00
June 5, 1920	7,531,851.00	850,000.00	900,000.00		9,281,851.00
Mar. 1, 1921			24,670.00		24,670.00
Mar. 4, 1921	7,250,000.00	850,000.00	900,000.00	21,500.00	9,021,500.00
June 30, 1922	2,659,434.00	525,000.00	930,000.00	16,800.00	4,131,234.00
Mar. 2, 1923	5,079,683.00	575,000.00	930,000.00	17,520.00	6,602,203.00
June 7, 1924	5,748,160.00	580,000.00	912,000.00		7,240,160.00
Dec. 6, 1924	103,050.00	6,266.00	79,670.00		188,986.00
Feb. 12, 1925	7,140,000.00	653,216.00	942,150.00		8,735,366.00
Total	72,010,117.00	8,039,482.00	9,060,490.00	148,918.88	89,259,007.88
Less amount transferred to surplus fund, U. S. Treasury				7,627.62	7,627.62
Total	72,010,117.00	8,039,482.00	9,060,490.00	141,291.26	89,251,380.26
Appropriation for fiscal year 1927 (act of Apr. 15, 1926)	5,986,094.00	670,000.00	999,980.00		7,656,074.00

TABLE NO. 4.—*Status of authorized bond issue*

Authorized bond issue			$375,200,900.00
Appropriated for canal construction		$386,910,301.00	
Less amount exempted by law:			
Colliers Ulysses and Achilles	$1,985,552.29		
Coal barges Mamei and Darien	2,295,746.57		
Dock No. 6, Cristobal	2,093,190.00		
Equipping colliers Ulysses and Achilles	250,000.00		
Painting tanks, colliers Ulysses and Achilles	44,279.76		
Repairs to steamships, Ancon and Cristobal	720,000.00		
Expended for operation and maintenance of canal	4,289,159.00		
Stock of material and supplies for operation and maintenance of canal	2,225,000.00		
		13,902,927.62	
			373,007,373.38
Balance			2,193,526.62
Appraised value American Legation building in the city of Panama, exempt from charge to bond issue, act July 1, 1916			22,256.00
Balance available for appropriation within limit of cost of canal and authorized bond issue			2,215,782.62

TABLE NO. 5.—*Cash receipts and disbursements for account of the United States, fiscal year ended June 30, 1926*

CASH RECEIPTS

	United States Treasurer	Disbursing Clerk, Washington, D. C.	Paymaster, Canal Zone	Collector, Canal Zone	Total
On hand July 1, 1925, by appropriations and funds:					
Maintenance and operation, Panama Canal	$6,774,987.14	$253,532.98	$1,444,990.82	$14,905.12	$8,488,416.06
Sanitation, Canal Zone, Panama Canal	140,336.15	11,189.99	185,762.64	3,173.78	340,462.56
Civil government, Panama Canal and Canal Zone	102,139.37	5,989.99	108,663.38	611,32	217,404.06
Construction and equipment, Panama Canal	80,925.76				80,925.76
Increase of compensation, 1923	33.32				33.32
Increase of compensation, 1924	127.36				127.36
Miscellaneous receipts, United States revenue				185,463.53	185,463.53
Security deposits		29.18	4,033.25	735,200.28	739,262.71
Total	7,098,549.10	270,742.14	1,743,450.09	939,354.03	10,052,095.36
Appropriations for fiscal year 1926:					
Maintenance and operation, Panama Canal	7,140,000.00				7,140,000.00
Sanitation, Canal Zone, Panama Canal	653,216.00				653,216.00
Civil government, Panama Canal and Canal Zone	942,150.00				942,150.00
Total	8,735,366.00				8,735,366.00
Transfers between fiscal officers:					
Maintenance and operation, Panama Canal	418,489.73	5,385,000.00	10,547,922.35		16,351,412.08
Sanitation, Canal Zone, Panama Canal	26,465.78	100,000.00	957,414.78		1,083,880.56
Civil government, Panama Canal and Canal Zone	10,733.13	25,000.00	953,085.98		988,819.11
Total	455,688.64	5,510,000.00	12,458,423.11		18,424,111.75
Collections:					
Maintenance and operation, Panama Canal	349,183.35	216,510.43	78.33	9,182,479.64	9,748,251.75
Sanitation, Canal Zone, Panama Canal	35,833.34	21,538.95	35.84	613,700.28	671,108.41
Civil government, Panama Canal and Canal Zone		7,387.25	.60	53,620.81	61,008.66
Miscellaneous receipts, United States revenues			1.01	23,241,075.05	23,241,076.06
Security deposits		295,530.59	2,953,589.94	29,497,255.64	32,746,376.17
Total	385,016.69	540,967.22	2,953,705.72	62,588,131.42	66,467,821.05
Total cash debits	16,674,620.43	6,321,709.36	17,155,578.92	63,527,485.45	103,679,394.16

TABLE NO. 5.—*Cash receipts and disbursements for account of the United States, fiscal year ended June 30, 1926*—Continued

CASH DISBURSEMENTS

	United States Treasurer	Disbursing Clerk, Washington, D. C.	Paymaster, Canal Zone	Collector, Canal Zone	Total
Covered into United States Treasury:					
Maintenance and operation (business profits, 1925)	$708,675.33				$708,675.33
Increase compensation, 1923	33.32				33.32
Miscellaneous receipts, United States revenues			$1.01	$23,233,241.90	23,233,242.91
Total	708,708.65		1.01	23,233,241.90	23,941,951.56
Transfers between fiscal officers:					
Maintenance and operation, Panama Canal	6,795,000.00	$398,627.07		9,157,785.01	16,351,412.08
Sanitation, Canal Zone, Panama Canal	450,000.00	26,096.28		607,784.28	1,083,880.56
Civil government, Panama Canal and Canal Zone	925,000.00	10,733.13		53,085.98	988,819.11
Total	8,170,000.00	435,456.48		9,818,655.27	18,424,111.75
Disbursements:					
Maintenance and operation, Panama Canal	65,486.55	5,252,248.81	10,123,586.84		15,441,322.20
Sanitation, Canal Zone, Panama Canal	181,565.73	113,250.99	1,030,767.86		1,325,584.58
Civil government, Panama Canal and Canal Zone	92,267.76	20,973.34	942,563.89		1,055,804.99
Construction and equipment, Panama Canal	80,925.76				80,925.76
Security deposits		293,992.59	2,950,670.83	29,898,908.36	33,143,571.78
Total	420,245.80	5,680,465.73	15,047,589.42	29,898,908.36	51,047,209.31
On hand June 30, 1926:					
Maintenance and operation, Panama Canal	7,128,498.34	189,167.53	1,869,404.66	39,599.75	9,226,670.28
Sanitation, Canal Zone, Panama Canal	209,285.54	8,381.67	112,445.40	9,089.78	339,202.39
Civil government, Panama Canal and Canal Zone	37,754.74	6,670.77	119,186.07	1,146.15	164,757.73
Increase compensation, 1924	127.36				127.36
Miscellaneous receipts, United States revenues				193,296.68	193,296.68
Security deposits		1,567.18	6,952.36	333,547.56	342,067.10
Total	7,375,665.98	205,787.15	2,107,988.49	576,679.92	10,266,121.54
Total cash credits	16,674,620.43	6,321,709.36	17,155,578.92	63,527,485.45	103,679,394.16

TABLE NO. 6.—*Payments made by paymaster, fiscal year ended June 30, 1926*

Month	Panama Canal payments				Panama Railroad payments			
	Gold rolls	Silver rolls	Vouchers	Total	Pay rolls	Vouchers	Total	Grand total
1925								
July	$570,105.96	$331,310.92	$122,444.99	$1,023,861.87	$256,917.21	$460,413.31	$717,330.52	$1,741,192.39
August	517,437.26	326,973.74	96,883.48	941,294.48	209,935.86	467,052.60	676,988.46	1,618,282.94
September	540,393.04	336,017.22	103,331.48	979,741.74	234,437.97	182,110.47	416,548.44	1,396,290.18
October	536,391.15	335,808.26	147,731.87	1,019,931.28	248,128.42	434,251.46	682,379.88	1,702,311.16
November	556,728.09	345,513.07	116,992.98	1,019,234.14	217,177.05	388,331.56	605,508.61	1,624,742.75
December	553,527.11	329,688.17	112,585.21	995,800.49	238,727.28	386,860.16	625,587.44	1,621,387.93
1926								
January	548,897.25	346,951.92	105,626.96	1,001,476.13	232,953.27	455,591.67	688,544.94	1,690,021.07
February	570,775.43	369,644.12	137,525.49	1,077,945.04	258,608.09	396,058.81	654,666.90	1,732,611.94
March	541,076.61	340,516.54	111,047.81	992,640.96	224,564.47	357,465.86	582,030.33	1,574,671.29
April	555,933.33	360,995.36	97,801.25	1,014,729.94	259,461.78	445,345.58	704,807.36	1,719,537.30
May	550,816.38	341,730.15	111,763.92	1,004,310.45	247,849.30	333,039.66	580,888.96	1,585,199.41
June	560,617.97	354,937.68	110,396.42	1,025,952.07	259,088.15	292,904.22	551,992.37	1,577,944.44
Total	6,602,699.58	4,120,087.15	1,374,131.86	12,096,918.59	2,887,848.85	4,599,425.36	7,487,274.21	19,584,192.80

TABLE NO. 7.—*Receipts and disbursements by collector, Canal Zone funds, fiscal year ended June 30, 1926*

RECEIPTS

Month	Clubhouse funds	Trust funds	Postal savings funds	Money-order funds	Interest	Total
1925						
July	$31,311.68	$577.96	.....	$100,247.94	$2,547.75	$134,685.33
August	27,663.23	413.40	.....	101,913.23	1,051.42	131,041.28
September	29,930.29	275.15	.....	118,224.76	1,038.66	149,468.86
October	30,292.33	1,075.45	.....	143,153.55	5,647.71	180,169.04
November	28,672.48	412.50	.....	143,729.40	975.96	173,790.34
December	29,398.63	188.36	.....	132,536.64	1,094.15	163,217.78
1926						
January	29,196.96	2,064.57	.....	129,121.65	2,496.85	162,880.03
February	39,192.91	475.23	.....	192,367.29	997.38	233,032.81
March	47,930.83	82.61	.....	215,569.16	830.06	264,412.66
April	32,082.51	760.68	.....	137,937.99	5,218.89	176,000.07
May	28,130.83	754.43	.....	102,114.11	1,002.30	132,001.67
June	31,022.56	1,038.78	.....	117,622.43	1,087.17	150,770.94
Total receipts	384,825.24	8,119.12	.....	1,634,538.15	23,988.30	2,051,470.81
Cash on hand July 1, 1925	156,018.28	6,315.10	$181.00	790,755.09	7,467.16	960,736.63
	540,843.52	14,434.22	181.00	2,425,293.24	31,455.46	3,012,207.44

DISBURSEMENTS

1925						
July	$48,645.37	$777.40	.....	$119,300.00	$1,870.14	$170,592.91
August	27,834.19	438.13	.....	119,000.00	1,156.66	148,428.98
September	32,265.86	.....	.....	156,076.71	1,253.79	189,596.36
October	23,949.97	1,050.66	.....	130,703.64	1,063.55	156,767.82
November	24,224.56	411.30	.....	143,500.00	989.40	169,125.26
December	39,453.31	98.44	.....	164,000.00	1,303.52	204,855.27
1926						
January	34,957.28	1,189.98	.....	166,104.72	1,519.65	203,771.63
February	21,360.68	6.00	.....	100,000.00	1,252.29	122,618.97
March	39,524.89	1,091.70	.....	229,500.00	902.82	271,019.41
April	34,069.74	1,537.30	.....	104,335.56	1,100.24	141,042.84
May	39,015.14	147.00	.....	102,300.00	11,256.58	152,718.72
June	28,188.06	17.56	.....	111,000.00	1,777.43	140,983.05
Total disbursements	393,489.05	6,765.47	.....	1,645,820.63	25,446.07	2,071,521.22
Cash on hand June 30, 1926	147,354.47	7,668.75	$181.00	779,472.61	6,009.39	940,686.22
	540,843.52	14,434.22	181.00	2,425,293.24	31,455.46	3,012,207.44

TABLE NO. 8.—*Statement of collections repaid to appropriations and to individuals and companies and collections deposited to miscellaneous receipts, during fiscal year ended June 30, 1926*

MAINTENANCE AND OPERATION, PANAMA CANAL	
Collections credited to earnings:	
Executive office services	$57,058.35
Cables and radiograms	1,013.53
Sales of Canal Record	13.00
Clubs and playgrounds services	77,773.49
Accounting office services	143,508.30
Lost metal checks	400.40
Paymaster's office services	15,615.00
Collector's office services	20,383.00
Safety deposit box rentals	532.50
Chief of office, Washington office services	695.21
Purchasing bureau, Washington office, services	650.00
Office engineer services	6,939.47
Sales of prints	2,448.16
Meteorology and hydrography division services	6.50
Survey section services	1,210.73
Balboa storehouse services	2,594.31
Administration building storehouse services	5.00
Cristobal storehouse services	$187.14
Supply department office services	8,194.00
District quartermaster, Balboa, services	10,615.95
District quartermaster, Pedro Miguel, services	10,832.40
District quartermaster, Gatun, services	6,017.85
District quartermaster, Cristobal, services	3,058.63
Port captain, Balboa, services	2,146.87
Port captain, Cristobal, services	10.00
Admeasurement of vessels	4,325.00
Inspection of vessels	3,443.60
Pilotage, Balboa	80,620.00
Pilotage, Cristobal	210,519.25
Tug and launch service, Balboa	173,152.63
Tug and launch service, Cristobal	230,040.97

TABLE NO. 8.—*Statement of collections repaid to appropriations and to individuals and companies and collections deposited to miscellaneous receipts, during fiscal year ended June 30, 1926*—Continued

MAINTENANCE AND OPERATION, PANAMA CANAL—continued

Collections credited to earnings—Continued.	
Handling lines, Balboa	$116,603.00
Handling lines, Cristobal	127,880.66
Aids to navigation	6,781.52
Gatun Locks, services	188.58
Pedro Miguel Locks, services	1,030.19
Miraflores Locks, services	1.93
Gatun Dam, services	1,520.96
Dredging division, services	130,609.85
Reserve for depreciation reserve equipment	9.00
Depreciation on tugs	1,200.00
Electric current	301,470.42
Electric work	567,513.18
Telephone and telegraph work	211,486.17
Sales of water	269,737.13
Municipal engineering work	287,711.84
Water rentals, Panama	161,126.45
Water rentals, Colon	88,901.35
Shop work	1,912,802.91
Dry dockage, Balboa	80,123.10
Dry dockage, Cristobal	14,624.19
Dockage and wharfage	82,092.70
Handling fuel oil	459,290.76
Fuel-oil sales	42,310.03
Fuel-oil tank rentals	5,800.00
Business store sales	1,078,910.49
Animal and motor transportation	106,248.85
Motor car repair shop work	30,445.52
Building repairs and construction	352,784.71
Panama Canal Press, services	110,606.69
Gold quarters rentals	385,737.12
Silver quarters rentals	192,051.43
Garage rentals	29,938.59
Boathouse rentals	374.40
Restaurant rentals	9,500.00
Building rentals	8,935.14
Market rentals	2,798.70
Sales of fuel	4,863.57
Sale of gasoline	83,896.81
Sale of general supplies	8,635.30
Exchange of furniture	10,880.80
Mattress factory sales	22,144.25
Janitor service	25,979.25
Hotel Tivoli	235,741.57
Land rentals	62,152.65
Salvage section services	27,053.17
Sales of sand and gravel	20,200.90
Sales of Government property	100.00
Sales of nautical charts and publications	2,631.70
Fortifications division	371,420.52
Collections credited to expenses:	
Alhajuela Dam	5,331.25
Injury compensation	2.22
Commissary coupons honored by The Panama Canal	2,461.25
Telephone and telegraph work	48.75
Water system	192.50
Municipal engineering work	39.59
Shops and drydocks	266.11
Animal and motor transportation	1.75
Building repairs and construction	44.68
Gold quarters	5.50
District quartermaster supplies	2.15
Hotel Tivoli	102.40
Salvage section	275.19
Fortifications division	809.39
Claims *vs.* carriers and contractors	155.67
Sale of obsolete property	3,017.00
Executive department	3.35
Clubs and playgrounds	.36

MAINTENANCE AND OPERATION, PANAMA CANAL—continued

Collections credited to expenses—Continued.	
Balboa store	$152.06
Port captain, Balboa	2,040.33
Port captain, Cristobal	2,180.86
Lighthouse subdivision	378.65
Gatun Dam	.35
Dredging division	14,254.65
General accounts	21,370.84
Recruiting and repatriating employees	468.00
Maintenance of laborers' quarters	15.50
Total, maintenance and operation	9,182,479.64

SANITATION, CANAL ZONE, PANAMA CANAL

Deduction certificates for medical services	$18,323.56
Chief health office	657.91
Ancon Hospital fees	226,464.97
Ancon Hospital mess	17,027.18
Ancon Hospital burials	8,496.10
Ancon Hospital miscellaneous	5,505.24
Colon Hospital fees	30,161.19
Colon Hospital mess	3,400.77
Colon Hospital burials	717.18
Line dispensaries	19,145.62
Corozal Farm produce	13,191.91
Corozal Farm pasturage	140.00
Corozal Asylum fees	86,669.39
Corozal Asylum miscellaneous	3,934.07
Palo Seco leper asylum	16,987.50
Quarantine subsistence	20,597.41
Quarantine miscellaneous	18,766.38
Sanitation, Panama	10,407.80
Street cleaning and garbage collection, Panama	38,337.55
Sanitation, Colon	2,905.28
Street cleaning and garbage collection, Colon	31,696.49
Sanitation, Canal Zone	20,360.53
Refunds	19,806.25
Total, sanitation	613,700.28

CIVIL GOVERNMENT, PANAMA CANAL AND CANAL ZONE

Civil affairs	$20.50
Customs	454.50
Postal service	3,512.17
School tuition	6,996.00
Sale of school books	589.81
Sale of school materials	580.95
Fire protection	122.44
Police and prisons	40,803.81
District court	57.00
Refunds	483.63
Total, civil government	53,620.81

MISCELLANEOUS RECEIPTS

Public works, Panama, amortization and interest	$49,111.23
Public works, Colon, amortization and interest	46,820.80
Tolls	22,927,456.03
Taxes, fees, fines, Canal Zone	64,135.98
Postal receipts	143,037.90
Interest on bank balances	10,000.00
Miscellaneous	513.11
Total, miscellaneous receipts	23,241,075.15

INDIVIDUALS AND COMPANIES

Panama Railroad Co	$32.40

RECAPITULATION

Maintenance and operation, Panama Canal	$9,182,479.64
Sanitation, Canal Zone, Panama Canal	613,700.28
Civil Government, Panama Canal and Canal Zone	53,620.81
Total repaid to appropriations	9,849,800.73
Miscellaneous receipts	23,241,075.05
Individuals and companies	32.41
Grand total	33,090,908.19

TABLE NO. 9.—*Statement of collections in the collector's special deposit account during the fiscal year ended June 30, 1926*

IN THE UNITED STATES

Month	Deposits	Panama Canal bills applied	Payments to individuals and companies	Refunds
1925				
July	$80,818.87	$72,149.85	$1,461.92	$4,472.39
August	37,389.48	41,968.02	579.15	2,568.03
September	83,799.06	50,621.56	7,792.63	1,922.39
October	89,975.35	87,709.56	5,867.11	1,209.58
November	114,279.50	114,265.51	1,172.17	3,331.73
December	94,683.80	90,984.93	4,674.47	2,398.73
1926				
January	92,300.37	93,847.72	7,164.28	2,643.74
February	93,500.79	79,694.41	3,277.73	4,841.75
March	83,438.33	89,475.49	845.04	1,850.13
April	99,362.19	74,640.93	3,103.06	2,022.17
May	88,920.16	106,337.28	4,130.65	2,965.27
June	110,747.16	80,863.23	8,313.46	1,016.79
Total	1,069,215.06	982,558.49	48,381.67	31,242.70

ON THE ISTHMUS

1925				
July	$2,238,390.41	$1,852,488.39	$343,090.58	$1,057.38
August	1,882,296.00	1,784,792.82	314,011.50	2,290.69
September	2,316,152.22	2,091,354.45	291,671.08	1,646.78
October	2,133,698.38	1,878,103.96	327,556.55	2,077.70
November	2,139,669.92	1,942,854.31	347,614.00	651.20
December	2,678,302.91	2,183,073.67	359,162.07	1,126.19
1926				
January	2,440,173.23	2,208,447.44	360,289.15	807.92
February	2,510,554.97	1,951,059.35	382,774.56	3,554.63
March	2,795,537.45	2,371,591.89	508,742.68	6,448.85
April	2,476,703.66	2,027,054.56	383,541.56	3,627.62
May	2,396,993.46	2,143,417.87	326,770.27	4,535.26
June	2,419,567.97	2,033,578.47	392,487.35	3,372.75
Total	28,428,040.58	24,467,817.18	4,337,711.35	31,196.97

RECAPITULATION

	In the United States		On the Isthmus	
On hand July 1, 1925	$14,524.43		$720,675.85	
Deposits during year	1,069,215.06		28,428,040.58	
Panama Canal bills applied		$982,558.49		$24,467,817.18
Payments to individuals and companies		48,381.67		4,337,711.35
Refunds		31,242.70		31,196.97
On hand June 30, 1926		21,556.63		311,990.93
Total	1,083,739.49	1,083,739.49	29,148,716.43	29,148,716.43

TABLE NO. 10.—*Statement of audited pay rolls on Isthmus during fiscal year 1926*

	Total	Gold rolls	Silver rolls
Maintenance and operation:			
Canal transit divisions—			
Executive department—			
Executive	$21,183.83	$21,183.83	
Record	85,547.14	64,595.68	$20,951.46
Personnel	39,736.53	39,736.53	
Correspondence	43,952.98	42,257.53	1,695.45
Property	31,391.48	31,391.48	
Statistics	22,849.66	22,849.66	
General	39,881.63	38,954.21	927.42
Shipping commissioner	33,099.13	31,691.75	1,407.38
Total, executive department	317,642.38	292,660.67	24,981.71
Clubs and playgrounds	148,280.18	71,006.96	77,273.22
Accounting department—			
Accounting	387,899.02	384,311.02	3,588.00
Paymaster	38,556.96	35,466.96	3,090.00
Collector	44,963.70	44,963.70	
Total, accounting department	471,419.68	464,741.68	6,678.00
Office engineer	57,296.82	55,621.53	1,675.29
Meteorology and hydrography	30,763.88	23,039.61	7,724.27
Surveys	31,678.77	18,597.40	13,081.37
Supply department, quartermaster—			
Office	44,826.58	43,900.45	926.13
District quartermasters	220,879.75	48,272.02	172,607.73
Storehouses	249,461.24	103,580.55	145,880.69
Total, quartermaster	515,167.57	195,753.02	319,414.55
Marine division—			
Superintendent's office	14,194.30	14,194.30	
Port captain—			
Balboa	495,094.57	251,897.92	243,196.65
Cristobal	446,776.12	249,623.79	197,152.33
Lighthouse subdivision	93,292.66	49,549.01	43,743.65
Total, marine division	1,049,357.65	565,265.02	484,092.63
Lock operation—			
Atlantic	374,296.96	241,356.70	132,940.26
Pacific	692,489.30	430,571.22	261,918.08
Total, lock operation	1,066,786.26	671,927.92	394,858.34
Gatun Dam and backfill	43,492.40	8,908.75	34,583.65
Dredging division	1,049,020.99	523,243.46	525,777.53
Total, transit divisions	4,780,906.58	2,890,766.02	1,890,140.56
Canal business divisions—			
Electrical	596,584.55	480,837.43	115,747.12
Municipal engineering	644,103.76	229,219.91	414,883.85
Mechanical division—			
Balboa shops	1,375,960.79	1,002,993.63	372,967.16
Cristobal shops	341,756.22	227,355.40	114,400.82
Total, mechanical division	1,717,717.01	1,230,349.03	487,367.98
Supply department, quartermaster—			
Fuel oil plants	127,720.60	86,494.27	41,226.33
Animal and motor transportation	151,650.09	59,074.14	92,575.95
Motor car repair shop	78,058.10	49,487.99	28,570.11
Building repairs and construction	551,043.78	174,338.85	376,704.93
Panama Canal Press	77,379.28	25,717.86	51,661.42
Farm bureau	17,942.57	6,755.98	11,186.59
Hotel Tivoli	62,009.96	16,532.38	45,477.58
Total, quartermaster	1,065,804.38	418,401.47	647,402.91
Fortifications	175,835.19	62,132.51	113,702.68
Salvage section	56,833.95	29,093.63	27,740.32
Total, business divisions	4,256,878.84	2,450,033.98	1,806,844.86
Injury and death—			
Act Sept. 7, 1916	43,906.18	43,906.18	
Total, maintenance and operation	9,081,691.60	5,384,706.18	3,696,985.42

TABLE NO. 10.—*Statement of audited pay rolls on Isthmus during fiscal year 1926*—Continued

	Total	Gold rolls	Silver rolls
Civil government:			
Civil affairs and customs	$42,079.09	$41,248.75	$830.34
Posts	120,088.52	106,956.97	13,131.55
Schools	218,436.89	185,597.10	32,839.79
Fire protection	107,369.56	107,369.56	
Police and prisons	344,507.56	309,907.42	34,600.14
District courts	23,175.71	21,307.59	1,868.12
District attorney	11,732.49	11,732.49	
Marshal	7,113.96	7,113.96	
Magistrates' courts	16,404.26	14,484.26	1,920.00
Total, civil government	890,908.04	805,718.10	85,189.94
Sanitation:			
Office	15,207.18	15,207.18	
Ancon Hospital	337,106.32	243,481.82	93,624.50
Colon Hospital	49,566.47	33,851.58	15,714.89
Line dispensaries	41,194.47	34,566.48	6,627.99
Corozal Farm	13,953.81	2,739.16	11,214.65
Corozal Asylum	53,459.41	29,609.03	23,850.38
Palo Seco leper asylum	17,404.77	3,449.25	13,955.52
Quarantine—			
Office	130.40	130.40	
Balboa	27,059.33	19,248.05	7,811.28
Cristobal	21,231.57	16,015.91	5,215.66
Total, quarantine	48,421.30	35,394.36	13,026.94
Health office—			
Panama	98,468.32	29,521.04	68,947.28
Colon	53,509.16	22,343.80	31,165.36
Sanitation, Zone	100,795.61	15,258.58	85,537.03
Total, sanitation	829,086.82	465,422.28	363,664.54
Grand total	10,801,686.46	6,655,846.56	4,145,839.90

TABLE NO. 11.—*Statement of accounts receivable registered during fiscal year ended June 30, 1926*

Month	Number of bills registered	Total	Against the Panama Railroad	Against other departments of the United States	Commercial	Miscellaneous receipts	Tolls	Repay to appropriations
1925								
July	2,899	$2,331,314.93	$199,689.47	$120,345.14	$210,853.16	$100.00	$1,800,327.16	$530,887.77
August	2,772	2,240,667.82	174,393.58	137,045.07	270,967.47	100.00	1,658,161.70	582,406.12
September	2,867	2,598,761.91	179,783.89	175,358.00	550,744.86	100.00	1,692,775.16	905,886.75
October	2,987	2,471,765.91	218,022.24	165,634.38	261,587.64	100.00	1,826,421.65	645,244.26
November	2,930	2,569,723.74	204,848.68	227,146.02	267,505.96	100.00	1,870,123.08	699,500.66
December	3,245	2,760,457.54	227,391.00	141,000.78	279,970.65	100.00	2,111,995.11	648,362.43
1926								
January	3,315	2,860,275.98	218,857.02	173,835.56	364,063.38	104.00	2,103,416.02	756,755.96
February	3,152	2,472,228.65	226,985.96	146,394.08	263,448.30	101.00	1,835,299.31	636,828.34
March	3,686	2,999,012.92	277,677.94	107,998.86	406,885.46	204.29	2,206,246.37	792,562.26
April	3,126	2,508,257.88	200,174.53	116,015.22	274,493.77	100.00	1,917,474.36	590,683.52
May	3,158	2,627,336.96	198,982.79	104,233.76	266,991.56	100.00	2,057,028.85	570,208.11
June	3,290	2,594,086.44	267,641.13	133,803.74	339,830.56	100.00	1,852,711.01	741,275.43
Total	37,425	31,033,890.68	2,594,448.23	1,748,810.61	3,757,342.77	1,309.29	22,931,979.78	8,100,601.61
Total for year ended June 30, 1925	33,637	29,561,896.31	2,591,492.45	1,876,432.54	3,691,763.58	1,215.50	21,400,992.24	8,160,904.07

TABLE No. 12.—*Comparative statement of accounts receivable*

	Fiscal year 1925	Fiscal year 1926
Audited bills	$1,078,196.93	$684,425.39
Hospital certificates	24,854.50	26,267.97
Injury compensation	2,465.99	4,958.81
Cement bags returned to contractor	3,445.00	9,803.30
Water rental deficit bills	72,785.51	70,301.63
Commissary coupon books honored by The Panama Canal	165.90	168.94
Total	1,181,913.83	795,926.04

TABLE No. 13.—*Comparative statement of accounts payable*

	Fiscal year 1925	Fiscal year 1926
United States invoices and ocean freight	$317,978.75	$411,545.38
Isthmus vouchers	133,905.08	112,892.19
Current pay rolls	886,905.31	923,796.19
Unpaid salaries and wages	68,907.27	67,661.54
Drums, carboys, and reels	3,247.00	5,475.60
Local purchases	[1] 28.59	743.20
Total	1,410,914.82	1,522,114.10

[1] Debit.

TABLE No. 14.—*Defense capital expenditures to June 30, 1926*

Prism excavation:	
Gatun to sea	$237,482.88
Gatun to Pedro Miguel	2,141,358.67
Pedro Miguel to sea	388,049.34
Gatun Locks	1,203,953.05
Pedro Miguel Locks	638,599.30
Miraflores Locks	867,655.23
Armor plate for spillway protection	36,530.48
Gatun spillway	99,317.86
Miraflores Spillway and East Dam	89,133.95
Gatun-Mindi Levee	2,813.01
Gatun Dam	196,462.60
Trinidad River Dam	1,328.47
Pedro Miguel Dam	8,633.66
Miraflores West Dam	23,195.78
La Boca Docks and Dams (abandoned)	748,054.48
Colon East Breakwater	3,771,111.74
Colon West Breakwater	85,506.42
Naos Island Breakwater	20,312.78
Aids to Navigation	93,388.54
Purchase, Toro Point Light	15,000.00
Floating Caisson	20,872.15
Power transmission system	10,055.46
Coaling stations:	
Balboa	2,284,568.35
Cristobal	3,179,797.59
Dry docks:	
Balboa	3,376,647.49
Cristobal	23,475.51
Docks, piers and wharves:	
Balboa	1,590,160.35
Cristobal	1,033,984.61
Entrance basin, Balboa	489,480.39
Inner Harbor:	
Balboa	3,265,207.04
Cristobal	237,101.43
Preparatory work, Balboa terminals	1,808,921.65
Panama water supply system	40,697.58
Other Zone water supply systems	155,190.03
Zone sewage system	298,284.69
Zone roadways	610,956.00
Fluviographs	3,427.02
Permanent Townsite:	
Ancon-Balboa	596,596.73
La Boca	123,206.13
Red Tank	2,614.43
Pedro Miguel	96,797.08
Gatun	1,776.56
Cristobal	355,847.29
Sanitary fills	636,732.11
Sanitary ditches	$199,706.53
Playgrounds	13,902.41
Administration Building, Balboa Heights	306,211.51
District Court and Law Department Office, Ancon	65,446.39
Shops and store office	238,553.94
Terminal Office Building, Balboa	3,225.42
Shops:	
Balboa	3,795,260.32
Cristobal	164,147.93
Storehouses	475,934.74
Hotel and mess halls	242,909.87
Quarters:	
Gold	1,351,269.07
Silver	269,685.74
Miscellaneous buildings	543,700.28
Ancon Hospital	435,325.80
Colon Hospital	63,876.90
Dispensaries	40,303.97
Asylums	128,506.16
Quarantine stations	40,129.48
Storehouse, health	2,547.15
Balboa incinerator	100,000.00
Miscellaneous Buildings, Health	129,824.94
Schoolhouses	49,227.23
Post offices	26,987.62
Courthouses, police and fire stations, etc	50,963.50
Canal construction and flooded areas	991,707.06
Auxiliary works and buildings	146,258.94
Depopulation of Canal Zone	2,345,009.63
Joint Land Commission expenses	356,006.61
Purchase from New Panama Canal Company	38,717,335.97
Investment Panama Railroad stock	155,818.24
Concession from Republic of Panama	10,000,000.00
Relocation of Panama Railroad	9,800,626.46
Presentation of launch "Louise" to French Government	13,500.00
Canal protection 1917–1918	25,236.79
Equipment and property transferred to and from other departments of Government	1,970,877.33
Construction equipment	3,020,090.65
Construction material and supplies	2,225,000.00
Loans to Panama Railroad Company	3,247,332.11
Total	112,662,732.60

TABLE NO. 15.—*Details of canal fixed property, fiscal year 1926*

	July 1, 1925	Additions	June 30, 1926
Channels:			
Gatun to sea	$11,636,700.00		$11,636,700.00
Gatun to Pedro Miguel	104,926,542.00		104,926,542.00
Pedro Miguel to sea	18,032,612.00		18,032,612.00
Locks:			
Gatun	34,904,667.26		34,904,667.26
Pedro Miguel	15,389,503.80		15,389,503.80
Miraflores	22,700,854.17		22,700,854.17
Spillways:			
Gatun	3,982,199.00		3,982,199.00
Miraflores	1,231,256.00		1,231,256.00
Floating caisson	326,996.00		326,996.00
Dams:			
Alhajuela	154,464.28	$84,506.37	238,970.65
Gatun	9,626,678.00		9,626,678.00
Gatun-Mindi Levee	137,822.00		137,822.00
Trinidad River	65,057.00		65,057.00
Pedro Miguel	423,070.00		423,070.00
Miraflores	1,136,594.00		1,136,594.00
Breakwaters:			
Colon-West	4,189,810.00		4,189,810.00
Naos Island	995,337.00		995,337.00
Aids to navigation	841,593.50		
Radio compass station, Cape Mala		1,590.07	
Keeper's quarters, Isla Grande Light		13,791.38	
Farallon Sucio Light		6,483.80	
Isla Grande Light		3,741.34	
Fairway Buoy No. 76		11,629.68	878,829.77
Roads, streets, and sidewalks	1,007,093.94		
Street improvements		16,912.63	1,024,006.57
Storm sewers	206,786.31		206,786.31
Street lighting system	99,236.44		99,236.44
Office buildings:			
Administration	918,636.00		918,636.00
Terminal office, Balboa	77,409.00		77,409.00
Storehouses	300,000.00		300,000.00
Hydrographic structures	11,772.00		
House 12, Gamboa, transfer		1,100.00	12,872.00
Telephone exchange, Cristobal	35,600.00		35,600.00
Health department buildings:			
Ancon Hospital	1,305,975.00		1,305,975.00
Colon Hospital	191,630.00		191,630.00
Dispensaries	120,910.00		120,910.00
Asylums	128,471.49		128,471.49
Quarantine stations	40,129.00		40,129.00
Other health department buildings	58,507.00		58,507.00
Cristobal incinerator	88,474.55		88,474.55
Civil government:			
Schoolhouses	443,044.00		443,044.00
Post offices	8,995.00		8,995.00
Fire stations	21,644.00		21,644.00
Police stations and prisons	19,870.00		19,870.00
Courthouses	74,896.00		74,896.00
Clubs and playgrounds	114,498.00		114,498.00
Total	235,975,333.74	139,755.27	236,115,089.01

TABLE No. 16.—*Detail of canal transit equipment*

	July 1, 1925	Additions	Withdrawals	June 30, 1926
Floating equipment:				
Tugs	$790, 213. 73			
No. 26, transfer		$4, 000. 00		
Birdena, improvements		800. 00		$795, 013. 73
Supply boats	51, 544. 48			51. 544. 48
Launches	206, 772. 51			
Bassett, improvements		281. 61		
Hinds, improvements		4, 973. 90		208, 028. 02
No. 26, transfer			$4, 000. 00	
Dredges	1, 186, 516. 60			1, 186, 516. 60
Barges	966, 084. 73			
No. 17, renewals		5, 144. 00		
No. 128, adjustment		1, 750. 00		
No. 129, built		104, 750. 00		
No. 130, built		104, 750. 00		
Depreciation applied			211, 250. 00	
No. 91, transfer			5, 000. 00	
No. 92, transfer			127. 50	
No. 93, transfer			150. 00	965, 951. 23
Floating cranes	656, 792. 45			
Ajax, adjustment		2, 731. 84		659, 524. 29
Crane boat	30, 000. 00			30, 000. 00
Graders	28, 690. 30			28, 690. 30
Drill barges	110, 000. 00			110, 000. 00
Compressor barge	20, 848. 00			20, 848. 00
Coal hoist barge	2, 112. 00			
Sold			2, 112. 00	
Relay pump barge	50, 000. 00			50, 000. 00
Other equipment:				
Road rollers	13, 786. 00			13, 786. 00
Automobiles	2, 651. 23			2, 651. 23
Excavators	17, 370. 00			17, 370. 00
Reserve equipment	700. 00	300. 00		1, 000. 00
Salvage section:				
Machinery and tools	5, 725. 29			
Transferred to business equipment			5, 725. 29	
Total	4, 139, 807. 32	229, 481. 35	228, 364. 79	4, 140, 923. 88

TABLE NO. 17.—*Business property, by divisions*

	Total	Fixed property	Equipment	Stores	Cash	Work in process	Suspense	Undistributed business capital
Electric light and power system	$7,438,642.72	$7,251,246.00	$10,056.51	$7,340.21				$170,000.00
Electric work	107,584.69		26,102.67	13,551.77		$2,948.64	[1] $18.39	65,000.00
Telephone and telegraph work	17,677.74		7,226.40	10,300.84			150.50	
Water system	3,242,545.64	3,040,889.52	26,177.78	49,931.84			546.50	125,000.00
Municipal engineering work	420,695.04		79,232.52	13,096.28		274,426.98	[1] 41,060.74	95,000.00
Public works, Panama		1,469,266.45						
Repayments		[1] 505,838.56						
Balance	963,427.89	963,427.89						
Public works, Colon		1,249,502.71						
Repayments		[1] 443,599.10						
Balance	805,903.61	805,903.61						
Shops and dry docks	1,439,683.74	256,500.00	343,581.60	38,485.44		351,183.26	[1] 66.56	450,000.00
Steamships	1,600,000.00	1,600,000.00						
Docks, wharves and piers	2,368,200.26	2,368,200.26						
Coaling plants	500,000.00	500,000.00						
Colliers and coal barges	3,629,232.00	3,629,232.00						
Fuel oil plants	1,359,747.52	1,089,663.19	5,678.93	184,405.40				80,000.00
Business storehouses	800,000.00	300,000.00						500,000.00
Animal and motor transportation	285,645.08	14,285.00	226,360.08					45,000.00
Motor car repair shop	58,368.63	16,633.32	14,347.07	14,388.24				13,000.00
Building repairs and construction	344,358.65	11,690.00	14,558.27	9,242.34		56,471.87	2,396.17	250,000.00
Panama Canal Press	133,663.03		17,939.68	95,983.81		4,739.54		15,000.00
Gold quarters	3,472,748.39	3,472,748.39						
Silver quarters	585,741.00	630,741.00					[1] 45,000.00	
Rented buildings	343,815.16	315,032.82	27,679.87			1,102.47		
Hotel Tivoli	257,159.67	161,960.07	74,185.00	4,834.85	$3,334.40	8,261.79	[1] 416.44	5,000.00
Farm Bureau	2,232.26		2,232.26					
Salvage section	24,972.53		22,180.29	2,792.24				
Sand and gravel	138,086.43			138,086.43				
Nautical charts and publications	530.41			1,681.08		18.28	[1] 1,168.95	
Fortifications division	628.47			[1] 1.00			629.47	
Total business property	30,341,290.56	26,428,153.07	897,538.93	584,119.77	3,334.40	699,152.83	[1] 84,008.44	1,813,000.00

[1] Credit.

TABLE NO. 17.—*Business property, by divisions*—Continued

UNDISTRIBUTED BUSINESS CAPITAL, BY DIVISIONS

Divisions	Accounts receivable	Working cash	Stores	Total
Electric light and power system	$50,0000.00	$20,000.00	$100,000.00	$170,000.00
Electric work	5,000.00	10,000.00	50,000.00	65,000.00
Water system	45,000.00	30,000.00	50,000.00	125,000.00
Municipal engineering work	25,000.00	20,000.00	50,000.00	95,000.00
Shops and dry docks	100,000.00	100,000.00	250,000.00	450,000.00
Fuel oil plants	75,000.00	5,000.00		80,000.00
Business storehouse	250,000.00		250,000.00	500,000.00
Animal and motor transportation	15,000.00	10,000.00	20,000.00	45,000.00
Motor car repair shop		3,000.00	10,000.00	13,000.00
Building repairs and construction	25,000.00	25,000.00	200,000.00	250,000.00
Panama Canal Press	10,000.00	5,000.00		15,000.00
Hotel Tivoli	1,000.00	4,000.00		5,000.00
Total	601,000.00	232,000.00	980,000.00	1,813,000.00

TABLE NO. 18.—*Business fixed property, fiscal year ended June 30, 1926*

	Balance July 1, 1925	Additions	Withdrawals	Balance June 30, 1926
Hydroelectric plant	$1,669,265.12			
10-ton auxiliary hoist		$3,691.67		
30-ton crane, transfer			$9,000.00	$1,663,956.79
Miraflores steam plant	308,270.31			
New Miraflores power plant		967,314.58		1,275,584.89
Substations	1,841,045.18			1,841,045.18
Transmission system	1,355,733.38			1,355,733.38
Distribution lines	1,114,925.76			1,114,925.76
Total, electrical division	6,289,239.75	971,006.25	9,000.00	7,251,246.00
Panama water system	1,826,562.67			
Roofing tank at Miraflores		11,277.60		
Calking Gamboa main		2,954.19		1,840,794.46
Colon water system	585,642.89			
Centrifugal pump		6,944.70		592,587.59
Zone water system	595,306.06			
Miscellaneous improvements		12,201.41		607,507.47
Total, municipal engineering division	3,007,511.62	33,377.90		3,040,889.52
Waterworks and sewers, Panama	876,353.22			876,353.22
Pavements	592,913.23			592,913.23
Total, public works, Panama	1,469,266.45			1,469,266.45
Less repayments	475,134.11		30,704.45	505,838.56
Balance	994,132.34		30,704.45	963,427.89
Waterworks and sewers, Colon	623,883.68			623,883.68
Pavements	625,619.03			625,619.03
Total, public works, Colon	1,249,502.71			1,249,502.71
Less repayments	417,914.93		25,684.17	443,599.10
Balance	831,587.78		25,684.17	805,903.61
Dry dock, Cristobal	50,000.00			50,000.00
Roundhouse, Balboa	111,500.00			111,500.00
Car and paint shops, Balboa	95,000.00			95,000.00
Total, shops and dry docks	256,500.00			256,500.00
Steamships:				
Panama	400,000.00			400,000.00
Ancon	600,000.00			600,000.00
Cristobal	600,000.00			600,000.00
Total, steamships	1,600,000.00			1,600,000.00
Pier 18, Balboa	1,168,200.26			1,168,200.26
Pier 6, Cristobal	1,200,000.00			1,200,000.00
Total, docks, wharves, and piers	2,368,200.26			2,368,200.26

TABLE No. 18.—*Business fixed property, fiscal year ended June 30, 1926*—Contd.

	Balance July 1, 1925	Additions	Withdrawals	Balance June 30, 1926
Coaling plant, Cristobal	$500,000.00			$500,000.00
Colliers	2,029,232.00			2,029,232.00
Coal barges	1,600,000.00			1,600,000.00
Total, colliers and coal barges	3,629,232.00			3,629,232.00
Fuel-oil plant, Balboa	458,860.58			
Kerosene tank		$11,834.61		470,695.19
Fuel-oil plant, Cristobal	618,968.00			618,968.00
Total, fuel-oil plants	1,077,828.58	11,834.61		1,089,663.19
Business storehouses	300,000.00			300,000.00
Animal and motor transportation	14,285.00			14,285.00
Motor car repair shop	16,633.32			16,633.32
Building repairs and construction	11,690.00			11,690.00
Gold quarters	3,480,848.39			
House No. 12, Gamboa, transfer			$1,100.00	
Houses 3 and 4 sold			7,000.00	3,472,748.39
Silver quarters	634,106.00			
30 houses demolished and sold			3,365.00	630,741.00
Rented buildings	315,032.82			
Additional garages, 100 stalls		19,485.99		
Depreciation applied			19,485.99	315,032.82
Hotel Tivoli	161,258.13			
3-stall garage extension		512.17		
2-stall garage		189.77		161,960.07
Grand total, business property	25,488,085.99	1,036,406.69	96,339.61	26,428,153.07

TABLE No. 19.—*Canal business equipment*

	Balance July 1, 1925	Additions	Withdrawals	Balance June 30, 1926
Electric light and power system:				
Machinery and tools	$10,056.51			$10,056.51
Automobiles	880.72		$880.72	
Electric work:				
Machinery and tools	16,302.83	$1,631.74		17,934.57
Automobiles	7,766.82	880.72	479.44	8,168.10
Telephone and telegraph work: Machinery and tools	7,226.40			7,226.40
Water system: Machinery and tools	26,177.78			26,177.78
Municipal engineering work:				
Machinery and tools	26,469.37	880.00		27,349.37
Automobiles	6,254.08		6,254.08	
Concrete mixers		17,138.12		17,138.12
Pumps		13,520.85		13,520.85
Tractors		10,880.00		10,880.00
Wagon loaders		10,344.18		10,344.18
Shops and dry docks: Machinery and tools	343,581.60			343,581.60
Fuel-oil plants: Machinery and tools	5,678.93			5,678.93
Animal and motor transportation:				
Machinery and tools	7,970.86			7,970.86
Automobiles	217,874.02	114,101.11		
Depreciation applied			116,387.12	215,588.01
Mules	2,801.21			2,801.21
Motor car repair shop: Machinery and tools	13,882.43	464.64		14,347.07
Building repair and construction: Machinery and tools	7,801.96	6,756.31		14,558.27
Panama Canal press: Machinery and tools	17,939.68			17,939.68
Rented buildings (restaurants): Machinery and tools	27,679.87			27,679.87
Hotel Tivoli: Machinery and tools	74,185.00			74,185.00
Farm bureau:				
Machinery and tools	1,145.50			1,145.50
Mules	1,086.76			1,086.76
Salvage section: [1]				
Machinery and tools		19,283.84	2,381.05	16,902.79
Barges		5,277.50		5,277.50
Total	822,762.33	201,159.01	126,382.41	897,538.93

[1] Transferred from canal transit equipment July 1, 1925.

TABLE NO. 20.—*Status of public works in cities of Panama and Colon, June 30, 1926*

	Total	Panama	Colon
Construction cost:			
Waterworks and sewers	$1,500,236.90	$876,353.22	$623,883.68
Pavements	1,218,532.26	592,913.23	625,619.03
Total	2,718,769.16	1,469,266.45	1,249,502.71
Maintenance, operation, and repairs (including proportion of Zone system)	3,089,124.75	1,788,454.35	1,300,670.40
Interest at 2 per cent per annum:			
Waterworks and sewers	427,430.48	236,417.71	191,012.77
Pavements	349,952.34	184,557.25	165,395.09
Zone system	234,812.07	157,101.37	77,710.70
Total	1,012,194.89	578,076.33	434,118.56
Total payable from water rentals	6,820,088.80	3,835,797.13	2,984,291.67
Water rentals and deficit payments:			
Maintenance, operation, and repairs	3,089,124.75	1,788,454.35	1,300,670.40
Interest	1,012,194.89	578,076.33	434,118.56
Proportion of capital cost	879,136.03	435,536.93	443,599.10
Total	4,980,455.67	2,802,067.61	2,178,388.06
Unpaid deficit bills: To be applied to capital cost	70,301.63	70,301.63	
Capital cost reimbursable June 30, 1926 (in addition to unpaid deficit bills):			
Waterworks and sewers	994,815.48	580,977.92	413,837.56
Pavements	774,516.02	382,449.97	392,066.05
Total	1,769,331.50	963,427.89	805,903.61
Total payable from water rentals	6,820,088.80	3,835,797.13	2,984,291.67

TABLE NO. 21.—*Canal transit material and supplies on hand*

	Fiscal year, 1925	Fiscal year, 1926
Balboa store	$2,624,269.70	$2,946,264.01
Medical store	65,625.85	67,592.87
Stationery store, administration building	16,355.34	16,222.75
Paraiso store	695,420.10	681,324.30
Cristobal store	382,307.53	392,853.72
Corozal store	434,898.36	437,157.01
District quartermasters' stores:		
Balboa	5,040.78	4,109.68
Pedro Miguel	124.72	192.21
Gatun	170.33	84.52
Cristobal	189.61	185.75
Total	5,525.44	4,572.16
Invoices in suspense	93.39	[1] 9,649.07
Material drawn by divisions not yet charged to the work	32,486.37	29,431.88
Total	4,256,982.08	4,565,769.63
Less reserve for inventory adjustments	537,897.71	520,238.96
Book value of stores on hand	3,719,084.37	4,045,530.67

[1] Credit.

TABLE No. 22.—*Statement of material and supplies received, issued, and sold, all stores, during fiscal year ended June 30, 1926*

Stock on hand, July 1, 1925			$4,616,422.62
Standard stock		$4,523,552.96	
Scrap and obsolete		92,869.66	
Received during the year:			
By purchase		5,764,627.32	
For stock	$4,200,210.07		
Direct to divisions	1,564,417.25		
By manufacture		639,099.89	
			6,403,727.21
Total			11,020,149.83
Issued and sold during the year:			
Issued—			
To business divisions	$3,311,060.88		
To transit divisions	1,536,677.15		
		4,847,738.03	
Sold		1,099,642.28	
Empty containers returned, etc		105,009.75	
Net inventory adjustments		3,297.31	
			6,055,687.37
On hand June 30, 1926			4,964,462.46
Standard stock		4,836,889.71	
Scrap and obsolete		127,572.75	
Drawn by divisions not yet charged to work:			
Business divisions		165,643.13	
Transit divisions		29,431.88	
			195,075.01
Grand total			5,159,537.47

TABLE No. 24.—*Statement of canal earnings, expenses, and net expenses*

	Fiscal year, 1926		Net canal expenses
	Canal expenses	Earnings	
Executive department:			
Executive offices	$325,977.64	$121,987.97	$203,989.67
Cables and radiograms	1,394.96	1,011.26	383.70
General executive expenses	216.00		216.00
Shipping commissioner	40,236.96		40,236.96
Canal record	13,183.22	113.58	13,069.64
Land office	2,416.57		2,416.57
Law books	524.58		524.58
Railroad motor cars	2,212.68		2,212.68
Clubs and playgrounds	204,154.36	104,154.36	100,000.00
Total	590,316.97	227,267.17	363,049.80
Accounting department:			
Accounting office	415,521.80	271,135.40	144,386.40
Paymaster's office	45,741.41	27,675.00	18,066.41
Collector's office	49,488.03	32,032.50	17,455.53
Total	510,751.24	330,842.90	179,908.34
Washington office:			
Chief of office	46,932.43	646.29	46,286.14
Purchasing bureau	177,505.36	41,308.33	136,197.03
Assistant auditor's office	27,846.67		27,846.67
Disbursing clerk's office	8,022.91		8,022.91
Total	260,307.37	41,954.62	218,352.75
Civil government:			
Civil affairs	16,206.19	20.50	16,185.69
Customs	29,853.92	454.50	29,399.42
Posts	165,784.93	11,012.17	154,772.76
Schools	267,111.53	8,166.76	258,944.77
Fire protection	118,173.12	169.18	118,003.94
Police and prisons	392,741.66	41,193.56	351,548.10
District court	29,107.54	57.00	29,050.54
District attorney	13,728.20		13,728.20
Marshal	8,442.47		8,442.47
Magistrates' courts	18,330.69		18,330.69
Total	1,059,480.25	61,073.67	998,406.58

TABLE NO. 24.—*Statement of canal earnings, expenses, and net expenses*—Contd.

	Fiscal year, 1926		Net canal expenses
	Canal expenses	Earnings	
Health department:			
Chief health office	$24,457.49	$142.04	$24,315.45
Ancon Hospital	577,353.67	345,321.01	232,032.66
Colon Hospital	88,486.90	43,600.92	44,885.98
Dispensaries	52,607.62	18,185.96	34,421.66
Corozal farm and asylum	147,153.03	122,382.72	24,770.31
Palo Seco leper asylum	49,571.83	18,690.00	30,881.83
Santo Tomas hospital	[1] 2,096.94		[1] 2,096.94
Medical storehouse	7,833.42		7,833.42
Quarantine service	69,360.58	39,948.01	29,412.57
Sanitation, Panama	51,547.41	10,530.17	41,017.24
Street cleaning and garbage collection, Panama	61,743.21	38,333.86	23,409.35
Sanitation, Colon	21,524.07	2,836.03	18,688.04
Street cleaning and garbage collection, Colon	61,069.93	36,046.12	25,023.81
Sanitation, Zone	166,322.95	47,408.90	118,914.05
Total	1,376,935.17	723,425.74	653,509.43
Office engineer	63,836.27	50,175.47	13,660.80
Meteorology and hydrography	37,530.57	1,302.39	36,228.18
Surveys	34,110.88	9,788.98	24,321.90
Storehouses, general:			
Balboa storehouse	373,312.15	176,489.30	196,822.85
Administration building storehouse	6,685.71	5.00	6,680.71
Paraiso storehouse	29,670.98	4,150.00	25,520.98
Cristobal storehouse	117,891,54	28,479.43	89,412.11
Total	527,560.38	209,123.73	318,436.65
Public buildings and grounds:			
Superintendence	51,516.68	41,150.01	10,366.67
Balboa	200,077.38	100,490.99	99,586.39
Pedro Miguel	40,963.75	32,511.65	8,452.10
Gatun	30,030.93	19,174.06	10,856.87
Cristobal	61,202.72	30,120.85	31,081.87
Total	383,791.46	223,447.56	160,343.90
Street lighting	18,868.68		18,868.68
Water for municipal purposes	23,400.00		23,400.00
Roads, streets, and sidewalks	98,341.13		98,341.13
Storm sewers	18,838.42		18,838.42
Miscellaneous general expenses:			
Tracks and equipment maintenance	30,223.43		30,223.43
Recruiting and repatriating employees	15,314.18		15,314.18
Transportation, employees on Isthmus	120,000.00		120,000.00
Compensation, injured employees	400.00		400.00
Maintenance, laborers' quarters	94,873.80		94,873.80
Total	260,811.41		260,811.41
Marine division:			
Marine superintendent	11,252.78		11,252.78
Port captains—			
Balboa	130,922.98	6,063.43	124,859.55
Cristobal	57,411.46	[1] 92.62	57,504.08
Board of admeasurement	43,724.65	4,325.00	39,399.65
Board of local inspectors	6,589.09	3,417.60	3,171.49
Pilots—			
Balboa	129,933.04	82,450.39	47,482.65
Cristobal	163,144.46	209,380.00	[1] 46,235.54
Tugs and launches—			
Balboa	246,283.36	193,344.38	52,938.98
Cristobal	227,703.13	243,242.15	[1] 15,539.02
Handling lines—			
Balboa	109,655.80	121,954.00	[1] 12,298.20
Cristobal	121,177.77	127,824.00	[1] 6,646.23
Aids to navigation	188,338.29	16,453.03	171,885.26
Total	1,436,136.81	1,008,361.36	427,775.45

TABLE NO. 24.—*Statement of canal earnings, expenses, and net expenses*—Contd.

	Fiscal year, 1926		Net canal expenses
	Canal expenses	Earnings	
Lock operation and maintenance:			
Gatun Locks—			
Superintendence	$40,143.30		
Operation	277,164.24		
Maintenance	160,642.84		
Total, Gatun Locks	477,950.38	$348.71	$477,601.67
Pedro Miguel Locks—			
Superintendence	19,355.46		
Operation	222,597.00		
Maintenance	118,712.56		
Overhaul	177,932.86		
Total, Pedro Miguel Locks	538,597.88	1,046.08	537,551.80
Miraflores Locks—			
Superintendence	27,991.71		
Operation	238,408.29		
Maintenance	165,343.62		
Total, Miraflores Locks	431,743.62	1.93	431,741.69
Miraflores spillway	1,431.72		1,431.72
Corozal store (locks)	8,428.91		8,428.91
Total, locks	1,458,152.51	1,396.72	1,456,755.79
Gatun Dam, maintenance	52,075.36	7,990.97	44,084.39
Gatun spillway	6,698.03		6,698.03
Damage to vessels in locks	4,101.59		4,101.59
Damage to vessels in canal	573.53		573.53
Channel mantenance:			
Atlantic entrance	1,094.26		
Gatun Lake	98,991.57		
Gaillard Cut	980,285.52		
Miraflores Lake	28.46		
Pacific entrance	698,460.44		
Balboa Harbor	116,954.96		
Removal floating obstructions	28,612.79		
Floating derricks, maintenance	66,505.75		
Dredging division work	125,539.65	148,994.18	
Total	2,116,473.40	148,994.18	1,967,479.22
Total	10,339,091.43	3,045,145.46	7,293,945.97
Amortization	394,145.00		394,145.00
Depreciation	305,377.50		305,377.50
Grand total	11,038,613.93	3,045,145.46	7,993,468.47

[1] Earnings exceeded expenses.

TABLE NO. 25.—*Detail of canal transit revenues*

	Fiscal year 1925	Fiscal year 1926
Tolls	$21,374,664.12	$22,927,456.03
Taxes, fees, fines, Canal Zone	56,751.92	64,128.48
Postal receipts	136,547.40	143.037.90
Interest on bank balances	10,000.00	10,000.00
Miscellaneous	4,654.72	514.12
Total	21,582,618.16	23,145,136.53

TABLE NO. 26.—*Statement of business expenses, revenues, and profit and loss, fiscal year 1926*

	Fiscal year 1926		Profit or loss	Fixed capital charge 3 per cent per annum
	Expenses	Revenues		
Electric light and power system	$518,316.67	$739,493.58	$221,176.91	$203,244.28
Electrical work	1,411,336.64	1,438,328.08	26,991.44	3,273.98
Telephone, telegraph, and signal system	248,842.80	250,572.04	1,729.24	528.01
Water system	491,574.87	525,429.33	33,854.46	77,859.22
Municipal engineering work	756,214.85	769,612.74	13,397.89	9,425.58
Public works, Panama	173,777.97	208,791.12	35,013.15	[1] 35,013.15
Public works, Colon	121,683.23	142,741.95	21,058.72	[1] 21,058.72
Shops and dry docks	3,336,913.68	3,519,645.77	182,732.09	48,678.73
Docks, wharves, and piers	74,446.27	53,638.74	[2] 20,807.53	71,046.00
Handling fuel oil	324,468.80	505,433.68	180,964.88	38,190.15
Business storehouses, including fuel oil	3,860,447.08	3,960,009.87	99,562.79	23,788.84
Animal and motor transportation	372,144.08	399,514.45	27,370.37	8,863.83
Motor car repair shop	167,331.75	170,683.86	3,352.11	1,623.21
Building repairs and construction	1,243,967.85	1,281,628.56	37,660.71	9,381.79
Panama Canal Press	281,757.82	286,737.24	4,979.42	4,037.99
Quarters, gold	396,961.42	397,028.26	66.84	104,271.69
Quarters, silver	194,199.57	194,199.57		18,877.33
Building rentals	40,458.23	51,866.94	11,408.71	10,286.58
District quartermaster supplies and services	210,664.40	180,060.17	[2] 30,604.23	
Hotel Tivoli	233,599.91	264,233.76	30,633.85	7,547.40
Farm bureau and land rentals	50,022.79	62,080.63	12,057.84	67.10
Salvage section	109,935.91	48,852.23	[2] 61,083.68	732.77
Sand and gravel	87,146.85	71,218.70	[2] 15,928.15	5,064.08
Sale of Government property	4,727.41	29,505.89	24,778.48	
Nautical charts and publications	1,510.82	2,454.80	943.98	12.84
Fortifications division	320,716.05	320,716.05		
Grand total	15,033,167.72	15,874,478.01	[3] 841,310.29	702,873.27

[1] Figured at 2 per cent in accordance with contract.
[2] Loss.
[3] Profits on public works, Panama and Colon, amounting to $56,071.87 have been included in quarterly remittances to the United States Treasurer covering interest and amortization collections from the Republic of Panama. The balance of the $841,310.29, net profits above after deducting the $56,071.87 already remitted, which balance amounts to $785,238.42 will be immediately covered into the United States Treasury as Miscellaneous Receipts, United States revenues, in accordance with regulations.

TABLE NO. 27.—*Comparison of expenses, revenues, and surplus to date*

CANAL TRANSIT OPERATIONS

	Tolls	Taxes, licenses, fees, postal receipts, etc.	Total transit revenues	Net canal transit expenses	Net revenues
1914	$14,618.68		$14,618.68	$166,030.91	[1] $151,412.23
1915	4,343,383.69		4,343,383.69	4,123,128.09	220,255.60
1916	2,399,830.42	$158,711.96	2,558,542.38	6,999,750.15	[1] 4,441,207.77
1917	5,631,781.66	176,617.04	5,808,398.70	6,788,0.7.60	[1] 979,648.90
1918	6,264,765.71	147,077.57	6,411,843.28	5,920,342.94	491,500.34
1919	6,156,118.95	197,898.03	6,354,016.98	6,112,194.77	241,822.21
1920	8,493,082.56	442,789.01	8,935,871.57	6,548,272.43	2,387,599.14
1921	11,261,919.31	778,197.39	12,040,116.70	9,328,300.14	2,711,816.56
Total	44,565,500.98	1,901,291.00	46,466,791.98	45,986,037.03	480,724.95
To business surplus		480,724.95	480,724.95		480,724.95
	44,565,500.98	1,420,566.05	45,986,067.03	45,986,067.03	
1922	11,193,383.47	192,208.85	11,385,592.32	7,919,017.63	3,466,574.69
1923	17,507,630.52	184,213.54	17,691,844.06	7,690,777.56	10,001,066.50
1924	24,289,603.16	392,250.73	24,681,853.89	8,373,905.39	16,307,948.50
1925	21,374,664.12	207,954.04	21,582,618.16	8,116,693.44	13,465,924.72
1926	22,927,456.03	217,680.50	23,145,136.53	7,993,468.47	15,151,668.06
Grand total	141,858,238.28	2,614,873.71	144,473,111.99	86,079,929.52	58,393,182.47

TABLE No. 27.—*Comparison of expenses, revenues, and surplus to date*—Contd.

CANAL BUSINESS OPERATIONS

	Business revenues	Business expenses	Net revenues
1914	$690,298.32	$695,720.71	[1] $5,422.39
1915	2,135,074.92	2,191,475.70	[1] 56,400.78
1916	6,488,521.61	6,476,623.17	11,898.44
1917	7,579,588.44	7,540,160.78	39,427.66
1918	10,324,071.91	10,317,912.35	6,159.56
1919	13,684,881.18	13,623,853.92	61,027.26
1920	14,705,371.82	14,465,685.69	239,686.13
1921	15,232,317.08	14,668,105.88	564,211.20
Total	70,840,125.28	69,979,538.20	860,587.08
Profit carried in canal transit operations above		379,862.13	[1] 379,862.13
Net revenues carried to surplus	70,840,125.28	70,359,400.33	480,724.95
Interest on public works, Panama and Colon, etc., not included in net revenues in prior years	619,584.59		619,584.59
Adjustment status June 30, 1921	71,459,709.87	70,359,400.33	1,100,309.54
1922	7,747,227.57	7,423,968.41	323,259.16
1923	10,872,843.36	9,732,200.86	1,140,642.50
1924	12,968,777.29	12,067,153.17	901,624.12
1925	14,564,114.93	13,798,198.08	765,916.85
1926	15,874,478.01	15,033,167.72	841,310.29
Total	133,487,151.03	128,414,088.57	5,073,062.46

[1] Indicates deficit.

TABLE No. 28.—*Statement of deductions for rent of gold quarters and allied charges from employees on the Panama Canal and Panama Railroad rolls, July 1, 1925, to June 30, 1926*

PANAMA CANAL ROLLS

Month	Rent and janitor	Current	Water	Telephone	Garage	Hospital	Miscellaneous	Total
1925								
July	$24,763.98	$3,577.62	$1,904.84	$1,584.72	$2,042.77	$3,347.39	$7,420.76	$44,642.08
August	24,604.69	3,633.43	1,864.35	1,573.14	1,977.32	4,060.34	8,365.98	46,079.25
September	25,143.79	3,534.91	1,944.52	1,598.87	2,042.89	3,490.28	7,625.37	45,380.63
October	26,462.04	3,670.03	1,881.79	1,836.19	1,983.35	3,435.96	7,336.59	46,605.95
November	25,832.13	4,033.03	1,889.60	1,831.24	2,161.01	3,121.97	9,084.26	47,953.24
December	25,659.81	3,837.53	1,925.92	1,877.62	2,049.20	3,691.58	8,351.62	47,393.28
1926								
January	25,779.06	4,081.58	1,943.15	1,875.54	2,184.31	4,358.16	8,450.21	48,672.01
February	25,864.93	3,745.52	1,949.53	1,930.30	2,193.87	3,859.51	8,650.09	48,193.75
March	25,633.86	3,421.57	1,945.12	1,952.84	2,110.08	3,749.85	7,922.32	46,735.64
April	26,447.64	3,812.00	1,996.06	1,874.74	2,109.15	3,157.34	8,711.77	48,108.70
May	25,864.28	3,525.56	1,962.34	1,898.96	2,548.65	3,791.21	12,986.76	52,577.76
June	26,044.90	3,660.18	2,000.37	1,674.13	2,446.48	3,686.39	21,415.87	60,928.32
Total	308,101.11	44,532.96	23,207.59	21,508.29	25,849.08	43,749.98	116,321.60	583,270.61

PANAMA RAILROAD ROLLS

1925								
July	$4,651.04	$641.29	$337.13	$298.66	$200.00	$252.65	$701.17	$7,081.94
August	4,729.11	634.60	351.96	272.37	212.80	461.25	506.21	7,168.30
September	4,642.06	647.88	341.77	266.50	211.34	501.55	693.31	7,304.41
October	4,736.53	554.87	340.65	259.11	202.50	420.00	1,012.60	7,526.26
November	4,639.10	674.78	344.46	267.60	235.47	391.65	816.01	7,369.07
December	4,639.72	655.00	342.74	277.63	237.87	551.05	737.14	7,441.15
1926								
January	4,885.87	728.51	348.96	291.20	262.94	453.98	1,006.71	7,978.17
February	4,717.92	635.70	346.26	275.11	240.80	364.00	822.76	7,402.55
March	4,815.91	600.59	354.93	272.00	248.66	603.52	725.58	7,621.19
April	4,987.30	637.17	356.71	266.50	251.60	722.63	556.83	7,778.74
May	4,880.61	636.23	422.88	188.67	270.66	499.48	1,182.74	8,081.27
June	4,875.48	627.57	361.08	226.54	288.00	675.45	3,201.59	10,255.71
Total	57,200.65	7,674.19	4,249.53	3,161.89	2,862.64	5,897.21	11,962.65	93,008.76
Grand total	365,301.76	52,207.15	27,457.12	24,670.18	28,711.72	49,647.19	128,284.25	676,279.37

TABLE NO. 29.—*Detail of reserves for depreciation*

	Fiscal year 1925	Fiscal year 1926
Canal transit property:		
Equipment—		
Tugs	$422,471.46	$472,034.84
Supply boats	20,331.60	22,731.60
Launches	97,148.30	109,226.84
Dredges	517,848.12	567,228.12
Barges	428,711.33	238,392.88
Crane boat	3,920.00	5,600.00
Graders	20,451.60	23,187.60
Drill barges	3,510.41	13,760.33
Air-compressor barge	10,285.40	11,618.84
Coal-hoist barge	2,112.00	
Relay barge	3,125.04	6,250.08
Road rollers	10,204.28	10,756.16
Automobiles	854.85	1,103.01
Excavators	1,737.00	3,474.00
Reserve equipment	50.00	168.55
Total equipment	1,542,761.39	1,485,532.85
Fixed property	1,216,050.90	1,521,428.40
Total, canal transit property	2,758,812.29	3,006,961.25
Business property:		
Fixed property—		
Electric light and power system	1,309,546.31	1,403,884.91
Water system	101,755.51	161,870.57
Dry docks	20,511.11	21,940.52
Fuel-oil plants	222,576.81	281,220.81
Animal and motor transportation	4,285.14	5,713.62
Motor-car repair shop	4,865.92	6,487.84
Building repairs and construction	3,382.38	4,551.54
Gold quarters	114,500.17	24,992.91
Rented buildings	34,006.42	29,326.10
Hotel Tivoli	48,005.13	64,131.19
Total fixed property	1,863,434.90	2,004,120.01
Equipment, and machinery and tools—		
Electric light and power system, equipment	773.12	
Electric work, equipment	3,979.67	5,393.55
Telephone and telegraph, machinery and tools		[1] 2,241.86
Water system, machinery and tools		2,374.84
Municipal engineering work, equipment	6,254.08	5,776.64
Shops and dry docks, machinery and tools	18,153.80	30,587.47
Fuel-oil plants, machinery and tools		1,402.69
Animal and motor transportation, equipment	167,246.18	68,972.21
Panama Canal press, machinery and tools	15,000.00	23,185.76
Rented buildings (restaurants), machinery and tools		2,560.71
Hotel Tivoli, machinery and tools		1,984.40
Salvage section, equipment		3,401.07
Salvage section, machinery and tools		7,740.06
	211,406.85	151,137.54
Total equipment	178,253.05	83,543.47
Total machinery and tools	33,153.80	67,594.07
Total business property	2,074,841.75	2,155,257.55
Total	4,833,654.04	5,162,218.80
Theoretical interest	349,491.01	504,985.36
Grand total	5,183,145.05	5,667,204.16

[1] Debit.

TABLE NO. 30.—*Detail of reserves for repairs*

	Fiscal year 1925	Fiscal year 1926
Canal transit property:		
Equipment—		
Tugs	$470,050.56	$503,236.76
Supply boats	7,371.92	5,972.69
Launches	23,899.82	51,141.27
Dredges	300,947.77	232,315.38
Barges	196,645.08	227,628.47
Crane boat	13,168.84	8,699.75
Graders	334.65	2,590.39
Drill barges	1,500.30	11,213.31
Air-compressor barge	7,253.13	7,273.90
Coal-hoist barge	675.93	
Relay barge	[1] 7,037.84	[1] 5,971.64
Road rollers	[1] 2,162.07	[1] 2,439.95
Total equipment	1,012,648.09	1,041,660.33
Business property:		
Fixed property—		
Electric light and power system	14,701.25	24,901.25
Shops and dry docks	131,659.56	173,597.59
Fuel-oil plants	320,200.47	372,613.50
Business storehouses	31,594.72	66,594.72
Hotels	[1] 419.37	5,982.75
Total fixed property	497,736.63	643,689.81
Equipment—		
Shops and dry docks	96,734.83	101,448.01
Building repairs and construction	10,255.07	4,538.83
Salvage section		12,394.44
Total equipment	106,989.90	118,381.28
Total business property	604,726.53	762,071.09
Grand total	1,617,374.62	1,803,731.42

[1] Debit.

TABLE NO. 31.—*Reserve for gratuity due employees*

	Fiscal year 1925	Fiscal year 1926
Electrical division	$96,279.42	$99,029.14
Municipal engineering division	49,190.74	53,496.17
Mechanical division—shops and dry docks	364,368.02	342,478.16
Building repairs and construction division	24,031.02	32,767.79
Fortifications division	15,712.53	10,861.46
Total	549,581.73	538,632.72

TABLE NO. 32.—*Detail of cost of production and distribution of electric current*

	Fiscal year 1925	Fiscal year 1926
Gatun hydroelectric power plant:		
Operation and maintenance	$38,822.34	$36,395.19
Division and general expense	12,751.06	12,995.10
Reserve for depreciation	25,038.96	25,038.96
Reserve for repairs	2,400.00	2,400.00
Total cost	79,012.36	76,829.25
Net kilowatt-hours generated	58,474,483	54,407,930
Unit cost	$0.0014	$0.0014
Miraflores steam electric power plant: [1]		
Operation and maintenance	40,749.48	94,756.91
Division and general expense	11,598.25	12,127.40
Reserve for depreciation	4,624.08	4,624.08
Reserve for repairs	1,320.00	1,320.00
Total cost	58,291.81	112,828.39

[1] Miraflores steam power plant is generally operated as a reserve generation station and for stand-by service. During the fiscal year 1925 it was required to carry load on two occasions, while during the fiscal year 1926 plant was operated full time from January 28 to June 7 on account of water shortage in Gatun Lake.

TABLE NO. 32.—*Detail of cost of production and distribution of electric current*—Continued

	Fiscal year 1925	Fiscal year 1926
Operation of substations:		
Balboa	$16,344.82	$19,314.26
Cristobal	17,426.10	20,325.18
Gatun	21,967.96	21,828.89
Miraflores	22,117.45	22,701.50
Gamboa	2,008.72	2,137.80
Division and general expense	24,950.30	27,915.21
Reserve for depreciation	27,615.72	27,615.72
Reserve for repairs	1,500.00	1,500.00
Total cost	133,931.07	143,338.56
Transmission lines:		
Inspection and maintenance	32,619.48	26,332.37
Division and general expense	7,381.66	7,296.28
Reserve for depreciation	20,336.04	20,336.04
Reserve for repairs	4,980.00	4,980.00
Total cost	65,317.18	58,944.69
Distribution lines:		
Inspection and maintenance	91,232.19	108,556.82
Division and general expense	6,493.40	1,095.16
Reserve for depreciation	16,548.84	16,723.80
Total cost	114,274.43	126,375.78
Grand total cost of distributed power	450,826.85	518,316.67
Total net kilowatt-hours (including line loss)	53,483,033	56,177,590
Unit cost exclusive of capital charges	$0.0084	$0.0092

TABLE NO. 33.—*Detailed cost of production of water per 1,000 gallons*

TOTAL COST OF OPERATION OF WATER SYSTEM

	Fiscal year 1925			Fiscal year 1926		
	Amount	Quantity	Unit cost	Amount	Quantity	Unit cost
		Thousand gallons			*Thousand gallons*	
Pacific system:						
Operation, pump stations—						
Balboa	$40,739.97	2,197,158	$0.0185	$38,445.88	2,274,247	$0.0169
Miraflores	8,635.22	338,757	.0254	9,971.93	378,983	.0263
Paraiso	4,703.64	59,485	.0790	4,860.23	65,354	.0744
Gamboa	62,486.04	2,976,291	.0209	63,919.80	3,048,517	.0210
Miraflores Lake	1,215.92	51,207	.0237	173.06		
Operation of filtration plant, Miraflores	60,796.97	2,779,750	.0218	62,379.53	2,905,637	.0215
Maintenance of reservoirs	787.32	2,779,750	.0002	434.04	2,905,637	.0001
Maintenance of pipe lines	67,299.68	2,779,750	.0242	49,489.01	2,905,637	.0170
Depreciation	29,846.28	2,779,750	.0107	30,875.13	2,905,637	.0106
Total, division expense	276,511.04	2,779,750	.0995	260,548.61	2,905,637	.0897
Overhead expense	12,513.03	2,779,750	.0045	12,045.70	2,905,637	.0041
Total expense	289,024.07	2,779,750	.1040	272,594.31	2,905,637	.0938
Atlantic system:						
Operation, pump stations—						
Mount Hope	32,841.96	1,342,006	.0243	36,613.07	1,376,677	.0266
Booster pump, Brazos Brook				580.71	571,406	.0010
Gatun	25,776.62	463,595	.0556	24,396.43	498,418	.0489
Monte Lirio	572.82	2,219	.2581	2,437.32	2,219	1.0983
Frijoles	1,639.79	4,925	.3329	2,373.51	5,061	.4690
Operation of filtration plant—						
Mount Hope	19,203.77	1,342,006	.0142	16,471.68	1,379,203	.0119
Gatun	15,262.43	463,595	.0328	17,596.58	499,798	.0352
Maintenance of reservoirs	15,126.96	1,805,601	.0083	13,328.59	1,875,095	.0071
Maintenance of pipe lines	33,224.13	1,805,601	.0182	34,910.00	1,875,095	.0186
Depreciation	13,863.48	1,805,601	.0076	14,239.93	1,875,095	.0076
Total, division expense	157,511.97	1,805,601	.0866	162,947.82	1,875,095	.0869
Overhead expense	8,279.41	1,805,601	.0045	7,811.99	1,875,095	.0042
Total expense	165,791.38	1,805,601	.0911	170,759.81	1,875,095	.0911
Grand total, water system	454,815.45	4,585,351	.0991	443,354.12	4,780,732	.0927

TABLE No. 33.—*Detailed cost of production of water per 1,000 gallons*—Continued

PROPORTION CHARGEABLE TO REPUBLIC OF PANAMA

	Fiscal year 1925			Fiscal year 1926		
	Amount	Quantity	Unit cost	Amount	Quantity	Unit cost
		Thousand gallons			*Thousand gallons*	
Pacific system:						
Operation, pump stations—						
Balboa	$20,762.95	1,119,982	$0.0184	$19,700.75	1,163,345	$0.0169
Gamboa	24,916.69	1,119,982	.0221	25,281.94	1,163,345	.0216
Miraflores Lake	489.88	1,119,982	.0004	69.29	1,163,345	.0001
Operation, filtration plant, Miraflores	24,533.01	1,119,982	.0218	23,866.41	1,163,345	.0205
Maintenance, reservoirs	232.26	1,119,982	.0002	109.36	1,163,345	.0002
Maintenance, pipe lines	9,047.99	1,119,982	.0080	2,299.89	1,163,345	.0020
Depreciation	11,651.97	1,119,982	.0103	12,299.85	1,163,345	.0106
Total, division expense	91,634.75	1,119,982	.0815	83,627.49	1,163,345	.0719
Overhead expense	4,129.34	1,119,982	.0036	3,866.19	1,163,345	.0033
Total expense	95,764.09	1,119,982	.0852	87,493.68	1,163,345	.0752
Atlantic system:						
Operation, pump stations—						
Mount Hope	14,370.41	586,327	.0244	15,318.81	575,429	.0266
Booster pump, Brazos Brook				246.99	245,924	.0010
Operation, filtration plant, Mount Hope	8,431.15	586,327	.0143	6,857.17	575,429	.0119
Maintenance, reservoirs	2,448.64	586,327	.0041	1,551.51	575,429	.0027
Maintenance, pipe lines	214.32	586,327	.0003	164.40	575,429	.0003
Depreciation	3,824.69	586,327	.0065	3,662.60	575,429	.0064
Total, division expense	29,289.21	586,327	.0497	27,801.48	575,429	.0483
Overhead expense	1,509.43	586,327	.0025	1,332.80	575,429	.0023
Total expense	30,798.64	586,327	.0523	29,134.28	575,429	.0506
Grand total, water system	126,562.73	1,706,309	.0734	116,627.96	1,738,774	.0671

PROPORTION CHARGEABLE TO CANAL ZONE

Pacific system:						
Operation, pump stations—						
Balboa	$19,977.02	1,077,176	$0.0185	$18,745.13	1,110,902	$0.0169
Miraflores	8,635.22	338,757	.0254	9,971.93	378,983	.0263
Paraiso	4,703.64	59,485	.0790	4,860.23	65,354	.0744
Gamboa	37,569.35	1,856,309	.0202	38,637.86	1,885,172	.0205
Miraflores Lake	726.04	51,207	.0141	103.77		
Operation, filtration plant, Miraflores	36,283.96	1,659,768	.0217	38,513.12	1,742,292	.0221
Maintenance, reservoirs	555.06	1,659,768	.0003	324.68	1,742,292	.0002
Maintenance, pipe lines	58,251.69	1,659,768	.0349	47,189.12	1,742,292	.0271
Depreciation	18,194.31	1,659,768	.0109	18,575.28	1,742,292	.0107
Total, division expense	184,876.29	1,659,768	.1109	176,921.12	1,742,292	.1015
Overhead expense	8,383.69	1,659,768	.0050	8,179.51	1,742,292	.0047
Total expense	193,259.98	1,659,768	.1159	185,100.63	1,742,292	.1062
Atlantic system:						
Operation, pump stations—						
Mount Hope	18,471.55	755,679	.0243	21,294.26	801,248	.0266
Booster pump, Brazos Brook				333.72	325,482	.0010
Gatun	25,776.62	463,595	.0554	24,396.43	494,418	.0493
Monte Lirio	572.83	2,219	.2581	2,437.32	2,447	.9960
Frijoles	1,639.79	4,925	.3329	2,373.51	5,061	.4690
Operation filtration plants—						
Mount Hope	10,772.62	755,679	.0142	9,614.51	803,774	.0120
Gatun	15,262.43	463,595	.0328	17,596.58	499,798	.0352
Maintenance, reservoirs	12,678.32	1,219,274	.0103	11,777.08	1,303,572	.0090
Maintenance, pipe lines	33,009.81	1,219,274	.0270	34,745.60	1,303,572	.0267
Depreciation	10,038.79	1,219,274	.0082	10,577.33	1,303,572	.0081
Total, division expense	128,222.76	1,219,274	.1051	135,146.34	1,303,572	.1037
Overhead expense	6,769.98	1,219,274	.0055	6,479.19	1,303,572	.0050
Total expenses	134,992.74	1,219,274	.1106	141,625.53	1,303,572	.1087
Grand total, water system	328,252.72	2,879,042	.1116	326,726.16	3,045,864	.1073

TABLE NO. 34.—*Dredging operations (channel maintenance)*

	Gatun Lake	Gaillard Cut	Pacific entrance	Balboa Harbor	Total
Yardage (quantities excavated):					
Dipper dredges—					
Earth		124,200	124,550	2,500	251,250
Rock		787,350	394,050		1,181,400
Total		911,550	518,600	2,500	1,432,650
Suction dredges—					
Earth	578,400	258,850	342,000	528,350	1,707,600
Total yardage	578,400	1,170,400	860,600	530,850	[1] 3,140,250

	Cost	Per cubic yard	Cost	Per cubic yard	Cost	Per cubic yard	Cost	Per cubic yard	Cost	Per cubic yard
Operation:										
Dredging, dipper—										
Dipper dredges			$249,764.27		$155,009.61		$725.49		$405,499.37	
Tugs and barges			358,674.83		102,152.95		435.22		461,263.00	
Hydraulic graders			5,388.76						5,388.76	
Drill barges			23,212.10		210,124.14				233,336.24	
Sluicing			89.34						89.34	
Channel lights			1,314.06						1,314.06	
General expense			108,145.78		56,198.26		94.60		164,438.64	
Total, dipper dredging			746,589.14	$0.8190	523,484.96	$1.0094	1,255.31	$0.5021	1,271,329.41	$0.8874
Dredging, suction:										
Suction, dredges	$76,224.90		33,204.77		26,228.25		58,513.13		188,171.05	
Relay pumps			13,222.59				9,943.70		23,166.29	
Pipe lines	5,188.97		8,741.37		3,540.08		10,019.55		27,489.97	
Dikes			20.79		5,158.61		1,783.46		6,962.86	
General expense	12,972.23		37,639.82		48,834.60		19,993.44		119,440.09	
Total, suction dredging	88,386.10	$0.1528	92,829.34	.3586	83,761.54	.2449	100,253.28	.1897	365,230.26	.2139
Total, dredging expense	88,386.10	.1528	839,418.48	.7172	[2] 607,246.50	.7056	[2] 101,508.59	.1912	1,636,559.67	.5212
Expenses, idle equipment	10,605.47		108,292.01		91,213.94		15,446.37		225,557.79	
Drainage projects			32,575.03						32,575.03	
Miscellaneous operations									74,320.60	
Total, channel maintenance	98,991.57		980,285.52		698,460.44		116,954.96		1,969,013.09	

[1] Does not include 261,100 cubic yards excavated for Navy and Panama Railroad.
[2] Includes projects on Pacific entrance and Balboa Harbor, $469,514.48.

TABLE NO. 36.—*Postal service—Statement showing the monthly money-order business of the Canal Zone postal service during the fiscal year ended June 30, 1926*

Month	Money orders issued, including deposit money orders		Interest paid on deposit money orders	Money orders paid by Canal Zone post offices			Canal Zone money orders paid by—		
	Number	Amount		United States	Costa Rica	Canal Zone [1]	Martinique	Costa Rica	United States
1925									
July	10,984	$211,221.97	$1,870.14	$19,522.80	$17.05	$110,401.41	-------	-------	$148,448.02
August	10,356	202,093.74	1,156.66	19,758.71	71.00	91,629.05	-------	-------	138,624.84
September	10,389	210,075.33	1,253.79	17,678.89	30.00	75,642.84	-------	$1,821.69	116,304.01
October	11,194	226,945.68	1,063.55	16,322.08	25.38	73,112.93	-------	-------	162,680.71
November	11,931	222,391.16	984.40	16,233.94	60.00	68,125.86	-------	-------	123,238.42
December	14,520	237,394.90	1,303.52	25,285.39	154.25	87,552.38	-------	1,979.35	169,814.06
1926									
January	10,412	210,187.15	1,519.65	18,172.73	60.75	72,053.83	$5.00	-------	138,135.88
February	12,443	264,864.72	1,252.29	16,684.23	25.00	65,746.75	1.50	-------	102,548.28
March	14,480	313,924.48	902.82	19,704.61	39.00	84,286.40	-------	1,453.81	129,113.60
April	13,874	242,992.96	1,097.99	23,540.46	54.00	84,810.18	2.00	-------	280,357.64
May	11,221	215,715.29	1,256.58	19,706.78	64.00	97,471.36	-------	-------	138,697.28
June	11,755	231,728.02	1,777.43	22,477.22	48.50	98,100.97	2.00	2,142.52	139,793.42
Total	143,559	2,789,535.40	15,438.82	235,087.84	648.93	1,008,933.96	10.50	7,397.37	1,787,756.16

[1] Includes deposit money orders.

TABLE NO. 37.—*Postal service—Statement of audited revenues, fiscal years 1907 to 1926, inclusive*

Year	Receipts						Interest on money-order funds
	Miscellaneous	Money-order fees	Stamp sales	Box rent	Newspaper postage	Total revenue	
1907	----------	$9,832.65	$54,803.79	----------	----------	$64,636.44	----------
1908	----------	19,309.14	72,708.67	----------	$0.87	92,018.68	----------
1909	----------	21,720.93	74,241.87	----------	85.53	96,048.33	----------
1910	----------	22,980.96	83,765.60	----------	81.50	106,828.06	----------
1911	----------	23,457.98	82,585.21	----------	28.51	106,071.70	----------
1912	----------	22,889.93	87,497.21	----------	144.24	110,531.38	----------
1913	----------	23,366.31	100,599.15	----------	318.84	124,284.30	----------
1914	----------	19,408.44	90,792.63	----------	463.67	110,664.74	----------
1915	----------	13,169.55	75,202.29	$2,973.65	988.50	92,333.99	----------
1916	----------	12,878.29	76,337.08	5,029.50	1,410.39	95,655.26	----------
1917	$1,207.59	12,371.28	74,474.98	8,100.00	1,703.89	97,857.74	$12,884.57
1918	1,344.75	11,918.35	83,939.74	8,147.30	1,825.38	107,175.52	32,940.22
1919	2,313.25	10,424.16	81,723.76	8,268.20	2,553.88	105,283.25	25,746.20
1920	1,951.64	10,207.59	87,096.72	8,776.55	1,782.53	109,815.03	22,141.38
1921	2,522.35	11,606.28	102,354.76	11,605.20	1,268.77	129,357.36	25,803.10
1922	2,152.09	9,153.56	93,683.24	10,637.50	1,525.87	117,152.26	32,696.81
1923	2,211.64	9,889.70	93,532.29	10,733.55	1,834.07	118,201.25	25,173.21
1924	1,962.68	9,835.21	95,458.07	11,001.10	2,154.41	120,411.47	22,397.25
1925	1,200.00	11,087.41	110,014.08	11,789.90	2,340.21	136,431.60	23,294.79
1926	1,274.11	13,021.27	113,657.74	12,167.10	2,204.12	142,324.34	23,988.30
Total	18,140.10	298,528.99	1,734,468.88	109,229.55	22,715.18	2,183,082.70	247,065.83

TABLE NO. 38.—*Postal service—Statement of postal revenues, fiscal year ended June 30, 1926*

Month	Receipts						Interest on money-order funds
	Miscellaneous	Money-order fees	Stamp sales	Box rent	Newspaper postage	Total revenue	
1925							
July		$989.67	$8,846.41	$1,282.95	$226.61	$11,345.64	$2,547.75
August	$203.44	941.73	8,773.08	88.20	247.71	10,254.16	1,051.42
September		921.79	7,613.57	1,415.25	176.28	10,126.89	1,038.66
October	209.54	1,023.64	9,756.28	1,492.10	132.22	12,613.78	5,647.71
November	105.74	1,091.21	9,138.02	82.70	117.09	10,534.76	975.96
December	106.88	1,339.26	13,077.91	1,351.25	106.16	15,981.46	1,094.15
1926							
January	105.10	936.04	8,894.35	1,589.30	143.47	11,668.26	2,496.85
February	105.73	1,193.22	11,084.29	128.70	144.64	12,656.58	997.38
March	128.20	1,360.72	10,128.16	1,716.25	224.24	13,557.57	830.06
April	105.12	1,140.17	9,280.32	1,352.10	221.74	12,099.45	5,218.89
May	103.93	1,031.33	8,961.08	120.20	212.22	10,428.76	1,002.30
June	100.43	1,052.49	8,104.27	1,548.10	251.74	11,057.03	1,087.17
Total	1,274.11	13,021.27	113,657.74	12,167.10	2,204.12	142,324.34	23,988.30

TABLE NO. 39.—*Postal service—Statement of postal savings payments and deposit money order transactions (in lieu of postal savings system) for fiscal year ended June 30, 1926*

Month	Postal savings certificates		Deposit money orders		
	Balance July 1, 1925	Paid	Balance July 1, 1925	Issued	Paid
1925					
July	$181.00		$535,270.00	$56,930.00	$91,455.00
August				51,135.00	72,605.00
September				64,155.00	61,170.00
October				59,215.00	57,705.00
November				56,640.00	53,875.00
December				42,675.00	71,735.00
1926					
January				62,980.00	53,980.00
February				62,570.00	52,605.00
March				82,620.00	60,030.00
April				62,685.00	66,575.00
May				54,765.00	76,430.00
June				70,455.00	78,115.00
Balance unpaid June 30, 1926		$181.00			465,815.00
Total	181.00	181.00	535,270.00	726,825.00	1,262,095.00

TABLE NO. 42.—*Summary of income and expenses, bureau of clubs and playgrounds, July 1, 1925, to June 30, 1926*

	Ancon	La Boca	Balboa	Pedro Miguel	Paraiso	Gatun	Gatun Silver
Soda-fountain inventory, July 1, 1925	$353.95	$230.93	$333.45	$216.68	$154.21	$362.43	$250.84
Cigar and candy inventory, July 1, 1925	1,074.85	459.23	534.55	240.38	389.13	352.51	166.38
Salable merchandise inventory, July 1, 1925	901.97		2,442.27	222.54		190.80	
Balboa storeroom inventory, July 1, 1925			10,566.30				
Expenditures, fiscal year 1926	49,385.55	23,933.56	271,846.09	14,577.34	17,873.31	32,922.34	16,177.18
Earnings, fiscal year 1926	514.50	2,797.15	4,042.38	[1] 1,471.21	254.40	[1] 1,591.99	[1] 249.01
Total	52,230.82	27,420.87	289,765.04	13,785.73	18,671.05	32,236.09	16,345.39
Soda-fountain inventory, June 30, 1926	376.24	158.95	406.14	214.30	217.20	397.19	190.89
Cigar and candy inventory, June 30, 1926	931.80	271.15	342.63	151.62	332.06	329.04	121.73
Salable merchandise inventory, June 30, 1926	820.27		2,453.40	101.78		196.91	
Balboa storeroom inventory, June 30, 1926			8,852.98				
Income, fiscal year 1926	50,102.51	26,990.77	277,709.89	13,318.03	18,121.79	31,312.95	16,032.77
Total	52,230.82	27,420.87	289,765.04	13,785.73	18,671.05	32,236.09	16,345.39

	Cristobal	Cristobal Silver	Red Tank	Balboa boathouse	General secretary	Totals
Soda-fountain inventory, July 1, 1925	$344.91	$95.03	$134.77			$2,477.20
Cigar and candy inventory, July 1, 1925	628.64	628.65	266.69	$98.28		4,839.29
Salable merchandise inventory, July 1, 1925	866.36			56.71		4,680.65
Balboa storeroom inventory, July 1, 1925						10,566.30
Expenditures, fiscal year 1926	53,097.02	27,845.42	15,255.27	3,485.15	$3,287.89	529,686.12
Earnings, fiscal year 1926	[1] 2,595.53	3,371.94	919.58	[1] 815.74	323.86	5,500.33
Total	52,341.40	31,941.04	16,576.31	2,824.40	3,611.75	557,749.89
Soda-fountain inventory, June 30, 1926	334.71	100.83	94.60			2,491.05
Cigar and candy inventory, June 30, 1926	579.04	860.62	228.06	63.51		4,211.26
Salable merchandise inventory, June 30, 1926	653.17			281.52		4,507.05
Balboa storeroom inventory, June 30, 1926						8,852.98
Income, fiscal year 1926	50,774.48	30,979.59	16,253.65	2,479,37	3,611.75	537,687.55
Total	52,341.40	31,941.04	16,576.31	2,824.40	3,611.75	557,749.89

[1] Losses.

