# Seventh Annual Report

OF THE

# UNITED STATES SHIPPING BOARD

Fiscal Year Ended
June 30
1923

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1923

THE UNITED STATES SHIPPING BOARD.

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EDWARD P. FARLEY, *Chairman.*
T. V. O'CONNOR, *Vice Chairman.*
WILLIAM S. BENSON, *Commissioner.*
BERT E. HANEY, *Commissioner.*
MEYER LISSNER, *Commissioner.*
EDWARD C. PLUMMER, *Commissioner.*
FREDERICK I. THOMPSON, *Commissioner.*
CARL P. KREMER, *Secretary.*

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## LETTER OF TRANSMITTAL.

UNITED STATES SHIPPING BOARD,
*Washington, D. C., December 1, 1923.*

*To the Congress:*

In compliance with section 12 of the shipping act, 1916, we have the honor to transmit herewith the seventh annual report of the United States Shipping Board and the United States Shipping Board Emergency Fleet corporation covering the fiscal year ending June 30, 1923.

EDWARD P. FARLEY, *Chairman.*
T. V. O'CONNOR, *Vice Chairman.*
W. S. BENSON, *Commissioner.*
BERT E. HANEY, *Commissioner.*
MEYER LISSNER, *Commissioner.*
E. C. PLUMMER, *Commissioner.*
F. I. THOMPSON, *Commissioner.*

# PART I

## UNITED STATES SHIPPING BOARD

# UNITED STATES SHIPPING BOARD.

## ORGANIZATION.

On July 1, 1922, the Shipping Board consisted of the following members, who were appointed June 9, 1921: Albert D. Lasker (chairman), from the interior, term six years, qualified June 13, 1921; T. V. O'Connor (vice chairman), Great Lakes, term five years, qualified June 15, 1921; George E. Chamberlain, Pacific coast, term four years, qualified June 13, 1921; Edward C. Plummer, Atlantic coast, term three years, qualified June 14, 1921; Frederick I. Thompson, Gulf coast, term two years, qualified June 13, 1921; Meyer Lissner, Pacific coast, term one year, qualified June 16, 1921, reappointed June 13, 1922, term six years; and W. S. Benson, Atlantic coast, term one year, qualified June 13, 1921, reappointed June 13, 1922, term six years.

On June 8, 1923, the term of Commissioner Frederick I. Thompson expired. On June 9, 1923, a recess appointment was tendered to and accepted by Mr. Thompson, term six years, qualified June 11, 1923.

On June 19, 1923, Albert D. Lasker resigned as chairman of the board. On June 20, 1923, a recess appointment for the unexpired term of Mr. Lasker was tendered to and accepted by Edward P. Farley, from the interior, who was designated by the President as chairman of the board. Mr. Farley qualified for office on June 20, 1923.

During the fiscal year the board held 80 meetings, in addition to a number of special hearings conducted either by the board or by committees thereof.

## GENERAL.

The year covered by the last annual report of the United States Shipping Board was devoted in the main to reorganization of the board and the Emergency Fleet Corporation, to the institution of adequate accounting facilities, and to the placing of the active Government-owned fleet upon a basis as nearly commercial as then was possible. The demands which this amount of administrative detail made upon the board and the corporation were so great and so pressing that it was impossible for the board to devote as much time to constructive planning and to the evolution of a national

maritime policy as the board itself would have desired. Still, before the close of the fiscal year 1921, there had been drawn up and submitted to Congress a comprehensive plan for the extending of Government aid to private American shipping in such measure as would, it was thought, overcome the national handicaps in the operation of ships. The period covered by that report was largely devoted to passing upon suggested amendments to this measure.

This plan had been the subject of much thought and, while admittedly subject to modification in minor details, underwent the test of searching and extended hearings before the committees of Congress having charge of affairs maritime. It emerged from this scrutiny practically unchanged and was reported out to the House with favorable recommendation by the House Committee on the Merchant Marine and Fisheries.

On September 22 Congress adjourned, not to meet until the following fall. This naturally left the board's plans in abeyance until the Congress could act upon the recommended measure. Because of the hoped-for favorable action upon this measure, none of several changes, which might otherwise have been made in the system of operation, were undertaken because of unwillingness on the part of the board to introduce new factors into the situation at a time when the pending legislation might shortly necessitate still more far-reaching alterations in policy. During the pendency of the merchant marine bill the status quo, as far as the operation of the emergency fleet went, was therefore maintained, despite many well-recognized disadvantages in the existing system of operation.

**The Problem of the Board.**

The problem which faced the board was simple in its nature but extremely difficult as to solution. During the war, under the spur of acute military necessity and because of our lack of encouragement to American shipping in the past, the United States had embarked upon the most stupendous policy of ship construction ever known. Because of the military situation this construction was largely confined to cargo vessels of a restricted range in size and an even narrower range in speed. For a brief period after the armistice, when this program of construction had not been entirely completed and when foreign tonnage was still under various forms of governmental restriction, shipping was highly profitable.

In the spring of 1920 the freight market collapsed, due to overproduction of shipping and lack of buying power on the part of European nations. Rates fell to rock bottom and American ships, which, with their higher costs of operation, must of necessity be the first ones affected by a drop in rates, sought the more profitable and protected coastwise trades. After the end of 1920 the maintenance

of American flag services in foreign trade depended almost entirely on the Government fleet.

Under these conditions many of the organizations that had purchased vessels at the high prices of 1919 were unable to continue their payments and in many cases became totally insolvent. Ships represented a liability rather than an asset, and prudent American shipowners declined to increase their fleets with no prospect of profitable employment for the additional vessels.

It was in the face of this situation that the present Shipping Board took office. As reported last year, it effected all possible economies by the curtailment of unnecessary and competing services and by the reduction in the number of operators by the elimination of the least capable. These measures, while essential to the program of economy which our heavy taxation rendered imperative, provided of themselves nothing for the future. A continuance of the operating scheme until the board's fleet was worn out would leave the country just where it had been in 1914.

The board accordingly faced the problem of a constructive policy.

The ends to be attained were twofold. The paramount one was the taking of such steps as would insure the healthy growth of a privately owned merchant marine adequate to carry the greater portion of our commerce, as mandated by the law which created the present Shipping Board, and containing the necessary types for military use in case of hostilities. The secondary end was to dispose of as many as possible of its fleet in such manner as to aid in achieving its primary mission and at the same time to cover into the Treasury the greatest amount of money possible.

**Handicaps of American Shipping.**

The disadvantages under which American ships labor are many. In the first place, due to our high standards of living, labor in this country receives a much greater wage for a given amount of work than it does in any foreign country. Because of this difference in labor, and despite certain advantages in the cost of material, a ship built in an American shipyard represents an investment approximately 25 per cent greater than would the same vessel had it been constructed on, say, the Clyde. This 25 per cent excess in first cost involves a burden in the shape of higher insurance, depreciation, and interest charges which must be carried through the life of the vessel.

In addition to the effect of labor on the first cost, the pay roll of an American ship, of which the wage scale of the licensed officers (who by law are required to be American citizens) is a very important part, exceeds that of a similar foreign ship by approximately 30 per cent for the ordinary cargo steamer, or in the neighborhood

of $10,000 per year. To this should be added a certain difference from the standpoint of food costs, due again to the higher standards demanded by the crews of American ships.

A third difficulty lies in the raising of capital for shipping. Maritime securities are little known in this country, while in Great Britain, for example, they form a large field of popular investment. To the naturally higher money rates in this country must be added, therefore, the premium that would be charged for the sale by underwriters of shipping securities. As a matter of fact, after the fall of freight rates and ship values had seriously affected not only the speculators in ship tonnage but even substantial banks which had advanced money on what then seemed to them a conservative valuation, capital for shipping was practically unobtainable. Our competitors had in their possession ships which they had built and financed chiefly at pre-war prices and whose book value had been written down during the lucrative period following the war to a nominal figure. A purchaser of American ships had the disadvantage that, even though the board were willing to sell tonnage at prices which did not involve any handicap in the price itself, nevertheless to obtain the necessary capital such rate of interest would be charged that the purchaser would be forced to meet much heavier annual capital charges than did his foreign competitor.

Finally, our chief maritime rivals have been established for years; have firmly entrenched themselves in their respective trades; and have built up by efficiency and careful service a good will of inestimable value to them and which kept them going even during the period of greatest depression by reason of the commercial momentum which they had acquired during their years of operation. The vast coal exports of England and the great business enterprises which English capital had established in distant lands furnished cargoes which have greatly aided British shipping.

These present some of the principal reasons why the merchant marine of the United States has been unable to succeed in the foreign trade of this country. Some of these handicaps are of a transient nature and will disappear in the course of time. The most serious ones, however, are those due to restrictions which are imposed upon our ships by our laws for the general good of the country as a whole.

For example, in order to promote the development of a native and loyal personnel, our laws require that only citizens of the United States shall be licensed as officers in our merchant marine. Because of this our licensed officers receive, and are not begrudged, a wage nearly twice that which foreign officers enjoy. To encourage our vital industry, shipbuilding, Congress imposed a duty of 50 per cent on repairs made abroad and, until the war, required that no ship could fly the American flag unless she was the product of American

shipyards. We can not cavil at the wisdom of these requirements; they are imposed for the general good of the country and especially for the national defense in time of emergency, but they do not render to the shipowner any advantage commensurate with the increased cost which they involve and which he must solely bear. The unwisdom of expecting private capital to bear for the national welfare a greater charge than would be imposed upon that capital did it seek investment in ships under a foreign flag is shown by the pre-war situation when our greatest passenger fleet, our oil fleets, our steel fleets, our fruit fleet, and such few tramp steamers as we owned were almost wholly under foreign flags, although owned by American citizens.

Obviously, if the country is to impose financial burdens upon its shipping, it must, in order to obtain such shipping, be willing to bear from the National Treasury those higher costs which such impositions bring about.

In the face of existing conditions, since an American merchant marine can not be obtained through the natural workings of supply and demand, it is necessary for the taxpayer, if he is to receive the benefits of American competition in our foreign carrying trade, to bear in some manner the differential between our costs and foreign costs. This fact has been clearly realized for many years. The question of how best to absorb this differential and develop the great industry of American shipping has not been so widely agreed upon.

**Methods of Aiding the Merchant Marine.**

Basically, there are two means by which the cost differential may be overcome. The one is by imposing additional duties upon foreign goods and vessels entering our ports to an amount sufficient to raise their transportation costs to the level of ours. This was the policy in force in this country during the first half century of its existence. The other is by granting sufficient subventions to American ships engaged in carrying cargoes to and from the United States to bring our operating costs down to the level of our foreign competitors.

The tariff acts have almost invariably contained a provision imposing discriminatory duties upon goods imported in foreign vessels, but each contains the proviso that such section shall not contravene any existing treaties. Advocates of discriminating duties have contended for the amendment of such treaties as we have negotiated, so that the discriminating sections of the current tariff laws would automatically come into effect. In the merchant marine act, 1920, section 34 contained the direction that provisions of treaties which prevented the imposition of discriminating duties should be terminated. Both President Wilson and President Harding declined to put this section into effect.

Elimination of the method of meeting foreign competition by discriminatory legislation would seem to leave as the sole way out the assumption by the Government of the excess cost of operation. This in turn can be accomplished in either of two methods. First, by subventions to American vessels while engaged in carrying cargoes to and from the United States sufficient to enable them to compete with foreign ships, or, second, by the complete assumption by the taxpayers of the entire cost of operation and the revenues from the freights, the resulting loss being the country's contribution toward an American merchant marine. From the standpoint of efficiency and economy there can be no choice. Private operation, personal responsibility, and individual initiative would require a relatively slight assistance to be placed upon a competitive basis with the shipowners of foreign nations. On the other hand, operation by the Government, with its system of checks and balances, has obvious and serious disadvantages.

**The Recommendation of the Board.**

The board's recommendation to the President, which met his hearty approval, contemplated the payment to American vessels engaged in the foreign trade of this country of a carefully calculated sum which should approximately overcome the operating cost differential. In order to earn this sum the recipient had to employ his ship in American commerce in foreign trade, had to build it in the United States, had to employ a certain proportion of American citizens in the crew, and had to hold it subject to requisition by the United States at a reasonable price. Other provisions were inserted which insured that the grant was recaptured by the Treasury whenever it was found to be unnecessary to enable a fleet to return a reasonable profit from its actual investment, while the board itself was given the power of reducing or increasing the rate of compensation within certain limits to meet extraordinary conditions as they arose.

When Congress reconvened in the fall, the merchant marine bill was brought to a vote, and with a few minor amendments passed the House by a vote of 208 for to 184 against. It was then submitted to the Senate, and there it became the subject of considerable debate. Congress adjourned without final action on the bill.

**New Policy.**

With the failure to obtain action upon its proposed remedy, the Shipping Board was faced with the imperative necessity of making other plans. The board appointed two committees from its membership, one to formulate a policy for the disposition of the active and efficient portion of the laid-up ships, the other to determine the physical condition of the entire fleet and to recommend steps for

the removal of such vessels as were beyond any possible hope of usefulness to the American merchant marine.

The first, or policy committee, expressed itself as anxious to obtain cooperation and counsel from those private interests directly concerned with the problem. It accordingly invited delegations from the American Steamship Owners' Association, the United States Ship Operators' Association, and the Council of American Shipbuilders, respectively, to appear before it and give the committee the benefit of their views. In addition, the committee obtained the services as an advisory staff of the senior officers of the Emergency Fleet Corporation.

As a result of extended conferences, the chairman of the policy committee made a report to the board, which the latter gave consideration in deciding upon its new policy.

This new policy had to do solely with the disposition of vessels which would be required to maintain the desirable trade routes which the board had in operation. Basically, it provided that such routes could not be turned over by the board to private interests except upon an agreement by the private organization to maintain an adequate service for a period of years, secured by a binding guaranty or penalty. The board agreed that where a responsible purchaser could be found who would agree to maintain service for an acceptable period of time over a desirable trade route the United States would be justified in making some concession below world market prices on the ships sold to such purchaser.

The policy committee recommended, and the board approved, a step which would doubtless have been taken months previously had it not been for the pendency of the merchant marine bill. This involved the consolidation of the existing services, many of them covering a limited range of territory and a few of them overlapping or conflicting, into 18 primary groups, each serving naturally a sufficiently wide range of territory to insure flexibility and to promote greater efficiency and the ability to meet foreign competition with smaller losses than heretofore. Such consolidations would result in the further economy of permitting practically the same amount of service to be rendered by a smaller number of vessels.

The board further decided that the existing managing agency system was unsatisfactory and should be terminated, either by the sale of vessels upon particular services to private organizations which would assume the entire task of their operation or, failing this, by a direct operation on the part of the board itself.

The routes as consolidated were extensively advertised in the public press on April 28, 1923, and bids were requested for the purchase of ships for operation on one or more of these routes over a

period of years with an adequate guaranty of maintenance of service. While the conditions could not attract many bidders in the present condition of the shipping business, a number of offers were received, some of which seemed sufficiently promising to the board to warrant further negotiation, which it is hoped may result in a sale of some important routes.

## LIQUIDATION OF MATERIAL RESOURCES, OTHER THAN SHIPS.

As a result of the war-time shipbuilding program, large quantities of surplus materials, plants, dry docks, housing projects, and transportation facilities which were purchased, constructed, or financed by the Shipping Board came into its possession. Former administrations of the board disposed of a considerable part of this property, but in June, 1921, there was still on hand property which had originally cost several hundred million dollars. During the fiscal year 1922 plans for the complete liquidation of these assets were made, and by the end of the fiscal year 1923 the program was practically completed.

The material which has been disposed of within the last two years included almost everything entering into the construction or equipment of steel and wood ships, as well as many types of shop equipment and tools, originally purchased to equip and complete shipbuilding yards which, like Hog Island, were built for the Government. These materials were widely scattered in several hundred locations over the whole country, and their sale from Washington alone was not considered practicable. The country was, therefore, divided into several districts, with headquarters at the principal warehouse in each district, and a sales manager was placed in charge of each, with authority to make sales in amounts not exceeding $5,000 at prices not less than the "appraised value." Sales at prices less than the "appraised value," or for larger amounts up to $100,000, were subject to Home Office approval. All sales in excess of $100,000 "appraised value" were subject to approval by the board of trustees of the Emergency Fleet Corporation.

Although various methods of sale were used, it was found that the most satisfactory results were obtained by negotiation, and the majority of sales were completed in this way. When, however, the stocks of material at the warehouses and major projects were so reduced that individual sales were uneconomical, auctions were held with quite satisfactory results.

Early in the sales program it was decided that all sales should be made for cash or the equivalent in the form of irrevocable domestic letters of credit. This greatly simplified the collection of the proceeds of sales and also facilitated to a considerable extent the

delivery of material. Prior to this time sales were made on the basis of part payment at the time of sale and balance after shipment, and as a result deliveries were greatly delayed, due to a general tendency on the part of purchasers to leave the material in the custody of the corporation, pending changes in market conditions.

By the end of the calendar year 1922 all but a very small amount of the surplus material had been disposed of, that remaining being made up of minor items in several locations, unavailable for sale due to legal or other difficulties.

In June, 1923, but a few of the plant matters, which originally numbered about 200, were unsettled. This large number of items covered advances which the Shipping Board made during the war to provide for shipyard and other plant improvements and extensions. Many different problems were involved in the settlement of these accounts, the improvements being in some cases disposed of by settlement with the shipbuilder for whom originally provided, while in other cases sales were made to outsiders. The value of a number of these accounts was included in the consideration of claims and other matters pending between the company concerned and the board, and disposition made in connection with the final settlement.

Of the few plant properties which remain, the majority are involved in unadjusted legal or financial matters. There are but two properties to be sold—one, to the Skinner & Eddy plant, but recently made available for sale, which includes land, buildings, machinery, tools, etc.; and the other, the Hog Island plant. The latter comprises land, permanent buildings, and fixed equipment only, the material, tools, temporary structures, and shipbuilding crane ways having already been sold.

Most of the dry docks and marine railways, which were financed during and immediately following the war by the Shipping Board to relieve the serious shortage of these facilities existing at that time, were turned over to ship repair companies under various forms of lease or sales agreements requiring payment over a period of years. Due to the general depression in the ship-repair business which later developed and also to the fact that the values at which these facilities were turned over to the companies were based on the war-time construction cost, it became necessary to consider some means by which the contracts could be satisfactorily settled without seriously jeopardizing the financial interests of the board or inflicting unnecessary hardships on the operators.

One of the first duties of the new organization to which the sale of these facilities was assigned in the fall of 1921 was to determine their fair present day market prices. Bearing these prices in mind and with full consideration of the terms of the original contracts, a number of the contracts were satisfactorily settled before June,

1922, and since that time practically all of the remaining contracts have been liquidated.

In addition to the dry docks covered by contracts there were several which were not so assigned, and due to financial difficulties of the contracting companies it has been necessary to take back several other docks. There has been but very small demand for additional facilities of this kind on account of the depressed condition of the ship-repair business, but one dock has been sold, and it may be possible in the near future to dispose of others of the five which remain. The progress in disposing of these docks will necessarily be slow, if satisfactory prices are to be obtained, until such time as the existing equipment is more fully utilized and the need for additional facilities exists.

Of the 30 housing developments, including several thousand houses, together with apartments, dormitories, and other buildings which were provided by the Shipping Board to accommodate the increase in the number of workmen in the shipbuilding plants during the progress of the shipbuilding program, there were in July, 1921, part or all of 20 projects unsold. The policy of public auction sales was adopted as the best method of obtaining prompt liquidation, and a number of the projects were satisfactorily disposed of by this means. Easy terms of payment were allowed in the sale of individual houses, and a number of the tenants who had been renting from the board were able in this way to purchase their homes.

At present there are but three unsold housing projects, and arrangements have been made for the sale of one of these during July. The others are not at present available for sale due to unsettled legal and financial matters, but it is hoped that they may be placed in line for disposition within a reasonable time.

The contracts under which loans were made to various transportation and power companies for the improvement of existing facilities, in connection with the housing program, provided, in general, for payment, one year after the formal declaration of peace, of amounts based on a revaluation of the property. The settlement of these contracts did not involve sales problems, but it was necessary that mutually satisfactory agreements as to the value of the property be reached between the board and the company to which the loan was made. Such agreements have been made in most cases, and practically all of these contracts have now been settled.

## PERSONNEL.

In spite of the fact that the Shipping Board and the Emergency Fleet Corporation were reorganized by the present board shortly after its induction into office, and notwithstanding that this re-

organization involved the creation of many entirely new divisions in order actively to pursue the tremendous task of liquidation, the pay roll and the number of employees of the board and the corporation have been steadily and substantially reduced.

The greatest reduction, of course, occurred in the first year the present board held office, for then it was making such changes as its new organization required and permitted. But the last fiscal year shows a continued reduction, both in numbers and in pay roll, which is significant of the determined efforts toward economy which are being made by the board.

On June 30, 1921, there were 8,189 employees of the board and corporation whose annual pay roll amounted to $14,382,832. One year later this was reduced to 5,083 employees and pay roll to $10,519,242. This reduction of 3,106 employees and $3,863,590 in salaries amounted to a decrease of 37.9 per cent and 26 per cent, respectively.

The figures of June 30, 1922, dropped, by June 30, 1923, to 3,471 employees, receiving $7,896,006, showing in the past fiscal year a further decrease of 1,612 employees and $2,623,236. Expressed in percentages, the reduction for the year 1922–23 is 31.7 per cent in numbers and 24.9 per cent in dollars. The net decrease in the two years amounts to 4,718 employees and $6,486,826.

## RECOMMENDED LEGISLATION.

The Shipping Act, 1916, directed that the board in its annual report make such recommendation as to legislation as it considered necessary in the interests of the American merchant marine. In accordance with these instructions the following is submitted:

### The Proposed Bill in Aid of American Shipping.

As previously mentioned, the United States Shipping Board, upon the recommendation and with the approval of the President, submitted to the Congress a carefully drawn bill which, in its opinion, would have made it possible for American vessels to establish themselves in foreign trade upon a parity with their competitors of other nations.

The proposed bill provided basically for both direct and indirect assistance to American vessels. The direct aid was embraced in a payment made in respect to American ships owned and operated in foreign trade. This payment varied with the distance steamed by the vessel and involved a rate dependent upon the size and speed of the ship.

In addition to the direct aid, the bill contained various measures which it was believed would have been indirectly of considerable assistance to the American merchant marine.

The measure provided among other things that the construction loan fund, created by section 11 of the act of 1920, should be made available for reconditioning and reengining existing vessels. Under the act as it stands this fund is only available for new construction. With the change recommended it might be possible to secure the improvement and alteration of some of the large passenger vessels now lying idle but capable of being transformed into efficient craft. It would also thus have been possible to make loans in encouragement of the installation of Deisel engines in existing vessels that had uneconomic steam plants. The existing law only applies to loans for private construction. It is suggested that the amendment also provide for the use of the construction loan fund by the Shipping Board itself for reconditioning purposes or for the building of desirable types of vessels.

The proposed bill provided that the transportation of Government officials and property the expense of which was borne by the Government should be done wherever practicable upon American vessels. It also provided that where sufficient commercial transportation under the American flag was in existence the President might instruct the military departments of the Government to curtail or withdraw their own transportation systems and contract with the commercial carrier for the performance of the work they required. In order to make this latter feature workable, and particularly to permit the building of vessels to meet the specifications of military transportation, the Government departments were authorized to enter into 10-year contracts with commercial carriers.

To secure the close coordination of land-water transportation, a joint board was provided for whose personnel was to be chosen from that of the Interstate Commerce Commission and the United States Shipping Board. This joint body was to study questions involving both rail and water transport and was to make recommendations to the parent bodies within their respective fields.

Closely allied was the question of applying section 28 of the merchant marine act. This section provides for the application of export or import rail rates on through shipments only when such shipments moved, as to water transportation, in American vessels. The Interstate Commerce Commission might, upon recommendation by the board, order the suspension of this section when there was not adequate American tonnage available upon the route in question, but this was the only ground on which the section could be held in abeyance. In the proposed bill section 28 was modified so that its provisions could be suspended when their practical effect would have been to cause undue congestion at one or more ports or to materially alter the normal flow of commerce.

The original bill provided for the establishment of a Naval Reserve consisting of citizens qualified to perform duty on board or in connection with merchant vessels of the United States. The bill left the administration of this force entirely to the Navy Department, but provided for the transfer of a reasonable sum annually from the Shipping Board funds to the Navy Department to meet the expense of this organization. Whether the Shipping Board will be able itself to support such a reserve or not, the principle of a Naval Reserve composed of the seagoing class is essentially sound and its encouragement would be advantageous to the merchant marine in time of peace and to the country's defense in war.

The proposed measure established the principle that where facilities were available at least one-half of the immigrants entering the United States should do so in vessels of American registry. The bill gave authority to the Secretaries of State and of Labor to institute a system of immigrant control at the source, with the end of insuring that any immigrant passenger allowed to board a vessel for transportation to the United States would be admitted upon arrival. Such a measure would entirely do away with the dangerous practice of racing into port on the first of the month, would avoid the periodic congestions at immigrant stations, and would save delay and disappointment on the part of the immigrants and severe loss on that of the carrier company. It was recognized that certain treaty provisions might prevent the immediate institution of the plan proposed. The amended bill, therefore, contented itself with declaring for the general policy of carrying half of our immigrants and left to the proper officials the necessary negotiations to accomplish this.

The above enumerations cover the chief aids of an indirect nature, all of which would be beneficial to the American merchant marine.

**Amendments to Existing Legislation.**

In 1891 Congress passed the law known as the ocean mail act. This provided for the payment of mail-carrying vessels at varying rates, dependent upon the time in which they delivered the mail. The act encouraged the efficient carriage of postal matter and also secured the addition to the American merchant marine of some splendid vessels. But in the 32 years that have passed since its enactment the costs of operation have much more than doubled. The rates provided in the ocean mail act, which were considered adequate and reasonable in the decade after its passage, are no longer commensurate, and as a result there is to-day no line operating under the ocean mail act. Although Congress failed to approve the principle of general assistance to all types of ships, it in no way indicated opposition to the principles of mail payment contained in the act of 1891. The board, therefore, recommends that the rates in the existing

measure be corrected so that they shall bear their proper relation to present-day operating costs.

Experience has shown that some of the legislation recently enacted and affecting maritime affairs could be improved in minor particulars by strengthening or clarifying amendments. The ship mortgage act, which forms part of the merchant marine act of 1920, and the suits in admiralty act are both capable of being improved by small changes. Such amendments would probably assist in improving the status of marine securities as an investment. One of the great difficulties facing our country in its effort to establish an adequate privately owned merchant marine is the fact that the investing public must be educated to a familiarity with securities based upon vessels or marine equipment. In the maritime countries of Europe, particularly in Great Britain and in the Scandinavian countries, such securities have long been favorably regarded from an investment standpoint.

**Rules for the Carriage of Goods by Sea.**

During the past year the Shipping Board has taken an active interest in the so-called Hague Rules. These rules are the result of a very general desire to correct many of the objectionable features of the bills of lading heretofore in general use, while, at the same time, bringing about international uniformity with respect to such shipping documents. The board issued an invitation in September, 1922, to all American shipowners, shippers, and underwriters to attend a hearing before a committee of the board for the purpose of considering these rules. This meeting was very generally attended and resulted in full discussion and presentation of the views of American interests on this important subject. In October this subject was under consideration at a meeting of the International Maritime Committee in London. Following this meeting in London, the Hague Rules were considered by the International Maritime Conference held at Brussels in November, 1922. The representatives of the United States at this conference were: The Hon. Charles M. Hough, United States circuit court judge at New York, and Mr. Norman B. Beecher.

The rules were amended and revised, both at the London meeting and at the Brussels conference. The delegates of the United States, together with the delegates of the 23 other maritime nations there represented, unanimously signed a protocol recommending to their respective governments the adoption of the rules in their revised form. The subject is now in the hands of the Department of State.

In February, 1923, a bill, H. R. 14166, was introduced in Congress for the purpose of giving effect to the rules as adopted by the Brussels conference. Hearings on the bill were held by the Committee

on the Merchant Marine and Fisheries of the House of Representatives on February 13 and 14, 1923, but no action was taken.

## BUREAU OF TRAFFIC.

Work done by the board during the fiscal year ending June 30, 1923, relating to the tasks assigned the Bureau of Traffic, covered many important aspects of the board's activities. Among these items have been the following: The duties assigned by section 7, merchant marine act, 1920, with respect to the study of world trade routes for ocean transportation, have received special attention because of the problem of consolidating various services operated by the Emergency Fleet Corporation, with a view to advertising and selling them to private operators in groups that would insure each unit greater flexibility in the use of ports at each end of the route. This study, through the policy committee of the board, resulted in the following tentative proposal:

### GROUPING OF TERRITORY.

Numbers of ships given include all passenger and freight ships, except passenger ships on the New York–Bremen service, which are not included.

| No. | From— | To— | Number of ships. |
|---|---|---|---|
| 1 | North Atlantic | United Kingdom | 20 |
| 2 | Gulf and South Atlantic | do | 15 |
| 3 | North Atlantic | Continent north of Bordeaux | 20 |
| 4 | Gulf and South Atlantic | do | 20 |
| 5 | North Atlantic | Continent South of Bordeaux (inc. Mediterranean) | 10 |
| 6 | Gulf and South Atlantic | do | 10 |
| 7 | North and South Atlantic and Gulf | East coast South America | 20 |
| 8 | do | Orient and Philippines | 15 |
| 9 | do | India and Dutch East Indies | 7 |
| 10 | do | Australia | 6 |
| 11 | do | South and East Africa | 6 |
| 12 | do | West Africa | 5 |
| 13 | North and South Pacific | East coast, South America | 4 |
| 14 | do | West coast, South America | 4 |
| 15 | North Pacific | Orient and Philippines | 14 |
| 16 | do | do | 10 |
| 17 | Pacific coast | Europe | 5 |
| 18 | do | Australia | 5 |
| | | | 196 |

Total number of routes, 18; total number of ships required, 196.

Pursuant to the provisions of section 24, merchant marine act, 1920, special work was done with respect to determining proper compensation for vessels transporting mails, with the view of cooperating with the Postmaster General, as required by that section, having in view the encouragement of operation of American vessels on foreign trade routes, and also with the view of fixing compensation which would be an incentive to the sale of certain vessels and

routes by the Shipping Board. This work was done, both with respect to the whole service in a general way, and in a concrete case, in which the board consummated an agreement with the Postmaster General for compensation of the Oceanic Steamship Co., of San Francisco, for the transport of United States mail to Samoa and Australia. It has also had under consideration proper compensation, under section 24, in the event the line in question built two new vessels of modern type and kind for operation on the San Francisco-Australian route.

Pursuant to section 8, merchant marine act, 1920, the board made investigations and considered various matters tending to promote and encourage the development of ports, and to the improvement of ports and transportation facilities, in connection with water commerce. A series of hearings had been conducted by the Interstate Commerce Commission concerning charges for wharfage, handling, storing, and other accessorial service, South Atlantic and Gulf ports (I. C. C. Docket No. 12681). A report was filed by the examiner in January, 1923, and contained recommendations believed by those interested in the ports, and also by the Shipping Board, to be prejudicial to the best interests of the ports and our merchant marine because it justified the absorption by railroads of terminal charges at railroad water terminals, thus making it impracticable for publicly and privately owned terminals at the same ports to compete on a fair basis with rail-water terminals.

After several conferences with members of the Interstate Commerce Commission the Shipping Board, in April, 1923, moved that the hearings be reopened so as to procure a more adequate investigation and consideration of the whole subject, the attitude of the board with respect to the general principle involved being as follows:

On the one hand, a shipper in the interior should be free to route goods for their ocean transit by any line of steamships he desires, no matter on what railroad the interior point of origin or destination of shipment may be, without restraint from a railroad in favor of a water terminal it may happen to own, or in favor of any particular steamship line in which it may be especially interested, or with which it may have preferential working agreements.

On the other hand, every steamship under the American flag on arriving at an American port should have equality of opportunity to berth at any terminal in such port, subject to equitable priorities as between vessels; and the terminal thus used should have proper connections with all interior points, no matter on what railroad they may be located.

To this end equitable competitive conditions should be maintained between terminals owned by railroads and terminals not owned by railroads; and there should be maintained proper belt line and switching facilities, connecting all proper terminals with all trunk lines, available for use by traffic passing over any terminal, in or out, on equitable terms.

This motion is still pending before the Interstate Commerce Commission, but a favorable decision is hoped for early in the autumn

and the board will then take an active part in the reopened and extended hearings.

The board is also represented and has been requested to take an active interest in the hearings now being conducted by the Interstate Commerce Commission (I. C. C. Docket No. 14490) with respect to the development of the port of New York, under the program laid down by the Port of New York Authority, a corporate body created jointly by the States of New York and New Jersey, for the development of the port of New York.

Pursuant to section 27, merchant marine act, 1920, the board took action for the protection of that part of our merchant marine operating on the Great Lakes and attended a hearing conducted by the Interstate Commerce Commission at Duluth, Minn., which hearing was for the purpose of determining whether the first proviso of section 27 should be put into effect, and if so, what rates should be made applicable to the traffic in question. This section forbids the transportation of merchandise between points in the United States unless it is transported in vessels documented under the laws of the United States and owned by persons who are citizens of the United States, or unless by vessels privileged to engage in the coastwise trade employed for the transport of any such merchandise over any part of that route consisting of water transportation. The proviso mentioned, however, authorizes the Interstate Commerce Commission to make exceptions when routes are in part over Canadian rail lines and their own or other connecting water facilities.

Pursuant to section 21, merchant marine act, 1920, which authorizes the President of the United States, after a full investigation of the local needs and conditions prevailing in the Philippine Islands, to give effect by proclamation to the extension of the coastwise laws of the Philippine Islands, as provided in the first part of section 21, this board considered the propriety of having such action taken, and investigations were made with that end in view. The item received particular consideration because of the advertisement for sale of the trans-Pacific steamship lines, as the extension of the coastwise laws to the Philippine Islands would have a bearing on the price for such lines, it being obvious that they should be extended to the Philippines before any such sale if it was contemplated extending them to the islands at any time in the near future. No action has as yet been taken, however, extending them to the Philippine Islands.

For the purpose of ascertaining whether adequate facilities existed to warrant enforcement of section 28, merchant marine act, 1920, hearings were conducted by the board in July, 1922, at Chicago, Ill., Portland, Oreg., Seattle, Wash., San Francisco, Calif., and at Los Angeles, Calif. This section requires that property shall have been transported by vessels under the American flag over any ocean link

of its transportation in order to be entitled to any lower railroad rate than that charged for the transportation of like property for the same distance in the same direction and over the same route in connection with commerce wholly within the United States for the transport of such imports and exports between ports and inland points.

It is provided, however, in section 28 that this requirement may be suspended by the Interstate Commerce Commission whenever the Shipping Board certifies that adequate shipping facilities are not afforded by vessels so documented. Pursuant to this provision section 28 was suspended by the Interstate Commerce Commission on the certificate of the Shipping Board soon after its enactment. The hearings mentioned above had in view the determining whether the section should now be put into effect. The board has not as yet requested the Interstate Commerce Commission to put it into effect.

## Division of Regulation.

The activities of the division of regulation during the year ended June 30, 1923, in the performance of the duties devolving upon it in the discharge of the regulatory functions prescribed by the shipping act and merchant marine act, which functions have been set forth at some length in previous annual reports, were as follows:

### Carriers' Conferences and Contracts.

The examination of conference minutes and agreements filed in pursuance of the requirements of section 15 of the act was continued, 32 active freight and passenger steamship conferences submitting minutes during the year. Included in these were the minutes of 20 subconferences functioning as units of various major conference groups.

A number of provisions in passenger conference agreements providing for the granting of free or reduced transportation were eliminated by the board at the suggestion of this division. In every instance the changes suggested have been accepted by the conferences and the agreements amended accordingly. These eliminations were made in conformity with the ruling of the board of September 27, 1919, holding that the granting of free transportation to ministers of religion constituted a violation of section 16 of the shipping act.

Supplemental to the work of the division under section 15 of the act with reference to conference agreements and tariffs was that in connection with a number of agreements between carriers and other persons subject to the statute respecting matters other than conference transactions, copies or memoranda of which were filed during the period covered by this report.

**Formal Docket.**

Eight formal proceedings regarding the propriety of rates, regulations, and practices of carriers subject to the jurisdiction of the board were given consideration by this division during the year in pursuance of section 22 of the act, four of which were closed by the issuance of formal orders by the board following its adoption of reports containing conclusions and decisions prepared from evidence presented at hearings by the respective parties to the proceedings. Two of the proceedings initiated by shippers were withdrawn and two are now pending on the formal docket.

Of chief importance among the proceedings conducted which were formally passed upon by the board was that involving a finding of unjust discrimination in the matter of charges exacted by the French Line for transportation of a large number of collect shipments of cigarette papers from Bordeaux and Havre to New York during the years 1919 and 1920. Similar shipments carried for competitors of the complainant during the same period, and in many instances upon the same vessel, were accorded charges based on the current rates of exchange, while in connection with those carried for the complainant charges were exacted upon the basis of five francs to one dollar. The result was that the complainant paid more than its competitors for transportation of the same character of commodity from and to the same ports. The difference in charges was sought to be justified on behalf of the French Line on the ground that greater expense attended its service when shipments were carried freight collect than when prepaid. Although recognizing the fact of the existence of certain additional costs incurred by the French Line in handling the complainant's collect shipments, the board decided that the difference in charges involved greatly and unduly exceeded the total amount of such additional costs and constituted undue preference and unjust discrimination between shippers within the meaning of sections 16 and 17 of the act.

Violation of the act was also found to have existed in connection with a proceeding conducted by this division following complaints against the Bluefields Fruit & Steamship Co. respecting shipments from New Orleans to Bluefields, Nicaragua. The exaction of higher rates from the complainants than from other shippers in respect to identical service was shown by the evidence adduced in this case to have been predicated upon the fact of the complainant's refusal to agree to give the respondent carrier its exclusive patronage.

Complaint against the General Steamship Corporation, Oceanic Steamship Co., and the Union Steamship Co., alleging diversion of shipments and failure to absorb wharfage charges, State tolls, and war tax, was dismissed after examination of all the facts furnished by the parties at formal hearing; as was also complaint against the

Isthmian Steamship Lines, Luckenbach Steamship Co., North Atlantic & Western Steamship Co., and United American Lines, alleging unjust and unreasonable rates and failure to publish tariffs as required by section 18 of the act and the tariff regulations of the board.

Pursuant to protests lodged during the latter part of the fiscal year by shippers directly affected, the board ordered a formal investigation by this division into the reasonableness of increased rates proposed by the Pacific Steamship Co. The tariff involved, which was suspended pending hearing and decision, contemplates substantial advances in rates between Puget Sound ports and ports in California, particularly with respect to Everett, Wash., from and to which port a differential over other Puget Sound ports is proposed. Following advices that the prospects are favorable for a voluntary adjustment, the date of the hearing in this case has been postponed beyond the expiration of the period covered by this report.

**Special Investigations.**

The board was represented by this division at hearings conducted in March by the Interstate Commerce Commission at Duluth and Minneapolis. The proceedings were in the nature of a general investigation and were instituted by the commission of its own motion to determine the facts and circumstances relative to the establishment of a through rail-lake-and-rail route and joint rates between points in New England and trunk-line territory on the one hand, and Duluth, the Twin Cities, and points in western United States on the other, a part of the route being over the line of the Northern Navigation Co., a Canadian water carrier. The position taken was that it is the intent of Congress that the proviso contained in section 27 of the merchant marine act does not permit the establishment of the through route involved, for the reason that adequate service is afforded via substantially similar routes by American water carriers was discussed into the record for the information of the commission, as was also a résumé of certain testimony submitted on behalf of the Great Lakes Transit Corporation in respect to its sailings, tonnage, and cost of operation during the year 1922. No report containing the decision of the commission in this proceeding has as yet been issued.

**Informal Docket.**

Sixty-one informal complaints were filed by shippers during the year in pursuance of article 24 of the rules of practice of the board. These complaints called in question the propriety of rates and practices of carriers subject to the board under varied circumstances and conditions and covered practically every phase of rate regulation of common carriers by water. Controversies regarding tariff interpretation and proper classification of commodities transported formed the subject matter of more than three-fourths of the cases

submitted on this docket, the division being appealed to for assistance in determining the correctness of decisions of traffic officials of carriers in refusing to accede to the shippers' demands for lower rates or charges. Effort was made in each case to bring the parties to an amicable understanding of the principles involved and to indicate the proper method of disposal. In by far the greater part of complaints considered adjustment agreeable to the parties concerned was made in pursuance of the advice furnished. At the close of the period covered by this report 14 complaints are pending on the informal docket.

**Tariffs.**

There were transmitted to and filed with this division during the period covered by this report, in pursuance of section 18 of the act and tariff regulations of the board governing the publication, posting, and filing of schedules, eleven hundred and forty-three freight and passenger tariffs. An examination of the tariffs indicates that a gradual reduction in the rates, fares, and charges has been effected throughout the year as a result of the continued general business readjustment. One hundred and fifty-seven water carriers filed tariffs of their own issue or participated in schedules filed on their behalf by other carriers or agents under authority of powers of attorney and concurrences lodged with this division. Seventeen tariff-publishing agents filing schedules under their own Shipping Board series maintained individual tariff files under authority of instruments issued in their favor by water carriers subject to the board. Five hundred and eighty-one powers of attorney and concurrences were effective in the division's files at the close of the year.

The public tariff files maintained in this division under the statute were availed of during the year by shippers, carriers, trade organizations, and other parties interested in transportation matters. Extensive use of these files has also been made by representatives of several of the Government departments, commissions, and bureaus in gathering data relative to rates, regulations, and practices of water carriers, and in auditing and checking of freight bills covering all-water traffic.

**General.**

The compilation of information regarding the organization and operation of carriers, forwarders, wharfingers, warehousemen, and others made subject to the board by section 1 of the shipping act was continued throughout the year. General circular No. 2, by means of which this information is collected, was revised to insure the receipt of more comprehensive data respecting minor but necessary details of organization. In its present form this circular is a complete questionnaire and the information obtained thereby enables the division to determine the exact status of carriers and others in their relation to the regulatory provisions of the shipping act. As in the past, the

carriers circularized have been placed within one or more of 11 classes. A tabulation showing these classes and the number of carriers and other persons segregated into each as of June 30, 1923, is as follows:

| | |
|---|---|
| 1. Water carriers whose services have been discontinued | 327 |
| 2. Intrastate water carriers operating on rivers, lakes, or oceans | 163 |
| 3. Water carriers operating in interstate commerce on the inland waters of the United States, either river, lake, or canal (excluding the Great Lakes) | 88 |
| 4. Operators of towage, lighterage, or ferriage service | 190 |
| 5. Water carriers engaged in interstate tramp service | 264 |
| 6. Water carriers engaged in foreign tramp service | 251 |
| 7. Water carriers subject to the jurisdiction of the Interstate Commerce Commission | 29 |
| 8. Water carriers operating on regular routes in interstate commerce on the high seas or the Great Lakes subject to the jurisdiction of the board | 143 |
| 9. Water carriers operating on regular routes in foreign commerce of the United States subject to the jurisdiction of the board | 290 |
| 10. Water carriers engaged in exclusively proprietary service | 176 |
| 11. Forwarders and other persons subject to the jurisdiction of the board | 124 |

By reference to classes 8, 9, and 11, it will be noted that on June 30, 1923, there were 143 interstate carriers, 290 foreign carriers, and 124 forwarders and other persons subject to the board. These figures represent increases of 10, 12, and 8, respectively, over the corresponding date of 1922. In adition, it should be stated that a considerable number of canal and river lines shown in class 3 are within the purview of the regulatory provisions of the act by reason of participation in joint all-water traffic with interstate carriers subject to the board.

## BUREAU OF OPERATION.

The Bureau of Operations consisted of the division of industrial relations, the sea service bureau, the stevedoring committee, and the division of docks and wharves. The reports covering the activities of the stevedoring committee and division of docks and wharves will be found in Part II of this report.

### Industrial Relations Division.

The functions of the industrial relations division of the Shipping Board in the study and control of labor questions affecting the American merchant marine and the operation of Government-owned vessels are outlined in the sixth annual report for the previous fiscal year. The division has continued in charge of all matters of the board concerning marine and dock personnel.

The importance of special machinery and centralized control for the systematic dealing with labor problems of the board and the

development of practical industrial relations in the industry has become more and more self-evident. The existence of an agency which gave unbiased study and attention to these questions of human relationship and to which labor might bring their grievances and expect fair consideration and treatment has done much to stabilize conditions and promote efficiency and economy among the ship and dock workers.

The division has carried on the work of collecting data and the ascertainment of facts bearing directly on the subject upon which to base recommendations for executive action governing labor policies affecting Government ships.

The past year has been characterized by the absence of strikes or serious labor difficulties within the industry. This it is felt has been due in large measure to tactful handling and the maintaining of a friendly understanding with labor, at the same time always with due regard for the rights and interests of the employers generally.

With upward of 20,000 seamen constantly employed on Shipping Board active vessels alone and a greater number of longshoremen engaged in the loading and unloading, the size and importance of these problems is at once appreciated. While ship labor represents a comparatively small percentage of the total operating cost, no phase of successful ship operation warrants more intelligent and honest treatment by the employers.

**Labor Policy.**

It has been the policy of the board, as projected through this division, to cooperate and work with as closely as possible the private American shipowners, whose labor problems are similar in nature, if not identical. It has been careful to invite conference and frank discussion of these common problems before taking positive action. The board has also been ready and willing at all times to discuss wages and working conditions of labor with the representatives of the licensed and unlicensed seamen and to confer with them on all matters looking to the improvement of marine personnel.

The maintaining of a consistent labor policy based upon economic justice, with due regard for considerations other than merely the supply and demand, has been the aim of the board during the past year. In making readjustments of wages it has taken into consideration (*a*) changes in the cost of living and the value of the dollar; (*b*) wages in corresponding trades; (*c*) necessity for keeping skilled men from deserting to other industries; (*d*) adequacy of the base wage before the war; (*e*) regularity of employment. Consistent with the paramount policy of Americanization of the crews, it has also felt the necessity of maintaining a wage in balance with American standards which would attract and hold Americans to the sea.

The board has continued its policy of collective bargaining with labor wherever possible and has encouraged a fair and impartial attitude toward organized labor.

Wherever changed economic conditions warranted, it has made substantial reductions in marine and dock labor wages, keeping pace with the downward trend after the war. In the spring of 1923, when practically every important American industry had made increases in wages on shore, it became apparent that if the board was to deal justly with its employees and obtain efficient American crews a readjustment of wages upward was unavoidable. The result was that increases in wages were made in both the marine and the dock labor field.

**Marine or Ship Labor.**

The character and efficiency of seamen employed on American vessels during the past year have been an improvement over preceding years in all departments aboard ship. Careful attention and study have been given to reducing the turnover which proved so costly in the past. More encouragement to American boys to take to the sea is needed. Many an American boy, though so inclined, has not enlisted in the merchant marine because he was untrained and unable to qualify either as an able seaman or as an ordinary. The working out of a plan whereby American boys may be placed on American vessels as raw recruits at a nominal wage, there to receive sufficient experience to entitle them to be accepted by the master of a vessel as ordinary seamen or otherwise, is now in progress. The division is also preparing recommendations looking to the establishment of a marine or naval reserve which will insure the manning of American ships with American seamen, which is so necessary in the establishment of a real merchant marine for commercial purposes and as a naval or military adjunct, the benefits of which inure directly to the Government and possibly warrant the absorption by it of the necessary wage differential involved.

There has been no serious interruption of work due to strikes of ship labor in the past year, although a radical and disloyal element has crept in here and there altogether too frequently. The loyal cooperation of the organizations representing the seamen is necessary in order to successfully combat this condition, and it is felt this may be looked for to a greater degree in the future.

With the downward trend in wages after the war, the board had made reductions in marine wages of approximately 30 per cent in all departments. These reductions, as affecting the licensed officers, had been worked out in conference with their respective associations, the board by agreement promulgating a scale covering wages, hours, and conditions for a definite period. On July 1, 1922, the wages then

existing in all departments were extended without change until January, and again extended until June 30, 1923.

In May and June following, at the request of the representatives of the licensed and unlicensed seamen, officials of the board met with their committees for discussion of their request for a revision of wages upward, based upon the changed conditions and the serious shortage of labor in land industries which was drawing men from the sea at higher wages. As a result of these conferences and a careful study of the economic conditions an increase in wages for all unlicensed personnel of approximately 15 per cent was made effective May 14 and July 1. Meanwhile, the private shipowners had inaugurated corresponding changes in pay. Increases in wages were subsequently granted the licensed deck and engineer officers of approximately 10 per cent, to become effective July 1, 1923. These increases in each case were felt to be absolutely necessary to procure efficient American seamen and to meet the new American standards fixed by the increases in corresponding trades in land industries.

**Longshore or Dock Labor.**

In dealing with longshore labor the policy of the board has likewise continued to be one of cooperation with private steamship lines generally in the working out with the longshoremen's organizations through collective bargaining wages and working conditions for a definite period. The maintaining of friendly relations with the organizations representing the dock workers has facilitated the handling of this very important part of ship operation which has proven so costly where strikes and stoppages of work have occurred. The existence of grievance committees to take up and adjust the numerous questions which arise from time to time has worked successfully. Trade agreement between the steamship and stevedore employing interests and the longshore labor organizations exist in practically all the principal ports of the United States.

Wherever the Government's interests were involved a representative of the division of industrial relations has visited the ports and assisted in working out matters in dispute between the employers and the longshoremen. The division has met with the cooperation and appreciation of the private owners in bringing about amicable adjustment of disputes which might otherwise have ended in strikes. There had been no increases in longshore wage rates in the United States ports during the past year until in April last, when, as provided for in the existing working agreement at New York, the question was left to arbitration. As a result an increase of a little less than 10 per cent was adopted at New York, which was followed by all North Atlantic ports. Stevedoring activities have been somewhat handicapped during the past six months, due to shortage of longshore labor in certain ports.

A few longshore strikes have occurred during the year, the most notable of which were at New Orleans, September 1, 1922; Portland, Oreg., July 1, 1922; Philadelphia, October 13, 1922, and Boston, February 26, 1923.

**Recruiting of Marine Labor.**

On February 1, 1923, the position of Director of the Sea Service Bureau was abolished and the service placed under the supervision and control of the industrial relations division.

The Sea Service Bureau at the beginning of the fiscal year consisted of 15 agencies at the principal ports of the United States. Recently this number has been reduced to 12 by the closing of the agencies at Jacksonville, Fla., Tampa, Fla., and Newport News, Va., where the requirements were not sufficient to warrant the expense of maintaining the service.

During the past fiscal year this bureau has placed a total of 101,900 officers and unlicensed men on American ships. Of this number, only 1,661 were officers, the placement through the service of deck and engineer officers having been discontinued January 4, 1923. Of all placements, 81.4 per cent were American citizens, which shows a decrease under the previous fiscal year of 10.6 per cent in placement of Americans. This was due in part to the discontinuance of placing officers through the bureau, but principally to economic conditions ashore, where the unlicensed American seamen obtained higher wages than those paid aboard ship. This condition was somewhat alleviated by the readjustment of wages in the deck and engine departments May 14, 1923.

At the close of the present fiscal year the supply equaled the demand in all departments with the exception of certain west coast ports which are subject to seasonal fluctuations.

The same difficulty has been experienced this year in obtaining competent Americans for the steward's department of passenger vessels as in previous years. This condition may be expected to continue more or less indefinitely, for the reason that the majority of young Americans seeking permanent employment at sea prefer to enter the deck or engine department, where they consider the opportunity for advancement to officers' berths far outweighs anything that may be offered them in the steward's department.

The total cost of operating the bureau has steadily declined, in line with the general policy of retrenchment wherever savings could be made without detriment to the service. Both the total cost and the per capita cost of placing men during the past year is the lowest in the history of the service, notwithstanding the total placements exceed the previous fiscal year by 17,118 seamen.

