

**UNITED STATES
MARITIME COMMISSION**

**REPORT
TO CONGRESS**

**FOR THE PERIOD ENDED
JUNE 30
1945**



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UNITED STATES MARITIME COMMISSION

OFFICE: COMMERCE BUILDING

WASHINGTON, D. C.

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LETTER OF TRANSMITTAL

UNITED STATES MARITIME COMMISSION,
WASHINGTON, *January 15, 1946.*

To The Congress:

I have the honor to present herewith the report of the United States Maritime Commission for the fiscal year ending June 30, 1945.

The Commission is intensely proud of the phenomenal record made by American shipbuilders during the war. As a matter of record, therefore, and in the sense that events made the entire life of the Maritime Commission virtually a war program, there is included in this report a summation of the Commission's activities from its inception.

From this brief review the Congress may better understand how, in the few years before Pearl Harbor, the American shipbuilding industry was resuscitated under the stimulus of the Merchant Marine Act of 1936, and prepared for the test that came with total war.

The Commission found time during the fiscal year to give a great deal of study to the problems attendant upon conversion of the Merchant Marine to peacetime standards and requirements. Though greater progress along this line was made in the period after the close of the fiscal year and the end of hostilities, a great deal of essential preliminary work was performed during the period covered by this report.

E. S. LAND, *Chairman.*

UNITED STATES MARITIME COMMISSION

I. INTRODUCTION

The end of the war brought to a close the most dramatic period in the world's shipbuilding history. No more breath-taking task was ever given an industry than that handed America's shipbuilders in 1942. And it may be said in all humility that no group of persons held more responsibility for progress of the war or had a greater share in its success than the men and women who labored in United States Maritime Commission shipyards. America would have been impotent without their effort.

Though this report is concerned principally with the activities of the United States Maritime Commission during the fiscal period ending June 30, 1945, the end of the war came only 45 days later. The closeness of these dates makes it worthwhile to review briefly the course of the Commission's activities from its inception to the end of the hostilities. It is interesting to observe the events that shaped the trend of shipbuilding during the war, and trace the inter-relation of those events to the hopes and plans of the Commission for the present and the future of the Nation's maritime welfare.

The role of shipbuilder to the United Nations was assumed shortly after the United States entered the war. It had a triple result:

1. The United Nations shipping pool was enlarged by American tonnage to the point of replacing all the United Nations shipping losses, by the end of 1943.
2. With the world's prewar status of shipping tonnage re-established, the Maritime Commission was able to turn a large part of the shipbuilding facilities it had developed to production of types of vessels that were sorely needed by the armed services.
3. The American Merchant Marine became the largest merchant fleet ever under one flag.

The stupendous growth of production in Maritime Commission shipyards can be illustrated by a simple table. Beginning in 1939, the year in which were delivered the first of the vessels designed by the

Commission to replace obsolescent and overage ships, the record through the fiscal year is:

Calendar year	Liberty ships ¹	Other vessels	Total	Dead-weight tonnage
1939.....	0	28	28	341, 219
1940.....	0	54	54	638, 037
1941.....	2	101	103	1, 159, 765
1942.....	542	218	760	8, 091, 833
1943.....	1, 232	717	1, 949	19, 270, 746
1944.....	727	1, 059	1, 786	16, 299, 985
1945 (to June 30).....	84	613	697	6, 960, 138
Total.....	2, 587	2, 790	5, 377	52, 761, 723

¹ Includes only regular Liberty dry cargo vessels built for the United States.

The salient point of the table is the growth of the Liberty program in 1942-43. The figures in the second column, however, are not without a great deal of meaning, for under this one heading are the Commission's C-types, tankers and Victory ships; frigates, aircraft carriers, transports, Navy oilers and tenders; Liberty ships converted to tankers and other uses; coastal vessels; barges of concrete, wood and steel; tugs, landing craft and a variety of other types whose value lay chiefly with the armed services.

More than 98 percent of the tonnage shown in the above table was built after Pearl Harbor. An interpretation of the table to connect the rise and fall of the production figures in relation to the war would divide the life of the Maritime Commission, from its inception under the provisions of the Merchant Marine Act of 1936, into four phases.

1. Before Pearl Harbor

In tonnage, the American Merchant Marine at the time of Pearl Harbor was actually smaller than in 1937, when the Maritime Commission began the rejuvenation of the merchant fleet. The Economic Survey of 1937 disclosed that there were between 12 and 13 million deadweight tons of oceangoing shipping in the American Merchant Marine at that time. When the United States entered the war, the fleet's capacity was about 11 million tons. There was, however, a great difference in quality. Some of the older ships had been removed from active service, and 185 new ships added in 1939, 1940 and 1941, placing more than 2 million tons of modern carrying capacity in service.

The Maritime Commission in 1937 had inaugurated a long range program to build 500 vessels in the ensuing decade, based on its C-designs and a continuance of tanker construction. The disquieting world events of 1939 led to the doubling of the 50-ships-a-year schedule. Redoubling in succeeding years raised the contractual schedules to 400 ships a year in 1941.