TABLE NO. 43.—*Bureau of clubs and playgrounds, balance sheet, June 30, 1926*

ASSETS

Cash on hand:		
Secretaries' balances	$6,174.70	
On deposit with collector	147,354.47	
		$153,529.17
Inventories:		
Soda fountain	2,491.05	
Cigars and candy	4,211.26	
Salable merchandise	4,507.05	
Balboa storeroom stock	8,852.98	
		20,062.34
Accounts receivable:		
Registered bills		11,222.12
Work in progress:		
New circulating system and filtration plant, Balboa swimming pool	4,526.23	
Construction of Pedro Miguel swimming pool	32,600.68	
Construction of bathing beach and bath house, Cristobal Silver Clubhouse	1,620,77	
		38,747.68
Credits in transit		57.74
Goods paid for in advance		552.48
		224,171.53

LIABILITIES

Surplus:		
To June 30, 1925	$148,628.05	
Less direct charges during fiscal year 1926	27.25	
	148,600.80	
Plus direct credits during fiscal year 1926	49.67	
	148,650.47	
Profit for fiscal year 1926	5,500.33	
		$154,150.80
Accounts payable:		
Audited vouchers	69,956.55	
Goods received but not paid for	64.18	
		70,020.73
		224,171.53

TABLE NO. 44.—*Commissary coupons issued, sold, and honored during the fiscal year 1926*

COUPON BOOKS ISSUED ON PAY-ROLL DEDUCTION

Month	$2.50 silver		$5 silver		$7.50 silver		$5 gold		$15 gold		Total value
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	
1925–26											
July	2,652	$6,630.00	22,475	$112,375.00	7,225	$54,187.50	1,007	$5,035.00	6,685	$100,275.00	$278,502.50
August	2,928	7,320.00	22,545	112,725.00	7,615	57,112.50	974	4,870.00	6,819	102,285.00	284,312.50
September	2,814	7,035.00	22,594	112,970.00	7,635	57,262.50	947	4,735.00	6,422	96,330.00	278,332.50
October	2,953	7,382.50	23,114	115,570.00	7,634	57,255.00	1,054	5,270.00	6,755	101,325.00	286,802.50
November	3,825	9,562.50	22,277	111,385.00	7,469	56,017.50	1,028	5,140.00	7,457	111,855.00	293,960.00
December	2,763	6,907,50	26,835	134,175.00	10,081	75,607.50	1,215	6,075,00	8,981	134,715.00	357,480.00
January	4,641	11,602.50	22,920	114,600.00	8,138	61,035.00	1,136	5,680.00	7,363	110,445.00	303,362.50
February	3,093	7,732.50	22,890	114,450.00	7,798	58,485.00	1,051	5,255,00	6,977	104,655.00	290,577.50
March	2,837	7,092.50	23,867	119,335.00	8,344	62,580.00	1,089	5,445.00	7,054	105,810.00	300,262.50
April	4,362	10,905.00	22,846	114,230.00	8,012	60,090.00	1,044	5,220.00	7,201	108,015.00	298,460.00
May	3,407	8,517.50	24,445	122,225.00	8,341	62,557.50	1,083	5,415.00	6,967	104,505.00	303,220.00
June	3,182	7,955.00	24,453	122,265.00	8,625	64,687.50	1,126	5,630.00	6,802	102,030.00	302,567.50
Total	39,457	98,642,50	281,261	1,406,305.00	96,917	726,877.50	12,754	63,770.00	85,483	1,282,245.00	3,577,840.00

COUPON BOOKS SOLD FOR CASH

July	3,708	$9,270.00	1,513	$7,565.00	296	$2,220.00	11,223	$56,115.00	5,043	$75,645.00	$150,815.00
August	3,241	8,102.50	1,472	7,360.00	304	2,280.00	10,108	50,540.00	4,699	70,485.00	138,767.50
September	3,452	8,630.00	1,452	7,260.00	256	1,920.00	10,290	51,450.00	4,678	70,170.00	139,430.00
October	3,721	9,302.50	1,406	7,030.00	204	1,530.00	10,864	54,320.00	5,023	75,345.00	147,527.50
November	3,111	7,777.50	1,419	7,095.00	266	1,995,00	10,356	51,780.00	5,213	78,195.00	146,842.50
December	3,996	9,990.00	1,886	9,430.00	383	2,872.50	14,122	70,610.00	6,619	99,285.00	192,187.50
January	2,858	7,145.00	1,245	6,225.00	227	1,702.50	9,924	49,620.00	4,581	68,715.00	133,407.50
February	4,129	10,322.50	1,185	5,925.00	209	1,567.50	13,435	67,175.00	6,393	95,895.00	180,885.00
March	5,160	12,900.00	1,727	8,635.00	294	2,205.00	14,350	71,750.00	6,486	97,290.00	192,780.00
April	3,985	9,962.50	1,991	9,955.00	382	2,865.00	11,030	55,150.00	5,021	75,315.00	153,247.50
May	3,757	9,392.50	1,696	8,480.00	278	2,085.00	10,199	55,995.00	4,919	73,785.00	144,737.50
June	3,662	9,155.00	1,555	7,775.00	306	2,295.00	10,174	50,870.00	4,981	74,715.00	144,810.00
Total	44,780	111,950.00	18,547	92,735.00	3,405	25,537.50	136,075	680,375.00	63,656	954,840.00	1,865,437.50

COUPON BOOKS SOLD ON CREDIT

July							302	$1,510.00	507	$7,605.00	$9,115.00
August							295	1,475.00	473	7,095.00	8,570.00
September							301	1,505.00	479	7,185.00	8,690.00
October							299	1,495.00	572	8,580.00	10,075.00
November							335	1,675.00	632	9,480.00	11,155.00
December							431	2,155.00	797	11,955.00	14,110.00
January							371	1,855.00	606	9,090.00	10,945.00
February							372	1,860.00	620	9,300.00	11,160.00
March							476	2,380.00	674	10,110.00	12,490.00
April							425	2,125.00	670	10,050.00	12,175.00
May							372	1,860.00	670	10,050.00	11,910.00
June							370	1,850.00	631	9,465.00	11,315.00
Total							4,449	21,745.00	7,331	109,965.00	131,710.00

COMMISSARY COUPONS HONORED

Month	Commissaries	Panama Canal clubhouses	Restaurants under contract	Hotel Tivoli	Hotel Washington	Marine equipment	Panama Railroad pasture messes	Army and Navy Y. M. C. A.	Miscellaneous	Total value
1925–26										
July	$402,212.78	$11,748.04	$18,633.00	$71.17	$218.90	$50.00	$56.06	$246.73	$166.93	$433,403.98
August	409,598.44	11,685.03	18,267.68	72.20	177.00	59.50	50.73	256.26	109.29	440,276.13
September	395,326.37	10,894.44	17,265.17	40.87	520.60	73.50	56.49	269.21	83.27	424,529.92
October	382,699.09	10,869.50	18,272.62	107.62	312.05	74.00	34.78	310.94	87.90	412,768.12
November	450,749.38	11,220.74	17,026.78	133.55	293.25	53.00	75.40	260.42	97.55	479,910.07
December	538,569.00	11,602.05	17,531.83	360.53	556.40	68.00	1.35	282.17	95.28	569,066.61
January	426,904.54	11,661.22	18,411.55	233.36	363.50	29.00		325.42	72.60	458,001.19
February	440,093.77	10,913.74	16,957.33	135.37	405.05	40.50	13.67	302.31	115.37	468,977.11
March	473,598.43	11,644.06	17,344.40	199.50	555.69	39.00	27.69	352.70	90.31	503,851.78
April	435,367.35	10,952.36	16,736.06	188.63	200.85	54.00	18.67	317.68	112.75	463,948.35
May	430,826.15	11,530.23	17,209.87	209.32	366.75	29.00	14.24	332.61	111.35	460,629.52
June	426,353.15	11,139.12	17,283.21	167.27	185.40	31.50	49.99	288.49	65.30	455,563.43
Total	5,212,298.45	135,860.53	210,939.87	1,919.39	4,155.44	601.00	399.07	3,544.94	1,207.90	5,570,926.59

TABLE NO. 67.—*Number of commercial vessels of various nationalities passing through The Panama Canal from date of opening to June 30, 1926*

[Number of transits, by fiscal years]

Nationality	Total transits to June 30, 1926	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915
Argentinian	5		2		1					1		1	
Belgian	30	19	4		3		2	1	1				
Brazilian	4						1	3					
British	10,536	1,423	1,211	1,265	1,065	935	972	753	607	702	780	358	465
Chilean	715	26	29	47	62	53	63	79	93	96	99	33	35
Chinese	12						4	2	4	2			
Colombian	111	46	23	22	18			1	1				
Costa Rican	73				1	1	16	1	12	19	23		
Cuban	7						1				6		
Danish	621	63	42	65	65	53	60	9	79	100	43	18	24
Danzig	36	15	10	11									
Dutch	715	93	103	102	109	66	50	29	19	48	74	15	7
Ecuadorian	5	3		1					1				
Finnish	10	2	3	3			2						
French	658	90	105	83	56	51	44	60	104	52	9	1	3
German	639	163	163	150	90	37	19	17					
Greek	28	8	3	1	6	5			3	2			
Honduran	26	20										3	3
Irish	8		8										
Italian	299	90	57	43	29	20	25	26		4	2	1	2
Japanese	1,322	131	171	171	163	189	136	118	87	54	72	24	6
Mexico	31	1	2	1	2	6	4		1	1	13		
Nicaraguan	4		1								2		1
Norwegian	1,795	306	192	136	147	113	140	106	128	296	145	44	42
Panaman	172	53	36	21	31	8	8	4		2	5	3	1
Peruvian	749	64	73	70	80	60	60	75	64	83	86	30	4
Portuguese	3	1						2					
Russian	21						4	2	3	3	2	1	6
Spanish	263	31	43	45	14	9	44	41	5	11	20		
Swedish	383	84	49	39	31	35	25	19	27	26	18	13	17
United States	15,560	2,432	2,326	2,947	1,994	1,095	1,210	1,129	784	567	404	213	459
Uruguay	2							1	1				
Yugo-Slav	59	33	17	7			2						
Total	34,902	5,197	4,673	5,230	3,967	2,736	2,892	2,478	2,024	2,069	1,803	758	1,075

TABLE NO. 68–A.—*Statement showing the origin and destination of cargo passing through the canal, Atlantic to Pacific*

Origin of cargo	Total cargo tonnage	Tonnage destined for—			
		West coast of North America	West coast of South America	Asia	Australasia
East coast of United States:					
Fiscal year 1926	5,366,433	2,890,442	383,572	1,357,186	735,233
Fiscal year 1925	4,815,528	2,478,067	378,249	1,237,109	722,103
Fiscal year 1924	5,467,255	2,907,899	347,659	1,545,622	666,075
East coast of North America (other than United States):					
Fiscal year 1926	540,282	179,865	97,719	103,959	158,739
Fiscal year 1925	536,703	200,799	190,090	47,016	98,798
Fiscal year 1924	528,837	126,596	300,000	21,808	80,433
Europe:					
Fiscal year 1926	2,047,939	768,053	756,225	743	522,918
Fiscal year 1925	1,978,969	741,705	760,006	8,800	468,458
Fiscal year 1924	1,773,162	703,349	620,503		449,310
East coast of South America and miscellaneous:					
Fiscal year 1926	82,443	70,792	7,396	4,255	
Fiscal year 1925	67,197	54,060	9,805	3,332	
Fiscal year 1924	90,846	62,047	11,404	17,395	
Grand totals:					
Fiscal year 1926	8,037,097	3,909,152	1,244,912	1,466,143	1,416,890
Fiscal year 1925	7,398,397	3,474,631	1,338,150	1,296,257	1,289,359
Fiscal year 1924	7,860,100	3,799,891	1,279,566	1,584,825	1,195,818

TABLE No. 68–B.—*Statement showing the origin and destination of cargo passing through the canal, Pacific to Atlantic*

Origin of cargo	Total cargo tonnage	Tonnage destined for—			
		East coast of United States	Other North America	Europe	Africa, South America, and miscellaneous
West coast of North America:					
Fiscal year 1926	12,151,661	8,324,410	685,680	3,013,254	128,317
Fiscal year 1925	11,059,409	7,875,201	498,161	2,586,321	99,726
Fiscal year 1924	14,453,405	11,157,946	774,359	2,488,149	32,951
West coast of South America:					
Fiscal year 1926	4,889,695	2,805,631	381,957	1,603,211	98,896
Fiscal year 1925	4,714,243	2,651,266	274,304	1,688,087	100,586
Fiscal year 1924	3,989,078	2,317,537	236,469	1,360,607	74,465
Australasia:					
Fiscal year 1926	622,609	67,010	11,812	543,787	----------
Fiscal year 1925	480,539	54,543	17,013	407,583	1,400
Fiscal year 1924	360,193	59,559	3,431	297,203	----------
Asia:					
Fiscal year 1926	336,386	314,767	11,069	10,550	----------
Fiscal year 1925	306,248	240,423	37,434	28,391	----------
Fiscal year 1924	331,934	278,610	48,324	4,500	500
Grand totals:					
Fiscal year 1926	18,000,351	11,511,818	1,090,518	5,170,802	227,213
Fiscal year 1925	16,560,439	10,821,433	826,912	4,710,382	201,712
Fiscal year 1924	19,134,610	13,813,652	1,062,583	4,150,459	107,916

TABLE NO. 69.—*The Panama Canal net tonnage of commercial vessels passing through the canal from its opening to June 30, 1926, by fiscal years*

Nationality	Total to June 30, 1926	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916–15
Argentinian	7,062		4,727									2,335
Belgian	116,746	81,774	12,825		13,524		8,092	266	265			
Brazilian	23,730						4,566	19,164				
British	44,413,052	7,039,542	5,949,391	6,097,611	4,892,338	3,795,526	3,978,329	2,760,188	1,915,744	2,529,203	2,663,250	2,791,930
Chilean	2,110,585	121,901	129,183	176,472	201,411	150,398	159,727	212,000	253,561	254,841	265,210	185,881
Chinese	42,900						12,098	7,799	15,204	7,799		
Colombian	18,607	4,897	1,752	5,767	6,030			95	66			
Costa Rican	7,353				45	18	2,784	25	995	1,577	1,909	
Cuban	9,994						702				9,292	
Danish	2,188,150	234,753	160,299	245,929	240,053	227,473	236,512	32,221	213,534	272,946	163,882	160,548
Danzig	273,900	105,460	80,164	88,276								
Dutch	3,426,541	530,652	531,251	551,761	510,970	293,428	248,801	152,535	88,299	197,627	260,500	60,717
Ecuadorian	555	453		36					66			
Finnish	20,856	3,632	8,145	4,798			4,281					
French	2,466,769	421,752	489,806	386,640	252,333	190,171	155,889	114,664	253,774	147,805	38,889	15,046
German	2,688,694	726,340	723,067	660,156	336,149	122,893	67,334	52,755				
Greek	104,378	32,076	11,545	4,038	23,526	18,618			8,003	6,572		
Honduran	29,049	28,443										606
Irish	29,176		29,176									
Italian	1,209,809	379,990	241,054	164,448	117,782	73,393	102,783	98,692		17,218	6,430	8,019
Japanese	6,020,631	649,028	823,869	815,468	753,219	872,466	613,245	515,243	341,064	238,814	291,500	106,715
Mexican	40,839	2,025	4,291	192	2,292	2,219	5,032		113	229	24,446	
Nicaraguan	2,069		425								1,598	46
Norwegian	6,301,909	987,040	672,663	546,633	597,359	385,007	548,227	397,632	497,555	876,024	490,534	303,235
Panaman	261,586	84,295	68,656	43,056	61,828	700	1,370	1,007		60	160	454
Peruvian	1,933,274	149,162	188,784	189,046	216,829	161,930	157,495	191,689	166,956	208,958	218,593	83,832
Portuguese	11,362	2,360						9,002				
Russian	57,192						11,279	6,093	5,699	5,700	4,546	23,875
Spanish	830,787	121,461	159,579	172,572	41,201	27,264	117,400	106,651	11,066	24,469	49,124	
Swedish	1,539,589	369,272	225,593	161,993	130,361	124,446	113,661	76,825	95,684	80,191	69,202	92,361
United States	72,030,443	12,565,255	12,271,387	15,806,899	10,208,536	4,971,509	4,861,761	3,791,088	2,257,342	1,704,040	1,239,492	2,353,134
Uruguayan	410							410				
Yugoslav	232,142	133,028	67,519	27,087			4,508					
Totals	148,450,139	24,774,591	22,855,151	26,148,878	18,605,786	11,417,459	11,415,876	8,546,044	6,124,990	6,574,073	5,798,557	6,188,734

TABLE NO. 70.—*Tons of cargo carried by commercial vessels passing through The Panama Canal from its opening to June 30, 1926, by fiscal years*

Nationality	Total to June 30, 1926	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916–15
Belgian	148,610	87,829	23,259		23,952		12,700	406	464			
Brazilian	15,616						6,700	8,916				
British	45,204,984	6,750,843	5,917,058	6,051,842	4,929,317	3,829,861	3,738,257	2,830,268	1,876,939	2,615,675	3,393,750	3,771,174
Chilean	1,179,035	82,695	96,369	107,147	76,670	46,182	61,737	104,738	161,340	153,259	184,446	104,452
Chinese	54,938						14,400	13,700	13,421	13,417		
Colombian	19,919	5,378	1,563	5,897	7,054			27				
Costa Rican	8,414				5		2,112		1,137	2,091	3,069	
Cuban	8,570						1,200				7,370	
Danish	2,959,088	295,530	201,577	317,274	307,876	272,779	322,059	42,533	325,277	420,063	242,567	211,553
Danzig	204,975	95,604	54,607	54,764								
Dutch	3,624,071	552,741	619,017	573,929	487,957	290,573	216,488	128,442	119,297	233,063	314,203	88,361
Ecuadorian	412	340							72			
Finnish	34,093	6,600	12,892	7,500			7,101					
French	2,419,018	398,393	481,526	407,249	230,175	139,463	132,836	125,249	286,812	159,859	36,680	20,776
German	3,037,720	885,007	830,512	737,103	330,134	121,888	73,837	59,239				
Greek	117,348	35,432	18,823	6,562	30,533	11,956			8,301	5,741		
Honduran	6,447	6,126										321
Irish	24,286		24,286									
Italian	873,385	322,236	180,062	125,156	75,258	38,851	47,988	63,441		13,793	5,700	900
Japanese	7,540,577	667,982	946,916	935,245	943,400	1,044,515	758,617	726,338	503,427	407,399	446,358	160,380
Mexican	30,199	1,064	2,400			10	3,785		142	253	22,545	
Nicaraguan	6											6
Norwegian	7,249,828	1,051,276	842,708	539,101	704,292	408,268	637,887	404,323	577,679	1,090,823	597,581	395,890
Panaman	196,890	63,922	53,627	35,719	40,589	526	1,500	872			135	
Peruvian	1,193,437	94,778	101,005	102,136	111,519	64,370	105,322	119,418	121,524	143,344	159,609	70,412
Portuguese	15,275	4,500						10,775				
Russian	63,893						11,343	12,867	8,340	7,059	3,230	21,054
Spanish	606,909	49,956	72,011	67,903	32,178	23,701	143,076	101,563	10,047	35,394	71,080	
Swedish	2,136,731	636,266	282,447	220,517	181,810	141,448	128,919	74,244	143,516	132,521	94,515	100,528
United States	78,531,080	13,710,956	13,080,200	16,654,435	11,055,156	4,950,519	5,163,025	4,547,140	2,758,886	2,098,277	1,475,725	3,036,761
Yugo-Slav	401,521	231,994	115,971	45,231			8,325					
Total	157,907,275	26,037,448	23,958,836	26,994,710	19,567,875	10,884,910	11,599,214	9,374,499	6,916,621	7,532,031	7,058,563	7,982,568

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69th Congress, 2nd Session - - - - House Document, No. 511

ANNUAL REPORT

OF THE

COMMISSIONER OF NAVIGATION

TO THE

SECRETARY OF COMMERCE

FOR THE

FISCAL YEAR ENDED JUNE 30, 1926

PRICE 5 CENTS

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REPORT OF THE COMMISSIONER OF NAVIGATION

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DEPARTMENT OF COMMERCE,
BUREAU OF NAVIGATION,
Washington, July 1, 1926.

SIR: I have the honor to submit herewith my report for the past fiscal year.

AMERICAN SHIPPING ON JUNE 30, 1926

On June 30, 1926, the merchant marine of the United States, including all kinds of documented vessels, comprised 26,343 vessels of 17,311,147 gross tons, of which 3,052 seagoing vessels of 11,895,058 gross tons were 1,000 tons or over, compared with 26,323 vessels of 17,399,376 gross tons on June 30, 1925. Following is an analysis of the ownership of seagoing tonnage compared with one year ago:

Ownership and date	Steel		Wood		Total	
	Number	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
Private ownership (500 tons and over):						
July 1, 1925	1,189	5,336,190	736	880,362	1,925	6,216,552
July 1, 1926	1,311	5,899,753	685	832,971	1,996	6,732,724
U. S. Shipping Board (1,000 gross tons and over):						
July 1, 1925	1,205	5,804,972	13	35,687	1,218	5,839,659
July 1, 1926	1,054	5,157,889	2	4,445	1,056	5,162,334

[1] The appendixes and statistical tables which prior to 1924 were published in the Report of the Commissioner of Navigation now appear in a separate pamphlet, Merchant Marine Statistics.

The decrease of 162 vessels of 677,325 gross tons owned by the Shipping Board is explained by the following table covering the past fiscal year:

	Number	Gross tons
Shipping Board vessels:		
Lost	1	5,588
Sold to aliens	6	26,663
Sold to citizens	127	547,832
Scrapped (sold to be broken up)	28	91,584
Reduced by readmeasurement or rebuilding		5,658
Total	162	677,325

Of this tonnage on June 30 last, 1,552 vessels (of 500 gross tons and over) of 7,128,697 gross tons were engaged in the foreign trade and 1,500 vessels of 4,766,361 gross tons were in the coasting trade. These trades are itemized as follows:

	Foreign		Coasting		Total	
	Number	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
Vessels 1,000 gross tons and over:						
Steam and gas	1,409	6,920,832	872	4,029,305	2,281	10,950,137
Sailing	63	136,908	296	485,364	359	622,272
Vessels 500 to 999 gross tons:						
Steam and gas	18	28,498	89	51,098	107	79,596
Sailing	62	42,459	243	200,594	305	243,053
Total	1,552	7,128,697	1,500	4,766,361	3,052	11,895,058

The above figures compared with July 1, 1925, show that during the past fiscal year in our foreign trade there has been a decrease of 135 vessels of 267,704 gross tons, while in the coasting trade there has been an increase of 54 vessels of 118,112 gross tons, making a total loss of 149,592 gross tons.

The following is a classification according to size, service, and comparison of the power employed by such vessels:

Class	Steel		Wood		Total	
	Number	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
1,000 to 1,999	90	142,919	44	59,572	134	202,491
2,000 to 2,999	508	1,254,715	18	43,671	526	1,298,386
3,000 to 3,999	269	916,433	3	10,353	272	926,786
4,000 to 4,999	220	1,027,205			220	1,027,205
5,000 to 5,999	508	2,823,394			508	2,823,394
6,000 to 6,999	347	2,220,556			347	2,220,556
7,000 to 7,999	146	1,073,370			146	1,073,370
8,000 to 8,999	59	493,467			59	493,467
9,000 to 9,999	27	258,792			27	258,792
10,000 and over	42	625,690			42	625,690
Total	2,216	10,836,541	65	113,596	2,281	10,950,137

Comparison of the service of vessels in preceding list

Date	Passenger		Freight		Tank		Refrigerator		Total	
	No.	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*
July 1, 1921	238	1,271,079	2,145	8,619,525	351	2,124,279	18	100,688	2,752	12,115,571
July 1, 1922	195	1,211,042	2,121	8,610,688	377	2,330,291	15	82,612	2,708	12,234,633
July 1, 1923	200	1,236,921	2,026	8,341,297	382	2,349,154	15	82,612	2,623	12,009,984
July 1, 1924	197	1,213,796	1,853	7,816,533	396	2,377,376	15	82,612	2,461	11,490,317
July 1, 1925	193	1,227,023	1,739	7,476,733	375	2,274,421	15	82,612	2,322	11,060,789
July 1, 1926	198	1,270,233	1,694	7,330,857	375	2,283,870	14	75,177	2,281	10,950,137

Comparison of power of vessels in preceding list

Date	Steam engine				Total		Oil engines (internal-combustion)		Grand total	
	Oil burning		Coal burning							
	No.	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*
July 1, 1921	1,595	8,239,896	1,102	3,744,025	2,697	11,983,921	55	131,650	2,752	12,115,571
July 1, 1922	1,643	8,643,682	1,014	3,460,462	2,657	12,104,144	51	130,489	2,708	12,234,633
July 1, 1923	1,681	8,807,186	890	3,063,205	2,571	11,870,391	52	139,593	2,623	12,009,984
July 1, 1924	1,692	8,888,695	703	2,426,485	2,395	11,315,180	66	175,137	2,461	11,490,317
July 1, 1925	1,720	8,874,843	559	1,994,225	2,259	10,869,068	63	191,721	2,322	11,060,789
July 1, 1926	1,688	8,842,899	527	1,891,096	2,215	10,733,995	[1] 66	216,142	2,281	10,950,137

[1] Including 4 vessels of 6,067 gross, propelled by electrically driven screws.

The above figures show a decrease of 32 oil-burning vessels of 31,944 gross tons and 32 coal-burning vessels of 103,139 gross tons, but an increase of 3 vessels with oil engines (internal-combustion), the increase in tonnage being 24,421 gross tons.

In considering the condition of our merchant marine and of other countries the following statement of laid-up seagoing tonnage is, of course, kept in mind.

World laid-up seagoing tonnage

Country	June 30, 1925		Dec. 31, 1925		Mar. 31, 1926		June 30, 1926	
American (United States):								
Private ownership, 500 gross tons and over	*No.* 254	*Gross tons* 547,286	*No.* 295	*Gross tons* 664,225	*No.* 246	*Gross tons* 541,665	*No.* 309	*Gross tons* 669,618
U. S. Shipping Board, 1,000 gross tons and over	894	3,777,155	825	3,571,237	771	3,385,595	773	3,252,776
Total, United States	1,148	4,324,441	1,120	4,235,462	1,017	3,927,260	1,082	3,922,394
United Kingdom:								
Under 1,500 gross tons	182	244,057	163	94,774	159	100,024	269	154,096
1,500 gross tons and over	227	961,896	87	534,539	82	455,281	239	1,203,697
Total, United Kingdom	409	1,205,953	250	629,313	241	555,305	508	1,357,793
France	145	301,059	124	216,005	99	186,195	56	110,517
Italy	67	257,739	60	214,205	55	202,012	62	247,526
Netherlands	[1]	[1]	19	111,933	20	111,068	[1]	[1]
Norway	40	67,000	42	43,000	49	71,640	108	197,435
Greece	81	98,964	103	99,652	89	80,555	[1]	[1]
Japan	8	16,085	13	22,204	10	16,707	6	14,500
Spain	42	82,245	36	53,093	38	54,523	49	82,563
Sweden	[1]	[1]	14	12,913	32	39,234	4	3,411

[1] No report received.

Following is a brief analysis of our shipping on June 30, 1917, as the United States entered the war, and at the close of the fiscal year 1925 and on June 30, 1926:

June 30—	Grand total		Seagoing				Great Lakes		All others	
			Shipping Board (over 1,000 gross tons)		Private owners (over 500 gross tons)					
	Number	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
1926	26,343	17,311,147	1,056	5,162,334	1,996	6,732,724	2,626	2,844,473	20,645	2,571,616
1925	26,323	17,399,376	1,218	5,839,659	1,925	6,216,552	2,677	2,853,019	20,503	2,490,146
1917	26,397	8,871,037	19	76,160	1,552	3,364,160	3,001	2,779,087	21,825	2,451,630

The following table, taken from Lloyd's Register of Shipping, shows the merchant vessels of 100 gross tons and over building on December 31, 1925; March 31, 1926; and June 30, 1926:

Country	Quarter ended—				Quarter ended June 30, 1926											
	Dec. 31, 1925		Mar. 31, 1926		Vessels launched						Vessels under construction		Vessels begun					
					Steam and gas		Sail and barge		Total		Total		Steam and gas		Sail and barge		Total	
	No.	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*
America (United States)	42	105,211	38	117,777	14	27,907	11	8,720	25	36,627	43	133,268	11	43,225	12	13,315	23	56,540
Atlantic and Gulf coasts	39	88,645	34	100,527	14	27,907	11	8,720	25	36,627	38	111,418	11	43,225	12	13,315	23	56,540
Pacific coast	3	16,566	2	1,250							3	5,850						
Great Lakes			2	16,000							2	16,000						
Belgium	5	5,065	4	3,185							8	5,600			6	3,390	6	3,390
Brazil											1	2,200						
China	4	2,360	4	2,360	1	900			1	900	2	1,750	1	850			1	850
Danzig	3	2,668	2	768							2	7,267	1	7,100			1	7,100
Denmark	17	60,693	18	59,458	6	17,310			6	17,310	11	42,673	1	1,600			1	1,600
Esthonia	3	1,250	3	1,250			1	150	1	150	2	1,100						
France	39	167,256	35	155,965	9	19,220			9	19,220	34	153,955	6	7,970			6	7,970
Germany	53	234,145	49	216,871	9	19,053	2	3,630	11	22,683	41	148,851	12	38,843			12	38,843
Italy	41	309,578	38	298,530	16	32,826			16	32,826	39	287,346	4	11,043			4	11,043
Japan	13	52,210	14	45,690	7	20,800			7	20,800	12	38,270	5	9,700			5	9,700
Netherlands	36	108,894	36	133,605	6	25,950			6	25,950	38	148,245	9	12,890			9	12,890
Norway	20	12,980	17	6,896	6	2,986			6	2,986	15	4,566	3	750			3	750
Portugal	1	693									1	693						
Russia											12	35,070						
Spain	8	36,125	8	44,248							9	47,748	1	3,500			1	3,500
Sweden	18	55,180	18	53,780	3	9,570			3	9,570	14	40,857	2	2,977			2	2,977
Uruguay											6	3,700	1	700	5	3,000	6	3,700
Yugoslavia	2	340	2	340														
United Kingdom and dominions	234	914,897	172	653,693	60	181,559	15	5,208	75	186,767	222	867,720	48	168,400	5	2,463	53	170,863
United Kingdom	217	885,013	152	627,280	53	169,038	5	2,687	58	171,725	200	841,338	45	167,820	2	663	47	168,483
Australia	5	2,960	5	2,960							5	2,960						
Canada (coast)	5	4,350	7	4,810							5	5,707						
Canada (Great Lakes)	1	9,000	1	10,343	7	12,521	10	2,521	17	15,042	2	10,543	3	580	3	1,800	6	2,380
Hongkong	6	13,574	3	6,300							4	4,580						
Other British			4	2,000							6	2,600						
Total	539	2,069,545	458	1,794,416	137	358,081	29	17,708	166	375,789	512	1,970,888	105	309,548	28	22,168	133	331,716

NOTE.—"Vessels under construction" includes some vessels which were launched during the quarter but are not yet completed.

STATISTICS FOR THE YEARS 1925 AND 1926

The following table shows the geographical distribution, motive power, and material of construction, and trade of vessels of the United States and details of construction for the fiscal years 1925 and 1926:

Comparison of American merchant marine of 1925 and 1926

TOTAL MERCHANT FLEET

Classification	1925		1926	
GEOGRAPHICAL DISTRIBUTION	*Number*	*Gross tons*	*Number*	*Gross tons*
Atlantic and Gulf coasts	15,679	11,101,642	15,488	11,015,227
Pacific coast	6,035	3,282,243	6,157	3,290,459
Northern lakes	2,677	2,853,019	2,626	2,844,473
Western rivers	1,932	162,472	2,072	160,988
Total	26,323	17,399,376	26,343	17,311,147
POWER AND MATERIAL				
Sail:				
Wood	2,381	835,288	2,269	791,994
Metal	141	285,785	182	322,502
Steam:				
Wood	3,337	703,318	3,169	627,417
Metal	4,110	13,791,145	4,064	13,671,155
Gas:				
Wood	10,899	284,000	11,065	292,719
Metal	262	196,492	302	233,976
Canal: Wood	342	39,827	331	39,286
Barges:				
Wood	4,381	1,037,715	4,457	1,086,254
Metal	407	225,806	504	245,844
Total	26,323	17,399,376	26,343	17,311,147
TRADE				
Registered:				
Sail—				
Wood	283	188,397	247	160,405
Metal	22	46,280	25	69,702
Steam—				
Wood	180	113,461	138	62,589
Metal	1,531	7,506,612	1,434	7,113,493
Gas—				
Wood	1,449	67,584	1,498	71,031
Metal	30	66,352	31	72,423
Barges—				
Wood	1,179	147,976	1,228	158,210
Metal	30	16,467	30	14,006
Total	4,714	8,154,972	4,631	7,721,859
Enrolled and licensed:				
Sail—				
Wood	2,109	641,221	2,022	631,589
Metal	119	239,505	157	252,800
Steam—				
Wood	3,164	590,688	3,031	564,828
Metal	2,579	6,284,533	2,630	6,557,662
Gas—				
Wood	9,448	210,819	9,567	221,688
Metal	232	130,140	271	161,653
Canal—Wood	342	39,827	331	39,286
Barges—				
Wood	3,186	890,175	3,229	928,044
Metal	440	209,339	474	231,838
Total	21,653	9,250,930	21,712	9,589,288
Grand total	26,323	17,399,376	26,343	17,311,147

Comparison of American merchant marine of 1925 and 1926—Continued

VESSELS BUILT DURING FISCAL YEARS 1925 AND 1926

Classification	1925		1926	
GEOGRAPHICAL DISTRIBUTION	*Number*	*Gross tons*	*Number*	*Gross tons*
Atlantic and Gulf coasts	462	82,399	468	136,989
Pacific coast	232	41,534	243	22,669
Northern lakes	64	66,087	54	55,169
Western rivers	209	9,826	159	9,846
Total	967	199,846	924	224,673
POWER AND MATERIAL				
Sail:				
Wood	28	2,869	11	263
Metal				
Steam:				
Wood	38	5,748	35	4,624
Metal	36	95,227	47	104,649
Gas:				
Wood	580	18,791	526	15,487
Metal	25	21,287	37	15,826
Canal: Wood	2	270	7	1,508
Barges:				
Wood	240	46,475	224	69,995
Metal	18	9,179	37	12,321
Total	967	199,846	924	224,673

TYPES OF VESSELS BUILT

The following summary of vessels of 1,000 gross tons or over in the preceding table and of such vessels built other fiscal years shows changes in the larger forms of construction:

Type	1921		1922		1923		1924		1925		1926	
SEABOARD	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*	*No.*	*Gross tons*
Ocean steel steamers	311	1,906,488	50	433,746	20	81,075	11	45,045	7	34,157	4	24,498
Ocean steel gas screws	5	21,881	3	19,601			11	14,941			1	1,694
Steel ferryboats, river and bay steamers					6	9,110	2	4,429	4	7,137	2	2,417
Wooden steamers	5	9,885					1	1,104				
Wooden gas screws	1	2,204	1	2,185								
Steel schooners	1	1,189										
Wooden schooners	36	68,985	11	22,478	4	6,483						
Wooden barkentines	3	7,149										
Steel barges	6	6,518	2	2,210	4	4,664			2	2,104		
Wooden unrigged vessels	4	6,904			1	1,161	2	2,092	1	1,019		
Total	372	2,031,203	67	480,220	35	102,493	27	67,611	14	44,417	7	28,609
GREAT LAKES												
Steel steamers, lake trade	4	33,222			8	63,100	8	47,037	7	46,897	3	23,651
Steel steamers, ocean trade	25	60,053	1	1,407								
Steel gas screws, ocean trade	3	3,120	2	2,080			1	8,626				
Steel barges, lake trade					1	1,205						
Wooden unrigged vessels							1	1,027				
Total	32	96,395	3	3,487	9	64,305	10	56,690	7	46,897	3	23,651
WESTERN RIVERS												
Steel river steamers			6	8,718			1	1,056				
Wooden unrigged vessels							1	1,079				
Total			6	8,718			2	2,135				
Grand total	404	2,127,598	76	492,425	44	166,798	39	126,436	21	91,314	10	52,260

YEAR'S SHIPBUILDING

The following table shows the output for 12-month periods ending with each of the months of the year:

Month	Seagoing						Grand total, including nonseagoing	
	Steel		Wood		Total			
1925	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
July	12	49,382	5	3,681	17	53,063	1,163	213,379
August	12	49,382	5	3,681	17	53,063	1,167	217,877
September	12	49,929	4	3,571	16	53,500	1,112	213,069
October	12	53,388	3	2,991	15	56,379	1,110	219,550
November	11	45,472	4	4,609	15	50,081	1,133	216,762
December	11	46,184	5	4,894	16	51,078	1,111	214,691
1926								
January	12	46,780	5	4,894	17	51,674	1,116	208,247
February	12	46,780	5	4,894	17	51,674	1,144	210,509
March	11	47,748	4	4,250	15	51,998	1,154	219,559
April	15	63,416	4	4,250	19	67,666	1,124	226,907
May	15	52,062	2	1,903	17	53,965	1,132	211,458
June	17	57,985	2	1,903	19	59,888	1,149	215,453

The following table shows the output month by month during the year:

Month	Seagoing						Grand total, including nonseagoing	
	Steel		Wood		Total			
1925	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*	*Number*	*Gross tons*
July	1	5,896			1	5,896	144	30,149
August							109	8,463
September	1	691			1	691	71	21,067
October	2	9,493			2	9,493	78	17,895
November			1	1,618	1	1,618	76	9,862
December	1	5,896	1	285	2	6,181	55	13,096
1926								
January	2	2,724			2	2,724	53	8,629
February							70	7,591
March	1	8,952			1	8,952	90	33,016
April	4	15,668			4	15,668	98	22,874
May	3	2,742			3	2,742	174	16,377
June	2	5,923			2	5,923	159	22,922

CURRENT AMERICAN SHIPBUILDING

On July 1, 1926, American shipyards were building or under contract to build for private shipowners 181 steel vessels of 183,770 gross tons and 39 wood vessels of 15,285 gross tons.

Company	Steel		Wood	
	Number	*Gross tons*	*Number*	*Gross tons*
Alabama Dry Dock & Shipbuilding Co., Mobile, Ala	1	650		
American Bridge Co., Pittsburgh, Pa	75	33,950		
American Car & Foundry Co., Wilmington, Del			10	6,000
American Shipbuilding Co., Cleveland, Ohio	3	24,700		
Bethlehem Shipbuilding Corporation:				
Union Plant, Bethlehem, Pa	9	8,932		
Harlan Plant, Wilmington, Del	3	3,437		
Sparrows Point Plant, Sparrows Point, Md	2	950	1	500

Company	Steel		Wood	
	Number	*Gross tons*	*Number*	*Gross tons*
Brown, Boveri, Electric Corporation, Camden, N. J	8	5,000		
Bushey & Sons, Ira S., Brooklyn, N. Y			3	865
Craig Shipbuilding Co., Long Beach, Calif	6	3,690		
Cramp & Sons Ship & Engine Building Co., Wm., Philadelphia, Pa	5	7,950		
Dravo Contracting Co., Pittsburgh, Pa	26	17,845		
Federal Shipbuilding Co., Newark, N. J	2	19,500		
General Engineering & Dry Dock Co., Alameda, Calif			1	650
Great Lakes Engineering Works, River Rouge, Mich	2	8,630		
Hanlon Dry Dock & Shipbuilding Co., Oakland, Calif	1	250		
Howard Shipyards Co., Jeffersonville, Ind	4	1,851		
Jakobsen & Petersen, Brooklyn, N. Y			2	350
Kingston Dry Dock & Construction Co., Kingston, N. Y			1	250
Lawley & Son Corporation, Geo., Neponset, Mass			1	170
Lenahan Co., R., Kingston, N. Y			9	2,572
Los Angeles Shipbuilding & Dry Dock Corporation, San Pedro, Calif	5	1,656		
Manitowoc Shipbuilding Corporation, Manitowoc, Wis	3	5,900		
Marietta Manufacturing Co., Point Pleasant, W. Va	5	1,750		
Midland Barge Co., Midland, Pa	1	150		
Moore Dry Dock Co., Oakland, Calif	2	3,000		
Nashville Bridge Co., Nashville, Tenn	2	550		
Newport News Shipbuilding & Dry Dock Co., Newport News, Va	8	29,710		
Rhode Sons Co., Chas. L., Baltimore, Md			10	2,788
Spedden Shipbuilding Co., Baltimore, Md	1	260		
Staten Island Shipbuilding Co., Staten Island, N. Y	1	240		
Storey, Arthur D., Essex, Mass			1	140
Sun Shipbuilding Co., Chester, Pa	3	2,019		
Ward Engineering Works, Chas., Charleston, W. Va	3	1,200		
Total	181	183,770	39	15,285

NAVIGATION LAWS

Under section 4 of the act of July 5, 1884, the Commissioner of Navigation is directed to investigate the operation of the laws relative to navigation and annually report to you such particulars as may admit of improvement or may require amendment.

REORGANIZATION OF MARITIME BUREAUS AND ACTIVITIES

There is now before the present Congress (H. R. 7245), "A bill providing for the consolidation of the functions of the Department of Commerce relating to navigation, to establish load lines for American vessels, and for other purposes."

The need of bringing within the administrative control of the Bureau of Navigation the personnel of the customs service already engaged under the direction of the Department of Commerce in administering the great bulk of the navigation laws is becoming more urgent as important new laws are placed on the statute books, constantly placing on the Department of Commerce and customs officers new duties and responsibilities.

As illustrating the importance of uniformity and accuracy in navigation work in the customhouses, attention is invited to the decision of the United States Supreme Court on June 7 last, in the case of the *Northern Star*, which held, in effect, that a mortgage on a ship acquires a preferred status only upon compliance with all the conditions specified in the mortgage act of 1920, with the administration of which through customs officers the Secretary of Commerce is charged. Failure of the collector of customs in that case to indorse a mortgage on the vessel's documents in accordance with the act deprived the mortgage of its preferred status.

Under the present organization the Secretary of Commerce must administer this law, which affects the title to or preferred status of mortgages or liens on every vessel documented under our flag, through the employees of another department over whom he has no direct supervision and whose efficiency or lack of it he has no authority to reward or correct.

Another example of the effect of the present unbusinesslike organization of the navigation services is the admeasurement of vessels.

This service affects over $2,000,000 direct revenue to the Government in addition to all Panama Canal tolls from vessels passing through the canal. These vessels are taxed on the basis of our admeasurement.

The proper administration of this highly technical service is of prime importance to our merchant marine. On the tonnage of a vessel as ascertained is based the collection of navigation fees, tonnage taxes, canal tolls, and port charges in American and foreign ports.

Sufficient importance has been attached to this work by maritime nations to justify them in requiring long apprenticeships before the actual admeasurement of a vessel and in the establishment of an elaborate system of review by highly trained central authority.

To perform this work in the United States, however, the Commissioner of Navigation, whose decision on admeasurement questions is by statute made final, must rely on employees of the Treasury Department in whose selection, appointment, or remuneration he has no voice. They are usually selected from a customs register with little if any knowledge and experience in admeasurement. At many ports there are changes of assignments to this work. At some ports there are no men familiar with these duties or able to understand the technical terms of the law or of the instructions sent them by the bureau.

The obvious solution of the difficulty is the transfer of the selection, appointment, and remuneration of these employees to the Department of Commerce, which is responsible for their work. This will necessarily result in more responsive action, engender professional pride, and consolidate efforts, all of which will attract competent men and, through central direction, render expert and adequate service to the benefit of shipowners and the credit of the department.

LOAD LINE

The section of H. R. 7245 mentioned above establishing load lines for American vessels is essential:

1. In consideration of the safety of the vessel and crew and the avoidance of the damage and extensive repairs inevitable with inadequate freeboard.

2. Because the leading maritime nations already have different load-line provisions, and their laws require our ships loading in their ports to comply with their several detailed requirements in the absence of similar regulations of our own. The United States is now the only maritime nation of importance whose commerce is liable to be hampered by these provisions.

ENFORCEMENT OF THE NAVIGATION LAWS

During the year there were reported to the department for mitigation or remission of penalties 10,778 violations of the navigation laws, an increase of 1,234 over 1925.

From close observation the bureau is satisfied that there is an increasing compliance with the navigation laws in the districts in which, through its inspection vessels and navigation inspectors, it has direct supervision of their enforcement. On the Pacific coast, the Great Lakes, and the Mississippi River and tributaries, however, it has no inspection vessels or navigation force available for the purpose.

On the Pacific coast there are 6,000 documented American vessels of over 3,000,000 gross tons and 21,840 small motor boats; on the Great Lakes, 2,600 documented vessels of over 2,800,000 tons and 28,600 small motor vessels; and on the western rivers, 1,900 documented vessels of over 160,000 tons and 17,500 small motor boats.

There is need of closer and direct supervision of these vessels by the department in the administration of the laws intended for the safety of those on board and the preservation of cargoes and movement of commerce. Owing to the geographic and climatic conditions it is not deemed possible to employ inspection vessels on these waters.

In addition to the lack of inspection, in the general administration of the navigation laws through officers of the customs, there necessarily is a lack of uniformity at the various ports. This result is inherent in the present dual system of administration in our department and performance in another. This is of importance to our shipping interests.

To meet the lack of inspection and endeavor to secure uniformity in the administration of the law, the most economical and efficient method appears to be the appointment of five traveling inspectors—two to cover the Pacific coast, two for the Great Lakes, and one on the western rivers.

Much if not all of the expense of this employment will be met through the additional returns from penalties for violations of the navigation laws, while the benefit to the public through safeguarding life and property and to the merchant marine through uniformity in customhouse practices would return many times the total amount of the expenditure.

The following table shows the enforcement of the navigation laws by customs districts and laws violated, followed by a comparison with the work of previous years:

	Total	Steamboat laws (R. S. 4399-4500)	Motor-boat laws, "Rules of road"	Surrendered license (R. S. 4325-4326)	Seamen's act (Mar. 4, 1915)	Anchorage and St. Marys River rules	Passenger act (Aug. 2, 1882)	Enrollment and license (R. S. 4336)	Entry and clearance (R. S. 4197)	Name on vessel (R. S. 4178)	Change of master (R. S. 4335)	Unlading	Radio-communication laws	Numbering act (June 7, 1918)	Miscellaneous
Baltimore	300	26	175	23	1						6			65	4
Boston	800	266	251	74	1			49	25	11	4			102	17
Bridgeport	131	5	71	26			1	2			2			21	3
Buffalo	24	10	4		2									8	
Charleston	82		31	33				3	2	3	2			7	1
Chicago	76	11	13	15		2							1	35	
Cleveland	97	18	52	11	1				1					13	
Detroit	83	7	29	22					9	1				13	2
Duluth	42	13	24	3	1				1						
Galveston	57		18	23									1	12	3
Honolulu	10		1				1		1	1				4	2
Juneau	78	1	11	38					3	10				15	
Los Angeles	171	4	79	24	2			4	7	9		1		32	9
Louisville	54		27	17										10	
Memphis	154		43	22				3						86	
Milwaukee	7	6				1									
Mobile	96	9	58	17	3						3			5	1
New Orleans	411	18	221	47	3			5	5	29	4			72	7
New York	2,454	1,747	144	420	5			14	2	24	22			59	17
Nogales	10														10
Norfolk	842	65	505	39	10			1	2	22	15			165	18
Ogdensburg	58		38	11					1					8	
Philadelphia	549	53	183	70	3			7		5	2			193	33
Pittsburgh	16	3	2	9										2	
Port Arthur	52	9	15	19										5	4
Portland, Me	684	28	413	35				3		13	1			184	7
Portland, Oreg	237	2	80	15				1	4	15				120	
Providence	169		85	7						3				69	5
Rochester	18	2	10	3							1			2	
St. Albans	4	2						1		1					
St. Louis	100	2	69	9				1						19	
St. Paul	1		1												
San Antonio	15			2								1		7	5
San Francisco	281	71	75	27			2	5	14		6	5		48	28
San Juan	25	1	11	4				1	1	2		1		1	3
Savannah	67	2	42	7						5	1			10	
Seattle	755	106	301	85	14		4	11	22	26	5	11		140	30
Tampa	1,690	11	611	138	1		1	67	172	93	17			542	37
Wilmington, N. C	78	3	29	35						3				6	2
Total—															
1926 (39 ports)	10,778	2,501	3,722	1,330	47	3	9	178	272	285	83	18	2	2,080	248
1925 (40 ports)	9,544	922	3,487	1,446	34	4	5	453	238	224	92	16		2,374	249
1924 (40 ports)	8,867	547	2,782	1,069	104	55	18	185	116	445	78	16	1	3,201	250
1923 (40 ports)	11,251	695	3,069	945	405	11	10	1,130	79	505	49	17	4	4,117	215
1922 (41 ports)	11,412	422	4,614	944	75		27	59	71	443	56	110	7	4,426	158
1921 (42 ports)	10,707	840	3,772	974	250		48	45	100	673	68	42	11	3,676	208
1920 (41 ports)	10,667	2,650	2,530	988	514		16	38	104	267	39	118	51	3,192	160
1919 (40 ports)	8,173	1,589	2,397	1,066	273		28	38	83	196	32	83	58	2,244	86
1918 (49 ports)	4,749	710	2,337	922	160		32	20	62	127	27	250	20		82
1917 (48 ports)	7,569	1,020	4,660	770	286		29	42	43	400	41	74	22		182
1916 (48 ports)	7,825	812	5,126	943	271	1	19	59	28	331	35	67	43		90
1915 (48 ports)	6,868	671	4,462	982		11	10	104	41	348	67	93	37		42
1914 (49 ports)	6,720	768	4,838	631		8	25	41	26	153	59	90	36		45
1913 (107 ports)	3,506	333	2,783	23		23	8	24	10	83	26	1	40		152
1912 (105 ports)	3,634	165	3,119	96		12	17	38	39	81	12				55
1911 (92 ports)	2,268	182	1,811	23		17	45	10	16	43	30				91
1910 (74 ports)	1,070	252	488	17		13	61	13	16	68	12	2			128
1909 (64 ports)	1,134	151	710	33		3	21	14	7	59		4			132
1908 (73 ports)	852	245	385	12		6	21	23	18	30	7	2			103
1907 (66 ports)	684	209	92	88		18	62	9	23	52	27	5			99
1906 (77 ports)	670	194	130	114		13	27	10	6	49	5	9			113
1905 (63 ports)	524	142	53	99		13	21	26	7	20	11	28			104
1904 (66 ports)	706	184	93	101		49	16	29	12	24	19	(1)			179

[1] Included under "Miscellaneous" in 1904 report.

The foregoing table is based on reports of collectors of customs and is approximately correct. It will be noted that there is a material increase over the previous fiscal year in the number of violations of law reported. This increase, however, is shown under the head of

the steamboat inspection laws and is due to the act of March 2, 1925, providing a workable penalty in the case of automobiles the engines of which are prematurely started while on ferryboats. While this requirement has been on the statute books for many years, it was not generally known and its enforcement resulted in a large number of violations being reported. Through notices posted on the ferryboats, warnings by the officers of such vessels, and signals being given when the time for starting the engines has arrived a material reduction in these violations has resulted, and it is hoped that in the near future there will be a general compliance with this statute without causing unnecessary annoyance and imposition of penalties.

The following table shows the work done by the various branches of the service engaged in the enforcement of the navigation laws:

Headquarters port	Total	Kilkenny	Tarragon	Dixie	Siwash	Psyche	Coast Guard	Local inspectors	Radio inspectors	Customs	Navigation inspectors
Baltimore	300	234	------	------	------	2	11	30	------	23	------
Boston	800	------	------	------	248	------	81	24	------	447	------
Bridgeport	131	------	------	------	85	1	13	3	------	29	------
Buffalo	24	------	------	------	------	------	6	11	------	7	------
Charleston	82	1	19	------	------	------	21	------	------	41	------
Chicago	76	5	------	------	------	------	7	11	------	53	------
Cleveland	97	------	------	------	------	------	14	13	1	13	56
Detroit	83	------	------	------	------	------	24	9	------	50	------
Duluth	42	------	------	------	------	------	------	------	------	18	24
Galveston	57	------	------	27	------	------	2	------	------	28	------
Honolulu	10	------	------	------	------	------	------	------	------	10	------
Juneau	78	------	------	------	------	------	5	------	------	73	------
Los Angeles	171	35	------	------	------	------	16	11	------	52	57
Louisville	54	------	------	------	------	------	2	------	------	23	29
Memphis	154	------	------	------	------	------	------	------	------	35	119
Milwaukee	7	------	------	------	------	------	1	6	------	------	------
Mobile	96	1	------	23	------	------	36	8	------	28	------
New Orleans	411	------	------	107	------	------	38	17	------	249	------
New York	2,454	8	------	------	11	1,873	60	22	------	480	------
Nogales	10	------	------	------	------	------	------	------	------	10	------
Norfolk	842	74	------	------	------	15	646	18	------	88	1
Ogdensburg	58	------	------	------	------	------	5	------	------	53	------
Philadelphia	549	133	------	------	------	2	47	10	------	208	149
Pittsburgh	16	------	------	------	------	------	------	5	------	11	------
Port Arthur	52	------	------	11	------	------	------	7	------	34	------
Portland, Me	684	------	------	------	534	------	14	4	------	129	3
Portland, Oreg	237	89	------	------	------	------	1	------	------	81	66
Providence	169	------	------	------	63	------	6	------	------	54	46
Rochester	18	------	------	------	------	------	2	2	------	14	------
St. Albans	4	------	------	------	------	------	------	------	------	4	------
St. Louis	100	3	------	------	------	------	------	------	------	29	68
St. Paul	1	------	------	------	------	------	------	------	------	------	1
San Antonio	15	------	------	------	------	------	------	------	------	15	------
San Francisco	281	31	------	------	------	------	58	30	------	126	36
San Juan	25	------	------	------	------	------	------	------	------	25	------
Savannah	67	6	44	------	------	------	1	------	------	16	------
Seattle	755	71	------	------	------	------	147	------	------	251	286
Tampa	1,690	279	324	147	------	------	230	4	------	706	------
Wilmington, N. C.	78	17	------	------	------	16	10	------	------	35	------
Total—											
1926 (39 ports)	10,778	987	387	315	941	1,909	1,504	245	1	3,548	941
1925 (40 ports)	9,544	472	401	515	970	874	1,179	222	------	4,040	871
1924 (40 ports)	8,867	1,192	787	1,078	671	586	616	327	1	3,312	297
1923 (40 ports)	11,251	1,332	829	1,111	1,060	1,172	521	799	4	3,883	540
1922 (41 ports)	11,396	1,184	999	764	1,275	2,500	509	317	15	3,203	630
1921 (42 ports)	10,706	1,637	1,112	1,182	712	479	404	773	9	3,869	529
1920 (42 ports)	10,667	1,303	1,261	41	------	------	300	2,083	25	5,028	626
1919 (41 ports)	7,382	1,480	1,226	------	------	------	235	767	6	3,114	554
1918 (49 ports)	4,893	84	809	------	------	------	241	404	5	2,654	696
1917 (48 ports)	7,565	------	1,234	864	------	------	1,255	712	13	2,833	654
1916 (48 ports)	7,895	------	987	984	------	------	1,333	590	36	2,876	1,089
1915 (48 ports)	6,860	------	1,425	------	------	------	1,380	361	34	2,661	999

Of the above 10,778 violations 4,539 were reported by the bureau's five patrol boats. These vessels also were active in the collection of internal-revenue taxes and the general enforcement of the navigation laws. The collections by these vessels from all sources was materially in excess of the amount of the cost of their operation.

During the past two years a material increase in violations reported by the Coast Guard Service may be noted. This is due in part to the activities of that service in preventing smuggling.

Comparative statement of cases of violations of the navigation and steamboat-inspection laws reported by officers of customs, 1914–1926

Port	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926
Baltimore	219	396	312	461	265	500	663	699	482	480	419	161	300
Boston	949	440	412	427	194	243	626	607	898	711	566	767	800
Bridgeport	134	118	54	89	32	95	97	200	50	287	131	206	131
Buffalo	3	42	144	87	111	168	143	188	62	116	262	90	24
Charleston	154	91	39	50	28	109	40	44	68	192	136	105	82
Chicago	105	178	389	283	144	88	119	171	97	179	165	139	76
Cleveland	90	104	218	161	177	499	1,096	252	160	154	303	187	97
Des Moines	160	85	4	116	56	27	40	141	32	62	48	11	
Detroit	112	293	441	163	146	142	122	168	67	184	311	80	83
Duluth	17	62	79	138	132	282	241	73	68	245	79	44	42
Eagle Pass	2			1	1								
Galveston	49	49	50	105	54	21	24	41	8	10	167	78	57
Great Falls											3		
Honolulu	15	14	18	18	11	10	3	95	35	22	16	45	10
Indianapolis	1	5	109	54	85	32	34	29	37	3	2	4	
Juneau	41	43	33	40	44	43	39	60	36	77	130	106	78
Laredo	14	2	7	10									
Los Angeles	79	182	172	137	109	192	125	183	185	178	131	127	171
Louisville	41	58	63	128	50	49	64	35	57	29	26	28	54
Memphis	10	52	94	84	18	67	83	66	86	62	162	150	154
Milwaukee	16	8	133	82	18	81	133	33	14	79	17	5	7
Mobile	157	107	106	109	52	98	122	301	203	334	234	191	96
New Orleans	218	173	177	315	221	501	487	779	294	467	790	371	411
New York	1,013	622	1,256	1,292	583	626	1,349	849	2,698	1,475	663	1,625	2,454
Nogales					22		8	21	13		7	12	10
Norfolk	235	335	531	430	181	814	618	846	680	682	412	375	842
Ogdensburg	57	40	92	74	201	54	18	8	85	85	18	112	58
Omaha								1					
Pembina					3								
Philadelphia	378	867	483	406	166	532	600	684	778	624	360	854	549
Pittsburgh	21	13	27	4	6	9	28	16	22	14	41	35	16
Port Arthur	126	33	68	93	117	203	256	112	21	17	216	84	52
Portland, Me	78	566	241	145	51	53	55	320	346	440	295	393	684
Portland, Oreg	354	273	229	130	239	120	182	107	83	101	171	291	237
Providence	130	21	125	94	68	65	137	175	181	98	94	144	169
Rochester	34	28	42	44	102	14	24	55	10	61	57	53	18
St. Albans	54	3	33	68	29	1	1	3	96	2		4	4
St. Louis	109	186	154	348	173	291	396	182	173	179	127	89	100
St. Paul	5	1	5			4							1
San Antonio [1]					2	2	7	9	10	25	23	28	15
San Diego [2]							1	22	34	32			
San Francisco	260	446	276	196	151	223	765	466	213	291	288	284	281
San Juan	28	28	11	12	14	8	14	10	14	19	18	26	25
Savannah	98	78	82	48	41	77	68	149	165	163	126	126	67
Seattle	38	306	409	318	338	266	320	310	272	1,223	294	564	755
Tampa	669	314	570	547	295	1,303	1,247	1,770	2,300	1,649	1,386	1,398	1,690
Wilmington, N. C	104	206	137	262	19	261	302	426	263	200	173	152	78
Total (47 ports)	6,720	6,868	7,825	7,569	4,749	8,173	10,667	10,706	11,396	11,251	8,867	9,544	10,778

[1] The districts of Laredo (No. 23) and Eagle Pass (No. 25) were abolished by Executive order Sept. 7 1917, and the district of San Antonio (No. 23) was created by the same order.

[2] The districts of Los Angeles and San Diego were consolidated by Executive order of Jan. 26, 1923, with Los Angeles as headquarters port.

The above is an accurate indication of the volume of this work performed by customs officers under the direction of the Secretary of Commerce. At those ports along the Atlantic and Gulf coasts where the bureau's inspection vessels are active the number of vio-

lations reported by the collectors is due, in part, to those boats and to the work of the Coast Guard Service.

The enforcement of the act of June 7, 1918, requiring that the name and address of the owners of small undocumented vessels shall be recorded in the customhouses, is proceeding satisfactorily. Under this law there were on June 30, 1926, 203,710 vessels so recorded, an increase of 10,402 over the previous year. This is a fair index of the extent to which small motor boats are used for pleasure and inland commerce.

PREVENTING OVERCROWDING OF PASSENGER VESSELS

The work of preventing overcrowding of passenger vessels is performed by customs, navigation, and steamboat officers. The bureau's records show the work done by navigation and customs officers as follows:

Number of counts and the number of passengers involved in preventing overcrowding of passenger vessels during fiscal year 1926

Port	Navigation		Customs		Total	
	Counts	Passengers	Counts	Passengers	Counts	Passengers
Baltimore	1,897	754,682			1,897	754,682
Boston			469	326,014	469	326,014
Chicago	2,185	635,491	43	37,397	2,228	672,888
Cleveland	1,409	516,896	256	172,661	1,665	689,557
Detroit	944	1,123,242	9	14,798	953	1,138,040
Duluth				1,906		1,906
Galveston			113	7,236	113	7,236
Indianapolis	6	2,376			6	2,376
Louisville	259	178,873			259	178,873
Memphis	60	13,160			60	13,160
New York			79	2,259,211	79	2,259,211
Norfolk	668	123,871	53	13,946	721	137,817
Philadelphia			337	297,365	337	297,365
Portland, Me	419	59,001	6	3,258	425	62,259
Rochester			35	8,538	35	8,538
Seattle	440	46,844			440	46,844
Total	8,287	3,454,436	1,400	3,142,330	9,687	6,596,766
Total, 1925	7,326	3,256,597	1,949	3,114,181	9,275	6,370,778

The record shows a slight increase in the number of passengers carried during the year. These figures cover only the larger excursion vessels under circumstances where there is a possibility of overcrowding. No effort is made to supervise vessels carrying numbers far short of their capacity.

When in the course of counting passengers it is found that the limit of safety has been reached, as shown by the number permitted by the certificate of inspection, the navigation officers stop passengers going on board. The number of such shut-offs is shown by the following table:

Shut-offs, by specified months

Port	July, 1925		August, 1925		September, 1925		May, 1926		June, 1926		Total	
	Counts	Passengers	Counts	Passengers	Counts	Passengers	Counts	Passengers	Counts	Passengers	Counts	Passengers
Baltimore	7	6,250	1	1,300							8	7,550
Boston	7	7,029	4	5,412	2	583					13	13,024
Chicago	113	52,107	52	16,286	15	3,866	3	608	16	3,895	199	76,762
Cleveland	7	14,097	5	2,340							12	16,437
Detroit	20	60,919	10	29,677					13	41,611	43	132,207
Louisville			4	4,800	2	2,000					6	6,800
New York	34	26,811									34	26,811
Norfolk	7	2,981	5	1,807							12	4,788
Philadelphia	2	1,000	3	1,500	1	500					6	3,000
Portland, Me.			1	97					2	1,170	3	1,267
Seattle	1	291									1	291
Total	198	171,485	85	63,219	20	6,949	3	608	31	46,676	337	288,937
Total, 1925	334	162,319	77	68,123	7	7,472			24	18,072	450	277,327

It will be noted that on 337 occasions the limit of safety had been reached and it was necessary for our inspectors to take action. This involved 288,937 passengers. The bureau is satisfied that in the absence of our inspection service there would have been overcrowding in each of these cases.

The bureau is gratified to state that its present organization is fairly complete, and it is believed that this service is being administered to a reasonable extent. There is a general cooperation on the part of vessel owners.

RADIO COMMUNICATION

INTERNATIONAL TELEGRAPH CONFERENCE

The International Telegraph Conference was held in Paris in the latter part of 1925. Representatives of this Government attended the conference and had opportunity to discuss our plans for the forthcoming International Radiotelegraph Conference with the delegations of other countries. Several countries had submitted proposals relating specifically to radio communication which our Government considered proper subjects for consideration at the International Radiotelegraph Conference to be held in Washington in 1927. The views of our Government received sympathetic support, thereby postponing consideration of the radio proposals.

It was agreed at the Paris conference that, following the Washington conference, there should be held another conference having as its purpose the amalgamation of the telegraph and radiotelegraph conventions. Our Government is a party to the radiotelegraph convention but has not become a party to the telegraph convention.

INTERNATIONAL RADIOTELEGRAPH CONFERENCE

For several months a committee representing the directly concerned departments of the Government have been studying our radio problems and preparing proposals for consideration at the International Radiotelegraph Conference which it is contemplated will be held in Washington some time during 1927.

Our proposals have been arranged in three parts: Part 1, the convention; part 2, the convention regulations; part 3, the management regulations. In the United States radio public service is conducted almost entirely by commercial or private concerns. The Government exercises only limited control over the operation of their stations. Under such limited regulation of service it has been possible for our companies to operate their radio stations efficiently and economically.

In view of our extensive experience under the existing system the proposal is made that there be included in the convention proper and the regulations supplemental thereto only those subjects which concern sovereign governments as governments, and not as communication agencies. Under this arrangement there is left for inclusion in the management regulations subjects relating to economic and technical principles, methods of operation, plant and traffic rules, tariffs, traffic classification and procedure and kindred details of office management. The proposed plan will present an opportunity for managements represented at the next radiotelegraph conference to prepare and agree to a uniform international contract covering management problems with which they are directly concerned.

FOURTH NATIONAL RADIO CONFERENCE

The Fourth National Radio Conference was held November 9 to 11, 1925. There was a larger attendance than at either of the three previous conferences. Recommendations made at former conferences were reiterated. Continued cooperation with the department and between interests was the outstanding example of the beneficial effect of these annual meetings. While self-regulation has made it possible to harmonize differences and secure orderly conduct of business, it was deemed advisable to recommend new radio legislation.

It was also recommended that the number of broadcasting stations be limited, and that no new stations be licensed until it would be in the interest of public service to add new stations. The department has endeavored to safeguard public interest and put into effect as far as practical all of the recommendations of the conference.

TRANSOCEANIC SERVICE

Direct commercial radio service is maintained between the United States and the following countries: Great Britain, France, Germany, Norway, Poland, Italy, Sweden, Argentina, Brazil, Holland, Japan, Hawaii.

CENTRAL AMERICAN SERVICE

Commercial radio service is maintained between the United States and the following points: Cartagena, Bogota, and Santa Marta, Colombia; Almirante, Panama; Limon and Cartago, Costa Rica; Managua, Bluefields, and Cape Gracias, Nicaragua; Puerta Castilla, Tila, and Tegucigalpa, Honduras; Puerto Barrios, Guatemala; and Swan Island, Caribbean Sea.

TRANSOCEANIC RADIO PICTURES

Commercial pictoradiogram services are now in operation between New York and London and San Francisco and Hawaii. By means of this development photographs, pictures, advertisements, legal documents, bank checks, cartoons, fingerprints, and similar pictorial or printed matter are quickly transmitted and reproduced. This new field may develop into an important branch of radio communication.

TRANSOCEANIC RADIOTELEPHONE SERVICE

It is anticipated that radiotelephone service between the United States and Great Britain will be available for commercial use next winter. Tests which have been conducted have shown encouraging results. The difference in time in connection with office hours, of banks, stock exchange, and brokerage houses may present some difficulty.

BROADCASTING SERVICE

There has been a small decrease in the number of broadcasting stations. We have 528 licensed stations as compared with 571 last year and 535 the previous year. There has been a material increase in power used. The average power per station in watts is 715.8 as compared with 312.4 last year and 190.5 the year before. During the past year 117 new stations were licensed and 160 discontinued. The previous year 281 new stations were licensed and 245 discontinued.

According to the most dependable information we have been able to obtain there are 349 broadcasting stations operating in foreign countries as compared with 528 such stations in the United States. These stations are distributed as follows: Canada, 47; Sweden, 22; France, Germany, and Spain each, 21; United Kingdom, 20; Russia and Australia each, 18; Cuba and Mexico each, 17; Brazil, 12; Argentina and New Zealand each, 10. There are from 1 to 9 stations each in 49 other countries.

A prominent radio publication furnishes some interesting figures on the radio situation. It estimates there are 5,000,000 homes equipped with radio and 21,800,000 without radio. Their estimates further show the growth of yearly radio sales from 1922 to 1925, inclusively. The figures are as follows: 1922, $60,000,000; 1923, $120,000,000; 1924, $350,000,000; and 1925, $450,000,000.

Under operating conditions such as we have had for the past few years there seems to be every reason to anticipate continued growth in the use of radio, improved service to the public, and much greater satisfaction, but in the absence of adequate radio laws and careful regulation it is difficult at this time to forecast what the actual conditions may be during the coming winter.

MARINE SERVICE

During the fiscal year there was a small increase in the number of American merchant vessels equipped with radio. At the close of this

fiscal year we have 1,954 vessels equipped as compared with 1,901 the previous year.

Considerable progress has been made during the year in converting spark transmitters on ships to the more modern type—tube transmitters, which increase the range of the station and produce much less interference. It is not unusual for ships equipped with continuous-wave apparatus, tube or arc, to maintain daily communication with land on a trans-Atlantic voyage.

The value of the radiocompass as an aid to navigation and for the purpose of locating vessels in distress is recognized by steamship companies. There have been a number of reports of the usefulness of this equipment. Probably the most noteworthy cases are the rescue of the crews of the Italian vessel *Ignazio Florio* and the British steamship *Antinoe*. In the case of the steamship *Ignazio Florio* the chief radio operator on the American steamship *President Harding* stated:

> It is my opinion, and also that of the captain, that without the radiocompass it would have been practically impossible to have found the *Ignazio Florio* except after hours of aimless cruising.

In the rescue of the crew of the British freighter *Antinoe* by the American steamship *President Roosevelt* the following pertinent statements were reported as having been made by the captain of the steamship *President Roosevelt:*

> Five-forty a. m. of the 24th received SOS from steamship *Antinoe*. Proceeded to her position by radiocompass bearings, which proved her position 100 miles in error. But for the radiocompass the *Roosevelt* might have looked fruitlessly for hours in the mountainous seas and very possibly never would have located the *Antinoe* while she still floated.

At the close of the fiscal year 1925 there were 83 American vessels equipped with radiocompasses. There are now 230 such installations on American merchant vessels.

RADIO-INSPECTION SERVICE

Thirty-four employees are engaged in radio-inspection work in the field, which embraces the United States, Alaska, Hawaii, and Porto Rico. During the fiscal year just ended there were 9,197 inspections made of the radio installations on American and foreign vessels clearing from our ports, as compared with 8,603 the previous year. These inspections developed 325 cases of defective apparatus, lack of proper equipment or personnel, or other causes which would have constituted violations of the law had the vessels sailed without proper inspection. Due to our constant and careful inspection the radio equipment on vessels sailing from our ports is kept in a high degree of efficiency, thus properly safeguarding life and property as contemplated by the ship radio act. Inspection trips were made to 548 cities for the purpose of inspecting stations, examining operators, and performing other work required by the act to regulate radio communication. During the year it was necessary to make repeated trips to many of these cities, the total number of such trips being 1,235. Inspections were

made of 1,088 land stations for license. Examinations were given to 3,144 applicants for commercial operators' licenses and 5,456 applicants for amateur operators' licenses.

In connection with this activity the radio test car used in the Detroit district enabled us to perform our work in a much more satisfactory and efficient manner and at a considerable saving in expense.

Considerable advance has been made in the development of more precise and efficient measuring instruments, notably the field strength measuring apparatus, frequency measuring apparatus, and quartz crystal oscillators. The use of this apparatus should insure more satisfactory service to the public and reduce materially our interference problems.

AMATEUR SERVICE

There was a considerable decrease in the number of amateur radio station licenses issued for this year as compared with the previous year. In 1925 we licensed 10,074 amateur stations, and in 1926 there were 8,037 licensed. As these licenses are issued for a period of two years, these figures show a total of 18,111. However, during the year 3,209 were discontinued, which leaves 14,902 active stations, a substantial reserve force to draw from in any emergency. Reports indicate the amateurs are taking advantage of all improvements made in the art and are inclined to more readily adopt new ideas than is possible with the larger stations, where much experimenting must be done before changes are made which involve large expenditures of time and money. Practically all amateurs are now using continuous-wave transmitters, many of them having crystal control. With the amateurs the spark set is considered obsolete, as is the crystal receiving set.

NEW LEGISLATION

Congress adjourned without enacting any new radio legislation. The House passed the White bill, and the day before adjournment the Senate passed the White bill materially amended. There was not sufficient time for the conferees to adjust the differences between the two bills. It is expected that a compromise bill will be enacted into law early in the next session which will provide the control which should be had over a service of such great importance to the public and which is employed so extensively for various useful purposes.

INTERNATIONAL RADIO ACCOUNTING SECTION

Under the provisions of the London Radiotelegraph Convention of 1912, to which the United States is signatory, each administration is required to provide for the collection from vessels under its registry of all tolls for radiotelegraph traffic exchanged with stations of other administrations.

The following summary covers the principal operations of this section for the fiscal year 1926:

Accounts received from foreign administrations:	
Accounts on hand July 1, 1925	680
Accounts received fiscal year 1926	1,005
Total	1,685
Accounts cleared during year 1926	1,041
Accounts remaining on hand June 30, 1926	644

Each of the foregoing accounts represents periods varying from one to six months; that is to say, some foreign administrations submit their accounts on a monthly basis, while others submit separate accounts varying from one to six months for each account.

During the year accounts were received from 110 foreign administrations or foreign companies operating coastal services. These accounts in each case included not only the amounts due such foreign administrations or companies but the amounts due and payable to vessels of American registry for ship-receiving charges.

The following summary shows briefly the fiscal operation for the year under report:

Balance on hand July 1, 1925	$44,458.51
Amount collected from American companies	101,770.73
Total	146,229.24
Disbursements to foreign administrations and companies	102,014.77
Balance June 30, 1926	44,214.47

In the previous annual report it was stated that the operations of this section were those of a clearing house, and since the data given in the foregoing paragraphs cover the net operations only, the following additional data will serve to illustrate more clearly the actual operations of the section:

Gross amount cleared with foreign administrations during the year—gold francs	760,537.92	($146,751.12)
Amount collected from foreign administrations for American commercial companies—gold francs	231,846.19	(44,736.35)
Net settlements to foreign administrations—gold francs	528,691.73	(102,014.77)

All accounts from foreign administrations or companies, with the exception of those received from Canada, Mexico, and Cuba, are stated in gold francs. It is therefore necessary to convert these accounts into United States currency before submission to American companies for collection and, after collections in full have been effected, a subsequent conversion is necessary into the currency of the country to which payment is made. Since payment is at the election of the creditor country, foreign exchange is purchased either in United States currency for payment abroad or in the currency of the creditor country, depending entirely upon the stability of such foreign currency.

As compared with the net due foreign administrations on July 1, 1924, when the amount was $127,404.02, the net amount due on July 1, 1926, has been reduced to $61,495.63. In accounts receivable from American commercial companies for foreign administrations the amount on July 1, 1924, was $48,409.79, compared with which but $17,281.16 was due from those companies on July 1, 1926.

COST OF RADIO SERVICE

The following statement shows the detailed expenditures of the radio service for 1926 and the appropriation and proposed allotment for the fiscal year 1927:

	1927	1926		1927	1926
Total salaries:			General expenses—Con.		
Field	$212,760.00	$149,150.45	Transportation of things	$800.00	$191.26
Bureau	44,640.00	42,399.36	Rent	2,700.00	2,015.07
			Repairs	4,700.00	428.85
Total	257,400.00	191,549.81	Other services	100.00	46.44
			Furniture	850.00	1,016.67
General expenses:			Motor vehicles	8,360.00	
Stationery and office supplies	2,800.00	544.46	Office machines and devices	1,300.00	959.18
Scientific and educational supplies	300.00	163.60	Scientific instruments and accessories	11,140.00	1,893.61
Other supplies	400.00	938.46	Other equipment	150.00	544.76
Telegrams	700.00	81.05	Unexpended		22.08
Telephone	1,800.00	1,819.48			
Postal service	300.00	15.95	Total	77,600.00	28,975.19
Travel	34,200.00	17,621.57			
Fuel and oil	5,500.00	435.54	Grand total	335,000.00	220,525.00
Storage of motor cars	1,500.00	237.16			

SCOPE OF WORK

The following table shows the inspection and licensing work performed yearly from 1914 to 1926, inclusive, and the number of persons employed in the field force:

June 30—	American ships equipped	American ships licensed	Inspections of American and foreign ships	Commercial operators licensed	Commercial and special land stations licensed	Amateur stations licensed	Amateur operators licensed	Total field force
1914	555	203	6,484	339	83	2,137	1,172	20
1915	585	362	6,152	1,653	115	3,547	3,067	26
1916	604	444	7,236	1,278	182	4,942	4,199	28
1917	836	484	7,137	1,682	160	3,741	3,303	28
1918	1,478	392	5,575	1,616				29
1919	2,312	976	5,160	1,645				27
1920	2,808	1,158	5,419	4,652	254	5,719	6,103	25–45
1921	2,978	921	5,591	2,722	491	7,351	6,207	26
1922	2,773	1,174	6,071	3,136	1,086	9,525	8,920	35
1923	2,723	945	6,933	2,860	1,375	7,821	9,908	53
1924	2,741	1,382	7,727	3,370	1,489	8,205	9,545	53
1925	1,901	976	8,603	3,215	1,129	10,074	8,293	62
1926	1,954	1,258	9,197	3,398	1,072	8,037	8,140	65

OPERATORS LICENSED

The following table shows the number of radio operators licensed during the past two years:

Class and grade	1925	1926	Total
Commercial extra first class	19	21	40
Commercial first class	2,526	2,753	5,279
Commercial second class	670	616	1,286
Commercial grade 4	3	8	11
Experiment and instruction	15	11	26
Cargo	5	4	9
Amateur extra first grade	33	112	145
Amateur first grade	4,300	4,509	8,809
Amateur second grade	3,960	3,519	7,479
Total	11,531	11,553	23,084

DETAILED WORK OF THE RADIO SERVICE

The following statement shows the details of the work performed during the past fiscal year compared with 1925 and the total number of licensed and Government radio stations:

Work of service	1925	1926
Clearances of American and foreign vessels required by law to be equipped with radio	12,141	13,009
Inspections of radio equipment on American and foreign vessels required by law to be equipped with radio	8,603	9,197
Inspections of radio equipment on voluntarily equipped vessels	1,339	1,583
American ship radio stations licensed	976	1,258
American ship radio stations inspected for license	722	1,048
Land stations inspected for license	1,174	1,088
Amateur stations licensed	10,074	8,037
Commercial operators examined	2,946	3,144
Commercial operators licensed	3,218	3,398
Amateur operators examined	6,122	5,456
Amateur operators licensed	8,293	8,140
Defects found upon inspection of ship radio stations where clearance would have been in violation of the law	316	332
Licensed and Government radio stations:		
American vessels equipped with radio	1,901	1,954
Special land stations	272	225
Commercial land stations	286	319
Limited commercial (broadcasting) stations	571	528
Amateur stations	15,111	14,902
Government land stations	305	325
Government ship stations	1,218	1,155

The following table shows a summary of broadcasting activities from June 30, 1922, to June 30, 1926, inclusive:

June 30—	Class A	Class B	Class C	Class D	Total number stations	Power in watts	Average power per station in watts	New stations licensed	Stations discontinued
1922			382		382	57,100	149.4	382	
1923	203	42	327	1	573	89,450	156.1	450	259
1924	378	54	101	2	535	91,925	190.5	244	282
1925	468	99	2	2	571	178,430	312.4	281	245
1926	390	136		2	528	377,950	715.8	117	160

The following table shows the number of stations licensed to operate on the power indicated:

Power in watts	Number of stations	Power in watts	Number of stations	Power in watts	Number of stations
5	4	100	115	1,500	5
10	49	150	3	2,000	2
15	7	200	3	3,500	3
20	9	250	29	4,000	2
25	1	500	139	5,000	16
30	1	750	9	20,000	[1] 1
50	81	1,000	47	50,000	[1] 2

[1] These three stations operate experimentally with variable power to a maximum as indicated.

Following is the usual statement, by districts, of the work performed in the districts during the past fiscal year compared with the work performed during the previous year:

Place of inspection or examination (city or town)	Stations inspected					Amateur stations licensed	Operators examined							Operators licensed						
							Commercial			Amateur				Commercial			Amateur			
	Ship—Voluntary equipment	Ship for license	Land [1]	Land for license [1]	General and restricted amateur		Extra, first	First	Second	First	Second	Extra, first	Cargo	Extra, first	First	Second	First	Second	Extra, first	Cargo
First district:																				
Boston, Mass	34	22	16	7	4	836	------	230	13	142	109	1	------	------	202	49	677	287	15	------
Outside district headquarters	8	7	73	14	79	------	------	------	------	65	------	------	------	------	------	------	35	------	------	------
Total, 1926	42	29	89	21	83	836	------	230	13	207	109	1	------	------	202	49	712	287	15	------
Total, 1925	145	47	70	53	58	999	------	205	25	162	153	2	2	2	180	71	575	292	7	2
Second district:																				
New York, N. Y	347	355	114	70	11	657	6	475	76	464	40	1	5	12	696	67	599	42	5	4
Outside district headquarters	154	146	80	49	18	------	------	39	6	36	------	------	------	------	------	------	------	------	------	------
Total, 1926	501	501	194	119	29	657	6	514	82	500	40	1	5	12	696	67	599	42	5	4
Total, 1925	288	296	212	136	38	500	2	414	4	455	------	3	3	7	645	67	552	32	1	2
Third district:																				
Baltimore, Md	97	47	23	6	4	688	------	109	13	28	71	------	------	------	202	36	471	71	15	------
Philadelphia, Pa	71	38	67	5	14	------	------	84	13	75	------	------	------	------	34	2	4	------	------	------
Norfolk, Va	41	36	32	6	26	------	------	26	9	9	------	------	------	------	38	9	12	------	------	------
Outside district offices	------	------	29	8	81	------	------	13	4	17	------	------	------	1	29	2	44	------	1	------
Total, 1926	209	121	151	25	125	688	------	232	39	129	71	------	------	1	303	49	531	71	16	------
Total, 1925	153	86	148	28	715	793	2	189	43	185	------	5	------	3	257	61	449	105	5	------
Fourth district:																				
Atlanta, Ga	------	------	9	2	------	232	------	14	8	17	117	------	------	------	46	18	69	138	5	------
Savannah, Ga	2	4	6	5	------	------	------	15	1	3	------	------	------	------	13	1	4	------	------	------
Outside district offices	5	3	58	19	------	------	------	17	11	39	------	2	------	------	------	------	2	------	------	------
Total, 1926	7	7	73	26	------	232	------	46	20	59	117	2	------	------	59	19	75	138	5	------
Total, 1925	8	1	44	14	10	277	------	79	22	100	82	6	------	------	68	19	114	109	3	------

Fifth district:																				
New Orleans, La	94	70	32	24	17	498	------	128	12	44	339	------	------	1	286	25	61	313	3	------
Outside district headquarters	43	34	160	127	280	------	------	119	21	146	------	7	------	------	32	30	98	------	5	------
Total, 1926	137	104	192	151	297	498	------	247	33	190	339	7	------	1	318	55	159	313	8	------
Total, 1925	99	84	152	108	316	672	------	208	49	199	369	12	------	2	293	48	181	369	7	------
Sixth district:																				
San Francisco, Calif	151	129	44	23	8	1,156	1	390	34	141	92	3	------	6	575	87	788	159	30	------
Outside district headquarters	4	------	181	88	25	------	------	132	53	237	------	------	------	------	------	------	------	------	------	------
Total, 1926	155	129	225	111	33	1,156	1	522	87	378	92	3	------	6	575	87	788	159	30	------
Total, 1925	113	78	121	111	36	1,569	3	506	146	502	92	3	------	4	533	96	799	138	3	------
Seventh district:																				
Seattle, Wash	222	85	41	23	------	383	------	150	42	48	77	------	------	------	236	65	198	119	3	------
Outside district headquarters	9	2	115	78	9	------	------	75	44	76	------	------	------	------	------	------	------	------	------	------
Total, 1926	231	87	156	101	9	383	------	225	86	124	77	------	------	------	236	65	198	119	3	------
Total, 1925	69	45	154	109	13	490	------	184	109	159	65	4	1	------	186	70	226	119	1	1
Eighth district:																				
Detroit, Mich	39	26	56	37	------	1,634	1	103	7	76	393	1	------	1	156	63	683	940	25	------
Outside district heaquarters	17	17	140	131	71	------	------	67	28	231	------	4	------	------	------	------	------	------	------	------
Total, 1926	56	43	196	168	71	1,634	1	170	35	307	393	5	------	1	156	63	683	940	25	------
Total, 1925	182	60	359	215	114	1,832	1	215	44	383	422	7	------	1	169	87	597	1,030	4	------
Ninth district:																				
Chicago, Ill	229	22	603	63	5	1,953	------	255	135	586	1,458	5	------	------	208	162	764	1,450	5	------
Outside district headquarters	16	5	468	303	113	------	------	94	63	256	------	------	------	------	------	------	------	------	------	------
Total, 1926	245	27	1,071	366	118	1,953	------	349	198	842	1,458	5	------	------	208	162	764	1,450	5	------
Total, 1925	282	25	848	400	59	2,942	------	346	147	962	1,783	7	------	------	195	151	807	1,766	2	------
SUMMARY																				
First district	42	29	89	21	83	836	------	230	13	207	109	1	------	------	202	49	712	287	15	------
Second district	501	501	194	119	29	657	6	514	82	500	40	1	5	12	696	67	599	42	5	4
Third district	209	121	151	25	125	688	------	232	39	129	71	------	------	1	303	49	531	71	16	------
Fourth district	7	7	73	26	------	232	------	46	20	59	117	2	------	------	59	19	75	138	5	------
Fifth district	137	104	192	151	297	498	------	247	33	190	339	7	------	1	318	55	159	313	8	------
Sixth district	155	129	225	111	33	1,156	1	522	87	378	92	3	------	6	575	87	788	159	30	------
Seventh district	231	87	156	101	9	383	------	225	86	124	77	------	------	------	236	65	198	119	3	------
Eighth district	56	43	196	168	71	1,634	1	170	35	307	393	5	------	1	156	63	683	940	25	------
Ninth district	245	27	1,071	366	118	1,953	------	349	198	842	1,458	5	------	------	208	162	764	1,450	5	------
Grand total, 1926	1,583	1,048	2,347	1,088	765	8,037	8	2,535	593	2,736	2,696	24	5	21	2,753	616	4,509	3,519	112	4
Grand total, 1925	1,339	722	2,108	1,174	1,359	10,074	8	2,346	589	3,107	2,966	49	6	19	2,526	670	4,300	3,960	33	5

[1] Coast, inland, and special land stations.

SHIPPING COMMISSIONERS

During the year 534,493 officers and men were shipped, reshipped, and discharged before shipping commissioners as compared with 551,136 for the previous year. The average cost per man for this service was 23 cents. Collectors of customs acting at ports where shipping commissioners' offices have not been established shipped and discharged during the year 53,789 officers and men as compared with 53,582 officers and men during the previous year. American consuls shipped and discharged 39,500 officers and men.

The above work by customs officers will be materially improved and systematized should the personnel of the marine divisions of the customhouses be transferred to the Department of Commerce.

Of 273,494 officers and men shipped before shipping commissioners 122,497 were native Americans, 40,494 naturalized Americans; 162,991 in all, or 59.6 per cent. This does not give an entirely accurate idea of the nationality of crews on our vessels, as under the law vessels may sign on a portion of alien crews before United States consuls for the round trip.

The work of the shipping commissioners is being systematized, so far as possible, to secure an exact and equitable construction of the laws intended to secure to the seaman fair and just treatment and to the shipowner and the public the safety of the ship and cargo and the prompt movement of commerce.

The following table shows the aggregate routine work and salaries of the shipping commissioner service for the past decade:

Year	Seamen shipped, reshipped, and discharged	Salaries	Average cost per man	Year	Seamen shipped, reshipped, and discharged	Salaries	Average cost per man
1917	506,941	$66,211	$0.13	1922	541,952	$92,318	$0.17
1918	457,248	72,075	.16	1923	538,755	94,476	.17
1919	485,796	75,288	.15	1924	555,633	94,476	.17
1920	628,980	85,949	.13	1925	552,124	123,726	.22
1921	650,840	99,646	.15	1926	534,493	123,183	.23

ALLOTMENT NOTES

Existing law prohibits the payment in American or foreign ports of wages to seamen in advance to earning such wages. However, in order to provide for their dependents, provision is made for the issue of allotment notes payable from the seamen's wages as earned to grandparents, parents, wives, sisters, or children. Any other order, note, or evidence of indebtedness from such wages is void. The issue of these notes is supervised by the United States shipping commissioner and signed by him.

The total number of allotment notes thus issued by shipping commissioners during the year was 5,978 as compared with 6,475 during the previous year and 1,260 during 1924.

NATIONALITY OF CREWS

The following table shows the nationality of the officers (excluding masters) and men shipped and reshipped before shipping commissioners during the past fiscal year and also for the eight preceding fiscal years:

Nationality	1918 [1]	1919	1920	1921	1922	1923	1924	1925	1926
Americans (born)	72,613	97,160	137,016	125,067	85,989	92,535	92,428	95,031	98,493
Americans (naturalized)	24,868	24,676	31,777	32,356	26,284	27,611	27,413	28,071	26,280
British	26,967	26,848	36,609	38,061	27,551	24,736	30,911	28,871	28,011
Chinese	205	729	1,625	3,496	3,756	1,678	1,453	1,408	1,427
Japanese	972	1,198	1,276	1,129	467	165	163	109	78
Filipinos	1,091	1,154	1,646	2,825	3,395	5,194	6,375	5,551	5,252
Germans	206	138	1,568	1,626	8,098	14,093	17,679	21,253	18,375
Norwegians	9,617	10,237	11,585	10,138	7,227	6,404	7,060	7,088	7,108
Swedes	10,095	10,054	11,905	9,574	6,550	6,319	5,272	4,899	4,554
Danes	5,467	5,843	6,827	5,456	4,000	3,404	3,310	3,030	2,840
Russians	9,127	10,108	9,442	8,811	4,483	3,878	3,110	2,106	1,685
Austrians	427	125	664	684	828	1,081	1,006	1,121	1,133
French	663	694	948	1,040	703	689	901	672	693
Spanish	31,643	24,153	29,784	31,350	22,787	19,167	15,227	14,546	12,896
Italians	3,491	2,503	3,463	4,871	2,754	2,291	2,332	2,258	1,877
Portuguese	4,869	5,481	6,031	5,784	4,884	3,531	2,494	2,640	2,487
Others	30,019	34,811	41,974	43,564	25,792	26,556	25,234	24,251	17,514
Dutch									4,573
Total	232,340	255,922	334,140	325,832	235,548	239,332	242,368	243,005	235,276
Per cent Americans	41.9	47.6	50.5	48.3	47.6	50.2	49.4	50.6	53.0

[1] The summary for the year 1918 as printed in the report for 1918 at p. 27 contained several errors due to mistakes in transferring to the summary the correct details as stated on pp. 39–40. An erratum notice was sent out as soon as the error was seen.

PASSENGER ACT OF 1882

The following table shows the number of voyages and the steerage passengers involved during the past six years:

Year	Voyages	Steerage passengers	Year	Voyages	Steerage passengers
1921	944	586,741	1924	1,235	348,989
1922	1,057	250,741	1925	1,257	187,127
1923	1,256	323,006	1926	1,334	215,639

To promote the health, morals, and comfort of approximately 275,000 future citizens of the United States entering our ports on vessels from abroad, the Bureau of Navigation enforces the act of August 2, 1882, as amended providing for proper ventilation for the spaces such passengers occupy; that proper food is served; sanitary conditions maintained throughout the voyage; sexes kept separate; and hospital and medical facilities kept available at all times.

NAVIGATION RECEIPTS

The receipts from tonnage during the fiscal year amounted to $1,825,719.39 compared with $1,813,755.66 from the same source last year. The taxes and also the navigation fees and fines are collected by collectors of customs in the administration of laws

through the Bureau of Navigation. The receipts during the past year compared with 1917, the last pre-war year, were as follows:

June 30—	Tonnage duties	Navigation fees	Navigation fines	Total
1926	$1,825,719.39	$227,079.09	$127,872.98	$2,180,671.46
1925	1,813,755.66	216,878.77	61,628.34	2,092,262.77
1917	1,393,743.16	159,808.03	49,962.37	1,603,513.50

The accounts for these various collections are rendered by collectors of customs, checked in the Bureau of Navigation against their deposits in the United States Treasury.

NAVIGATION APPROPRIATIONS

The appropriations for the bureau for the present fiscal year, compared with those for the years ended June 30, 1926 and 1917, were as follows:

June 30—	Bureau	Shipping service	Tonnage adjustment	Counting passengers	Navigation laws	Wireless laws	Total
1927	$63,960	$136,720	$4,500	$17,920	$89,000	$335,000	$647,100
1926	63,960	136,720	4,500	17,920	90,815	220,525	534,440
1917	37,780	74,425	3,000	18,250	26,500	45,000	204,955

It will be noted that the appropriations for the bureau are about one-third of the revenue collected through its various services.

PUBLICATIONS

Publications of the bureau comprise the Navigation Laws (quadrennial with annual pamphlet supplement), Merchant Vessels of the United States, Code List of Merchant Vessels and List of Radio Stations (all annual), and American Documented Seagoing Vessels of 500 Gross Tons and Over, and Radio Service Bulletin (both monthly). The publications no longer are issued gratuitously but are for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C.

Appendixes and statistics of the merchant marine formerly printed as a part of my annual report are now published as a separate document known as "Merchant Marine Statistics."

Respectfully,

D. B. CARSON, *Commissioner.*

To Hon. HERBERT HOOVER,
Secretary of Commerce.

○

Sixty-ninth Congress, Second Session - - - - - House Document No. 514

REPORT

OF THE

COMMISSIONER OF EDUCATION

FOR

THE YEAR ENDED JUNE 30, 1926

WASHINGTON
GOVERNMENT PRINTING OFFICE
1926

THE BUREAU OF EDUCATION

Created as a department March 2, 1867

Made an office of the Interior Department July 1, 1869

COMMISSIONERS

HENRY BARNARD, LL. D.
March 14, 1867, to March 15, 1870

JOHN EATON, PH. D., LL. D.
March 16, 1870, to August 5, 1886

NATHANIEL H. R. DAWSON, L. H. D.
August 6, 1886, to September 3, 1889

WILLIAM T. HARRIS, PH. D., LL. D.
September 12, 1889, to June 30, 1906

ELMER ELLSWORTH BROWN, PH. D., LL. D.
July 1, 1906, to June 30, 1911

PHILANDER PRIESTLEY CLAXTON, LITT. D., LL. D.
July 8, 1911, to June 1, 1921

JOHN JAMES TIGERT, M. A. (OXON), ED. D., LL. D.
June 2, 1921, to date

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REPORT OF THE COMMISSIONER OF EDUCATION

DEPARTMENT OF THE INTERIOR,
BUREAU OF EDUCATION,
Washington, D. C., September 1, 1926.

SIR: I have the honor to submit the following report of the operations of this office for the fiscal year ended June 30, 1926, together with recommendations for the extension and improvement of its work, as required by act of Congress approved March 2, 1867.

PRELIMINARY STATEMENT

Service to public education in the United States is the foundation upon which the United States Bureau of Education rests. It was created "for the purpose of collecting such statistics and facts as shall show the condition and progress of education in the several States and Territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country."

The functions of the Bureau of Education are twofold:

I. *Nonadministrative functions*, which consist of (1) research work and the collecting of information on all matters relating to education in the United States and foreign countries; (2) dissemination of such data; (3) the promotion of education generally.

II. *Administrative functions*, which embrace (1) administration of income accruing from lands under the first Morrill Act and annual appropriations under the second Morrill Act and Nelson amendment; (2) administration of a system of education, support, and medical relief for the natives of Alaska.

For the more effective prosecution of these functions, the bureau is organized into two general departments or activities, with the following divisions:

(1) Technical activities: (a) Higher education; (b) rural schools; (c) city schools; (d) physical education and school hygiene; (e) service, which comprises adult education, industrial education. commercial education, home-economics education, educational legislation, and foreign education.

(2) General service activities: (a) Statistics; (b) editorial; (c) education, medical relief, and reindeer service for the Alaskan natives; (d) library; (e) stenographic; (f) mails and files; (g) messenger service.

The functions and activities of the technical staff of the Bureau of Education fall into several classes, as follows: (1) Research and investigation; (2) educational surveys; (3) dissemination of information; and (4) field service.

The results of the bureau's studies are made available to school and college administrators and teachers in a variety of ways, including especially bulletins and circulars, which are distributed as soon as they come from the press. At the same time, the members of the bureau, in public addresses or by correspondence, use every opportunity to inform the public on educational matters.

In the conduct of surveys members of the bureau's staff have occasion to visit widely separated parts of the country. These studies often require extended absence in the field. At the same time the bureau's specialists conduct frequent educational conferences in various parts of the country. Also, they are called upon, from time to time, to deliver addresses before educational associations, student assemblies, and public gatherings. A large proportion of the travel expenses incident to this service in the field is borne by local, State, and national organizations. The bureau is anxious to render these various forms of field service to all sections of the country on an equal basis.

Summarizing all types of field service, I may report that during the fiscal year 21 members of the bureau staff, exclusive of the commissioner, rendered an aggregate of 783 days of field service outside of the District of Columbia in 39 different States.

As one feature of this service, 16 members of the staff, exclusive of the commissioner, delivered 123 addresses in 29 different States to audiences aggregating 28,662 persons.

It has been the custom in previous annual reports to outline the activities of the bureau under the heads of the different divisions of the office, which often resulted in the overlapping of material. In this report the work of the bureau is, with a few exceptions, presented under topics. In addition to the foregoing I have given some of the outstanding events in the field of public education during the year, which should prove of interest not only to schoolmen but to the general reader.

I. Review of Recent Events in Public Education

STATISTICS OF EDUCATION

Data for the school year 1923–24 show 564,363 pupils enrolled in public kindergartens; 54,456 in private kindergartens; 20,898,930 in public elementary schools, including kindergartens; 1,473,145 in private and parochial elementary schools, including kindergartens; 3,389,878 in public high schools; 254,119 in private high schools; 61,858 in preparatory departments of colleges and universities; 35,232 in secondary courses in normal schools; a total of 3,741,087 in secondary schools; 245,669 in teacher-training schools; 664,266, excluding preparatory students, in colleges, universities, and professional schools. Private commercial and business schools report 188,368 students in 1925. If enrollments in industrial schools for delinquents, schools for the deaf, blind, and feeble-minded, as given for 1922, and enrollments in schools for Indians, and for schools in Alaska are included, a total of 27,398,170 is secured. There are approximately 1,000,000 teachers for all of these schools.