The following table shows the number of officers and men of every grade placed by the Sea Service Bureau during the fiscal year:

*Table of placements by bureau for fiscal year July 1, 1922, to June 30, 1923, inclusive.*

| Classification. | Boston. | New York. | Philadelphia. | Baltimore. | Norfolk. | Savannah. | Jacksonville. | Tampa. | New Orleans. | San Francisco. | Portland. | Seattle. | Newport News. | Galveston. | Mobile. | Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Masters | 21 | 18 | 1 | 3 | 51 | 5 | 2 | 0 | 18 | 0 | 27 | 1 | 3 | 13 | 13 | 176 |
| First officers | 22 | 4 | 5 | 15 | 27 | 23 | 2 | 3 | 22 | 0 | 28 | 5 | 4 | 15 | 15 | 190 |
| Second officers | 20 | 3 | 12 | 10 | 25 | 4 | 3 | 4 | 23 | 0 | 35 | 8 | 5 | 14 | 16 | 182 |
| Third officers | 24 | 5 | 15 | 21 | 24 | 5 | 4 | 1 | 25 | 0 | 40 | 9 | 3 | 20 | 14 | 210 |
| Fourth officers | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| Cadet deck officers | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| Carpenters | 15 | 230 | 25 | 40 | 17 | 0 | 2 | 0 | 59 | 29 | 23 | 25 | 3 | 31 | 11 | 510 |
| Carpenters' mates | 0 | 23 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 6 | 0 | 0 | 1 | 32 |
| Boatswains | 47 | 302 | 80 | 71 | 29 | 4 | 10 | 1 | 119 | 59 | 86 | 52 | 7 | 74 | 61 | 1,002 |
| Boatswain's mates | 0 | 19 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 | 24 |
| Quartermasters | 44 | 87 | 45 | 28 | 23 | 5 | 0 | 2 | 49 | 101 | 10 | 38 | 13 | 9 | 2 | 456 |
| Able seamen | 1,295 | 10,274 | 1,776 | 1,985 | 1,000 | 245 | 160 | 94 | 2,378 | 1,617 | 1,519 | 1,776 | 222 | 1,522 | 695 | 26,558 |
| Ordinary seamen | 641 | 7,525 | 1,591 | 867 | 1,121 | 74 | 77 | 93 | 1,173 | 470 | 392 | 892 | 324 | 607 | 372 | 16,219 |
| Deck apprentices | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 | 2 | 0 | 18 |
| Radio operators | 4 | 0 | 0 | 57 | 20 | 3 | 1 | 0 | 1 | 0 | 45 | 2 | 0 | 2 | 0 | 135 |
| Chief engineers | 11 | 7 | 3 | 5 | 35 | 8 | 1 | 1 | 14 | 0 | 26 | 7 | 5 | 16 | 13 | 152 |
| First assistant engineers | 28 | 40 | 8 | 11 | 36 | 3 | 2 | 0 | 27 | 0 | 29 | 5 | 8 | 16 | 16 | 229 |
| Second assistant engineers | 21 | 72 | 23 | 18 | 40 | 9 | 3 | 1 | 40 | 0 | 31 | 5 | 4 | 21 | 21 | 309 |
| Third assistant engineers | 31 | 112 | 27 | 38 | 31 | 6 | 5 | 0 | 36 | 2 | 28 | 11 | 2 | 30 | 19 | 378 |
| Fourth assistant engineers | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 32 |
| Cadet engineer officers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 0 | 0 | 0 | 51 |
| Refrigerator engineers | 1 | 16 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 27 | 0 | 7 | 0 | 0 | 0 | 53 |
| Electricians | 0 | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 0 | 29 | 0 | 0 | 0 | 97 |
| Deck engineers | 0 | 13 | 4 | 8 | 1 | 0 | 0 | 5 | 5 | 9 | 1 | 24 | 0 | 2 | 0 | 72 |
| Pump men | 26 | 19 | 33 | 11 | 11 | 0 | 0 | 1 | 35 | 26 | 0 | 1 | 1 | 13 | 19 | 196 |
| Oilers | 351 | 2,805 | 594 | 562 | 291 | 39 | 31 | 29 | 718 | 410 | 466 | 364 | 97 | 336 | 218 | 7,311 |
| Water tenders | 46 | 440 | 62 | 85 | 25 | 16 | 25 | 11 | 204 | 112 | 22 | 133 | 0 | 91 | 60 | 1,332 |
| Storekeepers | 1 | 26 | 17 | 5 | 20 | 0 | 0 | 0 | 6 | 6 | 2 | 9 | 0 | 0 | 0 | 92 |
| Firemen | 889 | 4,365 | 1,341 | 1,200 | 997 | 69 | 65 | 91 | 1,027 | 604 | 480 | 621 | 250 | 538 | 313 | 2,850 |
| Wipers | 324 | 2,668 | 462 | 562 | 130 | 67 | 52 | 56 | 942 | 453 | 316 | 431 | 44 | 579 | 234 | 7,320 |
| Coal passers | 174 | 2,467 | 370 | 345 | 670 | 5 | 5 | 14 | 55 | 23 | 10 | 18 | 175 | 18 | 6 | 4,355 |
| Junior officers | 0 | 8 | 0 | 3 | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 12 | 0 | 0 | 0 | 26 |
| Chief stewards | 33 | 303 | 36 | 54 | 66 | 8 | 5 | 1 | 68 | 4 | 65 | 14 | 3 | 21 | 24 | 705 |
| Second stewards | 1 | 342 | 2 | 2 | 5 | 0 | 0 | 0 | 4 | 0 | 5 | 4 | 0 | 2 | 1 | 368 |
| Chief cooks | 113 | 875 | 161 | 161 | 93 | 35 | 25 | 8 | 210 | 61 | 141 | 64 | 18 | 168 | 71 | 2,204 |
| Second cooks | 122 | 799 | 194 | 259 | 60 | 16 | 13 | 21 | 309 | 65 | 133 | 29 | 17 | 202 | 78 | 2,317 |
| Third cooks | 4 | 77 | 8 | 1 | 1 | 0 | 0 | 0 | 3 | 3 | 0 | 3 | 0 | 0 | 0 | 100 |
| Bakers | 0 | 163 | 7 | 0 | 4 | 0 | 0 | 0 | 3 | 8 | 0 | 3 | 0 | 0 | 0 | 188 |
| Butchers | 0 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 4 | 0 | 0 | 0 | 0 | 1 | 32 |
| Storekeepers | 0 | 7 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 2 | 0 | 3 | 0 | 1 | 0 | 19 |
| Messmen | 416 | 542 | 16 | 4 | 95 | 70 | 0 | 28 | 25 | 72 | 38 | 81 | 21 | 28 | 0 | 1,436 |
| Mess boys | 231 | 4,925 | 1,133 | 1,193 | 509 | 24 | 78 | 31 | 1,211 | 483 | 427 | 133 | 157 | 706 | 327 | 11,568 |
| Pantrymen | 2 | 67 | 4 | 9 | 3 | 0 | 0 | 0 | 11 | 14 | 6 | 2 | 0 | 1 | 2 | 121 |
| Miscellaneous | 98 | 1,031 | 29 | 27 | 111 | 1 | 1 | 0 | 36 | 62 | 41 | 733 | 29 | 71 | 1 | 2,271 |
| Total | 5,056 | 40,783 | 8,089 | 7,664 | 5,575 | 744 | 572 | 496 | 8,860 | 4,750 | 4,472 | 5,629 | 1,415 | 5,169 | 2,626 | 101,900 |

81.4 per cent Americans.

## Division of Docks and Wharves.

Following is a report of the activities of this division during the fiscal year ending June 30, 1923:

During the course of the year there were no units of any great importance added to the terminal facilities of the Shipping Board. At the Boston Army base additional space was acquired from the Army, namely, the lower deck and portions of the upper two floors of the north pier shed.

In the following reports covering each of the Shipping Board terminals there are given certain financial statistics which indicate either a net operating revenue or a net operating deficit for that particular terminal. It must be borne in mind that in each instance this operating profit is the excess of receipts over operating expenditures. No deductions have been made for depreciation, interest on investment, or other capital charges.

### BOSTON ARMY BASE.

All of the water facilities of the Boston Army supply base are now operated by the Shipping Board as a Shipping Board terminal with the occasional use of the facilities by foreign flag vessels. The Shipping Board now operates 4,100 feet of wharfage, 35 feet deep; a two-story wharf shed, 1,634 by 100 feet; the south pier shed, and the lower deck and portions of the upper two floors of the north pier shed. The north and south pier sheds are each three stories high, 924 by 100 feet.

*Railroad situation.*—As mentioned in last year's report, the railroad situation was most unsatisfactory at the time this base was taken over for operation by the Shipping Board. Following action of the Shipping Board before the Interstate Commerce Commission in the matter of absorption of switching charges to and from the base, we are pleased to report that before final action was taken in our particular case the entire matter was settled by the general decision of the Interstate Commerce Commission covering switching at the port of Boston. The Shipping Board is now on an absolute equality in this matter with all other piers of the port. This decision has saved the Shipping Board a considerable sum of money, in that the terminal had agreed to absorb the switching charges referred to in order that the Army base should be on an equality with other piers in South Boston.

Upon decision of this question, we again took up with the railroad the question of loading and unloading allowances made by the New York, New Haven & Hartford Railroad to the base. Finally, early in the year, the railroad consented to do the loading and unloading of cars at the base without charge to the Shipping Board and even went so far as to refund payments made for loading and

unloading charges assessed prior to the time when the above decision was reached.

*Operation.*—In August, 1922, the last of the idle Shipping Board vessels was removed from this terminal, thereby for the first time permitting full and unrestricted use of its facilities by active vessels. Immediately vessels started to arrive in increasing numbers and, when the northern ports were closed, during the winter traffic through the base was still further increased. In fact, early in December the terminal became congested and it was necessary to issue instructions that no foreign flag vessels should be permitted to dock. This had the effect of making the base strictly a Shipping Board terminal, and it was so used until about March, 1923. During December, January, and February the congestion gradually increased so that most strenuous efforts were necessary to keep Shipping Board vessels from being seriously delayed. The principal reasons for this congestion of the port were the extremely heavy snowfall throughout the New England States, a strike of the railroad shopmen, and inability to remove freight by teams because of the deep snow. At one time there was some 50,000 tons of cargo piled in the various units of the terminal and large expenditures were necessary for handling this material so that delays would not result to our vessels. Therefore, the first quarter of 1923 shows a decided financial loss in the operation of this terminal, but it is to be remembered that in assuming this loss the terminal kept American vessels from being seriously delayed. As a matter of fact, foreign and Shipping Board vessels arriving in port about the same date departed on dates several weeks apart, the foreign vessels having been delayed that length of time seeking a berth.

So that the above congestion might be alleviated in as far as possible, a stringent rule affecting free time was placed in effect. This made an allowance of but six days for cargo to remain upon the dock after discharge of the vessel. The first month after this rule was made effective a large quantity of material was actually shipped into public stores, but we are glad to report that at the close of the fiscal year little or no cargo was being disposed of in this manner. This works to the decided benefit of consignees as well as to the base.

Briefly, the financial results of operation were as follows:

| | |
|---|---|
| Receipts | $91,656.69 |
| Expenses | 94,513.31 |
| Net operating loss | 2,856.62 |

In addition there was furnished dockage to Shipping Board vessels in the sum of $9,988.33. This gives a final operating profit of $7,131.71 for the year.

There were 218,626 tons of cargo handled during the year.

## BROOKLYN ARMY BASE.

At Brooklyn, N. Y., the board is operating two piers, namely: Pier No. 3, 1,307 by 150 feet; two-story shed, 1,260 by 139 feet; Pier No. 4, 1,295 by 100 feet; two-story shed, 1,260 by 139 feet.

Each of these piers was operated for the entire fiscal year for the exclusive use of Shipping Board vessels under operation by managing agents.

Taking the two piers as a unit, there were berthed 319 vessels, which handled a total of 708,477 tons of cargo in 1,817 vessel-berth-days, the average berthing charge being $117.32 per berth per day and the average length of stay at pier being 5.7 days. In addition there was an average charge of $81.34 per ship per day for cargo on the dock before and after the vessel occupied berth, such charge being averaged over the time ship was actually at the pier. This totals $198.66 per berth per day for the time the ship was actually in her berth with no additional charge for assembling or disbursing cargo before arrival and after departure of the vessel.

Financial operations at the Brooklyn Army base were briefly as follows:

| | Total receipts. | Expenditures. | Operating profit. |
|---|---|---|---|
| Pier No. 3 | $189,733.40 | $49,639.52 | $140,093.88 |
| Pier No. 4 | 198,983.34 | 29,079.61 | 169,903.73 |
| Total | 388,716.74 | 78,719.13 | 309,997.61 |

In addition to the operating profit of $309,997.61 there was furnished to the department of purchases and supplies storage to the amount of $53,957.64, which makes a total operating profit of $363,955.25.

It will be noted that a total of 708,477 tons of cargo was handled at the base with a total cash outlay for pier operation of $78,719.13, or 11.1 cents per ton.

Just at the close of the fiscal year a contract was awarded for dredging the slips of this terminal and such work was actually begun.

## HOBOKEN TERMINAL.

The Hoboken terminal consists of the following: Pier No. 1, 2 stories, 950 by 81 feet; Pier No. 2, 2 stories, 950 by 81 feet; Pier No. 3, 2 stories, 950 by 90 feet; Pier No. 4, 2 stories, 950 by 92 feet; Pier No. 6, partially covered, 787 by 50 feet.

In the rear of Piers Nos. 1, 2, 3, and 4 there is a large three-story bulkhead building used for offices, passenger accommodations, and storage of cargo and material.

The first important change which occurred during the fiscal year at the Hoboken terminal was the revocation of the Cosmopolitan Shipping Co.'s lease of Pier No. 2. However, the Cosmopolitan Shipping Co. continued to use this pier throughout the year for operation of its vessels.

Pier No. 5 was removed and the area between Piers Nos. 4 and 6 was dredged to a depth of about 45 feet so that this area could be used as a berth for the S. S. *Leviathan.*

Throughout the year painting of the piers of this terminal progressed satisfactorily, with the result that at the end of the fiscal year the entire outside of all four piers and a large portion of both decks of the interior had been completed. This job proved to be far more difficult than had been contemplated because of the fact that no painting of any kind had been done from the start of the war in 1914 up until 1922, and as a matter of fact portions of the piers had not been painted since 1912. Therefore, it was necessary to do an enormous amount of scaling and chipping so as to do away with rust and scale which in many places had eaten very badly into the steelwork of the pier sheds. While this work has proven to be expensive it was unquestionably necessary, and now that it has been done in a thorough manner future upkeep will mean merely the addition of new paint without the scaling and chipping necessary at this time.

In October, 1922, a rather bad fire occurred on Pier No. 2, but fortunately this particular pier was covered by insurance and sufficient funds were collected from the insurance companies to cover the necessary repairs and leave a small cash balance. This repair work was done by the terminal organization, which likewise undertook other major repairs, such as the renewal of skylights on Pier No. 4 and repairs to the roofs of the various other piers.

Financially, the results of operation of this terminal for the year were approximately as follows:

| | |
|---|---|
| Total gross revenue | $822,630.76 |
| Total expenses | 308,197.95 |
| Net operating profit | 514,432.81 |

The expenses of $308,197.95 include not only operating expenses but certain major repairs to structure and overhead expenses of dredging and painting. During the year the following additional expenses were incurred:

| | |
|---|---|
| Dredging | $69,262.77 |
| Painting | 181,165.55 |
| Removal Pier No. 5 | 32,780.45 |
| Contract repairs | 19,604.13 |
| Total | 302,812.90 |

These expenses should be spread over a period of years, since each of them was made in payment for a betterment which may reasonably be expected to last several years. However, charging the entire amount against the current year still leaves as surplus $211,619.91 for the year's operations.

### PHILADELPHIA ARMY BASE.

Pier A, 1,140 by 60 feet, docking one side only; no shed; three railroad tracks.

Pier B, 1,500 by 290 feet, two warehouses three stories high, each 1,480 by 100 feet; four railroad tracks.

Pier C, 1,320 by 290 feet; no sheds; four railroad tracks.

This base in its entirety was leased on August 15, 1922, to the Merchants' Warehouse Co., of Philadelphia, Pa. As stated in the annual report for 1922, under this lease the board will receive $100,000 per year for the covered Pier B and 50 per cent of the gross revenue received through operation of the remainder of the base. This rental may be revised each year and the lessee's books are always open to the board, thereby insuring a reasonable rental for the base at all times.

Roughly, financial operations for the year resulted in the following:

| | |
|---|---|
| Total gross revenue | $146,607.85 |
| Total expenses | 8,089.21 |
| Net operating profit | 138,518.64 |

During the course of the year a contract was let for repairs to tracks on Pier A, which work was done by the Pennsylvania Railroad at about $1,500.

Just at the close of the fiscal year the board approved the undertaking of extensive repairs to the underpinning of the railroad tracks at this base. Many of the piles supporting the tracks have become badly rotted and must be replaced. The underpinning of the warehouses is not affected.

The Boston, Philadelphia, and Brooklyn units are operated by the board under permits issued by the War Department. The board has charge of the maintenance and upkeep of these properties, so that they may in event of emergency be returned to the War Department in a good state of repair. At all times during the course of the year the closest cooperation existed between the War Department and the board in this general question, and every endeavor was made by the board to comply with requests of the Army as to making repairs and reconditioning of the various units. In each instance an annual report of operations was submitted to the War Depart-

ment so that it might be acquainted with conditions at the various terminals.

### NORFOLK ARMY BASE.

At the close of the fiscal year conferences and discussions were being held between the Shipping Board and the War Department relative to the transfer of all or a portion of the Norfolk Army base to the Shipping Board.

### CHARLESTON ARMY BASE.

At the close of the fiscal year conferences and discussions were being held between the Shipping Board and the War Department relative to the transfer of all of the Charleston Army base to the Shipping Board.

### PIER 86, NORTH RIVER, N. Y.

It was decided that the S. S. *Leviathan* should be docked upon the Manhattan shore of the Hudson River, and eventually arrangements were entered into with the United American Lines whereby Pier 86, at the foot of Forty-sixth Street, could be used for this purpose. Upon investigation it was found that dredging in the channel and in the slip would be necessary, and further that Pier 86 itself would have to be strengthened in order to stand the strain of docking this large ship. It was decided that there should be a turning basin of a minimum depth of 42 feet, extending a thousand feet north and a thousand feet south of the pier and to the Jersey shore. It was further decided that the depth of the slip at the pier should be a minimum of 42 to 44 feet.

Work was started in the several localities simultaneously, the Corps of Engineers of the United States Army dredging in the channel, a private contractor dredging in the slip, and a contractor rebuilding the outshore corners of Piers 84 and 86. In all there were removed from the channel slightly more than 200,000 cubic yards of silt and from the slip 262,000 cubic yards of silt. Final sweeping of both of these areas was done with the aid of divers, who removed rock and timber obstructions which might have damaged the hull of the vessel. The corners of Piers 84 and 86 were strengthened by driving additional piles and installing large timbers to take care of the additional stresses which would be brought to bear.

As a result of all these operations the S. S. *Leviathan* upon her return from her trial trip docked without incident and without striking any obstructions or damaging either of the piers.

## BUREAU OF CONSTRUCTION.

The duties of the Bureau of Construction arising under section 9, shipping act, 1916, were very active during the fiscal year ending

June 30, 1923. This section imposes on the Shipping Board the work of passing on applications for transfers of vessels from American to foreign registry. The primary test in such cases is the value of the vessel proposed to be transferred to the American merchant marine as distinguished from its value to its owner. The question of the transfer of such vessels has become an integral part of the problem of suppressing the bootlegging industry which now confronts the American Government. In some instances such transfers are desired only to operate the vessels between near-by ports and our territorial waters in the illegal transport and sale of liquor. The board believes itself justified in refusing their transfer in cases where there is substantial indication that the use to which the vessels are to be put is a definite violation of United States laws. A more detailed statement of the transfers which have been permitted will be found in another part of this report. (See p. 56.)

During the last fiscal year the board contracted to advance from the construction loan fund, created under section 11, merchant marine act, 1920, the sum of $400,000 to the Minnesota-Atlantic Transit Co., a Delaware corporation, with main office at Duluth, Minn. This loan was made to aid in the construction of two vessels to be operated between Duluth, Minn., and New York City via the Erie Canal. They are, of course, being constructed in private shipyards of the United States. They are equipped with Diesel engines and also have refrigerating facilities. The vessels, though comparatively small, as they have to navigate the Erie Canal, are of a size, kind, and type approved by the American Bureau of Shipping for coastwise ocean service. The route and service on which these vessels are to be operated formed an important part in securing the loan, and the item demonstrates that the problem of the merchant marine not only belongs to the coasts but also to the people of the interior.

The amount thus far set aside by the Shipping Board to the credit of the construction loan fund is $50,000,000; it is available to the board to make loans at such rate of interest and on such terms as it may prescribe to aid citizens in the construction in private shipyards of the United States of vessels of the best and most efficient type for the establishment and maintenance of service on steamship lines deemed advisable and necessary by the board, such vessels to be equipped with the most modern, most efficient and economical machinery and commercial appliances.

Other applications for aid from this fund are pending. The board, however, does not construe its function to act merely as a banker to those desiring to build ships regardless of the need of ships to the merchant marine as a whole. It construes its duty to limit such assistance to vessels needed in balancing the American merchant marine, thus making it a more valuable national asset in

time of peace and in time of war. As the benefits of section 23, merchant marine act, 1920, are limited to vessels of a type and kind approved by the Shipping Board, the physical problems arising from this section received the attention of this bureau with respect to determining whether the type and kind of vessels proposed to be built is entitled to the benefits of the act.

The merchant marine act, 1920, recognizing that the development of a merchant marine involved other items than the building and operation of ships, requires the Shipping Board to encourage the development of such items so as to make our merchant marine independent, as far as possible, of essential agencies now largely in foreign control. Among these collateral items is the American Bureau of Shipping, and the bureau, pursuant to section 25, merchant marine act, 1920, has acted for the board in encouraging and assisting the Bureau of Shipping as the proper instrument for classifying vessels under the American flag and otherwise aiding and developing its usefulness to the American merchant marine.

This bureau passes on recommendations for repairs to and the reconditioning of many of the vessels of the fleet operated by the Shipping Board, and it took part in the general survey of the physical condition of the entire fleet. It reviewed many reports of accidents to vessels and examined also all voucher reports submitted by M. & R. department, making appropriate comment and suggestions according to circumstances. It also conducted investigations and hearings, having in view the development and adoption of Diesel engines by vessels of the American merchant marine, and particularly with respect to equipping vessels of the Shipping Board fleet with this type of propulsive machinery.

## Reconditioning of the S. S. "Leviathan."

At the close of the fiscal year ending June 30, 1922, the S. S. *Leviathan* was in process of reconditioning at the plant of the Newport News Shipbuilding & Dry Dock Co., having arrived at that plant on April 10, 1922.

This work was prosecuted diligently and by May 16, 1923, had progressed to such a point that it was possible to send the vessel to the United States Navy Yard, Boston, Mass., for dry docking. It arrived safely at the Boston Dry Dock on May 18, 1923, and was successfully docked at 2.55 p. m. The vessel remained in dry dock until June 18, 1923, and during this period the bottom of the vessel was thoroughly scraped, cleaned, and painted, bilge keels fitted, propellers removed, tail shafts drawn, stern bearings rewooded, and spare propeller and tail shaft fitted to replace shaft and wheel found deteriorated. On June 18, 1923, the vessel was successfully un-

docked and proceeded to an anchorage in Boston Harbor, preparatory to departing on the trial trip.

During the stay of the vessel in dry dock advantage was taken of the opportunity offered to place on board the vessel its full equipment of silverware, chinaware, glassware, linens, blankets, galley equipment and outfit, libraries, etc.

As a matter of policy it had been decided that the operating difficulties encountered in a ship of this size and character warranted the early formation and organization of a crew sufficient not only to operate the vessel successfully on its trial trip but competent and willing to continue with the vessel in its trans-Atlantic service. With this in view, increments of the crew were assembled from time to time by Messrs. Gibbs Bros. (Inc.), who as agents of the board not only supervised the work of the reconditioning at Newport News but also had charge of the operation of the vessel from Newport News to Boston, whilst in the dry dock there, and subsequently upon the trial trip. Thus, when the vessel departed from Boston on June 19 it had its service crew on board; and in order that this crew and the service arrangements and utilities might be given thorough and practical tests while the vessel itself was undergoing trials and tests to establish the satisfactory completion of the reconditioning, the full service of the vessel, including its main dining saloons, restaurant, social halls, libraries, etc., were placed at the disposal of the guests in exactly the same manner as if the vessel were engaged in trans-Atlantic service.

The trial trip covered the period of June 19, 1923, to June 24, 1923, inclusive. The vessel left Boston Light at 3.29 p. m. June 19, 1923, and proceeded on a southerly course to Abaco Light, where it arrived at 12.27 a. m. Friday, June 22, 1923; thence through the Providence Channel until abeam of Jupiter Light, when it again turned north at 7.17 a. m. the same day. On the run south from Boston the vessel was operated at various speeds, and exhaustive tests were made of all operating systems of the ship, including interior communication, life-saving appliances, etc. After the vessel had cleared Providence Channel it was decided to run a high-speed test to determine the performance of the main machinery and auxiliaries under such conditions. Commencing at 7.17 a. m., the record of the performance was as follows:

Jupiter Lighthouse abeam 7.17 a. m. June 22. Then followed the regular northbound steamship track to Diamond Shoal Light Vessel, arriving there 3.39 a. m. June 23. Distance, 570 miles. Ship making an average speed of 27.99 knots.

From Jupiter Lighthouse to latitude 36.52 north, longitude 74.21 west, a distance of 687 miles, was made in 25 hours, making an average speed of 27.48 knots.

During the first hour of the trial run from Jupiter Light the average speed of the vessel was 28.04 knots, and for a six-hour period the average speed of the vessel was 28 knots.

The vessel arrived at New York Sunday, June 24, 1923, docking at 8.20 p. m. the same day, the trial trip having been successfully concluded.

As the fiscal year closed June 30, 1923, the vessel was being stored for its first trans-Atlantic voyage, to depart from New York July 4, 1923.

## BUREAU OF LAW.

The Bureau of Law discharges two classes of duties. One of these covers specific subjects for which it acts as the legal and administrative agency for the commissioners in charge, respectively. In addition to these more or less permanent functions, it is called on from time to time by commissioners for assistance in specific items of work.

It administers matters arising under section 23, merchant marine act, 1920. Under this section owners of vessels operated in foreign trade may, in proper cases, secure an exemption or waiver of certain income taxes due the Government, provided the amount of the tax is invested in building, in private shipyards in the United States, new vessels of a type and kind approved by the board. Two groups of cases arise under this section, namely, claims for exemption of such taxes on the net earnings of vessels operated in foreign trade and on the proceeds of sale of vessels sold. In cases relating to taxes on net income the owner is required to add to the amount of the tax money at least two-thirds of the cost of the vessels in whose construction the tax money is invested. Where the fund exempted, however, arises from the sale of the vessel, the owner is required only to invest the total amount of the proceeds.

The board has received 26 applications for benefits under this section, involving requests for exemptions exceeding $6,000,000. Cases thus far approved by the board have not yet been acted on by the Treasury Department, hence they are not now reported as completed items. No exemption is final until and unless the amount waived is in fact applied to new ship construction, as required by the section and by the rules of the board. A time limit is set within which the new vessels must be constructed, and if they are not completed in that time the privilege lapses and the money must be paid to the Treasury Department. It is in the meantime held in trust on certificate of deposit in banks approved by the Shipping Board. The rules and regulations controlling the activities of the board in these matters were developed jointly by the board and the Treasury Department, the function of the Treasury Department being to de-

termine the amount of the tax money which is waived and thus becomes applicable to new ship construction. In practically all other respects the administration of the fund and of the act is a duty of the Shipping Board.

In approving or disapproving the type and kind of vessel involved in any such application the board acts solely with respect to the value of the proposed new vessel to the American merchant marine as a whole; the entire plan has in view producing a well-balanced merchant fleet as an asset to the Nation in time of peace and in time of war. Because applications at one time meet with approval, with respect to the type and kind of vessel proposed, is no assurance that the same type and kind will be approved at another time, for during the interval an ample number of vessels of the type may have been built, and have become a part of our merchant marine.

This bureau was also called upon to develop a system of procedure with respect to loans requested in section 11, merchant marine act, 1920, from the construction loan fund. Until April, 1923, no loans had been made from this fund, although a substantial sum had become available for such use. During the past fiscal year, therefore, this bureau, in collaboration with the Bureau of Construction, developed a plan and put it into effect. The preparation of papers and documents in specific cases where such loans are made is, however, intrusted to the legal department as a part of its current work.

The bureau also attended to duties imposed on the board by section 26, shipping act, 1916, and other provisions of law with respect to discriminations by foreign governments, officials, merchants, and companies against American vessels engaged in foreign trade. Such instances of discrimination reveal themselves usually by actual experiences of American vessels in foreign ports or in their relations with foreign steamship lines. The examination of foreign laws is also involved, with a view to seeing that American shipping may participate on equal terms with the shipping of other nations when under the jurisdiction of foreign countries.

With respect to the field work by which actual experiences are brought to the attention of the board the bureau actively sought and, to a large extent, secured during the past fiscal year the cooperation of steamship owners and operators, who brought to the attention of the board knowledge of actual cases of discrimination. The following is an instance: Merchants making shipments from the United States to Australia have it made to their interest to route the shipments by way of Canada and Vancouver, and hence in practice by British steamships in preference to routing them by American railroads to one of our Pacific ports and thence to Australia by an American vessel. The practice arises from the fact that in assessing customs duties on imports the Australian customs officials add to the

value of the goods on which the rates are assessed the cost of their transport from the point of origin of shipment in the interior to the point of export, but the ruling is that the point of export is not the port of export necessarily but the point on the border where the goods leave American territory. Hence a shipment from the Middle West is subject to a less duty if shipped north into Canada and thence to Vancouver and then to Australia, because the customs tariff is assessed only on railroad costs for transportation to the Canadian border instead of the total rail cost across the Continent. The board is actively engaged in seeking to correct this condition.

Another respect in which American shipping is discriminated against is its exclusion from conference agreements under which some foreign lines are operated, with the result that our vessels at some ports are able to procure only very limited cargo. This militates against obtaining return cargoes. Instances are on record where American vessels have returned in ballast from great distances like South Africa at times when ample cargo was available at South African ports, but which shippers were unable to ship on American vessels because of the penalties they would suffer if they patronized any vessel not a member of the conference. Provision is made by the merchant marine act, 1920 (sec. 14a) to retaliate against such conference lines steamships for excluding American vessels from participating in such "conferences," the retaliation being in the form of a refusal, in proper cases, of the right of entry of any ship owned or operated by a member of the conference until their rules permit membership by American vessels on equal terms with other vessels.

Another instrument which this bureau has sought to have applied as protection against these discriminations has been an application of tariff retaliations under the provisions of the new tariff act.

This bureau has also acted for the board in matters arising under section 8, merchant marine act, 1920, which assigns functions to the board in the development of ports of the United States. In this connection it attended the hearing of the Interstate Commerce Commission, held in New York in April, 1923, on the application of the Port of New York Authority for certain matters important to the development of the port of New York. It also attended and acted for the board at a hearing of the Interstate Commerce Commission in Washington on the report of an examiner of the commission, based on investigations conducted by him as to conditions prevailing at various southern ports. In behalf of the board it opposed the confirmation of the report and moved for a reopening of the hearings, with the view of procuring more evidence bearing on a principle believed by the board to be essential to the free and proper development of adequate terminals for shipping at American ports, namely, that when railroads own and operate water terminals they should not

be permitted to absorb terminal charges in their line-haul rate, but should be required to quote such terminal charges as a separate item, so that proper competitive relations might exist between railroad terminals and public or private terminals at such port. This principle is essential to the shipper, so that he will be free to use any vessel of his choice, though not loading at the railroad terminal.

The confidential character of much of the work done by the Bureau of Law precludes any detailed enumeration of its activities.

The bureau has also been engaged during the past fiscal year on the work of the revision of the navigation laws of the United States, the status of which work is as follows:

The work of coding and revising the navigation laws of the United States was undertaken by the Shipping Board pursuant to a mandate contained in section 12 of the shipping act, 1916. At first a general committee, made up of prominent steamship men, admiralty lawyers, and representatives of labor interests, was entrusted with an important and active part in the work. That committee submitted a number of recommendations; many of them have already been introduced in preliminary chapters thus far prepared; others will be further considered. On May 12, 1920, the committee made its fourth and final report; since then it has not been as active in its cooperation.

Late in 1920 the board employed special counsel to devote his entire time to the work of codification, it being the expectation at that time that the general committee, with its headquarters in New York, would continue its study of needed changes in existing laws. While the general committee did not itself continue investigations as extensively, it cooperated in the designation of special committees for expert work. One of these special committees was to study the problems of bulkheads, another boilers, another motor boats, another ship mortgages, etc.

From 1920 until February, 1923, the board's special counsel continued his work in Washington, and his individual work had become automatically extended to problems of revision as well as those of coding existing law. Through this period there were produced in tentative and preliminary form various chapters for the proposed new code, viz: One on measurement, one on inspection, and one on personnel. The work on personnel covered aspects under separate headings, viz, shipment of seamen, discharge of seamen, wages of masters and seamen, protection and relief of seamen, and property of deceased seamen. Some work was also done in the revision of the ship mortgage act, but this has not progressed to the point of a proposed new act. In addition to the items enumerated above there are many subjects not yet similarly developed.

On January 19, 1923, a resolution was adopted by the board placing the supervision and control of this work under the commissioner in charge of the Bureau of Law, as it was deemed best to have control concentrated in and directed solely from the Washington office, and pursuant to the above resolution the files and records of the general committee were transferred from New York to the Washington office.

Realizing the importance not only to insure that the code shall have intrinsic merit but also that Congress may be convinced of the thoroughness of preliminary work done, an extensive and comprehensive examination of the Federal statutes was commenced in order to gather all statutes or parts of statutes relating to this work. Under the system which prevails in Federal legislation this task is complex and difficult, because any enactment of Congress relating to any subject whatever is valid as law, no matter in what bill it may appear and however unrelated it may be to the bill in which it is included. This, of course, extends the examination to statutes not maritime in their subject or general scope.

Another aspect of the examination of the original statutes was the importance of combining original statutes with statutes amending them, so far as to ascertain and properly present the net result of what still remains in force as law.

The navigation laws are dependent for their proper enforcement upon other administrative departments of the United States than the Shipping Board and the Bureau of Navigation of the Department of Commerce. The duties imposed upon the various departments were examined sufficiently to determine which of them were thus interested and in what respect they were interested in these laws. In pursuance of this policy we invited and are receiving the cooperation of the following departments or bureaus: United States Coast and Geodetic Survey; United States Coast Guard; Post Office Department; Inland and Coastwise Waterways Service; Department of Justice; Bureau of Immigration; Division of Customs; Bureau of Insular Affairs; Hydrographic Office of the Navy Department; Department of State; Bureau of Navigation; Interstate Commerce Commission; Bureau of Standards; and the Bureau of Mines. The assistance possible from the Bureau of Standards and the Bureau of Mines seems remote; their assistance is of value because the experts of those bureaus are skilled in determining what materials of high inflammable or explosive character should be included among things limited or prohibited from forming a part of cargoes on passenger ships. We have received their suggestions, and they reveal the importance of expert testimony of this kind. All these bureaus and departments specifically designated persons to cooperate in the work.

A similar step was taken to secure the assistance of the House Legislative Drafting Service and the Senate Legislative Drafting Service, and their respective heads are cooperating within limits in the work. Their assistance was sought to secure the benefit of their criticisms and work, in the revision and coding yet to be done, and in order to have them familiar with the progress and development of the work in advance of the time when proposed legislation may be referred to them by the appropriate committees of Congress.

While the work is under the immediate supervision of this board, it is not its policy to apply necessarily its personal convictions as to what the law should be should its views conflict with the consensus of opinion of the best authorities on the respective subjects; the board is serving and will serve as a point at which the best judgment of persons all over the country skilled in maritime law or in practical navigation can focus their respective views on proposed changes in the law, and have these considered; the best of them will be duly adopted as a part of the proposed code. Pursuant to this plan, all the judges of the district courts of the United States and of the circuit court of appeals, the courts having admiralty jurisdiction, were requested to give their views on two important questions, and replies have been received from most of them revealing keen interest in the request. One of these items, namely, the change of the present rule of law, that when two vessels collide and both have been guilty of negligence, that the total damage to both vessels should be divided equally, notwithstanding one had been guilty of slight neglect only and the other had been guilty of very gross neglect, has already been modified by most maritime nations pursuant to the decision of the International Maritime Convention of 1910, which recommended that in such cases damages should be divided, as nearly as may be, in proportion to the degrees of neglect. The judges mentioned above are practically unanimous that the present rule should be modified and the damages in such cases should be proportional. With the support of such impartial critics we should have no difficulty in bringing about a change.

The item mentioned was one in respect to which judicial views have great value; in the practical problems of navigation experts in their several fields have been and will be consulted in determining the changes to be recommended to Congress.

## BUREAU OF RESEARCH.

The functions of the Bureau of Research comprise the conduct of any especial studies or investigations for which it may be called upon by other departments of the organization, and the current studies as to commerce, marine insurance, and ports and facilities, which are required by the merchant marine act of 1920.

## Division of Statistics.

The division of statistics is charged with the collection, compilation, and presentation of such statistical information with regard to the commerce of the United States as may be deemed of value. This division receives information with regard to all ships entering our harbors from foreign ports or from noncontiguous territory of the United States, and from vessels engaged in the intercoastal traffic. The information given with regard to the ships and the cargoes is maintained as a confidential record, but the basic figures are compiled and made available to shippers or shipping organizations who may be interested.

The chief purpose of this division is to supply information to the board and to commercial organizations which shall be of value from the shipping standpoint. Commodities are classified according to tariff classifications, and quantities are given in terms of shipping weight instead of in values or in the trade units of the commodity.

The movement by water of passengers is also analyzed by the division, and statistics on this subject are made available. Routine reports as to the amount of idle tonnage and the employment of active tonnage under the American flag are issued. In addition to this and other routine reports, the division makes special analyses of any route, region, or commodity requested.

## Port Facilities Commission.

Previous annual reports have recorded the arrangement made with the War Department, under section 8 of the merchant marine act, 1920, whereby port facilities activities are continued in conjunction with the work of the Board of Engineers for Rivers and Harbors, which board is especially charged with the development of ports, involving advice to local authorities in proper terminal design and construction. This cooperation has continued, the Shipping Board contributing the assistance of several of its employees to hasten this work, but more particularly that part dealing with a series of publications on the principal ports of the United States, containing information needed by vessels desiring to call at a given port, or to enable a shipper to compare the charges and advantages of one port or route with those of another.

Previous annual reports have also recorded the publication and issue of Port Series No. 1 on Portland, Me., and No. 2 on Boston, Mass. During the past fiscal year no volume of this series has been issued, but several are in the hands of the printer, notably, No. 3 on Mobile and Pensacola and No. 4 on Philadelphia, Camden, and Wilmington, which should be ready for issue almost immediately. Others wholly or in part have been sent to press, but may not

be available for distribution for several months. At the beginning of the fiscal year it was estimated that the entire series was about 33 per cent complete. The present percentage of completion is estimated at 60. Individual percentages are shown by the following table:

| Serial No. of volume. | Ports. | Percentage of completion July 1, 1923. | Serial No. of volume. | Ports. | Percentage of completion July 1, 1923. |
|---|---|---|---|---|---|
| [1] 1 | Portland, Me | 100 | [2] 13 | Los Angeles, Calif | 80 |
| [1] 2 | Boston, Mass | 100 | | San Diego, Calif | 80 |
| [2] 3 | Mobile, Ala | 100 | | San Luis Obispo, Calif | 15 |
| | Pensacola, Fla | 100 | [2] 14 | Port Arthur, Tex | 70 |
| [2] 4 | Philadelphia, Pa | 100 | | Sabine, Tex | 70 |
| | Chester, Pa | 100 | | Beaumont, Tex | 70 |
| | Camden, N. J | 100 | | Orange, Tex | 70 |
| | Wilmington, Del | 100 | [2] 15 | Norfolk, Va | 40 |
| [2] 5 | New Orleans, La | 95 | | Portsmouth, Va | 40 |
| [2] 6 | Galveston, Tex | 90 | | Newport News, Va | 40 |
| | Houston, Tex | 90 | [2] 16 | Baltimore, Md | 15 |
| | Texas City, Tex | 90 | | Washington, D. C | 20 |
| [2] 7 | Seattle, Wash | 90 | | Alexandria, Va | 10 |
| | Tacoma, Wash | 90 | 17 | Hawaiian ports | 25 |
| | Everett, Wash | 90 | [2] 18 | New London, Conn | 25 |
| | Bellingham, Wash | 90 | | Bridgeport, Conn | 15 |
| | Grays Harbor, Wash | 90 | | New Haven, Conn | 15 |
| [2] 8 | Wilmington, N. C | 60 | | Norwalk, Conn | 15 |
| | Charleston, S. C | 60 | | Stamford, Conn | 15 |
| [2] 9 | Savannah, Ga | 60 | 19 | Pascagoula, Miss | 0 |
| | Brunswick, Ga | 60 | | Gulfport, Miss | 0 |
| [2] 10 | Jacksonville, Fla | 80 | 20 | Gloucester, Mass | 0 |
| | Fernandina, Fla | 80 | | Beverly, Mass | 0 |
| | Miami, Fla | 70 | | Salem, Mass | 0 |
| | Key West, Fla | 80 | | Lynn, Mass | 0 |
| | Tampa, Fla | 80 | | Newburyport, Mass | 0 |
| | South Boca Grande | 70 | | Portsmouth, N. H | 0 |
| [2] 11 | Portland, Oreg | 60 | 21 | San Juan, P. R | 0 |
| | Astoria, Oreg | 60 | | Ponce, P. R | 0 |
| | Vancouver, Wash | 60 | 22 | New Bedford, Mass | 0 |
| [2] 12 | San Francisco, Calif | 40 | | Fall River, Mass | 0 |
| | Oakland, Calif | 40 | | Newport, R. I | 0 |
| | Berkley, Calif | 40 | | Providence, R. I | 0 |
| | Richmond, Calif | 40 | 23 | Panama Canal ports | 0 |
| | Upper San Francisco Bay | 15 | 24 | New York | 0 |
| | Monterey, Calif | 15 | | | |
| | Santa Cruz, Calif | 15 | | | |

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

The last report stated that in the collection of material for the port series special information became available seeming to justify a special report to the Chairman of the Shipping Board in order that he might, in accordance with the authority conferred upon him by section 8 of the merchant marine act, suggest a study of the situation by the Interstate Commerce Commission in order that it might determine the necessity for remedial orders. Such reports were prepared on the terminal charges at South Atlantic and Gulf ports and the apparent railroad rate discriminations affecting the port of Boston. During the fiscal year just passed occasion has been had to review the preliminary findings of the Interstate Commerce Commission in the South Atlantic and Gulf terminal cases, and to bring to the attention of the Chairman of the Shipping Board the switching situation at Seattle.

A special report was also prepared on the movement of grain, flour, and lumber through North Pacific ports, and for the accommodation of the authorities of the District of Columbia a special report on Washington, D. C., as affecting conditions along the Washington Channel.

A digest was especially prepared on the subject of local cooperation in its relation to river and harbor improvements.

In connection with the port series and in the matter of advice to ports, studies were continued of the movement of principal commodities in export and import trade. Expert advice was furnished to the authorities at many ports, some of this work requiring personal visits, among the ports visited being New York, Norfolk, Jacksonville, New Orleans, and Houston. Various ports, inclusive of Wilmington, Charleston, Savannah, Mobile, Corpus Christi, San Diego, Los Angeles, and San Francisco, were advised by correspondence.

## Marine Insurance.

### Volume of American Marine Insurance.

During 1921 all companies reporting to the insurance department of New York (American and foreign companies combined) reported a net marine premium income from their American business of $67,694,457. Of this total, $47,444,162 was obtained from ocean marine insurance and $20,250,465 from inland navigation and transportation risks. The total of $67,694,657 compares with net marine premiums of $96,251,034 for 1920 and $88,226,387 for 1919.

Of the total net marine premiums for 1921, American companies collected $51,604,244, of which $36,154,035 was derived from the ocean business and $15,450,209 from inland navigation and transportation. Foreign admitted companies collected a total of $16,090,413, the ocean business yielding $11,290,127 and the inland navigation and transportation business $4,800,286. American companies collected 76.2 per cent of the net premium income from all sources and foreign-admitted companies 23.8 per cent. The same proportions prevailed with respect to the two main classifications of the business—ocean and inland—the percentage of premium income obtained by American companies being 76.2 per cent in each case. But as stated in previous issues of the board's annual report, the above figures do not make allowance for the facts that a considerable number of companies classed in insurance reports as American are controlled abroad through stock ownership, and that a huge amount of marine insurance originating in the United States is exported directly to the foreign market without appearing in any published records on this side. According to estimates of recent years, believed

to be competent, such exported marine insurance to the nonadmitted foreign market is equal to at least 20 per cent of the total marine insurance originating within this country. Owing to existing severe competition from the foreign nonadmitted market, there is reason to believe that marine insurance has been sent abroad during the past year to a considerably greater degree than is customarily the case.

The unfavorable factors with respect to marine insurance, as outlined in the fifth and sixth annual reports, have continued to prevail during the past year. These factors are mainly lower values for tonnage and merchandise, a serious decline in the volume of our foreign trade, and, as a result of these, strenuous competition from abroad. As explained in the last report of the chief underwriter of the American Marine Insurance Syndicates:

> The past year, from an underwriting standpoint, has been a trying one and any deductions that we may make are not reassuring, although there is comfort in the belief that rates and values have reached their lowest ebb and will, or should, improve from now on. The value of tonnage steadily declined from the beginning of 1921 until the latter part of 1922, when, as far as insurance authorities were concerned, it seemed to remain more or less stationary. * * * Any upward trend will not take place until the world's commerce again resumes a more normal condition. At present underwriting conditions are far from satisfactory, due to the low value of tonnage and the complete demoralization of the foreign insurance market, which has been willing to accept risks at rates which left no possible chance for profit, owing to the fact that the cost of repairs is still at a high level, being estimated at least 50 per cent in excess of pre-war prices. In consequence we have not attempted to compete with the foreign market, but have endeavored to maintain fair rates and conditions consistent with good underwriting principles.

**American Marine Insurance Syndicates.**

Previous annual reports have outlined the organization of the three American marine insurance syndicates—so-called Hull Syndicates A, B, and C—and the modifications thereof that were effected from time to time. Since the last report two additional modifications of importance should be mentioned, one in connection with "Syndicate C," organized for the insurance of American ocean-going steel hulls owned by private interests or in which they have an insurable interest, and the other with respect to "Syndicate A" (working through the United States Salvage Association), a purely service syndicate created to perform at cost, surveying, inspection, and loss surveys for the United States Shipping Board in respect to all steel vessels owned by the board or sold by it on a part-payment basis, and to perform similar service in respect to any vessels for other ship owners and marine underwriters upon payment of reasonable charges for such services.

On March 29, 1923, the subscribing members of "Syndicate C" agreed to reduce the restrictions on the types of steamers that could

be insured. Under the original syndicate subscribers' agreement the syndicate was limited to the insurance of privately owned American steel hulls. As revised, the scope of the syndicate is extended to also include (1) foreign ocean-going steel hulls owned or controlled by American interests, (2) foreign hulls as part of an American fleet insured with this syndicate, and (3) wooden, composite, or iron hulls as part of an otherwise steel fleet insured with this syndicate. Further provision was made at the same meeting that no company could be a subscriber to the syndicate unless it had "a surplus to policyholders of not less than $400,000 and was duly authorized or licensed to transact the business of marine insurance in the State of New York and/or the Commonwealth of Massachusetts." With respect to "Syndicate A" the United States Shipping Board concluded in the latter part of 1922 that it would be advisable to so modify the agreement as to relieve the board from the obligation, which it had originally assumed, of advancing moneys to meet the operating expenses of the syndicate and/or the United States Salvage Association. Accordingly, after many conferences, a new agreement was signed, effective as of January 1, 1923. To quote the report of the last annual meeting of the syndicate:

> This further amendatory and supplemental agreement differs principally from the old in that a revolving fund of $125,000 is established and provision made for its maintenance by monthly payments from the board, based upon actual billings to them at cost. Provision is also made for charging off our private survey work at cost, or as near thereto as may be consistent with good commercial practice. We are confident that under this new arrangement we will be able to function successfully, as our operating expenses are now well stabilized and sufficiently in hand to permit of the utmost economy.

**Legislation Relating to Marine Insurance.**

The sixth annual report referred to the enactment of the so-called "model marine insurance law" by the Federal Government on March 4, 1922, and outlined its fundamental purposes in detail. As there explained, decisions of the United States Supreme Court give the several States complete supervisory control over insurance, and adoption of the fundamental principles of the national law therefore rests with them. Following adoption of the national law, the leading sections of the act were redrafted, with slight changes to meet local legislative usage, into the so-called "Proposed uniform State marine insurance law," for submission to the legislatures of the leading maritime States. The proposed draft received the indorsement of the National Convention of Insurance Commissioners at its meeting in September, 1922. It was thereupon introduced in the legislature of New York with the result that the new and much more comprehensive definition of marine insurance was enacted into law. The remainder of the program also passed the assembly, but

did not reach the senate in time for a final vote. The bill will again be reintroduced next year in the New York legislature, as well as elsewhere, and there is every indication of a favorable outcome. Adoption of the proposed measure by New York would be a great step forward in view of the fact that probably 90 per cent of the marine insurance transacted in the United States is written in that State. Moreover, if New York adopts the measure, there is every reason to believe that other leading States will follow the example.

In connection with the Federal marine insurance act of 1922, reference should be made to the proposed Insurance Code for the District of Columbia as represented by H. R. 13834, introduced in the last session of Congress. This bill received the approval of both House and Senate committees and will be reintroduced upon the reconvening of Congress next December. All sections of the proposed code have been so drafted as to be in entire harmony with the marine insurance act, and special provision is made to the effect that "should any section or provision of this code be held to be inconsistent with any section or provision of the act of March 4, 1922, the latter shall have precedence."

Mention should also be made of the proposed amendments to the insurance sections (secs. 9 and 10) of the merchant marine act, 1920. Section 10 of this act authorizes the creation and maintenance by the Shipping Board of a separate insurance fund for certain purposes, but apparently there is no authorization to use the fund for the insurance of the Government's equity in vessels sold by the board on a deferred-payment plan. It was felt that such authorization should be given to the board. The amendments were incorporated in the subsidy bill, considered at the last session of Congress, and failed to pass. The proposed amendments are being given further consideration with a view to possibly reintroducing them upon the reconvening of Congress next December.

**Loss Through Theft, Pilferage, and Nondelivery.**

The fifth annual report called attention to the seriousness of the theft, pilferage, and nondelivery problem in our export trade, while the sixth annual report outlined the several phases of the program that the Committee on the Merchant Marine and Fisheries of the House of Representatives, in cooperation with the Shipping Board, is pursuing with a view to bettering conditions. This program consists mainly in (1) improving the police and magisterial situation at our ports, (2) inducing shippers, especially through their leading organizations, to improve their methods of packing and of marking shipments, (3) bonding, wherever possible, such employees as handle valuable cargo susceptible to theft and pilferage, (4) increasing the liability of carriers for theft and pilferage losses, where

traceable to the negligence of the carrier, with a view to bringing about the exercise of greater care, and (5) reducing losses at foreign ports.

Work along all these lines has been continued during the past year. A special congressional appropriation was obtained for the Bureau of Foreign and Domestic Commerce of the Department of Commerce to undertake a detailed investigation of packing methods as they relate to all types of exports, and to publish an exhaustive and authentic handbook on the subject. This investigation is nearing completion, and the specifications for better packing will be published by the department in a "Handbook on Packing for Foreign Markets."

The Department of Commerce also has under advisement the bonding by surety companies or otherwise of all employees to whom the care of valuable cargo is intrusted and the establishment of a central bureau of information, either under public or private auspices, by cooperation of railways, steamship companies, marine underwriters, trucking concerns, and other interests, to supplant the present unsatisfactory method of each group doing its own work of investigation. At a recent conference, attended by numerous representatives of steamship companies, marine underwriters, shippers' organizations, and other interests, the organization of such a central information bureau was indorsed, and a committee was appointed to proceed with the organization of such a bureau for the port of New York. Consideration is also being given to the advisability of amending the so-called "Carlin Act" (Stats. at L. No. 377), at the next session of Congress, so as to include penalties for theft or pilferage from trucks, warehouses, etc., which are not at the present time covered by this act.

**Brussels Rules Governing the Carriage of Goods by Sea in Their Relation to Marine Underwriting.**

These rules represent the last draft of the previously promulgated The Hague Rules of 1922, and have been the subject of much discussion. They were introduced at the last session of Congress (H. R. 14166), and it is believed will be reintroduced, possibly with some reservations, when Congress reconvenes next December.

From a marine underwriting point of view these rules are of great importance. According to the sponsors of the rules, they involve, among other matters, (1) making the carrier liable for loss of cargo, including theft, pilferage, and other causes not comprised under "acts of God," if due to the negligence of the carrier; (2) shifting the burden of proof of negligence from the shipper to the carrier; (3) giving shippers a much more reasonable notice and proof of claims clause than that commonly found in existing bills of lading; (4) raising the carrier's liability per package or unit from the customary

present limit of $100 to $500 (£100), and eliminating the use of existing pro-rata clauses in connection with such liability; and (5) prohibiting the forfeiture of the shipper's insurance by the carrier through a so-called "benefit of insurance" or any similar clause.

The value of the suggested changes to marine underwriting interests are very substantial as compared with the present. Since marine insurance assumes the risk of loss to cargo, the interests of shippers and underwriters are identical when viewed from the standpoint of the carrier's liability. Anything that increases that liability or that reduces the burden of proof of liability, a matter of great importance when underwriters seek to recover claims paid to shippers by way of subrogation, will benefit marine underwriters to that extent. The rules received the almost unanimous approval of the American Institute of Marine Underwriters at its meeting on January 22, 1923. With but one dissenting company, this organization, comprising within its membership practically all marine-insurance interests, adopted the following motion:

> That while these rules do not meet all the points we would like to have embodied in them, we feel that as they stand they deserve the support of the institute.

## United States P. & I. Agency.

On February 20, 1923, the United States Shipping Board withdrew all of its ships from entry in the American Steamship Owners Mutual Protection & Indemnity Association (Inc.), of which the Shipping Board had been a member since January, 1918.

This association, familiarly known as the American P. & I. Club, had been organized in 1917 under the New York State insurance law as a mutual insurance corporation. Its purpose, speaking generally, was to provide mutual insurance for shipowners against those losses which are not caused by perils of the sea and so are not covered by the ordinary marine-insurance policy. Such losses arise chiefly from the liability of the ship and its owner for negligence causing damages to and shortages of cargo, injuries to passengers and crew, and damage to property other than cargo (except by collison with another vessel). Covered also is the liability of the ship for the maintenance and care of seamen taken ill while at sea, and for various fines and penalties, and other miscellaneous items.

For many years it has been the custom of shipowners to cover these sorts of liability in mutual protection and indemnity clubs. Prior to 1917, the American shipowners had entered their vessels in foreign clubs, mostly British. One of the prime reasons which induced the Shipping Board to join the American club, in contravention of the usual policy of not insuring Government property, was the desire to encourage the formation of a strong American mutual association in the interests of an American merchant marine.

During the year 1922 the Shipping Board conducted a thorough investigation of the whole subject of its relationship to protection and indemnity insurance. It found that the American P. & I. Club was reinsuring in British clubs the vessels entered in it, and that the directors of the club seemed to be convinced that this was good business policy and should be continued. Inasmuch as the American club was now on a strong enough basis to continue without the membership of the Shipping Board, and since by its reinsurance agreement with British clubs it ceased to supply an all-American cover, there was no further reason why the Shipping Board should feel required to give it support. The Shipping Board also came to the conclusion that it would be more economical for it to carry no insurance against P. & I. claims, just as it carries no insurance against marine disaster, and that the work of adjusting and paying the claims against its vessels could be done with more satisfaction to all concerned by the Shipping Board itself, through its own agencies.

