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



Fiscal Year Ended
June 30

1928



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON

1928

Twelfth Annual Report
OF THE
UNITED STATES
SHIPPING BOARD

THE UNITED STATES SHIPPING BOARD

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

EDWARD C. PLUMMER, *Vice Chairman.*

H. I. CONE, *Commissioner.*

ALBERT H. DENTON, *Commissioner.*

JEFFERSON MYERS, *Commissioner.*

S. S. SANDBERG, *Commissioner.*

ROLAND K. SMITH, *Commissioner.*

SAMUEL GOODACRE, *Secretary.*

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LETTER OF TRANSMITTAL

UNITED STATES SHIPPING BOARD,
Washington, D. C., December 1, 1928.

To the Congress:

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the twelfth annual report of the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation covering the fiscal year ended June 30, 1928.

T. V. O'CONNOR, *Chairman.*
EDWARD C. PLUMMER, *Vice Chairman.*
H. I. CONE, *Commissioner.*
ALBERT H. DENTON, *Commissioner.*
JEFFERSON MYERS, *Commissioner.*
S. S. SANDBERG, *Commissioner.*
ROLAND K. SMITH, *Commissioner.*

PART I

UNITED STATES SHIPPING BOARD

UNITED STATES SHIPPING BOARD.

T.V. O'CONNOR - - - - - CHAIRMAN
 EDWARD C. PLUMMER - - - - - VICE CHAIRMAN
 JEFFERSON MYERS - - - - - COMMISSIONER
 ROLAND K. SMITH - - - - - COMMISSIONER
 ALBERT H. DENTON - - - - - COMMISSIONER
 HUTCH I. CONE - - - - - COMMISSIONER
 SAMUEL S. SANDBERG - - - - - COMMISSIONER
 SAMUEL GOODACRE - - - - - SECRETARY

CHAIRMAN
 T.V. O'CONNOR.

ASSISTANT
 TO THE
 CHAIRMAN

DISBURSING
 OFFICE

SECRETARY

COMMISSIONER
 E.C. PLUMMER.

COMMISSIONER
 R.K. SMITH.

COMMISSIONER
 HUTCH I. CONE.

COMMISSIONER
 T.V. O'CONNOR.

COMMISSIONER
 JEFFERSON MYERS.

COMMISSIONER
 S.S. SANDBERG.

COMMISSIONER
 A.H. DENTON.

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JULY 16, 1928.

L.G.B.

THE UNITED STATES SHIPPING BOARD

ORGANIZATION

On July 1, 1927, the United States Shipping Board was composed of the following members: T. V. O'Connor, chairman; E. C. Plummer, vice chairman; and Commissioners W. S. Benson, W. S. Hill, Jefferson Myers, P. S. Teller, and R. K. Smith.

T. V. O'Connor (chairman), Great Lakes, was appointed a member June 9, 1921, term five years; reappointed June 15, 1926, for a term of six years from June 9, 1926; term expires June 8, 1932. Edward C. Plummer (vice chairman), Atlantic coast, was appointed June 9, 1921, term three years; reappointed May 23, 1924, term six years from June 9, 1924; term expires June 8, 1930. W. S. Benson, Atlantic coast, served under a recess appointment from December 1, 1920, to March 4, 1921; from March 4 to June 13, 1921, served as personal representative of the President; June 9, 1921, appointed commissioner, term one year; June 13, 1922, reappointed, term six years; term expired June 8, 1928; succeeded by H. I. Cone. Admiral Cone, Atlantic coast, was appointed June 9, 1928, for a term of six years; term expires June 8, 1934. W. S. Hill, interior, was appointed January 28, 1924, to serve unexpired term of six years from June 9, 1921, succeeding E. P. Farley, resigned; term expired June 8, 1927; received recess appointment June 7, 1927; resigned December 12, 1927; succeeded by Albert H. Denton. Mr. Denton, interior, was appointed January 4, 1928, to serve unexpired term of six years from June 9, 1927; term expires June 8, 1933. Jefferson Myers, Pacific coast, was appointed June 15, 1925, succeeding B. E. Haney, resigned; term expires June 8, 1931. P. S. Teller, Pacific coast, was appointed January 14, 1926, to serve unexpired term of six years from June 9, 1922, succeeding Meyer Lissner, resigned; term expired June 8, 1928; succeeded by S. S. Sandberg. Mr. Sandberg, Pacific coast, was appointed June 9, 1928, for a term of six years; term expires June 8, 1934. R. K. Smith, Gulf coast, was appointed October 14, 1926, under a recess appointment to succeed J. H. Walsh, resigned; recommissioned December 17, 1926; term expires June 8, 1929.

On June 30, 1928, the membership of the United States Shipping Board was as follows: T. V. O'Connor, chairman, E. C. Plummer,

vice chairman, and Commissioners Jefferson Myers, R. K. Smith, Albert H. Denton, H. I. Cone, and S. S. Sandberg.

During the year the board held 109 meetings, in addition to which there were held many special hearings conducted either by the board or by committees thereof.

GENERAL

During the fiscal year ended June 30, 1928, the work of the Shipping Board has been performed in the same bureaus and with practically the same organization as during the previous fiscal year.

These bureaus are seven in number, as follows: Bureau of Traffic, Bureau of Regulation, Bureau of Operations, Bureau of Construction, Bureau of Law, Bureau of Finance, and Bureau of Research. Each bureau is under the supervision of a member of the board, as shown in the accompanying organization chart.

In addition to exercising its regulatory and promotional functions through these seven bureaus, the board is charged by law with the operation and maintenance of the Government's fleet of merchant vessels, acquired as a result of the war. This activity is carried on by the board through a subsidiary organization formed for the purpose and known as the Merchant Fleet Corporation.

Prior to October 13, 1927, the affairs of the Merchant Fleet Corporation were administered by a board of trustees, made up of seven officers of the corporation, these trustees reporting, through the corporation's president, to the Shipping Board, as to a board of directors.

On October 13, 1927, in order to place its business operations on a basis more nearly approximating standard commercial practice, the Shipping Board decided that the positions of the seven trustees of the Merchant Fleet Corporation should be filled by the seven members of the Shipping Board. At the same time the chairman of the board was made president of the Fleet Corporation, the immediate administrative direction of the affairs of the corporation being left in the hands of the vice president and general manager. As a result of this close relationship between the two bodies, the conduct of business, in so far as it relates to the operation of the Government fleet, is considerably simplified and facilitated.

Originally formed as a regulatory and promotional body to stimulate the growth of American shipping, the Shipping Board became as the result of the war the largest owner of commercial tonnage in the world. All told, the board has owned and controlled since 1917 a grand total of 2,536 vessels of all types, aggregating 14,706,217 dead-weight tons.

It is well to remember that commercial operations were undertaken by the board in compliance with the will of Congress, as expressed

in the merchant marine act of 1920, to the effect that so far as possible the Government's war-built merchantmen should be used by the board in the establishment of steamship services on trade routes deemed essential to American commerce, these services in turn to be disposed of "as soon as practicable, consistent with good business methods," to private American interests.

Since 1921 the board has sold to American citizens 1,164 ships, representing 5,360,144 tons, for \$90,620,576.47, including 15 established ship-line services disposed of on the basis of guaranteed operation for a fixed number of years. During the past fiscal year all the board's remaining services on the Pacific Ocean were sold to private American interests.

At this writing (June 30, 1928) the board still possesses 758 ships, 253 in active operation and 505 in the laid-up fleet. These ships, active and inactive, are held for sale to American citizens under the most favorable terms, with the proviso, however, that purchasers of established lines shall, for a stipulated period after acquiring possession, maintain the vessels in defined services, the end and aim of all these transactions being the establishment of a permanent merchant marine owned and operated by private citizens of the United States.

In view of the growing popular interest in American shipping, and the possibility that this reawakened interest would eventually lead to the enactment of further legislation designed to strengthen our position on the sea, the board in January, 1928, called a conference of private American steamship owners, operators, and builders in order to ascertain their views and on the basis thereof formulate a series of recommendations to Congress.

This conference, one of the most representative gatherings of steamship men that has ever taken place in the National Capital, was held on January 10 and 11, 1928. Suggestions as to improving the status of the merchant marine were freely exchanged; pending legislation was analyzed from the viewpoint of the different interests represented; and as a result of the discussions a clearer understanding was had of the position of the American shipping industry generally on the major problems confronting it. Resolutions adopted by the conference pointed out that "our overseas merchant fleet is being rendered obsolete by the rapid march of science and invention, which has completely revolutionized the manner of vessel propulsion since our ships were built." The resolutions further pointed out that the future of the American merchant marine depended on prompt constructive action by Congress. "This action," the resolutions continued, "should look toward reconditioning some of the present fleet, and should otherwise provide inducements having in view its early transfer to private ownership under conditions assuring continuance of operation."

Following the conference the board, by unanimous vote, issued a brief statement regarding the results attained and setting forth for the benefit of Congress an outline of its views as to the principal points that should receive consideration in any future legislation affecting the merchant marine. It pointed out that if proper conditions were provided, no difficulties should attend the ultimate transfer of the Government's steamship services to private American ownership, as contemplated in the American merchant marine act of 1920.

In making its recommendations to facilitate the transfer of the Government's war-built fleet to private ownership, under conditions assuring permanency of operation, the board stressed the point that the recommendations were to be looked upon as carrying the indorsement not only of the Shipping Board but of representatives of the country's private shipping interests as well.

The hopes of the steamship men and of the board were amply justified by the subsequent action of Congress in passing the merchant marine act of 1928, popularly known as the "Jones-White Act," the outstanding event of the year so far as the American merchant marine was concerned, and one of the most important legislative measures ever passed by Congress in the interest of American shipping.

The merchant marine act of 1928 contains the following important provisions:

1. Prohibits sale of vessels by the Shipping Board except when in its judgment the building up and maintenance of an adequate merchant marine can be best served thereby, and then only upon the affirmative vote of five members of the board.
2. Authorizes the board to remodel and improve its vessels so as to equip them adequately for competition in the foreign trade of the United States.
3. Recognizes the necessity for replacements and additions in the Government fleet, in order "to give the United States an adequate merchant marine," and authorizes and directs the board to present to Congress, from time to time, recommendations as to new construction.
4. Increases the construction loan fund to \$250,000,000 and liberalizes the terms under which loans may be made for new construction or for reconditioning, remodeling, or improving vessels already built. The loan period is extended to 20 years; a lower interest rate is provided for vessels operated in foreign trade; and loans are authorized for sums equal to three-fourths the cost of the vessel or vessels to be constructed, or for three-fourths the cost of the reconditioning or remodeling work.
5. Provides increased compensation at a stipulated rate per nautical mile, based on a graduated scale of speed and tonnage, for the carriage of ocean mails in vessels registered under the laws of the United States. (For detailed schedule of rates see report of Bureau of Traffic.) The Postmaster General is authorized to enter into contracts with citizens of the United States whose bids are accepted, for the carrying of mails, the term of such contract not to exceed 10 years.

6. Permits naval officers of the United States to volunteer for service on mail-carrying vessels of the merchant marine. When accepted by the owner or master thereof they may be assigned to this duty by the Secretary of the Navy. While in such employment naval officers shall receive from the Government half pay and from the owner or master of the vessel such other compensation as may be agreed upon.

7. Authorizes the board to create an insurance fund to be used in insuring the legal or equitable interest of the United States (1) in any vessel constructed or in process of construction, and (2) in any plants or property in the possession or under the authority of the board.

8. Directs that officers and employees of the United States traveling on official business overseas shall, when practicable, travel on ships registered under the laws of the United States.

9. Provides that in national emergency the Federal Government may seize and purchase or use for national defense (1) any vessel in respect of which a loan is made from the construction loan fund, at any time during the life of the loan; and (2) any vessel in respect of which an ocean-mail contract is made under the provisions of the act, at any time during the life of the contract.

10. Reaffirms the policy and primary purpose set forth in section 7 of the merchant marine act of 1920.

This important piece of legislation was approved by the President on May 22, 1928. It is too soon to attempt to evaluate the actual results of the working out of this measure, but already—June 30, 1928—there are indications that considerable new construction in American yards will be undertaken at an early date, while other signs point to a stimulated desire on the part of private American citizens to acquire some of the steamship lines now being operated by the board. The new measure may therefore be said to give every reasonable indication of accomplishing the three main purposes for which it was enacted, namely, to assist in the development of the American merchant marine generally, to aid in increasing the foreign commerce of the United States, and to facilitate the transfer of the Government's war-built fleet and established services to private American ownership. With a full understanding of the magnitude of its task and of the economic problems facing it, the board realizes that these purposes can not be accomplished overnight. The enactment of the merchant marine act of 1928, supplementing the legislation previously enacted, should be looked upon as aiding in the solution of current problems, but not as eliminating them altogether.

Due to constantly fluctuating conditions in the world's ocean-carrying trade, the shipping problem, far from being static and fixed, is always changing. It follows that unless our plans for the merchant marine are made flexible, in order to meet changing conditions, we may find that the remedy which effectually disposes of the problems of to-day will completely fail to solve those arising tomorrow. Of one thing we may be sure—the American shipping industry can not stand still. If it does not keep abreast of the times, it will be forced into a subordinate position by the activities of its

foreign competitors. For example, the number of ships being built at the present time in foreign yards indicates that in the matter of new construction we are rapidly being outdistanced by some of the other maritime nations, the latest figures showing that for every ocean-going ship that we are building Great Britain is building 50, Germany 10, France and Italy each 5, and Japan 4. How effective the merchant marine act of 1928 will be in stimulating activity in American shipyards remains to be seen.

The board has no warrant in law for disposing of its tonnage except in such manner and under such conditions as will tend to promote the healthy and permanent development of the American merchant marine. Permanency of service under private American ownership is, indeed, the chief consideration that influences the board in all sales of ships, Congress having clearly indicated in section 1 of the merchant marine act of 1920 that in these transactions the primary end to be attained is the development of an adequate American merchant marine on a permanent basis.

The merchant marine act, 1920, provides that the Shipping Board shall in its annual report make such recommendations as it believes would be of value to the American merchant marine. A number of such recommendations have been made by the board in the past, many having subsequently received the attention of Congress. Among those which were formerly submitted but which still remain unacted upon the following are again mentioned as being worthy of consideration in connection with any further measures which may be taken by Congress in the interests of American shipping:

The legal department of the board has spent several years in codifying the navigation laws, and the resulting code, together with a comprehensive bill amending and revising it, will again be presented to Congress at the opening of the next session. The enactment of the code should no longer be delayed.

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

Recommendation is made that legislation looking to the adoption of The Hague rules, substantially as provided for in H. R. 12208, introduced at the last session of Congress, should be enacted at an early date.

A load line bill should be enacted into law prior to the forthcoming International Conference on Safety of Life at Sea, which is scheduled to be held in London in the spring of 1929. The United States Load Line Committee (1928), formed during the period covered by this report, is now making a comprehensive study of this subject,

and at a later date will doubtless submit its recommendations to Congress.

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

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

Funds should be provided to carry into effect the act of Congress approved February 28, 1925, providing for the creation of a naval reserve.

Congress might well give further consideration to the question of marine insurance, to the end that there may be established an insurance system which will place American vessels on an equality with foreign vessels in this important respect.

BUREAU OF TRAFFIC

The bureau of traffic of the board is to be distinguished from the traffic department of the Merchant Fleet Corporation. The work of the latter appears in the division of this report relating to the activities of the Fleet Corporation; it discharges the functions usual to a traffic department of a transportation company. The work of the bureau of traffic of the board is very different; it concerns more definitely the development of a privately owned and operated American merchant marine, wholly independent of the activities of the vessels of the Government under the control of the board. Among the activities of the bureau during the fiscal year 1928 have been the following:

Ocean Mail Contracts.

It has long been the policy of Congress to have United States mails transported, when practicable, in American vessels. In the earlier history of our country this policy was reflected in provisions for very substantial compensation in aid of the operation of vessels under the American flag in foreign trade. The most marked instance of legislation to that end enacted since the Civil War was the ocean mail act of 1891, under which specific compensation was provided on a mileage basis for the transportation of United States mails. At the time of the enactment of the merchant marine act, 1920, the compensation under the ocean mail act had been made obsolete by the great change in the cost of construction and of operation.

The policy of Government aid through postal subventions was continued by the merchant marine act, 1920, section 24 of which authorized such contracts and empowered the board and the Postmaster General, in aid of the development of a merchant marine adequate to provide for the maintenance and expansion of the foreign or coastwise trade of the United States, and of a satisfactory postal service in connection therewith, to determine from time to time the just and reasonable rate of compensation to be paid for such service, and the compensation thus agreed upon became the compensation to which the contractor was entitled, within the limits of appropriations made therefor by Congress.

The merchant marine act, 1928, approved May 22, 1928, reverts to the general plan of defining the rate of compensation to various classes of vessels, grouped primarily with reference to the speed they are capable of maintaining at sea in ordinary weather. The rate is per nautical mile of 6,080 feet, and applies only to the number of miles for the outward voyage, by the shortest practicable route. When other requirements are met, the Postmaster General may enter into contracts for periods not exceeding 10 years, and for compensation not exceeding the rates named below, varying according to class of vessel (the size of the vessel has reference to its gross registered tonnage) :

- Class 7. Speed, 10 knots; size, not less than 2,500 tons; rate \$1.50.
- Class 6. Speed, 10 knots; size, not less than 4,000 tons; rate, \$2.50.
- Class 5. Speed, 13 knots; size, not less than 8,000 tons; rate, \$4.
- Class 4. Speed, 16 knots; size, not less than 10,000 tons; rate, \$6.
- Class 3. Speed, 18 knots; size, not less than 12,000 tons; rate, \$8.
- Class 2. Speed, 20 knots; size, not less than 16,000 tons; rate, \$10.
- Class 1. Speed, 24 knots; size, not less than 20,000 tons; rate, \$12.

The classification of a vessel may be based upon its speed without regard to its tonnage if the Postmaster General is of opinion that speed is especially important on the particular route on which the vessel is to be employed, and that a suitable vessel documented under the laws of the United States of a higher classification is not available on reasonable terms and conditions, or, on account of the character of the ports served or for other reasons, can not be safely or economically employed on such route.

When the Postmaster General is of opinion that the interests of the Postal Service will be served thereby he may, in the case of a vessel of class 1 capable of maintaining a speed in excess of 24 knots at sea in ordinary weather, contract for the payment of compensation in excess of the maximum compensation authorized for this class; but the compensation per nautical mile thus authorized shall not be greater than an amount which bears the same ratio to \$12 as the speed which such vessel is capable of maintaining at sea in ordinary weather bears to 24 knots.

If the Postmaster General is of opinion that to expedite and maintain satisfactory service under a contract made under this title airplanes or airships are required to be used in conjunction with vessels, he may allow additional compensation, in amounts to be determined by him, on account of the use of such airplanes or airships. Such airplanes or airships shall be American built, and owned, officered, and manned by citizens of the United States.

In the appropriation bill passed by Congress at the second session of the Sixty-ninth Congress (1927), and at the discussions incident thereto, that body indicated a policy that postal contracts under section 24 of the merchant marine act, 1920, should be for a period not exceeding one year, and in conformity therewith those contracts then in force, to the extent they ran beyond June 30, 1927, were canceled by the Postmaster General. The policy of Congress was not in antagonism to new contracts being entered into for the periods of time, not exceeding one year, beyond June 30, 1927, and upon the recommendations of the board the following contracts were entered into for the year ended June 30, 1928:

Oceanic Steamship Co.—For the transportation of mails from San Francisco, Calif., to the port of Sydney, Australia, including services to Honolulu and Pago Pago, the compensation being at the rate of \$3 per statute mile for each outward voyage, not exceeding, however, 14 voyages per annum: The contract is dated June 28, 1927, for one year commencing July 1, 1927, the compensation being \$23,298 per outward voyage.

The Post Office Department had a contract with this company for this service under the ocean mail act, 1891, that contract having been for a period of 10 years. It expired June 30, 1922. While a renewal of the contract under the ocean mail act, 1891, was open to the Oceanic Steamship Co., the compensation under that act was too low to justify continuance of the service and steps had been taken for the abandonment of that service, the one service under the American flag between the United States and Australia. Under these circumstances the board investigated the matter and recommended a new contract under section 24 of the merchant marine act, 1920, substantially on the basis of the contract in force during the current year. This recommendation was adopted by the Post Office Department; in the first instance, however, only for a period of six months beginning July 1, 1922, but afterwards extended to June 30, 1923. Upon recommendation of the board it was renewed and extended for one year commencing July 1, 1923. It was extended for two years commencing July 1, 1924, therefore ending June 30, 1926, and thereafter further extended for two years ending June 30, 1928, by contract dated May 13, 1926. Prior to June 30, 1927, however, this last-mentioned contract was canceled as to the period of time beyond

June 30, 1927, in conformity with the policy laid down by Congress through its appropriations.

Munson Steamship Line.—For the transportation of mails from New York to Rio de Janeiro, Montevideo, and Buenos Aires, including any other South American east coast ports that might be agreed upon, the compensation being at the rate of \$3 per statute mile for each outward voyage: The first contract, dated March 19, 1926, made pursuant to the recommendation of the board by resolution dated February 26, 1926, was for the period from April 1, 1926, to June 30, 1928. Prior to June 30, 1927, however, it was canceled as to the period of time beyond June 30, 1927, in conformity with the policy laid down by Congress through its appropriations, to which reference has been made above. On recommendation of the board a new contract was entered into by the Postmaster General for one year commencing July 1, 1927, on the same terms.

The vessels involved in this service and to which the recommendation of the board related are four fine steamers, built by the Government, with a possible speed of about 20 knots. They are the express type of combination passenger and freight vessels, having a capacity of about 275 first-class passengers and 150 third-class passengers, and from 7,000 to 9,000 tons of cargo. They were sold to the Munson Steamship Line by the board, with a guaranty of maintenance of service by that company. They are the fastest vessels in the east coast South American service irrespective of flag. The route, however, is a highly competitive one.

Export Steamship Corporation.—For the transportation of mails from New York to the Mediterranean and Black Sea ports: The first contract, dated March 17, 1926, made pursuant to the recommendation of the board by resolution dated February 26, 1926, was for the period from April 1, 1926, to June 30, 1928. Prior to June 30, 1927, however, it was canceled as to the period of time beyond June 30, 1927, in conformity with the policy laid down by Congress through its appropriations, to which reference has been made above. On recommendation of the board a new contract was entered into by the Postmaster General for one year, commencing July 1, 1927.

The vessels of this line are primarily cargo vessels, and the character of the mail transported is chiefly parcel-post matter. The rate of compensation, therefore, is not on a mileage basis, but a definite total annual payment was fixed as just and reasonable compensation, with the privilege of the Post Office Department using any and all vessels of the line in the service mentioned, the compensation being fixed in the first instance at \$100,000 per annum. This new contract provided for compensation at the rate of \$200,000 per annum, pursuant to recommendation of the board by resolution dated June 28, 1927, the increase having been recommended because of the cost of

the service and the severity of competition by foreign steamship lines.

American-South African Line.—For the transportation of mails from the port of New York to the ports in the Capetown-Beira range of British and Portuguese south and east Africa: The first contract, dated June 7, 1926, made pursuant to the recommendation of the board by resolution dated May 21, 1926, was for a period of one year, commencing July 1, 1926. The board, by resolution dated April 19, 1927, recommended its extension and a new contract was entered into, dated June 28, 1927, for the period of one year commencing July 1, 1927, on the same terms. In this instance also the mileage basis of compensation was not employed. The compensation was fixed at \$5,000 for each outgoing voyage for each vessel.

Dollar Steamship Line.—For the transportation of mails from any port of the United States, including the Hawaiian and Philippine Islands, at which the vessel may stop, consigned to Singapore, Straits Settlements, or consigned to any port between the west coast of North America and Singapore at which the vessel may be scheduled to stop: The first contract, dated July 1, 1926, made pursuant to a recommendation of the board by resolution dated June 16, 1926, was for a period of one year. It provided for compensation at the rate of \$2 per statute mile for each outward voyage for the amount of mileage between San Francisco and Singapore by the usual direct route, notwithstanding the vessel in fact may make the voyage by a more circuitous route. The compensation was limited to 24 voyages per annum. By resolution dated April 19, 1927, the board recommended the extension of the contract, and a contract was made accordingly, dated July 6, 1927, for the period of one year, on the same terms, excepting that the number of voyages was increased from 24 to 26 per annum.

Grace Steamship Co.—For the transportation of mails from New York to the ports of the Panama Canal Zone and ports on the west coast of South America served by the vessels involved: The first contract, dated October 13, 1926, made pursuant to the recommendation of the board by resolution dated October 5, 1926, was for the period from October 14, 1926, to June 30, 1927, inclusive, the compensation being \$2.25 per statute mile for each outward voyage, not exceeding 26 voyages per annum. By resolution dated April 19, 1927, the board recommended an extension of the contract, and pursuant thereto a new contract was executed, dated June 28, 1927, for the period of one year, commencing July 1, 1927, on the same terms.

New York and Porto Rico Steamship Co.—For the transportation of mails from the port of San Juan, Porto Rico, to the port of Santo Domingo, Dominican Republic: The first contract, dated June 28, 1927, made pursuant to a recommendation of the board by resolution

dated June 14, 1927, was for a period of one year commencing July 1, 1927, the compensation being \$2 per statute mile for each outward voyage, the services to be performed by the steamships *Coamo* and *San Lorenzo*, both having a speed of about 15½ knots, and being an extension of their service from New York to Porto Rico.

It will be observed that all the postal contracts enumerated above expired by their terms June 30, 1928. Under the provisions of section 414 of the merchant marine act, 1928, section 24 of the merchant marine act, 1920, is repealed to the extent of prohibiting new contracts under that section, with an emergency provision, however, that any contract expiring on June 30, 1928, may be extended for a period of not more than one year from that date; this provision for an extension having been provided, no doubt, because of the short period of time between the enactment of the new law (May 22, 1928) and the date of the expiration of the contracts.

The duties of the board in connection with contracts made under the new act are prescribed by sections 402 and 403 of the merchant marine act, 1928, under which it is made the duty of the Postmaster General to certify to the board what ocean-mail routes should be established and/or operated for the carrying of mails of the United States between ports (exclusive of ports in the Dominion of Canada other than ports in Nova Scotia) between which it is lawful under the navigation laws for a vessel not documented under the laws of the United States to carry merchandise, distributed so as equitably to serve the Atlantic, Mexican Gulf, and Pacific coast ports; the volume of mail then moving over such routes, and the estimated volume thereof during the next five years; the times deemed by him advisable for departure of vessels carrying such mails, and other requirements necessary to provide an adequate postal service between such ports.

It is made the duty of the board to determine and certify to the Postmaster General the type, size, speed, and other characteristics of the vessels which should be employed on such route, the frequency and regularity of their sailings, and all other facts which bear upon the capacity of the vessels to meet the requirements of the service stated by the Postmaster General. The board in making its determination is required to take into consideration the desirability of having the mail service performed by vessels constructed in accordance with the latest and most approved types, with modern improvements and appliances.

The following certifications have been made to the Postmaster General by the board pursuant to formal requests made by him under the provisions of section 402, merchant marine act, 1928.

1. For service between San Francisco, Calif., and Sidney, Australia: On May 31, 1928, the board certified that the vessels primarily

available for this service at the present time and the use of which would be justified on this trade route for the present, are combination passenger and freight vessels of not less than 4,000 gross tons and capable of maintaining 15 knots at sea in ordinary weather, but that the permanent service should be provided by vessels of the following description: Type: Twin-screw, combination passenger and freight vessels, equipped with appropriate refrigerating space for perishable cargo. Size: Not less than 10,000 gross tons. Speed: Capable of maintaining 18 knots at sea in ordinary weather. It was recommended, therefore, that the contract should contain a mandatory provision requiring the substitution of new vessels of the type, size, and speed mentioned above in place of those temporarily accepted, such new vessels to be substituted as follows: One vessel within three years, and a second vessel within four years; and (if the parties to the contract hereafter mutually agree thereto) a third vessel within five years.

2. For service between New York, N. Y., Cape Town, and South African ports: On May 31, 1928, the board certified that the vessels primarily available for this service at the present time and the use of which would be justified on this trade route for the present, are steamships of not less than 5,500 gross tons and capable of maintaining a speed of 10 knots at sea in ordinary weather. Subsequently, however, on July 16, 1928, the board certified that the permanent service should be provided by vessels of the following description: Type: Vessels primarily for the transportation of cargo, but with reasonable provision for limited passenger service. Size: Not less than 6,000 gross tons. Speed: Capable of maintaining 13 knots at sea in ordinary weather. It was recommended, therefore, that the contract should contain a mandatory provision requiring the substitution of new vessels of the type, size, and speed mentioned above in place of those temporarily accepted, such new vessels to be substituted as follows: One new vessel within two years and a new vessel to be begun during the fifth year.

3. For service between New York and Valparaiso, Chile: On May 31, 1928, the board certified that the vessels primarily available for this service at the present time, with one exception, and the use of which will be justified on this trade route for the present, are combination passenger and freight vessels of not less than 4,000 gross tons and capable of maintaining a speed of 13 knots at sea in ordinary weather. The exception noted above has reference to a new vessel recently installed in this service similar to the new vessels described below. It was stated that the permanent service should be provided by vessels of the following description: Type: Combination passenger and freight vessels. Size: Not less than 8,000 gross tons. Speed: Capable of maintaining 16 knots at sea in ordinary weather. It was

recommended, therefore, that the contract should contain a mandatory provision requiring the continued use of the new vessel now in service, referred to above, and requiring the substitution of vessels of a type, size, and speed mentioned above in place of those temporarily accepted, such new vessels to be substituted as follows: One vessel within one year and a second vessel within three years, provided such second vessel is mutually agreed upon.

4. For service between New York, Rio de Janeiro, and Buenos Aires: On May 31, 1928, the board certified vessels for this service as follows: Type: Twin-screw, combination passenger and freight vessels, equipped with appropriate refrigerating space for perishable cargo. Size: Not less than 12,000 gross tons. Speed: Capable of maintaining a speed of 18 knots at sea in ordinary weather. This certification was made from the point of view of vessels under the American flag immediately available for the service, with due recognition, however, of the importance of substituting newer and faster vessels from time to time as the trade may require.

5. For service from New York to Mediterranean ports, including Genoa, Alexandria, Piraeus, Constantinople, and Constanza: On May 29, 1928, the board certified that the only vessels available for this service, and the use of which would be justified on this trade route, are vessels which are capable of maintaining a speed of 10 knots; hence, such should be the speed of the vessels certified for immediate use. The board further certified that the service should, however, be conducted by vessels of 14 knots speed, and therefore it was recommended that any contract made for this trade route should require that during the third year of such contract a new vessel capable of maintaining a sea speed of 14 knots shall be put into such service and one additional such vessel added each year thereafter during the life of the contract. It was certified that the type and size of the vessels to be immediately used should be cargo vessels of not less than 4,800 gross tons each; that the new vessels should be principally for cargo purposes, but with provision for reasonable passenger service, and of not less than 8,000 gross tons.

6. For service between San Francisco and Singapore, via Hong Kong and Manila: On May 31, 1928, the board certified that the vessels primarily available for this service at the present time and the use of which would be justified on this trade route for the present are combination passenger and freight vessels of not less than 10,000 gross tons and capable of maintaining 14 knots at sea in ordinary weather, and recommended that vessels of this type and kind be temporarily accepted for such service. It was stated that the permanent service should be provided by vessels of the following description: Type: Twin screw, combination passenger and freight vessels, equipped with appropriate refrigerating space for perishable

cargo. Size: Not less than 12,000 gross tons. Speed: Capable of maintaining 18 knots at sea in ordinary weather. It was further recommended that the contract should contain a provision for the substitution of new vessels of the type, size, and speed mentioned above in place of those temporarily accepted, such vessels to be substituted from time to time as and when the parties to the contract shall mutually agree; but in any event one such vessel to be substituted within three years, and one vessel to be substituted each two years thereafter throughout the life of the contract.

Competitive Discrimination.

Australian tariff regulations.—Reference was made at some length in the annual report for the year ended June 30, 1927 (p. 13), to the Australian customs regulation under which imports from the United States are subject to a lower valuation, and therefore to a less customs charge, if transported through Canada, and thence, say, from Vancouver to Australia, than if transported direct to a port of the United States, thence to Australia; and, as there mentioned, effort has been made to eliminate this discrimination through the intervention of the Department of State. As this effort had so far proved unsuccessful, the subject was brought to the attention of the chairman of the Committee on Merchant Marine and Fisheries of the House of Representatives, and a bill was introduced on March 13, 1928 (H. R. 12043), entitled "A bill to prevent discriminations against American ships and ports, and for other purposes." Under section 2 of the bill it was provided that a special duty of 10 per cent should be levied on articles imported into the United States from any foreign country by whose laws, regulations, or practices imports from the United States into such foreign country are subjected to official charges, whether as customs duties or otherwise, which are greater when ocean transportation of such goods begins at a port of the United States than they are when the ocean transportation of like goods begins at a port in foreign territory contiguous to the United States. This special tax is the main provision of the bill and has in view correction of the practice which tends to exclude the transportation of our foreign commerce by American railways and then by vessels from American ports when imported into countries where the discrimination complained of is given effect. The bill mentioned was referred to the Committee on Ways and Means of the House, but no hearings have as yet been held by that committee. It is expected that the item will receive attention during the session of Congress commencing in December.

Canadian tariff discrimination.—Reference was also made in the last annual report of the board (p. 13) to the Canadian customs law which limits the application of certain preferential tariffs on imports to the commodities entitled to the benefits thereof only when such

commodities are imported through Canadian sea or river ports, with the result that if imported via Seattle, Wash., or Portland, Me., thence by rail into Canada, the imports, though otherwise entitled to the benefit of the preferential rate, would not receive it. This tariff regulation is contrary to the spirit of the United States customs laws, which apply no such distinction, with the result that a very large volume of imports into the United States moves through Canadian ports, thence by rail into the United States.

The bill referred to above (H. R. 12043) also contains a provision having in view the correction of this discrimination. It provides that on all articles imported through contiguous foreign country and there transshipped into the United States there shall be levied a special duty of 10 per cent upon its value, with a provision for the suspension of this special tax by proclamation of the President in favor of any contiguous country whose customs duties are the same if its imports arrive directly at one of its own ports or were imported through an American port.

This provision will doubtless also be considered by the Committee on Ways and Means of the House next winter and such amendments made as are deemed wise by that committee.

In addition to discriminations which are thus prejudicial to American transportation and ports competitive conditions between Canadian ports and ports of the United States, especially in the export of grain, have been the subject of inquiry during the current year. As a result of all these competitive conditions the United States Senate on May 25, 1928, passed a resolution (S. Res. 220) reading as follows:

Whereas during the past 10 years there has been diversion of commerce from United States ports to Canadian ports, particularly in grain and other farm products, so great as to threaten the foundation of the future commerce and prosperity of the ports of the United States and to affect seriously the agricultural and transportation interests of this country, including the development of its merchant marine; and

Whereas this diversion of commerce is the result of (1) more favorable railroad rates between points in the United States and Canadian ports than between the same points and United States ports, (2) more stringent regulations as to grading and inspection of grain at ports of the United States than at Canadian ports, especially the higher grain standards and the dockage rules of the United States, (3) the preferential customs regulations of Canada, giving lower tariffs on products imported into Canada directly through Canadian ports than on those routed through ports of the United States, and (4) the preferential schedules of other parts of the British Empire, imposing lower duties or more favorable regulations on products of the United States routed through Canadian ports than on those shipped from United States ports; and

Whereas the adoption by Congress of constructive legislation to meet these conditions is imperative and depends on the solution of problems within the respective provinces of the Department of State, the Department of Agriculture,

the United States Shipping Board, and the Interstate Commerce Commission: Therefore be it

Resolved, That the Secretary of State, the Secretary of Agriculture, the United States Shipping Board, and the Interstate Commerce Commission are requested (1) to investigate, in cooperation with each other, the factors which are contributing to the diversion of commerce from ports of the United States to Canadian ports and practicable remedies for preventing such diversion, and (2) to report thereon to the Senate at the beginning of the next regular session of the Seventieth Congress.