Including outlays the public elementary schools cost $1,231,554,330 and the public high schools $589,189,606. The private elementary

schools are estimated to have cost $86,812,435 and the private high schools $44,145,553. Receipts for colleges under public control amounted to $151,781,079 and for those under private control $189,203,947. Teacher-training institutions expended $22,474,818. If to these amounts there are added the costs of industrial schools, schools for the blind, the deaf, and the feeble-minded for 1922, and for schools for the Indians and for Alaskans, the total is $2,386,889,132.

Public elementary and high school property is valued at $3,744,780,714 and private high-school property at $396,616,100. Private elementary school property is estimated to be worth $300,000,000. Teacher-training institutions have property valued at $136,623,958 and colleges and universities at $1,056,929,060, excluding endowments. Teacher-training institutions have endowments and productive funds valued at $12,862,722 and colleges and universities at $814,718,813. The total value of school property as reported above is $6,462,531,367.

It is difficult to determine the number of elementary schools, as localities define the school in so many different ways. There were in use in 1924 a total of 263,280 public elementary and high school buildings, of which number 157,034 were one-room schools. There are approximately 22,500 public high schools, 2,500 private high schools, 89 teachers' colleges, 114 State normal schools, 29 city normal schools, and about 67 private normal schools. There are 144 colleges and universities under public control and 769 under private control.

The ratio of adults—that is, persons 21 years of age and over—to school children, those 5 to 17 years of age, inclusive, is 2.20 for the United States. For the western group of States it is 2.68; for the North Atlantic, 2.52; for the North Central, 2.44; for the South Atlantic, 1.71; and for the South Central, 1.65. A child in the western group has one more adult to support him in school than does a child in the south central group. Per capita wealth and per capita incomes are higher in States having relatively fewer children. This unequal distribution of children, of income, and of wealth is one of the big problems in financing our State educational systems.

RURAL EDUCATION

There has been relatively little legislation of special interest in the field of rural education during the year, owing to the fact that the majority of legislatures meet in the odd rather than the even numbered years. The time has been used to advantage in many States in preparing the people for a better understanding of such legislative changes as are contemplated to be made by the 1927 legislatures and in making preparatory studies anticipating advanced organization or administration provisions.

Particularly noticeable has been the movement on the part of teachers in service and persons preparing for teaching to secure the professional and academic training necessary to comply with new laws requiring certain prerequisites for teaching certificates. In general, the amount of training required increases year by year. Rural-school teachers are affected more by these laws than are those of cities. They are going to summer schools and attending regular courses in large numbers. School officials concerned with the enforcement of the laws are actively engaged in enlarging and improv-

ing facilities for training prospective teachers and those in service, particularly for observation and practice.

Unusual interest has been shown during the year in an effort to give practical help of a professional nature to rural-school superintendents and supervisors. This interest is apparent in three obvious movements: (1) The establishment of "short courses" for superintendents and supervisors in service. These are from three days to two weeks in duration and are provided and promoted by State departments of education and higher institutions of learning. (2) Increased effort on the part of State education officials to provide practical assistance to rural superintendents and supervisors by the assignment of members of the State education department staff to a larger amount of field work with the local superintendents and supervisors to assist them in the solution of local problems; North Dakota, Texas, and Minnesota are examples of States which have shown special interest in these movements during the year. (3) The establishment in higher institutions of courses in rural-school administration and supervision both during regular year and summer-school sessions. These follow in part the demands of newer laws providing for special certificates for supervisory and administrative positions.

In the field of rural-teacher preparation there are marked tendencies apparent to discontinue courses designed for the preparation of teachers in schools of secondary grade, as in North Dakota, Oregon, and Oklahoma; to raise entrance requirements to high-school graduation where such courses are continued, as in Wisconsin and North Carolina; to establish new departments in normal schools for the training of rural teachers, as in Arizona and Missouri; to enlarge the staffs in rural-teacher-training departments; to provide more differentiated courses for rural teachers; to provide more adequate observation and practice facilities; and to increase the amount of professional training required for completion of courses.

In the field of secondary education the extension of the reorganization movement to rural areas continues. This is indicated by the fact that of a total of 2,458 high schools reorganized, reported to the Bureau of Education for 1924–25, 1,215 are located in places of less than 2,500 total population; 893 of these are of the junior-senior type. Among the States which report progress in the junior-senior type of school organization in rural areas are Alabama, Indiana, Iowa, Michigan, Ohio, Oklahoma, Pennsylvania, Vermont, and West Virginia.

The movements for setting up larger units for administrative organization and for consolidating small schools are making constant and substantial progress. Both elementary and secondary schools are affected through professional management, the enrichment of the curriculum, securing teachers with specialized training, better support, better teachers, and better facilities in general. Progress in consolidation and centralization has been marked more by improvement of internal organization than by new provisions for larger units. There has been more intelligent planning for the reorganization of rural districts, replacing haphazard plans based on enthusiasm more than intelligent care in organization. Better provisions for safe transportation are being made, and as roads improve the type of school busses used improves. Recent changes

in laws concerning consolidation deal in large part with improvement in organization and transportation. There is an improvement also in the type of reports being collected and the accuracy with which data are collected. As an example of this, the Bureau of Education collected in 1918 transportation data from 18 States; in 1925 all but two States included transportation items in their reports Approximately 1,000 consolidations were effected during the year, either by voluntary uniting of small administrative units or by promoting better administrative practice within large units already formed.

Probably the most promising progress during the year has been that toward improving the quality of instruction made possible by better organization, more professional management, employment of supervisors, and better trained teachers for rural schools. Improved and increased professional interest is manifested in the fact that schools of education in colleges as well as normal schools and teachers' colleges are providing advanced training for administrative and supervisory officers, including principals, in the field of rural education; that a larger number of research studies than usual have been undertaken during the year reported from graduate students in education as masters' and doctors' theses, and undertaken by principals, supervisors, superintendents, and officials in State departments of education.

The year has been characterized by a marked increase in interest in the supervisory work of elementary principals in rural communities and in studies of the kind of materials suited to individual needs of young children. Special provision is being made in a number of States through the State education departments, through special supervisory conferences and State teachers' associations, for the improvement of supervisors in service. A better understanding of the function of supervision itself and of the respective functions of State and county supervisors is apparent. State departments are working toward the establishment and maintenance of standards in rural supervision and are promoting systematic supervisory programs and a more equitable distribution of the supervisor's time.

Studies of the rural-school curriculum have received unwonted attention during the year. Special studies now in progress concerning problems relating to the course of study include (*a*) the bearing of basic educational tendencies upon the rural elementary curriculum, (*b*) the next steps in rural elementary curriculum making, and (*c*) specific contributions to the formulation of courses of study by specialists in the different fields of elementary education.

Several notable contributions have been made to the literature in the field of rural education. There has been increased interest in county library systems, in library instruction for rural teachers, and in the preparation of book lists based on children's interests and graded according to children's reading abilities. Last year library instruction was given in seven teachers' institutes in New Jersey. State teachers' colleges in Indiana, North Dakota, and Pennsylvania reported courses for teacher-librarians in last year's summer sessions. The State school librarian of Ohio held one-day county institutes for the purpose of giving instruction in the organization of school libraries. At least two States have increased their appropriations for rural-school libraries during the year.

By way of promoting better standardization regulations for rural schools Idaho and Ohio have revised their score cards; Vermont has increased its appropriation for State aid; Missouri and Oklahoma have made arrangements for more careful checking of schools applying for standardization.

The movement to promote parent-teacher organizations in rural communities has received a marked impetus during the year. A state-wide campaign for the establishment of an organization in every rural community carried on in North Dakota this year has been sufficiently successful to attract the attention of other States and to provide an incentive for at least two States—Mississippi and Nebraska—to request similar organized campaigns in their States the coming year. Systematic efforts to conduct worth while programs in all the organizations have been made. North Dakota's experience is that the organizations have been conducive to an intelligent understanding of school problems and to cooperation between school officials and the people for advanced school programs, influencing legislation, tax rates, bond issues, and the like.

CITY SCHOOL SYSTEMS

Without doubt the education of city children is one of the most important problems facing the educational world, and its solution becomes more and more pressing as the population drifts constantly toward the cities. The growth of cities in this country has been phenomenal. In 1790 there were only 6 cities of 8,000 or more population in the United States. In 1850 there were 85 such cities, but only one-twelfth of the total population was living in these cities. In 1920, however, there were 2,787 cities of 2,500 or more population and half the population was living in them. In 1890 there were only 28 cities with a population of 100,000 and over, but in 1920 there were 68 cities of this size and 26 per cent of the total population was living in them.

In 1920 there were 19,436,202 children from 1 to 19 years of age living in cities of over 2,500 population. In other words, more than 45.16 per cent of all the children in the country from 1 to 19 years of age are living in cities. How these children are educated is vitally important, not only for the present generation but for the whole future of the country.

The city as it exists to-day does not satisfy the fundamental needs of children. Children need to play, but it is a rare city that has adequate play space for its children, so located and supervised that it is easy for all children to play under wholesome conditions. The result is that a large number of children in the cities play in the only available place, i. e., the city streets. Last year nearly 6,000 children were killed on streets and highways and 151,000 were injured. Children need to have the chance for constructive, creative manual work, but there is small opportunity or need for such work in the average city home. Children need first-hand contact with nature—the earth and sea, birds, flowers, trees. Children are natural scientists and this is the kind of subject matter upon which they should have the opportunity to feed their curiosity. Each generation needs these contacts with the actual physical world for the sake of its own growth and the preservation of the race. But the city,

with its pavements and brick and mortar, is starving rather than nourishing this curiosity about the physical world.

Probably one of the most serious aspects of city life for children is that it tends to build up habits of cheap amusement, cheap and undesirable ways of using their leisure time. According to the findings of modern psychology, the way in which people spend their leisure time is of vital importance in their whole character development, and the use of their leisure time depends to a large extent upon the habits of taste formed in childhood. It is for this reason that educators are now realizing that city schools must not only teach the three R's but must counteract the effect of city life upon children by helping them to form tastes for worth while use of their leisure time through opportunities for hearing good music and seeing fine works of art, taking part in producing and seeing good plays, hearing interesting lectures which broaden their horizon.

That conditions have changed in our cities and that a curriculum prepared only a few years ago no longer meets the needs of modern city life has been fully recognized. The reorganization of the curriculum and the necessary assembling of proper materials of instruction attendant thereto is, therefore, receiving more of the attention of educational leaders at the present moment than any other school problem. The Bureau of Education is endeavoring to be of assistance to those attempting a solution of this important problem. One of our specialists has prepared from time to time a series of type studies on modern life and the elements of social science based directly upon the child's need and interest as related to present-day civilization. The latest of these studies is a bulletin entitled "How the World Rides," and consists of a series of projects on vehicular transportation for pupils in the elementary schools.

Reports of the reconstruction of the elementary-school curriculum to include these new materials of instruction have filled the programs of our educational meetings in recent years and have become the pivot upon which most of the discussions at these meetings have swung. New courses of study from city-school systems and from State departments of education now being issued evidence the avidity with which these changes are being written into curricula.

Committees[1] are being appointed within the school system composed of officers and teachers who are on leave for days, months, and sometimes for a year in this service. Thousands of dollars are being spent to cover extra expenses for substitute teachers, research, and tabulation of material. Often suggested lessons are carried into the schoolroom and are tried out by a gifted teacher to preclude any doubt of the practical application of the new curriculum to the everyday program.

We may rewrite the courses of study, we may inject into them the elements of social science and the problems of modern life, but unless the teacher herself is prepared to organize this material and to use it rightly she will necessarily discard it eventually and will continue to confine her training of children to the acquisition of skills, still ignoring the golden opportunity which the new curriculum offers—"the equipment of the child for his life work."

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[1] See Department of Superintendence Official Report, 1925, p. 170.

For, after all, the elementary-school curriculum is for the child, and not for the teacher, the principal, or the superintendent. Nor is it designed for the mature men and women who gravely sit on committees and decide what a little child shall study; nor yet for the erudite professors of education who discuss its values and have long since passed into another realm of thinking and feeling from that enjoyed by children in the elementary schools.

Our problem then in curriculum reconstruction is to determine what is being done effectively in our progressive schools. Not theory but actual practice should be offered by these framers of the new curriculum, practice that extends through many years of the child's school life and that has been justified by test and measurement.

The elementary-school curriculum in the cities of the country has been reorganized so as to give more time to play, physical training, drawing, music, the industrial arts, and to the content subjects so as to meet modern city conditions. The relative amount of time given to the three R's has diminished from 57.55 per cent of the total weekly time allotment in 1904 to 50.58 per cent, while the content subjects, such as history and geography, have increased from 14.42 to 15.53 per cent, and the special subjects have increased from 27.97 to 33.89 per cent. If, however, the increased school year is taken into account the three R's receive practically as much time as they ever did.

Various plans whose aim is to help solve the educational problems of the modern city have been introduced into some of the schools of the country. One of these is known as the work-study-play or platoon plan of organization, which makes possible an enriched curriculum of music, art, physical education, manual training, etc., without affecting results in the three R's and without increased cost.

This plan is being rapidly adopted by the cities of the country. In 1914 there were nine cities in six States which had schools organized on the work-study-play or platoon plan. In June, 1926, there were 110 cities in 33 States having such schools. In other words, in the past 12 years there has been a 1,122 per cent increase in the number of cities having this type of school organization. The 110 cities have a total population of over 17,000,000. Not only has the number of cities adopting the plan increased, but there is a tendency to increase the number of schools on the plan in cities where it has been tried. For example, there are now 34 cities with a population of 5,988,607 which have organized all their schools on the plan, or have adopted it as a city-wide policy. Of these 34 cities, 22 already have all their schools on the platoon plan.

In the opinion of superintendents who have organized schools on the plan, its rapid growth is due in large measure to the fact that under the plan it is possible, financially and administratively, to give to all children in a school system the opportunities for an enriched curriculum of work and play and study which the development of cities has made it imperative to provide for city children. They contend that changed social and industrial conditions have created a new educational problem—that of making cities fit places in which to bring up children.

As one of the attempts to help solve the educational problems created by the modern city, the work-study-play or platoon plan is

worthy of careful and scientific study. The bureau has been making such a study in response to a widespread demand for information on the subject. During the past four years requests for information have been received from over 1,800 people, only 112 of whom were laymen. Three hundred were school superintendents, 722 were principals of schools, and 243 were teachers. Requests were also received from 13 foreign countries, including England, Estonia, France, Holland, India, Japan, New Zealand, Sweden, and Switzerland.

Modern education considers work with pre-kindergarten, kindergarten, and primary school children as a unit. Evidences of the growing acceptance of the idea of a unified educational experience for young children are the increasing number of combined kindergarten-primary teacher-training courses, and of the introduction into these courses of work to familiarize the student with the interests and activities of infants and children from 2 to 4 years of age. Further application of this unit idea is found in the adjustment of city school administration to place the kindergarten and primary grades under one supervisor, and in at least four representative cities nursery schools are being made an integral part of the school system.

Further outstanding illustrations of interest in this unification throughout the educational field are the enlarging of the journal of the international kindergarten union to include sections of particular interest to nursery-school workers as well as to kindergarten and primary teachers, and the organization of a kindergarten department in the National Education Association, with provision for representing nursery-school interests in its research problems and convention programs.

Experimental stations for studying the mental and physical welfare of young children are increasing in number. Habit clinics, which are a vital contribution, are also being added. Here parents and teachers alike may refer children of all ages for examination and may expect advice which will be of value in the education of the children.

Perhaps the most outstanding characteristic for the past year in the field of education for young children has been the desire to coordinate the work of the entire period of childhood, the unified effort to arouse and further the interests of parents in all phases of their children's development, and the need expressed by teachers and educational administrators for scientific investigations, the results of which should be guides in curriculum building, in program adjustments, and in record keeping.

To meet this modern tendency toward unification in education and to provide guiding and helpful material through research the former kindergarten section of the city school division has been enlarged to include nursery and primary school work.

The movement to reorganize the school system, with six years in the elementary-school and six years in the secondary-school grades, continues without abatement in all classes of cities throughout the country. The larger cities have almost uniformly adopted the 6–3–3 form of organization, but in the smaller cities there is no such uniformity or practice. In some of the smaller cities the schools have been organized on the 6–2–4 plan, some on the 6–3–3 plan, and others on the 6–6 or undivided secondary-school plan, which seems to be gaining in favor, especially in the smaller places.

Whatever the form of organization the aim should be to provide courses of study better suited to the needs of modern city life and to the needs of children from 12 to 18 years of age. The aim of the early part of the secondary-school course, the junior high school, is to provide general courses in mathematics, physical science, social science, languages, manual arts, etc., so as to permit the pupils to explore their interests, aptitudes, and capacities. Such exploration permits a pupil to elect more wisely when he enters senior high school, and for the pupil who leaves school at the end of the ninth grade the general courses are of greater practical and cultural value than was the drill upon the three R's in the old-time grammar school, which is passing away for the newer type of organization.

Not only the fact that the schools should adapt themselves to changed and changing economic and social conditions but also the fact that schools must adapt their work to individual pupils is being recognized more and more. That children differ in ability to progress through the grades has long been known, and numerous attempts have been made to break up the "lock-step" system of grading and promotion. At present several such plans provide for individual differences, such as the homogeneous grouping of pupils and the Dalton and the Winnetka plans, all of which need to be experimented with further before certain questions regarding them can be satisfactorily answered.

It is gratifying, however, to know that such experiments are under way in various cities of the country, for it is only by experimentation and the testing of results that we may hope to make any substantial progress in education.

One of the encouraging signs of progress in the administration of city-school systems is that questions of school policy are no longer settled entirely upon the basis of mere opinion, if any data are to be had on the question. Not content to depend upon opinion alone and upon guesswork, city school boards are establishing research bureaus to collect, compile, and interpret data regarding practically every phase of their respective school systems. There are now about 120 such bureaus, and the number is rapidly increasing.

Other outstanding movements to better the city-school systems of the country might be mentioned. Among these is the recent movement to raise the professional qualifications of elementary-school teachers. Many cities have adopted a single-salary schedule which provides the same pay for the same preparation and experience without reference to the grade taught, whether it be in the elementary grades or in the high school.

PHYSICAL EDUCATION AND SCHOOL HYGIENE

The past year has seen further emphasis on health as of first importance in education.

It is easy to state beliefs as to general policies in education. It is another thing to change theory into practice, especially in a ponderous organization such as our public schools where already the time has been fully occupied by subjects the importance of which is firmly rooted in the time and attention given them. Nevertheless, after more than a half century of agitation on the subject, health

work is rapidly being introduced as an essential feature of school work. In speaking of the revision of the curriculum for elementary schools in New York City, Superintendent O'Shea said: "In my opinion, health education is one of the fundamental aims of a modern public-school system," and this aim he places first in the reconstruction of their school program.

In secondary schools all over the country there is, in most quarters, a hiatus in adequate health examinations and health teaching, but the past year has seen the completion of studies which will at least furnish high-school principals with information as to methods of organizing and promoting work along these lines.

It is characteristically human to begin things at the wrong end, and such has been the case with school health work, which was commenced a half century since with college students and has but recently found its way to the preschool child. The past year has been notable for the work of the parent-teacher and other associations in impressing upon parents the importance economically, as well as educationally, of preparing the child physically for his entrance upon his school career.

There has been no important legislation for school health work during the year (33 States already have general laws requiring such work in all schools), but another State has been added to the list of those which have wisely headed their health work with a State supervisor. With the addition of Florida there are now 15 States with such general directors of health and physical education, and these States include half the school population of the country.

Notable among local changes in school health administration has been the transfer in Providence, R. I., of the medical inspection from the department of health to the department of education. This is the more significant in that the medical inspection in this city has been highly organized and wisely managed hitherto. This is a logical change, for while medical inspection in public schools began in the department of health, for the purpose of better control of communicable disease, it has, where more recently developed, been taken over by the department of education and linked with the general scheme of health education for which it serves as an objective foundation. Medical inspection began in this country in Boston, but in 1915 this work was transferred from the department of health to the department of education. Providence adds another name to the increasingly high percentage of cities in which this work is made one with the other health work of the schools.

Studies of the health service rendered their students by the colleges have been conducted the past year. That which was made by the Association of Deans of Women has been issued. That by the Committee of Fifty on College Hygiene, appointed by President Harding, has not yet been published.

Studies in school lighting have resulted in the issuing of bulletins on this important subject by the United States Public Health Service, by the Eyesight Conservation Council, and the National Committee for the Prevention of Blindness.

There has been considerable study in the past few years of the local incidence of goiter among school children, and in a number of communities the deficiency of iodine in water or food to which this

condition is believed to be due has been compensated by its supply to the pupils. The effect of goiter on mentality and on school progress was studied in one grade in the schools of Cincinnati under the direction of the United States Public Health Service. There seemed to be no evidence that the children with thyriod enlargement were retarded

ADULT EDUCATION

There has been unusual activity in the field of adult education during the year just closed. The American Association for Adult Education was organized after several regional conferences in different sections of the country were held, these conferences having been called by the Carnegie Corporation of New York. The purpose of this association is to aid, by cooperation and coordination, the activities of the national and local organizations which have as their objectives the education of adults. In addition, a number of State meetings have been called to consider problems in this field. At a special conference held in Washington in February, 1926, plans were discussed and resolutions adopted for dealing with the illiteracy question and with the instruction of the foreign born. There has been much comment in the public press concerning the scope and purpose of adult education both in this country and in Europe.

INDUSTRIAL EDUCATION

An outstanding event of the past year in industrial education was the amalgamation of the National Society for Vocational Education and the Vocational Education Association of the Middle West, forming the new American Vocational Association. This will unite into one national organization the efforts of all those interested in promoting the work of industrial education as well as vocational education in general.

Much interest has been manifested during the year in developing plans of school buildings for particular types of schools and courses. The erection of the new building to house the Denver, Colo., continuation school is an example of the emphasis placed upon construction to meet specific requirements.

Considerable interest has also been shown in the organization of courses to meet the needs of those who have decided to enter industrial schools but who are either too immature to start specific trade-training courses or who have not come to a decision as to the specific trade they desire to take up. The organization of a "Tryout division" in the Essex County Vocational School for Boys, Newark, N. J., and the "General shop department" of the William Hood Dunwoody Industrial Institute, Minneapolis, Minn., are examples of this tendency.

COMMERCIAL EDUCATION

Two of the most significant events in commercial education during the past year were the programs of the National Association of State High-School Inspectors and the Department of Business Education of the National Education Association, devoted, respectively, to ad-

justment of commercial education in the small high schools to the needs of the smaller communities and to research.

A number of contributions to commercial-education literature have been made during the past year. Many research studies have been reported, some of which have come from Europe. A number of cities and States have issued new commercial courses of study. Additional textbooks seeking a closer adjustment of commercial education to the junior high school have appeared. At least two surveys of opportunities for initial employment for commercial students were started during the year.

The need of city and State supervision of commercial education has been emphasized in many commercial teachers' conventions and in magazine articles. Many times as many States have made provision for State supervisors of trades and industries, agriculture, or home economics as have made provision for State supervisors of commercial education. The situation in the cities is almost identical. However, next to the enrollment in the academic courses, the enrollment in the commercial courses is the largest in the field of secondary education. In fact, the enrollment of pupils in public high schools by courses of study, 1923–24, reveals that the enrollment in the commercial courses exceeds the combined enrollment in all of the following courses: Agricultural, home economics, teacher-training, industrial or trade training, technical or manual training, and military drill. The commercial subjects that are offered these students have greatly increased in number and have become quite diversified in character. Efficient supervision of commercial education is desirable in the development of a city or State program to provide the teachers with a leadership in professional improvement, assistance and guidance in determining objectives, content, organization, and methods. The consensus of opinion is that adequate supervision of commercial education would be an economy.

During the past year the universities have taken an increased interest in the training of commercial teachers, and additional courses for commercial teachers have been offered. There has been considerable revision of curricula and expansion of facilities for training by the university schools of commerce.

LIBRARY ACTIVITIES

The current year 1926 is notable in library circles as the semicentenary of three events occurring in 1876 which marked the inauguration of the modern library movement, namely, the organizing meeting of the American Library Association at Philadelphia, October 4–6; the editing and publication by the Bureau of Education of the fundamental report on public libraries in the United States of America—their history, condition, and management; the establishment of a professional periodical, the Library Journal, which is still published. The annual conference of the American Library Association to be held this year will commemorate this anniversary, which is to be further observed by the completion of a series of anniversary publications, comprising reports of a general survey of American libraries, on adult education, and on library ex-

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tension, and the American Library Association catalogue of books, 1926; also by a library exhibit at the Sesquicentennial Exposition.

The Carnegie Corporation of New York has set aside $4,385,000 for library purposes, payable over a 10-year period, to be distributed as follows: To establish and endow an advanced gradute library school, $1,385,000, which was awarded to the University of Chicago. In addition, $1,000,000 is to provide an annual income which will be used to aid existing library schools. Of the remainder, $1,000,000 is for general endowment of the American Library Association, the income to be used by the association in promoting the extension and development of library service. Another $1,000,000 will be used in carrying on the general activities of the association and in aiding library schools until the $3,000,000 endowment in cumulating capital grants is completed.

The year was signalized by a marked enlargement and improvement of facilities for professional library training, a movement which was fostered by the American Library Association's board of education for librarianship. The New York State Library School at Albany and the Library School of the New York Public Library were combined to form a school library service in Columbia University. The graduate library school to be established on the Carnegie endowment at the University of Chicago has already been mentioned. Beginning in September, 1926, the University of Michigan will offer advanced cources in library science. The completion of the $5,000,000 Hampton-Tuskegee endowment insures the development of the recently established library school for the training of negro librarians at Hampton Institute, Va.

Much attention continued to be given to the development of the public library as an agency of adult education. The commission on the library and adult education established by the American Library Association is engaged in the study and promotion of this development.

A number of notable library buildings have recently been completed or are planned for erection in the near future. Of city public libraries the new buildings at Los Angeles, Cleveland, and Philadelphia are especially worthy of mention. The plan of divisional reference work now in operation in the Cleveland Public Library is a new phase of educational service which is attracting particular attention. At Yale University construction is about to begin on the great new Sterling Memorial Library, to be completed in two years at a cost probably to exceed $6,000,000.

The American subscription of $1,000,000 to restore the library building of Louvain University in Belgium was completed by December, 1925, and it is stated that the total now assured will not only restore the library but provide a trust of $125,000 for its upkeep. The Carnegie Corporation also provided funds to erect the Gennadeion, a building for the library presented by Joannes Gennadius to the American School for Classical Studies at Athens.

The Carnegie Corporation is financing a study of university libraries as administrative units, which is being made by Dr. George A. Works, of Cornell University, associated with Chancellor S. P. Capen, of the University of Buffalo. Librarians are cooperating with this study in an advisory capacity only.

II. Work of the Bureau of Education

A. GENERAL

1. Research

(A) STUDIES COMPLETED

Research and investigation form an integral part of the bureau's activities. During the year the following studies were brought to completion:

Higher education.—Civil engineering curricula, published in the Journal of Engineering Education, April, 1926; (2) mechanical engineering curricula, published in the Journal of Engineering Education, May, 1926; (3) residence and migration of college and university students, 1922–23; (4) Latin and Greek in college entrance and graduation requirements; (5) physics in college entrance and graduation requirements; (6) cooperative study on religious education; (7) accredited higher institutions; (8) current statistics of State universities and colleges, 1925–26; (9) statistics of land-grant colleges for the year ended June 30, 1924; (10) statistics of land-grant colleges for the year ended June 30, 1925; (11) engineering enrollments for 1925–26; (12) bibliography of psychological testing in secondary schools.

Rural education.—(1) Bibliography of research in rural education, in cooperation with the department of rural education of the State College of Agriculture, Cornell University, representing a subcommittee on research from the department of rural education of the National Education Association; (2) study of State courses of study recently issued in the United States; (3) bibliography of secondary education research; (4) survey of the literature since 1920 and other available material preparatory to making a study of library facilities for rural schools in the United States; (5) summary of statements of State superintendents on important issues in rural education; (6) time distribution of supervisors in the Southern States, prepared for the Nashville conference of supervisors; (7) progress in the 11 Southern States comprising the Southern Confederacy, for the years 1875, 1900, and 1922; (8) tentative suggestions for the establishment of a four-year curriculum for the preparation of rural teachers; (9) entrance requirements for normal schools and teachers' colleges; (10) list of recent books and pamphlets on rural education recommended for rural social workers, prepared at the request of the American Country Life Association.

Mimeographed circulars, designed to familiarize school officials with recent developments, organization, and practice in rural schools, were prepared and distributed. These circulars are usually concerned with up-to-date articles or information of a kind which should be circulated more quickly than is possible through printed publications.

City schools.—(1) Pay status of absent teachers and pay of substitute teachers; (2) motivation of arithmetic; (3) personnel and organization of schools in the smaller cities (cities from 2,500 to 10,000 population); (4) an analysis of methods used by cities in advertising the needs of a bond issue for school buildings; (5) cur-

riculum study on "How the world rides"; (6) summary of the findings and recommendations contained in city school survey reports regarding the kindergarten.

Physical education and school hygiene.—(1) An investigation of the status of physical education and hygiene in American colleges; (2) educational and recreational features of the summer camp and its place in the general scheme of education; (3) the health of the teacher with reference to longevity, absence on account of illness, conditions affecting health, and what is now done in training schools and by departments of education to preserve and promote the welfare of present and prospective teachers; (4) the importance of the cooperation of the home in school health work.

Industrial education.—(1) A study to determine the contribution that well-organized foremanship-training programs may make toward the development of vocational industrial classes; (2) opportunities for negroes for employment in the trades and industries; (3) experimental study in mechanical aptitudes based upon the comparisons of the performances of inexperienced and experienced individuals; (4) percentage of increase during the past 10-year period in the time of the school program allotted to the manual arts work.

Commercial education.—Preliminary report on the present status of research in commercial education.

Home economics education.—Contribution of home economics to general education.

Foreign education.—(1) Education in Austria since 1918; (2) the Giovanni Gentile reform in Italy; (3) system of education in Finland; (4) ministries of education in Denmark and Sweden; (5) education in the first quarter of the twentieth century; (6) registration of dentists in Natal; (7) three institutions of higher learning in Egypt; (8) difficulties in the way of foreigners obtaining degrees in Spanish universities; (9) scholarships for the summer session of the Academy of International Law at The Hague; (10) directory of the chief educational offices of the various countries of the world; (11) list of references for students of foreign education systems and comparative education; (12) estimate of total number of persons attending educational institutions in the world and of their distribution among the elementary, secondary, and higher schools.

Statistics.—(1) State school systems; (2) teachers' colleges and normal schools; (3) city school systems; (4) public high schools; (5) universities, colleges, and professional schools; (6) manual-training and trade schools; (7) private commercial and business schools; (8) statistical survey of education for 1924; (9) illiteracy in foreign countries; (10) money value of education; (11) teacher load in elementary schools.

More than 40,000 questionnaires were sent out for statistics for 1925–26.

(B) STUDIES IN PROGRESS

The following studies, covering many phases of educational endeavor, are in progress:

Higher education.—(1) Electrical engineering curricula; (2) English in college entrance and graduation requirements; (3) modern languages in college entrance and graduation requirements; (4) chem-

istry in college entrance and graduation requirements; (5) self-help students in colleges and universities; (6) college entrance from junior and senior high schools; (7) research in education in colleges and universities; (8) expenditures of State universities and colleges, 1924–25.

Rural education.—(1) Plans for the administration of transportation in consolidated schools in selected territory; (2) relationship between school consolidation and farm ownership; (3) facilities for the administration of courses in observation and practice teaching provided by State teacher-preparing institutions in the two-year curricula for elementary rural-school teachers in the United States; (4) curricula for the preparation of rural teachers as given in State institutions in the several States, in cooperation with a representative of the research committee of the department of rural education of the National Education Association; (5) junior high schools in rural and small school communities, in cooperation with representatives of a subcommittee of the National Committee on Research in Secondary Education; (6) State laws and regulations governing the issue of teaching certificates in each of the 48 States; (7) a digest of secondary education research for the year 1925–26; (8) a questionnaire study of what supervisors have done during the year 1925–26 to discover and develop potentialities of superior teachers; (9) a study relating to the selection and evaluation of elementary-school textbooks; (10) a questionnaire study of time distribution of rural supervisors based on actual practice during a designated period of time (a continuation of the tentative study begun for the Nashville conference of supervisors held in December, 1925; (11) supervision or promotion of library service for rural schools under State direction.

Studies Nos. 8 and 10 were undertaken in cooperation with State and other rural supervisors in the Southeastern States.

City schools.—(1) Supervision in kindergarten and primary grades in cities having a population of 10,000 or more; (2) educational value of building blocks for children; (3) current practice in music for young children; (4) the education provided for young children in foreign countries; (5) housing and equipment for nursery-kindergarten-primary school children according to modern principles of education; (6) size and cost of modern school buildings, also information regarding type of buildings, classrooms, etc.; (7) research studies on the work-study-play plan, in cooperation with the national committees appointed by the United States Commissioner of Education; (8) a curriculum study based upon State parks, including lessons on the conservation of plant and animal life and outdoor recreation; (9) a nature-study curriculum based upon animal life, home life, and town life, to complete the series already begun, the first of the series being Bulletin, 1925, No. 15, "Cycles of garden life and plant life"; (10) the assembling and interpretation of curriculum material on marketing and building; (11) supervision in the larger urban high schools of the country; (12) various plans of individualized instruction; (13) teacher councils; (14) current practices in the administration of city schools; (15) school board organization.

Adult education.—(1) Best methods of teaching elementary subjects to the foreign born; (2) best text material available in Americanization work; (3) content of courses of study for institutions for training teachers of adults in elementary subjects; (4) best methods of teaching native-born American illiterates the elementary subjects; (5) State organizations for combating illiteracy; (6) methods used in locating the illiterates and securing their attendance at schools; (7) best methods of financing schools for illiterates; (8) best ways of financing night schools and securing attendance thereon; (9) opportunities provided for the education of prisoners, and methods pursued.

Industrial education.—(1) Methods for determining content material for manual arts work; (2) organization of the general shop; (3) training courses for manual arts teachers.

Commercial education.—(1) Report on research in commercial education; (2) commercial education in the junior high school.

Home economics education.—(1) An analysis of home economics objectives; (2) courses of study; (3) credit offered toward graduation; (4) preparation of teachers; (5) cost of equipment for the junior and senior high schools in the United States; (6) present child care and welfare courses offered in home economics departments in elementary, secondary, and higher educational institutions; (7) what is taught in the one-room rural school concerning right living; (8) home economics courses for boys in junior and senior high schools.

Foreign education.—(1) Study of ministries of education in the various countries; (2) statistics of world-wide illiteracy.

Physical education and school hygiene.—(1) Conditions affecting the posture of the school child and methods of improving his posture; (2) economic equipment of school playgrounds and the management of playground activities in rural schools; (3) State requirements of teachers of physical education and the time devoted to the subject and methods of teaching physical education in public schools.

Statistics.—(1) Acceleration and retardation in public schools; (2) money cost of repeating; (3) survivals through the various grades of the elementary school and the high school; (4) average time required for the American child to complete school.

2. Surveys

Surveys of educational conditions in particular institutions, localities, counties, and States constitute an important function of the Bureau of Education. Such surveys have become in recent years a most valuable method of seeking out weaknesses in school systems and educational institutions and of discovering programs of improvement. Requests for surveys have become so numerous that it has not been possible to comply with all of them.

The report of the survey of higher education in Tennessee, which was made in 1923–24, was finally completed during the past year. The findings and recommendations of this survey are summarized in the annual report of the Commissioner of Education for 1925. The complete report of this survey will be published by the Tennessee

College Association, of which Dean C. H. Gillingham, of Maryville College, Maryville, Tenn., is the secretary.

In 1925 the Bureau of Education made a school building survey in Portland, Oreg., at the request of the board of school directors of that city. A 15-year school building program, divided into three 5-year periods—1922–1927, 1927–1932, 1932–1937—was submitted. At the request of the board of school directors this building program was made out on both the traditional plan and the work-study-play or platoon plan of school organization. In 1924 the board voted to ask for a bond issue of $5,000,000 for the building program on the work-study-play plan for the first five-year period, and this bond issue was so voted by the people.

In the spring of 1926, again at the request of the board of school directors, the Bureau of Education made a recheck of the survey, in order to ascertain whether the program prepared for the second five-year period, 1927–1932, was adequate in view of possible changed conditions. It was found that with regard to the population study the survey had made underestimates in respect to only 4 of the 21 school divisions. For the city as a whole the survey had estimated that, by 1927, 1,152 classes would have to be provided for in the elementary schools, and it was found that upon the basis of actual growth since the survey was made this was the exact number of classes that would have to be provided for.

In connection with the recheck of the survey, 19 schools which had been organized on the work-study-play plan were visited, together with 22 other elementary schools and 6 high schools involved in the second five-year building program; the population study was rechecked; a comparative study made of existing building costs and the bureau estimates; and a revised building program for the second five-year period for both elementary schools and high schools was worked out, giving for each of 60 schools the estimated percentage of increase, the number of rooms needed by 1932, the capacity of each building, the number of rooms provided in old buildings and in new additions, new buildings and portables, and the cost of additions, new buildings, contents, and total cost.

In June, 1926, the board of school directors asked for a bond issue of $4,500,000 for the second five-year building program, and the people voted in favor of this second bond issue 2 to 1.

Some of the results of this survey to date are as follows: (1) Erection of eight buildings of the A type (Portland had no buildings of this type at the time of the survey); (2) elimination of 11 old, wooden-frame buildings of the type condemned by school-building experts; (3) providing children in 19 schools with modern school facilities in the way of auditoriums, gymnasiums, special activity rooms, and modern classrooms; (4) making it possible for Portland to accomplish these results with an expenditure of $9,500,000 instead of $17,639,150.

A survey of educational conditions in the State of Utah was made. Preliminary work of this survey was begun early in the fiscal year in the submission of estimates for expense, selection of people, outline of ground to be covered, etc. This project is completed to the extent that information has been collected, summarized, and interpreted. Written reports are nearing completion. Final preparation

of the combined work of members of the staff for publication is now in process.

A survey of two school systems in Fairfax County, Va.—Falls Church and Herndon—was made. This survey is a comparative study of two schools—one organized on the 8–4 basis and promoting semiannually, and one on the 7–4 basis and promoting annually—in an effort to discover the relative efficiency of the two systems. Two reports were prepared, one a complete report of 190 pages and one an abstract of 44 pages, the former for the superintendent and certain members of the board of education, the latter for other general readers. Copies are on file in the Bureau of Education, in the office of the county superintendent of Fairfax County, Va., and with each member of the board of education of Fairfax County.

A survey of Greensville County, Va., conducted in cooperation with representatives of the State department and higher institutions in the State of Virginia, was made. A report prepared by the committee is on file in the State department of education of Virginia.

A study of the advisability of transferring Campbell College from Jackson to Mount Bayou, Miss., and its articulation with the Negro Agricultural and High School of Bolivar County was made. Reports were rendered to the boards of trustees of Campbell College and of Bolivar County, Miss. No published reports are available of the results of this survey.

A State educational survey was made in Mississippi with special reference to the status of home-making education for girls and women in elementary, secondary, and higher education; also the facilities for training teachers of home economics in the Mississippi State College for Women. These findings and the recommendations made thereon are included in the published report of the Mississippi Survey Commission and may be procured by addressing the governor of that State.

A survey was undertaken of the Wilson Normal School and the Miner Normal School, of Washington, D. C. A preliminary report and recommendations have been made. The survey will be continued during the ensuing fiscal year and a final report submitted in the fall of 1926.

A brief survey was made by the specialist in adult education of the educational opportunities offered at the Oregon State Prison. The report is not yet completed, and the printing of it is undetermined at this time.

Summary of surveys during the fiscal year 1925–26

	Number
State systems of public education	2
Utah (complete study of the educational system—elementary, secondary, and higher; field work in 1925–26; report to be completed 1926–27).	
Mississippi (study of home economics in elementary, secondary, and higher education).	
Higher education	2
Tennessee (general conditions relating to higher education; field work 1923–24; report completed 1925–26).	
Wilson Normal School and Miner Normal School, Washington, D. C. (survey of teacher-training facilities; report to be completed 1926–27).	
Rural education (county and other local systems of education)	4
Campbell College, Jackson, Miss. (secondary education survey, with special reference to centralization of certain schools for the promotion of better education in agricultural pursuits).	

Rural education, etc.—Continued.	Number
Falls Church and Herndon (Fairfax County), Va. (elementary and secondary education survey; field work begun 1923–24; completed 1925–26).	
Arlington County, Va. (elementary and secondary education survey; field work begun 1923–24; completed 1925–26).	
Greensville County, Va. (secondary education survey).	
City schools	2
Hopewell, Va. (general public school system; field work in 1924–25; report completed 1925–26).	
Portland, Oreg. (school-building survey; recheck of survey made in 1923–24; field work 1925–26; report to be completed 1926–27).	
Total	10

3. Conferences

The following conferences were called by the Commissioner of Education:

(1) Conference of rural supervisors of the Southeastern States, held in Nashville, Tenn., December 14 and 15, 1925, which was attended by approximately 100 State and county supervisors of the States interested and by members of the technical staff of the bureau. Abstracts of the addresses at the conference were prepared as Bureau of Education Bulletin, 1926, No. 12.

(2) Luncheon conference for persons engaged in the preparation of rural teachers, held in Washington, D. C., February 23, 1926.

(3) Two conferences of the executive committee of the national committee on research in secondary education, held in the offices of the Bureau of Education, Washington, D. C.

(4) Conferences with the eight national committees on the work-study-play or platoon plan, appointed by the Commissioner of Education. Special reports were made by the music, teacher-training, and auditorium committees.

(5) Sixth annual conference on education in negro land-grant colleges, held in Washington, May 10–13, 1926. The program of this meeting was directed chiefly to the discussion of the preliminary report of the committee on college administration, with particular reference to internal questions of budget, business office practices, and general management. The study of the economic basis of the curricula in mechanic arts and industries was presented by the specialist in industrial education of the bureau as preliminary to the reorganization of the mechanic arts and industrial curricula of these institutions. Important addresses on agricultural problems and their relation to education were made by experts.

At the request of the Vocational Education Association of the Middle West and the Western Arts Association, the specialist in industrial education of the bureau organized and conducted an industrial education dinner conference on the subject of objectives for manual arts work, which was held in connection with the joint meeting of the two associations at Des Moines, Iowa, March 19, 1926. A report of this meeting is now in preparation.

Conferences were held with statistical associations, the National League of Compulsory Education officials, and with committees from the National Education Association and from the National Association of Public School Business Officials.

4. Cooperative Undertakings Other than Conferences

The bureau engaged in the following cooperative activities during the year:

(1) A member of the technical staff served as secretary of the national committee on research in secondary education, involving general advisory service, arrangement and attending of conferences, and active participation in one study, namely, that of the junior high school in rural and small school communities.

(2) Cooperation with the department of rural education including the two research undertakings previously mentioned; general advisory service in regard to research in the field of rural education in so far as it is influenced by the department of rural education; service as secretary of the executive committee of the department of rural education.

(3) Cooperation with a committee of supervisors of the Southeastern States in preparation for a conference to be held in December, 1926, including two cooperative research studies.

(4) Cooperation with the committee of 100 on rural teacher problems of the National Education Association. This includes service as secretary of the committee and chairman of a subcommittee which prepared a preliminary report concerning the preparation of teachers in county normal schools and teacher-training high schools.

(5) Organized research work on different phases of the work-study-play or platoon plan with eight national committees.

(6) A member of the staff acted as adviser of the research committee of the kindergarten-primary department of the National Education Association.

(7) A questionnaire on reading readiness was prepared and sent out on behalf of the International Kindergarten Union.

(8) Cooperation was had with the committee on urban high schools in the preparation of studies.

(9) Cooperation was given in the preparation of the programs for a number of State and National commercial teachers' meetings.

(10) Upon the invitation of the State superintendent of public instruction of Wisconsin and the secretary of the Wisconsin Conference of Social Work the chief of the city school division acted as judge on education in the Wisconsin better cities contest. Briefs submitted by the 14 cities that entered the contest were read and scored. The chief of the division, on behalf of the American Health Association, also acted as one of the judges in a contest among the high schools of the country to determine which three have the best health education programs.

(11) Cooperation was given in the preparation of the programs for a number of State and National commercial teachers' meetings.

(12) Cooperation with the American Council on Education in gathering data on the study of foreign languages. The work was completed and the material given to representatives of the council for tabulation and interpretation.

(13) Cooperative relationship has been maintained, as in the past, with college and university registrars and committees of admission and credential divisions of the State departments of education. The bureau, on request, assists any of the foregoing in evaluating the credentials of foreign students.

(14) Committees from the National Association of Public School Business Officials and from the department of superintendence of the National Education Association, cooperating with the Bureau of Education on uniform records and accounts, have been continued as the work is still incomplete.

5. Miscellaneous

The following are some of the principal miscellaneous activities of the bureau during the fiscal year:

(1) The preparation and distribution of material for education week, November 16–22, 1925. Three new publications were prepared for the occasion, namely, (*a*) "How, Why, and When to Prepare for American Education Week," a pamphlet of 30 pages; (*b*) broadside, containing appropriate information, statistics, and quotations; and (*c*) School Life, of which the October number consisted largely of suggestive material for education week.

(2) Display of educational charts, models, and pictures at the departmental exhibit held during the meeting of the department of superintendence of the National Education Association, Washington, February, 1926. The exhibit, in its entirety, was designed to show the Interior Department as a "Federal university for the people," and was displayed in the Interior Department Building. Three documents were prepared for the occasion for distribution, namely, (*a*) A Federal University for the People, a pamphlet of 36 pages setting forth the educational functions of the Department of the Interior; (*b*) an eight-page leaflet with a similar title comprising the program of activities of the week; and (*c*) Service Rendered by the United States Bureau of Education to Rural Education, a folder of 6 pages.

In connection with the foregoing the bureau made an exhibit of plans of school buildings of a nation-wide character, showing types of buildings now being erected for both elementary and high schools and the cost of the same. Information was received from 127 cities and 63 counties in 32 States. Framed designs of 67 city schools and 21 rural schools were displayed. They included photographs of the exterior of each building, floor plans of each floor, and the statistical data relating to the same. These designs are now on permanent exhibition in the bureau for the use of school superintendents, boards of education, and laymen. A bulletin on the results of this school-building exhibit is being prepared.

(3) Educational exhibit at the sesquicentennial at Philadelphia, Pa. Among some of the features are charts illustrating the general growth of education in the United States during the past 50 years; a mechanical model showing what per cent of the children entering the first five elementary grades reach the subsequent grades and enter and graduate from high school and college; a moving-picture exhibit of 55 pictures illustrating the reading activities of groups of women in Glendale and Berkeley, Calif., and the District of Columbia; project in children's home reading in the District of Columbia; an exposition of home-economics methods, etc. The Alaska division of the bureau also contributed a most interesting exhibit of the educational and industrial progress of the natives of Alaska.

(4) Numerous articles on educational subjects were prepared by members of the staff for educational journals and other magazines.

(5) The specialist in commercial education, as president of the department of business education of the National Education Association, arranged the program and conducted the meetings of the department which were held in Philadelphia, Pa.

(6) A large amount of translating from foreign languages of letters and documents was made for the various bureaus of the Department of the Interior as well as for the bureau proper.

(7) Radio messages were prepared for the American Child Health Association and other educational organizations.

(8) Assistance in planning schools was extended to locations in Alaska and a number of cities and districts in Alabama, Florida, Kentucky, Mississippi, Oklahoma, Pennsylvania, and Tennessee.

(9) Preparation of an informational and exploratory course for boys and girls contemplating business pursuits and to assist parents in the guidance of their children.

(10) Preparation of a more technical reading course in commercial education for the teachers of commercial subjects.

B. HOME EDUCATION

During the year more than 1,600 new readers were enrolled in the home reading courses of the bureau, which brings the total number enrolled to more than 20,000. Certificates to the number of 155 were issued to readers who completed courses, bringing the total number issued to about 1,000. A study of all the bureau's reading courses as to length and requirements was made, and the courses were modified and revised in accordance with the evident needs.

As heretofore the bureau has secured the advice and opinion of specialists in the subjects selected for its reading courses, believing that the lists should bear the approval of those who speak with authority on these subjects. More than 20 specialists have made free contributions to this work. During the past year the dean of education of the University of Chicago, a specialist in children's reading of Columbia University, and the children's librarian's section of the American Library Association have cooperated in this way. For several years extension directors or other representatives of State universities, State colleges, and State library commissions have cooperated with the bureau in conducting the reading courses.

The campaign to send children to the first grade of school free from remediable defects was carried on jointly by the Bureau of Education and the National Congress of Parents and Teachers. For this campaign publicity articles, circulars, and a poster were prepared and issued. More than 13,000 school superintendents and other educators were urged by the bureau to lend their aid and encouragement. The response to this was immediate and favorable.

At the first meeting of the National Committee on Home Education at the Bureau of Education, which was inaugurated by the United States Commissioner of Education and attended by representatives of the National University Extension Association, the American Library Association, and the National Congress of Parents and Teachers, the question of ways and means of promoting home education was discussed. It was the consensus of opinion that State groups should be formed to study the needs of adult home education.

In all, more than 6,000 press notices on home-education matters were sent out; 19,678 copies of circular letters and 15,000 posters were distributed. A special mailing list of leaders in parent-teacher associations was prepared for the Government Printing Office.

C. ALASKA

The Alaska division of the Bureau of Education has charge of the education of the natives of Alaska, extends to them all possible medical relief, fosters native commercial enterprises, and relieves cases of destitution among natives. The work in Alaska is under the immediate supervision of the chief of the Alaska division, with headquarters in Seattle, Wash. The Seattle office functions as a purchasing and disbursing agent for all the bureau's activities in Alaska. It selects teachers and other personnel to recommend to the Commissioner of Education for appointment; it expends or invests, under the direction of the interested parties, funds sent to it by employees in Alaska, by the cooperative stores of the natives, or by individual natives of Alaska; it also sells commodities, such as furs, ivory, and fish, for the natives, and remits, deposits, or expends the proceeds as directed.

Education.—When the Alaska school service was established 40 years ago the aborigines of Alaska were in absolutely primitive condition, and their effect upon the industrial and economic situation in Alaska was negligible. In southern Alaska and in the interior the natives lived in small, filthy hovels with little light and no ventilation. Along the shores of Bering Sea and the Arctic Ocean their winter habitations were semisubterranean huts; when the warmer days of summer thawed the frozen soil, rendering these underground hovels uninhabitable, their shelters were skin-covered tents along the coast and the rivers. The Eskimos still used rude implements of stone, ivory, and bone, and consumed much of their seal and walrus meat raw. Lamps filled with whale or seal oil, and with dried moss as a wick, were still used for heating and cooking purposes.

With the steady advance through the years of the Bureau of Education's school system and other civilizing agencies these primitive conditions have gradually disappeared, except in some of the remotest settlements which the bureau has not as yet been able to reach. In many of the villages, as the result of education, the old huts have been replaced by neat, well-furnished houses, the homes of self-supporting, self-respecting natives, thousands of whom are employed by the great salmon canneries of southern Alaska. The fleets of power boats belonging to and operated by the natives are of great service in transporting fish from the fishing grounds to the canneries. Many natives are employed in the mines. Others are pilots, trappers, storekeepers, loggers, or ivory carvers. For many years the Bureau of Education has appointed as teachers in its Alaska school service the brightest of the graduates of its schools. Girls showing special qualifications for medical service are received into the bureau's hospital at Juneau for training as nurses. Natives are employed as cooks, janitors, and orderlies in the hospitals. Natives are also represented in the legal and clerical professions. Throughout northwestern Alaska, and along the Alaska Railroad, native owners of reindeer, whose herds furnish an inexhaustible meat supply, are most important factors in the industrial and economic situation.

The results of the bureau's work are especially apparent in the isolated settlements of the far north.

Formerly no systematic form of industrial education for Alaskan natives was provided within the Territory. In order to receive such training, for many years young Alaskans were sent to schools maintained by the Bureau of Indian Affairs in the States. This policy was unwise and uneconomic. The change of climate frequently had a deleterious effect upon the health of the children. Some remained in the States. Many who returned to Alaska found it difficult to adapt themselves to their home environment. To meet the situation the policy has been adopted of establishing industrial schools within Alaska itself. Industrial schools have already been organized at Eklutna, near Anchorage, on the Alaska Railroad; at Kanakanak, on Bristol Bay; and at White Mountan, on Seward Peninsula, all of which are strategic points. Included in the curriculum are such industries as house building, carpentry, boat building, the making of furniture, sled construction, the operation and repair of gas engines, marine engineering, navigation, tanning of skins, the carving of ivory, and basket weaving. It is proposed to extend to other sections of Alaska facilities for industrial training as rapidly as funds will permit.

The educational statistics for the school year ending June 30, 1926, are as follows:

Total number of days in actual attendance	359, 085. 43
Total number of pupils enrolled during the year	3, 582
Average daily attendance throughout the year	2, 491. 37
Percentage of attendance	73. 56
Average number in schoolroom each day	29. 85
Number of schools open 180 days per year or more	4
Number of schools open 160 days per year or more, but less than 180	25
Number of schools open 140 days per year or more, but less than 160	31
Number of schools open 120 days per year or more, but less than 140	16
Number of schools open 100 days per year or more, but less than 120	5
Number of schools open less than 80 days	3
Total schoolrooms opened	126
Average number of days in school year	144. 66
During the year there was spent for repairs on school buildings and not counted as a part of the operation of the school	$9, 208. 40
Spent for new buildings	$40, 056. 56

School attendance by district

District	Total enrollment	Average daily attendance	Average number of days in school year	Total days attendance	Per cent attendance
Central	392	255. 84	151. 28	31, 936. 93	63. 12
Northwestern	553	397. 9	129	52, 112	80. 84
Seward Peninsula	594	451. 48	151	64, 043	73. 82
Southeastern	1, 160	764. 22	158. 7	123, 577	65. 45
Southwestern	352	285. 69	129. 6	38, 382. 5	84. 32
Western	531	336. 24	144. 8	49, 034	73. 8
Total	3, 582	2, 491. 37	144. 6	359, 085. 43	73. 56

Each teacher not only teaches his own school, but is a dispensing agent of the medical chest, a teacher of sanitation and health, and a village sanitary engineer. From the summaries made from the reports submitted by the schoolroom teachers in the Alaska service the past year, the following welfare services were rendered:

The community service

District	Visits made to homes	Medical assistance rendered	Number of births reported	Number of deaths reported	Native population served	Number of teachers
Central	3,251	2,962	46	40	1,544	23
Northwestern	1,980	2,089	35	14	2,124	22
Seward Peninsula	2,860	4,195	51	30	2,068	26
Southeastern	2,758	2,564	75	44	4,358	35
Southwestern	1,725	1,925	41	17	1,068	23
Western	2,645	5,637	49	32	2,020	30
Total	15,219	19,372	297	177	13,192	159

Medical relief.—The medical work for the natives of Alaska has fallen short of what has been accomplished along educational lines. It has never been possible to secure appropriations to relieve natives suffering from tuberculosis. It is not practicable to handle these patients in the regular hospitals, and a sanitarium located in Alaska and designed for the care and treatment of tubercular natives only of Alaska should be the next step in the extension of the medical service.

The efforts of the Alaska division to bring medical relief to the 4,000 and more native people living along the Yukon and tributary rivers in the interior of Alaska have met with success. Money was made available on the 10th day of May, 1926, for the remodeling, equipping, and manning of a boat to be used as a floating hospital on the Yukon River during the season of navigation. In addition to rendering medical assistance and giving instruction in personal hygiene, the medical staff, consisting of a doctor and two nurses, are making and will submit for consideration at the end of the cruise a sanitary survey of the entire region.

Plans are under consideration for the repairing and remodeling of certain of the buildings in the Fort Gibbon Military Reservation at Tanana, now abandoned, which have been transferred to this bureau, with a view of extending our medical service by opening another hospital in the near future at this point on the Yukon.

During the year ending June 30, 1926, 5 full-time physicians, 3 part-time physicians, 22 hospital and village nurses, and 1 first-aid man were employed by the Bureau of Education to minister to the needs of the natives in Alaska. Five hospitals were maintained in Alaska, and the contractual relations with other hospitals in Alaska and in Washington and Oregon were continued. A number of deformed children were brought to Seattle and treated successfully in the Orthopedic Hospital and returned to their homes in Alaska. Some idea of the medical services rendered during the past year will be glimpsed from the following statistics:

Summary of reports made by nurses, teachers of sanitation, and doctors

	Nurses and teachers of sanitation	Doctors	Total
Number of visits to homes	12,033	401	12,434
Number of patients treated	8,311	2,836	11,147
Number of treatments given	22,026	12,820	34,846
Number of births reported	117	60	177
Number of deaths reported	72	41	113
Total days of hospital care	----------	6,989	6,989
Out and clinic patients	----------	3,109	3,109
Out and clinic calls	----------	1,651	1,651
Total cost of medical service		$119,910.56	

Classification of diseases

	Cases treated by nurses	Cases treated by doctors	Total
Abscesses, ulcers, and boils	262	170	432
Appendicitis	8	95	103
Asthma	13	12	25
Breast—carcinoma, etc	12	5	17
Burns and frostbites	174	24	198
Gonorrhea	18	99	117
Heart trouble	17	19	36
Hernia	1	4	5
Infections	89	88	177
Influenza, pneumonia, grippe	1,944	308	2,252
Kidney disorders	23	13	36
Malnutrition	46	25	71
Meningitis	1	3	4
Nervous system—mental	25	85	110
New born	33	23	56
Pelvic disorders	24	7	31
Pregnancy, confinement	82	88	170
Rheumatism, neuralgia	343	234	577
Stomach and bowels	669	248	917
Surgical operations and dressings	257	163	420
Syphilis	8	48	56
Throat, tonsils, etc	443	309	752
Trachoma	7	38	45
Tuberculosis	303	682	985
Miscellaneous [1]	2,454	2,666	5,120
Violence—accidents	480	105	585
Total	7,736	5,561	13,297

[1] Many minor ailments; some uncommon and serious.

Reindeer industry.—The reindeer industry is no longer an experiment, although still in its infancy. It is estimated that there are 400,000 square miles of barren tundra in Alaska where no horse, cow, sheep, or goat can find pasture; but everywhere on this vast expanse of frozen land the reindeer can find the long, fibrous, white moss which is his food. It is further estimated that there is plenty of food for 10,000,000 of these hardy animals. The time has already come when Alaska has great reindeer ranches similar to the cattle ranches of the Southwest. The natives in many places are depending on their reindeer for clothing and food, and are now successfully marketing the surplus meat and hides in the States.

U. S. S. "Boxer".—In April, 1920, the U. S. S. *Boxer*, a wooden vessel formerly used by the Government as a training ship for naval cadets, was transferred to the Department of the Interior for the use of the Alaska division in connection with its work in the Territory. This boat was remodeled and equipped with modern machinery at an approximate cost of $100,000 and now carries annually to the coast stations and to the distributing points at the mouths of the larger rivers of Alaska teachers, doctors, and nurses, together with a heavy tonnage of supplies and equipment, voyaging as far north as Point Barrow. On its return trip it brings back a cargo of reindeer meat, which is sold for the benefit of the native owners.

D. LIBRARY

During the year the library of the bureau gave particular attention to the development of its bibliographical and reference service, while its other activities continued to function at their normal rate. A large number of new bibliographies were compiled and many others were revised and brought up to date for mimeographing and

typewriting. A list of references on vocational guidance was printed as Library Leaflet No. 32, October, 1925. Numerous requests for these bibliographies, coming both by mail and directly from visitors to the office, were filled. Answers were also prepared and mailed to many correspondents who wrote seeking information on various educational topics. A considerable number of volumes were lent outside the office, a part of which were sent by mail to libraries and persons away from Washington. A record of current educational publications, giving a select list of the educational literature received during the year ending April 1, 1926, was prepared for the printer to be published as a bulletin of the bureau.

The library completely revised the manuscript of Statistics of Public, Society, and School Libraries, 1923, which was then sent to the printer for publication as a bulletin. A chart showing "Ten year's growth in book service," from 1913 to 1923, based on these statistics, was prepared and used as a feature in the bureau's educational exhibit in the Interior Department building during the meeting of the department of superintendence in Washington in February, 1926. The library also compiled for publication a descriptive list of educational associations, boards, and foundations from information obtained by a questionnaire through the mails.

The current publications in the library continued to increase by additions from purchase, gift, and copyright transfer. A large section of the older material not adapted to the use of this bureau, however, which had been left in the Pension Building since the removal of the bureau from that location, was eliminated during the winter by transfer to the Library of Congress and to other libraries, and to the General Supply Committee. The remainder of the books left at the Pension Office Building were then transferred to the Interior Department Building, where they are being incorporated with the books belonging to this library, which are already in the latter building.

Cooperation with the Library of Congress in the production of printed catalogue cards for educational titles was continued, and the general work of cataloguing the library also made progress.

At the close of the year arrangements were made to acquire a quantity of new steel shelving for the library, and plans were carried out to install the personnel and equipment in the new quarters assigned on the sixth floor of the Interior Building adjacent to the other divisions of the bureau.

E. PUBLICATIONS

The Biennial Survey of Education, which superseded the voluminous annual report, is the most comprehensive and extensive of the publications of the Bureau of Education. As it has developed in the past 10 years it comprises two volumes—the first presenting the educational progress of the biennium in a series of descriptive papers, the second setting forth in statistical tables the status of each type of educational institutions in the United States. The several chapters of the Biennial Survey are issued in pamphlet form as they are completed, but all are published later in a single bound volume.

Documents of this class were the dominating feature of the publications of 1925–26 and consumed $12,786.51, considerably more than a

fourth of the printing allotment for the year. They included the bound volume of the statistics of 1921–22, 5 statistical chapters of 1922–1924, and 17 chapters of verbal discussions of educational progress.

Following the Biennial Survey in the outstanding publications of the year is the decennial report of land-grant college education, which was completed during the year. It was issued in five bulletins, devoted, respectively, to (1) history and educational objectives; (2) the liberal arts and sciences, with miscellaneous activities; (3) agriculture; (4) engineering and mechanic arts; and (5) home economics. Each phase of every subject is treated by a different author, and 63 papers, each by a recognized authority, comprise the entire series.

Bulletins addressed directly to classroom teachers, prepared under the direction of the city schools division, were represented in the publications of 1925–26 by two documents, namely, Motivation of Arithmetic (Bulletin, 1925, No. 43) by G. M. Wilson, and Cycles of Garden and Plant Life (Bulletin, 1925, No. 15) by Florence C. Fox. Another document of similar type, How the World Rides, is now ready for distribution.

"Health publications" of the bureau have long been in great demand, and the issue in 1925–26 maintained the usual standard of popularity. Health and Physique of School Children (Bulletin, 1925, No. 21) by James F. Rogers, M. D., chief of the bureau's health division, and Progress and Prospect in School Health Work (School Health Studies No. 10), a statistical study, have been extensively distributed, principally by sale through the Superintendent of Documents.

Two statistical bulletins of unusual character appear in the list of unfinished documents, namely, Statistics of Public, Society, and School Libraries (Bulletin, 1926, No. 9) and Residence and Migration of University and College Students. Both documents have been in preparation for several years, and each will supply a distinct need. Accredited Higher Institutions (Bulletin, 1926, No. 10) was not delivered by the printer before the end of the year 1925–26, but it is now available. Setting forth the lists and standards of the several accrediting agencies after the manner of similar publications of the past, it is a document of distinct usefulness.

Publications of the year relating to rural education were in the main leaflets of limited scope. Recent Data on Consolidation of Schools and Transportation of Pupils (Bulletin, 1925, No. 22) and Salaries of Rural Teachers and Length of School Term (Rural School Leaflet No. 39) were the most extensive of them.

A publication of the bureau which is of great practical usefulness is the Educational Directory. It is published annually—in the past year as Bulletin, 1926, No. 1. The style of the latest issue was materially changed in order to make the lists in it less extensive and easier of access.

It is expected that the relation between the Bureau of Education and the national committee on research in secondary education will result in the publication of a number of well-considered reports in the field of that committee's activities. The first of the series was Bibliography of Secondary Education Research 1920–1925

(Bulletin, 1926, No. 2), which was prepared by members of the bureau's staff but in pursuance of the committee's plans.

In commemoration of the one hundred and fiftieth anniversary of the adoption of the Declaration of Independence the Bureau of Education issued a pamphlet of 20 pages entitled "The Story of the Declaration of Independence," which contained the declaration in full, a brief summary of the historical events preceding and resulting in its creation, and short biographical sketches of six of the prominent signers. This was done in obedience to an act of Congress approved May 28, 1926, which was proposed and advocated by Hon. O. J. Kvale, Member of Congress from Minnesota. The pamphlet was issued in a large edition with the intention of supplying a copy to every school in the United States.

A monthly periodical, School Life, is an essential factor in the bureau's scheme for the dissemination of educational information. The usefulness of such a medium is recognized generally by educational administrators, and many State departments of education, city school systems, universities, normal schools, and State and National associations of teachers issue periodical bulletins or magazines of some sort.

School Life is not adressed to specialists of any type, but to all who are concerned with the work of education. Its articles are intended to be useful to every teacher of every degree.

In accordance with the law which governs such periodicals only 2,000 copies may be printed for free distribution. These are sent to libraries which make application for them. Additional copies are printed for supplying persons in the educational work of the United States Government and for exchanges and the like, but the principal distribution is by subscription through the Superintendent of Documents. The price, 50 cents a year, is fixed to cover only the actual cost of printing and distribution.

Items of educational news are supplied to the daily and weekly press and to educational periodicals in the form of a "Clip Sheet," which is issued on the 15th of each month. The items are obtained from a great variety of sources, and they are expressed in the newspaper style.

Publications issued July 1, 1925, to June, 30, 1926

BULLETIN, 1924

No. 14. Biennial survey of education, 1920–1922. (Statistics.)

BULLETINS, 1925

No. 11. Accredited secondary schools in the United States.

No. 12. Statistics of State universities and State colleges for the year ending June 30, 1924.

No. 13. Bibliography of science teaching in secondary schools. Earl R. Glenn and Josephine Walker.

No. 15. Cycles of garden life and plant life. Florence C. Fox.

No. 16. Work of the Bureau of Education for the natives of Alaska. William Hamilton. Advance sheets from Biennial Survey, 1922–1924.

No. 17. Professional staff of State departments of education. A. W. Ferguson.

No. 18. Progress in kindergarten education. Nina C. Vandewalker. Advance sheets from the Biennial Survey, 1922–1924.

No. 19. Statistics of land-grant colleges, 1923. W. J. Greenleaf.

No. 20. Statistics of kindergartens. Advance sheets from the Biennial Survey, 1922–1924.
No. 21. Health and physique of school children. J. F. Rogers. Advance sheets from the Biennial Survey, 1922–1924.
No. 22. Recent data on consolidation of schools and transportation of pupils. J. F. Abel.
No. 23. Statistics of private high schools and academies, 1923–1924.
No. 24. Status of high-school principal. D. H. Eikenberry.
No. 25. Constructive tendencies in rural education. Katherine M. Cook. Advance sheets from Biennial Survey, 1922–1924.
No. 26. Statistics of land-grant colleges, 1924. W. J. Greenleaf.
No. 27. Some recent movements in city school systems. W. S. Deffenbaugh. Advance sheets from Biennial Survey, 1922–1924.
No. 28. Statistics of teachers colleges and normal schools. Advance sheets from Biennial Survey, 1922–1924.
No. 29. Land-grant college education, 1910–1920. Pt. V, Home Economics.
No. 30. Parent-teacher associations at work. Ellen C. Lombard. Advance sheets from Biennial Survey, 1922–1924.
No. 31. Medical education. N. P. Colwell. Advance sheets from Biennial Survey, 1922–1924.
No. 32. Agricultural education. G. A. Works. Advance sheets from Biennial Survey, 1922–1924.
No. 33. Education pays the State. M. A. Foster.
No. 34. Educational boards and foundations. H. R. Evans. Advance sheets from Biennial Survey, 1922–1924.
No. 35. Review of educational legislation, 1923 and 1924. W. R. Hood. Advance sheets from Biennial Survey, 1922–1924.
No. 36. Adult education for foreign-born and native illiterates. C. M. Herlihy. Advance sheets from Biennial Survey, 1922–1924.
No. 37. Industrial education. M. M. Proffitt. Advance sheets from Biennial Survey, 1922–1924.
No. 38. Art education in the United States. R. B. Farnum. Advance sheets from Biennial Survey, 1922–1924.
No. 39. Progress of dental education. F. C. Waite. Advance sheets from Biennial Survey, 1922–1924.
No. 40. Statistics of public high schools, 1923–24. Advance sheets from Biennial Survey, 1922–1924.
No. 42. Statistics of State school systems, 1923–24. Advance sheets from Biennial Survey, 1922–1924.
No. 43. Motivation of arithmetic. G. M. Wilson.
No. 45. Statistics of universities, colleges, and professional schools, 1923–24. Advance sheets from Biennial Survey, 1922–1924.

BULLETINS, 1926

No. 1. Educational directory, 1926.
No. 2. Bibiliography of secondary education research, 1920–1925. E. E. Windes and W. J. Greenleaf.
No. 3. Recent progress in legal education. A. Z. Reed. Advance sheets from Biennial Survey, 1922–1924.
No. 4. Progress in home economics education. E. S. Whitcomb. Advance sheets from Biennial Survey, 1922–1924.
No. 5. General university extension. T. H. Shelby. Advance sheets from Biennial Survey, 1922–1924.

FOREIGN EDUCATION LEAFLET

No. 1. Education in the Irish Free State.

HEALTH EDUCATION PUBLICATIONS

Miscellaneous

Price list—Health Education Publications, November, 1924. (Reprint.)
Price list—Health Education Publications, January, 1926.
Interest-arousing devices for health teaching. (Reprint.)

PHYSICAL EDUCATION SERIES

No. 6. The school as the people's clubhouse. Harold O. Berg.

SCHOOL HEALTH STUDIES

No. 9. Training of dental hygienists. J. F. Rogers.
No. 10. Progress and prospect in school health work. J. F. Rogers.
No. 11. School nurse administration. J. F. Rogers.

HIGHER EDUCATION CIRCULARS

No. 30. Policies and curricula of schools of education in State universities. J. B. Edmonson and A. H. Webster.
No. 31. Rhodes scholarships, 1926.

HOME ECONOMICS CIRCULAR

No. 20. Home economics instruction in certain higher institutions. Emeline S. Whitcomb.

INDUSTRIAL EDUCATION CIRCULAR

No. 24. Dr. John De La Howe Industrial School, Willington, S. C.

LIBRARY LEAFLET (LISTS OF REFERENCES)

No. 32. October, 1925. Vocational guidance.

READING COURSES

No. 4. Reading course for boys. (Reprint.)
No. 5. Reading course for girls. (Reprint.)
No. 6. Thirty books of fiction. (Reprint.)
No. 7. Thirty world heroes. (Reprint.)
No. 9. Thirty American heroes. (Reprint.)
No. 10. American history. (Reprint.)
No. 11. France and her history. (Reprint.)
No. 18. Dante. (Reprint.)
No. 19. Master builders of to-day. (Reprint.)
No. 20. Teaching. (Reprint.)
No. 21. Twenty good books for parents. (Reprint.)
No. 22. Agriculture and country life. (Reprint.)
No. 23. How to know architecture. R. F. Bach. (Reprint.)
No. 26. Sixty selected stories for boys and girls. Florence C. Fox. (Reprint.)
No. 28. Kindergarten ideals in the home and school. A reading course for parents. Nina C. Vandewalker. (Reprint.)
No. 29. The pre-school child. (Reprint.)

RURAL SCHOOL LEAFLETS

No. 11. Objectives in elementary rural-school agriculture. E. E. Windes. (Reprint.)
No. 39. Salaries of rural teachers and length of school term. Alex Summers.
No. 40. A rural curriculum: An outstanding need in rural schools. Fannie W. Dunn.

REPORT

Report of the Commissioner of Education for the year ended June 30, 1925.

STATISTICAL CIRCULAR

No. 5. Organization, housing, and staffing of State departments of education. H. M. Carle.

MISCELLANEOUS

1925. Faith of the American people in public education. Jno. J. Tigert.
1926. Publications of the United States Bureau of Education of special interest to high-school teachers.
1926. Service rendered by the United States Bureau of Education to rural education.
1926. A Federal university for the people.
1926. The story of the Declaration of Independence. J. C. Boykin.
Program—American Education Week.
Broadside—American Education Week.
How, why, and when to prepare for American Education Week.
Publications available, September, 1925.
Publications available, March, 1926.

CLIP SHEET

July, 1925, to June, 1926 (monthly; 12 numbers).

PERIODICAL

School Life, vol. 11, Nos. 1–10, September, 1925, to June, 1926, inclusive (10 numbers).
School Life, index and title-page, vol. 10, September, 1924, to June, 1925.

(Unfinished printing—June 30, 1926)

BULLETIN, 1925

No. 41. Statistics of city school systems, 1923–24. Advance sheets from Biennial Survey, 1922–1924.

BULLETINS, 1926

No. 6. Personnel and organization of schools in the small cities. Harry S. Ganders.
No. 7. Character education. Report of the committee on character education of the National Education Association.
No. 8. How the world rides. Florence C. Fox.
No. 9. Statistics of public, society, and school libraries, 1923.
No. 10. Accredited higher institutions. Ella B. Ratcliffe.
No. 11. Residence and migration of university and college students. George F. Zook.

CITY SCHOOL LEAFLET

No. 21. Pay status of absent teachers and pay of substitute teachers.

HEALTH EDUCATION PUBLICATION

No. 19. Is your child ready for school? James F. Rogers.

RURAL SCHOOL LEAFLET

No. 41. Characteristic features of recent superior State courses of study. Annie Reynolds.

F. ACTIVITIES OF THE COMMISSIONER

During the year the commissioner traveled 36,624 miles; spent 105 days in the field, including Sundays; addressed 2 national conferences called by the Bureau of Education, 9 national associations, and 18 State associations; visited officially 2 State departments of education; addressed several city and county educational associations; delivered 8 addresses before institutions of higher learning and 7 addresses at summer schools; made 9 addresses at commencement exercises, 2 dedicatory addresses, and spoke at the semicentennial exercises at Vanderbilt University; addressed 4 high schools and 1 lyceum; broadcasted 2 addresses; spoke before 8 business organizations (Kiwanis, Rotary, and other clubs); and made a number of addresses before miscellaneous organizations. Altogether he made a total of 115 addresses before audiences aggregating 116,346. (See fig. 1.)

The commissioner attended meetings and discharged duties as vice chairman of the Federal Board for Vocational Education, as a member of the Federal Board for Maternity and Infant Hygiene, as chairman of the Federal Council of Citizenship Training, as member of the Interdepartmental Committee on Overseas Possessions, and as chairman of the Highway Education Board. He created a national "Committee on Materials of Instruction," of which he was elected chairman, and attended meetings of this committee, as well as of the National Commission on Economy and Efficiency in the Business Administration of Public School Systems, of which he is a member. The commissioner personally directed the state-wide

educational survey of Utah undertaken by the bureau. He wrote 21 articles and held approximately 450 conferences in his office in Washington with those seeking advice and assistance in educational matters.

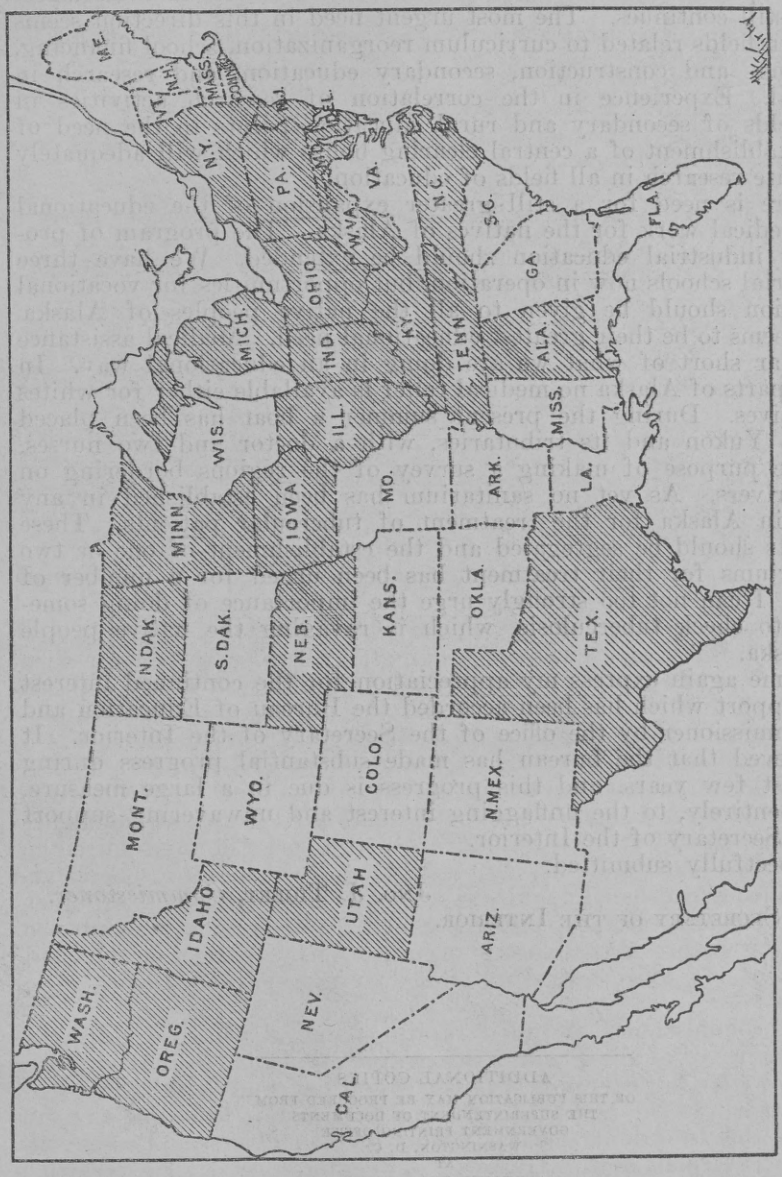


FIG. 1.—Map showing the States in which the Commissioner of Education personally has made educational addresses, visited schools, conferred with educational officials, or performed some other kind of field service during the fiscal year 1925–26. During the year the commissioner traveled 36,624 miles

G. RECOMMENDATIONS

With the removal of the library and statistical division to the sixth floor of the Interior Building, this bureau is now ideally

quartered. As a result of placing the entire staff in contiguous rooms, morale and efficiency of organization are greatly enhanced. In previous reports the need for enlarging the Bureau of Education so as to make it more adequate for research and investigation has been emphasized. The demand for increased service in these directions still continues. The most urgent need in this direction seems to be in fields related to curriculum reorganization, school financing, buildings and construction, secondary education, and research in general. Experience in the correlation of research activities in the fields of secondary and rural education points to the need of the establishment of a central clearing house which will adequately correlate research in all fields of education.

There is need for a still greater expansion of the educational and medical work for the natives of Alaska. The program of providing industrial education should be extended. We have three industrial schools now in operation, but opportunities for vocational education should be given to all the native peoples of Alaska. This seems to be their greatest educational need. Medical assistance falls far short of what we are doing in an educational way. In many parts of Alaska no medical relief is available either for whites or natives. During the present summer a boat has been placed on the Yukon and its tributaries, with a doctor and two nurses, for the purpose of making a survey of the regions bordering on these rivers. As yet no sanitarium has been established in any point in Alaska for the treatment of tubercular patients. These patients should be segregated and the establishment of one or two sanitariums for their treatment has been urged for a number of years. I can not too strongly urge the importance of doing something to check tuberculosis, which is ravaging the native people of Alaska.

Let me again express my appreciation for the continued interest and support which has been accorded the Bureau of Education and its commissioner by the office of the Secretary of the Interior. It is believed that the bureau has made substantial progress during the past few years, and this progress is due in a large measure, if not entirely, to the unflagging interest and unwavering support of the Secretary of the Interior.

Respectfully submitted.

JNO. J. TIGERT, *Commissioner.*

The SECRETARY OF THE INTERIOR.

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TENTH ANNUAL REPORT

OF THE

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

JULY 1, 1925, TO JUNE 30, 1926

COMMISSIONERS

BESSIE P. BRUEGGEMAN, Chairman

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WASHINGTON

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TENTH ANNUAL REPORT OF THE UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

WASHINGTON, D. C., *November 5, 1926.*

To the Senate and House of Representatives:

The United States Employees' Compensation Commission was created by an act of September 7, 1916, providing compensation for all civil employees of the United States suffering personal injuries while in the performance of their duties.

Under an amendment to the compensation law in the act providing appropriations for the expenses of the government of the District of Columbia, effective July 1, 1919, the benefits of the compensation act were granted to all civil employees of the District of Columbia, except policemen and firemen. Under the naval reserve act of February 28, 1925, officers and enlisted men of the Naval Reserve if physically injured in the line of duty while performing active duty or authorized training duty are entitled to the benefits of the compensation act. This provision with regard to the Naval Reserve is limited to accidental injuries.

The compensation act has also had several amendments to meet objections made by the Comptroller General to certain practices of the compensation commission which had been made by the commission under its construction of the law following the advice of the Attorney General. Thus an amendment of June 5, 1924, adopted the commission's definition of "injury" as including, "in addition to injury by accident, any disease proximately caused by the employment." Also an amendment of June 26, 1926, authorizes the commission's practice of allowing prosthetic appliances and other supplies when furnished upon the prescription or recommendation of physicians and when found by the commission to be necessary, and also authorized such expenses as the commission deemed necessary and reasonable for the securing of medical or hospital treatment.

During the calendar year 1925 injuries reported reached the highest number in any calendar year since 1919, and claims submitted reached the highest point since 1921. During the first nine months of 1926 there were slight decreases in both injuries reported and claims submitted, as compared with corresponding months of the preceding year, both injuries and claims submitted corresponding approximately with the numbers received during the years 1921, 1922, and 1923. This experience would seem to indicate that the injuries and claims now received probably represent what may be expected for the future.

It should be understood that a stable condition as to number of injuries and claims does not yet represent a stable condition in

regard to the amount of work involved in the administration of the act. This is due to the fact that the number of awards and payments on account of death cases and on account of permanent disabilities, both total and partial, will continue to increase for a considerable period of time.

The injuries reported and claims filed for compensation on account of loss of wages from the beginning of the act to the end of September, 1926, are shown in the table which follows:

REPORT OF INJURIES AND CLAIMS RECEIVED, SEPTEMBER 7, 1916, TO SEPTEMBER 30, 1926

Period covered	Injuries reported	Per cent increase over previous year	Claims received on account of loss of wages			Per cent increase over previous year
			Disability	Death	Total	
Sept. 7, 1916, to Dec. 31, 1917	16,076	----------	6,429	227	6,656	----------
Year ending Dec. 31, 1918	24,118	50.00	12,183	438	12,621	89.60
Year ending Dec. 31, 1919	25,813	7.00	13,425	499	13,924	10.30
Year ending Dec. 31, 1920	20,080	[1] 22.20	10,505	427	10,932	[1] 21.50
Year ending Dec. 31, 1921	18,390	[1] 8.40	7,857	310	8,167	[1] 25.30
Year ending Dec. 31, 1922	18,259	[1] .71	6,804	282	7,086	[1] 13.20
Year ending Dec. 31, 1923	17,992	[1] 1.46	6,466	236	6,702	[1] 5.40
Year ending Dec. 31, 1924	20,538	14.15	6,890	224	7,114	6.15
1925						
January	1,891	.59	599	23	622	[1] 5.76
February	1,592	7.06	572	24	596	10.37
March	1,709	.83	614	23	637	3.58
April	1,636	11.83	592	31	623	12.05
May	1,558	[1] 3.23	535	12	547	[1] 5.20
June	1,736	14.89	531	28	559	8.12
July	1,956	19.56	608	34	642	31.56
August	1,862	[1] 4.81	650	22	672	30.23
September	1,791	[1] 5.39	550	17	567	[1] 16.74
October	1,869	[1] 9.80	665	23	688	[1] 9.83
November	1,595	[1] 7.59	531	17	548	[1] 7.74
December	1,496	[1] 7.02	540	20	560	[1] 7.74
Total for year ending Dec. 31, 1925	20,691	.74	6,987	274	7,261	2.07
1926						
January	1,528	[1] 19.19	531	12	543	[1] 12.70
February	1,437	[1] 9.74	496	27	523	[1] 12.25
March	1,601	[1] 6.30	591	41	632	[1] .78
April	1,398	[1] 14.55	518	22	540	[1] 13.32
May	1,399	[1] 10.21	467	25	492	[1] 10.05
June	1,680	[1] 3.23	470	17	487	[1] 12.88
Total to June 30, 1926	9,043	[1] 10.66	3,073	144	3,217	[1] 10.24
July	1,901	[1] 2.81	569	26	595	[1] 7.32
August	1,899	2.10	603	25	628	[1] 6.55
September	1,739	[1] 2.85	716	18	734	29.45

[1] Decrease.

It is reasonable to say that probably the number of injuries and claims could be materially reduced if proper attention were given to accident prevention by the employment of capable safety engineers and the enforcement of safe practices and safety laws and regulations, as observed in the most progressive large private industrial establishments. This statement is based on the very wide experience of industrial establishments in accident prevention and the very great saving which such establishments have made as the result of such safety work.

The number of injuries reported in the more important Government departments and establishments during the periods of six months since January, 1923, is shown in the following table. This table will enable one to see those services in which the increase in reported injuries has occurred.

INJURIES REPORTED BY ESTABLISHMENTS FOR SIX-MONTH PERIODS, JANUARY 1, 1923, TO JUNE 30, 1926

Establishments	January to June, inclusive, 1923	July to December, inclusive, 1923	January to June, inclusive, 1924	July to December, inclusive, 1924	January to June, inclusive, 1925	July to December, inclusive, 1925	January to June, inclusive, 1926
War:							
Arsenals and armory	369	259	188	169	192	149	164
Other ordnance	107	78	52	46	42	39	36
Engineer	992	1,660	1,193	2,160	1,650	2,241	1,265
Quartermaster	418	429	407	403	445	383	300
Other War	353	344	377	402	430	345	323
Total War Department	2,239	2,770	2,217	3,180	2,759	3,157	2,088
Navy:							
Yards	518	486	695	655	700	567	644
All other Navy	223	226	261	299	197	222	233
Total Navy Department	741	712	956	954	897	789	877
Post Office:							
City mail service (indoor)	882	588	674	712	678	581	769
City mail service (outdoor)	1,771	1,409	1,985	1,767	1,892	1,471	1,790
Railway Mail Service	568	528	517	496	578	499	532
Rural Free Delivery	153	80	89	72	133	71	141
Aerial mail service	30	39	18	28	29	34	29
All other	174	387	515	564	729	840	815
Total Post Office	3,578	3,031	3,798	3,639	4,039	3,496	4,076
Interior:							
National Park Service	27	57	37	79	84	138	46
Reclamation Service	525	618	775	551	327	255	119
All other Interior	99	105	121	132	109	117	99
Total Interior	651	780	933	762	520	510	264
Treasury:							
Custodian	45	58	68	54	63	78	63
Customs	94	88	130	133	127	136	125
Engraving and Printing	106	117	121	99	96	96	54
Prohibition and narcotics acts enforcement	45	36	39	51	59	43	46
Public Health Service	16	29	19	23	25	30	27
All other Treasury	154	167	168	124	135	171	137
Total Treasury	460	495	545	484	505	554	452
Commerce	162	181	160	167	187	172	218
Agriculture:							
Animal Industry Bureau	77	102	94	113	106	122	92
Forest Service	141	390	164	618	160	602	187
Public Roads and Rural Engineering	61	59	28	58	32	58	39
All other Agriculture	67	91	109	128	108	129	103
Total Agriculture	346	642	395	917	406	911	421
Labor	61	51	60	52	62	50	45
Government Printing Office	22	20	25	19	12	15	18
Other legislative establishments	3	6	13	2	8	14	11
Department of State	1	1	2	2	4	4	4
Department of Justice	10	7	5	9	4	6	7
Miscellaneous:							
State, War, and Navy Buildings	17	49	40	57	36	(1)	(1)
Shipping Board, Emergency Fleet Corporation	201	232	234	301	322	512	228
District government	86	91	95	158	140	177	140
U. S. Veterans' Bureau	127	139	141	153	183	169	156
All other	48	32	27	36	38	30	38
Total miscellaneous	479	543	537	705	719	888	562
Grand total	8,753	9,239	9,646	10,892	10,122	10,566	9,043

[1] Transferred to War, Engineer.

COST OF THE COMPENSATION LAW JULY 1, 1921, TO JUNE 30, 1926

The following statement shows the net amount of money disbursed by the Compensation Commission for various purposes during each fiscal year from July 1, 1921, to June 30, 1926:

	Fiscal year 1922	Fiscal year 1923	Fiscal year 1924	Fiscal year 1925	Fiscal year 1926
Salaries and expenses:					
Salaries (including bonus)	$138,954.38	$137,958.90	$131,922.73	$132,960.31	$133,556.10
Furniture and equipment	3,369.32	4,306.81	2,481.60	2,964.36	1,579.42
Books, stationery, and supplies	1,635.31	2,379.55	1,670.15	2,509.76	2,107.32
Printing and binding	4,875.80	3,708.11	3,654.85	3,950.84	3,400.47
Travel expenses	5,337.63	5,555.76	5,729.43	4,299.42	5,009.38
Miscellaneous	1,718.11	1,460.58	1,410.58	793.98	772.69
Medical examinations and travel expenses (sec. 21)	970.20	1,360.18	974.66	725.49	794.98
Total	156,860.75	156,729.89	147,844.00	148,204.16	[1] 147,220.36
Employees' compensation fund:					
Injury compensation	1,169,775.84	1,122,181.82	1,011,900.02	1,132,001.06	1,194,450.41
Lump-sum awards (injury)	415,568.17	348,508.44	163,773.24	113,467.20	140,458.54
Medical treatment and supplies	412,712.58	546,747.30	440,706.42	432,374.32	401,868.52
Transportation (sec. 9)	24,905.55	25,417.44	23,438.70	25,044.34	22,840.84
Death compensation	569,360.71	649,898.11	666,097.01	735,548.72	785,084.52
Lump-sum awards (death)	13,679.52	9,773.80	1,485.43	456.33	6,560.30
Burial expenses	18,550.36	19,587.67	20,716.27	18,855.03	21,630.58
Embalming and transportation (sec. 11)	2,617.35	3,921.73	4,185.84	3,916.81	6,280.73
Court costs		494.52	1,223.89	1,498.96	2,204.73
Total	2,627,170.08	2,726,530.83	2,333,526.82	2,463,162.77	[2] 2,581,379.17

[1] Disbursements for salaries and expenses for the fiscal year 1926 include outstanding obligations on Aug. 31, 1926.

[2] Includes $177,755.89, amount of checks drawn and payable on or before June 30 but held in disbursing office on June 30, 1926, due to delay in deficiency appropriation, which did not become actually available until July 3.

COMPARISON OF APPROPRIATIONS AND EXPENDITURES IN TOTAL

	Salaries and expenses		Compensation fund	
	Total appropriations	Net expenditures, including estimated outstanding liabilities at the end of fiscal year	Total appropriations [1]	Net expenditures
Mar. 26 to June 30, 1917	$50,000.00	$27,394.79	$500,000.00	$122,806.07
Fiscal year ending June 30—				
1918	87,000.00	79,421.86	500,000.00	706,257.92
1919	[2] 138,810.17	129,149.28	[3] 1,250,000.00	1,399,757.13
1920	144,656.02	140,898.09	2,100,000.00	2,087,365.58
1921	171,940.00	166,627.75	2,500,000.00	2,303,346.69
1922	160,751.66	156,860.75	2,400,000.00	2,627,170.08
1923	159,740.00	156,729.89	2,500,000.00	2,726,530.83
1924	149,080.00	147,844.00	2,300,000.00	2,333,526.82
1925	152,100.00	148,204.16	2,500,000.00	2,463,162.77
1926	152,000.00	147,220.36	2,375,000.00	2,581,379.17

[1] All appropriations made for the compensation fund prior to 1924 were continuing, and the balances, if any, were carried forward each year. Beginning with 1924 the appropriations are subject only to liabilities incurred during the current or prior fiscal year without regard to when the payments are made.

[2] In addition to the appropriations made for salaries and expenses by Congress, an allotment of $7,000 was made from the President's fund for expenses in France.

[3] In addition to the appropriations for the compensation fund made by Congress, a net allotment of $50,000 was made from the President's fund for payment of compensation claims.

In addition to the expenditure shown here the Government furnished medical and hospital treatment by Government physicians and in Government hospitals in a very large number of cases. This includes the services furnished by the Public Health Service and by surgeons of the Navy and War Departments. It is probable that the cost of this hospital and medical service furnished by other departments of the Government exceeded a million dollars. In addition to this, the commission, because of its occupancy of Government buildings, does not make any expenditure for rent, water, heat, light, or for the services of watchmen or charwomen. Such services are borne by other departments of the Government, and the amount saved has not been estimated. Another item of importance, if one desires to compare costs under the Federal law with costs under a State compensation act, is the cost of postage on the basis of rates paid by private individuals.

It may be noted that the relative cost of administration, as distinguished from the payments for compensation and medical and hospital services, has gradually decreased since the first year. Naturally, during the period of organization, administrative expenses were relatively high. The cost of administration during the first complete fiscal year, 1918, was 10.1 per cent of the aggregate expenditures. For the year 1919 the cost was reduced to 8.4, for the year 1920 to 6.3, for the year 1921 the cost was 6.7, for the year 1922 was 5.6, for the year 1923 was 5.43 per cent, for the year 1924 was 5.99 per cent, for the year 1925 was 5.65 per cent, and for the fiscal year ending June 30, 1926, was 5.40 per cent.

The above percentages are based on a comparison of the expenditures of this commission from the compensation fund and for various administrative purposes. If the costs of medical and hospital expenses which are a charge against the appropriations of other departments of the Government were included, it will be seen that the costs of administrative expenses would be a much lower percentage, and such an inclusion would be warranted because of the fact that the furnishing of such service entails much work on the part of the commission.

The continuance and to some extent the increase in compensation payments is explained as the cumulative result of death and permanent disability claims. The total number of death cases on account of which compensation was being paid on July 1, 1926, was 1,786.

For the 9⅓-year period from the beginning of the act to December 31, 1925, awards to dependents in 2,976 death cases numbered 4,512. Out of these 4,512 beneficiaries there have been 1,210 cessations, leaving the net number of beneficiaries 3,302. In addition to these death cases there have been 410 cases which apparently will result in permanent total disability, upon which compensation is payable

for life. To the end of December, 1925, there had been 4,115 permanent partial disabilities, which have been reported as closed cases in this and previous reports, but the majority of these will be entitled to further compensation when able to show a loss of earning capacity. This does not take into account, however, about 800 which are still upon the rolls of this commission, some of which may prove to be permanent total disabilities.

This experience on closed cases on the basis of 100,000 injuries shows the following results, based upon 9⅓ years' experience: Deaths, 2,295; permanent total disabilities, 316; permanent partial disabilities, 3,173; a total of 5,784 per 100,000 cases, or 5.78 per cent of all cases result in injuries of this class.

The amount of work involved in the payment of claims on account of death, permanent total disabilities, permanent partial disabilities, and a few long-continuing cases of temporary total disability will continue to increase until the cessations due to natural causes offset the number of new awards. This will be understood when it is noted that the 1,410 widows to whom awards have been made are of an average age of 39.4 years, and the remarriage rate as shown in Table 11 is 3.54 per cent per year. In other words, only a little more than 3½ awards per 100 per year have expired, because of the remarriage of the widow. The awards to widows not terminated by marriage may be expected to run an average of at least 25 years. This remarriage rate will tend to decrease with longer experience, because more than two-thirds of the remarriages occur within four years of the beginning of widowhood. The average age of 2,231 children to whom awards have been made is 9 years. This indicates that the payments to children to whom awards have already been made will be for about nine years. Eight-year pensions, as provided under the act for other beneficiaries, are payable to 459 dependent mothers of an average age of about 56½ years, and 238 fathers of an average age of about 59 years. These may be expected to show a falling off in compensation payments by expiration at an early date.

A special difficulty in the administration of the act has been in connection with long-continued disabilities and permanent partial disabilities of discharged employees. Upon discharge such employees are applicants for work outside of Government service in competition with able-bodied employees. The handicap of a serious disability in many cases is an obstacle to securing suitable or steady employment and therefore, under the terms of the law, entitles the employee to claim further compensation because of the loss of earning capacity and actual loss of earnings. Occasionally, also, further medical or surgical treatment is found to be desirable in order to reduce the partial disability.