There were 10 shipyards in the United States in 1937 capable of building oceangoing vessels. By the end of 1941 there were 40 such yards, strategically located on the Atlantic, Pacific, and Gulf coasts and the Great Lakes.

The mere letting of contracts does not produce ships. The demand for shipping space in 1941 was out of the reach of orthodox methods of construction, and was made much more complex by the self-establishment of the United States as the arsenal for the anti-Axis nations and advent of the lend-lease principle in March 1941. The great European merchant fleets had been withdrawn from world service. The American merchant fleet was compelled to assume all these shipping tasks, in addition to carrying a growing volume of imports required for expanding manufacturing.

The long range ship types required too long to build to be effective in the emergency. Shipbuilding had to be speeded if America's potentialities were to be used against the Axis. The answer was the emergency program that was conceived and put into execution in 1941.

The first two of the Liberty ships were delivered to the Commission between the time of Pearl Harbor and the end of 1941. They required around 35 weeks for their construction, but the way was made for the ultimate reduction of this time in one yard to as little as 20 days. When the United States was struck by war, America's shipbuilders were prepared for the exceeding demands put upon them by the global conflict.

2. The Race for Tonnage

Early in 1942 the Maritime Commission was directed by the President to build 8 million deadweight tons of shipping in the year, and 16 million tons in 1943.

As can be seen from the table, this 2-year program was 21 times the tonnage delivered in 1941. The saving grace in meeting these goals was the Liberty ship. The curve of their average building time was pushed down by strict adherence to an almost totally standardized design, by prefabrication of large sections of the ships, by use of the welding arc instead of the rivet hammer and by effecting and maintaining close coordination between manufacturers of ship components and the shipyards. As the time curve went down, the delivery curve went up, paced by toilers working around the clock, 7 days a week. By June 1942, the monthly average of construction time in all Liberty shipyards had been cut to 122 days, about half the time required for the first vessels. Six months later the average time was down to 55 days, and the curve descended steadily until it reached its lowest point, 39.2 days, in December 1943. Almost 80 yards held Commission contracts at the time, and the number of employees in these yards reached 702,000 at the height of the program.

Because of these accomplishments, the 2-year goal of 24 million tons was exceeded by more than 3 million tons, more than 11 percent. The huge shipping losses suffered by Great Britain and the early losses of American ships had been regained, and the Commission was enabled to turn, in considerable degree, from production of cargo tonnage to some shipbuilding requirements that were being felt keenly by the Joint Chiefs of Staff.

3. War Vessels and the New Merchant Marine

In 1944 the Liberty program was curtailed. No more contracts for these emergency vessels were let after April 1944. The new Victory ship had been put into production in November 1943, and the first of the new ships, the *United Victory*, was delivered February 29, 1944. As a class they have proved highly efficient and successful, for in addition to their modern hull design, internal arrangement and equipment, their geared turbine propulsion machinery of 6,000 or 8,500 horsepower enable speeds up to 18.5 knots. Many of them became transports or were taken by the armed services for other purposes that distant military operations engendered.

A development of 1944 was increased collaboration between the Maritime Commission and the Navy in building vessels for island warfare in the Pacific. The Commission had been hampered in production of high-speed vessels during 1942 and most of 1943 by a lack of adequate facilities for manufacturing turbine machinery. The necessary expansion of these facilities was accomplished by the Commission's efforts by the beginning of 1944, and the increasing numbers of turbine-propelled vessels that came into delivery were divided between military types and merchant ships.

Many of the Commission's C-types were taken over by the Navy during their construction and completed as combat cargo or combat transports, found useful by the Navy in carrying landing forces and their supplies for beach and isolated operations against the Japanese.

As the table shows, Liberty ship production in 1944 was only about half that of 1943. As Liberty shipyards finished their contracts, they were diverted or converted to construction of faster ships, with the consequent rise in deliveries of other types. Though the deadweight tonnage delivered in 1944 was about 3 million tons less than the preceding year, this was only a reflection of the purposes for which the ships were being constructed, for military vessels have little deadweight tonnage. Reckoning 1944 by a computation that is fairer for that year—lightship displacement of water—we find that 1944 construction exceeded even 1943.

4. The Year of Victory

The Commission's schedule for 1945 was for some 13 million deadweight tons of vessels, predicated on the course of the war. With the Allied troops putting pressure on Germany that finally squeezed her into surrender, the Commission's activities became woven closer than ever into the strategic pattern of the Joint Chiefs of Staff in planning Pacific operations.

The defeat of Germany had little effect on the Commission's plans. The principal new need of the time was for vessels to make the required rotation of troops between the theaters of war and the United States, according to the Army's plans to shift several million men from the European theater to the Pacific, and to evacuate all ill and wounded men from Europe and the remaining battle areas.