Pursuant to the above-mentioned resolution, the several departments mentioned appointed representatives who in a conference held June 20, 1928, at the Department of State, arranged proper cooperation and inaugurated investigations having in view the collection and presentation of the data requested by the Senate.

As an added factor bearing on the conditions involved in the competitive relations between Canada and the United States, is the resumption, during the fiscal year, of work on the railroad being built by the Canadian Government from the wheat area of Canada (with main-line connections also, of course, to the wheat area of the United States) to Hudson Bay. This line will result in a much shorter rail haul than that now involved in grain transportation, even to American ports. In the zeal of the Canadian authorities to transport grain, meat, and other exports through Canadian ports of the Atlantic seaboard, rail differentials are quoted to Halifax and St. Johns equalized with the rate to New York, notwithstanding the mileage is very much greater.

In addition to the factors mentioned are the preferential tariff arrangements and shipping subsidies with British colonies of the West Indies, under which preferential arrangements exist in trade between Canada and the West Indies Islands, to the prejudice of trade between the United States and those islands. Reference is made thereto as an existing fact, and not as challenging the right of different members of the British Empire to have preferential tariffs and commercial treaties relative to their inter-Empire commerce. Should such treaties, however, create preferences in favor of exports of the United States when moving through Canadian ports, not applied when shipped direct from the United States, new factors would be introduced for the consideration of the commercial interests of the United States.

The various items mentioned have been the subject of inquiry during the year.

Other International Items.

In accord with the powers vested in the board under the provisions of section 19 of the merchant marine act of 1920 the bureau has during the past year studied the commercial rules and practices of other

nations, and in those instances believed to be prejudicial to the American merchant marine or foreign commerce of the United States action has been taken through the cooperation of the Department of State. In addition to the Australian and Canadian customs regulations, to which reference has already been made, the following are among other items which have received attention:

Italian items.—The activity of the Italian Government in its plan to extend the ocean transportation facilities of Italy has been considered. Complaint having been made to the board that regulations were in effect permitting the visaing without charge of passports by Italian officials when presented by persons traveling to Italy on Italian vessels, the item was brought to the attention of the Department of State, and the matter is under investigation by that department. In the meantime, other steamship lines transporting passengers from the United States to Italy have voluntarily arranged to credit the cost of such visa on the purchase price of the tickets.

Another item of Italian activity in promotion of its merchant marine is the reported announcement that Italians, including American citizens of Italian origin, traveling to Italy on Italian ships will be granted 50 per cent reduction on the fare of Italian railways. This item also, at the instance of the board, is under investigation by the Department of State as a prejudicial discrimination against American-flag vessels visiting Italian ports. Should it develop that the concession in railroad rates applies to Italians, irrespective of the vessel by which they travel to Italy, the fact that such concession is made to that particular group of persons would not come within the objection.

It has also been brought to the attention of the board by the American Steamship Owners Association that a new subsidy has been established by Italy in favor of its vessels, in the form of a repayment by the Italian Government to owners of vessels operating through the Suez or Panama Canal of the canal tolls paid. This practice is far-reaching in its effects, involving an interpretation of the rights of the United States to permit American vessels to pass through the Panama Canal free of toll, notwithstanding the provisions of the Hay-Pauncefote treaty, under the terms of which the United States extends to British vessels the same privileges and tolls as those extended to the vessels of any other nation. It is obvious that American shipping would be seriously prejudiced by the practice of other nations repaying such tolls to vessels of its nationals, and at the same time having the United States prohibited from similar action by the provisions of that treaty. This item also has been referred by the board to the Department of State for consideration.

Upon the initiative of the Italian Embassy, the United States has under consideration with the Italian Government the mutual recognition of the inspection laws of the two countries, respectively. This negotiation has in view an arrangement under which American vessels visiting Italian ports and Italian vessels visiting American ports shall not be required to comply with the vessel inspection laws of the other country, if the condition of the vessel is in compliance with the inspection laws of the country to which it belongs. The subject was referred to the board by the Department of State for its views on the general policy involved, and the consummation of such an agreement has been approved in principle by the board.

French items.—Complaint having been made that French customs regulations permitted the assessment of a tariff on lead imported into that country from Mexico lower than upon lead imported from the United States, and that the higher tariff was applied also to Mexican lead if imported through an American port, the matter was brought to the attention of the Department of State as an unfair discrimination, with the result that hereafter it is believed that such importation of Mexican lead into France will be given the benefit of any special customs tax applicable thereto, even though such import be through an American port, provided the French Consul at the American port furnishes a certificate showing that the shipment originated in Mexico.

Reference was made in the last annual report of the board to the fact that negotiations were pending between the Governments of France and the United States for a mutual recognition of the vessel inspection laws of the two countries, to the end that their respective vessels should not be subjected to a double set of requirements when visiting ports of the other country. These negotiations are still pending between the Department of State and officials of the French Government. The movement originated out of an activity of the board, through the Department of State, as the result of which the French Government recognizes the classification certificates of the American Bureau of Shipping. At the time action was initiated such certificates were being officially ignored by that Government and compliance with French inspection laws was about to be enforced. In consenting to recognize such certificates, the necessity for an international agreement relative to the inspection laws of the two countries became apparent, and the pending negotiations are a result. Reference is made above to the pendency of similar negotiations with the Italian Government.

Spanish items.—The recognition by the Spanish Government of the classification certificates of the American Bureau of Shipping came up also during the fiscal year. Spanish officials declined to give such

certificates the same recognition as given those of other classification societies, such, for instance, as British Lloyd's. The matter was brought to the attention of the Department of State by the board, and that department is active in procuring the required recognition. The cooperation of the Department of State in such matters is based upon the recognition by Congress, through section 25 of the merchant marine act, 1920, of the American Bureau of Shipping as an important factor in the development of an American merchant marine.

Chinese items.—In September, 1927, knowledge came to the board that Chinese officials were attempting to impose a customs surtax on certain imports in excess of the treaty rate of 5 per cent. Vessels in competition with American vessels arranged with their respective governments that such excess tax would not have to be paid into the hands of the Chinese customs officials, but would be paid to their respective consuls, pending diplomatic negotiations as to the validity of the tax. No such arrangement existed in favor of cargo imported in American vessels, with the result that shippers used other vessels in preference. The matter was taken up with the Department of State, and, while the suggestion that the consul should act as temporary banker in such cases was entirely new from the point of view of the Government of the United States, nevertheless the department made satisfactory arrangements which assured to American vessels similar protection to imports by American vessels as that enjoyed by imports in competing vessels.

Canadian items.—Important American commercial interests having factories adjacent to Ocean Falls, British Columbia, brought to the attention of the board a report that the Canadian Government contemplated closing Ocean Falls as a customs port. Such action, if taken, would have been most prejudicial to the business interests of these American manufacturers at that point. The subject was taken up by the board with the Department of State and it was ascertained that such plan had been considered, but no definite decision had been made. Assurances, however, were given by the Canadian Government that if the step is taken, measures will also be taken to make it possible for United States vessels to continue shipments from that point.

Other items.—Not all items brought to the attention of the board suggesting unfair discrimination by foreign regulations can be given the board's cooperation, such, for instance, as a complaint practically impeaching the coastwise laws of another country because prejudicial to American shipping in the coastwise trade of that country. Any complaint of that nature would, of course, be incongruous with the well-established policy of the United States to maintain and enforce with rigor the coastwise laws of the United States.

Hague Rules.

In the last annual report of the board (p. 17), reference was made to the signing of a proposed convention having in view the adoption of the "Hague Rules," resulting from an international conference held at Brussels in 1921, and a brief history is there given of attempted legislation in the United States in this field. During the year this proposed treaty was made public by the Committee on Foreign Relations of the Senate, and hearings were held by that committee in December, 1927. The board has uniformly favored, in principle, the plan of having a uniform bill of lading for ocean transportation in foreign trade, but its position has been that the item should be treated as a matter of domestic legislation and not as an international treaty, recognizing, however, that international conferences were desirable as a preliminary step. A representative of the board, therefore, appeared before the Senate Committee on Foreign Relations, in opposition to the convention, not only on the general principle mentioned, but also because of basic defects in the document itself. During the year the board granted hearings on the subject, and through the Bureau of Traffic held various conferences with interested parties, all which resulted in substantial agreement on a form of bill for the carriage of goods by sea, based substantially upon provisions of the "Hague Rules," which bill (H. R. 12208) was introduced on March 19, 1928, by Mr. Wallace White of Maine, chairman of the Committee on the Merchant Marine and Fisheries of the House; it was referred to that committee in due course. It is expected that the bill will be considered by the session of Congress convening in December, 1928.

Export Bill of Lading.

On October 21, 1921, the Interstate Commerce Commission, acting under the provisions of section 25 of the interstate commerce act, promulgated an export bill of lading intended especially for use with shipments from interior points of the United States to foreign countries. The bill of lading thus prescribed had primarily in view the convenience of the shipper in having a single contract of transportation covering the shipment to foreign destination, without the shipper having to give the export further attention at the port of transshipment in the United States. While the export bill of lading is a single contract of transportation in the sense that the contract for the rail haul and the contract for the ocean haul are on a single sheet of paper, the obligations of the railroad and the steamship company are substantially several in many important aspects. Printed among the terms of the export bill of lading as promulgated in 1921 is a provision that the "York-Antwerp Rules, 1890," shall apply. The rules mentioned have reference to the rights of the parties in cases of

general average. In 1924 a conference of the International Law Association was held at Stockholm and changes were made in the "York-Antwerp Rules, 1890." As thus changed, the rules are commonly referred to as the "York-Antwerp Rules, 1924." The conference mentioned was not an official international conference; it was not made up of delegates accredited by various governments. Not only was the United States not represented by official delegates, but American interests were in fact not represented by unofficial delegates. Under these circumstances, the rules as amended by the Stockholm conference have never been approved by American interests. They have been the subject of examination and report to the Chamber of Commerce of the United States, by a special committee of that body, and important changes, omissions, and amendments to the rules adopted at the Stockholm convention are recommended by that report.

The suggestion having been made that the item of the export bill of lading referring to "York-Antwerp Rules, 1890," be changed to "York-Antwerp Rules, 1924," with certain modifications, the subject was brought to the attention of the Interstate Commerce Commission by the chairman of the board and that commission has reopened the case for the purpose of considering and determining whether the export bill of lading should have put in it a clause reading: "(b) General average shall be payable according to York-Antwerp Rules, 1924, 1 to 15, inclusive, and 17 to 22, inclusive; and as to matters not therein provided for, according to the laws and usages of the port of New York."

This question has been under consideration during the year and when a hearing is held the board will present its recommendations in the matter.

Collision Damages.

In the last annual report of the board (p. 20), reference was made to the fact that an international maritime convention was negotiated and proposed as far back as 1910, relative to the division of damages in cases of collision of vessels at sea, the present and the proposed law being there set forth. The proposed convention had never been submitted to the Senate and the subject has been further considered by the board during the past year. In December, 1927, the Department of State requested the board to indicate its position in the matter, and a resolution was passed approving in principle the changes proposed, but advocating that the change be made through an act of Congress, and instructing the committee on legislation of the board to proceed with the preparation of a suitable bill to that end, for submission to the next session of Congress.

Interests in Trade Routes.

In so far as the provisions of section 7 of the merchant marine act, 1920, are complied with by the operation of lines maintained by the Government, such activities are set forth in that division of this report relating to the Merchant Fleet Corporation, through which agency such operation is accomplished.

The provisions of section 7 of the merchant marine act, however, are not limited to such services as are operated by the Government but contemplate investigations and compilations of data of value to citizens in considering and determining whether particular trade routes should be covered by American vessels, including vessels privately owned and operated. The section expressly mentions that the Postmaster General is authorized to contract for the carrying of mails over lines established by the board, as contemplated by that section, the compensation therefor to be such price as may be agreed upon by the board and the Postmaster General, thus indicating that postal contracts under section 24 of the merchant marine act, 1920, were intended. In accord with the policy thus prescribed, the board has from time to time advocated the award of contracts under section 24 to purchasers of such lines.

On June 5, 1928, the board passed a resolution directing the bureau of traffic to make the investigations contemplated by sections 7 and 8 of the merchant marine act, 1920, with special reference to the ocean trade routes which may be properly maintained from one or more of the South Atlantic ports; and also to investigate the extent to which foreign commerce, including parcel post, should, in its natural flow, move through our South Atlantic ports, including a study of the availability for the postal contracts under the merchant marine act, 1928, of any services operating from such ports. The investigation thus ordered was promptly inaugurated. Inquiry has been made of conditions incident to the port of Savannah, one of the largest of the South Atlantic ports. That port is an apt illustration of the condition of ocean transportation in our foreign commerce. During the year the total number of sailings from Savannah of vessels in foreign trade was 362, and of this entire number only 65 were American-flag sailings, leaving 297 as sailings under foreign flags. To present the illustration in another form: The total amount of cargo involved in all sailings for 12 months ended March 1, 1928, was 383,011 tons, and of this total only 92,901 tons were carried in American-flag vessels, leaving 290,110 tons which were carried in foreign-flag vessels. Of the total sailings only 18 per cent were American vessels. Of the total cargo carried less than 24 per cent was carried in American vessels.

A marked instance of the importance of the study by the board of foreign trade routes and of the extent to which they are covered by American vessels occurred during the year in respect to trade between the United States and Calcutta, India. It developed that 69 voyages were made annually from Calcutta to the North Atlantic ports of the United States, and of these only 4 voyages were by vessels under the American flag. The four voyages by American vessels were by vessels of the Isthmian Line, owned by the United States Steel Corporation. Notwithstanding that line seemed content with the small number of voyages made by its vessels in the service mentioned, the board investigated the situation and decided that a greater proportion of the traffic should be by American vessels. To that end it authorized one of its managing operators to extend a service to cover the route and to enter into competition for a fair share of the patronage, the commodities handled consisting chiefly of jute, gunnies, and burlap. To avoid a rate war, if possible, the board's managing operator endeavored to negotiate a peaceful division of the total voyages between foreign vessels and American vessels, but an acceptable agreement was not made, and a rate war, of necessity, has resulted. Further steps for the adjustment of the matter were taken, but had not been consummated by the end of the fiscal year.

In the study of ocean trade routes, with a view of having the services covered by American vessels, at least to the extent of having American vessels share in a reasonable portion of the transportation involved, the question has arisen whether the existence of an American privately operated line in a particular service should bar the board from putting additional tonnage in such service where there is great preponderance of foreign-flag tonnage operating in such trade route to and from the United States. An investigation during the year revealed that during the calendar year 1926 the amount of cargo between Pacific ports and Australia was 684,568 tons, yet only 87,642 tons were transported in American vessels; in other words, although the commerce was American commerce, only 12.8 per cent was transported in American vessels. The board has shown on many occasions that Government operation should yield to the interests of private operation. This policy is contemplated by section 7 of the merchant marine act, 1920.

The following sales and changes have occurred in accord with the policy outlined in section 7 of the merchant marine act, 1920:

Sales of lines.—On September 7, 1927, the board authorized the sale of the American Scantic Line to the American Scantic Line (Inc.), with a guaranty of service between New York, with privilege of calling at other United States North Atlantic ports in the range

north of and including Norfolk, and Scandinavian ports, and also Baltic Sea ports, when navigation is open, the contract of sale being dated October 4, 1927.

On February 16, 1928, the sale of the American Australian Orient Line to the Oceanic & Oriental Navigation Co. was authorized, with a guaranty of service between United States Pacific coast ports and ports in New Zealand and Australia, and between California ports and ports in Japan, China, and the Philippines.

On February 16, 1928, the sale of the Oregon Oriental Line to the State Steamship Co. was also authorized. The contract of sale was dated March 5, 1928, and contained a guaranty of service between Portland, Oreg., and ports in Japan, China, and the Philippines.

The board on February 16, 1928, also authorized the sale of the American Oriental Mail Line to the Tacoma Oriental Steamship Co., the contract of sale containing a guaranty of service between Seattle and Tacoma, and when cargo offerings warrant, from other Puget Sound ports, and ports in Japan, China, and the Philippines. The contract of sale was dated March 14, 1928.

The American West African Line was authorized to be sold on June 5, 1928, to the American West African Line (Inc.); the contract of sale, however, was not executed until July 9, 1928.

Other changes in trade routes.—On August 7, 1927, the board authorized the discontinuance of the American Dixie Line as then operated between Gulf ports and United Kingdom ports, and in lieu thereof established two services, to wit: The Dixie U. K. Line, operating from New Orleans, La., and Savannah, Ga., to United Kingdom ports; and the Dixie Mediterranean Line, from New Orleans and Galveston to Mediterranean ports.

On the same date the discontinuance of the American Premier Line, operating from Gulf ports to Mediterranean ports, was authorized, and in lieu thereof two separate services were established, to wit: The Texas Ukay Line, operating from ports of Texas to the United Kingdom, and the Texas Mediterranean Line, from Gulf ports to Mediterranean ports.

On February 14, 1928, an additional service was established to the east coast of South America, namely, the American Brazil Line, operating from New York and Philadelphia to Brazil, in addition to the two already existing services, namely, the American Republics Line and the Gulf-Brazil-River Plate Line.

Congress has continued the policy of making a special appropriation to enable the board, with the approval of the President, to operate ships or lines of ships which have been or may be taken back from purchasers by reason of competition or other methods employed by foreign shipowners or operators to destroy the service. No instance has occurred during the year where the exercise of this power

has been necessary, and the aid to American shipping resulting from the merchant marine act, 1928, through mail pay granted under the terms of that act will tend to make the use of this power unnecessary. The appropriation for the current year was \$10,000,000.

Panama Canal Tolls.

The great earning power of the Panama Canal brings into prominence the question whether concessions can be made to American vessels operating through the Panama Canal without violation of treaty obligations. Irrespective of the general question involved as to vessels operating in foreign trade, the question as applied to vessels in coastwise or intercoastal trade has been receiving more definite and careful consideration, with special reference to the relief of vessels making frequent trips through the canal. The bearing on this subject of the practice of other nations repaying to their nationals the tolls paid for the passage of their vessels through the canal is referred to at another point in this report. The subject has been and is under investigation by the bureau.

Development of Ports.

Under the provisions of section 8 of the merchant marine act, 1920, duties are imposed on the board to promote, encourage, and develop ports and transportation facilities in connection with water commerce; to investigate territorial regions and zones tributary to such ports, taking into consideration the economies of transportation by rail, water, and highway, and the natural direction of the flow of commerce.

Work pursuant to the resolution of the board dated June 5, 1928, directing the bureau of traffic to make special investigations contemplated by sections 7 and 8 of the merchant marine act, 1920, has been referred to in that part of this report relating to section 7. Investigations under section 7 differ from those under section 8 in that section 7 relates to ocean trade routes in the development of the foreign commerce of the United States, whereas section 8 relates to rail movements from interior points to the various ports of the United States, to the end that such rail movements shall be in the natural flow of commerce.

Section 8 contemplates the board's submitting to the Interstate Commerce Commission the results of investigations it may conduct when these lead the board to the opinion that rates, or regulations, of common carriers by rail are detrimental to the object of that section; or that new rates or regulations, or affirmative action on the part of such common carriers by rail, is necessary to promote the objects of section 8. The board in practice has in some instances intervened in cases pending before the Interstate Commerce Commission when questions are involved similar to those arising under the

provisions of section 8 of the merchant marine act, 1920, having in view presenting to the commission questions bearing upon the development of the merchant marine or of American ports.

In the case of the American Hawaiian Steamship Co. and Luckenbach Steamship Co., complainants, *v.* Erie Railroad Co., et al., defendants (I. and S. Docket 2909), the board intervened and requested, jointly with others, the suspension of certain uniform rail rates on canned goods, proposed to be put into effect from the Pacific coast to points in a defined but large area in the middle of the United States, notwithstanding the mileage from the point of origin of shipment on the Pacific coast to such interior points varied greatly. The interests of intercoastal water traffic were involved, and also the rights and privileges of Atlantic coast ports under Article I, section 9, of the Constitution, because it was not proposed that a similar system of rates be made effective from Atlantic coast ports to the same area. The rates were suspended pending an investigation of the matter on its merits. An investigation on its merits was made under a fourth-section application to the Interstate Commerce Commission (No. 13102), and, on November 12, 1927, an order was entered denying the fourth-section application, and requiring the cancellation of the rate schedules which had been suspended, without prejudice, however, to the railroad filing a 98-cent rate.

During the year further hearings, in which the board participated, were also held by the Interstate Commerce Commission in re Charges for Wharfage, Handling, Storage, and other Accessorial Services at South Atlantic and Gulf Ports (I. C. C. Docket 12681). Hearings had been held during the previous year at North Atlantic ports. In March, 1928, hearings were held at Charleston, S. C., Jacksonville, Fla., and New Orleans, La., and June 1, 1928, fixed as the date for the filing of briefs. The board is primarily interested in the proposals involved in this case that charges by a railroad for terminal services, particularly for terminal services rendered at water terminals operated by it, shall not be absorbed in its line-haul rate; but when requested by the shipper or consignee, the railroad shall quote separately that part of the total rate which covers the water-terminal services rendered, in order to facilitate the use of another water terminal if the shipper or consignee prefers to do so. Requests have been recently received by the board from commercial bodies on the Pacific coast indicating a desire that the hearings be extended to that coast; no action, however, has been taken by the Interstate Commerce Commission to that end.

The board also intervened in the case of Baltimore Chamber of Commerce *v.* Ann Arbor Railroad Co. et al (I. C. C. 18715). While the issue primarily here involved was whether the differential rate should be increased as to export and import rail rates to and from

Baltimore and differential territory of the United States, this issue involved some of the principles and policies underlying the case next above referred to (I. C. C. 12681). While the board's interest in the case was therefore definite, it has not taken as active a part as in I. C. C. 12681, but has laid the foundation for presenting at argument the principles and policies involved which affect our water-borne traffic. The examiner filed a proposed report on April 11, 1928. Subsequently, however, new parties intervened and orders were entered reopening the hearings and extending them to other parties.

The enumeration of these items does not purport to be an exhaustive statement of all the items of work which have received attention under the provisions of section 8.

Coastwise Laws.

While the enforcement of the coastwise laws of the United States is under the jurisdiction of the bureau of navigation of the Department of Commerce and not of the Shipping Board, certain specific duties incident to the coastwise laws are assigned to the board by sections 21 and 27 of the merchant marine act, 1920, and under other provisions of law. The board takes cognizance of any violations or threatened violations of the coastwise laws, because such violations obviously prejudice the patronage of vessels under the American flag.

An instance of threatened violation was the announcement that the French steamship *La Salle* was going to transport from New York to Miami, Fla., a number of delegates to a large convention in that State; also other delegates from New Orleans to the same port. Information received was that tickets would be sold from New York or New Orleans to a port in the West Indies Islands, with Miami a port of call, and with leave to passengers to stop off at that port. Such an arrangement would be in substance a definite violation of the coastwise laws. A protest was made to the bureau of navigation of the Department of Commerce and the steps taken resulted in the abandonment of the plan to have foreign steamships engage in the transportation of such passengers.

A similar instance of protection to American vessels relates to the transportation of gasoline from California ports to New Orleans, a ruling having been made by the Attorney General (February 4, 1926) in the case of Anglo-Mexican Petroleum Co. (Ltd.) that such transportation was not a violation of the coastwise laws when the gasoline was landed in New Orleans to be mixed with Mid-Continent gasoline and the mixture then transported to England in the same vessel. The board participated in conferences on this subject, and on October 8, 1927, the Attorney General notified the Secretary of Commerce that a request for reconsideration of the opinion mentioned had been

made and the conclusion had been reached that owing to doubt about the matter it would be advisable to have the question settled in the courts in a test case, and in order that there might be entire freedom of action for such test case the opinion referred to was thereby withdrawn.

The board has been advised that Canadian steamers operating on Lake Ontario and the St. Lawrence River transport approximately 35,000 passengers who embark and disembark at the port of Rochester, N. Y., and that no attempt has been made to prohibit such traffic because American vessels are not operating in that trade and apparently are not available for such transportation, with the result that commercial bodies of Rochester, N. Y., have opposed any interference with this traffic handled by foreign steamers. The board considered whether it could supply vessels for such service, but the traffic is river traffic—the vessels of the Shipping Board fleet are not suitable for such use. The item is recorded as evidence of a service that remains to be covered by American vessels.

The recommendation of the board by resolution dated January 30, 1922, certifying the adequacy of tonnage available for service in commerce between the United States and the Philippine Islands, remains in force, but no proclamation has ever been issued by the President declaring that adequate shipping service exists and fixing a date for the coastwise laws to become effective with the Philippine Islands; hence foreign-flag vessels share in the commerce between the Philippine Islands and the United States.

From time to time the President, in accord with section 21 of the merchant marine act, 1920, has postponed the extension of coastwise laws to traffic with the Virgin Islands, the last extension remaining in force to September 30, 1928. As adequate service has not yet been provided between the Virgin Islands and the United States, a further extension has been made by proclamation of the President.

The bureau of traffic has investigated and is continuing investigations bearing on conditions relating to the Philippine Islands and the Virgin Islands, to the end that at the proper time further representations may be made to the President relative to the matter.

Pan-American Conference, Habana, 1928.

The Department of State requested the Shipping Board to compile certain information relating to shipping lines operating between points in North and South America for possible use at the Sixth International Conference of American States, held at Habana, Cuba, in January, 1928, and inquiries to that end and in further development of the whole subject were inaugurated, including the preparation of data relating to port formalities in force at the ports of North and South America, with a view of considering what, if any,

of such formalities can be further coordinated or simplified, or possibly eliminated altogether.

BUREAU OF REGULATION

As described in detail in previous annual reports, the work of this bureau of the board is the administration of the regulatory provisions of the shipping act and merchant marine act of 1920, relating to rates, fares, charges, and practices of common carriers by water engaged in interstate and foreign commerce of the United States, and in addition the administration of the several of such provisions having application to persons carrying on the business of forwarding or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with common carriers by water. During the period of this report 170 carriers in interstate commerce, 219 carriers in foreign commerce, and 258 forwarders and others subject to one or more of these regulatory provisions received the bureau's attention to the end that all requirements of such provisions should be complied with. The bureau's activities during the year were conducted under four main divisions—formal complaints, informal complaints, section 15 agreements, and tariffs, as follows:

Formal Complaints.

Section 22 of the shipping act which accords to any person the right of filing with the board a sworn complaint setting forth any violation of the act by any carrier or other person subject thereto was availed of during the year by 17 shippers and shippers' organizations. In accordance with the board's rules of practice governing procedure in formal docket cases, pleadings were recorded, hearings conducted, and oral arguments and briefs received; and in connection with the complaints closed during the year, 11 orders and resolutions were entered by the board upon the bureau's recommendation.

The issues presented by the complaints handled were chiefly in respect to the reasonableness of rates and whether rates charged were in excess of those on file, in violation of section 18 of the shipping act; and as to whether rates and practices were unduly prejudicial or unjustly discriminatory in violation of sections 16 and 17, respectively. On November 21 the first, and so far the only decision of the board rendered on this docket in its quasi-judicial capacity to receive court review, came before the Federal District Court for the Southern District of New York. The board's award of reparation in the amount of \$54,030 with interest against the Compagnie Générale Transatlantique for unjust discrimination on shipments from Havre and Bordeaux to New York was sustained by directed verdict.

Informal Complaints.

Forty-four informal cases filed by shippers and others under authority of section 24 of the board's rules of practice were brought to conclusion by the bureau during the period of this report. As developed through conference and correspondence conducted by the bureau acting in an informal intermediary capacity, more than half of such complaints were indicated by the facts educed to be without merit and the complainants apprised accordingly. In regard to others the respondent carriers acknowledged application of rates upon erroneous classification bases, inadvertent charging of class rather than commodity rates specified in their tariffs, and other irregularities resulting chiefly from misinterpretation of tariff rules. At all times the bureau endeavored to bring before the parties the principles governing the particular controversy involved and in a number of instances made the filing of formal complaints unnecessary.

Section 15 Agreements.

All common carriers by water and other persons subject to the jurisdiction of the board are required by section 15 of the shipping act to file with the board true copies or complete memoranda of agreements entered into with other carriers or persons subject to the act—

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

Approval by the board of an agreement filed in compliance with section 15 excepts it from the provisions of the Sherman Antitrust Act, the Wilson Tariff Act, and amendments and acts supplementary thereto.

The new agreements and modifications of agreements submitted, as evidenced by the copies and memoranda filed during the year, exceed in number and scope of operation all agreements filed for attention during any like period of time. As in the past, the major portion of the bureau's work under section 15 was in connection with agreements between carriers in their varied "conference" relations. Of the 26 conference agreements analyzed, a number were returned to the carriers for elimination of provisions objectionable under regulatory sections of the statute before submission to the board with the bureau's recommendation for approval, and in several instances it was found necessary to recommend approval of agreements only

upon prescribed condition. In large part the conference agreements examined during the year were between carriers engaged in foreign as distinguished from interstate commerce of the United States and involved many difficult considerations arising out of foreign port and traffic practices not heretofore encountered in section 15 agreements.

Copies and memoranda of 144 formal and informal agreements between carriers furnishing a joint through service were filed, and after examination were, with few exceptions, recommended for board approval. These "tandem" agreements differ from the conference agreements in that generally they are not between carriers operating in a parallel service. Their basic subject matter is ordinarily the transportation of freight on through bills of lading, the apportionment of the through rate as between the parties and the absorption by the parties of transshipment expense, dockage, tolls, drayage, and other charges. Generally such agreements are between two carriers and involve but one transshipment, although several tripartite agreements providing for through transportation over circuitous routes were filed and given attention during the latter part of the year.

Tariffs.

The administration of the requirements of section 18 of the shipping act and the tariff regulations of the board covering the publication, posting, and filing by interstate carriers of tariffs showing maximum rates, fares, and charges, together with classifications and rules in respect to services rendered by them, continued to be one of the major activities of the bureau during the year. In all there were filed with the bureau and approved as to form and prima facie lawfulness 907 freight and 201 passenger tariffs. These tariffs record extensive changes in rates and practices in many of the important interstate trade routes, and required close and rapid check by the bureau before authority could be granted for their posting on the docks and in the carriers' public offices. The several thousand tariffs of current rates, fares, and charges now in the bureau's files, as well as tariffs which have been superseded or canceled, were at all times kept available to the public and were constantly made use of by shippers' organizations and carriers' representatives. During the year there were also examined and permitted to be filed with the board 603 powers of attorney and concurrences.

General.

General or miscellaneous activities engaged in by the bureau during the year included informal inquiries to elicit information respecting unsupported claims of violations by carriers, and the circularization of newly organized transportation, forwarding, and terminal companies to ascertain their status under the regulatory provisions of the shipping act.

BUREAU OF OPERATIONS

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

Industrial Relations Division.

Among the manifold activities of the board arising out of the obligation imposed by the merchant marine act of 1920, and reiterated in the merchant marine act of 1928, to do "whatever may be necessary to develop and encourage the maintenance of an American merchant marine," is the preservation of amicable industrial relations between marine and dock labor, on the one hand, and employer interests on the other. This important work is handled by the industrial relations division of the Bureau of Operations.

The activities of the division may be summarized under the following heads:

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

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

(c) Affirmative action in the promotion of better feeling between maritime workers and employers.

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

(e) General improvement in personnel.

The division is concerned not only with the welfare and efficiency of marine and dock labor generally, but is also directly interested in maintaining a high standard among the personnel serving on the Government's merchant ships. To preserve a high morale among crews and dock labor is obviously one of the most important responsibilities of those concerned with the operation of the Government's war-built fleet.

During the past year conferences have been held with representatives of the deck and engine-room officers' organizations. The friendly relations which have existed with these organizations and the spirit of cooperation shown have resulted in satisfactory wage agreements being reached promptly and without protracted negotiation.

Dock or longshore labor consummated agreements and understandings, by renewal, during the past year, thereby maintaining with associated employers the principle and spirit of collective bargaining. These agreements have reduced to a minimum the possibility of mis-

understandings and stoppage of work, not only with respect to the board's vessels, but also with respect to other associated owners and employers who were parties to the agreements.

Such demands for changes in working conditions as arise upon expiration of yearly agreements are in reality amicable requests, for, as a result of the orderly procedure established and the excellent spirit animating the labor personnel, these proposals are invariably made in the most friendly spirit. In sharp contrast to the costly experiences of the past, when requests frequently had the character of ultimata, sometimes followed by cessation of work, the present healthy conditions prevailing in the ranks of marine and dock labor are extremely gratifying. The arbitrary stoppage of work in the loading and discharging of vessels produces an inordinate loss to the ships, disrupts the line's service to commerce, and results in a multiplicity of increased costs and embarrassments.

With definite understandings between employers and employees covering fixed periods of time, and with intelligent appreciation of the inherent rights and privileges of each, progress in establishing the merchant marine as a permanent commercial enterprise of the Nation is not at the present time being hampered, as was sometimes the case in the past, by a distrustful feeling of insecurity as to long-shore relations.

In the conference held by the board in January, 1928, with representatives of American shipping interests, owners and operators agreed that no change was desired in the existing order that would have the effect of reducing the standards of wages and living conditions at present enjoyed by American seamen. This declaration, coming as it did from private shipping concerns, illustrates the splendid spirit shown toward the labor element by those whose chief concern is to put the American merchant marine on a sound and permanent basis.

Sea Service Section.

The sea service section of the industrial relations division was organized June 20, 1917. During the fiscal year 1928 it maintained branch offices in 12 ports, as follows: Boston, New York, Philadelphia, Baltimore, Norfolk, Savannah, New Orleans, Mobile, Galveston, San Francisco, Portland, and Seattle.

The main work of the sea service section is to man the American merchant marine with American citizens, with a view not only to making American ships more efficient in time of peace but also to enhance their value as naval and military auxiliaries in time of national peril. Prior to the World War the personnel on American ships was composed largely of foreigners, the record showing that before the establishment of the sea service section only about 10 per

cent of these crews were citizens of the United States. Figures for the fiscal year ended June 30, 1928, show that 89 per cent of the seamen placed on American vessels through the activities of the sea service section were American citizens.

The section maintains its own medical department in New York City, Baltimore, and New Orleans, where seamen receive physical examinations before being assigned to ships. Medical work at other ports is performed for the sea service section by the United States Public Health Service. These examinations not only serve to acquaint the men with their exact physical condition but at the same time assure a merchant marine personnel that is able-bodied and fit. One of the gratifying results of the medical work has been the saving on claims for personal injuries—a saving which has more than covered the expense involved in maintaining the medical staffs, as well as the expense of all the other field and office force of the sea service section.

The work of the section enables the Shipping Board to maintain an efficient personnel on its ships and obviates the necessity of resorting to crimps, with all the abuses attendant upon that antiquated and discredited method of obtaining crews for merchant ships. It also solves in advance the serious problems bound to arise in time of emergency, as disclosed upon our entrance into the World War, when a large number of the alien seamen employed on American ships deserted or sought safety in the coasting trade rather than embark on voyages through the war zone.

Thousands of applications are received annually in the sea service section from interested American youths who desire to follow the sea, and it is the aim of the section to encourage these young Americans in every legitimate way. During the past fiscal year 1,481 inexperienced boys between the ages of 18 and 23 have been given an opportunity to go to sea on ships flying the American flag. Rated as "deck boys" and paid \$25 a month, these young Americans are trained in seamanship and navigation under American officers, and are advanced to higher ratings as they attain the required degree of proficiency.