The withdrawal of the Shipping Board from the association did not relieve the association from liability for losses on claims against Shipping Board vessels arising prior to February 20, 1923. The Shipping Board also remained liable for unpaid past-due assessments, amounting to approximately $2,339,000, and for future assessments which might be levied on account of insurance years prior to February 20, 1923. It seemed desirable both from the point of view of the Shipping Board and of the club that a final settlement should be made under which mutual releases of all liability could be given and the Shipping Board would be left free to handle and pay from its own funds all outstanding claims.

Accordingly, on April 25, 1923, the Shipping Board entered into a contract with the association, reached after protracted but wholly friendly negotiations, by virtue of which the foregoing purposes are accomplished. Payment of $1,200,000 was made by the club to the Shipping Board on account of unexhausted prepaid assessments; the determination of the exact amount due on such accounts awaits the results of audits now in progress.

In anticipation of the necessity of creating an organization to handle claims against its vessels of the kinds which had been covered by the club's insurance, the Shipping Board caused to be organized in December, 1922, under the laws of the State of Delaware, a corporation called the United States P. & I. Agency (Inc.). This company conducts its business at 45 Broadway, New York City. It is practically owned and controlled by the United States Shipping Board through the deposit of all certificates for all its capital stock, indorsed in blank, with the treasurer of the Emergency Fleet Corporation.

The work of handling and negotiating the settlement of all so-called P. & I. claims, including both those which should arise after February 20, 1923, and those arising prior to that date from liability for which the club was released on April 25, 1923, has been entrusted to this agency and its representatives. Its activities are subject to the control of a supervisory committee composed of Messrs. Meyer Lissner, commissioner, United States Shipping Board, and W. J. Love and W. B. Keene, officers of the Emergency Fleet Corporation.

The United States P. & I. Agency arranged at once for the services of well-known firms as its local representatives in some 179 ports of call of Shipping Board vessels throughout the world.

Authority to settle claims up to an amount not exceeding $250 per claim, without prior approval, has been given to each active managing operator of Shipping Board vessels. Further authority has been given to settle claims up to $1,000 with the approval of a local representative, up to $2,500 with the approval of Messrs. Downing, Middleton & Lewis for claims arising in the British Isles, or with the approval of the Director for Europe for claims arising in the territory under his jurisdiction, or with the approval of the president of the P. & I. Agency for claims arising anywhere. A settlement in excess of $2,500 and up to $5,000 requires the approval of one member of the supervisory committee. A settlement in excess of $5,000 requires the approval of two members of the supervisory committee.

A vast accumulation of claims which arose prior to February 20, 1923, has been taken over by the new organization. The New York office of Messrs. Johnson & Higgins, managers of the association, turned over to the home office of the United States P. & I. Agency some 19,370 files pertaining to these old claims. A large number of files have also been turned over in San Francisco, Seattle, and London. Examination of these files show that many of them contain documents relating to claims which can properly be treated as dead through lapse of time or other action heretofore taken with reference to them. There has been no current running record kept of outstanding live claims. A good many live claims are not referred to in any of the files received from the managers of the association. It is therefore entirely impossible to form even a rough estimate of the number or amount of old claims which are pending. There are thought to be approximately 1,250 old claims in litigation.

In spite of the difficulties involved in creating an entirely new organization with representatives throughout the world in laying out new systems for handling claims, and in the confusion of taking over the management of a great number of pending unsettled claims,

good progress has been made both in the disposition of old claims and in handling new claims promptly as they arise.

On the date of writing this report (July 14, 1923) complete reports of all claims settled under the new system prior to June 30 had not been received from all of the local representatives and managing operators. So far as reported the figures with reference to the claims settled between February 20, 1923, when the United States P. & I. Agency was put in charge of the work, and June 30 are as follows:

| Nature of claim. | Number of claims. | Amounts paid. | Nature of claim. | Number of claims. | Amounts paid. |
|---|---|---|---|---|---|
| *Claims arising prior to Feb. 20, 1923.* | | | *Claims arising since Feb. 20, 1923.* | | |
| Cargo damage | 118 | $50,877.50 | Cargo damage | 94 | $6,161.18 |
| Cargo shortage | 1,354 | 88,725.10 | Cargo shortage | 572 | 16,813.34 |
| Cargo pilferage | 72 | 1,430.41 | Cargo pilferage | 24 | 11,110.04 |
| Personal injury | 125 | 52,249.23 | Personal injury | 128 | 11,140.76 |
| Illness | 15 | 526.84 | Illness | 88 | 1,623.58 |
| Death | 1 | 100.00 | Death | 1 | 51.97 |
| Dock damage | 5 | 376.16 | Dock damage | 6 | 480.02 |
| Fines and penalties | 5 | 447.70 | Fines and penalties | 6 | 387.85 |
| Miscellaneous | 56 | 7,362.31 | Miscellaneous | 113 | 7,337.95 |
| | 1,761 | 202,094.25 | | 1,032 | 55,116.69 |

| | Number of claims. | Amount. |
|---|---|---|
| *Totals.* | | |
| Prior to Feb. 20 | 1,761 | $202,094.25 |
| Since Feb. 20 | 1,032 | 55,116.69 |
| | 2,793 | 257,210.94 |

## SECRETARY.

**Sale of Vessels to Aliens and (or) Transfer to Foreign Registry.**

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

In the exercise of the powers conferred by this section, the board requires a prescribed application form to be executed by those desiring to sell to an alien or transfer a vessel to a foreign registry or flag. The applicant is required, in executing the application form, to give all the details of the vessel's construction, the reason for requesting transfer of ownership or registry, and why it is not desir-

able to retain the vessel under the American flag. A statement must be made as to the trade in which the proposed purchaser or transferee will employ the vessel, thus enabling the board to determine upon the merits of each case, whether the sale and (or) transfer should be authorized or the vessel retained under the United States flag.

Each application must be supported by a sworn affidavit that the purpose of the sale and (or) transfer is not to avoid the laws of the United States. Transfers are authorized with the provision that there are no liens, encumbrances, or other charges against the vessel. If there are liens, encumbrances, or other charges, the approval of the mortgagee or lienor must be obtained and an affidavit to that effect filed with the board. It is further provided that the sale and (or) transfer be effected within a period of six months, and that the vessel shall not engage in any trade contrary to the laws of the United States.

In case of the violation of section 9 of the shipping act, 1916, as amended, or the violation of any of the provisions or conditions which the board places in the orders granting permission to sell to aliens and (or) transfer to foreign registry the matter is referred to the Department of Justice for prosecution of the party or parties responsible for the violation.

During the year July 1, 1922, to June 30, 1923, inclusive, the board authorized the sale and (or) transfer of 132 vessels of 177,063.71 gross tons. In addition, 1 undocumented tug of unknown tonnage and 2 undocumented dredges of unknown tonnage were transferred, making a total of 135 vessels sold and (or) transferred, distributed as follows:

| Registry. | Number of vessels. | Gross tonnage. | Registry. | Number of vessels. | Gross tonnage. |
|---|---|---|---|---|---|
| Argentine | 5 | 7,684 | Greek | 1 | 3,769 |
| British | 33 | 20,240.97 | Japanese | 1 | 21.26 |
| Canadian | [1] 23 | 16,839.38 | Mexican | [2] 15 | 5,309.27 |
| Colombian | [2] 3 | 767 | Nicaraguan | 2 | 349.12 |
| Cuban | 4 | 185.71 | Norwegian | 4 | 3,217 |
| Dominican | 2 | 30.4 | Panaman | 15 | 80,876.04 |
| Dutch | 2 | 275.44 | Philippine | 3 | 345.39 |
| Foreign (registry not stated) | 9 | 4,167.39 | Portuguese | 1 | 101 |
| French | 1 | 73.54 | Spanish | 2 | 8,433 |
| Honduran | 2 | 639.04 | Venezuelan | 2 | 60.76 |
| Italian | 3 | 11,689 | | | |
| German | 2 | 11,990 | Total | 135 | 177,063.71 |

[1] One undocumented tug of unknown tonnage.
[2] One undocumented dredge of unknown tonnage.

Throughout the fiscal year the secretary, on behalf of the board, conducted investigations of approximately 50 cases of alleged violations of section 9. Approximately 20 cases investigated were referred to the Department of Justice, with the recommendation of

the board in each case that the party or parties responsible for the violation of the law be prosecuted and the vessel seized if found in American waters, if the Department of Justice determined that such seizure could be accomplished without international complications.

The cases referred to the Department of Justice were in turn referred to the respective United States district attorneys. Employees of the secretary's office were sent to the various districts in which prosecutions were pending to assist the district attorney in securing additional evidence and to appear as witnesses for the Government.

# PART II

## UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

# II. UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION.

## ORGANIZATION.

At the beginning of the fiscal year the board of trustees of the Emergency Fleet Corporation consisted of the following five members, there being two vacancies, as the certificate of incorporation and the law of the corporation provide for seven members: J. B. Smull, W. J. Love, Elmer Schlesinger, Edward P. Farley, and H. S. Kimball.

On August 4, 1922, J. B. Smull, senior vice president, was elected president of the corporation.

Trustees Edward P. Farley and H. S. Kimball resigned as trustees on August 4, 1922. The following were elected trustees on the same date: Sidney Henry, vice Edward P. Farley, resigned; J. W. McIntosh, vice H. S. Kimball, resigned; Ralph V. Sollitt, vice A. J. Frey, deceased.

On September 1, 1922, Elmer Schlesinger resigned. On November 16, 1922, W. B. Keene was elected a trustee, vice Elmer Schlesinger. On November 24, 1922, Joseph E. Sheedy was elected a trustee, vice J. W. Powell, resigned.

J. W. McIntosh resigned as trustee on May 19, 1923, and on June 18, 1923, J. B. Smull resigned as president and trustee.

At the close of the fiscal year, June 30, 1923, the board of trustees consisted of the following five members, two vacancies existing: W. J. Love, Joseph E. Sheedy, Sidney Henry, R. V. Sollitt, and W. B. Keene.

During the year the board of trustees of the Emergency Fleet Corporation, or the executive committee thereof, held 105 meetings, all of which were in Washington, D. C.

## PRESIDENT EMERGENCY FLEET CORPORATION.

Under the senior vice president—later president—of the Emergency Fleet Corporation a general coordination of the work of the corporation was effected and, in addition, jurisdiction was exercised over the specific activities of the administrative department, allocation department, contract department, chartering department, and statistical department.

## Administrative Department.

This department exercises control over all administrative details of the offices, both home and field, which go to make up that portion of the Fleet Corporation known as Operations. These details embrace personnel, transportation, expense allowances, administrative expenditures, office space, office supplies, communications (mail, telegraph, and cable), filing systems, and all matters pertaining to organization. As far as transportation, expense allowances, administrative expenditures, and telegraph and cable communication are concerned, the control which this office exercises is extended to the entire fleet corporation.

## Allocation Department.

The primary function of this department is to determine the suitability of vessels to meet trade requirements and to provide an adequate amount of tonnage to protect the demands of the traffic and chartering departments. To best carry this out, we have continued our survey of the structural features and actual past performance of all active vessels, as well as steamers tied up which are suitable for consideration for conditioning as replacement tonnage.

The number of cargo and passenger vessels engaged in active service has remained nearer constant during the past fiscal year than in any preceding year, there having been 394 steamers in operation on June 30, 1922, and 365 in operation on June 30, 1923, or a variation of only 7 per cent. At no time during the fiscal year did the number in service exceed 395 nor fall below 364. This unusually low variation in the number of steamers in active service was principally brought about by the fact that during the preceding fiscal year the number of steamers employed in the several trades was reduced to conform with market conditions.

During the past year a consistent effort has been made to hold to an absolute minimum the number of reserve vessels assigned as substitutes for active steamers. One of the principal results of this has been to reduce changes in the fleets of the various managing agents to a minimum and has enabled us to keep the same vessels in the hands of the same agents, with the result that they, as well as the ship's personnel, have become fully acquainted with their steamers and are better equipped to keep operating costs down, through the medium of greater efficiency.

In order to further obviate the necessity of making changes in the fleets of the managing agents, vessels arriving at their home ports from several days to several weeks ahead of their next scheduled outbound loading date for various reasons have not been withdrawn except in cases where failure to do so would be prejudicial to the best

interests of the fleet. Instead, such vessels have been placed in "idle status," which action allows them to continue under the control of their operator, but with reduced crews and attendant expenditures. Crews retained on vessels placed in "idle status" employ their time in making minor repairs, cleaning, and generally bettering the condition of the steamer, which is done at no additional expense to the board except for material used.

The active fleet has been operated during the past year by an average of 39 managing agents. While a few minor changes occurred, due to the reorganization of some of these companies, the number of managing agents was not increased. Revised confidential reports dealing with the organization, financial resources, nationality, etc., of our managing agents were obtained, carefully verified, and filed for future reference.

Considerable attention has been devoted to the selection of emergency or "spot" vessels and, in this connection, close and constant contact has been maintained with the traffic and chartering departments in order to accurately estimate the number of such vessels that would be required. In addition to vessels held in reserve for substitution purposes, a certain number of steamers are needed from time to time to be used as additional tonnage on the various liner berths to protect seasonal movements of commodities, such as cotton, flour, grain, apples, etc.

A number of reports have been compiled during the past year dealing with the various operators and their fleets. There also has been prepared a statement showing the estimated costs of operation of the various types of vessels owned and controlled by the board. These figures have been used principally by the chartering department to assist them in determining whether or not business offered will be profitable.

## Contract Department.

The contract department maintained general supervision over chartered vessels, adjusted disputes which arose under charter parties and managing agency agreements, and rendered such interpretations relative thereto as were required for the proper conduct of the business of the corporation. The department also maintained a close supervision over contractual relations of the corporation with its managing agents and charterers and supplied the accounting department with necessary documentary evidence and data upon which to initiate adjustment of accounts.

Special attention has been directed during the past fiscal year to the disposition of many matters, some of which extended as far back as 1917. As a result of these activities the department disposed of 469 claims, resulting in collection and credits being obtained

in the sum of approximately $800,000. The total number of claims considered during the year was 771, aggregating approximately $5,500,000, of which 573 claims in the sum of $2,800,000 were definately disposed of.

As a result of the policy to arbitrate claims before an arbitration committee, the department conducted during the current year eight arbitrations, seven of which resulted in favor of the corporation.

During the fiscal year 1922 the managing agents' accounts adjustment committee was formed for the purpose of settling disputed items between the managing agents and the corporation under the various agency agreements. The committee rendered during the past fiscal year 238 decisions, involving approximately $2,300,000, approximately 50 per cent of which were decisions against the managing agents. The class of items considered by the committee is mainly expenditures made by the managing agents which field auditors of the corporation suspended or disallowed pending further developments as to the propriety of the charges.

Considerable progress was made during the past fiscal year in the settlement of various managing agency accounts, final releases having been exchanged with 32 companies.

Due to the continued depressed condition of the shipping business, only 22 vessels, aggregating 39,530 dead-weight tons, were chartered on a bareboat form during the year, and at the end of the fiscal year there were only 16 vessels of 34,404 dead-weight tons under bareboat charter.

## Chartering Department.

During the year from July 1, 1922, to June 30, 1923, the chartering department negotiated charters of our tankers and cargo steamers for a total of 389 trips, representing a total of approximately 3,325,000 dead-weight tons. These charters were divided as follows:

*Charters, July 1, 1922–June 30, 1923.*

TANKERS.

| | Trips. | Dead-weight tons. |
|---|---|---|
| Intercoastal trade | 103 | 1,052,897 |
| Coastwise trade | 75 | 697,440 |
| Mexico to United States trade | 29 | 235,572 |
| Molasses—West Indies to United States | 14 | 120,260 |
| Molasses—West Indies to Europe | 6 | 52,746 |
| | 227 | 2,158,915 |

*Charters, July 1, 1922–June 30, 1923*—Continued.

CARGO STEAMERS.

| | Cargo. | Steamers. | Deadweight tons. |
|---|---|---|---|
| United Kingdom to North Atlantic | Coal | 109 | 874,307 |
| Chile to United States | Nitrate | 13 | 102,049 |
| Plate to United States | Linseed | 13 | 103,404 |
| Spain to United States | Pyrites | 1 | 7,564 |
| Portugal to United States | Cork | 1 | 7,825 |
| | | 137 | 1,095,149 |

MISCELLANEOUS.

| | Cargo. | Steamers. | Cargo tons. |
|---|---|---|---|
| United States to South America | Coal | 1 | 3,250 |
| Cuba to Europe | Sugar | 2 | 2,500 |
| Germany to United States | Kainit | 15 | 48,390–52,590 |
| United States to Europe | Sulphur | 4 | 14,600 |
| Africa to United States | Mahogany | 1 | 1,000 |
| Port Said to India | Salt | 1 | 4,000 |
| Black Sea to United States | Ore | 1 | 3,500 |
| | | 25 | 78,850 |

SUMMARY.

| | Number. | Deadweight tons. |
|---|---|---|
| Tankers | 227 | 2,158,915 |
| Steamers | 137 | 1,095,149 |
| Do | 25 | [1] 78,850 |
| | 389 | ..... |

[1] Cargo.

In the early part of the fiscal year tank-steamer business was inactive, and practically 60 per cent of our fleet were used for the storage of fuel oil, most of these vessels being loaded up at Gulf ports. In December, 1922, the oil situation changed materially owing to the shutting down of the supply of oil from Mexican ports, forcing the trade to draw their supplies from the Pacific coast oil fields. As a consequence, a shortage of tonnage quite naturally developed, as it requires about two and one-half to three times as many tankers to transport the same quantity of oil from the Pacific coast to North Atlantic ports as it does to transport same from Mexico to North Atlantic ports. Freight rates, which in December were approximately 15 cents Mexico to United States Gulf ports, 27 cents Mexico to North Atlantic ports, with no business at all

doing from the Pacific coast, advanced rapidly until the peak was reached in March, 1923, when the following rates were paid:

| | Per barrel. |
|---|---|
| Pacific coast to United States North Atlantic ports | $1.00 |
| Mexico to United States North Atlantic ports | .50 |
| Mexico to United States Gulf ports | .21 |

These high prices show a net profit to the board for each trip in the above trades as follows:

| | Per trip. |
|---|---|
| Intercoastal trade, approximately | $40,000 |
| Mexico to United States North Atlantic trade | 15,000 |
| Mexico to United States Gulf, approximately | 6,000 |

When these high prices for tankers were finally reached it was decided to withdraw the Shipping Board tankers from the chartering market and to hold them for sale, and public announcements of this policy was published in the newspapers. The result was an immediate demand for the purchase of Shipping Board tankers, and a total of 45 tankers were sold at a minimum price of $45 per dead-weight ton. The board has at present in its tanker fleet 45 tankers ranging from 6,000 to 10,000 tons, which is considered ample tonnage to care for the board's own requirements, in so far as the passenger and cargo fleet is concerned.

The demand for tank tonnage at the end of the fiscal year was somewhat easier, with every indication of a decline in charter rates.

The activity in the import coal trade was brought about by a strike of the coal miners in this country, which became acute about the middle of July, 1922. It was considered to the Government's interest to bring every influence to bear to force a quick settlement of the strike, and in line with this policy the Shipping Board closed on July 21 and 22 about 48 steamers to transport coal from the United Kingdom to the United States. This was followed up rapidly by the chartering of further tonnage, until we had closed in all 109 steamers with a dead-weight capacity of approximately 1,000,000 tons. In addition to the Government-owned steamers which we closed, there were approximately 300 foreign steamers closed for the same business. It was the policy of the Government to bring this coal to the United States at a minimum cost to the consumer, and to this end the chartering department was instructed to keep the rates as close to a minimum basis as could be done under existing market conditions. The offerings of our tonnage on the market therefore were made in such a manner as to discourage foreign shipowners forcing freight rates to unreasonable prices, and in this respect the size of the fleet which we were able to throw on the market as above indicated enabled us to control to a large extent the cost of this transportation. Freight rates on this coal movement over the

period from July to December, 1922, ranged from 7/ to 14/ per dead-weight ton, the average for the entire coal movement being approximately 9/9d.

In addition to the above, the chartering department chartered during the fiscal year a number of steamers on a bare-boat basis, most of them of the lake type for operation in the West Indies trade.

Aside from the coal and tanker movements above reported, the general market conditions were such as to discourage any chartering business for our cargo carriers. Ruling freight rates for the year were below actual operating cost, and our activities in this respect were therefore limited to a large extent to part cargoes for our liner tonnage on their westbound trips, with an occasional full cargo of nitrate from the west coast of South America to the States and linseed from the Argentine.

## Statistical Department.

The statistical department of the corporation consists of two main divisions, viz: Actuarial division, records and information division.

### Actuarial Division.

The actuarial division of the statistical department is engaged in collecting, compiling, and analyzing information regarding the various factors and elements pertaining to the financial results of operation of United States Shipping Board vessels in the several trade routes by various operators as reflected by revenue and expense reports submitted by the managing agents covering voyages terminated under their direction.

Analyses are made covering traffic conditions in the various routes, and comparisons of managing agents' efficiency in obtaining freights and rates.

The various items entering into the operating costs of vessels are analyzed according to class and type of vessel, trade routes, and managing agents. Various charts, schedules, tables, and statements are prepared from these statistics for the guidance of the executive heads for use in effecting more efficient operation.

### Records and Information Division.

The records and information division collects and maintains records and data pertaining to the acquisition, operation, and status of all vessels owned or under the control of the United States Shipping Board Emergency Fleet Corporation, and disseminates such information to those concerned.

Records are maintained and advices issued on the daily movement of every vessel operated for account of the board in order that full information may be available as to the exact location of all Shipping Board vessels.

Records are kept of all vessels with relation to the details of their construction, and are currently revised and maintained and constitute a full and accurate record of every vessel that is now or has at any time been under the control of the Shipping Board. Files of blue prints of vessel plans are maintained, copies of which are furnished to other departments of the organization or to managing agents.

Regular weekly and monthly reports are issued, giving the assignment and allocation of all vessels, and showing details as to the distribution of the fleet by trade regions, by ports of origin and destination, and arranged to indicate the exact disposition of each vessel, whether active, inactive, or laid up.

During the past year innumerable special reports were compiled, covering all phases of the status or operation of the fleet, and a publication was prepared and promulgated, giving for the first time complete and concise information on all vessels of every type that are now or have ever been under the control of the board.

The section of this department, formerly known as the cargo section, which maintained records of and made analyses of exports and imports covering entrances and clearances of vessels of all flags, has been transferred to the direct jurisdiction of the Shipping Board.

## TRAFFIC DEPARTMENT.

The annual report of the traffic manager for the fiscal year ended June 30, 1922, detailed the precise functions and responsibilities of the traffic department and embodied a statement of its various organization units charged with the immediate handling of its activities.

Throughout the fiscal year just closed the traffic department continued its intensive study of the traffic situation under the constantly changing conditions by which it is affected and which are in large measure due to the almost unprecedented depression of ocean transportation.

At the close of the fiscal year ended June 30, 1922, the functions of the traffic department were performed through the following divisions:

European trades division.
Mediterranean trades division.
South American and West Indies trades division.
Passenger and mails division.
Far East and long voyage trades division.
Claims division.

During the fiscal year ended June 30, 1923, and in line with our continuing policy to effect economies wherever practicable, the Euro-

pean trades division and the Mediterranean trades division were merged, the combined division being known as the European and Mediterranean trades division.

The trade divisions under present arrangement exercise supervision over the traffic features of our vessel operations to and from the following points:

*European and Mediterranean trades division.*—European ports, including the United Kingdom, Spanish Mediterranean ports, French Mediterranean ports, ports of North Africa, Adriatic ports, Greek Levant, and Syrian ports, and ports of the Black Sea.

*South American and West Indies trades division.*—All ports in South America, West Indies, Virgin Islands, British West Indies, and the coastwise trades of the United States.

*Far East and long voyage trades division.*—Ports of Japan, China, Philippine Islands, Dutch East Indies, and Straits Settlement, Australasia, India, and west, south, and east African ports. This division also supervises the intercoastal service between Atlantic and Pacific coast ports of the United States.

*Passenger and mails division.*—This division handles certain of the details incident to the operation of our passenger services and also assists in the booking of passengers.

*Claims division.*—This division is maintained for the consideration and settlement under the immediate supervision of the traffic manager of traffic claims arising from the operation of our regular berth services.

## General Traffic Conditions.

Throughout the entire year available tonnage for the movement of cargo was largely in excess of the volume of cargo offering and a shippers' market prevailed.

It is gratifying to report that not only have we maintained our services in the face of severe competition which prevailed, but we have felt justified in affording American shippers an entirely new service. Accordingly, we have inaugurated an express, passenger, freight, and mail service from Pacific coast ports of the United States through the Panama Canal via Porto Rican ports to the east coast of South America.

### Efforts to Secure Cargo.

The annual report for the fiscal year ended June 30, 1922, recorded the establishment of an inland offices division with offices in Chicago, Detroit, St. Louis, Kansas City, Minneapolis, and Memphis.

In the establishment of this division we had in mind the desirability and importance of acquainting shippers in the Middle West with the service which the Shipping Board had to offer in the transportation of their products to foreign markets.

As a result of the activities of these offices, intimate contact has been established with more than 8,000 American industrial concerns, most of whom are actual and all are potential supporters of American ships. The aim has been to develop the shippers' interest, keep them at all times cognizant of the improvements of the services of our various lines; the establishment of new services; to receive complaints and eliminate misunderstandings; and to solicit passengers and cargo shipments not only for Shipping Board vessels but American privately owned vessels as well. In short, to further the interest of the American vessel.

**Sailing Schedules.**

Each of the operators of Shipping Board tonnage in an endeavor to secure cargo for their particular line issues sailing schedules and other appropriate literature covering the service they maintain. In order, however, that shippers throughout the country might have an idea of the collective extensiveness of Shipping Board services to practically every port in the world the traffic department has been compiling monthly schedules of the sailings of all its vessels showing the name of the operator of each ship, the port of sailing, and the port or ports of destination. This schedule is issued on the first of each month and covers the subsequent 45-day period. In addition to getting before the shippers a pamphlet to which their traffic managers can turn for sailings to any part of the world in connection with any cargo they may have on hand, we are enabled by this medium to get directly to the concerns to which we look for support for our vessels important facts concerning our services.

**Dependability of Services.**

By constant study and the placing in the various trades of the types of vessels most suitable for the carriage of the class of cargo offered and the characteristics of such trades we have been enabled to maintain advertised sailing dates to an unusual extent. As a matter of fact, in several of our trades we have established records which theretofore had been almost unthought of in the handling of cargo vessels. Perhaps no other feature of our service has proven of greater attractiveness to shippers, and the increased participation of our vessels in both export and import carryings has been largely due to a recognition on the part of shippers of the reliability of our services in this regard.

**Bills of Lading.**

Another direction in which we have endeavored to secure the shippers' favor has been in the handling of bills of lading. The traffic department has given considerable thought to this subject, and during the past year we have prepared and adopted a standard form

of bill of lading, which is now being used by practically all of our operators. Previously there were in effect a great variety of bills of lading, which made it difficult for shippers to decide under which form they would have adequate protection. We now have in general use, however, a bill of lading not only uniform but comparatively brief and comprehensive.

**Homeward Cargoes.**

While the foregoing has reference particularly to our progress in connection with export cargoes, similar progress has been made in connection with import business, which during the past year has been of unusual importance.

A steamship line can not operate with complete success under normal conditions unless cargo moves in both directions, and as a result of an intensive campaign to improve our position in this field it is pleasing to report that during the past year our participation in homeward carryings has encouragingly increased.

Special mention might be made of the fact that during the latter part of 1922 we were successful in securing contracts enabling substantial participation in such important import cargoes as wood plup, coffee, sugar, mahogany logs, etc.

**European and Mediterranean Trades.**

On June 30, 1922, the services in the European and Mediterranean trades division were covered by 212 vessels, whereas at the time of this report there are 216 vessels in operation.

As indicated hereinbefore, exports during the past year were not as great as during the previous year, although there was an improvement in imports. Despite this and the fact that ocean freight rates have decreased, the showing of our vessels in the European and Mediterranean trades compares favorably with the preceding fiscal year. This is a good reflection of our competitive strength.

Particular progress has been made in our services from the Gulf to European ports. Our services have also shown considerable development from the North Atlantic.

To French ports we have fared very well, and despite the fast passenger ship competition offered by competitive lines our vessels obtained very good cargoes and revenues.

During the past year a freight service previously maintained to German ports was discontinued in accordance with the policy of the merchant marine act, it being felt that this service was adequately served by American privately owned lines.

To Greek Levant and Black Sea ports it is pleasing to note that our services to-day are superior to any operated by the lines of our competitors.

**South American and West Indies Trades.**

At the close of the fiscal year ended June 30, 1923, our services to South America were maintained by 42 steamers as against 46 at the close of the previous fiscal year.

We now have services from both coasts of the United States to practically every port in South America. The east coast of South America trades from the Atlantic and Pacific coast of the United States have offered good employment for our steamers, and the regular sailings and efficient services have won for our lines the popular approval of the shippers and consignees.

The service maintained between the United States Pacific coast ports and ports on the west coast of South America has been operated with regularity and a marked measure of success.

**Coffee Shipments.**

The success which has attended the special efforts to secure an increased measure of the coffee moving from Brazil ports to the United States is very gratifying.

Statistics covering the first half of the coffee crop, July to December, 1922, show that American flag steamer lines operated for the Shipping Board, brought to the United States a larger number of bags than had been carried in steamers of any other flag to the United States or to any other region of the world. One of our lines operating from and to the Gulf took first place in a list of competitive lines engaged in the coffee trade of Brazil. Figures covering coffee carryings during the period from January 1 to June 30, 1923, are not yet available, and no comparison now can be made.

**West Indies.**

By charters and sales the West Indies and Caribbean services maintained by the Shipping Board have been reduced to two; namely, New York to Haiti (local outport line) and New York to Trinidad and the Guianas.

Five of the steamers previously operated from New York to Port au Prince, Kingston and Colombia and from New York to Virgin Islands, British and French West Indies have been sold and were delivered during the last half of the fiscal year. These lines are now operated by a private company under the United States flag.

**Coastwise.**

With the sale of three of the four steamers which have been operating in the coastwise trades between the North and South Atlantic ports, the Shipping Board withdrew entirely from these trades during the year. The purchasers who had been managing agents are now maintaining sailings for their own account.

**Far East and Long Voyage Trades.**

At the close of the fiscal year there were 108 vessels engaged in the maintenance of our service in these trades. During the year new services were established as follows:

New York to Manila: Direct monthly sailings.
Gulf-Manila: Direct every 60 days.
Intercoastal refrigerated service: Every 60 days.
Seattle to South China: Every 28 days.
Portland to South China: Bimonthly. Columbia Pacific Shipping Co.
Los Angeles to Honolulu (passenger, mail and freight): Monthly sailings.

Due largely to the vast territory which this trade division comprises, and to the further fact that we have in almost every case entered new fields theretofore almost exclusively controlled by competitive tonnage, this trade has required particular study. Much pioneer work had to be done. We are gratified, however, to record that in connection with all of our services evidences of our progress are apparent.

Recently, in order that American shippers might have service to a greater range of African ports, and also that our vessels' expenses would not be materially increased in the granting thereof, we established a feeder service by means of which cargoes brought to the West Coast of Africa are transshipped to smaller ports. This saves the time of the liners and naturally enables their quicker turnaround.

Our services to the Philippine Islands have been developing encouragingly. One of the most important and desirable return cargoes from the Philippine Islands is sugar, and during the last half of the fiscal year contracts were closed for movements of large quantities, both to the Pacific and to the Atlantic coasts of the United States. Indications seem to point to the fact that additional contracts for even larger amounts will be closed next year. Similar success has also atended our solicitation of hemp, copra, and other principal import commodities.

## Passenger and Mail Services.

At the close of the fiscal year there were in operation 30 passenger steamers in the following trades:

United States Lines:

| | |
|---|---|
| Leviathan | New York to Cherbourg, Southampton. |
| George Washington<br>President Roosevelt<br>President Harding<br>America<br>President Arthur<br>President Fillmore | New York to Plymouth, Cherbourg, Bremen. |

United States Lines—Continued.

| | |
|---|---|
| President Polk | New York to Cobh, Plymouth, Cherbourg, London. |
| President Adams | |
| President Monroe | New York to Plymouth, Cherbourg, London. |
| President Van Buren | |
| President Garfield | |

Munson Steamship Lines:

| | |
|---|---|
| American Legion | New York to Rio de Janeiro, Santos, Montevideo, Buenos Aires. |
| Pan America | |
| Southern Cross | |
| Western World | |

Los Angeles Steamship Co.:

| | |
|---|---|
| City of Los Angeles | Los Angeles–Honolulu. |

Admiral Oriental Line:

| | |
|---|---|
| President Jackson | Seattle–Victoria to Yokohama, Kobe, Shanghai, Hongkong, Manila. |
| President Jefferson | |
| President Grant | |
| President McKinley | |
| President Madison | |

Pacific Mail Steamship Co.:

| | |
|---|---|
| President Cleveland | San Francisco to Honolulu, Yokohama, Kobe, Shanghai, Hongkong, Manila. |
| President Lincoln | |
| President Pierce | |
| President Taft | |
| President Wilson | |

Swayne and Hoyt (Inc.):

| | |
|---|---|
| President Harrison | San Francisco–Los Angeles to east coast South American ports via canal and Porto Rico. |
| President Hayes | |
| Susquehanna | |

The board during the fiscal year maintained a regular weekly passenger service between New York and London with five steamers of the 502-foot type. A weekly service has also been maintained between New York and Bremen. In this service the *George Washington* is operated and supplemented by two of the 535-foot type vessels and three cabin boats.

The *Leviathan*, which will enter the European trade between New York, Cherbourg, and Southampton on July 4, has been entirely reconditioned and is now the finest steamer afloat. During the trial trip she made the remarkable speed record of an average of 27.48 knots for 25 hours, covering 687 nautical miles. The *Leviathan* is scheduled to make a complete turn around in 21 days.

**South American Passenger Service.**

There are four 535-foot type steamers operating in the service from New York to the east coast of South America. These vessels, which are operated on a fortnightly schedule, are faster and better than those of our competitors, as a result of which, notwithstanding keen rate competition, we have been securing a goodly portion of the

business offering. These vessels make Rio de Janeiro, Brazil, in 12 days; Montevideo in 18 days; and Buenos Aires in 19 days.

**Los Angeles–Honolulu Passenger Service.**

A fortnightly service between Los Angeles and Honolulu was inaugurated during the fiscal year with two ex-German steamers, the *City of Los Angeles* (ex *Aeolus*) and the *City of Honolulu* (ex *Huron*). Hardly had this service gotten under way when the *City of Honolulu* was completely destroyed by fire on her first eastbound trip from Honolulu. The *President Harrison* was then substituted in this trade until a steamer could be purchased by the operators in order to maintain the trade. When this was accomplished the *President Harrison* was withdrawn and placed in another trade, leaving only one board steamer in operation in this service.

**Oriental Passenger Service.**

The board continued to maintain passenger services from both San Francisco and Seattle to the Orient. These services are maintained with five vessels of the 535-foot type sailing out of San Francisco and a similar number out of Seattle. The service from Seattle provided exceptionally fast trans-Pacific passenger service, the actual sailing time being 11 days to Yokohama, 13 days to Kobe, 16 days to Shanghai, 20 days to Hongkong, and 24 days to Manila. There has been a steady increase in the number of passengers carried over these two lines even in the face of strong competition from a line operating from Canadian ports.

**Mails Carried on American Vessels.**

A very close contact has been established between this department and that branch of the Post Office Department having to do with the handling of foreign mails.

Needless to say the conferences which have been held on this subject have resulted in a larger participation by Shipping Board vessels in the carriage of American mails.

At the present time the fleet operated for the board by the Admiral Oriental Line to the Orient and the vessels operated to Bremen by the United States Lines have been equipped with sea-post facilities.

Under present procedure American vessels not equipped with sea-post facilities are given a preference of 24 hours in the time of arrival, but vessels equipped with sea-post facilities have a preference of 48 hours. Recently arrangements have been made to have all of our vessels in the London service equipped with sea posts.

The following table shows in approximate figures the percentage of United States mails which were carried on American privately owned and Shipping Board vessels in the trades indicated.

| Service. | Carried on Shipping Board steamers. | | Total carried on American flag steamers. | |
|---|---|---|---|---|
| | Regular. | Parcel post. | Regular. | Parcel post. |
| New York to Europe | 23 | 25 | 27 | 29 |
| New York to east coast, South America | 64 | 71 | 66 | 74 |
| San Francisco to Orient | 91 | 97 | 94 | 98 |
| Seattle-Orient | 76 | 83 | 76 | 83 |

## Claims Division.

It is gratifying to report that all claims arising from operations during 1919 and 1920, generally referred to as "war claims" as they arose out of the congestion immediately following the war, have now been disposed of. Claims subsequently presented, which were meritorious, have also been adjusted.

The present organization is such that investigation and settlement is being accomplished promptly and without delay.

## ADVERTISING DEPARTMENT.

All advertising of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation during the past fiscal year has been conducted in accordance with the policies established in August, 1921.

The objects of the new policy were, first, to utilize advertising that would make immediate sales, in addition to the building of good will for the various services; second, to obtain a definite record of results to show, as far as possible, what each advertisement produced.

**Passenger Services.**

Passenger advertising was conducted for the following services:

United States Lines.
Pacific Mail Steamship Co.
Admiral Oriental Line.
Munson Steamship Line.
Los Angeles Steamship Co.
Pacific-Argentine-Brazil Line.

The first four services were advertised throughout the entire fiscal year. The service of the two ships operated by the Los Angeles Steamship Co. was advertised for approximately eight months. The Pacific-Argentine-Brazil Line was established in December, 1922, and their advertising was conducted by this department from that date.

The advertisements for all these services were prepared with two objectives, i. e., first, to send the prospect to the local agent, and,

second, to have the prospect send in the coupon. It is impossible to determine accurately how much business the advertisements created for the local agents. However, during fiscal year sales of passages directly traceable to coupons amounted to approximately $4,500,000, considering that each passage was booked at an average cost of $300. Additional sales will result from this advertising, first, on account of the good will created, and, secondly, because of the names still on our lists which have not yet been converted into sales. At the present time we have a list of approximately 150,000 names. All of the names on this mailing list have been referred to the interested services, who in turn have investigated them and reported that they are prospects for development into passengers.

In checking up the publications it has been found that the system inaugurated in August, 1921, whereby publications were selected in accordance with the coupons returned, has proved the most efficient method known to check an advertising program. It has been found that the ratio between the coupons received and the business directly traceable to the coupons remains almost constant. However, on account of the good-will factor, it is not possible to judge publications solely on the number of inquiries received. On account of the convenient location of agencies and classes of circulation, many magazines and newspapers are used which do not bring coupon inquiries at a low cost. These publications, however, have proved their merit through the sales returns gained by local agencies on direct inquiries.

During the last few months of the fiscal year much of the advertising was directed toward the securing of passangers for the S. S. *Levithian.* It is believed that the superiorities of this ship will reflect much credit to the entire fleet, and in consequence it has received special attention.

**Advertising of Cargo.**

During the fiscal year approximately $325,000 was spent by the United States Shipping Board Emergency Fleet Corporation to advertise the services of the cargo vessels. It has been the policy to limit this advertising to the statement of ports of call, frequency of sailings, and types of service.

**Other Forms of Advertising.**

In addition to the passenger and freight advertising, this department supervised the preparation and placing of advertising for the sale of all surplus property, bids for furnishing ship supplies, and the sale of securities. The advertising of the sale of surplus property has decreased continuously as the various materials have been disposed of.

## MARINE INSURANCE DEPARTMENT.

The marine insurance department of the United States Shipping Board Emergency Fleet Corporation was created during the summer of 1921 to supersede and assume the functions of the division of insurance. The department has worked in close cooperation with the traffic and operating departments in carrying out its various functions, which may be summarized as follows:

This department has supervised the handling of all general average cases on Shipping Board steamers, although the actual adjusting work has been intrusted to carefully selected commercial firms. During the year, 166 cases have occurred, some of which are still open. In addition to these cases, the department has handled to completion 268 cases which occurred prior to July 1, 1922.

Working in close cooperation with the admiralty law division, this department has handled 595 salvage and collision claims. In this number are included claims in favor of the corporation as well as those against the corporation. The amount of money recovered through these claims has exceeded $444,000. A special effort has been made to protect the interests of the crews having salvage claims and to pay the men with reasonable promptness. Efforts have been made to discourage the employment of counsel by the men in such cases.

A number of steamers have been chartered on a bare-boat form of agreement which provided that the Fleet Corporation, through this department, would assume the marine insurance risks in accordance with a definite form of policy. The handling and payment of claims has constituted a very important feature of the work.

A large number of steamers have been sold on a deferred-payment plan and it has been the duty of this department to approve the insurance which was arranged by the purchasers and see that it complied with the terms of the mortgage and fully protected the interests of the Shipping Board. It has been necesssary to insist that a great deal of this insurance be corrected before it could be accepted. On vessels which were sold subject to inspection of the bottom for damage, this office has arranged for the necessary surveys and has fixed the amount of damage in accordance with the terms of the policy which applies to all Shipping Board steamers.

During the past year the Shipping Board decided to withdraw all of its tonnage from the American Steamship Owners' Mutual Protection & Indemnity Association (Inc.), and to handle this form of insurance through the United States P. & I. Agency (Inc.). This department has accordingly discontinued almost all of its P. & I.

work which it was handling with the association and is now cooperating with the agency in the settling of some of the old claims.

With the cooperation of the traffic and operating departments, this office has been endeavoring, with some success, to have the commercial underwriters quote lower insurance rates on cargo forwarded on Shipping Board steamers. It has been the policy of the Fleet Corporation to make repairs and alterations which would improve the steamers as cargo carriers and which would eliminate the features which the cargo underwriters considered objectionable.

During the past year there have been only two total losses, both steamers having been destroyed by fire, the *Colthraps* at Pensacola, Fla., on September 5, 1922, and the *City of Honolulu*, at sea, on October 12, 1922.

## OPERATIONS.

### Operating Department.

During the fiscal year 1922–23 certain minor changes were made in the organization of the various divisions of the operating department by consolidation of activities and by the transfer to the laid up fleet committee, organized October 1, 1922, of jurisdiction over the laid up fleet, and, further, by the transfer of the inventory section from the contract department, and now set up as the inventory division of the operating department.

Divisional organization of the operating department as of June 30, 1923, stands as follows:

Executive.
Vessel performance division.
Vessel operation division.
Bunker and disability division (including foreign agencies).
Vessel personnel division.
Radio division.
Inventory division.
Docks and wharves division.
Files division.

**Inventory Division.**

The adoption of the plan placing managing agents on a per diem allowance for ships stores and subsistence and the decreases in bare-boat charter activities, together with the completion of settlement of inventories of requisitioned war-time tonnage, made advisable the transfer of the inventory branch from the contract department to the operating department. This transfer was effected April 1, 1923.

During the past year the work of the inventory division was carried out along the lines mentioned in the annual report of the past year, but with increased responsibilities by reason of the adop-

tion of the per diem allowance plans. The past year also saw settlement of inventories of the last of the requisitioned war-time tonnage and the records have been closed.

The stores and equipment at the time of delivery and redelivery of bare-boat chartered vessels have been checked and settlement on replacement effected for missing equipment.

Inventories were taken of consumable stores on board vessels sold and proper steps taken to insure collection by the corporation for the value of such stores. Throughout the year approximately 2,000 inventories involving various transactions have been taken, each being necessary for the proper record and safeguard of supplies and material on our vessels.

The following indicates in brief the inventory settlements made and amounts involved:

| | Number. | Collections. | Disbursements. |
|---|---|---|---|
| Requisitioned vessels | 18 | $44,869.17 | $16,251.16 |
| Bareboat charters | 72 | 25,893.62 | 69,865.58 |
| Sales | 89 | 232,255.34 | ..... |
| Subsistence | 392 | 154,332.60 | ..... |
| Ships' stores | 400 | 516,871.38 | 19,090.54 |

**Laid-up Fleet Division:**

The laid-up fleet committee was created as of October 1, 1922, and transfers of the fleets in various districts from the jurisdiction of the operating department to that of the laid-up fleet committee was gradually effected, so that at the end of the fiscal year, June 30, 1923, the laid-up fleets were entirely under the jurisdiction of that committee, except that the operating department in the districts (other than New York and Norfolk) continues to handle laid-up fleet matters for the laid-up fleet committee, the committee having no office organization in said districts, and a complete statement covering the entire fiscal year is incorporated in the laid-up fleet report.

**Ships Sold:**

With the inauguration of an active sales program in early part of 1922 and continued during the fiscal year 1922–23, a new function was added to the operating department, namely, that of handling all details in connection with physical delivery to purchasers of vessels sold.

As soon as all the legal and financial details of a sale of a vessel have been completed, a clearance is obtained from ship-sales department and from that point the operating department takes up all the details of physical delivery of vessels and/or equipment, including drydocking for bottom inspection prior to final closing of sale, assembling and preparation for billing to purchaser of incidental

expenses in connection with sale, details in connection with the transfer of documents, the drafting of the necessary instructions for inclusion in delivery certificates taken by contract department, and the final reports for the completion of ship sales records.

In this manner the operating department has finally cleared and delivered to purchasers since July 1, 1922, the following passenger and cargo, tankers, steel cargo, tugs, and transports:

| | |
|---|---|
| Steel cargo | 99 |
| Passenger and cargo | 3 |
| Tankers | 39 |
| Tugs | 12 |
| Barges | 1 |
| Transports | 1 |
| Total | 155 |

In addition to the above, 230 wood and composite vessels have been delivered to purchaser in two units of 226 and 4, respectively, and all necessary papers executed.

All pending sales transactions are submitted to this department for the developments of such details as are necessary to ship sales in order to determine physical condition and conditions of delivery of vessel and equipment. The same is true in matters involving the transfer of vessels to or from other Government departments.

**Disabilities.**

By assuming direct control over the movements of vessels disabled at sea the operating department at Washington has been able to divert Shipping Board vessels to the assistance of disabled steamers, thereby avoiding large salvage claims by foreign flag or privately owned steamers, at the same time obtaining the promptest assistance. Availability of the Arlington radio station gives this department a decided advantage in communications to steamers, especially those on the Atlantic.

Every case of stranding, collision, grounding, machinery breakdown, and similar accidents is investigated by the operating department, developing the circumstances surrounding the accident with a view to preventing recurrence of similar trouble, either by disciplinary action when the personnel are found at fault, or by recommending correction of physical defects of the machinery and structural parts of the vessel.

**Subagents of Managing Agents.**

In respect to ships' agents in foreign and domestic ports, this department has compiled information relative to the responsibility, efficiency, affiliation, and attitude of steamship agents, with a view to suggestion to managing agents upon inquiry by them, the most

efficient and capable, and also for the purpose of eliminating those who for any reason are not desirable as agents for our vessels.

During the year there was compiled and published a report of foreign agents representing Shipping Board managing agents in foreign ports. While the publication is primarily for the use of Shipping Board officials in Washington and by field representatives of the board, it serves to avoid the necessity for the dispatch of telegrams and cables and the sending of letters for this information.

**Personnel.**

One of the gravest problems that the Emergency Fleet Corporation has had to face in its operation of the Government fleet has been the matter of personnel.

A system of maintaining records not only of those deferred from employment, but also maintaining records of unusually meritorious services, has been instituted, so that the operating department is in position to pass upon the qualifications and desirability of employment of all officer personnel and is able to intelligently advise managing agents when requested and thereby help the managing agent to build up a competent organization on board the vessels under his operation.

In addition, our personnel division answers all inquiries and applications for employment, claims for losses, and handles the adjustments of disputes between the personnel and the operating companies and prepares for executive approval the results of investigations held by the district officers.

**Manning and Wage Scale.**

The revised wage scale, promulgated as of February 6, 1922, was retained in effect during the entire fiscal year up to May 14, 1923, when a revised wage scale and schedule of working conditions was placed in effect for unlicensed members of the deck and engine department crews of Shipping Board vessels. The following table will show the increases granted as of that date:

| | Old scale. | New scale. | | Old scale. | New scale. |
|---|---|---|---|---|---|
| Carpenter | $70.00 | $80.00 | Donkeyman | $65.00 | $75.00 |
| Carpenter's mate | 60.00 | 70.00 | Storekeeper | 65.00 | ..... |
| Boatswain | 65.00 | 75.00 | Oiler | 65.00 | 72.50 |
| Boatswain's mate | 60.00 | 70.00 | Firemen: | | |
| Quartermaster | 60.00 | 70.00 | Oil burner | 57.50 | 65.00 |
| Able seamen | 55.00 | 62.50 | Coal burner | 57.50 | 67.50 |
| Ordinary seamen | 40.00 | 47.50 | Coal passer | 50.00 | 60.00 |
| Storekeeper | 60.00 | 70.00 | Wiper | 50.00 | 57.50 |
| Deck engineer | 70.00 | 80.00 | Water tender | 65.00 | 72.50 |
| Pumpman | 70.00 | 80.00 | | | |

In addition, the manning scale was revised to the extent of the addition of two able seamen in order to make three watches effective for wheel and lookout men. Preparations were also made for revision

of wages and working rules covering the employment of masters, mates, engineers, radio operators, and steward department personnel, to be made effective as of July 1, 1923. The following table will show the increases granted as of that date:

| | Old scale. | | | | | New scale. | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | A | B | C | D | E |
| Master | $315 | $285 | $270 | $265 | $250 | $335 | $305 | $290 | $285 | $270 |
| First mate | 175 | 170 | 165 | 160 | 155 | 195 | 190 | 185 | 180 | 175 |
| Second mate | 155 | 150 | 145 | 140 | 135 | 175 | 170 | 165 | 160 | 155 |
| Third mate | 135 | 130 | 130 | 125 | 120 | 155 | 150 | 150 | 145 | 140 |
| Fourth mate | 120 | 115 | ..... | ..... | ..... | 140 | 135 | ..... | ..... | ..... |
| Chief engineer | 280 | 250 | 240 | 230 | 220 | 300 | 270 | 260 | 250 | 240 |
| First assistant engineer | 175 | 170 | 165 | 160 | 155 | 195 | 190 | 185 | 180 | 175 |
| Second assistant engineer | 155 | 150 | 145 | 140 | 135 | 175 | 170 | 165 | 160 | 155 |
| Third assistant engineer | 135 | 130 | 130 | 125 | 120 | 155 | 150 | 150 | 145 | 140 |
| Fourth assistant engineer | 120 | 115 | ..... | ..... | ..... | 140 | 135 | ..... | ..... | ..... |
| Junior engineer | 100 | ..... | ..... | ..... | ..... | 120 | ..... | ..... | ..... | ..... |
| Chief operator (radio) | 105 | 90 | 90 | ..... | ..... | 125 | 105 | 105 | ..... | ..... |
| First assistant | 95 | 70 | ..... | ..... | ..... | 110 | 85 | ..... | ..... | ..... |
| Second assistant | 75 | ..... | ..... | ..... | ..... | 95 | ..... | ..... | ..... | ..... |

| | Old scale. | | New scale. | |
|---|---|---|---|---|
| | Foreign trade. | Coastwise. | Foreign trade. | Coastwise. |
| Chief steward | $105 | $95 | $120 | $110 |
| Steward and cook | 105 | 95 | 120 | 110 |
| Chief cook | 90 | 80 | 100 | 90 |
| Second cook and baker | 70 | 65 | 80 | 75 |
| Second cook | 65 | 60 | 75 | 70 |
| Butcher | 70 | 65 | 80 | 75 |
| Messman | 45 | 45 | 52 | 52 |
| Utilityman | 45 | 45 | 52 | 52 |
| Deck messboy | 35 | 35 | 42 | 42 |
| Engine messboy | 35 | 35 | 42 | 42 |
| Steward's messboy | 35 | 35 | 42 | 42 |

The combined increases in manning and wage scales will entail the following advances in operating expenses for the coming year:

| | Monthly. | Yearly. |
|---|---|---|
| *Coal burning.* | | |
| 3,000-5,000 dead-weight tons, increase from 33 to 35 men, plus advance in wages | $513.50 | $6,162.00 |
| 5,001-7,000 dead-weight tons, increase from 33 to 35 men, plus advance in wages | 513.50 | 6,162.00 |
| 7,001-9,000 dead-weight tons, increase from 39 to 41 men, plus advance in wages | 568.50 | 6,822.00 |
| 9,001 and over, increase from 40 to 42 men, plus advance in wages | 578.50 | 6,942.00 |
| *Oil burning.* | | |
| 3,000-5,000 dead-weight tons, increase from 27 to 29 men, plus advance in wages | 446.00 | 5,352.00 |
| 5,001-7,000 dead-weight tons, increase from 29 to 31 men, plus advance in wages | 461.00 | 5,532.00 |
| 7,001-9,000 dead-weight tons, increase from 32 to 34 men, plus advance in wages | 466.00 | 5,592.00 |
| 9,001 and over, increase from 33 to 35 men, plus advance in wages | 496.00 | 5,952.00 |

On an approximate number of 350 cargo vessels presently operating this will entail an added expenditure of $1,900,000 per year for wages.

**Destitute Seamen and Workaways.**

In cooperation with the State Department, the situation with regard to the repatriation of destitute American seamen was clari-

fied. The statutes provided that a rate of 2 cents per mile may be charged, but it was found that destitute seamen were being repatriated by consuls at a nominal rate in order that the consul's fund might be protected, but which entailed a loss to the ship taking such destitute seamen.