For the adjustment of claims of this character the commission first makes use of the good offices of officials in Government establishments. Medical examinations also are necessary and in case of controversy involving a medical question examination by a medical referee. In spite of these aids, which have their obvious limitations, investigation is essential in many cases to determine the safe or equitable action upon the merits of the claim. For large numbers of cases located in or near Washington difficulties of investigation are not great, but for cases at a considerable distance the demands upon the commission for these necessary investigations have been throughout the year past greatly in excess of the powers of the commission's limited force. The result has been regrettable and probably costly delay in ascertaining the facts upon which proper action could be taken. Inability to make investigations or delay in making investigations which seem desirable has in some cases led to the payment of compensation which later developments have shown to be based upon erroneous or incomplete information.

With each year of the operation of the compensation law the need of personal investigation of compensation claims becomes more important. This need arises in cases apparently not permanent disabilities in which a disability for work has continued for a long time. It arises in many serious permanent partial disability cases where something more than medical evidence is needed to determine the actual disability for work, which not infrequently is affected by causes entirely distinct from the direct results of the occupational injury. It arises in cases which appear from the medical evidence to be cases of permanent total disability, since even in these cases it has been found occasionally that the actual disability was not as great as had appeared. In claims in which the disability or death was caused under circumstances creating a liability on some person other than the United States to pay damages, the recovery of adequate damages is often dependent upon the commission's ability to make prompt and proper investigation. The need of investigation is also important in nearly every case where there is any reason to believe that a lump-sum settlement should be seriously considered. In death cases, also, personal investigation is not infrequently very important to establish the facts in regard to marriage or dependency before favorable action can safely be taken upon the claim. It is also important in death cases to check claims of continued dependency, or to investigate the question of remarriage of widows who are beneficiaries. The amounts which are likely to be paid as compensation because of lack of sufficient investigation are many times in excess of the possible cost of the making of proper investigations.

Since the protracted disabilities, permanent partial disabilities, permanent total disabilities, and death cases will continue to accu-

mulate for a period of years, the difficulties which now present themselves in regard to investigation and adjustment of cases of these classes are difficulties which will continue so long as the compensation act is in operation.

It is believed that this condition could be corrected most economically and efficiently by establishing representatives of the commission at three or four central points, from which investigations could be made promptly and information and aid furnished to officials and injured employees.

MEDICAL CARE AND TREATMENT FURNISHED TO BENEFICIARIES OF THE COMPENSATION ACT

As practically all reported injuries coming under the compensation act require treatment, where only a limited portion of them are serious enough to require the payment of compensation, the importance of adequate and immediate medical supervision has become increasingly apparent to the commission within the last 10 years. It may be much more important to an employee that his broken arm or back receives the very best treatment obtainable than that he gets compensation up to $2.22 a day while he isn't working. Getting the right sort of treatment often means returning to work at full pay sooner, or may even mean the difference between complete recovery and permanent disability. The commission has always felt that its gravest duty lay in the provision of prompt and efficient medical relief. The treatment which will most surely and quickly return an injured employee to work is not only an inherent right of such an employee under the act, but is actually and without exception the most economical procedure for the Government. The commission has increasingly appreciated its responsibility in this regard and has unceasingly labored to provide in advance the very best medical facilities available against the unforeseen accidents which are occurring to Government employees at the rate of exceeding 50,000 a year over the whole country.

The administrative work in carrying out the medical provisions of the act has been found to require a very large proportion of the commission's energy and care. The rendering of the benefit of proper treatment frequently causes greater difficulties and requires a greater amount of administrative supervision than does the bestowing of the benefits of money compensation. As a great many employees are unable to secure adequate treatment on their own initiative, the commission has in the 10 years of its existence selected, after careful and repeated canvass of every center of population, and designated, in accordance with section 9 of the act, some 3,000 especially qualified surgeons. Not every general practitioner has had the experience of treating many injury cases. Doctors who specialize in surgery, and particularly in bone surgery, are far better qualified to care for the average injury case than the average family doctor, no matter

how worthy and conscientious he may be. Anything less than the best treatment available may not be a benefit and may even add unnecessary disability to the original injury. The commission has designated reputable specialists wherever they have been available, and in smaller localities has endeavored to obtain the services of one or more of the best locally known surgeons. Eye, ear, nose, and throat and other specialists have also been designated as the occasion seems to demand.

Excellent service has been rendered as heretofore by the navy-yard dispensaries for the civilian employees at the yards, and Army relief stations have provided for the treatment of occasional injuries of Army civilian personnel.

But perhaps the most forward-looking feature of the medical situation is the entirely admirable way in which the United States Public Health Service has succeeded in cooperating with the commission. In line with the earnest effort toward economy on the part of the Federal Government, the commission has been able to utilize the available services of the Public Health Service relief stations and hospitals to the extent that by far the major proportion of all its beneficiaries obtain treatment through this single governmental medical organization. It is only regretted that the services of the Public Health Service can not be extended to the fullest geographical requirements of the commission. For instance, west of the Mississippi River there are only two general Public Health Service hospitals and the lack of adequate Government medical facilities in this great area is a serious handicap to the commission.

Not only from the aspect of economy and real coordination is the commission actually indebted to the Public Health Service, but commendation is freely extended in regard to the character of medical work furnished. Both the hospital and dispensary services include every medical facility utilizable with advantage in each case. Specialists have always been available whenever indicated, and a full staff of ophthalmologists, orthopedic surgeons, and neuropsychiatrists, with every facility for examination and diagnosis, are included on each hospital staff. Similar work done in civilian hospitals could have been obtained only at a great cost, but civilian hospitals or private physicians would not have had sufficient experience with compensation work to render as satisfactory reports of physical findings and examinations. In a review of the current year's cases treated at the marine hospitals as compared with claimants necessarily placed under the care of civilian hospitals, it is evident that services and facilities were rendered by the Public Health Service, taking into consideration the departments for physiotherapy, hydrotherapy, and vocational therapy, if obtainable, that could only have been supplied at a prohibitive cost elsewhere. Furthermore, few, if any, civilian hospitals or physicians have been able to render in the

first instance reports necessary and essential in the proper consideration of a claim from the compensation standpoint such as the Public Health Servce routinely furnishes.

A conservative estimate of the value of these services would be for hospital cases $3.50 per day for bed, board, and nursing, and $3 a day for medical attention; for dispensary treatments, $2.50 each; and for examinations from $5 to $10 each. This is less than the same service would cost outside Government institutions, and does not include the large fees now charged by private surgeons for major operations. On this conservative estimate the value of the medical service rendered for the fiscal year of 1925–26 by the United States Public Health Service to the Employees' Compensation Commission would approximate $900,000.

In addition to the above, the Public Health Service has rendered signal service to the commission since its inception through the detailing of two or more full-time medical officers for administrative and advisory medical work with the commission. The Surgeon General has further appointed a permanent board of especially qualified medical officers to which the commission refers questions of medical policy and certain of its most difficult and delicate medical problems in connection with individual claims.

Lastly, it has recently been made possible for the commission to utilize the services of Public Health Service officers in the field for medical surveys and investigations of the most unusually difficult character. Through this facility the commission has been able to solve during the last year problems in connection with claims which no amount of correspondence or investigation by nonmedical experts could have coped with.

The hospitals of the War and Navy Departments have under certain conditions been used for beneficiaries of the compensation act, and such hospitals have been reimbursed for the cost of such treatment. The Comptroller General in a recent decision has held that such payments from the compensation fund are not permissible and that services rendered by the hospitals of the War and Navy Departments to beneficiaries of the compensation act must be without charge. Apparently the result of this decision will be that such services may be discontinued, because the hospitals in question are supported from special funds which may not be used for the treatment of persons other than those for whom they were intended. The commission has recommended the amendment of the act, so as to permit the continuance of payments such as have been made, on the ground that the cost of treatment in such hospitals is much less than the cost of similar treatment in private hospitals which would otherwise have to be used.

THIRD-PARTY LIABILITY FOR INJURY

Under the provisions of sections 26 and 27 of the compensation act whenever an injury is sustained or death is caused under circumstances creating a liability on some person other than the United States to pay damages therefor the commission may require a beneficiary either to assign his right of action to the United States or to prosecute the action in his own name. When a settlement is made or a judgment collected under these provisions of the act, the money expended by the commission for compensation, including expenditures on account of medical and hospital treatment, is deducted and any surplus is paid to the beneficiary and credited against future payments of compensation by the commission on account of the same injury.

The following table shows the results obtained in handling third-party cases under this act. This includes all cases in which there was an apparent liability of some person other than the United States to pay damages. The table has been divided to show the experience in nonfatal as well as that in fatal cases.

It will be noted that in some of the groups the awards and compensation are not shown for the reason that many of the injured workers made direct settlements with the third party, often without claim and without consulting the commission, and the information furnished the commission is sometimes incomplete.

There is an increasing number of third-party cases in course of settlement, which involves a great amount of work in giving proper advice and assistance in making settlement. In many cases after consideration it is found impossible or inadvisable to prosecute and no further action is necessary.

BENEFITS PAID AND ESTIMATED AND DAMAGES RECOVERED BY EMPLOYEES DURING 1925 IN CASES IN WHICH INJURY WAS DUE TO NEGLIGENCE OF THIRD PARTY

NONFATAL

Establishment	Total number of cases of apparent liability	Number of cases in which there was found to be—		Benefits paid and estimated	Recoveries		
		No liability	Liability		Number of cases	Amount recovered	Wage loss on recovery cases
Agriculture:							
Animal Industry	43	10	33	$1,036.99	4	$917.00	
All other	35	12	23	1,112.27	3	2,500.00	$163.39
Total Agriculture	78	22	56	2,149.26	7	3,417.00	163.39
Commerce	7	1	6	1,266.23	2	1,059.00	213.75
Government Printing Office	2	1	1				
Interior	18	8	10	464.74	1	500.00	194.40
Justice	5	3	2	291.10			
Labor	12	4	8	955.05			
Navy:							
Yards	10	1	9	122.69			
Other Navy	9	4	5	280.95			
Total Navy Department	19	5	14	403.64			

BENEFITS PAID AND ESTIMATED AND DAMAGES RECOVERED BY EMPLOYEES DURING 1925 IN CASES IN WHICH INJURY WAS DUE TO NEGLIGENCE OF THIRD PARTY—Continued

NONFATAL—Continued

Establishment	Total number of cases of apparent liability	Number of cases in which there was found to be—		Benefits paid and estimated	Recoveries		
		No liability	Liability		Number of cases	Amount recovered	Wage loss on recovery cases
Post Office:							
City mail service (indoor)	38	11	27	$2,679.07	8	$1,750.00	$57.55
City mail service (outdoor)	1,115	176	939	31,144.64	162	97,880.00	32,887.84
Railway Mail Service	316	38	278	11,602.35	88	75,216.00	20,751.15
Rural Free Delivery	42	10	32	2,559.91	7	1,764.00	474.10
Aerial Service	1		1	8.00			
Miscellaneous	54	5	49	1,885.55	17	22,460.00	4,487.99
Total Post Office	1,566	240	1,326	49,879.52	282	199,070.00	58,658.63
Treasury:							
Customs	31	5	26	1,269.89	7	4,675.00	324.43
Internal Revenue	3	2	1	126.66	1	2,000.00	283.65
Prohibition Enforcement	30	10	20	1,728.98	3	7,350.00	1,097.50
All other	7	2	5	23.00			
Total Treasury	71	19	52	3,148.53	11	14,025.00	1,705.58
War:							
Ordnance	3		3	204.37			
Engineer	24	13	11	513.31	2	840.00	354.95
Quartermaster	6	3	3	69.79	1	800.00	
Other War	14	8	6	437.37			
Total War Department	47	24	23	1,224.84	3	1,640.00	354.95
Miscellaneous	64	20	44	2,609.11	9	9,035.00	1,093.06
Grand total	1,889	347	1,542	62,392.02	315	228,746.00	62,383.7

FATAL

Agriculture: Animal Industry	2	1	1	$10,899.00			
Commerce	1	1					
Interior	4	1	3	18,130.10			
Justice	1		1	9,107.00			
Labor	3	1	2	15,884.00			
Navy:							
Yards	2	2					
Other Navy	1		1	75.00			
Total Navy Department	3	2	1	75.00			
Post Office:							
City mail service (indoor)	1		1	2,697.00	[1] 1	$10,000.00	[2] $5,875.00
City mail service (outdoor)	7	1	6	22,975.86	1	2,500.00	[2] 1,049.00
Railway Mail Service	3		3	15,006.50	1	4,080.00	[2] 8,409.00
Rural Free Delivery	3	1	2	20,902.00	2	14,000.00	[2] 20,902.00
All other	1	1					
Total Post Office	15	3	12	61,581.36	5	30,580.00	[2] 36,235.00
Treasury:							
Custodian	1	1					
Customs	1		1	1,509.00			
Prohibition Enforcement	5	1	4	33,699.51	1	5,000.00	[2] 6,587.00
Total Treasury	7	2	5	35,208.51	1	5,000.00	[2] 6,587.00
War:							
Engineer	3	2	1	6,268.50	1	117.00	[2] 6,269.00
Other War	1	1					
Total War Department	4	3	1	6,268.50	1	117.00	[2] 6,269.00
Miscellaneous	4	1	3	18,127.47	[1] 4	33,777.00	[2] 29,771.00
Grand total	44	15	29	175,280.94	11	69,474.00	[2] 78,862.00

[1] These figures include cases pending in previous annual reports.
[2] Estimated valuation.

STATISTICS OF THE OPERATION OF THE ACT

The tables which follow relate to injuries and claims occurring on or after September 7, 1916, upon which final action closing the case had been taken by the commission during the calendar year 1925.

The permanent partial disabilities are those which resulted in dismemberments or some permanent impairment of the use of a member but in which the disability for work had terminated and the employee had returned to work at the same rate of wages as at the time of injury or at a higher rate prior to January 1, 1926, or in which the case had been closed by a lump-sum settlement. While in each of the cases of this class there is a definite permanent disability, the Federal compensation act provides for payment of compensation only in case of loss of earning capacity and loss of earnings. These cases are therefore considered as closed unless and until the employee shall be able to show that an existing disability has resulted in a further loss of wages as compared with his monthly pay at the time of injury. Some of these cases tabulated in this report as closed permanent partial disability cases will again come before the commission with well-supported claims for further compensation. The commission, however, is without any knowledge upon which it could estimate how numerous these cases will be or what further compensation will be payable.

The permanent total disabilities are those cases where because of the condition of the injured employee it is reasonably certain that he will never be able to return to any kind of work. The compensation act does not provide for a formal rating of any case as a permanent total disability as do many of the State compensation laws, but in some cases the future can be forecast with practically no possibility of error.

The cases tabulated as deaths in this report are only those cases in which an award or final action had been made by the commission prior to January 1, 1926.

INJURIES, BY EXTENT OF DISABILITY

The following table shows the number of injuries, by extent of disability, for each department and important bureau or establishment. The small index numbers give the number of cases of infection in each group. For instance, in the War Department it will be noted, that out of 3,991 cases 413 resulted in infection, 40 of which were permanent partial, 2 permanent total disabilities, and 5 were fatal.

TABLE 1.—NUMBER OF INJURIES, BY EXTENT OF DISABILITY, FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925

Department and bureau or establishment	Total injuries		Number of injuries resulting in—													
			Death		Permanent total disability		Permanent partial disability		Temporary total disability		Temporary total disability of—					
											1 to 3 days, inclusive		4 to 7 days, inclusive		8 to 14 days, inclusive	
Agriculture:																
Animal Industry	15	103	1	3					14	100		19	3	25	5	30
Forest Service	118	653		17		1	4	11	114	624		91	24	124	34	147
Public Roads and Rural Engineering	1	37		1		2		2	1	32		9		2		9
All other	17	146	1	3			1	4	15	139		30	6	40	6	27
Total Agriculture	151	939	2	24		3	5	17	144	895		149	33	191	45	213
Commerce:																
Census Bureau	2	11						1	2	10		5		2		
Lighthouse Bureau	9	156		6		1	2	12	7	137		22	1	17		26
Standards Bureau	1	33							1	33		11		6	1	11
All other	4	54		1				2	4	51		10	1	7	1	9
Total Commerce	16	254		7		1	2	15	14	231		48	2	32	2	46
Government Printing Office		29				1				28		4		10		3
Interior:																
Indian Affairs	11	83		5		1	3	9	8	68		5	1	6	2	18
National Park Service	10	129					1	3	15	126	1	37	3	15	6	24
Reclamation Service	41	328	2	4		1	5	10	34	313		93	8	54	10	66
All other	10	67	1	2				1	9	64		14		18	2	13
Total Interior	78	607	3	11		2	9	23	66	571	1	149	12	93	20	121
Labor	6	67		4					6	63		12	1	12		13
Navy:																
Yards—																
Boston	12	186		1		2	1	8	11	175		17	1	28	8	37
Bremerton	13	89		2			2	4	11	83		7	2	22	3	15
Charleston		14						2		12		3		3		1
Mare Island	13	117		1		2	1	4	12	110		10	1	17	3	34
New York	12	240		2		1	2	5	10	232		55	2	61	2	35

Department and bureau or establishment	Temporary total disability of—											
	15 to 21 days, inclusive		22 to 28 days, inclusive		Over 28 days	
Agriculture:						
Animal Industry	3	10	1	2	2	14
Forest Service	17	83	10	42	29	137
Public Roads and Rural Engineering	1	4		1		7
All other	2	13	1	8		21
Total Agriculture	23	110	12	53	31	179
Commerce:						
Census Bureau			1	1	1	2
Lighthouse Bureau	2	21	3	16	1	35
Standards Bureau		2				3
All other	1	10		5	1	10
Total Commerce	3	33	4	22	3	50
Government Printing Office		3		2		6
Interior:						
Indian Affairs	4	14	1	7		18
National Park Service	3	15	1	8	1	27
Reclamation Service	7	40	2	13	7	47
All other	1	5	1	3	5	11
Total Interior	15	74	5	31	13	103
Labor	3	12		4	2	10
Navy:						
Yards—						
Boston		23	2	15		55
Bremerton	2	10	1	9	3	20
Charleston		1		1		3
Mare Island	1	9		5	7	35
New York	3	25	1	11	2	45

Norfolk	11	125	2		2	13	9	110	24	1	17	4	27	1	9	1	9	2	24					
Pearl Harbor	4	47			1	3	3	44	7	1	10		6	1	5		7	1	9					
Philadelphia	20	245	4	1	1	4	19	236	37	6	47	2	47	3	31		10	8	64					
Portsmouth	11	114	1			4	11	109	13	1	28	6	28		4	2	9	2	27					
Washington	3	55	2	1	2	4	1	48	5		6	1	9		8		3		17					
Total yards	99	1,232	15	7	12	51	87	1,159	178	15	239	29	239	11	125	7	79	25	299					
Other Navy—																								
Cavite	9	63			1	3	8	60	10	2	19	3	12		3		5	3	11					
Hampton Roads Operating Base	2	44		1	1	3	1	40	16		6		8		4			1	6					
Indian Head Powder Factory		11						11	1		1		3		3				3					
Naval Aircraft Factory, Philadelphia	2	27	1			1	2	25			6		4	1	7		2	1	6					
Newport	1	40				2	1	38	9		10	1	11		2				6					
South Brooklyn Supply Depot	1	16					1	16	6	1	1		5				1		3					
All other	19	190	2	1	4	12	15	175	19	1	31	7	37	2	26	2	14	3	48					
Total other Navy	34	391	3	2	6	21	28	365	61	4	74	11	80	3	45	2	22	8	83					
Total Navy Department	133	1,623	18	9	18	72	115	1,524	239	19	313	40	319	14	170	9	101	33	382					
Post office:																								
City mail service (indoor)	57	672	4	1	4	7	53	660	1	247	15	125	15	107	11	44	4	33	7	104				
City mail service (outdoor)	120	2,415	1 11	1	4	17	115	2,386	3	655	33	543	28	437	20	215	7	113	24	423				
Railway Mail Service	60	820	4		1	2	59	814		160	10	175	18	208	12	82	8	49	11	140				
Rural Free Delivery	10	158	8		1	4	9	146		5	2	19	5	30		14	1	13	1	65				
Aerial mail service	2	42	3				2	39		11	1	12	1	8		2		2		4				
All other	52	964	6	1	1	9	51	948		315	16	244	9	172	11	64	3	41	12	112				
Total Post Office	301	5,071	1 36	3	11	39	289	4,993	4	1,393	77	1,118	76	962	54	421	23	251	55	848				
Treasury:																								
Custodian	15	82	1	1	2	1	14	78		13	4	20	4	17	5	13	1	4		11				
Customs	13	168	2			2	13	164		26	1	23	2	49	1	20	3	9	6	37				
Engraving and Printing	8	167	2 2	1	1	4	5	160		36		54	4	31		7		9	1	23				
Internal Revenue	1	29		1			1	28		6		8		8				1	1	5				
Prohibition enforcement	9	65	10		2	5	7	50		6	1	10	1	13		2	1	6	4	13				
Public Health Service	7	48	4	4	1	2	6	38		5		2	2	9		5		1	4	16				
All other	5	114	2	1		3	5	108		23	2	26		22	1	15		3	2	19				
Total Treasury	58	673	2 21	1 9	4	17	51	626		115	8	143	13	149	7	62	5	33	18	124				
War:																								
Ordnance—																								
Arsenals and armory	19	182	2		4	10	15	170	1	51	2	38	3	25	3	16	1	5	5	35				
Other Ordnance	6	71	1 2			9	5	60		8		7	1	16	2	7		5	2	17				
Total Ordnance	25	253	1 4		4	19	20	230	1	59	2	45	4	41	5	23	1	10	7	52				

TABLE 1.—NUMBER OF INJURIES, BY EXTENT OF DISABILITY, FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925—Continued

Department and bureau or establishment	Total injuries	Number of injuries resulting in—											
		Death	Permanent total disability	Permanent partial disability	Temporary total disability	Temporary total disability of—							
						1 to 3 days, inclusive	4 to 7 days, inclusive	8 to 14 days, inclusive	15 to 21 days, inclusive	22 to 28 days, inclusive	Over 28 days
War—Continued.													
Engineer—													
Public Buildings and Parks	9 119		1	1 1	8 117	21	1 33	2 25	1 11	1 5	3 22
All other	297 2,508	2 70	1 8	27 84	267 2,346	2 472	50 472	66 580	60 267	29 146	60 409
Total Engineer	306 2,627	2 70	1 9	28 85	275 2,463	2 493	51 505	68 605	61 278	30 151	63 431
Quartermaster	46 535	2 5	1 12	4 26	39 492	84	11 97	6 110	5 55	7 41	10 105
Other War—													
Air Service	6 141	2		1 6	5 133	39	1 26	2 25	12	11	2 20
Mississippi-Warrior River Service	19 275	7		2 6	17 262	42	1 44	1 44	6 45	3 32	6 55
All other	11 160	1	6	1 11	10 142	22	2 30	2 24	14	1 10	5 42
Total other War	36 576	10	6	4 23	32 537	103	4 100	5 93	6 71	4 53	13 117
Total War Department	413 3,991	5 89	2 27	40 153	366 3,722	3 739	68 747	83 849	77 427	42 255	93 705
Miscellaneous:													
District government	22 185	1		3 4	19 180	1 28	1 33	5 47	7 23	1 19	4 30
Shipping board	1				1						1
Emergency Fleet Corporation	33 359	1 36	1	2 10	30 312	45	7 52	7 74	7 44	3 22	6 75
Veterans' Bureau	18 223	4		2 13	16 206	1 42	4 34	4 45	2 17	2 12	3 56
All other	3 64	3		1 4	2 57	10	12	13	4	1 8	1 10
Total miscellaneous	76 832	1 44	1	8 31	67 756	2 125	12 131	16 179	16 88	7 61	14 172
Grand total	1,232 14,086	14 254	3 56	97 367	1,118 13,409	10 2,973	232 2,790	295 2,854	212 1,400	107 813	262 2,579

DURATION OF DISABILITY AND AMOUNT OF AWARDS

The number of injuries, with the duration of disability and amount of award in compensated cases for each department and important bureau or establishment, is shown in the next table.

In 13,409 cases of temporary disability (including noncompensated as well as compensated cases) the average duration was 24 days, and in 6,122 of these cases which were compensated the average duration was 44 days, resulting in average compensation of $77.99. The corresponding compensated cost for the calendar year 1924 was $67.75.

In the report of 1924, 21.4 per cent of the total days lost were covered by leave during which the employee received his regular rate of pay. In the report for 1925 this per cent was 21.8.

Considering only the compensated cases for the year 1924, 7.98 per cent of the time lost was covered by leave; in 1925, 8.55 per cent was covered by leave. Referring to the item of "no claim filed" in the 627 noncompensated cases, there was an average of almost 12 days' time lost, or, by deducting the amount of leave used, there was an average loss of over 10 days. The report covering the period prior to December 31, 1918, shows that 16.7 per cent filed no claim. In 1919 this number was reduced to 6.8 per cent. In 1920 somewhat of an increase was shown in that the percentage rose to 7.8 per cent; in 1921 it had fallen again to 4.3 per cent; in 1922 the percentage shows 4.3 per cent; in 1923, 5.3 per cent; in 1924, 3.32 per cent; and in 1925, 4.68 per cent.

No satisfactory explanation can be given of the failure of many of these employees to make claim for compensation. Some through ignorance of the law make claim after the expiration of the statutory period of one year. It is the policy of the commission to notify an injured employee twice of his right to claim compensation before considering the case as closed. The attention of the official superior is also called to the matter if several cases of the same kind have been reported through a single official superior. In some cases injured employees apparently entitled to compensatin for a considerable period have declined to claim compensation because of what they called the "bother" of filling out the papers. In most of these cases the papers referred to consist only of the simple affidavit of the claim form, the attending physician's certificate and a certificate for which the official superior is entirely responsible. It is difficult to understand why an injured employee entitled to receive compensation should fail to submit a claim because of the legal requirement that such a claim must be submitted in writing.

TABLE 2.—NUMBER OF INJURIES AND DURATION OF DISABILITY FOR TABULATABLE ACCIDENTS, AND AWARDS FOR COMPENSATED CASES FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925

TEMPORARY TOTAL DISABILITIES

Department and bureau or establishment	All cases				Compensated cases						Noncompensated cases								
											Covered by leave			No claim filed			Three days and under		
	Number	Days' duration, including leave	Days' leave	Average days' duration	Number	Days' duration, including leave	Days' leave	Average days' duration	Award	Average award	Number	Days' duration, including leave	Days' leave	Number	Days' duration, including leave	Days' leave	Number	Days' duration, including leave	Days' leave
Agriculture:																			
Animal Industry	100	2,002	1,042	20	12	1,137	230	95	$1,827.79	$152.32	67	800	782	2	24	1	19	41	29
Forest Service	624	15,388	1,284	25	417	14,016	627	34	26,139.00	62.68	60	614	594	56	572	------	91	186	63
Public Roads and Rural Engineering	32	1,079	187	34	15	910	82	61	1,708.94	113.93	5	68	68	3	88	35	9	13	2
All other	139	5,826	1,118	42	41	4,835	157	118	10,041.09	244.90	66	928	926	2	10	------	30	53	35
Total Agriculture	895	24,295	3,631	27	485	20,898	1,096	43	39,716.82	81.89	198	2,410	2,370	63	694	36	149	293	129
Commerce:																			
Census Bureau	10	140	11	14	3	122	------	------	247.93	82.64	2	10	8	------	------	------	5	8	3
Lighthouse Bureau	137	3,996	1,078	29	60	3,017	271	50	5,274.15	87.90	40	776	770	15	162	12	22	41	25
Standards Bureau	33	2,104	248	64	2	1,874	31	937	4,079.75	2,039.88	18	196	196	2	18	7	11	16	14
All other	51	1,166	682	23	12	607	158	51	637.20	53.10	28	519	517	1	23	------	10	17	7
Total Commerce	231	7,406	2,019	32	77	5,620	460	73	10,239.03	132.97	88	1,501	1,491	18	203	19	48	82	49
Government Printing Office	28	723	115	26	14	648	51	46	1,268.41	90.60	9	59	56	1	4	------	4	12	8
Interior:																			
Indian Affairs	68	2,420	524	36	33	1,841	17	56	3,419.19	103.61	23	448	448	7	120	59	5	11	------
National Park Service	126	2,837	138	23	75	2,591	37	35	5,064.88	67.53	7	92	92	7	79	------	37	75	9
Reclamation Service	313	5,246	67	17	198	4,896	28	25	8,556.22	43.21	6	39	30	16	133	------	93	178	9
All other	64	940	344	15	23	678	107	29	1,062.20	46.18	26	233	231	1	6	------	14	23	6
Total Interior	571	11,443	1,073	20	329	10,006	189	30	18,102.49	55.02	62	812	801	31	338	59	149	287	24
Labor	63	1,179	869	19	7	451	163	64	565.70	80.81	44	700	686	------	------	------	12	28	20
Navy:																			
Yards—																			
Boston	175	7,536	436	43	130	7,297	297	56	15,095.27	116.12	19	126	113	9	70	11	17	43	15
Bremerton	83	2,600	258	31	57	2,390	73	42	5,004.90	87.81	16	164	161	3	28	16	7	18	8
Charleston	12	279	56	23	4	227	13	57	439.54	109.88	5	43	41	------	------	------	3	9	2
Mare Island	110	2,945	473	27	73	2,661	213	36	4,798.96	65.74	27	259	250	------	------	------	10	25	10

New York	232	6,138	597	26	131	5,669	235	43	11,226.57	85.70	43	318	296	3	16	------	55	135	66
Norfolk	110	2,213	411	20	62	1,883	168	30	3,248.46	52.40	20	222	202	4	55	22	24	53	19
Pearl Harbor	44	812	293	18	21	567	65	27	860.74	40.99	16	229	220	------	------	------	7	16	8
Philadelphia	236	8,249	725	35	152	7,750	341	51	16,601.36	109.22	43	353	337	4	47	13	37	99	34
Portsmouth	109	1,984	403	18	60	1,626	155	27	2,779.81	46.33	24	245	224	12	76	17	13	37	7
Washington	48	1,527	227	32	30	1,308	40	44	2,577.38	85.91	11	160	154	2	48	22	5	11	11
Total yards	1,159	34,283	3,879	30	720	31,378	1,600	44	62,632.99	86.99	224	2,119	1,998	37	340	101	178	446	180
Other Navy:																			
Cavite	60	1,157	58	19	48	1,114	48	23	815.07	16.98	2	13	8	------	------	------	10	30	2
Hampton Roads Operating Base	40	1,135	217	28	11	991	93	90	1,809.76	164.52	11	93	87	2	20	12	16	31	25
Indianhead Powder Factory	11	457	38	42	7	429	13	61	693.24	99.03	3	26	25	------	------	------	1	2	------
Naval Aircraft Factory, Philadelphia	25	775	148	31	16	680	56	43	1,233.56	77.10	9	95	92	------	------	------	------	------	------
Newport	38	517	99	14	15	395	11	26	740.26	49.35	10	67	63	4	36	11	9	19	14
South Brooklyn Supply Depot	16	305	98	19	6	240	40	40	393.61	65.60	4	53	50	------	------	------	6	12	8
All other	175	6,585	740	38	111	6,089	313	55	12,238.70	110.26	42	420	405	3	31	6	19	45	16
Total other Navy	365	10,931	1,398	30	214	9,938	574	46	17,924.20	83.76	81	767	730	9	87	29	61	139	65
Total Navy Department	1,524	45,214	5,277	30	934	41,316	2,174	44	80,557.19	86.25	305	2,886	2,728	46	427	130	239	585	245
Post Office:																			
City mail service (indoor)	660	11,752	4,437	18	160	8,054	1,099	50	13,766.59	86.04	236	2,998	2,952	17	223	36	247	477	350
City mail service (outdoor)	2,386	52,172	13,347	22	936	42,803	5,382	46	74,869.57	79.99	714	7,249	7,081	81	771	67	655	1,349	817
Railway Mail Service	814	18,282	8,306	22	193	12,002	2,628	62	19,030.89	98.61	422	5,076	5,010	39	875	415	160	329	253
Rural Free Delivery	146	7,986	2,101	55	74	6,949	1,097	94	12,424.17	167.89	66	1,022	995	1	4	------	5	11	9
Aerial Mail Service	39	399	312	10	4	113	52	28	108.79	27.20	22	241	241	2	23	------	11	22	19
All other	948	13,868	5,057	15	286	9,920	1,498	35	16,483.74	57.64	325	3,148	3,112	22	166	38	315	634	409
Total Post Office	4,993	104,459	33,560	21	1,653	79,841	11,756	48	136,683.75	82.69	1,785	19,734	19,391	162	2,062	556	1,393	2,822	1,857
Treasury:																			
Custodian	78	1,359	974	17	11	519	140	47	660.68	60.06	54	814	814	------	------	------	13	26	20
Customs	164	3,767	2,062	23	33	1,993	310	60	3,244.90	98.33	104	1,721	1,716	1	7	------	26	46	36
Engraving and Printing	160	3,221	1,135	20	41	2,410	364	59	4,291.85	104.68	82	721	712	1	21	9	36	69	50
Internal Revenue	28	571	298	20	3	336	70	112	566.01	188.67	19	221	220	------	------	------	6	14	8
Prohibition Enforcement	50	1,426	562	29	17	1,100	240	65	1,771.12	104.18	27	313	313	------	------	------	6	13	9
Public Health Service	38	4,274	689	112	15	3,861	289	257	7,617.43	507.83	17	392	392	1	14	6	5	7	2
All other	108	3,190	1,224	30	15	2,046	98	136	3,646.25	243.08	69	1,031	1,021	1	66	60	23	47	45
Total Treasury	626	17,808	6,944	28	135	12,265	1,511	91	21,798.24	161.47	372	5,213	5,188	4	108	75	115	222	170
War:																			
Ordnance—																			
Arsenals and armory	170	3,420	308	20	88	3,041	91	35	5,879.85	66.82	28	182	175	3	109	11	51	88	31
Other ordnance	60	3,174	123	53	44	3,004	54	68	5,810.51	132.06	5	66	63	3	88	1	8	16	5
Total Ordnance	230	6,594	431	29	132	6,045	145	46	11,690.36	88.56	33	248	238	6	197	12	59	104	36

TABLE 2.—NUMBER OF INJURIES AND DURATION OF DISABILITY FOR TABULATABLE ACCIDENTS, AND AWARDS FOR COMPENSATED CASES FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925—Continued

TEMPORARY TOTAL DISABILITIES—Continued

Department and bureau or establishment	All cases				Compensated cases						Noncompensated cases								
											Covered by leave			No claim filed			Three days and under		
	Number	Days' duration, including leave	Days' leave	Average days' duration	Number	Days' duration, including leave	Days' leave	Average days' duration	Award	Average award	Number	Days' duration, including leave	Days' leave	Number	Days' duration, including leave	Days' leave	Number	Days' duration, including leave	Days' leave
War—Continued.																			
Engineer—																			
Public Buildings and Parks	117	3,139	1,259	27	28	2,197	326	79	3,201.46	114.34	68	888	883	-----	-----	-----	21	54	50
All other	2,346	47,777	5,608	20	1,458	41,515	1,857	28	71,170.67	48.81	245	3,498	3,460	171	1,736	95	472	1,028	196
Total Engineer	2,463	50,916	6,867	21	1,486	43,712	2,183	29	74,372.13	50.05	313	4,386	4,343	171	1,736	95	493	1,082	246
Quartermaster	492	14,711	3,822	30	210	11,665	1,067	56	19,365.54	92.22	178	2,613	2,604	20	253	46	84	180	105
Other War—																			
Air Service	133	3,022	1,533	23	16	1,637	197	102	2,888.16	180.51	75	1,208	1,195	3	96	77	39	81	64
Mississippi-Warrior River Service	262	6,830	31	26	197	6,466	9	33	10,743.71	54.54	3	23	20	20	244	1	42	97	1
All other	142	8,341	1,008	59	71	7,723	430	109	12,728.74	179.28	47	558	551	2	17	2	22	43	25
Total other War	537	18,193	2,572	34	284	15,826	636	56	26,360.61	92.82	125	1,789	1,766	25	357	80	103	221	90
Total War Department	3,722	90,414	13,692	24	2,112	77,248	4,031	37	131,788.64	62.40	649	9,036	8,951	222	2,543	233	739	1,587	477
Miscellaneous:																			
District government	180	4,234	545	24	121	3,877	349	32	6,105.55	50.46	23	189	177	8	102	2	28	66	17
Shipping Board	1	687	95	687	1	687	95	687	1,306.72	1,306.72	-----	-----	-----	-----	-----	-----	-----	-----	-----
Emergency Fleet Corporation	312	9,926	379	32	190	8,769	213	46	16,542.71	87.07	17	152	137	60	918	11	45	87	18
Veterans' Bureau	206	8,676	2,481	42	60	6,847	845	114	12,290.04	204.83	94	1,564	1,542	10	180	45	42	85	49
All other	57	1,153	815	20	4	259	39	65	485.62	121.41	41	762	759	2	110	-----	10	22	17
Total miscellaneous	756	24,676	4,315	33	376	20,439	1,541	54	36,730.64	97.69	175	2,667	2,615	80	1,310	58	125	260	101
Grand total	13,409	327,617	71,495	24	6,122	268,732	22,972	44	477,450.91	77.99	3,687	45,018	44,277	627	7,689	1,166	2,973	6,178	3,080

In the following table of permanent partial disabilities under the head of "Dismemberments" there were 21 cases covered by leave with pay, 3 where no claim was filed, 2 of 3 days and under in duration, and 4 with no time lost, making a total of 30 cases of dismemberments for which no compensation was paid.

Under the head of "Loss of function" there were 11 cases covered by leave with pay, and 1 where no time was lost, making a total of 12 cases of loss of function where no compensation was paid.

In all there were 42 cases of permanent partial disability where no compensation was paid, but in most instances these were very trivial cases.

The following statement, setting forth the experience for the nine-year period, is of interest by way of comparison:

NUMBER AND PER CENT OF PERMANENT PARTIAL DISABILITIES, SEPTEMBER 7, 1916, TO DECEMBER 31, 1925

Year	Number of cases	Number permanent partial disability cases	Per cent of total number
1916	29,772	885	2.97
1917			
1918	19,354	607	3.14
1919	16,706	535	3.20
1920	12,906	571	4.42
1921	12,351	450	3.64
1922	13,233	434	3.28
1923	11,283	266	2.36
1924	14,086	367	2.61
1925			
Total	129,691	4,115	3.17

It will be noted that the total injuries for this period are 129,691, out of which 4,115, or 3.17 per cent of the total number of cases, were permanent partial disabilities. Under the Federal compensation act there is no provision for a fixed schedule award for dismemberments, as under many of the State workmen's compensation laws, and permanent disabilities are kept upon the pay roll as long as there is a loss of earning capacity due to the injury, and many cases which would be settled and closed under a specific schedule are still upon the rolls of this commission.

TABLE 3.—NUMBER OF PERMANENT PARTIAL DISABILITIES, DURATION OF DISABILITY, AND AWARDS FOR COMPENSATED CASES, FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925

DISMEMBERMENT ONLY

Department and bureau or establishment	All cases			Compensated cases					Noncompensated cases	
	Number	Average days' duration	Days' duration	Number	Average days' duration	Days' duration	Award	Average award	Number	Days' duration
Agriculture:										
Forest Service	5	53	266	4	64	254	$467.68	$116.92	1	12
Public Roads and Rural Engineering	1	622	622	1	622	622	1,583.87	1,583.87	------	------
All other	1	98	98	1	98	98	197.35	197.35	------	------
Total Agriculture	7	141	986	6	162	974	2,248.90	374.82	1	12
Commerce:										
Census Bureau	1	22	22	1	22	22	21.73	21.73	------	------
Lighthouse Bureau	3	29	86	2	29	58	114.53	57.27	1	28
All other	1	273	273	1	273	273	588.22	588.22	------	------
Total Commerce	5	76	381	4	88	353	724.48	181.12	1	28
Interior:										
Indian Affairs	5	126	632	2	284	568	2,750.47	1,375.24	3	64
National Park Service	3	71	214	3	71	214	447.11	149.04	------	------
Reclamation Service	6	407	2,442	5	488	2,442	6,415.70	1,283.14	1	------
Total Interior	14	235	3,288	10	322	3,224	9,613.28	961.33	4	64
Navy:										
Yards—										
Boston	3	430	1,290	3	430	1,290	6,788.38	2,262.79	------	------
Bremerton	3	83	248	3	83	248	493.29	164.43	------	------
Mare Island	1	513	513	1	513	513	2,615.47	2,615.47	------	------
New York	3	213	639	3	213	639	4,518.50	1,506.17	------	------
Norfolk	9	54	483	9	54	483	912.47	101.39	------	------
Pearl Harbor	1	26	26	1	26	26	42.00	42.00	------	------
Philadelphia	2	42	83	2	42	83	158.46	79.23	------	------
Portsmouth	3	13	39	1	21	21	38.34	38.34	2	18
Washington	2	131	261	2	131	261	559.77	279.89	------	------
Total yards	27	133	3,582	25	143	3,564	16,126.68	645.06	2	18
Other Navy—										
Cavite	3	67	201	3	67	201	163.70	54.57	------	------
Hampton Roads Operating Base	2	60	120	2	60	120	201.60	100.80	------	------
Newport	1	28	28	1	28	28	43.45	43.45	------	------
South Brooklyn Supply Depot	(1)	------	174	------	------	174	425.65	----------	------	------
All other	6	71	427	5	85	426	669.13	133.83	1	1
Total other Navy	12	79	950	11	86	949	1,503.53	136.68	1	1
Total Navy Department	39	116	4,532	36	125	4,513	17,630.21	489.73	3	19
Post Office:										
City mail service (indoor)	6	68	408	6	68	408	524.46	87.41	------	------
City mail service (outdoor)	5	59	293	4	66	264	439.89	109.97	1	29
Rural free delivery	2	770	1,440	2	770	1,440	3,064.87	1,532.44	------	------
All other	4	67	266	3	86	258	477.74	159.25	1	8
Total Post Office	17	142	2,407	15	158	2,370	4,506.96	300.46	2	37
Treasury:										
Engraving and printing	2	21	42	2	21	42	78.44	39.22	------	------
Prohibition enforcement	3	42	125	1	91	91	119.95	119.95	2	34
Public Health Service	1	33	33	1	33	33	32.67	32.67	------	------
All other	1	17	17	------	------	------	----------	----------	1	17
Total Treasury	7	31	217	4	42	166	231.06	57.77	3	51

[1] Additional duration and award on previously listed case.

TABLE 3.—NUMBER OF PERMANENT PARTIAL DISABILITIES, DURATION OF DISABILITY, AND AWARDS FOR COMPENSATED CASES, FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925—Continued.

DISMEMBERMENT ONLY—Continued

Department and bureau or establishment	All cases			Compensated cases					Noncompensated cases	
	Number	Average days' duration	Days' duration	Number	Average days' duration	Days' duration	Award	Average award	Number	Days' duration
War:										
Ordnance—Arsenals	5	211	1,053	4	263	1,053	2,265.33	566.44	1	------
Engineer—										
Public buildings and parks	1	728	728	1	728	728	1,725.24	1,725.24	------	------
All other	65	82	5,337	57	90	5,157	19,090.65	334.93	8	180
Total Engineer	66	92	6,065	58	101	5,885	20,815.89	358.89	8	180
Quartermaster	11	53	586	8	62	496	1,281.99	160.25	3	90
Other war—										
Air Service	4	38	152	2	30	59	102.00	51.00	2	93
Mississippi-Warrior River service	3	319	956	3	319	956	3,451.63	1,150.54	------	------
All other	4	139	557	4	139	557	1,240.34	310.09	------	------
Total other war	11	151	1,665	9	175	1,572	4,793.97	532.66	2	93
Total War Department	93	101	9,369	79	114	9,006	29,157.18	369.08	14	363
Miscellaneous:										
District government	3	249	746	3	249	746	1,520.27	506.76	------	------
Emergency Fleet Corporation	7	67	472	7	67	472	1,812.43	258.92	------	------
Veterans' Bureau	5	100	502	4	117	468	1,313.04	328.26	1	34
All other	1	10	10	------	------	------	----------	----------	1	10
Total miscellaneous	16	108	1,730	14	120	1,686	4,645.74	331.84	2	44
Grand total	198	116	22,910	168	133	22,292	68,757.81	409.27	30	618

LOSS OF FUNCTION ONLY

Agriculture:										
Forest Service	6	189	1,136	6	189	1,136	$3,985.03	$664.17	------	------
Public Roads and Rural Engineering	1	251	251	1	251	251	544.40	544.40	------	------
All other	3	40	119	1	89	89	111.11	111.11	2	30
Total Agriculture	10	151	1,506	8	185	1,476	4,640.54	580.07	2	30
Commerce:										
Lighthouse Bureau	9	570	5,129	9	570	5,129	11,938.25	1,326.47	------	------
All other	1	61	61	1	61	61	77.78	77.78	------	------
Total Commerce	10	519	5,190	10	519	5,190	12,016.03	1,201.60	------	------
Interior:										
Indian Affairs	4	184	736	3	239	716	4,302.46	1,434.15	1	20
Reclamation Service	4	321	1,282	3	413	1,238	5,505.07	1,835.02	1	44
All other	1	192	192	1	192	192	380.01	380.01	------	------
Total Interior	9	246	2,210	7	306	2,146	10,187.54	1,455.36	2	64
Navy:										
Yards—										
Boston	[2] 5	968	4,841	5	968	4,841	17,806.67	3,561.33	------	------
Bremerton	1	193	193	1	193	193	486.69	486.69	------	------
Charleston	2	441	882	2	441	882	3,110.61	1,555.30	------	------
Mare Island	3	307	920	3	307	920	3,479.61	1,159.87	------	------
New York	2	220	439	2	220	439	1,089.26	544.63	------	------
Norfolk	4	446	1,783	4	446	1,783	8,759.72	2,189.93	------	------
Pearl Harbor	2	143	285	2	143	285	3,015.69	1,507.85	------	------
Philadelphia	2	378	755	2	378	755	1,702.96	851.48	------	------
Portsmouth	1	120	120	1	120	120	250.48	250.48	------	------
Washington	2	132	263	2	132	263	549.53	274.77	------	------
Total yards	24	437	10,481	24	437	10,481	40,251.22	1,677.13	------	------

[2] Two disfigurements and 4 special cases are included in these figures.

TABLE 3.—NUMBER OF PERMANENT PARTIAL DISABILITIES, DURATION OF DISABILITY, AND AWARDS FOR COMPENSATED CASES, FOR EACH DEPARTMENT AND IMPORTANT BUREAU OR ESTABLISHMENT, CALENDAR YEAR 1925—Continued

LOSS OF FUNCTION ONLY—Continued

Department and bureau or establishment	All cases			Compensated cases					Noncompensated cases	
	Number	Average days' duration	Days' duration	Number	Average days' duration	Days' duration	Award	Average award	Number	Days' duration
Navy—Continued.										
Other Navy—										
Hampton Roads Operating Base	1	324	324	1	324	324	605.76	605.76		
Naval Aircraft Factory, Philadelphia	1	143	143	1	143	143	306.70	306.70		
Newport	1	53	53	1	53	53	138.02	138.02		
All other	6	359	2,154	6	359	2,154	7,140.28	1,190.05		
Total other Navy	9	297	2,674	9	297	2,674	8,190.76	910.08		
Total Navy Department	33	399	13,155	33	399	13,155	48,441.98	1,467.94		
Post Office:										
City mail service (indoor)	1	62	62	1	62	62	31.11	31.11		
City mail service (outdoor)	12	338	4,061	12	338	4,061	8,520.38	710.03		
Railway Mail Service	2	201	401	2	201	401	857.77	428.89		
Rural Free Delivery	2	272	543	2	272	543	1,140.51	570.26		
All other	5	185	927	5	185	927	3,231.89	646.38		
Total Post Office	22	272	5,994	22	272	5,994	13,781.66	626.44		
Treasury:										
Custodian	1	67	67	1	67	67	37.77	37.77		
Customs	2	30	59						2	59
Engraving and Printing	2	549	1,097	1	1,068	1,068	2,079.82	2,079.82	1	29
Internal Revenue	[1]		75			75	164.45			
Prohibition Enforcement	2	234	468	[1]		460	7,208.81		2	8
Public Health Service	1	612	612	1	612	612	1,318.12	1,318.12		
All other	2	381	761	2	381	761	7,319.23	3,659.62		
Total Treasury	10	314	3,139	5	609	3,043	18,128.20	3,625.64	5	96
War:										
Ordnance—										
Arsenals	5	180	898	5	180	898	9,846.84	1,969.37		
All other	[2] 9	758	6,823	9	758	6,823	25,802.40	2,866.93		
Total ordnance	14	552	7,721	14	552	7,721	35,649.24	2,546.37		
Engineer	[2] 19	287	5,462	18	300	5,405	27,808.93	1,544.94	1	57
Quartermaster	[2] 15	731	10,969	15	731	10,969	47,184.62	3,145.64		
Other War—										
Air Service	2	277	553	1	464	464	730.66	730.66	1	89
Mississippi-Warrior River Service	3	157	472	3	157	472	816.58	272.19		
All other	7	333	2,331	7	333	2,331	5,256.61	750.94		
Total other War	12	280	3,356	11	297	3,267	6,803.85	618.53	1	89
Total War Department	60	459	27,508	58	472	27,362	117,446.64	2,024.94	2	146
Miscellaneous:										
District government	1	300	300	1	300	300	571.04	571.04		
Emergency Fleet Corporation	3	303	908	3	303	908	1,956.53	652.18		
Veterans' Bureau	8	182	1,459	8	182	1,459	2,354.73	294.34		
All other	[2] 3	95	285	2	137	274	369.08	184.54	1	11
Total miscellaneous	15	197	2,952	14	210	2,941	5,251.38	375.10	1	11
Grand total	169	365	61,654	157	390	61,307	229,893.97	1,464.29	12	347

[1] Additional duration and award on a previously listed case.
[2] Two disfigurements and 4 special cases are included in these figures.

COST OF MEDICAL TREATMENT

Table 4 shows the medical payments from the funds of the Compensation Commission. This does not mean the cost of all medical treatment furnished under the compensation act, since, as required by the law, a large part of such treatment (in many cases all the medical treatment) is furnished by Government medical officers and in Government hospitals, where the expense is borne by that department of the Government which supports the medical service in question. This includes service by surgeons of the Public Health Service and in many Public Health Service hospitals. It includes also the treatment furnished in the navy yard dispensaries and in Army dispensaries.

The following is a comparative statement showing the number of cases included in the annual reports, the number of cases upon which medical payments from the compensation fund were made, and the percentage in each year of the number of cases requiring such medical payments.

NUMBER, PER CENT, AND AVERAGE MEDICAL EXPENSES IN CASES IN WHICH THERE WAS PAYMENT FOR MEDICAL TREATMENTS

Year	Total number of cases, including no time lost	Number of cases upon which there were medical payments	Per cent of all cases upon which there were medical payments	Average medical expense in cases in which there was payment for medical treatment	
				Fatal and nonfatal cases, combined	Nonfatal cases only
1919	24,465	9,553	39	$23.95	$22.81
1920	20,736	9,504	45.8	32.68	31.47
1921	16,842	7,852	45	40.18	38.11
1922	17,465	8,828	50.5	40.71	37.85
1923	19,694	10,077	51.2	45.85	44.44
1924	17,764	8,636	48.8	39.27	35.02
1925	21,794	10,377	47.6	43.74	42.04
Total	138,760	64,827	46.7		

NOTE.—The permanent total disabilities are not included in the above averages as they were not closed cases.

In the year 1921 only 45 per cent of all cases required a payment from the compensation fund for medical care, but in the year 1922 medical payments were made upon over 50 per cent of all cases included in the report. This was largely due to the fact that many of the United States Public Health Service hospitals were taken over by the Veterans' Bureau, compelling this commission to use private physicians and facilities to a greater degree and requiring medical payments in a greater number of cases than formerly.

The figures of average cost are significant only in a general way, as in a considerable number of cases the paid medical and hospital treatment was supplemented by Government medical and hospital services for which no payment was made from the funds of the commission.

The amount of medical payments from the compensation fund as shown in this table, namely, $453,900.85, does not, as already explained, represent the total cost of Government medical and hospital services under the compensation act, nor does it measure the medical benefits received by injured employees. While the cases for which no medical expenditures are shown were on the average of less severity than those with medical payments, it is probable that the total cost to the Government of all medical and hospital services for which no charge was made against the compensation fund was close to a million dollars. This covers first-aid and dispensary treatment in a large number of cases at navy yards and at naval stations, similar care in a smaller number of cases in War Department dispensaries, and medical and hospital care in Public Health Service dispensaries and hospitals.

Under the Federal compensation act medical and hospital treatment is furnished without limit if application is made to the compensation commission, the only test being that it is reasonably necessary on account of the results of the injury.

Under a recent decision of the Comptroller General, Army and Navy hospitals may not be reimbursed for the cost of treatment of beneficiaries of the compensation act in such hospitals. This decision may result in the discontinuance of treatment in such hospitals and the securing of treatment in private hospitals instead. Should Congress fail to authorize the payment of Army and Navy hospitals for such treatment from the compensation fund, the result of the Comptroller General's decision will be an increase in the cost of medical and hospital expenses to the compensation fund of at least $20,000 a year.

TABLE 4.—SUMMARY OF MEDICAL PAYMENTS ON ALL CASES, CALENDAR YEAR 1925, AND CUMULATIVE EXPERIENCE FROM SEPTEMBER 7, 1916, TO DECEMBER 31, 1925

	1925			Sept. 7, 1916, to Dec. 31, 1925		
	Number of all cases, including no time lost	Number of cases with medical payments	Total amount of payments	Number of all cases, including no time lost	Number of cases with medical payments	Total amount of payments
Compensated cases:						
Temporary total disability	6,122	3,521	$209,700.75	66,409	31,295	$1,489,541.93
Permanent partial disability	325	250	57,245.67	3,615	2,331	357,450.65
Total	6,447	3,771	266,946.42	70,024	33,626	1,846,992.58
Noncompensated cases:						
Covered by leave—						
Temporary total disability	3,687	1,395	42,483.71	23,235	7,997	230,227.42
Permanent partial disability	32	22	3,698.91	303	159	16,834.34
Total covered by leave	3,719	1,417	46,182.62	23,538	8,156	247,061.76
No claim filed—						
Temporary total disability	627	237	4,934.77	9,838	1,918	28,660.21
Permanent partial disability	3	1	33.00	87	19	1,152.41
Total no claim filed	630	238	4,967.77	9,925	1,937	29,812.62
No time lost	6,366	3,118	29,486.71	[1] 40,259	20,104	165,850.07
Three days and under—						
Temporary total disability	2,973	1,043	11,656.76	22,708	6,366	57,520.18
Permanent partial disability	2	1	18.00	53	25	827.37
Total three days and under	2,975	1,044	11,674.76	22,761	6,391	58,347.55
Total noncompensated cases	13,690	5,817	92,311.86	96,483	36,588	501,072.00
Fatal	254	124	22,854.22	2,976	858	169,846.69
Permanent total disability	56	49	39,775.46	410	301	152,340.52
All other medical payments	1,348	616	32,012.89	3,907	3,740	151,260.18
Grand total	21,795	10,377	453,900.85	173,800	75,113	2,821,511.97

[1] Included in this number are 57 permanent partial disability cases.

DURATION OF DISABILITY AND AWARDS FOR PERMANENT PARTIAL DISABILITIES

Table 5 shows the duration, the amount of compensation paid, and the wage lost in permanent partial disabilities according to the location of injury.

Quite a number of the awards in this table have been largely affected by lump-sum settlements. The compensation act makes no provision for specific awards in permanent partial disability cases, but the loss of earning capacity must be determined by the commission upon a consideration of all the circumstances; and if a lump-sum settlement is shown to be for the best interest of the claimant, compensation is paid upon that basis.

The basis of the compensation under the law in the case of permanently partially disabled employees is decrease in earning capacity as compared with wages at the time of injury. In practice the permanently disabled employee is considered entitled to monthly compensation so long as there is loss of wages due to injury. If there is no wage loss due to the injury, no compensation is paid, even though there be a serious permanent disability, such as the loss of a hand,

a foot, or an eye. The mere physical result of the injury is not compensated, since there is no provision for the payment of a fixed amount or for fixed periods in case of dismemberment or other permanent disability.

Earning capacity is judged by the commission according to all the circumstances of the individual case. As a general rule, if the employee is or has been working, his actual wage is taken for the purposes of determining the current disability compensation. If the employee is deemed to be able to do some work but has failed to secure it after a reasonable time, then the present earning capacity has been estimated by the commission, taking into consideration all of the circumstances.

This table includes all permanent partial disability awards made by this commission which have been closed either by lump-sum settlement or where injured workmen have returned to work at the former wage, when the case is for the time being closed.

Particular attention should be called to the amount of awards as compared with the wage loss. These figures on wage loss are not complete, for the reason that they include only such wages as had been lost up to the time the lump-sum settlement was made, and no estimate is included covering the much greater future loss of wage. However, a comparison of wage loss and compensation paid up to the time of the lump-sum settlement may be made by deducting the total figure for lump-sum settlements from the total amount of compensation paid.

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY, OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925

DISMEMBERMENTS (INCLUDING SURGICAL AMPUTATIONS)

[Duration in this table includes partial disability, if any, as well as total disability; partial disability days have been reduced to equivalent days of total disability. The small figures at the left in certain columns show number of cases of infection. In cases where lump-sum settlements have been made the wage loss given here covers only the period for which monthly compensation was paid before the lump-sum settlement]

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Eye	43 147	159	[a] $154,524.23	$1,051.19	$1,254.35	$85,548.35	14
Ear, external	1	28					1
Breast	1 3	51	175.58	58.53	157.80	381.24	1
Testicle	2 4	108	642.24	160.56	74.44	1,293.10	1
Arm, right	3 6	520	[b] 15,201.92	2,533.65	3,898.77	12,886.35	
Arm, left	5 9	430	[c] 25,392.29	2,821.36	1,418.58	13,027.97	1 1
Forearm, right	1 6	115	[d] 5,058.78	843.13	257.79	2,275.54	2
Forearm, left	2 5	479	4,669.08	933.81	1,548.17	8,021.14	
Hand, n. o. c., right	3 19	223	[e] 29,450.18	1,550.01	1,610.05	14,050.32	2
Hand, n. o. c., left	10	303	[f] 16,283.78	1,628.38		10,046.98	1
Metacarpal, 1, left	1 1	1,078	[g] 3,336.96	3,336.96	3,336.96	8,224.00	
Thumb, n. o. c., right	2 4	61	422.30	105.58	154.48	928.35	
Thumb, n. o. c., left	2 7	50	522.78	74.68	82.23	1,028.17	
Thumb, distal phalanx, right	21 83	50	[h] 9,903.57	119.32	269.72	16,475.93	12

[a] 39 lump-sum settlements, $129,805.10.
[b] 2 lump-sum settlements, $8,776.04.
[c] 3 lump-sum settlements, $18,187.89.
[d] 1 lump-sum settlement, $3,868.08.
[e] 4 lump-sum settlements, $21,793.33.
[f] 2 lump-sum settlements, $10,553.24.
[g] 1 lump-sum settlement, $941.25.
[h] 3 lump-sum settlements, $2,425.21.

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY, OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925—Continued

DISMEMBERMENT—Continued

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Thumb, distal phalanx, left	16 84	34	[i] $5,959.79	$70.95	$193.50	$9,152.46	[1] 17
Thumb, proximal phalanx, right	1 21	60	[j] 8,243.75	392.56	----------	4,419.14	[1] 3
Thumb, proximal phalanx, left	3 16	68	1,454.24	90.89	184.83	2,680.54	4
Index finger, n. o. c., right	2 13	101	[k] 3,383.77	260.29	318.26	4,305.32	1
Index finger, n. o. c., left	3 6	59	[l] 2,635.73	439.29	819.31	1,402.89	------
Index finger, distal phalanx, right	23 160	36	[m] 8,786.60	54.92	1,333.49	17,812.64	[3] 35
Index finger, distal phalanx, left	23 132	33	[n] 8,271.99	62.66	104.16	15,034.08	[1] 27
Index finger, middle phalanx, right	7 43	46	[o] 4,692.95	109.14	150.91	5,280.36	8
Index finger, middle phalanx, left	10 29	76	3,807.88	131.31	124.35	7,016.21	3
Index finger, proximal phalanx, right	20 41	91	[p] 10,283.30	250.81	434.93	13,599.79	2
Index finger, proximal phalanx, left	5 34	63	[q] 8,749.26	257.33	186.40	8,282.47	4
Middle finger, n. o. c., right	14 15	109	[r] 2,645.95	176.40	187.88	3,861.03	[4] 4
Middle finger, n. o. c., left	2 6	55	[s] 1,429.61	238.27	148.75	1,343.09	------
Middle finger, distal phalanx, right	16 158	37	[t] 9,375.63	59.34	175.06	20,936.71	[1] 36
Middle finger, distal phalanx, left	9 123	29	5,551.59	45.13	94.52	12,612.88	[3] 34
Middle finger, middle phalanx, right	9 31	73	[u] 5,788.97	186.74	146.28	7,892.18	7
Middle finger, middle phalanx, left	2 23	63	[v] 6,247.78	271.64	184.58	6,698.05	2
Middle finger, proximal phalanx, right	8 16	189	[w] 7,407.75	462.98	807.17	9,581.83	2
Middle finger, proximal phalanx, left	8 17	71	[x] 3,335.36	196.20	131.69	3,251.37	2
Ring finger, n. o. c., right	2 6	109	972.36	162.06	312.38	2,585.30	2
Ring finger, n. o. c., left	3 7	75	929.99	132.86	163.32	1,917.65	[1] 2
Ring finger, distal phalanx, right	16 77	42	5,006.07	65.01	78.71	9,522.12	[1] 11
Ring finger, distal phalanx, left	11 73	34	3,742.38	51.27	109.27	8,679.15	15
Ring finger, middle phalanx, right	1 8	35	303.65	37.96	----------	829.01	[1] 2
Ring finger, middle phalanx, left	12	44	910.34	75.86	----------	2,173.23	4
Ring finger, proximal phalanx, right	7 17	72	[y] 5,208.13	306.36	573.67	4,027.31	2
Ring finger, proximal phalanx, left	2 12	36	750.76	62.56	126.27	1,352.91	1
Little finger, n. o. c., right	2 10	42	571.62	57.16	135.95	1,194.55	4
Little finger, n. o. c., left	2 6	79	2,218.65	369.77	1,009.89	1,372.17	------
Little finger, distal phalanx, right	10 67	34	3,343.21	49.90	89.71	6,902.51	[2] 17
Little finger, distal phalanx, left	4 58	23	2,090.80	36.05	125.40	5,144.77	19
Little finger, middle phalanx, right	6 30	52	[z] 3,695.13	123.17	156.24	4,997.99	5
Little finger, middle phalanx, left	4 21	35	[aa] 3,463.27	165.39	68.86	2,425.18	2
Little finger, proximal phalanx, right	4 28	71	[bb] 4,389.22	156.76	86.09	6,094.27	4
Little finger, proximal phalanx, left	3 20	44	[cc] 1,815.82	90.79	127.36	3,011.27	2
Thumb and 1 finger, right	3 19	51	[dd] 7,747.81	406.20	997.20	3,701.53	4
Thumb and 1 finger, left	1 12	76	[ee] 7,381.33	615.11	1,748.37	3,320.94	1
Thumb and 2 or more fingers, right	1 11	77	[ff] 12,506.07	1,136.92	5,072.19	2,707.92	1
Thumb and 2 or more fingers, left	3 15	69	[gg] 10,584.74	705.65	113.23	3,961.71	1
Two fingers, right	11 120	61	[hh] 37,914.95	332.62	154.86	28,915.40	15
Two fingers, left	9 77	66	[ii] 15,900.75	206.51	182.07	21,624.93	[1] 9
Two fingers, including metacarpals, left	1	127	239.29	239.29	----------	371.70	------
Three fingers, right	5 38	154	[jj] 38,479.77	1,012.62	67.16	18,771.57	[2] 7

[i] 1 lump-sum settlement, $1,828.51.
[j] 2 lump-sum settlements, $5,916.70.
[k] 2 lump-sum settlements, $2,578.02.
[l] 1 lump-sum settlement, $2,011.82.
[m] 1 lump-sum settlement, $371.38.
[n] 2 lump-sum settlements, $1,444.91.
[o] 3 lump-sum settlements, $1,784.76.
[p] 3 lump-sum settlements, $3,318.03.
[q] 3 lump-sum settlements, $4,668.31.
[r] 1 lump-sum settlement, $627.76.
[s] 1 lump-sum settlement, $862.36.
[t] 1 lump-sum settlement, $418.37.
[u] 2 lump-sum settlements, $1,777.35.
[v] 1 lump-sum settlement, $3,124.24.
[w] 1 lump-sum settlement, $1,161.30.
[x] 1 lump-sum settlement, $1,450.39.
[y] 2 lump-sum settlements, $3,013.07.
[z] 3 lump-sum settlements, $1,188.18.
[aa] 2 lump-sum settlements, $2,269.32.
[bb] 2 lump-sum settlements, $1,328.34.
[cc] 1 lump-sum settlement, $359.06.
[dd] 2 lump-sum settlements, $6,094.27.
[ee] 3 lump-sum settlements, $5,756.57.
[ff] 3 lump-sum settlements, $11,019.69.
[gg] 2 lump-sum settlements, $8,696.74.
[hh] 14 lump-sum settlements, $22,583.06.
[ii] 5 lump-sum settlements, $6,500.46.
[jj] 7 lump-sum settlements, $27,673.37

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY, OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925—Continued

DISMEMBERMENT—Continued

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Three fingers, left	3 20	137	[kk] $14,142.99	$707.15	$22.19	$8,213.28	[1] 2
Four fingers, right	13	118	[ll] 3,387.79	722.14		4,128.12	
Four fingers, left	1 11	77	1,529.97	139.09	41.60	3,214.99	
Thigh	12 18	517	[mm] 53,256.01	2,958.67	3,873.83	33,863.74	[1] 1
Leg	15 42	466	[nn] 79,097.98	1,883.28	1,383.52	67,248.03	[1] 3
Foot, n. o. c	6 14	210	[oo] 25,273.86	902.64	2,089.35	19,921.33	
Os calcis	1	436	857.51	857.51		1,304.75	
Tarsals	1	327	711.78	711.78		2,336.35	
Metatarsals	5 8	284	4,365.81	545.73	578.35	7,242.67	[1] 1
Great toe	17 45	104	[pp] 10,411.90	342.49	329.22	17,210.80	1
Lesser toe	21 74	85	[qq] 11,763.12	158.96	164.01	20,734.35	[1] 6
Two or more lesser toes	16 31	188	[rr] 16,813.90	542.38	686.88	21,258.51	
Great toe and lesser toe or toes	12 29	142	[ss] 10,351.28	356.94	673.51	13,766.84	[1] 2
Left eye enucleated and right eye sympathetic optic atrophy, with loss of vision	1	118	[tt] 13,472.84	13,472.84		659.20	
Enucleation of left eye, with partial loss of vision in right eye	1	851	[uu] 7,038.82	7,038.82		2,979.00	
Total	[485] 2,327		802,276.61		267,638.92	709,472.68	[29] 372

LOSS OF FUNCTION

Brain		6	542	[a] $799.85	$1,249.98		$21,009.83	
Eye	70	313	109	[b] 219,674.87	701.83	1,158.35	162,473.12	[5] 33
Eyes		8	224	[c] 14,895.84	1,861.98		11,458.16	3
Ear, inner	1	11	110	[d] 2,433.09	221.12		4,270.75	[1] 3
Ears, inner		3	49	276.06	92.02		455.34	2
Malar (disfigurement)		2	93	276.98	138.49		414.55	
Jaw	2	2	56	219.91	109.96	109.96	366.90	
Skull		14	450	[e] 23,533.91	1,680.99		21,775.82	1
Head, general		2	1,327	5,789.96	2,894.98		10,552.35	
Nose		[12]	193	[f] 2,080.79	1,040.40	353.35	1,539.30	
Face, n. o. c		1	51	106.68	106.68		277.44	
Neck		2	224	888.97	444.49		1,965.76	
Two or more parts of face and neck, one not clearly major injury		1	27	28.11	28.11		49.60	
Esophagus	1	1	493	940.72	940.72	940.72	1,355.75	
Vertebra, n. o. c	1	4	443	4,006.94	1,001.74	960.45	6,890.55	
Vertebra, cervical		5	367	[g] 7,984.54	1,596.91		9,580.10	
Vertebra, dorsal		1						1
Vertebra, lumbar		11	386	[h] 20,595.59	1,872.33		14,873.15	
Ribs		1	1,431	3,069.39	3,069.39		6,035.00	
Thorax, anterior		1	619	1,368.97	1,368.97		2,723.60	
Thorax, posterior, lumbar	1	26	430	[i] 33,131.67	1,274.30	173.36	39,342.68	
Abdominal viscera		2	834	[j] 4,446.02	2,223.01		8,169.47	
Pelvic region		3	410	[k] 6,120.96	2,040.32		4,446.05	
Pelvis, n. o. c		12	319	[l] 18,660.44	1,555.04		16,810.13	
Anus, rectum, or perineum		1	121	200.76	200.76		316.80	
Penis	1	2	78	211.12	105.56	211.12	544.36	1
Testicles	1	4	50	334.46	83.62	40.00	608.21	1
Hernia, inguinal	2	9	474	[m] 11,701.40	1,300.13	154.52	12,566.74	
Hernia, ventral	1	1	1,388	[n] 7,198.57	7,198.57	7,198.57	8,088.00	
Sacroiliac joint		15	536	[o] 38,371.73	2,558.12		36,400.80	1
Urethra		1	273	584.47	584.47		1,747.20	
Scapula		5	324	[p] 4,340.37	868.07		3,774.15	

[kk] 3 lump-sum settlements, $9,393.04.
[ll] 2 lump-sum settlements, $6,918.52.
[mm] 6 lump-sum settlements, $34,191.99.
[nn] 8 lump-sum settlements, $41,194.98.
[oo] 3 lump-sum settlements, $13,223.06.
[pp] 3 lump-sum settlements, $1,827.96.
[qq] 1 lump-sum settlement, $607.
[rr] 3 lump-sum settlements, $5,021.05.
[ss] 2 lump-sum settlements, $2,266.83.
[tt] 2 lump-sum settlements, $13,222.26*.
[uu] 1 lump-sum settlement, $5,157.70.
* Two settlements on same case.
[a] 1 lump-sum settlement, $466.68.
[b] 54 lump-sum settlements, $152,156.89.
[c] 2 lump-sum settlements, $11,168.91.
[d] 1 lump-sum settlement, $573.26.
[e] 4 lump-sum settlements, $10,169.42.
[f] 1 lump-sum settlement, $1,322.23.
[g] 2 lump-sum settlements, $4,149.15.
[h] 3 lump-sum settlements, $11,888.44.
[i] 5 lump-sum settlements, $10,452.20.
[j] 1 lump-sum settlement, $862.36.
[k] 1 lump-sum settlement, $3,180.36.
[l] 4 lump-sum settlements, $9,209.01.
[m] 2 lump-sum settlements, $4,990.45.
[n] 1 lump-sum settlement, $4,258.17.
[o] 7 lump-sum settlements, $19,542.85.
[p] 1 lump-sum settlement, $1,176.54.

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY, OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925—Continued

LOSS OF FUNCTION—Continued

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Clavicle, right	12	286	[q] 10,679.21	889.94		14,189.94	1
Clavicle, left	1	44	86.23	86.23		210.00	
Shoulder (general), right	19	355	[r] 20,989.20	1,104.69		26,645.83	
Shoulder joint, right	22	306	[s] 28,053.31	1,275.15		21,307.42	3
Shoulder (general), left	1 11	329	[t] 13,168.30	1,197.11	151.11	14,237.54	
Shoulder joint, left	14	262	[u] 18,658.31	1,332.74		16,586.66	
Arm, right	3 18	444	[v] 29,588.72	1,643.28	5,094.16	31,858.57	2
Arm, left	8	266	[w] 14,162.35	1,770.29	3,886.87	8,495.38	
Elbow, right	4 37	299	[x] 63,763.31	1,723.33	799.49	43,790.47	1
Elbow, left	1 12	221	5,207.94	434.00		9,836.95	1 2
Forearm, right	29	219	[y] 22,159.48	764.12		24,813.40	1
Forearm, left	8 23	319	[z] 35,650.82	1,550.04	968.66	27,338.61	
Wrist, right	2 53	243	[aa] 42,398.73	799.98	450.76	50,565.17	4
Wrist, left	4 18	268	[ab] 20,623.72	1,145.76	1,973.52	22,045.95	1 3
Arms, or 1 arm and 1 hand	2	108	322.23	161.12		660.20	
Arm and leg	1	573	1,257.98	1,257.98		2,133.75	
Colles' fracture, right	6	141	[ac] 2,082.10	347.02		2,311.65	1
Colles' fracture, left	4	337	[ad] 3,645.52	911.38		4,040.95	
Hand, n. o. c., right	12 21	175	[ae] 23,064.62	1,098.23	629.52	14,047.71	2 4
Hand, n. o. c., left	6 7	326	[af] 9,792.91	1,398.99	1,342.70	5,293.30	
Hand, back of, right	3	80	505.71	168.57		935.89	
Hand, back of, left	1 1	69	93.34	93.34	93.34	220.00	
Palm, right	9 13	251	[ag] 16,035.93	1,233.53	1,344.65	12,227.92	1
Palm, left	4 7	237	[ah] 9,121.53	1,303.08	1,600.79	6,581.72	1
Hands	1 3	525	[ai] 14,346.84	4,782.28	957.09	7,198.48	
Carpal, 1, left	3	620	[aj] 4,485.12	1,495.04		6,220.50	
Carpal, more than 1, right	2	163	696.09	348.05		1,422.25	
Carpal, more than 1, left	1	67	140.56	140.56		291.45	
Metacarpal, 1, right	1 8	107	1,362.84	170.36	346.68	2,553.74	
Metacarpal, 1, left	4	15	104.45	26.11		246.56	1 2
Metacarpal, more than 1, right	2 3	128	815.60	271.87	33.34	1,519.30	2 1
Metacarpal, more than 1, left	1 5	164	[ak] 5,309.17	1,061.83	306.70	4,317.44	
Thumb, n. o. c., right	9 20	92	[al] 5,898.04	294.90	425.27	6,333.64	1
Thumb, n. o. c., left	14 25	98	[am] 6,578.22	263.13	418.89	10,544.78	2
Thumb, distal phalanx, right	3 5	74	[an] 1,347.99	269.60	56.59	1,518.64	1
Thumb, distal phalanx, left	3 7	60	[ao] 1,443.30	206.19	390.97	1,569.86	
Thumb, proximal phalanx, right	1 6	41	[ap] 781.89	130.32	48.89	901.50	2
Thumb, proximal phalanx, left	1 5	37	[aq] 1,071.93	214.39		579.46	1 1
Index finger, n. o. c., right	21 43	99	[ar] 11,286.52	234.01	234.01	14,868.51	3
Index finger, n. o. c., left	9 12	74	[as] 2,745.87	228.82	270.11	2,169.30	
Index finger, distal phalanx, right	10 16	46	1,240.87	77.55	94.01	2,458.05	1 2
Index finger, distal phalanx, left	6 6	33	303.87	50.65	50.65	775.21	
Index finger, middle phalanx, right	2	28	233.35	116.68		525.40	
Index finger, middle phalanx, left	3 7	57	[at] 1,999.15	285.59	89.20	1,716.50	
Index finger, proximal phalanx, right	3 9	99	[au] 1,758.91	195.43	237.88	2,067.14	1 3
Index finger, proximal phalanx, left	2 9	99	948.65	105.41	75.02	2,755.07	1
Middle finger, n. o. c., right	9 18	56	1,635.61	90.87	141.22	2,953.97	1
Middle finger, n. o. c., left	7 12	49	831.56	69.30	48.16	1,536.12	2 2
Middle finger, distal phalanx, right	5 12	59	[av] 2,419.24	201.60	135.06	2,859.03	
Middle finger, distal phalanx, left	2 3	29	84.40	28.13	3.34	156.50	1 1
Middle finger, middle phalanx, right	2 5	30	230.20	46.04	55.95	440.58	
Middle finger, middle phalanx, left	2	31	48.00	24.00		79.20	1

[q] 1 lump-sum settlement, $3,344.37.
[r] 4 lump-sum settlements, $6,921.02.
[s] 7 lump-sum settlements, $15,003.58.
[t] 2 lump-sum settlements, $4,072.48.
[u] 4 lump-sum settlements, $11,015.80.
[v] 4 lump-sum settlements, $13,893.92.
[w] 4 lump-sum settlements, $10,067.05.
[x] 17 lump-sum settlements, $42,154.
[y] 6 lump-sum settlements, $10,713.56.
[z] 6 lump-sum settlements, $20,380.75.
[aa] 12 lump-sum settlements, $17,911.72.
[ab] 4 lump-sum settlements, $11,073.02.
[ac] 1 lump-sum settlement, $417.65.
[ad] 1 lump-sum settlement, $1,065.33.
[ae] 6 lump-sum settlements, $15,902.29.
[af] 4 lump-sum settlements, $6,239.28.
[ag] 4 lump-sum settlements, $9,720.15.
[ah] 3 lump-sum settlements, $5,488.12.
[ai] 3 lump-sum settlements, $11,046.40.
[aj] 1 lump-sum settlement, $683.63.
[ak] 2 lump-sum settlements, $3,603.50.
[al] 3 lump-sum settlements, $2,590.07.
[am] 1 lump-sum settlement, $1,817.69.
[an] 1 lump-sum settlement, $661.11.
[ao] 1 lump-sum settlement, $703.76.
[ap] 1 lump-sum settlement, $364.99.
[aq] 1 lump-sum settlement, $760.68.
[ar] 5 lump-sum settlements, $4,894.31.
[as] 2 lump-sum settlements, $1,513.79.
[at] 2 lump-sum settlements, $1,212.20.

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY, OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925—Continued

LOSS OF FUNCTION—Continued

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Middle finger, proximal phalanx, right	2 5	45	280.01	56.00	70.00	694.50	1
Middle finger, proximal phalanx, left	1	103	196.81	196.81		369.21	
Ring finger, n. o. c., right	4 9	53	644.64	71.63	124.91	1,597.85	1
Ring finger, n. o. c., left	3 6	73	[aw] 2,155.57	359.26	631.84	1,691.60	[1z] 1
Ring finger, distal phalanx, right	1 4	35	268.22	67.06	48.22	538.50	
Ring finger, distal phalanx, left	3 3	57	226.50	75.50	75.50	434.60	
Ring finger, middle phalanx, right	2 5	55	516.27	103.25	123.29	939.17	
Ring finger, middle phalanx, left	1 1	178	[ax] 767.84	767.84	767.84	333.45	
Ring finger, proximal phalanx, right	1 3	80	444.78	148.26	300.00	792.85	
Ring finger, proximal phalanx, left	1 1	77	65.36	65.36	65.36	143.99	
Little finger, n. o. c., right	2 9	36	[ay] 1,228.54	136.50	92.23	1,211.49	2
Little finger, n. o. c., left	4 9	50	802.08	89.12	96.97	1,737.38	1
Little finger, distal phalanx, right	1 4	53	346.69	86.67	26.67	650.70	
Little finger, distal phalanx, left	2	23	82.23	41.12		161.60	
Little finger, middle phalanx, right	2	32	122.67	61.34		235.56	
Little finger, middle phalanx, left	3	230	[az] 4,885.27	1,628.42		3,151.65	1
Little finger, proximal phalanx, right	3 7	82	[ba] 2,243.98	320.57	489.64	2,214.53	
Little finger, proximal phalanx, left	3 5	39	225.18	45.04	30.49	611.60	1
Thumb and 1 finger, right	5	100	[bb] 2,059.54	411.91		1,427.57	1
Thumb and 1 finger, left	1	73	155.57	155.57		432.16	
Thumb and 2 or more fingers, right	1 3	295	[bc] 5,866.93	1,955.64	2,648.45	2,909.22	
Thumb and 2 or more fingers, left	1 1	94	188.90	188.90	188.90	525.60	
2 fingers, right	7 28	130	[bd] 14,941.30	533.62	876.43	10,691.87	3
2 fingers, left	3 9	162	[be] 6,339.91	704.43	1,363.64	5,654.15	
3 fingers, right	1 4	93	[bf] 3,439.71	859.93	1,512.11	1,273.11	
3 fingers, left	2 4	148	241.56	60.26	506.72	3,037.63	
4 fingers, right	2	58	131.91	65.96		242.45	
Hip	2 11	354	[bg] 9,577.37	870.67	1,088.65	11,997.56	
Hip joint	1 27	566	[bh] 42,539.28	1,575.53	8,262.54	58,297.14	
Thigh	6 92	401	[bi] 137,706.13	1,485.94	1,493.56	136,768.59	5
Patella	3 20	263	[bj] 26,743.58	1,337.18	2,130.09	23,861.07	
Knee	4 65	392	[bk] 90,554.77	1,393.15	1,895.15	103,126.48	4
Leg	20 118	446	[bl] 151,296.58	1,282.18	1,876.70	193,543.30	1
Ankle	13 84	419	[bm] 115,113.97	1,370.40	1,476.22	149,231.93	[1] 3
Foot, n. o. c	7 20	248	[bn] 12,440.78	622.04	1,103.92	16,698.79	1
Foot, top of	1 4	336	2,382.83	595.71	268.91	4,735.85	
Foot, sole of	1	228	465.60	465.60		1,064.76	
Tarsals	11	572	[bo] 30,932.07	2,812.01		25,901.04	
Oscalsis	1 32	426	[bp] 57,106.52	1,784.58	5,037.71	58,316.11	
Metatarsals	8 18	359	[bq] 17,336.41	963.13	919.15	26,660.28	
Feet	3	561	[br] 6,734.16	2,244.72		3,785.95	
Heel	1 1	21				84.00	[1] 1
Great toe, n. o. c	2 7	260	[bs] 3,833.50	547.64	9.88	7,735.47	
Great toe, 1 phalanx	1 3	30	177.79	59.26	66.67	479.20	
Great toe, more than 1 phalanx	1 1	45	91.12	91.12	91.12	202.50	
Great toe, and lessor toe	1	276	600.04	600.04		1,214.40	
Malleolus	10	447	[bt] 11,040.61	1,104.06		14,054.06	
Astragalus	1	151	243.37	243.37		367.50	

[au] 1 lump-sum settlement, $469.83.
[av] 2 lump-sum settlements, $1,126.59.
[aw] 1 lump-sum settlement, $1,303.53.
[ax] 1 lump-sum settlement, $555.31.
[ay] 1 lump-sum settlement, $715.96.
[az] 2 lump-sum settlements, $3,179.
[ba] 2 lump-sum settlements, $1,186.70.
[bb] 1 lump-sum settlement, $1,230.48.
[bc] 2 lump-sum settlements, $4,049.07.
[bd] 6 lump-sum settlements, $8,371.74.
[be] 1 lump-sum settlement, $3,147.08.
[bf] 2 lump-sum settlements, $2,695.44.
[bg] 1 lump-sum settlement, $2,223.15.
[bh] 4 lump-sum settlements, $10,838.84.
[bi] 19 lump-sum settlements, $59,648.84.
[bj] 8 lump-sum settlements, $15,627.32.
[bk] 24 lump-sum settlements, $41,498.89.
[bl] 28 lump-sum settlements, $55,121.94.
[bm] 21 lump-sum settlements, $44,493.87.
[bn] 1 lump-sum settlement, $2,181.83.
[bo] 5 lump-sum settlements, $16,584.02.
[bp] 8 lump-sum settlements, $21,153.14.
[bq] 3 lump-sum settlements, $3,572.45.
[br] 1 lump-sum settlement, $4,448.45.
[bs] 1 lump-sum settlement, $483.46.
[bt] 1 lump-sum settlement, $2,568.35.

TABLE 5.—PERMANENT PARTIAL DISABILITIES, BY LOCATION OF DISABILITY OCCURRING SEPTEMBER 7, 1916, TO DECEMBER 31, 1925—Continued

LOSS OF FUNCTION—Continued

Member injured	Number	Average days' duration	Award	Average award		Wage loss, all cases	Non-compensated cases
				All cases	Cases of infection		
Pott's fracture	6	555	[bu] $15,504.08	$2,584.01		$13,507.85	
Broken arch	2	207	521.02	260.51		1,238.40	
Fallen arch, posterior	4	134	1,038.01	259.50		2,374.28	
Fracture of lower jaw with bad alignment of teeth and disfigurement of face; fracture of tibia with bowing and atrophy of leg	1	1,727	[bv] 17,049.16	17,049.16		17,183.65	
Fracture of pelvis and fracture of right semilunar bone without union	1	361	751.52	751.52		1,869.45	
General crushing	[1] 1	384	[bw] 4,447.71	4,447.71	$4,447.71	1,946.88	
Loss of use of thumb and first finger of both hands	1	325	[bx] 3,578.89	3,578.89		1,008.00	
Multiple injuries	[1] 12	379	[by] 23,256.65	1,938.05	5,993.21	16,542.14	
Nose (disfigurement)	1	13	22.22	22.22		43.29	
Fracture of bones of face and head (disfigurement)	1	534	1,169.94	1,169.94		2,496.10	
Fracture of skull, malar bones, etc	1	133	180.02	180.02		503.10	
Hand multiple injuries	1	721	[bz] 7,930.25	7,930.25		3,136.50	
Forearm, pelvis, etc	1	505	[ca] 7,676.92	7,676.92		1,926.35	
Hand, hip, and foot	1	98	[cb] 5,479.15	5,479.15		347.90	
Paralysis	5	83	[cc] 2,643.76	528.75		2,585.60	3
Ribs fracture, lung punctured, hip dislocated, shoulder, lips, and toe injured	1	180	384.48	384.48		900.00	
Ununited fracture of neck of right femur, with displacement and ¾-inch shortening; loss of function of right hand	1	707	[cd] 9,708.70	9,708.70		4,185.44	
Ear	1	50	[ce] 669.12	669.12		192.00	
Heart	1	623	[cf] 8,640.84	8,640.84		3,891.20	
Upper respiratory tract	1	879	[cg] 4,337.45	4,337.45		4,395.00	
All other	5	353	[ch] 7,050.25	1,410.05		12,704.56	1
Dislocation of hip; limitation of motion left wrist; limitation of motion right elbow joint	1	232	291.20	291.20		443.25	

SPECIAL CASES

Amputation of forearm and loss of use of other arm and hand	1	559	[ci] $11,399.87	$11,399.87		$3,348.00	
Destruction of lower eyelids; enucleation of eye; ununited fracture of arm	1	133	286.68	286.68		590.52	
Enucleation of left eye and shortening of left leg	1	449	[cj] 6,304.46	6,304.46		3,740.17	
Amputation right ring finger; Dupuytren's contraction; hand deformed and weak	[1] 1	287	[ck] 4,849.67	4,849.67	$4,849.67	1,158.30	
Amputation distal phalanx, right index finger, limited motion of two fingers, and anesthesia palmar surface of thumb and two fingers, right	1						1

[bu] 2 lump-sum settlements, $7,780.53.
[bv] 1 lump-sum settlement, $13,222.26.
[bw] 1 lump-sum settlement, $3,608.78.
[bx] 1 lump-sum settlement, $2,976.63.
[by] 3 lump-sum settlements, $14,436.12.
[bz] 1 lump-sum settlement, $5,950.02.
[ca] 1 lump-sum settlement, $6,392.
[cb] 1 lump-sum settlement, $3,305.57.
[cc] 1 lump-sum settlement, $1,764.81.
[cd] 1 lump-sum settlement, $8,165.81.
[ce] 1 lump-sum settlement, $549.57.
[cf] 1 lump-sum settlement, $7,299.73.
[cg] 1 lump-sum settlement, $2,417.32.
[ch] 1 lump-sum settlement, $2,840.85.
[ci] 1 lump-sum settlement, $10,181.87.
[cj] 1 lump-sum settlement, $5,350.99.
[ck] 1 lump-sum settlement, $4,013.24.

PERMANENT TOTAL DISABILITIES

There is no specific provision in the Federal compensation act for awards for permanent total disbilities. The manner of payment is the same as for any other disability; that is, payment while disability continues according to loss of earning capacity and actual loss of earnings due to injury, with the same maximum and minimum monthly award.

A careful examination was made of all the cases which have continued for a long time, and when the medical evidence, as well as other facts warranted, the cases have been classified in this group. In some instances there can be no difference of opinion as to the existence of permanent total disability, but in other cases a conclusion of probable permanent total disability is reached with some hesitation and must be reviewed at frequent intervals.

The sixth annual report showed a total of 170 permanent total disabilities, or at a rate of 216 per 100,000. In the year 1922 there were 51 cases classed as permanent total disabilities, making a total of 221, and thus bringing the rate to 242 per 100,000. In the year 1923, 34 were added to this group, making a total of 255, with a rate of 244 per 100,000. For the year 1924, 99 cases were added to this group, making a total of 354, with a rate of 306 per 100,000, and for the year 1925, 56 cases were added, making a total of 410 cases, or a rate of 316 per 100,000.

These cases now classed as permanent total disabilities are the result of injuries which have occurred since September 7, 1916, the date of the coming into operation of the present act. Some of these cases are such as would be promptly classed as permanent total disabilities under most of the State workmen's compensation acts, namely, loss of sight of both eyes, amputation of both legs, amputation of both arms, or loss of use of any two of these members. The majority of these cases, however, are not of this clearly defined character but cases in which as the result of a serious accident, and after all reasonable medical and hospital treatment has been given, it still appears that because of his injury there is no probability that the disabled employee will ever be able to return to any wage-earning employment. There are, of course, other cases now being compensated by the commission for what appears to be only temporary total disability, which will in the end prove to be incurable, and which will therefore later be classed as permanent total disabilities.

While this permanent total disability rate may seem to be high, a comparison with the experience under other and older workmen's compensation acts will show that this impression is erroneous. A comparison with the number of deaths under the Federal compensation act shows approximately 13.8 permanent total disabilities to

every 100 deaths. The statistics of other compensation acts show the ratio of permanent total disabilities to deaths—for Austria, 28.5; Germany, 14.7; Russia, 12.8; France, 8.4; and Italy, 7.5. For the State of Washington for 1913 to 1920, inclusive, the ratio was 5.6 permanent total disabilities to 100 deaths, and for the State of Pennsylvania for the four-year period 1916 to 1919, 11 permanent total disabilities per 100 deaths.

DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY

Table 6 shows the distribution according to duration or according to the character of permanent disability of the 129,691 cases which have been closed since the beginning of the Federal compensation act, September 7, 1916, to December 31, 1925. The cumulative experience for the first nine reports is given in the first columns of this table for comparison with the experience on cases closed in 1925.

A very small variation is shown in the temporary disabilities as a whole, there being a slight reduction from 93,941 per 100,000 cases, covering a period from September 7, 1916, to December 31, 1923. During the year 1924 there were 10,698 temporary total disabilities closed, giving a cumulative experience to the end of 1924 of 94,027 per 100,000. During the year 1925 there were 13,409 temporary total disability cases closed, giving a cumulative experience to the end of 1925 of 94,216 per 100,000. In the temporary disabilities some of those of longer duration will naturally be closed in each succeeding period. Thus an annual retabulation of all closed cases from September 7, 1916, to the end of the calendar year 1923 shows a marked increase in the number of injuries of the longer duration of disability. A comparison of figures of this and the three preceding annual reports shows to the end of 1922, 232 temporary disabilities of over one year per 100,000, which in 1923 increased to 321, in 1924 to 334 per 100,000, and in 1925 to 361 per 100,000. A similar increase appears in the disabilities of over two years' duration. Here the rate per 100,000 at the end of 1921 was 23, at the end of 1922 was 44, at the end of 1923 was 87, at the end of 1924 was 97 per 100,000, and at the end of 1925 was 106 per 100,000. It should be understood that these rates are based upon the entire experience to the dates given and are not the rates for a single year.