The following table shows the total number of men placed in the various ratings by the sea service section from July 1, 1927, to June 30, 1928, inclusive:

Sea service section, record of placements, June 30, 1927, to June 30, 1928

	Boston	New York	Philadelphia	Norfolk	Baltimore	Savannah	Mobile	Galveston	New Orleans	San Francisco	Seattle	Portland	Total
Masters.....	3	1	3	1	0	0	0	0	2	0	1	0	11
First officers.....	15	1	7	1	0	0	0	0	0	0	5	10	39
Second officers.....	19	0	8	3	3	0	0	0	0	0	9	18	60
Third officers.....	37	1	25	2	7	2	0	0	0	1	21	19	115
Fourth officers.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Cadet deck officers.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Carpenters.....	16	146	29	5	36	0	22	6	28	6	18	22	334
Carpenters' mates.....	0	3	0	0	0	0	0	0	0	0	0	0	3
Boatswains.....	26	169	68	24	77	39	43	24	92	23	13	50	648
Boatswains' mate.....	0	1	0	0	0	0	0	0	0	0	0	0	1
Quartermasters.....	21	31	7	6	31	0	5	0	3	0	30	12	146
Able seamen.....	792	5,911	1,775	637	1,594	517	1,579	912	2,666	1,103	1,077	1,516	20,079
Ordinary seamen.....	214	1,254	525	249	320	110	283	178	518	56	275	202	4,184
Deck apprentices.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Radio operators.....	0	0	0	0	0	0	0	0	0	0	0	9	9
Chief engineers.....	6	0	1	0	0	0	0	0	0	0	0	0	7
First assistant engineers.....	26	0	13	5	3	0	0	0	0	0	1	8	56
Second assistant engineers.....	31	0	27	5	3	0	0	0	0	0	2	8	76
Third assistant engineers.....	34	2	28	5	4	3	0	1	0	0	7	16	100
Fourth assistant engineers.....	0	0	1	0	0	0	0	0	0	0	0	0	1
Cadet engineer officers.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Refrigerator engineers.....	0	2	0	0	0	0	0	0	0	0	1	0	3
Electricians.....	0	36	0	2	0	0	0	0	0	0	0	0	38
Deck engineers.....	1	14	5	1	1	0	6	4	17	3	15	13	80
Pump men.....	18	6	25	2	17	1	1	3	1	1	2	1	78
Oilers.....	164	1,151	380	200	358	169	278	148	474	160	212	461	4,155
Water tenders.....	19	259	41	8	55	134	83	29	190	5	20	62	905
Storekeepers.....	2	2	19	0	2	2	1	0	1	0	1	1	31
Firemen.....	199	2,610	604	433	855	162	467	237	734	133	300	408	7,142
Wipers.....	260	1,089	371	130	351	128	416	273	733	197	245	355	4,548
Coal passers.....	33	1,095	77	270	303	4	2	0	0	0	0	1	1,785
Engineer apprentices.....	0	0	2	0	0	0	4	0	0	0	0	0	6
Deck boys.....	29	155	73	23	364	93	164	127	217	146	1	89	1,481
Chief stewards.....	15	169	11	39	20	4	7	1	0	0	8	33	307
Second stewards.....	0	9	0	10	0	0	1	0	1	0	0	0	21
Chief cooks.....	45	341	73	59	119	59	128	67	149	24	63	93	1,220
Second cooks.....	86	461	116	49	192	58	170	104	279	7	37	89	1,648
Third cooks.....	1	5	0	0	0	0	0	0	0	0	0	0	6
Bakers.....	0	54	0	3	0	0	0	0	0	0	0	0	57
Butchers.....	0	25	0	0	0	0	0	0	1	0	1	0	27
Storekeepers.....	1	1	6	0	1	2	0	0	1	0	1	0	13
Messmen.....	245	210	2	64	63	55	5	0	0	4	68	17	733
Mess boys.....	91	1,680	604	292	532	129	506	386	927	67	65	319	5,598
Pantrymen.....	1	26	0	2	2	0	2	0	0	1	2	5	41
Miscellaneous.....	22	1,496	151	187	1,231	0	49	61	287	16	66	172	3,738
Total.....	2,472	18,416	5,077	2,717	6,544	1,671	4,222	2,559	7,323	1,953	2,567	4,009	59,530

Americans 89 per cent.

Investigations Division.

The investigations division of the Bureau of Operations handles miscellaneous matters that are not assigned to other divisions of the bureau. Included in its work are many items relating to other governmental establishments.

During the year the division undertook a special investigation into the activities of the American merchant marine, with particular reference to the water-borne foreign-trade tonnage moving through the principal ports of the United States. The final report, in two volumes, showed, among other things, the phenomenal growth of foreign cargo tonnage at many of the principal ports of the United States since 1921, amounting to a net increase of 37.9 per cent for the entire country, these figures, the latest available, being for the fiscal year 1926. It was evident that much of this increase was due to the operation of cargo lines under the board's supervision.

Another activity of the investigations division had to do with questions relating to safety at sea. Great Britain having invited the maritime nations of the world to a conference on safety of life at sea, to be held in London in the spring of 1929, the Shipping Board joined with other interested departments of the Government in studying the British proposals. The chairman of the board appointed a Shipping Board general committee on safety of life at sea, which in turn was organized into subcommittees on (*a*) ship construction, (*b*) navigation, and (*c*) wireless telegraphy. The various subjects assigned for study included subdivision of ships, life-saving appliances, fire-extinguishing apparatus, ice patrol, rules of the road, radio signals, and meteorological service to and from ships at sea.

Under the chairman of the Shipping Board's general committee the cooperation of private steamship owners and operators was enlisted in helping to work out the American viewpoint. Accurate data based on experience were secured from masters of Shipping Board vessels as well as from privately owned American steamships. Insurance and classification societies, naval architects, shipbuilders, marine engineers, and other organizations and individuals also gave valuable assistance to the board's general committee in shaping its recommendations. The limited time that could be devoted to analyzing the British proposals and formulating the American position made it necessary to employ additional technical assistance in order to expedite the work.

During the year there was a marked improvement in the situation with respect to "land-grant" rates on rail shipments of property of the Shipping Board and Merchant Fleet Corporation. As stated in the previous annual report, several land-grant and "land-grant

equalization" carriers had contended that shipments made by the Shipping Board and by the board's Fleet Corporation were not entitled to land-grant rates. At the time the case of the Fleet Corporation *v.* The Western Union Telegraph Co. was decided by the Supreme Court (January 3, 1928), a number of these carriers had suits pending in the Court of Claims and in the United States district courts to recover the difference between land-grant rates, which had been paid, and full commercial rates, which were claimed by the carriers. Following the decision, which definitely fixed the status of the Shipping Board's Merchant Fleet Corporation as a governmental agency and instrumentality, practically all such cases were dismissed. Present prospects are that a satisfactory adjustment of the whole matter will be reached in the near future.

The gratifying spirit of cooperation and agreement manifested at a conference of steamship interests that was held under Shipping Board auspices in Washington on January 10 and 11, 1928, gave rise to a hope that the time might be opportune for the organization of these interests into a single national body, formed for mutual aid and support. In furtherance of the idea, the Shipping Board, on April 24, 1928, passed a resolution authorizing the chairman of the board to inquire into the feasibility of bringing about an association of this character, to include American shipowners, operators, builders, and allied activities. The proposed association was to be self-organized and self-governed, and was to have as its main objects the promotion of the welfare of its members and the development of a strong American merchant marine.

In line with the board's resolution, preliminary steps were taken to ascertain the attitude of the leading national associations of shipowners and shipbuilders toward a project of this sort. It is too early at this writing to state definitely the result of these inquiries.

On July 20, 1927, the work formerly handled by the piers and wharves division of the Bureau of Operations was transferred, by resolution of the board, to the Merchant Fleet Corporation.

During the year the Chief Coordinator submitted to the board a proposal to centralize the booking of all Government ocean-borne passenger traffic in one agency under the Shipping Board. At this writing the matter remains in a formative stage, with numerous details still to be arranged, but sufficient progress has already been made in the way of investigating the amount of traffic involved and the best method of handling the work to indicate that definite plans looking to the organization of a central passenger-booking agency will probably be perfected in the near future.

Port Facilities Division.

Since May, 1927, the port facilities division of the Bureau of Operations has consisted of two sections, the domestic port section and the foreign port section.

During the past fiscal year the domestic port section handled all work of the port facilities division that pertained to the ports of the United States and its possessions, carrying on its surveys in conjunction with the Board of Engineers for Rivers and Harbors, War Department, as provided for in section 8 of the merchant marine act of 1920. Work was continued on the series of reports known as the "Port Series," in 22 volumes, covering about 70 of the major ports of the United States. Revision of the series was begun, some of the early volumes now being out of print, while others are in need of being brought up to date.

Progress was made during the year on the revised editions of the reports on Portland (Me.), Boston, Mobile, Pensacola, Jacksonville, Miami, Tampa, Galveston, Houston, and Texas City. It is planned eventually to revise the entire series.

Two new volumes—one on The Panama Canal and Its Ports and another on The Ports of Southern New England—were completed during the year and sent to the Public Printer.

In addition to its work on the Port Series, the domestic port section compiled a supplementary volume entitled "Port and Terminal Charges at United States Ports," in order to fill a long-felt want on the part of shippers and shipping men for current data on port charges. This volume will be revised from time to time in order to keep the data as nearly up to date as possible.

The volume just mentioned should not be confused with the domestic port section's investigation of consular charges that has been carried on during the year and has been made the subject of a separate work entitled "Shipping Charges at United States and Foreign Ports," to be published in the near future.

The joint activities of the Shipping Board's Bureau of Operations and the Board of Engineers for Rivers and Harbors of the War Department also included, during the period covered by this report, a survey of Transportation in the Ohio and Mississippi Valleys, and another study of "free ports," or "foreign-trade zones," the latter based largely on data secured by means of questionnaires sent out to consular officers through the State Department.

The following table shows the publications which were in progress at the close of the fiscal year, with the percentage of completion:

Serial No. of volume	Subject	Percent- age of com- pletion
<i>Original volumes</i>		
18	The Ports of Southern New England.....	100
22	The Panama Canal and its Ports.....	100
<i>Revised reports</i>		
1	The Port of Portland, Me.....	100
2	The Port of Boston, Mass.....	50
3	The Ports of Mobile, Ala., and Pensacola, Fla.....	25
6	The Ports of Galveston, Houston, Texas City, and Corpus Christi, Tex. (in 3 volumes).....	100
8	The Ports of Jacksonville, Miami, and Tampa, Fla.....	15
<i>Transportation series</i>		
	Transportation in the Mississippi and Ohio Valleys, vol. 1.....	75
<i>Miscellaneous series</i>		
1	Port and Terminal Charges at United States Ports.....	100
2	Shipping Charges at United States and Foreign Ports, Consular Services and Charges.....	100
<i>Free ports</i>		
	Study of Free Ports or Foreign Trade Zones.....	60

There were received from the printer during the year the following reports:

No. 12. The Ports of San Francisco, Oakland, Berkeley, Richmond, Upper San Francisco Bay, Santa Cruz, and Monterey, Calif.

No. 15. The Ports of Norfolk, Portsmouth, and Newport News, Va.

No. 21. The Ports of Porto Rico.

At the close of the fiscal year the following reports were in the printing office in various stages of publication:

No. 1. The Port of Portland, Me. (revised).

No. 6. The Ports of Galveston, Houston, Texas City, and Corpus Christi, Tex. (in 3 volumes, revised).

No. 18. The Ports of Southern New England.

No. 22. The Panama Canal and Its Ports.

Miscellaneous Series No. 1. Port and Terminal Charges at United States Ports.

Miscellaneous Series No. 2. Shipping Charges at United States and Foreign Ports.

In connection with the Port Series reports and the Mississippi-Ohio Rivers study, special field surveys were conducted by representatives of the division at the following points: New Orleans, Baton Rouge, Houston, Galveston, Texas City, Corpus Christi, Boston, Portland (Me.), St. Louis, Cleveland, Cincinnati, Pittsburgh, Huntington, Cairo and Rock Island (Ill.), Louisville, Dubuque, St. Paul, and Minneapolis.

During the year special reports were prepared by the domestic port section to comply with requests received from chambers of commerce, universities, and shipping companies at Dallas, Brooklyn,

Portland (Oreg.), Buffalo, Seattle, Philadelphia, Pensacola, and New York City on various phases of commercial shipping.

The foreign port section of the port facilities division, cooperating with the Department of Commerce, has continued its program of foreign port studies, the inauguration of which, in May, 1927, was described in the last annual report.

The early part of the fiscal year was devoted by the foreign port section to completing the organization of the work at home and abroad, and to directing the collection of the latest available maps, tariffs, and other data by the foreign offices of the Shipping Board and Department of Commerce. From these sources was received a quantity of authoritative material on the subject, and the joint organization is continuing to receive from abroad all available descriptive data on the principal ports of the world. The entire work is expected to cover about 60 of the major foreign ports and approximately 800 minor ports.

The publications treating of major ports will describe their harbors and channels; port organization, government, and finances; local and national regulations for shipping and cargoes; port services and charges; port facilities and equipment; traffic arrangements for handling goods to and from the quays; methods employed in handling cargo; port customs and practices; hinterland and communications; shipping and trade statistics. The reports will be illustrated with photographs, line drawings, and graphic charts, and each will contain a port map similar to those now published in the domestic "Port Series."

The ports of Liverpool and Manchester, England, with their outports, and Hamburg and Cuxhaven, Germany, were selected as subjects for the initial volumes of the foreign port studies. Work had progressed to within 20 per cent of completion at the close of the fiscal year and will be brought to a conclusion upon the termination of a field survey, when the reports will be ready for publication. London, Rotterdam, and Amsterdam have been tentatively selected as the next ports to receive treatment in the publications of the foreign port series.

As above stated, the joint program of the foreign port section of the port facilities division, acting in cooperation with the Department of Commerce, also contemplates the issuance of a number of publications descriptive of minor foreign ports, the first of which, on the ports of the British Isles, was about 50 per cent completed on June 30, 1928. This initial volume will include approximately 40 British and Irish outports, giving in each case a brief account of their facilities, charges, and trade. Later volumes in this series will cover north European and Mediterranean ports.

The development of complete information on foreign coal and oil bunkering stations is another project in the cooperative program. During the year questionnaires were prepared and distributed through the Department of State to its seaport consular offices and agents. At the close of the fiscal year responses had been received from 75 offices. The material contained in these responses is being prepared for publication as soon as it is received, and it is expected that the report will be completed and released during the fiscal year 1929. The section on fuel-oil stations will give the name and nationality of the owner of each station; code address; description of tankage; amounts of various types of oil in stock; method and speed of delivery to ship; sources of supply, together with pertinent miscellaneous remarks. The coal-bunkering station section will follow the above pattern and will include the class of coal offered, notice required by station, trimming charges, etc.

The special investigation of foreign warehouses mentioned in the previous annual report has been in progress during the year. Data now on hand give the most complete information available on warehouses at a number of foreign ports. These data will be used in the foreign port reports, and the files will be held available to interested persons on application.

The survey of American cargo-handling methods, mentioned in the last annual report, has been held in abeyance during the fiscal year pending the completion of certain investigations by the Department of Labor.

The joint force has for revision the bulletin *Stowage of Ship Cargoes*, published by the Department of Commerce in 1920. This bulletin will be enlarged to give a more complete description of operation and problems of cargo stowage. It will also contain rules and regulations regarding the handling of inflammables, explosives, and other hazardous cargo. Data received during the year show the need of revision in the tabular matter, due to the changing methods of packing, the use of fiber containers, etc. Further data will have to be obtained from shippers and the steamship companies before compilation of a new bulletin will be possible. An endeavor will be made to publish results of this study during the fiscal year 1929.

BUREAU OF CONSTRUCTION

The activities of the Bureau of Construction during the past fiscal year related very largely to the further development of the Diesel conversion program authorized by the act of June 6, 1924, amending section 12 of the merchant marine act, 1920, having in view the installation, in vessels belonging to the Government, of internal-combustion propulsive machinery, and the making of other changes nec-

essary to convert them into modern motor ships. An investigation was also made of the wisdom of reconditioning the steamships *Mount Vernon* and *Agamemnon* (*Monticello*), including the development of plans and specifications for such work.

The Diesel conversion program has been developed in three stages: (a) The initial program under the resolution of the board dated December 2, 1924, involving the conversion of 12 vessels; (b) the extended program under the resolution of the board dated September 15, 1927, involving the conversion of 8 additional vessels; and (c) the Diesel electric program relating to the conversion of 3 vessels. The work incident to these three groups of vessels comes within the expenditure of \$25,000,000 authorized by the original act of June 6, 1924; it is expected that this amount will be practically exhausted upon the completion of these groups. The work incident to the reconditioning of the steamships *Mount Vernon* and *Agamemnon* (*Monticello*) does not come under this appropriation.

Initial program for 12 vessels.—The initial program covered the following 12 vessels: *Tampa*, *Unicoi*, *West Honaker*, *West Cusseta*, *Crown City*, *Sawokla*, *City of Rayville*, *City of Dalhart*, *Yomachichi*, *Seminole*, *West Grama*, and *Wilscow*. Installations in the case of five of these have been completed and the vessels placed in service during the past fiscal year; this work, together with seven vessels converted and placed in service during the previous year, completes the initial program authorized by resolution of the board December 2, 1924. Details relative to the program in the course of its development will be found in the board's ninth annual report, beginning on page 71; in the tenth annual report, beginning on page 48; and in the eleventh annual report, beginning on page 48.

The completion of 11 out of the 12 main propulsive engines was reported in previous years. During the past year the twelfth main engine of the group was completed by the New London Ship & Engine Co. at Groton, Conn., being a 4-cylinder, 2-cycle, double-acting engine of 3,300 brake horsepower, the contract price being \$246,857. After the 30-day test at the builder's plant the engine was accepted and installed in the steamship *Wilscow*, the installation contract having been awarded to the Bethlehem Shipbuilding Corporation (Ltd.) for the sum of \$413,000, which amount included considerable work on the vessel in addition to the installation of the engine.

The work under five installation contracts was completed during the year as follows, and after successful trial trips the vessels were placed in commission on regular established routes:

The motor ship *City of Dalhart*, equipped with Busch-Sulzer main propulsive engine, being a 6-cylinder, 2-cycle, single-acting engine

of 3,000 brake horsepower, was put in commission July 27, 1927, and allotted to the Atlantic Australian Line operated by the Roosevelt Steamship Co. on the route between North Atlantic and Australian ports.

The motor ship *Yomachichi*, with equipment similar to that of the motor ship *City of Dalhart*, was placed in commission October 11, 1927, and was allotted to the American Pioneer Line operated by the Roosevelt Steamship Co. on the route between North Atlantic ports and the Far East via the Panama Canal.

The motor ship *Seminole*, equipped with Hooven, Owens, Rentschler Co. main propulsive engine, being a 4-cylinder, 2-cycle, double-acting engine of 3,300 brake horsepower, was placed in commission October 28, 1927, and thereafter allotted to the American India Line operated by the Roosevelt Steamship Co. on the route between North Atlantic, Gulf, and India ports.

The motor ship *West Grama*, equipped with McIntosh and Seymour main propulsive engine, being a 4-cylinder, 4-cycle, double-acting engine of 2,700 brake horsepower, was placed in commission December 7, 1927, and was allotted to the American Republics Line, operated by C. H. Sprague & Co. on the route between New York and the east coast of South America.

The motor ship *Wilsoæ*, equipped with New London Ship & Engine Co. main propulsive engine, described above, was placed in commission March 18, 1928, and was assigned to the American Republics Line, operated by C. H. Sprague & Co. for a voyage from New York to the east coast of South America.

In addition to the main propulsive engines to which reference has been made, complete auxiliary equipment and outfit was installed in these vessels, and at the same time all reconditioning work was done that was necessary to make them first-class motor ships. In the case of 8 of the 12 vessels, this work included providing accommodations for a limited number of passengers. Final figures showing the total cost of conversion are not available at present.

Extended program for eight vessels.—The board, by resolution dated September 15, 1927, authorized the conversion of eight additional vessels, and contracts for eight main propulsive engines were awarded as follows:

1. McIntosh & Seymour Corporation, Auburn, N. Y.: Two 4-cycle, double-acting engines of 3,900 brake horsepower, for the sum of \$577,200.
2. Worthington Pump & Machinery Corporation, Buffalo, N. Y.: Two 2-cycle, double-acting engines of 3,625 brake horsepower, for the sum of \$536,500.
3. Hooven, Owens, Rentschler Co., Hamilton, Ohio: Two 2-cycle double-acting engines of 4,000 brake horsepower, for the sum of \$592,000.
4. Busch-Sulzer Bros. Diesel Engine Co., St. Louis, Mo.: Two 2-cycle, single-acting engines of 3,950 brake horsepower, for the sum of \$584,600.

Contracts were also awarded for auxiliary engines, as follows:

(a) Nordberg Manufacturing Co., Milwaukee, Wis.: Twelve 3-cylinder, 2-cycle air injection, single-acting auxiliary engines, of 340 kilowatt output, for the sum of \$426,840.

(b) Fulton Iron Works Co., St. Louis, Mo.: Four 3-cylinder, 4-cycle, air injection, single-acting auxiliary engines, of 150 kilowatt output, for the sum of \$107,232.07.

These engines and equipment will be installed in eight vessels of approximately 9,500 tons dead-weight. The vessels selected are: *New Orleans*, *Wichita*, *Ward*, *City of Elwood*, *Potter*, *Jeff Davis*, *Oldham*, and *Galveston*. Contracts have not yet been placed for the work of installation.

Diesel Electric Program.

The main propulsive equipment for the first two groups of vessels referred to above is for direct drive operation. The Diesel electric program involves the installation in each vessel of four large Diesel engines as the power for driving the main electric motors. Preliminary to entering upon the Diesel electric program the board had experts make exhaustive investigations, including estimates of the cost of the program as applied to three vessels, and by resolution dated October 13, 1927, approved the reconditioning and conversion of the steamships *Courageous*, *Triumph*, and *Defiance*, each having a dead-weight capacity of approximately 11,800 tons. Engines built by McIntosh & Seymour Corporation, of Auburn, N. Y., of the 8-cylinder, single-acting, 4-cycle type, having 1,200 brake horsepower each, were selected for all three vessels. The electric motors, etc., for the vessels are being built as follows: For the *Courageous*, by the General Electric Co.; for the steamships *Defiance* and *Triumph*, by the Westinghouse Electric & Manufacturing Co.

A contract was made with the Federal Shipbuilding & Dry Dock Co. for the conversion and reconditioning of the steamship *Courageous*, at a cost of \$1,319,000. In obtaining bids for the work on these vessels, estimates were also obtained from the United States navy yards at Boston, Mass., and Norfolk, Va. The work on the steamship *Triumph* was allotted to the Boston Navy Yard, which submitted an estimate that the cost would not exceed \$1,315,000. The work on the steamship *Defiance* was allotted to the Norfolk Navy Yard, which submitted an estimate that the cost would not exceed \$1,192,000.

Under the contract with the Federal Shipbuilding & Dry Dock Co., the *Courageous* is to be completed and delivered on or before October 27, 1928. The Boston Navy Yard estimates that the *Triumph* will be completed and delivered on or before December 1, 1928. The Norfolk Navy Yard estimates that the *Defiance* will be completed and delivered on or before January 15, 1929.

The total contract commitments entered into during the fiscal year aggregate \$7,084,372.07. The total contracts from the inception of the Diesel program to June 30, 1928, aggregate \$16,743,597.38. These figures, however, do not include the cost of administrative overhead, extras, incidentals, etc.

The *Agamemnon* and *Mount Vernon*: The board again took into consideration during the year the reconditioning of the steamships *Agamemnon* (*Monticello*) and *Mount Vernon*, this subject having been considered from time to time during previous years. These vessels were German passenger ships, the former name of the *Agamemnon* having been *Kaiser Wilhelm II*, and the former name of the *Mount Vernon* having been *Kronprinzessin Cecilie*. They were owned by the North German Lloyd Shipping Co. and operated in the trans-Atlantic service, having been built in Germany as follows:

Vessel	Year built	Gross tonnage	Speed (knots)
Kaiser Wilhelm II.....	1902	19,361	23½
Kronprinzessin Cecilie.....	1906	19,503	23

At the beginning of the World War the vessels named, together with other German and Austrian vessels, sought refuge in ports of the United States; upon our entry into the war their title and possession were taken over by this country.

At a meeting held November 22, 1927, the Shipping Board authorized the change of the name of the steamship *Agamemnon* to *Monticello*, the name of the home of Thomas Jefferson.

The present action was inaugurated March 3, 1927, when the board directed that the vessels should be drydocked and cleaned and a careful survey made to determine their condition; also that the measurements should be taken from which to prepare plans and specifications for their conversion and reconditioning. The president of the Merchant Fleet Corporation having submitted a report proposing alternative plans for reconditioning the vessels, the matter was then referred to a special committee of three commissioners of the board, and a report dated August 13, 1927, was submitted by them recommending the preparation of plans and specifications and that bids be obtained; also that special experts be employed for that purpose. The board, by resolution dated August 16, 1927, authorized such preliminary work, and it has been in progress under the supervision of this bureau.

In anticipation of the vessels being reconditioned, should the board in its discretion decide that such work be done, provision is made in

the independent offices appropriation act for the fiscal year ending June 30, 1929, approved May 16, 1928, as follows:

For the reconditioning of the steamships Mount Vernon and Monticello at a total cost not in excess of \$12,000,000, not to exceed \$10,000,000 is made available from the Construction Loan Fund and shall be reimbursed to such fund with interest at such rate and within such period as the board may determine, but not exceeding ten years after the date of commission of such reconditioned vessels: *Provided*, That after such reconditioning neither of said steamships shall be sold for less than the cost of reconditioning, less a deduction of 5 per centum per annum for depreciation from the date of completion of such reconditioning to the date of sale.

By resolution dated June 26, 1928, the board authorized the Bureau of Construction to place the matter in the hands of the maintenance and repair division of the Merchant Fleet Corporation, with instructions to procure bids on the various plans under consideration.

Construction Loan Fund.

The construction loan fund was authorized in the first instance by the merchant marine act, 1920. The use to which the fund can be put was extended by the provisions of the act of June 6, 1924, amending section 11 of the merchant marine act, 1920. By the act of March 4, 1927, amending section 11 of the merchant marine act, 1920, the time limit of five years named in the original act was eliminated and provision otherwise made for the completion of the fund to the original amount contemplated, namely, \$125,000,000. The merchant marine act, 1928, approved May 22, 1928, further increased the fund and substantially modified the provisions of section 11, as previously amended. The construction loan fund may be used by the board to the extent it thinks proper and upon such terms as it may prescribe in making loans to aid citizens in the construction of vessels of the best and most efficient type, fitted and equipped with the most modern, most efficient, and most economical engines, machinery, and commercial appliances. The fund may also be used by the board, in its discretion, in making loans to aid citizens in the outfitting and equipment of vessels already built with engines, machinery, and commercial appliances of the type and kind mentioned, or in otherwise reconditioning vessels already built.

No loans shall be for a greater sum than three-fourths the cost of the new vessel proposed to be constructed, or three-fourths the cost of the reconditioning, etc., of a vessel already built. Nor shall the loan be made for a longer time than 20 years. It shall be repaid in equal annual installments, but may be repaid by the borrower at any time on 30 days' written notice to the board with interest computed to date of payment. Interest payable on such loans shall be as follows: During the period in which the vessel is operated exclusively in coastwise trade or is inactive the rate of interest shall

be as fixed by the board and not less than $5\frac{1}{4}$ per cent per annum. During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request.

Adequate security is, of course, required, including a first mortgage on the vessel to which the loan relates. Proper insurance is also required, to be placed in such companies, for such amounts, and under such forms of policies as the board may prescribe.

Provision is made for the increase of the construction loan fund by the authorization of appropriations of such amounts as will, when added to the amounts credited to such fund by the board under authority of law, make the aggregate of the amounts credited to such fund equal to \$250,000,000.

In the last annual report (pp. 45-46) certain commitments entered into during the fiscal year 1926 were listed, with the advances, if any, made on account thereof during the fiscal year 1927. The vessels involved have all been completed and the loans were fully made during the fiscal year 1928, as follows:

New York and Miami Steamship Corporation: Total amount of loan, \$2,396,000, in aid of the construction of the steamships *Iroquois* and *Shawnee*, which vessels were documented at the port of New York. The notes taken for the repayment of this loan are the joint and several obligations of the New York and Miami Steamship Corporation and the Clyde Steamship Co., and are secured by first preferred mortgages on the vessels named.

American Line Steamship Corporation: Total amount of loan, \$2,866,500, in aid of the construction of the steamship *California*, which vessel was documented at the port of New York. The notes taken for the repayment of this loan are the joint and several obligations of the American Line Steamship Corporation and The Atlantic Transport Co. of West Virginia, and are secured by a first-preferred mortgage on the vessel named.

Nova Scotia Steamship Corporation: Total amount of loan, \$1,800,000, in aid of the construction of the steamships *Yarmouth* and *Evangeline*, which vessels were documented at the port of Boston. The notes taken for the repayment of this loan are the joint and several obligations of the Nova Scotia Steamship Corporation and the Eastern Steamship Lines (Inc.), and are secured by first-preferred mortgages on the vessels named.

American Line Steamship Corporation, second loan: The only commitment made for a new loan during the year was for a second

loan to the American Line Steamship Corporation of an amount equivalent to one-half the cost of the vessel, but in no event to exceed \$3,500,000, to be applied to the construction of the steamship *Virginia*, now being built by that company at the shipyards of the Newport News Shipbuilding & Dry Dock Co. at Newport News, Va. It is estimated that the total cost of this vessel will be not less than \$7,000,000. Advances in the sum of \$617,500 were made on account of this loan during the year. The notes taken are the joint and several notes of the American Line Steamship Corporation and The Atlantic Transport Co. of West Virginia, both of which companies are controlled, through stock ownership, by the International Mercantile Marine Co. The notes referred to are secured during the construction period by a deed of trust under the laws of the State of Virginia. The amount remaining to be advanced under this commitment is therefore \$2,882,500.

The total amount heretofore loaned on vessels which have been completed is \$15,320,500, representing 9 loans made to 7 different companies in aid of the construction of 14 vessels. The total amount thus far advanced on loans not yet completed is \$617,500, thus making the total amount of all payments thus far made from the construction-loan fund on account of loans \$15,938,000.

The amount at present credited to the construction-loan fund is \$71,350,587.40, including repayments on account of the principal of outstanding loans, which repayments amount in the aggregate to \$1,882,230.01.

During the fiscal year the sum of \$2,000,000 was transferred from the construction-loan fund to the special Dieselization fund to meet further disbursements incident to the Diesel conversion program of the board.

During the fiscal year repayments on account of outstanding loans amounted to \$965,531.67, and deposits were made to the credit of the fund in the aggregate sum of \$5,302,903.47, thus making a total increase of the fund during the fiscal year of \$6,268,435.14.

Section 23 Construction Bounty.

The provisions of section 23 of the merchant marine act, 1920, are in substance a construction bounty, in that taxes are waived in certain cases when the citizen invests certain amounts in the construction of new vessels. The act covers two groups of cases, namely, (a) taxes on earnings of vessels operating in foreign trade, when the taxpayer invests in new ship construction an amount equivalent to three times the amount of the tax involved; or (b) taxes on profits arising from the sales of vessels, when the taxpayer invests in new ship construction an amount equivalent to the total proceeds from the sale of the vessel involved. Although by the terms of the act this policy was

to continue in force for 10 years from the date of the enactment of the merchant marine act, 1920, nevertheless its provisions in substance became obsolete. This resulted from a ruling of the Treasury Department that as the taxes involved were referred to as taxes imposed by the revenue act of 1918, the act could not apply on the repeal of that revenue act, although similar taxes were enforced under the new revenue act. Apart from this technical ruling, the taxes applicable to the first group, namely, war-profits and excess-profits taxes, were entirely repealed by the revenue act of 1922, hence the provisions under group (a), mentioned above, became wholly obsolete.

The taxes involved under group (b), above, included not only the war-profits and excess-profits taxes under the revenue act of 1918, but also ordinary income taxes under that act and therefore this item did not become fundamentally obsolete as in the case of taxes involved under group (a) above, as ordinary income taxes have been continuously in force. This group therefore remained inoperative only by virtue of the technical ruling of the Treasury Department, to which reference has been made. Under these circumstances, Congress by section 707 of the revenue act of 1928, revived the provisions of section 23 of the merchant marine act, 1920, so far as they related to taxes on profits arising from the sales of certain vessels, by expressly providing that the exemption would extend to the taxes involved, whether payable under the revenue act of 1918 or under any subsequent revenue act in force during the 10-year period originally designated, namely, 10 years from the enactment of the merchant marine act, 1920. The period therefore expires on June 5, 1930.

Although the tax exemptions applicable to earnings from certain vessels operating in foreign trade have not been revived as in the case of taxes on profits accruing from the sales of vessels, a number of cases remain for adjustment with respect to which rights accrued during the period prior to the repeal of the revenue act of 1918.

Benefits are claimed by the American Hawaiian Steamship Co., under this section, in aid of the building of the steamship *Malolo*. The vessel was built at the yards of the Wm. Cramp & Sons Ship & Engine Building Co., Philadelphia. It is 582 feet long, its gross tonnage is 17,231, and it has a speed of 21 knots.

In October, 1927, the *Malolo* was completed and documented under the laws of the United States, and sailed from New York to San Francisco, there to enter upon her regular route between that port and the Hawaiian Islands. The amount claimed by the owner to be the total cost of the vessel was \$8,095,490.29, including, among other items, interest on the investment during the construction period. The amount determined on, however, as the cost of the vessel for purposes of the Government's contribution thereto under section 23 of the

merchant marine act, 1920, was fixed at \$7,506,762.96, hence the total contribution of the Government to the construction of the steamship *Malolo*, by reason of the provisions of section 23, was \$2,502,254.32. In determining the amount of the Government's contribution, interest upon the investment during the construction period was tentatively excluded. Without ruling on the propriety of including such interest, the board referred the question of interest to the Treasury Department for decision and adjustment.

In addition to the case of the steamship *Malolo* mentioned above, the following cases were certified by the board to the Treasury Department, approving the vessels involved as to their type, kind, etc., as contemplated by section 23 of the merchant marine act, 1920.

The United States Steel Products Co., with respect to the steamships *Steel Scientist*, *Anniston City*, and *Fairfield City*.

The Standard Oil Co. of California, with respect to the tank steamships *Charlie Watson*, *W. S. Miller*, *K. R. Kingsbury*, *H. T. Harper*, *R. J. Hanna*, *F. J. Hillman*, *H. M. Storey*, *W. S. Rheem*, *Standard Service*, and *Alaska Standard*.

The Vacuum Oil Co., with respect to the tank steamships *Birkenhead* and *Gargoyle*.

The Standard Oil Co. of New Jersey, with respect to the tankers *Joseph Seep*, *W. J. Hanna*, *S. C. T. Dodd*, *M. F. Elliott*, *Thomas H. Wheeler*, *John Worthington*, *W. H. Libby*, *Livingston Roe*, *T. J. Williams*, *Walter Jennings*, *E. T. Bedford*, *J. A. Moffett, jr.*, and *John D. Archbold*.

The Pioneer Steamship Co., of Cleveland, Ohio, with reference to the steamship *Philip D. Block*.

The Franklin Steamship Co., of Cleveland, Ohio, with reference to the steamship *Edward J. Berwind*.

Transfers to Foreign Registry, Etc.

Under the provisions of section 9 of the shipping act, 1916, it is made unlawful to sell, transfer, or mortgage, or, except under regulations prescribed by the board, to charter any vessel purchased from the board, or any vessel documented under the laws of the United States, to any person not a citizen of the United States, or to put any such vessel under a foreign registry or flag, without first obtaining the approval of the Shipping Board. The part of this provision which relates to chartering a vessel has been covered by a general resolution of the board which authorizes the charter of any such vessel to any person not a citizen of the United States for any term not exceeding one year; hence, if the vessel is chartered for a period not exceeding one year, the general resolution of the board mentioned constitutes sufficient approval of the transaction.

In all cases where it is proposed to sell or mortgage any vessel purchased from the board, or documented under the laws of the

United States, to any person not a citizen of the United States, such sale or mortgage must first be approved by the Shipping Board; and when it is proposed to put any such vessel under a foreign registry or flag, notwithstanding the ownership of the vessel may remain in a person who is a citizen of the United States, the approval of the board must be first obtained.