When Japan surrendered on August 14, United States shipyards holding Maritime Commission contracts had a total of 526 vessels on their schedules (including 45 for private account) incorporating 4,598,190 deadweight tons. War-end cancellations took away contracts for 132 ships aggregating 978,318 tons, leaving the Commission's schedule and private construction as of that date at 349 ships and 3,619,872 tons. The cancellations included 6 standard cargo vessels, 46 emergency cargo ships, 8 tankers, 35 coastal cargo and 24 coastal tankers, 5 transports and 8 attack transports (APA). The adjustments included changes in design by which 10 vessels that were planned as transports would become standard cargo ships; 3 cargo attack vessels (AKA) changed to standard cargo ships; 3 fleet oilers being built for the Navy changed to tankers and 8 other oilers changed to coastal tankers. All these were vessels that were well under construction when hostilities ceased.

II. THE FISCAL YEAR

CONSTRUCTION

In the fiscal year 1,559 vessels were built by the Maritime Commission, 866 in the last 6 months of 1944 and 693 in the first 6 months of 1945. The aggregate deadweight tonnage for the year was 14,533,-564 tons.

Types

The types built during the fiscal year fall into three principal groups. The major merchant vessels included 87 standard C-type cargo ships, 8 refrigerated C-types, 403 Liberty ships, 275 Victory cargo ships, 217 tankers.

The military types (including those built for military account and those for use of the armed services) embraced 76 cargo attack ships (Navy AKA), 38 tankers for the Navy (AO), 2 escort aircraft carriers, 19 frigates, 161 attack transports, 10 P-2 transports, and 26 transports for the armed services.

The minor types included 141 coastal cargo ships, 17 refrigerated coastal vessels, 14 concrete vessels and 18 concrete barges, 35 carfloats, 9 harbor tugs, a wooden barge, and 2 derrick barges.

The greatest change in the construction trend during the fiscal year was the drop in military types from 250 in the first half of the period to 82 in the second half. Deliveries of coastal cargo vessels increased sharply in the second half. The major types were evenly divided during the two periods, marked only by a decrease of Liberty construction from 287 to 116, and an increase in Victory types from 58 to 217.

█ Total Construction

From inception of the Commission's construction program in 1937 to the end of fiscal 1945 there were built and delivered under Commission supervision, and for which funds were expended by the Commission, a total of 6,469 vessels of all types, including 1,215 small craft, and 47 vessels taken over and completed by the Navy, for which adequate financial arrangement and reimbursements are in effect. The estimated total cost to the Commission for ship construction is \$13,017,355,258.

War-end cancellations in August 1945 brought a readjustment in the Commission's building program. Reconciliation of the actual schedule as of the end of the fiscal year with the cancellations of

August, shows a readjustment which, as of June 30, 1945, left 471 vessels (4,482,600 deadweight tons) under construction or contract. This excludes 3 vessels that had been included in the cancellations, but restored by Commission action.

The readjustments reflect a total of construction contracted for by the Commission to June 30, 1945, of 6,940 vessels of all types, embracing 55,262,402 deadweight tons.

PRODUCTION AND SCHEDULING

The function of the Production Division is to schedule materials for the various shipbuilding programs through manufacturing processes, allocate its distribution in line with shipyard requirements, and expedite its delivery.

Steel plate, the largest ship component, was in satisfactory supply during the fiscal year, but difficulties were encountered in obtaining other components, notably marine Diesel engines, boilers, refrigerating equipment, pumps, motors, controls, general electrical equipment, galley equipment, and spare parts.

With the end of the emergency program in sight, the work of the Division grew less arduous, as scheduling and expediting are necessarily done well in advance of construction. There was an increasing requirement from the War Shipping Administration, however, to schedule materials and parts to cover battle damage and repairs.

A surplus of materials in certain categories, notably steel plate, structurals, sheets and bars, and piping resulted in the saving of hundreds of thousands of tons of steel manufacture. A like surplus of electrical cable was utilized.

Many materials and components were in tight supply during the fiscal year. In its expediting activities and making changes in allocations and scheduling necessary to maintain a constant flow and a controlled distribution of material, the Division has had satisfactory contacts with the military branches of the Government and the War Production Board.

With the diminution of the Division's work load the liquidation of field offices was begun with the closing of the Detroit office and reductions in force in Pittsburgh and Chicago. The fourth office is in Oakland, Calif.

PROCUREMENT

The Procurement Division is responsible for procurement and transportation of material and equipment in which the Maritime Commission has an interest and the inventorying of vessels and other projects owned wholly or in part. The Division also functioned during the fiscal year as a purchasing agency for the War Shipping Administration in procuring spare parts and other supplies for vessel

operations. For the first three-quarters of the fiscal year the Division was also responsible for all custody and maintenance of materials, supplies, and equipment, until these functions were transferred to the Division of Contract Settlement and Surplus Materials.

The Division carried on its field activities through district offices located in New York, Philadelphia, Baltimore, Norfolk, Savannah, New Orleans, San Francisco, Oakland, San Pedro, Portland, and Seattle.

Purchasing

Procurement for the 1945 shipbuilding program was practically completed with the end of the fiscal year. The Division procured material and equipment for 667 ships allocated to the following construction programs: Victory, cargo attack (AKA), transport attack (APA), coastal cargo, and tanker.