TABLE 6.—DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY

	Sept. 7, 1916, to Dec. 31, 1924		1925				Cumulative experience	
	Number of cases	Number of cases per 100,000	Number of cases	Days' duration	Award	Number of cases per 100,000	Number of cases	Number of cases per 100,000
Fatal cases	2,722	2,355	254			1,803	2,976	2,295
Dismemberments	2,129	1,842	198			1,405	2,327	1,794
Eye	138		9	3,259	$14,319.38		147	
Ear, external	1						1	
Breast	2		1	54	17.78		3	
Testicle	4						4	
Arm, right	5		1	56	115.01		6	
Arm, left	8		1	557	1,260.56		9	
Forearm, right	5		1	29			6	
Forearm, left	4		1	168	332.51		5	
Hand, n. o. c., right	19						19	
Hand, n. o. c., left	10						10	
Metacarpal, one, left	1						1	
Thumb, n. o. c., right	4						4	
Thumb, n. o. c., left	6		1	33	51.11		7	
Thumb, distal phalanx, right	74		9	703	2,297.96		83	
Thumb, distal phalanx, left	74		10	352	479.70		84	
Thumb, proximal phalanx, right	20		1	37			21	
Thumb, proximal phalanx, left	14		2	235	444.89		16	
Index finger, n. o. c., right	13						13	
Index finger, n. o. c., left	6						6	
Index finger, distal phalanx, right	151		9	276	507.72		160	
Index finger, distal phalanx, left	121		11	336	514.11		132	
Index finger, middle phalanx, right	42		1	15	469.63		43	
Index finger, middle phalanx, left	24		5	368	638.36		29	
Index finger, proximal phalanx, right	38		3	523	1,340.65		41	
Index finger, proximal phalanx, left	33		1	79	983.72		34	
Middle finger, n. o. c., right	13		2	447	1,098.61		15	
Middle finger, n. o. c., left	6						6	
Middle finger, distal phalanx, right	148		10	328	431.24		158	
Middle finger, distal phalanx, left	116		7	291	528.27		123	
Middle finger, middle phalanx, right	25		6	910	3,430.43		31	
Middle finger, middle phalanx, left	23						23	
Middle finger, proximal phalanx, right	13		3	337	645.33		16	
Middle finger, proximal phalanx, left	16		1	22	21.73		17	
Ring finger, n. o. c., right	5		1	132	281.15		6	
Ring finger, n. o. c., left	4		3	291	489.96		7	
Ring finger, distal phalanx, right	74		3	379	691.47		77	
Ring finger, distal phalanx, left	67		6	230	434.96		73	
Ring finger, middle phalanx, right	7		1	38	14.67		8	
Ring finger, middle phalanx, left	11		1	38	73.33		12	
Ring finger, proximal phalanx, right	14		3	173	328.63		17	
Ring finger, proximal phalanx, left	10		2	116	199.20		12	
Little finger, n. o. c., right	8		2	117	209.84		10	
Little finger, n. o. c., left	4		2	272	1,976.03		6	
Little finger, distal phalanx, right	57		10	481	632.99		67	
Little finger, distal phalanx, left	57		1				58	
Little finger, middle phalanx, right	26		4	171	1,082.82		30	
Little finger, middle phalanx, left	19		2	43	47.19		21	
Little finger, proximal phalanx, right	27		1	241	508.89		28	

TABLE 6.—DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY—Continued

	Sept. 7, 1916, to Dec. 31, 1924		1925				Cumulative experience	
	Number of cases	Number of cases per 100,000	Number of cases	Days' duration	Award	Number of cases per 100,000	Number of cases	Number of cases per 100,000
Dismemberments—Continued.								
Little finger, proximal phalanx, left	17		3	231	$476.18		20	
Thumb and 1 finger, right	18		1	35	59.85		19	
Thumb and 1 finger, left	11		1	22	40.41		12	
Thumb and 2 or more fingers, right	11						11	
Thumb and 2 or more fingers, left	15						15	
2 fingers, right	110		10	470	1,389.58		120	
2 fingers, left	69		8	165	824.44		77	
2 fingers, including metacarpals, left	1						1	
3 fingers, right	34		4	171	281.15		38	
3 fingers, left	19		1	400	3,512.82		20	
4 fingers, right	12		1	209	244.83		13	
4 fingers, left	9		2	119	117.60		11	
Thigh	15		3	3,677	12,318.72		18	
Leg	39		3	2,098	5,074.43		42	
Foot, n. o. c.	13		1	318	651.49		14	
Oscalcis	1						1	
Tarsals	1						1	
Metatarsals	7		1	91	119.95		8	
Great toe	37		8	979	2,304.78		45	
Lesser toe	66		8	484	745.47		74	
2 or more lesser toes	29		2	223	466.25		31	
Great toe and lesser toe or toes	26		3	1,081	3,230.73		29	
Left eye enucleated, sympathetic optic atrophy right eye, with loss of vision	1						1	
Enucleation left eye, with partial loss of vision in right eye	1						1	
Permanent total disability	354	306	56			398	410	316
Permanent partial disability other than dismemberments	1,619	1,400	169			1,200	1,788	1,379
Brain	6						6	
Eye	280		33	3,874	24,966.92		313	
Eyes	8						8	
Ear, inner	10		1	13			11	
Ears, inner	3						3	
Malar (disfigurement)	1		1	37	23.20		2	
Jaw	2						2	
Skull	13		1	20			14	
Head, general	2						2	
Nose	1		1	224	1,727.44		2	
Face, n. o. c.	1						1	
Neck	2						2	
2 or more parts of face and neck, 1 not clearly major injury	1						1	
Esophagus	1						1	
Vertebra, n. o. c.	3		1	815	2,265.61		4	
Vertebra, cervical	4		1	89	111.11		5	
Vertebra, dorsal	1						1	
Vertebra, lumbar	10		1	858	1,367.60		11	
Ribs	1						1	
Thorax, anterior	1						1	
Thorax, posterior, lumbar	25		1	248	583.32		26	
Abdominal viscera	2						2	
Pelvic region	2		1	912	5,499.52		3	
Pelvis, n. o. c.	11		1	474	2,019.71		12	
Anus, rectum, or perineum	1						1	
Penis	2						2	
Testicles	4						4	
Hernia, inguinal	8		1	987	1,261.70		9	
Hernia, ventral	1						1	
Sacro-iliac joint	12		3	2,789	7,583.00		15	
Urethra	1						1	
Scapula	5						5	
Clavicle, right	11		1	639	1,952.44		12	
Clavicle, left	1						1	
Shoulder, general, right	15		4	3,364	9,675.57		19	

TABLE 6.—DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY—Continued

	Sept. 7, 1916, to Dec. 31, 1924		1925				Cumulative experience	
	Number of cases	Number of cases per 100,000	Number of cases	Days' duration	Award	Number of cases per 100,000	Number of cases	Number of cases per 100,000
Permanent partial disability other than dismemberments—Con.								
Shoulder joint, right	21		1		$2,888.75		22	
Shoulder, general, left	10		1	80	151.11		11	
Shoulder joint, left	11		3	833	1,726.37		14	
Arm, right	15		3	3,043	5,696.62		18	
Arm, left	7		1	193	486.69		8	
Elbow, right	37						37	
Elbow, left	11		1	233	424.44		12	
Forearm, right	23		6	1,856	3,669.36		29	
Forearm, left	14		9	4,787	14,166.76		23	
Wrist, right	53						53	
Wrist, left	18						18	
Arms, or 1 arm and 1 hand	2						2	
Arm and leg	1						1	
Colles' fracture, right	5		1	285	626.06		6	
Colles' fracture, left	4						4	
Hand, n. o. c., right	17		4	1,582	10,788.86		21	
Hand, n. o. c., left	5		2	1,402	4,986.70		7	
Hand, back of, right	3						3	
Hand, back of left	1						1	
Palm, right	12		1	150	274.40		13	
Palm, left	7						7	
Hands, n. o. c.	3						3	
Carpal, 1, left	3						3	
Carpal, more than 1, right	2						2	
Carpal, more than 1, left	1						1	
Metacarpal, 1, right	7		1	69	69.99		8	
Metacarpal, 1, left	4						4	
Metacarpal, more than 1, right	3						3	
Metacarpal, more than 1, left	5						5	
Thumb, n. o. c., right	19		1	141	189.06		20	
Thumb, n. o. c., left	23		2	156	208.89		25	
Thumb, distal phalanx, right	3		2	78	66.67		5	
Thumb, distal phalanx, left	7						7	
Thumb, proximal phalanx, right	6						6	
Thumb, proximal phalanx, left	5						5	
Index finger, n. o. c., right	43						43	
Index finger, n. o. c., left	12						12	
Index finger, distal phalanx, right	14		2	80	101.94		16	
Index finger, distal, phalanx, left	5		1	19	31.20		6	
Index finger, middle phalanx, right	2						2	
Index finger, middle phalanx, left	7						7	
Index finger, proximal phalanx, right	9						9	
Index finger, proximal phalanx, left	8		1	80	42.17		9	
Middle finger, n. o. c., right	16		2	11	17.89		18	
Middle finger, n. o. c,, left	12						12	
Middle finger, distal phalanx, right	11		1	75	43.01		12	
Middle finger, distal phalanx, left	3						3	
Midde finger, middle phalanx, right	5						5	
Middle finger, middle phalanx, left	2						2	
Middle finger, proximal phalanx, right	5						5	
Middle finger, proximal phalanx, left	1						1	
Ring finger, n. o. c., right	9						9	
Ring finger, n o. c., left	6						6	
Ring finger, distal phalanx, right	4						4	
Ring finger, distal phalanx, left	3						3	
Ring finger, middle phalanx, right	5						5	

TABLE 6.—DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY—Continued

	Sept. 7, 1916, to Dec. 31, 1924		1925				Cumulative experience	
	Number of cases	Number of cases per 100,000	Number of cases	Days' duration	Award	Number of cases per 100,000	Number of cases	Number of cases per 100,000
Permanent partial disability other than dismemberments—Contd.								
Ring finger, middle phalanx, left	1						1	
Ring finger, proximal phalanx, right	1		2	99	$144.77		3	
Ring finger, proximal phalanx, left	1						1	
Little finger, n. o. c., right	9						9	
Lit le finger, n. o. c., left	8		1	120	256.44		9	
Little finger, distal phalanx, right	4						4	
Little finger, distal phalanx, left	2						2	
Little finger, middle phalanx, right	2						2	
Little finger, middle phalanx, left	3						3	
Little finger, proximal phalanx, right	5		2	31	647.07		7	
Little finger, proximal phalanx, left	5						5	
Thumb and 1 finger, right	5						5	
Thumb and 1 finger, left	1						1	
Thumb and 2 or more fingers, right	3						3	
Thumb and 2 or more fingers, left	1						1	
2 fingers, right	25		3	325	1,092.51		28	
2 fingers, left	8		1	62	120.13		9	
3 fingers, right	4						4	
3 fingers, left	3		1	298	646.65		4	
4 fingers, right	1		1	81	60.80		2	
Hip	7		4	2,108	6,601.57		11	
Hip joint	27						27	
Thigh	87		5	1,625	3,238.70		92	
Patella	18		2	746	2,534.40		20	
Knee	61		4	3,985	9,511.03		65	
Leg	97		21	10,772	36,947.06		118	
Ankle	82		2	1,370	2,728.70		84	
Foot, n. o. c	19		1	103	95.64		20	
Foot, top of	4						4	
Foot, sole of	1						1	
Tarsals	9		2	1,768	14,621.31		11	
Oscalcis	24		8	3,018	13,124.10		32	
Metatarsals	16		2	955	2,118.76		18	
Feet	3						3	
Heel	1						1	
Great toe, n. o. c	7						7	
Great toe, 1 phalanx	3						3	
Great toe, more than 1 phalanx	1						1	
Great toe and lesser toe	1						1	
Malleolus	9		1	90	191.70		10	
Astragalus	1						1	
Pott's fracture	3		3	1,603	6,482.33		6	
Broken arch	2						2	
Fallen arch, posterior	4						4	
Fracture of lower jaw with bad alignment of teeth and disfigurement of face; bowing and atrophy of leg	1						1	
Fracture of pelvis and fracture of right semilunar bone without union	1						1	
General crushing	1						1	
Loss of use of thumb and first finger of both hands	1						1	
Multiple injuries	12						12	
Nose (disfigurement)	1						1	
Fracture of bones of face and head (disfigurement)			1	534	1,169.94		1	
Fracture of skull, malar bones, etc			1	133	180.02		1	
Hand, multiple injuries			1	721	7,930.25		1	

TABLE 6.—DISTRIBUTION OF ACCIDENTS ACCORDING TO DURATION OF DISABILITY AND EXTENT OF PERMANENT DISABILITY—Continued.

	Sept. 7, 1916, to Dec. 31, 1924		1925				Cumulative experience	
	Number of cases	Number of cases per 100,000	Number of cases	Days' duration	Award	Number of cases per 100,000	Number of cases	Number of cases per 100,000
Permanent partial disability other than dismemberments—Contd.								
Forearm, pelvis, etc			1	505	$7,676.92		1	
Hand, hip, and foot			1	98	5,479.15		1	
Paralysis	5						5	
Ribs, fracture; lung punctured, hip dislocated; shoulder, lips and toe injured	1						1	
Ununited fracture of neck of right femur with displacement and ¾-inch shortening; loss of function of right hand	1						1	
Ear	1						1	
Heart	1						1	
Upper respiratory tract	1						1	
Dislocation of hip; limitation of motion left wrist; limitation of motion right elbow	1						1	
Amputation of forearm and loss of use of other arm and hand	1						1	
Destruction of lower eyelids; enucleation of eye; ununited fracture of arm	1						1	
Enucleation of left eye and fracture of left femur, with 1 inch shortening of leg	1						1	
Amputation ring finger; Dupuytren's contraction; hand deformed and weak, right	1						1	
Amputation distal phalanx, index finger; limited motion of 2 fingers and anesthesia palmar surface of thumb and 2 fingers, right	1						1	
All other	5						5	
Temporary total disability	108,781	94,027	13,409	327,617	$477,450.91	95,194	122,190	94,216
1 to 3 days	19,668	17,013	2,973	5,861		21,106	22,641	17,458
4 to 7 days	22,999	19,894	2,790	15,583	4,427.11	19,808	25,789	19,885
8 to 14 days	23,704	20,503	2,854	30,464	21,209.03	20,262	26,558	20,478
15 to 21 days	12,853	11,118	1,400	24,932	24,838.76	9,939	14,253	10,990
22 to 28 days	7,402	6,403	813	20,147	21,822.37	5,772	8,215	6,334
29 to 35 days	5,460	4,723	535	16,931	19,965.71	3,798	5,995	4,623
36 to 42 days	3,538	3,060	401	15,635	19,860.65	2,847	3,939	3,037
43 to 49 days	2,719	2,352	322	14,834	21,841.27	2,286	3,041	2,345
50 to 56 days	1,969	1,703	215	11,483	17,471.35	1,526	2,184	1,684
57 to 63 days	1,544	1,336	191	11,532	17,813.72	1,356	1,735	1,338
64 to 70 days	1,090	943	135	9,136	14,472.24	958	1,225	945
71 to 77 days	844	730	92	6,882	11,242.85	653	936	722
78 to 84 days	675	584	71	5,798	8,939.05	504	746	575
85 to 91 days	550	478	60	5,553	9,572.81	426	610	470
92 to 98 days	404	349	55	5,222	8,928.44	390	459	354
99 to 105 days	346	299	43	4,389	7,590.34	305	389	300
106 to 112 days	281	243	41	4,559	7,844.75	291	322	248
113 to 119 days	235	203	38	4,428	7,370.16	270	273	211
120 to 126 days	250	216	29	3,581	6,559.54	206	279	215
127 to 133 days	200	173	25	3,251	5,650.33	177	225	173
134 to 140 days	169	146	24	3,284	5,800.78	170	193	149
141 to 147 days	135	117	26	3,728	7,331.56	185	161	124
148 to 154 days	127	110	15	2,249	4,439.86	106	142	109
155 to 161 days	104	90	15	2,380	4,401.38	106	119	92
162 to 168 days	101	87	9	1,639	2,854.73	64	110	85
169 to 175 days	77	67	11	1,900	3,771.86	78	88	68
176 to 182 days	70	61	7	1,245	2,353.20	50	77	59
183 to 365 days	881	762	136	35,038	67,696.00	965	1,017	784
366 to 547 days	194	168	38	17,129	34,559.17	270	232	179
548 to 730 days	80	69	19	12,481	24,226.32	135	99	76
Over 730 days	112	97	26	26,343	62,595.57	185	138	106
Grand total	115,605	100,000	14,086				129,691	100,000

TABLE 7.—DURATION OF DISABILITY IN CASES OF TEMPORARY TOTAL DISABILITY

Period of disability	Sept. 7, 1916, to Dec. 31, 1924			1925				
	Number of cases	Per cent of total number of cases	Cumulative per cent	Number of cases	Duration	Award	Per cent of total number of cases	Cumulative per cent
1 to 3 days	19,668	18.08	18.08	2,973	5,861	----------	22.18	22.18
4 to 7 days	22,999	21.14	39.22	2,790	15,583	$4,427.11	20.82	43.00
8 to 14 days	23,704	21.79	61.01	2,854	30,464	21,209.03	21.28	64.28
15 to 21 days	12,853	11.82	72.83	1,400	24,932	24,838.76	10.44	74.72
22 to 28 days	7,402	6.80	79.63	813	20,147	21,822.37	6.06	80.78
29 to 35 days	5,460	5.02	84.65	535	16,931	19,965.71	3.99	84.77
36 to 42 days	3,538	3.25	87.90	401	15,635	19,860.65	2.99	87.76
43 to 49 days	2,719	2.50	90.40	322	14,834	21,841.27	2.40	90.16
50 to 56 days	1,969	1.81	92.21	215	11,483	17,471.35	1.60	91.76
57 to 63 days	1,544	1.42	93.63	191	11,532	17,813.72	1.42	93.18
64 to 70 days	1,090	1.00	94.63	135	9,136	14,472.24	1.01	94.19
71 to 77 days	844	.78	95.41	92	6,882	11,242.85	.69	94.88
78 to 84 days	675	.62	96.03	71	5,798	8,939.05	.53	95.41
85 to 91 days	550	.51	96.54	60	5,553	9,572.81	.45	95.86
92 to 98 days	404	.37	96.91	55	5,222	8,928.44	.41	96.27
99 to 105 days	346	.32	97.23	43	4,389	7,590.34	.32	96.59
106 to 112 days	281	.26	97.49	41	4,559	7,844.75	.31	96.90
113 to 119 days	235	.22	97.71	38	4,428	7,370.16	.28	97.18
120 to 126 days	250	.23	97.94	29	3,581	6,559.54	.22	97.40
127 to 133 days	200	.18	98.12	25	3,251	5,650.33	.19	97.59
134 to 140 days	169	.16	98.28	24	3,284	5,800.78	.18	97.77
141 to 147 days	135	.12	98.40	26	3,728	7,331.56	.19	97.96
148 to 154 days	127	.12	98.52	15	2,249	4,439.86	.11	98.07
155 to 161 days	104	.10	98.62	15	2,380	4,401.38	.11	98.18
162 to 168 days	101	.09	98.71	9	1,639	2,854.73	.07	98.25
169 to 175 days	77	.07	98.78	11	1,900	3,771.86	.08	98.33
176 to 182 days	70	.06	98.84	7	1,245	2,353.20	.05	98.38
183 to 365 days	881	.81	99.65	136	35,038	67,696.00	1.01	99.39
366 to 547 days	194	.18	99.83	38	17,129	34,559.17	.28	99.67
548 to 730 days	80	.07	99.90	19	12,481	24,226.32	.14	99.81
Over 730 days	112	.10	100.00	26	26,343	62,595.57	.19	100.00
Total	108,781	100.00	---------	13,409	327,617	477,450.91	100.00	--------

COMPARISON OF WAGE LOSS AND COMPENSATION PAID

The Federal compensation act grants compensation in the event of disability on the basis of two-thirds of the loss of wages after a waiting period of three days. The maximum rate at which compensation can be paid is, however, $66.67 per month. At the time of the enactment of the law, in 1916, a large percentage of Government employees were receiving less than the maximum base rate of $100 per month, and the maximum compensation rate of $66.67 per month was apparently assumed to be adequate to meet the actual minimum necessary cost of living in times of emergency. Conditions have, however, greatly changed, cost of living having increased about 75 per cent since the law was framed.

A table on wage loss has been made for temporary total disability cases only in order to give as nearly accurate figures as possible. The percentage of wage loss paid in compensation in these cases for 1917–18 was 44.15 per cent, for 1919 was 44.50 per cent, for 1920 was 41.18 per cent, for 1921 was 43.34 per cent, for 1922 was 44.40 per cent, for 1923 was 49.73 per cent, for 1924 was 47.88 per cent, and for 1925 was 47.67 per cent. Section 3 of the compensation act provides that there shall be paid to a disabled employee

during such disability a monthly compensation equal to 66⅔ per cent of his monthly pay, but section 6 provides for a maximum amount of compensation of $66.67 and a minimum of $33.33 per month, and, due to the fact that such a large percentage of the injured employees were receiving wages in excess of the maximum (which may be considered $100 per month), it operates to reduce the percentage of wage loss paid in compensation and, as shown by this table, the amount has ranged from 41.18 per cent to 49.73 per cent, varying slightly from year to year.

The table shows that 74 per cent of the temporary disability cases in 1925 were, when injured, receiving monthly pay of $100 or over and that they suffered because of injury an average wage loss of 55.46 per cent, receiving as compensation only 44.54 per cent of their total wages lost.

TABLE 8.—WAGE LOSS AND COMPENSATION COMPARED FOR TEMPORARY TOTAL DISABILITY CASES ONLY, CALENDAR YEAR 1925

Rate of pay per month	Total number of cases	Number of cases upon which compensation was paid	Amount of compensation paid	Amount of wage loss in compensated cases	Percentage of wage loss paid in compensation
$100 and over	9,917	4,075	$365,283.32	$819,354.52	44.54
$50 and under $100	3,287	1,911	108,077.40	176,342.55	61.28
$33.33 and under $50	101	66	2,352.51	3,451.90	68.15
Under $33.33	99	69	1,735.08	1,953.70	88.80
Miscellaneous	5	1	2.60	6.30	41.26
Total	13,409	6,122	477,450.91	1,001,108.97	47.67

DEATHS WITH AND WITHOUT DEPENDENTS, AND VALUE OF AWARDS

Table 9 shows the number of deaths with and without dependents and value of awards made according to each department and important bureau or establishment.

For five years beginning with 1920, the deaths leaving no dependents were 27.14 per cent and those leaving dependents were 72.86 per cent. Of the deaths in 1925, 20.87 per cent were without dependents.

The average monthly compensation, beginning with 1921 in order, to date, is as follows: $37.58, $40.47, $37.32, $39.11, and $39.45, while the average estimated valuation beginning with 1921, in order, is as follows: $5,382.44, $5,914.14, $5,416.68, $5,778.92, and $5,535.43.

In computing present values of awards, only the probability of dying and the 4 per cent discount have been taken into consideration as required by law for lump-sum settlements. Remarriage, cessation of dependency, and increase of compensation to children upon the death or remarriage of mother, as factors, have been ignored.

TABLE 9.—NUMBER OF DEATHS AND VALUE OF AWARD, CALENDAR YEAR 1925

Department and bureau or establishment	Number of fatal cases	Number with dependents	Total monthly award	Estimated valuation	Amount of burial awards	Medical payments, transportation, compensation before death, etc.		Total cost
						Compensation before death	Amount of medical awards	
Agriculture:								
Animal industry	3	3	$185.00	$28,049.00	$300.00		$712.70	$29,061.70
Forest Service	17	8	398.67	55,659.00	1,574.54		1,031.56	58,265.10
Public roads and rural engineering	1	1	34.69	6,122.00	100.00	$1,612.80	42.16	7,876.96
All other	3	3	186.67	27,583.00	300.00	3,551,51	800.44	32,234.95
Total Agriculture	24	15	805.03	117,413.00	2,274.54	5,164.31	2,586.86	127,438.71
Commerce:								
Lighthouse Bureau	6	4	180.59	29,044.00	400.00		75.85	29,519.85
All other	1	1	20.00	1,571.00	100.00		117.10	1,788.10
Total Commerce	7	5	200.59	30,615.00	500.00		192.95	31,307.95
Interior:								
Indian Affairs	5	5	214.29	27,885.00	400.00		700.60	28,985.60
Reclamation Service	4	3	65.76	5,292.00	392.90	96.00	430.62	6,211.52
All other	2	1	32.00	2,121.00		13.33	183.50	2,317.83
Total Interior	11	9	312.05	35,298.00	792.90	109.33	1,314.72	37,514.95
Labor	4	4	161.67	18,684.00	400.00		514.32	19,598.32
Navy:								
Yards—								
Boston	1	1	65.00	6,550.00	100.00	3,077.54	25.01	9,752.55
Bremerton	2				100.00	1,379.28		1,479.28
Mare Island	1	1	25.00	1,788.00	100.00	3,085.00	443.75	5,416.75
New York	2	2	70.00	12,728.00	200.00	35.78	34.70	12,998.48
Norfolk	2	1	55.00	7,600.00	200.00			7,800.00
Philadelphia	4	3	176.67	25,894.00	400.00	23.00		26,317.00
Portsmouth	1	1	25.00	4,835.00	100.00			4,935.00
Washington	2	2	70.00	9,994.00	200.00		5.00	10,199.00
Total yards	15	11	486.67	69,389.00	1,400.00	7,600.60	508.46	78,898.06
Other Navy—								
Naval Aircraft Factory, Philadelphia	1	1	35.00	4,102.00	100.00			4,202.00
All other	2	1	35.00	4,667.00	200.00			4,867.00
Total other Navy	3	2	70.00	8,769.00	300.00			9,069.00
Total Navy Department	18	13	556.67	78,158.00	1,700.00	7,600.60	508.46	87,967.06
Post Office:								
City Mail Service (indoor)	4	4	170.49	26,702.00	400.00	655.56	35.00	27,792.56
City Mail Service (outdoor)	11	11	375.39	41,897.00	1,100.00	3,227.91	2,023.35	48,248.26
Railway Mail Service	4	3	125.00	20,867.00	400.00		656.00	21,923.00
Rural Free Delivery	8	8	433.34	64,349.00	800.00		518.50	65,667.50
Aerial Mail Service	3	3	110.00	18,139.00	200.00		265.00	18,604.00
All other	6	6	265.00	45,006.00	600.00		63.00	45,669.00
Total Post Office	36	35	1,479.22	216,960.00	3,500.00	3,883.47	3,560.85	227,904.32
Treasury:								
Custodian	1	1	29.75	5,828.00	100.00		26.50	5,954.50
Customs	2	1	20.00	1,409.00	100.00			1,509.00
Engraving and Printing	2	2	80.00	10,911.00	200.00	7.67	165.50	11,284.17
Prohibition enforcement	10	10	541.68	80,719.00	800.00	2.22	716.06	82,237.28
Public Health Service	4	1	33.25	5,544.00	375.00	5,940.30	824.65	12,683.95
All other	2	1	66.67	8,187.00	200.00	6,116.83	1,683.81	16,187.64
Total Treasury	21	16	771.35	112,598.00	1,775.00	12,067.02	3,416.52	129,856.54

TABLE 9.—NUMBER OF DEATHS AND VALUE OF AWARD, CALENDAR YEAR 1925—Continued

Department and bureau or establishment	Number of fatal cases	Number with dependents	Total monthly award	Estimated valuation	Amount of burial awards	Medical payments, transportation, compensation before death, etc.		Total cost
						Compensation before death	Amount of medical awards	
War:								
Ordnance—								
Arsenals	2	2	$80.00	$9,318.00	$200.00	$2,351.24	$407.00	$12,276.24
Other Ordnance	2	2	74.20	10,266.00	200.00	3,973.96	996.38	15,436.34
Total Ordnance	4	4	154.20	19,584.00	400.00	6,325.20	1,403.38	27,712.58
Engineer	70	54	1,837.79	241,586.00	5,890.35	1,032.33	2,539.34	251,048.02
Quartermaster	5	4	131.52	12,510.00	159.90	----------	6.42	12,676.32
Other War—								
Air Service	2	2	105.00	18,724.00	200.00	----------	----------	18,924.00
Mississippi-Warrior River service	7	3	80.54	11,386.00	460.00	----------	38.00	11,884.00
All other	1	(*)	31.78	1,677.00	100.00	4,425.01	1,121.54	7,323.55
Total other War	10	5	217.32	31,787.00	760.00	4,425.01	1,159.54	38,131.55
Total War Department	89	67	2,340.83	305,467.00	7,210.25	11,782.54	5,108.68	329,568.47
Miscellaneous:								
District government	1	1	30.37	5,714.00	----------	2,547.79	----------	8,261.79
Emergency Fleet Corporation	36	31	1,073.74	160,820.00	1,022.05	1,693.33	4,991.76	168,527.14
Veterans' Bureau	4	3	108.00	13,035.00	400.00	18.00	659.10	14,112.10
All other	3	2	90.00	17,859.00	200.00	----------	----------	18,059.00
Total miscellaneous	44	37	1,302.11	197,428.00	1,622.05	4,259.12	5,650.86	208,960.03
Grand total	254	201	7,929.52	1,112,621.00	19,774.74	44,866.39	22,854.22	1,200,116.35

* Awards to 2 additional dependents in cases included in previous annual reports.

TABLE 10.—SUMMARY OF AWARDS ON ACCOUNT OR DEATH, BY RELATIONSHIP OF DEPENDENTS, CALENDAR YEAR 1925

Dependents	Number of dependents	Average age	Monthly compensation	Average monthly compensation	Estimated valuation	Average value of awards
Widows	131	40	$4,419.29	$33.73	$825,579.00	$6,302.13
Children:						
Sons under 18 years of age	127	9	1,040.56	8.19	93,513.00	736.32
Daughters under 18 years of age	128	9	1,085.44	8.48	96,983.00	757.68
Dependents over 18 years of age and incapable of self-support	9	47	126.45	14.05	10,651.00	1,183.44
Brothers	5	9	69.13	4.07	4,811.00	283.00
Sisters	17	10				
Fathers	27	61	335.06	12.41	22,525.00	834.26
Mothers	52	56	821.89	15.81	56,345.00	1,083.56
Grandchildren	1	5	10.00	10.00	1,155.00	1,155.00
Grandmothers	3	74	21.70	7.23	1,059.00	353.00
Total	500	------	7,929.52	----------	1,112,621.00	----------

The number and amount of the death awards in 1925 were considerably in excess of those in 1924. Thus, in 1924, awards were made on 220 cases and in 1925 on 254 cases, an increase of 15 per

cent. The cases with dependents in 1924 numbered 158. In 1925 they numbered 201. The monthly compensation awarded in death cases in 1924 was $6,179.03. In 1925 the monthly compensation was $7,929.52, an increase of 28 per cent.

TABLE 11.—REMARRIAGE OF WIDOWS, BY AGE OF WIDOW AT BEGINNING OF WIDOWHOOD AND BY DURATION OF WIDOWHOOD, SEPTEMBER 7, 1916, TO DECEMBER 31, 1925

Age periods (nearest year at death of husband)	Years elapsed from death of husband to remarriage of widow								
	All widows			Under 1 year			1 year and under 2		
	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate
All widows	1,410	220	3.54	1,410	21	1.54	1,292	59	4.95
Under 21 years	47	25	17.60	47	3	6.82	39	9	30.20
21 and under 26	145	57	10.00	145	5	3.57	133	10	8.26
26 and under 31	198	54	6.18	198	3	1.55	189	13	7.51
31 and under 36	226	42	4.10	226	4	1.82	206	12	6.25
36 and under 41	194	23	2.69	194	4	2.17	172	9	5.62
41 and under 46	173	12	1.60	173	1	.59	158	3	2.05
46 and under 51	144	4	.59	144	-------	-------	133	2	1.61
51 and under 56	114	2	.36	114	1	.92	103	0	-------
56 and under 61	79	1	.27	79	-------	-------	75	1	1.41
61 and over	90	0	-------	90	-------	-------	84	0	-------

Age periods (nearest year at death of husband)	2 years and under 3			3 years and under 4			4 years and under 5		
	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate
All widows	1,105	50	4.91	933	33	3.91	776	28	3.98
Under 21 years	25	6	26.09	16	1	8.33	15	5	4.17
21 and under 26	110	13	13.54	86	8	10.39	73	13	20.97
26 and under 31	159	12	8.05	135	12	9.76	109	6	6.06
31 and under 36	180	10	5.99	155	8	5.84	123	3	2.61
36 and under 41	149	4	2.94	126	2	1.71	106	-------	-------
41 and under 46	137	4	3.08	120	2	1.92	94	-------	-------
46 and under 51	117	1	.93	100	-------	-------	83	1	1.30
51 and under 56	90	-------	-------	78	-------	-------	70	-------	-------
56 and under 61	65	-------	-------	58	-------	-------	50	-------	-------
61 and over	73	-------	-------	59	-------	-------	53	-------	-------

Age periods (nearest year at death of husband)	5 years and under 6			6 years and under 7			7 years and under 8		
	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate	Number of widows	Number remarried	Remarriage rate
All widows	626	16	3.04	439	9	2.60	266	4	2.33
Under 21 years	10	1	14.67	7	-------	-------	5	-------	-------
21 and under 26	50	4	9.52	34	2	8.70	15	2	22.22
26 and under 31	86	4	5.63	61	3	6.52	32	1	5.88
31 and under 36	106	4	4.34	77	1	1.59	48	-------	-------
36 and under 41	87	2	2.66	64	2	3.92	41	-------	-------
41 and under 46	75	1	1.64	49	-------	-------	27	1	5.88
46 and under 51	68	-------	-------	49	-------	-------	33	-------	-------
51 and under 56	61	-------	-------	48	1	2.50	32	-------	-------
56 and under 61	38	-------	-------	22	-------	-------	15	-------	-------
61 and over	45	-------	-------	28	-------	-------	18	-------	-------

NOTE.—While there are 113 widows in the group 8 years and over, there have been no remarriages. The group includes 2 under 21 years of age; 3 of 21 and under 26; 12 of 26 and under 31; 22 of 31 and under 36; 13 of 36 and under 41; 12 of 41 and under 46; 18 of 46 and under 51; 13 of 51 and under 56; 6 of 56 and under 61; and 12 of 61 and over.

Up to December 31, 1925, awards had been made to 1,410 widows. Of these 220 were terminated by remarriage, 72 by death, and 1 for other reasons.

The table above shows the duration of widowhood in those cases where remarriage has already occurred. It should be noted that more than two-thirds of all the remarriages occurred within a period of four years after the beginning of widowhood. Inasmuch as the table here presented shows only the limited experience of 9⅓ years under the compensation act, any remarriage rate based on this short experience will be considerably modified when a greater volume of experience based on a longer period is available. The average age of those widows with children who remarried was 28.6 while the average age of the childless widows who remarried was 29.9 years.

Table 11 shows the yearly remarriage rate per 100 widows for all ages combined covering the experience of 1,410 widows, with 6,216 years of exposure, 220 of whom remarried was 3.54.

In any effort to compare the remarriage rate here shown with those based on data drawn from other experience, it should be borne in mind that these figures cover the experience of only 9⅓ years, so that the maximum exposure in any one case is 9⅓ years, and for a considerable portion of the number the period since the beginning of widowhood is so short that remarriage could hardly be expected to have occurred. The data here presented can not properly be combined with that drawn from experience under any other compensation acts or other source, without bearing in mind the particular provisions of the various compensation laws affecting the duration of payments to widows and the duration of experience covered by the data in question. Remarriage experience under a compensation act which permits the payment of compensation for not more than five or six years [1] would be of no value for the computation of a remarriage rate except to show the probability of remarriage within such limited period.

Summarizing the experience for beneficiaries of the compensation act other than widows since the compensation law went into effect, September 7, 1916, awards have been made on account of 2,231 children under 18 years of age, 39 of whom died, 39 married, and 559 became 18 years of age.

Thus far there have been 47 dependents over 18 years of age and incapable of self-support, of whom 14 became capable of self-support, 3 died, and 8 were married. The 8-year period expired on 4 cases.

There has been a total of 459 mothers on the dependency list. One was awarded compensation for 1 year only, 14 married, 51 died, compensation was discontinued on 3 cases upon further finding of facts, and the 8-year period provided in the act expired on 46.

[1] In many States compensation to the widow is limited to 300 weeks or less.

Dependency awards were made to 238 fathers, 1 award being made for 1 year only, 7 ceased to be dependent, 4 married, 39 died, and the 8-year provision expired on 13.

There have been dependency awards to 12 grandparents, 4 of whom have died.

The reports show that there have been 101 brothers and sisters awarded compensation. Out of this number, 8 were married, 3 ceased to be dependent, 2 died, and 42 reached the age of 18. Eight years expired on 5.

Out of the 14 grandchildren thus far awarded compensation there are 9 who became 18 years of age, and the 8-year period expired on 1.

In many instances the cessation of dependency of a single beneficiary does not in any way affect the amount of the compensation payable on account of a death, because there still remain enough dependents in the family to absorb the maximum award.

In 21 cases in which the decedent had been disabled and in receipt of disability compensation at the time of death claim for compensation was disallowed because death occurred more than six years after the injury.

TABLE 12.—SUMMARY OF AWARDS AND VALUATIONS, JANUARY 1 TO DECEMBER 31, 1925

	Number of cases	Days' duration including leave	Days' leave	Average days' duration	Amount of award	Average award	Per cent of total award
Temporary total disabilities:							
Compensated	6,122	268,732	22,972	44	$477,450.91	$77.99	
Noncompensated	7,287	58,885	48,523	8			
Total	13,409	327,617	71,495	24	477,450.91	35.61	16.53
Permanent partial disabilities:							
Dismemberments	[1] 198	22,910	1,382	116	68,757.81	347.26	
Loss of function	[2] 169	61,654	1,732	365	229,893.97	1,360.32	
Total	367	84,564	3,114	230	298,651.78	813.77	10.34
Permanent total disabilities	56				[3] 526,542.23	9,402.54	18.23
Deaths:							
Cases and awards	254				[3]1,112,621.00	4,380.40	[3] 39.19
Burials	202				19,774.74	97.89	
Medical payments	[4]10,377				453,900.85	43.74	15.71
Grand total	[5]14,086	412,181	74,609		2,888,941.51	205.09	

[1] Includes 30 noncompensated cases, 4 of which were no-time-lost.
[2] Includes 12 noncompensated cases, 1 of which was no-time-lost.
[3] Estimated value of award.
[4] Includes medical payments on 3,118 no-time-lost cases, 124 deaths, and 49 permanent total disabilities.
[5] This total does not include number of burials and medical payments.

The above table summarizes briefly the awards on cases which were closed or on which final award was made in 1925 and are included in this report. Section 9 of the employees' compensation act, in referring to medical services, states "such services and sup-

plies shall be furnished by United States medical officers and hospitals, but where this is not practicable shall be furnished by private physicians and hospitals designated or approved by the commission and paid for from the employees' compensation fund." Many of the cases included in this report receiving medical attention from Government physicians and hospitals have also received attention from specialists, and special hospital care, for which payments have been made from the compensation fund and the amount of these payments is shown above.

There were 6,447 cases which received compensation for wage loss, and 3,771 of these also received medical attention involving expenditure of money from the compensation fund. There were 1,417 cases which were covered by leave, 238 cases in which no claim was filed, 3,118 where no time was lost, and 1,044 cases losing three days and under, requiring medical attention involving payments from the fund.

CAUSES OF INJURIES BY EXTENT OF DISABILITY

The number of mechanical injuries under the Federal act, which for 1921 was about 13.5 per cent of all injuries, for the year 1922 was reduced to 10.59 per cent, for the year 1923 to 9.95 per cent, for the year 1924 to 9.82 per cent, and for the year 1925 to 9.42 per cent. This percentage is comparatively low, probably for the reason that so large a proportion of the Government employees are in clerical positions. Out of 367 permanent partial disabilities, 129, or 27.67 per cent, resulted from mechanical agencies. Out of the 1,328 injuries from mechanical causes for 1925, 360, or 27.11 per cent, were due to "hoisting and conveying apparatus," and out of 18 deaths from mechanical causes, 10, or 55.55 per cent, were due to "hoisting and conveying apparatus."

In the nonmechanical accidents "vehicles" were the cause of 1,594 accidents, 1,439 of which were temporary total disabilities, 33 permanent partial disabilities, 6 permanent total disabilities, and 116 deaths. Out of the 116 death cases due to the operation of vehicles 71 were from water craft.

It is of interest to note in the nonmechanical accidents that the greater number came from "falls of persons," 3,189. Of these, 3,096 were temporary total disabilities, 41 permanent partial disabilities, 22 permanent total disabilities, and 30 were deaths. The next group of importance was "handling of objects," with 2,293 cases, 2,262 of which were temproary total disabilities, 26 permanent partial disabilities, 2 permanent total disabilities, and 3 were deaths.

Approximately 9.43 per cent of all injuries under the Federal act are due to mechanical causes, and only this small percentage can be due to lack of safeguarding of the machinery. Thus the great field

for accident prevention in Government employment is outside of safeguarding of the machinery. This is not intended, however, to minimize the necessity of safeguarding machines, because where accidents occur caution should be used whether there is one accident or one thousand.

Distinction has not been made in this or in previous annual reports between cases due to injury by accident and cases due to occupational diseases or nonaccidental causes. This is due to the fact that the commission in passing upon a claim does not determine whether the disability or death was due to accidental or nonaccidental causes. It merely determines, as provided by the compensation law, that the disability or death was due to a personal injury. Furthermore, the evidence available in connection with a claim oftentimes leaves no doubt that the disability or death was due to a personal injury, while the determination of whether the cause was accidental or nonaccidental might require prolonged correspondence or personal investigation, which in the less serious cases would hardly be justified by the cost of the benefits involved. It also must be recognized that there are legitimate differences of opinion as to whether the circumstances in a particular case should be considered as constituting an accidental or a nonaccidental cause. Even the judges of the highest courts have sometimes differed on this particular question.

The cases included in this report which may be considered due to nonaccidental causes or to occupational diseases are estimated at 343. The word "estimate" is used in connection with these cases because in a considerable number of instances whether the disability is due to an accidental or nonaccidental cause depends entirely on the personal point of view. This applies particularly to injuries reported due to corrosive substances, poisonous fumes, and poisonous substances. It also often applies to disability said to be due to strain, where the disability may be due to a single sudden strain or be the result of many repeated strains.

Of the 343 cases which can probably be considered as due to nonaccidental causes or occupational disease the causes may be classified as follows:

Poisonous fumes	81
Other poisonous substances	31
Corrosive substances	75
Extreme overstrain or strain of unnatural position	56
Exposure to extreme cold	36
Exposure to extreme heat	31
Exposure to contagious and infectious diseases	25
All other causes	8

Approximately 90 per cent of these cases were temporary disabilities from which there was complete recovery and return to work.

These cases apparently do not on the average differ in seriousness from the purely accidental injuries. In a small number of cases the difficulty of securing evidence adequate for a satisfactory decision is serious, due sometimes to the indefinite character of the claimant's allegations and sometimes to the delay in presenting the claim. The indefinite character of the claimant's statements and his delay in submitting claim are in a large proportion of the cases due to a lack of understanding of his own case and of the proper way to present such facts as are within his knowledge. As a rule, it may be said that investigation is necessary for a proper determination in a somewhat larger proportion of the nonaccidental disease cases than in the purely accident cases.

The figures above given indicate that something less than 3 per cent of the cases included in this report were due to occupational diseases or nonaccidental causes. It is probable that there will be a tendency to a slight increase in cases of this character which will be due largely to a better understanding of the matter on the part of the claimants and also to a better understanding of the matter by physicians generally. To a large extent, many of the causes of occupational disease are not readily recognized by physicians in general practice because the matter in the past has been given so little attention.

Respectfully,

BESSIE P. BRUEGGEMAN,
Chairman,
CHAS. H. VERRILL,
HARRY BASSETT,
Commissioners

69th Congress, 2d Session - - - - - - - House Document No. 547

ANNUAL REPORT

OF THE

COMPTROLLER GENERAL OF THE UNITED STATES

FOR THE FISCAL YEAR ENDED
JUNE 30, 1926



WASHINGTON
GOVERNMENT PRINTING OFFICE
1926

69th Congress, 2d Session - - - - - - House Document No. 517

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ANNUAL REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES FOR THE FISCAL YEAR ENDED JUNE 30, 1926

GENERAL ACCOUNTING OFFICE,
Washington, December 6, 1926.

To the Congress:

Pursuant to section 312 (a) of the budget and accounting act of June 10, 1921 (42 Stat. 25), I have the honor to submit my annual report for the fiscal year 1926.

CONGRESSIONAL CONTROL OVER PUBLIC MONEY

There exists such a persistent tendency in spending agencies to avoid the control of Government exercised by the Congress through its enactments—which control was, however, carefully preserved to the Congress by the Constitution—and to secure further relinquishments of such control or exemptions therefrom, especially in the uses of and accountability for public moneys, that some reference thereto seems appropriate and timely, inasmuch as it directly affects the functioning and the responsibility of the General Accounting Office as an agency of the Congress in accomplishing its control.

The Constitution provides, Article I, section 9:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law.

There was thus retained to the people, for exercise through their representatives constituting the Congress, the power to at all times, through the control of the public moneys, effectively control the matter of what governmental agencies and activities there should be, and, further, just how and to what extent such agencies and activities should function. The authority of the Congress to grant or to withhold public funds for governmental uses or to grant funds with such limitations or special directions as it may determine to be wise would not now be seriously questioned. It might, if it saw fit to do so, render any established governmental agency impotent simply by withholding funds necessary for its operation. Such has been done.

In the exercise of the power or jurisdiction thus vested, the Congress in enacting laws appropriating funds in the Treasury for expenditure to carry on the authorized activities of the Government, with infinite pains and after far-reaching examination and most careful consideration, prescribes such limitations or directions as it thinks wise to have observed in connection with the uses of the funds so appropriated. But unless such limitations or directions are strictly observed the authority of the Congress to so control would be an empty authority. Hence, the necessity for an adequately empowered

and sufficiently manned agency, free from executive or judicial control and responsible only to the Congress, to so function as to insure due observance of all limitations and directions imposed by law in the matter of the expenditure of appropriated funds.

Such is the prime duty of the General Accounting Office, established by the act approved June 10, 1921; and only in so far as it is able to function effectively will the authority of the Congress over the uses of public funds be maintained as contemplated by the Constitution. A weak accounting system will necessarily mean a weak and ineffectual control in the Congress.

After appropriations have been made by law, questions will necessarily arise as to their availability, under the law, for proposed uses. All such questions are, of course, determinable by the Congress, the only final authority, but they are so numerous and timely decision is usually so essential to a proper functioning of the Government, that authority has been by law intrusted to the head of the accounting system to determine such questions with finality as to the spending agencies. If such official errs in his conclusion when he finds it necessary to withhold approval of a proposed use because he is convinced the law does not so authorize it is the administrative right promptly to submit the matter to the Congress where it may be determined. And in such connection the matter and the difficulty are easily made clear to the Congress because the procedure is such that the objection of the Comptroller General is given in the form of a written decision.

The most serious difficulties arise when spending agencies elect to act in obligating an appropriation without submitting the doubt as to the availability of the funds proposed to be used for advance decision by the head of the accounting system. Such uncooperative procedure often results in unlawful payments by disbursing officers, who under existing system are connected with the interested spending agency. This is so when, later, the matter is brought to light through the accounts or otherwise, and it is determined by the accounting officers that under the law there has been a misuse of the funds. The matter is then not always easy of adjustment, and often necessarily results in a denial of credit to the disbursing officer—who is not usually the one responsible for the primary wrong—and involves citizens who are prone to accept in good faith the acts and representations of those purporting to represent the United States rather than, as is their responsibility, to ascertain their true authority. It may be but natural for those intrusted with administrative duties involving the obligating of appropriations to become ambitious to do other or more than has been authoriized by the Congress in its appropriations. But even though their purposes be worthy and their ambitions to accomplish most laudable, there may be no lawful use of public funds without prior legislative sanction. In such connection difficulties often arise, but if the purpose of the basic law is to be observed, and control by law is to be maintained, the accounting officers must hold firm and decline to sanction any expenditures made without legislative authority therefor.

The true adminsitrative authority over an appropriation is no more than the right to pledge such funds in the Treasury for the purpose or purposes specified in the law. It does not properly involve the payment of the obligations thus incurred. Payment is

a fiscal function subject to strict accountability. Originally payments were made only through Treasury warrants and after audit. This was the safe method devised by the Fathers, but as the volume increased there appeared need for prompter payments than then was possible under such safe method, and the present-day disbursing officer came into being. In the beginning he was a trusted representative of the Treasury, with adequate bond for faithful accounting, but gradually there was obtained from the Congress permission to have these disbursing officers attached to the spending agencies—for what reason it is difficult to perceive—until now they are generally so attached as officers or employees of the agencies which pledge the appropriations. Such an arrangement, as seems obvious, tends to weaken control by law and to encourage disregard of limitations and directions given therein, and, of course, makes most difficult the full accomplishment of the duties imposed by law upon the accounting officers.

It would tend greatly to encourage law observance in the use of appropriated funds if those intrusted with the duty of making payments were removed from the control of the spending agencies. Under the existing system of the disbursing officer being immediately subordinate to the officer having administrative authority over and the right to pledge the appropriation, because of such relationship and the subordinate position of the disbursing officer, there is, of course, unwarranted temptation to act in incurring obligations where legislative authority has not been granted, which temptation would be removed if the disbursing officer were free from such administrative influence and control and left for guidance to the single influence of his personal and bonded responsibility for faithful accounting under the law. In such a condition it would be folly, of course, for a spending agency to do other than observe the law. There would be little chance of payment otherwise.

Then, too, there are now approximately 1,000 persons authorized to disburse funds in continental United States alone—to say nothing of the many stationed abroad—and if the duty of making payment of Government obligations were centralized and intrusted only to those highly trained in such matters the number could be greatly reduced, to possibly less than 50 in continental United States, with a tremendous saving. This would likewise bring about economies in the General Accounting Office, as there would be a proportionate reduction in the number of accounts received for audit and such accounts would be in infinitely better condition, and, for the most part, free from unlawful payments.

I have respectfully to suggest the wisdom of a comprehensive study of our present system for effecting payment of Government obligations with a view to the adoption of a system that will encourage law observance in the use of public funds, reduce to a minimum unauthorized payments, and effect the economies that are possible.

The principle of the constitutional requirement that no executive or judicial officer shall draw public money from the Treasury without the legislative consent of the Congress is far older than our present system of government. Such control originated out of the struggles between the King and the Commons of medieval England. The statute of 2 William and Mary, session 2, Chapter II, was one of the first acts of the English Parliament specifically providing

how public funds should be expended, and Maitland, in his Constitutional History of England, states that the Parliament has very infrequently departed from this practice, and this even though the substantial executive officers of the parliamentary English Government are themselves members of Parliament.

The founders of the thirteen Colonies were evidently thoroughly familiar with parliamentary control over public money, for they provided in their charters, and, subsequently, constitutions, for legislative control over both the raising of public revenue and the expenditure thereof. In colonial Virginia, for instance, the treasurer, who was annually appointed by the General Assembly, was both the accounting officer and the speaker of the House of Burgesses. Apparently none of the thirteen Colonies provided, either before or after the Declaration of Independence, for the raising and expenditure of public money without a strict accounting to one or both houses of their legislature.

The Continental Congress attempted to raise funds and to conduct the Revolutionary War without an accounting system, but after the Articles of Confederation the losses and irregularities in the handling of public money made it necessary to establish an accounting system to bring order out of chaos. The ordinance of September 26, 1778, of the Continental Congress provided in detail for an accounting system and its duties with respect to the audit and settlement of public accounts.

This system appears to have functioned to the satisfaction of the Congress, for, after the ratification of the Constitution and the organization of the first Congress thereunder, there was created an accounting system for the audit and settlement of public accounts. This accounting system was substantially the accounting system organized by the ordinance of September 26, 1778. There appears in Debates in Congress (vol. 1, o. s., p. 408) the following statement with reference to Mr. Baldwin, who brought into the House of Representatives the bill which subsequently became the act of September 2, 1789 (1 Stat. 65):

> He hoped to see proper checks provided; a comptroller, auditor, register, and treasurer. He would not suffer the Secretary to touch a farthing of the public money beyond his salary. The settling of the accounts should be in the auditors and the comptroller; the registering them to be in another officer; and the cash in the hands of one unconnected with either.

Mr. Smith, of South Carolina, advocated, in the course of the debate, that the accounting officers should be independent of the executive departments whose accounts they were required to audit in order that their decisions might not be influenced by them. James Madison stated in the same debate that he questioned very much whether the executive departments—

> can or ought to have any interference in the settling and adjusting the legal claims of individuals against the United States. The necessary examination and decision in such cases partake too much of the judicial capacity to be blended with the executive.

The early appropriations for the conduct of the business of the United States were generally made in lump sums, but—probably at the suggestion of President Jefferson—the Congress adopted the policy of specifying, either in the general law or in the appropriation acts themselves, with particularity, the objects for which the

appropriations should be used. This practice corresponds with that adopted much earlier by the English Parliament, and the Congress has not since departed therefrom except in certain limited instances.

During the course of the many years that have elapsed since the time of President Jefferson the Congress has almost annually enacted various and sundry restrictions and directions as to the expenditure of public money from appropriations. These restrictions and directions now bulk large in the public laws of the United States. President Taft made an exhaustive study, through his Commission on Economy and Efficiency, and reported to the Congress in House Document No. 854, Sixty-second Congress, Second Session, pages 110, 111, that—

> It is somewhat difficult in all cases to discover the reasons for the existence of particular limitations of [Executive] discretions. In some instances a study of the history of the service for which the appropriations are granted will reveal the fact that a limitation was imposed in order to prevent an abuse of discretion which had been discovered as the result of an investigation of the service by a committee of Congress. Such, for example, is the origin of the limitation in the appropriation for the Coast and Geodetic Survey, preventing the use of the appropriation for general expenses for the pay of subsistence of officers of the service permanently stationed at Washington.
>
> A study of the peculiarities of particular appropriations can hardly fail to force the conclusion that some of the peculiarities in appropriations can not be explained by peculiarities in the service to which they are granted, and that they are due either to the representations which have been made to the committees of Congress by heads of the services concerned or to the attitude which the committees have taken in view of the political and other conditions present at the time the appropriation was granted.

The general question of whether the officers and employees of the executive departments of the Government, to whom the limitations of discretion and direction applied in the expenditure of public money, should also have the enforcement of such limitations was settled by the Congress in the original Treasury act of September 2, 1789. However, this principle did not become embedded in the law and practice without opposition on the part of the officers and employees of the executive departments charged with the expenditure of the appropriations. Notwithstanding opinions of various early Attorneys General and of various Presidents to the effect that the officers of the executive departments had no power to interfere with the settlements and adjustments of accounts made by the accounting officers, the assault became such that Congress, by the act of March 30, 1868 (15 Stat. 54), expressly provided that such settlements of the accounting officers should be final and conclusive on the executive departments.

There was later a recommendation made to the Congress that this act of 1868 be repealed, but the House Committee on Revision of Laws reported same unfavorably, in part, as follows:

> * * * power in the head of the War and any other department to set aside and change the findings of the accounting officers of the Government is at war with the whole principle upon which the system is based; that the allowance and settlements of the disbursements of all public funds should be vested wholly in a set of officers other and different from those who made the expenditure. If their allowances and settlements can be set aside and changed by the head of the department under whose direction the money was paid, or the claim approved, then the whole system of checks to improper expenditures which it was supposed to have been established, falls to the ground.

We are not without an example of the expenditure of public funds with no accounting therefor. The Post Office Department accounted to itself, prior to 1836, for all collections and expenditures. A Senate committee, investigating irregularities then existing in the Post Office Department, reported January 27, 1835, that the irregularities—

> * * * may be principally traced to the absolute and unchecked power which a single individual holds over the resources and disbursements and all the vast machinery of the department. The checks of various inferior officers upon each other are of no value when all are guided and controlled in their acts by one dominant will.

Postmaster General Kendall, in his annual report of December 4, 1835, urging the establishment of an independent audit of the transactions of his department, which audit was established by the act of July 2, 1836 (5 Stat. 80), stated:

> It is believed to be a sound principle that public officers who have an agency in originating accounts should have none in their settlement. * * * If from any cause an illegal expenditure be directed by the head of a department, it is the duty of the disbursing agent not to pay the money, and if he does pay it, it is the duty of the auditors and comptrollers to reject the item in the settlement of his accounts.

The audit and settlement of the accounts of all the departments of the Government—except the Post Office Department to 1836—has been independent of those departments, and the budget and accounting act of June 10, 1921, specifically made the accounting officers independent of all executive departments, including the Treasury Department, of which they had theretofore been a part, although not under its control. The declared policy of the law is now—as was urged by Representatives Smith and Madison in the First Congress—that the accounting system be independent of all of the executive departments and responsible solely to the Congress, as was the accounting system of the Continental Congress, and as was, and is, the accounting system of England. But the effectiveness of our present accounting system is being impaired by the increasing tendency of spending agencies, by means of their administrative control over disbursing officers, to effect payments not authorized by law, relying upon the Congress to grant relief to the disbursing officer when credit for the illegal payments is disallowed in the settlement of his accounts.

The Constitution reposes responsibility in the Congress for the appropriation and accounting for public funds. The General Accounting Office is generally its organ for the purpose of the accounting for public funds. Inadvertently, perhaps, there has crept into the law, from time to time, exceptions which repose responsibility in the officers of the executive departments or establishments for the settlement of certain classes of claims, and the only audit that can be made by the General Accounting Office of such settlements is to determine the mathematical accuracy of the payment and whether the executive officer had jurisdiction of the claim under the particular statute. Likewise in certain instances funds have been appropriated for a service or an activity to be expended by it free from the general requirements of law as to the expending of and accounting for appropriated funds.

There appears no reason why the Congress should require of certain expenditures an accounting through an agency responsible to it

and not of all expenditures. Exceptions only tend to make more difficult the orderly accounting procedure essential to our form of government.

Under existing law the accounting officers have no equity jurisdiction, and if they should ever conceive it their duty or prerogative to "supply the deficiencies of legislation," as is occasionally urged upon them, by arbitrarily expanding the law so as to permit payments not authorized by law, the constitutional control of the Congress would be further weakened. No! Legislation is a function exclusively for the Congress. It may make the law as liberal or as illiberal as it thinks wise, and it is the clear duty of the accounting officers to enforce the laws as enacted so far as they relate to receipts and expenditures of public funds.

In this connection the attention of the Congress is invited to the tendency as revealed in numerous bills introduced during the last session of the Congress and in the preceding Congress for the creation of corporations, establishments, or agencies which are proposed to be intrusted with or empowered to expend vast sums of public funds without an accounting therefor to the Congress through the General Accounting Office—the independent accounting agency of the Federal Government—and in several instances with express authority to such corporations, establishments, or agencies to themselves audit and account for the Federal moneys they receive. An authority given to any agency, newly established or otherwise, to receive and use public moneys and account for the same according to such means, procedure, or methods as it may prescribe means the immediate surrender by the Congress of its usual and fixed control and constitutional right to see to and be informed of the uses of the public moneys. It may be classed as a gift of the moneys so far as any true accounting thereof may be enforceable under the terms of such law, and its natural tendency can hardly be otherwise than to encourage those agencies required to account for public moneys in ways and means of avoiding such accounting.

In several instances this office brought the effect of such bills, for accounting purposes, to the attention of the chairmen before whose committees bills of this character were pending, and in some cases the bills were so amended as to restore to or retain in the Congress through the General Accounting Office the right and duty to audit the public moneys involved.

COURTS AND APPROPRIATION CONTROL

Prior to 1855 the Congress reserved to itself and the accounting officers jurisdiction and authority to finally settle all claims against the United States. By the act of February 24, 1855 (10 Stat. 612), which has been subsequently amended, the Congress established a Court of Claims and conferred on it jurisdiction of certain causes of action against the United States, continuing to reserve to itself and the accounting officers jurisdiction to make final settlements in all other cases. However, the Congress did not surrender any of its control over accounting for appropriations. It provided that the judgments of the Court of Claims and of the district courts exercising jurisdiction concurrently with the Court of Claims should be specifically reported to it for appropriation before same could

be paid. In other words, the judgments of the courts against the United States can not be paid from general appropriations for the conduct of the Government service. This is proper. It frequently happens in the administration of the various departments of the Government that executive officers, inadvertently or otherwise, exceed the authority conferred on them by appropriations but nevertheless create a liability against the United States under either the Constitution or some provision of general law.

The courts are not concerned with whether the executive officers, in creating such liability, were observing the terms of the appropriations. The Court of Claims said, for instance, in *Geddes* v. *United States* (38 Ct. Cls. 428) that—

> The accounting officers are the guardians of the appropriations. It is their business to see that no money is paid out of the Treasury unless the payment is authorized by an appropriation act. It is not their business to adjudicate abstract questions of legal right beyond the legal right of a person to be paid out of a specific appropriation. An appropriation constitutes the means for discharging the legal debts of the Government.
>
> The judgment of a court has nothing to do with the means—with the remedy for satisfying a judgment. It is the business of courts to render judgments, leaving to Congress and executive officers the duty of satisfying them.

The check of the Congress, in requiring judgments against the United States to be reported to it for appropriation before they may be paid, enables it to retain control over public money by refusing, as it has done, to appropriate for the payment of any particular judgment with which it does not agree. There are a few cases of judgments which are now payable out of appropriations made in advance, certain judgments for refunds of internal-revenue taxes improperly or illegally collected being an illustration.

There has been asserted, from time to time, that there is a power in the courts of the District of Columbia to control the disposition of appropriated moneys. There were several of these cases prior to 1855 when no suit could be brought against the United States. The Supreme Court of the United States uniformly negatived such power, saying, in *United States* v. *Guthrie* (17 How. 284), at page 303, that—

> The only legitimate inquiry for our determination upon the case before us is this: Whether, under the organization of the Federal Government, or by any known principle of law, there can be asserted a power in the circuit court of the United States for the District of Columbia, or in this court, to command the withdrawal of a sum or sums of money from the Treasury of the United States, to be applied in satisfaction of disputed or controverted claims against the United States? This is the question, the very question, presented for our determination; and its simple statement would seem to carry with it the most startling considerations—nay, its unavoidable negation, unless this should be prevented by some positive and controlling command; for it would occur, a priori, to every mind that a treasury not fenced round or shielded by fixed and established modes and rules of administration, but which could be subjected to any number of description of demands, asserted and sustained through the undefined and undefinable discretion of the courts, would constitute a feeble and inadequate provision for the great and inevitable necessities of the Nation. The Government under such a régime, or rather, under such an absence of all rule, would, if practicable at all, be administered not by the great departments ordained by the Constitution and laws, and guided by the modes therein prescribed, but by the uncertain, and perhaps contradictory action of the courts, in the enforcement of their views of private interests.

However, it is questionable whether this judicial rule now obtains. In my annual report for the fiscal year 1925, for instance, pages 9

and 10, I invited the attention of the Congress to certain cases in the courts where injunction or mandamus had been sought against disbursing and accounting officers of the Government. One of the cases referred to as pending in the courts of the District of Columbia was the case of Lieutenant Commander Cox against the Secretary of the Navy, the Comptroller General of the United States, and a disbursing officer. The Supreme Court of the District of Columbia issued an injunction against the defendants requiring them to continue to pay Lieutenant Commander Cox all of his current pay and allowances which were necessarily chargeable to appropriations, notwithstanding an indebtedness to the Government as ascertained by this office in the settlement and adjustment of accounts, and to refund the amounts which had been withheld from his pay on account of his indebtedness.

The case was appealed to the Court of Appeals of the District of Columbia, which sustained the action of the lower court in an opinion reported in 8 Fed. (2d), 669. I requested the Department of Justice to apply to the Supreme Court of the United States for a writ of certiorari to review the action of the lower courts. However, the solicitor general refused to present such petition. He filed a petition which had been prepared in this office and signed by the solicitor thereof, but also filed a separate statement giving it as his opinion that the decisions of the courts below were correct. The Navy defendants also filed a statement to the effect that they were merely formal parties. The action upon the record as thus presented of apparently opposition of both the Department of Justice and the Navy Department was simply that the Supreme Court of the United States denied the writ of certiorari.

This leaves the matter unsatisfactory and legislation would appear the desirable remedy so that such matters arising in the settlements of the accounting officers shall be for proceeding with by the parties through the ordinary judicial processes—suits against the United States in the Court of Claims or the applicable district court of the United States, where the matter may be contested on the merits—and not by the extraordinary proceeding of mandamus or injunction wherein the merits of the settlements can not be considered and were not considered in the recent proceedings stated.

LEGISLATIVE

One of the duties of the Comptroller General of the United States pursuant to the budget and accounting act of June 10, 1921, is the making of certain reports to the President of the United States and to the Congress, and the directing of office assistants to furnish committees of the Congress such aid and information as they may request. See section 312 (a), (b), (c), and (d) of the Budget and Accounting Act.

Pursuant thereto during the fiscal year 1926, three reports were made to the President of the United States upon his request, and 225 legislative reports were made to the Congress, 162 of which were either specially required by law or in response to requests therefor, and 63 of which were in the form of suggestions for the betterment of accounting, clarification of the language of pending legislation, correction of patent ambiguities appearing therein, etc.

Pursuant to section 312 (a) of the Budget and Accounting Act, I have the honor to recommend herein the enactment of legislation as necessary to facilitate the prompt and accurate rendition and settlement of accounts, as follows:

Section 12 of the act of July 31, 1894 (28 Stat. 209), known as the Dockery Act, as amended by the act of March 2, 1895 (28 Stat. 807), provides—

SEC. 12. All monthly accounts shall be mailed or otherwise sent to the proper officer at Washington within ten days after the end of the month to which they relate, and quarterly and other accounts within twenty days after the period to which they relate, and shall be transmitted to and received by the auditors within twenty days of their actual receipt at the proper office in Washington, in the case of monthly, and sixty days in the case of quarterly and other accounts. Should there be any delinquency in this regard at the time of the receipt by the auditor of a requisition for an advance of money, he shall disapprove the requisition, which he may also do for other reasons arising out of the condition of the officer's accounts for whom the advance is requested; but the Secretary of the Treasury may overrule the auditor's decision as to the sufficiency of these latter reasons: *Provided*, That the Secretary of the Treasury shall prescribe suitable rules and regulations, and may make orders in particular cases, relaxing the requirement of mailing or otherwise sending accounts, as aforesaid, within ten or twenty days, or waiving delinquency, in such cases only in which there is, or is likely to be, a manifest physical difficulty in complying with the same, it being the purpose of this provision to require the prompt rendition of accounts without regard to the mere convenience of the officers, and to forbid the advance of money to those delinquent in rendering them: *Provided further*, That should there be a delay by the administrative departments beyond the aforesaid twenty or sixty days in transmitting accounts, an order of the President, or, in the event of the absence from the seat of government or sickness of the President, an order of the Secretary of the Treasury, in the particular case, shall be necessary to authorize the advance of money requested: *And provided further*, That this section shall not apply to accounts of the postal revenue and expenditures therefrom, which shall be rendered as now required by law.

The Secretary of the Treasury shall on the first Monday of January in each year make report to Congress of such officers as are then delinquent in the rendering of their accounts or in the payment of balances found due from them for the last preceding fiscal year. Sections two hundred and fifty and two hundred and seventy-two of the Revised Statutes are repealed.

Section thirty-six hundred and twenty-two of the Revised Statutes is amended by striking therefrom the following words: "The Secretary of the Treasury may, if in his opinion the circumstances of the case justify and require it, extend the time hereinbefore prescribed for the rendition of accounts."

The amendment of said section 12 is suggested as follows:

All officers, and persons in the service of the United States, its corporate or other agencies, who receive moneys of whatsoever character which they are not authorized to retain as salary, pay, or emolument shall render an accounting therefor. Said accounts shall be rendered promptly at the close of the accounting period by such officers, agents, or persons to the proper administrative offices in Washington, and when the administrative examination thereof shall have been completed shall be promptly transmitted by said administrative offices to the General Accounting Office. All such accounts shall be rendered in such form and manner, for such accounting period, and at such times as may be prescribed by the Comptroller General of the United States.

Should there be any delinquency in the rendition or transmission of such accounts at the time of a receipt of a requisition for an advance of money the Comptroller General of the United States shall disapprove the requisition, unless furnished with satisfactory reasons for the delay, and he may also disapprove such a requisition for other reasons arising out of the conditions of the account of the person for whom the advance is requested.

All laws and parts of laws in so far as inconsistent or in conflict with the provisions of this section as here amended are repealed.

The amendment is suggested in order that section 12, and other statutes in pari materia therewith, in so far as not in accord with the independent Federal accounting system as created by the Budget and Accounting Act of 1921, may be brought into accord therewith.

The statutes relating to the rendition of accounts were enacted prior to the Budget and Accounting Act of June 10, 1921, and at a time when the accounting officers were officers of the Treasury Department and the Secretary of the Treasury their superior officer. Conditions have since changed. The existing situation is that the offices of the Comptroller of the Treasury and auditors are abolished and their duties transferred to, vested in, and imposed upon the General Accounting Office, of which the Comptroller General of the United States is the head, "to be exercised without discretion from any other officer." See section 304 of the Budget and Accounting Act of June 10, 1921 (42 Stat. 24).

There has been omitted from the proposed amendatory legislation the prescribing of time limits for the rendition and administrative examination of accounts. It is believed that much more satisfactory results will be obtained by authorizing the Comptroller General to prescribe the period for the administrative examination of accounts, and that the authority granted by the amendatory legislation will ultimately result in securing the prompt rendition of accounts by disbursing officers and agents and the limiting of the time required by the administrative offices to a reasonable period in which to perform the examination and secure such data as may be required for administrative purposes. No time limit is placed by law on the rendition of accounts by postmasters, and this situation has resulted in the securing through administrative regulations of a prompt rendition of accounts and a simplified administrative examination thereof.

Prior to the Budget and Accounting Act postal revenues accounts were rendered in form, manner, and time as prescribed by the Postmaster General. This situation was changed with the establishment of the General Accounting Office pursuant to the Budget and Accounting Act.

The rendition to the Congress of the delinquency report required by the second paragraph of section 12 is believed to be no longer necessary, inasmuch as the General Accounting Office is charged with the duty of the making of final audit of accounts and the collecting of resulting balances due to the United States. By the terms of said paragraph this report must cover a period which terminated six months previously to its presentation to the Congress. Due to the difficulty in compiling the data therefor, and the time which must elapse before presentation to the Congress, this report when presented can not accurately represent the current situation as to the matters involved.

In so far as accounting for funds is concerned, it is equally essential—whether the funds be strictly public funds, moneys held in trust by the United States by whatever title known, quasi-public funds, or semipublic funds—that they be submitted to an independent audit, in order that it may thereby be determined whether the receipts have been properly accounted for and the expenditures made in accordance with law and regulations and supported by such evidence as

necessary to safeguard the interests of all concerned. Any person receiving money in his official capacity should be held to as strict accountability therefor as for funds advanced from the Treasury. When the United States assumes responsibility for funds of whatsoever character it should fully account therefor. It is in this manner that Federal records are completed and financial transactions shown in which the United States is involved—as principal, trustee, or otherwise. Equally is this true when it permits its own moneys to be expended by or through semi-Federal or Government-aided agencies.

The foregoing suggested amendment of section 12 of the Dockery Act would, if enacted, repeal other statutes in so far as inconsistent or in conflict with such section as thus amended. See, in connection therewith—

Section 4, act of August 30, 1890, 26 Stat. 413.
Section 3622, Revised Statutes, as amended by the act of February 27, 1877, section 1, 19 Stat. 249; and the act of July 31, 1894, 28 Stat. 209.
Sections 277, 283, 396, 1752, 3843, 3844, and 3845, Revised Statutes.
Act of July 31, 1894, section 7, 28 Stat. 206, and section 13, 28 Stat. 210.
Act of March 2, 1901, 31 Stat. 910.
Act of June 30, 1906, 34 Stat. 754.
Act of March 4, 1907, section 1, 34 Stat. 1360.
Act of March 3, 1909, section 10, 35 Stat. 842.
Act of March 4, 1915, section 1, 38 Stat. 1021.
Act of February 26, 1919, 40 Stat. 1183.

See, in connection with the amendatory legislation here requested progress already made in the adoption of short periods for rendition of accounts, title, "Audit and preaudit," pages 27–29.

Pursuant to section 312 (c) of the Budget and Accounting Act special reports have been made to the Congress from time to time. There are, however, statutes the administrative violation of which is so general that the setting forth of each violation separately becomes impracticable, as, for example, violations of sections 3709 and 3744, Revised Statutes, which provide—

SEC. 3709. All purchases and contracts for supplies or services, in any of the departments of the Government, except for personal services, shall be made by advertising a sufficient time previously for proposals respecting the same when the public exigencies do not require the immediate delivery of the articles or performance of the service. When immediate delivery or performance is required by the public exigency the articles or service required may be procured by open purchase or contract at the places and in the manner in which such articles are usually bought and sold or such services engaged between individuals.

SEC. 3744. It shall be the duty of the Secretary of War, of the Secretary of the Navy, and of the Secretary of the Interior to cause and require every contract made by them severally on behalf of the Government, or by their officers under them appointed to make such contracts, to be reduced to writing and signed by the contracting parties with their names at the end thereof; a copy of which shall be filed by the officer making and signing the contract in the Returns Office of the Department of the Interior, as soon after the contract is made as possible, and within 30 days, together with all bids, offers, and proposals to him made by persons to obtain the same, and with a copy of any advertisement he may have published inviting bids, offers, or proposals for the same. All the copies and papers in relation to each contract shall be attached together by a ribbon and seal and marked by numbers in regular order, according to the number of papers composing the whole return.

These violations are constantly encountered in the audit and are the occasion of numerous decisions. While contracts entered into in violation of their provisions are illegal as express contracts, yet, nevertheless, when performed, the party furnishing the supplies or performing the service is entitled to be paid therefor under an implied contract on a quantum valebat or quantum meruit basis, and as the terms of such illegal contracts are usually the best evidence of the value to be paid for the supplies or services received it in effect amounts to a payment by the United States for the supplies or services of the same amount as would have been paid had the contract in fact been entered into in conformity with such statutes instead of in contravention thereof; or, in other words, to an indirect carrying out of the contracts as made for payment purposes, notwithstanding their nonconformity with such statutes and consequent illegality.

Another administrative procedure which is in violation of the spirit and purpose of section 3709, Revised Statutes, and operates as a nullification thereof, occurs in the procurement by some of the administrative branches of the Government of certain articles in such a manner as to restrict the purchase to a particular make. Specifications forming part of the advertisement are sent to prospective bidders so framed as to some minor part of the article as to preclude dealers generally from submitting bids thereon, or, if they in fact submit bids, as to cause the rejection of their bids in the administrative selection of the lowest responsible bidder for the particular article advertised for. As, for example, automobiles, which are not listed on the General Supply Committee schedule. The specifications sent out may require a particular kind of fender for the automobile to be purchased, found only on a car of a certain make, thereby eliminating for award of contract purposes all bids for automobiles of a make not carrying that particular fender. A similar situation has been developed in connection with the purchase of typewriters. Not only is such a procedure unauthorized as being in direct conflict with section 3709 but it leads to dissatisfaction among bidders. It has been held generally by the courts and this office that the provisions of section 3709 are designed to give all manufacturers, etc., equal right to compete for Government business; secure to the Government the benefits which flow from competition; prevent unjust favoritism by an officer of the Government in making purchases on public account; and raise a bar against collusion and fraud in procuring supplies and letting contracts.

This office has not regarded these violations as of a character requiring in each instance a specific report to the Congress under section 312(c) of the Budget and Accounting Act, and yet they raise for the consideration of the Congress a question as to how far administrative procedure in direct violation of existing law should obtain.

There have been violations of other statutes, which may be mentioned, as follows:

Section 3828 of the Revised Statutes provides—

> No advertisement, notice, or proposal for any executive department of the Government, or for any bureau thereof, or for any office therewith connected, shall be published in any newspaper whatever, except in pursuance of a writ-

ten authority for such publication from the head of such department; and no bill for any such advertising or publication shall be paid unless there be presented with such bill a copy of such written authority.

The violations of this statute consist in the failure to obtain the written authority from the "head of such department," which apparently is difficult of compliance.

Section 6 of the act of May 10, 1916 (39 Stat. 120), as amended by act of August 29, 1916 (39 Stat. 582), provides—

SEC. 6. That unless otherwise specially authorized by law, no money appropriated by this or any other act shall be available for payment to any person receiving more than one salary when the combined amount of said salaries exceeds the sum of $2,000 per annum, but this shall not apply to retired officers or enlisted men of the Army, Navy, Marine Corps, or Coast Guard, or to officers and enlisted men of the Organized Militia and Naval Militia in the Several States, Territories, and the District of Columbia: *Provided*, That no such retired officer, officer, or enlisted man shall be denied or deprived of any of his pay, salary, or compensation as such, or of any other salary or compensation for services heretofore rendered, by reason of any decision or construction of said section 6.

There are before me 27 specific violations of this statute. It is believed an adjustment may be possible by combining the duties of positions with compensation embracing all rather than maintain separate positions with separate compensation, and the enactment of a statute prohibiting the holding in any event by one person of more than one position or employment.

The act of June 26, 1912 (37 Stat. 184), provides—

No money appropriated by this or any other act shall be expended for membership fees or dues of any officer or employee of the United States or of the District of Columbia in any society or association or for expenses of attendance of any person at any meeting or convention of members of any society or association, unless such fees, dues, or expenses are authorized to be paid by specific appropriations for such purposes or are provided for in express terms in some general appropriation.

There are before me eight specific violations of this statute.

The act of August 22, 1911 (37 Stat. 32), provides—

That the Secretary of the Navy be, and he hereby is, authorized, in his discretion, to make partial payments from time to time during the progress of the work under existing contracts and all contracts hereafter made under the Navy Department for public purposes, but not in excess of the value of work already done; and the contracts hereafter made shall provide for a lien in favor of the Government, which lien is hereby made paramount to all other liens, upon the articles or thing contracted for on account of all payments so made: *Provided*, That partial payments shall not be made under such contracts except where stipulated for, and then only in accordance with contract provisions.

There is before me a specific violation of this statute in which a contract providing for partial payments was entered into without provision for a lien in favor of the Government upon the vessels on account of which such partial payments were agreed to be and were made.

Section 5 of the act of April 6, 1914 (38 Stat. 335), provides—

That no part of any money appropriated in this or any other act shall be used for compensation or payment of expenses of accountants or other experts in inaugurating new or changing old methods of transacting the business of

the United States or the District of Columbia unless authority for employment of such services or payment of such expenses is stated in specific terms in the act making provision therefor and the rate of compensation for such services or expenses is specifically fixed therein, or be used for compensation of or expenses for persons, aiding or assisting such accountants or other experts, unless the rate of compensation of or expenses for such assistants is fixed by officers or employees of the United States or District of Columbia having authority to do so, and such rates of compensation or expenses so fixed shall be paid only to the person so employed.

There are before me two specific violations of this statute where cost-accounting systems were installed without specific authorization of law therefor.

Section 21, act of June 6, 1902 (32 Stat. 326), provides—

That in all contracts entered into with the United States, after the date of the approval of this act, for the construction or repair of any public building or public work under the control of the Treasury Department, a stipulation shall be inserted for liquidated damages for delay; and the Secretary of the Treasury is hereby authorized and empowered to remit the whole or any part of such damages as, in his discretion, may be just and equitable; and in all sults hereafter commenced on any such contracts or on any bond given in connection therewith, it shall not be necessary for the United States, whether plaintiff or defendant, to prove actual or specific damages sustained by the Government by reason of delays, but such stipulation for liquidated damages shall be conclusive and binding upon all parties.

There are before me four specific violations of this provision by a failure to include in such contracts a liquidated damage provision.

Other cases of illegal expenditure of Federal funds include the payment of a State or municipal tax for plates and tags for Government-owned machines, eight specific cases of illegal expenditures for which are before me; and of notarial fees paid to Federal personnel for their administration of Federal oaths of disinterestedness to Government contracts, 13 specific cases of which are before me.

Section 5 of the act of July 16, 1914 (38 Stat. 508, 509), provides—

No appropriation made in this or any other act shall be available for the purchase of any motor-propelled or horse-drawn passenger-carrying vehicle for the service of any of the executive departments or other Government establishments, or any branch of the Government service, unless specific authority is given therefor, and after the close of the fiscal year nineteen hundred and fifteen there shall not be expended out of any appropriation made by Congress any sum for purchase, maintenance, repair, or operation of motor-propelled or horse-drawn passenger-carrying vehicles for any branch of the public service of the United States unless the same is specifically authorized by law, and in the estimates for the fiscal year nineteen hundred and sixteen and subsequent fiscal years there shall be submitted in detail estimates for such necessary appropriations as are intended to be used for purchase, maintenance, repair, or operation of all motor-propelled or horse-drawn passenger-carrying vehicles, specifying the sums required, the public purposes for which said vehicles are intended, and the officials or employees by whom the same are to be used.

The limitation is upon passenger-carrying vehicles only. There have been constant questions arising under its application, particularly where hiring is involved which at the rates contracted for would for a prolonged period of hiring result in payment of sums equaling the purchase price of the lower-priced automobiles.

Congress enacts laws which confer certain financial rights on persons coming within their scope. Payments are made through disbursing officers to persons not within their scope. This office in the

clear performance of its duty for the carrying out of the laws as the Congress enacted them must disallow credit to the disbursing officers for the payments, find the payees indebted therefor, and attempt recovery.

Where in such instances the Congress, either by general legislation, individual relief bills, or otherwise, authorizes credit to the disbursing officer or validates the right of the payees to retain amounts thus illegally received, or both, the action of the accounting officers in carrying out the laws as the Congress had enacted them is set at naught, and the result necessarily is a sustaining of those who violate the laws and a failure to sustain those who obey them.

The more frequently this occurs the less occasion there is for those who illegally acquire possession of Federal funds to feel insecure in their ultimate retention, and the more encouragement they have to resist demands for their return.

Accordingly, may I offer the suggestion that where crediting, validating, or relief legislation is presented to the Congress, if practicable, this office be afforded an opportunity to present to the Congress, preferably through its committees, all pertinent facts in its possession pertaining thereto, in order that the Congress may be fully informed as to all phases of the situation before action thereon.

For further legislative matters reference is made to title "Gasoline tax and motor tags" for need for legislation with regard thereto, page 20; title "Courts and appropriation control," page 9; and title "Transportation," page 33, as to H. R. 8128, entitled "A bill to punish counterfeiting of Government transportation requests," which passed both Houses at the last session but failed of enactment.

During the last session of the Congress assistants of this office on several occasions at the request of chairmen of committees attended hearings before said committees for the purpose of furnishing aid and information.

LAW WORK

The control of the Congress over the expenditure of public money, and, in some measure, over the collection of the revenue, is exerted through the General Accounting Office. Such control is frequently referred to as an accounting. Those unfamiliar with the form and content of appropriation acts and the laws under which such appropriations are expended, as well as the history of the accounting offices, are frequently of the impression that the work of the General Accounting Office is mainly one of accounting similar to that of the accounting departments of private business establishments.

Such an impression is erroneous. The matter of computation involved in the work of the General Accounting Office is of comparatively minor importance, for the reason that disbursing officers of the Government and the administrative examiners of their accounts generally detect any errors of computation therein, but, as a necessary check thereon, the General Accounting Office also computes the expenditures stated on the vouchers and on the invoices, etc., attached thereto.

The question whether any particular expenditure or collection is in accordance with law is the principal function of the General Accounting Office. The determination of this question in any particular instance frequently involves consideration not only of the appropriation act or revenue act but a mass of statutes extending back, in many instances, to the beginning of the Government under the Constitution, and not infrequently to the Constitution itself; the decisions of the courts construing said statutes; the decisions of the former accounting officers of the United States; the hearings, reports, bills, and debates in Congress; and administrative regulations and practices. Also there are usually involved questions of fact to be investigated and additional matter pertaining thereto procured as to the expenditure or collection.

The legality of an expenditure may be presented for the first time in the audit of the account of some one of the myriad of disbursing officers, or it may be presented by the claimant for direct settlement as a claim, or it may be presented by the head of a department or independent establishment, or a disbursing officer pursuant to section 8 of the act of July 31, 1894 (28 Stat. 208), for decision in advance of payment. But, however the question may be presented, it must be decided in accordance with the intent of the Congress as expressed in the law, and, in doubtful cases, as ascertained from its proceedings.

It staggers the imagination to consider the variety and complexity of legal questions which arise during the course of a year in the conduct of the business of the United States requiring the disbursement of public funds. Some conception of the immensity of the task may be had when it is considered that the appropriations of the Government aggregate approximately $6,000,000,000 a year and are expended by disbursing officers stationed throughout the entire world for the many requirements of the United States. Also, the collections of revenue from various sources amount to approximately $6,000,000,000 a year, and while the audit thereof is far from satisfactory from the standpoint of this office, because of inconsistencies in the statutes and the refusal of some administrative offices to furnish the necessary papers, the work is important. Claims for refunds of revenue erroneously collected and for drawbacks for which the Congress makes appropriations also present many intricate questions of both law and fact.

The legal work of the General Accounting Office is centralized under the immediate supervision of a solicitor, who is assisted by a corps of attorneys. These attorneys must not only be well educated and highly trained lawyers, but it is desirable that they have had experience in one or more of the administrative departments, as well as in the various classes of work in the General Accounting Office. They must also possess what is known as the judicial temperament to enable them to work out the most intricate cases and draft decisions for the consideration and signature of the Comptroller General of the United States and Assistant Comptroller General of the United States.

A comparison of the annually printed volumes of the decisions of the Comptroller General of the United States with the volumes of the decisions of the courts will be sufficient to demonstrate the high grade of legal work that the lawyers of the General Accounting Office are required to perform. It is needless to inform the Congress that lawyers of the needed qualifications and experience can not be either obtained or retained without adequate compensation.

During the fiscal year 1926 the Law Division of the General Accounting Office prepared 4,638 decisions, an average of over 386 per month. Three hundred and fifty-five thousand eight hundred and ninety-seven accounts and 656,653 claims were settled by the office involving the application of these and prior decisions.

For more specific information as to the law work of the General Accounting Office in connection with suits, contracts, dependent-mother claims, gasoline tax and motor-tags questions, and index-digest, see titles "Suits for and against the United States," "Contracts," "Military matters," "Gasoline tax and motor tags," and "Index-digest," pages 25–27, 19, 34–36, 20, 48.

CONTRACTS

The General Accounting Office audits all vouchers in disbursing officers' accounts and in claims sent to it for settlement covering procurements of material, supplies, services other than personal, and rental of property in open market or without competition or under formal or informal contract or lease.

During the fiscal year 1926 forms of public vouchers for purchases for services other than personal, abstract of agreement, etc., providing among other things for a summary of the terms of a contract, were prescribed and published for general use throughout the Government service, effective July 1, 1926, in lieu of all others theretofore approved for like purposes by the accounting officers (with certain enumerated exceptions), and instructions issued for the carrying of the same into effect, with special reference to advertising, securing of competition, acceptance of lowest bid, execution of lawful agreements, and other material matters.

The abstract of agreement, etc., will be completed by the administrative offices and forwarded to this office with the contract. Prior to the filing in this office of the contract the summary given by the administrative office will be scrutinized, and where the General Accounting Office agrees with the administrative office as to the material facts of the contract the papers will be filed, but where there is exception to the administrative interpretation of the terms of the contract correspondence will be entered into to bring out clearly and fully any differences that may be involved.

Under this procedure it is anticipated that delays in making payments under contracts and suspensions in fiscal officers' accounts arising from differences in interpreting the terms thereof will be largely avoided.

The General Accounting Office also prescribed during the fiscal year 1926 a system of numbering of all contracts, requiring all contracts for the fiscal year ending June 30, 1927, and thereafter, to be

numbered before being transmitted to the General Accounting Office, as required by law, such system to be a substitute for the system previously in use. Under this new system every contract will bear the symbol of the department and branch thereof making the contract and a serial number, and the serial number will appear on all authorized modifications of original contracts and on all vouchers and correspondence relative to the contract.

A list of approved symbols for the numbering of contracts was published for the information of all concerned.

Under this scheme it is thought that there will be overcome confusion and delay due to lack of uniform means of reference as to contracts between the administrative offices and the General Accounting Office.

Regulations were also issued during 1926 requiring contracts to be classified in a standardized manner as therein set forth.

As the Congress will doubtless be informed the Bureau of the Budget has been engaged in simplifying and drafting for submission to the Congress a uniform contract law and uniform contract forms for the use of all of the departments and establishments of the Government in lieu of the legion of different forms in use therein.

An attorney of the General Accounting Office was assigned to advise and assist the Interdepartmental Board of Contracts and Adjustments of the Bureau of the Budget, the director having expressed a wish for such assistance. The matters arising at the session of the board were discussed and studied by the officers of the General Accounting Office, and the benefits of that study and experience made available to the representatives of the departments and establishments.

The result has been satisfactory, and when this board completes its work the Government will doubtless have, for the first time in its history, contract forms which are in fact simple accounting forms and which will be uniform throughout the administrative departments.

Also much benefit will doubtless flow from these contract forms because of the understanding they engendered of the accounting and administrative problems.

As to illegal contracts see title "Legislative," pages 12–15. See also title "Postal matters," page 40.

REGULATIONS

While not a duty imposed by law upon the General Accounting Office, nevertheless during the fiscal year 1926 and preceding years there were examined various administrative regulations and instructions submitted by departments and establishments formulating the same. In acting thereon there was pointed out by paragraphs the differences in the regulations or instructions as submitted and existing laws and decisions applicable to the subjects involved, accompanied by suggestions for provisions in lieu thereof and such other suggestions as appeared helpful, in order that the administrative and accounting procedures as to matters involved might in so far as

possible be standardized, and irregularities in disbursements and consequent illegal expenditures of Government funds avoided.

This cooperative process was of mutual aid to the departments and establishments and the General Accounting Office, and would naturally result in a financial saving to the Government of a magnitude impossible in its nature of accurate estimate.

GASOLINE TAX AND MOTOR TAGS

There are repeatedly presented for decision vexatious questions of what might be broadly called State taxation upon gasoline, which involve whether the purchases of gasoline subject to such State tax result in the State imposing a tax upon the United States.

The view has been expressed from time to time that the difference lies in whether the tax is upon the consumer, in which event it would not be payable by the United States, or whether it is upon the dealer who specifically or indirectly adds the tax to the purchase price paid by the United States. The question becomes particularly vexatious where it is expressly stated in the contract for purchase that the price either includes, or there will be added thereto, the amount of the State tax on gasoline.

The office has issued Circular No. 20, April 22, 1925, prescribing the procedure where the States authorize refunds upon gasoline purchases of the United States. A revision of the Gasoline Tax Folder was undertaken during the fiscal year 1926 and will be completed and published about October 15, 1926. This folder is a compilation of all the State laws providing for a tax on the sale of gasoline, and has been prepared so that administrative offices will have the latest construction of those laws by the law officers of the various States available in handy form and may take advantage of all exemption laws.

There are also somewhat involved questions arising from a proper showing of the purchase being for the United States, particularly where not made under contract, but where trucks, etc., are proceeding between places and make purchases on the road. The latter aspect could be to some degree more practically controlled, as well as the present procedure of refunds avoided, if the motor vehicles of the United States were equipped with distinctive tags of the United States—rather than as now, bearing the tags of States—which likewise involves the question of purchasing State tags for Government use.

It would seem that both the gasoline-tax question and the motor-vehicle tag question justify an identification of the United States motor vehicles by proper tags by act of Congress, with proper provision for unlawful counterfeiting or carrying of such tags, and likewise consideration by the Congress broadly that no gasoline purchases by the United States shall be subject to tax by the States, whether imposed directly or indirectly upon the purchaser.

COLLECTIONS OF AMOUNTS DUE TO THE UNITED STATES

One of the principal functions of the General Accounting Office is to supervise the recovery of debts due the United States. Until

recently there was no general procedure with reference thereto, and suits against creditors were the exception, with the result that vast sums due to the United States have not been and will not be recovered. The machinery to correct this situation has not been entirely perfected, but to the extent within its authority the General Accounting Office is recovering and will continue to recover or supervise the recovery of all sums due to the United States, whether arising in the settlement of claims or accounts in the General Accounting Office, or observed in connection therewith, or reported to the General Accounting Office by the several departments and establishments.

On February 7, 1923, there was established in the General Accounting Office a collection unit, charged with the recovery of all sums due to the United States, and shortly thereafter the heads of the departments and establishments were advised thereof and invited to report any debts appearing of record in their departments or establishments. The establishment of this collection unit was an important advance in the interests of the Government, and its activities have been gradually extended according to its success and the needs of the service arising on account thereof. Items disallowed in the accounts of disbursing officers or reported to the General Accounting Office as due to the United States are recorded and action is taken with a view to recovery. A concerted effort is being made all along the line, bringing pressure to bear on every department and establishment of the Government, to see not only that all sums collected are duly accounted for but also that nothing due to the Government is omitted to be collected.

During the fiscal year 1926 the collection of indebtedness to the United States through the General Accounting Office amounted to $3,458,563.59, as follows:

Military division:		
War Department	$297,296.53	
Navy Department	1,240,261.17	
Veterans' Bureau	10,904.20	
		$1,548,461.90
Civil division:		
Department of Agriculture	7,481.72	
Department of Commerce	6,004.29	
Department of Interior	19,742.95	
Department of Justice	31,369.04	
Department of Labor	1,489.63	
Department of State	41,622.85	
Treasury Department	304,025.15	
District of Columbia	125.00	
Miscellaneous offices	5,151.40	
		417,012.03
Post Office Department division:		
Open accounts[1] for fiscal years 1916 to 1925, inclusive	404,924.98	
For fiscal year 1926	67,629.77	
		472,554.75

[1] From Apr. 16, 1922, date said unclosed accounts were transferred to said division, to June 30, 1926, the total collections thereof amounted to $2,840,865.46, or at the rate of slightly in excess of $700,000 a year. While 2,478 accounts of the 13,422 accounts transferred to said division Apr. 16, 1922, were outlawed by the statute of limitations, as against the sureties of the postmasters, there was collected $23,737.04 on the accounts of the group of accounts of former postmasters for the years 1916 to 1919, inclusive, in the fiscal year 1926, and a total collection during the last four years of $70,915.64.

Collection unit:		
Cash	$285,206.27	
Effects	472,366.07	
Through Solicitor of the Treasury	185,533.73	
Accounts of officers	30,869.54	
		$973,975.61
Forgery and photostat unit:		
Total amount collected by reclamation, 1926	41,549.60	
Amount collected and duplicate check cases, etc. (cases originating prior to 1925, which came to unit from office of Treasurer of the United States, 1926)	3,716.44	
Amount collected through Secret Service Division, Treasury Department	1,293.26	
		46,559.30
		3,458,563.59

In addition to the $3,458,563.59 indebtedness to the United States collected as above there remained on hand on its books on June 30, 1926, 35,366 claims of the United States, aggregating $288,041,589.11. Although the individual amounts of the debts to the United States thus pending at the close of the fiscal year 1926 are not so large, the debtors are so numerous that with the limited personnel available it will doubtless take years to fully adjust said 35,366 pending claims.

The rendering to the General Accounting Office of an account entirely free from erroneous payments is exceptional, and the amounts recovered by the United States through the activities of the General Accounting Office and the amounts appearing on record in that office as due to the United States extend generally to each and every department and independent establishment of the Government.

The need for the collection of funds of the United States, or those for which it is in anywise responsible, could be materially reduced by a closer administrative study and application of the decisions of this office as currently rendered and made available therefor.

See titles "Index-Digest" and "Publications," pages 47, 48.