The policy underlying the requirements of section 9 of the shipping act, 1916, is primarily to prevent the loss from the American merchant marine of vessels of a type, kind, and size deemed by the board reasonably necessary to be retained under the American flag for the upbuilding of an adequate merchant marine; or, though retained under the American flag, to prevent any conflict in times of national emergency arising from their ownership by persons not citizens of the United States.

It is recognized by the shipping act of 1916 that instances might arise where the vessel was not of a type, size, and kind essential to the American merchant marine, yet its transfer to an alien or to foreign registry should not be permitted for collateral reasons of national interest and, therefore, it is provided by section 41 of the shipping act, 1916, that the board may impose conditions incident to its approval under section 9, and when conditions are thus imposed their violation constitutes a misdemeanor and shall be punishable in the same manner and shall subject the vessel to forfeiture in the same manner as though the act, conditionally approved, had been done without the approval of the board.

Among instances where conditions have thus been imposed are the following: (a) Citizens having industrial interests in foreign countries and requiring vessels for transportation in the coastwise trade of those countries have been permitted to transfer American vessels to such registry, with condition that they must be restored to American registry on the demand of the United States Government; (b) approval has been given with an express condition that the citizen would, within a limited time, build new vessels and place them under American registry to offset the tonnage transferred to foreign registry; (c) instances where the sale of vessels to aliens and/or their transfer to foreign registry have been approved, but with condition annexed that such vessels could not thereafter operate in the foreign trade of the United States, this condition having been imposed because American operators would be prejudiced by the competitive operation of such vessels.

The most frequent use of the power to impose conditions incident to its approvals results from requests from the Department of Justice, and from the Prohibition Unit of the Treasury Department to cooperate in the enforcement of the prohibition laws by imposing conditions on such approvals, that the vessels thus transferred should

not be used in the transportation to or from ports of the United States of any alcoholic liquors. As the smaller type of vessel is the type usually used for illicit transportation of liquors, the board frequently permits the issue of approvals of transfers without condition, when the approval is otherwise proper, provided the vessel exceeds 2,500 dead-weight tons.

During the current year the right of the board to impose conditions was challenged by a foreign government on the ground that one country can not control or limit the freedom of operation of vessels documented under the laws of another country. The position thus taken should be contrasted with the position taken by the Canadian Government in concrete cases, viz: That when conditions are thus imposed it will not permit the documentation under Canadian law of the vessels affected. Notwithstanding the protest mentioned, the practice of affixing such conditions, in proper cases, has been continued under the assumption that other countries would apply the Canadian practice when they are unwilling to accept a vessel under their registry subject to the conditions imposed. Rather than release the vessel from American registry free of conditions controlling its operation in foreign trade, the United States may prefer to withhold its approval entirely; or, as an alternate, other measures may be taken to secure adequate protection, in lieu of inserting the condition in the certificate of approval.

Persons wanting the approval of the board under section 9 of the shipping act, 1916, must file a formal application containing all data necessary for the board's action in the premises, including (a) the name of the proposed vendee; (b) the registry to which it is proposed to transfer the vessel; (c) description of the vessel; (d) identity of vessel's home port and description of its documents, together with the name and address of the owner of record; and (e) information showing what liens or mortgages, if any, are on the vessel. Forms for such applications are available on request.

The following is a statement of the action of the board on applications under section 9 of the shipping act, 1916, from July 1, 1927, to June 30, 1928:

Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens July 1, 1927, to June 30, 1928

Name of vessel	Official No.	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
Maid Marian.....	211133	Ga. y.....	30	Detroit, Mich.....	C. C. Winningham.....	George Allen Green.....	(No change of registry.)	July 7, 1927	2004
Dulcino.....	145947	St. tnk....	2, 951	New York, N. Y....	American Sugar Transit Corporation.	Gaetano Barbagelato.....	Italian.....	do.....	2005
Chillicothe.....	215218	Sch.....	1, 862	Astoria, Oreg.....	Australian Despatch Line (Inc.).	Société Deshauts Torneaux	Foreign.....	do.....	2006
Sagami.....	226235	Dsl. mtr..	4, 453	New York, N. Y....	Sagami Navigation Co. (Inc.).	Vincent Barnett.....	British.....	July 8, 1927	2007
Hazel R. Hines.....	200668	Sch.....	121	Bangor, Me.....	Nicholson Fish Co.....	John C. Ford.....	Newfoundland.....	do.....	2008
Lizzie D. Peabody.....	215883	Sch.....	129	Cambridge, Md.....	W. B. Vane.....	M. P. Martinez.....	Colombian.....	July 13, 1927	2009
Iris.....	222491	Sch.....	16	San Juan, P. R....	Manuel Ferrera Davilla.	James Peterson.....	Dutch.....	July 14, 1927	2010
Maria Belen.....	216011	Sch.....	33	do.....	Antonio Perez Burmudez.	Camilo Correa.....	do.....	do.....	2011
Silver Gate.....	216242	Dsl. mtr..	40	Los Angeles, Calif..	Coast Fishing Co.....	J. H. Foulere.....	(No change of registry.)	do.....	2012
Philip Publicker.....	220607	S. s.....	2, 398	Philadelphia, Pa....	Adelphia Steamship Corporation.	Thorvildsen & Co.....	Norwegian.....	July 28, 1927	2013
Chamblee.....	217804	S. s.....	2, 323	New York, N. Y....	Hammond Lumber Co....	Showakisen Kabushiki Kaisha.	Japanese.....	July 29, 1927	2014
Coalinga.....	212911	St. tnk....	7, 387	Los Angeles, Calif..	Union Steamship Co.....	Ditta Luigi Pittaluga Vapor.	Italian.....	Aug. 10, 1927	2016
Oto.....	223207	Ga. sc.....	15	do.....	K. Kodama.....	S. Fujinami.....	(No change of registry.)	Aug. 17, 1927	2017
Star No. 8.....	58017	Scow.....	24	Seattle, Wash.....	A. J. McCallum and Gregory Legaz.	Coast Packing Co.....	Canadian.....	do.....	2018
Ruby.....	210550	S. s.....	2, 561	Ogdensburg, N. Y..	George Hall Corporation..	Smith's Dock Co. (Ltd.)...	British.....	Oct. 12, 1927	2019A
Robert W. Thompson.	210237	S. s.....	2, 561	do.....	do.....	do.....	do.....	do.....	2019A
W. J. Olcott.....	208425	Tug.....	76	Duluth, Minn.....	Great Lakes Dredge & Dock Co.	Compañia de Obras Marítimas.	Cuban.....	Aug. 17, 1927	2020
Scow No. 19.....	164030	Scow.....	382	do.....	do.....	do.....	do.....	do.....	2020
Mollie Eagan.....	169329	Cnl. bt....	148	Buffalo, N. Y.....	James E. Conlon.....	Dominion Sugar Co.....	Canadian.....	Aug. 23, 1927	2021
Hon. Thomas Murphy.	169328	Cnl. bt....	142	do.....	do.....	do.....	do.....	do.....	2021
Paraguay.....	150880	St. tnk....	2, 627	Philadelphia, Pa....	Sun Oil Co.....	Michel Xydia, Peter Paramythiotis, and George Vouyoucles.	Greek.....	do.....	2022
Palatka.....	216037	S. s.....	2, 038	New York, N. Y....	New England, New York & Texas Steamship Co.	Robert Babcock & Co.....	British.....	Aug. 27, 1927	2023
Trages.....	218747	Ga. s.....	436	do.....	B. A. Guinan.....	Jose Ignacios Diaz Grana-dos, sr.	Colombian.....	Aug. 30, 1927	2024
Lillie.....	15937	Sch.....	43	Tampa, Fla.....	Costas Peperis.....	Antonio Seijido.....	Cuban.....	Sept. 2, 1927	2025
Seabird (V-16030).....	()	Ga. s.....	do	Key West, Fla.....	Jonathan Cates.....	Juan O'Naghten.....	do.....	Sept. 7, 1927	2026
H. A. Rock.....	77457	S. s.....	3, 300	Cleveland, Ohio....	Forest City Steamship Co.	Lake Erie Coal Co. (Ltd.)	British.....	Sept. 13, 1927	2027
New Daphne.....	221437	Dsl. mtr..	172	Mobile, Ala.....	All America Products Co.	La Compañia Choco-Atrato.	Colombian.....	do.....	2028
Tonawanda.....	215603	Sch.....	1, 745	Astoria, Oreg.....	Australian Despatch Line (Inc.).	Société des Hautes Four-neaux de Noumea.	French.....	Sept. 17, 1927	2029

Pauline.....	54581	Cnl. bt....	119	New York, N. Y....	William Wood.....	Registe Jolly.....	Canadian.....	Sept. 21, 1927	2030
Gladiator.....	86134	Sch.....	112	Bangor, Me.....	Nicholson Fish Co.....	E. C. Blackwood.....	Newfoundland.....	Sept. 23, 1927	2031
Fannie Belle Atwood.....	121271	Sch.....	128	New Bedford, Mass.....	Ernesto Montrond.....	Manuel Ferreira.....	Portuguese.....	Sept. 28, 1927	2032
Blizzard No. 7.....	(¹)	Dredge.....		New York, N. Y....	James Stewart & Co.....	Compañía de Obras Marítimas.....	Cuban.....	do.....	2033
Ada May.....	201157	Ga. s.....	14	Eastport, Me.....	Frank T. Wadsworth.....	E. L. Conley.....	Canadian.....	Oct. 5, 1927	2034
Cerro Gardo.....	217803	S. s.....	2,347	New York, N. Y....	Hammond Lumber Co.....	Munakata Tameharu.....	Japanese.....	Oct. 6, 1927	2035
Mizpah.....	219576	Sch.....	18	St. Thomas, Virgin Islands.....	Christian F. W. Moller.....	C. H. H. Magras.....	French.....	Oct. 21, 1927	2036
Cornell.....	208766	Ga. s.....	12	San Diego, Calif....	Neptune Sea Food Co.....	Salvatore Ingrande and Salvatore Giacalonì.....	Italian.....	Oct. 25, 1927	2037
Buffalo.....	(¹)	S. s.....		(U. S. Navy vessel).....	U. S. Navy Department.....	Madrigal & Co.....	Philippine.....	do.....	2038
Viking.....	221520	Ga. s.....	78	New York, N. Y....	Karl Berg.....	Viking Boat Co.....	Panaman.....	Nov. 1, 1927	2039
Comet.....	211398	St. tnk.....	2,486	Los Angeles, Calif....	Pan American Petroleum & Transport Co.....	Compañía Petrolera Ulises, S. A.....	Mexican.....	Nov. 26, 1927	2040A
Arab.....	202276	Ga. s.....	18	New York, N. Y....	H. L. Mortensen.....	Francisco de Franchi Alfaro.....	Cuban.....	Nov. 9, 1927	2041
Sunlight.....	202213	Ga. s.....	46	Los Angeles, Calif....	Coast Fishing Co.....	M. Nonoshita.....	Japanese.....	Nov. 25, 1927	2042
M-970.....	(¹)	Ga. s.....	5	Seattle, Wash.....	Fred Erickson.....	(No sale).....	Canadian.....	Dec. 7, 1927	2043
Laura S.....	209714	Ga. s.....	12	Bath, Me.....	Pejepsco Paper Co.....	George W. Wallace.....	do.....	Dec. 17, 1927	2044
Nome.....	223441	Ga. s.....	23	Nome, Alaska.....	Olaf Swenson.....	P. Kavelin.....	Russian.....	Dec. 19, 1927	2045
Brunhilde.....	3323	Sch.....	127	New Bedford, Mass.....	Joseph R. Andrade.....	Louis R. Silva.....	Portuguese.....	Dec. 20, 1927	2046
James B. Eads.....	86307	S. s.....	2,704	Chicago, Ill.....	Nassau Ship & Dredge Co.....	James Playfair.....	Canadian.....	Dec. 27, 1927	2047
Barge No. 137.....	53284	Barge.....	2,480	do.....	do.....	do.....	do.....	do.....	2048
Governor Shea.....	225217	Ga. s.....	82	Miami, Fla.....	Ross C. Parker.....	William Brown Johnson.....	British.....	Dec. 28, 1927	2049
Cinderella.....	224410	Ga. s.....	26	New York, N. Y....	Herman Lee Meader.....	Luis N. Menocal.....	Cuban.....	do.....	2050
Arizonan.....	107823	S. s.....	8,511	do.....	Hammond Lumber Co.....	Kabushiki Kaisha Sakaguchi Sadakichi Shoten.....	(To be scrapped).....	Jan. 3, 1928	2051
Louise (M-1499).....	(¹)	Ga. s.....	4	Seattle, Wash.....	Adolph Peterson.....	(No sale).....	Canadian.....	Jan. 4, 1928	2052
La Salle.....	141050	S. s.....	1,935	Duluth, Minn.....	Atlas Steamship Co.....	James Richardson & Sons (Ltd.).....	British.....	Jan. 7, 1928	2053
45-M.....	(¹)	Ga. s.....	5	Seattle, Wash.....	John Goforth.....	(No sale).....	Canadian.....	Jan. 10, 1928	2054
Zero (M-866).....	(¹)	Ga. s.....	5	do.....	Andrew Twarozek.....	do.....	do.....	Jan. 16, 1928	2055
El Abeto.....	217898	S. s.....	2,512	San Pedro, Calif....	Coastwise Steamship & Barge Co.....	Coastwise Steamship & Barge Co. (Ltd.).....	do.....	Jan. 18, 1928	2056
White Wing.....	81176	Sch.....	20	Tampa, Fla.....	Lorenzo R. Yates.....	C. G. Farrington.....	British.....	do.....	2057
Grace Dollar.....	222697	S. s.....	6,622	San Francisco, Calif....	Robert Dollar Co.....	Asakichi Kitagawa.....	(To be scrapped).....	Feb. 2, 1928	2058
E. R. Sterling.....	212613	Bark.....	2,577	Seattle, Wash.....	Sterling Ship Co.....	(Not stated).....	do.....	Feb. 20, 1928	2059
Charles Brower.....	216074	Ga. s.....	569	San Francisco, Calif....	H. Liebes & Co.....	Kamchatka Co. (Ltd.).....	Russian.....	Feb. 23, 1928	2060
Inca.....	213730	S. s.....	1,414	New York, N. Y....	Clyde Steamship Co.....	O. F. Olsen.....	Norwegian.....	Feb. 28, 1928	2061
Yaque.....	213693	S. s.....	1,414	do.....	do.....	do.....	do.....	do.....	2061
Chase.....	219158	S. s.....	2,674	Seattle, Wash.....	International Packing Co.....	Kamchatka Co. (Ltd.).....	Foreign.....	Mar. 5, 1928	2062
C. A. Snider.....	215362	S. s.....	2,784	New York, N. Y....	Union Sulphur Co.....	Sun Shipping Co. (Ltd.).....	British.....	Mar. 6, 1928	2063
Quincy.....	222706	S. s.....	3,789	do.....	Quincy Steamship Co.....	M. G. Chrussachi.....	Greek.....	do.....	2064
Apex.....	216146	Ga. s.....	785	Seattle, Wash.....	Wilson Fisheries Co.....	Kamchatka Co. (Ltd.).....	Foreign.....	Mar. 7, 1928	2065
Josephine.....	212974	St. y.....	426	New York, N. Y....	Morris Douw Ferris.....	Swan Hunter & Wigham Richardson (Ltd.).....	British.....	May 29, 1928	2066A
Noca.....	224249	Ga. s.....	73	Tampa, Fla.....	W. T. Overstreet.....	T. W. Farrington.....	do.....	Mar. 7, 1928	2067
Finland.....	121238	S. s.....	11,941	New York, N. Y....	International Mercantile Marine Co.....	Hughes Bolckow Ship-breaking Co.....	(To be scrapped).....	Mar. 9, 1928	2068
Venetia.....	220741	St. y.....	576	San Francisco, Calif....	Estate of John D. Spreckels.....	Thomas Edward Thirlaway.....	British.....	Mar. 13, 1928	2069

¹ Undocumented vessels.

Approvals by the United States Shipping Board under section 9 of the shipping act, 1916, of transfers of vessels to foreign registry and/or sale to aliens July 1, 1927, to June 30, 1928—Continued

Name of vessel	Official No.	Type	Gross tonnage	Last American home port	Name of owner or applicant	Name of purchaser	Foreign registry	Date of order	Order No.
William F. Herrin.....	208373	St. tnk....	4, 938	San Francisco, Calif.	Associated Oil Co.....	Perseveranza Societa Anonima de Navigazione.	Italian.....	Mar. 15, 1928	2070
Barcelona.....	(2)	S. s.....	5, 574	Baltimore, Md.....	Boston Iron & Metal Co..	J. Adler, jr.....	German.....	Mar. 20, 1928	2071
Arethusa.....	(1)	St. tnk....	3, 367	(U. S. Navy)	Marshall B. Hall.....	Cuba Distilling Co.....	Cuban.....	Mar. 27, 1928	2072
C. H. Lawrence, jr.....	216437	S. s.....	2, 121	Los Angeles, Calif....	Charles Steamship Co.....	Sawayama Kisen Kabushiki Kaisha.	Japanese.....	Apr. 10, 1928	2073
Transmotor.....	107520	S. s.....	1, 968	Baltimore, Md.....	Boston Iron & Metal Co..	Robert M. J. Farrington....	British.....	do.....	2074
M-685.....	(1)	Ga. s.....	4	Seattle, Wash.....	J. A. Hanson.....	(No sale).	Canadian.....	Apr. 17, 1928	2075
Gold Shell.....	213873	St. tnk....	5, 614	Wilmington, Del.....	Gold Shell Steamship Co..	Nederlandsch Indische Tank Stoomboot Maatschappij.	Dutch.....	do.....	2076
Silver Shell.....	213752	St. tnk....	5, 605	do.....	Silver Shell Steamship Co.	do.....	do.....	do.....	2076
Pearl Shell.....	214490	St. tnk....	5, 614	do.....	Pearl Shell Steamship Co.	do.....	do.....	do.....	2076
Commercial Pilot.....	215066	S. s.....	3, 564	do.....	Moore & McCormack Co. (Inc.).	R. W. James y Cia Soc. Maritima y Comercial.	Chilean.....	Apr. 24, 1928	2077A
Commercial Pathfinder.	215368	S. s.....	4, 789	do.....	do.....	Eric Moller.....	British.....	do.....	2078A
Providence.....	223763	Sloop.....	6	St. Thomas, Virgin Islands.	Eliezer Benjamin.....	Auguste George.....	do.....	do.....	2079
Munwood.....	212924	S. s.....	3, 383	New York, N. Y....	Munwood Steamship Co..	Brodarsko Ackionarsko Drustvo Oceania.	Yugoslavian.....	May 23, 1928	2080A
Concho.....	126719	S. s.....	3, 725	Baltimore, Md.....	Boston Iron & Metal Co..	Schweitzer & Oppler A. G..	German.....	May 1, 1928	2081
Texas.....	219971	Ga. s.....	44	Los Angeles, Calif....	Everett N. Peterson.....	La Nacional de Productos Marinos, S. A.	Mexican.....	do.....	2082
Gaskill Bros.....	221971	Ga. s.....	29	Charleston, S. C....	The J. Hamburger Co. (Inc.).	Bosfield Johnson.....	British.....	May 8, 1928	2083
Charlie Ross.....	125588	Ga. s.....	17	Eastport, Me.....	Harold L. Gardner and John C. Benner.	William Doran.....	Canadian.....	do.....	2084
Three Sisters.....	167991	Barge.....	535	New York, N. Y....	S. Budd Mandell.....	Victor Valee.....	(To be scrapped).	May 9, 1928	2085
Grit.....	86517	Ga. s.....	7	Eastport, Me.....	John R. Holmes.....	Milton Black.....	Canadian.....	May 16, 1928	2086
Peerless.....	217371	Ga. s.....	32	San Diego, Calif.....	Westgate Sea Products Co.	A. Takehara.....	Japanese.....	May 21, 1928	2087
Kiowa.....	215375	S. s.....	2, 039	New York, N. Y....	Clyde Steamship Co.....	Duke W. Haydon.....	Latvian.....	May 29, 1928	2088
Whecasco.....	126180	Ga. s.....	10	San Diego, Calif.....	E. P. Harker.....	S. Savin, C. Savin, and J. Muet.	Mexican.....	June 6, 1928	2089
Chief Pontiac.....	(1)	Ga. y.....	4	Seattle, Wash.....	George W. O'Brien.....	(No sale).	Canadian.....	June 8, 1928	2090

¹ Undocumented vessels.

² Provisional registry.

RECAPITULATION

1. Number of vessels whose sale to aliens was approved, but for which transfer to foreign registry was not requested.....	8
2. Number of vessels whose transfer to foreign registry was approved, but which did not involve sales to aliens.....	6
3. Number of vessels involving both sales to aliens and transfers to foreign registry.....	78
4. Number of vessels approved subject to certain conditions to be met prior to issuance of formal certificate, and through failure of parties to meet such conditions, no certificate has been issued.....	1
5. Number of vessels whose sale alien and/or transfer to foreign registry was not approved.....	6
Total number of vessels acted on.....	99

NOTE.—Of the total number of vessels acted on, 40 were vessels of over 1,000 gross tons, aggregating 144,697 gross tons.

The transfers to foreign registry were distributed among 20 countries, as follows:

Registry	Steam		Motor		Sail		Unrigged		Total number of vessels	Total gross tons
	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons		
Italian.....	3	15, 276	1	12	---	---	---	---	4	15, 288
Foreign.....	1	2, 674	1	785	1	1, 862	---	---	3	5, 321
British.....	10	22, 938	4	4, 637	2	26	---	---	16	27, 601
Newfoundland.....	---	---	---	---	2	233	---	---	2	233
Colombian.....	---	---	2	608	1	129	---	---	3	737
Dutch.....	3	16, 833	---	---	2	49	---	---	5	16, 882
Norwegian.....	3	5, 226	---	---	---	---	---	---	3	5, 226
Japanese.....	3	6, 791	2	78	---	---	---	---	5	6, 869
Canadian.....	2	5, 216	10	77	---	---	5	2, 913	17	8, 206
Cuban.....	2	3, 443	3	44	1	43	2	382	8	3, 912
Greek.....	2	6, 416	---	---	---	---	---	---	2	6, 416
French.....	---	---	---	---	2	1, 763	---	---	2	1, 763
Portuguese.....	---	---	---	---	2	255	---	---	2	255
Philippine.....	1	---	---	---	---	---	---	---	1	---
Panamanian.....	---	---	1	78	---	---	---	---	1	78
Mexican.....	1	2, 486	2	54	---	---	---	---	3	2, 540
Russian.....	---	---	2	592	---	---	---	---	2	592
German.....	2	9, 299	---	---	---	---	---	---	2	9, 299
Chilean.....	1	3, 564	---	---	---	---	---	---	1	3, 564
Yugoslavian.....	1	3, 383	---	---	---	---	---	---	1	3, 383
Latvian.....	1	2, 039	---	---	---	---	---	---	1	2, 039
Total.....	36	105, 584	28	6, 965	13	4, 360	7	3, 295	84	120, 204

BUREAU OF LAW

The Bureau of Law, consisting of the consolidated legal departments of the Shipping Board and Merchant Fleet Corporation, reports to the Shipping Board through the commissioner in charge. The general counsel acts as chief of the legal department and all divisions thereof are under his supervision and control and report to him.

There are four principal divisions, as follows:

Litigation and claims division.

Contracts and opinions division.

Admiralty division.

Navigation laws division.

All these divisions are represented at the Washington office, but their chief activities are carried on in the field, which is divided into districts, such as the New York district and, up to June 30, 1928, the Philadelphia district, the Portland district, and the Seattle district.

Since litigation against the Shipping Board and Merchant Fleet Corporation covers not only the city of Washington, but practically every large port in the United States, a great deal of it is handled through the Department of Justice, but in all cases where litigation is so handled the responsibility for the proper handling of it remains with the attorneys of the Bureau of Law, they receiving such assistance from the United States district attorneys as the circumstances of each case may require.

This is also true of all litigation in the Court of Claims, of which there are a large number of cases involving very large sums of money. These cases are handled in cooperation with the Department of Justice.

Litigation and Claims Division.

The number of cases in litigation on June 30, 1927, was 1,415, and the amount involved in these cases was \$343,724,462.39. On June 30, 1928, the number of cases in litigation was 1,163, and the amount involved was \$333,624,828.79. These figures include all litigation other than that handled by the admiralty division.

The number of cases disposed of during the fiscal year was 662. Of these, 291 were settled, 330 were dismissed, and 80 were tried. In 41 cases the Government was entirely successful. There were also 410 cases added during the fiscal year. The statistics as to the admiralty cases will be given in a later portion of this report.

The litigation in the Court of Claims was very active during the fiscal year, and the cases handled there were very important. The most important were the so-called Brooks Scanlon cases, where the amount recovered by the claimants was \$4,359,926.16, for the requisition of 14 ships under construction during the war period. The commissioner for the Court of Claims gave a recommendation of a liability of more than \$15,000,000, but the Court of Claims reduced it to the amount above stated. The active assistance of the bureau of law was required by the Department of Justice and was rendered.

Another most important case was that of the Atlantic Gulf Oil Corporation *v.* The United States, involving a claim for damages on account of breach of a fuel-oil contract. The amount claimed was \$5,000,000. The amount actually recovered was \$1,700,000.

Besides rendering services in these two cases the Bureau of Law is assisting the Department of Justice in 111 other Court of Claims cases, in many of which the evidence has been taken and preparations are now being made for argument. Others are now being litigated.

During the year the controversy between the Virginia Shipbuilding Corporation and the United States was settled by the decision of the Circuit Court of Appeals for the Fourth Circuit. This case originated in the District Court of the United States for the District of Virginia, and the controversy covered a spread of over \$20,000,000. Judgment had been rendered in favor of the Government for about \$11,589,533.53. An appeal was taken by the Virginia Shipbuilding Corporation to the court of appeals, and that court affirmed the judgment. Petition for certiorari to the Supreme Court was denied.

In the same way the suit of the Groton Iron Works Co., in the District Court for the State of Connecticut, was determined in favor of the Government. This involved a claim by the plaintiff of nearly

\$11,000,000, and the decision of the district judge virtually wiped out this claim.

The suit of *United States v. Skinner & Eddy Corporation* was prosecuted to a successful conclusion in the United States District Court for the Western District of Washington. The claims on both sides aggregate something like \$20,000,000, involving claims and counterclaims. The taking of testimony occupied over 100 days, and the record is enormous. The auditor appointed by the court found in favor of the Government for about \$1,410,000, leaving the question of interest to be determined by the judge. The judge's determination, with the interest, will bring the judgment up to the neighborhood of \$1,600,000. While the decision was favorable to the Government, neither the auditor nor the judge gave favorable consideration to the Government's contention that a claim of \$1,685,000 should not be allowed, and in consequence there will be an appeal by the Government.

All three of these cases were handled entirely by the legal representatives of the Shipping Board.

Besides the above, two other cases of great importance were successfully prosecuted by the Shipping Board. The suit by the Western Union Telegraph Co., claiming that the Merchant Fleet Corporation was not entitled to the Government rate on telegrams, as required by the post roads act, had been determined against the Government by the Supreme Court of the District of Columbia and by the Court of Appeals of the District. Certiorari was granted by the Supreme Court of the United States and the Supreme Court reversed the judgment below in an opinion which settles for all times the status of the Merchant Fleet Corporation as a Government agency. As a result of this decision some 10 suits brought by various railroad companies for recovery of the difference between the land-grant rate and the ordinary commercial rate on shipments of Merchant Fleet Corporation property were voluntarily dismissed.

The other important case decided by the Supreme Court was the *West Aleta case*. There were three admiralty suits tried originally in the United States District Court for the Northern District of California. The amount involved was approximately \$1,000,000. As the cases had been affirmed by the Circuit Court of Appeals for the Ninth Circuit, the Supreme Court granted certiorari and reversed the judgments on the ground that the suits were barred because not brought within the time required by the suits in admiralty act.

In both of these cases in the Supreme Court the Bureau of Law prepared the material for the briefs for the Department of Justice, and in the *West Aleta case* wrote the brief and argued the case.

Another important litigation is the suit of the United States against the city of Hoboken, in the United States District Court for

the District of New Jersey, brought for injunction against the efforts on the part of the city of Hoboken to sell the board's Hoboken piers for the payment of taxes for the year 1920. This case was prepared and tried by the Bureau of Law and has resulted in a favorable opinion.

The very important Bethlehem litigation will shortly be tried. There are six of these cases which will all be tried together at Philadelphia. As the amount involved covers a spread of about \$27,000,000 and the questions of fact are extremely complicated, and as many questions of law have not yet been determined, elaborate preparations have been made during the past fiscal year for the trial of this case in the fall of 1928. The proper preparation of these cases has required a large personnel and great activity.

Under the special appropriation for claims made by the independent offices appropriation act approved February 11, 1927, making available until June 30, 1928, for the same purposes and under the same conditions, the portion of the special claims appropriation for the fiscal year 1923, the Shipping Board has disposed of five claims during the fiscal year.

Contracts and Opinions Division.

There has been marked activity in the sale of ships during the fiscal year ended June 30, 1928. Four separate lines comprising 45 vessels were sold and a great many individual vessels were also sold for unrestricted use. This division is responsible not only for the preparation of proposals for sale and notices to bidders, but in addition thereto must prepare all conditions of sale, contracts with bidders, bills of sale, preferred mortgages, bonds, and notes, and actually oversee all details with reference to the proper transfer of title of the various vessels to the buyers, as well as the proper authentication of all mortgages and other documents required by law to accompany a preferred mortgage for the deferred purchase price on the vessel or vessels so sold. While many of these documents are to a large extent in standard form, the contracts and other papers have to be varied to suit the conditions of the particular case. All of the contracts are very complicated and involve minute and detailed scrutiny and care. Moreover, this division prepares all contracts for supplies and stevedoring; all managing-agent contracts; all leases; all service contracts; all powers of attorney to foreign representatives; and all other formal papers. This division also prepares all opinions that may be required either by the Shipping Board or by the executive departments of the Merchant Fleet Corporation. During the fiscal year there were 193 of these opinions, all of which had to be reviewed and passed upon by the general counsel. All contracts are likewise approved by the general counsel. The number of contracts and other instruments prepared during the fiscal year was 1,053.

Admiralty Division.

During the fiscal year ended June 30, 1928, the admiralty division disposed of 478 cases, involving \$10,156,821.24. In 150 cases in favor of the board, involving \$2,789,733.07, there was collected either by way of settlements or judgments \$1,250,558.44. In 328 cases against the board, involving \$7,367,088.47, there was paid either by way of settlements or judgments the sum of \$1,520,051.46. This includes 168 United States Protection and Indemnity Agency cases, involving claims against the board amounting to \$2,588,348.14, in which there was paid by the board \$262,323.50. The division received during the year 288 new cases, involving \$5,003,454.15. This includes 120 new United States Protection and Indemnity Agency cases, involving \$2,135,183.58. There was a net reduction during the year of 190 in the number of cases pending in the division and of \$5,153,367.39 in the amount involved.

There were pending in the admiralty division on June 30, 1928, 870 cases in litigation in courts of the United States, involving \$33,246,-331.76; and in courts of foreign countries 132 cases, involving \$2,450,-048.57. These figures include 260 United States Protection and Indemnity Agency cases in litigation in this country, involving \$5,948,-261.77; and 60 United States Protection and Indemnity Agency cases in litigation in courts of foreign countries, involving \$288,069.32. The foreign litigation is scattered over 21 different countries. There were also pending in the division 246 cases, involving \$6,815,785.59, which were not in litigation. In addition, the division, through its New York office, is handling 439 public vessel cases, involving \$15,-972,137.45, for other Government departments.

Navigation Laws Division.

This division during the past fiscal year has been occupied in the further development and improvement of the proposed codification of the navigation laws through conferences with bureaus and offices of the Government concerned with the administration of these laws, as well as with legislative committees of organizations of steamship owners, marine underwriters, shipbuilders, admiralty attorneys, and licensed officers, and with the marine departments of chambers of commerce in various parts of the United States. The director of this division, in September and October of 1927, visited the ports of the Pacific coast to ascertain directly from those connected with the shipping interests in that section their views as to the changes in the shipping laws thought desirable by the different interests on that coast.

The Maritime Law Association of the United States, through its president, the Hon. Augustus F. Hand, presiding judge of the United States Circuit Court of Appeals, Second Circuit, has ap-

pointed a special committee of eight members of that association, representing the eight circuits having maritime questions before them, to collaborate in the draft of the amending bill and to appear before the committees in Congress to further the enactment of the revised code. In addition, most of the leading associations above referred to have passed resolutions indorsing the codification and urging its speedy enactment. These resolutions will be presented to the appropriate committees when the codification and the revising bill are offered for the consideration of Congress.

All governmental bureaus concerned have also collaborated in the codification, and are examining and revising the amending bill as it is drafted, and will, it is believed, without exception approve the work and favor its amendment.

Of the approximately 250 suggestions for changes in the navigation laws which were selected from the much larger number received from shipping interests in all parts of the United States, as detailed in the eleventh annual report of the Shipping Board, there is being drafted an "omnibus" bill to amend and revise the proposed codification, which, it is believed, when enacted into law with the proposed code, will result in a merchant shipping act of the United States which will meet the present needs of the shipping industry and will have received, as above stated, the approval of the entire American shipping industry as well as of the governmental bureaus concerned. This amending bill is being issued and distributed in several parts, as drafted, in mimeographed form, to some 300 associations and individuals who are interested in the matter. Numerous conferences have been and are being held to bring this amending bill, which changes the requirements of some 215 sections of the proposed codification (itself consisting of some 1,400 sections) into exact form, after which it will be redrafted into suitable form for submission to Congress, and will be presented with proposed code to both Houses of that body at the opening of the next session in December, 1928. The proposed codification when so presented will include all pertinent legislation of the last session of Congress.

Miscellaneous.

The Bureau of Law also has charge of all claims against surety companies on bonds, all collections on deferred payments, and all suits brought in the right of the Shipping Board or Merchant Fleet Corporation against debtors or persons liable. It has also rendered assistance to the merchant marine planning committee of the Shipping Board which was organized pursuant to Senate Resolution 262 of July 3, 1926. It is also charged with the responsibility of maintaining elaborate files both of present and past cases; docketing all cases; preparation of reports and other data; and in addition has

charge of the custody of all original contracts and other instruments as well as the preparation of copies thereof for distribution to the various representatives of the board and Merchant Fleet Corporation for action. It also passes on practically all settlements made by the board and Merchant Fleet Corporation, as well as all write-offs and cancellations of accounts of doubtful debtors, about 250 settlements, write-offs, and cancellations having been handled during the year. The bureau also acts in an advisory capacity for the other departments of the board and Merchant Fleet Corporation in regard to the functions and activities of the various bureaus, and from time to time renders special advice and assistance to the commissioners of the board and to the officers of the Merchant Fleet Corporation.

The Bureau of Law desires to express its appreciation for the operation and consideration received from the Attorney General and the Department of Justice in all of the many legal problems in which the Shipping Board and Merchant Fleet Corporation are interested.

BUREAU OF FINANCE

The Bureau of Finance was reorganized during January, 1928, upon appointment of present director. Plans were made for systematic study of the result of operation of the Shipping Board's fleet, from a financial standpoint, including a scrutiny of voyage results by ships, lines, and agents.

The bureau keeps a record of the activities of each operator, and of each trade route, making special note of trend of profit or loss for individual operators. Financial summaries, showing revenue and expense, in connection with ship operation during 1928, as well as treasurer's statement, showing cash receipts and disbursements of the Merchant Fleet Corporation, will be found in the appendix.

During the past few months a special drive was made to reduce the number of accounts receivable, especially old accounts, with the result that this item has been reduced from approximately \$97,000,000 in 1927 to \$62,500,000 in 1928, with definite prospects for still greater reduction in following months.