At the request of the War Shipping Administration the Division set up procedures for procurement of slop chest supplies for operating vessels. The project was begun late in the fiscal year and by the close of the period the contracts arranged for amounted to approximately \$7,000,000.

During the fiscal year 27,029 purchase orders were placed by the Washington office, with a total value of \$543,992,249.70. Purchase orders totaling 46,245 were placed by the district offices, having an aggregate value of \$37,159,058.65.

Price Revision

Pursuant to the Repricing Act, i. e. title VIII, of the Revenue Act of 1943, the necessary organization and procedures to adjust procurement contracts in accordance with the provisions of the act were established within the Procurement Division. A review of the contracts of approximately 3,500 prime contractors and about 1,000 subcontractors who have furnished material and equipment to the Commission was commenced by this Division, on an individual basis in many cases and in cooperation with other Government agencies in others, and it is estimated that recoveries exceeding \$20,000,000 have been or will be made as a result of repricing agreements consummated prior to the close of the fiscal year.

Warehousing

Warehouse and storage operations during the fiscal year were necessarily expanded to meet the requirements of the surplus property disposal program and the closing of certain shipyard facilities. Additional storage facilities were established at Long Beach, Calif.; Oakland, Calif.; Portland, Oreg. (2); Baltimore, Md. (Highlandtown);

Camp Shelby, Miss.; Williamsport, Pa., and MacEvoy Shipyard, Savannah, Ga.

Material valued at \$32,338,436.02 was received at the warehouses and material valued at \$110,993,268.03 was issued by warehouses during the fiscal year. The value of material on hand at the end of the fiscal year aggregated \$104,426,271.43, which includes material carried over from the previous fiscal year.

Domestic Freight Traffic

Activities covering the transportation of vessel construction materials and surplus property were exceedingly heavy during the fiscal year and, because of embargoes placed on wide areas of the country as a result of extreme winter weather conditions, many serious and difficult traffic problems arose. Notwithstanding handicaps in the transportation of material, there were no serious delays in the movement of material for the shipbuilding program. Investigation and adjustment of freight classification descriptions during this fiscal year resulted in considerable savings in transportation expense to the Maritime Commission. Also, establishment of special rate quotations on storage or fabrication in transit resulted in additional savings of approximately \$900,000 in transportation expense. During the fiscal year 286,790 bills of lading were prepared and transportation vouchers covering the movement of freight were approved for payment by the Commission in the aggregate amount of \$102,517,256.73.

Vessel Inventories

The District Inventory Sections of the Procurement Division had in process at the beginning of the fiscal year 5,057 vessel inventories. The vessel inventories accomplished in the past fiscal year totaled 5,373, and final settlements of 4,312 inventories were completed. The Inventory Section (Washington) examined and approved 256 inventories and public vouchers in the aggregate amount of \$2,774,757.42, representing the value of unbroached consumable stores, fuel, and water paid to owners of vessels requisitioned for title or bareboat chartered by the United States Maritime Commission and the War Shipping Administration. Also approved were 86 public vouchers aggregating \$167,788.72, covering the value of fuel oil remaining on newly constructed vessels at the time of their delivery to the Maritime Commission. Inventories covering delivery and redelivery of vessels operating under General Agency and other forms of agreements were made, examined and transmitted to the Division of Finance, including consumable stores, fuel, and water. The 1,332 inventories had an aggregate value of \$6,764,074.80.

SHIPYARD LABOR RELATIONS

A principal concern of the Division of Shipyard Labor Relations in the fiscal year was allocation of the available supply of labor among the shipyards according to the importance of their production to the strategy of the war.

The Commission's most critical construction program in 1944 was the building of the types designated by the Navy as APA and AKA—combat transports and combat cargo vessels completed by the Navy on Commission-built hulls—for specialized warfare in the Pacific.

The Director of the Division, representing the Maritime Commission on the National Manpower Priorities Committee, established by the War Manpower Commission to recommend recruitment and priority measures and advise on other operating matters, was the liaison between the committee and the shipyards in procuring and holding essential labor.

When a labor deficiency developed in the West coast yards building these ships, an "A" priority was obtained from the War Manpower Commission to relieve the situation. Vigilant contact was maintained between the Division and the War Manpower Commission, War Production Board, and regional offices of the Maritime Commission to coordinate the labor supply with production quotas.

The difficulties of retaining key personnel in shipyards and industrial plants making ship components became acute during the fiscal year in face of heavier demands of Selective Service. In February 1945, the Division was given authority to act on behalf of the War Shipping Administration as well as the Maritime Commission in dealing with Selective Service on deferments. The Division was thus made responsible for handling deferment requests in repair and conversion yards, new shipyards, and for manufacturers of ship components, as well as contractors and subcontractors to these organizations; also for shore personnel of shipping companies acting as agents of WSA, warehouse employees, and longshoremen.

A revision of Selective Service procedure in processing requests for men between the ages of 18 and 29 who were rated indispensable brought a new volume of work to the Division, requiring a special office to handle the flood of lists and certifications from all areas. By June 15, 1945, 826 lists had been received and processed. They contained 33,820 names, out of which about 8,000 were certified, and actions by local draft boards were favorable to the extent of 87 percent.