Instructions were issued that repatriation of destitute seamen should be made at the rate of one-half cent per mile unless vessel was making several ports of call before proceeding homeward, in which event the rate was fixed so as to cover the cost of subsistence allowed to managing agents, namely, 65 cents per day per man and any other incidental expenses. The one-half cent per mile rate protects the Emergency Fleet Corporation, inasmuch as it covers the man's subsistence, and he further performs such duties as he is physically able. The State Department is further benefited, inasmuch as it effects a saving of 1½ cents per mile under the maximum rate fixed by the State Department. At the same time our instructions have eliminated entirely the practice of signing on workaways on board Shipping Board vessels, and every man must now be accounted for as a legitimate member of the crew or a consular passenger.

**Revenue and Expense Reports.**

The system of securing from the managing agents statements of revenues and expenses, as outlined in the sixth annual report, has been continued.

As previously outlined, this system has enabled the corporation to ascertain within 10 days after termination the results of voyages with a record of revenues and classified statement of expenses. Difficulties have been overcome, and the present procedure is admirably serving the purposes for which intended.

During the past year a considerable amount of analytical work has been done to determine the physical operating costs of the various types of vessels which are now in operation, using the revenue and expense reports for the basis of same.

**Radio.**

The work of the radio division was carried on during the past year along the lines laid down in the annual reports for the three years previous. Contracts for radio service were entered into with the same contractors which have had our vessels heretofore, and the contract with the Submarine Signal Co., also under the jurisdiction of this division, was continued in effect. The expense for radio and submarine signal service on our active ships has varied with the number of ships in service and no appreciable increase in the expense over the past year for maintaining the radio apparatus on our ships in satisfactory condition has been experienced. This is also true of

the revenue from commercial radiograms filed aboard our ships,which fluctuates in proportion to the passenger traffic. The total revenue from this source during the past year was $41,801.79.

In cooperation with other departments of the corporation, practically all surplus radio equipment has been sold, resulting in the elimination of a monthly expense of approximately $500 for upkeep. There still remains, however, sufficient apparatus aboard our laid-up ships to take care of our requirements for the ensuing year.

The new wage scale for radio operators, giving recognition to length of service and experience, proved very effective in reducing turnover without increasing total pay roll. Difficulty was experienced in retaining radio personnel ashore, however. Several of our best men who have been in our service two years or more resigned as result of receiving better inducement from other Government departments or private corporations.

A large number of our vessels in distress secured aid by means of radio, and for the fourth successive year not a single vessel has been "lost without a trace." All passengers and crew of the S. S. *City of Honolulu*, burned at sea, were rescued by another Shipping Board vessel summoned by radio.

New records for long-distance communication was set by our vessels, both Atlantic and Pacific. Communication has been maintained between Bremerhaven, Germany, and Bar Harbor, Me., between a vessel off the coast of China and San Francisco, and between vessels off the Brazilian coast and radio stations located near New York. The maximum distance for reception of messages was established in the early part of the year by one of our vessels on a round-the-world voyage, the radio operator keeping in almost daily contact with Annapolis until midway across the Indian Ocean, a distance of nearly 12,000 miles.

Several important conferences on radio communication matters held by the various Government departments was attended by representatives of the radio division.

The national form for reporting infractions of radio communication laws, which the radio division was instrumental in drafting, has proved so successful aboard Government and privately owned vessels that it was used by the interdepartmental radio advisory committee as the basis for an international form.

The policy of assisting the Weather Bureau in obtaining meteorological observations which was established several years ago has remained in effect and it has proven mutually beneficial. A careful check of the reports received at the Weather Bureau makes it possible to determine readily what ships fail to send in their reports. A tentative scheme to have a trained meteorologist at sea constantly is

being worked out. This will enable our ships to get forecasts while in midocean as well as when they are near the coast.

**Supervision of Bunker Schedules.**

Supervision of bunker schedules approved in districts has been continued as heretofore, and we have been able from time to time to discover where a vessel could change her schedule and effect an economy. The object of such supervision has always been to assure that the steamers are bunkered most economically from an operating standpoint, taking into consideration the price of fuel, form of delivery at the various ports, and amount required.

Arrangements have been made with the district offices so that when a vessel has a choice of two or more bunkering ports, especially when using coal, estimates are called for at all the ports at which the vessel may touch and savings have been effected by this method.

Owing to the Suez Canal regulations which necessitate the payment of transit dues on double-bottom tanks when containing oil, instructions were issued that fore and after peak and deep tanks, where fitted for oil, should be filled when passing through the canal and as little oil as possible carried in double bottoms. Further, instructed that vessel passing through the Suez Canal should take fuel oil after completing the passage whenever it is possible, having due regard to the saving in tolls as against any difference in price of fuel. This will result in a savings of several hundred dollars in canal tolls on each passage.

**Spot Program.**

During the fiscal year a spot program has been maintained whereby from 15 to 25 spot vessels have been maintained at all times in spot status to meet the requirements of the traffic and allocation departments for additional tonnage or substitute tonnage for active committed vessels which for one reason or other are unable to meet their commitments. The maintaining of this program has necessitated the accumulation of exhaustive data on performances and conditions of various available vessels, so that the best performers which could be operated most economically and required the least expense to recondition have been selected at all times.

During the fiscal year 1922–23 approximately 140 different vessels have been prepared for spot. The greatest activity at any one time in this connection was during the months of July and August, 1922, when 22 vessels above ordinary requirements were prepared for spot and assigned for service in connection with the coal movement.

The selecting and preparing of vessels for spot has been done efficiently and carried out in such a way that sufficient spot vessels were maintained in the different districts to meet the requirements

of those particular districts, and the shifting of vessels between districts kept at a minimum.

In connection with the preparing of vessels for service on the spot program and also in connection with reconditioning certain active vessels, it has been the policy during the fiscal year to effect certain repairs through the medium of employment of extra men and furnishing materials, rather than by having such work done on contract basis by repair contractors. In this way a saving in repair expenditures of over $300,000 has been effected during the fiscal years.

Close supervision over spot vessels has been maintained and expenses during spot periods kept at a minimum consistent with work being carried on. Records of all costs in this connection are kept by districts and comparisons frequently made.

**Vessels Under Bareboat Charter.**

During the fiscal year the department has handled the deliveries to bareboat charterers of 22 vessels and acceptance on redelivery of 41 vessels.

Intensive follow-up was instituted to insure the redelivery of vessels under bareboat charter to the corporation in as good order and condition as upon delivery, and orders were issued that no vessels should be accepted until proper inventory and survey had been made by our representative and representative of the charterers, and, further, that all repairs and necessary work to put the vessel in the same condition as upon delivery was to be made by the charterer, and all shortages in the deck, engine, and steward departments were to be adjusted according to the inventories before redelivery was taken.

**Suitability of Vessels.**

A function of the performance division is to develop the suitability of vessels for the carrying of unusual cargoes, and in this nection we have selected during this fiscal year a number of vessels suitable for the carrying of olive oil, coconut oil, and creosote oil in bulk, turning this information over to the traffic department so that they might negotiate with shippers for such commodities.

The approving of certain alterations to operating vessels tending to increase the efficiency of such vessels or enabling them to navigate ports having certain physical restrictions is another function of this division, and during the fiscal year it has arranged for the altering of several vessels to enable them to safely navigate the Manchester Ship Canal, and it has also arranged for the conversion of deep tanks to fuel oil tanks, thereby increasing steaming radii of vessels and obviating the necessity of purchasing fuel oil in large

quantities at foreign ports at costs much higher than such oil would cost at home ports.

A delay record is also maintained by showing all delays encountered by our active vessels and cause for such delay. This information is tabulated and distributed weekly to departments interested and used to prevent recurrences of similar delays.

**Ballast.**

As a result of representations by the Department of Agriculture of the dangers attendant on the entry of injurious subterranean insects in plant-bearing soils, instructions were issued to all masters of Shipping Board vessels and Shipping Board agents to avoid the use of soil as ballast on vessels to enter the United States and to use only clean sand, broken rock, and ashes and other types ordinarily used for ballast.

Early in December, 1922, all existing instructions with regard to the amount and distribution of ballast on Shipping Board vessels were canceled and the determination as to the amount of ballast required vested entirely with the managing agent, who is to determine same on the basis of each individual ship under his operation. Managing agents were notified that in the absence of data on past performances, whereby a ballast schedule could be fixed, the responsibility for the proper amount and distribution of ballast should be left with the master, and, further, even when definite ballast schedules had been evolved by the managing agents the master should be authorized to make such deviation as he considered necessary for the safety and seaworthiness of his vessel.

**Cargo Claims.**

Determined efforts were instituted to reduce the number of cases of claims for damaged grain caused by grain finding its way through ceilings to bilges and similar leaks in grain fittings, and managing agents were advised that all cases of neglect to insure the good condition of grain fittings would be noted against records of officers and call for disciplinary action, and that unless managing agents took every precaution to remedy this condition they might expect to be penalized to the extent of being forced to pay the ensuing damage claims.

Arrangements consummated with the London office to obtain reports on cargo claims having relation to stowage or other physical aspects of cargo handling have received continued attention, with the result that there have been less complaints because of improved stowage and by consequence less claims. The method pursued is to have the London office report in detail all aspects covering bad stow-

age and then to handle the particular case with the managing agent concerned, with general instructions for all vessels.

Arrangements are being negotiated with other foreign offices to extend the procedure to all ports.

**Laid-up Vessels—Stripping.**

A uniform method of stripping vessels going into lay up was instituted whereby fire and theft hazards were further reduced by retention of fire equipment formerly taken from the vessels and the storage of inflammable material, such as mattresses, cushions, etc. (which are retained on board), in places where there would be greater opportunity to avoid spontaneous combustion and afford ready access for frequent inspection and ventilation.

In sending vessels into lay up the following equipment is retained on board: Galley gear, cabin mattresses, cushions, dishes, glassware, special spare parts and bearings of a size and weight to make handling difficult and are stored on board vessels to which such material belongs in a compartment or space that can be locked and sealed, and in the case of mattresses and cushions they can be periodically aired. Equipment and spare parts too large to remove, or which for other reasons is not stealable, is oiled, greased, or otherwise prepared against deterioration and retained on board.

**Advancing Annual Inspection.**

In cooperation with the Steamboat Inspection Service, arrangements were made whereby annual inspection might be advanced not in excess of four months on vessels which are dispatched on voyages entailing calls at offshore American ports, particularly in the trans-Pacific service where Honolulu is frequently a port of call on return voyages. This for the purpose of avoiding delays or detentions due to expiration of certificates at such offshore ports as Hawaii, West Indies, Canal Zone, etc.

## Department of Maintenance and Repair.

Up until December 16, 1922, the department of maintenance and repair was composed of two main divisions—namely, the construction division and the repair division. On that date the construction division was detached from the department of maintenance and repair and set up as a separate department called the construction department, thus leaving only the repair functions to the department of maintenance and repair. The department of maintenance and repair as at present constituted has general supervision over all repairs and betterments to the active vessels of the fleet of the United States Shipping Board and also the handling of work necessary to

place laid-up vessels in condition for service following their withdrawal from the laid-up fleet.

The department of maintenance and repair continued during the fiscal year as one of the departments of the operating department under the jurisdiction and general charge of vice president in charge of operations.

### ORGANIZATION—PERSONNEL.

During the year the district offices of the Fleet Corporation were consolidated under one directing head in each district, known as the district director. The maintenance and repair department, which had been a separate department up to this time, was consolidated with the other departments, except in New York.

During the fiscal year the personnel of the department remained more or less stationary, this being due to the fact that approximately the same number of vessels were operated by the Fleet Corporation during the entire fiscal year.

There is given below a comparison of the number of employees in the various offices under the supervision of this department and engaged on repair work on July 1, 1922, and June 30, 1923:

| | |
|---|---|
| July 1, 1922: | |
| Employees | 211 |
| Salaries | $600,920 |
| June 30, 1923: | |
| Employees | 215 |
| Salaries | $624,000 |
| Increase: | |
| Employees | 4 |
| Salaries | $23,080 |

Of the 215 employees in the service as of June 30, 1923, 81 employees were of the clerical, stenographic, and messenger force, leaving but 134 technical employees directly engaged in handling repairs to the active vessels of the Fleet Corporation.

### REPAIR COSTS.

Continued efforts were exerted by the department in accordance with its established policy to reduce the repair costs on vessels to the lowest possible minimum. The physical condition of the active vessels at the close of the fiscal year may be said to be superior to that at any time following their delivery to the Fleet Corporation, and the maintenance of these vessels in such good physical condition has been accomplished at considerably less cost than in previous years. This reduction in cost has not been due to a decrease in the

prices of labor and materials as, if anything, the cost of labor and material has increased during the past fiscal year over the cost of similar commodities for part of the previous fiscal year. The reduction, however, is directly ascribable to constant supervision over the work performed on these vessels and scrutiny as to the necessity for the performance of the work required. Another greater and more significant contributing factor in the reduction of repair costs is the increased interest manifested in the material condition of the vessels by the personnel aboard them. This is accountable by the fact that the men who now remain in the merchant marine are those who hope to find their life work there and they of course take a much greater interest in the vessels than would ordinarily be taken by those who merely have plans to remain for a comparatively short period. Still another factor tending to decrease repair costs lies in the fact that the Emergency Fleet Corporation has continued during the year its policy of decreasing the number of managing operators to the lowest possible minimum.

To illustrate the remarkable decrease in repair costs achieved during the year, there is given below a statement showing the repair costs for preceding years together with the fiscal year 1923:

| | |
|---|---|
| July 1, 1919, to June 30, 1920 | $64, 884, 287. 47 |
| July 1, 1920, to June 30, 1921 | 46, 704, 761. 12 |
| July 1, 1921, to June 30, 1922 | 21, 748, 158. 96 |
| July 1, 1922, to June 30, 1923 | 18, 353, 186. 48 |

There is given below a statement showing the active cost of repairs for the fiscal year by accounting classifications, together with the cost per dead-weight ton in service for the past four years:

*Cost of repairs to Shipping Board vessels, July 1, 1922, to June 30, 1923.*

| Classification. | Classified charges. | Undistributed charges and unbilled commitment. | Total. |
|---|---|---|---|
| Maintenance | $8,512,651.74 | $1,349,365.25 | $9,862,016.99 |
| Reconditioning | 661,798.12 | 116,324.60 | 778,122.72 |
| Betterments | 1,919,453.52 | 302,440.00 | 2,221,897.52 |
| Marine losses | 2,142,449.64 | 348,973.80 | 2,491,423.44 |
| Operating of vessel expense | 1,319,438.50 | 209,385.10 | 1,528,823.60 |
| Subtotal | 14,555,791.52 | 2,326,491.75 | 16,882,283.27 |
| United States Lines | 1,317,578.41 | 153,478.85 | 1,470,903.21 |
| Total | 15,873,369.92 | 2,479,817.55 | 18,353,186.48 |

Included in these figures are undistributed charges and commitments for which bills have not yet been received. The total has been prorated among the various classifications in accordance with the percentage of classified charges to the total classified charge.

*Cost per dead-weight ton per year.*

**(Exclusive of United States lines.)**

| | July 1, 1922, to June 30, 1923. | July 1, 1921, to June 30, 1922. | July 1, 1920, to June 30, 1921. | July 1, 1919, to June 30, 1920. |
|---|---|---|---|---|
| Maintenance | $2.43 | | | |
| Reconditioning | .19 | | | |
| Betterments | .55 | | | |
| Marine losses | .61 | | | |
| Operating of vessel expense | .38 | | | |
| Total | 4.16 | $5.68 | $6.51 | $7.12 |

| | |
|---|---|
| Average tonnage for 1922–23 | 3,500,000 |
| Average tonnage for 1921–22 | 3,830,000 |
| Average tonnage for 1920–21 | 7,175,000 |
| Average tonnage for 1919–20 | 8,970,000 |

## RECONDITIONING OF PASSENGER VESSELS.

### S. S. America.

When the S. S. *America* was put in service in 1921 by the U. S. Mail Steamship Co. as a passenger vessel after her use as a transport she was hastily reconditioned to provide accommodations for first class and third class. After the operation was taken over by the United States Lines it was found that there was a certain definite demand for accommodations for second-class passengers; accordingly a portion of the first and third class accommodations was temporarily reconstructed and arranged to provide this accommodation.

After using this vessel for a year and one-half an extensive overhaul became necessary, and as the passenger-trade conditions had changed somewhat it was considered desirable to convert this vessel to a high-grade cabin vessel accommodating cabin passengers and third class only. An additional reason for making this change was that the speed of the vessel was such as to preclude her use as a satisfactory vessel for first-class passengers in the North Atlantic service. Accordingly plans were prepared by the department of maintenance and repair and the United States Lines jointly, and the work was awarded to the navy yard in Brooklyn. The work comprised a complete overhaul of the machinery, dry-docking of the vessel, and extensive changes in passenger accommodations, which included building 12 new additional staterooms and increasing the number of berths in all the former first-class staterooms, providing additional baths and toilets, and providing a new and larger dining room to conform to the increased number of passengers. The present passenger capacity is 692 cabin and 1,200 thirds. Galleys and pantries were rearranged and refitted to give excellent

service. Considerable hull work was done, including a new boat deck, steel bridge front, and extensive stiffening of structure of upper decks. The ship was completely rewired for light and power and new communicating systems installed.

The ship was put in service on June 2, and the changes have proved entirely successful and the ship has proved exceedingly popular.

**S. S. City of Los Angeles ex Aeolus.**

A contract was placed during the latter part of the prior fiscal year for the general reconditioning of this vessel for operation by the Los Angeles Steamship Co., between Los Angeles, Calif., and Honolulu, Hawaii. In addition to the general repairs to hull, machinery, and various pipe systems of this vessel, the vessel was repainted and redecorated throughout all of the public rooms, furniture was reupholstered, new draperies provided for the public rooms and staterooms, new carpets fitted, additional dining-room and stateroom linen, china and galley equipment purchased, automatic fire-alarm system repaired and rearranged to suit reconditioned condition of the vessel.

**S. S. George Washington.**

During the annual overhaul current repairs were made to hull and machinery and various pipe systems of the vessel. In addition to this work, upholstery, draperies, and carpets were repaired or replaced in order to bring this vessel up to the standard requirements for first-class passenger vessels. The first and second class passenger accommodations were repainted and redecorated; the crew and third-class spaces painted throughout; also additional accommodation provided for third-class passengers.

**535-foot Type.**

The two 535-foot passenger vessels operated by the United States Lines, namely, the S. S. *President Harding* and S. S. *President Roosevelt*, were given their annual overhaul during the months of January and February of this year. In addition to the general overhauling of machinery, sea post offices were installed and additional quarters fitted for the mail clerks; additional first-class staterooms and first-class toilet facilities were also installed. Practically all first-class public spaces and passenger quarters were redecorated, as well as minor replacements of carpets, upholsteries, and draperies.

The S. S. *President Pierce* and S. S. *President Taft*, presently operated in the oriental trade by the Pacific Mail Steamship Co., were completely reconditioned prior to entering into this service. In addition to the complete overhauling of the machinery all the public spaces were redecorated and furniture, draperies, upholsteries, etc.,

were repaired or renewed. These vessels were also fitted with the maximum of oriental steerage.

The four passenger vessels operated in the New York-South American trade by the Munson Steamship Co., namely, the S. S. *American Legion*, S. S. *Southern Cross*, S. S. *Pan America*, and S. S. *Western World*, although having been in constant service, have from time to time been overhauled, particularly the first-class spaces, where the usual painting and decorating, renewals to carpets, draperies, etc., has been accomplished.

The five passenger ships operated by the Admiral Oriental Line from Seattle to the Orient (S. S. *President Jackson*, S. S. *President McKinley*, S. S. *President Jefferson*, S. S. *President Grant*, and S. S. *President Madison*) have, in addition to the usual maintenance repairs, been reconditioned throughout the public spaces as in the cases of other vessels mentioned above, and on each of the ships in this line the sea post with its accommodations has been installed. There has also been added approximately 11,000 cubic feet refrigerated cargo space, giving on each ship approximately 14,500 cubic feet of space.

Practically the same repairs and reconditioning have been applied to the five 535-foot passenger ships operated out of San Francisco to the Orient by the Pacific Mail Steamship Co., namely, the S. S. *President Pierce*, S. S. *President Taft*, S. S. *President Lincoln*, S. S. *President Wilson*, and S. S. *President Cleveland*. The refrigerating cargo spaces on these ships were increased approximately 17,500 cubic feet, making a total of 21,000 cubic feet in each ship.

**S. S. Eastern Glen, West Humhaw, Ambridge, Cathlamet, West Nohno, Eastern Crown, West Saginaw, Wytheville, and Lake Graphite.**

Necessary additions and alterations to plumbing, lighting, and heating were accomplished on these vessels in the West African service to provide passenger quarters from 6 to 12 passengers. Furniture, carpets, bedding, draperies, galley, and dining-room equipment was also supplied for these ships.

**Material.**

All of the surplus material which remained in the various Shipping Board warehouses at the first of the fiscal year which would be useful in reconditioning freight and passenger ships was shipped to New York and stored at Pier No. 3, Army base, under the cognizance of the department of purchases and supplies. Practically all of this material has been used, and it is estimated that the current market value of the material used to be more than half a million dollars, which has resulted in a saving to the Shipping Board of current funds of an equal amount.

During the fiscal year there has been purchased for stock approximately 19,000 yards of carpet. This carpet was purchased after

much investigation as to the best quality and design to adopt for use on our passenger vessels. It is estimated that when the work which is now in hand at the present time is completed that the total purchase will be exhausted and there will be necessity for purchasing additional stock carpet at an early date.

In conjunction with the operators of the various passenger vessels there has been established a number of standard specifications for purchasing equipment for passenger vessels. This procedure has proven extremely satisfactory to all concerned. As the various kinds of equipment which were not purchased under standard specifications have worn out they are being replaced with standard material, which is showing beneficial results throughout the passenger fleet. Under these specifications there has been purchased steamer chairs, carpets, paint, silverware, slip-cover material and slip covers, fabrics of all kinds for upholstery purposes, linens, mattresses and pillows, plumbing material of various kinds, crockery, vacuum cleaners, and silver-burnishing machines.

### ALTERATIONS TO PASSENGER AND CARGO VESSELS.

In order to place our passenger ships in the best possible condition so as to compete with foreign services on the same routes and at the same time to place them in condition so as to reduce the maintenance cost, which was considered excessive, also to better the operating conditions of some of the merchant vessels, an appropriation was set aside, to be used as opportunity arose, in the amount of approximately $4,000,000. Less than half of this amount has been expended to date.

The items which were in the above program are as follows:

1. Purchase of spare rotors for turbines.
2. Purchase of spare gears.
3. Installation of internal feed equipment.
4. Additional refrigerating spaces in the five passenger ships operated by the Admiral Oriental Line and five passenger ships operated by the Pacific Mail Steamship Co.
5. Installing new lighting sets.
6. Retubing main condensers.
7. Replacing fuel-oil heaters.
8. Replacing auxiliary feed pumps.
9. Replacing fuel-oil transfer pumps.
10. Replacing engine and fire room bilge pumps.
11. Replacing condensate pumps.
12. Changing gyro compass to latest design.
13. Removing steam and exhaust lines from holds.
14. Fitting soot blowers.
15. Purchasing additional equipment for passenger repairs.

To provide for spare parts for contingencies and to correct defects developed in operation of cargo vessels, the following items were proceeded with:

1. Purchase of spare gear sets.
2. Changes to winch steam and exhaust pipes of Hog Island vessels.
3. Purchase of spare tail shafts.
4. Purchase of tubes for Yarrow boilers.
5. Purchase of condenser tubes.

In order to provide protection against oil fires in the machinery spaces of the oil-burning passenger vessels in operation, contracts were entered into December 12, 1922, for the installation of an approved fire-extinguishing system in all of the 24 oil-burning passenger vessels.

### ENGINE-DEPARTMENT INSPECTIONS.

During the latter part of the preceding fiscal year this department instituted a rigid inspection of the engine department of all vessels entering the port of New York. A very close scrutiny was made of the vessels, with careful study of the engineering aspects of the voyages, and conclusions drawn as to what, if anything, could improve the operating efficiency of the vessels—whether the trouble lay in material or personnel—and suitable steps were then taken to correct the faulty conditions. During the past fiscal year these inspections have gradually been extended to other ports of the United States until now vessels entering nearly all important ports of the United States are subject to these inspections. Considerable interest has been aroused among the vessels' crews by the fact that they know the performance of their particular ship is being closely scrutinized and that they will receive praise where praise is due and that also corrective measures will be taken where necessary, and this has tended to materially increase the operating efficiency of the vessels until to-day we may safely say that a greater spirit of cooperation exists in the vessels of the fleet than has ever before been evidenced in the history of the operation of vessels by the Emergency Fleet Corporation. This can not help but have an exceedingly healthful effect upon the future of the American merchant marine.

### ELECTRIC DRIVE.

The five electric-drive vessels owned by the United States Shipping Board continued in operation during the fiscal year and continued to demonstrate the reliability and superiority of these installations over the previous installations on these five vessels.

The estimated cost for the installation of the electric drives is in the neighborhood of $100,000 per ship, but in view of the high fuel cost for operating electric-drive ships, it has been decided that elec-

tric-drive units will not be used for conversion purposes on the program which the board has under consideration. Two of the seven electric-drive sets, which are in storage at the plant of the General Electric Co., are being considered by the Navy Department for installation in one of their vessels. It is proposed in the case of the other five sets to dispose of them at the best price obtainable for either marine installation or for other purposes.

## INSTALLATION OF DIESEL MACHINERY.

During the fiscal year an increased interest has been shown by American shipping companies and shipbuilders in the future of the Diesel engines. The department of ship sales has been able to sell a considerable number of vessels with the understanding that Diesel engines would be substituted for their present method of propulsion. It has devolved upon this department to conduct periodical inspections of these vessels during the installation of the machinery and also to attend the dock trials and sea trials. A list of these vessels is appended hereto, and the previous method of propulsion and the new method of propulsion, with all essential features and characteristics, are given opposite each vessel's name.

The Emergency Fleet Corporation has but one vessel with Diesel installation, namely, the S. S. *William Penn.* This vessel continued to operate on long voyages during the year, and from an engineering standpoint the wisdom of the installation of the Diesel engine in this vessel has been conclusively demonstrated.

As a result of the excellent performance of the S. S. *William Penn*, this department is to make a recommendation for Diesel installation in smaller vessels, the S. S. *William Penn* being one of our largest freighters, of approximately 12,000 dead-weight tons.

The essentials of an average performance are given below, which shows the economy of the Diesel engine, particularly the low stores and repair costs:

S. S. "WILLIAM PENN."

(Voyage: November 17, 1922, to May 10, 1923—Voyage No. 3.)

| | | |
|---|---|---|
| Total observed miles at sea | | 28,817 |
| Total fuel consumption based on 26 Baumé oil | tons | 1,470 |
| Miles per ton of fuel | | 19.6 |
| Average speed | knots | 11.29 |
| Total engine oil consumed at sea | gallons | 416 |
| Total compressor oil consumed at sea | do | 208 |
| Total cylinder oil consumed at sea | do | 876 |
| Expenditures for engine stores and repairs abroad | | $242 |

*Vessels sold for conversion to Diesel propulsion and inspected by department of maintenance and repair.*

| Vessel. | Purchaser. | Where converted. | Length. | Breadth. | Depth. | D. W. T. | Type Diesel. | Diesel installation completed. |
|---|---|---|---|---|---|---|---|---|
| | | | *Ft. in.* | *Ft. in.* | *Ft. in.* | | | |
| Minnesota (ex Courtois). | Munson Line | Sun S. B. Co. | 254 6 | 43 6 | 27 6 | 4,125 | One McIntosh & Seymour type, 6-cyl. vert., single action, reversible, 4-cycle crosshead, heavy duty, 0.900 B. H. P., 22" dia. by 32 stroke, 140 R. P. M. | Oct. 14, 1922. |
| Covedale | do | do | 253 6 | 43 6 | 27 6 | 4,125 | do | Mar. 14, 1923. |
| John Lynch (ex Lake Sunapee). | W. J. Gray, jr | Union Const | 251 0 | 43 6 | 21 0 | 2,922 | One 6-cyl. Werkspoor type, built by Pacific Oil Eng. Co., vert., single-action, 4-cycle crosshead, heavy duty, 825 B. H. P., 20 7/16 dia. by 35 7/16 stroke, 135 R. P. M. | Feb. 27, 1923. |
| Jacksonville | N. Y. Shipbldg | N. Y. S. B. Corp | 334 6 | 48 0 | 27 6 | 5,732 | One 6-cyl. Werkspoor type, built by N. Y. Shipbldg. Co., vert. single-action, 4-cycle crosshead, heavy-duty type, 1,500 B. H. P., 27" dia. by 47" stroke, 110 R. P. M. | Not completed. |
| Ashbee | N. Y. Shipbldg. Corp. | do | 374 6 | 48 0 | 27 6 | 5,740 | One 6-cyl. Werkspoor type, built by N. Y. Shipbldg. Co., vert., single-acting, 4-cycle crosshead, heavy-duty type, 1,500 B. H. P., 27" dia. by 47" stroke, 110 R. P. M. | Do. |
| Seekonk | Wm. Cramp & Sons S. & E. B. Co. | Wm. Cramp & Sons S. & E. B. Co. | 390 0 | 54 0 | 32 0 | 7,825 | One Burmeister & Wain long stroke, built by Wm. Cramp & Sons, 6-cyl., vertical, single-acting, 4-cycle, crosshead, heavy-duty type, 29 1/8 dia. by 59 1/16 stroke, 87 R. P. M. | Do. |
| Miller County | Sun S. B. Co. | Sun S. B. Co. | 430 0 | 59 0 | 33 3 | 10,254 | One Doxford 2-cycle, 4-cyl., opposed-piston type, built by Sun Shipbldg., 20 11/16 dia. by 45 5/8. | June 19, 1923. |
| Challenger | do | do | 410 0 | 56 0 | 41 0 | 11,800 | do | Not completed. |
| Bidwell | do | do | 431 0 | 59 2 | 33 3 | 10,000 | do | Nearing completion. |
| Magunkook | | Moore S. B. Co. | 341 0 | 48 0 | 27 3 | 6,000 | Two 6-cyl. Werkspoor type, built by Pacific Oil Eng. Co., vert., single-acting, 4-cycle, crosshead, heavy-duty, 825 B. H. P., 20 7/16 dia. by 35 7/16 stroke, 135 R. P. M. | |

### TURBINE.

The turbine section has followed closely the operation of all turbine-engined vessels, and in addition to the usual maintenance on the active vessels this department has effected improvements which have increased the efficiency of some vessels fitted with turbines that were considered uneconomical and unsatisfactory.

One type of vessel on which an advance has been made is the 535-foot passenger ship. It has been necessary practically since delivery from the contractors to replace turbine blading on practically every voyage. These vessels are experiencing no trouble at the present time. This department has also arranged for a much-needed stock of turbine and gear parts which have been assigned on both the Atlantic and Pacific coasts.

### MATERIALS ENGINEERING.

The department is responsible for the preparation of specifications for materials of all kinds purchased. There has been established in the New York office a laboratory for testing the various samples of the materials which the Fleet Corporation purchases on contracts. Considerable time and expense have been saved on this account, and a much closer inspection has been possible on materials received from manufacturers having contracts with the Shipping Board.

This section has continued in general to represent the Shipping Board upon the Federal Specifications Board. During the past year specifications have been adopted by the Federal Specifications Board for manila rope, rubber hose, packings, as well as for a great many other materials used by the Shipping Board. Specifications are also about to be issued for wire rope, chinaware, glassware, etc. In the case of those materials for which the Shipping Board had issued specifications prior to consideration of such materials by the Federal Specifications Board the requirements of the Shipping Board have been modified so as to coincide with those of the Federal Specifications Board, or the Shipping Board requirements have been so presented to the Federal Specifications Board as to result in a specification satisfactory to both.

### OPERATORS HANDLING THEIR OWN REPAIRS.

As an experiment to determine whether or not the present managing operators of Shipping Board vessels are sufficiently experienced to conduct the repairs to our vessels and to protect the property of the United States in a satisfactory manner, it was decided to allow a number of the operators to handle all repairs to their vessels within certain limitations. On the date set opposite the name of the opera-

tor, as given below, these particular operators began the handling of their own repairs. This experiment has proven satisfactory and has resulted in the saving of time and has shown a reduction in repair cost and at the same time no additional allowance has been made to the operators for the additional responsibility.

Following is a list of operators handling their own repairs:

| | |
|---|---|
| Admiral Oriental Line | Apr. 11, 1923. |
| Baltimore Steamship Co | Jan. 13, 1923. |
| Cosmopolitan Shipping Co | Nov. 29, 1922. |
| Export Steamship Corporation | Nov. 1, 1922. |
| Swayne & Hoyt (Inc.) | Apr. 15, 1923. |
| Tampa Inter-Ocean Steamship Co | Jan. 1, 1923. |
| United States Lines | Apr. 26, 1923. |

## FUEL CONSERVATION.

With a view to economy of fuel on the ships of the Emergency Fleet Corporation and, in general, to promote the science of fuel burning in the American merchant marine, the vice president in charge of operations on July 8, 1922, appointed a committee known as the fuel conservation committee of the United States Shipping Board Emergency Fleet Corporation. This committee was composed of the following representative gentlemen who donated a portion of their time and advice in this important work without compensation from the Government:

Capt. C. A. McAllister, chairman, representing the American Bureau of Shipping.

Mr. Ernest H. Peabody, representing the Society of Naval Architects and Marine Engineers.

Mr. David Moffat Myers, representing the American Society of Mechanical Engineers.

Mr. Maurice Healey, representing the National Marine Engineers' Beneficial Association.

Mr. Geoffrey Bartlett, representing the managing operators of United States Shipping Board vessels.

Emergency Fleet Corporation members:

Capt. R. D. Gatewood (C. C.), U. S. N., representing the department of maintenance and repair of the United States Shipping Board Emergency Fleet Corporation.

Mr. George M. Talbot, representing the fuel department of the Emergency Fleet Corporation.

The first meeting of this committee was held on July 19, 1922, following which regular meetings have been held at intervals, usually of about two weeks. The committee decided to conserve fuel through the following fundamental measures:

1. The establishment of definite standards of performance at sea, which it is expected that the various classes of vessels will equal or exceed.

2. The establishment of standard port consumption for each type of vessel, which these vessels are expected to equal or exceed.

3. The education of the vessels' engineers in the art of fuel burning.

4. The technical education of marine engineers by means of dissemination of useful information of a practical nature.

5. The inspection of the engine departments of all vessels with a view to determining the physical condition thereof and the actual performance made on each voyage.

6. Comparison of each voyage with the standards set for the class of vessel and the suggestion of corrective measures to increase the efficiency of performance of the vessels.

7. Regulating and making minor changes in present equipment of engine departments of vessels, so as to produce more efficient results.

The fuel conservation committee during the fiscal year has concentrated its efforts primarily on the establishment of operating standards for sea consumption of fuel on all vessels of the active fleet of the Emergency Fleet Corporation. This work has involved a study of the logs of all of these vessels, which are approximately 420 in number and comprise 70 classes. This work was practically completed at the close of the fiscal year. The standards which should be met by the vessels under actual operating conditions were prepared and sent to the managing operators and to the vessels themselves.

Toward the close of the fiscal year the fuel conservation section entered upon a study of the port consumption problem and progress was being made toward the issuance of standards for this feature of the vessels' operation.

As a measure in the program to educate the American marine engineer in the art of fuel burning, endeavor was made to establish a school where a short but complete course in the art of oil burning could be given free of charge. Through the permission and with the hearty cooperation of the Chief of the Bureau of Engineering of the United States Navy Department it was arranged that there would be established at the naval fuel oil-testing plant at the navy yard, Philadelphia, a school on oil burning for merchant marine engineers and port staffs of the operators.

The course of instruction at this school is given entirely by officers and employees of the United States Navy without any charge to the United States Shipping Board. All United States marine engineers, whether attached to Shipping Board vessels or to privately owned vessels, are admitted to this school for instruction in oil burning without charge to them. Up to the close of the fiscal year 250 marine engineers had taken this course. Due to the limited facilities available at the school it has been necessary to limit the classes to a maximum of 15. Also, due to the use of this school by the Navy

for test purposes and for instruction of their own personnel, these classes could be held only every other week.

The benefits derived from this course have evidenced themselves in the increase in efficiency of vessels of which engineers have attended the school. Hearty praise has been heard from all sides in the marine profession, commenting upon the results which are and have been achieved thus far by this school of instruction.

As a further step in the education of the engineers on Shipping Board vessels, through the cooperation of the Bureau of Engineering of the United States Navy, the fuel-conservation committee had secured from the Government Printing Office reprints of a number of pamphlets concerning the operation, care, and repair of boilers, pumps, fuel-oil apparatus, etc. These pamphlets were distributed gratuitously to all engineers on Shipping Board vessels, to be their personal property. The fuel-conservation committee considered that these pamphlets were among the most complete textbooks on marine engineering that could be obtained.

The committee's activities have effected an average saving in fuel consumption of at least 10 per cent, which, when considering the amount of fuel burned over a period of a year and increase in contract price of as high as 60 per cent, means a tremendous saving in dollars and fully justifies the rather small expense to maintain the committee.

## Construction Department.

All construction under the jurisdiction of the construction division, now the construction department, was completed with the delivery of the S. S. *Western World*, a 13,000-ton passenger and cargo vessel, on May 9, 1922.

A complete résumé, with tabulations covering the entire construction program under the jurisdiction of the construction department of the United States Shipping Board Emergency Fleet Corporation, since its original establishment as the division of steel ship construction, is given in the annual report for the fiscal year ending June 30, 1922. The following tables give a general résumé of the number and character of the vessels and dry docks constructed:

*Deliveries for each fiscal year.*

| Year. | Number of ships. | Dead-weight tonnage. |
|---|---|---|
| 1917-18 | 214 | 1,374,496 |
| 1918-19 | 854 | 4,553,298 |
| 1919-20 | 1,002 | 5,694,567 |
| 1920-21 | 218 | 1,737,550 |
| 1921-22 | 23 | 267,400 |
| Total | 2,311 | 13,627,311 |

*Original and active program.*

| Class. | Original program. | | Canceled. | | Active. | |
|---|---|---|---|---|---|---|
| | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. |
| Requisitioned steel | 419 | 2,963,406 | 25 | 276,140 | 384 | 2,687,266 |
| Contract steel | 1,741 | 11,914,670 | 432 | 2,986,975 | 1,309 | 8,927,695 |
| Contract wood | 1,017 | 3,052,200 | 428 | 1,166,950 | 589 | 1,885,250 |
| Contract composite | 50 | 175,000 | 32 | 112,000 | 18 | 63,000 |
| Contract concrete | 43 | 302,000 | 31 | 228,500 | 12 | 73,500 |
| Total | 3,270 | 18,407,276 | 958 | 4,770,565 | [1] 2,312 | [1] 13,636,711 |

[1] Includes hull 984, Virginia Shipbuilding Co., 9,400 dead-weight tons; construction abandoned.

| Kind. | Complete (in operating condition). | Complete (except for work at operating site). | Construction suspended. | Total. |
|---|---|---|---|---|
| Floating dry docks | 11 | 5 | 1 | 17 |
| Graving docks | 2 | 0 | 0 | 2 |
| Marine railways | 11 | 0 | 2 | 13 |
| Total | 24 | 5 | 3 | 32 |

During the fiscal year ending June 30, 1923, this department was engaged in investigations, reports, and/or settlements of claims, changes, and extras and miscellaneous matters arising out of the construction program. A report on the major classifications of this work is as follows:

**Claims.**

In accordance with established procedure, this department was called upon to make investigations, analyses, and recommendations on claims submitted by ship and dry-dock builders who had contracts for the construction of vessels and dry docks for the United States Shipping Board Emergency Fleet Corporation reporting the results of such investigations to the claims department and assisting in the discussion and negotiation of settlements.

The majority of the claims which have been submitted by contractors in connection with final settlement of contract relations with the United States Shipping Board Emergency Fleet Corporation have arisen from actions of representatives of the construction department in its various designations, both home office and in the field, or have been of such a nature that proper consideration and recommendation by the claims commission of the Shipping Board required an examination and analysis of the construction department records. These records are very voluminous, comprising not only the correspondence and other files of the various divisions and sections of the home office, but also the files and records of 11 district offices, and

much time has been spent in securing from these files and records the pertinent information preparatory to formulating the reports. During the past fiscal year the construction department reported and made recommendations to the claims department on claims presented by 57 contractors, both steel and wood, involving $17,365,498.21:

| | Number of contractors. | Number of items. | Amount. |
|---|---|---|---|
| Steel | 23 | 105 | $6,631,103.82 |
| Wood | 34 | 1,528 | 10,734,394.39 |

In addition to this, the construction department made reports to the claims department on and assisted that department in negotiating settlement of claims of steel and wood contractors whose contracts were being handled and negotiated entirely by the claims department as general settlements.

**Changes and Extras.**

During the fiscal year ending June 30, 1923, the construction department did a large amount of work in examining and approving or disapproving formal requests by shipbuilders for extra compensation for alterations and changes made on vessels while under construction, and during the year examined 1,614 changes and extras which were finally settled, as far as this department is concerned, at a saving to the Fleet Corporation of $667,902.82, as compared with a total amount of $2,835,825.79 claimed by the contractors. This includes credits due the Emergency Fleet Corporation which were discovered incidentally to the change and extra investigations. Very few of the disapproved changes and extras were later presented as claims.

**Personnel.**

At the beginning of the fiscal year 1922–23 the present construction department was known as the construction division (part of the department of maintenance and repair) and was established as the construction department on December 16, 1922.

Prior to June 30, 1922, all of the district offices of the construction department, except those in Baltimore and Philadelphia, had been closed, these two having been retained in order to complete, as far as possible, the district work connected with the construction of the passenger and cargo vessels at Sparrows Point plant of the Bethlehem Shipbuilding Corporation and at the New York Shipbuilding Corporation, Camden, N. J. The Baltimore office was closed on August 1, 1922, and the Philadelphia office on July 31, 1922, the records and part of the personnel of both offices being transferred to the home office in Washington. On June 30, 1922, the total num-

ber of employees on the construction division, now construction department, pay roll was 73, with annual salaries amounting to $210,060, which was decreased as of June 30, 1923, to 26 employees, $86,560.

## FUEL DEPARTMENT.

The functions of the fuel department are as follows:

(1) Purchase, inspection, distribution, and storage of fuel oil and bunker coal.

(2) Construction, maintenance, and operation of fuel oil stations.

### FUEL OIL.

**Atlantic and Gulf Coasts.**

At the beginning of the fiscal year, July 1, 1922, the Shipping Board's requirements of bunker fuel oil were covered by contracts at practically all the principal domestic ports. These contracts, except for the Pacific coast, were made in February, 1922. The Pacific coast contract was made in October, 1922.

The contracts covering Atlantic and Gulf ports were made for a period of six months, but in July, 1922, were extended under the same terms and conditions until about December 31, 1922. This extension proved very advantageous to the board, as during the last quarter of 1922 there was a shortage of fuel oil at Atlantic and Gulf ports due to the rapid decline in Mexican production. This brought about a very rapid advance in the price of fuel oil at all Atlantic and Gulf coast ports, the market price for the last few months of 1922 being an average of 50 cents per barrel in excess of our contract prices. The saving to the board is estimated at $1,879,000.

In November, 1922, new contracts were made for the requirements of fuel oil at Atlantic and Gulf ports, starting at some ports November 15, 1922, and at other ports January 1, 1923, and all expiring December 31, 1923. These contracts were made for our requirements only, with no obligation to take any specific quantity, the supplier stating the maximum that could be taken under the contract. To date they have averaged in price sufficiently below the open market to result in a saving to the board of approximately $376,000, and of even greater importance they have also provided an entirely satisfactory and dependable source of supply for our requirements. To June 30, 1923, approximately 10,000,000 barrels of fuel oil had been purchased under these contracts.

**Pacific Coast.**

The contract which had for the past two years been supplying our requirements of fuel oil on the Pacific coast expired about October

1, 1922. A new contract was entered into October 20, 1922, to cover our entire bunker fuel oil requirements at California ports, our cargo fuel oil requirements at Portland and Seattle, and Pacific Ocean bunkering stations at Honolulu, Manila, and Shanghai for a period of 18 months from October 20, 1922. From October 20, 1922, to June 30, 1923, this contract averaged 15 cents per barrel under the market price, and has therefore resulted in a saving to the board of approximately $660,000. It has also provided an entirely satisfactory and dependable source of supply for our requirements, which is the primary feature of any such contract.

**General.**

The following table is a comparison of prices under contracts at domestic ports as of June 30, 1922, and June 30, 1923, which very clearly shows how the declining Mexican production has increased the cost of fuel oil at Atlantic and Gulf coast ports, while the large increase in the California production has resulted in decreasing the cost of fuel oil at Pacific coast ports:

TABLE No. 1.

| | June 30, 1922, terminal. | June 30, 1923, terminal. | | June 30, 1922, terminal. | June 30, 1923, terminal. |
|---|---|---|---|---|---|
| Boston | $1.05 | $1.575 | Houston | $0.90 | $1.30 |
| New York | 1.00 | 1.575 | Texas City | .90 | 1.30 |
| Philadelphia | 1.10 | 1.55 | Galveston | .90 | 1.30 |
| Baltimore | 1.20 | 1.55 | Port Arthur | .95 | 1.30 |
| Norfolk | 1.00 | 1.55 | Montreal | 1.50 | 1.90 |
| Charleston | [1] 1.15 | 1.44 | San Francisco | ..... | [2] .89 |
| Savannah | .95 | 1.45 | Do | 1.31¼ | .92 |
| Tampa | .95 | 1.39 | San Pedro | ..... | [2] .84 |
| Jacksonville | .95 | 1.44 | Do | 1.31¼ | .85 |
| New Orleans | .85 | 1.35 | Port San Luis | ..... | [2] .81 |

[1] Open market.
[2] Cargo.

**Foreign Ports.**

In the latter part of 1922 the foreign fuel-oil market advanced at practically all ports except Pacific Ocean and oriental ports, which are principally supplied from the California fields. On June 30, 1922, our fuel-oil requirements at United Kingdom and continental ports were being supplied under contracts made early in 1922 for a period of six months. Practically all these contracts were extended to about the first of 1923. Early in 1923 the board was able, due to the keen competition between foreign oil companies for this important business, to negotiate contracts for our entire fuel-oil requirements at the principal United Kingdom and Mediterranean ports during the calendar year of 1923 at prices much below the market. As compared with the market prices, these contracts have effected savings for the board to date of approximately $305,000. In November, 1922, a contract was made for our requirements of fuel oil at

Singapore, Hongkong, and Shanghai for period ending November, 1923, at $1.75 per barrel, which also proved to be advantageous.

The following table is a comparison of prices under contracts at foreign ports as of June 30, 1922, and June 30, 1923. The sharp decline indicated in 1923 is attributed principally to the improved facilities of the various companies, the keen competition for business, and to the fact that the board entered the market at the most favorable time:

TABLE No. 2.

| Port. | Terminal price June 30, 1922. | Terminal price June 30, 1923. | Port. | Terminal price June 30, 1922. | Terminal price June 30, 1923. |
|---|---|---|---|---|---|
| Aden.....ton.. | 80/ | 50/9 | Leghorn.....ton.. | 75/ | 60/ |
| Alexandria.....do.... | 75/ | ..... | Leith.....do.... | ..... | 52/ |
| Algiers.....do.... | ..... | 54/ | Lisbon.....do.... | 67/6 | 59/ |
| Amsterdam.....do.... | $14.50 | 56/ | Liverpool.....do.... | 65/ | 52/ |
| Antwerp.....do.... | 70/ | 55/ | London.....do.... | ..... | 52/ |
| Avonmouth.....do.... | 65/ | 52/ | Madras [1].....do.... | 80/ | 55/ |
| Barcelona.....do.... | 75/ | 59/ | Malta.....do.... | 75/ | ..... |
| Bizerta [1].....do.... | $15.50 | ..... | Manchester.....do.... | ..... | 52/ |
| Bombay.....do.... | 80/ | 55/ | Marseille.....do.... | 75/ | 57/6 |
| Bowling.....do.... | 65/ | ..... | Nordenham.....do.... | ..... | $13.07 |
| Buenos Aires.....barrel.. | $1.91 | $1.91 | Oran.....do.... | ..... | 54/ |
| Calcutta [1].....ton.. | 80/ | 55/ | Perim [1].....do.... | ..... | 55/ |
| Ceuta [2].....do.... | 67/6 | ..... | Piraeus.....do.... | $15.50 | $15.20 |
| Colombo [1].....do.... | 80/ | 55/ | Port Said.....do.... | $15.50 | $12.30 |
| Constantinople.....do.... | $15.50 | $15.20 | Rio de Janeiro.....barrel.. | $1.85 | ..... |
| Dunkirk.....do.... | 70/ | 55/ | Rotterdam.....ton.. | 67/6 | 56/ |
| Genoa.....do.... | 75/ | 61/ | Shanghai.....barrel.. | ..... | $1.75 |
| Grangemouth.....do.... | ..... | 52/ | Singapore.....do.... | $2.50 | $1.75 |
| Hamburg.....do.... | $14.50 | $13.07 | Southampton.....ton.. | ..... | 52/ |
| Havre.....do.... | 70/ | 55/ | South Shields.....do.... | 65/ | ..... |
| Hongkong.....barrel.. | $2.50 | $1.75 | Sunderland.....do.... | ..... | 52/ |
| Hull.....ton.. | ..... | 52/ | Swansea.....do.... | ..... | 52/ |
| Jarrow on Tyne.....do.... | ..... | 52/ | Thameshaven.....do.... | 65/ | ..... |
| Karachi [1].....do.... | 80/ | 55/ | Trieste.....do.... | 75/ | 65/ |
| Las Palmas.....do.... | 67/6 | 57/6 | | | |

[1] Contract expired June 29, 1923.
[2] Contract expired Dec. 31, 1922.

**Storage.**

In line with the past policy of maintaining adequate reserve supplies of fuel oil, the Norfolk, Mobile, and St. Thomas stations have been kept filled. There also was in floating storage (laid-up tankers) on January 1, 1923, approximately 2,700,000 barrels. In the spring of 1923, due to sudden decline in Mexican oil production, there was a sharp demand for tank steamers to transport oil from California ports to the Atlantic coast and it became necesary to dispose of some of this oil in order to make the tankers available for sale. This was done and the amount of floating storage reduced to approximately 1,000,000 barrels.

In December, 1922, was completed a fuel-oil station at Pago Pago, American Samoa, consisting of two 55,000-barrel steel storage tanks with pump house, pipe line, etc

The following table shows [illegible] ınkering stations with their capacity w[illegible] ng the fiscal year ending June 30, 1923.

In keeping with the board's program of rigid economy in operation, during the fiscal year further reductions have been made in the operating expenses of the bunkering stations which are owned by the board, and comparison of costs with commercial companies operating similar plants indicate that in every instance our costs are lower. The plants are maintained in first-class condition at all times, and are prepared at all times to serve our needs in an economic and efficient manner.

*Distribution.*—Maintenance of supplies of fuel oil at foreign and domestic bunkering stations provides profitable employment for a number of tankers, and large quantities of fuel oil are transported to the various stations. Also large quantities of crude oil have been transported from Pacific coast to Atlantic and Gulf coast ports in connection with the fuel-oil contracts at the latter ports.

## BUNKER COAL.

*Domestic ports.*—No long-time contracts were made for our bunker coal requirements at domestic ports during the fiscal year ending June 30, 1923. A few short-time contracts were made for periods ranging from 30 to 60 days in order to cover our requirements during periods of shortage. The remainder of the time our requiements were purchased on the open market. During the fall of 1922 the coal market was very chaotic, due to labor conditions, making it inadvisable to contract for a long period on a high market. In the spring of 1923 labor conditions improved and the market began to decline rapidly. In May and June the board could purchase bunker coal on the market at prices equal to the lowest prices obtaining in 1919.

*Foreign ports.*—In September, 1922, a contract was made for the requirements of bunker coal for our passenger vessels at Bremerhaven, this contract running until April 1, 1923, which worked to our advantage as toward its close the market price of coal at continental ports increased rapidly, due to occupation of the Ruhr district. After the expiration of this contract our bunker-coal requirements at European ports were purchased on the market as required, as it seemed unwise to contract on the high market then prevailing.

## CONSERVATION OF FUEL AND INCREASED EFFICIENCY IN BURNING FUEL OIL AND COAL ABOARD OUR VESSELS.

In connection with the work of the fuel conservation committee this department prepared a complete set of general instructions to chief engineers for handling bunker and cargo fuel oil and coal aboard their vessels. These instructions were approved by the com-

mittee and were subsequently issued in pamphlet form to managing agents, their agents, and all chief engineers aboard Shipping Board vessels. These instructions gave the personnel in actual charge of the bunkering of vessels a clear idea of the more essential details of bunkering, and have resulted in fewer complaints from chief engineers as to quantity and quality of fuel delivered to their vessels.

## TANK-STEAMER DEPARTMENT.

The direction and control of the board's operating fleet of tank steamers is centralized in the tank-steamer department in New York. The physical handling of tank steamers is by private steamship companies who specialize in tank-steamer operation under the M–2 and O–2 forms of managing and operating agreements. Under these agreements the managers and operators receive $350 a month per steamer managing fee, $100 for a loaded voyage, and $120 for a ballast clearance and voyage, operating fees. In July, 1922, McAllister Bros., Walker & Daly, and the Columbus Shipping Co., New York City, managed and operated the steamers trading out of Atlantic and Gulf ports, and Struthers & Barry, San Francisco, managed and operated tankers out of west coast ports. In December, 1922, the Columbus Shipping Co. was dropped as tank-steamer managers and operators, and the number of steamers in operation at that time and since has not warranted replacing this company with another concern.

As in previous years, the employment of the tank-steamer tonnage during the fiscal year 1923 was as follows:

(*a*) Charter of steamers to American oil companies in conjunction with fuel-oil contracts entered into between the United States Shipping Board and the oil companies.

(*b*) Transportation of fuel oil to United States Shipping Board fuel stations at Ponta Delgada, St. Thomas, Panama Canal, Seattle, Portland, Honolulu, and Manila.