The bureau is taking particular interest in collection of long outstanding accounts, resulting from construction, requisition, or operation of ships during and immediately following the war, many of which are involved in complicated and extended disputes over contracts, cancellations, or sales, and in process of litigation. Definite progress toward settlement of many of these cases has been made, but a number of them remain open. In this connection the bureau has been active in liquidating accounts which had remained in a dormant state for a number of years, and has established a definite policy in handling requests for extension on notes and securities.

An investigation into the condition of housing mortgages was made with a view to closing out these and various other old accounts resulting from housing and sanitary problems during the war construction program; this work is still in progress, especially in the collection of delinquent accounts and the disposition of lots and housing properties.

The Bureau of Finance also takes an active part in the administration of the construction loan fund, especially as regards financial statements, terms, conditions, etc. Approximately \$16,000,000 has been loaned from this fund thus far to eight companies.

Revenue from operation and sale of ships, real estate, interest on securities, notes receivable, mortgages, etc., are set forth in the treasurer's statement in Table VII of Appendix. Expenses for operation and reconditioning of ships, and various other disbursements, are also included in this statement. Particular attention is invited to receipts and proceeds from securities accepted for sales of vessels, and of real estate, equipment, surplus, and other materials, the collection of which has the special attention of the Bureau of Finance.

BUREAU OF RESEARCH

The principal activities of the bureau during the fiscal year were the recording of data pertaining to the movement of more than 100,000,000 cargo-tons of freight and 1,000,000 passengers transported during this period by upwards of 6,000 ships making 60,000 entrances and clearances in the foreign, intercoastal, and noncontiguous trades of the United States, and the maintenance of current records regarding the approximately 20,000 vessels which constitute the world's merchant fleet of steam and motor vessels of 1,000 gross tons and over. This work involved the detailed analysis of 125,000 reports received from collectors of customs and vessel operators. Other duties performed included compilations from these records, research studies on water transportation, shipping, ship construction, and allied subjects, the preparation of educational material, and the conduct of educational exhibits.

In this connection it is worthy of note that the lists of world ports and world products contained in the cumulative records of the Bureau of Research are now probably the most comprehensive in existence in the United States. The port lists include approximately 300 ports in continental United States, 400 in noncontiguous United States territory, and 1,500 in foreign countries. The lists of products name more than 2,000 commodities.

Owing to the exacting, specialized, and technical work of the bureau, an adequate and competent personnel is essential to the proper performance of its duties. Some difficulty is experienced in securing

employees possessing the qualifications necessary to maintain established standards and insure the progress required by the constantly increasing demands upon the facilities of the bureau.

During the fiscal year 1928, 26 regular periodical reports were published, with a distribution of nearly 30,000 copies to Shipping Board and other Government officials, shipping companies, railway companies, port authorities, financial, commercial, and educational institutions. In addition, 267 special reports were prepared, of which 82 were prepared for the Shipping Board, 93 for other Government agencies, 10 for congressional use, 2 for steamship companies, 8 for railways, 8 for periodicals, 3 for port authorities, and 42 for commercial, educational, and other organizations.

As a rule the Bureau of Research does not present detailed reviews of regular or special studies completed annually. Exception to the rule is made with respect to two major studies that have been completed during the year. One of these deals with the types of ships that carry the United States foreign trade; the other is a discussion of national-aid programs adopted by various nations in favor of their national shipping. The first of these will be reviewed herein as a matter of record since its issuance as a public document is not feasible due to the voluminous data contained therein, as well as to certain technical difficulties of presentation. The national aid study is issued in a limited edition.

The Foreign-Trade Carrier—Special Report No 740.

In answer to constantly recurring questions as to the type of ship required to carry the foreign trade of the United States, an extensive survey of the equipment on which such foreign trade flows was undertaken with the object of showing how high freight or low freight cargo gravitates toward certain types of ships. The basis for the study was the United States foreign-trade movement from January 1 to December 31, 1926. The scope includes every ship and cargo that entered or cleared a United States port during that period. The result is contained on 237 closely tabulated 18 by 23 inch sheets and is divided into five general parts.

Part I is a summary of the distribution of the total foreign trade of the United States to passenger, general cargo, bulk carrier, and special types of ships, divided into dead-weight capacity, draft, speed, and nationality groups; 29,054 entrances and 29,416 clearances, including 39,793 foreign-trade cargoes of 113,000,000 tons, were analyzed; 5,761 ships, of 26,336,895 gross tons, took part in this movement. There were 440 combination passenger and cargo ships, of 3,835,000 gross tons; 4,096 general cargo ships, of 18,051,000 gross tons; 52 refrigerator ships, of 377,000 gross tons; 595 tankers, of 3,706,000 gross tons; 348 sailing vessels, of 281,000 gross tons; 3

tanker barges, of 923 gross tons; and 227 barges and scows carrying general cargo, of 86,500 gross tons.

Part II is a detailed list of particulars of each vessel engaged in the United States foreign trade in world alphabetical order under general, capacity, and machinery divisions. General particulars include nationality, type, age, length, breadth, draft, material, and classification. Capacity particulars include gross, net, and dead-weight tonnage, cubic capacity according to bale, grain, and refrigeration measurements, and passenger capacity. Machinery particulars include engines, boilers, fuel, type and capacity, type of propulsion, and speed. Of the total gross tonnage employed, that of British nationality was 38.43 per cent of the total; that of the United States 27.83 per cent of the total; that of Italy and Norway 5.66 per cent and 5.44 per cent, respectively.

Part III consists of an analysis of the foreign-trade shipping equipment by nationalities and by age groupings of each nationality.

Part IV gives particulars of individual ships similar to Part II, but limited to overseas ships, and tabulated by national groups instead of by world alphabetical grouping.

Part V shows the flow of high freight and low freight cargoes. This is a close analysis of the flow of 11 low freight and 11 high freight import commodity groups, and 9 high freight and 11 low freight export commodity groups, showing how commodity groups gravitate toward certain types of vessels according to speed. Speed and commodity division is presented by total summary, by overseas cargo only, by Shipping Board ships, by independent United States ships, and by ships of more than 30 foreign nationalities.

Government Aid to Shipping and Shipbuilding.

In seeking methods by which United States shipping and shipbuilding might officially be aided in overcoming natural economic handicaps encountered in their efforts to establish themselves as a factor in the foreign trade of the Nation, the search has led naturally to a study of the policies of other nations in this respect. Such policies form a highly controversial subject. Conclusions based upon similar facts are widely divergent.

A study of foreign shipping-aid policies was undertaken, based upon direct expenditures officially recorded and calculated according to provision of law and contract. Seven nations were considered; namely, the United States, the United Kingdom, France, Germany, Italy, Japan, and Spain. The total amounts expended were compiled on a dollar basis. The economic or political reasons usually advanced in support of such expenditures were discussed. Indirect means of aid were listed and discussed. The war period was eliminated from the calculations. Conclusions as to the probable value of

such national policies were limited to each nation concerned on the basis of its own experience.

All outstanding national-aid programs have taken place since 1880, beginning with the French law of 1881, upon which most subsequent legislation by other nations had been based. During the 48-year period from 1880 to 1927, excluding war years and postwar programs based upon war exigencies, the national governments of the seven nations studied have expended approximately \$992,000,000 in public funds in various forms of aid to merchant shipping and shipbuilding. The French Government provided the greatest amount, \$371,000,000, for bounty and subvention programs of various types, while the United States stands at the bottom of the list with \$32,000,000 for ocean-mail contracts based upon the ocean mail act of 1891 and the merchant marine act of 1920.

Of the total sums expended by these nations the mail-contract principle required the largest amount. Thus \$643,000,000 went for mail contracts, \$262,000,000 for navigation bounties, and \$86,000,000 for construction bounties.

A separate chapter dealing with the history and trend of Government loans and guaranties was added, discussing the transition from tramp to liner services, with a brief statement of the action of all nations that have set aside public funds for private loan purposes to the shipping or shipbuilding industries.

The study is entitled "Shipping and the State," and all tabular matter is summarized in a separately bound summary. The publication is issued in a 282-page mimeographed form, in a closely limited and registered edition of 500 copies.

Educational Exhibits.

Since August 1, 1927, 21 educational exhibits were displayed at fairs and expositions. All material used in these exhibits was prepared by the Bureau of Research, and representatives of the bureau conducted them, assisted at most points by representatives from the district offices of the United States Lines and Merchant Fleet Corporation. Approximately 100,000 copies of literature dealing with the problems of the United States merchant marine were distributed, and 400,000 copies of Merchant Fleet Corporation and United States Lines advertising matter were also distributed.

The exhibits required 142 exhibit days, with a total attendance of 5,000,000 persons. It is estimated that approximately 3,000,000 persons, most of them from the mid-west, thus had the work of the Shipping Board brought to their attention. Radio talks and newspaper publicity greatly increased the effect of the exhibit program.

Following is the list of fairs and expositions at which the Shipping Board has maintained exhibits:

Date	Location	Description	Estimated attendance
1927			
Aug. 12-19	Aurora, Ill.	Central States Exposition	150, 000
Aug. 20-27	Springfield, Ill.	Illinois State Fair	300, 000
Aug. 24-Sept. 2	Des Moines, Iowa	Iowa State Fair	300, 000
Aug. 29-Sept. 2	Milwaukee, Wis.	Wisconsin State Fair	300, 000
Do.	Columbus, Ohio	Ohio State Fair	300, 000
Sept. 3-10	Minneapolis, Minn.	Minnesota State Fair	450, 000
Sept. 4-9	Lincoln, Nebr.	Nebraska State Fair	300, 000
Sept. 5-10	Detroit, Mich.	Michigan State Fair	500, 000
Sept. 12-16	Huron, S. Dak.	Southern Dakota State Fair	300, 000
Sept. 17-23	Hutchinson, Kans.	Kansas State Fair	150, 000
Sept. 18-24	Springfield, Mass.	Eastern State Exposition	250, 000
Sept. 26-Oct. 1	Mitchell, S. Dak.	Corn Palace Exposition	150, 000
Do.	Birmingham, Ala.	Alabama State Fair	100, 000
Oct. 3-8	Richmond, Va.	Virginia State Fair	150, 000
Oct. 8-23	Dallas, Tex.	Texas State Fair	500, 000
Oct. 15-22	Memphis, Tenn.	Tri-State Fair and National Dairy Show	300, 000
Oct. 22-Nov. 6	Waco, Tex.	Cotton Palace Exposition	250, 000
Nov. 10-19	Beaumont, Tex.	South Texas State Fair	100, 000
Nov. 11-20	San Francisco, Calif.	Pacific Foreign Travel Exposition	70, 000
Nov. 26-Dec. 3	Chicago, Ill.	International Livestock Exposition	70, 000
Dec. 5-8	do.	National Farm Bureau Exposition	10, 000
Total			5, 000, 000

During the past year there has been a general revival of interest throughout the entire country in matters pertaining to our national shipping, as evinced by the numerous requests that have been received from educational institutions, foreign trade and shipping organizations, newspapers and periodicals for material to be used in the preparation of theses, monographs, articles, addresses, radio talks, and debates on this subject. The bureau has supplied this information in the form of various compilations, articles, and graphs.

The Bureau of Research is represented on the packing and stowage committee of the Department of Commerce; the committee on statistics of water-borne foreign commerce, organized by the Chief Coordinator; the Permanent International Association of Navigation Congresses; and the merchant marine planning committee.

SECRETARY

During the past fiscal year the work of the secretary's office included the following activities:

- (1) Recorded all minutes of meetings of the Shipping Board.
- (2) Prepared and presented to the board, by formal docket or otherwise, all cases which required the board's attention.
- (3) Acted as custodian of the files, records, and seal of the board.
- (4) Issued orders under section 9 of the shipping act, 1916, as amended.
- (5) Prepared for the board or committee thereof cases which arose under section 30, Subsection O (a), merchant marine act, 1920, conducted investigations in connection therewith, and issued formal orders thereunder.

(6) Prepared as Budget officer, for the consideration of the board and transmittal to Congress, estimates for appropriations required by the board.

(7) Examined and took administrative action on vouchers covering salaries and expenses of employees of the Shipping Board, by direction of the chairman.

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

(9) Supervised communications, telegrams, cables, etc.

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

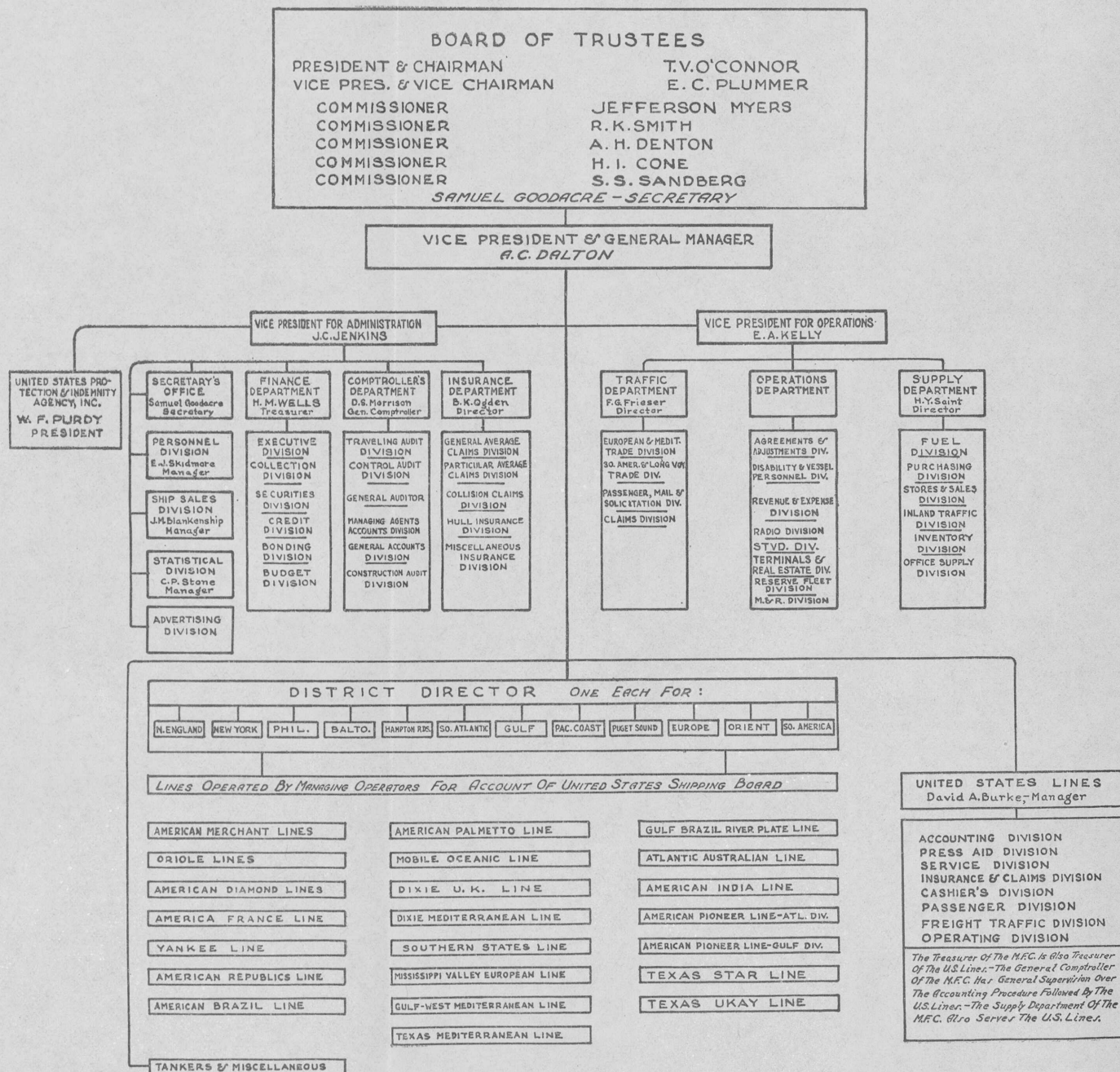
(11) Assisted special committees of the board in preparing data and holding hearings in connection with various matters affecting the board.

PART II

UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION

ORGANIZATION CHART UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION. As Of JUN.30,1928.

12/31/27
REVISED 9-5-28



MERCHANT FLEET CORPORATION

ORGANIZATION

On October 13, 1927, as the result of action of the United States Shipping Board, the board of trustees of the Merchant Fleet Corporation, which for several years had been composed of officials of the corporation, was dissolved, and the commissioners of the United States Shipping Board were elected members of the board of trustees. Simultaneously, the chairman and vice chairman of the Shipping Board became the president and vice president of the Merchant Fleet Corporation, and the designation of the former president was changed to vice president and general manager. The practical result of these changes was that the members of the United States Shipping Board became, in name, that which they had for some time really been in practice, i. e., the board of directors of the corporation. The administrative control and responsibilities formerly exercised by the president of the corporation passed to the vice president and general manager practically without change.

Aside from these changes in the board of trustees and changes in titles, there was very little modification of the organization of the Merchant Fleet Corporation described in last year's annual report. The corporation continued to function under the supervision of the vice president and general manager, through the vice president in charge of administration and the vice president in charge of operations. The only changes made in the home office during the year were of minor importance. The advertising division was transferred from the traffic department under the jurisdiction of the vice president for operations to the executive department under the jurisdiction of the vice president for administration, and a division was made of the stevedoring and terminals division, under the vice president for operations, creating a stevedoring division and a terminals and real-estate division. An organization chart of the Merchant Fleet Corporation as of June 30, 1928, will be found on the opposite page.

No changes were made in the domestic districts of the Merchant Fleet Corporation, but as a result of the sale of all cargo lines operating from the west coast of the United States, most of the corporation's activities in that location will shortly cease, and changes in west coast districts will follow.

With the approval of the Shipping Board, important changes were made in the organization of the Merchant Fleet Corporation in Europe. To decentralize the existing organization and to relieve the director for Europe of the responsibility for numerous details, which could be more properly handled elsewhere, provision was made for the establishment of three separate district organizations in Europe. The first of these, the district of western Europe, embraces the British Isles and France; the second, the district of central Europe, includes central and northern Europe; while the third, the district of southern Europe, covers Spanish, African, and European Mediterranean ports. A district director has charge of each of these three field districts for immediate supervision and direction of all activities of the Merchant Fleet Corporation in these locations. The district directors are responsible in matters of administration and policy to the director for Europe, who has his headquarters in London. While no material change was made in the organization of the United States Lines, in Europe, it was arranged that activities of this line pertaining to operations and supply would be under the immediate supervision of the several district directors of the Merchant Fleet Corporation, thus eliminating a certain amount of duplication which had previously existed. Developments have proved the desirability of these changes in the European organization, which, when in full effect, should result in a reduction of approximately \$40,000 in the European pay rolls of the Merchant Fleet Corporation.

Except as noted above, the relations between the United States Lines and the Merchant Fleet Corporation are unchanged, and follow closely the description contained in the annual report for the fiscal year 1927.

The accompanying organization chart shows 22 lines of vessels, other than the United States Lines, which were being operated by managing operators under the direct supervision of the Merchant Fleet Corporation on June 30, 1928. While this is but one less line than reported last year, several lines have been sold, one new line has been established, and several services have been subdivided into a greater number of new lines, as described later in this report.

As previously stated, in October, 1927, the members of the United States Shipping Board also became members of the board of trustees of the Merchant Fleet Corporation, and this arrangement prevailed at the close of the fiscal year 1928. At the time this change was made, the following persons were elected officers of the Merchant Fleet Corporation, to serve until the next annual meeting of the stockholders in April, 1929:

President.....	T. V. O'Connor.
Vice president.....	E. C. Plummer.
Vice president and general manager.....	A. C. Dalton.
Vice president, administration.....	J. C. Jenkins.
Vice president, operations.....	E. A. Kelly.
Treasurer.....	E. H. Schmidt.
General comptroller.....	D. S. Morrison.
Secretary.....	Samuel Goodacre.

On May 15, 1928, Mr. Heber M. Wells was appointed acting treasurer, and on May 22, 1928, he was appointed treasurer, in place of Mr. E. H. Schmidt, deceased. Otherwise the above officers continued to serve at the close of the fiscal year.

SPECIAL FEATURES OF THE YEAR'S ACTIVITIES

Ship Sales.

The ship sales division, which is charged with negotiating the sale of vessel property under policies laid down by the Shipping Board, continued to function under practically the same policies as have governed it for the past several years.

Sales for the fiscal year 1928 totaled 67 vessels. Of these, 65 were cargo vessels, 17 of which were sold for unrestricted operation, 47 for restricted operation on trade routes, and one for unrestricted service, with the buyer obligated to perform certain betterments to make the vessel a more practical unit in the merchant marine. The other two sales cover one refrigerator ship for unrestricted operation and one small ex-enemy combined passenger and cargo ship.

In addition to the foregoing one Lake-type vessel and a small launch were transferred to other Government departments without exchange of funds. The sale of the American West African Line was also authorized, but the sales agreement was not executed before the end of the fiscal year, and this award, which includes 10 ships and the floating equipment in use and under contract by the line, is not included in the total sales for the fiscal year 1928.

The cargo vessels sold for unrestricted operation range from the smaller Lake-type vessels of 3,610 dead-weight tons to vessels in the 8,000 dead-weight ton range. These vessels for the most part will be operated in the intercoastal trade.

Forty-five of the forty-seven vessels for restricted operation are included in the sale of four lines, the guaranteed service period in each case being for five years, dating from the delivery date of the first ship. These lines include the American Scantic Line, which operates between New York and Scandinavia and Baltic Sea ports; the American Australia-Orient Line, operating from Pacific coast ports to New Zealand and Australia and between California ports and Japan, China, and the Philippines; the Oregon Oriental Line, operating

between Portland, Oreg., and Japan, China, and Philippines; and the American Oriental Mail Line, operating cargo ships between Puget Sound ports and Japan, China, and the Philippines. Of the total of 45 vessels sold for such services delivery of 28 had been completed at the end of the fiscal year.

The other two vessels sold for restricted operation were to augment the service of the American Export Line, which operates an American-flag service between North Atlantic ports and the Mediterranean, which service it purchased from the United States Shipping Board in 1925.

A statement showing the various classes of tonnage sold, names of vessels, names of purchasers, sales prices, and conditions under which sales were made is included as Table I of the appendix to this report.

Three contracts entered into in previous years were modified, viz: The purchaser of the *Lake Galewood*, the Peninsula State Steamship Corporation, was released from its agreement to perform alterations and/or betterments to the vessel upon the payment of \$8,000 additional, making the net return for the vessel equal its basic sales price of \$33,000. The Standard Oil Co. of California was released from its obligations to Dieselize the tank steamer *District of Columbia* upon payment of \$317,370.50 additional, or a total for the tanker of \$492,133 as a steamer. Ford Motor Co., which bought 199 vessels in 1925 on a scrapping basis, was permitted to Dieselize one Lake-type vessel, to operate two lakers as steamers, and to convert 15 lakers to barges, the additional amount paid on account of these modifications of the original contract being \$182,940.

Extent of Vessel Operations.

During the fiscal year 1927 there was an unusual demand for tonnage due to conditions brought about by the British coal strike and by the record-breaking grain and cotton movements from the Gulf and South Atlantic ports of the United States. By the early part of the fiscal year 1928 these temporary conditions had passed and many of the additional vessels which had been assigned to meet the unusual demands were redelivered to the Merchant Fleet Corporation by managing operators. A further reduction in the number of vessels in operation during the fiscal year 1928 was caused by the sales of the four cargo services mentioned above, for which deliveries to purchasers were more than half completed by the end of the fiscal year. These facts explain the reduction from a total of 273 cargo and passenger ships in active operation on June 30, 1927, to a total of 230 such vessels active on June 30, 1928. These totals do not include vessels assigned to operators but temporarily inactive, of which there were 13 on June 30, 1927, and 20 on June 30, 1928.

Several changes were made in the assignments of lines and services during the fiscal year. Two lines, the American Dixie Line, operating from Texas and east Gulf ports to the United Kingdom, and the American Premier Line, operating from Texas and east Gulf ports to the Mediterranean, were divided into four lines. Two of these, the Texas Ukay Line and the Texas Mediterranean Line were assigned to a managing operator with headquarters in Texas; while the other two, the Dixie U. K. Line and the Dixie Mediterranean Line were turned over to a managing operator in New Orleans. The American Pioneer Line, which operated from North Atlantic and Gulf ports to the Orient, was divided into two separate services from the North Atlantic and from the Gulf, which were assigned to two operators, one in New York and the other in New Orleans. The two new services were continued under the name of the American Pioneer Line, but are distinguished as the Atlantic Division and Gulf Division of this line. By these changes in assignment the benefits of local interest, resulting from lines being handled by operators native to the home ports of the service, were obtained.

A new service was inaugurated during the fiscal year. Heretofore, no American-flag service has been operated directly between North and South Atlantic ports of the United States and ports in northern Brazil, the center of the cocoa business. The American Brazil Line was therefore created and assigned to the Colombian Steamship Co. (Inc.) for operation in this service, with a schedule calling for monthly sailings. This line began its operations in the latter part of the fiscal year and completed its first voyage in June, 1928.

Due to the withdrawal of a large number of cargo vessels from operation during the fiscal year 1928, the number of voyages completed by cargo and passenger vessels dropped from a total of 1,290 for the fiscal year 1927 to 1,208 for the following fiscal year. This comparison, however, does not give an entirely proper picture of the activities in the fiscal year 1928, since conditions in the preceding year were quite abnormal. A better idea is obtained by comparing the number of voyages in the fiscal year 1926, not counting voyages of lines which have since been sold and delivered, with the corresponding total in the fiscal year 1928. Such comparison shows that in 1926 there were 1,123 cargo and passenger voyages, whereas in the fiscal year 1928 there were 1,208 such voyages. It is evident, therefore, that although vessel activities in 1928 did not reach the high point established in 1927, they materially exceeded the activities in the fiscal year 1926.

Total Results of Operations.

The total operating loss for the Merchant Fleet Corporation for the fiscal year 1928 was approximately \$16,279,000. This amount

exceeds by about \$350,000 the loss reported in the preceding year, when revenues were unusually high, due to the demand for tonnage and other special conditions prevailing at that time. The 1928 operating loss compares quite satisfactorily with the results in other years, since in 1924 the loss approximated \$41,000,000, in 1925 it was about \$30,000,000, and in 1926 it was about \$19,000,000. Part of this large reduction in losses is due to the savings incident to the sale of passenger and cargo lines, but a very definite part is the direct result of improvements in services which have been accomplished in recent years.

A statement of profit and loss for the fiscal year 1928, showing the operating results for the various types of vessels and for other activities of the Merchant Fleet Corporation, is included as Table X in the appendix to this report.

Cost of Maintaining Cargo Services.

For cargo and combined passenger and cargo services, excluding the United States Lines, the total loss was \$16,926,000 in the fiscal year 1928. This loss includes both voyage results and expenses of inactive vessels. The 1928 cost represents a reduction of about \$1,364,000 from the 1927 figure, and an even greater reduction of nearly \$2,500,000 from the corresponding cost in the fiscal year 1926.

Direct comparison of 1928 results with those reported in 1927 is of little relative value because of the unusual conditions which prevailed in the earlier year. The expenses of preparing vessels for operation were unusually heavy in that year, due to the large number of vessels added to the active fleet, and voyage results in many cases were better than usual, due to the high revenues received on account of increases in rates incident to the coal strike in Great Britain. Voyage losses in the fiscal year 1928 exceeded those in the preceding year but inactive vessel expenses were very much reduced, so that a smaller deficit resulted in 1928 for cargo and passenger and cargo operations.

Conditions in the fiscal year 1926 more nearly correspond to those in 1928, and comparison of operating results in these two years produces interesting facts. If voyages of lines which have since been sold and delivered are omitted from consideration, and the voyage results for only those lines which were in complete operation in both 1926 and 1928 are considered, it is found that, while there were about 200 more voyages for these services in 1928 than in 1926, the voyage losses decreased nearly \$3,000,000. This improvement results from the combination of increased revenues and decreased expenses. An increase of 1,793,000 tons of cargo and \$12,558,000 in revenue is noted between 1926 and 1928, while several items of voyage expenses show gratifying decreases in the latter year.

From the above it is evident that in 1928 a much more extensive service was rendered by the lines in full-time operation than was the case in 1926, and this was accomplished with a reduced cost to the Government.

Operating Results for the United States Lines.

The net result of the operations of the United States Lines during the fiscal year 1928 was a loss of \$465,000, which includes the share of administrative expenses of the Merchant Fleet Corporation charged to these activities. The United States Lines include the *Leviathan*, *George Washington*, *Republic*, *President Harding*, and *President Roosevelt*, and in the latter part of the fiscal year the *America* returned to active operation after extensive reconditioning. These vessels are the only fast passenger vessels owned by the Shipping Board and, except for tankers, are the only vessels operated directly by the Merchant Fleet Corporation, rather than through managing operators.

The operating loss of \$465,000 in 1928 does not compare favorably on the surface with the net profit of \$371,000, which was reported in the preceding fiscal year, but there are a number of special conditions which must be given consideration in comparing the results in these two years. In 1927, three of the vessels in the Bremen service of the United States Lines were operated in their regular service throughout the year without being laid up, while in 1928 each of these vessels was in lay-up for a period, and in addition, two of them were transferred from their regular service to make Mediterranean cruises. The fact that these vessels were not laid up during 1927 made it necessary for them to be made available in 1928 for repair work. Furthermore, it was determined in 1927 that the *President Harding* and *President Roosevelt* were not desirable types of vessels for operation in the New York-Bremen service during the winter months. For these reasons it was necessary in 1928 to change the 1927 operating schedules of the United States Lines, and increased expenses resulted, which led to greater losses than in the preceding year. During the 1928 lay-up, repairs were made to the *Leviathan*, *President Roosevelt*, and *President Harding* which have already resulted in reduced operating costs and which will be the means of further economies in the future.

An idea of the improved operating results of the United States Lines in recent years may be obtained by comparing the combined operating results for this line in the fiscal years 1927 and 1928 with the corresponding total for the fiscal years 1925 and 1926. The net loss for the 1927 and 1928 period was \$94,000, whereas the loss for the 1925 and 1926 period was \$3,812,000, showing an improvement of \$3,718,000 in favor of the more recent period.

These figures take account of all operating, repair, and betterment costs, lay-up expenses, all overhead costs of the United States Lines, and a proper share of the administrative expenses of the Merchant Fleet Corporation, but do not include interest or depreciation.

Other Operating Results.

Profits from tanker operations decreased from \$782,000 in the fiscal year 1927 to \$165,000 in 1928. This large decrease was caused by the very much depressed condition of the tanker market, which led to the withdrawal of tankers from activities in the commercial field and the limiting of their services practically to the handling of fuel oil for the account of the Merchant Fleet Corporation.

Miscellaneous income, which heretofore has been derived principally from the operation of Army bases, interest, and fuel sales, decreased from \$1,286,000 in 1927 to \$894,000 in 1928, due largely to the fact that in 1928, by a ruling of the Comptroller General of the United States, the Merchant Fleet Corporation was not permitted to use the interest earned on bank balances.

Modification of Operating Agreement, 1924.

The operating agreement, 1924, under which all cargo vessels and the combined passenger and cargo vessels of the American Merchant Lines are operated, originally provided for 7½ per cent commission on outward and 3 per cent on inward cargo revenue. These rates applied to all operators and it has long been realized that this arrangement was not entirely equitable and that through it some operators were obtaining large profits, while others could barely meet the administrative expenses of their organizations from the commissions they received.

With the view to relieving this situation and to providing an incentive for managing operators to keep expenses at a minimum, as well as to increase revenues, recommendations were submitted to the Shipping Board early in the fiscal year 1928 for a profit-sharing plan and a lump-sum plan of compensation for managing operators. In submitting these plans it was further recommended that if neither was adopted by the Shipping Board readjustment of the percentage commissions applying to each of the managing operators should be made to suit the special conditions prevailing in each trade.

In October, 1927, the Shipping Board directed that the Merchant Fleet Corporation submit recommendations for readjustment of the percentage commissions designated in the agreements with various managing operators. A committee consisting of the vice president for administration, vice president for operations, and the assistant to the vice president and general manager was accordingly formed to give consideration to this matter. The first service considered by this

committee was the American Diamond Line, for which they recommended that commissions on outward cargo revenue be increased from $7\frac{1}{2}$ per cent to 9 per cent and commissions on inward cargo revenue from 3 per cent to $7\frac{1}{2}$ per cent. These increases were recommended in view of the low cargo rates prevailing in this trade. The revised commissions were approved by the Shipping Board and the managing operators' agreement was revised, effective November 9, 1927.

At a later date the committee submitted a report recommending that the commissions on outward cargo revenue for practically all the Gulf services be reduced from $7\frac{1}{2}$ per cent to $6\frac{1}{2}$ per cent and that the commissions on homeward cargoes, which in these services are very small, be increased from 3 per cent to 6 per cent to encourage special efforts in obtaining such cargoes. It was further recommended that no change be made in the commissions paid to managing operators on North and South Atlantic services, except in the case of the New York-London service of the American Merchant Lines. For this service it was recommended that the commission on outward cargo revenue be reduced from $7\frac{1}{2}$ per cent to 6 per cent and the commission on mail revenue from $7\frac{1}{2}$ per cent to 5 per cent. It was estimated that these rearrangements of commissions would amount to a net reduction of approximately \$200,000 in the amounts paid by the Merchant Fleet Corporation to the various managing operators.

The above recommendations of this committee were approved by the Shipping Board April 4, 1928, after a special hearing had been held, which was attended by several managing operators. The changes in operating agreements with managing operators, made necessary by this action, had practically all been executed prior to the close of the fiscal year 1928, the changes in commissions being effective as of May 1, 1928.

As a result of these changes, the operating agreements now in effect provide for commissions which are believed to be fairer to both the managing operators and to the Government than those previously in effect. In each case it has been the aim of the Merchant Fleet Corporation to provide commissions which not only cover the proper administrative expenses of managing operators but also allow them a reasonable margin of profit.

Settlement of Inactive Accounts.

Early in the fiscal year a committee, consisting of the vice president for administration and representatives of the legal, comptroller's, and finance departments was organized to review the inactive accounts receivable appearing on the books of the corporation.

This committee met at frequent intervals at the call of the vice president, and as a result of its recommendations the inactive accounts receivable have been substantially reduced.

The inactive accounts which were closed as the result of action by this committee and the accounts settled by the collection division in the regular course of its business are combined in a statement contained on page 102 of this report.

PRINCIPAL EVENTS OF THE YEAR IN OPERATIONS AND SUPPLY

Fuel Conservation.

The program of fuel conservation as followed in previous years was continued, and resulted in additional savings in the operation of the fleet. The honor rolls and honorable-mention rolls of chief engineers and masters for the two halves of the calendar year 1927 were issued. Masters and chief engineers whose names appeared on honor rolls were given a bonus of \$50 each. Of the vessels listed on the honor roll for the period ended December 31, 1927, 2 had been on 6 previous rolls; 4 on 5 previous rolls; 3 had been listed 4 times; 11 listed 3 times; 9 listed twice; 10 once before; and 11 succeeded in reaching this honor for the first-time.

The results of efforts toward fuel conservation are indicated by comparison of the average efficiency rating of 87 per cent for the fleet in 1922, under somewhat more lenient standards, and the rating of 95.4 per cent for the fleet during the second half of the calendar year 1927. Comparison of fuel consumption during the first and second halves of 1927 indicate that in the latter period reduction in oil amounted to 206,109 barrels and in coal to 1,684 tons, which at the current prices in that period indicate a saving of about \$341,000.

Centralized Purchasing.

The system of centralized purchasing, which was described in the annual report for the fiscal year 1927, was continued throughout the fiscal year 1928. The total value of purchases made by Merchant Fleet Corporation offices, exclusive of bunker fuel and office supplies and equipment, was approximately \$5,512,000, of which \$2,900,000 was for the account of the United States Lines.