SUITS FOR AND AGAINST THE UNITED STATES

In addition to said $3,458,562.59 collected during the fiscal year 1926 for the United States through the efforts of the General Accounting Office and the $288,041,589.11 pending indebtedness to the United States on its books at the close of said year the General Accounting Office during the fiscal year 1926 referred to the Department of Justice for collection through suits to be brought against debtors of the United States 181 cases, totaling $3,445,765.79, as follows:

Name	Date referred	Amount
Alexander, G. S., & Co	June 5, 1926	$615.45
Allentown, city of, Pa	Mar. 24, 1926	274.98
American Sales Corporation	Sept. 9, 1925	158,126.25
Arapahoe Manufacturing Co	Oct. 28, 1925	953.22
Army Goods Store	June 1, 1926	900.00
Aviston Condensed Milk Co	Feb. 9, 1926	499.83
Berger, H. A	Jan. 20, 1926	450.00
Berkshire Trading Co	Mar. 12, 1926	88,210.32
Berkstrom, Ross P., Co	Apr. 16, 1926	100.58
Bernheimer Bros	Feb. 9, 1926	800.00
Blue Ribbon Harness Shop	Apr. 12, 1926	1,206.77

Name	Date referred	Amount
Bordeau, Harold C	June 5, 1926	$71.66
Bower, B. A	Sept. 10, 1925	800.00
Brainum, Harry, jr	June 10, 1926	3,890.26
Bridgeport Iron & Metal Co	Apr. 21, 1926	30,335.22
Brinkman, G	Oct. 15, 1925	49.66
Brown, Edward W	Jan. 26, 1926	180.30
Cann & Saul Steel Co	Sept. 10, 1925	551.07
Carr, Walter F	Apr. 6, 1926	731.90
Chicago Metals Products Co	Feb. 18, 1926	2,831.82
Chillis, L	Apr. 17, 1926	50.00
Cohen, Goldman & Co	Feb. 13, 1926	136,526.45
Collegiate Business Institute	Jan. 13, 1926	1,580.65
Colorado Condensed Milk Co	Mar. 3, 1926	2,824.15
Colorado Tent & Awning Co	Sept. 29, 1925	1,101.16
Columbia Steel & Shafting Co	Feb. 4, 1926	4,963.49
Consolidated Manufacturing Co	Jan. 4, 1926	228.41
Continental Jobbing & Export Co	Jan. 22, 1926	3,904.24
Currie Canning Co	Dec. 12, 1925	1,171.05
Curry Coal Mining Co	Dec. 10, 1925	289.53
Davis, M. E	Sept. 12, 1925	859.14
Davis, M., & Co	Dec. 1, 1925	11,100.84
Delphi Mills Co	Dec. 24, 1925	4,668.69
Dickinson, Thomas	Apr. 30, 1926	1,507.11
Dillon, Wallace M	Oct. 30, 1925	1,903.13
Donner Steel Co	June 18, 1926	1,452.66
Dupkin, Philip Co	Jan. 15, 1926	266.86
Eastern Bridge & Structural Co	May 15, 1926	862.32
Edmundson-Ford Hay Co	May 26, 1926	1,020.79
Edwards, William H	Sept. 15, 1925	670.83
E. J. Electric Installation Co	Mar. 12, 1926	842.87
Electro Bleaching Gas Co	Feb. 25, 1926	1,369.79
Ellis, E. J	Oct. 27, 1925	638.92
Eppler, John (Inc.)	May 7, 1926	1,134.84
Ericson, Melville B	Feb. 11, 1926	196.60
Farmers & Merchants Bank of Jackson, Ga	Aug. 28, 1925	20,120.81
Ford Bros	May 1, 1925	2,046.88
Friedman, G	Apr. 16, 1926	1,115.00
Frischer, Joseph	June 5, 1926	1,089.11
Gelb, H	Dec. 15, 1925	325.63
Geise, John J	Mar. 25, 1926	5,347.85
Georgia Wool Stock Co	Apr. 21, 1926	2,755.90
Gibbs, Mueller Co	Mar. 4, 1926	776.13
Ginsburg & Co	Oct. 15, 1925	19,312.50
Gloucester Manufacturing Co	Dec. 16, 1925	600.02
Goldberg & Levkoff	Aug. 18, 1925	38,179.21
Gordon, Julia K	May 8, 1926	666.00
Griffith, Thomas D	Oct. 14, 1925	407.83
Hagedorn, Max	Mar. 4, 1926	5,900.00
Hampton, William E	Apr. 3, 1926	279.44
Hannan, Edward D	Feb. 8, 1926	149.33
Hannon, Edward D	Feb. 24, 1926	149.33
Harris, A. D	May 10, 1926	298.30
Harsh, George & Co	----do----	94.36
Hastey, R. L	Oct. 27, 1925	148.93
Heck, Lewis	Feb. 13, 1926	211.11
Hettleman, E	Apr. 9, 1926	107.89
Hilger, Robert Joseph	July 2, 1925	250.00
Hilles, William L	Feb. 17, 1926	300.00
Howe, Theodore F	Oct. 21, 1925	13,042.98
Howland, Jesse A	Apr. 2, 1926	926.43
Hutchinson, A. B	Feb. 19, 1926	252.72
Illinois Smelting & Refining Co	Nov. 21, 1925	2,735.25
Johnson, Mrs. Maud	Sept. 26, 1925	619.31
Johnson & Jennings Co	June 9, 1926	723.96
Jones, N. R	Oct. 8, 1925	60.83
Jones, Richard H	Mar. 22, 1926	2,778.34
Kane, H. W., & Co	Dec. 28, 1925	5,201.78
Kasdan, D	Sept. 22, 1925	136.50
Kenison, G. D	Aug. 13, 1925	345.54
Keystone Iron & Metal Co	July 2, 1925	3,848.03
Kirk, W. Stokes	Jan. 12, 1926	2,250.00
Klein, L	Oct. 13, 1925	1,387.45
Koplin, Harry	Oct. 9, 1925	27,585.14
Koplin, P	Feb. 15, 1926	510.57
Kurtz Bros	Dec. 4, 1925	4,576.92
Labovitz Clothing Co	Jan. 23, 1926	2,265.03
LaGrange Grocery Co	Oct. 27, 1925	2,886.66
Lamport, Al, & Bros	Dec. 24, 1925	4,895.03
Lansberger, Leopold	Mar. 18, 1926	1,585.28
Lazarus, H. E., Co	Apr. 1, 1926	656.35
LeMesurier, Fred C	Sept. 11, 1925	4,706.40
Lenigan Uniform Co	July 2, 1925	16,518.95
Levkoff Bros	Oct. 22, 1925	24,109.39
Levkoff, George	Oct. 19, 1925	43,210.22
Lovitt, S	Aug. 12, 1925	1,194.82
Lowry, Herbert H	Jan. 28, 1926	25,875.80

Name	Date referred	Amount
Magnesia Products Co	Oct. 14, 1925	$907.00
Main Army & Navy Salvage Stores	Apr. 16, 1926	320.49
Marrow, I. L	Jan. 22, 1926	1,659.91
Marrus & Sons	Jan. 12, 1926	6,108.47
Marks, A., Co	Nov. 18, 1925	900.00
Marshall, Harold C	Apr. 29, 1926	904.95
Materne Manufacturing Co	June 30, 1926	468.22
Mayer, O. F., & Bro	Apr. 4, 1926	2,864.79
Maynard, William R	do	31,858.79
Marine Basin Co	Dec. 5, 1925	39,760.00
McBride, Walter T	May 1, 1926	200.00
Melling Forge Co	Dec. 1, 1925	185.00
Melnick, I	Nov. 20, 1925	34,018.99
Michigan Tent & Awning Co	Mar. 12, 1926	261.77
McKay, James Co	May 22, 1926	2,210.46
Minneapolis Steel & Machinery Co	June 5, 1926	36,928.29
Minneapolis Army & Navy Store	Dec. 1, 1925	1,707.31
Minda, E. J	Jan. 16, 1926	1,387.50
Mineola Mills Co	Nov. 28, 1925	73.39
Morris, Asinoff, & Sons	Aug. 13, 1925	2,810.77
Morton, McI., Dukehart & Co	July 1, 1925	1,650.00
Morton Salt Co	Jan. 26, 1926	197.93
Morton, Emmett, Co	Apr. 30. 1926	3,186.78
Muncie Wheel Co	Jan. 22, 1926	18,764.11
National Motor Car & Vehicle Co	July 24, 1925	138,148.62
Nathan, Dr. David	Oct. 24, 1925	181.25
National Metals Co	Mar. 24, 1926	5,065.49
New York Dock Railway Co	Aug. 28, 1925	725.42
Northwest Sales Co	July 24, 1925	81,636.43
O'Brien, Harold M	Apr. 6, 1926	114.75
Ocker, Harry Bernard	June 1, 1926	360.00
Omohundro, C. M	Oct. 9, 1925	27.83
Ost, William J	May 25, 1926	48.51
Palafox Wharf Co	Apr. 1, 1926	120.00
Palm & Hicks	June 19, 1926	2,391.26
Paramount Leather Products Co	Feb. 15, 1926	19,169.89
Peck & Mack Co	Mar. 18, 1926	3,762.18
Penn Seaboard Steel Corporation	Apr. 5, 1926	105,673.53
Perry, Robert Folsom	Aug. 13, 1925	584.31
Poindexter, W. N	Dec. 24, 1925	120.00
Pottstown Steel Co	May 11, 1926	1,471.46
Proser Bros	Apr. 3, 1926	6,728.61
Rice, John L., estate of	June 8, 1926	175.05
Rooney, Walter Joseph	May 8, 1926	19.97
Root, Dan E	Mar. 2, 1926	17,979.64
Sanitary Army Hut Co	Jan. 20, 1926	968.99
Saul, J. J	Apr. 27, 1926	6,407.68
Sayles, A. L., & Sons	Feb. 6, 1926	63,967.13
Snellgrove, M. E	Sept. 9, 1925	410.12
Simons, Roger E	Feb. 2, 1926	407.47
Shield Cordage Co., D. H	Mar. 3, 1926	1,457.19
Spencer Glove Co	Sept. 14, 1925	158.08
St. Paul Fire & Marine Insurance Co	Jan. 6, 1926	28,380.00
Steel Sales Corporation	Jan. 26, 1926	1,300.00
Steel Products Co	Apr. 2, 1926	6,949.18
Steinberg, Joe	Feb. 13, 1926	80.05
Stewart, Donald W	Aug. 13, 1925	192.18
Sunset Manufacturing Co	May 17, 1926	298.75
Supreme Thread Co	Dec. 28, 1925	302.39
Thomas, Anthony B	Oct. 12, 1925	136.54
Thralls, Vance R	May 8, 1926	206.00
Tidewater Portland Cement Co	Feb. 24, 1926	1,913.87
Tri-State Construction Co	Jan. 25, 1926	1,134.07
Tucker, W. A	Apr. 15, 1926	356.82
Turner & Seymour Manufacturing Co	Aug. 28, 1925	1,155.78
Twin Bros., The	Oct. 19, 1925	23,944.16
Twine & Cordage Co	Oct. 8, 1925	455.90
Universal Flag Co	Aug. 18, 1925	10,631.40
Van Dyke Smelting & Refining Co	Jan. 16, 1926	1,605,382.38
Vitrocell Co	June 7, 1926	16,874.49
Wallace, Jenkins, & D. G. Oppenheim	May 26, 1926	95,815.56
Waterman Manufacturing Co	June 19, 1926	2,458.03
Weinstein & Fabrikant	June 5, 1926	4,318.54
Wells, Fred	Mar. 18, 1926	112,874.08
West Steel Castings Co	Apr. 8, 1926	3,240.48
West, Edgar C	Aug. 14, 1925	201.79
West Point Wholesale Grocery Co	Dec. 12, 1925	9,895.17
Willett, Philip J	Dec. 2, 1925	250.00
Wilson, Daniel A	Mar. 23, 1926	700.00
Wisconsin Gun Co	Jan. 21, 1926	93,828.96
Witherspoon, W. G	Mar. 10, 1926	5,548.35
Wolff, M. M., & Co	June 7, 1926	535.34
Wright, Frank	Oct. 19, 1925	90.64
Young Bros. Hay Co	Oct. 7, 1925	468.06

Conclusions reached by the General Accounting Office in the settlement of claims and accounts may be contested either in the Court of Claims or the district courts of the United States. Some, at least, of the attorneys of the General Accounting Office must therefore be qualified to go into the courts and conduct or assist in the trial of cases, and, as described in my last annual report (pp. 7 and 8), attorneys of the General Accounting Office have conducted or aided in the conducting of the trial of many cases for the Government, and many of them successfully. One of the attorneys, at the requet of the Governor General and auditor of the Philippine Islands, is assisting in the conduct of two cases in the Supreme Court of the United States from the Philippine courts in which those officers are interested.

It is important that there be complete cooperation between the General Accounting Office and the Department of Justice in the conduct of the defense of suits against the United States, as well as in the prosecution of suits to recover balances certified by the General Accounting Office to be due to the Government. I am happy to report to the Congress the cooperation of the particular assistant attorneys general and their assistants in charge of such suits.

This cooperation on the part of the General Accounting Office is under the immediate supervision of the solicitor and has taken the form of personal conferences, assisting in the preparation of briefs, and in some instances in the trial of the suits.

The observations found on page 18 are equally pertinent here, for the reason that the attorneys of the General Accounting Office have had long experience in fiscal problems, and when suit is brought in a matter that has been before the office they are familiar with the details thereof from the inception of the controversy.

At each session of the Congress new legislation is enacted, requests for the consideration of which ofttimes reach the General Accounting Office as soon as the act is approved—and sometimes in anticipation thereof. The provisions may revolutionize existing pay and allowances for a branch or branches of the service, and be immediately effective. The office must needs act quickly—in advance of its construction by the courts—and, in cases of doubt, in such a practical manner that the service affected may continue to function and the interests of all be best served. If at a later period—usually years—in a judicial testing of a point or points involved a different view be taken by one of the lower courts in which suit was brought for the recovery of an amount this office by such a construction had denied its initiatory construction be not concurred in, or only in part, the result does not *ipso facto* establish the position of this office to have been erroneous.

While this office promptly examines and carefully considers the decisions of the lower courts as rendered in so far as they bear upon its problems, and applies them for accounting purposes to the extent it consistently can with its knowledge of their effect from the standpoint of Government accounting, thereby lessening in so far as it may any variance of its decisions with those of the lower courts, if after such careful consideration of all phases involved it still concludes its position to have been correct it must in the interest of the United States adhere thereto, notwithstanding a divergence of views, pending the rendition by the Supreme Court of the United States of a

decision upon the point or points involved, or an expression by the Congress through legislation.

One of such initiatory principles announced by this office and adhered to for years—which culminated during the fiscal year 1926 in its judicial establishment by the Supreme Court of the United States—is that the United States is not liable for damages for delays on its part where a contract authorizes an extension of time equal to any delays caused by the United States. See *Crook Company (Inc.)* v. *United States*, decided January 25, 1926, No. 122.

Another principle expounded by this office in recent years, and now pending before the Supreme Court of the United States, relates to that in general the United States is not liable to individuals for the misfeasance, laches, or unauthorized exercise of power by its officers or agents; that officers of the United States are but servants of the law, and if they depart from its requirements, the Government is not bound; that the Government does not guarantee the integrity of its officers or the validity of their acts, and is not liable for their nonfeasance, misfeasance, or negligence—hence the insertion in Federal contracts of provisions for the payment of damages by the United States on account of delays caused by its officers or employees is unauthorized. (See *Crook Case*, supra; *Gibbons* v. *United States*, 8 Wall. 269; *Hunter* v. *United States*, 5 Pet. 173; *Whiteside* v. *United States*, 93 U. S. 247; *Hart* v. *United States*, 95 U. S. 316; *Jones* v. *United States*, 18 Wall. 662; *Robertson* v. *Sichel*, 127 U. S. 507; *Moffatt* v. *United States*, 112 U. S. 24; *German Bank* v. *United States*, 148 U. S. 573.)

Another advance legal position taken by this office and adhered to for years under difficult and perplexing conditions which received the sanction of the Supreme Court of the United States was that involving the counting of cadet service for longevity-pay purposes. See *United States* v. *Noce*, decided June 8, 1925, No. 360, wherein the court reversed the judgment of the lower court and held that Major Noce could not count his cadet service for longevity-pay purposes.

Such adherence by this office to its decisions in cases where the lower courts differ therefrom, and eventually the decisions of the Supreme Court of the United States accord with its view, results in the retention in the Treasury of money which otherwise would be lost to the United States.

The prevention of the illegal payment out of the Treasury of moneys wherever possible is most beneficial to the Government, as when once paid out the recovery is expensive, prolonged, and problematical, owing to changed conditions, deaths, relief legislation, and otherwise, and in such cases the net amount recovered with the most persistent efforts, although gratifying, is necessarily infinitesimal compared with the total amount of Federal funds illegally expended under the existing disbursing system.

In the doubtful cases in which this office has refused to sanction the payment of Federal funds pending a decision of the Supreme Court of the United States, and in which the decision of said court when rendered did not accord in whole or in part with that of this office, the United States did not thereby suffer a loss and the rights of the claimants were judicially tested in the manner provided by law. In such doubtful cases—as in other than Federal matters—there neces-

sarily occurs a postponement of the payment to the claimants of amounts they eventually receive.

OFFICERS DELINQUENT IN RENDERING ACCOUNTS

For officers who were delinquent in rendering or transmitting accounts to the proper officers in Washington during the fiscal year 1926, or in the payment of balances found due from them, see my report listing such officers, to be presented to the Congress on January 2, 1927, wherein there will appear the amounts due to the United States by departments and independent establishments by each and every delinquent officer by name and title appearing of record on June 30, 1926. The amount stated therein will show the "final balances" due the United States, but the list will not include those officers whose accounts have not been finally settled. The final settlement of an account has reference to a statement of the account for the term of the officer's particular bond, covering generally a period of four years, but requiring some time thereafter to determine the final balance. Consequently the number of accounts as to which there has not been a final settlement will exceed the number listed in the report.

AUDIT AND PREAUDIT

The General Accounting Office in the audit of expenditures and receipts of the Government must see that no more is expended than authorized by law, that expenditures are made in accordance with the law and the appropriations, and require the collection of the exact amounts due the United States. The United States is the principal, but equally the rights of the other parties must be settled and adjusted.

To carry out that function and the purposes of the Congress each and every item of expenditure is examined separately as to the law and facts, and the correctness thereof determined before credit therefor is allowed the accountable officer or the creditor, and, to the extent that an audit of collections has been possible, a similar review is made of each and every item of receipt.

In order to secure a prompt audit of accounts the departments and establishments have been urged to have them rendered at monthly periods wherever possible, and also to regard the statutory time limits for their rendition and administrative examination as a maximum and thus endeavor to advance the time of their receipt by the General Accounting Office.

With a view to further advancing the audit two executive departments—Agriculture and Commerce—on request of this office, changed the system of scheduling vouchers sent to the disbursing clerks for payment. The schedules will now be prepared in the respective administrative bureaus in quadruplicate, one copy being there retained and three copies forwarded with the vouchers to the disbursing clerk, who acknowledges receipt by signing one of the schedules and returning it to the administrative bureau, retains one copy as part of cash book, and forwards the other copy with his vouchers and accounts to the General Accounting Office. This procedure in the two departments referred to eliminates the schedule or list

formerly prepared by the administrative bureau to accompany the vouchers to the disbursing clerk and the preparation of the schedule of vouchers by the disbursing clerk to be forwarded with his accounts, the one schedule prepared by the administrative bureau in connection with appropriation and accounting records now serving all purposes. The vouchers and schedules are now being submitted to the General Accounting Office for audit at least twice a month instead of quarterly as formerly, and notices of differences found in the audit will be forwarded to the disbursing clerks within a few weeks after payment of vouchers, thereby enabling collection of erroneous or illegal disbursements while the transactions are still recent, with better chance of prompt refundments. It will also operate to avoid many suspensions or disallowances which would otherwise be made in subsequent accounts.

The value of this advancement of the audit can not readily be calculated in dollars and cents. It should bring the work of the auditing divisions of the General Accounting Office up to a current basis and keep the disbursing officers currently informed of the validity of payments which they have recently made, resulting in a more prompt audit of public accounts and better protection of the interests of the disbursing officers, the public creditors, and of the United States. The procedure will probably be extended to other departments and establishments as the limited force of auditors permits.

Generally the effort to extend the monthly rendition of accounts has been successful. One large department is on a monthly basis with the exception of two accounts; other departments have cooperated and have authorized disbursing officers to change from quarterly to a monthly basis where practicable. While the General Accounting Office since July 1, 1921, has been the agency of the United States primarily interested in the prompt rendition of accounts, yet because of the act of August 30, 1890 (26 Stat. 413), enacted prior to the Budget and Accounting Act of 1921, the Secretary of the Treasury continues to act as the directing authority in the matter. Suggested legislation for the purpose of bringing about any needed transfer of authority in the matter to the General Accounting Office, the agency set up for the purpose of securing an independent audit of Government accounts, appears elsewhere. See title "Legislative," pages 10–12.

Another matter in connection with the accounting to this office of fiscal officers and agents of the United States is that of accounting for trust moneys or special deposits and moneys which have a quasi-public character. Due to the fact that statutory requirements are not specific with respect to an accounting for such funds considerable difficulty is experienced in securing an accounting for moneys for the custody of which the United States is morally, if not legally, responsible. The accounting officers of the Government, in a long line of decisions with which this office agrees, has laid down the general rule that all moneys received by an officer or agent of the United States in his official capacity should be accounted for, including moneys received and held in trust. See draft of suggested legislation, title "Legislative," pages 10, 12.

For the purpose of expediting the payment of claims against the United States the claims settlements of the General Accounting Office affecting the appropriations of the Veterans' Bureau and the Department of Agriculture are now being forwarded to the disbursing officers of those establishments for payment under authority of section 307 of the Budget and Accounting Act of 1921. The time required for warranting these settlements and in securing the necessary signatures thereto under the former practice will be saved under the new plan and will render it possible to advance the final disposition of these cases by several days, thus resulting in a more expeditious payment of obligations to public creditors. If it proves satisfactory in practice, the plan may be extended from time to time to other establishments.

The preaudit unit of this office, United States Veterans' Bureau, during 1926 audited 17,400 cash payment certificates and 14,343 death claims. On July 1, 1925, it had on hand 419 dependent claims; received during the year 54,000; settled 54,221; and on June 30, 1926, had on hand unsettled 198.

The reorganization of the audit sections from a departmental to a functional basis and the provision for the review of the work of the audit clerks have been of prime importance in increasing the efficiency and economy of the work of auditing accounts.

The formation of a receipts and special deposit section was a further important step taken toward more efficient methods in the conducting of business of the Government. In former years the so-called audit of collection accounts was conducted solely for the purpose of securing evidence that the fiscal officer had properly accounted for the money collected by him. The functions of the present receipts and special deposit section go further and inquire in so far as possible whether the officer collected all that was due to the Government, it being believed that a proper economical administration of Government fiscal affairs is to see that all moneys due the Government are collected and deposited in the Treasury.

See title " Postal matters," page 39.

CLAIMS

The claims division examines and settles claims arising under all the departments and establishments except the Post Office Department and claims for transportation service. There were on hand July 1, 1925, 7,077 claims; received during the fiscal year 1926, 60,388; settlement was made of 54,085; leaving unsettled on June 30, 1926, 13,380. On July 1, 1925, there were on hand 74 requests concerning cases in the Court of Claims; received during fiscal year 1926, 396; settled 450; and on hand June 30, 1926, 20. There were also on hand July 1, 1925, 3,437 soldiers' home deserter's settlements; received during fiscal year 1926, 21,697; settled 12,473; and on June 30, 1926, on hand 12,661. The amount involved in transfer to soldiers' home fund was $1,300,876.62.

Collections of indebtedness due the United States through collection unit aggregated $973,975.61. (See title " Collections of amounts due to the United States," page 22.)

Regulations were issued prohibiting the payment by Federal disbursing officers or agents of any amount involving a doubtful question of law or fact, except pursuant to specific statutory authority or by direction given in accordance with the provisions of the Budget and Accounting Act of 1921 (to which reference must appear on voucher covering payment); requiring such doubtful accounts, with all material papers, to be promptly transmitted to the General Accounting Office; administrative report in detail with recommendations and quotation of official title of available appropriation or fund, for direct settlement; claimants to be informed of such transmittal to the General Accounting Office where jurisdiction effective, unless and until presented to a court of competent jurisdiction; and no further administrative action taken other than such supplementary reports to this office as conditions might warrant.

Disbursing officers and agents were also instructed not to pay accounts, claims, or demands, as to which it had been held or directed that payment should be effected through direct settlement, except pursuant to the certificate of the General Accounting Office in particular cases.

It was brought to the attention of heads of departments and establishments that it was incumbent upon them to guard against the incurrence of deficiencies in appropriations in violation of the act of February 27, 1906 (34 Stat. 49), by providing a reserve in the amounts of all administratively approved claims, in view of the possibility of an allowance upon review by this office, upon suit, or by congressional action; that after notice of disallowance appropriations or funds should not remain encumbered by claims for speculative or unliquidated damages, or claims clearly without merit, as to which administrative or executive officers have not recommended and do not intend to recommend allowance, and that the reserve or allotment of appropriations or other funds should be continued to satisfy a disallowed claim which has administrative or executive approval.

Disbursing officers and agents were instructed to pay from available funds those accounts (except transportation claims and accounts) as to which there was no material doubt, with due regard to their personal and bonded responsibility, and advised that the burden rested upon them to establish such legal liability of the United States and availability of funds as would support certification of credit for the expenditures.

TRANSPORTATION

Regulations were issued by the General Accounting Office November 5, 1922, effective January 1, 1923, requiring the transmittal of transportation accounts, claims, and demands to the General Accounting Office for direct settlement, all disbursing officers and agents, with certain exceptions, being directed not to pay for transportation service. A number of departments and establishments, although having previously agreed to the procedure, subsequently declined to follow the regulations and continued to pay the claims and accounts as to which the disbursing officers and agents had

been otherwise directed. The act of the disbursing officers was pursuant to the directions of the heads of their departments and establishments and in contravention of the directions of the General Accounting Office. The action of the General Accounting Office had previouly been determined to be necessary because of the vast sums being erroneously paid to the carriers, but notwithstanding such decision, the payments continued and the amounts necessary to be recovered from the carriers continued to appear in the accounts of the paying officers.

Several of the departments and establishments have since the initial action abandoned their position with reference to insisting upon making the payments in question, and the status of the matter to-day is that a large part of the transportation service is being paid for through direct settlement in accordance with the procedure directed in 1922.

The Departments of Agriculture, Justice, and Labor send their freight accounts to this office for direct settlement, but not their passenger accounts; while the two military establishments—War and Navy, including the Marine Corps—continue paying most of their freight and passenger bills through disbursing officers. The continuance of said departments and establishments in so paying is resulting in large overpayments, which must be recovered back, involving additional work and expense, but as the only means available to this office to enforce compliance with its direction in such connection would be unduly drastic it has not been applied, the belief being that the merit in the plan is so great that it will eventually win full support.

Many of the difficulties now encountered in adjusting claims for transportation service would be eliminated by the cooperation of all of the administrative officers in following the procedure outlined by this office in General Regulations of November 23, 1922.

It does not appear that these duties should in part be undertaken by any of the administrative departments or establishments—as now attempted by those administrative officers who insist on paying accounts for transportation service contrary to the regulations of this office. It is necessary for this office ultimately to determine the correctness of such payments, and in case of an overpayment much correspondence is required in an effort to recover the same. Much of this expense would be avoided and the work of the General Accounting Office materially reduced by direct settlement of such accounts. The payment of these accounts by the disbursing officers of the Government (unless preaudited) is unbusinesslike and not conducive to efficiency and economy in the Government service.

If the administrative officers of the Government whose duty it is to make contracts and other arrangements for service could give special attention to methods of shipping, packing, loading, proper description of shipment, etc., the cost of transportation could be materially reduced, the settlement of accounts facilitated, and greater efficiency and economy effected.

The examination and settlement of claims for payment for transportation services, both passenger and freight, rendered to the Gov-

ernment for the fiscal year 1926, and the auditing of all payments for such transportation services as made by disbursing officers on behalf of the Government for the fiscal year 1926, was performed by the transportation division of this office.

At the beginning of the fiscal year 1926 the division had on hand 4,686 transportation claims. During said fiscal year it received 113,576 transportation claims, settled 109,782, and at the close of the fiscal year there remained on hand unsettled 8,480. The total amount involved in the transportation claims settled was $8,943,280.03, of which amount $277,316.25 was disallowed. In addition thereto 7,035 transportation claims of the Post Office Department were preaudited and a total of $6,802.13 of the amount recommended for allowance was reported for disallowance. The division examined disbursing officers' accounts for payments for freight and passenger transportation (117,918 vouchers), involving a total amount of $14,069,242.27, of which amount $131,424.50 was suspended and $79,926.40 recovered. One hundred and twenty reports were made on call of the Department of Justice. None of the foregoing has reference to claims on account of the Postal Service except the preaudited transportation claims mentioned.

This office maintains an up-to-date set of freight and passenger tariffs, division sheets, territorial, committee, and State commission classifications, also land-grant data, which represents more than 20 years of unremitting compilation and can not be duplicated, and is believed to be without a parallel anywhere. The General Accounting Office is therefore well equipped for handling all accounts for transportation services rendered to the Government, aside from the fact that it needs additional trained and efficient personnel, whom it is believed could be procured from other branches of the Government service where the Government fails to receive the full measure of their abilities.

Of the payments made to common carriers for transportation of the mails during the fiscal year 1926 there was paid to the Treasurer of the United States $267,611.91, in whole or partial liquidation of indebtedness due the United States Railroad Administration, or under the transportation act of 1920 as amended, as follows:

	Amount
Alabama, Florida & Gulf R. R. Co	$113.01
Atlanta, Birmingham & Atlantic Ry. Co	83,393.24
Carrollton & Worthfield R. R. Co	107.87
Cazenovia Southern R. R. Co	251.16
Coudersport & Port Allegany R. R	4,699.72
Dansville & Mount Morris R. R. Co	88.14
Fort Smith & Western Ry. Co	34,173.59
Jonesboro, Lake City & Eastern R. R. Co	9,329.37
Kansas City, Mexico & Orient R. R. Co	61,688.62
Macon & Birmingham R. R. Co	6,826.38
Missouri & North Arkansas Ry. Co	43,609.76
Nevada Copper Belt R. R. Co	8,531.37
Rock Island Southern Ry. Co	8,386.18
St. Louis, Kennett & Southeastern R. R. Co	142.40
St. Louis-San Francisco Ry. Co	993.62
Sugarland Ry. Co	163.46

	Amount
Susquehanna River & Western R. R. Co	$2,385.46
Unadilla Valley Ry. Co	1,443.01
Washington & Lincoln R. R. Co	723.03
Yreka Valley R. R. Co	562.52
Total	267,611.91

One million four hundred and thirty thousand and seventy-one dollars and ninety-two cents was suspended from payment to common carriers for transportation of the mails during the fiscal year 1926, pending liquidation by said common carriers of indebtedness due to the United States Railroad Administration, or under the transportation act of 1920 as amended, as follows:

	Amount
Bamberg, Ehrhardt & Walterboro Ry. Co	$922.37
Carrollton & Worthville R. R. Co	945.48
Chicago, Milwaukee & St. Paul Ry. Co	446,965.97
Cumberland & Manchester R. R. Co	527.81
Dansville & Mount Morris R. R. Co	912.49
Fort Dodge, Des Moines & Southern R. R. Co	2,414.61
Gainesville & Northwestern R. R. Co	3,789.24
Great Northern Ry. Co	764,269.99
Interstate R. R. Co	1,434.37
Minneapolis & St. Louis R. R. Co	202,039.16
St. Louis, Kennett & Southeastern R. R. Co	1,492.12
Salt Lake & Utah R. R. Co	707.89
Sugarland Ry. Co	1,530.36
Virginia Southern R. R. Co	496.82
Waterloo, Cedar Falls & Northern Ry. Co	1,623.24
Total	1,430,071.92

During the fiscal year 1926 standard forms of Government request for transportation were prescribed and proposed for general use throughout the Government service, effective December 1, 1925, for both land and water transportation (by common carrier), including ocean travel and sleeping-car service, where the value of transportation was less than $1, and specimen copies furnished to the departments and establishments. See General Regulations No. 46, General Accounting Office, October 16, 1925.

In addition recommendations were made to the chairman of the House Judiciary Committee for punitive legislation for the counterfeiting of Federal transportation requests, accompanied by a draft of proposed legislation for the purpose. See in this connection House bill 8128, which, although passed by both the House and Senate in slightly amended form during the last session of the Congress, failed of enactment.

The need for legislation of this character had been especially impressed upon the accounting officers some years previous, when requests were printed by a private establishment upon the representation of a person that he was a Government official in the field and needed the requests before a supply thereof could be obtained from Washington. The requests thus printed were used in securing transportation, for which carriers sought payment from the Government.

Transportation requests are now being used in greater numbers than formerly, which increases the risk of their being counterfeited and of consequent loss to the Government, and emphasizes the need for adequate protective legislation of this character.

In order that there might be uniformity in practice and form in connection with the identification of Federal travelers by agents of carriers to whom transportation requests signed by travelers, both as issuing officer and traveler, are presented for the securing of transportation, regulations were prescribed and published for general use throughout the Government service May 6, 1926, effective July 1, 1926, standardizing the form of United States Government transportation identification card for exclusive use for identifying Federal travelers, and carriers were instructed not to accept any other form of identification, except in an emergency, and then only when the traveler is able to satisfactorily explain his inability to furnish an identification card on the standard form, and to sufficiently establish his identity by other means.

General instructions to the Federal service for the use of the card were issued and carriers requested to give prompt and full publicity to the requirements thereof, and to enjoin their agents that they must assure themselves of the identity of the traveler who presents a request for transportation, especially where he signs same as issuing officer as well as receipts thereon for transportation furnished. It is also required that a close check be kept over the issuance of and accounting for all transportation requests. See standard form No. 1033; General Regulations No. 46, Supplement No. 1, General Accounting Office, May 6, 1926.

MILITARY MATTERS

During the fiscal year 1926 accounts originating in the War and Navy Departments, the Military and Naval Establishments at large, and the United States Veterans' Bureau were examined and settled in the military division of the General Accounting Office.

The number of such accounts on hand July 1, 1925, was 1,525; received during the year, 7,132; settled, 7,446; and remaining on hand June 30, 1926, 1,211; this being a decrease in the number on hand of 314 as compared with the prior fiscal year, despite the fact that there was an increase in accounts received numbering 677.

This division recovered and deposited with the Treasurer of the United States on account of suspensions and disallowances in said accounts during the fiscal year 1926, $1,548,461.90. See title "Collections of amounts due to the United States," page 21.

The number of employees in the division July 1, 1925, was 468, and on June 30, 1926, 466, showing a personnel reduction during the year of 2.

Many military cases come before the Comptroller General of the United States for legal decision because of difficulties in the settlement of accounts which had resulted from the provisions of sections 4, 5, and 6 of the act of June 10, 1922 (42 Stat. 627), and adjustments necessitated by subsequent legislation arising therefrom; the two last cited sections providing a rental allowance and a subsistence allowance for officers of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, payable according to the rank of the officer, and under different conditions of service, and in greater amount to officers with than to officers without dependents.

Section 4 defined dependents as including—

* * * at all times and in all places a lawful wife and unmarried children under 21 years of age. It shall also include the mother of the officer provided she is in fact dependent on him for her chief support.

Where the dependents because of whom the officer claims to be entitled to the increased allowance as an officer with dependents consists of wife, child, or children, no particular or unusual difficulty arises in the settlement of the accounts. It is with respect to officers who claim the increased allowances because of a dependent mother that in the past difficulty was experienced. The statute now in force was preceded by the act of April 16, 1918 (40 Stat. 530), a temporary war measure—which, for an officer on duty in the field or on active duty without the territorial jurisdiction of the United States, who maintained an abode for a wife, child, or dependent parent, authorized the furnishing of public quarters for such dependents at the place at which they were maintained, or, if such public quarters were not there available, the payment of commutation of quarters, heat and light. This was an act to relieve a situation growing out of the war and the Comptroller of the Treasury authorized payments thereunder on the certificate of the officer that he maintained an abode for a dependent of the character described in the act, giving the dependent's name and address and certifying that he contributed more than one-half of the cost of a reasonable living for such dependent. In view of the war condition this appeared the only practicable method of paying a contingent allowance of the character authorized by the statute, but so far as payments by disbursing officers were concerned the payments were made on the mere certificate of the benefited officer.

Abuses having come to attention in connection with payments because of claimed dependent parents, this office, April 6, 1922, required the furnishing of evidence tending to establish the dependency of the parent, and in view of the more restrictive provisions of the act of June 10, 1922, quoted above, the same requirement was made with respect to payments because of a dependent mother under that act.

The practice permitted with respect to this class of payments during the war period seems to have misled disbursing officers and the importance of making such payments only where the evidence indicated dependency seems not to have been appreciated by them. Their failure in this respect resulted in numerous disallowances in their disbursing accounts.

As in practically all cases where more strict requirements are enforced, the officers affected treated the requirement for evidence of dependency, the refusal of further payment where the dependency required by the statute was not established, and demand for refund of prior improper payments, as a deprivation of a right, and in many cases resisted the return of the improper payments.

Eventually the services adjusted themselves to the requirements, so far as current payments were concerned, and by the act of May 26, 1926 (44 Stat. 654), the Congress authorized credit in disbursing accounts of payments of such character made in good faith and without fraud on the part of the disbursing officer prior to July 1, 1923, and within limits authorized discontinuance of collections from and refund of collections to payees.

While the entire matter was treated and handled as a routine procedure in the settlement of accounts, and in accordance with the practice existing since the foundation of the Government (see *Burchard* v. *United States*, 125 U. S. 176, 180, and *Major Smith's case*, 14 Ct. Cls. 114, 118), the large number of the payments and the correspondence and action resulting from resistance to restitution created an amount of increased work requiring its mention in this report.

CIVIL MATTERS

The principal civil receipt accounts are those of the Treasurer of the United States; internal revenue; customs; public land; reclamation; forest service; receipts, fines, and forfeitures, United States Courts; consular receipts, fees, fines, and forfeitures incident to enforcement of immigration and navigation laws; patent and copyright fees; Indian receipts; Government Printing Office receipts; Alaskan Railroad; Federal Power Commission; interest and principal on account of foreign loans; interest and principal on account of loans to railroads and shipowners under transportation and merchant marine acts; excess earnings of railroads under transportation act; taxes, and other receipts of the District of Columbia, operation of Center Market, etc.

The principal civil disbursement accounts are those of the Treasury, Interior, State, Justice, Agriculture, Commerce, and Labor Departments, together with all other independent establishments, including the White House, both Houses of Congress, the Supreme Court, and all Federal courts, the municipal Government of the District of Columbia, Interstate Commerce Commission, Shipping Board, Tariff Commission, Efficiency Commission, Civil Service Commission, Fine Arts Commission, Smithsonian Institution, Government Printing Office, Library of Congress, Employees' Compensation Commission, Alaskan Government, Alaskan Railroad, and all other independent establishments, boards, and commissions.

Of said civil accounts there were on hand June 30, 1925, 1,980; received during fiscal year 1926, 15,645; settled, 14,896; leaving on hand unsettled on June 30, 1926, 2,729.

For indebtedness collected by civil division during 1926, amounting to $417,012.03, see page 21.

A reorganization of civil auditing matters from a departmental to a functional basis appears under title "Audit and preaudit," page 29.

For Indian affairs, including Indian tribal claims, see title "Indian matters," page 37.

INDIAN MATTERS

During the fiscal year 1926 an examination was made of the administrative examination of Indian accounts of the Bureau of Indian Affairs. It was found that duplications existed between the Interior Department and the General Accounting Office, and that certain features of the examination were being performed partly in one office and partly in another. As a result, general regulations were issued prescribing the examination to be made by the bureau,

which will eliminate all duplication and coordinate the work of the two offices.

The civil division of the General Accounting Office had on hand on June 30, 1925, 111 regular Indian accounts; received during year, 790; settled, 767; and had remaining unsettled on June 30, 1926, 134. In addition it received and settled one special deposit account.

By special act of Congress in each case certain Indian tribes have filed petitions in the Court of Claims for moneys alleged to be due them in fulfillment of treaties and otherwise and have requested an accounting. The work of examining old Indian accounts and claims settlements and preparing the necessary financial statements in connection with these claims, showing in some cases the entire fiscal relations between such tribes and the United States, devolves upon the General Accounting Office.

The following cases have been submitted to the Indian tribal claims section of the General Accounting Office for examination and complete report thereon:

Statute	Name of claimant Indian	Date filed in Court of Claims	Court reference No.	Amount of claim
41 Stat. 585	Iowa Tribe	Aug. 13, 1920	34677	$353, 968. 15
41 Stat. 1097	Osage Nation of Indians	Mar. 14, 1922	B-38	1, 134, 126. 05
41 Stat. 738	Flandreau Band of Santee Sioux	Nov. 22, 1922	B-415	474, 756. 00
41 Stat. 738	The Sioux Tribe of Indians	May 7, 1923	C-531	221, 945, 139. 00
41 Stat. 404	Fort Berthold Indians (Arickarees, Gros Ventres, and Mandans).	July 31, 1924	B-449	39, 215, 374. 39
41 Stat. 738	The Yankton Sioux	Sept. 30, 1924	D-776	1, 963, 000. 00
41 Stat. 623	The Klamath and Modoc Tribes and Yohooskin Band of Snake Indians.	May 25, 1925	E-350	995, 000. 00
41 Stat. 738	The Assiniboin Tribe of Indians (a band of the Sioux Tribe).	June 2, 1925	E-359	1, 050, 439. 13
43 Stat. 21	Blackfeet, Blood, Piegan, Gros Ventre, and Nez Perce Indians.	July 10, 1925	E-427	68, 707, 362. 47
43 Stat. 812	Delaware	Oct. 2, 1925	E-493	500, 000. 00
43 Stat. 366	Wichita and affiliated bands of Indians	Oct. 21, 1925	E-542	11, 287, 039. 00
43 Stat. 1133	Kansas or Kaw	Feb. 9, 1926	F-64	63, 649, 051. 76
43 Stat. 139	Creek Indians	May 20, 1926	----------	29, 084, 500. 00
43 Stat. 537	Choctaw and Chickasaw	June 4, 1926	F-181	525, 508. 81
43 Stat. 537	Choctaw	----do----	F-182	139, 156. 75
43 Stat. 644	Stockbridge Indians	June 23, 1926	F-202	179, 272. 17
Total				441, 203, 693. 68

The following cases are in preparation to be filed in the Court of Claims, as indicated by the special acts of Congress below:

Date of act	Statute	Name of claimant Indian
Mar. 19, 1924	43 Stat. 27	Cherokee Indians.
May 20, 1924	43 Stat. 133	Seminole Indians.
May 24, 1924	43 Stat. 137	
Amending act June 25, 1910.	36 Stat. 829	Chippewa Indians in the State of Michigan.
Jan. 9, 1925	43 Stat. 729	Ponca Band of Sioux Indians.
Feb. 12, 1925	43 Stat. 886	Muckelshoot, Chinook, et al., of Washington.

Flandreau petition No. B–415.—The examination of all accounts and claims in connection with the Flandreau case has been completed and it is now being assembled before turning over to the Department of Justice. During the fiscal year 1926 there were examined, in connection with this case, 35,663 claims.

Osage petition No. B–30.—A supplemental report is in process of preparation in connection with the Osage case, which is now nearly completed, involving the examination of 52,603 claims and 1,163 fiscal officers' accounts. This report will be ready before September 30, 1926.

Iowa petition No. 34677.—In the Iowa case there has been examined during this fiscal year 373 fiscal officers' accounts and 47,602 claims settlements. This case is now nearing completion and will be ready for transmittal to the Department of Justice about October 31, 1926.

Sioux petition No. C–531.—This case involves many extremely difficult accounting problems, and for the fiscal year 1926 there has been examined 1,388 fiscal officers' accounts and 11,617 claims settlements. It is not possible as yet to determine the length of time necessary to finish this case.

Fort Berthold petition No. B–449.—This case is now in process of examination. The number of claims settlements examined is 7,234; fiscal officers' accounts, 677. The remaining cases now on file are awaiting examination.

POSTAL MATTERS

The postal accounts audited during the fiscal year 1926 covered the period from April 1, 1925, to March 31, 1926, the direct settlements being for the fiscal year 1926.

The accounts for the quarter ended June 30, 1925, were not received until after July 1, 1925, and for the quarter ended June 30, 1926, were not received until after the close of the fiscal year 1926, although all claims and accounts submitted for direct payment were settled and paid currently within the fiscal year.

During the fiscal year 1926, 220,207 of the following accounts of postmasters were audited: 186,986 quarterly district accounts, 16,607 direct accounting-office accounts, and 16,614 direct money-order office accounts. These accounts involve receipts and disbursements amounting to $4,408,825,282.14, as follows:

Revenues	$652, 326, 435. 33
Expenditures	545, 874, 409. 93
Domestic money orders issued, 194,889,520	1, 582, 766, 670. 13
International money orders issued, 2,314,230	41, 956, 011. 41
Domestic money orders paid, 195,213,149	1, 580, 699, 305. 44
International money orders paid, 311,775	5, 202, 499. 90

Aside from the expenditures by postmasters, there were audited and settled and warrants issued for accounts and claims to the amount of $131,091,983.18.

In addition to said 220,207 audited accounts of postmasters, there were audited during the year 15,427 postmasters' Treasury savings certificate accounts, 19,730 postmaster internal-revenue stamp accounts, 72,599 postmasters' postal-savings accounts, and 5 accounts of the disbursing clerk of the Post Office Department, or a total of 327,968 accounts.

The number of postmasters' accounts remaining on hand and unsettled on June 30, 1926, was 13,338, none of which were more than three months old. This work was current, the accounts on hand all being in process of settlement.

In connection with the 327,963 postmasters' accounts there were audited during the year 26,682 Postal Service pay rolls, 328,381 indemnity claims paid by postmasters, and miscellaneous accounts and claims numbering 272,986.

Settlements were also made with 5,587 former postmasters and there remained on hand June 30, 1926, of such cases 5,291, all of which are in process of settlement.

As a money order is valid for payment within 12 months from the last day of the month of issue the final settlement of a former postmaster's accounts necessarily approximates one year from the date of his final account.

The audit of the postal savings accounts required the examination of 2,642,103 certificates and the arrangement and filing of same. Incidental to this audit the Postal Savings System requested searches made in 34,897 individual accounts and 17,508 advices for reissuance in lost, destroyed, and stolen certificates.

Total number of said accounts, pay rolls, and claims audited and settled by the General Accounting Office during 1926, 961,604; total number on hand June 30, 1926, 19,307; and total number on hand three months old, 4,082.

Of the total of $719,431,926.40 appropriated for the Post Office Department for 1926 approximately one-fifth was audited in advance of payment by Post Office Department warrants.

For collections of indebtedness to the United States in postal matters through efforts of the General Accounting Office during 1926, aggregating $472,554.75, see title, "Collections of amounts due to the United States," p. 21.

The General Accounting Office audits approximately 200,000,000 postmasters' paid and issued money orders per annum, keeps a record of all unpaid money orders, and audits the claims and warrants in payment of money orders more than one year old. On the issue side of postmasters' money-order accounts errors showing net balances due the United States approximating over $300,000 are found annually.

At the close of business on June 30, 1926, there were 6,430,475 domestic orders on hand in this office for which cards had not been punched. The number on hand June 30, 1925, was 6,165,535. This represents about three weeks' work for the unit engaged thereon.

The cost of reproducing money orders by use of the card-perforating machines, the cost of tabulating the cards, and the cost of assorting the cards to the office of issue was ascertained at the time of the preparation of the efficiency reports for the year ended April 1, 1926, and are here set forth:

	Number of cards	Cost per thousand
Card perforating	89,091,387	$0.182
Assorting	1,970,733,360	.383
Paid auditing	88,382,350	.182
Issued auditing	178,805,000	.411
Paid tabulating	98,269,322	.064
Issued tabulating	168,956,808	.13

The approximate cost of the audit of accounts and vouchers of postmasters' postal and money-order accounts is as follows for each account of each class:

Accounts of the central accounting postmasters	$26.418
Accounts of direct accounting postmasters	1.489
Accounts of third-class postmasters	.32
Accounts of fourth-class postmasters	.173
Money-order accounts of direct accounting offices	.579
Pay rolls:	
Clerk hire	.50
City delivery	.58
Rural delivery	16.92

The cost of pay rolls is included in the total cost of the audit of the accounts of each class and is not additional thereto.

The differences arising in postmasters' accounts are from many and varied causes, but many are because there has not been observed the requirement of section 3709 of the Revised Statutes, relating to making purchases after advertising so as to secure competitive bids. This is especially true of postmasters of third and fourth class offices, although they make but few purchases.

CHECKS

The General Accounting Office maintained during the fiscal year 1926 a forgery and photostat unit, consisting of 12 employees. During the year much advancement was made by the office toward perfecting a system for lessening losses due to fraudulent negotiation of Government checks by taking immediate action in all such cases.

In addition to collections made through the efforts of this unit during the year amounting to $46,559.30, and in connection with forgeries acted upon, the attention of disbursing officers is being directed to the importance of mailing checks to the payees and to a proper address.

Much rests upon cashing banks, both in having proper identification of the payee of the Government checks and as to the true amount of the check, so as to minimize loss to them and reduce the large expense imposed upon the Government through the investigating of forgeries. In this connection it is proper to invite attention to a recent decision of the Supreme Court of the United States—*United States* v. *National Exchange Bank of Baltimore*, No. 222, decided April 12, 1926—imposing a liability upon the United States in the matter of the fraudulent raising of the amount of a check. The syllabus of the decision is as follows:

> A drawee of a check or draft who is also the drawer is held, in paying it, to a knowledge of the true amount, and if, by mistake, he pay to a bona fide holder for value without notice a larger amount to which the paper has been fraudulently raised, he can not recover the difference from such holder.
>
> This rule is applicable to the United States.
>
> So held where a check was drawn on the Treasurer of the United States by a disbursing clerk of the Veterans' Bureau; raised and negotiated by the payee; and in due course taken and paid for at its fraudulent face by the defendant bank, which collected the same amount from the United States.

The system of investigation and reclamation has been perfected to the point wherein, with few exceptions, individual cases are disposed of here within a period of 30 to 60 days. Promptness in notifying the banks of an irregularity in regard to a Government check, and

promptness in rushing a case through necessary channels leading to possible apprehension of the forger and payment back to the Government of the amount involved, will probably decrease the number of depredations committed.

The rigid enforcement of the rules of the General Accounting Office to furnish information pertaining to checks only to the payees or parties in interest has eliminated a vast number of calls, and has enabled the office to devote more time to matters of greater importance than answering this class of communication, and to keep the personnel of the check files reduced to a minimum.

The receipt of checks from disbursing officers which they are unable to deliver after having held for a period of three months has grown to large proportions, indicating that the various disbursing officers realize that by sending their undeliverable checks to the General Accounting Office for safekeeping and proper disposition they are relieved of much responsibility. It is expected that entire cooperation along this line will be effected in 1927.

A change in the method of payment of the clerical force at the one hundred large post offices was authorized, effective July 1, 1926. Of these offices only about one dozen kept their checking accounts with the Treasurer of the United States; the remainder paying by check on a local depository. Under the new arrangement these checking accounts will be kept with the Treasurer of the United States and result in increasing the daily balance with the Treasurer by about two and one-half million dollars.

A change was also made in the check procedure of the United States Shipping Board Emergency Fleet Corporation, as set forth in Title "United States Shipping Board Emergency Fleet Corporation," pages 45, 46.

UNIFORM ACCOUNTING SYSTEM

During the fiscal year 1926 the establishment of the uniform accounting system was continued and the system installed in a number of bureaus, effective July 1, 1926.

The bureaus and services of the departments and establishments in which installation of the uniform accounting system was made are as follows:

Department of the Interior	9
Department of Commerce	4
Treasury Department	2
Department of Agriculture	5
Department of Justice	3
Post Office Department	1
United States Veterans' Bureau	2
General Accounting Office	1
Government Printing Office	1
Board of Tax Appeals	1
Total	29

Of the above during 1926 installations were made in the Bureau of Entomology, Department of Agriculture; Bureau of Supplies, Treasury Department; Coast and Geodetic Survey, Department of Commerce; Yosemite National Park, Department of the Interior; Leavenworth Penitentiary, Department of Justice; and Division of

Equipment and Supplies, Post Office Department. There was also devised and installed an accounting system for the disbursing clerk, Department of Justice. This system, specially designed for operation on a bookkeeping machine of the adding-machine type, is the first installation of an approved machine accounting system in a fiscal office.

In the light of the experience of the preceding year the standardization of forms for the uniform accounting system was undertaken and 12 standard forms approved for use, with 4 types of bookkeeping machines. These forms have been so designed that the special features of the different machines are utilized in the preparation of the records, yet the information obtained for report purposes is the same and the number of forms required reduced to the minimum. This standardization will result in a great saving in the printing and binding bills of the department and establishment using the system, as these 12 plates will replace many times that number required under the old practice of permitting each administrative office to design and print the forms required for its particular use.

While the uniform accounting system may be operated by the pen and ink method the office has advocated the use of modern office appliances, as it believes the records obtained on the various bookkeeping machines, which may be purchased at a reasonable price, present the information in superior form and have the great advantage over the pen and ink method of presenting the status of accounts from day to day. A machine installation properly managed is operated at small cost—the posting to records and the preparation of statements being done by personnel of lower salary grade, and the former bookkeeper, relieved of the drudgery of the old method, supervising the work and becoming of more value to the office than before by reason of the opportunity to utilize his experience. A description of the system and the forms to be used is now in course of preparation.

STANDARDIZATION OF FORMS

The duties of the General Accounting Office include the prescribing of fiscal accounting forms and procedure and the making of the necessary investigations for this purpose.

It is obvious that if, in approving fiscal accounting forms and procedures, all similar forms and procedures be standardized considerable economy in printing expenditures can be effected and uniformity of vouchers and their preparation obtained throughout the Government service.

There has been undertaken the standardizing of accounting forms which pertain to the advance of funds, accounting for same (disbursements, transfers, deposits, etc.), collections of public moneys, and such other fiscal transactions as are required to be reported and accounted for to this office, and there have been issued the following:

Standard Forms Nos. 1013, 1013a, 1013b, 1013c, 1013d, and 1013e (General Regulations No. 34 and Supplement No. 1, 1924), annual salary pay roll.

Standard Forms Nos. 1012, 1012a, 1012b, and 1012c (General Regulations No. 36, 1924), reimbursement voucher for travel and other expenses.

Standard Forms Nos. 1019, 1020, 1021, and 1022 (General Regulations No. 41, 1925), account current.

Standard Forms Nos. 1024, 1025, 1026, and 1027 (General Regulations No. 43, 1925), schedules of disbursements and collections and requisition for disbursing funds.

Standard Forms Nos. 1028, 1029, 1030, and 1031 (General Regulations No. 46, October 16, 1925, and Supplement No. 1, May 6, 1926), transportation request and identification card, respectively.

Standard Forms Nos. 1034, 1034a, 1035, 1035a, and 1036 (General Regulations No. 51, June 18, 1926), public voucher for purchases and services other than personal, and abstract of agreement, etc.

Standard Form No. 1037 (General Regulations No. 57, September 3, 1926), affidavit re dependency allowances under act of June 10, 1922, 42 Stat. 625.

Standard form of telephone toll voucher to be printed and used by telephone companies (Bulletin No. 9, May 18, 1926).

Standard forms of administrative appropriation and fund accounts (Circular No. 27, July 21, 1926).

The designing of forms for use in connection with the uniform appropriation and fund accounting system, commenced in July, 1923, was continued during 1926 as shown elsewhere. See title "Uniform accounting system," page 42.

Another phase of standardization work performed by this office is the uniform regulation of the administrative examination of accounts and claims by the respective departments and establishments. Investigations were made from time to time and thereupon general regulations were issued prescribing rules of examination as uniform as possible and with a view to eliminating all duplication and coordinating the work of the services concerned with that of this office, as follows:

Postmasters' stamp accounts (General Regulations No. 27, 1923).

Disbursing officers' accounts, Internal Revenue Bureau, Treasury Department (General Regulations No. 30, 1923).

District postmasters' accounts (General Regulations No. 32, 1923).

Accounts of disbursing officers and agents of the Indian Service, Department of the Interior (General Regulations No. 48, November 7, 1925).

On June 1, 1925, General Regulations No. 44 were published, prescribing a uniform system of symbols for appropriations and their use by administrative and other officers. These symbols will be used in connection with machine appropriation accounting in this office and in administrative offices.

Also, General Regulations No. 51, heretofore referred to as prescribing standard forms of purchase voucher, etc., further prescribe a uniform system of symbols for numbering contracts, by which the numbers given to the contracts by administrative officers in accordance with the system will be used by this office in referring to and in filing them and supplements to and changes therein.

See elsewhere, upon matter, titles, "Contracts," pages 18, 19; "Uniform accounting system," pages 41–42; "Telephone vouchers," pages 43–44; and "Regulations," page 19.

TELEPHONE VOUCHERS

A bulletin was issued during the fiscal year 1926 to heads of departments and establishments regarding the adoption of a standard form for billing telephone toll charges to the Government and inclosing the draft of a form of "Statement of United States Government official toll service," approved by this office, to accompany and support their regular bills rendered against the Government for telephone service. All bills and their supporting papers were

required to be attached to and made a part of the approved form or forms of "Public vouchers for purchases and services other than personal," and the use of other forms for vouchering telephone toll charges discontinued.

Heads of departments and establishments were advised therein that while this form of telephone toll service had been approved by the subsidiary companies of the American Telephone & Telegraph Co. it was desired that its use be extended as rapidly as possible to independent telephone companies and their cooperation in this respect invited.

This telephone toll statement was prepared and promulgated with the cooperation of the American Telephone & Telegraph Co. The 26 associated companies have heretofore been billing the Federal service for toll charges on many varieties of forms, none of which has proved satisfactory for audit purposes. The new form was placed in effect on October 1, 1926, and supersedes the various forms heretofore used. It is anticipated that the several hundred independent telephone companies will devise and use a similar form. When that has been done there will have been completed a standardization work involving the entire Federal service and numerous large corporations.

In order that this office might lend all possible aid in preventing the payment of telephone toll charges by the Government for messages not on official business and insure correctness of statement in administrative certificate on vouchers, the heads of the departments and establishments were requested to maintain a system of recording toll messages on a separate slip, or other convenient form, showing, among other things, as to each message, the person, place and telephone number of both calling and called, and to check such record against the bills of the telephone companies and eliminate therefrom all charges for messages found unofficial or unauthorized. (See Bulletin No. 9, General Accounting Office, May 18, 1926.)

TRANSFER OF FUNDS BETWEEN FEDERAL DEPARTMENTS AND ESTABLISHMENTS

In the matter of transfer of appropriated funds by one establishment of the Government to another, as allocations either under section 7 of the act of May 21, 1920 (fortifications act, 41 Stat. 613), for the procurement of services and supplies by one executive department or establishment for another, or under annual appropriation acts for scientific investigations by the Bureau of Standards or the Bureau of Mines on behalf of some other establishment, instructions were issued October 5, 1925, Circular No. 22, standardizing and simplifying the procedure by outlining the data to be embodied in applications for the transfers, including accompanying reports, manner in which estimated expenditures of total amount to be allotted shall be classified, and setting forth the need for a showing of facts sufficient to establish that the functions of the performing establishment are such as ordinarily operate in the work or services to be performed or material or equipment to be furnished pursuant to the allocation, and that existing facilities, equipment, and personnel for the attainment of the object contemplated by the allocation are sufficient for the purpose and an increase thereof will not be required thereby.

ALIEN PROPERTY

The special examination and investigation of the office of the Alien Property Custodian, begun at the request of the President in April, 1925, continued throughout the fiscal year 1926 and is nearly completed, there remaining for examination a few transactions and the preparation of a report.

RETAIL COAL PRICES

Pursuant to the resolution of the Senate Committee on the District of Columbia of February 4, 1926, there was undertaken an examination of the accounts and records of a selected number of coal merchants in the city of Washington for the period January 1, 1925, to January 31, 1926, to obtain certain data whereby the committee would be able to determine whether there had been any profiteering in coal during the recent strike by the anthracite miners; and if so, to what extent. Considerable difficulty was experienced in attempting to secure the information requested by the committee, owing to the reluctance of the merchants to exhibit their records to the scrutiny of the representatives of this office, and it was not possible to submit reports in such detail as required by the committee. The situation was reported on, and subsequently representative merchants were subpœnaed to appear before the Senate committee and produce the required records. The result of this action was that the representatives of the coal merchants agreed to furnish financial and statistical statements and permit free access to their books and records, etc., so that there might be prepared statements of the desired information. The examination under these conditions was again undertaken with the expectation that the reports would be ready in advance of the date set by the committee.

UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

The audit of the financial transactions of the United States Shipping Board Emergency Fleet Corporation "in accordance with the usual methods of steamship or corporation accounting," as directed by the act approved March 20, 1922 (42 Stat. 444), has continued during the year.

The number of disbursing districts rendering accounts monthly to the Washington office have been reduced to seven. In addition certain subsidiary organizations, viz, the United States Lines and the United States Protective & Indemnity Association (Inc.), maintain an independent accounting system. The United States Lines furnishes summary reports of its transactions to the Washington office, while the Protective and Indemnity Association supports its claims for reimbursement with complete detailed papers.

A procedure has been adopted whereby the accounts of field disbursing officers are cleared upon submission by managing agents of all original vouchers through voyage accounts, the general comptroller of the corporation securing the necessary papers to support advances which are made in accordance with an approved procedure.

Other satisfactory features of changes in practice are the submission to the central office in Washington of all paid checks drawn by the field disbursing officers and all original vouchers for disbursements made on account of ships' expense. The centralization of all foreign collections in a few foreign financial centers, the making of foreign disbursements on account of ships in the currency of the country in which expenses are incurred, and the giving of credit for such disbursements only after receipt of original disbursement vouchers through direct channels have brought about a material reduction in the cost of making foreign disbursements, and have also furnished this office a better basis for audit.

Suggested changes in procedure and exceptions to transactions have usually been followed promptly by the making of recoveries or the adoption of corrective measures not only in the Washington office of the Fleet Corporation but also in its various district field offices.

BOOKKEEPING

The bookkeeping division of the General Accounting Office is responsible for the keeping of the accounts of all appropriated funds and of personal accounts of all disbursing officers, and with the preparation of certificates of settlement and transfer. Control accounts are maintained for all appropriated moneys, and each appropriation made by the Congress is accounted for either as expended, in the possession of disbursing officers, or in the Treasury.

That a more effective control over the withdrawal and expenditure of appropriated funds might be maintained in the General Accounting Office all requisitions for advances drawn by the several departments and establishments in favor of disbursing officers and certificates of settlement issued by the General Accounting Office during the fiscal year 1926 were submitted to this division for examination, approval, and posting in advance of action by the Treasury Department. This became effective July 1, 1925.

A further step toward perfecting the maintenance of this control was the transfer to the bookkeeping division on November 1, 1925, of the preparation of certificates of settlement and transfers from the claims division of the office, and on April 1, 1925, from the transportation division of the office. The result obtained thus far seems to fully justify the wisdom of this action.

The General Accounting Office is now in a better position than heretofore to withhold approval of requisitions when funds in the appropriations drawn upon are insufficient, or when the safeguarding requirements provided by law have not been complied with, and also to maintain a file of certificates of settlement payable from appropriations in which there is no available balance until funds are provided.

The bookkeeping division under this new procedure prepared a total of 37,284 certificates of settlement, as follows:

Claims division settlements	24,162
Transportation division settlements	11,943
Transfer and counter settlements	1,179

As the Congress was advised in my report for the fiscal year 1925, pages 4 and 5, there was established July 1, 1925, a procedure to give effect to regulations previously adopted providing for an effective control of claims settled by the General Accounting Office chargeable

to appropriations made by the Congress. Under this procedure only those claims are now certified by the General Accounting Office to the Congress for appropriation which may be paid from balances previously carried to and remaining in the surplus fund and certain other claims which represent obligations incurred pursuant to law. Where no balance remains to the credit of a current or lapsed appropriation the department or establishment affected is notified so that it may present to the Congress a request for an appropriation for the payment of such claims.

Under the procedure referred to elsewhere in this report, page 27, and Appendix, page 52, direct settlements by the General Accounting Office in favor of claimants during the fiscal year 1926 were sent to disbursing officers for payment as follows: 530, amounting to $58,279.42, to the disbursing clerk for the Department of Agriculture, and 3,133, amounting to $654,306.94, to the disbursing clerk of the Veterans' Bureau. The spirit of cooperation displayed by the disbursing officers affected by this procedure is worthy of special mention and has in no small measure been responsible for bringing about a more favorable contact between said department and bureau and the General Accounting Office.

For a recapitulation of the transactions of the bookkeeping division of this office for the fiscal year 1926 see Appendix, pages 52–54.

DISBURSEMENTS

During the fiscal year 1926 payments were made to the personnel of the General Accounting Office by the cash-in-envelope system and for supplies for the office by check. The total expended by the General Accounting Office for the year for personnel and supplies was $3,653,461.11.

The disbursing clerk received and deposited refundments in payment of suspensions and disallowances in accounts of disbursing officers as follows:

Balance June 30, 1925		$98,676.82
Amounts received July 1, 1925, to June 30, 1926		406,983.41
		505,660.23
Refundments	$14,275.17	
Transfers to appropriations	412,226.31	
Exchange and dishonored checks	11.90	
		426,513.38
Balance June 30, 1926		79,146.85

There has been received and accounted for by the disbursing clerk in the past three years a total of $1,203,790.37 of refundments made.

PUBLICATIONS

A publication is annually issued in bound form under the title "Decisions of the Comptroller General of the United States."

Since the establishment of the General Accounting Office, effective July 1, 1921, volumes 1, 2, 3, and 4 of said decisions have been issued, and volume 5, covering the fiscal year 1926, will soon be released.

Each of these volumes contains the leading decisions rendered by the Comptroller General of the United States during the fiscal year

having to do with the expenditure of and accounting for public funds, selected with a view to the guidance of disbursing officers and others charged with the expenditure of and accounting for such funds, together with an index-digest of said decisions and tables of statutes and all decisions and opinions applied or cited in the volume. Each of these volumes is a compilation of the preceding 12 monthly pamphlets issued during the fiscal year.

Copies of this annual volume of decisions, as well as of the monthly pamphlets, are, when released, distributed throughout the Federal departments and establishments and their various field forces.

It is intended in issuing the leading decisions of this office in this convenient form to facilitate the search of the various Federal officers and employees in finding the most recent decisions of this office pertaining to matters daily coming before them for official action, as well as to serve as a guide for them in their future handling of public funds.

If studied and followed closely they will materially reduce the large number of suspensions and disallowances in the accounts of Federal disbursing officers and agents, and, in consequence, the illegal expenditure of public funds, and to a large extent eliminate the expensive, tedious, and ofttimes fruitless efforts of the General Accounting Office to recover public moneys expended without authority of law.

INDEX-DIGEST

A card index-digest, with citations to all decisions of the Comptroller General of the United States, both published and unpublished, and of the various statutes, decisions, and opinions construed or applied therein, is maintained in the General Accounting Office through the law branch for the use of all interested officers and employees of the Government.

On March 1, 1926, the General Accounting Office adopted the procedure of preparing in mimeograph form as rendered each decision of interest or value to any Federal department or establishment and immediately transmitting a copy thereof to such department or establishment, thereby enabling it in turn to promptly bring said decision to the attention of its personnel engaged upon matters in anywise affected thereby.

Prior to the adoption of this procedure the departments and establishments could not—without considerable inconvenience to themselves—become promptly acquainted with the latest decisions of this office in which they were concerned. The new procedure meets their need in this respect; the affairs of the various Government offices are thereby enabled to be expeditiously adjusted in accordance with decisions of this office applicable thereto, and illegal expenditures to the extent such prompt action is taken avoided.

OFFICIAL PAPERS

A procedure was prescribed during the fiscal year 1926 covering the use of official papers containing information bearing upon matters pending before courts and in withdrawal generally. See Circular No. 23, General Accounting Office, November 20, 1925; Gen-

eral Regulations No. 47, General Accounting Office, November 11, 1925, and title "Index-Digest," page 48.

Careful consideration has been given to requests for photostat copies, and copies have been furnished only in instances determined to be vital to the interests of the Government or necessary to individual concerns. The number of photostat copies made during the fiscal year 1926 nevertheless increased over the last fiscal year, due to the fact that the Department of Justice, Shipping Board, and other agencies of the Government have made calls for copies of many documents on file in the General Accounting Office for use as evidence in litigation.

CARPENTRY AND CABINETMAKING

The General Accounting Office during the fiscal year 1926 accomplished a saving of approximately $3,200 through its carpenters and cabinetmakers in the construction of 34,000 feet of file shelving, the repairing of 175 and refinishing of 400 desks, and the repairing and refinishing of 125 and recaning of 200 chairs, in addition to the saving resulting in work they performed in the construction of special cases, equipment, etc., used throughout the office.

LABOR-SAVING DEVICES AND MACHINES

During the fiscal year 1926 the established policy of systematic and periodic oiling, inspection, and overhauling of labor-saving devices and machines was adhered to. This system has proven conclusively to be economical, both in the saving of repair bills and of loss of operators' time, and will, no doubt, lengthen the life of the machinery. See title "Postal matters," page 39.

EQUIPMENT AND SUPPLIES

Great care has been exercised during the fiscal year 1926 in the purchase of supplies, furniture, etc., and discounts have been taken whenever possible. The policy of the office has been to confine all expenditures for equipment and supplies to such as are requisite for the actual needs of the office. The economical methods heretofore instituted, so far as the ordinary saving due to collecting and reissuing paper clips, tape, binders, folders, etc., is concerned, have been continued; the matter of issuing supplies to the personnel has been held to an irreducible minimum, and, in addition to keeping in force all economics inaugurated during the past few years, some new economy methods of practice and procedure have been introduced.

During the year 1,114 purchase orders were issued and 260 printing and binding requisitions, necessitating in all the handling of 2,767 requisitions in the receiving, storing, and distributing of the supplies, equipment, and printing so ordered.

PERSONNEL

The General Accounting Office, charged with the fiscal oversight of all governmental activities involving the collection and expenditure of all public funds, can not properly function without highly

trained attorneys, auditors, accountants, and investigators. It is not enough that such personnel have the usual educational qualifications and experience required for comparable positions in the professional and commercial world, but they must have in addition a background of governmental experience, with an intimate knowledge of Federal law, departmental regulations, and procedure, as well as familiarity with decisions of the courts, the comptrollers of the Treasury, and the Comptroller General. Such employees should have sufficient knowledge of the details of the fiscal machinery of the Government to be able to take the initiative along progressive lines, to be far-sighted in the solving of legal problems, visioning the probable effect of the construction of some intricate legal problem when a minor point only is in question, and to intelligently cooperate with the departments in the standardization of procedure or in the coordination of functions. Great private corporations, recognizing the contributing value of personnel trained in their own offices, insure the retention of their valuable employees by proper remuneration, together with opportunities for advancement. Due to the greater opportunities in the commercial field, and the limitations for a career in the governmental field, there is a constant exodus from Government service of its trained employees. One of the great personnel problems of the General Accounting Office has been that of the development of high-grade personnel to meet this turnover and to properly solve the many new problems constantly arising of a technical and legal character. A constant effort has been and is being made to raise the standard of qualifications for such positions to a point commensurate with the importance of the work done. Many progressive employees have qualified for higher grade work through legal, accountancy, and other courses taken at universities, while others have gained recognition through initiative and superior performance of difficult tasks. Equal progress should be possible for Federal personnel as in civil life if the Government is to obtain and retain the best.

A division of personnel was established, effective April 1, 1926, absorbing the division of appointments. The duties are performed under the supervision of the Comptroller General and include all matters relating to personnel in the General Accounting Office, such as appointments, transfers, promotions, reductions, removals, applications for positions, recommendations concerning the same, and other personnel changes; the preparation and submission to the Comptroller General of all matters concerning the personnel of the establishment under the civil service laws and rules and regulations; the time and leave records of employees, the compilation of statistics in regard to personnel, including all data required for the Budget officer and Official Register, the custody of oaths of office, records pertaining to official bonds, and service records of officers and employees, the efficiency records and ratings of employees, the classification of employees under the classification act, working conditions of employees and their general welfare, and all correspondence and records relating to the foregoing, and such additional duties as from time to time may be assigned thereto.

The employees of the General Accounting Office are generally industrious, efficient, and loyal, cheerfully undertaking new and diffi-

cult tasks, at times working overtime and foregoing annual leave in order to finish an important assignment within an allotted time.

During the fiscal year 1926 there were 240 appointments and 236 separations from the service of this office. At the close of the year there were 1,965 employees on the roll, 786 women and 1,179 men. Existing vacancies and reallocations under the classification act permitted 940 promotions, and 8 employees were demoted. There were granted 54,756 days of annual leave, or an average of 27.7 days for each employee, and 15,760 days' sick leave, or an average of 10.5 days for 1,491 employees granted sick leave. For the entire force the average sick leave was 7.9 days for the year. Number of employees using both annual and sick leave was 1,485, and average per employee 39.1 days. The military leave granted was 503 days, number of employees 30, and average per employee 16.8 days. Under the provisions of the retirement act 13 employees were retired because of reaching retirement age and 3 on account of disability.

Respectfully,

J. R. McCarl,
Comptroller General of the United States.

APPENDIX

SUMMARY OF WORK OF BOOKKEEPING DIVISION FOR FISCAL YEAR ENDED JUNE 30, 1926

Requisition for funds to be placed to the credit of disbursing officers examined, approved and recorded, and forwarded to the Secretary of the Treasury for warrant

Department	Number	Amount
Agriculture	378	$148,859,920.99
Commerce	770	30,242,288.18
District of Columbia	208	37,715,880.90
Independent offices	388	51,952,437.27
Interior, civil	994	261,430,698.88
Interior, Indian	1,834	49,186,374.77
Justice	1,739	24,879,097.62
Labor	38	7,834,045.14
Legislative and executive	176	25,965,149.58
Navy	2,174	308,623,743.32
Post Office	12	66,276,978.20
State	5,557	7,665,928.87
Treasury	5,815	339,593,899.40
Veterans' Bureau	1,799	641,208,753.38
War	2,162	390,718,644.30
Public debt	27	4,720,920,281.80
Total	24,071	7,113,074,122.60

Certificates of settlement for direct payment to claimants examined, recorded, and forwarded

Department	To the Secretary of the Treasury for warrant		To disbursing officers for payment	
	Number	Amount	Number	Amount
Agriculture	3,178	$10,241,109.13	530	$58,279.42
Commerce	5,820	1,348,902.27		
District of Columbia	101	20,855.40		
Independent offices	4,610	12,520,013.38		
Interior, civil	3,913	12,367,881.54		
Interior, Indian	3,329	1,486,890.57		
Justice	3,794	1,515,122.63		
Labor	946	1,045,288.82		
Legislative and executive	260	101,582.17		
Navy	7,126	15,721,214.26		
Post Office	1	1,986.00		
State	1,045	8,741,478.29		
Treasury	19,124	14,235,622.81		
Veterans' Bureau	19,200	3,838,240.86	3,133	654,306.94
War	13,376	13,690,299.24		
Total	85,823	96,876,487.37	3,663	712,586.36
Grand total			89,486	97,589,073.73

Transfer and counter settlements for the adjustment of balances between appropriations examined, recorded, and forwarded to the Secretary of the Treasury for warrant

Department	Number	Transfer amount	Counter amount
Agriculture	19	$183,045.99	$189,107.09
Commerce	38	26,668.21	10,280.96
District of Columbia	15	133,975.39	3,555.18
Independent offices	39	1,370,294.90	34,849.90
Interior, civil	42	38,926.95	78,879.08
Interior, Indian	60	4,968,332.95	4,916,438.08
Justice	39	93,779.01	225,178.07
Labor	8	36,061.96	31,054.86
Legislative and executive	2	26,619.90	26,619.90
Navy	328	451,720,425.75	451,705,518.83
State	47	62,540.35	62,594.38
Treasury	113	1,104,967.53	2,446,315.25
Veterans' Bureau	161	4,805,883.91	4,796,394.33
War	479	299,139,285.41	299,184,022.30
Public debt	18	103,942.99	103,942.99
Total	1,408	763,814,751.20	763,814,751.20

Appropriation warrants: For establishing credits authorized by acts of Congress and carrying to the surplus fund balances of lapsed appropriations examined, recorded, and passed for approval

Department	Number	Appropriation	Number	Surplus
Agriculture	35	$156,620,082.75	2	$1,226,669.68
Commerce	17	23,536,661.98	1	811,017.12
District of Columbia	37	35,757,984.11	1	416,730.16
Independent offices	[1] 36	72,760,018.95	[1] 3	1,674,125.33
Interior, civil	41	243,212,176.60	3	24,000,628.98
Interior, Indian	73	42,847,827.84	2	751,874.49
Justice	13	24,748,328.87	1	325,943.01
Labor	8	9,246,719.56	1	472,666.43
Legislative and executive	[1] 36	13,633,548.02	[1] 3	471,791.66
Navy	27	310,896,202.86	1	15,399,897.89
Post Office	14	76,726,434.91	[1] 3	26,742,693.91
State	28	16,541,176.78	2	1,159,856.19
Treasury	38	320,993,756.26	2	7,974,743.55
Veterans' Bureau	[1] 36	577,841,551.41	[1] 3	43,578,455.88
War	73	371,682,960.73	9	14,072,378.15
Public debt	26	4,720,874,959.61	2	2,692,022.15
Total	466	7,017,920,391.24	30	141,771,494.58

[1] Part. Same warrant.

Transfer appropriation warrants: For the transfer of funds between departments and bureaus for direct expenditure, examined, recorded, and passed for approval

Department	Number	Charge amount	Credit amount
Agriculture	19	$8,426,387.59	$7,669,656.50
Commerce	20	274,276.62	7,092,779.35
District of Columbia	24	2,845,784.37	2,792,476.31
Independent offices	[1] 52	365,054.94	85,892.71
Interior, civil	51	11,641,996.45	21,266,591.18
Interior, Indian	12	417,338.62	298,862.27
Justice	6	694,610.23	652,628.71
Labor	8	145,203.14	13,500.00
Legislative and executive	[1] 52	260,746.09	1,876,203.34
Navy	79	6,155,148.15	4,255,483.67
Post Office	4	10,76,105 64	30,200.00
State	12	407,104.74	337,602.27
Treasury	28	2,140,345.94	452,850.99
Veterans' Bureau	[1] 52	26,331,859.41	19,898,476.03
War	61	9,123,326.34	12,982,084.94
Public debt	13	488,166,267.64	488,166,267.64
Total	38)	5.7,871,555.1	567,871,555.91

[1] Part. Same warrant.

Pay and repay warrants: Register of requisitions, direct and transfer settlements, and deposits to appropriations examined, recorded, and approved, and forwarded to the Treasurer of the United States for final action

Department	Pay warrants		Repay warrants	
	Number	Amount	Number	Amount
Interior, civil	391	$273,837,504.71	71	$17,561,360.46
Interior, Indian	441	55,641,598.29	67	7,199,478.43
Navy	662	776,065,383.33	78	463,955,512.49
Treasury	1,396	354,934,039.74	119	19,872,817.41
War	915	703,548,228.95	117	340,853,664.53
Miscellaneous series	3,172	1,088,713,928.70	425	209,624,428.02
Public debt	46	4,721,024,224.79	21	2,841,327.94
Total	7,023	7,973,764,908.51	898	1,061,908,589.28

Revenue warrants: Register of deposits to the general fund of the Treasury of moneys received from the various sources of revenue, and of transfer and counter settlements between revenue accounts, examined, recorded, and approved, and forwarded to the Treasurer of the United States for final action

Source of revenue	Number	Amount
Customs receipts	26	$579,716,610.62
Internal-revenue collections	38	2,836,771,781.75
Lands—Sales	14	754,252.79
Miscellaneous receipts	482	491,210,304.35
Public debt	15	3,008,357,422.37
Total	575	6,916,810,371.88

Fiscal officers' accounts: Audited settlements of regular and special deposit accounts of fiscal officers and of special accounts with individuals received and acted upon

	Regular accounts	Special settlements	Special deposit accounts
Settlements made by—			
Civil division	13,613	----------	2,058
Military division	7,074	----------	427
Post Office division	6	----------	----------
Claims division	----------	957	----------
Total	20,693	957	2,485
Grand total	----------	----------	24,135
Accounts received from—			
Agriculture	161	2	24
Commerce	1,030	----------	12
District of Columbia	102	----------	5
Independent offices	291	3	48
Interior, civil	1,906	6	233
Interior, Indian	878	----------	----------
Justice	703	4	----------
Labor	542	----------	6
Navy	2,559	94	30
Post Office	6	----------	----------
State	3,140	1	12
Treasury	4,848	6	1,718
Veterans' Bureau	1,317	41	48
War	3,198	800	349
Public debt	12	----------	----------
Total	20,693	957	2,485
Grand total	----------	----------	24,135

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69th Congress, 2d Session - - - - - House Document No. 548

REPORT

OF THE

UNITED STATES BUREAU OF EFFICIENCY

FOR THE PERIOD FROM
NOVEMBER 1, 1925
TO
OCTOBER 31, 1926

WASHINGTON
GOVERNMENT PRINTING OFFICE
1926

REPORT

OF THE

UNITED STATES BUREAU OF EFFICIENCY

FOR THE PERIOD FROM

NOVEMBER 1, 1925

TO

OCTOBER 31, 1926

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LETTER OF TRANSMITTAL

UNITED STATES BUREAU OF EFFICIENCY,
Washington, November 15, 1926.

To the PRESIDENT:

I submit herewith a report of the character and progress of the work of the Bureau of Efficiency during the period from November 1, 1925, to October 31, 1926.

Very respectfully,

HERBERT D. BROWN,
Chief, Bureau of Efficiency.

ANNUAL REPORT OF BUREAU OF EFFICIENCY, 1926

INTRODUCTION

The United States Bureau of Efficiency was made an independent Government establishment by an act of Congress approved February 28, 1916. Its functions as prescribed by statute consist of the establishment and general supervision of a standard system of efficiency ratings for the classified service in the District of Columbia, the investigation of the needs of the several executive departments and independent establishments with respect to personnel, and the investigation of duplication of work and methods of business in the various branches of the Government service. The chief of the bureau, or an alternate designated by him, is required under the classification act of 1923 to serve with the Director of the Bureau of the Budget and a member of the Civil Service Commission, or their alternates, as a personnel classification board. The classification act also requires the bureau to render to the personnel classification board such cooperation and assistance as the board may require.

The appropriation for the Bureau of Efficiency for the fiscal year ended June 30, 1926, was $165,350. The appropriation for the fiscal year to end June 30, 1927, is $210,350.

On October 31, 1926, the permanent staff of the bureau consisted of the chief, the assistant chief, 27 investigators and accountants, 1 scientist, 13 clerks, 3 messengers, and 1 laboratory assistant, making a total force of 47 employees. In addition to its permanent staff the bureau has employed several temporary clerks during the year.

The bureau is experiencing some difficulty in obtaining investigators qualified for the particular work it is called upon to perform. Examinations are held from time to time by the Civil Service Commission along lines suggested by the bureau, but difficulty is experienced in obtaining registers of suitable candidates owing to salary limitations or other restrictions.

The work performed by the bureau during the past year was similar to that described in its annual reports for 1924 and 1925, namely:

Duplication of work.
Business methods.
Personnel.

DUPLICATION OF WORK

Under authority of the acts of Congress approved March 1, 1919, and November 4, 1919, the Bureau of Efficiency submitted a report covering the statistical work of the United States Government. The report was printed in 1922 as House Document No. 394, Sixty-seventh Congress, second session. It contained 33 recommendations. Nine of these recommendations have been adopted in whole or in part. I am firmly of the opinion that other recommendations carried in that report should be adopted. The Bureau of the Census is the logical bureau in which to concentrate all nonadministrative statistics, as its sole function is the collection and dissemination of statistical information. The centralization of all nonadministrative statistics in one bureau would, no doubt, result in economy in the collection of the original data, improvement in the output, and a better distribution of the completed product. The bureau or office having immediate interest in statistics covering any particular activity would be called on to assist the Census Bureau in preparing schedules, determining the scope of the inquiry, and planning the arrangement of the completed product.

At the instance of the chairman of the House Committee on Appropriations the bureau made a study of the reports required to be made to Congress as listed in House Document No. 101, Sixty-ninth Congress, first session. The bureau submitted to the chairman of the committee recommendations for the discontinuance of 88 reports or statements, for the omission of 37 references to obsolete reports, and for the elimination of 62 duplicate references from future issues of the document.

In 1920 the bureau began an index of the major activities of the Government. This index now consists of about 45,000 cards, and it covers all of the major activities of the Federal Government from 1913 to date. The index is used as a means to prevent duplication of work in the Government service. It is also being used to assist in answering many hundreds of inquiries from Government officials and private citizens pertaining to the activities of the executive departments and independent establishments.

During the past year the Bureau of Efficiency reported to the Bureau of the Budget upon 64 new investigations proposed to be undertaken by various branches of the Government service. A study of these proposed activities showed that none of them would constitute a duplication of work.

BUSINESS METHODS

TREASURY DEPARTMENT

Bureau of Engraving and Printing.—During the past year the Bureau of Efficiency in cooperation with the Bureau of Engraving and Printing continued its study of the business methods and manufacturing operations of the Bureau of Engraving and Printing. Recommedations were submitted from time to time as the work proceeded, and assistance was rendered in the installation of the improved methods.

Recommendations made and adopted during the year involved a new accounting system for the control of stores and property, a new stock record control of the steel stock used in the manufacture of plates in the engraving division, a new security stock balance sheet and a new system of time recording for the examining division, a consolidation of the security accounts of the several sections of the postage stamp division, and other administrative and accounting problems of a miscellaneous character. A complete revision in the method of handling national bank notes in the order division and all of the operating divisions of the bureau was put into effect. A new layout of floor space was made for the face examining section of the examining division and new methods were installed for the examination of currency backs and faces whereby good notes are saved from sheets that are partly defective. As a result of these changes material reductions in operating costs have been made in the bureau.

Register of the Treasury.—At the request of the chairman of the House Committee on Appropriations and the Assistant Secretary of the Treasury a survey of the personnel requirements of the Office of the Register of the Treasury for the fiscal year 1927 was made. As a result of the survey a material reduction in the personnel requirements of the office for the year 1927 was made through the elimination of certain unnecessary operations and an improvement in office methods. Assistance was furnished to the Public Debt Service in the reorganization of the work of the register's office and in the preparation of plans for the reduction in the personnel.

Currency inquiry.—In 1925 the bureau at the request of the Treasury Department commenced a study of the paper currency of the Government with a view to increasing the strength and wearing qualities of the paper currency and determining whether our currency is efficient in circulation and economical in manufacture. This study has been continued during the past year. A process for doubling the folding endurance and increasing the bursting strength of the paper used in the manufacture of currency has been perfected and specifications prepared for such paper. The contractor is now

furnishing paper under the new specifications without increasing its cost to the Government.

The studies relating to the strength and wearing qualities of the paper used in the manufacture of currency are being made in cooperation with the United States Bureau of Standards. The paper research study is now in the stage where efforts are being directed toward finding the most efficient method for handling the paper during its manufacture into currency and for insuring the maximum life to the finished bills in circulation.

The Bureau of Efficiency arranged for regular weekly routine tests of currency paper in order to maintain the minimum requirements called for in the new specifications.

Income Tax Unit.—At the request of the Commissioner of Internal Revenue the bureau assisted in the preparation of efficiency and separation ratings effective as of July 1, 1926. Instructions were written to carry the ratings into effect, and the ratings were used in separating several hundred employees from the Income Tax Unit.

Customs Division.—At the request of the Assistant Secretary of the Treasury in charge of customs a survey was made of the Customs Division to determine what changes in organization were necessary to enable the division to function as a departmental bureau directly supervising the customs service. The bureau's report was incorporated in the printed hearings on the proposed legislation (H. R. 8998) to establish a Bureau of Customs and a Bureau of Prohibition.

Later, a study was made of the work of the legal section of the division. A reorganization of the work has facilitated the rendering of opinions to field officers and others requesting them.

As a result of an analysis made of the salaries paid to employees in the field a new classification of field-service positions was proposed to replace the classification made some three years ago.

A system of budgeting the administrative expenses of the 47 customs districts on a quarterly allotment basis was developed and put into operation at the beginning of the fiscal year 1927. It is believed that a decided improvement in the financial administration of the service will be effected by apportioning to each district a definite amount for expenses during each of the four quarters and by holding collectors responsible for keeping within their quarterly allotments.

Prohibition Unit.—At the request of the Assistant Secretary of the Treasury in charge of prohibition a survey was made of the Prohibition Unit to determine what improvements could be made in its administrative organization. The bureau's report upon this unit, quite recently submitted, contained a number of important recommendations proposing to strengthen the existing organization of the unit and to consolidate in it all supervision of field activities.

Federal Farm Loan Bureau.—At the request of the farm loan commissioner a survey of the organization and methods of the Federal Farm Loan Bureau was begun in December, 1925. Improvements in organization have been suggested and adopted. A number of suggestions relating to the modification or enlargement of existing rules and regulations governing the work of the Federal Farm Loan Bureau and the organizations operating under its supervision have been presented and adopted.

WAR DEPARTMENT

Militia Bureau.—A survey of the organization and business methods of the Militia Bureau was made at the request of the Secretary of War. The bureau's report contained a number of recommendations which were adopted. The adoption of the recommendations resulted in the elimination of certain duplications, a substantial reduction in personnel, and the establishment of a simplified system of bookkeeping which meets every requirement of the officials in charge.

DEPARTMENT OF STATE

In February, 1926, the Secretary of State requested that a member of the bureau's staff be detailed to the State Department to assume temporary charge of the business administration of the department with a view to reorganizing its business methods and personnel procedures. The detail became effective on February 24, 1926, and terminated on October 31, 1926. Adequate personnel and pay-roll control accounts were introduced; the control of other funds, such as printing and binding and contingent expenses, was also effected; and methods were introduced for obtaining and accumulating comprehensive statistical data upon which to base Budget estimates. Other miscellaneous inquiries were conducted and appropriate action taken, such as relieving the assistant secretaries of the necessity of personally approving a large number of detailed accounts, the substitution wherever possible of civilian employees for Foreign Service officers, and a reduction in stenographic costs.

The Division of Publications, including the library, was reorganized and steps taken which will bring about effective maintenance and custody of the department's archives.

POST OFFICE DEPARTMENT

Division of Rural Mails.—At the request of the Fourth Assistant Postmaster General a survey was made of the organization and business methods of the Division of Rural Mails. This survey has been completed, and the bureau's report was recently submitted to the

Fourth Assistant Postmaster General. It contains recommendations looking to the simplification of the correspondence work of the division, the use of addressograph machines in stating monthly amounts due star-route contractors, a new method of submitting monthly reports of star-route carrier service by postmasters, a reassignment of space in the various sections of the division, a new method of numbering star routes, and certain other minor matters. If the bureau's recommendations are adopted, a material annual saving will be effected.

Division of Equipment and Supplies.—A survey of the organization and business methods of the Division of Equipment and Supplies was also made at the request of the Fourth Assistant Postmaster General. Several changes in procedure were recommended, most of which were adopted. The adoption of the bureau's recommendations resulted in the elimination of several positions from the division.

DEPARTMENT OF AGRICULTURE

Office of the Secretary.—At the request of the Department of Agriculture studies were made of the work and organization of the department's mechanical shops, of the Division of Accounts and Disbursements, and of the Office of Information. Recommendations were submitted looking to certain economies in the administration of these units, some of which have already been adopted. In addition, the studies were continued on personnel administration, handling of pay rolls, supply organization and methods, and other similar administrative problems coming under the authority of the director of personnel and business administration of the department.

Packers and Stockyards Administration.—At the request of the Chief of the Packers and Stockyards Administration a study was made of the accounting methods, purchasing and property control records, mail visa, and stenographic force. Recommendations were submitted and adopted that have resulted in economies in the handling of the work of the office.

Bureau of Entomology.—At the request of its chief a survey was made of the business methods and organization of the Bureau of Entomology. Certain duplicate accounts in the several divisions of the bureau were eliminated and the work of the office expedited by the introduction of machine bookkeeping. Some improvements were also made in the details of organization.

Bureau of Agricultural Economics.—A study of the organization and methods of the Bureau of Agricultural Economics was made at the request of the business manager of the bureau. As a result of this survey machine bookkeeping will soon be installed. This will accomplish some economies.

Bureau of Soils.—At the request of the Bureau of Soils a study was made of the administrative details incident to the consolidation of the Fixed Nitrogen Research Laboratory with the Bureau of Soils as provided by the act approved May 11, 1926. Recommendations were made looking to the organization of the laboratory for administrative purposes as a division of the bureau. Changes in the accounting and supply organizations and in personnel administration for the enlarged bureau were also suggested.

Bureau of Plant Industry.—The survey of the organization and business methods of the Bureau of Plant Industry commenced in 1925 was completed during the past year. The accounting procedure of the bureau has been standardized and bookkeeping machines introduced in the accounting office. These changes resulted in the elimination of duplicate records and the production of more complete financial statements.

DEPARTMENT OF THE INTERIOR

United States Geological Survey.—At the request of the Bureau of the Budget, and with the approval of the Secretary of the Interior, an inquiry into the publication work of the Geological Survey was made to determine the printing needs of the survey for the fiscal year ending June 30, 1928, and to formulate a program with reference to the future printing requirements of the service; also to determine whether the present methods of preparing and distributing the publications of the survey are economical and efficient. The bureau's report covering this inquiry contains five recommendations. They contemplate the abandonment of some of the older manuscripts, the rearrangement of certain material in some of the reports of the survey, and the placing of all survey publications on a sales basis. If the recommendations are carried into effect, they will result in a material annual saving in the printing bills of the survey.

Freedmen's Hospital.—The survey undertaken in 1925 of the filing needs of Freedmen's Hospital was continued during the present year. A detailed mail and filing manual was prepared for use in the office of the school of nursing. A new plan was developed and forms prepared for use in corresponding with prospective students. These changes have lessened the amount of office work and conserved the supply of forms. Assistance was also given in fixing the date when student nurses might enter the school.

DEPARTMENT OF JUSTICE

In March, 1926, the Bureau of Efficiency was requested by the Department of Justice to assist it in developing an industrial program for the inmates of Federal prisons.

As the first step in this investigation the bureau made a general survey of commodities purchased by the Federal Government with a view to selecting those articles that are used in sufficient quantities to warrant their manufacture in Federal prisons. The bureau's report on this phase of the study was submitted recently to the department.

DEPARTMENT OF COMMERCE

Patent Office.—A member of the bureau's staff was designated a member of the committee on methods which was organized by the Commissioner of Patents in August, 1925, to study the organization and work of the Patent Office. The committee submitted numerous recommendations looking to improvement in methods, some of which have already been adopted and put into effect. The most important recommendation related to the substitution of the cameragraph (improved photostat) for the typewriter in the recording of assignments of patents. The new method was adopted and will be put into operation on November 1, 1926.

Patent models exhibit.—The Bureau of Efficiency, through the courtesy of the committee in charge of the disposition of old patent models, was permitted to select for historical purposes about 500 different models of office equipment. These models are now being arranged as a permanent exhibit in the Bureau of Efficiency.

DISTRICT OF COLUMBIA

Office of inspector of asphalts and cements.—At the request of the Engineer Commissioner of the District of Columbia a survey was made of the methods of the office of inspector of asphalts and cements of the District government. The bureau's report contained recommendations relating to the method of inspecting and testing cement, asphalt, sand, and gravel. The recommendations are now being put into effect and they will result in a saving in salaries.

Board of Public Welfare.—At the request of the president of the Board of Commissioners of the District of Columbia a survey was made of the functions and activities of the Board of Charities and the Board of Children's Guardians preliminary to their consolidation into the newly created Board of Public Welfare. The bureau recommended the elimination of certain duplications in the activities of the two former boards and suggested a form of organization for the Board of Public Welfare. The essential recommendations were adopted.

Offices of recorder of deeds and register of wills.—The chairman of the House Committee on Appropriations and the chairman of the House Committee on the District of Columbia, under date of

May 6, 1926, requested the Bureau of Efficiency to make a survey of the offices of the recorder of deeds and of the register of wills of the District of Columbia with a view to recommending such changes in office methods, in administrative procedure, and in existing law, as might be deemed necessary to place these offices on a basis comparable with well-managed offices performing like services in other cities. A detailed study of the work performed by each office was made and an inspection was conducted of offices performing similar functions in the cities of Chicago, Detroit, Cleveland, Pittsburgh, Boston, New York, Philadelphia, and Baltimore. Recommendations will be embodied in the report on each office for changes in the present organization and business methods. If these recommendations are carried into effect they will improve the service and decrease the cost of operation.

Police court.—At the request of the presiding judge of the police court of the District of Columbia a survey was made of the finance office of the court. A report was submitted containing recommendations respecting the physical layout of the office and the financial records and procedure. This report is now receiving consideration by the presiding judge.

OFFICE OF PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL

At the request of the Director of Public Buildings and Public Parks of the National Capital, a survey of the cost-keeping records of that office was made. Recommendations were submitted respecting the cost-accounting records, the stores and store records, and the organization of the personnel engaged on this work. The recommendation regarding the installation of a new cost-accounting system and some of the other recommendations have been adopted and put into effect. Other recommendations contained in the bureau's report are still under consideration.

PERSONNEL

RETIREMENT VALUATIONS

On July 1, 1925, the Chief of the Bureau of Efficiency was appointed a member of the Board of Actuaries authorized by section 16 of the act approved May 22, 1920, for the retirement of employees in the classified civil service.

At the request of the Board of Actuaries data relative to the active membership of the civil service retirement fund was collected by the Civil Service Commission, tabulated by the Bureau of the Census, and the actuarial computations necessary to show the assets and

liabilities of the fund were made by the Bureau of Efficiency. Estimates were made to show the cost under the various plans suggested when the amendment of the act was under consideration by Congress. At the present time the bureau is engaged in making a valuation as of June 30, 1926, of the plan as amended by the act of July 3, 1926.

At the request of the Commissioners of the District of Columbia and the District school officials, the bureau aided in drafting an amendment to the District of Columbia teachers' retirement act and made an actuarial valuation of the proposed amended plan. While the amendment of the act was under consideration by Congress the bureau made several estimates with respect to the cost of other amendments that were proposed. After the teachers' bill was finally amended by Congress the bureau made another formal valuation showing the assets and liabilities of the fund as of July 1, 1926. In cooperation with the auditor of the District of Columbia an accounting system was prepared to cover the fund.

RECLASSIFICATION OF SALARIES

During the past year eight members of the bureau's staff devoted their entire time to the work of the Personnel Classification Board. Other members of the bureau's staff were also detailed to this work at different times.

LABOR-SAVING DEVICES

During the past year the bureau continued its study of the use of labor-saving devices for the performance of various kinds of work in Government offices. The purpose of these studies is to bring to the attention of Government officials and employees the latest information concerning labor-saving appliances and their adaptation to particular problems with a view to speeding up office work and effecting economies.

MISCELLANEOUS

A number of minor inquiries and studies were made during the year at the request of the executive departments and independent establishments and of committees and Members of Congress.

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69th Congress, 2d Session - - - - - - House Document No. 599

NINTH ANNUAL REPORT

OF

THE WAR FINANCE CORPORATION

FOR THE YEAR ENDED
NOVEMBER 30, 1926

WASHINGTON
GOVERNMENT PRINTING OFFICE
1926

THE WAR FINANCE CORPORATION

The Secretary of the Treasury, *Chairman ex officio.*

Eugene Meyer, *Managing Director.*

George R. Cooksey, *Director.*

Floyd R. Harrison, *Director.*

R. Reyburn Burklin, *Secretary and Treasurer.*

Chester Morrill, *General Counsel.*

ANNUAL REPORT OF THE WAR FINANCE CORPORATION FOR THE YEAR ENDED NOVEMBER 30, 1926

WASHINGTON, D. C., *December 16, 1926.*

SIR: In accordance with section 19 of Title I of the War Finance Corporation act, as amended, the following report is submitted for the year ended November 30, 1926.[1]

EXPENSE ADVANCES AND REPAYMENTS

Since the corporation discontinued active operations and entered the period of liquidation on January 1, 1925, the only advances that have been made are those designated as "expense advances"; that is, advances necessary for the care and preservation of the corporation's security in connection with the orderly liquidation of its assets and the winding up of its affiairs. From December 1, 1925, to November 30, 1926, these advances totaled $375,000. In addition, the corporation authorized during the past year the renewal or substitution of notes held as collateral in the face amount of $5,776,000 and the release to borrowers through livestock loan companies of the proceeds of sales of livestock and wool aggregating $204,000.

Repayments received and applied on agricultural and livestock loans from December 1, 1925, to November 30, 1926, totaled $11,301,000, of which $5,482,000 was repaid on advances to banking institutions, $5,387,000 on advances to livestock loan companies, and $432,000 on advances to cooperative marketing associations. In additon, expense advances were repaid in the amount of $440,000, while $225,000 was repaid on the corporation's war loans, bringing the total repayments for the year of amounts advanced to $11,966,000.