(*c*) Chartering of tank steamers to private companies for the transportation of petroleum and its products, molasses, and coconut oil.

Tanker activity, with respect to our fleet of 88 vessels, at the beginning of the fiscal year 1922–23, was comparable with that of private tanker fleets throughout the world. The market demand for this type of vessel at that time was virtually at a standstill, which reduced the number of Shipping Board tankers in operation to 18, of a total dead weight of 160,035 tons, which was our position on July 1, 1922.

Eleven of these steamers were engaged in the board's service and seven in private trade, as shown in the following table:

*Tanker distribution.*

| | Number. | Dead-weight tons. | | Number. | Dead-weight tons. |
|---|---|---|---|---|---|
| June 30, 1922: | | | June 30, 1923: | | |
| In operation, United States Shipping Board account | 11 | 110,357 | In operation, United States Shipping Board account | 11 | 104,716 |
| Private account | 7 | 49,678 | Private account | 7 | 70,957 |
| | 18 | 160,035 | | 18 | 175,673 |
| Laid up | 70 | 631,431 | Laid up | 41 | 328,204 |
| Total | 88 | 791,466 | Total | 59 | 503,877 |
| | | | Tankers sold, fiscal year. | 29 | 287,589 |

From a condition accepted as resulting from an overbuilt world tanker market in 1922 a distinct upward turn in tanker trade became apparent early in March, 1923. This was due to the change in tanker traffic from Mexican terminals to the California coast. The board availed itself of this strong market to sell as many of its tankers as the market would absorb, which to June 30, 1923, amounted to 29 vessels.

The following outline shows the results obtained in connection with the operation of Shipping Board tank steamers during the past fiscal year:

| | |
|---|---|
| Total voyages performed all trades | 260 |
| Total barrels petroleum and products, or coconut oil, carried | 15,229,881.30 |
| Total tons molasses carried | 179,467 |
| Total tons general cargo carried | 9,777 |
| Total revenue earned | $4,640,847.80 |
| Disbursements by operators | $2,663,120.62 |
| Voyage repairs | $170,584.32 |

## Department of Purchases and Supplies.

**Organization.**

Due to the disbanding of the organization of the material sales division, the board of trustees, under date of December 28, 1922, transferred to the department of purchases and supplies the responsibility for the sale of surplus materials and equipment, as well as the custody of materials certified for disposition. For the same reason the custody and maintenance of Hog Island became the responsibility of this department on January 20, 1923. By the consolidation under one head of all store activities at Hog Island a very considerable reduction in personnel was effected. Also, on February 1, 1923, the inland traffic section was transferred from the jurisdiction of the general comptroller to that of the manager, department of purchases and supplies.

**Purchasing.**

In line with the establishment of a per diem allowance covering subsistence supplies on cargo vessels during the preceding fiscal year, a per diem allowance covering deck, engine, and stewards' stores (excluding subsistence) was placed in effect November 1, 1922, on all voyages beginning on and after that date. For the purpose of dealing with any questions arising relative to this allowance, as well as that for subsistence, the joint committee on voyage supplies was formed on which the managing agents and the Emergency Fleet Corporation have equal representation. Through its representative on this committee the department of purchases and supplies has worked hand in hand with the managing agents in the letting of general contracts for major supplies, additional items being thus taken care of from time to time as the advantages of the method have been realized. Such contracts have also been made covering certain supplies for passenger ships, and in addition consolidated direct purchases for stock have been made of repair materials.

The direct purchases by the corporation during the past fiscal year amounted to only $5,682,535.68, a decrease of almost 50 per cent from the preceding year. While to a certain extent this decrease was due to the additional responsibilities placed upon managing agents, in part it was caused by a greater utilization of stocks on hand in the corporation's warehouses.

**Stores.**

On July 1, 1922, there was held in the various warehouses for use in connection with ship operation material valued at $4,604,900. On June 30, 1923, these stocks amounted to $5,855,437.98, an increase of $1,250,537, notwithstanding that, in addition to issues for use aboard Shipping Board vessels, the stocks have been reduced during the past fiscal year in the amount of $285,042.42, representing materials sold as scrap and surplus, and in the amount of $229,881.85, representing materials certified during the first six months of the fiscal year to the former material sales division for disposition. The reason for this increase will be seen when it is considered that purchases for stock amounted to $1,274,186 and materials were received from the laid-up fleet for reissue in the amount of $2,475,513.65.

During the fiscal year materials and equipment were issued for use aboard vessels amounting to $2,473,814.66.

The changes which have taken place in the operating conditions and in the reconditioning program render it advisable that a considerable quantity of the present stocks be disposed of by sale, and with this in view the stock of nautical instruments has been surveyed for the purpose of declaring surplus a portion of these instruments. The same procedure is being followed out with reference to the other stocks.

**Traffic.**

Five thousand and thirty-eight vouchers, amounting to $255,688.14, were audited and approved for payment after the deduction of overcharges and other disallowances amounting to $32,132.13.

The loss and damage claims on hand June 30, 1922, amounted to $59,750.09. As of the close of the present fiscal year, this amount had been reduced to $33,180.54.

Through the representative of this department on the Federal Traffic Board, every effort has been made to insure the movement of materials and supplies of the various Government departments on American flag ships, and particularly those operated for account of this corporation.

VOYAGE SUPPLY SECTION.

**Organization.**

This section was created about July 1, 1922, to supervise the activities of operations orders No. 17 and No. 18, and to formulate a system of records which would allow judgment as to the equability of the allowances outlined in the latter order. That period from July 1 to November 1, 1922, was mainly utilized in formulating operations order No. 18 and a system of office procedure for the proper functioning of this order.

**Operations Order No. 17 (Subsistence).**

Effective as of July 1, 1922, an allowance for subsistence was fixed at 65 cents per man day. The approximate number of vessels in operation under the order was 350 over the ensuing year, with an average of 38 men to each vessel. With these figures as a basis we arrive at an annual reduction of approximately $750,000 in this phase of operating expenses.

**Operations Order No. 18.**

In the preliminary work-up of operations order No. 18 we were furnished by the comptroller's department with the actual figures for 63 voyages of vessels operated by 23 different managing agents, from which we worked out a total of 6,205 voyage days, or an average cost per day of $36.31.

The average number of vessels operated under the allowance plan since November 1, 1922, is 341. Estimating the allowances granted under this order to average $25.30, a fair average considering the number of each tonnage class of vessels now in operation, the approximate cost to the board for supplies over a 12-month period would be $3,148,964.50. Based on the same number of vessels and using the average of figures compiled by the comptroller's department for previous operation, this cost would be $4,519,324.15. This indicates an annual reduction of $1,370,359.65 in this phase of operating expenses.

## LAID-UP-FLEET DEPARTMENT.

Originally the laid-up fleets were under the jurisdiction of our operating departments, represented by the district directors in the various ports in which they were laid up. In order to centralize authority, the laid-up-fleet committee was established as of October 1, 1922. This action resulted in a standardization of maintenance, crew lists, and wages, and permitted the establishment of a universal policy of operation of all fleets, which freed them from local influences to which the district directors were more or less subjected.

On June 30, 1922, the fleets were laid up as follows:

| Location. | Number of ships. | Transferred to laid-up-fleet committee. | Location. | Number of ships. | Transferred to laid-up-fleet committee. |
|---|---|---|---|---|---|
| Portland, Me | 3 | Oct. 26, 1922 | Pensacola, Fla | 22 | Jan. 29, 1923 |
| Boston, Mass | 29 | Do. | Mobile, Ala | 39 | Do. |
| New London, Conn | 7 | Do. | New Orleans, La | 50 | Do. |
| New York, N. Y | 253 | Do. | Orange, Tex | 26 | Jan. 30, 1923 |
| Hog Island, Pa | 103 | Do. | San Francisco, Calif | 42 | Feb. 16, 1923 |
| Baltimore, Md | 36 | Nov. 23, 1922 | Portland, Oreg | 8 | Feb. 19, 1923 |
| Norfolk, Va | 312 | Jan. 22, 1923 | Seattle, Wash | 17 | Feb. 26, 1923 |
| South Atlantic—Savannah, Ga., and Charleston, S. C. | 20 | Do. | | | |

In addition to the above, there was one vessel at Gibraltar and three at Olongapo, P. I., which makes the total of 971 vessels on hand June 30, 1922.

For the purpose of assembling the ships in larger units and eliminating unnecessary expenses, the ships in lay up at Portland, Me., Boston, Mass., Baltimore, Md., and Charleston, S. C., have been transferred to lay up at Fort Eustis, Va., in the James River.

The cost of maintaining the laid-up fleets June 30, 1923, as compared with June 30, 1922, is as follows:

| Date. | Number of ships. | Number of men. | Annual pay roll. | Average annual pay roll per ship. | Annual expenses other than pay roll. | Average. | Total. |
|---|---|---|---|---|---|---|---|
| June 30, 1922 | 971 | 2,503 | $1,999,266.96 | $2,058.97 | $1,524,475.44 | $1,570.08 | $3,523,742.40 |
| June 30, 1923 | 895 | 1,916 | 1,640,419.20 | 1,832.87 | 1,177,706.64 | 1,315.88 | 2,818,125.84 |

Inasmuch as this reduction was gradual, extending as it did throughout the year, the actual saving effected because of the changes above outlined, was $895,855.44. This saving was made notwithstanding the fact that the price of fuel furnished the laid-up fleets was increased about 60 per cent, and wages paid the crews on laid-up vessels on the Atlantic coast were increased over 8 per cent.

*Portland, Me.*—Transferred October 26, 1922. This fleet consisted of three lakers, which were found in excellent condition.

These vessels have been removed to the James River, and their physical condition at the present time is excellent.

*Boston, Mass.*—Transferred October 26, 1922. This fleet was transferred to the James River and there reassembled with the steel fleet already in lay up at that anchorage. Since these vessels have been transferred to the James River a great amount of work has been performed on them, putting them in a much better physical condition. This work is still in progress.

*Baltimore, Md.*—Transferred November 23, 1922. To expedite work being performed on these ships and to reduce overhead expense, together with the view of concentrating in larger units, this fleet was transferred to lay up in the James River.

*South Atlantic* (Savannah, Ga., and Charleston, S. C.)—Transferred January 22, 1923. In order to concentrate in larger units the ships at Savannah were transferred to lay up at Charleston, and to further the end of concentration, decrease overhead etc., the fleet at Charleston was transferred to lay up in the James River.

The laid-up fleets have been inspected by the full committee, a great amount of data has been collected, necessary instructions issued for improvements, and fleet changes have been made where the committee thought advisable. The number of ships in a unit has been increased, thereby increasing working personnel and decreasing overhead.

**Dry docks.**

The locations of these dry docks, as of January 1, 1923, when custody was turned over to the laid-up fleet committee, supplement No. 1, operations order No. 26, were as follows:

One 10,000-ton wood pontoon dock, stored at Narragansett Shipbuilding Co., Tiverton, R. I.

Two 10,000-ton wood pontoon docks and one steel pontoon dock, at Atlantic, Gulf & Pacific Co., Mill Basin, Long Island.

One 10,000-ton wood pontoon dock, stored at Lord Dry Dock Corporation, West New York, N. J.

One 6,000-ton wood pontoon dock, Jacksonville, Fla.

The dry dock at Tiverton, R. I., has been transferred to the naval station, Newport, R. I., where it is being held without cost to the Fleet Corporation, this showing a saving of $500 per month.

The steel dry dock at Jamaica Bay has been sold and delivered, thus reducing the charges at Jamaica Bay by $600 per month.

Plans for leasing these docks are in progress of completion, and if successful will withdraw these docks from their present idle condition and will reduce the expenditures for storage.

## STEVEDORING.

The control and regulation of the stevedoring work upon Shipping Board vessels during the past fiscal year have been carried forward under the same supervision and according to the same general policies as prevailed during the preceding year. Commissioner O'Connor has generally supervised the work, which has been in immediate charge of the same committee that previously handled its details.

Toward the close of the last fiscal year the board announced as a matter of policy its opposition to the employment of subsidiary companies by managing agents in carrying on the various operating functions incident to handling board vessels. This policy was made applicable to stevedoring, and approval was given to contracting the board's stevedoring work whenever and wherever it might be deemed for its best interests. Said policy, unfavorable to subsidiary companies and favorable to a contract system, has vitally affected stevedoring operations throughout the year, and has led to placing the board's work in the hands of private stevedoring companies at a number of the American ports. These will be discussed in detail later.

From the inception of the present control of the work every effort has been made to have stevedoring rates, whether established by port schedule or contract, as nearly inclusive of all charges incident to the function as possible. It is recognized by the board officials, as well as all private shipping men, that the "extra charges" attached to stevedoring bills constitute the greatest opportunity for imposition and fraud connected with stevedoring. The greatest effort has been put forth throughout the entire year (by those in charge) to further eliminate "extras" from stevedoring bills. This policy has been foremost in mind in drafting calls for bids and formulating rate schedules. It has resulted in reducing board charges to a practically flat basis at many ports, with consequent lowering of the cost of supervision as well as a reduction in the total stevedoring charge.

The policy of checking stevedoring operations on the ground has been pursued vigorously during the year at many of the domestic ports. These checking operations extend not alone to the work of those stevedores operating under schedule, but also to the work of contractors. The organization to handle this function begun last year, has been enlarged in personnel and extended to all the larger ports of the country. It has more than justified its existence in direct deductions from stevedoring bills, aside from the deterrent influence upon those stevedores who would be inclined to overcharge if unrestrained. Those comprising this force of checkers are under the direct supervision of the local operating authorities, except in matters of policy, construction of contracts, schedules, travel, and

changes in personnel, which are subject to the direction of the stevedoring committee in Washington.

**Importance of the Work.**

Stevedoring is a very important factor in the activities of ship operation. This is emphasized by the fact that it comprises from 20 to 25 per cent of our direct operating expenses. From monthly statements prepared from stevedoring bills that come to hand, for domestic ports, the total stevedoring cost, as an example for the month of February, 1923, amounted to $599,594.94. Much time has been devoted during the year to an analysis of these stevedoring costs at the various ports and by districts. Comparisons have been worked out as between ports and the various lines being operated. Extensive reports have been issued monthly showing the average costs by districts, ports, and individual lines, as well as total costs in lump-sum amounts and on a per-ton basis. Curves have been drawn from these reports indicating the rise and fall of charges to graphically show the trend of the operations. As a further check on stevedoring operations, as frequently as work will permit, members of the department visit the various ports of the country, personally inspecting the work, conferring with both stevedores and board employees, and adjusting on the ground all outstanding disputes as to rates, conditions, and policies.

**Contracts and Port Tariffs.**

The policy of competitive bidding as adopted and discussed heretofore has been carried out in the following ports where contracts have been executed. The ports are listed in the order in which contracts were made:

| | Stevedore. |
|---|---|
| 1. Sabine ports, Texas | P. C. Pfeiffer Co. |
| 2. Gulfport, Miss | Ladnier & Dent Stevedore Co. |
| 3. Pensacola, Fla | M. A. Quina. |
| 4. Mobile, Ala | Mobile Stevedoring Co. |
| 5. Portland, Oreg | Portland Stevedoring Co. |
| 6. Puget Sound | Rothschild & Co.<br>Pacific Lighterage Co.<br>North Coast Stevedoring Co. |
| 7. Philadelphia, Pa | Union Stevedoring Corporation. |
| 8. New York (United States Lines) | John T. Clark & Son. |

At the present time port tariffs are effective at the following ports and were instituted in the order named:

1. Baltimore, Md.
2. Boston, Mass.
3. Portland, Me.
4. New York, N. Y.
5. Hampton Roads, Va.
6. New Orleans, La.
7. Texas Gulf ports.
8. Jacksonville, Fla.
9. Savannah, Ga.
10. Charleston, S. C.
11. Wilmington, N. C.
12. Grays Harbor, Wash.
13. San Francisco, Calif.
14. Los Angeles, Calif.
15. Tampa, Fla.

**Sabine Ports Contract.**

Pursuant to the policy of placing work on a contract basis wherever conditions warranted it, bids covering all board stevedoring at Sabine ports were called for in the month of August. The per-ton cost at these ports was deemed too high and great rivalry existed among local stevedores over the board work, and a contract appeared the only remedy for the situation. The bids received justified the decision to issue the call, and a contract was duly awarded, which has saved the board a considerable sum over previous costs. No complaints have been received as to the character of the work done and the contract has been deemed in every way satisfactory.

**Contract at Mobile, Pensacola, and Gulfport.**

The board's stevedoring work at Mobile and adjacent ports had been under the control of the managing agents, part being performed by their subsidiaries or the subsidiary of their subagent and part by private stevedores. Private stevedores expressed a desire to bid on the work, urging that a saving could be made and better conditions created. It was, therefore, decided to issue a call. This call has also been justified by the bids received, from which awards were made at all these ports. These contracts were made in November and have resulted in a material reduction of costs. They have been operative long enough to prove their practicability from every standpoint. These contracts, as well as all others made thus far, are supported by good and sufficient bonds and surrounded by every safeguard to the board's interests. No untoward circumstance has thus far grown out of any of them, and friction between the private stevedore and the operator, which was prophesied, has not developed. Instead there has been an unusual measure of efficiency in every instance.

**Pacific Coast Contracts.**

Early in the past year a careful analysis of stevedoring expense at Pacific coast ports revealed an unsatisfactory condition. Efforts had theretofore been made to eliminate these through maximum rate schedules, but to little effect. As a last resort it was decided to call for bids on all board stevedoring work at all Pacific coast ports. This was done, and bids were received in September at all ports except Los Angeles. At the latter place the stevedores, apparently by mutual agreement, refrained from bidding. The bids and bidders proved satisfactory at Puget Sound ports and at Portland, Oreg., and contracts for the term of one year were entered into at these ports. These contracts were at reduced rates and on more favorable conditions from the board's standpoint. At San Francisco none of the bidders proved satisfactory from a standpoint of experience and financial responsibility, so all bids were rejected and a new rate

schedule put in force, based upon the rates submitted on the bids, with slight modifications. A new rate schedule was also placed in force at Los Angeles, based upon an equalization of the San Francisco and Los Angeles rates.

**Contract at Port of Philadelphia.**

The board's stevedoring work at Philadelphia was partially performed by subsidiaries of managing agents and subagents and partially by private stevedores. Rates were increasing and extras were getting beyond control. Bids were called and all the work concentrated at the Government base piers, being 80 per cent of the whole, was contracted to a private firm. The contract is satisfactory from both cost and efficiency standpoints and the rates include many items of so-called "extra labor." The rates and conditions embodied in the contract were extended to the remainder of the board's work at the port under a schedule of rates.

**United States Lines' Contract.**

Up to May 2, 1923, the stevedoring work on United States Lines vessels was still being done on a cost-plus basis. It was the only instance of its kind remaining since war-time days. The committee brought this situation to an end by calling for bids covering all stevedoring work on United States Lines vessels at Piers 3 and 4, Hoboken, N. J. As a result of a call sent out, bids were received from a number of responsible firms, from which that of John T. Clark & Son was selected as the lowest and best from the board's standpoint. A contract for one year, beginning May 21, 1923, was entered into with them, which, it is believed, will save the board a considerable sum during the coming year and which at the same time will open the way for further reductions in the stevedore rates now prevailing in other trades at the port of New York.

**Rate Schedules Revised.**

Aside from the rate reductions secured during the fiscal year through contracts, the rate schedules at many ports where bids were not called for were revised. In practically all cases these revisions were downward. The most extensive rate revisions through schedules were at New Orleans, Galveston, and San Francisco. It was the announced purpose that the rates at these ports must be reduced. Whether this reduction should be by contract or revised schedule was, at the managing agents' request, left dependent upon the outcome of a series of conferences with the stevedoring committee. At these conferences a schedule of rates was worked out that seemed eminently fair to the board and which was adopted, precluding a call for bids.

Owing to the depletion of the supply of longshoremen at the port of Boston and the consequent use of inferior labor and reduction in efficiency, it was necessary to raise the rates slightly at that port.

This situation was further complicated by pier congestion with an increase in long trucking and piling of cargo. These additional handicaps to efficiency were represented in the revised rates, which will be reflected in an increased yearly stevedoring cost at that port of approximately $5,000. It is hoped the situation at Boston may soon permit of a return to the former schedule.

Constant attention was given throughout the year to the schedules at New York, Baltimore, and South Atlantic ports, and many changes introduced to make them more effective and equitable to both the board and the stevedore.

During the present year one wage increase has occurred which correspondingly increased stevedoring rates. This increase, granted longshoremen at North Atlantic ports, was 5 cents per man per hour and was awarded by General Goethals under an arbitration agreement. This increase of approximately 8 per cent in wages was reflected by an increase of 6½ per cent in stevedoring rates at the port of New York, and 6 per cent at all other North Atlantic ports. The greater percentage was allowed New York because of the higher insurance rates prevailing at that port.

**Extra Labor and Overtime Work—Their Cost.**

There has always existed a stevedoring function known as an "extra," something which was paid for that the real task of loading and discharging did not include, but its existence was greatly emphasized during the war. Of course, on work performed on a cost-plus basis the "extra" was absorbed therein. Reference is here made to cargo handled for so much per unit. Many abuses were prevalent during the war, and without any particular idea of retrospection in that regard it can be said that on many individual cargoes the "extra charges" amounted to more than the straight cost of handling the cargo in and out of the ship. Due to congestion of wharves, expedience, and for other reasons, this may be viewed as one of the natural expenses resulting from the turmoil of the time. As many other functions have approached normalcy, so indeed has this, as a glance at the following table of percentages will prove:

EXTRA LABOR (PRIOR).

[Including long trucking, piling, sorting, cooperage, winchmen, etc.]

| | Loading (per cent of total cost). | Discharging (per cent of total cost). |
|---|---|---|
| 1920-21.—Average for representative group of steamers | 28.34 | 23.21 |

DETENTIONS (PRIOR).

| | | |
|---|---|---|
| 1920-21.—Average for representative group of steamers | 2.99 | 2.25 |

EXTRA LABOR (CURRENT).

[Including long trucking, piling, sorting, running lines, cooperage, etc.]

| Date. | Loading. | | Discharging. | |
|---|---|---|---|---|
| | Number of vessels. | Per cent of total cost. | Number of vessels. | Per cent of total cost. |
| July, 1922 | 132 | 7.52 | 78 | 10.25 |
| August, 1922 | 152 | 8.85 | 98 | 11.02 |
| September, 1922 | 126 | 8.29 | 70 | 13.44 |
| October, 1922 | 158 | 7.27 | 79 | 16.24 |
| November, 1922 | 141 | 8.25 | 73 | 15.38 |
| December, 1922 | 182 | 7.34 | 105 | 15.03 |
| January, 1923 | 181 | 7.79 | 99 | 15.70 |
| February, 1923 | 178 | 7.90 | 108 | 17.13 |
| March, 1923 | 162 | 6.63 | 98 | 18.50 |

DETENTIONS (CURRENT).

[Lost time due to breakdown in cargo handling, machinery, shifts, etc.]

| | | | | |
|---|---|---|---|---|
| July, 1922 | 132 | 0.75 | 78 | 0.57 |
| August, 1922 | 152 | .85 | 98 | .68 |
| September, 1922 | 126 | .85 | 70 | 1.02 |
| October, 1922 | 158 | .63 | 79 | .16 |
| November, 1922 | 141 | 1.02 | 73 | .71 |
| December, 1922 | 182 | 1.25 | 105 | 1.16 |
| January, 1923 | 181 | 1.34 | 99 | 1.34 |
| February, 1923 | 178 | 1.38 | 108 | .97 |
| March, 1923 | 162 | 1.59 | 98 | 1.38 |

Of necessity, extra labor, such as breaking down piles of cargo on the dock, tiering cargo on the dock, extra long trucking, coopering, etc., and detentions due to deficiencies of ship's cargo handling equipment, shifting vessel, lighters, etc., are variable factors and rise and fall according as the requirements of each particular ship are met.

**Checking Personnel and Savings.**

A system of checking has been evolved to carry on the stevedore control at the source. Below is a table of the personnel attached to the work in the field, together with the total annual salaries and the respective ports of assignment.

| | Employees. | Annual salaries. | | Employees. | Annual salaries. |
|---|---|---|---|---|---|
| *June 1, 1923.* | | | *June 1, 1923*—Continued. | | |
| Boston | 2 | $4,300 | San Francisco | 2 | $3,540 |
| New York | 21 | 43,060 | Portland, Oreg. | 1 | 2,000 |
| Philadelphia | 6 | 12,000 | Seattle, Wash. | 1 | 1,800 |
| Baltimore | 2 | 4,200 | | | |
| New Orleans | 4 | 6,800 | Total | | 81,020 |
| Galveston | 2 | 3,320 | | | |

These checkers are on all docks where Shipping Board vessels berth at the ports mentioned and check the time of all stevedores in loading and discharging, as well as the time spent by them in performing extra labor and overtime incident thereto. A record is also kept of the time of receiving and delivery clerks, watchmen, and other employees on the docks. The checker makes out his reports of time and sends them to the office of the stevedore section at his port, where they are used in checking the stevedoring bills rendered.

Being at the source of the work, the checker also reports on such matters as the number of men employed as watchmen, receiving and delivery clerks, coopers, etc., advising if, in his opinion, there were more employed than were actually required. By this control the number of men used on incidental work has been greatly reduced. Dunnage and materials for coopering are checked as delivered as to quantity and conformity with contracts previously entered into covering the supplying of these commodities.

These field men are also used to check up the actual time spent in loading or discharging particular classes of cargo, to aid the stevedoring committee in arriving at an equitable rate for the tariff, or in some cases to determine whether or not results justify lowering the rate.

In order to show in a tangible way the close contact that is had with the stevedoring at the ports where these checkers are operating the following table is presented as a matter of interest to show some of the savings effected during the time checkers have been employed.

| | |
|---|---|
| Portland, Me., Apr. 1, 1923, to May 31, 1923 | $187.41 |
| Boston, Apr. 1, 1923, to May 31, 1923 | 786.86 |
| New York, July 1, 1922, to May 31, 1923 | 40,689.06 |
| Philadelphia, Dec. 1, 1922, to Mar. 31, 1923 | 6,945.50 |
| Baltimore, Sept. 1, 1922, to May 31, 1923 | 1,380.80 |
| New Orleans, Sept. 18, 1922, to Apr. 30, 1923 | 5,539.12 |
| Galveston, Oct. 1, 1922, to May 31, 1923 | 2,416.37 |
| San Francisco, Apr. 1, 1923, to May 31, 1923 | 1,008.45 |
| Total | 58,953.57 |

It is not desired to be too aggressive on the question of savings, but the mere presence of the checkers on the piers in itself has a very beneficial effect. In those ports where checkers are employed the checkers are frequently able to reconcile their accounts daily, thus eliminating items at the source, which never get into the bills and of which we have no record.

**Savings Through Contracts and Port Schedules.**

In order to reflect what advantage, by way of lower rates, was secured there is presented herewith a comparison of the cost of stevedoring at the various ports where changes were made during the year, on the basis of the former stevedoring tariff and the present tariff and/or contract. The figures arrived at are predicated upon tons of cargo appearing on stevedoring bills which came to hand during 1922, and the comparison has been made to show reductions secured only in the commodity rates.

At many of the ports the committee was successful in its endeavor to reduce the scope of the extra labor allowances and in some instances eliminate altogether certain items of extra labor that had previously been allowed. Because of certain intangible features

connected with these charges it is difficult to secure comparative figures, but the monetary reduction due to these changes in extra labor allowances is of considerable magnitude.

On the other hand, the reductions shown in the table made a part hereof cover approximately 80 per cent of the business transacted; that is, it has been figured that approximately 80 per cent of the bills for performing stevedoring work has been presented to us. While over $400,000 have been saved during the year on straight stevedoring work on bills thus reported, this amount would be augmented, assuming that the cargo not reported is consistent with that reported by approximately another $100,000 on such unreported cargo.

*Comparative statement of stevedoring costs for ports where changes were made in port tariffs and/or by contract during the fiscal year 1922–23, showing the reductions secured.*

| Port. | Contract or port schedule now in effect. | Prior tariff: Total cost based on cargo appearing on stevedoring bills received during 1922. | Present tariff or contract: Total cost based on cargo appearing on stevedoring bills received during 1922. | Net yearly reduction.[1] |
|---|---|---|---|---|
| Sabine ports, Texas (Port Arthur, Beaumont, Sabine, etc.) | Contract | $116,905.00 | $95,356.25 | $21,548.75 |
| Mobile, Ala | do | 172,104.25 | 150,861.00 | 21,243.25 |
| Pensacola, Fla | do | 33,230.40 | 26,949.05 | 6,281.35 |
| Gulfport, Miss | do | 31,097.00 | 26,384.75 | 4,712.25 |
| New Orleans, La | Port schedule | 496,030.25 | 450,570.35 | 45,459.90 |
| Galveston, Tex | do | 339,386.25 | 312,803.75 | 26,582.50 |
| Houston, Tex | do | 163,818.25 | 153,176.50 | 10,641.75 |
| Portland, Oreg | Contract | 286,165.00 | 258,405.00 | 27,760.00 |
| San Francisco, Calif | Port schedule | 686,629.75 | 560,833.00 | 125,796.75 |
| Puget Sound (Seattle, Tacoma, Everett, etc.) | Contracts (3) | 344,455.00 | 316,186.25 | [2] 28,268.75 |
| Philadelphia, Pa | Contract | 621,211.32 | 539,046.25 | 82,165.07 |
| | | 3,291,032.47 | 2,890,572.15 | 400,460.32 |
| Total reduction made | | | | [1] 400,460.32 |

[1] Reductions shown cover commodity rates only. Elimination of certain extra labor charges not shown on account of difficulty to secure comparative figures.
[2] Does not include reduction due to elimination of charge previously assessed on public docks for loading and unloading open cars under ship's tackle, amounting to approximately 50 cents per ton.

**Stevedoring Reports Issued.**

From July 1, 1922, and for each month thereafter it was arranged to secure copies of all stevedoring bills for work performed in United States ports. These bills are analyzed each month and are drawn into a report entitled "Statement of stevedoring charges, loading and discharging, month of ———, 192—, United States ports." The accounts are analyzed first in detail, showing on the schedules the name of the vessel, voyage number, trade, managing agent, stevedore, whether for loading or discharging, kind of cargo, and quantity thereof, unit rate, straight cost, overtime, extra charges, amount and reason for same, detention, amount and cause of same, total stevedoring cost, and finally the ultimate objective, the "average total cost per unit," be it ton, M bushels, etc. The above information is shown for each vessel's account and according to the port where the

service is performed. The totals are secured of the various columns by ports, and a recapitulation is made of loadings for all ports and dischargings for all ports, separately, for the month.

The breakdown of items and general character of the statement is shown on the copy of the analysis for the month of December, 1922, which is made a part of this report for illustration.

*Recapitulation of stevedoring charges at domestic ports, loading and discharging, December, 1922.*

| Districts. | Total number of vessels. | Activity. | Total tonnage. | Total straight cost. | Average total straight cost per ton. |
|---|---|---|---|---|---|
| North Atlantic | 84 | Loading | 165,722 | $113,350.44 | $0.6849 |
| South Atlantic and Gulf | 76 | do | 190,124 | 141,305.08 | .7442 |
| West coast | 22 | do | 65,026.3 | 54,289.52 | .8348 |
| | 182 | do | 420,872.3 | 308,945.04 | .7341 |
| Percentage | | | | 85.79 | |
| North Atlantic | 62 | Discharging | 100,701 | $92,558.43 | .9191 |
| South Atlantic and Gulf | 22 | do | 32,829 | 28,779.99 | .8767 |
| West coast | 21 | do | 34,994.7 | 31,992.77 | .9142 |
| | 105 | do | 168,524.7 | 153,331.19 | .9098 |
| Percentage | | | | 77.98 | |
| SUMMARY. | | | | | |
| Total loading charges | 182 | Loading | 420,872.3 | $308,945.04 | .7341 |
| Total discharging charges | 105 | Discharging | 168,524.7 | 153,331.19 | .9098 |
| Grand total | 287 | Loading and discharging. | 589.397 | 462,276.23 | .7843 |

| Districts. | Total overtime. | Total extra charges. | Total detention. | Total stevedoring cost. | Average total cost per ton. |
|---|---|---|---|---|---|
| North Atlantic | $10,915.94 | $9,661.62 | $2,947.39 | $136,875.39 | $0.8269 |
| South Atlantic and Gulf | 4,148.14 | 7,950.48 | 629.33 | 154,033.03 | .8102 |
| West coast | 5,153.49 | 8,794.03 | 933.94 | 69,170.98 | 1.0637 |
| | 20,217.57 | 26,406.13 | 4,510.66 | 360,079.40 | .8555 |
| Percentage | 5.62 | 7.34 | 1.25 | 100.00 | |
| North Atlantic | $6,914.35 | $23,403.29 | $1,586.27 | $124,462.34 | 1.2359 |
| South Atlantic and Gulf | 1,295.28 | 883.23 | | 30,958.50 | .9430 |
| West coast | 3,228.03 | 5,280.77 | 687.89 | 41,189.46 | 1.1770 |
| | 11,437.66 | 29,567.29 | 2,274.16 | 196,610.30 | 1.1667 |
| Percentage | 5.83 | 15.03 | 1.16 | 100.00 | |
| SUMMARY. | | | | | |
| Total loading charges | $20,217.57 | $26,406.13 | $4,510.66 | $360,079.40 | .8555 |
| Total discharging charges | 11,437.66 | 29,567.29 | 2,274.16 | 196,610.30 | 1.1667 |
| Grand total | 31,655.23 | 55,973.42 | 6,784.82 | 556,689.70 | .9445 |

**Comparative Labor Efficiency.**

In order to learn something of the productivity of longshoremen at the present time, a statement was prepared from figures submitted from our various districts covering certain stevedoring operations during August, September, and October, 1922. This statement appears below. An indicated production of 0.98 ton per man per hour is deduced from the general cargo items appearing in the statement referred to.

*Labor efficiency statement showing cost of labor and hourly production, 1922.*

| Number of steamers. | Port. | Sailed. | Tons loaded. | Labor cost (includes men from foremen down). Total. | Labor cost (includes men from foremen down). Per ton. | Man hours. | Total man hours. | Tons per man hour. | Nature of cargo. |
|---|---|---|---|---|---|---|---|---|---|
| 1 | New York | Aug. 26, 1922 | 1,464 | $856.90 | $0.585 | 1,117 (S)<br>107 (O) | 1,224 | 1.19 | Oil cake and general. |
| 1 | do | Sept. 5, 1922 | 1,503 | 1,485.45 | .988 | 1,511 (S)<br>463 (O) | 1,974 | .76 | Oil in barrels, oil cake, sisal, general. |
| 1 | do | Sept. 10, 1922 | 4,779 | 3,573.98 | .747 | 4,084 (S)<br>867 (O) | 4,951 | .96 | Flour, sugar, pipe, general, barrel oil. |
| 1 | do | Sept. 15, 1922 | 415 | 501.93 | 1.209 | 736 (S) | 736 | .56 | General. |
| 1 | Boston | Sept. 30, 1922 | 530 | 417.96 | .788 | 553½ (S)<br>57 (O) | 610½ | .86 | Lumber, canned goods, general. |
| 1 | do | Sept. 6, 1922 | 664 | 1,346.05 | 2.027 | 880 (S)<br>580 (O) | 1,460 | .45 | General. |
| 1 | do | Sept. 1, 1922 | 580 | 678.45 | 1.169 | 827½ (S)<br>138 (O) | 965½ | .60 | Paper, lumber, general. |
| 1 | do | Sept. 10, 1922 | 177 | 220.69 | 1.246 | 242 (O) | 242 | .73 | Cotton waste, general. |
| 1 | Baltimore | Sept. 15, 1922 | 3,235 | 644.44 | .199 | 817 (S) | 817 | 3.96 | Bulk grain, malt, flour. |
| 1 | do | Sept. 21, 1922 | 4,571 | 862.40 | .188 | 1,064 (S) | 1,064 | 4.29 | Bulk grain, tobacco, oil, flour, copper. |
| 1 | do | | 1,006 | 469.80 | .466 | 720 (S) | 720 | 1.39 | Copper, general. |
| 1 | do | Sept. 28, 1922 | 3,815 | 3,656.50 | .958 | 2,479 (S)<br>1,934 (O) | 4,413 | .865 | Flour, steel, pipe, general. |
| 1 | do | Oct. 23, 1922 | 1,391 | 1,330.05 | .956 | 741 (S)<br>799 (O) | 1,540 | .90 | Flour, general. |
| 1 | Norfolk | Sept. 2, 1922 | 506 | 445.59 | .88 | 559 (S) | 559 | .91 | Tobacco, feed, general. |
| 1 | do | Sept. 9, 1922 | 131 | 131.30 | 1.002 | 153 (S) | 153 | .85 | Tobacco, lumber, general. |
| 1 | do | Sept. 5, 1922 | 806 | 606.30 | .752 | 868 (S) | 868 | .93 | Cornstarch, pig iron, lumber, tobacco. |
| 1 | do | Sept. 12, 1922 | 848 | 655.91 | .773 | 744 (S)<br>105 (O) | 849 | .99 | Lumber, tobacco, flour. |
| 1 | New Orleans | Sept. 17, 1922 | 712 | 2,086.50 | .357 | 321 (S) | 321 | 2.21 | Lumber, tobacco, general. |
| 1 | do | Aug. 14, 1922 | 1,932 | 2,422.21 | 1.253 | 3,726 (S) | 3,726 | .52 | Lumber, machinery, wire, rosin, general. |
| 1 | do | Sept. 9, 1922 | 1,751 | 1,716.37 | .98 | 2,437 (S) | 2,437 | .72 | Lumber, staves, wax. |
| 1 | do | Sept. 14, 1922 | 3,378 | 2,940.57 | .87 | 4,332 (S) | 4,332 | .78 | Flour, lumber, machinery, rosin, general. |
| 1 | Seattle | Sept. 27, 1922 | 622 W/M | 334.16 | .537 | 316 (S) | 316 | 1.97 | Flour, canned goods. |
| 1 | do | Sept. 2, 1922 | 6,999 W/M | 2,973.69 | .424 | 3,156½ (S)<br>319 (O) | 3,475½ | 2.01 | Wheat (sacks), lumber, tobacco, general. |
| 1 | do | Sept. 16, 1922 | 6,860 W/M | 4,671.77 | .681 | 2,942 (S)<br>1,774 (O) | 4,716 | 1.45 | Wheat (sacks), flour, lumber, tobacco, general, paper. |
| 1 | do | Aug. 29, 1922 | 490 W/M | 326.75 | .667 | 261 (S)<br>31 (O) | 292 | 1.67 | Canned goods, flour, lumber, general. |
| | | | 49,165 | 35,355.72 | .7191 | | 42,761½ | 1.14 | |

Taking general cargo only into consideration, the indicated production is 0.98 tons per man per hour.

For the purposes of comparison the average production figures deduced by the National Adjustment Commission for the years 1914, 1919, and 1920, and the stevedoring committee's figures for 1922, are presented as follows:

| | |
|---|---|
| 1912 | 0.91 tons per man per hour. |
| 1919 | 0.44 tons per man per hour. |
| 1920 | 0.52 tons per man per hour. |
| 1922 | 0.98 tons per man per hour. |

That no one may be misled by this comparison it is submitted with the statement that, although the cargoes handled may have been relatively the same, necessarily the conditions under which the cargo was handled varied at different ports with different vessel equipment and construction and different terminal facilities. Making due allowance for the difficulties of this comparison, it can be said that the current results shown herein are indicative of a much improved efficiency on the part of longshoremen generally.

## European Organization.

The assembling of this report marks the completion of four years' existence of the United States Shipping Board in Europe, and, furthermore, finds the London offices removed from 8 and 10 Grosvenor Gardens, where the chief offices have been maintained since the establishment of the board in Europe, to the Bush House, a modern, up-to-date office building just recently opened for occupancy, situated in the commercial center of London.

Continuing with the policy that was in effect at the close of the fiscal year ended June 30, 1922, of placing all possible activities of the Shipping Board vessels in the hands of foreign agents of the operators, it has been possible in some cases to further eliminate port offices entirely, and in other cases a substantial reduction in the personnel has taken place due to the fact that the duties previously performed by two or three men are now being taken care of by the one representative in the port.

Since submitting last year's annual report the port offices at Copenhagen, Stockholm, Naples, and Gibraltar have been closed and the activities of these ports are being handled by the operators' agents, and at the same time the Shipping Board representative stationed nearest to any of the above-mentioned ports stands in readiness to render any assistance necessary.

The figures shown in the following tabulation clearly indicate the reductions made in the number of employees, as well as the annual pay roll since the fiscal year ended June 30, 1921. From these figures it will be noticed that the pay roll for the fiscal year just closing is reduced approximately 63 per cent from the annual

pay roll in effect at the end of 1921, while the reduction from the pay roll of last fiscal year is approximately 14 per cent.

| | June 30, 1921. | | June 30, 1922. | | June 30, 1923. | |
|---|---|---|---|---|---|---|
| | Number of employees. | Annual pay roll. | Number of employees. | Annual pay roll. | Number of employees. | Annual pay roll. |
| Main office | 231 | $359,828.00 | 82 | $218,320.00 | 74 | $216,640.00 |
| British Isles | 118 | 177,387.00 | 18 | 60,100.00 | 13 | 41,100.00 |
| Scandinavia and Baltic | 39 | 73,998.00 | 30 | 104,500.00 | 27 | 82,100.00 |
| Holland, Belgium, Germany | 66 | 118,601.00 | ..... | ..... | ..... | ..... |
| Spain and Portugal | 29 | 60,312.50 | ..... | ..... | ..... | ..... |
| France | 79 | 124,131.00 | 7 | 25,300.00 | 5 | 18,200.00 |
| Italy | 6 | 16,450.00 | ..... | ..... | ..... | ..... |
| Greece, the Ægean | 8 | 18,865.50 | ..... | ..... | ..... | ..... |
| Turkey and Black Sea | 8 | 18,576.00 | 4 | 18,240.00 | 3 | 11,040.00 |
| Egypt | 10 | 20,988.00 | ..... | ..... | ..... | ..... |
| | 594 | 989,137.00 | 141 | 426,460.00 | 122 | 369,080.00 |
| Reduction | ..... | ..... | 453 | 562,677.00 | 19 | 57,380.00 |

A brief description is outlined in the following paragraphs regarding the activities, problems, and accomplishments of the principal departments of the European organization.

**Operating Department—Europe.**

This department maintains supervision over Shipping Board vessels in Europe with respect to personnel, pilotage, navigation, handling of cargo, and salvage work. Ballasting and bunkering of vessels, when necessary on this side, were turned over to the foreign agents of Shipping Board operators during the early part of the year. However, supervision is maintained by this office regarding the ports at which vessels are to take bunkers.

During the past year the operating department has concentrated—

1. Upon securing additional facilities in European ports.

2. In reducing the operating expenses in these ports by taking advantage of the large purchasing power the board possesses by reason of acting for all our ships over the individual agent, who may represent only from one-sixth to one-half of the United States Shipping Board vessels entering a port.

As a result of the policy instituted in January, 1922, to award stevedoring contracts wherever feasible to the responsible stevedore quoting the lowest terms, contracts have been entered into in London, Avonmouth, Glasgow, and Antwerp by which the expense of discharging cargoes for our ships in these ports has been materially reduced.

Ninety-seven thousand tons of general cargo were shipped from the port of Liverpool during the 12 months ending May 17, 1923, and as a sequence the amount of ballast purchased for our westbound ships is less than 10 per cent of the total amount reached in 1921.

Special berths for the exclusive use of the United States Shipping Board vessels have been secured from the local port authorities in Glasgow and Antwerp during the last year, and applications are now before the Port of London Authority and the Mersey Docks & Harbor Board for additional berths in London and Liverpool, which are urgently required.

December 1, 1922, operating circular No. 190 relieved this department of the responsibility of securing business for our ships, placing the burden on the managing agents. In February, 1923, it was found necessary to restore the responsibility of naming the bunkering port to this department.

On April 9, 1923, the districts of the British Isles, northern Europe, western and eastern Mediterranean were abolished, and the direct supervision of all European ports was concentrated in the various departments in the London office. Due to the increase in business in the East Baltic States it became necessary to reopen the office at Helsingfors, and at the same time the Stockholm office was closed. The office at Copenhagen was also abolished during the year, and this area, as well as the Stockholm area, is now taken care of by the representative stationed at Goteborg.

**Maintenance and Repair Department—Europe.**

The maintenance and repair department acts as the executive division for handling all repairs and maintenance of Shipping Board vessels in European waters, with the exception of the vessels being operated by the United States Lines.

The governing policy of the department during the year was (1) no repairs to be undertaken in Europe except those absolutely necessary to take the vessel to berth or to insure seaworthiness for the return voyage homeward and (2) no alterations or betterments of any character to be executed in European ports.

In general, repair costs have shown a marked decrease and repairs have been materially lessened. Whenever possible it has been the policy of this office to place repairs on a competitive basis at an agreed price, thus making use of competition to the fullest extent. This procedure has been generally successful, notwithstanding the difficulties due to fluctuations in the European exchanges.

The cost of supervision has also been reduced proportionately in keeping with the lesser number of vessels in operation.

Below is a summary of vessels repaired in Europe for the six months ending December 31, 1922:

| | |
|---|---|
| Number of vessels repaired | 568 |
| Total dead-weight tonnage | 4,489,720 |
| Total cost repairs | $124,632.30 |
| Cost of repairs per dead-weight ton | $0.02769 |
| Cost supervision per dead-weight ton | $0.022 |

In the report submitted from this department for last year it was shown that the average cost of repairs amounted to $0.047 per dead-weight ton, as compared with $0.02769 per dead-weight ton of this year, which indicates that a reduction of approximately 41 per cent has taken place.

**Traffic Department—Europe.**

The policy previously formulated with regard to general supervision of traffic matters has been strictly adhered to throughout the year. This office has dealt directly with westbound freight rates in conjunction with the operators' agents, and the question of rates and cargo offerings has been carefully supervised with a view to securing the maximum revenue for our lines, and the best and most efficient service to our patrons. During the year under review the Egyptian cotton contract was renewed on the basis of previous year's rates for the coming season, and, furthermore, the contract was concluded with the Finnish Cellulose Association at Helsingfors covering the first six months of 1923, whereby a minimum of 4,000 tons of cellulose was to be lifted monthly.

During the month of September an important step was performed when the Shipping Board became steamship-owner members of the Baltic and White Sea Conference, which is one of the largest shipping associations in Europe.

In connection with our claims work, the Shipping Board also joined the Atlantic Eastbound Conference, which interests itself largely in such matters. The Shipping Board was also represented by this department at the regular meetings of the China, Japan, and Straits Conference.

**Claims Section—Europe.**

In the claims section, which comes under this department, a report was made to Washington of all claims paid and all claims outstanding in each port in the northern district and the United Kingdom for the period of one year ending May 1, 1922, giving comparative statistics of our operators' efficiency in this respect.

Through an arrangement made with the United States P. & I. Agency (Inc.), New York, this office is actively assisting in the cleaning up of old claims and charges which were outstanding against Shipping Board vessels arriving in European ports prior to February 20, 1923.

**Comptroller's Department—Europe.**

The policy of centralization of European comptroller's activities at London was fully developed during the fiscal year 1922–23. In every way possible all functions of the comptroller's department were dealt with by the staff assigned at London, the field organization

now consisting of but two resident auditors. The effect of this policy admitting of reassignment of personnel—annual salary costs have been reduced to $45,200 at June 30, 1923, as compared with annual salary cost of $50,720 at July 1, 1922.

As regards audit work of a routine nature, a total of 7,162 accounts, aggregating $4,999,049.94, were dealt with during the fiscal year. These disbursements have been duly recorded in accounts of this office and reported to the general office under monthly trial balance, the rendition of which was in accordance with procedure as outlined by the accounting manual, the totals recorded being classified under the following general headings:

| | |
|---|---|
| Repairs | $268,932.00 |
| General expense | 596,931.99 |
| General office | 3,883,827.69 |
| Warehouse stores | 6,830.31 |
| Furniture and fixtures | 3,362.09 |
| Prior period | 164,226.50 |
| Others (open balances under accounts receivable, suspense, inventory adjustment, and reserve accounts) | 74,939.36 |
| Total | 4,999,049.94 |

Much time and effort have been devoted to the settlement of outstanding accounts showing balances in favor of the board. The work as accomplished was covered under 261 remittance vouchers, aggregating collections of approximately $650,000.

*Operating advances.*—This account shows an open balance of $33,761.78. The balance as at this date covers only those accounts in liquidation, the process in settlement of which has obligated the board to advance moneys either against expenses incurred or for deposit in court.

*Warehouse stores.*—This account reflects balance of $698,980.25, being the value of all spare gear stored throughout Europe, this balance remaining after deliveries were made to vessels and gear transferred to the States or sold in Europe for a value aggregating $230,018.60. In reaching an adjustment of this account to bring the book value in line with physical inventory and prices ruling as of the date of adjustment, it was necessary to write off $32,318.20 and to take up material on hand, the source of which could not be ascertained, to a value of $4,674.77. Some minor adjustment may be found necessary, as the European department of purchases and supplies has not fully reviewed the reconciliation against physical inventory of January, 1923, and we expect the present balance to be written down approximately $110,354.20, representing issues to vessels of turbine equipment and adjustment of radio material, details of which have just been obtained.

*General expenses.*—All general expenses of the European organization have been handled under the above caption, the account reflecting a total for the year of $596,931.79, as compared with $951,460.49 for the fiscal year ending June 30, 1922.

It may be of interest to note the following comparative figures reflecting the general expenses of this organization:

| | Salaries. | Other expenses. | Total. |
|---|---|---|---|
| Average monthly, fiscal year: | | | |
| 1921 | $81,589.83 | $32,333.92 | $113,923.75 |
| 1922 | 57,682.12 | 27,846.76 | 85,528.88 |
| 1923 | 35,403.86 | 14,856.88 | 50,260.74 |

*Commitments and liabilities.*—Pursuant to orders of the general comptroller, accurate record has been maintained throughout the year of all future commitments, monthly report of same having been rendered the general office by the 5th of each succeeding month. The close of the fiscal year showed commitments of $2,629,670.86 and unrecorded liabilities of $29,912.83. This information has been forwarded to Washington in the annual report.

**Purchases and Supplies—Europe.**

During the year under review this department, in line with the general policy of the board, reduced its direct purchasing activities and wherever possible placed such work in the hands of the operators' agents, at the same time retaining contractual privileges and general supervision over all purchases in European ports.

The personnel of this department has been reduced to an absolute minimum and at this time consists of a manager and three assistants, as compared to 26 purchasing agents and 21 assistants during 1920 and 1921.

During the fiscal year just closing the following purchases were made by this department:

| Item. | Tons. | Amount. |
|---|---|---|
| Fuel oil | 119,095.5295 | $1,683,130.80 |
| Coal | 263,991.812 | 1,684,949.83 |
| Lubricating oils | | 7,046.64 |
| General purchases (including upkeep of port offices, automobiles, spare gear warehouses, spare gear handling charges, and fuel stations) | | 46,868.45 |
| Total | | 3,421,995.72 |

The above total, when compared to the total figures for 1921, shows an increase in the total purchases to the extent of $329,258.65. This increase is due principally to the heavy purchase of coal and fuel oil, the increases in the purchase of coal for 1922 amounting

to 106,375 tons over the 1921 figure, while the increases in the purchase of fuel oil in 1922 amounted to 41,322 tons over the amount purchased in 1921.

Surplus material at the various ports where Shipping Board offices were abolished has been disposed of, and the proceeds of such sales amounted approximately to $14,000.

*Warehouses.*—Twenty warehouses are still being maintained in Europe, where stocks of spare gear to the total value of $336,574.07 are held for issue to ships when required. Issues to ships and adjustments in value for the year amounted to $268,978.61. Further reductions are being made in the maintenance of warehouses and amount of stocks held, and all surplus American-manufactured gear is being returned as rapidly as possible to the United States. The remaining material is being concentrated at various shipping points.

**Legal Department—Europe.**

There is referred to the attention of this department, out of the many problems coming under the scope of the activity of the European organization, matters pertaining to the investigation, conduct, or negotiation and settlement of collision, salvage, and commercial cases. There are many other miscellaneous subjects dealt with, but they mainly concern marine-insurance claims and kindred subjects. A large portion of the claims are settled direct with the parties interested, but where litigation is necessary the best equipped and experienced local lawyers or attorneys are instructed to act. Settlements involving large sums are not finally consummated until there has been obtained the concurrence of the Washington office.

Among the commercial cases now having our attention, special effort is being made to collect demurrage incurred by board vessels prior to the inauguration of liner services. But as many of these cases are pending in the courts of continental countries, such as France, Italy, and Spain, some considerable time will elapse before final decisions are reached.

Perhaps the most important litigation, because of the amount of money involved, is the "loss of market" cases in Italy. Numerous claims arose because of late arrival in Italy of various vessels with coal cargoes, due to delay in sailing from the United States in 1920 because of shortage of fuel oil and marine strike. The supreme court of appeal of Turin, the highest court of the northern judicial district, held, in June, 1920, in the *Davidson County* case, that the shipowner is liable for damages due to loss of market.

There have been no serious questions during the past year involving the immunity from arrest of Shipping Board vessels. With regard to the jurisdiction of foreign courts there has been maintained a consistent policy by the board in accordance with the pro-

cedure laid down in the suits in the admiralty act, 1920. The proceedings of the conference of the Comité Maritime Internationale in London October, 1922, and the Diplomatic Conference held in Brussels shortly after, were followed with a great deal of interest because of the recommendations arrived at by those conferences to the effect that sovereign States ought to accept all liability to the same extent as a private owner with respect to vessels engaged in commercial work. The United States Government, through its embassies in Europe, addressed similar notes on April 20, 1923, to the various European countries concerning the status of Shipping Board vessels, particularly with respect to questions of immunity from arrest. This in effect confirmed the practice of the board in handling these difficult problems, viz, that the United States did not claim that ships operated by or on behalf of the United States Shipping Board, when engaged in commercial pursuits, are entitled to immunity from arrest, but that such ships when so operated would be permitted to be subject to the laws of foreign countries which apply under otherwise like conditions to privately owned merchant ships foreign to such countries. The note, however, brought particular attention of the foreign governments to the application of section 7 of the suits in admiralty act of March, 1920, the procedure outlined therein having been observed by the board in handling these problems long before international conferences were gathered to discuss this general subject.