The district offices of the supply department continued to extend their purchasing operations by contracting, where possible, for the requirements of the managing operators at domestic ports. Purchases made by managing operators on these contracts amount to approximately \$2,750,000, on which an approximate saving of 8 per cent is estimated. Purchases made by managing operators on contracts negotiated by the Washington office under the centralized purchase plan for lubricating oils, paints, packing, manila rope, fire brick, etc., amounted to \$1,330,000, at a saving of approximately \$515,000 when compared to the cost of these commodities at current

wholesale market prices. The inspection of subsistence items by the United States Department of Agriculture was continued and inspectors were also employed at larger ports to check other consumable stores purchased under the contract plan. This assures a better grade of supplies of more uniform quality than when purchased by the individual managing operators. The contract plan of purchasing was also extended to the larger European ports for subsistence stores and laundry work.

Fuel Purchases and Issues.

The following tabulation shows, by ports, the quantity of bunker fuel oil and coal purchased under contracts and on the market for the fiscal year ended June 30, 1928, the number of bunker deliveries at each port, and a comparison of contract prices as of June 30, 1927, and June 30, 1928:

FUEL OIL

	Quantity	Cost	Number of bunker deliveries	Contract price, June 30, 1927	Contract price, June 30, 1928
DOMESTIC PORTS					
	<i>Barrels</i>				
Boston.....	100, 671	\$156, 335. 15	43	\$1.70.....	\$1.15.
New York.....	1, 112, 259	1, 685, 353. 18	205	\$1.65.....	\$1.15.
New York (United States Lines).....	1, 362, 263	2, 073, 905. 11	165	\$1.65.....	\$1.15.
Philadelphia.....	773, 386	1, 033, 427. 10	121	\$1.65.....	\$1.05.
Baltimore.....	136, 622	200, 067. 53	29	Market.....	Market.
Charleston.....	182, 343	261, 506. 23	39	\$1.60.....	\$1.10.
Savannah.....	124, 602	158, 976. 51	32	Market.....	\$1.05.
Jacksonville.....	86, 578	110, 644. 74	18	do.....	\$1.10.
Key West.....	1, 579	2, 052. 24	2	do.....	\$1.15.
Tampa.....	16, 315	18, 008. 12	3	do.....	\$0.95.
Port Tampa.....	20, 501	21, 863. 43	3	do.....	\$0.90.
New Orleans.....	1, 776, 068	2, 116, 400. 67	256	\$1.45.....	\$0.85.
Galveston.....	1, 213, 107	1, 508, 875. 92	109	\$1.45.....	\$0.85.
Houston.....	47, 494	68, 326. 37	9	\$1.45.....	Market.
Port Arthur.....	624, 640	698, 887. 57	77	Market.....	\$0.80.
Baytown.....	53, 504	55, 748. 59	15	\$1.35.....	\$0.75.
San Pedro.....	795, 976	649, 843. 84	124	\$0.805.....	\$0.785.
OPEN MARKET					
Miscellaneous ports.....	152, 449	234, 256. 04	50	Market.....	Market.
Total.....	8, 580, 357	11, 059, 478. 34	1, 360	-----	-----
FOREIGN PORTS					
United Kingdom.....	24, 744	62, 285. 59	19	69/6 ton.....	60/ ton.
Southampton.....	319, 636	748, 565. 00	14	67/6 ton.....	55/ ton.
United States Lines.....					
European continental ports.....	55, 944	133, 266. 39	42	65/ ton.....	55/ ton.
Algiers (United States Lines).....	16, 234	30, 032. 90	4	65/6 ton.....	50/ ton.
Aden.....	17, 236	41, 575. 65	4	65/6 ton.....	54/ ton.
Dakar.....	41, 505	88, 523. 17	19	65/6 ton.....	55/ ton.
Nordenham.....	17, 972	36, 483. 16	19	65/ ton.....	55/ ton.
Hamburg.....					
Las Palmas.....	938	1, 847. 86	1	62/6 ton.....	54/ ton.
Antwerp.....	12, 949	27, 400. 02	16	-----	55/ ton.
Port Said.....	25, 687	39, 381. 16	14	\$15.25 ton.....	\$10.95 ton.
Buenos Aires.....	74, 973	163, 210. 99	31	\$2.15 barrel.....	\$2.135 barrel.
Trinidad.....	38, 013	43, 578. 11	21	-----	\$1.05 barrel.
St. Vincent.....	6, 279	14, 953. 89	3	70/ ton.....	54/ ton.
Copenhagen.....	13, 496	36, 027. 48	10	72/6 ton.....	Market.
Open market.....	20, 977	52, 408. 91	8	Market.....	Do.
Total.....	686, 583	1, 519, 540. 28	225	-----	-----

BUNKER COAL

	Quantity	Cost	Number of bunker deliveries	Contract price, June 30, 1927	Contract price, June 30, 1928
DOMESTIC PORTS					
	<i>Barrels</i>				
New York.....	46,901	\$226,686.34	53	\$6.04 t. i. b.....	\$5.69 t. i. b
New York (United States Lines).....	55,939	356,857.36	22	\$6.39 t. i. b.....	\$6.04 t. i. b.
Philadelphia.....	2,001	10,350.06	10	Market.....	Market.
Baltimore.....	1,087	5,703.88	4	do.....	Do.
Norfolk.....	80,263	373,917.11	110	do.....	Do.
Miscellaneous ports.....	985	6,834.70	2	do.....	Do.
Total.....	187,176	980,349.45	201		
FOREIGN PORTS					
Bremerhaven (United States Lines).....	48,415	264,275.49	15	24/ t. i. b.....	20/11 t. i. b.
Ardrossan.....	6,219	25,193.02	6	16/1 f. o. b.....	15/3 f. o. b.
Glasgow.....	17,921	75,208.18	19	15/10 f. o. b.....	15/ f. o. b.
Liverpool.....	9,709	43,517.93	8	18/4½ f. o. b.....	18/ f. o. b.
Manchester.....	35,044	156,809.56	33	Market.....	17/3 f. o. b.
Rotterdam.....	2,313	10,636.88	10	19/ t. i. b.....	18/ t. i. b.
Miscellaneous ports.....	16,014	71,916.76	21	Market.....	Market.
Total.....	135,635	647,557.82	112		

The following tabulation shows the fuel-oil storage stations, owned and leased, which were in operation during the fiscal year ended June 30, 1928, the quantity issued at each station, the number of bunker deliveries, the total value of the oil issued at each station, and comparison of prices as of June 30, 1927, and June 30, 1928:

	Quantity	Value	Number of bunker deliveries	Issue price June 30, 1927	Issue price June 30, 1928
DOMESTIC PORTS					
	<i>Barrels</i>				
Craney Island.....	591,145	\$855,704.04	103	\$1.65	\$1.15
Mobile.....	630,026	815,367.78	142	1.60	1.10
Portland.....	296,875	311,718.75	55	1.05	-----
Seattle.....	234,041	245,753.05	34	1.05	-----
San Francisco.....	119,612	98,081.82	49	.82	.82
Total.....	1,871,699	2,326,625.44	383		
FOREIGN PORTS					
Balboa.....	136,028	167,585.80	37	1.25	1.20
Balboa (Diesel).....	147,369	213,685.65	19	1.45	1.45
Bermuda.....	4,577	9,840.55	3	2.15	2.15
Cristobal.....	32,948	40,848.65	14	1.25	1.20
Ponta Delgada.....	3,316	7,295.20	3	2.20	2.20
St. Thomas.....	6,458	9,357.45	5	1.80	1.30
Honolulu.....	220,135	250,101.95	71	1.15	1.05
Manila.....	332,008	514,612.40	125	1.55	1.55
Yokohama.....	17,373	28,665.45	12	1.65	-----
Total.....	900,212	1,241,993.10	289		

RECAPITULATION

	Quantity	Cost
FUEL OIL		
Domestic contracts..... barrels..	8, 580, 357	\$11, 059, 478. 34
Foreign contracts..... do.....	686, 583	1, 519, 540. 28
Domestic storage..... do.....	1, 871, 699	2, 326, 625. 44
Foreign storage..... do.....	900, 212	1, 241, 993. 10
Total..... do.....	12, 038, 851	16, 147, 637. 16
Average..... per barrel.....		1. 341
COAL		
Domestic contracts..... tons.....	187, 176	980, 349. 45
Foreign contracts..... do.....	135, 635	647, 557. 82
Total..... do.....	322, 811	1, 627, 907. 27
Average..... per ton.....		5. 042
Total fuel cost.....		17, 775, 544. 43
	1927	1928
Average unit price of fuel oil purchased during the fiscal year ended June 30.....	\$1. 559	\$1. 841
Average unit price per long ton of bunker coal purchased during the fiscal year ended June 30.....	5. 737	5. 042

The decreased cost of fuel oil in 1928 under 1927 was due to very favorable contracts, especially at Atlantic and Gulf ports, which called for a reduction below the published open-market prices at New York on date of delivery. The decrease in the average cost of coal was due to the fact that the largest purchases were made at the cheapest ports, principally Norfolk and in the United Kingdom.

Selection of Ports for Bunkering.

The policy inaugurated last year of carefully supervising bunker activities has been continued and further economies have been effected. During the fiscal year 1927, 10.1 per cent of the total fuel oil used was purchased abroad at prices considerably in excess of those at United States ports. Foreign buying for 1928 represented only 5.7 per cent of the total used, which constitutes a reduction of 43 per cent in foreign fuel purchases and consequently a large reduction in operating costs. In addition to these savings the supervision of bunkering operations has also been instrumental in bringing about a material reduction in the number of vessel distress cases resulting from fuel shortages.

Food Control.

The food-control system established by the United States Lines in September, 1926, which was described in the annual report for the fiscal year 1927, was continued with very satisfactory results. Food costs for 57 voyages in the fiscal year 1926 were about \$2,514,000, whereas for 61 voyages in the fiscal year 1928 the total food cost was \$2,048,000, or a decrease of \$466,000 in the latter year.

Supervision over the food costs for all cargo lines and tankers has been continued, resulting in a decrease in the cost of subsistence by the elimination of extravagance. All managing operators are providing satisfactory subsistence at a cost not to exceed 60 cents per man per day. In individual cases where the cost of food has exceeded this average, due to negligence and extravagance, the managing operators have been charged with the excess cost.

Revision of Stores Books.

Several departments of the Merchant Fleet Corporation combined efforts during the year in revising and simplifying the system of ship-stores accounting, with the result that new voyage stores reports were issued, effective July 1, 1928. The revised reports will simplify the work of managing operators and will result in greater accuracy as well as more efficient and expeditious handling of these important records.

Disposition of Surplus Stores.

As in previous years, the Merchant Fleet Corporation has followed a policy of liquidating and reducing the stocks of materials at various warehouses by the sale of surplus, obsolete, and scrap supplies and equipment. The total amount of such sales was approximately \$455,000 in the fiscal year 1928, including materials valued at about \$25,000, which were transferred to Government departments.

Stevedoring Costs.

Cargo handling is one of the very important factors in the operation of a vessel, and the length of time a ship is required to remain in port is dependent to a great extent upon expeditious loading and discharging of cargo. Constant endeavor was put forth during the fiscal year to obtain maximum efficiency in this regard.

During the year competitive bids were received for cargo handling at the ports of Boston, Norfolk, and Newport News. The result of the contracts indicates a relative saving of approximately \$122,000 per annum in the cost of loading and discharging cargo. Reductions were made in the clerking, watching, and cooping expenses of several New York services, and approximately \$12,800 was saved through a lowering of rates for cargo handling for New Orleans services. Extreme increases in workmen's compensation and employer's liability insurance were made by the underwriters during the year, and in many ports the cargo-handling rates were adjusted accordingly. Longshoremen's wages, as well as the wages of clerks and tally men, were increased in North Atlantic ports on October 1, 1927, and contracts and tariffs were changed to absorb these increases.

The labor situation has been generally satisfactory, with only slight difficulties experienced in Boston, New York, Baltimore, and Pensacola.

In the foreign field representatives of the Merchant Fleet Corporation have given constant attention to the cargo-handling requirements, resulting in a much-improved situation.

Operation of Tankers.

On August 30, 1927, the Shipping Board authorized the withdrawal of all tank steamers allocated to managers and operators and directed that they be operated directly by the Merchant Fleet Corporation. Accordingly, these vessels were redelivered and supervision of their maintenance and operation was delegated to the operating department.

Due to unfavorable traffic conditions in the commercial field this employment has been confined almost entirely to the carriage of fuel oil to the various storage stations operated by the Merchant Fleet Corporation, and accordingly total operating profits for the fiscal year 1928 were much less than for preceding years. Savings have been effected, however, by the elimination of compensation and commissions formerly paid to the managers and operators.

Reconditioning of Steamship "America."

The reconditioning of the steamship *America*, which was commenced in March, 1927, was completed just a year later. This work became necessary by reason of the serious fire on this vessel in March, 1926, when an extensive overhaul and reconditioning was almost completed. The extent of the work since performed covered the rebuilding and refinishing of the parts damaged by fire, water, and deterioration, and also the entire reconstruction of the tourist passenger facilities. Extensive repairs and renewals outside of the fire area and a complete overhaul of the boilers and auxiliaries were necessary. The main engines had been overhauled prior to the fire and were not damaged. In replacing damaged steelwork additional structural improvements were incorporated to increase the strength of the vessel. It was also necessary to replace a great deal of equipment and furnishings in the areas damaged by fire and water. The total cost of reconditioning work, new equipment, etc., for this vessel amounted to approximately \$2,900,000.

It will be interesting in comprehending the extent of the work performed on this vessel to cite the following approximate figures: 435 tons of new hull steel were used; 368 tons of hull steel were removed, faired, and replaced; 47,000 square feet of wood decking was required; 124,000 square feet of various floor coverings; 86,000 square feet of plywood for bulkheads; 12,000 square feet of material for ceilings; 20,000 gallons of paint; 45 tons of piping; 4,400 yards of carpets; 4,200 square yards of draperies; and about 13 miles of electric cable.

Care of Reserve Fleet.

The following tabulation shows the distribution, by ports, of steamers in the custody of the reserve fleet division as of June 30, 1928:

District	Fleet	Number of vessels
New York.....	Caldwell (Hudson River).....	66
Do.....	Staten Island.....	71
Total.....		137
Hog Island.....	Hog Island.....	55
James River.....	James River.....	219
Do.....	Patuxent River.....	2
Total.....		221
Gulf.....	Mobile.....	26
Do.....	New Orleans.....	23
Do.....	Orange.....	13
Total.....		62
Pacific.....	San Francisco.....	11
Do.....	Seattle.....	4
Total.....		15
Grand total as of June 30, 1928.....		490

Although the number of vessels in lay-up was reduced only 2.5 per cent, the personnel was reduced 21 per cent below that of the preceding fiscal year, making a total of 1,181 employees authorized at the end of the fiscal year 1928, or 2.4 men per ship. The total expenses of maintaining the reserve fleet during the fiscal year were slightly in excess of \$1,500,000, or about \$600,000 below the corresponding expenses for the preceding fiscal year. This reduction has largely been made possible by the continued use of special preservation compounds in lieu of the old method of scaling with pneumatic hammers. Also labor conditions on the several reserve fleets have been more favorable with a smaller turnover than in the previous year.

In order to release valuable pier space occupied by the steamship *Mount Vernon* and steamship *Monticello* (ex-steamship *Agamemnon*) at the Army base, Norfolk, these two passenger ships were moved to the Patuxent River, near Solomons, Md., where safe moorage was provided at reasonable expense. Otherwise no changes were made in lay-up points during the fiscal year.

The salvage operations and general clean-up of the Hog Island property, which were undertaken last year by a private contractor, proved unsatisfactory. The work was taken over by the Fleet Corporation, in conjunction with the maintenance of the reserve fleet at that location, and noteworthy progress was made toward placing the property in good condition. This work includes the razing of un-

serviceable buildings and 40 wooden shipbuilding ways, and the maintenance and repair of permanent structures. During the year approximately 51 miles of railroad rail and appurtenances were sold from the property.

Terminals.

Operations of the terminal facilities at Hoboken, N. J., by personnel of the Merchant Fleet Corporation was continued throughout the year. These facilities, which include four piers, are the property of the United States Shipping Board, having been obtained by transfer from the War Department several years ago. The piers are used by the America France Line, the American Diamond Line, and the various vessels of the United States Lines, excepting the steamship *Leviathan*. One pier is leased to the Munson Steamship Line, owners of the Pan America Line, an American-flag combination passenger and cargo service to South American ports, which was purchased from the United States Shipping Board in 1926.

The Hoboken property is now in good physical condition and maintenance work is handled by the force assigned to the terminal. During the fiscal year 1928 the metal work in the pier buildings was painted at an approximate cost of \$18,500.

The net operating profit for this terminal for the past fiscal year was approximately \$294,000.

Shortly after the commencement of the fiscal year the Shipping Board transferred to the Merchant Fleet Corporation supervision of the maintenance and operation of all docks and pier facilities leased or otherwise under the control of the Shipping Board. General supervision of the Boston, Brooklyn, Philadelphia, Norfolk, and Charleston, S. C., terminal facilities, which are under lease to private companies, was taken over by the Merchant Fleet Corporation in accordance with this delegation of authority.

A brief summary of the leases in effect and the activity of each of these terminals follows:

Boston.—The terminal at Boston is a portion of the Boston Army base, held by the United States Shipping Board under permit of the War Department and leased to the Atlantic Tidewater Terminals for a 5-year term expiring December 1, 1928. Renewal of this lease is now being negotiated in accordance with the 5-year renewal clause contained therein.

Under terms of the lease the United States Shipping Board receives 66⅔ per cent of the net operating profit of this terminal, and this share in the fiscal year totaled \$34,256. The expenditures for repairs chargeable to the United States Shipping Board amounted to about \$8,850 during the year.

Brooklyn.—This terminal, which consists of piers No. 3 and No. 4 of the Brooklyn Army supply base, is also held under permit from the War Department, and is leased to the Atlantic Tidewater Terminals for a 5-year period ending December 1, 1928. Negotiations for the renewal of this lease are under way. The property is in very good physical condition, and only minor repairs were made during the year.

The terms of the lease provide that the United States Shipping Board receive \$150,000 per annum as guaranteed rental for these piers and in addition 66⅔ per cent of the net operating profit over and above \$50,000 per year, which goes to the lessee after the guaranteed rental is paid. The total revenue accruing to the Shipping Board under this lease during the fiscal year 1928 was about \$213,000.

Philadelphia.—The Philadelphia terminal consists of three piers—A, B, and C—and approximately 36 acres of adjoining land used as a railroad classification yard and for a lumber concentration yard. All of these facilities are leased to the Merchants' Warehouse Co. for a 5-year period expiring August 15, 1932. The property is held by the United States Shipping Board under permit from the War Department.

The original lease for this property expired August 15, 1927, and a new lease was made with the same lessee, with terms somewhat more favorable to the United States Shipping Board. Under the new lease the Shipping Board receives 25 per cent of the gross revenues for all three piers, or a minimum rental of \$125,000. For the lumber concentration yard the gross revenues received are payable to the board, provided they equal or exceed a minimum of \$10,000 per annum. During the fiscal year 1928 the total amount accruing to the Shipping Board at this terminal under both the old and new leases approximated \$140,000.

Replacement of the fender system, which was commenced in 1926, was completed early in the fiscal year 1928, and toward the close of that year the Shipping Board authorized additional repairs estimated to cost approximately \$19,000.

Norfolk.—These terminal facilities were transferred from the War Department by Executive order and are owned in fee by the United States Shipping Board. They are leased to the Norfolk Tidewater Terminals (Inc.) under a 5-year lease, expiring August 31, 1930.

The lease provides for the joint operation of this property and the municipal terminals of the city of Norfolk, and further provides that the United States Shipping Board, the city of Norfolk, and the lessee shall each receive one-third of the net operating profit. During the fiscal year 1928 the sum of \$64,425 accrued to the Shipping Board under this lease.

This property was in extremely poor condition when transferred from the War Department several years ago, and considerable amounts have been expended for improvements in order that it might be utilized to capacity. During the fiscal year 1928 about \$23,000 was expended for replacing wood floors, reconditioning and replacing warehouse doors, and furnishing fire equipment for the pier. Late in the year the reconstruction of the timber apron on the south side of Pier No. 1 was commenced.

Charleston.—These terminal facilities were also transferred from the War Department by Executive order and are now owned by the United States Shipping Board. They are leased to the Port Utilities Commission of Charleston, S. C., for operation as a municipal terminal for a 5-year period ending February 28, 1931.

The terms of this lease provide that the United States Shipping Board receive all net profits from the operation of this terminal up to an amount equivalent to $4\frac{1}{4}$ per cent per year on the total cost of reconditioning. If the net profits exceed this amount, a sum not exceeding $2\frac{1}{8}$ per cent of the reconditioning cost accrues to the lessee each year. If the net profit in a year exceeds both these amounts, it is divided two-thirds to the United States Shipping Board and one-third to the lessee. During the fiscal year 1928, \$15,538 accrued to the United States Shipping Board under this lease.

The terminal was in very poor condition when taken over from the War Department and could not be operated until numerous repairs were made at considerable expense. During the fiscal year 1928, new steel water tanks were installed to replace condemned wooden tanks and repairs were made to platforms and wharves. The total cost of repairs during the year approximated \$67,000.

In addition to the above-mentioned terminal facilities which are operated for the United States Shipping Board, Pier No. 7, North River, is leased by the Fleet Corporation from the Delaware Lackawanna Railroad under a yearly lease expiring July 1. A portion of the pier, together with a small portion of the bulkhead, is subleased to the Lehigh Valley Railroad. The balance is used principally for docking vessels of the American Merchant Lines, the cost under the lease being distributed among the vessels using the facilities, so that no profit or loss accrues directly to the Fleet Corporation.

A change was made in the terminal arrangements in London for the combined passenger and cargo vessels of the American Merchant Lines. When the Port of London Authority assigned Surrey Commercial No. 9 for this purpose in the preceding year, the arrangement was temporary and subject to withdrawal if required by them. This option was exercised by the Port of London Authority, and accordingly on May 1, 1928, the terminal for these vessels was changed

to No. 22 Royal Albert Dock. From an operating standpoint the new berth is superior to the old one, and it may work out to advantage from a traffic standpoint as well.

PROGRESS ALONG SPECIAL TECHNICAL LINES

Diesel Conversion Program.

The fiscal year 1928 marked the completion of the first part of the Shipping Board's Diesel conversion program, since by the end of that year the 12 vessels in the first program had been completed and were in active service.

The Shipping Board has approved the extension of the program to include eight additional vessels. Complete details with regard to the original and extended programs will be found in the report of the Bureau of Construction of the United States Shipping Board.

Tests With Pulverized Coal.

Experimentation in the development of pulverized-coal equipment has been continued at the fuel-testing plant at the United States Navy Yard, Philadelphia, Pa., in cooperation with the United States Navy. During the year numerous tests of such equipment, including burners, pulverizing mills, fuel distributors, etc., were made.

As an extension of the experimental work carried on at this plant, an installation of pulverized-coal-burning equipment was made on the steamship *Mercer*, which was the first seagoing vessel to be equipped with a successful power unit of this type. This vessel has been in continuous service since November 16, 1927, without any interference or delay whatever in her operating schedule. Four voyages of this vessel were completed between the time it entered the service and the end of the fiscal year 1928, during which a total of 30,000 miles were traveled with entirely satisfactory results.

While the vessel was in actual service at sea, experimental work was continued at the test plant and the results were applied to the vessel during periods between voyages. Other changes in the original installation on this vessel were made as their desirability became evident in the use of this equipment.

After eight months of service it can be reported that the steamship *Mercer* has clearly demonstrated the safety and reliability of operation with pulverized coal on shipboard, and the voyages of this vessel completed to date have clearly indicated that considerable savings in fuel costs and increased speed can be expected from the use of such equipment.

In view of the satisfactory results obtained from the use of pulverized-coal-burning equipment on the steamship *Mercer* consideration is being given to the installation of similar apparatus upon other vessels to be placed in active operation. In this connection the Ship-

ping Board has authorized the preparation of specifications and the obtaining of bids for one additional installation.

Radio.

Radio service contracts for Merchant Fleet Corporation vessels expired December 31, 1927, and a new contract covering radio traffic accounting, furnishing all ships with radio operators, licensing of ships' radio stations, etc., was entered into with the Radio-Marine Corporation of America January 1, 1928, for a period of one year. This agreement provides for a considerably lower rate of compensation than was paid under the contracts which it superseded.

The radio receiving range of a large number of vessels was greatly increased during the year by the installation of radio amplifiers, and arrangements have been made to equip all active vessels with such apparatus.

Very satisfactory progress has been made in the development of the synchronized radio and submarine signal method of distance and position finding at sea by utilization of radio and submarine signals sent out simultaneously from fixed points.

The International Radio-Telegraph Convention, which was held in Washington during the first part of the fiscal year, was attended by representatives of the radio division of the operations department. The conference drew up a new convention known as the International Radio-Telegraph Convention, in which Merchant Fleet Corporation interests and those of the United States merchant marine in general were very satisfactorily cared for in every way.

A saving of approximately \$125,000 was effected during the year by utilizing naval radio facilities for the transmission of messages.

TRAFFIC

General Conditions.

The fiscal year has been marked by rather severe depression in the freight market, which assumed practically a world-wide scope. A recession from the abnormal conditions caused by the British coal strike during the greater part of the previous fiscal year was to be expected. Correspondingly, rates in many trades have been reduced, with a consequent falling off in voyage revenues. Operations of the Merchant Fleet Corporation in the past fiscal year have been characterized by the gradual reduction of its fleet, which had been considerably augmented to meet the tonnage shortage during the preceding year.

With the return of normal conditions in the United Kingdom and continental Europe trades, a large amount of tramp tonnage was released, and this has been an important factor in bringing about the prevailing disturbed conditions, particularly in the Gulf services.

Additional competition has also been offered by foreign operators in certain trades by placing large new motor ships in service.

Close supervision of the traffic activities of managing operators, and cooperation with them in the negotiating of more advantageous conference agreements with their competitors, have in some instances resulted in securing a larger proportionate share of the business for American-flag vessels.

European and Mediterranean Trades.

The past year's cotton crop was considerably under the record production of the previous year, and this shortage made itself apparent in the export movement. Cotton exports to Europe amounted to only 5,697,000 bales, as compared with 7,712,000 bales during the fiscal year 1927. A corresponding decrease also occurred in the exports to other foreign countries.

The annual contract for the movement of Egyptian cotton to the United States was renewed in conjunction with the British liners, and American participation therein was again assigned to the American Export Lines, a privately owned American flag service.

A development of the period under consideration was the withdrawal of the American Diamond Lines from the North Atlantic conference. Foreign line competition in this trade is largely with combined freight and passenger ships, and it was impossible for the American Diamond Lines to secure a fair share of the better-paying cargo with its slower type cargo ships, due to the foreign organizations' unwillingness to grant a differential in freight rates. Accordingly this line was authorized to withdraw from the conference, and while conditions in this trade have been subject to severe depression nevertheless a considerable improvement has since been noted in the carriage of general cargo of the better-grade commodities.

In the South Atlantic services a conference was reformed for the purpose of providing better balanced and more economical service. As a result the American Palmetto Line made a fair showing compared with previous years and considering the small cargo movement and the low prevailing rates caused by tramp competition.

British India Service.

An important development of the year was the decision of the Shipping Board to increase the homeward services from India in order that a proper proportion of the traffic moving in this trade might be assured to American-flag tonnage. In this trade there are now provided two sailings monthly from Calcutta to United States North Atlantic ports, one sailing each month from Calcutta to United States South Atlantic and Gulf ports, and one sailing each month from Bombay-Karachi to North Atlantic ports.

Passenger Services.

Passenger operations of the United States Lines show evidences of improvement, largely through the reentry into service of the steamship *America* and the conversion of the steamship *George Washington* from a first-class to a cabin-class vessel. These two ships are among the most popular cabin vessels now in operation in the North Atlantic service and are being well patronized. The vessels being operated at the present time by the United States Lines include the steamship *Leviathan*, a first-class vessel in the New York-Southampton service, and five cabin-type vessels in the New York-Cherbourg-Bremen service.

The customary routine in the schedule of the United States Lines was altered by operating the steamships *President Roosevelt* and *President Harding* to the Mediterranean during the months of January, February, and March, a period when passenger traffic to the United Kingdom and North Continental ports is at its lowest ebb. Each of these ships made two round voyages in this special service, but the results were disappointing, due to unexpected competition in this field by foreign lines with vessels of more desirable type for this service.

The gross revenues for the United States Lines in the fiscal year 1928 totaled \$16,266,000, whereas in the preceding fiscal year the total was \$16,675,000. Changes in schedules, which resulted in four less voyages in the regular services than in the preceding year, together with reduced cargo revenues, caused most of the reduction. Cargo revenues decreased \$517,000, due to smaller cargo tonnages and reduced rates. Passenger revenues, on the other hand, increased \$308,000, due to an increase from 84,556 passengers carried in 1927 to a total of 88,891 carried in 1928. The latter total is the highest number of passengers ever carried in a single year by the United States Lines as presently organized. Mail revenues decreased about \$250,000 in 1928 compared with the preceding year, due largely to the elimination of four voyages in the regular services.

The increase in passenger revenues of the United States Lines during the fiscal year 1928, which has resulted from improvements made in the facilities of several vessels in the line and from the strenuous efforts of the solicitation force engaged in obtaining this business, points to further improvements in the total revenues of this line in the future, when the steamship *America* will be in full-time operation and cargo rates and tonnages have returned to normal conditions.

The combination cargo and passenger service of the American Merchant Lines, operating between New York and London, has continued to show increased passenger business. While these vessels are

primarily cargo carriers, their passenger business has increased to considerable proportions, and their passenger accommodations continue to be much in demand during the greater part of the year. The improvement in this business is indicated by the fact that the number of passengers carried increased from 3,612 in 1927 to 5,279 in 1928, while passenger revenues increased from approximately \$360,000 to \$534,000.

The vessels employed in the newly inaugurated American Brazil Line service have been fitted for a limited number of passengers. The motor vessels operated by the Atlantic Australian Line from the North Atlantic ports to Australia, returning in most cases by way of India and the Suez Canal, also provide very desirable space for a limited number of passengers and are being patronized by the traveling public.

PUBLICITY

During the fiscal year 1928 the advertising activities of the Merchant Fleet Corporation were expanded to further develop passenger and freight business for the various services.

Increased advertising was carried for the United States Lines to create new business for the steamship *America* when this new cabin ship again entered the North Atlantic service. Special advertising was also carried to secure a new type of business for the steamship *George Washington*, which was converted into a cabin ship. This advertising, coupled with the sales work of the passenger department of the United States Lines, resulted in excellent bookings for the steamship *George Washington*. Additional advertising was used to give greater prominence to the other vessels of the United States Lines' fleet and to meet the increasing competition in the North Atlantic passenger trade.

Advertising campaigns were also prepared for special sailings, such as the American Legion Convention in Paris; World Fraternal Conference at Cardiff, Wales; Mediterranean service; Olympic games at Amsterdam, Holland; and other large passenger movements handled by the United States Lines.

New editions of the Trade Routes and Shipping Services booklet were issued and distributed by means of direct-mail campaigns to business men, importers, and shippers throughout the United States. This booklet contained descriptions of all United States Shipping Board services with maps and commercial data relative to foreign trade and ports touched by American flag ships.

The Merchant Fleet News, the monthly house organ of the Merchant Fleet Corporation, was expanded into a well-illustrated magazine containing articles about shipping and American flag steamship services generally. The circulation of this publication has been

greatly increased due to requests for copies from exporters and importers, large industrial organizations and others interested in shipping and foreign trade.

An unusual window display campaign was carried on during the year, as a result of which more than 2,000 window displays were installed in leading stores throughout the United States calling the attention of the public to American-flag shipping services. Unusual cooperation was secured during the campaign from buyers, merchandise managers, and display managers of the leading retail stores in America.

The use of United States Shipping Board exhibits at many of the principal State fairs was continued and expanded. Displays were constructed which emphasized the services of American ships, with particular attention to the value of the merchant marine to agricultural interests.

The advertising of our shipping services through motion pictures was carried on continuously with excellent results. Films depicting the value of the merchant marine to commerce were displayed before business organizations, schools, colleges, churches, and many homes were supplied through film library circulation.

Many special advertising features were planned, such as the Chamberlin airplane experiment on the steamship *Leviathan*, the American Legion farewell dinner, and others which were given unusual prominence by the press.

Regular schedules of advertising for all services were carried on with increased effort both in America and abroad by means of display advertisements in newspapers and magazines, poster campaigns, direct mail campaigns to reach passenger and freight prospects, circularizing, radio broadcasting, and advertisements and folders in more than 20 foreign languages.

INSURANCE AND CLAIMS

Marine Insurance.

The work of the insurance department during the fiscal year remained practically the same as outlined in the last report. Premiums credited to the marine insurance reserve and charged against vessels operating for account of the Shipping Board amounted to \$2,709,890.59, and the net amount which has been charged against this reserve for claims and expenses in this and previous years is \$4,238,931.59.

Further efforts have been made to convince underwriters that the improved condition and operating record of Shipping Board vessels entitled shippers to the benefit of lower cargo insurance rates.

United States Protection & Indemnity Agency (Inc)

During the fiscal year ended June 30, 1928, the method of handling claims of a protection and indemnity nature against Shipping Board vessels through the United States Protection & Indemnity Agency (Inc.) was continued on the same basis as described in preceding annual reports.

The agency continued to devote considerable time and attention to the analysis of causes of claims. Recommendations were submitted to the proper departments of the Merchant Fleet Corporation for corrective measures with a view to minimizing claims of a protection and indemnity nature.

During the fiscal year 1928, 2,959 new claims were received by the agency, of which 277 were in litigation at the end of that year. During the preceding fiscal year 2,861 claims were received, while 443 were in litigation June 30, 1927. It will be noted that while more new claims were received during the fiscal year 1928 than during the preceding fiscal year, the number of resultant lawsuits showed a decrease of 166.

Continued efforts were made to dispose of claims which arose prior to February 20, 1923, these being the claims which were taken over by the agency from the American Steamship Owners Mutual Protection & Indemnity Association, in which Shipping Board vessels were enrolled prior to February 20, 1923. On June 30, 1928, there were still pending 109 of these prior claims, aggregating \$2,697,502.16 in amounts claimed. These totals compared with corresponding amounts at the close of the fiscal year 1927 show a reduction of 66 per cent in number and 54 per cent in amounts claimed.

During the fiscal year 1928, 3,223 claims were settled, of which 641 were in litigation. The amount authorized to be paid on these claims was \$1,128,141.60, while the total amount claimed was \$11,975,436.65. These settlements include prior and current claims and Protection and Indemnity Agency litigated claims which were disposed of by the Bureau of Law of the United States Shipping Board, New York district, during the fiscal year, but exclude a great number of small claims which were settled direct by the various managing operators under their delegated authority but under the general supervision of the agency.

Further expenditures totaling \$411,072.77 were made during the year on account of miscellaneous expenses in connection with claim settlements as well as amounts involved in the direct settlement of a great number of small claims by managing operators. These latter claims comprise principally those resulting from cargo shortage, damage, and pilferage.

The total amount expended for Protection and Indemnity Agency claims and expenses as covered in the two preceding paragraphs is

\$1,539,214.37, which is distributed between the various classes of claims as follows:

Nature of claim

Personal injury, loss of life, passengers and crew-----	\$615, 946. 10
Illness, passengers and crew-----	103, 094. 84
Damage to vessels other than by collision-----	36, 712. 76
Damage to docks or other property-----	119, 513. 97
Short and damaged cargo-----	633, 778. 64
Customs and immigration fines-----	15, 601. 16
Repatriation of crews-----	3, 076. 72
Miscellaneous (approved charges not otherwise classified)-----	17, 708. 43
Suspense-----	¹ 6, 218. 25
Total-----	1, 539, 214. 37

On June 30, 1928, there were pending in the home office of the agency 1,391 claims involving \$10,343,397.29. Of this total, 666 claims were in litigation.