It was discovered in February 1945, that ship repair yards—a part of the shipbuilding industry increasingly important to the functioning of the fleet—were being hindered by a lack of supervisory personnel and workers in specialized categories. These yards were prevented from recruiting labor because they were not on the National Produc-

tion Urgency List. With assistance from the Army and Navy, the Maritime Commission persuaded the War Production Board to blanket ship repair yards into the Urgency List upon proper certification, relieving a situation that was becoming critical.

Women Workers

The shipbuilding industry—and particularly shipyards on the Pacific coast—is unanimous in its praise of women workers. When the demands of Selective Service and the competition of other war industries made it exceedingly difficult for shipyards to hold skilled workers and even obtain unskilled men, women stepped into the breach. They proved to be exceptionally adaptable to certain tasks, such as welding and in other jobs where manual dexterity was a requisite. Their numbers increased steadily through 1942 and 1943, and when the peak of the building program was reached in 1944, 17 percent, or approximately 100,000 of the total working force in shipyards holding Commission contracts were women. A significant fact is that the Oregon Shipbuilding Co., of Portland, generally regarded as one of the best in the wartime building program, employed more women than any other yard; at the height of its operations 26 percent of its shipyard workers were women.

Tours of Pacific coast shipyards and establishments on the Great Lakes during the fiscal year by the Personnel Consultant employed by the Commission to advise on working conditions for women workers, revealed great improvements.

Since many shipyards completed their contracts during the fiscal year, it was felt that there would be no longer a need for specialized supervision over working conditions for women employees, and the office of Consultant for this purpose was discontinued at the end of the fiscal year.

Shipyard Training

Because of the great number of workers required by shipyards in 1942 and thereafter, the system of in-plant training that was developed was of the greatest consequence to ultimate success of the construction program.

Though in-training was primarily the responsibility of the shipyards, and, in some cases, was materially aided by State vocational school systems, the Commission's Training Section rendered valuable service in coordinating the work, and furnishing consultative advice and direction when it was required.

Systems for training and upgrading men and women were placed in operation which, on the broad average, transformed trainees into mechanics in 6 months, and provided the rapid means of raising them to supervisory positions. Several hundred thousand men and women were trained in these courses during the wartime building program.

During the fiscal year the Supervisor of Training devoted a considerable part of his efforts to solution of difficult production matters in yards on the East and Gulf coasts, due in some measure to deficiencies in the number of foremen and other group leaders. Foremen training classes were held in several shipyards, special emphasis being placed on group conference sessions.

Health and Safety

Considerable improvement in accident frequency rates was made in the fiscal year, as the result of special attention to those yards where frequencies were highest. Numerous inspections and informal visits were made by Division consultants to assist medical and safety directors. Bulletins on pertinent subjects and sound slide films were made available to all yards.

Shipyards primarily engaged in new construction reduced their frequency rate by nearly 30 percent from 1943 to 1945. Although most of this improvement was reported during 1944 when the frequency rate dropped to 22.7, the lowest rate recorded for any of the 3 years was 21.3 during the first 10 months of 1945. Yards holding Maritime Commission contracts reduced their injury frequency rate 35 percent during the 3-year period. The greatest improvement among this group was that of the yards on the Great Lakes where the frequency rate was reduced to less than half of the 1943 rate, and on the Gulf, where the rate was reduced by 45 percent. Shipyards on the Atlantic and Pacific coasts reported an over-all reduction of approximately 30 percent during the 3-year period.

A survey of respiratory illnesses among shipyard workers was being conducted during the year by the Public Health Service, under auspices of the Division, the results to be published soon.

Worker Transfers

When expiration of ship construction contracts threatened serious layoffs in shipyards, the Division took steps to give these workers the greatest amount of job protection possible. Prospective manpower requirements in each area were obtained from regional directors, and the information transmitted to the War Manpower Commission and War Production Board. This gave rise to a system by which employees could be transferred to industries having more urgent manpower requirements, with sufficient time to plan community service adjustments for workers and their families.

Disputes and Grievances

Early in the fiscal year the Division was authorized to represent the War Shipping Administration in all disputes and grievances pertaining to wage scales and standards in shipyards and repair yards, in the same manner as it represented the Maritime Commission.

There were no serious work stoppages during the fiscal year, and the few minor disputes were settled rapidly.

Representation on the Shipbuilding Stabilization Committee was maintained throughout the year, and the Division was the liaison between contract yards and the War Labor Board in matters of wage increases and other adjustments.

INSURANCE

Interests of the Commission in the many types of contracts embraced in the Commission's building program and business structure are protected by various kinds of insurance. In addition to the several forms of marine insurance, covering vessel and facility building contracts, mortgages, construction and operating subsidy agreements, other legal liabilities of the Commission, such as workmen's compensation and various kinds of property also are covered by appropriate insurance contracts.