On November 30, 1926, the loans and expense advances outstanding on the corporation's books totaled $25,165,000 (principal amount), as follows: War loans, $16,744,000; agricultural and livestock loans, $8,421,000 (including expense advances of $32,000). The repayments and balances outstanding, as herein given, do not take into account funds aggregating $537,000, representing proceeds of sales of cattle returned from Mexico, less expenses paid to November 30. These funds are being carried in suspense until the movement is completed, when the entire proceeds of the sales, after deducting expenses, will be credited on the outstanding balances.

Statements showing the condition of the corporation at the close of business on November 30, 1926, and the receipts and disbursements from December 1, 1925, to November 30, 1926, are attached to this report as Exhibits E and F.

[1] The figures given in this report reflect the business of the corporation as shown by its books on November 30, 1926, and do not include items in transit from agencies and custodian banks on that date.

AGRICULTURAL AND LIVESTOCK LOANS

Under the agricultural credits act of August 24, 1921, as amended, the corporation approved 8,749 advances for agricultural and livestock purposes in the aggregate amount of $479,300,000—$188,520,000 to banking institutions, $93,453,000 to livestock loan companies, and $197,327,000 to cooperative marketing associations.

Of the amount approved, $298,317,000 was advanced to November 30, 1926—$172,084,000 to banking institutions, $87,708,000 to livestock loan companies, and $38,525,000 to cooperative marketing associations.

Repayments on account of these advances aggregated $289,840,000, representing 97.2 per cent of the amount advanced. Of the total, $168,344,000 was repaid on advances to banking institutions, $83,205,000 on advances to livestock loan companies, and $38,291,000 on advances to cooperative marketing associations. The amount outstanding on November 30, 1926, was $8,421,000, distributed as follows: Banking institutions, $3,686,000; livestock loan companies, $4,501,000; cooperative marketing associations, $234,000. The advances made by the corporation in 13 States—Virginia, Arkansas, Florida, Louisiana, Mississippi, Illinois, Indiana, Michigan, Ohio, Nevada, Utah, Wyoming, and Washington—have been repaid in full.

The above figures and those which follow include the original loans and the expense advances in connection therewith. Both in the text of the report and in the accompanying tables the balances outstanding represent the principal amounts carried on the corporation's books on November 30, 1926, after deducting repayments and charges to profit and loss.

The tables included in Exhibit B, attached to the report, show in detail the operations of the corporation under the act of August 24, 1921, as amended.

LOANS TO BANKS

In all, the corporation made loans for agricultural and livestock purposes aggregating $172,084,000 to 4,317 banking institutions in 37 States. Of these, 674, or 15.6 per cent, were national banks and 3,643, or 84.4 per cent, were State banks. Of the State banks, 213 were members of the Federal reserve system. The advances to national banks, amounting to $33,762,000, constituted 19.6 per cent of the whole, and the advances to State banks, totaling $138,322,000, equaled 80.4 per cent.

On November 30, 1926, the advances made to 3,962 banks (637 national and 3,325 State), totaling $157,054,000, had been paid in full, principal and interest. Of these, 3,488 were going banks to which $139,454,000 was advanced; 424 were banks which had received advances amounting to $15,817,000 and which later closed; 46 were banks which suspended but subsequently resumed business and to which $1,661,000 was advanced; and 4 were banks which took over the balances due from closed banks on advances aggregating $122,000. In addition, advances totaling $411,000 to 9 banks (3 open and 6 closed) had been liquidated, principal of $34,000 in these cases having been charged to profit and loss.

Of the banks still indebted to the corporation, 19 (2 national and 17 State) had repaid the principal of advances to them, totaling

$582,000, while the remaining 327 (36 national and 291 State) had repaid $10,331,000 out of aggregate advances of $14,037,000. Of these amounts, $2,274,000 was repaid by going banks on advances amounting to $2,925,000 and $8,057,000 by banks, now closed, on total advances of $11,112,000. In the case of 2 closed banks, where the advances have been paid in part, principal of $20,000 has been charged to profit and loss. The amount outstanding to banks on November 30, 1926, was $3,686,000—$651,000 to 54 going banks (2 national and 52 State), including 6 banks which closed and subsequently reopened, and $3,035,000 to 273 closed banks (34 national and 239 State).

During the year, the number of banks indebted to the corporation was reduced by 294, including 81 closed banks, and the amount outstanding on the corporation's books on November 30, 1926, represented 2.1 per cent of the amount advanced to banks.

LOANS TO LIVESTOCK LOAN COMPANIES

In addition to the loans to banks, 114 livestock loan companies in 20 States received advances from the corporation aggregating $87,708,000. On November 30, 1926, the advances to 97 loan companies totaling $65,094,000, had been liquidated, principal of $1,500 having been charged to profit and loss in the case of one company. The remaining companies, numbering 17, had repaid $18,113,000 out of total advances to them of $22,614,000, leaving a balance outstanding on November 30, 1926, of $4,501,000, which represented 5.1 per cent of the amount advanced to livestock loan companies.

During the year 19 loan companies, to which a total of $35,062,000 was advanced, retired the outstanding balances of their indebtedness to the corporation.

Early in the year the receiver of the Livestock & Agricultural Loan Co. of New Mexico, with the approval of the United States district court having charge of the receivership, and the corporation, formulated plans for the return to this country and sale of the cattle ranging in Chihuahua, Mexico, on which the corporation made advances through that company and other companies. These cattle, as stated in previous reports, were moved across the border in the fall and winter of 1922 and 1924 on account of the severe drouth in the Southwest.

Arrangements were made to begin the movement about June 1, 1926, but, unfortunately, before that date scabies appeared among the cattle and, although the percentage of infection apparently was slight, estimated at less than 1 per cent, it was necessary to dip the entire herd. This, of course, greatly delayed the movement. The Bureau of Animal Industry of the Department of Agriculture assigned inspectors to the ranches, and the dipping (including the construction of vats and the erection of fences to provide for the proper segregation of the dipped animals) was done under their supervision and direction, with the cooperation of an inspector of the Cattle Sanitary Board of New Mexico. Under the law and the regulations of the Bureau of Animal Industry, the animals could not be brought into the United States until the expiration of 60 days after they were placed on clean pasture following the dipping. While the dipping and plans for the movement were under way, every effort was made

by the receiver to dispose of the cattle for delivery at the ranches or at the shipping point in Mexico, but he was unable to obtain any acceptable offers.

By joint resolution of May 24, 1926, the Congress extended to December 31, 1926, the time during which the cattle could be brought back duty free. In view of certain provisions of the Mexican law and regulations regarding the exportation of livestock which might be applicable to a part of the herd, steps were taken through the State Department to obtain the consent of the Mexican Government. After considerable negotiation the Mexican Government granted permission to return the entire herd without restriction as to age or sex and without the payment of export duties.

The many complications and difficulties having been overcome, the movement was finally begun in October, the first trainload arriving at El Paso on October 16. The cattle had to be trailed from 55 to 80 miles from the ranches to Agua Nueva, which is approximately 170 miles below the border, and there loaded on cars for El Paso. Shipments were made as rapidly as the cattle could be trailed from the ranches and transportation facilities could be provided; and the animals were inspected at the border by representatives of the Bureau of Animal Industry and of the Livestock Sanitary Commission of Texas. To December 11, 1926, approximately 35,700 head had been returned. A few of the cattle were sold in the public markets at Denver, Fort Worth, and Los Angeles, but the bulk of them were disposed of in the public market at El Paso for cash shortly after their arrival. The sales were widely advertised and there was an active demand for all classes. The movement is still in progress and will be continued as rapidly as possible until all the cattle have been brought back, unless an opportunity should arise to dispose of the remaining animals at satisfactory prices delivered on the ranches or at the shipping point in Mexico.

In the preparations for the movement and sale of the cattle, the Division of Mexican Affairs of the State Department, the American Embassy at Mexico City, and consular officers in Mexico, as well as the Bureau of Animal Industry, the Federal Horticultural Board, and the Packers and Stockyards Administration of the Department of Agriculture, have given their hearty cooperation. The corporation is glad to record in this report its appreciation of the effective assistance which all these agencies have rendered in this unusual and difficult undertaking.

LOANS TO COOPERATIVE MARKETING ASSOCIATIONS

From January 1, 1921, to December 31, 1924, the corporation authorized advances totaling $202,590,000 to 33 cooperative marketing associations in 20 States to finance the orderly marketing of wheat, cotton, tobacco, rice, and other staple agricultural commodities. Of this amount, $5,262,000 was authorized under the corporation's export loan authority prior to the passage of the agricultural credits act of August 24, 1921, and $197,327,000 under the provisions of that act. Altogether, the associations used only $41,162,000 of the commitments from the corporation, as they were able to finance the greater part of their requirements through the normal banking channels.

During the season of 1921–22 the corporation approved loans totaling $64,340,000 to cooperative marketing associations and $19,198,000 was used. For the season of 1922–23 the loans approved amounted to $126,250,000, of which $19,412,000 was utilized, while for the season of 1923–24 the loans authorized aggregated $12,000,000, of which $2,552,000 was advanced.

Of the $41,162,000 advanced to cooperative marketing associations $234,000, or six-tenths of 1 per cent, was outstanding on November 30, 1926.

LOANS FOR EXPORT PURPOSES

Export loans approved by the corporation after it resumed operations in January, 1921, totaled $58,374,000—$43,379,000 to banking and financing institutions, $9,733,000 to exporters, and $5,262,000 to cooperative marketing associations.

Of the amount approved $5,778,000 represented advances authorized on grain, $3,246,000 on tobacco, $40,759,000 on cotton, $3,120,000 on other agricultural products, and $5,471,000 on manufactured articles.

Against these commitments, there was advanced a total of $38,654,000—$28,469,000 to banking and financing institutions, $7,547,000 to exporters, and $2,638,000 to cooperative marketing associations. The entire amount has been repaid with the exception of $345.45, charged to profit and loss.

Exhibit C, attached to this report, shows the export advances made by the corporation after the resumption of operations in January, 1921.

The loans made under the corporation's export loan authority prior to the suspension of activities in May, 1920, amounting to $46,348,000, were paid in full before November 30, 1922.

SUMMARY OF OPERATIONS SINCE JANUARY 1921

Since the corporation resumed operations in January, 1921, it has approved advances aggregating $479,300,000 for agricultural and livestock purposes and $58,374,000 for export purposes, or a total of $537,674,000.

Of the amount approved $336,971,000 was advanced—$298,317,000 for agricultural and livestock purposes and $38,654,000 for export purposes.

Repayments on these loans to November 30, 1926, totaled $328,493,000. Of this amount, $289,840,000 was repaid on the agricultural and livestock loans and $38,653,000 on export loans. In addition, the corporation has received since January, 1921, repayments totaling $58,217,000 on the loans made under its war powers and $35,636,000 on the loans made under its export loan authority prior to the suspension of operations in May, 1920, bringing the total repayments on all loans since the resumption of operations to $422,346,000.

Exhibit A, attached to this report, includes a summary of advances for export and agricultural and livestock purposes under sections 21, 22, and 24 of the War Finance Corporation act, as amended, from January 4, 1921, to November 30, 1926, inclusive. Exhibit D shows

the total advances made by the corporation from May 20, 1918, when it was authorized by the President to commence business, to November 30, 1926, as well as the amounts outstanding on the latter date.

LOANS UNDER THE WAR POWERS

Of the loans made by the corporation under its war powers, $16,744,000 was outstanding on the books of the corporation on November 30, 1926. Of this amount, $16,544,000 represents an advance made in 1918 to a public utility which passed through receivership and was reorganized in 1923. In the reorganization, the corporation received securities of the new company which, on November 30, 1926, had a market value of approximately $20,661,000. The remaining $200,000 represents the balance due on the security taken by the corporation in the reorganization of an industrial company which received an advance during the war.

Repayments on the war loans during the year aggregated $225,000.

REDUCTION OF EXPENSES

The corporation has continued to reduce its operating expenses and personnel, both in Washington and in the field, as rapidly as consistent with the requirements of the work and the protection of its interests. On December 1, 1926, the staff in Washington numbered 49, compared with 98 on December 1, 1925, 159 on December 1, 1924, 265 on December 1, 1923, 373 on December 1, 1922, and 406 at the peak of the work under the act of August 24, 1921. The field staff, other than the members of the local committees who served without compensation, numbered 75 on December 1, 1926, compared with 143 on December 1, 1925, 237 on December 1, 1924, 298 on December 1, 1923, and 273 on December 1, 1922.

When the work under the act of August 24, 1921, was begun, 33 agricultural loan agencies were established in the various sections of the country. On November 30, 1926, the number had been reduced to 6, the remaining 27 having been discontinued and the outstanding loans, if any, transferred to other agencies or to Washington. During the year, nine agencies, those at Cheyenne, Wyo.; Omaha, Nebr.; Spokane, Wash.; Chicago, Ill.; Helena, Mont.; Des Moines, Iowa; Milwaukee, Wis.; Fort Worth, Tex.; and Boise, Idaho, were discontinued. The business of the Cheyenne agency was transferred to the Denver agency on December 31, 1925; that of the Omaha agency to the Des Moines agency on December 31, 1925; that of the Helena, Des Moines, Milwaukee, and Boise agencies to the Minneapolis agency on January 15, 1926, April 15, 1926, May 1, 1926, and October 20, 1926, respectively; and that of the Fort Worth agency to the Santa Fe agency on September 30, 1926. The Spokane agency was closed on December 31, 1925, and the Chicago agency on January 4, 1926, all the loans made through these agencies having been paid in full. The work of the custodian and the agency at Santa Fe, N. Mex., was consolidated on December 24, 1925.

A statement showing, as of November 30, 1926, the headquarters of the agricultural loan agencies, and the personnel of the Committees in charge of them, is attached to this report as Exhibit G.

THE COTTON SITUATION

On October 9, 1926, the following announcement was made at the White House:

The President has appointed Eugene Meyer, Managing Director of the War Finance Corporation, Andrew W. Mellon, Secretary of the Treasury, William M. Jardine, Secretary of Agriculture, and Herbert Hoover, Secretary of Commerce, a committee to cooperate with those engaged in the production, marketing and use of cotton, to investigate the present market condition of cotton and render such desirable assistance as can be given by the Government to the efforts already being made in the South through the financial institutions, cooperative organizations and Federal intermediate credit banks, and otherwise. Mr. Meyer through his connection with the War Finance Corporation has had a large experience in dealing with situations of a kindred nature and has been requested by the President to act as chairman having charge of the field activities. Secretary Mellon through his connection with the Federal reserve bank system, farm-loan banks and intermediate credit banks, will be able to advise about the securing of credits which can undoubtedly be done through ordinary banking methods. Secretary Jardine and Secretary Hoover will be in a position to furnish information as to the production, warehousing, marketing, and use at home and abroad of the present cotton supply.

George R. James, a member of the Federal Reserve Board, and A. C. Williams, Federal farm-loan commissioner, were added to the committee by the President on October 19, 1926.

The committee proceeded promptly to canvass the various phases of the problem arising out of the production of two unusually large cotton crops in succession. In a statement dated October 19, 1926, the committee stated that the Government, through its various agencies, stood ready to lend all possible assistance in furthering the development of the cooperative marketing principle in the present situation, and expressed the view that the organization, at central points in the South, of State financing corporations which could make advances, discountable at the Federal intermediate credit banks and perhaps at the larger banks in southern cities, to growers of cotton for a long enough period to permit the careful and orderly marketing of a certain percentage of the crop in each State in relation to the supply as a whole, would be a practical and effective means of supplementing the facilities of existing agencies. At the same time the committee announced that Mr. Meyer would visit some of the leading points in the South with the view of studying conditions on the ground and conferring with representative men in the various States who were in touch with the growing, warehousing, financing, and marketing of cotton.

Mr. Meyer, accompanied by Mr. Williams, Federal farm-loan commissioner, Director Harrison and General Counsel Morrill, of the corporation, left Washington on October 20 and visited Raleigh, N. C., Columbia, S. C., Atlanta, Ga., Birmingham, Ala., New Orleans, La., Dallas, Tex., Oklahoma City, Okla., and Memphis, Tenn. The meetings held at each of these places were attended by bankers, business men, and representatives of agricultural interests, including cooperative marketing associations, and resulted in action looking to the formation of cotton financing organizations, with an aggregate capital of $16,000,000 and having capacity to borrow from the Federal intermediate credit banks a total of $160,000,000, if necessary, to assist in financing the storage of the surplus of the 1926 crop

for a period of 18 months, or until it could be marketed in an orderly manner. Resolutions adopted at the various meetings proposed also that vigorous campaigns be undertaken by the bankers' associations of the various States, in cooperation with the State and Federal extension services and other agencies, to bring about an adjustment of the 1927 acreage by diverting to other crops, which promise to be more profitable under present conditions, from 25 to 35 per cent of the acreage planted in cotton this year. At the conclusion of the trip, Mr. Meyer and Mr. Williams issued a statement which was in part as follows:

> In dealing with the problem of handling the surplus of this year's cotton crop, the Government's part in the matter has been chiefly to point out the ways in which advantage might be taken of the large resources of the Federal intermediate credit banks, which the law contemplated would be available for just the sort of situation now existing; to place them at the disposal of the South; and to bring about the closer coordination of all agencies interested in the problem. The organization of the finance corporations to make use of the resources of the intermediate credit system has been undertaken by the people of the different cotton States. The management and administration of the corporations are matters of local responsibility. The Federal Government is cooperating through the Department of Agriculture in encouraging the farmers to adopt a sound diversification program, but the adjustment of next year's acreage is, and naturally must be, a matter largely for local initiative and direction. In other words, the principal reliance in the present situation must be the brains and resources of the South, and our trip convinces us that the people of that great section of the country will measure up to the task in every way. * * * In the present situation the money and the machinery are being provided. Success depends upon the energy and ability with which the situation is managed in each State and upon harmony of action in all the States.

PERSONNEL

The term of Fred Starek as a director of the corporation expired on June 18, 1926. George P. Lynde, secretary of the corporation, resigned on August 31, 1926, and the offices of secretary and treasurer were combined, R. R. Burklin being designated as secretary and treasurer and F. C. Bassen as assistant secretary and treasurer.

A. W. MELLON, *Chairman.*
EUGENE MEYER, *Managing Director.*
GEORGE R. COOKSEY, *Director.*
FLOYD R. HARRISON, *Director.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

EXHIBIT A

Summary of advances for export and agricultural and livestock purposes under sections 21, 22, and 24 of the War Finance Corporation act, as amended, from January 4, 1921, to November 30, 1926, inclusive [1]

TABLE I [2]

	Advances approved	Advances made	Repayments	Outstanding Nov. 30, 1926 [3]
AGRICULTURAL AND LIVESTOCK ADVANCES				
To banking and financing institutions	$188,482,914.04	$172,047,085.04	$168,313,940.72	$3,679,141.15
Expense advances	37,242.64	37,242.64	30,041.26	7,201.38
To livestock loan companies	92,160,995.71	86,416,247.63	81,938,549.51	4,476,153.29
Expense advances	1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
To cooperative marketing associations	[4] 197,327,450.10	38,524,629.80	38,291,104.58	233,525.22
Total	479,300,074.72	298,316,677.34	289,840,407.61	8,420,721.73
EXPORT ADVANCES				
To exporters	9,732,608.89	7,546,902.24	7,546,556.79	
To cooperative marketing associations	5,262,183.90	2,637,755.52	2,637,755.52	
To banking and financing institutions	43,379,462.38	28,468,882.06	28,468,882.06	
Total	58,374,255.17	38,653,539.82	38,653,194.37	
TOTALS				
To exporters	9,732,608.89	7,546,902.24	7,546,556.79	
To cooperative marketing associations	202,589,634.00	41,162,385.32	40,928,860.10	233,525.22
To banking and financing institutions	231,862,376.42	200,515,967.10	196,782,822.78	3,679,141.15
Expense advances	37,242.64	37,242.64	30,041.26	7,201.38
To livestock loan companies	92,160,995.71	86,416,247.63	81,938,549.51	4,476,153.29
Expense advances	1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
Total	537,674,329.89	336,970,217.16	328,493,601.98	8,420,721.73

TABLE II

AGRICULTURAL AND LIVESTOCK ADVANCES				
Grain	$36,790,189.31	$2,543,391.80	$2,543,391.80	
Cotton	86,847,626.79	16,311,237.43	16,311,237.43	
Sugar beets	11,458,000.00	11,458,000.00	11,458,000.00	
Sugar cane	35,000.00	35,000.00	35,000.00	
Rice	13,250,000.00	6,795,304.71	6,795,304.71	
Canned fruits	300,000.00	293,242.07	293,242.07	
Dried fruits	1,250,000.00			
Peanuts	2,044,634.00	1,319,034.99	1,319,034.99	
Tobacco	56,500,000.00	11,227,418.80	10,993,893.58	$233,525.22
Hay	260,000.00			
Seeds	50,000.00			
General agricultural purposes	162,804,501.24	154,088,681.12	150,355,536.80	3,679,141.15
Expense advances	37,242.64	37,242.64	30,041.26	7,201.38
Livestock	106,381,408.51	92,916,651.55	88,438,953.43	4,476,153.29
Expenses advances	1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
Total	479,300,074.72	298,316,677.34	289,840,407.61	8,420,721.73

[1] The authority of the War Finance Corporation to make new loans expired on Dec. 31, 1924. Since that date the only advances that have been made are those designated as "expense advances," that is, advances necessary for the care and preservation of the corporation's security.

[2] In a number of instances renewals of outstanding loans were included in new applications and the funds advanced under the latter were used, in whole or in part, to retire the outstanding balances. In this and the following tables all amounts representing renewals have been eliminated and only the net additional amounts approevd, or advanced, are included.

[3] The balances outstanding on Nov. 30, 1926, represent the principal amounts carried on the corporation's books on that date, after deducting repayments and charges to profit and loss.

[4] Includes applications totaling $9,417,601.54 which were approved by the corporation but subsequently withdrawn by the applicants.

Summary of advances for export and agricultural and livestock purposes under sections 21, 22, and 24 of the War Finance Corporation act, as amended, from January 4, 1921, to November 30, 1926, inclusive—Continued

TABLE II—Continued

	Advances approved	Advances made	Repayments	Outstanding Nov. 30, 1926
EXPORT ADVANCES				
Cotton	$40,758,508.35	$26,561,441.83	$26,561,441.83	
Grain	5,777,810.69	3,277,810.69	3,277,810.69	
Canned fruits	1,120,000.00	325,060.62	325,060.62	
Tobacco	3,246,369.77	2,417,660.32	2,417,314.87	
Meat products	1,000,000.00	1,000,000.00	1,000,000.00	
Condensed milk	1,000,000.00	1,000,000.00	1,000,000.00	
Textile products	250,000.00	250,000.00	250,000.00	
Sheet steel	180,000.00	180,000.00	180,000.00	
Copper	145,600.00	145,600.00	145,600.00	
Sugar-mill machinery	470,966.36	470,966.36	470,966.36	
Agricultural machinery	500,000.00			
Railroad equipment	2,925,000.00	2,925,000.00	2,925,000.00	
Lumber	1,000,000.00	100,000.00	100,000.00	
Total	58,374,255.17	38,653,539.82	38,653,194.37	
TOTALS				
Cotton	127,606,135.14	42,872,679.26	42,872,679.26	
Grain	42,568,000.00	5,821,202.49	5,821,202.49	
Sugar beets	11,458,000.00	11,458,000.00	11,458,000.00	
Sugar cane	35,000.00	35,000.00	35,000.00	
Rice	13,250,000.00	6,795,304.71	6,795,304.71	
Canned fruits	1,420,000.00	618,302.69	618,302.69	
Dried fruits	1,250,000.00			
Peanuts	2,044,634.00	1,319,034.99	1,319,034.99	
Tobacco	59,746,369.77	13,645,079.12	13,411,208.45	$233,525.22
Hay	260,000.00			
Seeds	50,000.00			
Meat products	1,000,000.00	1,000,000.00	1,000,000.00	
Condensed milk	1,000,000.00	1,000,000.00	1,000,000.00	
Textile products	250,000.00	250,000.00	250,000.00	
Sheet steel	180,000.00	180,000.00	180,000.00	
Copper	145,600.00	145,600.00	145,600.00	
Sugar-mill machinery	470,966.36	470,966.36	470,966.36	
Agricultural machinery	500,000.00			
Railroad equipment	2,925,000.00	2,925,000.00	2,925,000.00	
Lumber	1,000,000.00	100,000.00	100,000.00	
General agricultural purposes	162,804,501.24	154,088,681.12	150,355,536.80	3,679,141.15
Expense advances	37,242.64	37,242.64	30,041.26	7,201.38
Livestock	106,381,408.51	92,916,651.55	88,438,953.43	4,476,153.29
Expense advances	1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
Total	537,674,329.89	336,970,217.16	328,493,601.98	8,420,721.73

EXHIBIT B

Advances for "agricultural and livestock purposes" under section 24 (par. 1),[1] August 24, 1921, to November 30, 1926, inclusive

TABLE I

Classification	Advances approved		Advances made	Repayments	Outstanding Nov. 30, 1926
	Number of applications	Amount			
To banking and financing institutions	7,081	$188,482,914.04	$172,047,085.04	$168,313,940.72	$3,679,141.15
Expense advances		37,242.64	37,242.64	30,041.26	7,201.38
To livestock loan companies	1,619	92,160,995.71	86,416,247.63	81,938,549.51	4,476,153.29
Expense advances		1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
To cooperative marketing associations	49	197,327,450.10	38,524,629.80	38,291,104.58	233,525.22
Total	8,749	479,300,074.72	298,316,677.34	289,840,407.61	8,420,721.73

TABLE II

Grain	$36,790,189.31	$2,543,391.80	$2,543,391.80	
Cotton	86,847,626.79	16,311,237.43	16,311,237.43	
Sugar beets	11,458,000.00	11,458,000.00	11,458,000.00	
Sugar cane	35,000.00	35,000.00	35,000.00	
Rice	13,250,000.00	6,795,304.71	6,795,304.71	
Canned fruits	300,000.00	293,242.07	293,242.07	
Dried fruits	1,250,000.00			
Peanuts	2,044,634.00	1,319,034.99	1,319,034.99	
Tobacco	56,500,000.00	11,227,418.80	10,993,893.58	$233,525.22
Hay	260,000.00			
Seeds	50,000.00			
General agricultural purposes	162,804,501.24	154,088,681.12	150,355,536.80	3,679,141.15
Expense advances	37,242.64	37,242.64	30,041.26	7,201.38
Livestock	106,381,408.51	92,916,651.55	88,438,953.43	4,476,153.29
Expense advances	1,291,472.23	1,291,472.23	1,266,771.54	24,700.69
Total	479,300,074.72	298,316,677.34	289,840,407.61	8,420,721.73

[1] Section 24 was added to the original War Finance Corporation act by the agricultural credits act of Aug. 24, 1921.

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Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE III

[Advances, by months, to banking and financing institutions, including expense advances shown in Table XI]

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1921					
October	26	$2,131,118.00	$1,278,500.00		$1,278,500.00
November	723	29,352,312.14	19,647,980.44	$83,975.00	20,842,505.44
December	1,340	41,575,985.81	34,537,726.19	171,913.10	55,208,318.53
Total	2,089	73,059,415.95	55,464,206.63	255,888.10	55,208,318.53
1922					
January	1,470	37,637,399.97	32,989,089.63	1,185,092.95	87,012,315.21
February	1,158	26,775,817.31	22,461,263.99	2,350,312.45	107,123,266.75
March	910	19,790,424.23	27,883,267.67	5,750,373.72	129,256,160.70
April	449	11,489,874.32	12,106,278.50	5,832,034.70	135,530,404.50
May	304	8,232,622.26	6,926,664.42	7,738,502.73	134,718,566.19
June	141	2,504,299.79	3,761,657.05	6,152,007.89	132,328,215.35
July	94	1,329,553.64	2,228,375.01	6,480,336.97	128,076,253.39
August	35	686,656.22	1,485,720.24	8,035,178.65	121,526,794.98
September	13	479,281.77	507,548.17	6,762,173.45	115,272,169.70
October	11	54,394.32	273,828.47	11,168,425.42	104,377,572.75
November	8	25,201.78	1,548,933.32	8,909,739.95	97,016,766.12
December	14	249,951.10	46,385.60	6,812,170.25	90,250,981.47
Total	4,607	109,255,476.71	112,219,012.07	77,176,349.13	90,250,981.47
1923					
January	20	165,553.18	148,734.80	8,463,497.32	81,936,218.95
February	8	56,151.41	100,669.22	6,233,623.20	75,803,264.97
March	13	165,011.82	37,842.23	6,677,759.61	69,163,347.59
April	19	380,729.14	59,549.00	4,764,191.43	64,458,705.16
May	11	55,904.19	81,685.70	4,196,525.85	60,343,865.01
June	9	243,032.22	109,421.97	2,893,690.84	57,559,596.14
July	8	100,678.32	24,794.38	2,179,819.46	55,404,571.06
August	6	92,449.75	90,487.92	2,120,455.27	53,374,603.71
September	6	129,546.32	133,766.59	2,422,861.67	51,085,508.63
October	4	90,039.90	308,518.12	4,170,862.79	47,223,163.96
November	1	28,385.50	45,985.50	3,563,897.39	43,705,252.07
December	4	66,927.34	46,028.37	2,963,970.43	40,787,310.01
Total	109	1,574,409.09	1,187,483.80	50,651,155.26	40,787,310.01
1924					
January	17	129,383.91		1,289,162.61	39,498,147.40
February	81	1,474,713.51	522,710.08	1,248,308.36	38,772,549.12
March	62	747,654.30	1,097,506.69	1,151,852.64	38,718,203.17
April	31	188,329.08	520,356.20	1,113,092.14	38,125,467.23
May	42	589,528.07	355,661.14	895,296.31	37,585,832.06
June	15	116,417.90	248,396.54	789,501.85	37,044,726.75
July	12	130,563.47	224,406.73	830,224.77	36,438,908.71
August	7	1,154,590.86	43,405.58	1,057,501.23	35,424,813.06
September			104,187.86	2,008,703.49	33,520,297.43
October	5	22,928.73	7,571.02	4,178,822.35	29,349,046.10
November	3	44,009.57	7,277.71	3,892,479.82	25,463,843.99
December	1	20,017.75	69,427.85	4,045,907.58	21,487,364.26
Total	276	4,618,137.15	[3] 3,200,907.40	22,500,853.15	21,487,364.26
1925					
January		[4] 300.00	[4] 300.00	1,557,881.43	19,929,782.83
February		150.00	150.00	1,359,359.03	18,570,573.80
March		2,623.62	2,623.62	1,572,016.88	17,001,180.54
April		1,893.98	1,893.98	1,042,665.34	15,960,409.18
May		1,494.27	1,494.27	894,836.04	15,067,067.41
June		1,206.30	1,206.30	934,661.64	14,133,612.07
July		951.69	951.69	674,086.25	13,460,477.51
August		381.25	381.25	678,712.06	12,782,146.70
September		334.58	334.58	1,189,994.36	11,592,486.92
October		396.59	396.59	1,267,042.57	10,325,840.94
November		31.00	31.00	1,104,457.76	9,221,414.18
December		126.09	126.09	1,687,419.21	7,534,121.06
Total		9,889.37	9,889.37	13,963,132.57	7,534,121.06

[3] Includes expense advances aggregating $24,524.86 made prior to Dec. 31, 1924.
[4] Only expense advances have been made since Dec. 31, 1924.

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE III—Continued

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1926					
January		$134.96	$134.96	$603,605.32	$6,930,650.70
February		396.55	396.55	593,287.06	6,331,295.92
March		40.00	40.00	524,838.13	5,806,497.79
April		100.00	100.00	401,002.36	5,404,245.43
May		292.50	292.50	291,744.94	5,112,503.77
June		617.97	617.97	206,490.40	4,883,891.61
July		304.06	304.06	209,274.76	4,671,935.87
August		942.37	942.37	197,709.48	4,469,060.54
September				237,038.93	4,232,021.61
October				246,149.61	3,985,872.00
November				285,462.78	3,686,342.53
Total		2,828.41	2,828.41	3,796,603.77	3,686,342.53
Grand total	7,081	188,520,156.68	172,084,327.68	168,343,981.98	3,686,342.53

TABLE IV

[Advances, by months, to livestock loan companies, including expense advances shown in Table XI]

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1921					
October	6	$837,472.98	$437,472.98		$437,472.98
November	67	10,104,476.14	8,459,777.83	$19,794.51	8,877,456.30
December	99	13,808,182.47	10,450,019.74	171,149.85	19,156,326.19
Total	172	24,750,131.59	19,347,270.55	190,944.36	19,156,326.19
1922					
January	161	12,814,353.74	11,310,363.98	386,043.33	30,080,646.84
February	168	11,340,475.48	11,855,771.54	339,359.48	41,597,058.90
March	120	7,582,865.60	9,224,932.29	898,728.70	49,923,262.49
April	110	7,070,762.17	5,184,699.12	863,447.60	54,244,514.01
May	88	4,518,925.64	8,094,351.35	2,778,368.14	59,560,497.22
June	50	2,631,194.47	2,822,176.64	1,948,307.98	60,434,365.88
July	29	1,573,359.74	1,663,258.21	1,361,020.49	60,736,603.60
August	30	840,188.00	1,608,775.03	3,819,321.28	58,526,057.35
September	16	370,714.61	600,470.61	2,254,762.49	56,871,765.47
October	10	304,350.06	325,514.73	3,840,909.83	53,356,370.37
November	19	2,450,729.22	102,580.45	4,135,970.99	49,322,979.83
December	36	1,618,921.17	610,601.89	3,446,465.98	46,487,115.74
Total	837	53,116,839.90	53,403,495.84	26,072,706.29	46,487,115.74
1923					
January	38	603,419.24	1,653,078.13	3,003,112.59	45,137,081.28
February	53	1,450,106.37	800,121.40	1,909,326.66	44,027,876.02
March	44	549,750.71	1,025,444.35	1,869,168.41	43,184,151.96
April	26	316,847.22	709,194.57	1,944,946.89	41,948,399.64
May	31	314,779.46	199,622.53	1,454,188.75	40,693,833.42
June	26	468,739.58	617,502.64	1,788,049.87	39,523,286.19
July	13	263,472.43	127,196.24	1,087,547.69	38,562,934.74
August	7	56,118.17	374,704.66	1,893,631.46	37,044,007.94
September	31	1,710,962.88	166,418.87	1,965,204.17	35,245,222.64
October	18	230,877.81	439,134.36	3,376,732.92	32,307,624.08
November	8	268,038.24	191,315.28	3,004,458.38	29,494,480.98
December	30	1,118,223.64	887,717.97	3,264,350.51	27,117,868.44
Total	325	7,351,335.75	7,191,451.00	26,560,698.30	27,117,868.44

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE IV—Continued

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1924					
January	32	$1,820,899.25	$434,853.72	$973,650.41	$26,579,071.75
February	35	744,762.65	830,270.08	1,233,141.82	26,176,200.01
March	53	1,311,304.59	1,288,207.44	879,780.10	26,584,627.35
April	25	242,394.08	746,334.99	522,099.84	26,808,862.50
May	23	262,102.00	533,947.27	1,307,811.22	26,034,998.55
June	21	279,487.64	226,301.81	811,644.88	25,449,655.48
July	15	279,335.03	202,879.57	838,413.53	24,814,121.52
August	12	354,290.70	267,734.09	993,907.19	24,087,948.42
September	6	71,788.24	229,550.26	1,018,467.00	23,299,031.68
October	10	123,768.11	117,513.00	2,308,803.27	21,107,741.41
November	20	701,772.40	450,871.47	2,583,338.15	18,975,274.73
December	33	798,593.88	1,193,376.64	2,516,185.85	17,652,465.52
Total	285	6,990,498.57	[5] 6,521,840.34	15,987,243.26	17,652,465.52
1925					
January	-------	[6] 113,626.55	[6] 113,626.55	537,861.57	17,228,230.50
February	-------	152,019.36	152,019.36	667,978.84	16,712,271.02
March	-------	101,529.09	101,529.09	499,392.06	16,314,408.05
April	-------	51,932.51	51,932.51	1,108,587.59	15,257,752.97
May	-------	150,052.77	150,052.77	442,121.85	14,965,683.89
June	-------	67,039.02	67,039.02	776,566.19	14,256,156.72
July	-------	61,981.24	61,981.24	563,847.70	13,754,290.26
August	-------	35,687.11	35,687.11	581,978.59	13,207,998.78
September	-------	57,920.38	57,920.38	910,794.31	12,355,124.85
October	-------	49,451.71	49,451.71	1,182,887.42	11,221,689.14
November	-------	30,016.31	30,016.31	1,297,341.53	9,954,363.92
December	-------	57,047.73	57,047.73	2,474,200.59	7,537,211.06
Total	-------	928,303.78	928,303.78	11,043,558.24	7,537,211.06
1926					
January	-------	26,265.22	26,265.22	310,109.23	7,253,367.05
February	-------	30,656.60	30,656.60	196,498.44	7,087,525.21
March	-------	24,275.50	24,275.50	265,208.08	6,846,592.63
April	-------	29,366.29	29,366.29	87,988.15	6,787,970.77
May	-------	55,706.33	55,706.33	392,840.83	6,450,836.27
June	-------	17,869.72	17,869.72	469,084.19	5,998,076.97
July	-------	43,292.81	43,292.81	207,122.36	5,834,247.42
August	-------	18,615.31	18,615.31	113,519.83	5,739,342.90
September	-------	21,389.05	21,389.05	658,976.15	5,101,755.80
October	-------	41,590.47	41,590.47	213,863.51	4,929,482.76
November	-------	6,331.05	6,331.05	434,959.83	4,500,853.98
Total	-------	315,358.35	315,358.35	3,350,170.60	4,500,853.98
Grand total	1,619	93,452,467.94	87,707,719.86	83,205,321.05	4,500,853.98

[5] Includes expense advances aggregating $47,810.10 made prior to Dec. 31, 1924.
[6] Only expense advances have been made since Dec. 31, 1924.

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE V

[Advances, by months, to cooperative marketing associations]

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1921					
September	1	$1,200,000.00			
October	1	15,000,000.00	$640,995.93		$640,995.93
November	5	23,725,460.44	2,986,782.95	$2,325.61	3,625,453.27
December	3	7,250,000.00	4,521,457.01	171,555.53	7,975,354.75
Total	10	47,175,460.44	8,149,235.89	173,881.14	7,975,354.75
1922					
January	2	1,212,355.66	1,759,093.49	189,357.30	9,545,090.94
February	1	10,000,000.00	974,687.05	496,811.25	10,022,966.74
March			477,356.29	3,424,043.11	7,076,279.92
April	2	134,403.00	278,174.00	2,572,855.91	4,781,598.01
May	4	555,231.00	4,208,839.25	2,084,222.45	6,906,214.81
June			12,547.00	1,066,420.70	5,852,341.11
July				980,036.38	4,872,304.73
August	6	43,060,000.00	700,000.00	629,700.17	4,942,604.56
September	3	15,500,000.00	111,611.69	325,632.65	4,728,583.60
October	5	23,500,000.00	879,626.36	450,014.46	5,158,195.50
November	8	31,690,000.00	6,336,346.51	2,173,381.76	9,321,160.25
December	2	7,500,000.00	4,758,786.45	2,303,092.61	11,776,854.09
Total	33	133,151,989.66	20,497,068.09	16,695,568.75	11,776,854.09
1923					
January	1	5,000,000.00	1,607,396.10	1,211,991.28	12,172,258.91
February			299,843.44	1,865,210.82	10,606,891.57
March			329,319.23	2,029,085.59	8,907,125.13
April			5,089,161.02	1,468,506.87	12,527,779.32
May				1,566,340.32	10,961,439.00
June				2,205,954.30	8,755,484.70
July				1,408,814.69	7,346,670.01
August	2	4,000,000.00		2,744,038.02	4,602,631.99
September	2	6,500,000.00		1,334,550.71	3,268,081.28
October	1	1,500,000.00	1,618,368.42	831,176.23	4,055,273.47
November			345,193.05	1,202,028.84	3,198,437.68
December			440,167.22	1,389,738.71	2,248,866.19
Total	6	17,000,000.00	9,729,448.48	19,257,436.38	2,248,866.19
1924					
January			133,583.19	239,302.17	2,143,147.21
February			15,294.15	180,294.50	1,978,146.86
March				179,181.86	1,798,965.00
April				276,229.61	1,522,735.39
May				223,723.22	1,299,012.17
June				6,476.60	1,292,535.57
July				22,697.45	1,269,838.12
August					1,269,838.12
September				2,435.30	1,267,402.82
October				38,609.90	1,228,792.92
November				7,772.10	1,221,020.82
December				121,012.75	1,100,008.07
Total			148,877.34	1,297,735.46	1,100,008.07
1925					
January				25,330.65	1,074,677.42
February				108.68	1,074,568.74
March				100,000.00	974,568.74
April				36,203.94	938,364.80
May				95,738.95	842,625.85
June				11,177.90	831,447.95
July				4,945.35	826,502.60
August				77,254.30	749,248.30
September				10,061.55	739,186.75
October				12,567.30	726,619.45
November				60,738.00	665,881.45
December				172,932.18	492,949.27
Total				607,058.80	492,949.27

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE V—Continued

Month	Advances approved		Advanced made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1926					
January				$41,226.75	$451,722.52
February				9,919.45	441,803.07
March				6,090.85	435,712.22
April				63,665.91	372,046.31
May				65,410.77	306,635.54
June				221.85	306,413.69
July				9,307.40	297,106.29
August				1,690.83	295,415.46
September					295,415.46
October				56,778.27	238,637.19
November				5,111.97	233,525.22
Total				259,424.05	233,525.22
Grand total	49	$197,327,450.10	$38,524,629.80	38,291,104.58	233,525.22

TABLE VI

[Total advances, by months, including expense advances shown in Table XI]

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1921					
September	1	$1,200,000.00			
October	33	17,968,590.98	$2,356,968.91		$2,356,968.91
November	795	63,182,248.72	31,094,541.22	$106,095.12	33,345,415.01
December	1,442	62,634,168.28	49,509,202.94	514,618.48	82,339,999.47
Total	2,271	144,985,007.98	82,960,713.07	620,713.60	82,339,999.47
1922					
January	1,633	51,664,109.37	46,058,547.10	1,760,493.58	126,638,052.99
February	1,327	48,116,292.79	35,291,722.58	3,186,483.18	158,743,292.39
March	1,030	27,373,289.83	37,585,556.25	10,073,145.53	186,255,703.11
April	561	18,695,039.49	17,569,151.62	9,268,338.21	194,556,516.52
May	396	13,306,778.90	19,229,855.02	12,601,093.32	201,185,278.22
June	191	5,135,494.26	6,596,380.69	9,166,736.57	198,614,922.34
July	123	2,902,913.38	3,891,633.22	8,821,393.84	193,685,161.72
August	71	44,586,844.22	3,794,495.27	12,484,200.10	184,995,456.89
September	32	16,349,996.38	1,219,630.47	9,342,568.59	176,872,518.77
October	26	23,858,744.38	1,478,969.56	15,459,349.71	162,892,138.62
November	35	34,165,931.00	7,987,860.28	15,219,092.70	155,660,906.20
December	52	9,368,872.27	5,415,773.94	12,561,728.84	148,514,951.30
Total	5,477	295,524,306.27	186,119,576.00	119,944,624.17	148,514,951.30
1923					
January	59	5,768,972.42	3,409,209.03	12,678,601.19	139,245,559.14
February	61	1,506,257.78	1,200,634.06	10,008,160.68	130,438,032.52
March	57	714,762.53	1,392,605.81	10,576,013.61	121,254,624.72
April	45	697,576.36	5,857,904.59	8,177,645.19	118,934,884.12
May	42	370,683.65	281,308.23	7,217,054.92	111,999,137.43
June	35	711,771.80	726,924.61	6,887,695.01	105,838,367.03
July	21	364,150.75	151,990.62	4,676,181.84	101,314,175.81
August	15	4,148,567.92	465,192.58	6,758,124.75	95,021,243.64
September	39	8,340,509.20	300,185.46	5,722,616.55	89,598,812.55
October	23	1,820,917.71	2,366,020.90	8,378,771.94	83,586,061.51
November	9	296,423.74	582,493.83	7,770,384.61	76,398,170.73
December	34	1,185,150.98	1,373,913.56	7,618,039.65	70,154,044.64
Total	440	25,925,744.84	18,108,383.28	96,469,289.94	70,154,044.64

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE VI—Continued

Month	Advances approved		Advances made	Repayments	Outstanding at end of month
	Number of applications	Amount			
1924					
January	49	$1,950,283.16	$568,436.91	$2,502,115.19	$68,220,366.36
February	116	2,219,476.16	1,368,274.31	2,661,744.68	66,926,895.99
March	115	2,058,958.89	2,385,714.13	2,210,814.60	67,101,795.52
April	56	430,723.16	1,266,691.19	1,911,421.59	66,457,065.12
May	65	851,630.07	889,608.41	2,426,830.75	64,919,842.78
June	36	395,905.54	474,698.35	1,607,623.33	63,786,917.80
July	27	409,898.50	427,286.30	1,691,335.75	62,522,868.35
August	19	1,508,881.56	311,139.67	2,051,408.42	60,782,599.60
September	6	71,788.24	333,738.12	3,029,605.79	58,086,731.93
October	15	146,696.84	125,084.02	6,526,235.52	51,685,580.43
November	23	745,781.97	458,149.18	6,483,590.07	45,660,139.54
December	34	818,611.63	1,262,804.49	6,683,106.18	40,239,837.85
Total	561	11,608,635.72	[7] 9,871,625.08	39,785,831.87	40,239,837.85
1925					
January		[8] 113,926.55	[8] 113,926.55	2,121,073.65	38,232,690.75
February		152,169.36	152,169.36	2,027,446.55	36,357,413.56
March		104,152.71	104,152.71	2,171,408.94	34,290,157.33
April		53,826.49	53,826.49	2,187,456.87	32,156,526.95
May		151,547.04	151,547.04	1,432,696.84	30,875,377.15
June		68,245.32	68,245.32	1,722,405.73	29,221,216.74
July		62,932.93	62,932.93	1,242,879.30	28,041,270.37
August		36,068.36	36,068.36	1,337,944.95	26,739,393.78
September		58,254.96	58,254.96	2,110,850.22	24,686,798.52
October		49,848.30	49,848.30	2,462,497.29	22,274,149.53
November		30,047.31	30,047.31	2,462,537.29	19,841,659.55
December		57,173.82	57,173.82	4,334,551.98	15,564,281.39
Total		938,193.15	938,193.15	25,613,749.61	15,564,281.39
1926					
January		26,400.18	26,400.18	954,941.30	14,635,740.27
February		31,053.15	31,053.15	799,704.95	13,860,624.20
March		24,315.50	24,315.50	796,137.06	13,088,802.64
April		29,466.29	29,466.29	552,656.42	12,564,262.51
May		55,998.83	55,998.83	749,996.54	11,869,975.58
June		18,487.69	18,487.69	675,796.44	11,188,382.27
July		43,596.87	43,596.87	425,704.52	10,803,289.58
August		19,557.68	19,557.68	312,920.14	10,503,818.90
September		21,389.05	21,389.05	896,015.08	9,629,192.87
October		41,590.47	41,590.47	516,791.39	9,153,991.95
November		6,331.05	6,331.05	725,534.58	8,420,721.73
Total		318,186.76	318,186.76	7,406,198.42	8,420,721.73
Grand total	8,749	479,300,074.72	298,316,677.34	289,840,407.61	8,420,721.73

[7] Includes expense advances aggregating $72,334.96 made prior to Dec. 31, 1924.
[8] Only expense advances have been made since Dec. 31, 1924.

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE VII

[Advances, by States, to banking and financing institutions, including expense advances shown in Table XI]

State	Advances approved		Advances made		Repayments	Outstanding Nov. 30, 1926	
	Number of applications	Amount	Number of banks	Amount		Number of banks	Amount
Alabama	68	$875,453.30	40	$798,166.62	$796,510.34	1	$1,656.28
Arizona	8	942,466.08	4	395,466.08	395,466.08		
Arkansas	25	677,200.00	21	624,415.78	624,415.78		
California	11	266,360.00	5	203,320.00	203,320.00		
Colorado	45	1,907,657.92	23	1,860,055.46	1,860,055.46		
Florida	13	332,950.00	10	325,578.70	325,578.70		
Georgia	405	7,453,236.00	215	6,607,141.63	5,905,324.29	29	674,388.19
Idaho	52	2,389,834.96	28	1,047,750.93	1,024,799.63	3	17,183.86
Illinois	133	5,268,332.36	119	5,109,997.36	5,109,997.36		
Indiana	56	1,514,751.48	41	1,162,454.32	1,162,454.32		
Iowa	821	24,595,038.28	529	24,210,020.99	24,089,311.90	10	113,730.49
Kansas	195	3,967,151.72	141	3,680,197.16	3,664,426.82	2	15,770.34
Kentucky	11	506,388.56	8	384,144.51	384,144.51		
Louisiana	12	1,689,399.77	7	1,355,399.77	1,355,399.77		
Michigan	6	175,000.00	6	175,000.00	175,000.00		
Minnesota	652	13,913,372.70	402	12,287,738.30	11,930,819.42	39	356,918.88
Mississippi	13	1,602,838.19	9	1,283,410.00	1,283,410.00		
Missouri	145	3,816,322.35	119	3,503,875.68	3,423,007.14	5	80,868.54
Montana	355	8,298,554.51	203	7,780,686.83	7,444,513.40	45	336,173.43
Nebraska	685	10,614,868.57	364	10,201,160.65	10,185,240.42	3	15,920.23
Nevada	2	248,000.00	2	248,000.00	248,000.00		
New Mexico	15	352,594.19	11	346,234.19	336,076.38	2	10,157.81
New York	2	600,000.00	1	600,000.00	587,100.00	1	12,900.00
North Carolina	173	9,295,453.34	130	8,747,572.38	8,703,379.92	3	44,192.46
North Dakota	1,103	21,659,343.69	598	19,913,226.97	18,771,708.12	110	1,138,533.81
Ohio	40	1,513,806.00	33	1,343,096.00	1,343,096.00		
Oklahoma	375	4,671,970.96	197	4,121,670.78	4,071,146.79	5	50,523.99
Oregon	42	1,661,244.70	28	1,583,151.25	1,571,646.21	2	5,314.97
South Carolina	296	11,052,582.75	170	9,567,587.10	9,429,773.02	11	137,814.08
South Dakota	686	17,248,855.05	394	15,958,915.39	15,313,664.34	54	645,251.05
Tennessee	107	3,781,673.43	81	3,154,402.39	3,145,349.53	1	9,052.86
Texas	238	5,707,553.13	160	4,636,198.50	4,636,198.50		
Utah	12	10,323,000.00	2	10,323,000.00	10,323,000.00		
Virginia	24	2,138,200.00	14	2,016,008.78	2,016,008.78		
Washington	29	690,641.30	21	590,641.30	590,641.30		
Wisconsin	203	6,177,258.18	174	5,690,374.19	5,665,730.06	1	19,991.26
Wyoming	23	590,803.21	7	248,267.69	248,267.69		
Total	7,081	188,520,156.68	4,317	172,084,327.68	168,343,981.98	327	3,686,342.53

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE VIII

[Advances, by States, to livestock loan companies, including expense advances shown in Table XI]

State	Advances approved		Advances made		Repayments	Outstanding Nov. 30, 1926	
	Number of applications	Amount	Number of companies	Amount		Number of companies	Amount
Arizona	49	$4,973,644.46	6	$3,891,624.94	$3,204,061.98	3	$687,562.96
California	31	2,543,650.82	3	2,493,120.83	2,147,957.97	3	345,162.86
Colorado	272	10,947,147.65	17	10,120,842.57	9,966,015.25	1	153,282.49
Florida	1	400,000.00	1	400,000.00	400,000.00		
Idaho	223	5,267,181.86	7	4,763,691.34	4,763,691.34		
Illinois	2	1,550,457.63	2	1,550,457.63	1,550,457.63		
Kansas	23	1,152,733.91	4	1,105,133.91	1,105,133.91		
Minnesota	2	353,458.80	1	353,458.80	353,458.80		
Missouri	67	4,791,447.37	11	4,611,337.09	4,506,989.90	2	104,347.19
Montana	48	4,647,171.35	5	4,250,484.30	4,214,888.45	1	35,595.85
Nebraska	39	1,734,067.40	7	1,604,420.00	1,604,420.00		
Nevada	7	715,000.00	1	672,000.00	672,000.00		
New Mexico	153	10,417,913.94	4	10,117,901.65	7,361,765.75	3	2,756,135.90
North Dakota	1	148,800.00					
Oklahoma	1	40,000.00	1	40,000.00	40,000.00		
Oregon	42	5,201,769.16	8	5,112,626.05	5,090,373.91	1	22,252.14
South Dakota	4	201,000.00	2	188,500.00	188,500.00		
Texas	332	22,178,275.98	25	22,081,150.28	21,684,635.69	3	396,514.59
Utah	26	4,121,826.18	2	2,598,755.00	2,598,755.00		
Washington	35	371,502.67	2	330,592.67	330,592.67		
Wyoming	261	11,695,418.76	5	11,421,622.80	11,421,622.80		
Total	1,619	93,452,467.94	114	87,707,719.86	83,205,321.05	17	4,500,853.98

TABLE IX

[Advances, by States, to cooperative marketing associations]

State	Advances approved		Advances made		Repayments	Outstanding Nov. 30, 1926	
	Number of applications	Amount	Number of associations	Amount		Number of associations	Amount
Alabama	2	$3,100,000.00					
Arizona	2	2,400,000.00	1	$701,617.42	$701,617.42		
Arkansas	6	14,250,000.00	1	3,350,089.35	3,350,089.35		
California	5	7,050,000.00	2	2,860,648.30	2,860,648.30		
Georgia	2	5,035,000.00	1	35,000.00	35,000.00		
Idaho	2	2,462,355.66	1	21,024.93	21,024.93		
Illinois	1	50,000.00					
Kansas	1	2,500,000.00					
Kentucky	5	26,500,000.00	2	6,232,531.02	5,999,005.80	1	$233,525.22
Louisiana	2	2,000,000.00	1	877,809.13	877,809.13		
Minnesota	1	[9] 15,000,000.00	1	12,200.00	12,200.00		
Mississippi	2	12,060,060.29	1	8,889,220.01	8,889,220.01		
Montana	1	1,500,000.00	1	1,338,876.02	1,338,876.02		
North Carolina	2	[10] 40,000,000.00	1	4,994,887.78	4,994,887.78		
North Dakota	1	5,000,000.00	1	1,043,785.49	1,043,785.49		
Oklahoma	3	14,500,000.00	2	2,330,910.68	2,330,910.68		
South Carolina	2	15,000,000.00	1	2,670,000.00	2,670,000.00		
Texas	5	19,547,566.50	1	1,723,100.00	1,723,100.00		
Virginia	2	2,044,634.00	1	1,319,034.99	1,319,034.99		
Washington	2	7,327,833.65	1	123,894.68	123,894.68		
Total	49	[11] 197,327,450.10	20	38,524,629.80	38,291,104.58	1	233,525.22

[9] This amount represents an advance authorized to a cooperative marketing association doing business in Minnesota, North Dakota, and South Dakota.

[10] $30,000,000 of this amount represents an advance authorized to a cooperative marketing association doing business in North Carolina, South Carolina, and Virginia.

[11] Includes advances aggregating $27,387,816.10 originally applied for an approved for export purposes (under section 21) and subsequently withdrawn by the applicants and resubmitted and approved as advances for agricultural purposes under section 24.

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE X

[Total advances, by States, including expense advances shown in Table XI]

State	Advances approved		Advances made		Repayments	Outstanding Nov. 30, 1926	
	Number of applications	Amount	Number of institutions	Amount		Number of institutions	Amount
Alabama	70	$3,975,453.30	40	$798,166.62	$796,510.34	1	$1,656.28
Arizona	59	8,316,110.54	11	4,988,708.44	4,301,145.48	3	687,562.96
Arkansas	31	14,927,200.00	22	3,974,505.13	3,974,505.13		
California	47	9,860,010.82	10	5,557,089.13	5,211,926.27	3	345,162.86
Colorado	317	12,854,805.57	40	11,980,898.03	11,826,070.71	1	153,282.49
Florida	14	732,950.00	11	725,578.70	725,578.70		
Georgia	407	12,488,236.00	216	6,642,141.63	5,940,324.29	29	674,388.19
Idaho	277	10,119,372.48	36	5,832,467.20	5,809,515.90	3	17,183.80
Illinois	136	6,868,789.99	121	6,660,454.99	6,660,454.99		
Indiana	56	1,514,751.48	41	1,162,454.32	1,162,454.32		
Iowa	821	24,595,038.28	529	24,210,020.99	24,089,311.90	10	113,730.49
Kansas	219	7,619,885.63	145	4,785,331.07	4,769,560.73	2	15,770.34
Kentucky	16	27,006,388.56	10	6,616,675.53	6,383,150.31	1	233,525.22
Louisiana	14	3,689,399.77	8	2,233,208.90	2,233,208.90		
Michigan	6	175,000.00	6	175,000.00	175,000.00		
Minnesota	655	29,266,831.50	404	12,653,397.10	12,296,478.22	39	356,918.88
Mississippi	15	13,662,898.48	10	10,172,630.01	10,172,630.01		
Missouri	212	8,607,769.72	130	8,115,212.77	7,929,997.04	7	185,215.73
Montana	404	14,445,725.86	209	13,370,047.15	12,998,277.87	46	371,769.28
Nebraska	724	12,348,935.97	371	11,805,580.65	11,789,660.42	3	15,920.23
Nevada	9	963,000.00	3	920,000.00	920,000.00		
New Mexico	168	10,770,508.13	15	10,464,135.84	7,697,842.13	5	2,766,293.71
New York	2	600,000.00	1	600,000.00	587,100.00	1	12,900.00
North Carolina	175	49,295,453.34	131	13,742,460.16	13,698,267.70	3	44,192.46
North Dakota	1,105	26,808,143.69	599	20,957,012.46	19,815,493.61	110	1,138,533.81
Ohio	40	1,513,806.00	33	1,343,096.00	1,343,096.00		
Oklahoma	379	19,211,970.96	200	6,492,581.46	6,442,057.47	5	50,523.99
Oregon	84	6,863,013.86	36	6,695,777.30	6,662,020.12	3	27,567.11
South Carolina	298	26,052,582.75	171	12,237,587.10	12,099,773.02	11	137,814.08
South Dakota	690	17,449,855.05	396	16,147,415.39	15,502,164.34	54	645,251.05
Tennessee	107	3,781,673.43	81	3,154,402.39	3,145,349.53	1	9,052.86
Texas	575	47,433,395.61	186	28,440,448.78	28,043,934.19	3	396,514.59
Utah	38	14,444,826.18	4	12,921,755.00	12,921,755.00		
Virginia	26	4,182,834.00	15	3,335,043.77	3,335,043.77		
Washington	66	8,389,977.62	24	1,045,128.65	1,045,128.65		
Wisconsin	203	6,177,258.18	174	5,690,374.19	5,665,730.06	1	19,991.26
Wyoming	284	12,286,221.97	12	11,669,890.49	11,669,890.49		
Total	8,749	479,300,074.72	4,451	298,316,677.34	289,840,407.61	345	8,420,721.73

Advances for "agricultural and livestock purposes" under section 24 (par. 1) August 24, 1921, to November 30, 1926, inclusive—Continued

TABLE XI.—EXPENSE ADVANCES

A. In Connection with Agricultural and Livestock Loans under Section 24 (Par. I), by States

State	Advances made		Repayments	Outstanding Nov. 30, 1926	
	Number of institutions	Amount		Number of institutions	Amount
BANKING INSTITUTIONS					
Georgia	10	$2,543.28	$359.56	9	$2,183.72
Idaho	2	4,274.96	4,133.88	1	141.08
Missouri	1	175.00		1	175.00
Montana	34	19,080.60	18,564.67	6	515.93
Nebraska	1	301.70	143.55	1	158.15
New Mexico	1	1,157.25	1,157.25		
North Carolina	1	18.00	18.00		
North Dakota	11	5,660.45	1,672.95	2	3,987.50
Oregon	1	3,141.40	3,141.40		
South Dakota	1	40.00		1	40.00
Washington	1	850.00	850.00		
Total	64	37,242.64	30,041.26	21	7,201.38
LIVESTOCK LOAN COMPANIES					
Arizona	3	165,852.89	165,852.89		
California	1	15,339.54	14,628.56	1	710.98
Colorado	1	12,041.25	12,041.25		
Missouri	2	72,681.76	72,681.76		
Montana	1	1,359.66	1,359.66		
New Mexico	3	887,593.19	869,480.00	1	18,113.19
Texas	3	136,603.94	130,727.42	2	5,876.52
Total	14	1,291,472.23	1,266,771.54	4	24,700.69
Grand total	78	1,328,714.87	1,296,812.80	25	31,902.07

B. In Connection with Livestock Loans under Section 9

Texas		$15,190.70	$14,790.70		
Total expense advances		1,343,905.57	1,311,603.50	25	$31,902.07

EXHIBIT C

Advances to assist in financing exports under sections 21, 22, and 24 (par. 2), January 4, 1921, to November 30, 1926, inclusive [1]

TABLE I

Classification	Advances approved	Advances made	Repayments
To exporters	$9,732,608.89	$7,546,902.24	$7,546,556.79
To cooperative marketing associations	5,262,183.90	2,637,755.52	2,637,755.52
To banking and financing institutions	43,379,462.38	28,468,882.06	28,468,882.06
Total	[2] 58,374,255.17	38,653,539.82	38,653,194.37

TABLE II

Grain	$5,777,810.69	$3,277,810.69	$3,277,810.69
Tobacco	3,246,369.77	2,417,660.32	2,417,314.87
Cotton	40,758,508.35	26,561,441.83	26,561,441.83
Canned fruits	1,120,000.00	325,060.62	325,060.62
Meat products	1,000,000.00	1,000,000.00	1,000,000.00
Condensed milk	1,000,000.00	1,000,000.00	1,000,000.00
Textile products	250,000.00	250,000.00	250,000.00
Sheet steel	180,000.00	180,000.00	180,000.00
Copper	145,600.00	145,600.00	145,600.00
Sugar-mill machinery	470,966.36	470,966.36	470,966.36
Agricultural machinery	500,000.00		
Railroad equipment	2,925,000.00	2,925,000.00	2,925,000.00
Lumber	1,000,000.00	100,000.00	100,000.00
Total	[2] 58,374,255.17	38,653,539.82	38,653,194.37

[1] Sec. 21 was added to the original War Finance Corporation act by the act of Mar. 3, 1919, and secs. 22 and 24 by the agricultural credits act of Aug. 24, 1921.

[2] Does not include advances aggregating $27,387,816.10 applied for and approved under sec. 21 for export purposes and subsequently withdrawn by the applicants and resubmitted and approved as advances for agricultural purposes under sec. 24.

EXHIBIT D

Total advances made by the War Finance Corporation from May 20, 1918, to November 30, 1926, inclusive

	Amounts advanced	Outstanding Nov. 30, 1926
Advances under the war powers of the corporation	$366,756,020.76	$16,744,700.00
Expense advances (livestock loans)	15,190.70	
Advances for export purposes prior to the resumption of operations in January, 1921	46,347,654.27	
Advances for export purposes since the resumption of operations in January, 1921	38,653,539.82	
Advances for agricultural and livestock purposes under the act of Aug. 24, 1921, as amended	296,987,962.47	8,388,819.66
Expense advances	1,328,714.87	31,902.07
Total	690,089,082.89	25,165,421.73

When the corporation resumed operations in January, 1921, there was outstanding the sum of $111,117,610.41.

EXHIBIT E

Statement of condition as shown by the books of the War Finance Corporation at the close of business November 30, 1926

ASSETS

Cash:		
Cash on deposit with the Treasurer of the United States	$37,865,810.14	
Agency special expense funds	900.00	
Funds held by custodians	14,321.60	
		$37,881,031.74
Loans:		
Section 9—		
Public utilities	$16,544,700.00	
Industrial corporations	200,000.00	
	[1] 16,744,700.00	
Section 24. Paragraph 1 (agricultural and livestock purposes)	[2] 8,417,587.67	
Expense advances	31,902.07	
		25,194,189.74
Other assets:		
Accrued interest receivable as of Sept. 30, 1926, less net interest collected and adjustments since that date [4]		[3] 2,547,078.23
Furniture and equipment		1.00
Total		65,622,300.71

LIABILITIES

Capital and surplus:		
Capital stock		1,000,000.00
Net earnings to Dec. 31, 1925 (adjusted)	$63,494,529.68	
Current year's earnings to Nov. 30, 1926	425,330.88	
		63,919,860.56
Current liabilities:		
One year 5 per cent gold bonds, series "A," outstanding	13,000.00	
Interest coupons due on one-year 5 per cent gold bonds, outstanding	775.00	
Proceeds of collections, pending settlements, etc	687,859.20	
Interest accrued on proceeds of collections, pending settlements, etc., as of Sept. 30, 1926, less interest paid on such proceeds since that date	805.95	
		702,440.15
Total		65,622,300.71

[1] Carried on the books in war loan liquidation account.
[2] Includes $746,657.49, carried on the books in bank and livestock loan liquidation account.
[3] Includes $1,789,041.57 carried on the books in war loan liquidation account.
[4] Interest is accrued and set up on the corporation's books quarterly.

As all earnings of the corporation constitute a reserve fund (in accordance with section 15 of the War Finance Corporation act), no special reserves are set up against contingencies.

The above figures are taken from the books of the War Finance Corporation as of Nov. 30, 1926, and do not include items in transit from agencies and custodian banks on that date or accrued expense payable.

EXHIBIT F

Statement of receipts and disbursements as shown by the books of the War Finance Corporation from December 1, 1925, to November 30, 1926

RECEIPTS

Receipts on account of—		
Advances under—		
Section 9, cattle loans	$24,663.64	
Section 24, paragraph 1 (including expense advances)	10,546,987.87	
		$10,571,651.51
Earned interest		725,088.34
War-loan liquidation account		1,470,632.00
Proceeds of collections, pending settlements, etc		1,805,045.75
Reimbursement of sundry expenses		72,267.95
Sale of furniture and office equipment		5,689.80
Funds remitted to the corporation and later refunded		2,384.20
Total receipts from Dec. 1, 1925, to Nov. 30, 1926		14,652,759.55
Cash on deposit with the Treasurer of the United States Nov. 30, 1925		24,635,528.25
Agency special expense funds, Nov. 30, 1925		1,000.00
Total		39,289,287.80

DISBURSEMENTS

Disbursements on account of—	
Expense advances	375,103.85
Proceeds of collections, pending settlements, etc., released	417,610.26
Refunds of overpaid interest	5,920.70
Administrative expenses	607,017.42
Furniture and office equipment	219.63
Sundry refunds	2,384.20
Total disbursements from Dec. 1, 1925, to Nov. 30, 1926	1,408,256.06
Cash on deposit with the Treasurer of the United States, Nov. 30, 1926	37,865,810.14
Funds held by custodians, Nov. 30, 1926	14,321.60
Agency special expense funds, Nov. 30, 1926	900.00
Total	39,289,287.80

EXHIBIT G

Agricultural loan agencies of the War Finance Corporation

Headquarters	Committee
Atlanta, Ga., Federal Reserve Bank Building.	James S. Floyd, chairman, Atlanta, Ga. L.R. Adams, vice chairman, Atlanta, Ga. Henry W. Davis, Atlanta, Ga. R. C. Williams, Atlanta, Ga. Augustus E. Young, Cedartown, Ga. Mills B. Lane, Savannah, Ga. C. W. Skinner, Waynesborough, Ga. Henry M. Hobbie, Montgomery, Ala. Charles E. Taylor, Wilmington, N. C. T. R. Preston, Chattanooga, Tenn. L. H. Paulger, secretary, Atlanta, Ga.
Denver, Colo., Federal Reserve Bank Building.	Albert A. Reed, chairman, Denver, Colo. W. B. Morrison, vice chairman, Denver, Colo. Lou D. Sweet, Denver, Colo. D. T. Stone, Grand Junction, Colo. George F. Trotter, Pueblo, Colo. James K. Roche, secretary, Denver, Colo.
Minneapolis, Minn., 73 South Fifth Street.	R. E. MacGregor, chairman, Minneapolis, Minn. P. J. Leeman, vice chairman, Minneapolis, Minn. G. C. Holmberg, Minneapolis, Minn. M. O. Grangaard, Minneapolis, Minn. W. R. Murray, Minneapolis, Minn. A. A. Bennett, Renville, Minn. I. E. Hansen, St. Paul, Minn. John A. Oace, St. Paul, Minn. S. L. Prentiss, Winona, Minn. J. L. Bell, Bismarck, N. Dak. E. J. Weiser, Fargo, N. Dak. R. E. Barron, Minot, N. Dak. M. P. Beebe, Ipswich, S. Dak. T. A. Marlow, Helena, Mont. R. A. Brownell, secretary, Minneapolis, Minn.
Portland, Oreg., 411 Spalding Building.	Edward Cookingham, chairman, Portland, Oreg. W. L. Thompson, vice chairman, Portland, Oreg. Charles Stewart, Portland, Oreg. F. L. Meyers, LaGrande, Oreg. William S. Walton, Salem, Oreg. W. B. Mann, secretary, Portland, Oreg.
Santa Fe, N. Mex., 201-202 Gallisteo Building.	Levi A. Hughes, chairman, Santa Fe, N. Mex. James K. Hislop, member and secretary, Santa Fe, N. Mex.
St. Louis, Mo., care of Federal Intermediate Credit Bank.	A. O. Wilson, chairman, St. Louis, Mo. W. L. Hemingway, St. Louis, Mo. E. C. Stuart, St. Louis, Mo. T. C. Tupper, St. Louis, Mo. E. J. Deal, Cape Girardeau, Mo. W. C. Gordon, Marshall, Mo. John F. Aven, Springfield, Mo. E. E. Crabtree, Jacksonville, Ill. J. R. Cosgrove, secretary, St. Louis, Mo.

Agricultural loan agencies of the War Finance Corporation—Continued

AGENCIES DISCONTINUED

Agencies	Records and outstanding loans transferred to—	Date
Detroit, Mich.	Chicago agency	June 13, 1922
Indianapolis, Ind.	do	Do.
Richmond, Va.	Washington, D. C.	Oct. 16, 1922
Louisville, Ky.	St. Louis agency	June 1, 1923
Jackson, Miss.	Little Rock agency	July 1, 1923
Columbus, Ohio	Chicago agency	Nov. 30, 1923
Salt Lake City, Utah [1]	Washington, D. C.	Do.
New Orleans, La.[2]	do	Dec. 15, 1923
Springfield, Mass.[3]	do	Do.
Little Rock, Ark.	Atlanta and St. Louis agencies	Dec. 31, 1923
Montgomery, Ala.	Atlanta agency	Do.
San Francisco, Calif.	Washington, D. C.	Do.
Sioux Falls, S. Dak.[4]	Minneapolis agency	Apr. 15, 1924
Chattonooga, Tenn.	Atlanta agency	June 30, 1924
Columbia, S. C.	do	July 15, 1924
Los Angeles, Calif.	Santa Fe agency	Aug. 28, 1924
Wilmington, N. C.	Atlanta agency	Oct. 31, 1924
Oklahoma City, Okla.	Kansas City agency	Dec. 31, 1924
Kansas City, Mo.	Des Moines agency	June 30, 1925
Cheyenne, Wyo.	Denver agency	Dec. 31, 1925
Omaha, Nebr.	Des Moines agency	Do.
Spokane, Wash.[1]	Washington, D. C.	Do.
Chicago, Ill.[1]	do	Jan. 4, 1926
Helena, Mont.	Minneapolis agency	Jan. 15, 1926
Des Moines, Iowa	do	Apr. 15, 1926
Milwaukee, Wis.	do	May 1, 1926
Fort Worth, Tex.	Santa Fe agency and Washington, D. C.	Sept. 30, 1926
Boise, Idaho	Minneapolis agency	Oct. 20, 1926

AGENCIES MOVED

From—	To—	Date
Raleigh, N. C.	Wilmington, N. C.[5]	Mar. 30, 1923
Albuquerque, N. Mex.	Santa Fe, N. Mex.	June 13, 1924

[1] All loans made through this agency repaid in full and records transferred to Washington, D. C.
[2] Supervision of outstanding loan later assigned to Atlanta agancy.
[3] No applications for loans received from the Springfield agency.
[4] Temporary branch agency established Jan. 24, 1924.
[5] Agency discontinued and records and outstanding loans transferred to Atlanta agency on Oct. 31, 1924

69TH CONGRESS, 2d Session } HOUSE OF REPRESENTATIVES { DOCUMENT No. 777

FEDERAL RESERVE BOARD REPORT

LETTER

FROM

THE SECRETARY OF THE GOVERNOR OF THE FEDERAL RESERVE BOARD

TRANSMITTING

A COPY OF THE ANNUAL REPORT OF THE FEDERAL RESERVE BOARD COVERING OPERATIONS DURING THE YEAR 1926



MARCH 2, 1927.—Referred to the Committee on Banking and Currency and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON
1927

THE FEDERAL RESERVE BOARD

DECEMBER 31, 1926

EX OFFICIO MEMBERS

A. W. MELLON,
Secretary of the Treasury, Chairman.
J. W. MCINTOSH,
Comptroller of the Currency.

D. R. CRISSINGER, *Governor.*
EDMUND PLATT, *Vice Governor.*
ADOLPH C. MILLER.
CHARLES S. HAMLIN.
GEORGE R. JAMES.
EDWARD H. CUNNINGHAM.

WALTER L. EDDY, *Secretary.*
J. C. NOELL, *Assistant Secretary.*
E. M. MCCLELLAND,
Assistant Secretary.
J. F. HERSON,
Chief, Division of Examination and Chief Federal Reserve Examiner.

WALTER WYATT, *General Counsel.*
W. M. IMLAY, *Fiscal Agent.*
E. A. GOLDENWEISER,
Acting Director, Division of Research and Statistics.
E. L. SMEAD,
Chief, Division of Bank Operations.

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LETTER OF TRANSMITTAL

FEDERAL RESERVE BOARD,
Washington, March 2, 1927.

SIR: I have the honor to transmit herewith, on behalf of the Federal Reserve Board, its annual report to Congress, covering operations during the year 1926, made in compliance with the provisions of section 10 of the Federal reserve act. Certain exhibits and schedules to complete the report are now in preparation and will be transmitted later.

Respectfully,

D. R. CRISSINGER, *Governor.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington.

ANNUAL REPORT OF THE FEDERAL RESERVE BOARD

WASHINGTON, *February 17, 1927.*

SIR: Nineteen hundred and twenty-six, the year covered by this, the Thirteenth Annual Report of the Federal Reserve Board, was a year of exceptionally large output by the country's factories, mines, and farms; of orderly distribution of commodities through the channels of trade; of declining price level, and of sustained demand for merchandise by consumers. The large volume of business activity was accompanied by a gradual rise of bank credit outstanding to the highest level on record, an increased flow of savings into investment channels, a continuous decline in long-time money rates, and a stable and relatively easy condition in the short-term money market.

BUSINESS AND CREDIT CONDITIONS IN 1926

Business conditions in 1926 were characterized by unusual stability. Industry continued active during the year and new high levels were reached in many lines of enterprise. The physical output of industry was larger in 1926 than in any previous year; there was practically no unemployment, and total wage payments of factories were well maintained. During the early months of the year industries were generally very active, but in the spring there appeared to be some hesitation in the business community and a temporary recession in certain lines of production, particularly in textiles, but also in iron and steel. This did not continue, however, and by midsummer industrial activity was once more proceeding at a rapid rate. Building construction, which for several years had been exceptionally active, continued in large volume, and for the year as a whole was larger than for any previous year. Crop yields were generally large, though the production of grains in the spring-wheat area was considerably less than in 1925, owing to drought in the early spring, and the yield and quality of corn was curtailed by drought in some States during the summer months and by a period of cold and rainy weather in the autumn. The cotton crop in 1926, of more than 18,000,000 bales, was the largest on record. This large crop, coming at a time of a considerable carry over from the year before, occasioned a further decline of the price of cotton to a level at which the total value of the larger crop in 1926 fell considerably below that of the smaller crops of other recent years. Smaller returns received by farmers in the Cotton Belt and in some spring-wheat States resulted in a decrease of buying power for the agricultural population of these districts, and this decrease was a factor accounting for the somewhat smaller volume of business activity in the later months of the year.

In the autumn months the output of automobiles, which had been in large volume throughout the year, was curtailed, and there was some decline also in iron and steel production. For the year as a whole, however, the number of automobiles produced was the largest on record, and activity in this industry and in building construction in large measure sustained the demand for the output of other industries.

Distribution of commodities by the railroads was in large volume, and the movement of goods through the channels of wholesale and retail trade was orderly and was sustained by a continuous demand for commodities by the consumers. There was no evidence of accumulation of stocks of merchandise by merchants, and inventories held by producers also were kept at a fairly constant level. Stocks of certain raw materials, however, particularly of cotton and rubber, increased and were large at the close of the year.

An important influence making for orderly marketing without accumulation of stocks and for a sustained volume of buying by consumers during the year was the continuous decline in the level of commodity prices to a point 6 per cent lower in December, 1926, than a year before. This decline in prices during a year of exceptionally active business, which is an outstanding characteristic of 1926, was general for nearly all groups of commodities, but was greater for agricultural than for industrial products. Of the groups of commodities shown by the Bureau of Labor Statistics all, except fuel, declined during 1926, and the general index for all commodities at the close of the year was lower than at any time since the middle of 1924.

Active business during 1926 was accompanied by an increasing demand for bank loans to finance the current requirements of industry, agriculture, and trade. Loans for commercial purposes by banks in leading cities consequently increased considerably during the year. The banks' loans on securities declined somewhat, and their investments increased by nearly the same amount, so that the increase in commerical loans for the year accounted for the entire growth in member bank credit outstanding, a growth that was not as large in 1926 as in any of the four preceding years. Investment funds were abundant during the year, arising out of the savings of the people and the large earnings of corporations, and capital issues were in larger volume and were issued at lower rates than in any other year since the war. Short-term money rates, on the other hand, were somewhat higher during the larger part of the year than during 1925, but at the end of the year open-market rates on commercial paper and on acceptances were at about the same level as a year earlier.

FEDERAL RESERVE CREDIT POLICY

Federal reserve credit policy in 1926 was formulated with reference to the business and credit conditions that prevailed during the year, as briefly described in the preceding section of this report. The principal characteristics of the year as indicated were an active condition of business, with marketing proceeding in an orderly manner under a declining level of prices, and with bank credit showing a relatively small growth. In these circumstances discount rates at 11 of the Federal reserve banks were continued without change at the 4 per cent level. At the 7 reserve banks in the South and West (except at San Francisco) this rate, which was the lowest in effect at those banks since 1917, had prevailed since the reduction to the 4 per cent level in 1924. At the reserve banks of Boston, Philadelphia, Cleveland, and San Francisco, where the rate during the period of easy money in 1924 had been lowered to 3½ per cent, advances to the 4 per cent level had been made in the autumn of 1925. The rate at the Federal Reserve Bank of New York, which had been reduced to 3 per cent in 1924, and advanced to 3½ per cent in February, 1925, was raised to 4 per cent on January 8, 1926, completing the series of advances that had begun in the preceding November and had carried the rate at all the reserve banks to a uniform 4 per cent level. On April 23 the rate at the New York bank was reduced from 4 to 3½ per cent at a time when there was a large volume of liquidation of bank loans in New York City, a decline in open-market money rates, and an apparent slowing down in some lines of business activity; and in midsummer, when there was a rapid growth in security loans, an advance in money rates in the open market, and an increase in the volume of reserve bank credit outstanding, the rate was restored to 4 per cent, effective August 13. The reduction in the discount rate in the spring was supported by the purchase by the reserve system of $65,000,000 of United States securities in the open market, and the advance in August was followed by a gradual reduction of $75,000,000 in the system's open-market investment account.

Thus the credit policy of the reserve system in 1926, a year of stable conditions in business and in credit, was to maintain the discount rates at the reserve banks unchanged at 4 per cent, except for adjustments at the New York bank, and to continue the system's open-market investments, with relatively small fluctuations, near the level prevailing at the opening of the year.

RELATIONS WITH MEMBER BANKS

Discount and open-market policies of the reserve banks, which are formulated primarily with a view to influencing the cost and the volume of reserve bank credit in use, are the principal elements in the system's general credit policy in relation to general banking and

credit conditions. In their relations with individual member banks, however, the reserve banks are constantly dealing with a large number of problems not involving rates or market policies, and, on the basis of experience, progress has been made in 1926 in the formulation of certain principles of procedure in what may be called the individual bank credit policy of the reserve banks.

In general, the basis of credit to be extended by a reserve bank to its member banks is defined in section 4 of the Federal reserve act, which states that the board of directors of a reserve bank shall "extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks." This statement in the basic law of the Federal reserve system underlies to a large extent the policy of the reserve banks and their attitude in individual cases toward extending credit to the member banks. The principle set forth in the act goes beyond the question of the technical eligibility and even of the intrinsic soundness of paper offered by a member bank to a reserve bank. Even where the paper is unexceptionable in every respect, the reserve bank must be fully assured in addition that further credit may be granted to this member, not only "safely and reasonably," but also "with due regard for the claims and demands of other member banks." This question arises not infrequently in cases where a member bank remains continuously in debt to a reserve bank for a considerable length of time. In such cases inquiry may fairly be made as to whether the member bank's use of reserve bank credit does not in effect amount to increasing its own capital out of reserve bank funds. Such use of funds arising from a cooperative pooling of bank reserves, which is the basis of the Federal reserve banks' lending power, would not be in accordance with the spirit of the Federal reserve act and would not be fair to the other member banks which may be active competitors of the borrowing bank. It may also impair the ability of the borrowing bank in case of insolvency to meet its obligations to depositors. Though there are circumstances that may explain and justify continuous borrowing by a member bank over a considerable period of time, particularly if the need for the borrowing arises from general economic conditions in the borrowing bank's locality, the funds of the Federal reserve banks are primarily intended to be used in meeting the seasonal and temporary requirements of members, and continuous borrowing by a member bank as a general practice would not be consistent with the intent of the Federal reserve act. In most cases the member bank can make adjustments of different kinds in its own affairs, which will enable it to repay its borrowings at the reserve bank and at the same time to strengthen its own position. The bank may find it advisable, for example, to increase its own capital or to bring about a better adjustment of the volume

and maturities of its investments to the credit requirements of its local customers.

In consequence of the cooperation between reserve banks and member banks in working out the problems of continuous borrowers, there has been a gradual decline in the number of member banks continuously in debt at the reserve banks. The following table shows, for quarterly dates of the past four years, the number of member banks that have been borrowers continuously for a month or more at a reserve bank in an amount exceeding the borrower's capital and surplus. Particular significance attaches to borrowings in excess of capital and surplus, because prior to the establishment of the Federal reserve system national banks were not permitted by law, with certain exceptions, to borrow in excess of their own capital resources. Thus member banks that are borrowing in excess of that amount have been enabled to do so by provisions of the Federal reserve act, and the system, therefore, has a special interest in observing the extent to which this privilege is utilized.

NUMBER OF MEMBER BANKS BORROWING IN EXCESS OF CAPITAL AND SURPLUS CONTINUOUSLY FOR A MONTH OR MORE

Year	March	June	September	December
1923	[1]	[1]	543	357
1924	326	431	364	179
1925	140	218	202	133
1926	111	193	198	113

[1] Not available.

The proportion which continuous borrowing constitutes of total borrowing at the reserve banks also has declined. During 1924 about 15 per cent of the total volume of member bank borrowing at the reserve banks represented indebtedness continuously for a month or more in excess of the borrowing banks' capital and surplus, while during 1926 this proportion was 5 per cent.

In using their influence to discourage member banks from making continuous use of the lending facilities of the reserve banks, the operating officials of the reserve banks are not only protecting the resources of the Federal reserve system as a whole, but are also helping individual member banks to conserve their capacity to borrow at the reserve bank at times when adverse economic conditions in their localities and among their customers may make additional dependence upon the resources of the reserve system not only justifiable but necessary. In this manner the reserve banks are not only discharging their responsibility to the member banks under the act, but are also exerting their influence toward sounder general banking conditions in the interests alike of the member banks, their depositors, and the public.

MEMBER BANK CREDIT

Member bank credit outstanding increased during 1926, though at a slower rate than in any of the four preceding years. The growth of member bank credit in 1926 was largely a growth in loans, as investment holdings of the banks showed relatively little change for the year. The increase was, furthermore, as indicated by reports for member banks in leading cities, entirely in loans other than security loans. These other loans, often referred to as loans for commerical, industrial, and agricultural purposes, increased by a larger amount during the past year than in either 1925 or 1924. To what extent the growth in bank loans other than security loans represents loans for the purpose of financing the current operations of industry and trade can not, however, be determined. In view of the large volume of building construction and of transactions in real estate in 1926, it is probable that at least a part of the growth in so-called commercial loans was to meet the demand for credit arising from these sources. For all member banks the total amount of loans on real estate on June 30, 1926, was $2,650,000,000, or 12 per cent of their total loans, and 18 per cent of their loans other than loans on securities. The growth in real-estate loans of national banks, for which data are available for a series of years, has been rapid. It would appear, therefore, that the growth in so-called commercial loans has not been entirely the result of changes in the credit requirements of trade and industry. An influence in reducing these requirements throughout the year was the continuous decline in the price level, as a result of which a given physical volume of business could be transacted with the use of a smaller volume of bank credit. Furthermore, owing to the decline in prices, inventories of merchandise and stocks of industrial commodities and of raw materials declined in aggregate value, notwithstanding increases in the physical volume of stocks of certain commodities, particularly cotton. The growth in member bank credit in 1926, therefore, though it was not in holdings of securities or in loans on securities, was not entirely in response to current requirements of trade and industry, but included an element of growth of credit for longer term purposes, and particularly for the financing of building operations and real-estate transactions.

Growth of member bank credit in 1926 represented an increase in loans other than security loans and was in this respect in contrast to developments in 1925, when a large proportion of the growth was in loans on securities, and in 1924, when there was a rapid growth both in investments and in loans on securities. The growth in investments and loans on securities, which was characteristic of the two years preceding 1926, was in line with the general trend of banking developments in other recent years. Since the middle of 1915

loans and investments of all the banks in the country have increased by over $30,000,000,000, and about one-third of this increase, or about $10,000,000,000, was in the banks' holdings of investments. These holdings constituted 30 per cent of total loans and investments in the middle of 1926, compared with 27 per cent 11 years earlier. At national banks, which constitute the larger part of the system's membership, there has also been a marked tendency in recent years to use an increasing proportion of their resources in long-term investments. Between the end of June, 1915, and the end of June, 1926, investments of national banks increased from $2,068,000,000 to $5,842,000,000 and their proportion of the banks' total loans and investments from 24 per cent to 30 per cent. At the same time loans on securities also increased rapidly, and loans on real estate rose from $150,000,000 to $725,000,000, while other loans, though they also increased in absolute amount, declined relatively from 56 per cent to 45 per cent of the banks' total loans and investments.

This increased use of bank funds in longer term enterprises, which has continued for a number of years, has been particularly pronounced in the recent five-year period of growth of bank credit beginning in the spring of 1922. The following table shows the composition of the earning assets of reporting member banks in leading cities in the spring of 1922 and at the end of 1926:

MEMBER BANKS IN LEADING CITIES

[In millions of dollars]

	Total loans and investments	Loans on securities	All other loans	Investments	Per cent of total			
					Loans on securities	All other loans	Investments	Loans on securities plus investments
Mar. 8, 1922	14,527	3,530	7,366	3,631	24.3	50.7	25.0	49.3
Dec. 29, 1926	20,110	5,852	8,717	5,541	29.1	43.3	27.6	56.7
Percentage of increase	38.4	65.8	18.3	52.8				

During this period of nearly five years the proportion of loans and investments of member banks in leading cities that was in securities and in loans on securities increased from 49 to 57 per cent. The largest growth, both absolutely and relatively, was in security loans, which increased by about 66 per cent during the period. That this growth in loans on securities represents to a considerable extent an increased volume of credit used in financing transactions in securities at the New York Stock Exchange is indicated by the rapid growth during the period of loans to brokers and dealers in securities in the New York market.[1] Security loans other than

[1] Figures showing the amount of such loans have become available in the course of 1926 and will be published in the appendix to this report. Figures for earlier years were published in the Federal Reserve Bulletin for November, 1926.

brokers' loans in the New York market have also increased, however, and the increase in these other collateral loans represents to some extent the result of a growing practice among commercial and industrial borrowers of obtaining accommodation at their banks for current requirements by means of loans secured by stocks or bonds. While no statistics of the volume of this class of loans are available, there is evidence indicating that the practice is not uncommon, and that at least a part of the growth in security loans has represented commercial loans, with securities as collateral. All other loans, as reported by the member banks in leading cities, showed a much slower rate of growth during the five-year period than did security loans, the percentage of increase being 18 per cent, compared with 66 per cent for security loans, and while the proportion of total loans and investments of the reporting member banks in security loans increased from 24 per cent in 1922 to 29 per cent in 1926, the proportion in all other loans declined from 51 per cent to 43 per cent during the period.

The change noted in the composition of the loans and investments of member banks has been accompanied by a corresponding change in the character of their deposits. Since 1922 net demand deposits of reporting member banks have increased by 27 per cent, while their time deposits have increased by 93 per cent, and the proportion of time deposits to the total of time and net demand deposits combined has increased from 23 to 31 per cent. This more rapid growth of time deposits at member banks since the organization of the Federal reserve system has accompanied the general growth in the country's savings of all kinds. To some extent, however, it represents merely a transfer from demand to time deposits caused by the lower percentage of reserves required against time deposits and the greater efforts made by member banks to encourage savings accounts. To a considerable extent this growth has been due to the increase in the proportion of total time deposits of all banks that is handled by the member banks. The growth in the deposits of mutual savings banks since 1914 has not been nearly so rapid as the growth of time deposits of member banks, and a large proportion of the total increase in time deposits in the country as a whole since the organization of the Federal reserve system has been in the deposits of member banks, both national and nonnational.

Looking at the developments in the condition of member banks as a whole in recent years, the outstanding changes have thus been in the direction of a larger proportion of long-term investments and of loans on securities and of a corresponding increase in the proportion of time deposits, as compared with deposits payable on demand.

From the point of view of the Federal reserve system, an important outcome of these developments in the character of the business of

member banks has been a decrease in the proportion of the banks' assets that are eligible for rediscount with the Federal reserve banks. Of the total loans and investments of all member banks on June 30, 1926, 16 per cent was eligible for rediscount at the reserve banks, and this proportion was 18 per cent for national banks and about 12 per cent for nonnational member banks. For national banks this ratio is available for a series of years and is presented in the following table:

ELIGIBLE PAPER HELD BY NATIONAL BANKS

[Amounts in millions of dollars]

End of June [1]	Total loans and investments	Paper eligible for rediscount	
		Amount	Per cent of loans and investments
1918	14,129	3,218	22.8
1919	16,074	3,551	22.1
1920	17,817	4,320	24.2
1923	16,891	3,563	21.1
1924	17,123	3,542	20.7
1925	18,405	3,412	18.5
1926	19,260	3,497	18.2

[1] No data on eligible paper available for 1921 and 1922.

The decline in the proportion of eligible paper has been continuous and considerable and has been due chiefly to the relatively more rapid growth of holdings of investments and of loans on securities. An additional factor in this decline has been the decrease in the volume of loans secured by United States obligations, which are eligible for rediscount regardless of the purpose for which the loan was made. With the reduction of the public debt and the absorption of United States securities by permanent investors, the volume of borrowing on such securities has declined, and this has proportionally reduced the amount of paper eligible for rediscount.

The total volume of eligible paper in the hands of member banks on June 30, 1926, was about $4,900,000,000 and, in addition, the banks held $2,850,000,000 of United States obligations available as security for borrowing at the reserve banks on collateral notes, so that the aggregate amount of borrowing from the reserve banks possible for the member banks on the basis of their present assets is more than $7,500,000,000. This amount is about ten times as large as total borrowings from the reserve banks at any time in the past five years and more than two and one-half times as large as total discounts at their maximum in November, 1920. It would appear, therefore, that the amount of eligible paper and securities in the hands of member banks is sufficient in the aggregate to meet all the demands that are likely to arise, though there may be individual banks, or groups of banks in certain communities, with an inadequate supply of such

paper. The principal consideration for the board, however, is not the possibility of a shortage of eligible paper, but the well-defined tendency toward a continuous decrease in the proportion of such paper, which is indicative of a gradual change in the character of the operations of the member banks.

Another phase of this change in the operations of member banks arises from the fact, already mentioned, that time deposits have been increasing much more rapidly than demand deposits. Since legal reserve requirements against time deposits are 3 per cent, while against net demand deposits they range from 7 to 13 per cent, the increase in the proportion of time deposits has had the effect of decreasing the average amount of reserves carried by member banks against their deposit liabilities. Thus, while in March, 1922, the ratio of reserve balances at the reserve banks to total net demand plus time deposits was 8.1 per cent, at the end of 1926 this ratio had declined to 7.3 per cent. This decline in ratio means that member banks were able to comply with legal reserve requirements with a considerably smaller amount of reserves than would have been necessary had the proportion of time to demand deposits remained unchanged, or, to put it in another way, to add a large amount to their loans and investments without a corresponding increase in their reserves. As a matter of fact, reserve balances of member banks have not increased since the end of 1924, while there has been since that time a growth of about $2,900,000,000 in the total amount of credit extended by these banks.

The changing character of the business of member banks in recent years has thus been characterized by an increased use of their resources in long-time investments and in loans not arising out of the current requirements of trade and industry, and by an increase in the proportion of their liabilities in the form of time deposits. This is a development which, though it may in some cases result in strengthening the position of individual member banks, represents a departure from the original conception of the Federal reserve banking system as of a cooperative undertaking among commercial banks engaged primarily in the financing of the current operations of productive industry and trade. As long-time trends these changes in the character of the business of the member banks are significant both because they tend to decrease the proportion of short-term, self-liquidating paper in the assets of member banks and because they result in relatively smaller reserve holdings against the deposits of these banks.

BANK SUSPENSIONS

While the general banking and credit situation during the past year was characterized by stability, and underlying conditions, taking the banking structure as a whole, were sound, there were sections of the country where many banks encountered difficulties during the year. The number of bank suspensions in 1926, including all classes

of banks, was 956 with deposits of nearly $285,000,000, compared with 612 suspensions, with deposits of about $175,000,000 in 1925, and 777 suspensions, with deposits of about $215,000,000 in 1924. The following table shows the number of bank suspensions and the deposits of suspended banks for the past three years, grouped by class of bank:

BANK SUSPENSIONS, 1924 TO 1926

Class of bank	Number			Deposits (in thousands of dollars)		
	1926	1925	1924	1926	1925	1924
All banks	956	612	777	284,287	172,900	213,444
Nonmember banks	796	466	618	214,422	105,636	138,979
Member banks—total	160	146	159	69,865	67,264	74,465
National	125	118	122	48,919	58,537	60,889
State	35	28	37	20,946	8,727	13,580

During 1926, 148 banks which had previously suspended—for the most part within the year—were reported to have resumed operations. Of these banks, which had aggregate deposits of about $59,000,000 at the time of suspension, 14, with deposits of $8,000,000, were members of the Federal reserve system and 134, with deposits of $51,000,000, were nonmember banks.

The banks that suspended during the past three years were for the most part nonmember banks. Among member banks, which constitute about one-third of the total number of banks in the country and have about two-thirds of the aggregate deposits of all banks, 160 banks, with deposits of $69,865,000, suspended in 1926, representing about one-sixth of the number and one-fourth of the aggregate deposits of all banks that suspended during the year. Suspensions of member banks were slightly more numerous in 1926 than in 1925, but the increase in the total number of closed banks was accounted for chiefly by suspensions of nonmember banks, which numbered 796 for the year, with deposits of $214,422,000, as against 466 suspensions, with deposits of $105,636,000, in 1925.

Bank suspensions during the year were chiefly in agricultural sections of the country and for the most part in Iowa, South Dakota, Minnesota, North Dakota, Missouri, Kansas, Michigan, Texas, Oklahoma, Georgia, South Carolina, and Florida. These 12 States accounted for about 80 per cent of the total number of suspensions in the past year.