Including the claims pending in the offices of managing operators and those being handled by the London office of the agency, there was outstanding as of June 30, 1928, a total of 2,900 claims, involving \$13,171,222.08, of which 775 claims were in litigation. The number of claims pending at the end of the fiscal year 1928 slightly exceeds the number at the end of the preceding fiscal year, but the amount of money involved has decreased approximately \$5,900,000, and the number of claims in litigation has been reduced from 1,118 to 775.

FINANCE DEPARTMENT

The organization of this department, which has been fully described in previous annual reports, continued with but little change during the fiscal year ended June 30, 1928.

New Financial Plan.

The new financial plan for handling vessel revenues and disbursements in foreign ports was described in detail in the Ninth Annual Report. This plan is now in operation in all foreign ports of call except those in the Orient (Manila, Japan, China, India, Straits Settlements, and New Zealand ports) and resulting economies have continued to be highly satisfactory.

Due to the sale of the Pacific coast lines, revenues and disbursements in oriental ports have decreased materially. A sufficient volume of business remains in those ports, however, to justify the institution of the new financial plan in the Orient and negotiations to accomplish this purpose will be commenced in the near future.

¹ Credit.

Cash Discount.

Advantage of the cash-discount privilege was taken on all payments where it could be obtained, and as a result of continuous efforts in this direction the sum of \$159,994.50 cash discount was earned during the fiscal year ended June 30, 1928. It should be noted that this cash discount is nearly \$12,000 in excess of such earnings in the preceding year.

Interest.

The sum collected as interest on funds of the Fleet Corporation in various depositories, both domestic and foreign, and including sub-agency accounts and the accounts of the United States Lines was \$378,233.21 for the fiscal year 1928.

Cash Accounts.

As of June 30, 1928, the home office was carrying 108 cash accounts, of which 15 were in the United States Treasury and 93 in various commercial banking institutions throughout the world. These figures are exclusive of United States Lines' accounts, of which there were 76; clearance accounts, of which there were 24; and subagency accounts, of which there were 42; making the total number of cash accounts of the United States Shipping Board Merchant Fleet Corporation 250, as of June 30, 1928.

During the past fiscal year the policy of transferring to the United States Treasury from commercial bank accounts all moneys on deposit in banks not immediately essential to operating activities has been continued. Pursuant to this policy the sum of \$19,844,197.16 was transferred to the United States Treasury.

Collection of Past-Due Accounts.

A summary of the progress made in the collection, settlement, or adjustment of inactive past-due accounts follows:

	Num- ber	Amount
Accounts on hand June 30, 1927.....	295	\$97,169,839.50
Accounts and added charges to old accounts transferred from current list to inactive list during the fiscal year.....	277	4,684,839.32
Total accounts handled during fiscal year.....	572	101,854,678.82
Accounts remaining unsettled June 30, 1928.....	235	62,529,674.58
Accounts closed during fiscal year.....	337	39,325,004.24

Housing Properties.

At the close of the fiscal year 1928 there were 12 houses in Camden, N. J., which had not been conveyed to purchasers due to imperfect titles. There was also one property in Philadelphia, possession of which was obtained during the year through foreclosure proceedings. Various utilities, park spaces, etc., in several locations were also held pending completion of conveyance agreements with municipalities.

The Atlantic Heights Co., Portsmouth, N. H., through which title to the housing project in that city was held by the Shipping Board, was dissolved during the fiscal year. The following companies which were organized to hold properties in other locations were still in existence at the end of the fiscal year:

Fairview Realty Co., Camden, N. J.
 Noreg Realty Co., Brooklawn, N. J.
 Liberty Housing Co., Dundalk, Md.
 Federal Home Building Co., Lorain, Ohio.
 Wyandotte Home Co., Wyandotte, Mich.

The dissolution of the last four above-named companies is well under way and should be completed within a few months.

Transportation Contracts.

Contracts with the following organizations covering installations or improvement of passenger transportation facilities in connection with various shipbuilding plants, were settled during the year:

San Diego Electric Railway Co., San Diego, Calif.
 Metropolitan Park Commission, Boston, Mass.

This completes the settlement of transportation contracts of this nature remaining from the war-time program.

Securities.

The kind and character of the securities held as of June 30, 1928, are reflected in the following statement:

Notes

Ship sales	\$29,679,734.99
Other than ship sales	1,097,021.09
Construction loan	14,055,769.99
Delinquent rent:	
Brooklawn, N. J.	999.76
Camden, N. J.	1,975.52
Lorain, Ohio	14,235.48
Wyandotte, Mich.	3,332.34
Capital stock: Housing companies	509,300.00
Corporation bonds: Dry-dock advances, etc.	1,229,833.85
Certificates of indebtedness: Sale of material	106,000.00
Housing mortgages:	
Atlantic Heights, N. H.	101,495.00
Brooklawn, N. J.	1,125,522.05
Camden, N. J.	2,450.00
Groton, Conn.	9,945.00
Island Road, Philadelphia	7,665.00
Mortgages and agreements for advances	4,421,000.00
Purchase agreements: Ship sales	5,579,185.29
Receivers' certificates: Ship sales	14,514.54
Total receivables	57,959,979.90

Collateral securities

Bonds-----	\$3, 677, 680. 00
Capital stock-----	232, 330. 00
Mortgages-----	1, 527, 524. 83
Notes-----	30, 000. 00
U. S. Treasury certificates-----	100, 000. 00
Total collateral securities-----	5, 567, 534. 83

Payments on the principal of securities during the fiscal year ended June 30, 1928, totaled \$7,053,513.81. This amount exceeds payments made during the previous fiscal year by \$723,565.88. The sum of \$2,016,888.80 was collected in the form of interest on securities. This is the largest amount of such interest collected in any one year and exceeds last year's total by \$220,298.91. New securities in the aggregate amount of \$9,449,622.73 were received during the year.

Much work was done during the fiscal year in connection with housing mortgages, particularly those covering property at Brooklawn, N. J. Extension agreements of the Brooklawn mortgages, duly recorded, were received and filed with the original mortgages. There have been reductions in principal on the mortgages for other housing projects.

Bonding and Insurance.

During the past year an investigation was made of various forms of insurance carried by the United States Lines in the London, Paris, and Bremen districts. This investigation indicated that many forms of insurance were in effect which it was not the policy of the corporation to carry, and such forms of insurance were canceled. It was also found that individual policies were being carried with bonding companies covering insurance carried by the corporation, and in these cases the individual policies were canceled and coverage placed under the corporation's schedule policy at a saving of premium.

Consolidated Cash Statement.

A consolidated cash statement summarizing the financial activities of the United States Shipping Board and the Merchant Fleet Corporation during the fiscal year ended June 30, 1928, is included in the appendix as Table VII.

GENERAL COMPTROLLER'S DEPARTMENT

Since the activities of the corporation have continued without material change during the fiscal year, this department was enabled to meet its responsibilities without radical revision of procedure or change in organization.

It was necessary, however, to formulate and make effective accounting and auditing procedure to control and reflect the operation of tank steamers directly by the corporation, and it was found desirable to discontinue the local audit of voyage accounts by the San Francisco office and thus centralize in Washington all auditing of voyage accounts submitted by managing operators.

Managing operators' accounts were maintained and submitted with improved uniformity and promptness. The audit routine and method of recording the results of the audit of purchasing, stevedoring, and related expenses, and transshipment and insurance charges were bettered to insure receiving the full benefit of contracts, rate arrangements, and commodity classifications. A consolidation of branches and units of the home office eliminated slight duplications of records and reduced supervisory and clerical expense. Completed accounts have been received from managing operators for all voyages terminating prior to June 30, 1927.

The procedure relating to the maintenance of the log library was entirely revised and the library brought to a more current and complete condition and a higher state of usefulness by the institution of a close follow up on the district offices to insure the receipt of all logs.

Considerable progress has been made in the standardization of miscellaneous audit procedure in the home office and field, and there has been a marked decrease in the number of exceptions taken to disbursements by the General Accounting Office.

Close attention has been given general accounts and their condition improved by careful current supervision and thorough internal audit. This applies with special force to stock-material accounts, in which betterments were made in warehouse procedure and inventory control, and to ship-sales accounts, in the audit of which claims against purchasers aggregating more than \$80,000 were developed.

A substantial decrease in the cost of the printing supplies required by the department has been effected through the revision of accounting forms to make possible the use of standard stock instead of specially sized paper and through the reduction of all requisitions to the minimum quantities actually needed.

CONCLUSIONS

The general reorganization of the Merchant Fleet Corporation, which was made effective during the fiscal year 1927, providing for grouping of all activities of a similar character in one department under one responsible department head, and administration of the business activities of these departments in accordance with approved commercial practices, has proved of substantial value in simplifying

the task of administrative supervision of the Merchant Fleet Corporation during the fiscal year 1928.

The traffic department of the Merchant Fleet Corporation has continued to assist the managing operators in securing business for the established lines by acquainting exporters and importers generally with the character of the service rendered by the vessels of these lines. This had a far-reaching effect in informing the general public throughout the country of the necessity of maintaining these American flag merchant marine services on essential trade routes under Government ownership and management during the pioneer stage of their development.

The greatest handicap to the economical operation of the established Shipping Board Lines has been the lack of vessels of suitable speed, type, and equipment to successfully compete with the privately owned foreign-flag vessels operating competitively on the same trade routes.

The Merchant Fleet Corporation is operating the vessels on the lines established by the Shipping Board as efficiently and economically as possible, considering all the circumstances and requirements. Schedules are regularly maintained and the services are available to shippers to a degree that would not ordinarily be extended by a private owner and operator.

Although the vessels are kept in excellent condition, are thoroughly seaworthy, and are equal to any other vessels of the same type and class, they can not compete on an equal footing with the foreign-flag vessels of modern design, greater speed, and with equipment more suitable for the particular service in which they are engaged.

Although many of the present lines are beginning to show indications of being placed upon a profitable basis, several of the lines show no indication of any such improvement, and the only recourse is to inaugurate a reasonable shipbuilding program to provide vessels of suitable type, speed, and tonnage for these lines if they are to be maintained under Government operation, and so developed as to offer inducement for private ownership and operation.

CONCLUSIONS

The general reorganization of the Merchant Fleet Corporation, which was made effective during the fiscal year 1927, providing for grouping of all activities of a similar character in one department under one responsible department head, and administration of the business activities of these departments in accordance with approved commercial practices, has proved of substantial value in simplifying

APPENDIX

APPENDIX

TABLE I.—Vessels sold, vessels disposed of other than by sale, vessels lost, and vessels added to the United States Shipping Board fleet during the fiscal year ended June 30, 1928

VESSELS SOLD

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
UNRESTRICTED SALES				
Steel cargo ships:				
Western Glen.....	8,645	5,683	\$139,000.00	American Intercoastal Steamship Corporation.
Westmead.....	8,541	5,618	146,000.00	
Westmount.....	8,682	5,649	154,000.00	Dimon Steamship Corporation.
West Helix.....	8,527	5,651	¹ 154,662.00 (\$1,338)	
Eastern Victor.....	8,460	5,726	¹ 181,682.00 (\$4,318)	Hammond Lumber Co.
Cerro Gardo.....	3,610	2,347	31,000.00	
Chamblee.....	3,610	2,323	¹ 29,252.00 (\$1,128; discount, \$620).	High Seas Transportation (Inc.)
Eastern Temple.....	5,544	3,673	95,000.00	
Paria.....	4,261	2,674	37,000.00	International Packing Co.
Sacramento.....	7,462	4,782	104,000.00	
Sutherland.....	7,387	4,784	¹ 103,750.00 (\$3,250)	The Charles Nelson Co.
Mariners Harbor.....	3,535	2,431	43,000.00	
West Erral.....	8,386	5,444	139,000.00	Stephen Perry.
Eastern Coast ²	6,393	3,863	76,500.00	
Eastern Guide.....	6,258	3,704	87,550.00	Pacific Coast Steamship Co.
Neshebec.....	5,340	3,283	33,000.00	
Riverside Bridge.....	5,340	3,545	34,000.00	Gulf Pacific Line.
Total (17).....	109,981	71,180	1,588,396.00	
Refrigerators: Wheaton.....	8,700	6,867	275,000.00	American-Hawaiian Steamship Co.
Miscellaneous: Potomac (ex-enemy passenger and cargo vessel).	11,000	9,709	50,000.00	
Total unrestricted sales (19).....	129,681	87,756	1,913,396.00	Philip Edward Ittman.
SALES WITH SPECIAL PROVISIONS				
Steel cargo vessels sold with buyer obligated to perform specified alteration betterments:				
Lake Singara.....	4,261	2,715	25,000.00	International Packing Co.
Total (1).....	4,261	2,715	25,000.00	
Steel cargo vessels for restricted operation on trade routes:				
American Scantic Line—				American Scantic Line (Inc.).
Argosy.....	7,825	4,995	59,470.00	
Bird City.....	7,825	4,983	34,470.00	
Casper.....	7,825	4,975	34,470.00	
Minnequa.....	7,825	5,165	34,470.00	
Sagaporack.....	7,825	5,113	59,470.00	
Schenectady.....	7,825	5,114	59,470.00	
American Export Lines (additional vessels to augment service on line purchased in 1925)—				Export Steamship Corporation.
West Carnifax.....	8,556	5,627	³ 22,543.00	
The Lambs.....	9,704	6,629	72,780.00	

¹ Represents net return on sale of vessel after deduction of credit account bottom damage not chargeable to insurance. The amount of the credit in each case is shown immediately following the sales price.

² Buyer obligated to replace damaged cylinder at a cost of approximately \$11,500.

³ Buyer obligated to expend not less than \$41,627 in reconditioning vessel.

TABLE I.—*Vessels sold, vessels disposed of, etc.*—Continued

VESSELS SOLD—Continued

Name	Dead-weight tonnage	Gross tonnage	Sales price	Purchaser
Steel cargo vessels, etc.—Contd.				
American Line—				
Bearport	9,422	6,076	96,575.50	Oceanic & Oriental Navigation Co.
Crisfield	9,701	6,321	99,435.25	
Crosskeys ⁴	9,950	6,869	101,987.50	
Dewey	8,543	5,630	87,565.75	
Elkridge ⁴	9,704	6,318	99,466.00	
Montague ⁴	9,418	6,076	96,534.50	
Pawlet ⁴	9,417	6,076	96,524.25	
West Caloot ⁴	8,366	5,342	85,587.50	
West Calera ⁴	8,584	5,644	87,986.00	
West Carmona	8,584	5,645	87,986.00	
West Chopaka	10,970	7,460	112,442.50	
West Conob	8,366	5,336	85,700.25	
West Elcajon ⁴	8,595	5,560	88,098.75	
West Faralon	10,950	7,451	112,237.50	
West Henshaw ⁴	8,541	5,681	87,545.25	
West Islip ⁴	8,786	5,775	90,056.50	
West Ivan ⁴	8,570	5,587	87,842.50	
West Nivaria	8,558	5,652	87,719.50	
West Prospect	10,981	7,460	112,555.25	
West Sequana	8,560	5,613	87,740.00	
West Togus	8,797	5,658	90,169.25	
American Oriental Mail Line—				Tacoma Oriental Steamship Co.
City of Spokane	9,695	6,406	101,798.00	
Cuprum	9,638	6,062	101,199.00	
Eldridge ⁴	10,019	7,001	105,199.00	
Edmore ⁴	9,962	6,999	104,601.00	
West Hinrod	8,368	5,940	87,864.00	
West Ison	8,728	5,773	91,644.00	States Steamship Co.
Wheatland Montana ⁴	9,962	7,001	104,601.00	
Oregon Oriental Line—				
Las Vegas	8,394	5,403	95,000.00	
Oakridge	9,400	6,057	105,000.00	
West Cadron ⁴	8,584	5,724	95,000.00	
West Cayote	8,542	5,564	95,000.00	
West Hixton	8,366	5,376	95,000.00	
West Holbrook	8,366	5,376	95,000.00	
West Kader	8,584	5,570	95,000.00	
West Niger ⁴	8,542	5,645	95,000.00	
West Nomentum ⁴	8,559	5,652	95,000.00	
West O'Rowa ⁴	8,366	5,376	95,000.00	
Wawalona	9,414	6,076	105,000.00	
Total sales of trade routes (47) ..	420,062	276,932	4,120,804.50	
Grand total, all sales (67)	554,004	367,403	6,059,200.50	

⁴ Vessels to which title had not been transferred as of June 30, 1928.

DISPOSITION OF VESSELS OTHER THAN BY SALE

Name	Dead-weight tonnage	Gross tonnage	Sales price	Transferee
Transferred to Government departments:				
Lake Fairlie	4,155	2,606	-----	War Department (Inland Waterways Corporation).
Elk (wooden launch)		30	-----	Treasury Department (U. S. Public Health Service).

VESSELS LOST

	Dead-weight tons	Gross tons	Date of loss
Steel cargo ships:			
Homestead	9,751	6,629	July 21, 1927
Nile	9,956	6,868	Apr. 3, 1928
Total (2)	19,707	13,497	

TABLE II.—*Vessel property controlled by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1928*

[This report is based on information received through July 2, 1928, affecting status of vessels as of June 30, 1928]

	Total		Contract		Requisitioned	
	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons
Steel vessels:						
Passenger and cargo.....	13	132, 330	7	62, 206		
Cargo.....	720	5, 731, 773	589	4, 606, 224	116	1, 001, 552
Tankers.....	10	89, 362	7	67, 315	1	7, 047
Refrigerators.....	13	92, 220	5	41, 967	8	50, 253
Tugs.....	4		1			
Unfinished cargo.....	1	9, 400	1	9, 400		
Total steel.....	761	6, 055, 085	610	4, 787, 112	125	1, 058, 852
Concrete vessels: Tankers.....	1	7, 500	1	7, 500		
Wood vessels: Tugs.....	8		8			
Total vessels.....	770	6, 062, 585	619	4, 794, 612	125	1, 058, 852

	Purchased		Seized		Number acquired from other Government depart- ments
	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons	
Steel vessels:					
Cargo.....	13	106, 462	6	70, 124	
Tankers.....	2	15, 000	2	17, 537	
Tugs.....					3
Total steel.....	15	121, 462	8	87, 659	3
Total vessels.....	15	121, 462	8	87, 659	3

NOTE.—Above figures do not include barges, launches, surf or work boats.

TABLE III.—*Status of vessels controlled by United States Shipping Board Merchant Fleet Corporation as of June 30, 1928*

[This report is based on information received through July 2, 1928, affecting status of vessels June 30, 1928]

	Number	Dead- weight tons
Vessels in hands of operators or charterers:		
Cargo, operating in specified services, United States ports to foreign ports.....	219	1, 928, 236
Cargo, idle with managing operators.....	20	177, 200
Cargo, U. S. Army service.....	1	7, 840
Passenger, operating in specified services.....	11	115, 330
Tankers.....	1	10, 000
Tankers, idle with Operations Department.....	1	9, 298
Tugs, steel (bare boat).....	4	
Tugs, wood (in service with Reserve Fleet).....	7	
Total.....	264	2, 247, 904
Vessels inactive with Merchant Fleet Corporation or shipbuilders:		
Cargo, tied up.....	469	3, 511, 689
Cargo, spot with Operations Department.....	9	80, 889
Cargo, Dieselizing.....	3	35, 319
Passengers, tied up.....	2	17, 000
Refrigerators, tied up.....	13	92, 220
Tankers (steel), tied up.....	7	60, 766
Tankers (steel), spot with operations.....	1	9, 298
Tankers (concrete), tied up.....	1	7, 500
Tugs (wood), tied up.....	1	
Total.....	506	3, 814, 681
Grand total, all vessels.....	770	6, 062, 585

TABLE III.—*Status of vessels controlled by United States Shipping Board Merchant Fleet Corporation as of June 30, 1928—Continued*

SUMMARY OF TOTAL FLEET

	Active		Inactive		Total	
	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons	Num- ber	Dead- weight tons
Cargo.....	240	2, 113, 276	481	3, 627, 897	721	5, 741, 173
Passenger.....	11	115, 330	2	17, 000	13	132, 330
Refrigerators.....	-----	-----	13	92, 220	13	92, 220
Tankers.....	2	19, 298	9	77, 564	11	96, 862
Tugs.....	11	-----	1	-----	12	-----
Total.....	264	2, 247, 904	506	3, 814, 681	770	6, 062, 585

TABLE IV.—*Managing operators and charterers of Shipping Board vessels as of June 30, 1928*

Name of company	Address	Number of vessels	Dead-weight tons	Form of agreement
America-France Line (Cosmopolitan Shipping Co., Inc.)	42 Broadway, New York City	9	78, 141	Operating agreement, 1924.
American Australia-Orient Line (Swayne & Hoyt, Inc.) ¹	430 Sansome Street, San Francisco, Calif.	7	62, 225	Do.
American Brazil Line (Colombian Steamship Co., Inc.)	Pier No. 2, Empire Stores, Jay Street Terminal, Brooklyn, N. Y.	3	22, 954	Do.
American Diamond Lines (Black Diamond Steamship Corporation)	39 Broadway, New York City	17	149, 045	Do.
American India Line (Roosevelt Steamship Co., Inc.)	11 Broadway, New York City	7	65, 693	Do.
American Merchant Lines (J. H. Winchester & Co., Inc.)	Whitehall Building, 17 Battery Place, New York City	10	79, 776	Do.
American Oriental Mail Line (Admiral Oriental Line) ¹	1519 Railroad Avenue south, Seattle, Wash.	3	29, 943	Do.
American Palmetto Line (South Atlantic Steamship Line)	34 East Bay Street, Savannah, Ga.	10	78, 310	Do.
American Pioneer Line, Atlantic Division (Roosevelt Steamship Co., Inc.)	11 Broadway, New York City	6	66, 903	Do.
American Pioneer Line, Gulf Division (Tampa Inter-Ocean Steamship Co.)	Whitney Central Building, New Orleans, La.	10	116, 675	Do.
American Republics Line (C. H. Sprague & Son, Inc.)	44 Whitehall Street, New York City; 33 Broad Street, Boston, Mass.	13	107, 671	Do.
American West African Line (A. H. Bull & Co., Inc.)	40 West Street, New York City	12	100, 689	Do.
Atlantic Australian Line (Roosevelt Steamship Co., Inc.)	11 Broadway, New York City	12	107, 214	Do.
Coyle, W. G. & Co., Inc.)	Pere Marquette Building, New Orleans, La.	² 1	39, 140	Bareboat charter.
Dixie Mediterranean Line (Dixie Steamship Co., Inc.)	Whitney Central Building, New Orleans, La.	5	123, 259	Operating agreement, 1924.
Dixie U. K. Line (Dixie Steamship Co., Inc.)	do	14	115, 741	Do.
Gulf Brazil River Plate Line (Mississippi Shipping Co., Inc.)	1310-1316 Hibernia Bank Building, New Orleans, La.	8	63, 213	Do.
Gulf West Mediterranean Line (Tampa Inter-Ocean Steamship Co.)	Whitney Central Building, New Orleans, La.	² 3	35, 189	Bareboat charter.
Merritt, Chapman & Scott Corporation	17 Battery Place, New York City	4	122, 603	Operating agreement, 1924.
Mississippi Valley European Line (Mississippi Shipping Co., Inc.)	1310-1316 Hibernia Bank Building, New Orleans, La.	14	9, 298	Do.
Mobile Oceanic Line (Waterman Steamship Corporation)	First National Bank Building, Mobile, Ala.	³ 1	10, 000	Management and operation.
Operations Department, New York	45 Broadway, New York City	³ 1	8, 584	Do.
Operations Department, San Francisco	369 Pine Street, San Francisco, Calif.	1	116, 948	Operating agreement, 1924.
Oregon Oriental Line (Columbia Pacific Shipping Co.) ¹	810 Porter Building, Portland, Ore.	14	220, 932	Do.
Oriole Lines (Consolidated Navigation Co.)	Citizens National Bank Building, Baltimore, Md.	25	28, 592	Do.
Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.)	925 Whitney Central Building, New Orleans, La.	3	55, 829	Do.
Texas Mediterranean Line (Texas Oceanic Steamship Co., Inc.)	Cotton Exchange Building, Galveston, Tex.	6	83, 181	Do.
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.)	925 Whitney Central Building, New Orleans, La.	9	74, 724	Management and operation.
Texas Ukay Line (Texas-Oceanic Steamship Co., Inc.)	Cotton Exchange Building, Galveston, Tex.	⁴ 6	7, 840	Loan basis.
United States Lines	45 Broadway, New York City	8	67, 592	Operating agreement, 1924.
War Department	Washington, D. C.			
Yankee Line (Rogers & Webb)	110 State Street, Boston, Mass.			
Total		⁵ 257	2, 247, 904	

¹ Line sold and in process of delivery.

² Tugs.

³ Tankers.

⁴ Passengers.

⁵ Excludes 7 tugs operated for Reserve Fleet, Merchant Fleet Corporation.

TABLE V.—*Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1928*¹

	Total services	Number of vessels		Total services	Number of vessels
European trades.....	27	146	Far East and long voyage trades.....	8	58
Mediterranean trades.....	5	16			
South American trades.....	7	30	Total.....	47	250

EUROPEAN TRADES

Operator	From—	To—	Frequency of sail- ings	Number of vessels
NORTH ATLANTIC/UNITED KINGDOM				
Oriole Lines (Consolidated Navigation Co.).....	Baltimore, Hampton Roads, New York.....	Glasgow, Belfast, Dublin, Avonmouth-Cardiff.....	Every 10 days.....	5
Do.....	Baltimore, Hampton Roads, Boston.....	Liverpool, Manchester.....	2 per month.....	4
Do.....	Baltimore, Hampton Roads, and/or New York.....	Manchester.....	do.....	5
American Merchant Lines (J. H. Winchester & Co.). ²	New York.....	London.....	Weekly.....	5
Do.....	Philadelphia, Baltimore, Hampton Roads, Bos- ton, Portland.	London, Hull, Leith.....	2 per month.....	5
United States Lines ²	New York.....	Cherbourg, Southampton.....	Every 3 weeks.....	1
NORTH ATLANTIC/CONTINENT				
American Diamond Lines (Black Diamond Steamship Co.).	do. ³	Rotterdam.....	Weekly.....	8
Do.....	do. ³	Antwerp.....	do.....	8
America-France Line (Cosmopolitan Shipping Co.).	Spot ship in hands of managing operators.....	Havre, Dunkirk.....	Weekly.....	7
Do.....	Baltimore, Philadelphia, New York.....			
Do.....	Philadelphia, New York.....	Bordeaux, St. Nazaire.....	Monthly.....	2
Yankee Line (Rogers & Webb).....	Baltimore, Hampton Roads.....	Bremen, Hamburg.....	2 per month.....	3
Do.....	Philadelphia, Boston, Portland.....	Hamburg, Bremen.....	do.....	3
Do.....	Spot ships in hands of managing operator.....			2
United States Lines ²	New York.....	Plymouth, Cherbourg, Bremen.....	Weekly.....	5
SOUTH ATLANTIC/UNITED KINGDOM AND CONTINENT				
American Palmetto Line (South Atlantic Steam- ship Line).	South Atlantic ports.....	Liverpool, Glasgow.....	2 per month.....	3
Do.....	do.....	Bremen, Hamburg, Rotterdam, Antwerp.....	do.....	6
Do.....	Spot ships in hands of managing operator.....			1

GULF/UNITED KINGDOM				
Dixie U. K. Line (Dixie Steamship Co., Inc.)	New Orleans	London, Hull, Leith	Every 2 weeks	5
Do	do	Liverpool, Manchester	do	5
Do	do	Glasgow, Belfast, Avonmouth	Monthly	3
	Spot ship in hands of managing operator			1
Texas Ukay Line (Texas Oceanic Steamship Co.)	Texas ports	London, Hull, Leith	Monthly	3
Do	do	Liverpool, Manchester	Every 2 weeks	5
	Spot ship in hands of managing operator			1
Mobile Oceanic Line (Waterman Steamship Corporation)	Mobile, Pensacola, Gulfport	London (also Antwerp or Rotterdam)	2 per month	4
Do	do	Liverpool, Manchester	do	4
	Spot ships in hands of managing operator			2
GULF/CONTINENT				
Southern States Line (Lykes Bros.-Ripley Steamship Co., Inc.)	New Orleans	Bremen, Hamburg, Rotterdam	4 per month	7
Do	Galveston, Houston	do	do	13
	Spot ships in hands of managing operator			5
Mississippi Valley European Line (Mississippi Shipping Co.)	New Orleans	Havre, Antwerp	2 per month	4
Texas Star Line (Lykes Bros.-Ripley Steamship Co., Inc.)	Houston, Galveston	Havre, Antwerp, Rotterdam	do	6
Mobile Oceanic Line (Waterman Steamship Corporation)	Mobile, Pensacola, Gulfport	Continental ports (Havre-Hamburg range)	do	4
Total				146

MEDITERRANEAN TRADES

Gulf West Mediterranean Line (Tampa Inter-ocean Steamship Co.)	Gulf and South Atlantic, Galveston to Wilmington.	Portuguese/Spanish Atlantic	1 per month	3
Do	do	Spanish Mediterranean, North Africa (west of Bizerta).	2 per month	4
	Spot ship in hands of managing operator			1
Dixie Mediterranean Line (Dixie Steamship Co., Inc.)	New Orleans, East Gulf, and South Atlantic ¹	French Mediterranean west coast Italy	Every 2 weeks	2
Do	Gulf and South Atlantic, Galveston to Wilmington. ⁴	Adriatic/Greek Levant/Constantinople/Malta/North Africa (east of Bizerta).	1 per month	3
Texas Mediterranean Line (Texas Oceanic Steamship Co.)	Texas ports and South Atlantic	French Mediterranean, west coast Italy	Every 2 weeks	3
Total				16

¹ Tankers, tugs, and 1 cargo vessel in War Department service excluded.

² Combination passenger and cargo vessels.

³ Steamers also call at Philadelphia, Baltimore, Hampton Roads twice a month, and at Boston once a month.

⁴ Operated jointly with Texas Mediterranean Line (Texas Oceanic Steamship Co.).

TABLE V.—*Services maintained by the United States Shipping Board Merchant Fleet Corporation as of June 30, 1928—Continued*
SOUTH AMERICAN TRADES

Operator	From—	To—	Frequency of sailings	Number of vessels
American Brazil Line (Colombian Steamship Co., Inc.).	New York, Philadelphia, South Atlantic.....	Northern Brazil ports, Para to Victoria, inclusive.	Monthly.....	3
American Republics Line (C. H. Sprague & Son, Inc.).	(Boston, New York Philadelphia, Baltimore, Hampton Roads, South Atlantic.....	River Plate ports.....	do.....	13
	New York.....	Brazil and River Plate.....	do.....	
Gulf Brazil River Plate Line (Mississippi Shipping Co.)	New Orleans & Port Arthur.....	Santos, Plate.....	Every 21 days.....	14
	do.....	Brazil ports.....	Monthly.....	
	New Orleans, Mobile, Pensacola (Gulfport).....	River Plate ports.....	do.....	
Total.....		do.....	do.....	30

FAR EAST AND LONG VOYAGE TRADES

American Pioneer Line, Atlantic Division (Roosevelt Steamship Co., Inc.).	North Atlantic ports.....	Far East.....	Monthly.....	6
American Pioneer Line, Gulf Division (Tampa Intercocean Steamship Co.).	Gulf.....	Far East (China, Japan, and Philippines).....	do.....	9
	Spot ship in hands of managing operator.....			1
Oregon Oriental Line (Columbia Pacific Shipping Co.).	Portland, Oreg.....	Japan, China, and Philippines.....	(⁵).....	1
American Oriental Mail Line (Admiral Oriental Line).	Principally Everett, Tacoma, Vancouver, and Seattle.	do.....	(⁶).....	3
Atlantic Australian Line (Roosevelt Steamship Co., Inc.).	New York.....	Australia.....	Monthly.....	12
American India Line (Roosevelt Steamship Co., Inc.).	do.....	India.....	do.....	6
	Spot ship in hands of managing operator.....			1
American West African Line (A. H. Bull & Co., Inc.).	New York (Gulf via New York when inducements offer).	Azores, Canary Islands, Madeira, and West Africa.	Every 20 days.....	8
	Spot ships in hands of managing operator.....			4
American Australia Orient Line (Swayne & Hoyt, Inc.).	Eureka, Portland, Grays Harbor, Seattle, San Francisco and Los Angeles.	New Zealand.....	(7).....	7
Do.....	do.....	New Zealand and Australia.....		
Do.....	Los Angeles and San Francisco.....	China, Japan, Philippines, and Straits Settlements.		
Do.....	do.....	China, Japan.....		
Total.....				58

⁵ Line sold to States Steamship Co.,¹ Portland, Oreg.⁶ Vessels sold to Tacoma Oriental Steamship Co., Tacoma, Wash.⁷ Line sold to Oceanic & Oriental Navigation Co., San Francisco, Calif.

TABLE VI.—Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1928

Type	Total acquired from all sources		Conversion in type	Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1928	
	Number	Dead-weight tons		Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo steamers:															
Steel	1,521	10,098,868	{ -7 cargo converted to tankers. -3 cargo converted to coolie carriers. -5 cargo converted to passenger. +11 transports converted to cargo.	1,517	10,124,208	718	3,891,198	57	335,649	22	165,588			720	5,731,773
Steel (uncompleted). ¹	1	9,400		1	9,400									1	9,400
Wood	307	1,123,400		307	1,138,163	263	983,838	22	82,910	4	6,008	18	65,407		
Composite	18	63,750		18	63,750	18	63,750								
Concrete	4	13,500		4	12,656	2	6,078	2	6,578						
Total	1,851	11,308,918		1,847	11,348,177	1,001	4,944,864	81	425,137	26	171,596	18	65,407	721	5,741,173
Tankers:															
Steel	143	1,394,180	+7 cargo converted to tankers.	150	1,447,493	128	1,226,451			12	131,680			10	89,362
Wood	1	4,700		1	4,700	1	4,700								
Concrete	8	60,000		8	56,285	3	19,970	1	7,500	3	21,315			1	7,500
Total	152	1,458,880		159	1,508,478	132	1,251,121	1	7,500	15	152,995			11	96,862
Passenger steamers:															
Steel	57	626,967	+5 cargo converted to passenger.	62	625,492	44	434,875	2	19,910	3	38,377			13	132,330
Iron	1	4,000		1	4,000	1	4,000								
Total	58	630,967		63	629,492	45	438,875	2	19,910	3	38,377			13	132,330
Refrigerator steamers, steel.	19	161,400		19	143,358	2	20,300	1	5,524	3	25,314			13	92,220
Transports, steel.	33	233,904	-11 transports converted to cargo.	22	125,390	5	31,670			17	93,720				

¹ Oakhurst.