The underwriting functions of the Maritime Commission, granted by the Merchant Marine Act of 1920, the Merchant Marine Act of 1936, as amended, and the act of June 6, 1941 (Public Law 101) are still performed by the War Shipping Administration, to which the functions were transferred by the Executive Order establishing the WSA.

Support of the American Market

The Commission has consistently exerted every effort to support the American insurance market. All the insurance protection paid for by Commission funds has, of course, been placed with American companies. In addition, however, the Commission has repeatedly urged shipbuilding companies to place as much as practicable in the American market. The net result has been that, of all the great volume of wartime ship construction in the United States that was insured, considerably more than three-fourths of the insurance was placed with domestic companies.

Builder's Risk Insurance

The Commission's policy, inaugurated at the beginning of 1944, to bring to an end the building of Liberty ships and emphasize construction of more modern vessels, also brought a change in the Commission's insurance operations. Liberty ship construction contracts, made on a cost-plus-fee basis, were not insured. A change in the form of construction contracts from those under which the Commission assumed the insurable risks to those under which the contractor became responsible, raised substantially the number of vessels insured under builder's risk form policies.

Though the costs of this insurance are primarily for the account of shipbuilding contractors, the Commission continues to scrutinize

such costs. Its interest stems from the recapture provisions of vessel construction contracts, which could be impaired by too high construction costs.

Casualty Insurance

Emergency shipyards since 1941 have purchased workmen's compensation, automobile, and other forms of liability insurance on a cost basis in accordance with a uniform plan developed for the exclusive use of contractors with the Federal Government under contracts in which the cost is either reimbursable or allowed in determining construction cost.

The Commission requires insurance carriers to submit computation of insurance costs at regular stated intervals; and when contracts have been completed and the insurance terminated, final settlements are completed.

Where contractors are still employed on Commission work, an interim settlement is made annually after the second anniversary. Settlements have been examined and approved with respect to 40 separate projects. The total cost of insurance on these projects was \$24,444,156.73, or 55.67 percent of the cost had the same insurance been purchased commercially at standard premium rates.

Group Insurance

Owing to a change in the form of ship construction contracts, the direct interest of the Commission in this form of insurance covering the workers in shipyards has ceased. Prior to this change the Commission recognized a part of the employer's share of group insurance premiums as an item in the cost of constructing vessels, but now this cost is entirely for account of the contractors.

REGULATION

The Maritime Commission is charged with supervision of practices of carriers by water engaged in foreign commerce and those in interstate commerce between United States ports, possessions, and territories.

Carriers are required to establish and keep on file tariff schedules, and may not make any changes therein without due statutory notice. The Division of Regulation passes on the reasonableness of these rates and has the power to establish maximum and minimum rates in particular trades.

It is also a function of the Division to prevent the extension of undue preferences or privileges which subject shippers or others to disadvantages or discriminations, and to prevent certain practices specifically prohibited by the Merchant Marine Act of 1936.

The Maritime Commission's control over carriers engaged in foreign commerce is facilitated by supervision over all agreements entered

into by carriers for establishment of uniform rates, or for other means to limit, control or destroy competition. The Commission's supervision over these practices has been broadened and is more detailed, for the further protection of United States commerce.

Formal Investigations

Two major investigations were instituted concerning terminal rates and practices. In Docket 640—Terminal Rate Structure—California Ports (pending hearing), the objective is to devise a formula for rate making at all major California ports. In Docket 629—Contract Rates—Port of Redwood City (pending decision) the question is whether a marine terminal may fix rates by contract, and whether they are for the exclusive benefit of the contracting shipper, therefore discriminatory. An analysis of the port's investment, revenues and expenses was required to determine compensatory character of rates. Requests for surveys of rates and practices in other ports are receiving consideration.

A pending decision in another case, Docket 635—In the Matter of United States Gulf-Atlantic and India, Ceylon and Burma Conference (Agreement 7620) is important, for upon it depends the right of the respondent, the Kerr Steamship Co., and others to retain membership in other conferences. The principal question is whether the respondent is a common carrier or the agent of another.

A proceeding concerning conference agreements was initiated by formal complaint in Docket 633—*Lykes Bros. Steamship Co. v. Florida East Coast Car Ferry Co., et al.* The respondents agreed at the hearing to admit Lykes to conference membership.

Proper rate filings, as required by the Interoceanic Shipping Act of 1933, were secured by an order issued in Docket 626—Transportation by Mendez & Co. between United States and Puerto Rico. Reparation for alleged unlawful terminal charges is sought in Docket 630—*Sigfried Olsen Shipping Co. v. War Shipping Administration, et al.*, pending hearing, and Dockets 634 and 636—*Continental Distributing Co. v. Companhia Nacional De Navegacao, etc.*, pending decision. Reparation is also sought in Docket 637—*Rubber Development Corp. v. Booth Steamship Co., et al.* (pending decision), because rates charged were allegedly inapplicable.

A final determination of the Maritime Commission's jurisdiction over foreign freight forwarders is expected soon from the Supreme Court, stemming from the case of *American Union Transport, et al., v. United States*. The case is on appeal by the Government from a Federal Court in New York.