Analysis of the bank failures during the year indicates that the causes of the failures were for the most part not in current developments in 1926, but dated back to conditions that have existed for a long time and to developments of the past six or seven years. One fundamental cause of bank failure has been that in many communities, and

especially in small communities, there were more banks than could profitably engage in the local banking business, and that many of these banks had insufficient capital. The following table brings out the fact that of the banks that failed in 1926 nearly two-thirds were banks with a capital of $25,000 or less, situated in towns of less than 1,000 inhabitants:

BANK SUSPENSIONS IN 1926, CLASSIFIED ACCORDING TO CAPITAL STOCK AND ACCORDING TO POPULATION OF PLACE IN WHICH LOCATED

Banks with capital of—	Number suspended	Per cent of all suspensions	Banks located in places with population of—	Number suspended	Per cent of all suspensions
Less than $25,000	386	40	Less than 500	372	39
$25,000	229	24	500–999	204	21
$25,001–$49,999	100	10	1,000–1,499	115	12
$50,000–$99,999	163	17	1,500–2,499	88	9
$100,000–$199,999	46	5	2,500 and over	177	19
$200,000–$600,000	16	2			
Not available	16	2			
Total	956	100	Total	956	100

Some small banks in small communities have found it difficult to make adequate earnings by conducting their business along strictly conservative lines, and have not been able to afford the expense of engaging skillful and experienced managers. The volume of business done by small banks in rural communities, furthermore, has diminished in recent years, as the result of improvement in roads and the widespread use of automobiles, which has led many bank customers to prefer to drive to the county seat or other near-by center and to use the facilities of the larger banks in these towns.

That failed banks are generally the smaller banks is brought out also by a comparison of the average capital and the average deposits of the banks that have failed in 1926, with corresponding averages for all banks.

AVERAGE SIZE OF SUSPENDED BANKS, 1926

	Number of suspensions	Average amount of capital per bank		Average deposits per bank	
		Suspended banks [1]	All banks, June 30, 1926	Suspended banks [1]	All banks, June 30, 1926
All banks	956	$35,000	$116,000	$300,000	$1,921,000
Nonmember	796	31,000	59,000	272,000	1,083,000
Member	160	54,000	231,000	437,000	3,596,000
National	125	48,000	177,000	391,000	2,587,000
State	35	73,000	540,000	598,000	9,332,000

[1] Based on banks for which figures are available.

The average bank that suspended in 1926 had a capital of $35,000 and deposits of $300,000, while the average for all banks in the country in June, 1926, was a capital of $116,000 and deposits of $1,900,000.

Capital and deposits of suspended banks were smaller than the average for all classes of banks, as is brought out by the table, and for banks in all of the States where the majority of bank failures has occurred.

The condition of many banks in certain localities had, no doubt, been weakened for a number of years by unsound loan and investment practices, but so long as prices of agricultural commodities and of farm lands were advancing most of these banks were able to continue in operation without outward indications of the fundamental weakness of their position. During the period of rapid rise in crop prices and land values prior to the summer of 1920 many of the banks extended credit freely both for the purchase of land and of securities and for the financing of various enterprises that flourished during the boom period. When, with the decline in prices after the spring of 1920, many of the borrowers were not able to meet their obligations, the banks in many cases were obliged to take over second mortgages on the borrowers' land as a protection of the principal of the loans. Since that time land values in some sections have declined further and many of the mortgages thus acquired have little or no value, since in many cases prior liens cover practically the full value of the land. In fact, these mortgages in many cases represent liabilities, because the banks find themselves under the necessity of paying taxes on the land in order to prevent the sale of the property for nonpayment of taxes. Banks which have had a large proportion of their assets in such not only unliquid but in many cases worthless assets have constituted the majority of the banks which have become insolvent in recent years. In localities where one or two years of good crops have helped the borrowers to liquidate or to reduce their loans at the banks, well-managed banks have been able gradually to improve their position and to return to solvency. Where, however, crops have been poor or prices low the banks with large amounts of unliquid loans have been obliged to close their doors. A contributory cause of bank suspensions has been the fact that with frequent suspensions of banks in the same neighborhood the confidence of depositors has been shaken and they have withdrawn their money from the banks. This withdrawal of deposits has accentuated the weakness of the situation and in some cases has been a factor in causing additional suspensions of banks which might otherwise have been able to continue in operation.

In the Southern States, particularly Georgia and Florida, a large number of suspensions of small banks in 1926 was caused by the collapse of the Florida land boom and the failure of an institution which had handled surplus funds for a large number of correspondent banks scattered through several Southern States. Of the 145 banks which suspended in Georgia and Florida in 1926, 44 were reported as having resumed operations by the end of the year.

RELATIONS WITH FOREIGN CENTRAL BANKS

In the relations between the Federal reserve banks and foreign central banks the principal development of 1926 was in connection with the reestablishment of the Belgian currency on a gold basis. On October 25, 1926, the Belgian Government put into operation a plan of monetary reform which included the creation of a new unit of currency, the belga, with a fixed value in relation to the Belgian paper franc at the ratio of 1 to 5, to the pound sterling of 35 to 1, and to the dollar of 7.20 to 1. Under the terms of the new law the value of the Belgian paper franc was fixed at 2.78 cents, or about 14.4 per cent of its original gold parity. To accomplish this monetary reform the Belgian Government negotiated in foreign markets a loan of about $100,000,000, and the National Bank of Belgium, on its own account, arranged for advances of credit of about £5,000,000 sterling from a group of European central banks and the Bank of Japan. In this connection the Federal Reserve Bank of New York, on its own behalf and on behalf of other Federal reserve banks desiring to participate, acting with the approval of the Federal Reserve Board, agreed for a period of a year, beginning on October 25, to purchase from the National Bank of Belgium, if offered, prime bankers' bills, drawn in conformity with the eligibility requirements of the Federal reserve act and to be payable in gold, the aggregate amount of such bills not to exceed $10,000,000 at any one time.

Up to the close of the year no bills were offered to the Federa reserve bank under this arrangement. No use was made during the year of the arrangement with the Bank of England made in 1925, which was described in the board's annual report for that year, and which will expire by limitation in May, 1927.

Loans on gold extended by the reserve banks to the central banks of Poland and Czechoslovakia, which had amounted to $10,500,000 in 1925, were entirely repaid by the middle of 1926, while balances kept with the reserve banks by foreign central banks under the practice of many of the banks in recent years of carrying a portion of their reserves in the form of foreign currencies were continued to be maintained. In 1926, as in earlier years, a part of these balances was invested by the reserve banks in bankers' acceptances and short-term Government securities purchased for account of the foreign correspondents. In addition, the Federal Reserve Bank of New York continued to hold in its vaults gold earmarked for account of foreign correspondents.

GOLD IMPORTS AND DOLLAR BALANCES

Gold movements into and out of the United States were in the aggregate amount smaller in 1926 than in any other year since the establishment of the Federal reserve system, with the exception of

the period of the gold embargo in 1918–19. Also, it may be noted that the origin and destination of gold shipments were different. Almost no gold was received from Europe, the countries sending a net amount of gold to the United States during the year being chiefly Canada, Latin American countries, Australia, and Japan. Net gold exports, on the other hand, went chiefly to Germany, which pursued a policy of building up the Reichsbank's vault reserve by withdrawing gold held earmarked for its account in the United States. The following table shows gold imports and exports for the past six years, by continents:

GOLD MOVEMENTS INTO AND OUT OF THE UNITED STATES

[In thousands of dollars]

	1921	1922	1923	1924	1925	1926
Imports from—						
Europe	516,032	223,218	235,319	220,525	66,105	1,672
Canada	36,856	10,378	49,374	41,496	33,123	82,513
Latin America	36,366	20,968	22,671	36,683	12,531	52,882
Asia	68,812	10,677	10,197	15,705	15,083	24,242
Australia	14,014	2,676	32	1,712	2	51,119
All other	19,187	7,253	5,123	3,600	1,429	1,046
Total	691,267	275,170	322,716	319,721	128,273	213,474
Exports to—						
Europe	2,671	875	4,280	36,110	83,637	47,573
Canada	2,914	22,162	1,705	3,102	45,656	42,392
Latin America	7,124	4,816	5,455	5,442	24,621	14,589
Asia	10,931	8,943	17,189	15,863	81,025	10,697
Australia		1			26,925	
All other	251	78	352	1,131	776	457
Total	23,891	36,875	28,643	61,648	262,640	115,708
Net imports	667,376	238,295	294,073	258,073		97,766
Net exports					134,367	

During the four years of large gold imports, 1921–1924, most of the gold came from Europe, representing in part the reshipment from London of newly mined South African gold and in part the export of gold from the reserves of certain European countries, chiefly Russia and Germany. Since the closing months of 1924, with the restoration of monetary stability in Germany and the setting up of the financial and fiscal machinery under the Dawes plan, that country has been restoring her gold reserves, and a considerable part of the gold exported from the United States since that time has been taken by Germany.

Virtual cessation of gold imports from European countries in 1926, following several years of very large imports, is accounted for chiefly by the restoration of more stable monetary and financial conditions in Europe, by the consequent greater freedom of movement of funds between the principal money markets, and by the ability and willingness of American investors to absorb a large volume of foreign loans, both public and private. A part of the proceeds of these loans has been kept by the borrowers either as balances with New York

banks or in some form of short-term investments in the New York market. Dollar balances in New York have been built up not only by foreign industrial corporations and commercial banks but also by European and South American central banks, which in many instances are authorized by law to keep a portion of their reserves in the form of foreign exchange in countries with stable currencies. These dollar balances of foreign central banks, whether they are invested or kept on deposit, are in liquid form and subject to immediate withdrawal at any time. If they were to be withdrawn in gold in whole or in part the demand for the gold, though it would first be felt by the commercial banks, both member and nonmember, would promptly reach the Federal reserve banks as the only holders of gold in any considerable amount. These balances are, therefore, potential sources of demand upon the Federal reserve banks for gold out of their reserves, the central banking reserves of the United States, which have thus become indirectly a part of the reserves against bank credit and currencies in other countries. The existence in America of these foreign balances consequently presents a condition in the banking situation to be taken into account in determining the Federal reserve system's credit policy with a view to maintaining the country's banking system in a position to meet demands for gold from abroad without disturbing business and credit conditions in this country.

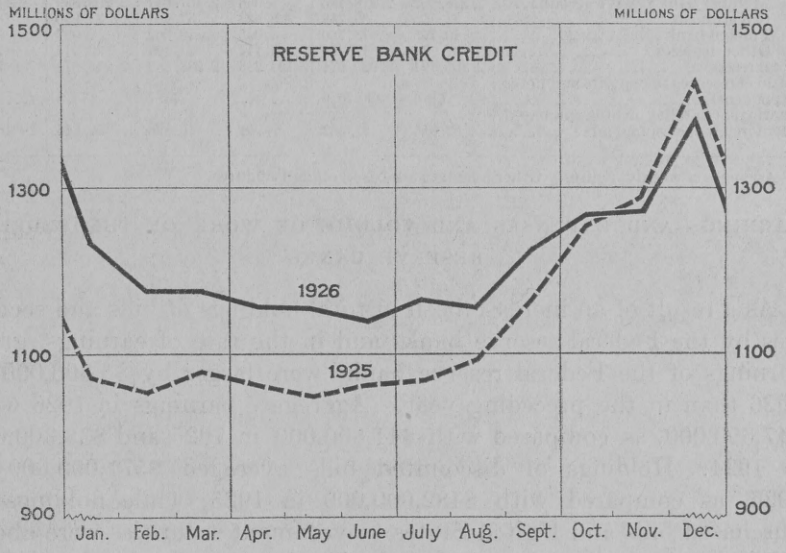
Operations of the Federal Reserve System

In the preceding pages there has been presented a brief discussion of business and banking developments in 1926 and of the policies pursued by the Federal reserve system during the year. In the following sections of this report there is given a more detailed account of the operations of the Federal reserve banks and branches and of administrative matters with which the Federal Reserve Board has dealt during 1926.

FEDERAL RESERVE BANK CREDIT IN 1926

Federal reserve bank credit outstanding at the close of 1926 was in somewhat smaller volume than at the end of the preceding year. The principal factor accounting for this reduction was the addition to the reserve funds available to member banks of about $75,000,000 of gold received from abroad, while the demand for reserve funds, as measured by changes in the reserve requirements of member banks and in the demand for currency in circulation, showed little

change for the year. Notwithstanding the fact that the level of reserve bank credit at the end of 1926 was lower than a year earlier, as is brought out by the chart, the average for the year as a whole was considerably higher than for 1925. During 1925, as the result of gold exports of about $135,000,000, the volume of reserve bank credit in use increased and was higher at the beginning of 1926 than at the corresponding period a year earlier. As the year 1926 advanced, however, and gold in considerable volume was received from abroad, the difference between the levels prevailing in the two years gradually decreased, and in the last two months the outstanding amount of reserve bank credit in 1926 was less than in the same months of 1925.



Monthly averages of daily figures of total bills and securities of the 12 Federal reserve banks combined.

Thus, while the average of reserve bank credit for the year 1926 was about $70,000,000 larger than for 1925, the level in December of 1926 was about $50,000,000 lower than the year before. Changes in the volume of reserve bank credit in the course of the year 1926 were smaller than during the two preceding years, partly because of the smaller volume of gold movements and partly because the domestic demand for reserve bank credit, which reflects chiefly changes in the reserve requirements of member banks and in the currency requirements of the public, remained fairly constant throughout the year. The table following shows average figures for the principal items in the reserve bank statement for December, 1925 and 1926, and for the entire year 1925 and 1926.

FEDERAL RESERVE BANKS

[Amounts in thousands of dollars]

	Average for December		Increase or decrease	Average for year		Increase or decrease
	1925	1926		1925	1926	
Total bills and securities	1,428,732	1,380,571	−48,161	1,139,507	1,209,309	+69,802
Bills discounted	690,896	671,722	−19,174	481,515	570,613	+89,098
Bills bought in open market	367,864	384,826	+16,962	287,329	281,386	−5,943
United States Government securities	358,412	321,446	−36,966	358,962	349,790	−9,172
Other securities	3,193	2,577	−616	2,484	3,406	+922
Foreign loans on gold	8,367		−8,367	9,217	4,114	−5,103
Due from foreign banks	734	651	−83	671	674	+3
Federal reserve notes	1,817,473	1,856,436	+38,963	1,704,307	1,723,189	+18,882
Total deposits	2,281,484	2,289,632	+8,148	2,229,630	2,268,801	+39,171
Member bank reserve account	2,218,552	2,218,186	−366	2,167,041	2,208,899	+41,858
Government	31,105	39,758	+8,653	31,401	31,990	+589
Foreign bank	10,755	13,760	+3,005	10,062	7,997	−2,065
Other deposits	21,072	17,928	−3,144	21,126	19,915	−1,211
Total reserves	2,805,791	2,929,074	+123,283	2,938,181	2,945,674	+7,493
Ratio of reserves to deposits and notes (per cent)	68.5	70.6		74.7	73.8	
Contingent liability on bills purchased for foreign correspondents [1]	52,056	51,302	−754	40,896	59,846	+18,950

[1] Averages of weekly figures. Other averages are based on daily figures.

EARNINGS AND EXPENSES AND VOLUME OF WORK OF THE FEDERAL RESERVE BANKS

As a result of an increase both in total holdings of bills and securities by the Federal reserve banks and in the rate of earnings, gross earnings of the Federal reserve banks were larger by $5,800,000 in 1926 than in the preceding year. Aggregate earnings in 1926 were $47,600,000, as compared with $41,800,000 in 1925 and $38,300,000 in 1924. Holdings of discounted bills averaged $571,000,000 in 1926, as compared with $482,000,000 in 1925, while holdings of purchased bills and United States Government securities were about $20,000,000 smaller than in 1925. The average rate of earnings on bills and securities was 3.76 per cent in 1926, and the average rate of return on discounted bills was 3.95 per cent in 1926, as compared with 3.67 per cent in 1925. Average daily holdings of each class of bills and securities by all Federal reserve banks combined, earnings therefrom, and annual rates of earnings during the past four years, were as follows:

HOLDINGS OF BILLS AND SECURITIES AND EARNINGS THEREFROM

[Amounts in thousands of dollars]

	Bills discounted	Bills bought in open market	United States Government securities	All other bills and securities	Total
Daily average holdings:					
1923	738,114	226,548	185,823	85	1,150,570
1924	374,834	172,428	401,365	1,690	950,317
1925	481,515	287,329	358,962	11,701	1,139,507
1926	570,613	281,386	349,790	7,520	1,209,309
Earnings:					
1923	32,956	9,371	7,444	4	49,775
1924	15,943	5,710	14,712	61	36,426
1925	17,680	9,104	12,783	419	39,986
1926	22,552	10,003	12,589	316	45,460
Average rates of earnings (per cent):					
1923	4.46	4.14	4.01	4.50	4.33
1924	4.25	3.31	3.67	3.61	3.83
1925	3.67	3.17	3.56	3.59	3.51
1926	3.95	3.55	3.60	4.21	3.76

A further reduction in current expenses of the Federal reserve banks was effected during 1926, notwithstanding the continued increase in the volume of work handled, total current expenses exclusive of fiscal agency expenses, reimbursable by the United States Treasury, aggregating $27,350,000 in 1926, as compared with $27,528,000 in 1925. Salary payments to clerical employees, which constitute the largest single item of current expense, declined by $394,000 and rent paid by $81,000, but these and other smaller reductions were largely offset by increases in insurance premiums on currency and security shipments, postage, and expressage, necessitated principally by the larger volume of currency and checks handled, and by increases in taxes, repairs, and alterations on banking houses, legal fees, and miscellaneous expenses. The cost of Federa reserve currency, including redemption and shipping charges, amounted to $1,714,000 in 1926, as compared with $1,803,000 in 1925.

The further decrease of $394,000 in salaries paid to clerical employees, following the reduction of $1,200,000 in the previous year, notwithstanding the larger volume of work handled in the principal departments, is evidence of a continued increase in efficiency of the operating staff of the banks, which comprised 10,080 officers and employees on December 31, 1926, as compared with 10,126 at the

end of 1925. The magnitude of the Federal reserve banks' operations and the constant increase in the volume of work handled in the principal operating departments, particularly in cash and check departments, where a large part of the personnel is employed, is brought out in the following table:

VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

	1926	1925	1924	1923
NUMBER OF PIECES HANDLED				
Bills discounted:				
Applications	123,000	116,000	129,000	168,000
Notes discounted	506,000	475,000	583,000	782,000
Bills purchased in open market for own account	232,000	201,000	143,000	179,000
Currency received and counted	2,099,605,000	1,947,419,000	1,838,279,000	1,722,877,000
Coin received and counted	2,590,057,000	2,329,014,000	2,186,737,000	2,076,075,000
Checks handled	822,907,000	778,686,000	742,878,000	697,502,000
Collection items handled:				
United States Government coupons paid	39,678,000	44,174,000	50,471,000	64,662,000
All other	5,595,000	5,467,000	6,113,000	5,732,000
United States securities—issues, redemptions, and exchanges by fiscal agency department	4,691,000	7,116,000	16,097,000	[1] 114,409,000
Transfers of funds	1,710,000	1,566,000	1,503,000	1,413,000
AMOUNTS HANDLED				
Bills discounted	$37,682,137,000	$32,562,620,000	$15,419,155,000	$38,379,926,000
Bills purchased in open market for own account	3,353,326,000	2,961,170,000	2,172,142,000	2,547,010,000
Currency received and counted	12,584,960,000	11,556,980,000	10,777,306,000	10,306,411,000
Coin received and counted	609,359,000	467,732,000	293,924,000	308,051,000
Checks handled	272,945,160,000	258,611,276,000	219,832,179,000	207,719,529,000
Collection items handled:				
United States Government coupons paid	644,273,000	680,921,000	719,784,000	761,731,000
All other	6,219,361,000	6,116,958,000	5,509,093,000	5,900,520,000
United States securities—issues, redemptions, and exchanges by fiscal agency department	4,971,442,000	5,578,995,000	6,708,272,000	8,433,891,000
Transfers of funds	120,909,439,000	109,430,683,000	98,359,028,000	78,867,108,000

[1] Large total due to redemption of war savings securities which matured Jan. 1, 1923.

Checks handled by the Federal reserve banks in 1926 aggregated $273,000,000,000; currency and coin received and counted, $13,000,000,000; bills discounted and bought, $41,000,000,000; transfers of funds, $121,000,000,000; noncash items received for collection, $6,000,000,000; United States securities issued, redeemed, and exchanged by the fiscal agency department, $5,000,000,000; and Government coupons paid, $644,000,000. As an indication of the volume of coins handled by the reserve banks it may be of interest to note that the Federal Reserve Bank of New York receives and counts on an average 11 tons of nickels and cents and 7 tons of other coin daily, and, as it pays out approximately the same amount of coin, receipts and payments of coin at that one bank aggregate in mere physical weight about 36 tons a day. Corresponding daily averages of coin received and paid out by the system as a whole for the year 1926 are as follows: Cents, 18 tons; nickels, 31 tons; dimes, quarters, and half dollars, 32 tons; silver dollars, 6 tons; gold coin, 4 tons.

As a result principally of the larger gross earnings, the current net earnings of the Federal reserve banks increased to $20,249,000 in 1926, as compared with $14,273,000 in 1925 and $9,909,000 in 1924. The Federal reserve banks, with the approval of the Federal Reserve Board, charged their current net earnings with $3,638,000, of which $2,096,000 represented depreciation charges on bank premises, $1,210,000 additions to reserves for probable losses on paper of failed banks, and $533,000 the cost of furniture and equipment purchased during the year. This left a balance of $16,612,000, of which $7,329,000 was paid to member banks as dividends, $8,465,000 transferred to surplus account, and $818,000 paid to the United States Government as a franchise tax. Under the provisions of section 7 of the Federal reserve act, each Federal reserve bank transfers to surplus account all of the net earnings remaining after the payment of dividends until the surplus account is equal to 100 per cent of subscribed capital, and thereafter it transfers 10 per cent of net earnings to surplus account and pays 90 per cent to the Government as a franchise tax. At the end of 1926 the surplus accounts of eight of the Federal reserve banks, all except Boston, Richmond, Minneapolis, and Kansas City, were materially below subscribed capital, and accordingly the entire net earnings of those eight banks were transferred to surplus account. The Federal Reserve Banks of Boston and Richmond transferred to their surplus accounts sufficient amounts to bring them up to 100 per cent of subscribed capital, and 10 per cent of the balance of their net earnings, and paid $45,962 and $84,472, respectively, to the Government as franchise taxes. The Federal Reserve Banks of Minneapolis and Kansas City, whose surplus accounts were in excess of subscribed capital, transferred 10 per cent of their net earnings to surplus account and paid the balance of $234,381 and $453,335, respectively, to the Government as franchise taxes. Gross and net earnings of each Federal reserve bank during the year, dividends paid to member banks, amounts transferred to surplus account, and amounts paid to the Government as franchise tax are shown in the following table:

FINANCIAL RESULTS OF OPERATION OF THE FEDERAL RESERVE BANKS DURING 1926

Federal reserve bank	Gross earnings	Net earnings available for dividends, surplus, and franchise tax	Dividends paid	Transferred to surplus account	Franchise tax paid United States
Boston	$3,319,077	$1,156,873	$525,023	$585,888	$45,962
New York	10,600,968	3,749,748	2,100,191	1,649,557	----------
Philadelphia	3,626,648	1,533,733	730,598	803,135	----------
Cleveland	4,517,884	1,660,762	808,505	852,257	----------
Richmond	2,429,017	727,645	363,957	279,216	84,472
Atlanta	3,045,867	1,228,387	296,573	931,754	----------
Chicago	6,567,043	2,253,923	985,959	1,267,964	----------
St. Louis	2,511,509	685,022	314,420	368,602	----------
Minneapolis	1,622,333	448,033	187,609	26,043	234,381
Kansas City	2,677,340	756,469	252,764	50,370	453,335
Dallas	2,127,049	857,211	257,502	599,709	----------
San Francisco	4,554,860	1,555,999	506,068	1,049,931	----------
Total	47,599,595	16,611,745	7,329,169	8,464,426	818,150

BRANCHES AND AGENCIES OF THE FEDERAL RESERVE BANKS

All branches and agencies of the Federal reserve banks in operation at the end of 1925 continued to function throughout 1926. The application of the Richmond bank for authority to establish a branch to serve the southwestern portion of the fifth Federal reserve district, which was pending at the end of 1925 and on which a hearing was granted by the board in January, 1926, is the only application for the establishment of an additional Federal reserve branch bank now before the board. A public hearing was also held on November 11 on the advisability of continuing the agencies of the Boston and Atlanta banks in Habana, Cuba, which have been in operation since September 1, 1923. Subsequent to this hearing the board approved a resolution of the board of directors of the Boston bank to discontinue the Boston agency, directing that this agency be discontinued as of December 31 and that the functions heretofore performed by it be taken over by the agency of the Atlanta bank.

The volume of work handled by the branches and agencies in their principal operating departments has continued to increase, as may be seen from the following comparisons for 1924, 1925, and 1926:

VOLUME OF OPERATIONS OF FEDERAL RESERVE BANK BRANCHES AND AGENCIES

	1924	1925	1926
Checks handled:			
Number of items	222, 622, 000	230, 685, 000	240, 818, 000
Amount	$54, 763, 840, 000	$60, 989, 227, 000	$64, 716, 081, 000
Currency received and counted:			
Number of pieces	433, 582, 000	451, 132, 000	492, 936, 000
Amount	$2, 468, 886, 000	$2, 621, 983, 000	$2, 893, 286, 000
Coin received and counted:			
Number of pieces	387, 200, 000	393, 994, 000	416, 936, 000
Amount	$60, 199, 000	$63, 619, 000	$66, 361, 000

Current expenses of the 23 branches and 3 agencies during 1926 were $5,243,000, as compared with $5,343,000 in 1925 and $5,747,000 in 1924.

BUILDING OPERATIONS OF FEDERAL RESERVE BANKS

Construction of new buildings for the Birmingham and Salt Lake City branches and of an annex to the Philadelphia building was practically completed at the end of the year. The construction of buildings on the sites owned at Baltimore and Detroit was authorized by joint resolutions of the House of Representatives and the Senate, approved April 17 and April 14, respectively, and the purchase of a building for the use of the Buffalo branch was authorized by a similar resolution approved on March 24. The contracts for the Detroit building have been let, and plans for the Baltimore building are in process of completion. It is anticipated that the building at Buffalo, for which a purchase contract has been entered into, will be available for occupancy by the Buffalo branch in the early part of 1928.

All of the Federal reserve banks and 13 of the Federal reserve branch banks are now housed in their own buildings. Tables showing the cost of building operations at each Federal reserve bank and branch will be found in the complete report.

CHANGES IN MEMBERSHIP

On December 31, 1926, there were 9,260 member banks, with total resources of $42,029,644,000, in the Federal reserve system; of these banks 7,906, with resources of $25,669,069,000, were national banks and 1,354, with resources of $16,360,575,000, were member State banks and trust companies. During the year there was a decrease of 229 in the number of member banks—national banks showing a decrease of 142 and member State banks a decrease of 87. Notwithstanding the decline in the number of banks, total resources showed a gain for the year of $604,349,000, the result of an increase of $774,730,000 in the resources of member State banks and a decrease of $170,381,000 in the resources of national banks.

The decline during the year in the number of member banks is accounted for largely by decreases which were incidental to mergers, suspensions, and voluntary liquidations which terminated the existence of member institutions, as is shown in the following table:

CHANGES IN MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM, JANUARY 1, 1926, TO DECEMBER 31, 1926

	Number of banks
Active banks Jan. 1, 1926	9,489
Banks joining the system	[1] 174
Banks withdrawing from the system	[2] 124
Net increase from banks joining and withdrawing	50
Banks lost to membership through mergers between member banks, suspensions, etc	279
Net decrease for the year	−229
Active member banks, December 31, 1926	9,260

[1] Does not include two banks which were temporarily lost to membership through liquidation toward the end of 1925, but regained through reorganization in 1926.
[2] Includes 44 withdrawals which were incidental to the absorption of member banks by existing nonmember banks.

During 1926, 174 banks joined the system and 124 withdrew from membership; thus there was a net addition of 50 to the membership of the system as a result of the exercise of banks' option with regard to the assumption or relinquishment of membership. Of the banks that joined the system, 104 were newly organized national banks, 22 were former nonmember banks that joined the system by converting into national banks, and 32 were nonmember banks that were admitted to membership in the system with the status of State institutions. There were 13 banks which, having previously suspended, resumed operations and 3 banks which were newly

organized to succeed banks that had previously suspended. The 122 banks that relinquished membership in the system included 56 member State banks that withdrew after advance notice to the Federal reserve bank, 24 member banks that were succeeded by nonmember banks organized for that purpose, and 44 banks that were absorbed by already existing nonmember banks.

The net voluntary accession of 50 banks was offset by a decrease of 279 resulting from mergers between member banks, from bank suspensions, and from other causes not related to the banks' choice in the matter of membership in the system. Mergers between member banks during the year accounted for the loss of 99 banks—81 of them national banks and 18 State institutions—and suspensions accounted for 160 banks—124 national and 36 State banks. There were also 19 banks the existence of which was terminated by voluntary liquidation, and 3 banks that were compelled to withdraw from the system because of violations of the Federal reserve act.

In the following table changes in membership are shown in detail, by class of bank:

CHANGES IN MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM, BY CLASS OF MEMBER, JANUARY 1, 1926, TO DECEMBER 31, 1926

	Member banks			
	Number			Resources (in thousands of dollars)
	National	State	Total	
Active member banks, Jan. 1, 1926	8,048	1,441	9,489	41,425,295
Additions to membership:				
Organization of national bank	104		104	22,492
Conversion of nonmember bank to national	22		22	100,216
Admission of State bank		32	32	88,379
Resumption following suspension	9	4	13	8,827
Conversion within the system	[1] 8	[1] 7		
Other additions	[2] 4	[3] 1	5	
Total additions	147	44	176	
Losses to membership:				
Merger between member banks—				
Intraclass	[4] 64	12	76	
Interclass	17	6	23	
Voluntary liquidation (terminal)	15	4	19	30,964
Suspension and insolvency	124	36	160	95,950
Absorption of member by nonmember bank	40	4	44	40,672
Conversion of member to nonmember bank	22	2	24	25,267
Withdrawal of State bank		[5] 59	59	52,602
Conversion within the system	[1] 7	[1] 8		
Total losses	289	131	405	
Net change	−142	−87	−229	+604,349
Active member banks Dec. 31, 1926	7,906	1,354	9,260	42,029,644

[1] Succession between members of one class and members of the other without effect on the number of banks in the system.

[2] Includes one member bank succeeded by another of the same class prior to Dec. 31, 1925, the succeeding bank not reporting until after Dec. 31, 1925, and three banks organized to succeed banks that had previously suspended.

[3] One member bank succeeded by another of the same class prior to Dec. 31, 1925, the succeeding bank not reporting until after Dec. 31, 1925.

[4] Includes two instances in which two member banks were succeeded by a third organized for the purpose

[5] Includes three compulsory withdrawals.

BANKS ON PAR LIST

At the end of 1926 there were 27,084 incorporated banks other than mutual savings banks in the United States, and of this number 23,171, or 85.6 per cent, were on the Federal reserve par list, which comprises all member banks and such nonmember banks as have agreed to pay, without deductions for exchange, such checks drawn upon them as are presented for payment by the Federal reserve banks. The total number of banks in the United States decreased during the year and the number of incorporated banks not on the par list at the end of 1926 (3,913) was 57 less than the number at the end of 1925. All banks in the Boston, New York, and Philadelphia Federal reserve districts, and all but eight in the Cleveland district, are on the par list; the banks not on the par list are nearly all located in the Southern and North Central States. The following table shows the number of member banks, all of which are on the par list, and the number of nonmember banks on the par list and not on the par list at the end of 1926 and 1925:

NUMBER OF MEMBER AND NUMBER OF NONMEMBER BANKS ON PAR LIST AND NOT ON PAR LIST AT THE END OF 1926 AND 1925

Federal reserve district	Member banks		Nonmember banks			
			On par list		Not on par list [1]	
	1926	1925	1926	1925	1926	1925
Boston	416	420	246	246	--------	--------
New York	913	880	411	391	--------	--------
Philadelphia	769	753	509	513	--------	--------
Cleveland	856	863	1,071	1,073	8	10
Richmond	583	604	686	712	625	687
Atlanta	475	495	333	366	1,057	1,102
Chicago	1,335	1,398	3,705	3,808	228	260
St. Louis	609	628	1,996	2,111	428	401
Minneapolis	764	829	923	1,185	1,093	1,062
Kansas City	992	1,027	2,537	2,667	212	205
Dallas	827	852	711	768	197	182
San Francisco	721	740	783	803	65	61
Total	9,260	9,489	13,911	14,643	3,913	3,970

[1] Incorporated banks other than mutual savings banks.

CHECK CLEARING AND COLLECTION

On June 7, 1926, the Supreme Court of the United States in effect upheld the legality of the Federal reserve check-collection system by refusing to grant a writ of certiorari bringing before it for review the decision of the circuit court of appeals in the case of Pascagoula National Bank *v.* Federal Reserve Bank of Atlanta.

The legality of the Federal reserve banks collecting at par checks drawn upon nonmember State banks except where prevented by State legislation having been upheld by the Supreme Court in the cases of American Bank & Trust Company *v.* Federal Reserve Bank of Atlanta (262 U. S. 643), and Farmers & Merchants Bank *v.* Federal

Reserve Bank of Richmond (262 U. S. 649), this suit was instituted on August 9, 1924, to test the legality of the present practices of the Federal reserve check-collection system as between Federal reserve banks and member banks. The Pascagoula National Bank of Moss Point, Miss., brought an injunction suit against the Federal Reserve Board, the Federal Reserve Bank of Atlanta, and the Federal reserve agent at Atlanta which, if successful, would have practically disrupted the entire check-collection system. The injunction if granted would have:

(1) Permitted member banks to charge exchange on checks drawn upon them and presented for payment by or through Federal reserve banks;

(2) Prohibited the Federal reserve banks from handling checks for any banks other than their own members and from handling for their own members any checks which are not payable within their own district; and

(3) Required the Federal reserve banks to give immediate credit and availability to member banks for all deposits of checks drawn on their member banks in the same district, no matter at what distance from the Federal reserve bank the drawee bank might be located and regardless of the time it might take to collect such checks.

The courts denied this injunction and upheld in all respects the legality of the present check collection practices of the Federal reserve system.

The case was first tried in the United States District Court for the Northern District of Georgia, which dismissed the Federal Reserve Board from the suit on the ground that the Federal Reserve Board could not properly be sued in that court; and, in passing upon the merits as between the plaintiff and the Federal Reserve Bank of Atlanta, held in effect that:

(1) The Federal reserve banks are not required to give depositing member banks immediate credit and availability for checks and drafts drawn on other member banks in the Atlanta district and are justified in refusing to permit the amount of said checks to be counted as reserves or to be withdrawn by check or otherwise until they actually have been collected;

(2) Under the terms of the so-called "Hardwick amendment" to section 13 of the Federal reserve act, member banks have not the right to make an "exchange charge" for remitting payment to a Federal reserve bank for checks drawn on themselves, although such checks are not the property of the Federal reserve bank, but are handled for collection;

(3) Under the terms of section 13 of the Federal reserve act, the authority of a Federal reserve bank to collect checks is not limited to checks sent to it by its own members and checks payable within

the district of such Federal reserve bank; and, therefore, a Federal reserve bank may collect checks on its own member banks and nonmember clearing banks which come to it from other districts, and may handle checks payable on presentation sent to it by its member banks or nonmember clearing banks whether payable within its own district or not; and

(4) The provision in the Federal reserve act which has the effect of requiring member banks to pay without deduction checks drawn on them when presented by Federal reserve banks, whether paid over the counter or by the more convenient means of checks on their deposits elsewhere, does not deprive member banks of property without due process of law and, therefore, is not contrary to the fifth amendment to the Constitution. Pascagoula National Bank *v.* Federal Reserve Bank of Atlanta (3 F. (2d) 465.)

From this decision the plaintiff appealed direct to the Supreme Court of the United States on the ground that the case involved a constitutional question. On November 30, 1925, the Supreme Court issued an order transferring the case to the Circuit Court of Appeals for the Fifth Circuit, on the ground that the constitutional question involved was not sufficiently substantial to justify a direct appeal to the Supreme Court. This was tantamount to a ruling by the Supreme Court that the provision of the Federal reserve act which forbids Federal reserve banks to pay exchange charges on checks and forbids member banks to impose such charges on checks collected through Federal reserve banks is constitutional beyond any reasonable doubt.

On February 11, 1926, the circuit court of appeals affirmed the decision of the United States district court on all points (11 F. (2d) 866), and the plaintiff petitioned the Supreme Court for a writ of certiorari bringing the case again before the court for review. On June 7, 1926, the Supreme Court denied the writ of certiorari, and as a result of this action the favorable decision of the circuit court of appeals became final. It is believed that this decision definitely and finally removes all doubt as to the legality of the Federal reserve check collection system.

The opinion of the United States district court was printed in full in the appendix to the board's annual report for 1924, on page 231. The opinion of the circuit court of appeals and a dissenting opinion of Judge Foster were published in full on pages 278–281 of the appendix to the board's annual report for 1925. The Supreme Court rendered no opinion either in passing upon the original appeal from the district court or in denying the petition for a writ of certiorari.

TRUST POWERS OF NATIONAL BANKS

During the past year the board has approved 207 original and 20 supplementary applications by national banks for permission to exer-

cise fiduciary powers under the provisions of section 11(k) of the Federal reserve act. The total number of banks holding permits from the board to exercise trust powers on December 31, 1926, was 2,103.

Of the 2,103 national banks having permission to exercise fiduciary powers on December 31, 1926, 1,139 were exercising one or more of the powers authorized. These banks were acting as executor, administrator, guardian, etc., of trusts having assets aggregating $1,028,056,444, and in addition 448 of them were handling corporate trusts, such as trustee for collateral trust bond issues aggregating $1,002,615,495, and acting as trustee for other bond and note issues in the sum of $1,460,937,821. Earnings from trust department operations in the sum of $8,255,000 were reported for the fiscal year ended June 30, 1926. The following table gives this information, by Federal reserve districts.

ACTIVITIES OF NATIONAL BANKS HAVING PERMISSION TO EXERCISE FIDUCIARY POWERS DURING THE YEAR 1926

Federal reserve district	Total number of national banks	Number authorized to exercise trust powers Dec. 31, 1926	Number exercising powers Dec. 31, 1926	Assets of individual trusts	Banks handling corporate trusts	Collateral trust bonds outstanding where banks act as trustee	Other bonds and notes outstanding where banks act as trustee	Trust department earnings reported for fiscal year June 30, 1926
Boston	377	197	101	$120,891,927	32	$16,774,110	$166,479,775	$781,000
New York	755	296	177	274,423,661	77	886,326,795	840,665,720	3,685,000
Philadelphia	685	238	170	57,321,610	54	1,294,800	20,491,910	490,000
Cleveland	744	155	110	83,370,025	52	5,422,263	76,497,751	521,000
Richmond	531	165	96	58,138,735	28	17,089,292	16,044,875	340,000
Atlanta	381	113	56	47,379,824	27	6,539,450	39,307,250	319,000
Chicago	1,028	344	163	102,793,907	65	16,183,174	78,014,292	633,000
St. Louis	491	137	69	43,057,313	15	4,682,000	14,399,201	232,000
Minneapolis	702	95	27	14,581,024	15	1,641,800	4,836,853	77,000
Kansas City	975	171	71	98,768,930	30	19,493,591	56,624,050	466,000
Dallas	727	83	35	24,517,527	6	7,363,847	4,728,406	120,000
San Francisco	570	109	64	102,811,961	47	19,804,373	142,847,738	591,000
Total	7,966	2,103	1,139	1,028,056,444	448	1,002,615,495	1,460,937,821	8,255,000

ADMINISTRATION OF THE CLAYTON ACT

In each of its annual reports for several years past the board has called attention to the desirability of amending section 8 of the Clayton Act. The board has found in administering this provision of law that the present law is not adapted to carrying out the intention of Congress in regulating interlocking bank directorates. In its present form section 8 of the Clayton Act in operation often defeats the purpose for which it was enacted; it discriminates against national banks, and in many cases its enforcement results in unnecessary hardship to individuals and to the disadvantage of the banking and credit situation in certain communities. During the first session of the Sixty-ninth Congress legislation remedying this situation was pro-

posed both in the Senate and in the House, but the desired amendment has not yet been enacted into law. The board again recommends an amendment to section 8 of the Clayton Act in substantially the same form as that which has been suggested in its former annual reports.

During the past year the board has received and considered 297 applications presented to it for permission to serve in interlocking directorates. The Comptroller of the Currency reported 29 alleged violations of section 8 of the Clayton Act; these the board investigated and required the bank directors involved to comply with the law where it was being violated.

USE OF WORDS "FEDERAL" AND "RESERVE" IN THE TITLE OF BANKS, CORPORATIONS, OR FIRMS

In its last annual report the board called attention to numerous complaints received regarding the use of the words "Federal" or "reserve" or a combination of the two as part of the title of banks, corporations, or firms other than Federal reserve banks. It was pointed out that those words were frequently employed in an attempt to take advantage of the prestige of the Federal reserve banks, sometimes misleading the public or resulting in confusion. The act of Congress which was approved May 24, 1926, is designed to remedy this situation. The purpose of this act is to prohibit the offering for sale as Federal farm loan bonds any securities not issued under the terms of the Federal farm loan act, to limit the use of the words "Federal," "United States," or "reserve," and to prohibit false advertising. The act makes unlawful, with certain specified exceptions, the use of the word "Federal," the words "United States," or the word "reserve," or a combination of such words as a portion of the corporate title or trade name of any person, firm, or corporation engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity, or trust business, and also makes unlawful any advertisement or representation by a nonmember bank that it is a member of the Federal reserve system. The prohibition against the use of the words "Federal," "reserve," or "United States" does not apply to departments or establishments of the Government of the United States or corporations organized under the laws of the United States, nor does it apply to persons, firms, or corporations actually engaged in business under a name or title including such words prior to the passage of the act.

NOTES SECURED BY ADJUSTED SERVICE CERTIFICATES

Pursuant to the provisions of section 502 of the World War adjusted compensation act, the board, on December 9, 1926, promulgated a new regulation respecting the rediscount by Federal reserve banks of notes of veterans secured by adjusted service certificates. In

promulgating this regulation the board had in mind the fact that, in order to be eligible for rediscount at Federal reserve banks, such notes must comply in all respects with the requirements of the World War adjusted compensation act and the regulations of the United States Veterans' Bureau and that, for practical reasons, they should be accompanied at the time of rediscount by such evidence as the United States Veterans' Bureau would require if it should become necessary for the Federal reserve banks to present such notes to that bureau for payment. The regulation consists principally of a detailed statement of these requirements. The text of this regulation will appear in the appendix to this report.

At the request of the Director of the United States Veterans' Bureau, the board also arranged for the Federal reserve banks to furnish to every incorporated bank in the United States before January 1, 1927, full information with respect to loans to veterans on the security of their adjusted compensation certificates. Pursuant to this arrangement, each Federal reserve bank sent to every incorporated bank in its district a circular letter explaining the legal requirements with respect to the making of loans to veterans on the security of their adjusted service certificates, the rediscount of notes secured by adjusted service certificates, and the redemption by the Veterans' Bureau of such notes if not paid by the veterans. At the request of the Veterans' Bureau, the Federal reserve banks also agreed to distribute to the leading banks, on request, forms of notes and affidavits furnished by the Veterans' Bureau.

MEETINGS OF FEDERAL ADVISORY COUNCIL

Four meetings of the Federal Advisory Council were held in Washington during 1926 on the following dates: February 18, May 21, September 17, and November 19.

CONFERENCES HELD BY THE FEDERAL RESERVE BOARD

The Federal Reserve Board, as usual, conferred with the Federal Advisory Council on the occasion of each of its meetings during the year.

The governors of the Federal reserve banks met in Washington on March 22–24, and the governors of the Federal reserve banks and Federal reserve agents conferred, separately and jointly, on November 4–11. At both conferences special sessions were held at which the board was in attendance.

ORGANIZATION, STAFF, AND EXPENDITURES

Hon. Charles S. Hamlin, of Massachusetts, whose term of office as member of the Federal Reserve Board expired on August 9, 1926, was reappointed to serve until August 9, 1936. Mr. E. A. Goldenweiser,

who has been connected with the research work of the board since 1919, was appointed director of the division of research and statistics, effective January 1, 1927, and Mr. Carl E. Parry was appointed assistant director of the division. Mr. E. M. McClelland was appointed an assistant secretary of the board, and Mr. B. M. Wingfield was appointed an assistant counsel, effective January 1, 1926.

The total cost of conducting the work of the board during the year 1926 was $705,507.99. To meet these expenses the board levied two assessments against the Federal reserve banks aggregating $721,724.17, or approximately one-fifth of 1 per cent of their average paid-in capital and surplus for the year.

By direction of the Federal Reserve Board.

D. R. CRISSINGER, *Governor.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

PRINCIPAL FEDERAL RESERVE STATISTICS FOR 1926

Principal Assets and Liabilities of All Federal Reserve Banks Combined During 1926, by Weeks

[Amounts in thousands of dollars]

Date	Bills and securities				Total cash reserves	Reserve percentage	Federal reserve notes in circulation	Total deposits	Member banks' reserve deposits
	Total[1]	Bills discounted	Bills bought in open market	United States securities					
Daily averages:									
1926	1,209,309	570,613	281,386	349,790	2,945,674	73.8	1,723,189	2,268,801	2,208,899
1925	1,139,507	481,515	287,329	358,962	2,938,181	74.7	1,704,307	2,229,630	2,167,041
1924	950,317	374,834	172,428	401,365	3,191,758	80.1	1,894,776	2,092,029	2,023,074
1923	1,150,570	738,114	226,548	185,823	3,190,531	76.1	2,256,249	1,936,853	1,872,507
Dec. 30, 1925	1,500,827	749,672	362,818	377,032	2,822,133	67.3	1,835,010	2,357,141	2,308,614
1926									
Jan. 6	1,318,378	593,469	344,783	369,419	2,882,066	70.2	1,777,628	2,329,218	2,278,123
13	1,212,118	505,763	327,402	368,795	2,949,879	72.7	1,733,284	2,324,990	2,279,741
20	1,138,648	453,182	305,850	369,966	2,966,852	74.4	1,692,021	2,298,315	2,242,730
27	1,118,687	448,557	295,417	365,063	2,953,207	75.0	1,667,266	2,272,236	2,216,882
Feb. 3	1,149,372	487,796	302,264	349,763	2,939,260	74.5	1,662,520	2,282,492	2,215,193
10	1,177,494	533,372	300,519	333,154	2,939,215	74.2	1,667,844	2,296,101	2,239,050
17	1,184,595	538,358	301,641	334,446	2,940,156	73.7	1,661,143	2,326,518	2,262,258
24	1,185,046	540,083	304,128	330,585	2,916,510	74.0	1,679,362	2,262,231	2,202,879
Mar. 3	1,207,429	583,214	286,607	325,758	2,913,538	73.2	1,675,354	2,302,283	2,224,329
10	1,158,559	502,425	284,520	359,666	2,950,840	74.6	1,671,754	2,281,289	2,209,698
17	1,101,640	480,615	257,138	352,577	2,964,657	75.6	1,659,210	2,264,647	2,230,282
24	1,189,796	617,547	252,228	308,201	2,949,776	74.3	1,658,996	2,313,632	2,218,007
31	1,225,537	632,391	249,633	329,837	2,919,846	73.4	1,656,482	2,323,352	2,215,243
Apr. 7	1,164,339	578,552	229,773	342,029	2,933,651	74.6	1,652,878	2,278,467	2,191,635
14	1,242,243	577,284	274,058	377,016	2,938,805	73.0	1,681,096	2,347,152	2,283,222
21	1,081,062	449,670	229,474	388,583	2,950,470	76.0	1,662,284	2,219,750	2,171,145
28	1,114,233	513,668	199,017	388,813	2,954,076	75.7	1,661,982	2,242,126	2,202,831
May 5	1,168,026	547,181	213,384	395,326	2,950,581	74.5	1,672,016	2,286,038	2,230,801
12	1,112,874	476,414	228,162	396,262	2,966,739	75.7	1,675,535	2,245,684	2,193,512
19	1,126,264	489,861	226,492	398,625	2,976,913	75.4	1,665,240	2,280,643	2,236,640
26	1,119,122	473,943	238,828	395,065	2,975,441	76.0	1,672,817	2,243,137	2,195,200
June 2	1,186,037	524,957	244,143	404,152	2,946,480	74.3	1,704,136	2,261,190	2,225,270
9	1,128,578	448,163	249,821	418,308	2,982,529	75.6	1,692,939	2,251,263	2,224,486
16	1,119,426	393,330	233,159	482,235	2,984,362	75.0	1,688,150	2,290,886	2,260,827
23	1,119,392	479,158	247,236	383,098	2,995,533	76.0	1,682,769	2,258,224	2,225,306
30	1,158,406	515,031	249,394	385,279	2,979,639	75.3	1,697,279	2,259,836	2,228,839
July 7	1,233,553	612,567	237,569	375,317	2,941,994	73.2	1,737,500	2,279,150	2,239,886
14	1,146,602	514,930	234,192	391,081	2,991,271	74.9	1,707,233	2,286,618	2,242,190
21	1,102,165	495,429	217,439	383,097	2,989,277	76.0	1,680,920	2,254,052	2,208,307
28	1,106,302	521,390	211,173	369,239	2,999,210	76.3	1,671,336	2,261,026	2,205,126
Aug. 4	1,149,517	547,605	228,492	370,220	2,976,596	75.4	1,678,096	2,269,234	2,216,700
11	1,148,861	549,011	230,968	365,682	2,974,617	75.3	1,682,214	2,267,876	2,225,644
18	1,151,884	534,544	254,122	360,018	2,972,220	75.1	1,685,791	2,272,321	2,215,239
25	1,150,171	570,638	254,616	321,217	2,977,887	75.4	1,692,637	2,257,979	2,203,634
Sept. 1	1,202,493	626,348	253,481	318,964	2,966,343	74.4	1,702,902	2,282,320	2,223,902
8	1,196,235	614,267	265,984	312,284	2,961,966	74.3	1,746,524	2,242,324	2,207,185
15	1,319,736	565,535	262,480	488,021	2,965,065	71.6	1,724,068	2,417,346	2,369,136
22	1,240,911	661,636	270,407	305,168	2,957,640	73.1	1,716,087	2,332,003	2,230,591
29	1,297,994	716,630	275,623	302,041	2,937,254	72.6	1,716,466	2,330,386	2,248,876
Oct. 6	1,206,886	623,589	273,262	306,335	2,942,018	73.7	1,730,973	2,259,847	2,211,909
13	1,307,081	703,901	291,312	308,168	2,945,227	73.1	1,756,299	2,274,226	2,217,091
20	1,188,910	586,622	292,824	306,964	2,954,794	74.1	1,729,833	2,257,556	2,213,488
27	1,242,138	631,923	307,541	300,174	2,954,077	73.6	1,730,511	2,281,131	2,216,896
Nov. 3	1,312,842	675,898	332,098	302,346	2,934,685	72.8	1,755,430	2,276,419	2,207,325
10	1,224,181	581,413	339,901	300,367	2,969,884	74.0	1,750,788	2,264,869	2,218,651
17	1,225,533	566,987	347,882	308,130	2,984,712	73.7	1,750,281	2,301,120	2,238,208
24	1,270,681	627,604	340,629	299,904	2,957,931	73.3	1,774,054	2,262,311	2,202,406
Dec. 1	1,322,111	645,476	368,163	305,908	2,956,151	72.2	1,771,626	2,324,360	2,257,165
8	1,321,861	604,726	390,989	323,583	2,949,453	72.1	1,803,787	2,288,589	2,230,971
15	1,427,235	562,307	384,125	478,239	2,952,048	69.7	1,840,132	2,392,480	2,353,883
22	1,420,019	715,424	387,593	314,406	2,910,265	68.9	1,913,960	2,307,962	2,218,095
29	1,409,529	710,931	378,798	317,204	2,944,215	70.1	1,857,015	2,345,738	2,264,144

[1] Includes (in addition to bills discounted and bought and United States securities) municipal warrants, Federal intermediate credit bank debentures, and foreign loans on gold.

Resources and Liabilities of Each Federal Reserve Bank as at Close of Business December 31, 1926, and December 31, 1925

[In thousands of dollars]

	Total		Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925
RESOURCES														
Gold with Federal reserve agents	1,381,874	1,372,281	96,738	78,505	282,987	329,996	105,842	141,173	153,371	192,604	70,394	68,184	140,135	87,364
Gold redemption fund with United States Treasury	66,762	54,091	6,351	6,289	15,198	13,516	13,597	7,348	7,462	995	1,613	2,495	3,104	5,302
Gold held exclusively against Federal reserve notes	1,448,636	1,426,372	103,089	84,794	298,185	343,512	119,439	148,521	160,833	193,599	72,007	70,679	143,239	92,666
Gold settlement fund with Federal Reserve Board	665,261	689,156	39,336	32,809	223,475	254,227	32,699	48,884	56,282	62,916	27,242	23,952	21,707	20,240
Gold and gold certificates	704,642	585,787	35,487	40,402	439,892	331,226	27,919	19,407	46,532	47,340	11,684	6,944	4,311	3,488
Total gold reserves	2,818,539	2,701,315	177,912	158,005	961,552	928,965	180,057	216,812	263,647	303,855	110,933	101,575	169,257	116,394
Reserves other than gold	129,314	123,056	15,326	20,698	22,524	27,256	5,266	4,910	11,400	9,551	7,022	6,685	9,370	7,031
Total reserves	2,947,853	2,824,371	193,238	178,703	984,076	956,221	185,323	221,722	275,047	313,406	117,955	108,260	178,627	123,425
Nonreserve cash	66,589	63,137	7,902	6,733	15,894	16,967	1,611	1,716	6,134	5,069	5,381	5,261	4,476	3,718
Bills discounted:														
Secured by United States Government obligations	365,280	382,151	32,294	21,541	146,539	197,709	46,556	34,450	49,426	32,268	6,800	15,252	1,113	3,707
Other bills discounted	271,348	253,042	33,809	31,573	37,936	35,235	21,285	18,807	30,016	33,860	16,709	28,751	35,563	23,721
Total bills discounted	636,628	635,193	66,103	53,114	184,475	232,944	67,841	53,257	79,442	66,128	23,509	44,003	36,676	27,428
Bills bought in open market	380,986	374,356	47,200	84,714	101,443	42,020	26,839	16,923	33,217	4,990	12,796	2,696	23,172	76,732
United States Government securities:														
Bonds	47,964	60,825	531	553	1,364	1,934	585	604	1,170	8,103	1,192	1,240	352	2,986
Treasury notes	87,358	187,065	2,140	1,846	11,646	43,125	15,388	4,016	18,266	19,615	1,252	3,511	1,538	9,773
Certificates of indebtedness	179,498	126,678	7,493	10,336	45,854	12,140	4,257	19,443	16,719	8,691	4,973	4,193	----------	7,005
Total United States Government securities	314,820	374,568	10,164	12,735	58,864	57,199	20,230	24,063	36,155	36,409	7,417	8,944	1,890	19,764
Other securities	2,621	3,205	----------	----------	----------	----------	2,000	3,050	----------	----------	----------	----------	----------	----------
Foreign loans on gold	----------	7,800	----------	577	----------	2,106	----------	725	----------	835	----------	413	----------	320
Total bills and securities	1,335,055	1,395,122	123,467	151,140	344,782	334,269	116,910	98,018	148.814	108,362	43,722	56,056	61,738	124,244

Due from foreign banks	657	641			657	641								
Uncollected items	730,460	750,187	65,525	71,770	188,450	170,993	64,554	65,526	66,324	68,554	60,401	67,064	30,385	40,982
Bank premises	58,131	59,176	3,946	4,068	16,276	16,617	1,704	1,385	7,119	7,409	2,110	2,364	2,864	2,715
All other resources	11,336	16,770	75	102	1,131	3,521	302	133	887	1,030	294	389	1,021	1,444
Total resources	5,150,081	5,109,404	394,153	412,516	1,551,266	1,499,229	370,404	388,500	504,325	503,830	229,863	239,394	279,111	296,528
LIABILITIES														
Federal reserve notes in actual circulation	1,850,827	1,838,164	154,363	174,559	416,874	393,037	134,067	155,933	219,961	232,615	84,320	93,112	165,827	168,966
Deposits:														
Member bank—reserve account	2,194,094	2,212,098	147,016	141,802	835,960	847,249	139,247	139,272	178,472	171,928	68,973	68,037	66,742	78,276
Government	16,953	16,432	1,951	895	498	3,183	1,019	1,256	1,260	983	734	1,675	2,613	846
Foreign bank	46,356	8,247	2,140	611	25,915	2,221	2,675	768	3,013	883	1,492	437	1,126	339
Other deposits	18,576	20,611	128	198	8,929	9,061	89	443	978	1,359	81	179	932	136
Total deposits	2,275,979	2,257,388	151,235	143,506	871,302	861,714	143,030	141,739	183,723	175,153	71,280	70,328	71,413	79,597
Deferred availability items	660,393	665,847	61,867	68,373	162,885	150,263	59,202	58,539	62,308	59,105	55,276	57,399	26,847	34,232
Capital paid in	124,814	117,237	8,800	8,611	36,449	32,395	12,605	11,623	13,618	13,176	6,094	5,993	5,020	4,656
Surplus	228,775	220,310	17,606	17,020	61,614	59,964	21,267	20,464	23,746	22,894	12,198	11,919	9,632	8,700
All other liabilities	9,293	10,458	282	447	2,142	1,856	233	202	969	887	695	643	372	377
Total liabilities	5,150,081	5,109,404	394,153	412,516	1,551,266	1,499,229	370,404	388,500	504,325	503,830	229,863	239,394	279,111	296,528
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent)	71.4	69.0	63.2	56.2	76.4	76.2	66.9	74.5	68.1	76.9	75.8	66.2	75.3	49.7
Contingent liability on bills purchased for foreign correspondents	59,453	70,344	4,290	5,205	18,470	19,000	5,363	6,541	6,040	7,526	2,992	3,728	2,258	2,884

RESOURCES AND LIABILITIES OF EACH FEDERAL RESERVE BANK AS AT CLOSE OF BUSINESS DECEMBER 31, 1926, AND DECEMBER 31, 1925—Continued

[In thousands of dollars]

	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925
RESOURCES												
Gold with Federal reserve agents	163,424	114,683	19,509	15,820	60,539	57,420	64,860	54,571	38,488	24,269	185,587	207,692
Gold redemption fund with United States Treasury	8,668	5,612	1,001	930	2,074	2,059	2,125	3,377	2,609	2,351	2,960	3,817
Gold held exclusively against Federal reserve notes	172,092	120,295	20,510	16,750	62,613	59,479	66,985	57,948	41,097	26,620	188,547	211,509
Gold settlement fund with Federal Reserve Board	131,482	128,969	33,193	20,398	20,483	18,760	30,512	32,729	19,090	12,102	29,760	33,170
Gold and gold certificates	64,587	69,067	12,728	11,142	6,873	6,905	6,239	3,643	8,448	11,398	39,942	34,825
Total gold reserves	368,161	318,331	66,431	48,290	89,969	85,144	103,736	94,320	68,635	50,120	258,249	279,504
Reserves other than gold	21,856	17,494	13,647	10,692	3,152	2,200	4,993	4,475	8,137	5,749	6,621	6,315
Total reserves	390,017	335,825	80,078	58,982	93,121	87,344	108,729	98,795	76,772	55,869	264,870	285,819
Nonreserve cash	10,958	9,568	4,199	3,395	903	1,145	2,822	2,981	2,548	2,593	3,761	3,991
Bills discounted:												
Secured by United States Government obligations	58,929	55,505	12,255	9,508	658	551	1,484	4,016	1,594	1,924	7,632	5,720
Other bills discounted	38,902	32,455	18,874	13,360	3,380	2,870	5,128	11,563	3,178	2,083	26,568	18,764
Total bills discounted	97,831	87,960	31,129	22,868	4,038	3,421	6,612	15,579	4,772	4,007	34,200	24,484
Bills bought in open market	50,116	27,711	7,992	22,181	12,615	18,741	18,295	17,006	15,927	28,871	31,374	31,771
United States Government securities:												
Bonds	20,517	20,190	2,012	1,746	7,569	7,665	8,842	8,387	3,738	6,949	92	468
Treasury notes	5,490	18,955	6,972	14,716	1,841	7,094	4,140	18,416	3,813	17,236	14,872	28,762
Certificates of indebtedness	22,751	13,657	12,088	7,885	7,629	4,319	16,243	10,657	15,788	7,644	25,703	20,708
Total United States Government securities	48,758	52,802	21,072	24,347	17,039	19,078	29,225	37,460	23,339	31,829	40,667	49,938
Other securities					621	55		100				
Foreign loans on gold		1,077		359		257		312		273		546
Total bills and securities	196,705	169,550	60,193	69,755	34,313	41,552	54,132	70,457	44,038	64,980	106,241	106,739

Uncollected items	89,874	97,279	33,419	39,345	13,543	14,199	44,003	46,028	28,215	27,906	45,767	40,541
Bank premises	7,770	7,933	3,957	4,112	2,774	2,943	4,459	4,620	1,755	1,793	3,397	3,217
All other resources	2,591	1,928	805	327	2,159	2,670	521	504	358	1,192	1,192	3,530
Total resources	697,915	622,083	182,651	175,916	146,813	149,853	214,666	223,385	153,686	154,333	425,228	443,837
LIABILITIES												
Federal reserve notes in actual circulation	249,693	180,118	48,396	40,305	68,891	70,161	72,523	73,795	48,803	47,437	187,109	208,126
Deposits:												
Member bank—reserve account	311,664	306,521	82,116	81,447	50,946	53,071	86,728	93,382	62,898	66,203	163,332	164,910
Government	2,582	434	1,000	1,468	1,567	1,263	1,940	1,591	1,257	776	532	2,062
Foreign bank	3,857	1,139	1,211	380	901	272	1,098	330	985	289	1,943	578
Other deposits	943	888	328	757	152	362	100	1,156	61	95	5,855	5,977
Total deposits	319,046	308,982	84,655	84,052	53,566	54,968	89,866	96,459	65,201	67,363	171,662	173,527
Deferred availability items	78,595	85,020	33,635	36,278	12,858	13,149	38,628	39,472	26,781	26,616	41,511	37,401
Capital paid in	16,716	15,731	5,293	5,127	3,064	3,183	4,197	4,237	4,302	4,267	8,656	8,238
Surplus	31,881	30,613	9,939	9,570	7,527	7,501	9,029	8,979	8,215	7,615	16,121	15,071
All other liabilities	1,984	1,619	733	584	907	891	423	443	384	1,035	169	1,474
Total liabilities	697,915	622,083	182,651	175,916	146,813	149,853	214,666	223,385	153,686	154,333	425,228	443,837
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent)	68.6	68.7	60.2	47.4	76.0	69.8	67.0	58.0	67.3	48.7	73.8	74.9
Contingent liability on bills purchased for foreign correspondents	7,734	9,706	2,427	3,235	1,806	2,321	2,202	2,813	1,976	2,462	3,895	4,923

Cash Reserves, Bills and Securities, Deposits, and Federal Reserve Note Circulation of the Federal Reserve Banks, by Months, During 1926, 1925, and 1924

[Average daily figures. In millions of dollars]

	Cash reserves			Bills discounted			Total bills and securities			Member bank reserve deposits			Total deposits			Federal reserve notes in circulation		
	1926	1925	1924	1926	1925	1924	1926	1925	1924	1926	1925	1924	1926	1925	1924	1926	1925	1924
January	2,922	3,073	3,242	526	267	580	1,231	1,072	1,001	2,236	2,194	1,911	2,289	2,277	1,980	1,737	1,754	2,113
February	2,926	3,042	3,239	525	338	516	1,176	1,050	922	2,208	2,159	1,892	2,275	2,234	1,954	1,676	1,715	2,035
March	2,934	3,000	3,222	559	392	479	1,176	1,079	952	2,198	2,137	1,915	2,277	2,193	1,991	1,673	1,731	2,014
April	2,933	2,979	3,202	540	404	495	1,159	1,060	940	2,183	2,123	1,905	2,252	2,181	2,004	1,675	1,709	1,971
May	2,952	2,977	3,222	515	398	435	1,155	1,049	840	2,199	2,132	1,922	2,253	2,191	1,980	1,687	1,685	1,915
June	2,976	2,953	3,247	476	438	375	1,140	1,061	843	2,206	2,141	2,001	2,241	2,209	2,065	1,703	1,660	1,871
July	2,970	2,922	3,249	549	482	318	1,167	1,065	826	2,212	2,160	2,046	2,262	2,204	2,110	1,715	1,636	1,825
August	2,966	2,897	3,211	556	545	270	1,158	1,092	837	2,201	2,151	2,072	2,253	2,209	2,140	1,699	1,626	1,757
September	2,950	2,873	3,157	642	594	263	1,225	1,164	931	2,211	2,161	2,120	2,273	2,214	2,188	1,734	1,680	1,750
October	2,935	2,867	3,124	666	622	241	1,269	1,256	1,006	2,219	2,203	2,141	2,280	2,266	2,208	1,750	1,714	1,769
November	2,955	2,878	3,131	618	596	229	1,270	1,289	1,085	2,214	2,221	2,164	2,279	2,294	2,223	1,767	1,724	1,836
December	2,929	2,806	3,057	672	691	302	1,381	1,429	1,221	2,218	2,219	2,182	2,290	2,281	2,255	1,856	1,817	1,884
Year	2,946	2,938	3,192	571	482	375	1,209	1,140	950	2,209	2,167	2,023	2,269	2,230	2,092	1,723	1,704	1,895

Federal Reserve Agents' Accounts on December 31, 1926 and 1925

[In thousands of dollars]

	Total		Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925
Federal reserve notes received from comptroller	3,030,671	2,977,588	263,625	256,192	804,298	746,955	203,542	223,801	289,364	301,857	126,017	132,922	256,782	233,433
Federal reserve notes held by Federal reserve agent	769,848	772,028	66,200	44,350	282,080	226,360	27,700	28,000	33,240	39,020	23,579	23,289	57,730	42,135
Federal reserve notes issued to Federal reserve bank	2,260,823	2,205,560	197,425	211,842	522,218	520,595	175,842	195,801	256,124	262,837	102,438	109,633	199,052	191,298
Collateral held as security for Federal reserve notes issued to Federal reserve bank:														
Gold and gold certificates	306,095	302,231	35,300	35,300	168,697	186,698	----------	2,000	8,780	8,780	28,805	21,160	15,213	10,370
Gold redemption fund	112,344	109,817	17,438	18,205	23,290	27,298	8,965	11,784	14,591	13,824	6,589	2,524	8,922	6,094
Gold fund, Federal Reserve Board	963,435	960,233	44,000	25,000	91,000	116,000	96,877	127,389	130,000	170,000	35,000	44,500	116,000	70,900
Eligible paper	968,904	948,803	113,303	137,828	263,434	231,454	70,763	56,640	112,059	71,102	35,642	43,924	59,751	104,088
Total collateral	2,350,778	2,321,084	210,041	216,333	546,421	561,450	176,605	197,813	265,430	263,706	106,036	112,108	199,886	191,452

	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925	1926	1925
Federal reserve notes received from comptroller	451,996	432,676	72,764	69,160	89,325	88,941	115,697	121,087	72,370	66,268	284,891	304,296
Federal reserve notes held by Federal reserve agent	149,640	232,457	19,260	22,580	14,262	15,695	26,610	36,530	16,247	11,512	53,300	50,100
Federal reserve notes issued to Federal reserve bank	302,356	200,219	53,504	46,580	75,063	73,246	89,087	84,557	56,123	54,756	231,591	254,196
Collateral held as security for Federal reserve notes issued to Federal reserve bank:												
Gold and gold certificates	----------	----------	7,450	9,945	13,507	13,052	----------	----------	18,343	14,926	10,000	----------
Gold redemption fund	2,779	4,038	1,759	1,675	1,032	2,368	4,500	4,211	4,145	3,343	18,334	14,453
Gold fund, Federal Reserve Board	160,645	110,645	10,300	4,200	46,000	42,000	60,360	50,360	16,000	6,000	157,253	193,239
Eligible paper	147,725	115,484	39,072	45,025	16,341	21,719	24,754	32,526	20,615	32,863	65,445	56,150
Total collateral	311,149	230,167	58,581	60,845	76,880	79,139	89,614	87,097	59,103	57,132	251,032	263,842

All Member Banks—Resources and Liabilities

[In thousands of dollars]

	Dec. 31, 1924 (9,587 banks)	Apr. 6, 1925 (9,531 banks)	June 30, 1925 (9,538 banks)	Sept. 28, 1925 (9,539 banks)	Dec. 31, 1925 (9,489 banks)	Apr. 12, 1926 (9,412 banks)	June 30, 1926 (9,375 banks)	Dec. 31, 1926 (9,260 banks)
RESOURCES								
Loans and discounts	20,165,601	20,372,688	20,798,714	21,427,247	22,257,763	21,989,048	22,251,374	22,890,655
Overdrafts	15,708	17,014	15,466	23,126	17,522	17,260	16,105	15,895
United States Government securities	3,902,793	3,915,997	3,802,370	3,785,412	3,761,065	3,831,078	3,744,929	3,388,963
Other bonds, stocks, and securities	4,942,486	4,979,240	5,085,975	5,133,273	5,163,166	5,232,617	5,378,479	5,600,708
Total loans and investments	**29,026,588**	**29,284,939**	**29,702,525**	**30,369,058**	**31,199,516**	**31,070,003**	**31,390,887**	**31,896,221**
Customers' liability on account of acceptances	461,736	477,098	375,163	383,873	498,143	486,259	431,307	512,945
Banking house, furniture, and fixtures	860,614	879,401	904,755	919,046	927,357	955,563	969,380	998,212
Other real estate owned	161,133	166,828	167,140	171,741	170,763	173,906	172,986	173,727
Cash in vault	597,472	523,297	524,343	524,592	574,532	540,261	534,120	522,596
Reserve with Federal reserve banks	2,227,569	2,091,545	2,190,991	2,147,111	2,238,233	2,135,948	2,236,172	2,210,048
Items with Federal reserve banks in process of collection	724,926	588,823	675,356	647,432	825,543	722,055	732,161	810,250
Due from banks, bankers, and trust companies	2,339,488	2,090,754	2,017,454	2,031,130	2,155,306	1,933,501	1,980,051	2,065,518
Exchanges for clearing house, also checks on other banks in same place	1,935,114	1,211,094	1,882,318	1,268,087	2,195,466	1,450,457	1,762,736	2,077,090
Outside checks and other cash items	133,666	108,256	137,148	103,369	159,060	142,939	137,866	181,593
Redemption fund and due from United States Treasurer	36,284	33,094	33,013	32,850	32,982	32,879	32,997	32,785
United States securities borrowed	[1] 19,087	[1] 12,661	[1] 11,636	[1] 11,429	[1] 11,152	[1] 13,770	37,593	37,347
Other securities borrowed	[1] 2,541	[1] 2,660	[1] 1,925	[1] 3,112	[1] 2,160	[1] 1,870	7,038	6,998
Other assets	460,649	478,815	481,258	440,524	435,082	416,029	419,895	504,314
Total	38,986,867	37,949,265	39,105,025	39,053,354	41,425,295	40,075,440	40,845,189	42,029,644
LIABILITIES								
Capital stock paid in	2,037,481	2,077,502	2,085,732	2,092,909	2,105,308	2,162,434	2,169,484	2,203,447
Surplus fund	1,707,486	1,732,076	1,750,815	1,760,076	1,832,691	1,880,620	1,899,565	1,955,349
Undivided profits, less expenses and taxes paid	786,759	859,461	853,433	834,802	739,934	783,012	763,156	785,517
Reserved for taxes, interest, etc., accrued				133,387	108,903	132,688	124,484	120,386
Due to Federal reserve banks	43,648	40,124	39,758	49,933	51,112	47,893	45,214	51,445
Due to banks, bankers, and trust companies	4,504,315	4,041,256	3,978,028	3,827,575	4,169,470	3,801,513	3,935,113	4,002,995
Certified and cashiers' or treasurers' checks outstanding	1,082,431	756,757	1,032,804	808,756	1,225,758	863,466	962,694	1,141,102
Demand deposits	16,684,038	15,849,791	16,811,751	16,617,456	17,824,702	16,823,148	17,380,041	17,638,648
Time deposits	9,804,738	10,126,980	10,381,486	10,467,237	10,653,028	10,954,747	11,172,863	11,439,859
United States deposits	242,482	411,619	176,653	278,211	304,131	379,450	227,647	234,116
Total deposits	**32,361,652**	**31,226,527**	**32,420,480**	**32,049,168**	**34,228,201**	**32,870,217**	**33,723,572**	**34,508,165**
Agreements to repurchase United States Government or other securities sold			6,450	5,081	7,081	15,800	5,632	32,537
Bills payable (including all obligations representing money borrowed, other than rediscounts)	289,253	311,183	360,767	489,449	527,898	419,853	390,839	556,301
Notes and bills rediscounted (including acceptances of other banks and foreign bills of exchange or drafts sold with indorsement)	367,490	389,013	356,934	387,213	483,914	421,005	428,072	458,071
Letters of credit and travelers' checks sold for cash and outstanding	21,709	22,158	37,403	25,643	21,965	23,266	38,415	20,499

Acceptances executed for customers	460,383	474,500	365,671	384,993	486,548	470,292	425,751	515,046
Acceptances executed by other banks for account of reporting banks	37,322	43,087	42,144	40,334	53,608	55,002	42,054	35,917
National-bank notes outstanding	714,333	648,959	647,994	648,719	647,951	648,954	650,662	645,956
United States securities borrowed	48,017	34,408	33,320	35,908	43,858	39,381	37,593	37,347
Other securities borrowed	5,946	6,481	5,455	7,038	5,785	5,923	7,038	6,998
Other liabilities	149,036	123,910	138,427	158,634	131,650	146,993	138,872	148,108
Total	38,986,867	37,949,265	39,105,025	39,053,354	41,425,295	40,075,440	40,845,189	42,029,644

[1] Exclusive of securities borrowed by national banks.

Earnings and Expenses of Federal Reserve Banks During 1926

EARNINGS

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Discounted bills	$22,551,561	$1,463,790	$5,836,836	$2,036,833	$2,211,738	$1,676,456	$1,705,117	$3,015,981	$1,258,227	$310,424	$643,032	$525,993	$1,867,134
Purchased bills	10,003,081	1,278,862	2,001,668	661,657	818,378	374,178	1,024,830	1,230,850	340,294	405,511	507,513	462,842	896,498
United States securities	12,589,119	401,552	2,379,546	764,324	1,274,279	261,476	228,280	1,929,874	841,145	723,348	1,213,542	985,652	1,586,101
Deficient reserve penalties	382,946	7,860	45,386	10,983	30,133	69,214	41,636	50,427	22,017	16,473	24,203	35,403	29,211
Miscellaneous	2,072,888	167,013	337,532	152,851	183,356	47,693	46,004	339,911	49,826	166,577	289,050	117,159	175,916
Total earnings	47,599,595	3,319,077	10,600,968	3,626,648	4,517,884	2,429,017	3,045,867	6,567,043	2,511,509	1,622,333	2,677,340	2,127,049	4,554,860

CURRENT EXPENSES

Salaries:													
Bank officers	$2,433,898	$116,250	$476,883	$127,249	$214,238	$166,800	$191,016	$299,523	$166,072	$135,681	$156,381	$146,326	$237,479
Clerical staff	11,695,529	887,967	3,033,763	893,632	1,009,990	599,998	418,096	1,685,405	610,045	357,223	638,490	483,810	1,077,110
Special officers and watchmen	776,936	34,571	168,176	50,430	101,536	44,453	31,426	97,675	46,612	25,958	62,695	33,580	79,824
All other	1,837,408	84,896	500,347	104,689	225,858	67,515	38,253	287,790	74,072	80,091	167,432	82,719	123,746
Governors' conferences	5,575	351	511	267	289	273	255	420	422	568	562	640	1,017
Federal reserve agents' conferences	3,123	221	106	154	197	198	129	230	289	288	296	363	652
Federal Advisory Council	12,153	526	566	414	531	557	892	1,193	1,200	824	1,023	1,227	3,200
Directors' meetings	151,754	6,695	18,101	6,778	7,085	6,635	24,602	10,210	11,796	7,289	24,601	5,632	22,330
Traveling expenses [1]	266,114	6,313	34,601	11,144	17,910	16,600	32,994	24,630	31,029	35,222	10,165	19,135	26,371
Assessments for Federal Reserve Board expenses	721,724	54,476	199,090	68,636	76,835	38,060	28,686	99,230	31,306	22,596	27,965	25,214	49,630
Legal fees	127,401	4,367	16,218	8,089	11,716	4,154	9,728	8,513	4,013	30,701	9,856	5,016	15,030
Insurance (other than on currency and security shipments)	392,799	28,529	57,371	33,894	35,774	22,282	20,826	42,082	23,320	28,246	36,179	25,386	38,910
Insurance on currency and security shipments	619,468	86,389	122,914	91,794	72,116	33,742	47,398	66,838	16,108	14,091	15,499	21,553	31,026
Taxes on banking house	1,369,018	128,205	388,988	33,844	134,450	38,798	54,987	278,458	53,870	82,713	81,636	31,292	61,777
Light, heat, and power	331,802	19,634	79,117	21,022	43,600	8,939	13,600	27,477	21,499	19,762	45,595	19,231	12,326
Repairs and alterations, banking house	201,359	4,606	32,337	63,946	24,943	11,212	4,234	769	12,819	4,540	29,518	3,298	9,137
Rent	238,753	1,798	25,344	2,367	20,191	10,390	9,485	38,231	19,968		27	1,546	109,406
Office and other supplies	391,708	22,719	95,830	27,246	30,512	17,997	23,556	61,721	21,679	19,725	24,315	14,818	31,590
Printing and stationery	467,955	42,644	69,120	40,050	44,015	29,168	31,565	76,641	22,922	25,568	28,742	19,302	38,218
Telephone	191,350	21,098	50,659	25,558	12,931	6,021	6,123	20,698	12,492	5,816	7,693	7,291	14,970
Telegraph	510,991	8,351	55,826	15,976	36,441	27,974	70,499	46,182	42,095	23,277	61,176	47,193	76,001
Postage	1,780,244	203,427	286,871	168,715	160,796	113,421	104,296	239,748	93,529	64,373	132,391	89,896	122,781
Expressage	425,493	40,050	106,672	61,787	27,633	30,568	33,437	51,446	13,749	8,437	12,395	16,419	22,900
Miscellaneous expenses	683,206	48,138	172,049	65,781	53,056	27,315	32,767	69,726	30,118	34,810	48,022	38,441	62,983
Total, exclusive of cost of currency	25,635,761	1,852,221	5,991,460	1,923,462	2,362,643	1,323,070	1,228,850	3,534,836	1,361,024	1,027,799	1,622,654	1,139,328	2,268,414

Federal reserve currency, including shipping charges:													
Original cost	1,602,643	164,260	407,841	127,262	155,949	56,545	148,763	275,997	13,793	33,597	56,088	35,483	127,065
Cost of redemption	111,778	15,931	22,141	5,550	13,154	4,324	11,555	13,604	5,287	2,361	4,186	3,920	9,765
Total current expenses	27,350,182	2,032,412	6,421,442	2,056,274	2,531,746	1,383,939	1,389,168	3,824,437	1,380,104	1,063,757	1,682,928	1,178,731	2,405,244

PROFIT AND LOSS ACCOUNT

Earnings	$47,599,595	$3,319,077	$10,600,968	$3,626,648	$4,517,884	$2,429,017	$3,045,867	$6,567,043	$2,511,509	$1,622,333	$2,677,340	$2,127,049	$4,554,860
Current expenses	27,350,182	2,032,412	6,421,442	2,056,274	2,531,746	1,383,939	1,389,168	3,824,437	1,380,104	1,063,757	1,682,928	1,178,731	2,405,244
Current net earnings	20,249,413	1,286,665	4,179,526	1,570,374	1,986,138	1,045,078	1,656,699	2,742,606	1,131,405	558,576	994,412	948,318	2,149,616
Additions to current net earnings	330,078	8,531	174,366	1,130	10,549	561	12,794	13,098	15,852	79,773	5,555	5,919	1,950
Deductions from current net earnings:													
Bank premises—depreciation	2,096,062	122,048	415,492		290,414	254,134	151,341	165,197	154,795	166,272	209,309	41,306	125,754
Furniture and equipment	532,889	15,593	122,943	28,697	45,166	8,847	24,313	83,039	54,870	20,870	25,102	4,019	99,430
Reserve for probable losses	1,210,486					50,000	261,663	241,032	253,500			50,000	354,291
Reserve for self-insurance	59,845		59,845										
All other	68,464	682	5,864	9,074	345	5,013	3,849	12,513	1,070	3,174	9,087	1,701	16,092
Total deductions	3,967,746	138,323	604,144	37,771	335,925	317,994	441,166	501,781	464,235	190,316	243,498	97,026	595,567
Net deductions from current net earnings	3,637,668	129,792	429,778	36,641	325,376	317,433	428,372	488,683	448,383	110,543	237,943	91,107	593,617
Net earnings available for dividends, surplus, and franchise tax	16,611,745	1,156,873	3,749,748	1,533,733	1,660,762	727,645	1,228,327	2,253,923	683,022	448,033	756,469	857,211	1,555,999
Dividends paid	7,329,169	525,023	2,100,191	730,598	808,505	363,957	296,573	985,959	314,420	187,609	252,764	257,502	506,068
Transferred to surplus account	8,464,426	585,888	1,649,557	803,135	852,257	279,216	931,754	1,267,964	368,602	26,043	50,370	599,709	1,049,931
Franchise tax paid United States Government	818,150	45,962				84,472				234,381	453,335		

REIMBURSABLE EXPENDITURES OF FISCAL AGENCY DEPARTMENT

Salaries, employees	$101,826	$6,578	$12,900	$9,012	$14,648	$6,050	$5,209	$5,014	$11,009	[2] $12,270	$6,921	$8,629	[2] $3,586
All other	22,596	757	2,290	991	4,260	803	897	3,724	809	5,270	994	647	1,154
Total	124,422	7,335	15,190	10,003	18,908	6,853	6,106	8,738	11,818	17,540	7,915	9,276	4,740

[1] Other than those connected with governors' and agents' conferences and meetings of directors and of the advisory council.
[2] Including officers' salaries as follows: Minneapolis, $3,583; San Francisco, $11.

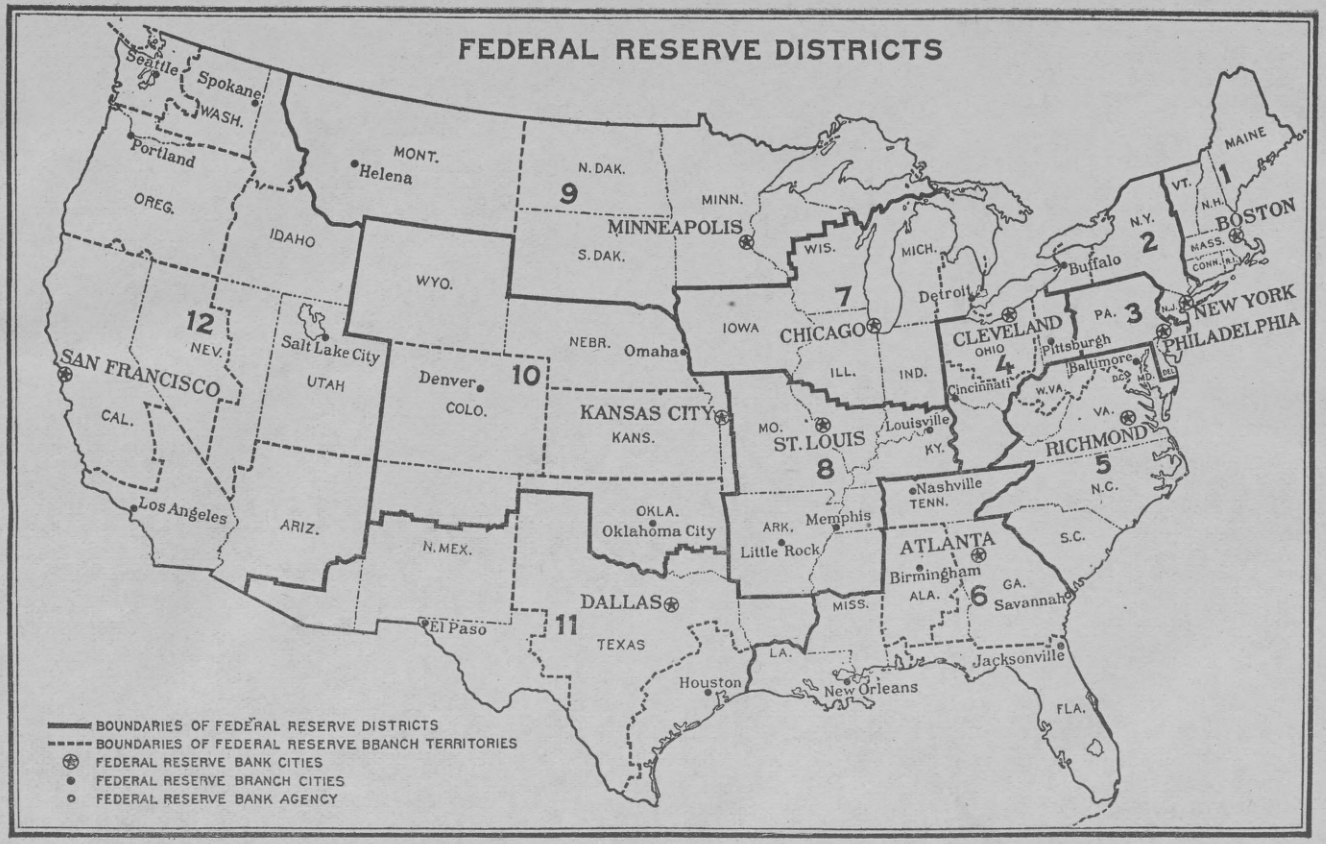
Receipts and Disbursements of the Federal Reserve Board for the Year 1926

Balance Jan. 1, 1926:			
Available for general expenses of the board		$68,871.99	
Available for expenses chargeable to the Federal reserve banks		358,620.66	
Total			$427,492.65
RECEIPTS			
Available for general expenses of the board:			
Assessments on Federal reserve banks for estimated general expenses of the board	$721,724.17		
Reimbursement of expenditures during 1925	519.79		
Subscriptions to Federal Reserve Bulletin	4,300.96		
Reimbursements by Treasury Department of salaries of laborers	1,530.00		
Miscellaneous receipts and reimbursements	452.78		
Reimbursements on account of cost of bank examinations	5,896.10		
Total receipts available for general expenses of the board		734,423.80	
Available for expenses chargeable to Federal reserve banks:			
Assessments on Federal Reserve banks—			
For cost of preparing Federal reserve notes	1,451,330.80		
For expenses of leased wire system	225,622.56		
For miscellaneous expenses	9,361.43		
Total receipts available for expenses chargeable to Federal reserve banks		1,686,314.79	
Total receipts			2,420,738.59
Total available for disbursements			2,848,231.24
DISBURSEMENTS			
For general expenses of the board:			
Expenses for 1925 paid in 1926		11,504.72	
Expenses for 1926 (per detailed statement)	$705,507.99		
Less accounts unpaid Dec. 31, 1926	12,446.04		
		693,061.95	
Salaries of laborers reimbursable by Treasury Department		2,040.00	
Cost of bank examinations reimbursable		3,519.72	
Miscellaneous expenses reimbursable		108.38	
Refunds account of subscriptions to Federal Reserve Bulletin		14.60	
Total disbursements for general expenses of the board		710,249.37	

For expenses chargeable to Federal reserve banks:			
Cost of preparing Federal reserve notes	1, 535, 143. 80		
Expenses of leased wire system	229, 315. 15		
Miscellaneous expenses	9, 545. 05		
Total disbursements for expenses chargeable to Federal reserve banks		1, 774, 004. 00	
Total disbursements			2, 484, 253. 37
Balance Dec. 31, 1926:			
Available for accounts unpaid, Dec. 31, 1926		12, 446. 04	
Available for general expenses of the board, 1927		80, 600. 38	
Available for expenses chargeable to Federal reserve banks unpaid, Dec. 31, 1926		270, 931. 45	
Total balance			363, 977. 87

Detailed Statement of Expenses of the Federal Reserve Board

	January	February	March	April	May	June	July	August	September	October	November	December	Total
PERSONAL SERVICES													
Board members and their staff	$8,837.48	$8,837.49	$8,837.53	$8,837.48	$8,837.49	$8,837.53	$8,737.58	$8,441.65	$8,441.70	$8,406.65	$8,291.65	$8,291.70	$103,635.93
Office of secretary	2,724.98	2,725.02	2,725.02	2,724.98	2,725.00	2,725.02	2,749.98	2,900.00	2,900.02	2,899.98	3,094.44	2,900.02	33,794.44
Office of general counsel	2,108.32	2,108.33	2,108.35	2,144.99	2,208.33	2,208.35	2,208.32	2,303.33	2,318.35	2,358.32	2,358.33	2,358.35	26,791.67
Office of fiscal agent	1,050.82	1,050.84	1,050.84	1,050.82	1,050.84	1,050.84	1,050.82	1,050.84	1,050.84	875.82	875.84	875.84	12,085.00
Division of examination	7,891.64	7,908.33	7,908.36	7,478.31	7,065.83	6,561.14	7,908.31	7,908.33	7,383.36	7,733.31	7,733.34	7,733.35	91,213.61
Division of bank operations	4,810.90	4,908.76	4,908.82	4,917.00	4,925.43	4,925.49	4,818.67	4,858.76	4,958.82	4,858.67	4,858.76	4,858.82	58,608.96
Division of chief clerk	3,008.29	3,008.32	3,008.39	3,008.29	3,008.32	3,008.39	3,024.96	3,216.66	3,211.16	2,966.63	2,991.66	2,991.71	36,452.78
Division of gold settlement	1,493.74	1,464.50	1,513.26	1,503.49	1,502.75	1,512.51	1,509.49	1,514.00	1,473.26	1,493.74	1,474.25	1,520.01	17,975.00
Division of currency	654.16	654.17	654.17	654.16	654.17	654.17	654.16	654.17	654.17	654.16	654.17	654.17	7,850.00
Division of research and statistics	7,427.60	6,869.74	7,035.06	8,144.92	7,060.75	7,595.06	8,258.26	8,593.91	8,035.89	7,991.59	7,975.02	7,933.39	92,921.19
Division of issue and redemption	4,308.33	4,308.33	4,308.34	4,308.33	4,308.33	4,308.34	4,303.33	4,238.00	4,149.34	4,114.33	4,104.33	4,075.66	50,834.99
Messengers	1,598.27	1,598.35	1,598.38	1,576.05	1,598.35	1,598.38	1,598.27	1,598.35	1,581.71	1,591.33	1,569.18	1,569.21	19,075.83
Charwomen	90.00	82.80	97.20	93.60	90.00	93.60	93.60	93.60	105.60	124.80	120.00	123.60	1,208.40
General	1,817.50	500.00	500.00	449.65	----------	94.50	232.00	16.00	923.20	867.75	855.55	2,958.34	9,214.49
Total	47,822.03	46,024.96	46,253.72	46,892.07	45,035.59	45,173.32	47,147.75	47,387.60	47,187.42	46,937.08	46,956.52	48,844.17	561,662.23
NONPERSONAL SERVICES													
Transportation and subsistence:													
Board members and their staff	210.51	416.41	107.99	447.27	558.87	115.35	----------	152.70	78.20	132.40	176.93	228.28	2,624.91
Office of secretary	----------	----------	----------	423.23	141.98	----------	----------	----------	----------	----------	----------	----------	565.21
Office of general counsel	180.37	----------	58.01	----------	49.51	----------	----------	----------	----------	----------	----------	----------	287.89
Division of examination	3,371.63	4,002.95	4,127.72	3,138.90	2,830.32	6,481.56	5,368.62	1,547.78	4,940.91	4,638.81	5,272.00	3,384.77	49,105.97
Division of research and statistics	160.95	4.00	36.16	149.86	82.91	154.82	379.03	340.29	47.32	187.71	51.96	343.85	1,938.86
Total all other divisions, including local car fare	69.94	59.80	75.84	142.74	441.07	----------	----------	----------	209.13	----------	36.59	426.38	1,461.49
Communication service:													
Telephone	636.89	636.67	628.05	656.48	628.02	780.94	674.68	655.76	626.34	664.08	695.71	660.15	7,943.77
Telegraph	330.36	322.20	584.66	350.50	301.08	604.93	392.28	290.33	598.85	321.94	281.93	310.81	4,689.87
Postage	----------	88.00	----------	70.00	56.00	70.00	45.00	----------	60.00	71.00	70.00	----------	530.00
Printing, binding, etc	3,445.03	5,044.10	864.99	9,224.52	4,790.64	594.77	3,141.38	4,820.80	1,694.82	2,862.83	3,059.27	2,986.02	42,529.17
Repairs	19.04	10.50	54.85	32.28	----------	60.57	27.69	11.43	5.80	48.83	14.61	39.21	324.81
Electricity (light and power)	52.82	52.82	52.82	52.82	52.82	52.80	52.82	52.82	52.82	52.82	52.81	52.81	633.80
Steam (heat)	42.06	42.06	42.06	42.06	21.08	----------	----------	----------	----------	46.79	46.79	46.81	329.71
Miscellaneous, unclassified	118.66	59.12	132.54	80.35	44.22	335.93	79.01	51.18	147.71	127.91	84.49	158.11	1,419.23
Equipment rental	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	36.00
Supplies:													
Stationery and office	227.56	277.57	352.69	586.73	584.74	515.18	1.70	435.84	33.00	1,372.21	340.18	36.09	4,763.49
Periodicals	1,116.27	63.00	10.50	89.00	13.65	27.65	191.75	----------	19.50	60.00	7.57	208.00	1,806.89
Equipment:													
Furniture and office	1,172.22	817.30	40.00	262.20	646.95	452.36	81.93	----------	921.45	224.32	221.09	21.42	4,861.24
Books	15.39	94.17	31.50	16.65	54.04	52.45	21.09	58.04	1.42	20.86	109.29	18.55	493.45
Rent	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.33	1,458.37	17,500.00
Total	12,631.03	13,452.00	8,661.71	17,226.92	12,759.23	11,760.64	11,918.31	9,878.30	10,898.60	12,293.84	11,982.55	10,382.63	143,845.76
Grand total	60,453.06	59,476.96	54,915.43	64,118.99	57,794.82	56,933.96	59,066.06	57,265.90	58,086.02	59,230.92	58,939.07	59,226.80	705,507.99


FEDERAL RESERVE DISTRICTS
Seattle
Spokane
WASH.
Portland
OREG.
MONT.
Helena
N. DAK.
9
MINN.
MINNEAPOLIS
S. DAK.
IDAHO
WYO.
12
NEV.
Salt Lake City
UTAH
SAN FRANCISCO
CAL.
Los Angeles
ARIZ.
N. MEX.
Denver
10
COLO.
NEBR.
Omaha
KANSAS CITY
KANS.
IOWA
CHICAGO
7
WIS.
MICH.
Detroit
ILL.
IND.
MO.
ST. LOUIS
8
Louisville
KY.
OKLA.
Oklahoma City
ARK.
Little Rock
Memphis
Nashville
TENN.
MISS.
DALLAS
11
El Paso
TEXAS
LA.
Houston
New Orleans
ATLANTA
Birmingham
ALA.
6
GA.
Savannah
Jacksonville
FLA.
S.C.
N.C.
5
RICHMOND
VA.
W.VA.
Cincinnati
OHIO
4
CLEVELAND
Pittsburgh
PA.
3
Baltimore
MD.
DEL.
N.J.
NEW YORK
PHILADELPHIA
Buffalo
N.Y.
2
BOSTON
MASS.
CONN.
R.I.
VT.
N.H.
MAINE
1
BOUNDARIES OF FEDERAL RESERVE DISTRICTS
BOUNDARIES OF FEDERAL RESERVE BBANCH TERRITORIES
FEDERAL RESERVE BANK CITIES
FEDERAL RESERVE BRANCH CITIES
FEDERAL RESERVE BANK AGENCY