**Communications Department—Europe.**

This department continues to exercise control over all cable, wire, and radio communications handed to and from the London office, as well as maintaining supervision over the radio personnel and radio repairs on Shipping Board vessels visiting European ports. Furthermore, since the Ship Owners Radio Service (Inc.) and the Independent Wireless Telegraph Co. (Inc.) have abolished their offices, all work previously handled by these companies is now being handled by the radio supervisor in London.

**Disbursing Department—Europe.**

Through this department payments are made for all salaries and expenses in connection with the European organization of the United States Shipping Board Emergency Fleet Corporation, and for the fiscal year under review the total disbursements have been considerably reduced over those of previous years. The violent and rapid fluctuations of the exchange rates of the various European countries still continue to be one of the greatest problems encountered by this department.

## SALES DEPARTMENT.

The organization which was set up in the fall of 1921 to liquidate the board's physical assets consisted of two main subdivisions—the ship sales department, charged with selling the large number of ships built under the war-time program, and the surplus property department which handled the disposition of the materials, properties, and equipment that came into the possession of the Emergency Fleet Corporation in connection with the shipbuilding program, and for which no further need existed. The latter department as organized consisted of the following divisions:

Material sales division.
Plant division.
Dry-dock division.
Transportation and housing division.

This organization continued to function through part of the fiscal year 1923, but by January, 1923, practically all surplus material had been disposed of and the material sales division was therefore discontinued, such odds and ends of its business as remained being turned over to a much smaller organization, created for this purpose and called the deferred liquidation section. A consolidation of the plant and dry-dock divisions into one known as the plant division was also effected during the fiscal year.

These changes, together with the completion of a large part of the program for the disposition of transportation and housing facilities resulted in a large reduction in the personnel of the sales department. In July, 1921, the total personnel of the organizations responsible for selling amounted to 1,346; by July, 1922, this number had been reduced to 997, and on June 30, 1923, there remained but 40. During the fiscal year 1923 it is estimated that the total expenses of the sales department amounted to $1,200,000, compared to $2,300,000 for the preceding year.

### Material Sales Division.

This division, which was created in September, 1921, to handle the disposition of surplus material, completed its work and was discontinued January 20, 1923. The sales policy which was formulated at the commencement of the selling campaign was in force during the whole period of operation, and the form of organization remained practically unchanged. A complete outline of the policies adopted and the organization of the material sales division is contained in the annual report for the fiscal year 1922.

There was a marked fluctuation in the number of personnel attached to this division at various periods. In October, 1921, when

the new selling campaign first started, there were approximately 630 employees with a total monthly pay roll of $92,000. As the activities increased it was necessary to add to the number of personnel, particularly on the per diem force, with the result that on September 30, 1922, the peak was reached with 988 employees and a total monthly pay roll of $119,000. Of these employees 690 were on the per diem force. Following this peak a gradual reduction in the number of employees was made, in line with the decreasing quantities of material to be sold or delivered, until none remained on the pay roll at the close of business in January, 1923.

This division was called upon to dispose of many varieties of shipbuilding materials and ship equipment and supplies for both wood and steel vessels, and also numerous types of shop equipment and tools. The quantities varied greatly and were scattered over approximately 400 locations in all parts of the country. There is included in the Appendix a statement, by districts, of the "present fair value" of the projects disposed of, arranged under three headings, i. e.:

Projects sold.
Projects transferred to deferred liquidation section.
Projects cleared by adjustment of accounts.

The first two headings are self-explanatory and under the third are included those projects which were cleared from the accounts of the general comptroller by means of cancellations to certifications, transfer of material from one location to another, or adjustment of error in the accounts.

A chart showing the activities of the material sales division between October, 1921, and January, 1923, is also included in the Appendix. This chart shows the average weekly sales, the estimated and actual total sales recovery, the decreasing balances charged in the accounts of the general comptroller, and the average weekly operating expense.

The sales for the first week under the new policy amounted to $78,726. Gradually the rate of sales increased until by April, 1922, a weekly average, from the date of starting, of approximately $292,000 resulted, but from then on it gradually decreased, the weekly average for the whole period of operation being approximately $208,000.

After sales operations had been in effect a few weeks it was estimated that the great bulk of material could be disposed of by January 1, 1923, and that the total recovery would be approximately $12,000,000, exclusive of real estate, and permanent plant improvements. The records indicate that the actual recovery was approximately $1,300,000 in excess of the estimate, which is accounted for in

a measure by considerable amounts of material certified for sale subsequent to the time the original estimate was made.

No detailed records of operating expenses were available prior to January, 1922, but the records of the general comptroller indicate that the expenses of this division for the calendar year 1922 amounted to $1,920,000. It is estimated that the sales for the corresponding period were about $11,200,000, and a comparison of these figures indicates an operating expense of 17 cents on the dollar of recovery. This, however, does not represent selling expense alone, but included rent, administration, storekeeping, delivery costs, etc.

In general, so long as the volume of sales kept up and recoveries were satisfactory, sales were made principally by negotiation, but as the bulk of the material was sold, clean-up sales were made at almost every major point by auction.

Among the larger items disposed of by the material sales division were 171,000 tons of steel, 6,500,000 feet of lumber, 408 triple-expansion marine engines, 400 Scotch and water-tube marine boilers, 33 Diesel engines, 2,500 winches, 2,000 pumps, 46 locomotive cranes, 15 large air compressors, and great quantities of miscellaneous material.

As stated above, the chart included in the Appendix indicates the decreasing monthly balances in "present fair value" in the accounts of the general comptroller and it also shows for comparison the decreasing balances in "present fair value" of material to be sold. The distance between these lines represents sales either not delivered or for one reason or another not removed from the accounts. The delivery of material represented a very difficult problem due to the tendency on the part of purchasers to leave it in the custody of the division just as long as permitted to do so. Experience proved the necessity for drawing sales contracts in such a way as to require prompt removal, under penalty of reselling against the purchaser's account, if not removed in the agreed time. By this and other means deliveries were considerably expedited. Through close cooperation with the general comptroller's department the closing of accounts was expedited so that by the time the division finished its work the accounts included only those amounts which were turned over to the deferred liquidation section.

### DEFERRED LIQUIDATION SECTION.

The accounts remaining unsettled at the time the activities of the material sales division were discontinued consisted of 23 projects, in scattered locations, which were not available for sale due to questions of doubtful ownership and legal matters which had not been decided at that time.

In order that these and other matters arising out of the 16 months' operation of the material sales division, but not presented before its discontinuance, could be properly cared for, and also that the records of that division might be available for examination, the deferred liquidation section was organized and assigned the following duties:

(*a*) The custody and disposition of, or clearing of the accounts relative to, the surplus material located at the various projects.

(*b*) The maintenance of the records of the material sales division and furnishing therefrom, information pertaining to unfinished matters arising out of the activities of that division, or data required by other departments in connection with general settlements, etc.

Three of the accounts charged to this section covered the real estate and permanent plant improvements at Hog Island, Pa.; Alameda, Calif., and the Skinner & Eddy Plant No. 2, at Seattle, Wash. The Hog Island property was placed in the custody of the department of purchases and supplies, which had storehouses there in current operation, and the other two properties were handled by the deferred liquidation section through the district organizations of the operating department. In matters pertaining to the sale of the Alameda plant and the proposed sale of the Skinner & Eddy plant No. 2, this section worked in conjunction with the plant division.

Before the end of the fiscal year the Alameda account was entirely closed out, due to the sale of the property, and three other projects were disposed of in connection with general settlements involving claims and other matters. Four projects were cleared from the records by bookkeeping adjustment after careful investigation indicated that they involved only small amounts of material which had been lost or omitted from sales records, or which covered property not available for sale and which should not have been certified. One project was transferred to the department of purchases and supplies for the use of, or disposition by, that department, and one which involved material sold but not paid for was turned over to the collection department.

Excluding the plant properties at Hog Island, Pa., and Seattle, Wash., there remain 11 projects to be disposed of. Three of these represent accounting charges only and should shortly be cancelled, but the other eight, which are minor in amount, can not be immediately liquidated because of legal and other matters as yet unsettled.

## Plant Division.

As a result of the complete analysis of the interest of the corporation in various plant investments and improvements, which was made by the plant division after it was organized in October, 1921, it was found that the majority of these cases were in such status as to be

more properly handled by other departments of the Emergency Fleet Corporation, and assignments were accordingly made. In all, 15 cases were retained by the plant division, of which some were immediately available for sale, the others being involved in previous sales or agreements not yet settled, or in use for the concentration of surplus materials. During the fiscal year 1922 the interest in eight plants was liquidated, and during the fiscal year 1923 five were cleared from the records of the plant division.

Statement of the plants cleared from the records or disposed of and those remaining follows:

**Plants Sold or Otherwise Disposed of.**

*Alameda concentration plant.*—Shortly after sales of material in this yard were concluded, in the fall of 1922, the real estate was offered at auction, but no bids for the property as a whole were received. Subsequently sale was made by negotiation, the terms involving part payment in cash, the balance, payment of which is covered by bank guaranty, being due over a period of three years.

*Duval Corporation, South Jacksonville, Fla.*—This corporation purchased from the board the Merrill-Stevens shipbuilding plant at South Jacksonville, Fla., but was unable to carry out its contract. Settlement has, however, been negotiated and the board has no further interest in this property.

*Todd Dry Dock & Construction Corporation, Tacoma, Wash.*—Extensive improvements were made in this plant, which the Todd Corporation agreed to purchase. The sale of these improvements was included in a general settlement with the company of claims and other matters.

**Plant Accounts Transferred to Other Departments of the Emergency Fleet Corporation.**

*Pressed Steel Car Co., Allegheny, Pa.*—This company several years ago purchased certain equipment from the board, with the understanding that the payment would be made in connection with a final adjustment of all accounts. This matter is being handled by the legal department.

*American Shipbuilding Co., Brunswick, Ga.*—The disposition of the improvements at this plant has been delayed due to receivership, and the matter has been referred to the legal department for consideration in connection with other matters pending with this company.

**Plants Not Yet Sold.**

*Hog Island, Pa.*—The board owns 946 acres of land at this location, together with buildings, piers, railroad tracks, piping systems, and other fixed improvements. The disposition of the large stocks of material and equipment at this plant was completed late in the

calendar year 1922, and although numerous inquiries have been received relative to the property and much data has been forwarded to parties who might be interested, no satisfactory offers for part or all of the land and improvements have been received.

*Skinner & Eddy Plant No. 2, Seattle, Wash.*—The real estate and personal property at this plant have been made available for sale and negotiations are at present under way for the sale of the land. Consideration is also being given to plans for the sale of the machinery, tools, and equipment, but offers have not yet been solicited.

An examination of the records indicates that of the 70 plant accounts which were assigned to other departments of the Emergency Fleet Corporation after the investigation in October, 1921, 35 have been completely liquidated. In those which remain the board's equity is represented by ownership of the property, mortgage, unsecured advances, or deferred payments due from sales. The negotiations in the majority of these cases are being conducted by the legal department and disposition of several should be made within a short time.

## Dry Dock Division.

In October, 1922, the dry dock division was consolidated with the plant division, and this organization continued to carry on the liquidation of dry dock and marine railway interests.

At the beginning of the fiscal year 1923 the board owned outright or had financial interest in 15 dry docks and 6 marine railways. During the fiscal year 3 dry docks and 3 marine railways were completely disposed of and 4 other docks and 1 marine railway were liquidated on a basis involving deferred payments. The twin graving docks at the Norfolk Navy Yard were transferred to the Navy Department.

The following statement indicates the status as of June 30, 1923, of the 15 dry docks and 6 marine railways referred to above:

Sales or settlements completed:
- Dry Dock No. 15: Galveston Dry Dock & Construction Co.
- Dry Dock No. 13: Perth Amboy Dry Dock Co.
- Dry Dock No. 16: Staten Island Shipbuilding Co.
- Marine railway No. 3: Crowninshield Shipbuilding Co.
- Marine railway No. 5: Cumberland Shipbuilding Co.
- Marine railway No. 14: Lord Drydock Corporation.

Sales or contracts involving deferred payments:
- Settled during fiscal year 1922—
  - Dry Dock No. 1: Alabama Dry Dock & Shipbuilding Co.
- Settled during fiscal year 1923—
  - Dry Docks Nos. 12 and 17: New York Harbor Dry Dock Corporation (purchased by Aldred & Co., New York City).
  - Dry Dock No. 14: Ramberg Dry Dock & Repair Co. (purchased by Atlantic Works, Boston, Mass.).
  - Marine railway No. 1: Henderson Shipbuilding Co.

Transferred to Navy Department:
- Twin Dry Docks No. 10: Built by George Leary Construction Co. (twin graving docks at Norfolk Navy Yard).

Settlement pending but not completed:
- Dry Dock No. 11: Bruce Dry Dock Co.

Original contract in effect:
- Dry Dock No. 3: Bethlehem Shipbuilding Corporation (Ltd.)

Available for sale:
- Three 10,000-ton dry docks (unobligated under lease or sales agreements).
- One 10,000-ton dry dock (formerly No. 18, Lord Drydock Corporation).
- One 6,000-ton dry dock (formerly No. 8, Merrill-Stevens Shipbuilding Corporation).

Unsettled contracts (being handled by legal and finance departments):
- Marine railway No. 6: Tampa Dock Co.
- Marine railway No. 7: Federal Marine Railway Co.

In connection with contracts settled or sales made during the year ending June 30, 1923, the total recovery, including interest payments, amounted to approximately $2,100,000. In arriving at these figures the sum of approximately $230,000, representing the amount of pending claims canceled as result of settlement agreements was not included.

## Transportation and Housing Division.

Of the housing projects which were provided during the war to accommodate the great increase in the number of workers at various shipbuilding plants, and which included thousands of dwellings, a large number of apartment buildings, stores, hotels, cafeterias, etc., the transportation and housing division has supervised the disposition of all but three, and more or less definite plans have been laid for the complete liquidation of these projects within a few months.

### Disposal of Real Estate.

At the beginning of the fiscal year 1923 all of the property under the cognizance of this division had been sold and conveyed or was under contract of sale except the housing projects at Bath, Me., and Groton, Conn.; 21 acres of vacant land in the Elmwood district of Philadelphia, and 8 vacant lots in Chester, Pa., Wilmington, Del., and Dundalk, Md.

The policy of auction sales for housing property, which was adopted by the board during the preceding fiscal year as being the best designed to carry out the provisions of the merchant marine act of June, 1920, was continued wherever practicable.

The project at Bath, Me., comprising 109 houses, 4 dormitories, and nearly 10 acres of vacant land, had been offered at auction in May, 1922, but the total price realized was so inadequate that the sale was canceled. Efforts were made to dispose of the houses indi-

vidually at prices based on an appraisal by a competent local committee, but without success. On June 23, 1923, the Shipping Board directed that the property be again offered at auction, and arrangements have been made for the sale July 26, 1923.

Due to the fact that the legal complications which had prevented the disposition of the Groton housing project were not removed, it was again necessary to postpone the sale of this project, which includes 95 houses, miscellaneous buildings, and about 20 acres of vacant land. It is hoped, however, that arrangements which will permit the sale of the property can shortly be made with the Groton Iron Works, for which this project was built.

The vacant land in the Elmwood section of the city of Philadelphia, consisting of approximately 21 acres, was sold after competitive bids, requested by advertisement, had been received May 29, 1923. The highest bid for this property was $85,100, and the sale was made to this bidder, although final settlement was not completed until after the end of the fiscal year.

Seven of the scattered lots of vacant land at Chester, Pa., Wilmington, Del., and Dundalk, Md., which for various reasons remained after completion of the main settlements, were sold for an aggregate cash price of $1,675. One lot at Wilmington was dedicated to the city for street extension.

**Blanket Mortgages.**

In addition to the property owned on June 30, 1922, the board held blanket mortgages securing advances made for construction purposes at the Atlantic Heights project, Portsmouth, N. H., at Brooklawn, N. J., and at Vancouver, Wash.

The status of the Atlantic Heights project, which comprises 278 houses, 9 dormitories, a number of miscellaneous buildings, and about 36 acres of vacant land, remained practically unchanged at the end of the fiscal year. While no definite plans for its disposition have been formed, it is hoped that satisfactory arrangements to that end can shortly be made.

In April, 1923, the Shipping Board acquired the entire outstanding capital stock of the Noreg Realty Co., the record owner of the project at Brooklawn, comprising 449 houses, together with miscellaneous buildings and about 85 acres of vacant land. Having obtained complete title to this property, an auction sale was arranged to begin on May 21, 1923. The sale was a complete success, the entire project being disposed of by individual units for the total price of $1,937,950.

The blanket mortgage covering the 20 houses and 1 hotel at Vancouver, Wash., was assigned in August, 1922, to the G. M. Standifer Construction Corporation, the shipbuilder, for whose employees the project was constructed in the general settlement with that company.

**Conveying Property.**

On June 30, 1922, there were several properties which were under contract of sale, but which had not yet been conveyed to the purchasers. In this status were the entire housing projects at Lorain, Ohio, Wyandotte, Mich., and Jacksonville, Fla., and a large number of individual properties located in four other projects. During the fiscal year 1923 the majority of these conveyances were made, and at the close of the year there remained the following which, it will be noted, include property sold during the year:

**Property Sold, but not Conveyed, June 30, 1923.**

Camden, N. J.: Fairview project, 16 houses.
Bristol, Pa.: Harriman project, 8 vacant lots.
Philadelphia, Pa.: Island Road project, 11 houses.
Philadelphia, Pa.: Elmwood project, 21 acres of land.
Brooklawn, N. J.: Entire project.

**Summary of Sales.**

Results of sales made during the year may be summarized as follows:

| Location. | Property. | Total sales price. | Cash received to June 30, 1923. |
|---|---|---|---|
| Brooklawn, N. J. | Entire project | $1,937,950 | $193,795 |
| Philadelphia, Pa. | 21 A-land | 85,100 | 4,255 |
| Chester, Pa. | 1 lot | 125 | 125 |
| Wilmington, Del. | 1 lot | 350 | 350 |
| Dundalk, Md. | 5 lots | 1,200 | 1,200 |
| Total | | 2,024,725 | 199,725 |

**Property Unsold June 30, 1923.**

At the end of the fiscal year all housing property owned by the board had been sold and conveyed, or was under contract of sale, except the housing projects at Bath, Me., and Groton, Conn.; and the board held but one blanket mortgage, namely, that covering the housing project at Portsmouth, N. H.

**Transportation.**

At the end of the fiscal year 1922 there remained unsettled 12 transportation contracts covering advances made to various transportation and power companies to increase existing facilities.

Settlement of the following nine contracts was made during the year, the total recovery amounting to about $3,300,000:

Philadelphia Rapid Transit Co.
Portland Railway, Light & Power Co.
Public Service Railway Co., Camden contract.
Public Service Railway Co., Emergency Fleet Railway contract.

Public Service Railway Co., Kearney contract.
Public Service Railway Co., Newark Bay contract.
Southern Pennsylvania Traction Co.
Tidewater Power Co.
United Railways & Electric Co., of Baltimore.

The completion of these settlements left to be disposed of only the three contracts, listed below, involving an original investment of approximately $350,000:

Lewiston, Augusta & Waterville Street Railway Co. (This company became insolvent, and its entire property was sold under foreclosure to the Androscoggin & Kennebec Railway Co.)
San Diego Electric Railway Co.
City of Tacoma, Wash.

These contracts involve legal and financial matters beyond the cognizance of this division and have therefore been assigned to other departments of the corporation.

## Department of Ship Sales.

**Scope of Activities.**

The department of ship sales is delegated to discharge the duties involved in negotiations for the sale of all vessel property belonging to the Shipping Board. It functions under the supervision of the vice president of the Emergency Fleet Corporation in charge of sales, and all sales are made only upon express authority from the board itself. Recommendations of the department in each case are first reviewed by the ship sales committee, consisting of the chairman, vice chairman, Commissioner Benson, and the vice president in charge of sales.

The work of the department may be said to be entirely administrative. It exercises no direct physical control over the board's vessel property, but rather acts through the several other departments of the corporation. Through the operating department it arranges for inspection of ships by purchasers, and, upon consummation of sales, for the delivery of vessels and other matters of a physical nature. It depends upon the legal department for the preparation of documents pertaining to sales and upon the credit department for credit reports on possible buyers. All direct contact with purchasers, however, is maintained by this department. When sales are closed the funds received are transmitted to the treasurer and the accounting officers of the corporation are furnished with information required for the proper setting up of records.

**General Policies in Effect.**

Sales negotiations are conducted on a private competitive basis, it having been determined that this method is most satisfactory.

The entire fleet of the board was advertised for sale on such a basis, pursuant to the requirements of law, during the spring of 1922. Prospective buyers are thus enabled to obtain decisions on offers without delay.

Vessels are sold on a basis of "as is, where is," exclusive of consumable stores and fuel on board at time of delivery and exclusive of any leased devices which might be on board, such as submarine signal apparatus.

Current calculations are made of the valuation of the board's vessels and of the selling prices and building costs of similar tonnage throughout the world. The board's foreign offices and the consular representatives furnish periodical reports of sales and construction of ships. As a final precaution, each vessel sold is appraised by a competent commercial naval architect.

No definite price is placed on each vessel, but the board is guided in reaching a decision on offers by its scale of minimum prices for the several classes of tonnage. For steel ocean-built cargo tonnage, comprising the bulk of the board's fleet, a minimum price equaling $30 per dead-weight ton was established for the purpose of permitting of negotiations. Thus the minimum price for a steel cargo vessel of 8,000 dead-weight tons would be $240,000. No offers less than this figure would be considered adequate, and wherever possible competitive bidding is developed for the purpose of obtaining an offer exceeding the minimum price. For steel tanker tonnage the minimum price established was the equivalent of $45 per dead-weight ton; for steel cargo vessels built on the Great Lakes a flat minimum price was established, viz, $75,000 each cash or $76,000 each on terms. This price equals from $18.50 to about $26.50 per ton, depending on the capacity of each vessel, and was decided upon in view of the great number of so-called lake-type vessels in the board's fleet. For steel ocean tugs the minimum price decided upon was $50,000 each. Other ships not included in the foregoing categories, such as those of an obsolete or damaged nature, are sold for the best prices obtainable. No minimum price was placed on the larger combination passenger and cargo vessels in operation, the sale of such tonnage being governed by matters of general policy of the board.

The records of the world market prices and construction costs indicate that the minimum prices set forth were representative of the value of the ships during the fiscal year 1923, and afforded American buyers an opportunity to purchase tonnage for at least the prices paid by their foreign competitors.

In view of the general low prices prevailing, the board's policy provided for the payment of not less than 50 per cent of the purchase price in cash, balance over not to exceed five years, covered by satis-

factory security such as a first preferred mortgage. For lake type vessels two-thirds cash was required and for tugs not more than two years' credit was allowed.

**Total Sales for Year.**

During the fiscal year 1923 matters of major policy engaging the attention of the board and covering plans of a general nature for the liquidation of the corporation were at such a stage as to preclude any expectation that the sale of ships on a broad scale could proceed. Yet a fair volume of business was transacted during the year in directions not so vitally affected by such matters of major policy. The net result of the year's business shows that whereas the board's fleet on July 1, 1922, consisted of a total of 1,690 vessels, aggregating 10,843,812 dead-weight tons, on July 1, 1923, it consisted of 1,346 vessels, aggregating 9,290,036 dead-weight tons, or a net reduction in the entire fleet of 344 ships of 1,553,776 dead-weight tons. Actual sales made during the year include 145 steel ships of a total of 878,282 dead-weight tons and 237 wooden ships of 855,931 dead-weight tons. The difference between the total number of vessels sold during the year and the net reduction of the fleet for the same period comprises additions to the fleet from several sources under circumstances later explained.

**Sales of Steel Tonnage.**

A segregation of the accompanying list of sales of steel tonnage shows that a total of 71 steel cargo vessels constructed under the board's program were conveyed to private owners. This group represents the most important phase of the year's sales, since such ships constitute the volume of tonnage disposed of for operation in general cargo-carrying trades, and reflects to the highest measure the extent to which private American shipping companies have expanded. These sales were confined to ship owners operating in protected American trades, free from the element of foreign competition, such as the intercoastal, Great Lakes, coastwise, and nearby island trades.

The intercoastal trade, which has developed so broadly, absorbed the only large ships of the general cargo type. Ten such vessels, ranging from 8,535 to 11,724 dead-weight tons each and totaling 102,148 dead-weight tons, were sold to five companies in this trade, four of which had never before owned ships and one of which had theretofore operated coastwise only.

Fourteen companies operating in local services between the United States Atlantic and Gulf ports, and including the West Indies, purchased from the board 29 vessels, ranging from 2,875 to 5,264 dead-weight tons each and aggregating 122,953 dead-weight tons. Two of these companies took over services formerly operated by the board, whilst six companies inaugurated new lines, the balance covering ad-

ditions to fleets in established routes or vessels acquired for transportation of bulk cargoes, such as coal, phosphate, etc.

In the Pacific coastwise service 11 companies purchased 22 ships, ranging from 2,942 to 5,143 dead-weight tons each and aggregating 80,469 dead-weight tons. These ships are engaged principally in the transportation of lumber and its by-products to points of manufacture and shipment. Since a large portion of this business is destined for transshipment to the east coast of the United States via the intercoastal lines, the vessels sold to companies operating coastwise on the Pacific are important auxiliaries and " feeders " to the larger lines. Most of these purchasers are lumber operators and while a few of the vessels were bought to replace older ships, as nearly as can be calculated the majority of them were acquired as a result of expanding business. Four more ships, totaling 18,438 dead-weight tons, were purchased for operation between Pacific coast ports and Alaska.

Five vessels, ranging from 3,015 to 4,185 dead-weight tons each and aggregating 19,575 dead-weight tons, were sold to companies operating on the Great Lakes.

**Sale of Wrecks.**

Two large steel cargo vessels were sold as wrecks during the year; the *Olockson*, which was virtually destroyed by fire at Panama in 1920, and the *West Caruth*, which had grounded off Cherbourg in April, 1922. The *Pocahontas*, an ex enemy cargo and passenger ship, was also sold after putting into Gibraltar, badly damaged.

**Sale of Tankers.**

By far the largest returns of the year were those resulting from the sale of tankers. Starting late in 1922 and continuing until early summer, 1923, the demand for steel-tanker tonnage was very active. As a consequence of the diminished supply of crude oil from the Mexican fields and the attendant demand from the southern California territory, the tanker requirements of the oil industry in this country were estimated to have doubled. The board was enabled to seize this opportunity for the disposal of more than one-half of its tanker fleet. A total of 44 steel ships of this type, ranging from 6,008 dead-weight tons to 10,387 dead-weight tons each and aggregating 412,420 dead-weight tons, were sold to 20 companies.

**Sales for Diesel Conversion.**

The board continued in effect its policy, established during the preceding year, of encouraging the development in America of the Diesel or internal-combustion engine by selling at hull valuations certain ships equipped with defective or uneconomical machinery to responsible buyers who would guarantee to convert such vessels to

motor ships of approved designs. This program gained a fair impetus, 10 vessels, including 2 tankers, ranging from 2,922 to 11,850 dead-weight tons each and totaling 64,911 dead-weight tons, thereby being sold.

**Sale of Tugs.**

The sale of tugs proceeded quite satisfactorily, 13 steel ocean tugs (11 coal burners and 2 oil burners) being sold to 10 companies. These sales indicate for the most part an appreciable expansion in the coastwise barge business. One wood seagoing tug was also sold.

The remaining sales of steel ships for the year comprised two ex enemy cargo vessels of little value, sold with transfer of flag privilege; two ex enemy combination cargo and passenger ships, one of the latter operating to the West Indies and one being sold to her former owners by virtue of their having become Italian citizens under the treaty of peace; and one former Army transport, transferred to the board from the War Department and sold to operators of the Pacific coast.

**Sale of Wooden Ships.**

One of the most important accomplishments in the year was the disposal of the huge fleet of wooden ships, which had been only a source of maintenance expense to the board. The problem of disposal involved more than the mere selling of the wooden ships to such buyers as might be found; it called for a plan which would remove the vessels for all time as a menace to sound ship operations and as possible obstructions to navigation and port facilities. For while certain of the wooden ships could be operated in limited trades during a period of questionable duration, yet they possessed such a small sales value that there was the danger of irresponsible operators obtaining them, engaging in tramping as long as conditions permitted, and then abandoning the ships wherever they lay.

To preclude the possibility of such a situation arising it was decided to offer the wooden fleet for sale upon the condition that the ships be dismantled as steamers. The fleet was advertised accordingly in the fall of 1922; the bids received were deemed inadequate and an auction was held at Washington on September 12, 1922. At this auction the entire fleet was sold and the transaction was closed promptly thereafter, the buyers assuming custody of the fleet forthwith and the board thereupon being relieved from an annual cost of upkeep of approximately $30,000. Title to the ships was conveyed subject to a covenant providing that they be dismantled as steamers and never again operated as such. The total number of wooden ships involved was 233, and it is reported that substantial progress is being made in their dismantling.

**Acquisition of Ships.**

During the year there were some additions to the board's fleet, represented by transfers from other executive departments and by vessels previously sold on the peak market, recovered by the board through foreclosure or similar proceedings which became necessary. The department of ship sales was delegated by the board to attend to all negotiations for such additions to the fleet. From other departments the board received a total of 11 steel ships and 6 wooden ships and, as a result of judicial proceedings, 9 steel ships and 1 wooden ship. Some of the vessels so acquired are included in sales made during the year as reflected by accompanying schedule.

**Sales to Foreigners.**

The board has withheld any active campaign to find a market for its ships abroad, pending the time when it can be determined definitely that no American buyers can be found. For two types, however, coal-burning lakers of about 4,150 dead-weight tons each and oil burners of fabricated type, offers were solicited from foreign buyers, a minimum price equalling $30 per dead-weight ton for both classes being asked. No sales of either type to foreigners were made. It is thought, however, that a number of the board's surplus ships which are not purchased by American companies might eventually be sold abroad and some action in this regard might be taken at a later date, when conditions justify.

**Prospect for Future Sales.**

Aside from the sale of the board's ships in active operation on a basis which will insure their continued operation on such lines, a plan for which it is expected will be evolved, it is difficult to estimate what sales of a general nature may be anticipated. Doubtless some of the American local services will continue to absorb a limited amount of tonnage, although the demand in this direction appears for the present to have been filled by the sales during the last year. That many ships will be sold for conversion to Diesel propulsion as soon as conversion costs have been reduced, is hoped for and expected, particularly if some form of assistance from the financial standpoint is provided.

**Cost of Sales.**

It will be observed that receipts from the sale of ships for the fiscal year 1923 totalled $30,138,906.96. The expense of administration of the department did not exceed $50,000, or about one-sixth per cent of the receipts. This cost does not embrace any expenses incident to the maintenance of the inactive fleet, but only actual administration costs. Excluding the wooden fleet, the vessels sold during the past year include 57 which were in operation at the time of sale and 88 which were inactive at the time of sale.

*Ships sold during fiscal year 1923.*

| Name. | Dead-weight tonnage. | Gross tonnage. | Purchaser. |
|---|---|---|---|
| Steel cargo ships: | | | |
| Apus | 9,605 | 6,094 | McCormick Intercoastal S. S. Co. |
| Argus | 9,607 | 6,034 | Do. |
| Baracoa | 4,155 | 2,599 | Colombian S. S. Co. |
| Bogota | 4,155 | 2,627 | Do. |
| Bolivar | 4,155 | 2,605 | Do. |
| Bridgetown | 4,095 | 2,559 | Do. |
| Cadaretta | 3,694 | 2,648 | Charles Wellington Cook. |
| Caddopeak | 3,694 | 2,865 | Do. |
| Castlepoint | 5,147 | 3,260 | Chas. R. McCormick S. S. Co. |
| Castletown | 5,143 | 3,328 | Do. |
| Costilla | 4,062 | 2,351 | M. & J. Tracy (Inc.). |
| Cote Blanche | 4,062 | 2,351 | Do. |
| Cottonwood | 4,125 | 2,450 | James Davidson. |
| Couparle | 4,125 | 2,450 | E. M. Leaf. |
| Coushatta | 4,125 | 2,469 | M. & J. Tracy (Inc.). |
| Coutelene | 4,125 | 2,450 | Anthony O'Boyle. |
| Coulee | 4,125 | 2,450 | James Davidson. |
| Covalt | 4,125 | 2,450 | Morton Salt Co. |
| Covena | 4,125 | 2,450 | Hammond Lumber Co. |
| Cowan | 4,125 | 2,450 | E. M. Leaf. |
| Cowanshannock | 4,125 | 2,532 | Bethlehem S. B. Co. |
| Chas. S. Cramp | 9,395 | 6,220 | Carey T. Hunter. |
| Delfina | 5,263 | 3,480 | Baltimore S. S. Co. |
| Delisle | 5,264 | 3,478 | Do. |
| Delrosa | 5,125 | 3,474 | Alaska S. S. Co. |
| Doylestown | 3,702 | 2,632 | Charles Wellington Cook. |
| Eastern Knight | 10,550 | 6,588 | Columbia Pacific Shipping Co. |
| Eastern Sailor | 10,615 | 6,600 | Do. |
| Glymont | 3,701 | 2,722 | Charles Wellington Cook. |
| Gov. John Lind | 4,756 | 3,431 | Baltimore S. S. Co. |
| Hanley | 11,724 | 7,583 | Weyerhaeuser Timber Co. |
| Henry S. Grove | 9,412 | 6,220 | Carey T. Hunter. |
| Jacox | 3,696 | 2,548 | Charles Wellington Cook. |
| Lakebridge | 3,000 | 1,977 | E. K. Wood Lumber Co. |
| Lakeland | 4,185 | 2,364 | M. & J. Tracy (Inc.). |
| Lake Cayuga | 2,942 | 2,010 | Pacific Securities Co. |
| Lake Dunmore | 4,185 | 2,396 | E. M. Leaf. |
| Lake Elsmere | 4,261 | 2,674 | Southern S. S. Co. |
| Lake Fannin | 4,155 | 2,649 | Clyde S. S. Co. |
| Lake Fernwood | 2,875 | 2,013 | Richmond-NewYork S. S. Co. |
| Lake Filbert | 4,040 | 2,451 | Alaska S. S. Co. |
| Lake Flattery | 4,145 | 2,609 | Panama R. R. Co. |
| Lake Florian | 4,145 | 2,606 | Lykes Bros. S. S. Co. |
| Lake Francis | 2,930 | 2,016 | Pacific Securities Co. |
| Lake Galien | 4,208 | 2,689 | Phila.-Norfolk S. S. Co. |
| Lake Gebhart | 4,155 | 2,810 | Alaska S. S. Co. |
| Lake George | 4,185 | 2,486 | James Davidson. |
| Lake Gera | 4,155 | 2,637 | Lone Star S. S. Co. |
| Lake Gilboa | 4,155 | 2,664 | Clyde S. S. Co. |
| Lake Gunni | 4,230 | 2,686 | Rajah S. S. Co. |
| Lake Hector | 4,230 | 2,686 | Argentine Republic. |
| Lake Orange | 3,015 | 1,991 | J. J. O'Hagan. |
| Lake Pepin | 2,989 | 1,997 | Hammond Lumber Co. |
| Lake Sebago | 2,942 | 2,010 | Pacific Spruce Corp. |
| Lake Shore | 3,000 | 1,977 | J. J. Haverside. |
| Lake Slavi | 4,278 | 2,674 | Lykes Bros. S. S. Co. |
| Lake Strymon | 4,155 | 2,609 | Southern S. S. Co. |
| Lake Tippah | 4,155 | 2,606 | Phila.-Norfolk S. S. Co. |
| Major Wheeler | 4,819 | 3,431 | Baltimore S. S. Co. |
| Martinique | 4,095 | 2,559 | Colombian S. S. Co. |
| Medon | 5,118 | 3,474 | Alaska S. S. Co. |
| Norma | 4,310 | 2,648 | T. O. Muller. |
| Point Arena | 3,270 | 2,117 | Siler Mill Co. |
| Point Loma | 3,270 | 2,119 | Hart-Wood Lumber Co. |
| Plainfield | 4,100 | 2,962 | Baltimore-Carolina S. S. Co. |
| Pomona | 11,724 | 7,583 | Weyerhaeuser Timber Co. |
| Silverado | 3,280 | 2,298 | McCormick S. S. Line. |
| Tipton | 4,310 | 2,648 | Baltimore & Carolina S. S. Co. |
| Vinita | 8,538 | 5,551 | Sudden & Christenson. |
| Wallingford | 3,390 | 2,256 | McCormick S. S. Line. |
| West Greylock | 10,978 | 7,460 | Frank V. Barnes. |
| Total | 347,799 | 213,841 | Total sales price, $8,725,372. |
| For Diesel conversion: | | | |
| Ashbee | 5,740 | 3,532 | New York S. B. Co. |
| Bidwell | 10,254 | 7,641 | Sun S. B. Co. |
| Challenger | 11,850 | 7,955 | Do. |
| Courtois | 4,125 | 2,450 | Munson S. S. Line. |

*Ships sold during fiscal year 1923*—Continued.

| Name. | Dead-weight tonnage. | Gross tonnage. | Purchaser. |
|---|---|---|---|
| For Diesel conversion—Continued. | | | |
| Covedale | 4,125 | 2,450 | Munson S. S. Line. |
| Jacksonville | 5,732 | 2,513 | New York S. B. Co. |
| Lake Sunapee | 2,922 | 2,009 | W. J. Gray Co. |
| Magunkook | 6,000 | 4,029 | Moore D. D. Co. |
| Miller County | 10,254 | 7,366 | Sun S. B. Co. |
| Waukesha | 3,909 | 2,585 | Frank W. Irvine. |
| Total | 64,911 | 42,530 | Total sales price, $564,500. |
| Steel tankers: | | | |
| Antietam | 10,238 | 6,972 | David Berg Industrial Alcohol Co. |
| Bohemian Club | 9,798 | 6,882 | Atlantic Refining Co. |
| Carrabulle | 7,500 | 5,030 | Curtiss Bay Copper Iron Works. |
| Cassimir | 7,500 | 4,957 | Do. |
| Catahoula | 7,500 | 5,030 | Do. |
| Cathwood | 10,078 | 7,076 | Union Oil Co. of California. |
| City of Alameda | 10,000 | 7,074 | Pure Oil S. S. Co. |
| City of Reno | 9,909 | 7,004 | General Petroleum Co. |
| Danville | 6,008 | 4,310 | Argentine Republic. |
| Derbyline | 10,000 | 7,063 | The Texas Co. |
| Deroche | 10,000 | 7,058 | Union Oil Co. of California. |
| Devolente | 10,000 | 7,058 | Beacon Oil Co. |
| Dillwyn | 10,111 | 7,045 | Malston Co. (Inc.). |
| Dungannon | 10,078 | 7,257 | The Texas Co. |
| Durango | 10,078 | 7,257 | Malston Co. (Inc.). |
| Hadnot | 9,298 | 6,413 | Steamer Freeport Corp. |
| Hagood | 10,238 | 6,972 | Cities Service Co. |
| Hahatonka | 10,238 | 6,972 | Gulf Refining Co. |
| Hahira | 10,238 | 7,235 | Atlantic Refining Co. |
| Halo | 10,078 | 7,257 | Cities Service Co. |
| Halsey | 10,078 | 7,225 | Malston Co. (Inc.). |
| Halway | 10,078 | 7,216 | Gulf Refining Co. |
| Hambro | 9,962 | 6,900 | General Petroleum Corp. |
| Hamer | 9,976 | 6,900 | Do. |
| Hammac | 9,980 | 6,900 | Do. |
| Houma | 10,387 | 7,069 | Cape S. S. Co. |
| Hugoton | 10,387 | 7,009 | Malston Co. (Inc.). |
| Huguenot | 10,387 | 6,964 | Bernuth Lembke Co. (Inc.). |
| Hulaco | 10,238 | 6,972 | Associated Oil Co. |
| Imlay | 9,971 | 7,005 | Malston Co. (Inc.). |
| Kewanee | 4,907 | 3,550 | Associated Oil Co. |
| Liberty Minquas | 7,540 | 5,056 | American Petroleum Co.; |
| Lubrico | 9,815 | 6,882 | Standard Oil Co. of California. |
| Manatawny | 7,500 | 5,030 | Trustees Globe S. B. Co. |
| Mevania | 9,826 | 7,311 | Malston Co. (Inc.). |
| Portola Plumas | 10,078 | 7,076 | Pure Oil S. S. Co. |
| Quabbin | 9,863 | 7,017 | Cape S. S. Co. |
| Richconcal | 10,078 | 7,072 | Beacon Oil Co. |
| Salem County | 7,540 | 5,056 | Galena Navigation Co. |
| Sapulpa | 9,758 | 7,311 | Cape S. S. Co. |
| Trimountain | 9,298 | 6,413 | Bernuth Lembke Co. (Inc.) |
| Tustem | 9,799 | 6,882 | Atlantic Refining Co. |
| Utacarbon | 10,078 | 7,072 | Union Oil Co. of California. |
| Warwick | 6,008 | 4,469 | Do. |
| Total | 412,420 | 281,371 | Total sales price, $18,875,004.90. |
| Damaged ships: | | | |
| Olockson | 9,419 | 6,076 | Boston Iron Metal Co. |
| West Caruth | 8,562 | 5,632 | F. C. Strick Co. |
| Pocahontas | 10,550 | 10,352 | E. H. Duff. |
| Total | 28,531 | 22,060 | Total sale price, $153,600. |
| Combination passenger and cargo ships: | | | |
| Dix | 9,937 | 7,212 | The Robt. Dollar Co. |
| Martha Washington | 6,540 | 7,412 | Cosulich Line. |
| Porto Rico | 4,760 | 4,301 | New York-Porto Rico S. S. Co. |
| Total | 21,237 | 18,925 | Total sale price, $293,000. |
| Ex enemy cargo ships: | | | |
| Teresa | 6,281 | 3,769 | Arthur Defonis. |
| Tunica | 7,653 | 4,974 | American Mer. Shipping & Frd'g. Co. |
| Total | 13,934 | 8,743 | Total sale price, $64,000. |

*Ships sold during fiscal year 1923*—Continued.

| Name. | Dead-weight tonnage. | Gross tonnage. | Purchaser. |
|---|---|---|---|
| Steel ocean-going tugs: | | | |
| Barkhamstead | | 429 | The Pringle Barge Line Co. |
| Barrenfork | | 429 | S. A. Guilds. |
| Barstow | | 429 | Argentine Government. |
| Bascobel | | 429 | Gulf Coast Transportation Co. |
| Basford | | 429 | Atchison, Topeka & Santa Fe R. R. Co. |
| Butterfield | | 429 | Newaygo Tug Line (Inc.). |
| Humaconna | | 429 | Merrill Ring Lumber Co. |
| Kaleen | | 429 | Southern Transportation Co. |
| Keshena | | 429 | Do. |
| Kiron | | 429 | Eastern Transportation Co. |
| Kiokee | | 429 | P. Dougherty Co. |
| Kitchi | | 429 | Do. |
| Kolda | | 429 | Eastern Transportation Co. |
| Total | | 5,575 | Total sales price, $650,050. |
| Wooden vessels: | | | |
| Wood and wood composite vessels (233) | 855,931 | 614,713 | George D. Perry. |
| 3 tugs, hulls | | 1,245 | H. A. Hitner's Sons Co. |
| Cleopatra (tug) | | 415 | George H. Crofton. |
| Total | 855,931 | 616,373 | Total sales price, $813,380.06. |
| Transferred to other Government departments: | | | |
| Newton | 3,588 | 2,521 | Navy Department. |

*Additions to Shipping Board fleet, fiscal year 1923.*

| Name. | Dead-weight tonnage. | Gross tonnage. | Name. | Dead-weight tonnage. | Gross tonnage. |
|---|---|---|---|---|---|
| *Transferred from other executive departments.* | | | *Acquisitions through judicial process.* | | |
| Steel: | | | Steel: | | |
| S. S. Aisne | 6,947 | 7,555 | Tug Barwick | | 418 |
| S. S. Burnside | 2,194 | 2,194 | Tug Bayport | | 426 |
| S. S. Cantigny | 6,947 | 7,555 | S. S. Darden | 7,540 | 5,189 |
| S. S. Dix | 9,937 | 7,212 | S. S. Dartford | 7,540 | 5,186 |
| Tug Dolphin | | 284 | S. S. Gladysbe | 7,540 | 5,186 |
| S. S. Marne | 6,947 | 7,555 | S. S. Lilmae | 7,540 | 5,186 |
| S. S. Ourcq | 6,947 | 7,555 | S. S. Sacramento | 7,462 | 4,856 |
| Tug Peacock | | 731 | S. S. West Cawthon | 8,553 | 5,972 |
| S. S. Tours | 6,947 | 7,555 | S. S. West Irmo | 8,759 | 5,900 |
| Tug Warbler | | 715 | Wood: | | |
| Tug Willett | | 715 | Tug Centurion | | 415 |
| Wood: | | | | | |
| Barge No. 328 | 750 | 330 | Total (10 ships) | 54,934 | 38,734 |
| Barge No. 333 | 750 | 330 | | | |
| Barge D. of O. No. 3 | 588 | 260 | | | |
| Barge D. of O. No. 4 | 588 | 260 | | | |
| Tug Donald G | | 52 | | | |
| Tug U. S. A. T. No. 68 | | 77 | | | |
| Total (17 ships) | 49,542 | 50,935 | | | |

## LEGAL DEPARTMENT.

The legal department continued practically the same organization during the present fiscal year as was set up during the preceding one. In general, the work that fell to the legal department covered the questions that arose from operation and management of the active ships by the Shipping Board or its agents, the laid-up fleet, care of

the same and sale of the vessels, general litigation both against and in favor of the Shipping Board and the Fleet Corporation in State courts, Federal courts, and the Court of Claims, all admiralty questions both in and out of litigation, and the speedy consideration and determination of all claims against the Fleet Corporation and the United States. In addition to the above the advice of the legal department was sought in connection with the future policy of the Government toward the merchant marine, including the possible legislation for the permanent benefit of the American merchant marine.

The legal department has also had to pass upon a great many questions, such as the imposition of taxes on property of the Shipping Board located in foreign countries, taxation of its employees, payment of foreign judgments, and other questions which have arisen in these foreign countries.

For convenience the detailed report of the activities of the legal department will be divided into the following divisions, and each division will be separately treated: Admiralty division; contract, opinion, recoveries, and special assignment division; claims division; and the litigation division.

### ADMIRALTY DIVISION.

The admiralty division handles all cases whether in litigation or not involving questions of admiralty and maritime law. Most of such cases arise from the operation of the board's vessels, such as collision, salvage, demurrage, and cargo damage cases. The division also renders opinions to the board and its operating officials on maritime law, and on the interpretation of the various navigation laws, the merchant marine act of 1920, and the suits in admiralty act.

The admiralty division has an office in New York which handles all the admiralty litigation in the southern and eastern districts of New York and the district of New Jersey. The trial attorneys in this office are all special assistants to the United States attorney. Their appointment as such was necessary because all our litigation is under the control of the Department of Justice.

One of the largest class of cases pending in the division on July 1, 1923, was for supplies, services, or repairs, etc., furnished to vessels owned by the board but under charter. Those supplies were ordered by the charterer and were those which he was to provide and pay for. It was our contention that under the terms of the charter party the charterer had no authority to impose liens on the vessel and that the supply men were charged with notice of this prohibition. These cases were and are contested. A large number of new claims of this

sort were presented during the year, many of which were against the vessels taken back from the Atlantic, Gulf & Pacific Steamship Corporation. Libels were filed for most of these claims.

The most important court decision rendered during the year was on such a supply case. This is the *Clio-Morganza* case, otherwise known as the Carver case, decided by the Supreme Court on January 2, 1923. The court held that a provision in the charter party prohibited the charterer from imposing liens on the vessel, and that the supply man, by the exercise of reasonable diligence, could have ascertained this prohibition. Nearly all of the charter parties involved in these supply cases have the same clause in them, so that we have had no further difficulty in reference to the question of the charterer's authority to impose liens on the vessel. The circumstances in the *Clio-Morganza* cases are very similar to the circumstances in all the other cases. It has, therefore, been possible to charge the supply man with notice of this prohibition in every case tried so far. The division has not yet lost one. The importance of this case can not be overestimated. The lower Federal courts have to date cited it at least 100 times. This is both in Shipping Board cases and in other cases. The claims which will be disposed of by this decision will run into several millions of dollars.

Two very important decisions were rendered during the year construing the suits in admiralty act. The first was the *Isonomia*, decided by the Circuit Court of Appeals for the Second Circuit in November, 1922. This case held that a suit under the act on in rem principles must be brought in the district in which the ship was found at the time suit was instituted. The other was Blamberg Brothers *v.* United States, decided by the Supreme Court on January 2, 1923. The latter case held that the suits in admiralty act does not authorize a suit against the United States as a substitute for an action in rem against a vessel when the vessel charged with liability is without the territorial jurisdiction of the United States. The Blamberg case does not go as far as the *Isonomia*, but the two together have been a great help to the board in concentrating all in rem cases against a particular ship in one district, and this has made it easier to limit our liability in a number of cases.

The admiralty division during the fiscal year disposed of 771 cases. Of these, 250 were collision, 145 were salvage, 134 were demurrage, dispatch, etc., 122 were lien claims, and the balance were cargo-damage claims other than P. & I. claims, seamen's claims, freight claims, general average, and miscellaneous claims. During the year there were referred to the admiralty division 843 new cases. Of these, 273 were collision, 101 were salvage, 132 were demurrage, dispatch, etc., 132 were lien claims, and the balance were cargo-damage cases other than P. & I. claims, seamen's claims, freight claims, general

average, and miscellaneous claims. In addition to the foregoing, the admiralty division prepared opinions and participated in the settlement of several hundred cases which were handled by other departments of the board and which were settled without litigation.

## Contract, Opinion, Recoveries, and Special Assignment Division.

This division handled all the legal business of both the Emergency Fleet Corporation and the Shipping Board which was not specially assigned to the other three divisions. The work was of a most varied character and included the preparation and supervision of the execution of all contracts relating to the sale of ships, plants, housing projects, and surplus material. The contracts of sale often required the execution of many other legal documents, such as mortgages, releases, etc. Inasmuch as this property was scattered all over the United States and under many different jurisdictions, it was necessary to study the special legal requirements of many States. All agreements connected with the management and operation of the fleet operated by the Shipping Board were prepared and executed under the supervision and advice of this division and included such a variety of contracts as those for the purchase of fuel, supplies, equipment, and contracts for services and facilities.

The division was also called upon to assist in negotiations in the settlement of accounts of the various managing agents and operators and in the preparation of legal instruments required by such settlements.

The campaign to liquidate the assets of the Emergency Fleet Corporation required the closest cooperation with the financial division in the preparation of advertisements, contracts of sale of securities, and all other legal documents necessary to consummate such sales.

One of the activities of this division requiring the greatest variety of technical advice and legal work was the disposal of the various housing projects owned by the Emergency Fleet Corporation. Much work along this line had been completed during the previous fiscal year, but there still remained a great deal to be done. There remained six of such projects in which the title was held by the Government. There were three other projects in which the Emergency Fleet Corporation held mortgages, and there were eight other projects which had been sold, but the final transfer had not been completed. Four of the first group were completely disposed of during the year; one of the two remaining was sold and the deeds prepared, although they had not all been finally delivered at the end of the year; the final one, Groton Park, at Groton, Conn., was involved in litigation, and in consequence not yet disposed of. With reference to the second group, the project known as the Atlantic

Heights Co. has been involved in litigation, and final disposition has not been accomplished; the other two were completely disposed of. With reference to the third group, practically all the transfers have been accomplished. In addition to the disposal of the housing projects, settlement had to be accomplished with the municipalities in which the projects were located, and three of the settlements were consummated. Negotiations were carried on with the other municipalities, and several of the same were approaching consummation at the end of the fiscal year. While many details still remain to be completed with respect to these projects, it is believed they should all be finally disposed of within the next fiscal year.

## Litigation Division.

The litigation division is charged with the responsibility of the conduct of all litigation, both against and in favor of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation, exclusive of admiralty cases. There were 296 of such cases pending on June 30, 1922, of which 20 were against the United States in the Court of Claims, amounting to $62,795,214.58, and 276 in the various Federal and State courts aggregating $40,642,710.90. Experience of the previous year showed that it was much more satisfactory to have one of the attorneys from the litigation division at the trial of any particular case wherever possible. Although the Department of Justice rendered every assistance, it was in no position, by reason of the impossibility of maintaining actual personal contact with the records and the witnesses, to conduct the defense of the prosecution of these suits without such assistance from the litigation division. It was also found advisable to hold frequent conferences with the district counsel of the Emergency Fleet Corporation in connection with the litigation. During the year 122 cases were closed, involving $3,838,738.76, for $683,456.30. At the end of the fiscal year there were pending 305 cases, involving $332,771,414.01, of which 277 were in the various Federal and State courts, amounting to $63,327,232.55, and 28 cases in the Court of Claims, amounting to $269,444,181.46.

The above figures indicate that the legal division was just about able to keep up with the increase in the number of cases actually filed. The mere figures do not by any means reflect the actual amount of work performed by the litigation division, as there were many of the cases carried through various appeals which can not show in the totals. The above figures also do not reflect the number of cases which were instituted in favor of the Government. It was much more difficult to prepare the papers in this class of litigation and to press the same for trial owing to the condition of the accounts

of the Emergency Fleet Corporation, particularly in the early part of the fiscal year. This is being very rapidly remedied and it is expected that much greater success will be had in the prosecution of these claims in the future.

The present year has been very successful in establishing the legal status of the Emergency Fleet Corporation as an agent of the Government, and also, and more particularly, in establishing the rights of the Government to cancel war-time contracts and in fixing the right of the parties under such cancellations.