TABLE VI.—Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1928—Continued

Type	Total acquired from all sources		Conversion in type	Distributed		Vessels sold		Vessels lost		Vessels transferred to Government departments		Scrapped		Vessels owned June 30, 1928	
	Number	Dead-weight tons		Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Colliers, steel	19	103,728	+3 cargo converted to coolie carriers.	19	105,413	19	105,413								
Coolie carriers, steel				3	11,395	3	11,395								
Tugs:															
Steel	86			86		59				23				4	
Wood	74			74		60		1		5				8	
Wood (uncompleted).	1			1		1									
Total	161			161		120		1		28				12	
Barges:															
Steel	9	22,456		9	22,200	7	7,200			2	15,000				
Wood	101	279,500		101	279,500	88	276,000	1	3,500	2				10	
Total	110	301,956		110	301,700	95	283,200	1	3,500	4	15,000			10	
Sailing vessels:															
Steel	7	24,264		7	24,264	6	22,050	1	2,214						
Wood	12	34,500		12	34,500	10	34,500			2					
Total	19	58,764		19	58,764	16	56,550	1	2,214	2					
Finished hulls:															
Wood (cargo)	115	447,700		115	447,700	114	443,850			1	3,850				
Wood (tugs)	6			6		5		1							
Total	121	447,700		121	447,700	119	443,850	1		1	3,850				
Grand total	2,543	14,706,217		2,543	14,679,867	1,557	7,587,238	89	463,785	99	500,852	18	65,407	780	6,062,585

VESSELS CONSTRUCTED BY THE UNITED STATES SHIPPING BOARD MERCHANT FLEET CORPORATION

Type	Vessels originally constructed		Conversion in type	Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1928	
	Number	Dead-weight tons		Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo steamers:															
Steel.....	1,419	9,499,834	(-7 cargo converted to tankers. -3 cargo converted to coolie carriers. -5 cargo converted to passengers. +11 transports converted to cargo.)	1,415	9,517,682	652	3,537,435	43	256,013	15	116,458			705	5,607,776
Steel (uncompleted). ¹	1	9,400		1	9,400									1	9,400
Wood.....	304	1,120,600		304	1,135,463	262	981,138	22	82,910	2	6,008	18	65,407		
Composite.....	13	63,750		13	63,750	18	63,750								
Concrete.....	4	13,500		4	12,656	2	6,078	2	6,578						
Total.....	1,746	10,707,084		1,742	10,738,951	934	4,588,401	67	345,501	17	122,466	18	65,407	706	5,617,176
Tankers:															
Steel.....	138	1,363,030	+7 cargo converted to tankers.	145	1,416,300	125	1,210,258			12	131,680			8	74,362
Wood.....	1	4,700		1	4,700	1	4,700								
Concrete.....	8	60,000		8	56,285	3	19,970	1	7,500	3	21,315			1	7,500
Total.....	147	1,427,730		154	1,477,285	129	1,234,928	1	7,500	15	152,995			9	81,862
Passenger steamers:	25	308,972	+5 cargo converted to passenger.	30	324,488	23	262,282							7	62,206
Refrigerator steamers:	19	161,400		19	143,358	2	20,300	1	5,524	3	25,314			13	92,220
Steel.....															
Transports: Steel.....	22	179,775	-11 transports converted to cargo.	11	73,591	3	18,610			8	54,981				
Colliers: Steel.....	9	70,350		9	70,350	9	70,350								
Coolie carriers: Steel.....			+3 cargo converted to coolie carriers.	3	11,395	3	11,395								

¹ Oakhurst.

TABLE VI.—*Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1928—Continued*

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

Type	Vessels originally constructed		Conversion in type	Total vessels after conversion effected		Vessels sold		Vessels lost		Vessels transferred to other Government departments		Vessels scrapped		Vessels owned as of June 30, 1928	
	Number	Dead-weight tons		Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Tugs:															
Steel.....	54			54		47				6				1	
Wood.....	70			70		58				4				8	
Wood (uncompleted).....	1			1		1									
Total.....	125			125		106				10				9	
Barges:															
Steel.....	6	22,456		6	22,200	4	7,200			2	15,000				
Wood.....	84	277,000		84	277,000	83	273,500	1	3,500						
Total.....	90	299,456		90	299,200	87	280,700	1	3,500	2	15,000				
Sailing vessels: Wood.....	10	34,500		10	34,500	10	34,500								
Finished hulls:															
Wood (cargo).....	115	447,700		115	447,700	114	443,850			1	3,850				
Wood (tugs).....	6			6		5		1							
Total.....	121	447,700		121	447,700	119	443,850	1		1	3,850				
Grand total.....	2,314	13,636,967		2,314	13,620,818	1,425	6,965,316	71	362,025	56	374,606	18	65,407	744	5,853,464

VESSELS PURCHASED BY UNITED STATES SHIPPING BOARD

	Total vessels acquired by purchase		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1923		Total distributed	
	Number	Dead- weight tons	Number	Dead- weight tons	Number	Dead- weight tons	Number	Dead- weight tons	Number	Dead- weight tons	Number	Dead- weight tons
Cargo:												
Steel.....	49	286, 277	26	126, 342	8	42, 287	² 2	8, 965	13	106, 462	49	284, 056
Wood.....	1	2, 500	1	2, 700							1	2, 700
Total.....	50	289, 077	27	129, 042	8	42, 287	² 2	8, 965	13	106, 462	50	286, 756
Tankers, steel.....	5	31, 150	3	16, 193					2	15, 000	5	31, 193
Passenger:												
Steel.....	1	8, 200	1	8, 200							1	8, 200
Iron.....	1	4, 000	1	4, 000							1	4, 000
Total.....	2	12, 200	2	12, 200							2	12, 200
Colliers, steel.....	10	33, 378	10	35, 063							10	35, 063
Tugs:												
Steel.....	26		10				16				26	
Wood.....	² 2		1		³ 1						2	
Total.....	³ 28		11		³ 1		16				28	
Barges, wood.....	8	2, 500	5	2, 500					3		8	2, 500
Grand total.....	103	368, 305	58	194, 998	9	42, 287	² 18	8, 965	18	121, 462	103	367, 712

² Includes Santa Catalina transferred to Navy for a monetary consideration.

³ Includes Clinton (wood), water carrier.

TABLE VI.—*Analysis of the total vessel property acquired by the United States Shipping Board, showing disposition of same as of June 30, 1928—Continued*

EX-ENEMY VESSELS SEIZED

	Total vessels seized		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1928		Total distributed	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo:												
Steel.....	4 52	309, 257	39	223, 921	6	37, 349	4 5	40, 165	2	17, 535	4 52	318, 970
Wood.....	8 2						8 2				8 2	
Total.....	54	309, 257	39	223, 921	6	37, 349	7	40, 165	2	17, 535	54	318, 970
Passenger, steel.....	29	302, 291	18	156, 889	2	19, 910	3	38, 377	6	70, 124	29	285, 300
Transports, steel.....	9	39, 629					9	38, 739			9	38, 739
Tugs, steel.....	1		1								1	
Barges, steel.....	3		3								3	
Sailing vessels:												
Steel.....	7	24, 264	6	22, 050	1	2, 214					7	24, 264
Wood.....	6 2						6 2				6 2	
Total.....	9	24, 264	6	22, 050	1	2, 214	6 2				9	24, 264
Grand total.....	4 8 6 105	675, 441	67	402, 860	9	59, 473	21	117, 281	8	87, 659	4 8 6 105	667, 273

VESSELS TRANSFERRED FROM OTHER GOVERNMENT DEPARTMENTS TO UNITED STATES SHIPPING BOARD

	Total vessels acquired by transfer		Vessels sold		Vessels lost		Vessels transferred		Vessels owned as of June 30, 1928		Total distributed	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
Cargo, steel	1	3,500	1	3,500							1	3,500
Passenger, steel	2	7,504	2	7,504							2	7,504
Transports, steel	2	14,500	2	13,060							2	13,060
Tugs:												
Steel	5		1								5	
Wood	2		1				1		3		2	
Total	7		2				2		3		7	
Barges, wood	9						2		7		9	
Grand total	21	25,504	7	24,064			4		10		21	24,064

¹ 2 subten ders class ed as cargo ves sels (Bridgeport and Cam den), in clud ed.

² Her mes (wood, motor) and Sa moa (wood, gun boat) class ed as cargo ves sels.

³ Aux il iary schoo ners (At las and Neptu ne) class ed as sail ers.

⁴ In clud es cable ship Burn side.

TABLE VII.—Summarized consolidated cash statement, by appropriations, for the fiscal year ended June 30, 1928

Code	Caption	Total	U. S. Shipping Board				
			Salaries and expenses, 1925	Salaries and expenses, 1926	Salaries and expenses, 1927	Salaries and expenses, 1928	Construction-loan fund
	Unexpended cash balance as at June 30, 1927.....	\$45,347,826.82			\$14,148.06		\$4,674,313.51
	Appropriation balance, construction-loan fund, June 30, 1927.....	70,529,152.26					70,529,152.26
RA	Receipts: Appropriations.....	23,383,265.49	\$36,984.60	\$30,271.57	7,408.19	\$292,000.00	
	Sales:						
RB	Sales of vessels, tugs and/or barges.....	7,094,354.39					4,718,592.05
RC	Sales of assets other than vessels, tugs and/or barges.....	777,849.35					687,966.85
	Total sales receipts.....	7,872,203.74					5,406,558.90
RF	Operations income, vessels: Operation of vessels revenue.....	78,110,149.14					
RH	Other operations: Real estate operation and rental revenue.....	666,449.52					
	Other receipts:						
RJ	Interest.....	1,763,750.14					752,289.63
RL	Miscellaneous receipts.....	2,736,042.02					451,958.10
	Total other receipts.....	4,499,792.16					1,204,247.73
	Recovered disbursements:						
RDA	Vessels.....	2,000.00					
RDB	Major reconditioning.....						
RDC	Real estate and equipment.....	73.00					
RDD	Operation of vessels expense.....	3,702,686.85					
RDE	Vessel repairs and betterments.....	88,410.79					
RDG	Protection and indemnity insurance and losses.....	69,104.32					
RDH	Marine insurance expenses and losses.....	1,116,251.01					
RDI	Laid-up vessels expenses.....	7,638.20					
RDL	Real estate operation and rental expense.....	21,231.08					
RDM	Fuel purchased for storage and issue to vessels.....	242,062.79					
RDO	Warehouse stores.....	1,808.85					
RDS	Appropriations refunded to United States Treasury.....	132.54					
RDT	Miscellaneous disbursements.....	1,821,953.80					965,564.03
RDU	Administrative salaries.....	5,743.69					
RDV	Other general expenses.....	33,413.70			1,631.06	8,384.60	
RDX	Dieselization expenses.....	508,562.41					
	Total recovered disbursements.....	7,621,073.03			1,631.06	8,384.60	965,564.03
	Total receipts.....	122,152,933.08	36,984.60	30,271.57	9,039.25	300,384.60	7,576,370.66

Transfer of funds.....		12,241,025.15					
Total.....		250,270,937.31	36,984.60	30,271.57	23,187.31	300,384.60	82,779,836.43
Disbursements:							
Construction repairs and/or betterments—							
DA	Vessels.....	7,114.92					
DB	Major reconditioning.....	1,354.75					
DC	Real estate and/or equipment.....	130,484.66					
DX	Dieselization expense.....	4,860,999.53					
Total construction repairs and/or betterments.....		4,999,953.86					
Operations outgo vessels—							
DD	Operation of vessels expense.....	76,005,536.73					
DE	Vessel repairs and betterments.....	11,667,650.55					
DG	Protection and indemnity insurance expenses and losses.....	1,599,310.21					
DH	Marine insurance expenses and losses.....	1,583,317.52					
Total operations outgo vessels.....		90,855,815.01					
DJ	Laid-up vessels expenses.....	1,934,966.78					
DL	Other operations: Real estate operation and rental expense.....	738,450.73					
Other disbursements—							
DM	Fuel purchased for storage and issue to vessels.....	3,253,726.65					
DO	Warehouse stores.....	1,202,733.52					
DS	Appropriations refunded to United States Treasury.....	37,154.64	36,984.60			37.50	
DT	Miscellaneous disbursements.....	7,575,974.69					5,470,532.36
Total other disbursements.....		12,069,589.50	36,984.60			37.50	5,470,532.36
General administrative expense—							
DU	Administrative salaries.....	4,266,758.35			300.00	237,097.00	
DV	Other general expenses.....	1,259,830.02		9,700.93	11,977.53	49,289.16	
Total general administrative expense.....		5,526,588.37		9,700.93	12,277.53	286,386.16	
Refunded receipts—							
DRF	Operations of vessels revenue.....	1,787,612.73					
DRH	Real estate operation and rental revenue.....	115.00					
DRJ	Interest.....	377.76					90.30
DRL	Miscellaneous receipts.....	2,549,989.53					451,958.10
Total refunded receipts.....		4,338,095.02					452,048.40
Total disbursements.....		120,463,459.27	36,984.60	9,700.93	12,277.53	286,423.66	5,922,580.76
Transfer of funds.....		12,241,025.15					4,240,000.00
Unexpended balance as at June 30, 1928.....		117,566,452.89		20,570.64	10,909.78	13,960.94	72,617,255.67
Total.....		250,270,937.31	36,984.60	30,271.57	23,187.31	300,384.60	82,779,836.43

TABLE VII.—Summarized consolidated cash statement, by appropriations, for the fiscal year ended June 30, 1928—Continued

Code	Caption	U. S. Shipping Board Merchant Fleet Corporation					
		Operating fund	1923 claims appropriation	Liquidation fund, 1925-1927	Liquidation fund, 1928	Dieselization fund	Repossessed ships and trade routes
	Unexpended cash balance as at June 30, 1927	\$37,702,694.34	\$911,165.99	\$220,782.77		\$1,824,722.15	
	Appropriation balance, construction loan fund, June 30, 1927						
RA	Receipts: Appropriations	12,000,000.00	1,016,601.13				\$10,000,000.00
	Sales:						
RB	Sales of vessels, tugs and/or barges				\$2,375,762.34		
RC	Sales of assets other than vessels, tugs and/or barges				89,882.50		
	Total sales receipts				2,465,644.84		
RF	Operations income, vessels: Operation of vessels revenue	78,110,149.14					
RH	Other operations: Real estate operation and rental revenue	666,449.52					
	Other receipts:						
RJ	Interest	477,105.35			534,355.16		
RL	Miscellaneous receipts	2,284,083.92					
	Total other receipts	2,761,189.27			534,355.16		
	Recovered disbursements:						
RDA	Vessels	2,000.00					
RDB	Major reconditioning						
RDC	Real estate and equipment	73.00					
RDD	Operation of vessels expense	3,702,686.85					
RDE	Vessel repairs and betterments	88,410.79					
RDG	Protection and indemnity insurance and losses	69,104.32					
RDH	Marine insurance expenses and losses	1,116,251.01					
RDJ	Laid-up vessels expenses	7,638.20					
RDL	Real estate operation and rental expense	21,231.08					
RDM	Fuel purchased for storage and issue to vessels	242,062.79					
RDO	Warehouse stores	1,808.85					
RDS	Appropriations refunded to United States Treasury	132.54					
RDT	Miscellaneous disbursements	856,389.77					
RDV	Administrative salaries	5,743.69					
RDV	Other general expenses	23,398.04					
RDX	Dieselization expenses	8,562.41				500,000.00	
	Total recovered disbursements	6,145,493.34				500,000.00	
	Total receipts	99,683,281.27	1,016,601.13		3,000,000.00	500,000.00	10,000,000.00

	Transfer of funds.....	5,071,952.19				6,169,072.96		\$1,000,000.00
	Total.....	142,457,927.80	1,927,767.12	220,782.77	3,000,000.00	8,493,795.11	10,000,000.00	1,000,000.00
	Disbursement:							
	Construction repairs and/or betterments—							
DA	Vessels.....	7,114.92						
DB	Major reconditioning.....	1,354.75						
DC	Real estate and/or equipment.....	130,484.66						
DX	Dieselization expense.....	731,528.22				4,129,471.31		
	Total construction repairs and/or betterments.....	870,482.55				4,129,471.31		
	Operations outgo vessels—							
DD	Operation of vessels expense.....	76,005,536.73						
DE	Vessel repairs and betterments.....	11,667,650.55						
DG	Protection and indemnity insurance expenses and losses.....	1,599,310.21						
DH	Marine insurance expenses and losses.....	1,583,317.52						
	Total operations outgo vessels.....	90,855,815.01						
DJ	Laid-up vessels expenses.....	1,934,966.78						
DL	Other operations: Real estate operation and rental expense.....	738,450.73						
	Other disbursements—							
DM	Fuel purchased for storage and issue to vessels.....	3,253,726.65						
DO	Warehouse stores.....	1,202,733.52						
DS	Appropriations refunded to United States Treasury.....	132.54						
DT	Miscellaneous disbursements.....	1,796,869.82	308,572.51					
	Total other disbursements.....	6,253,462.53	308,572.51					
	General administrative expense—							
DU	Administrative salaries.....	4,029,361.35						
DV	Other general expenses.....	1,188,862.40						
	Total general administrative expense.....	5,218,223.75						
	Refunded receipts—							
RDF	Operations of vessels revenue.....	1,787,612.73						
DRH	Real estate operation and rental revenue.....	115.00						
DRJ	Interest.....	287.46						
DRL	Miscellaneous receipts.....	2,098,031.43						
	Total refunded receipts.....	3,886,046.62						
	Total disbursements.....	109,757,447.97	308,572.51			4,129,471.31		
	Transfer of funds.....			150,332.30	2,850,692.85		5,000,000.00	
	Unexpended balance as at June 30, 1928.....	32,700,479.83	1,619,194.61	70,450.47	149,307.15	4,364,323.80	5,000,000.00	1,000,000.00
	Total.....	142,457,927.80	1,927,767.12	220,782.77	3,000,000.00	8,493,795.11	10,000,000.00	1,000,000.00

TABLE VIII.—*Balance sheet as of June 30, 1928*

ASSETS	
A-1-1. Cash and unrequisioned appropriations available for general purposes.....	\$32,920,237.45
A-1-2. Cash and unrequisioned appropriations available for the operation of vessels taken back from purchasers.....	5,000,000.00
A-1-3. Insurance fund, merchant marine act of 1928.....	1,000,000.00
A-2. Cash and unrequisioned appropriations available for settlement of claims, appropriation act, fiscal year 1923.....	1,619,194.61
A-3. Cash and unrequisioned appropriations, U. S. Shipping Board.....	24,870.72
A-4. Construction loan and Dieselization funds.....	91,037,349.46
A-5. Accounts receivable.....	\$55,326,005.44
Less payable offsets.....	\$985,161.47
Less claim offsets.....	18,988,807.63
Less reserve for doubtful or uncollectible accounts.....	31,562,174.58
	51,536,143.68
A-6. Accounts receivable of managing operators.....	3,789,861.76
A-7. Notes receivable.....	482,904.30
Less claim offsets.....	114,259.64
Less reserve for doubtful or uncollectible notes.....	212,175.64
	326,435.28
A-8. Operating supplies.....	156,469.02
A-9. Surplus material for sale.....	5,011,282.53
A-10. Land, structures, and equipment for sale.....	3,103,702.85
A-11. Mortgages receivable and securities.....	8,300.00
Less payable offsets.....	6,994,877.85
Less claim offsets.....	6,782.19
Less reserve for estimated value.....	1,875,550.20
	2,204,588.80
	4,086,921.19
A-12. Accounts and notes receivable for ship sales.....	2,907,956.66
Less payable offsets.....	37,031,814.56
Less claim offsets.....	99,977.96
Less reserve for uncollectible accounts and notes.....	364,630.43
	11,075,378.86
	11,539,987.25
A-13. Real estate and equipment used in operations.....	25,491,827.31
A-14. Estimated recoverable value of claims in favor of U. S. Shipping Board.....	13,055,360.26
A-15. Fleet (at appraised value).....	594,868.57
A-16. Deferred appropriations and commitment charges.....	114,764,649.00
	22,188,702.64
Total.....	324,858,703.11
LIABILITIES	
L-1. Accounts payable and unclaimed wages.....	\$4,240,441.46
Less receivable offsets.....	886,285.37
	3,354,156.09
L-2. Accounts payable of managing operators.....	10,875,610.93
L-3. Deposits on sales and other contracts not consummated.....	298,637.46
Less receivable offsets.....	158,154.99
	140,482.47
L-4. Suspense credits (receipts from ship sales contracts not fulfilled by purchasers).....	165,274.97
Less receivable offsets.....	47,481.26
	117,793.71
L-5. Commitments (other than Dieselization).....	6,423,483.46
L-6. Reserve for insurance claims and losses.....	8,063,490.31
L-7. Reserve for operating claims.....	3,945,220.48
Total liabilities payable from general funds.....	32,920,237.45
L-8. Dieselization commitments and accounts payable.....	4,535,939.64
L-9. Reserve for claims settlements.....	1,619,194.61
Reserve for operation of vessels taken back from purchasers.....	5,000,000.00
Net worth as at June 30, 1928.....	280,783,331.41
Total.....	324,858,703.11
SCHEDULE 1.— <i>Cash and unrequisioned appropriations available for general purposes as at June 30, 1928</i>	
Cash available for general purposes, before adjustment—cash in U. S. Treasury, in banks, in hands of managing operators, and in transit to depositories.....	\$37,527,966.62
Unrequisioned appropriations, emergency shipping fund.....	34,785.09
Plus amount to be transferred from Dieselization fund to operating fund, subsequent to June 30, 1928.....	885,444.16
	38,448,195.87
Less:	
Amount to be transferred to construction loan fund subsequent to June 30, 1928, representing excess of sales receipts over liquidation expense requirements.....	\$2,413,715.20
Amount to be transferred to Dieselization fund from operating fund subsequent to June 30, 1928, in accordance with U. S. Shipping Board resolution of June 19, 1928.....	3,114,243.22
	5,527,958.42
Total cash and unrequisioned appropriations available for general purposes as at June 30, 1928.....	32,920,237.45

SCHEDULE 2.—Reconciliation of cash and unrequisioned appropriation balances as shown by the balance sheet with Treasurer's cash and appropriation statement as at June 30, 1928.

Total cash and unrequisioned appropriation balances per Treasurer's statement, June 30, 1928.....	\$117,566,452.89
Balance sheet application of the above total:	
Cash and unrequisioned appropriations available for general purposes (Schedule A-1-1).....	\$32,920,237.45
Unrequisioned appropriation for operation of vessels taken back from purchasers (Schedule A-1-2).....	5,000,000.00
Insurance fund, merchant marine act, 1928 (Schedule A-1-3).....	1,000,000.00
Claims fund—cash and appropriation balance; fund established by Fleet Corporation appropriation act for the fiscal year 1923 (Schedule A-2).....	1,619,194.61
U. S. Shipping Board, 1926, cash and appropriation balance (Schedule A-3).....	20,570.64
U. S. Shipping Board, 1927, cash and appropriation balance (Schedule A-3).....	10,909.78
U. S. Shipping Board, 1928, cash and appropriation balance (Schedule A-3).....	11,960.94
International Exposition, Seville, Spain, appropriation balance (Schedule A-3).....	2,000.00
Amount set aside for construction loan fund as authorized by section 11 of the merchant marine act of 1920, and amendment thereto approved Mar. 4, 1927 (Schedule A-4).....	72,617,255.67
Amount established as a fund for the Dieselization of vessels (Schedule A-4).....	4,364,323.80
Total cash and unrequisioned appropriations per balance sheet of June 30, 1928....	117,566,452.89

SCHEDULE 3.—Cash and unrequisioned appropriations available for expenses of United States Shipping Board as at June 30, 1928

Cash:	
Available for salaries and expenses, fiscal year 1928.....	\$4,327.48
Available for printing and binding, fiscal year 1928.....	2,418.30
Total cash.....	\$6,745.78
Unrequisioned appropriations:	
Salaries and expenses, fiscal year 1926.....	20,416.45
Printing and binding, fiscal year 1926.....	154.19
Salaries and expenses, fiscal year 1927.....	10,903.28
Printing and binding, fiscal year 1927.....	6.50
Salaries and expenses, fiscal year 1928.....	4,890.22
Printing and binding, fiscal year 1928.....	324.94
International Exposition, Seville, Spain.....	2,000.00
Total unrequisioned appropriations.....	38,695.58
Total cash and unrequisioned appropriations, U. S. Shipping Board.....	45,441.36
Less amount of 1926 appropriations, unrequisioned as at June 30, 1928, to be covered into the U. S. Treasury subsequent to that date:	
Salaries and expenses, fiscal year 1926.....	20,416.45
Printing and binding, fiscal year 1926.....	154.19
	20,570.64
Cash and unrequisioned appropriations available for expenses of U. S. Shipping Board..	24,870.72

¹ The unexpended balance of this appropriation as at June 30, 1928, will be covered into the U. S. Treasury as of July 1, 1928, and this amount has therefore been deducted from Schedule A-3.

TABLE IX.—Gross appropriations and allotments from inception to July 1, 1928

	Original appropriation	Returned to United States Treasury surplus, or reappropriated	Net appropriation	United States Shipping Board	United States Shipping Board Merchant Fleet Corporation
For fiscal years ended prior to July 1, 1927:					
U. S. Shipping Board—					
Acts of Sept. 7, 1916; June 12, 1917; July 1, 1918; July 19, 1919; June 5, 1920; Mar. 4, 1921; June 16, 1921; June 12, 1922; Feb. 13, 1923; June 7, 1924; Mar. 3, 1925; and Apr. 22, 1926.....	\$5,131,616.41	\$675,431.37	\$4,456,185.04	\$4,456,185.04	
U. S. Shipping Board Merchant Fleet Corporation—					
Act of Sept. 7, 1916, permanent fund.....	50,000,000.00		50,000,000.00		
Acts from June 15, 1917, to June 12, 1922, emergency shipping fund.....	3,363,553,000.00	37,689,497.61	3,325,863,502.39		
Acts of Feb. 13, 1923; June 7, 1924; Mar. 3, 1925; and Apr. 22, 1926, current maintenance and operations.....	117,900,000.00		117,900,000.00		
Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments.....	50,000,000.00	11,745,815.10	38,254,184.90		
Acts of Apr. 17, 1917, and July 1, 1918, national security and defense (presidential allotments).....	29,512,426.27	4,524,107.72	24,988,318.55		
Act of Apr. 22, 1926, operation of trade lines, ex-purchasers (expenditures on approval of President of the United States).....	10,000,000.00	10,000,000.00			
Total U. S. Shipping Board Merchant Fleet Corporation.....	3,620,965,426.27	63,959,420.43	3,557,006,005.84		\$3,557,006,005.84
Total for fiscal years ended prior to July 1, 1927.....	3,626,097,042.68	64,634,851.80	3,561,462,190.88		
For fiscal year ended June 30, 1928:					
U. S. Shipping Board—					
Act of Feb. 11, 1927—					
7 commissioners.....	84,000.00		84,000.00		
Printing and binding.....	7,000.00		7,000.00		
All other expenses.....	199,000.00		199,000.00		
Total U. S. Shipping Board.....	290,000.00		290,000.00	290,000.00	
U. S. Shipping Board Merchant Fleet Corporation—					
Act of Feb. 11, 1927—					
Current maintenance and operations.....	17,000,000.00		17,000,000.00		
Operation of trade lines, ex-purchasers (expenditures on approval of President of the United States).....	5,000,000.00	5,000,000.00			
Total U. S. Shipping Board Merchant Fleet Corporation.....	22,000,000.00	5,000,000.00	17,000,000.00		17,000,000.00
Total for fiscal year ended June 30, 1928.....	22,290,000.00	5,000,000.00	17,290,000.00		

For fiscal year ending June 30, 1929:

U. S. Shipping Board—

Act of May 16, 1928—

7 commissioners.....

Printing and binding.....

All other expenses.....

Total U. S. Shipping Board.....

U. S. Shipping Board Merchant Fleet Corporation—

Act of May 16, 1928—

Current maintenance and operations.....

Operation of trade lines, ex-purchasers (expenditures on approval of President of the United States).....

Total U. S. Shipping Board Merchant Fleet Corporation.....

Total for fiscal year ending June 30, 1929.....

Gross appropriations and allotments.....

84,000.00		84,000.00		
9,000.00		9,000.00		
195,750.00		195,750.00		
288,750.00		288,750.00	288,750.00	
13,400,000.00		13,400,000.00		
5,000,000.00		5,000,000.00		
18,400,000.00		18,400,000.00		18,400,000.00
18,688,750.00		18,688,750.00		
3,667,075,792.68	69,634,851.80	3,597,440,940.88	5,034,935.04	3,592,406,005.84

TABLE X.—Statement of profit and loss, excluding liquidation, fiscal year 1928

[Amounts shown in italics represent losses]

Class of vessels	Number of terminations	Cargo tonnage and passengers	Estimated voyage revenue	Operating costs								
				Estimated voyage expense	Adjustment	Insurance	Repairs		Adver- tising	Adminis- trative expense	Total expense	Profit or loss
							Main- tenance	Better- ments				
Freighters.....	1, 095	8, 852, 219	\$58, 218, 086. 53	\$59, 283, 967. 60	\$850, 072. 73	\$3, 503, 640. 32	\$5, 393, 572. 00	\$314, 790. 82	\$165, 518. 51	\$3, 476, 665. 03	\$72, 988, 227. 01	\$14, 770, 140. 48
Passenger and cargo (ex- cluding United States Lines), passenger.....	52	{ 15, 279 2 164, 236 }	2, 651, 071. 63	2, 331, 347. 82	60, 008. 97	82, 897. 12	123, 152. 45	36, 353. 00	24, 362. 27	75, 626. 88	2, 733, 748. 51	82, 676. 88
United States Lines, pas- senger.....	61	{ 188, 891 2 201, 894 }	16, 266, 178. 98	14, 222, 616. 85	161, 864. 26	408, 627. 30	964, 214. 51	286, 057. 11	382, 065. 74	306, 041. 79	16, 731, 487. 56	465, 308. 68
Tankers.....	64	598, 135	1, 365, 241. 63	861, 639. 80	22, 247. 90	103, 429. 89	174, 650. 05	1, 595. 00	-----	36, 772. 25	1, 200, 334. 89	164, 906. 74
Total ocean opera- tions.....	1, 272	{ 194, 170 19, 816, 484 }	78, 500, 578. 77	76, 699, 572. 07	1, 094, 193. 86	4, 098, 594. 63	6, 655, 589. 01	638, 795. 93	571, 946. 52	3, 895, 105. 95	93, 653, 797. 87	15, 153, 219. 20
Tugs.....	8		53, 484. 75	24, 484. 01	-----	1, 550. 30	3, 932. 89	-----	-----	438. 69	30, 405. 89	23, 078. 86
Chartered vessels.....			48, 423. 31	-----	-----	3, 581. 59	8, 611. 31	-----	-----	6, 246. 50	18, 439. 40	29, 983. 91
Total vessel opera- tions.....	1, 280	{ 194, 170 29, 816, 484 }	78, 602, 486. 83	76, 724, 056. 08	1, 094, 193. 86	4, 103, 726. 52	6, 668, 133. 21	638, 795. 93	571, 946. 52	3, 901, 791. 14	93, 702, 643. 26	15, 100, 156. 45
Expenses of inactive vessels in custody of operations, merchant fleet.....												2, 072, 860. 68
Miscellaneous income, net.....												893, 648. 52
Loss.....												16, 279, 368. 57

¹ Passengers.² Tons.

TABLE XI.—Names and compensation of employees of the United States Shipping Board in the service on June 30, 1928

Name	Designation	Legal residence	Rate per annum
C. O. Arthur	Director, bureau of regulation	Indiana	\$5,200
Edward J. Barnes	Assistant clerk	Washington, D. C.	1,080
Zelda Blank	Senior typist	do	1,320
Arthur M. Boal	Admiralty counsel	Massachusetts	10,000
Ruth Bowman	Junior clerk	Missouri	1,440
Robert L. Boyd	Laborer	Washington, D. C.	960
Lylle R. Buskey	Attorney	New York	4,000
Mabel G. Carragher	File clerk	Massachusetts	1,440
Lora S. Cass	Senior stenographer	Oklahoma	1,920
Lettie B. Chapman	Clerk	Washington, D. C.	1,560
Jean Colwell	Junior clerk	Michigan	1,560
Hutch I. Cone	Commissioner	Florida	12,000
Edward P. Cotter	Assistant to chief statistician	Connecticut	3,600
Blanche M. Curry	Stenographer	Washington, D. C.	1,560
Maude Darracott	Junior stenographer	South Carolina	1,560
Albert D. Davis	Cabinetmaker	Virginia	2,040
Maude S. Dawson	Clerk	Nebraska	1,680
Thomas H. Deckelman	Law clerk	Maryland	1,920
Albert H. Denton	Commissioner	Kansas	12,000
Ernest M. Dew	Senior clerk	Ohio	3,000
Margaret E. Dowden	Clerk	Washington, D. C.	1,740
Dan P. Eldridge	Clerk to commissioner	do	3,000
Daniel Eskridge	Head porter	do	1,200
Margaret E. Evans	Clerk	Ohio	1,320
Caroline D. Flanner	Senior clerk	Washington, D. C.	2,400
F. H. Flinn	Assistant chief clerk	New Jersey	2,700
M. L. Fowler	Purchasing agent	South Carolina	3,000
Maybelle Fry	Telephone operator	Washington, D. C.	1,320
Samuel Goodacre	Secretary	do	6,500
Charles B. Gray	Assistant attorney	Pennsylvania	2,400
Olive M. Henderson	Clerk	Virginia	1,440
Lillian M. Hildebrand	Senior stenographer	Maryland	1,920
Nettie J. Hipple	do	Pennsylvania	1,800
James Jackson	Unskilled laborer	Virginia	1,080
Mary M. Kidwell	Junior statistical clerk	Kansas	1,320
Larkin C. King	Laborer	Washington, D. C.	1,080
Olive V. King	Clerk	do	1,800
Lottie P. King	Senior typist	Maryland	1,560
Florence J. Lacy	Library assistant	Washington, D. C.	1,680
Leon A. LeBuffe	Clerk	South Carolina	1,860
Manilla R. McCue	Assistant clerk-stenographer	Virginia	1,500
Bessie C. Mallicote	Stenographer	Washington, D. C.	1,680
Julius Manns	Laborer	do	960
Jefferson Myers	Commissioner	Oregon	12,000
Alice S. Murray	Senior clerk	Massachusetts	2,200
John Nicolson	Director bureau of traffic	New York	7,500
Alice F. Nollner	Senior stenographer	Washington, D. C.	1,560
T. V. O'Connor	Chairman	New York	12,000
M. J. Pierce	Chief clerk	Tennessee	3,600
E. C. Plummer	Commissioner	Maine	12,000
Logan Presler	Clerk	Ohio	1,800
Fred A. Quinn	Senior clerk	Pennsylvania	2,800
Lee E. Rank	Clerk	do	1,920
J. G. Reckert	Assistant purchasing agent	Washington, D. C.	2,400
Katherine C. Renz	Telephone operator	do	1,320
Joseph H. Rhoderick	Clerk	do	1,620
L. R. Roberts	Chief filing section	Iowa	2,600
Evelyn M. Sackett	Senior stenographer	New York	1,800
Samuel S. Sandberg	Commissioner	California	12,000
Ralph I. Schneider	Examiner	Wisconsin	2,700
Linda M. Shanahan	Clerk to commissioner	Washington, D. C.	2,400
D. W. Shannon	Multigraph operator	do	1,440
Marietta A. Stevens	File clerk	Indiana	1,320
Roland K. Smith	Commissioner	Louisiana	12,000
Alexander R. Smith	Examiner	New York	3,000
Samuel D. Schell	Assistant secretary	Maryland	3,600
Anna Tiede	Clerk to commissioner	California	3,000
Landon W. Trudgian	Assistant to the secretary	Washington, D. C.	2,600
Marie C. Van Arnum	Telephone operator	do	1,320
Emma Von Toerne	Senior stenographer	Wisconsin	1,980
May E. Wagner	Senior typist	Washington, D. C.	1,440
Hext P. Ware	Examiner	Maryland	3,000
George West	Underclerk	California	1,200
Bertha E. Wolfe	Clerk	Washington, D. C.	1,740
W. M. Woods	Accountant	Massachusetts	2,400
Virginia E. Woodward	Clerk	Maryland	1,620
Albert C. Wimberly	Junior clerk	Washington, D. C.	1,320
Walter Ziwn	Senior typist	Pennsylvania	1,560

Names and compensation of employees of the United States Shipping Board who have been in the service some part of the fiscal year ended June 30, 1928

Name	Designation	Legal residence	Rate per annum	Date of separation
William S. Benson.....	Commissioner.....	Georgia.....	\$12,000	June 8, 1928
Ruth E. Cain.....	Junior clerk.....	New York.....	1,440	Apr. 15, 1928
William S. Hill.....	Commissioner.....	South Dakota.....	12,000	Dec. 12, 1927
Ednah C. Ryder.....	Junior statistical clerk.....	New York.....	1,320	June 1, 1928
Philip S. Teller.....	Commissioner.....	California.....	12,000	June 8, 1928
Alma Webster.....	Clerk.....	Washington, D. C.....	1,680	Apr. 9, 1928
Lillian Wilson.....	Senior typist.....	Minnesota.....	1,560	Aug. 10, 1927

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