Sumner Iron Works *v.* Todd Dry Dock & Construction Corporation, tried in Oregon and appealed to the ninth circuit, determined that the suit of a subcontractor against a prime contractor for profits lost as a result of cancellation ordered by the Fleet Corporation could not be maintained. The plaintiff in this case was successful in the lower court, but the Fleet Corporation was successful in the appeal. This was very important to the Fleet Corporation and has resulted in the saving of millions of dollars of claims for such anticipated profits on the part of subcontractors.

In the Buffalo Union Furnace case, Circuit Court of Appeals for the Second Circuit (New York), the legal division was also able to establish its contention that a prime contractor is not entitled to anticipated profits on cancellation. This contention has been approved by the Supreme Court of the United States in several recent cases, and undoubtedly many of the present suits which have been instituted in order to prevent the running of the statute of limitations against the plaintiffs will either be dropped or can be settled for very much less than is claimed.

United States *v.* The Virginia Shipbuilding Corporation was another suit which was of great importance because of the amount and issued involved. That corporation instituted suit early in 1921 for approximately $5,000,000. The legal division brought suit in equity in the same court in the eastern district of Virginia against the corporation and all affiliated Morse companies to enforce the settlement contract of September 25, 1919. The cases involved the question of the interpretation of certain agreements entered into between the parties and the two cases were tried together in October and November of 1922. The judge has handed down an opinion and a decree has been entered in conformity with the same, as a result of which the United States, after applying proceeds of the sale of the vessels, will recover a judgment upward of $16,000,000 against the corporation. Whether or not any part of this judgment can be collected is problematical, it is true, but there was considerable danger of the Virginia Shipbuilding Corporation succeeding in its contention and securing a very substantial judgment against the Government. This danger so far has been eliminated.

There are still many cases of great importance not only because of the amount involved, but also because of the principles which will have to be tried during the ensuing year. Plans are under way for a survey of all litigated cases in the hope of eliminating as many as possible without trial. The legal division is also responsible for the filing of all claims against companies or individuals in bankruptcy or receivership and the pressing of the same.

The legal division has also assisted the Department of Justice in the trial of the criminal case against the Morse interests in the Supreme Court of the District of Columbia.

## Claims Division.

The work of the claims division during the present fiscal year has been very satisfactory.

The policy of the present Shipping Board immediately upon its formation was to dispose of the great mass of claims which had grown out of the war activities and which had been pending before the board for several years. During the previous fiscal year great strides were made toward accomplishing this result.

On December 31, 1922, the claims commission, which was organized the preceding year, resigned, and to complete the work the United States Shipping Board organized a committee consisting of Commissioners Chamberlain, Lissner, and Plummer to pass upon the recommendations of the claims division of the legal department. This committee and the claims division worked in the closest harmony, with the result that many of the claims which had previously appeared to be impossible of settlement were speedily and satisfactorily settled.

| | |
|---|---|
| On July 1, 1922, there were pending 442 claims, a total amount of | $117, 825, 981. 18 |
| During the fiscal year 183 new claims were filed in the total sum of | 15, 921, 034. 12 |
| Grand total of 625 claims | 133, 747, 015. 30 |
| During the year 1922–23, 620 of the above claims were disposed of in the sum of | 131, 723, 140. 00 |
| Leaving a balance of five claims in the sum of | 2, 023, 875. 30 |

Although many of the claims disposed of were not disposed of in favor of the claimants, nevertheless final action on the same was taken by the United States Shipping Board, so that the claimant was in a position to know what the policy of the board was to be with respect to such claims and not kept in the state of uncertainty under which the claimants had been laboring previously. Of the

claims above disposed of the following is a brief résumé of the method and result of the action of the Shipping Board:

| | |
|---|---|
| 521 claims, total claimed | $108, 584, 295. 11 |
| Amount paid in cash | 9, 564, 968. 25 |
| Amount allowed claimants for cancellation of debits and allowance for salvage | 14, 522, 910. 41 |
| Total cost | 24, 087, 878. 66 |
| In disposing of the 521 claims above mentioned, there were amounts found due the Shipping Board, in excess of allowances in particular cases, totaling | 12, 351, 419. 05 |
| Of the above amount there was collected during the fiscal year | 336, 981. 51 |
| Claims withdrawn or eliminated from final consideration 67, in the sum of | 5, 119, 599. 81 |

Of the above 521 claims there were 163, in the sum of $21,223,551.26, in which straight disallowances were made. All these cases in which disallowances were made and the evidence showed credits in favor of the Shipping Board and against the claimant were referred to the director of finance and general counsel for appropriate action in regard to these debits against the claimant. The approximate amount of these debits is $7,633,810.41.

Sixteen claimants for 39 claims, amounting to $22,491,615.13, have refused acceptance of the board's offers or awards. The final result is that claims aggregating $43,715,166.39 may be made the subject of suit.

In the cases of 13 claimants with 20 claims, amounting to $6,948,-292.79, settlements were made by the exchange of mutual releases between the Shipping Board and the claimants.

The above figures indicate that the Shipping Board and the claims division have been successful in giving a full and complete hearing to every claimant with any material claim against the Emergency Fleet Corporation or the Shipping Board. This, of course, does not include people with claims having to do with either the operation or purchase of ships or current sale of material.

As is indicated by the above, the legal division and the Shipping Board will still have a great deal of work to do, particularly with reference to collections in cases in which the Shipping Board has found that the claimants owe the Shipping Board and cases in which the action of the Shipping Board was not accepted by the claimant. Probably a large part of this work will have to be conducted through the litigation division.

## Investigation Division.

The investigation division is also included in the legal department. During the fiscal year just closed the division of investigation has

taken an active part, on behalf and at the request of the different divisions of the United States Shipping Board, in the investigation of over 400 different cases affecting the corporation and every branch of its service conducted throughout the United States and foreign countries:

Locating debtors and making collections from contractors and former employees.

Locating uncertified property of the Shipping Board.

Locating and interrogating witnesses and securing evidence used in defense and prosecution of civil suits.

Investigation of claims by shipbuilders and subcontractors against United States Shipping Board.

Investigation of personnel of steamship companies operating Shipping Board vessels and personnel of Shipping Board at Washington and other points.

Investigation of thefts from warehouses, laid-up fleets, and from ships in operation.

Investigation of crimes on the high seas on Shipping Board vessels, also conduct of licensed officers in the service.

Investigations and assisting in prosecution of war-fraud violations against the Government through contracts between the Shipping Board and numerous contractors.

It secured 69 arrests on indictments, brought 38 of the above to trial, and secured 31 convictions.

In addition to the criminal cases investigated and prosecuted as recited, the division of investigation has investigated and followed up to recovery large sums of money from delinquent debtors and has defeated the claims for settlement against the Emergency Fleet Corporation. From defaulting ship captains and various defaulting agents there has been collected in cash and saved the Emergency Fleet Corporation $91,180.36.

## FINANCE.

**Administrative:**

The director in charge of finance is the administrative head of the comptroller's, treasurer's, collections, security sales, and credit departments, and is responsible for their proper conduct.

A detailed report showing the scope of the work of these several departments follows:

Briefly, and supplemental to these detailed reports, the comptroller's and treasurer's departments have audited all accounts, set them up on the books of the corporation, and received and disburseed all funds, both in the United States and abroad, without friction or loss. The collections department during the year has made a substantial reduction in the number of old war-time accounts and will in a short

time bring their work down to a current basis. The security sales department has effected adjustment and settlement of a large amount of securities received in payment of sales of surplus war material, and these accounts have been reduced to a minimum. The credit department, by the increase in the number of the investigations, shows a growing need for its work.

**Personnel:**

The personnel of the finance department has been reduced as rapidly as the work will permit. A very material reduction has been made during the current year, as shown by the following table of comparison:

*Department of finance.*

| | June 30, 1922. | | June 30, 1923. | |
|---|---|---|---|---|
| | Employee. | Salaries. | Employee. | Salaries. |
| Executive office | 15 | $97,052 | 12 | $43,780 |
| Comptroller's department | 1,343 | 2,646,597 | 707 | 1,426,676 |
| Treasurer's department | 129 | 302,950 | 118 | 284,240 |
| Collection department | 25 | 82,160 | 24 | 62,520 |
| Special audit | 12 | 44,460 | 27 | 71,240 |
| European agencies | 184 | 302,384 | 18 | 59,800 |
| Foreign field office | 1 | 3,600 | 1 | 3,600 |
| Grand total | 1,709 | 3,479,203 | 907 | 1,951,856 |

## General Comptroller's Department.

During the fiscal year ended June 30, 1923, the efforts of the general comptroller's department were to a great extent directed to the closing, settling, and adjusting the accounts of 230 inactive managing agents who were formerly operators of the Shipping Board vessels and the prior accounts of 40 active managing agents. Of the above total of 270 companies, the accounts of 200 companies have been closed and settlements effected with these companies. An additional 25 companies' accounts have been closed and settlements are under negotiation with these companies. A sustained and concerted effort is being made to close and settle the remaining 45 agents' accounts.

The new financial plan which was adopted in April, 1922, has now been in operation for over a year and has resulted in many benefits. Under said plan the corporation is now promptly in receipt of all revenues resulting from vessels operations, and is in full possession of authenticated documents supporting each disbursement. Monthly closings to the corporation of expenses incurred and revenues received enables the corporation to reflect currently on its books in Washington the results of its vessels operations. Through the activities of the special auditors stationed in the offices of the managing agents the books of the corporation maintained by the

managing agents are kept in a current condition and accounts are cleared promptly.

The further centralization of accounting activities resulted in the greater portion of the operations accounting work performed in San Francisco and Seattle and the requisition vessel work of New York being transferred to Washington. The work in these districts has been reduced to auditing and daily transmission of the current day's transactions to Washington.

The greater portion of the operations auditing work formerly performed in Baltimore and Norfolk has been centralized in Washington. The construction and transportation and housing activities at Philadelphia and the construction activities at New York have been fully terminated. The construction accounting offices of these districts were closed and the small amount of unfinished work remaining transferred to Washington.

During the year, in connection with the closing of all accounts of inactive managing agents, 25,000 voyage accountings representing $95,000,000 of revenue and $103,000,000 of expenses were audited and recorded in the Washington books. In addition, 16,000 current voyage accountings representing $73,800,000 revenue and $61,500,000 expenses were audited and recorded on the Washington books.

A concerted effort has been made toward prompt submission and recording of all disbursements and revenues of the corporation, the settling and adjusting of disputed items, so that the books always represent a current condition.

Briefly, the outstanding achievements of the general comptroller's department were the closing, adjusting, and settling of the large majority of managing agents accounts, the perfecting of the financial arrangements in handling the accounts of managing agents, centralization of numerous district activities in Washington, the simplification and bringing to a more current basis of all the accounting activities of the corporation.

Financial statements will be found in the appendix.

## TREASURER.

The operations of this office during the past year have been conducted practically along lines uniform with its operation during the prior year, with the exception of the revised method of financing ships' operations.

The subdivisions consisting of receiving and disbursing, collections, trust insurance and bonds, and cash statements have been maintained throughout the year. Branch offices in charge of district disbursing officers are located at New York, Philadelphia, Norfolk, New Orleans, and San Francisco, with special disbursing officers

assigned to the office of each managing agent throughout the country. The district disbursing offices located at Philadelphia and Norfolk have curtailed the operation and personnel. It is probable that both can be discontinued within the next few months.

The following statement shows the number of employees under the jurisdiction of this office at the close of the fiscal year as compared to that of the preceding year.

In any consideration given this statement it should be borne in mind that while the general force of the treasurer's office has been curtailed, yet the reduction has been lost in the new work assigned, especially in connection with the establishment of the new financial arrangement. The increase, however, in the treasurer's office has enabled a considerably greater decrease in other departments of the corporation.

*Organization, treasurer s office.*

| | June 30, 1922. | | June 30, 1923. | | | June 30, 1922. | | June 30, 1923. | |
|---|---|---|---|---|---|---|---|---|---|
| | Employees. | Salaries. | Employees. | Salaries. | | Employees. | Salaries. | Employees. | Salaries. |
| Home office | 49 | $125,480 | 34 | $81,240 | Mobile | | | 1 | 2,700 |
| Boston | 2 | 3,180 | 2 | 4,800 | San Francisco | 5 | 11,940 | 8 | 19,020 |
| New York | 36 | 93,640 | 42 | 99,600 | Seattle | 1 | 3,000 | 1 | 2,700 |
| Philadelphia | 11 | 18,180 | 5 | 10,020 | Portland | 1 | 3,000 | 1 | 3,000 |
| Tampa | | | 1 | 4,000 | London | | | 4 | 12,500 |
| Baltimore | 5 | 10,210 | 2 | 5,400 | Manila | | | 1 | 3,600 |
| Norfolk | 11 | 18,960 | 4 | 7,800 | | | | | |
| New Orleans | 8 | 15,360 | 11 | 23,860 | Total | 129 | 302,950 | [1] 118 | [1] 284,240 |
| Galveston | | | 1 | 4,000 | | | | | |

[1] Includes 18 special disbursing officers with total salary of $66,400.

**Home Office.**

In addition to the administrative control of all field offices, the Washington office makes the larger part of the corporation disbursements direct. The control of all funds of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation is maintained at Washington, together with control of all depositaries, involving accounts with approximately 560 banking institutions in the United States and foreign countries. It also maintains control of all funds of the United States Lines and, through the medium of a special disbursing officer located in that office, receives and disburses all funds of the United States Lines. Control is also maintained of all accounts of the transportation and housing division until closed into the general accounts of the corporation. Direct disbursements are now made from the home office for all transactions at Baltimore and Norfolk, with the exception of the laid-up fleet. The operations of the Carolina Steamship Co. at Charleston, the Tampa Inter-Ocean Steamship Co. at Tampa, and

all Baltimore managing operators are also handled direct by this office, all foreign credits being established through New York depositaries.

The work connected with the various classes of insurance has been continued during the year and has grown more exacting in the many demands made upon it by the companies and by the several divisions of the corporation. The following statement shows the various classes of insurance with the amount of insurance in force:

| | |
|---|---|
| Fire insurance | $21,309,605.00 |
| Dry dock and marine railway insurance | 1,025,000.00 |
| Automobile insurance | 495,000.00 |
| Steam boiler insurance | 175,000.00 |
| Elevator insurance | 350,000.00 |
| Paymaster robbery insurance | 151,700.00 |
| Safe burglary insurance | 201,500.00 |
| Owners' and tenants' liability insurance | 50,000.00 |
| Total | 23,757,805.00 |

The work in connection with compensation to injured employees has been continued in connection with a liability insurance company and the United States Employees' Compensation Commission.

The accomplishment by this office in placing all bonded employees of the corporation on a schedule fidelity bond has constantly shown its value and considerably reduced the work formerly involved in carrying individual bonds covering each bonded employee. Fidelity bonds to the amount of $1,569,100 are carried covering all employees carried on the schedule bond.

The fiscal year just closed has shown the value to the corporation of the effort made by this office to consolidate all data and secure control of the money values of the corporation which had heretofore been without system located in various divisions of the corporation and in various cities. The maintenance of a comprehensive index and record of all securities, together with the proper safeguards, have been perfected and are now currently in accord with the approved methods of modern banking institutions.

The volume of this work can be best comprehended by the fact that this office is carrying collateral securities and other values of obligations aggregating $139,941,815.72. This involves letters of credit, trade acceptances, bonds, stock, receivers' certificates, mortgages, and sales agreements.

During the year payments on receivables have been made to the total of $4,457,857.91 and $505,885.49 in interest collected. Securities amounting to $38,203,088.94 have been surrendered under settlement agreements as directed by the board of trustees. Interest to the amount of $8,426.45 has been earned on good faith deposits. The recommendation for the construction in this building of a concrete

fireproof vault for the deposit of all securities and money values is renewed.

The work in connection with the collection of all current receivables of the corporation was installed in this office at the beginning of the fiscal year just closed and has been executed with the establishment of complete and comprehensive records with a view of at once detecting duplicate billings and identifying inaccuracies and prior payments. This branch of the work has handled and properly recorded 19,041 bills and adjustments of accounts involving the collection of $48,302,734.41, the work involved being constantly kept current.

The construction loan fund as authorized in section 11 of the merchant marine act, 1920, has been increased by the deposit of $25,000,000 during the fiscal year.

**New York.**

The importance of the New York office and the volume of work involved has constantly grown during the past year, especially in connection with the revised arrangement for financing the operated fleet allocated to managing agents in New York and Boston. Through this office direct transactions with 32 depositaries are constantly maintained involving disbursements of $71,991,375.19.

The New York office now includes in its operations the duties of receiving and disbursing heretofore executed by the Boston and Philadelphia offices.

Even in view of the increased work and consolidations the pay roll of the New York office has been decreased over $10,000 during the fiscal year. At the New York office a saving of $40,732.02 has been made by taking advantage of cash discount allowances on payable vouchers. The work of disbursing ships' pay rolls in New York Harbor is always a difficult part of its duties and involved the payment of such salaries and wages to the amount of $1,279,633.02, embracing vessels within a radius of 32 miles, to which the cash must be transported and cared for.

During the year foreign credits have been established through the New York office to the amount of $13,164,566.64. Disbursements in the United States through managing operators' offices $35,031,171.28, other disbursements $27,117,373.60.

**Philadelphia.**

The work in this office has been gradually curtailed during the past year until now its work is practically confined to the collections in connection with the transportation and housing division and payments on account of the laid-up fleet and other minor disbursements required at Hog Island.

**Norfolk.**

On account of transferring the greater part of the disbursements from Norfolk to the Washington office, the work has been considerably decreased, as has the force. The work now is limited to pay rolls, a few local disbursements, and payments to the crews of the laid-up fleet. It is contemplated to reduce the present force by 50 per cent within the next few weeks.

**New Orleans.**

The work in the New Orleans office has considerably increased during the past fiscal year principally on account of the installation of the revised financial procedure in the Gulf district. The reorganization in this office in May last has considerably increased its efficiency and accomplished a reduction in its personnel. The volume of business transacted through this office during the year is remarkable in view of the small force engaged in the work.

During the year it has disbursed over $9,000,000 and effected collections aggregating $1,222,418.44. During the same period cash discounts were taken advantage of to the amount of $30,809.88.

Foreign credits aggregating $5,373,202.01 were established, and this office controls 12 depositary accounts carrying a total cash balance on June 30, 1923, of $2,442,734.60.

This office has considerable work in connection with salvage awards and payments to crews of the laid-up fleet and spot ships. The work of the special disbursing officers assigned to offices of managing agents in this district is especially commended, as there are here a greater number of ships per man than in any other district.

**San Francisco.**

The San Francisco office controls the work of this department located in San Francisco, Los Angeles, Seattle, and Portland and has been conducted in a satisfactory manner with the minimum of expense. During the year the disbursements made through this district office have amounted to $9,488,568.98 and collections effected amounting to $100,990.26. In the managing agents' office operating funds to the amount of $15,362,916.89 have been disbursed for expenditures in the United States and foreign credits to the amount of $5,015,582.43 established. There are but four special disbursing officers operating in this district performing all work involved in the offices of seven managing agents.

**London.**

The work in this office continues very heavy. The operations of the corporation throughout Europe and the Near East are controlled through this office, except those in connection with the operation of ships in foreign ports, and a portion of this is handled through the

London office. Disbursements to the amount of $4,894,008.79 have been made during the past year, and this does not include operating expenses of ships at the Suez Canal. Miscellaneous collections amounting to over $425,000 have been effected.

The varied and rapid fluctuations of exchange rates with which this office has to contend is one of its greatest difficulties. Progress is, however, being made in our effort to liquidate in United States currency. The demand for settlements on that basis is gradually increasing. Purchase of fuel oil is a large item handled through this office, amounting to over $250,000 during the past year, while the former yearly expenditures for repairs have been greatly reduced. Additional responsibility will be placed on this office under the recent authority of the United States Shipping Board whereby foreign judgments in admiralty cases will be settled there. The London office is conducted with but four employees, maintained at a minimum of expense.

**Manila.**

The establishment of a district disbursing officer at Manila during the preceding fiscal year has resulted advantageously to our operations in eliminating the financial work of several special agents and consolidating the work in one office adjacent to that of the general agent for the Orient.

We maintain but one man doing this work, and while the amount of disbursements is not large yet the varied small accounts and large area make the work exacting.

**Revised Method of Financial Operations.**

During the fiscal year just ended the greatest effort of this office has been directed in perfecting and executing the revised financial arrangement, the installation of which was started during the prior fiscal year and completed during the first two months of the current year.

Complete recovery of all trust funds in the hands of managing operators has been accomplished with the exception of several trivial amounts which are still in process of adjustment in the final accounting of several operators.

We now have a bonded special disbursing officer controlling the receipt and disbursement of all funds of the corporation used in the operation of the fleet, in all ports of the United States and a direct control over receipts and disbursements in all foreign ports.

The experience of a completed fiscal year has established the manifold advantages gained by the revised financing of the allocated fleet. Its complete acceptance by the managing operators, who at first yielded to it in doubt and misgiving, has been accomplished.

Inadequate and incomplete accounting which had become well known and traditional with Shipping Board operations are past history. The free hand that has heretofore prevailed in handling the funds of the United States Shipping Board Emergency Fleet Corporation has been harnessed. Effective control of all revenue and operating charges has been brought completely within our grasp. Operating costs and voyage accounts are now available for the benefit of the officers of the corporation within a few weeks after voyage termination in contrast to the former methods, under which there existed a lamentable laxity in the control of the corporation funds and under which operating costs and voyage accounts of any value to the officers of the corporation were an unknown subject.

The revised method has brought about such a complete coordination of the operating officials with the financial operations as has resulted in the establishment of uniform prices and methods of purchasing by all operators. It has enabled the current compilation of comparative figures in various subjects and thereby established a channel for the curtailment of expenses. It has served as one of the most important factors in achieving the reduced cost of the operated fleet, accomplished during the past two years.

The many advantages to the corporation in the perfecting of the revised financial method are plainly in evidence and uniformly acknowledged by the operating officers of the United States Shipping Board, who have been enabled to secure current information on various subjects relating to the costs of operation. It has served as the channel through which many improvements resulting in reduced costs have been made. In addition to this, it has brought about a closer contact and a more wholesome cooperation between the corporation and its managing agents.

The establishment of the new arrangement has necessitated the designation of over 300 depositary or collection banks in the various ports of call throughout the world, with approximately the same number of branch or correspondent banks through which credits are established for disbursing the ships. Accounts for operating expenses in the United States are carried in 29 depositaries. To care for ships' operations in foreign ports credits have been established to the amount of $23,553,351.08.

In order that our operations in foreign ports may be even further brought into accord with approved commercial methods, there has recently been submitted to the chairman a recommendation that he approve a proposed consolidation of our banking interests in each foreign port. This would enable us to effect an arrangement whereby the revenue collected in any foreign port becomes immediately avail-

able to pay operating expenses in that port or any other where the funds may be required.

Such a consolidation with proper accounting methods will eliminate the necessity of remitting revenue to the United States and then sending necessary funds from the United States to the foreign ports for ships' disbursements.

This is an essential feature to complete our present financial arrangement and was carefully considered at the time the system was installed. It was, however, decided best to require that all revenue be remitted direct to the United States at the time of collection, leaving for a further extension the arrangement now proposed until such time as we had established complete control of the disbursing feature. This office urges its adoption without delay.

The various statements showing our cash operations for the past year are appended hereto (see also Appendix) and are uniform with the statements submitted by this office for the prior fiscal year.

The trend of cash outgo over cash income, excluding receipts from congressional appropriations for the fiscal year 1923, is shown below:

| Division. | Excess of cash outgo over cash income (reverse in italics). | Cash income. | Cash outgo. |
|---|---|---|---|
| Division of operations (excluding managing agents and special disbursing officers) | $40,580,718.75 | $36,868,590.16 | $77,449,308.91 |
| Managing agents and special disbursing officers | *16,038,699.33* | 104,809,982.05 | 88,771,282.72 |
| Division of construction | *2,608,272.63* | 7,912,194.17 | 5,303,921.54 |
| Recruiting service | 144,555.45 | 1,942.70 | 146,498.15 |
| Transportation and housing | *5,386,187.66* | 5,684,154.80 | 297,967.14 |
| Claims settlement | 25,533,800.44 | 44,743.97 | 25,578,544.41 |
| Good faith deposits | *543,400.16* | 2,673,172.44 | 2,129,772.28 |
| Total United States Shipping Board Emergency Fleet Corporation | 41,682,514.86 | 157,994,780.29 | 199,677,295.15 |
| Total United States Shipping Board | *26,450,884.56* | 26,852,617.32 | 401,732.76 |
| Total | 15,231,630.30 | 184,847,397.61 | 200,079,027.91 |

It will be noted that cash outgo exceeds cash income by $15,231,630.30, the decrease being reflected in the following manner:

| | |
|---|---|
| Unexpended balance July 1, 1922 | $66,521,117.92 |
| Unexpended balance June 30, 1923 | 128,939,673.11 |
| Increase | 62,418,555.19 |
| Received from congressional appropriation | 77,650,185.49 |
| Total excess cash outgo over cash income | 15,231,630.30 |

A comparison of July, August, September, October, November, and December, 1922, and January, February, March, April, May, and June, 1923, excess of cash outgo over cash income and average per month by units of the organization is as follows:

(1) United States Shipping Board Emergency Fleet Corporation:

(*a*) Excess of cash outgo over cash income—

(1) Division of construction—

| | | |
|---|---|---|
| (*a*) July, 1922 | *$134,018.29* | |
| (*b*) August, 1922 | *914,573.19* | |
| (*c*) September, 1922 | *720,058.98* | |
| (*d*) October, 1922 | *276,705.20* | |
| (*e*) November, 1922 | *63,571.75* | |
| (*f*) December, 1922 | 306,666.81 | |
| (*g*) January, 1923 | *399,316.18* | |
| (*h*) February, 1923 | *21,567.60* | |
| (*i*) March, 1923 | *167,497.10* | |
| (*j*) April, 1923 | *172,200.41* | |
| (*k*) May, 1923 | *254,875.25* | |
| (*l*) June, 1923 | 209,444.51 | |
| (*m*) Total | | *$2,608,272.63* |

(2) Division of operations—

| | | |
|---|---|---|
| (*a*) July, 1922 | *$7,329,095.79* | |
| (*b*) August, 1922 | 2,930,285.76 | |
| (*c*) September, 1922 | 15,474.83 | |
| (*d*) October, 1922 | 2,548,586.87 | |
| (*e*) November, 1922 | 3,271,488.82 | |
| (*f*) December, 1922 | 1,922,012.79 | |
| (*g*) January, 1923 | 4,322,135.83 | |
| (*h*) February, 1923 | 2,019,868.35 | |
| (*i*) March, 1923 | 5,151,037.51 | |
| (*j*) April, 1923 | 3,051,031.88 | |
| (*k*) May, 1923 | 3,148,802.71 | |
| (*l*) June, 1923 | 3,490,389.86 | |
| (*m*) Total | | 24,542,019.42 |

(3) Recruiting service—

| | | |
|---|---|---|
| (*a*) July, 1922 | 9,229.29 | |
| (*b*) August, 1922 | 12,100.21 | |
| (*c*) September, 1922 | 13,410.67 | |
| (*d*) October, 1922 | 10,052.72 | |
| (*e*) November, 1922 | 14,442.99 | |
| (*f*) December, 1922 | 14,024.70 | |
| (*g*) January, 1923 | 10,900.30 | |
| (*h*) February, 1923 | 10,818.19 | |
| (*i*) March, 1923 | 13,761.25 | |
| (*j*) April, 1923 | 12,879.03 | |
| (*k*) May, 1923 | 11,502.00 | |
| (*l*) June, 1923 | 11,434.10 | |
| (*m*) Total | | 144,555.45 |

(4) Settlement of claims—

| | | |
|---|---|---|
| (*a*) July, 1922 | 2,108,606.07 | |
| (*b*) August, 1922 | 1,253,272.35 | |
| (*c*) September, 1922 | 715,953.81 | |
| (*d*) October, 1922 | 686,756.80 | |

(1) United States Shipping Board Emergency Fleet Corporation—Continued.

(*a*) Excess of cash outgo over cash income—Continued.

(4) Settlement of claims—Continued.

| | | |
|---|---|---|
| (*e*) November, 1922 | $1,326,159.33 | |
| (*f*) December, 1922 | 438,855.26 | |
| (*g*) January, 1923 | 641,892.38 | |
| (*h*) February, 1923 | 13,955,291.55 | |
| (*i*) March, 1923 | 626,689.04 | |
| (*j*) April, 1923 | 858,143.98 | |
| (*k*) May, 1923 | 1,655,710.22 | |
| (*l*) June, 1923 | 1,266,469.65 | |
| (*m*) Total | | $25,533,800.44 |
| Total excess of cash outgo over cash income | | 47,612,102.68 |

(*b*) Excess of cash income over cash outgo—

(1) Good-faith deposits—

| | | |
|---|---|---|
| (*a*) January, 1923 | $422,411.54 | |
| (*b*) February, 1923 | *226,513.85* | |
| (*c*) March, 1923 | 327,844.83 | |
| (*d*) April, 1923 | *154,886.08* | |
| (*e*) May, 1923 | 136,626.22 | |
| (*f*) June, 1923 | 37,917.50 | |
| (*g*) Total | | 543,400.16 |

(2) Transportation and housing—

| | | |
|---|---|---|
| (*a*) July, 1922 | 436,752.62 | |
| (*b*) August, 1922 | 44,800.60 | |
| (*c*) September, 1922 | 206,123.95 | |
| (*d*) October, 1922 | 854,740.50 | |
| (*e*) November, 1922 | 827,885.44 | |
| (*f*) December, 1922 | 51,319.64 | |
| (*g*) January, 1923 | 1,152,792.40 | |
| (*h*) February, 1923 | 1,195,009.28 | |
| (*i*) March, 1923 | 363,127.05 | |
| (*j*) April, 1923 | *59,901.41* | |
| (*k*) May, 1923 | *13,125.45* | |
| (*l*) June, 1923 | 326,663.04 | |
| (*m*) Total | | 5,386,187.66 |
| *Deduct*— | | |
| Total excess of cash income over cash outgo | | 5,929,587.82 |

(2) Net excess of cash outgo over cash income, United States Shipping Board Emergency Fleet Corporation ..... 41,682,514.86

*Deduct*—

(3) United States Shipping Board—

(*a*) Excess of cash income over cash outgo—

| | |
|---|---|
| (1) July, 1922 | $1,267,563.29 |
| (2) August, 1922 | 2,978,878.47 |
| (3) September, 1922 | 1,020,028.35 |

| | | |
|---|---|---|
| (3) United States Shipping Board—Continued. | | |
| (*a*) Excess of cash income over cash outgo—Continued. | | |
| (4) October, 1922 | $1,263,790.78 | |
| (5) November, 1922 | 1,254,131.71 | |
| (6) December, 1922 | 2,388,430.80 | |
| (7) January, 1923 | 2,311,425.97 | |
| (8) February, 1923 | 1,737,373.62 | |
| (9) March, 1923 | 1,554,874.83 | |
| (10) April, 1923 | 4,010,375.53 | |
| (11) May, 1923 | 3,119,179.08 | |
| (12) June, 1923 | 3,544,832.13 | |
| (13) Total | | $26,450,884.56 |
| (4) Total net excess cash outgo over cash income | | 15,231,630.30 |
| (5) Average per month— | | |
| (*a*) United States Shipping Board Emergency Fleet Corporation— | | |
| (1) Division of construction | | *217,356.05* |
| (2) Division of operations | | 2,045,168.29 |
| (3) Recruiting service | | 12,046.29 |
| (4) Settlement of claims | | 2,127,816.71 |
| (5) Total | | 3,967,675.24 |
| *Deduct*— | | |
| (6) Good-faith deposits | | 90,566.69 |
| | | 3,877,108.55 |
| *Deduct*— | | |
| (7) Transportation and housing | | 448,848.97 |
| Net United States Shipping Board Emergency Fleet Corporation | | 3,428,259.58 |
| *Deduct*— | | |
| (8) United States Shipping Board | | 2,204,240.38 |
| (9) Total average per month | | 1,224,019.20 |

## Collection Department.

On October 21, 1921, the collection department was established under the jurisdiction of the vice president in charge of finance, and at a later date placed under the jurisdiction of director of finance, Emergency Fleet Corporation.

In the early part of the fiscal year 1923, because of the large number of old and involved accounts requiring investigation and adjustment, the activities of the department in a great measure were restricted to the negotiation and settlement of miscellaneous accounts receivable remaining unpaid 60 days after the date of billing. Responsibility for the collection of all current billings was placed with the treasurer.

To facilitate the work of the collection department in procuring accurate information from the books of accounts and underlying records, in September, 1922, a special unit, the accounts receivable investigation section, was created under the jurisdiction of the comptroller. Shortly after this unit was established it was made evident that, especially for the large and more involved accounts, the financial records must be supplemented by fuller data in the records of those divisions of the corporation through which the charges on the books originated, to establish the accuracy thereof.

Upon analysis of the larger accounts it was found in many instances that the aggregate charge comprised numerous items which proved to be accumulations of charges originating through practically every activity of the organization.

In developing the charges and building up the records preparatory to negotiation and final collection or disposition of the accounts, a system of close cooperation between the collection department and the other units of the corporation was established. As a result of such cooperation many of the more involved accounts which had been carried on the books for several years were permanently settled. The accomplishment of the collection department as supplemented by the efforts of the other departments of the corporation in disposing of the large accumulation of disputed and unpaid accounts as recorded in the miscellaneous accounts receivable records (code account 25) at the beginning of the fiscal year is reflected in the accompanying statement.

The statement summarizes under nine headings the salient changes in the status of code account No. 25 (see Appendix) during the fiscal year.

There was carried over at the end of the last fiscal year, June 30, 1922, unsettled accounts as reflected in column 1 amounting to $154,027,615.08, of which $150,164,477.98 was classed as active and $3,863,137.10 as inactive accounts. These figures are carried in the subcodes 25.1 to 25.7, inclusive. Investigation of these accounts developed that many of the items carried as active could not be so classified because some of the debtors were in bankruptcy and others had filed claims which offset, in whole or in part, charges against them. In other cases the accounts had been referred to the legal division for prosecution of collection. As a rsult of this situation many of the accounts carried as active were transferred to inactive accounts during the fiscal year, and three new subsidiary accounts, subcodes 25.8, 25.9, and 25.10 were created to properly classify them.

In column 2 is shown the charges to accounts receivable during the fiscal year, which charges are composed of new accounts recorded and postings to inactive account transferred from active account.

The last subcode No. 25.11 is the balance of unsettled accounts transferred as of June 30, 1923, from the books of the division of housing and transportation.

The cash receipts for the fiscal year are reflected in column 4, which shows a collection of active accounts totaling $53,080,041.34 and collection of inactive accounts totaling $369,986.88, and a grand total of $53,450,028.22.

The amount of cash collected does not, however, represent the full amount of recoveries. Collections and settlements were also effected by deductions from payable items in cases where the debtors had valid claims against the Emergency Fleet Corporation. Credits to receivables for recoveries of this nature are included in the amounts shown in column 5, which amounts also reflect adjustments and transfers from active to inactive accounts.

The balance in the accounts as of record at the close of the fiscal year remaining unsettled are reflected in column 7. In this column is shown a total of $31,412,550.52 active and $92,942,255.55 inactive accounts.

Column 8 reflects a balance of accounts remaining unsettled at the end of the fiscal year which were open on July 1, 1922. The balance of $154,027,615.08 as at June 30, 1922 (the total of column 1), has been reduced by collections and settlements to $98,264,707.19, of which amount $19,126,287.70 is active and $79,138,419.49 is inactive.

The balances shown in column 9 reflects as at June 30, 1923, accounts recorded during the fiscal year which remain unsettled.

## Security Sales Department.

Securities sales section, under the jurisdiction of the director of finance, is directly charged with the sale of certain assets (negotiable securities) of the United States Shipping Board Emergency Fleet Corporation, as directed and authorized by sections 13 and 35 of the merchant marine act of 1920.

This work consists of the examination, negotiation for, and sale of such securities as are taken in part payment by the corporation as full and adequate security in connection with all loans for the purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States, industrial plants, dry docks, housing projects, etc., as authorized by the laws of Congress.

The appropriate activities are:

1. The examination of the securities.
2. Reporting results of examination for clearance through the legal division as to salability of securities.
3. Preparation of proper public advertisement inviting offers or bids for the securities to be sold at public competitive sale and describing terms of sale.

4. Determining current market values.
5. Obtaining the utmost publicity and competition.
6. Conducting negotiations for sale.
7. Concluding sales and keeping records of the proceedings and business transacted.

Securities were sold after public advertisement for competitive bids, opened on a fixed date, and no award was made before that date. Negotiations were in most all cases continued thereafter. If other bids were received before sale was completed, they were immediately recorded, and if such bid happened to be the highest received other bidders were given an opportunity to increase their bids before award was made. This method of competitive public auction was continued until the highest figure possible was obtained, and if this amount was equal to a good market value the facts were presented to the United States Shipping Board for acceptance, rejection, or such other action as it deemed adequate.

Total amount of sales, $6,499,103.27.

Sixty-eight sales were under negotiation at the close of the year.

## Credit Department.

The credit department during the fiscal year ended June 30, 1923, showed greater activity, handled more inquiries, passed credit on more ship sales, and assembled more credit files than during the entire six previous years of the department's existence.

The number of special detailed investigations made were as follows:

| | |
|---|---|
| General comptroller | 315 |
| Collection department | 289 |
| Legal division | 117 |
| Admiralty division | 61 |
| Ship sales division, in re sales of vessels | 60 |
| Department maintenance and repairs: | |
| New repair contractors | 50 |
| Repair contractors removed | 40 |
| Director of finance | 19 |
| Contract division | 13 |
| Assistant to the chairman | 10 |
| Bureau of investigation | 7 |
| Various other divisions | 27 |
| Total | 1,008 |

Files on the 686 contractors on the approved list of repair contractors are regularly revised, and no new contractor is permitted to do work on vessels until a complete investigation is made.

# APPENDIX

TABLE I.—*Vessel property owned and controlled by the United States Shipping Board Emergency Fleet Corporation.*

(Compiled as of June 30, 1923.)

| | Total. | | Contract. | | Requisitioned. | | Purchased. | | Seized enemy. | | Acquired from other departments. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. |
| Steel vessels: | | | | | | | | | | | | |
| Steam— | | | | | | | | | | | | |
| Passenger and cargo | 40 | 472,407 | 23 | 274,750 | | | | | 17 | 197,657 | | |
| Coolie carriers | 1 | 4,000 | 1 | 4,000 | | | | | | | | |
| Cargo [1] | 1,187 | 8,232,605 | 971 | 6,709,476 | 188 | 1,310,986 | 15 | 128,854 | 13 | 83,289 | | |
| Tankers [1] [2] | 52 | 453,617 | 34 | 316,333 | 13 | 106,134 | 5 | 31,150 | | | | |
| Refrigerators | 14 | 102,620 | 5 | 41,967 | 9 | 60,653 | | | | | | |
| Transports | 6 | 38,235 | 5 | 34,735 | | | | | | | 1 | 3,500 |
| Tugs | 24 | | 20 | | | | | | | | 4 | |
| Unfinished—Cargo | 1 | 9,400 | 1 | 9,400 | | | | | | | | |
| Total steel | 1,325 | 9,312,884 | 1,060 | 7,390,661 | 210 | 1,477,773 | 20 | 160,004 | 30 | 280,946 | 5 | 3,500 |
| Concrete vessels: | | | | | | | | | | | | |
| Steam— | | | | | | | | | | | | |
| Cargo | 2 | 6,078 | 2 | 6,078 | | | | | | | | |
| Tankers | 7 | 48,783 | 7 | 48,783 | | | | | | | | |
| Total concrete | 9 | 54,861 | 9 | 54,861 | | | | | | | | |
| Wood and composite vessels: | | | | | | | | | | | | |
| Steam— | | | | | | | | | | | | |
| Cargo | 4 | 16,299 | 4 | 16,299 | | | | | | | | |
| Tugs | 15 | | 13 | | | | | | | | 2 | |
| Barges | 4 | | | | | | | | | | 4 | |
| Total wood and composite | 23 | 16,299 | 17 | 16,299 | | | | | | | 6 | |
| Total vessels | 1,357 | 9,384,044 | 1,086 | 7,461,821 | 210 | 1,477,773 | 20 | 160,004 | 30 | 280,946 | 11 | 3,500 |

[1] Includes one constructive total loss, not yet disposed of

[2] Includes two molasses tankers, dead-weight tonnage 15,665.

One wood cargo vessel under custody of Shipping Board not included in above figures.

TABLE II.—*Status of vessels controlled by the United States Shipping Board Emergency Fleet Corporation from data received as of June 30, 1923.*

STEEL VESSELS.

| | Number. | Dead-weight tons. |
|---|---|---|
| Active: | | |
| Cargo, operating in specified services, United States ports to foreign ports | 285 | 2,435,152 |
| Passenger and cargo, operating in specified services, United States ports to foreign ports | 27 | 328,611 |
| Cargo, between foreign ports | 8 | 55,057 |
| Coolie carriers and cargo, between foreign ports | 1 | 4,000 |
| Cargo, intercoastal | 5 | 40,061 |
| Refrigerators, intercoastal | 2 | 20,137 |
| Tankers, United States ports to foreign ports | 4 | 39,828 |
| Tankers, coastwise | 3 | 23,482 |
| Tankers, intercoastal | 12 | 122,924 |
| Cargo, at sea assigned for tie up | 7 | 55,262 |
| Passenger and cargo, at sea assigned for tie up | 1 | 12,000 |
| Cargo, United States Public Health Service | 1 | 4,261 |
| Cargo, Army service | 1 | 10,013 |
| Cargo, chartered to independent companies | 6 | 21,710 |
| Tugs | 10 | ..... |
| Total active | 373 | 3,172,498 |
| Temporarily inactive: | | |
| Cargo, repairing or awaiting repairs | 17 | 136,576 |
| Passenger and cargo, repairing or awaiting repairs | 1 | 13,034 |
| Tanker, repairing or awaiting repairs | 1 | 9,847 |
| Cargo, awaiting cargo | 1 | 7,840 |
| Cargo, awaiting sailing date | 2 | 21,095 |
| Cargo, awaiting berth | 2 | 16,599 |
| Cargo, undergoing annual inspection | 1 | 5,625 |
| Cargo, in port awaiting tie up | 6 | 39,833 |
| Total temporarily inactive | 31 | 253,449 |
| Inactive: | | |
| Cargo, tied up | 832 | 5,284,411 |
| Passenger and cargo, tied up | 9 | 82,712 |
| Refrigerators, tied up | 12 | 82,483 |
| United States Army transports, tied up | 6 | 38,235 |
| Tankers, tied up | 31 | 256,366 |
| Cargo, tied up but assigned | 4 | 30,426 |
| Cargo, awaiting assignment | 7 | 50,488 |
| Passenger and cargo reconditioning | 2 | 36,050 |
| Cargo, custody United States Shipping Board as mortgagee | 1 | 7,371 |
| Tugs, tied up | 14 | ..... |
| Cargo, contract unfinished | 1 | 9,400 |
| Total inactive | 919 | 5,877,962 |
| Concrete vessels: | | |
| Cargo, tied up | 2 | 6,078 |
| Tankers, tied up | 7 | 48,783 |
| Total concrete vessels | 9 | 54,861 |
| Wood and composite vessels: | | |
| Cargo, tied up [1] | 4 | 16,299 |
| Barges, tied up | 4 | ..... |
| Tugs, active | 12 | ..... |
| Tugs, tied up | 2 | ..... |
| Tug, tied up but assigned | 1 | ..... |
| Total wood and composite vessels | 23 | 16,299 |
| Steel vessels wrecked, awaiting disposition: | | |
| Cargo | 1 | 7,825 |
| Tanker | 1 | 1,150 |
| Total vessels wrecked | 2 | 8,975 |
| Grand total, all vessels | 1,357 | 9,384,044 |

[1] This figure does not include 1 vessel of 3,500 dead-weight tons delivered to United States marshal at Norfolk for which the United States Shipping Board Emergency Fleet Corporation is acting as managing caretaker.

TABLE III.—*Recapitulation of vessels owned by the United States Shipping Board as of June 30, 1923, by material and dead-weight tonnage.*

| | 10,000 dead-weight tons and over. | | 9,000 to 9,999 dead-weight tons. | | 8,000 to 8,999 dead-weight tons. | | 7,000 to 7,999 dead-weight tons. | | 6,000 to 6,999 dead-weight tons. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. |
| Steel cargo steamers | 51 | 586,606 | 159 | 1,519,188 | 321 | 2,771,608 | 155 | 1,191,166 | 20 | 130,109 |
| Steel cargo, unfinished | | | 1 | 9,400 | | | | | | |
| Steel refrigerator steamers | 1 | 11,437 | | | 6 | 50,667 | | | 3 | 18,282 |
| Steel tank steamers | 16 | 164,070 | 11 | 104,417 | 5 | 44,895 | 17 | 126,080 | 2 | 13,005 |
| Steel passenger steamers | 33 | 416,067 | 1 | 9,980 | 3 | 25,970 | 1 | 7,050 | 2 | 13,340 |
| Steel transports | | | | | | | | | 5 | 34,735 |
| Concrete tank steamers | | | | | | | 4 | 30,000 | 3 | 18,783 |
| Total | 101 | 1,178,180 | 172 | 1,642,985 | 335 | 2,893,140 | 177 | 1,354,296 | 35 | 228,254 |

| | 5,000 to 5,999 dead-weight tons. | | 4,000 to 4,999 dead-weight tons. | | 3,000 to 3,999 dead-weight tons. | | 2,999 dead-weight tons and under. | | Total. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. | Number. | Dead-weight tons. |
| Steel cargo steamers | 138 | 726,605 | 180 | 754,594 | 145 | 503,075 | 18 | 49,654 | 1,187 | 8,232,605 |
| Steel cargo, unfinished | | | | | | | | | 1 | 9,400 |
| Steel refrigerator steamers | 4 | 22,234 | | | | | | | 14 | 102,620 |
| Steel tank steamers | | | | | | | 1 | 1,150 | 52 | 453,617 |
| Steel passenger steamers | | | | | | | | | 40 | 472,407 |
| Steel coolie carrier | | | 1 | 4,000 | | | | | 1 | 4,000 |
| Steel transports | | | | | 1 | 3,500 | | | 6 | 38,325 |
| Concrete cargo steamers | | | | | 2 | 6,078 | | | 2 | 6,078 |
| Concrete tank steamers | | | | | | | | | 7 | 48,783 |
| Wood and composite cargo steamers | | | 2 | 8,929 | 2 | 7,370 | | | 4 | 16,299 |
| Steel tugs | | | | | | | | | 24 | |
| Wood tugs | | | | | | | | | 15 | |
| Total | 142 | 748,839 | 183 | 767,523 | 150 | 520,023 | 19 | 50,804 | 1,353 | 9,384,044 |

TABLE IV.—*Managers and/or operators and charterers of Shipping Board vessels as of June 30, 1923.*[1]

| Name. | Address. | Number of vessels. | Deadweight tonnage. | Form of agrement. |
|---|---|---|---|---|
| Admiral Oriental Line | L. C. Smith Building, Seattle, Wash | 16 | 153,740 | Managing agency. |
| Baltimore Steamship Co | Lexington Building, Baltimore, Md | 6 | 45,478 | Do. |
| Barber Steamship Lines (Inc.) | 17 Battery Place, New York City | 10 | 108,151 | Do. |
| Black Diamond Steamship Corporation | 67 Exchange Place, New York City | 13 | 115,752 | Do. |
| Blake, W. A. & Co | 33 South Gay Street, Baltimore, Md | 5 | 41,704 | Do. |
| Bull, A. H. & Co | 40 West Street, New York City | 13 | 103,775 | Do. |
| Carolina Co | Charleston, S. C | 3 | 24,230 | Do. |
| Colombian Steamship Co | c/o Gulf & Southern, Pier 36, North River, New York City | 3 | 12,742 | Do. |
| Columbia-Pacific Shipping Co | 301 Board of Trade Building, Portland, Oreg | 12 | 108,579 | Do. |
| Cosmopolitan Shipping Co. (Inc.) | 42 Broadway, New York City | 14 | 121,365 | Do. |
| East Baltic Line (Inc.) | 2-4 Stone Street, New York City | 5 | 36,276 | Do. |
| Export Steamship Corporation | 25 Broadway, New York City | 9 | 70,014 | Do. |
| Export Transportation Co. (Inc.) | American Building, Baltimore, Md | 12 | 98,421 | Do. |
| General Steamship Corporation | 240 Battery St., San Francisco, Calif | 5 | 30,532 | Do. |
| Gibbs Bros. (Inc.) | 1 Broadway, New York City | 2 | 36,050 | Special Agreement. |
| Gulf Towing & Wrecking Co | Mobile, Ala | 1 | ..... | Managing operator (tug). |
| International Freighting Corporation | 44 Whitehall Street, New York City | 8 | 64,620 | Managing agency. |
| Kerr Steamship Co. (Inc.) | Kerr Building, 44 Beaver Street, New York City | 12 | 110,005 | Do. |
| Los Angeles Steamship Co | 517 South Spring Street, Los Angeles, Calif | 1 | 12,350 | Special agreement. |
| Lykes Bros | 925 Whitney Central Building, New Orleans, La | 1 | 4,225 | Bareboat charter. |
| Lykes Bros. Steamship Co. (Inc.) | do | 24 | 207,305 | Managing agency. |
| Mallory Transport Line (Inc.) | 11 Broadway, New York City | 15 | 128,351 | Do. |
| McAllister Bros | 21-24 State Street, New York City | 7 | 67,786 | Managing operator (tankers). |
| McAllister Towing & Transportation Co | 17 State Street, New York City | 2 | ..... | Bareboat charter (barges). |
| McGahie, Robert J | 1428 Mills Building, San Francisco, Calif | 1 | ..... | Bareboat charter(tug). |
| Merritt, Chapman & Scott Corporation | 17 Battery Place, New York City | 2 | ..... | Do. |
| Mississippi Shipping Co. (Inc.) | New Hibernia Bank Building, New Orleans, La | 14 | 116,174 | Managing agency. |
| Mittnacht, A. E | 50 Broad Street, New York City | 2 | 20,137 | Do. |
| Moore & McCormack | 5 Broadway, New York City | 8 | 60,256 | Do. |
| Munson Steamship Line | 67 Wall Street, New York City | 11 | 101,082 | 7 managing agency.<br>4 special agreements. |
| New York & Cuba Mail Steamship Co | Foot of Wall Street, New York City | 6 | 25,424 | Bareboat charter. |
| North Atlantic & Western Steamship Co | 111 Summer St., Boston, Mass | 5 | 40,061 | Managing agency. |
| Pacific Mail Steamship Co | 508 California St., San Francisco, Calif | 8 | 70,321 | Do. |
| Page & Jones | Southwest corner St. Francis and Water Sts., Mobile, Ala | 4 | 34,238 | Do. |
| Page & Jones Steamship Co. (Inc.) | do | 1 | 4,155 | Bare boat charter. |
| Perry, George D | San Francisco, Calif | 3 | ..... | Bare boat charter (tugs and launches). |
| Philippine Manufacturing Co | Manila, P. I | 1 | 600 | Bare boat charter. |
| Public Health Service | Washington, D. C | 1 | 4,261 | Bare boat (loaned). |
| Ripley, Daniel, & Co. (Inc.) | 503 Hermann Building, Houston, Tex | 7 | 56,186 | Managing agency. |
| Rogers & Webb | 110 State St., Boston, Mass | 5 | 43,860 | Do. |
| Sgitcovich, S., & Co | Cotton Exchange Building, Galveston, Tex | 11 | 110,437 | Do. |
| Sprague, C. H., & Son | 141 Milk St., Boston, Mass | 4 | 29,579 | Do. |

| | | | | |
|---|---|---|---|---|
| Struthers & Barry | 112 Market St., San Francisco, Calif. | 14 | 145,901 | 8 managing agency; 6 managing operator (tankers). |
| Swayne & Hoyt (Inc.) | 430 Sansome St., San Francisco, Calif. | 11 | 106,648 | Managing agency. |
| Tampa Inter-Ocean Steamship Co. | New Orleans, La. | 21 | 199,229 | Do. |
| Trosdal, Plant & La Fonta | 230 St. Charles St., New Orleans, La. | 21 | 175,225 | Do. |
| United States & Australasia Line | 8-10 Bridge St., New York City | 6 | 55,526 | Do. |
| United States Lines | 45 Broadway, New York City | 11 | 142,307 | Special agreement. |
| Walker & Daly | 10 Hanover St., New York City | 7 | 78,211 | Managing operator (tankers). |
| War Department | Washington, D. C. | 1 | 10,013 | Bare boat (loaned). |
| Waterman Steamship Corporation | City Bank Building, Mobile, Ala. | 9 | 76,849 | Managing agency. |
| Wessel, Duval & Co. | 25 Broad St., New York City | 3 | 23,146 | Do. |
| Winchester, J. H., & Co. (Inc.) | 17 Battery Place, New York City | 7 | 40,183 | Do. |

[1] Does not include 18 tugs under operation of Emergency Fleet Corporation.

TABLE V.—*Statement of passenger and cargo services, United States Shipping Board Emergency Fleet Corporation, June 30, 1923.*

PRESENT SERVICES.

| | Total services. | Number of steamers. |
|---|---|---|
| European trades | 40 | 166 |
| Mediterranean trades | 7 | 36 |
| South American trades | 11 | 46 |
| Far East trades | 20 | 108 |
| Total | 78 | 356 |

EUROPEAN SERVICES.

| Operator. | From— | To— | Frequency of sailings. | Number of ships. |
|---|---|---|---|---|
| *North Atlantic/United Kingdom.* | | | | |
| Baltimore S. S. Co. | New York, Philadelphia. | Glasgow | Discontinued | |
| Do. | Philadelphia, Baltimore, Norfolk. | Glasgow, Avonmouth | 2 per month | 4 |
| Do. | Baltimore, Norfolk | Irish Ports | 1 per month | 2 |
| W. A. Blake & Co. | Philadelphia, Baltimore, Norfolk. | Manchester | 2 per month | 5 |
| Export Transp. Co. | Boston, Philadelphia, Baltimore, Norfolk. | London, Hull, Leith | do | 7 |
| Do. | Philadelphia, Baltimore, Norfolk. | Liverpool | do | 6 |
| Moore & McCormack | New York, Philadelphia. | Londenderry, Belfast, Dublin, Cork. | 1 per month | 3 |
| J. H. Winchester & Co. | New York, Portland, Boston. | Cardiff, Avonmouth, Bristol. | 2 per month | 4 |
| Do. | do | Hull, Newcastle | 1 per month | 3 |
| *North Atlantic/Scandidinavian and Baltic.* | | | | |
| Moore & McCormack | New York, Philadelphia. | Danish, Swedish, and Norwegian Ports. | 1 per month | 5 |
| C. H. Sprague & Son | Portland, Boston, Baltimore (Summer, Montreal, Boston, Baltimore) | Scandinavian, Baltic Ports. | do | 4 |
| Susquehanna S. S. Co. | New York, Philadelphia. | Danzig, Rega, Reval, Helsingfors, Petrogad. | do | 5 |
| *North Atlantic/Continent.* | | | | |
| Black Diamond S. S. Co. | New York, Philadelphia. | Rotterdam | Every 20 days. | 3 |
| Cosmopolitan Shpg. Co. | New York | | do | 3 |
| Black Diamond S. S. Co. | New York, Philadelphia. | Antwerp | 2 per month | 4 |
| Do. | Baltimore, Norfolk | Antwerp. Rotterdam | do | 5 |
| Cosmopolitan Shpg. Co. | New York, Philadelphia, Baltimore, Norfolk. | Havre, Dunkirk | 3 per month | 8 |
| Do. | New York, Philadelphia. | Bordeaux, St. Nazaire | 2 per month | 3 |
| Rogers & Webb | Portland, Boston | Antwerp, Rotterdam, Hamburg. | do | 5 |
| *South Atlantic/United Kingdom.* | | | | |
| Trosdal, Plant & Lafonta. | Charleston, Savannah | Liverpool, Manchester | 1 per month | 3 |
| *South Atlantic/Continent.* | | | | |
| Carolina Co. | Jacksonville, Savannah, Charleston. | Hamburg, Bremen | 1 per month | 3 |
| Tampa Interocean S. S. Co. | Tampa, Jacksonville, Savannah, Charleston. | Rotterdam, London, Antwerp. | do | 3 |
| *Gulf/United Kingdom.* | | | | |
| Lykes Bros. S. S. Co. | New Orleans | London | 2 per month | 5 |
| S. Sgitcovich & Co. | Galveston (Houston) | Liverpool, Manchester | do | 5 |
| Do. | Galveston | London (Havre, Antwerp). | 1 per month | 3 |
| Trosdal, Plant & Lafonta. | New Orleans | Liverpool, Manchester | 2 per month | 5 |
| Do. | do | Glasgow, Belfast, Dublin, Avonmouth. | do | 3 |
| Waterman S. S. Corp. | Mobile | London, Plymouth | 1 per month | 3 |
| Do. | do | Liverpool, Manchester | 2 per month | 3 |

TABLE V.—*Statement of passenger and cargo services, etc.*—Continued.

EUROPEAN SERVICES—Continued.

| Operator. | From— | To— | Frequency of sailings. | Number of ships. |
|---|---|---|---|---|
| *Gulf/Continent.* | | | | |
| Lykes Bros. S. S. Co | New Orleans | Rotterdam | 2 per month | 3 |
| Do | do | Hamburg, Bremen | do | 6 |
| Do | Galveston | do | do | 4 |
| Do | do | Bremen, Rotterdam | do | 5 |
| Mississippi Shpg. Co | New Orleans | Havre, Antwerp | do | 4 |
| S. Sgitcovich & Co | Galveston | do | do | 4 |
| Page & Jones | Mobile, Pensacola | Havre, Antwerp, Rotterdam. | do | 4 |
| Daniel Ripley & Co | Houston | Havre, Antwerp, Ghent | do | 3 |
| Do | do | Hamburg, Bremen, Rotterdam. | do | 3 |
| Waterman S. S. Corp | Mobile | Hamburg, Bremen | 1 per month | 3 |
| United States Lines [1] | New York | Queenstown, Plymouth, Cherbourg, London. | Weekly | 5 |
| Do. [1] | do | Plymouth, Cherbourg, Bremen. | do | 6 |
| Do. [1] | do | Cherbourg, Southampton | 1 every 3 weeks | 1 |
| Total European services. | | | | 166 |

MEDITERRANEAN SERVICES.

| | | | | |
|---|---|---|---|---|
| Mallory Transport Lines | North Atlantic range, Norfolk to Portland. | Azores and Canary Islands, Portuguese, Spanish Atlantic, Spanish/French Mediterranean, West coast Italy, Adriatic ports, North Africa (west of Bizerta). | Fortnightly | 6 |
| Export S. S. Corporation | do | Malta, Constantinople, Greek Levant ports, Syria/Palestine coast, North Africa (east of Bizerta). | do | 7 |
| A. H. Bull & Co | do | Constantinople/Black Sea ports. | do | 5 |
| Tampa Inter-Ocean S. S. Co. | Gulf and South Atlantic, Galveston to Wilmington. | Portuguese/Spanish Atlantic. | 1 or 2 monthly | 3 |
| Do | Gulf and South Atlantic, Galveston and Wilmington. | Spanish Mediterranean, North Africa (west of Bizerta). | do | 5 |
| Trosdal, Plant & Lafonta | Gulf and South Atlantic, Galveston to Wilmington. | French Mediterranean, west coast Italy. | 2 or 3 monthly | 6 |
| Do | do | Adriatic/Greek Levant/Constantinople/Malta/North Africa (east of Bizerta). | Monthly | 4 |
| Total Mediterranean services. | | | | 36 |

SOUTH AMERICAN SERVICES.

| | | | | |
|---|---|---|---|---|
| Munson S. S. Line [1] | New York | Rio de Janeiro, Montevideo, Buenos Aires. | Fortnightly | 4 |
| International Frght. Corp | Boston, New York | Brazil and River Plate ports | Monthly | 4 |
| Do | Philadelphia, Baltimore, and South Atlantic ports. | do | do | 4 |
| Mississippi Shpg. Co | New Orleans and other Gulf ports (excluding Mobile). | do | Fortnightly | 10 |
| Munson S. S. Line | Mobile and other Gulf ports (excluding New Orleans). | do | Monthly | 7 |
| Swayne & Hoyt | Pacific coast ports | do | do | [2] 5 |
| Wessel, Duval & Co | New York | West Coast South America. | do | 3 |
| General S. S. Corp | Pacific coast ports | do | do | 5 |

[1] Passenger vessels.

[2] Swayne & Hoyt, 3 passenger, 2 cargo.

TABLE V.—*Statement of passenger and cargo services, etc.*—Continued.

SOUTH AMERICAN SERVICES—Continued.

| Operator. | From— | To— | Frequency of sailings. | Number of ships. |
|---|---|---|---|---|
| Colombian Co. | New York | Trinidad and the Guianas | Fortnightly | 2 |
| Do. | do. | Haitian ports | Monthly | 1 |
| Page & Jones | Mobile | Windward Islands and other West Indian ports. | Fortnightly | [1] 1 |
| Total South American services. | | | | 46 |

FAR EAST AND LONG VOYAGE SERVICES.

| | | | | |
|---|---|---|---|---|
| North Atlantic & Western S. S. Co. | Portland, Me., Boston, and Philadelphia. | Los Angeles, San Francisco, Portland, Oreg., Seattle. | Fortnightly with 2 other vessels. | 4 |
| Barber S. S. Lines | United States Atlantic (principally New York) (alternate homeward sailings via Europe). | Far East (China, Japan, and Philippines). | Bimonthly | 9 |
| Tampa Interocean S. S. Co. | Gulf (New Orleans, Port Arthur, and Galveston). | do. | do. | 10 |
| Struthers & Barry | San Francisco and Los Angeles. | do. | Every 16 days. | 8 |
| Los Angeles S. S. Co.[2] | Los Angeles | Honolulu | Fortnightly with 1 other vessel. | 1 |
| Pacific Mail S. S. Co.[2] | San Francisco (passenger, mail, and freight). | Honolulu, Yokohama, Kobe, Shanghai, Hongkong, and Manila. | Fortnightly | 5 |
| Columbia Pacific Shpg. Co. | Portland, Oreg. | Japan and North China ports. | 3 monthly | 5 |
| Do. | do. | Japan, South China, and Philippines. | Bimonthly | 7 |
| Admiral-Oriental Line [2] | Seattle (passenger, mail, and freight). | Yokohama, Kobe, Shanghai, Hongkong, and Manila. | Every 12 days. | 5 |
| Do. | Principally Everett, Tacoma, Vancouver, and Seattle. | Japan, North China | Every 21 days. | 5 |
| Do. | do. | Japan, South China, and Philippines. | Every 28 days. | 4 |
| Kerr S. S. Co. | New York | Dutch East Indies | Monthly | 6 |
| U. S. & A. Lines | do. | Australia and New Zealand. | do. | 6 |
| Swayne & Hoyt | Eureka, Portland, Oreg., Grays Harbor, Seattle, and San Francisco. | do. | do. | 6 |
| Kerr S. S. Co. | New York | India | do. | 6 |
| Mallory Transport Lines (Inc.). | Port Arthur and New New York. | South and East African ports. | do. | 7 |
| A. H. Bull & Co. | New York (Gulf via New York when inducements offer). | Azores, Canary Islands, Madeira, and West Africa. | do. | 7 |
| A. E. Mittnacht | New York, Philadelphia, and Baltimore. | Los Angeles, San Francisco, Portland, Oreg., Seattle. | Every 2 months. | 2 |
| Pacific Mail Steamship Co. | Hongkong (feeder service). | Shanghai, Amoy, Swatow, Hongkong, Haiphong, Saigen, Singapore, Belawan, Penang, Rangoon, and Calcutta. | Fortnightly | 4 |
| A. H. Bull & Co. | West Africa | West Africa | Coasting | 1 |
| Far East and long voyage services. | | | | 108 |

[1] Under bare-boat charter.
[2] Passenger vessels.

This statement refers to cargo vessels unless otherwise indicated.

TABLE VI.—*Vessels declared total losses during fiscal year July 1, 1922, to June 30, 1923, inclusive.*

| Vessel. | Type. | Dead-weight tons. | Date of loss. | Remarks. |
|---|---|---|---|---|
| City of Honolulu, ex Huron, ex Friedrich der Grosse | Ex German passenger and cargo (steel). | 8,910 | Oct. 17, 1922 | Caught fire about 700 miles from Los Angeles enroute from Honolulu, Oct. 12, 1922, sunk by gunfire from Coast Guard cutter Shawnee Oct. 17, 1922, 5.59 p. m., in latitude 32° 35′ N., longitude 129° 39′ W. |
| Colthraps | Cargo (steel) | 7,825 | Sept. 5, 1922 | Caught fire at Pensacola, Fla., and declared a constructive total loss by insurance division as of Sept. 5, 1922. |

TABLE VII.—*Summary of projects disposed of by material sales division.*

*Summary, all districts.*

| | Fair value. |
|---|---|
| Projects sold: | |
| Northeastern district | $3, 804, 410. 12 |
| Eastern district | 25, 513, 252. 14 |
| Southern district | 2, 168, 242. 70 |
| Central district | 2, 322, 751. 37 |
| South Pacific district | 2, 232, 842. 83 |
| Oregon district | 1, 650, 484. 60 |
| Northern Pacific district | 2, 355, 203. 22 |
| | 40, 047, 186. 98 |
| Projects transferred to deferred-liquidation section: | |
| Northeastern district | 6, 871. 33 |
| Eastern district | 7, 976, 999. 86 |
| Southern district | 20, 429. 00 |
| Central district | 60, 328. 80 |
| Southern Pacific district | 984, 474. 80 |
| Oregon district | 41, 483. 94 |
| Northern Pacific district | 1, 367, 766. 79 |
| | 10, 458, 354. 52 |
| Projects cleared by adjustment of accounts: | |
| Northeastern district | 69, 060. 97 |
| Eastern district | 47, 430. 78 |
| Southern district | 2, 439. 32 |
| Central district | 41, 378. 81 |
| Southern Pacific district | 25, 186. 92 |
| Oregon district | 0 |
| Northern Pacific district | 3, 767. 04 |
| | 189, 263. 84 |
| Grand total | 50, 694, 805. 34 |

*List of projects disposed of by material-sales division, July 1, 1921, to January 20, 1923—Summary, all districts.*

| | |
|---|---|
| Northeastern district | $3, 880, 342. 42 |
| Eastern district | 33, 537, 682. 78 |
| Southern district | 2, 191, 111. 02 |
| Central district | 2, 424, 458. 98 |
| Southern Pacific district | 3, 242, 504. 55 |
| Oregon district | 1, 691, 968. 54 |
| Northern Pacific district | 3, 726, 737. 05 |
| Total | 50, 694, 805. 34 |

TABLE IX.—*Accomplishments and disposition of accounts receivable, code account No. 25, fiscal year ending June 30, 1923.*

| Account No. | Name of account. | (1) Unsettled accounts as of record at June 30, 1922. | (2) Charges recorded during fiscal year, including transfers from active to inactive accounts. | (3) Total of columns 1 and 2. | (4) Cash receipts during current fiscal year. | (5) Credits recorded during fiscal year, including adjustments and transfers from active to inactive accounts. | (6) Total of columns 4 and 5. | (7) Unsettled accounts as of record at June 30, 1923. | (8) Analysis of column (7). Unsettled accounts of record as at June 30, 1922. | (9) Analysis of column (7). Unsettled accounts added since June 30, 1922. |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Active.* | | | | | | | | | |
| 25.1 | Foreign governments | $28,383,932.51 | $2,363,337.29 | $30,747,269.80 | $12,024,250.35 | $3,415,195.96 | $15,439,446.31 | $15,307,823.49 | $14,937,650.64 | $370,172.85 |
| 25.2 | U. S. Government departments | 2,228,915.02 | 2,247,368.96 | 4,476,283.98 | 1,072,807.95 | 1,057,791.96 | 2,130,599.91 | 2,345,684.07 | 37,213.87 | 2,308,470.20 |
| 25.3 | Miscellaneous debtors | 73,668,265.58 | 54,794,629.80 | 128,462,895.38 | 14,247,229.39 | 105,914,010.25 | 120,161,239.64 | 8,301,655.74 | 4,085,432.15 | 4,216,223.59 |
| 25.4 | Ship sales (deferred) | 44,763,191.37 | 24,201,986.37 | 68,965,177.74 | 21,395,172.63 | 45,418,087.10 | 66,813,259.73 | 2,151,918.01 | 5,167.60 | 2,146,750.41 |
| 25.5 | Ship sales (reconveyed) | 20.355.09 | 2,026,241.10 | 2,046,596.19 | 66,447.82 | 1.385,428.23 | 1,451,876.05 | 594,720.14 | 29,973.54 | 564,746.60 |
| 25.6 | Surplus and salvage material | 1,099,818.41 | 5,146,609.60 | 6,246,428.01 | 4,274,133.20 | 1,737,799.65 | 6,011,932.85 | 234,495.16 | 30,849.90 | 203,645.26 |
| 25.11 | Transportation and housing (transferred June 30, 1923) | ..... | 2,476,253.91 | 2,476,253.91 | ..... | ..... | ..... | 2,476,253.91 | ..... | 2,476,253.91 |
| | Total active | 150,164,477.98 | 93,256,427.03 | 243,420,905.01 | 53.080,041.34 | 158,928,313.15 | 212,008,354.49 | 31,412,550.52 | 19,126,287.70 | 12,286,262.82 |
| | *Inactive.* | | | | | | | | | |
| 25.7 | Bankrupt and doubtful debtors and accounts in hands of legal division | 3,863,137.10 | 70,431,037.59 | 74,294,174.69 | 19,398.61 | 29,604,667.58 | 29,624,066.19 | 44,670,108.50 | 32,160,453.94 | 12,509,654.56 |
| 25.8 | Pending settlement of claims | ..... | 26,723,275.49 | 26,723,275.49 | 159,342.95 | 6,846,004.88 | 7,005,347.83 | 19,717,927.66 | 18,779,823.50 | 938,104.16 |
| 25.9 | Freight claims | ..... | 75,811.30 | 75,811.30 | 245.32 | 3,439.61 | 3,684.93 | 72,126.37 | ..... | 72,126.37 |
| 25.10 | Ship sales (bankrupt, etc.) | ..... | 29,575,278.55 | 29,575,278.55 | 191,000.00 | 902,185.53 | 1,093,185.53 | 28,482,093.02 | 28,198,142.05 | 283,950.97 |
| | Total inactive | 3,863,137.10 | 126,805,402.93 | 130,668,540.03 | 369.986.88 | 37,356,297.60 | 37,726,284.48 | 92,942,255.55 | 79,138,419.49 | 13,803,836.06 |
| | Grand total, active and inactive | 154,027,615.08 | 220,061,829.96 | 374,089,445.04 | 53,450,028.22 | 196,284,610.75 | 249,734,638.97 | 124,354,806.07 | 98,264,707.19 | 26,090,098.88 |

TABLE X.—*Summarized consolidated cash statement for the fiscal year ended June 30, 1923.*

| Code. | Caption. | Total. | Salaries and expenses, 1922. | Salaries and expenses, 1923. | Emergency shipping fund. | Claims settlement. | Construction loan fund. |
|---|---|---|---|---|---|---|---|
| | Unexpended balance July 1, 1923 | $66,521,117.92 | $55,839.76 | | $39,572,436.31 | $1,892,841.85 | $25,000,000.00 |
| RA | Receipts—Appropriations | 77,650,185.49 | | $400,000.00 | 50,012,601.72 | 27,237,583.77 | |
| | Sales: | | | | | | |
| RB | Sales of vessels, tugs, and barges | 27,925,211.40 | | | 13,009,521.16 | | 14,915,690.24 |
| RC | Sales of real estate, including buildings and improvements, housing and transportation projects, dry docks and marine railways, lands, plants, equipment, and property not otherwise classified | 7,656,116.27 | | | 1,559,046.95 | | 6,097,069.32 |
| RD | Sales of surplus and salvage materials | 5,211,272.23 | | | 1,319,555.43 | | 3,891,716.80 |
| RE | Sales of fuel (oil and coal) | 2,554,262.07 | | | 2,554,262.07 | | |
| | Total sales receipts | 43,346,861.97 | | | 18,442,385.61 | | 24,904,476.36 |
| | Operation income—Vessels: | | | | | | |
| RF | Operation of vessels—revenue, including freight, passenger, mail, towage, lighterage, demurrage, salvage, revenue, and other miscellaneous vessels, revenue | 113,017,619.74 | | | 113,017,619.74 | | |
| RG | Charter hire revenue | 424,368.46 | | | 424,368.46 | | |
| | Total vessels' operations receipts | 113,441,988.20 | | | 113,441,988.20 | | |
| | Other operations: | | | | | | |
| RH | Real estate operation and rental revenue, including revenue operation or rental of buildings, housing projects, transportation projects, dry docks and marine railways, wharves, land, and/or equipment | 309,843.05 | | | 309,843.05 | | |
| RI | Insurance premiums and dividends (other than vessel operation) | 4,315.69 | | | 4,315.69 | | |
| RJ | Interest earned, including interest on bank balances, mortgages, and loans, notes receivable, accounts receivable, etc. | 1,005,175.81 | | | 909,652.17 | | 95,523.64 |
| | Total other operations receipts | 1,319,334.55 | | | 1,223,810.91 | | 95,523.64 |
| | Other receipts: | | | | | | |
| RK | Custodian receipts, includes alien income tax and other taxes, prepaid charges, water rents, deposits on sales, unclaimed wages, and other receipts that are of such nature as denotes them as not definitely being property of the organization | 4,360,693.19 | | | 4,345,964.14 | 14,729.05 | |
| RL | Miscellaneous receipts, includes slop-chest earnings, foreign-exchange earnings, and receipts not otherwise classified | 449,272.86 | | | 449,272.86 | | |
| | Total other receipts | 4,809,966.05 | | | 4,795,237.00 | 14,729.05 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Recovered disbursements: | | | | | | |
| RDA | Vessels, expenditure for ship construction | 352,798.96 | | | 335,385.59 | 17,413.37 | |
| RDB | Vessel betterments and equipment (not to include replacements and renewals) | 3,909.51 | | | 3,909.51 | | |
| RDC | Real estate, transportation projects, shipyards, buildings and improvements, plants, fuel-oil stations, equipment, and property not otherwise classified | 40,716.33 | | | 40,716.33 | | |
| RDD | Operation of vessels—expense, including management compensation, allotments, advances to masters and subagents, maintenance of radio-equipment charges, etc | 9,899,617.16 | | | 9,896,892.63 | 2,724.53 | |
| RDE | Vessel maintenance and reconditioning repairs | 97,987.24 | | | 97,987.24 | | |
| RDF | Charter hire expense | 11,177.84 | | | 11,177.84 | | |
| RDG | P. & I. insurance premiums | 1,457,614.81 | | | 1,457,614.81 | | |
| RDH | Marine insurance losses and repairs | 354,597.81 | | | 345,515.87 | 9,081.94 | |
| RDI | Recruiting service operation expense | 726.58 | | | 726.58 | | |
| RDJ | Lay-up expenses, steel vessels | 31,223.13 | | | 31,223.13 | | |
| RDK | Lay-up expenses, wood and composite vessels | 279.00 | | | 279.00 | | |
| RDL | Real estate, operation and rental expense, includes expense of operating buildings, housing projects, transportation projects, dry docks and marine railways, wharves, etc | 13,029.74 | | | 13,029.74 | | |
| RDM | Insurance losses (other than operation of vessels) | 48,905.32 | | | 48,905.32 | | |
| RDN | Fuel (oil or coal) purchased for resale | 1,049.47 | | | 1,049.47 | | |
| RDO | Warehouse stores, material purchased for store stock | 1,699.55 | | | 1,699.55 | | |
| RDP | Cancellation claims and losses | 6,795.08 | | | 6,000.00 | 795.08 | |
| RDQ | Disbursements for and on account of vessel purchasers | 65,756.83 | | | 65,756.83 | | |
| RDR | Loans and/or advances that are recoverable or to be accounted for (to include materials purchased for rebilling to contractor) | 9,299,815.88 | | | 9,270,854.56 | 28,961.3 | |
| RDT | Miscellaneous disbursements, to include all other disbursements not otherwise classified | 86,585.08 | | | 86,585.08 | | |
| RDU | Salaries and wages | 52,297.70 | 767.13 | 2,183.53 | 49,347.04 | | |
| RDV | Other general expenses | 100,320.51 | 4,601.90 | 10,516.79 | 85,201.82 | | |
| RDW | U. S. P. and I. claims and expenses | 2,343.31 | | | 2,343.31 | | |
| | Total recovered disbursements | 21,929,246.84 | 5,369.03 | 12,700.32 | 21,852,201.25 | 58,976.24 | |
| | Total receipts | 262,497,583.10 | 5,369.03 | 412,700.32 | 209,768,224.69 | 27,311,289.06 | 25,000,000.00 |
| | Totals | 329,018,701.02 | 61,208.79 | 412,700.32 | 249,340,661.00 | 29,204,130.91 | 50,000,000.00 |
| | Disbursements: | | | | | | |
| | Construction improvements and/or betterments— | | | | | | |
| DA | Vessels, expenditures for ship construction | 2,600,099.93 | | | 1,799,421.86 | 800,678.07 | |
| DB | Vessel betterments and equipment (not to include replacements and renewals) | 1,456,638.61 | | | 1,456,638.61 | | |
| DC | Real estate, transportation, projects, shipyards, buildings and improvements, plants, fuel-oil stations, equipment, and property not otherwise classified | 432,154.94 | | | 420,228.69 | 11,926.25 | |
| | Total construction improvements and/or betterments disbursements | 4,488,893.48 | | | 3,676,289.16 | 812,604.32 | |

TABLE X.—*Summarized consolidated cash statement for the fiscal year ended June 30, 1923*—Continued.

| Code. | Caption. | Total. | Salaries and expenses, 1922. | Salaries and expenses, 1923. | Emergency shipping fund. | Claims settlement. | Construction loan fund. |
|---|---|---|---|---|---|---|---|
| | Operation outgo—vessels— | | | | | | |
| DD | Operation of vessels expense, including management compensation, allotments, advances to masters and subagents, maintenance of radio equipment charges, etc. | $111,804,218.71 | | | $110,276,899.26 | $1,527,319.45 | |
| DE | Vessel maintenance and reconditioning repairs | 15,941,015.63 | | | 15,738,171.76 | 202,843.87 | |
| DF | Charter hire expense | 216,313.98 | | | 216,313.98 | | |
| DG | P. and I. insurance premiums | 15,371.32 | | | 15,371.32 | | |
| DH | Marine insurance losses and repairs | 4,486,703.82 | | | 3,610,467.34 | 876,236.48 | |
| DI | Recruiting service operation expense | 134,332.73 | | | 134,332.73 | | |
| DW | U. S. P. and I. claims and expense | 83,133.68 | | | 83,133.68 | | |
| | Total vessel operations disbursements | 132,681,089.87 | | | 130,074,690.07 | 2,606,399.80 | |
| | Lay up of vessels— | | | | | | |
| DJ | Lay up expenses, steel vessels | 4,404,387.57 | | | 4,403,954.29 | 433.28 | |
| DK | Lay up expenses, wood and composite vessels | 15,249.40 | | | 15,249.40 | | |
| | Total lay up of vessels disbursements | 4,419,636.97 | | | 4,419,203.69 | 433.28 | |
| | Other operations— | | | | | | |
| DL | Real estate operation and rental expense, includes expense of operating buildings, housing projects, transportation projects, dry docks and marine railways, wharves, etc. | 1,226,335.78 | | | 1,225,584.43 | 751.35 | |
| DM | Insurance losses (other than operation of vessels) | 180,880.06 | | | 180,880.06 | | |
| | Total other operations disbursements | 1,407,215.84 | | | 1,406,464.49 | 751.35 | |
| | Other disbursements— | | | | | | |
| DN | Fuel (oil or coal) purchased for resale | 7,073,599.16 | | | 7,073,599.16 | | |
| DO | Warehouse stores, material purchased for store stock | 1,053,314.23 | | | 1,053,314.23 | | |
| DP | Cancellation claims and losses | 22,611,176.35 | | | *2,584,447.80* | 25,195,624.15 | |
| DQ | Disbursements for and on account of vessel purchasers | 679,547.44 | | | 657,650.48 | 21,896.96 | |
| DR | Loans and/or advances that are recoverable or to be accounted for (to include materials purchased for rebilling to contractor). | 6,586,238.81 | | | 6,550,962.02 | 35,276.79 | |
| DT | Miscellaneous disbursements, to include all other disbursements not otherwise classified | 217,963.06 | | | 217,327.01 | 636.05 | |
| | Total other disbursements | 38,221,839.05 | | | 12,968,405.10 | 25,253,433.95 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | General administrative expense: | | | | | | |
| DU | Salaries and wages | 8,648,268.43 | $1,933.66 | $315,295.15 | $8,331,039.62 | | |
| DV | Other general expenses | 3,414,328.52 | 15,295.05 | 51,707.80 | 3,347,325.67 | | |
| | Total general administrative expense disbursements | 12,062,596.95 | 17,228.71 | 367,002.95 | 11,678,365.29 | | |
| | Remitted receipts: | | | | | | |
| DRA | Appropriations | 17,501.10 | 5,369.03 | 12,132.07 | | | |
| DRB | Sales of vessels, tugs, and barges | 305,130.33 | | | 305,130.33 | | |
| DRD | Sales of surplus and salvage materials | 193,791.66 | | | 189,606.57 | $4,185.09 | |
| DRE | Sales of fuel (coal or oil) | 1,526.09 | | | 1,526.09 | | |
| DRF | Operation of vessels revenue, including freight, passenger, towage, mail, lighterage, demurrage, salvage revenue, and other miscellaneous vessels revenue | 2,635,130.54 | | | 2,610,130.54 | 25,000.00 | |
| DRG | Charter hire revenue | 9,595.38 | | | 9,595.38 | | |
| DRH | Real estate operation and rental revenue including revenue, operation or rental of buildings, housing projects, transportation projects, dry docks and marine railways, wharves, land and/or equipment | 253.88 | | | 253.88 | | |
| DRI | Insurance premiums and dividends (other than vessel operation) | 7,136.35 | | | 7,136.35 | | |
| DRJ | Interest earned, including interest on bank balances, mortgages and loans, notes receivable, accounts receivable, etc | 1,710.21 | | | 1,710.21 | | |
| DRK | Custodian receipts, includes alien income tax and other taxes, prepaid charges, water rents, deposit on sales, unclaimed wages, and other receipts that are of such nature as denotes them as not definitely being property of the organization | 3,553,532.98 | | | 3,553,532.98 | | |
| DRL | Miscellaneous receipts, includes slop-chest earnings, foreign exchange earnings, and receipts not otherwise classified | 72,447.23 | | | 72,447.23 | | |
| | Total remitted receipts | 6,797,755.75 | 5,369 03 | 12,132.07 | 6,751,069.56 | 29,185.09 | |
| | Total disbursements | 200,079,027.91 | 22,597.74 | 379,135.02 | 170,974,487.36 | 28,702,807.79 | |
| | Unexpended balance June 30, 1923 | 128,939,673.11 | 38,611.05 | 33,565.30 | 78,366,173.64 | 501,323.12 | $50,000,000.00 |
| | Totals | 329,018,701.02 | 61,208.79 | 412,700.32 | 249,340,661.00 | 29,204,130.91 | 50,000,000.00 |

## EXHIBIT A.

UNITED STATES SHIPPING BOARD AND UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION AND SUBSIDIARY REALTY AND TRANSPORTATION COMPANIES.

*Balance sheet as of June 30, 1923.*

### ASSETS.

| | | | |
|---|---|---|---|
| A 1. Cash | | $69,706,467.63 | |
| Less amount in excess of liabilities to be covered into United States Treasury | | 37,560,260.52 | |
| Net cash | | | $32,146,207.11 |
| A 1. Insurance fund cash | | | 8,850,449.90 |
| Unrequisitioned claims appropriation | | 17,762,416.23 | |
| Restricted cash available for settlement of claims | | 501,323.12 | |
| | | 18,263,739.35 | |
| Less amount in excess of reserve to be covered into United States Treasury | | 11,745,815.10 | |
| A 2. Net amount restricted for settlement of claims | | | 6,517,924.25 |
| A 3. Unexpended appropriations | | 314,798.43 | |
| Less amount to be covered into United States Treasury | | 129,237.09 | |
| | | | 185,561.34 |
| A 4. Construction loan fund | | | 50,000,000.00 |
| A 5. Accounts receivable | | 122,884,147.49 | |
| Less payable offsets | $25,925,793.78 | | |
| Less claim offsets | 39,189,279.09 | | |
| Less reserve for doubtful or uncollectible accounts | 47,001,147.44 | | |
| | | 112,116,220.31 | |
| | | | 10,767,927.18 |
| A 6. Accounts receivable of managing agents (at estimated realizable value) | | | 4,941,880.72 |
| A 7. Notes receivable | | 26,186,302.02 | |
| Less payable offsets | $637,458.32 | | |
| Less claim offsets | 7,187,583.64 | | |
| Less reserve for doubtful or uncollectible notes | 11,774,690.22 | | |
| | | 19,599,732.18 | |
| | | | 6,586,569.84 |
| A 8. Operating supplies | | | 11,575,811.48 |
| A 9. Surplus material for sale | | | 4,051,305.96 |
| A10. Land structures and equipment for sale | | | 2,663,595.07 |
| A11. Mortgages receivable and securities | | 7,435,211.01 | |
| Less payable offsets | $390,000.00 | | |
| Less reserve for estimated value | 6,046,685.05 | | |
| | | 6,436,685.05 | |
| | | | 998,525.96 |
| A12. Accounts and notes receivable for ship sales | | 74,101,254.41 | |
| Less payable offsets | $3,494,396.81 | | |
| Less claim offsets | 106,246.04 | | |
| Less reserve for uncollectible accounts and notes | 58,716,257.17 | | |
| | | 62,316,900.02 | |
| | | | 11,784,354.39 |
| A13. Real estate and equipment used in operation | | | 4,533,966.11 |
| A14. Estimated recoverable value of claims in favor of the United States Shipping Board | | | 5,279,860.44 |
| A15. Fleet (at appraised value) | | | 229,929,758.08 |
| A16. Uncompleted voyage, prepaid accounts, and commitment charges | | | 9,106,083.60 |
| | | | 399,919,781.43 |

## LIABILITIES.

| | | |
|---|---|---|
| L1. Accounts and vouchers payable and unclaimed wages | $10, 309, 738. 14 | |
| Less receivable offsets | 3, 360, 761. 36 | |
| | | $6, 948, 976. 78 |
| L2. Accounts payable of managing agents | | 10, 061, 247. 34 |
| L3. Accounts payable for charter hire of requisitioned and chartered vessels | 22, 624, 854.54 | |
| Less receivable offsets | 20, 599, 038. 81 | |
| | | 2, 025, 815. 73 |
| L4. Deposits to be refunded or applied as partial payments on sales or other contracts not consummated | 687, 805. 64 | |
| Less receivable offsets | 72, 070. 09 | |
| | | 615, 735. 55 |
| L5. Suspense credits (representing receipts to be applied as revenue or as partial payment for ships, depending on legal decision or exercise of purchase option) | 7, 181, 999. 11 | |
| Less receivable offsets | 6, 025, 778. 65 | |
| | | 1, 156, 220. 46 |
| L6. Mortgage bonds payable | 1, 500, 000. 00 | |
| Less receivable offsets | 390, 000. 00 | |
| | | 1, 110, 000. 00 |
| L7. Commitments | | 10, 228, 211.25 |
| Total liabilities as above | | 32, 146, 207. 11 |
| L8. Reserve for insurance claims and losses | | 8, 850, 449. 90 |
| L9. Reserve for claim settlements | | 6, 517, 924. 25 |
| Total liabilities | | 47, 514, 581. 26 |
| Reserve for fleet liquidation, including expenses of liquidation, allowances on restricted service sales, and for total loss risk of vessels in laid-up fleet | | 60, 000, 000. 00 |
| Net worth at June 30, 1923 | | 292, 405, 200. 17 |
| | | 399, 919, 781. 43 |

SCHEDULE 1.—*Cash, exclusive of construction loan fund, cash available for settlement of claims, and unrequisitioned appropriations as at June 30, 1923.*

| | |
|---|---|
| Construction | $12, 113, 955. 51 |
| Operations | 48, 702, 859. 68 |
| Division of transportation and housing, general cash in the United States Treasury | 3, 053, 997. 53 |
| Insurance funds: | |
| Restricted cash in the United States Treasury | 958, 732. 88 |
| General cash in banks | 16, 086. 36 |
| Restricted cash in banks | 10, 000. 00 |
| | 984, 819. 24 |
| United States Shipping Board: | |
| General cash in the United States Treasury | 11, 972, 009. 17 |
| General cash in banks | 187, 404. 47 |
| | 12, 159, 413. 64 |
| Division of claims settlement, restricted cash in the United States Treasury | 501, 323. 12 |
| Construction loan fund | 50, 000, 000. 00 |
| Good faith deposits | 384, 592. 50 |

| | | | |
|---|---|---|---|
| Cash of subsidiary realty and transportation companies: | | | |
| Name. | In banks. | Petty cash. | |
| Groton Park Real Estate Co | | $100.00 | |
| Moorland Realty Co | | 100.00 | |
| Noreg Realty Co | $190,443.89 | 100.00 | |
| | 190,443.89 | 300.00 | $190,743.89 |
| Managing agents' trust funds | | | 966,535.54 |
| Total | | | 129,058,240.65 |
| Less: | | | |
| Appropriated for transfer to construction loan fund by authority of section 11 of the merchant marine act of 1920 | | $50,000,000.00 | |
| Restricted cash available for settlement of claims | | 501,323.12 | |
| Amount established as an insurance fund by authority granted in section 10 of the merchant marine act of 1920 | | 8,850,449.90 | |
| Amount to be covered into United States Treasury subsequent to June 30, 1923 | | 37,560,260.52 | |
| | | | 96,912,033.54 |
| Total, per Exhibit A | | | 32,146,207.11 |

SCHEDULE 2.—*Reconciliation of cash balance June 30, 1923, as shown by treasurer's cash statement, with cash balance as shown by statement of assets and liabilities as at June 30, 1923.*

| | | |
|---|---|---|
| Cash balance as per treasurer's cash statement | | $128,939,673.11 |
| Addition, cash in hands of subsidiary realty companies, owned entirely by the Emergency Fleet Corporation, not included in treasurer's statement | | 190,743.89 |
| | | 129,130,417.00 |
| Deductions: | | |
| Amount set aside for construction loan fund by authority of section 11 of the merchant marine act of 1920 | $50,000,000.00 | |
| Restricted cash available for settlement of claims | 501,323.12 | |
| Amount established as an insurance fund | 8,850,449.90 | |
| Amount to be covered into the United States Treasury subsequent to June 30, 1923 | 37,560,260.52 | |
| Amount of cash remaining from 1922 and 1923 salaries and expenses appropriations and included in Exhibit "A" under "Unexpended appropriations" | 72,176.35 | |
| | | 96,984,209.89 |
| Total, per Exhibit "A" | | 32,146,207.11 |

SCHEDULE 3.—*Unexpended appropriations as at June 30, 1923.*

| | |
|---|---|
| For United States Shipping Board administrative—salaries and expenses, 1922 (act of March 4, 1921) | 87,227.24 |
| For United States Shipping Board administrative—salaries and expenses, 1923 (act of June 12, 1922) | 98,334.10 |
| Total | 185,561.34 |

EXHIBIT B.—*United States Shipping Board and United States Shipping Board Emergency Fleet Corporation, schedule showing gross appropriations and allotments from inception to July 1, 1923.*

| | Original appropriation. | Returned to United States Treasury surplus or reappropriated. | Appropriated. | United States Shipping Board. | United States Shipping Board Emergency Fleet Corporation. |
|---|---|---|---|---|---|
| For fiscal years ended prior to July 1, 1921: | | | | | |
| United States Shipping Board— | | | | | |
| Act of Sept. 7, 1916, salaries and expenses, 1917 | $100,000.00 | $24,180.18 | $75,819.82 | | |
| Act of June 12, 1917, salaries and expenses, 1918 | 517,500.00 | 162,347.23 | 355,152.77 | | |
| Act of June 12, 1917, increase of compensation, 1918 | 4,633.71 | | 4,633.71 | | |
| Act of July 1, 1918, salaries and expenses, 1919 | 988,289.37 | 159,573.73 | 828,715.64 | | |
| Act of July 19, 1919, salaries and expenses, 1920 | 772,986.00 | 14,009.73 | 758,976.27 | | |
| Acts of June 5, 1920, and June 16, 1921, salaries and expenses, 1921 | 446,133.33 | 16,102.08 | 430,031.25 | | |
| Total, United States Shipping Board | 2,829,542.41 | 376,212.95 | 2,453,329.46 | $2,453,329.46 | |
| United States Shipping Board Emergency Fleet Corporation— | | | | | |
| Act of Sept. 7, 1916, permanent fund | 50,000,000.00 | | 50,000,000.00 | | |
| Acts from June 15, 1917, to June 16, 1921, inclusive, emergency shipping fund | 3,240,053,000.00 | 6,956,798.30 | 3,233,096,201.70 | | |
| Act of Apr. 17, 1917, national security and defense, 1918 (presidential allotment) | 27,011,682.84 | 3,971,237.16 | 23,040,445.68 | | |
| Act of July 1, 1918, national security and defense, 1919 (presidential allotment) | 2,500,743.43 | 552,870.56 | 1,947,872.87 | | |
| Total, United States Shipping Board Emergency Fleet Corporation | 3,319,565,426.27 | 11,480,906.02 | 3,308,084,520.25 | | $3,308,084,520.25 |
| Total for fiscal year ended prior to July 1, 1921 | 3,322,394,968.68 | 11,857,118.97 | 3,310,537,849.71 | | |
| For fiscal year ended June 30, 1922: | | | | | |
| United States Shipping Board— | | | | | |
| Act of Mar. 4, 1921, salaries and expenses, 1922 | 459,000.00 | | 459,000.00 | | |
| Total, United States Shipping Board | 459,000.00 | | 459,000.00 | 459,000.00 | |
| United States Shipping Board Emergency Fleet Corporation— | | | | | |
| Act of Mar. 4, 1921, reappropriation of balance on hand | 6,956,798.30 | | 6,956,798.30 | | |
| Act of June 16, 1921, completion of vessels under construction | 25,000,000.00 | | 25,000,000.00 | | |
| Act of Aug. 24, 1921, current maintenance and operation of vessels | 48,500,000.00 | | 48,500,000.00 | | |
| Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments | 30,000,000.00 | | 30,000,000.00 | | |
| Total, United States Shipping Board Emergency Fleet Corporation | 110,456,798.30 | | 110,456,798.30 | | 110,456,798.30 |
| Total for fiscal year ended June 30, 1922 | 110,915,798.30 | | 110,915,798.30 | | |

EXHIBIT B.—*United States Shipping Board and United States Shipping Board Emergency Fleet Corporation, schedule showing gross appropriations and allotments from inception to July 1, 1923*—Continued.

| | Original appropriation. | Returned to United States Treasury surplus or reappropriated. | Appropriated. | United States Shipping Board. | United States Shipping Board Emergency Fleet Corporation. |
|---|---|---|---|---|---|
| For fiscal year ended June 30, 1923: | | | | | |
| United States Shipping Board— | | | | | |
| Act of June 12, 1922, salaries and expenses, 1923 (board and secretary) | $89,000.00 | | $89,000.00 | | |
| Act of June 12, 1922, salaries and expenses, 1923 (general expense) | 350,000.00 | | 350,000.00 | | |
| Act of June 12, 1922, salaries and expenses, 1923 (inv. of foreign discrimination) | 20,000.00 | | 20,000.00 | | |
| Total, United States Shipping Board | 459,000.00 | | 459,000.00 | $459,000.00 | |
| United States Shipping Board Emergency Fleet Corporation— | | | | | |
| Act of June 12, 1922, claims, damage charges, and miscellaneous adjustments | 20,000,000.00 | | [1] 20,000,000.00 | | |
| Act of June 12, 1922, other than construction activities | 50,000,000.00 | | [1] 50,000,000.00 | | |
| Total, United States Shipping Board Emergency Fleet Corporation | 70,000,000.00 | | 70,000,000.00 | | $70,000,000.00 |
| Total for fiscal year ended June 30, 1923 | 70,459,000.00 | | 70,459,000.00 | | |
| For fiscal year ending June 30, 1924: | | | | | |
| United States Shipping Board— | | | | | |
| Act of Feb. 13, 1923, salaries and expenses (board and secretary) | 89,000.00 | | 89,000.00 | | |
| Act of Feb. 13, 1923, salaries and expenses (printing and binding) | 5,000.00 | | 5,000.00 | | |
| Act of Feb. 13, 1923, salaries and expenses (all other expenses) | 317,500.00 | | 317,500.00 | | |
| Total, United States Shipping Board | 411,500.00 | | 411,500.00 | 411,500.00 | |
| United States Shipping Board Emergency Fleet Corporation— | | | | | |
| Act of Feb. 13, 1923, current maintenance and operations | 50,000,000.00 | | 50,000,000.00 | | |
| Total, United States Shipping Board Emergency Fleet Corporation | 50,000,000.00 | | 50,000,000.00 | | 50,000,000.00 |
| Total for fiscal year ending June 30, 1924 | 50,411,500.00 | | 50,411,500.00 | | |
| Gross appropriations and allotments | | | 3,542,324,148.01 | 3,782,829.46 | 3,538,541,318.55 |

[1] Amount returnable to United States Treasury surplus, in accordance with sundry offices appropriation act of Feb. 13, 1923, subsequent to July 1, 1923, is not reflected.

TABLE XI.—(*a*) *Names and compensation of employees of the United States Shipping Board in service for some period within the year ended June 30, 1923, who have resigned prior to that date.*

| Name. | Designation. | Legal residence. | Rate per annum. |
|---|---|---|---|
| Harry E. Acher | Multigraph operator | Washington, D. C. | $1,200 |
| Elsie M. Blackman | Senior typist | New Jersey | 1,320 |
| Charles S. Bookwalter | Special expert | Illinois | 7,500 |
| Adelia J. Burdine | Clerk | Washington, D. C. | 1,680 |
| Edith V. Brown (Mrs.) | Senior typist | do | 1,320 |
| Harry E. Cook | Typewriter repairman | New York | 1,680 |
| Angelo Conti | Special expert | Pennsylvania | 4,500 |
| George E. Dowden | File clerk | New Jersey | 1,440 |
| Lawrence B. Evans | Special expert | Washington, D. C. | 9,000 |
| Lola L. Garber (Mrs.) | Operative | do | 1,200 |
| Marion Hill | Clerk | do | 1,680 |
| Josephine Hollingsworth | Assistant librarian | California | 1,680 |
| Charles H. Howell | Accountant | Virginia | 2,400 |
| J. Pierson James | Assistant secretary | California | 4,200 |
| M. Bernice Jenkins (Mrs.) | Typist | Washington, D. C. | 1,200 |
| James D. G. Kelly | Clerk | Virginia | 1,800 |
| Herbert J. Kurtz | Senior stenographer | Pennsylvania | 1,440 |
| Albert D. Lasker | Chairman | Illinois | 12,000 |
| Robert Le Fevre | Assistant purchasing agent | Ohio | 2,700 |
| Christine S. Murgia (Mrs.) | Senior stenographer | New York | 1,680 |
| Robert T. Merrill | Special expert | New Jersey | 7,500 |
| Ruth G. Noll | Senior stenographer | Michigan | 1,560 |
| N. T. N. Robinson | Special expert | Massachusetts | 5,000 |
| Elmer Schlesinger | General counsel | Illinois | 10,000 |
| Gertrude B. Triplett (Mrs.) | Telephone operator | Washington, D. C. | 1,080 |
| Maude C. Van Sickler | Operative | do | 1,200 |
| George F. Wells | Assistant counsel | do | 5,000 |

(*b*) *Compensation of employees of United States Shipping Board in service on June 30, 1923.*

| Name. | Designation. | Legal residence. | Rate per annum. |
|---|---|---|---|
| Adolph Amende | Senior clerk | Alabama | $2,400 |
| C. O. Arthur | Examiner | Indiana | 3,000 |
| Edw. J. Barnes | Assistant clerk | Washington, D. C. | 1,080 |
| Wm. S. Benson | Commissioner | Georgia | 12,000 |
| Robert L. Boyd | Laborer | Washington, D. C. | 900 |
| Robert E. Caine | Examiner | do | 3,000 |
| Mabel G. Carragher | File clerk | Massachusetts | 1,320 |
| George E. Chamberlain | Commissioner | Oregon | 12,000 |
| Mrs. Lettie B. Chapman | Clerk | Washington, D. C. | 1,440 |
| Mrs. Nanna G. Cross | Senior stenographer | do | 1,680 |
| Mrs. Blanche M. Curry | Stenographer | do | 1,440 |
| Maude Darracott | do | South Carolina | 1,200 |
| Albert D. Davis | Cabinetmaker | Virginia | 1,980 |
| Mrs. Gail Davis | Senior stenographer | Indiana | 1,560 |
| Mrs. Laura M. Davis | do | Washington, D. C. | 1,800 |
| Mrs. Maude S. Dawson | Clerk | Nebraska | 1,560 |
| Thomas H. Deckelman | Chief file clerk | Maryland | 1,800 |
| Ernest M. Dew | Senior clerk | do | 2,700 |
| Dan P. Eldridge | Examiner | Washington, D. C. | 3,000 |
| Daniel W. Eskridge | Head porter | do | 1,200 |
| Wm. L. Fairbanks | Examiner | Massachusetts | 3,000 |
| Edw. P. Farley | Chairman | Illinois | 12,000 |
| Caroline D. Flanner | Senior clerk | Washington, D. C. | 2,280 |
| Frederick H. Flinn | Assistant to chief clerk | New Jersey | 2,700 |
| Mason L. Fowler | Purchasing agent | South Carolina | 3,000 |
| E. H. Frederick | Examiner | Ohio | 4,500 |
| Mrs. Edna Hancock | Senior stenographer | Washington, D. C. | 1,800 |
| Rilla M. Hauke | Librarian | do | 1,980 |
| Lillian M. Hildebrand | Senior stenographer | Maryland | 1,680 |
| Nettie J. Hipple | do | Pennsylvania | 1,800 |
| Aletha R. Huyett | do | do | 1,800 |
| Gertrude Hyman | Senior typist | Washington, D. C. | 1,320 |
| Mina G. Irvine | Senior examiner | New York | 3,600 |
| James Jackson | Porter | Virginia | 960 |
| J. C. Jenkins | Special expert | New York | 7,500 |
| Robert W. Kelsey | Examiner | Washington (State of). | 3,600 |
| Larkin King | Laborer | Washington, D. C. | 1,080 |
| Olive C. King | Clerk | do | 1,680 |
| Carl P. Kremer | Assistant secretary | Virginia | 3,900 |

*(b) Compensation of employees of United States Shipping Board in service on June 30, 1923*—Continued.

| Name. | Designation. | Legal residence. | Rate per annum. |
|---|---|---|---|
| Leon A. Le Buffe | Clerk | South Carolina | $1,680 |
| Mary F. Leddy | Examiner | California | 3,000 |
| Norman A. Levey | Messenger | Washington, D. C. | 1,080 |
| Meyer Lissner | Commissioner | California | 12,000 |
| Hubert Lyons | Messenger | North Carolina | 1,080 |
| Marie C. McCarthy | Typist | Washington, D. C. | 1,200 |
| Samuel W. McIntosh | Examiner | Illinois | 3,000 |
| Sarah L. McQueen | Senior clerk | Maryland | 2,400 |
| Bessie C. Mallicote | Clerk | Washington, D. C. | 1,560 |
| Henry E. Manghum | Examiner | Oregon | 4,000 |
| Julius Manns | Laborer | Washington, D. C. | 900 |
| James H. Mathiot | Chief draftsman | Maryland | 1,800 |
| Lloyd W. Maxwell | Special expert | New York | 3,600 |
| Roy H. Morrill | Examiner | Massachusetts | 3,200 |
| Mrs. Lillian E. Mullin | Senior typist | Washington, D. C. | 1,320 |
| John Nicolson | Special expert | New York | 7,500 |
| Mrs. Alice F. Nollner | Stenographer | Washington, D. C. | 1,440 |
| T. V. O'Connor | Commissioner | New York | 12,000 |
| Lottie Penn | Senior typist | Maryland | 1,440 |
| Maurice J. Pierce | Chief clerk | Tennessee | 3,500 |
| Edward C. Plummer | Commissioner | Maine | 12,000 |
| Virginia W. Price | Examiner | Virginia | 3,000 |
| Fred A. Quinn | Senior clerk | Pennsylvania | 2,400 |
| Lee E. Ranck | Clerk | do | 1,800 |
| John G. Reckert | Assistant purchasing agent | Washington, D. C. | 2,400 |
| Mrs. Katherine C. Renz | Telephone operator | do | 1,200 |
| Oliver A. Reynolds | Examiner | Illinois | 2,520 |
| Joseph H. Rhoderick | Clerk | Washington, D. C. | 1,440 |
| Ralph A. Ricketts | do | do | 1,680 |
| Lloyd R. Roberts | Chief, file section | Iowa | 2,400 |
| John A. Russell | Examiner | Michigan | 3,000 |
| Evelyn M. Sackett | Senior stenographer | Washington, D. C. | 1,320 |
| Jesse E. Saugstad | Special expert | New York | 3,000 |
| Morris S. Schwartz | Traffic clerk | North Carolina | 1,800 |
| Donald W. Shannon | Multigraph operator | Washington, D. C. | 1,320 |
| Ruth M. Simonds | Stenographer | New Hampshire | 1,440 |
| E. J. Skidmore | Chief personnel officer | Michigan | 3,600 |
| Clifford W. Smith | Secretary | do | 5,000 |
| Glen R. Snider | Admiralty counsel | Washington | 10,000 |
| Ralph V. Sollitt | Special expert | Indiana | 10,000 |
| Marietta A. Stevens | File clerk | do | 1,320 |
| Josephine H. Stewart | Senior stenographer | Virginia | 1,680 |
| Margaret B. Stratton | Draftswoman | Washington, D. C. | 1,560 |
| Frederick I. Thompson | Commissioner | Alabama | 12,000 |
| Anna Tiede | Examiner | California | 1,800 |
| Landon W. Trudgian | Secretary to the Secretary | Washington, D. C. | 2,400 |
| Lester A. Twigg | Examiner | Maryland | 2,520 |
| Mrs. Susan N. Van Dyke | Clerk | Washington, D. C. | 1,560 |
| Lester Van Middlesworth | Special expert | New Jersey | 7,500 |
| Joseph J. Verdi, jr | Typewriter mechanic | Washington, D. C. | 1,800 |
| Emma Von Toerne | Senior stenographer | Wisconsin | 1,800 |
| Lillian Wagner | do | Illinois | 1,440 |
| Mrs. May Wagner | Senior typist | Washington, D. C. | 1,320 |
| Mrs. Alma L. Webster | do | do | 1,440 |
| William D. Weist, jr | Clerk | Ohio | 1,680 |
| Wanner L. Wilkerson | Watchman | Virginia | 1,200 |
| Bertha E. Wolfe | Clerk | Washington, D. C. | 1,680 |
| William M. Woods | Accountant | Massachusetts | 2,400 |
| Virginia E. Woodward | Clerk | Maryland | 1,560 |
| Walter Ziwn | Senior typist | Pennsylvania | 1,320 |

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