The Commission, through its regulatory division, has been able to adjust informally many other controversies between shippers and

carriers involving alleged unlawful rates and practices. Six investigations and complaints were instituted or received during the year. Four proceedings were carried over from the preceding year. Eight cases were carried over to the next year, Four proposed reports (one of which included two cases), two final reports, and eight orders were issued, and two special inquiries were begun.

Rate Filings

Close cooperation was maintained with the War Shipping Administration to assure that carriers acting as its agents were filing rates as required by the Intercoastal Shipping Act of 1933, as amended.

Waiver of the coastwise laws was rescinded September 30, 1944, applicable to ships of foreign, limited or restricted registry, under a thousand gross tons operating in the United States-Puerto Rico trade. To that time, activities of operators or owners of such ships were watched closely for compliance with filing requirements when these vessels were acting as common carriers. Such vigilance was also necessary in the United States-Alaska trade.

Lighterage companies operating between ship's anchorage and points in Alaska, as well as between points within Alaska were informally held to be common carriers within the purview of section 1 of the Shipping Act, 1916, as amended, and several of such companies are now filing their rates with the Commission.

A revision was made of the Commission's Information Circular in order to obtain more complete information from common carriers by water and also information from "other persons" subject to the Shipping Act, 1916, as amended.

Tariff Schedules

One hundred and thirteen tariff schedules were received for filing. A large volume of correspondence was held with carriers criticizing or otherwise commenting on tariff filings and circulars executed by carriers.

Although the War Shipping Administration owned or controlled carriers engaged in transportation between the United States, its territories and possessions, and shipping companies acting as agents of WSA, and therefore working for the account of the United States, it was insisted that WSA agents comply with the filing requirements of the Shipping Act of 1916. Consequently, the Commission received and granted 16 special applications to file tariff changes on less than statutory notice.

Shipping Conferences

A marked increase in conference activities was noted during the fiscal year. Conference agreements are under provisions of the

Shipping Act of 1916, as amended, and provide the means for stabilization of rates and trade practices in the various trade areas.

New conferences were organized. Old conferences were revived and extended in scope, the activity reflecting the release of enemy-controlled territory and the approaching normality of trade.

Many conference agreements are of long standing. The Division of Regulation gave especial attention to keeping the level of all agreements consistent with modern standards of completeness and compliance with the governing statutes.

A development that cleared the way for greater employment of fast modern vessels in the trades between ports on the United States Atlantic and Gulf coasts and Brazilian ports came during the year. A choice of rates had been possible in this trade, because of faster vessels taking a higher rate, which tended to perpetuate obsolete tonnage. An approved amendment eliminated the differential.

There were on file with the Commission as of June 30, 1945, 555 agreements between common carriers or other persons subject to the Shipping Act, 1916, as amended, all of which have been approved pursuant to the provisions of section 15 of said act. Of these, 114 are agreements of common carriers establishing conferences of steamship lines.

During the fiscal year 36 agreements, modifications, or cancellations received section 15 approval.

Foreign Tariffs (Overseas Transportation)

The Division continued to be the repository of all tariffs of operators holding merchant ship warrants, tariffs filed pursuant to section 15 agreements and the Commission's orders in Dockets 128 and 507.

Schedules filed during the year pursuant to the order in	
Docket 128.....	2, 235
Other schedules filed during the year.....	971

Terminals

A notice approved by the Commission on October 24, 1944 was sent to terminal operators requesting the filing of terminal rates, charges, and contracts. As a result, 1,180 tariffs and 10 contracts were filed. Eighteen other terminal tariffs were filed pursuant to approved section 15 agreements. The total filings, 1,198, show an increase of 932 over the previous year. Pursuant to the Commission's order in Docket 555 (Practices, Etc., of San Francisco Bay Area Terminals), 2 terminal agreements and one modification were filed and approved. Another agreement between 3 railroads and a terminal operator relative to dockage was filed and approved.

CONTRACT RENEGOTIATIONS

A saving to the Government of almost \$300,000,000 through renegotiation of contracts and forward price reductions has been effected through the Commission's Price Adjustment Board. The saving was made at a cost to the Government of less than one-half of 1 percent of the recovered amount.

Recovery during the fiscal year was in excess of \$76,000,000.

During the fiscal period the Price Adjustment Board processed 2,242 cases. A total of 1,272 contractors were dealt with, involving total sales of \$1,396,628,000 subject to renegotiation. Of these contractors, 632 with renegotiable sales of \$905,776,000 either executed agreements or are in process, refunds to approximate \$66,000,000. The remaining 640 contractors, with renegotiable sales amounting to \$490,852,000 were found to have realized no excessive profits. Approximately 970 cases were processed and found either to be not subject to the Renegotiation Act or to be the responsibility of other governmental agencies.

TRANSFER OF VESSEL REGISTRY AND SALES TO ALIENS

Four hundred and forty-eight vessels aggregating 152,382 gross tons were transferred during the fiscal year to alien ownership or registry under sections 9 and 37 of the Shipping Act of 1916. The Commission disapproved 10 sales of American-owned vessels to non-citizens.

Vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag, July 1, 1944, through June 30, 1945

	Number	Total gross tonnage	Average age
1. Sailing vessels, schooners.....	2	1,357	25
2. Tugs and barges.....	15	3,343	12.2
3. Pleasure vessels, yachts, etc.....	18	909	27.7
(a) Motorboats (undocumented of less than 5 net tons).....	117	461	4.3
4. Tankers.....	5	30,203	-----
5. Commercial vessels under 1,000 gross tons (fishing vessels, motorboats, etc.).....	283	23,280	4.3
6. Commercial vessels over 1,000 gross tons (cargo, combination cargo-passenger):			
(a) Subsidized (proceeds reserved for new construction).....	-----	-----	-----
(b) Nonsubsidized (proceeds reserved for new construction).....	10	80,000	-----
(c) Nonsubsidized.....	3	7,329	34.3
(d) U. S. Government-owned.....	-----	-----	-----
Total.....	448	152,382	-----

In addition to the sales, the Commission approved 25 charters of American-owned vessels to aliens, pursuant to provisions of the act of 1916. Most of these were small, undocumented motorboats, tank barges and other small craft operating in the Caribbean area. The number of charters is not representative of all approved charters, as General Order 56 of the Commission was still in effect, giving blanket

authorization to charter American-owned vessels under WSA control to aliens upon the American owner filing a certified copy of the charter party covering the proposed voyage.

Vessels approved by U. S. Maritime Commission for transfer to alien ownership and/or registry and flag, July 1, 1944, through June 30, 1945

Nationality	Number of vessels	Total gross tonnage	Nationality	Number of vessels	Total gross tonnage
Arabian	1	5	Newfoundland	3	140
Bahamian	1	96	Norwegian	1	220
Brazilian	3	2,068	Panamanian	8	31,072
British	7	1,474	Peruvian	2	697
Canadian	20	1,392	Portuguese	1	22
Colombian	6	469	Swiss	1	6,850
Costa Rican	1	30	U. S. S. R	3	4
Cuban	3	80	Venezuelan	21	127
French	20	472			
Haitian	2	139	Total	394	150,830
Honduran	21	2,792	Sale alien only	54	1,552
Liberian	1	1			
Mexican	26	1,330	Grand total	448	152,382
Netherlands	242	101,400			

Surrendered Marine Documents

During the fiscal year the Commission approved, pursuant to section 30, subsection O (a), Merchant Marine Act of 1920, 90 applications for the surrender of marine documents. The Commission also approved, pursuant to subsection B (4) of the same statute, the surrender of marine documents of 65 vessels, incident to their acquisition by WSA for delivery to the War and Navy Departments.

LEGAL OPERATIONS

The Commission's General Counsel conducts litigation of all claims by or against the Commission, subject to the supervision of the Attorney General of the United States.

At the beginning of the fiscal year there were 102 cases pending, involving \$9,245,562.06. This includes 71 condemnation proceedings in which no amounts are carried. During the year 65 cases involving \$1,780,266.71 were added, and 26 cases involving \$5,625,161.19 were closed. \$109,050.02 was received and \$36,981 paid out.

The cases pending at the close of the fiscal year, including 70 condemnation proceedings, totaled 141, involving \$5,400,667.58.

ORGANIZATION AND PERSONNEL

There were no changes in the membership of the Commission within the fiscal year.

In anticipation of the time when ship construction would be secondary to disposal of the ships already built, the Commission was studying plans during the fiscal year for functional reorganization. Eventual abolishment of the War Shipping Administration at an appropriate time after the close of hostilities was a prime consideration, with the

return of functions and key personnel to the Commission in a manner that would best serve the peacetime status of the Merchant Marine and the industry.

Personnel of the Commission remained almost level in number during the fiscal period. There were 10,781 Commission employes at the beginning of the fiscal year and 10,770 on June 30, 1945.

As the construction program was diminished, the personnel structure was altered to meet new conditions. The Chicago construction office was consolidated with the New Orleans office. Employees in the field offices and in Washington were circularized continuously in order that those qualified by training and experience might be fitted into positions in the program that was changing fundamentally from ship construction to operations, ship disposal, maintenance, and the handling of surplus property.

III. THE PRESENT AND THE FUTURE

As victory in Europe gave additional hope that there would be an early termination of all hostilities, certain aspects of the Commission's work were increasingly important to the future of the shipping industry, while others, such as production, procurement, and kindred duties were fading.

A great deal of planning was required, against the time that the task of the War Shipping Administration in returning American troops would be finished, international controls over shipping relinquished, and the duties assumed by WSA during the emergency would be restored to the Commission.

LEGISLATION

The legislation of major importance to the Merchant Marine during the period covered by this report was the so-called ship sales bill. Measures were introduced in both Houses of Congress during 1944 providing a method for fixing the basic selling prices of vessels built during the war period and owned by the Government. Action was not completed in the Seventy-Eighth Congress, and revised bills were introduced in the succeeding Congress on which reports and various data were submitted.

The Maritime Commission was designated in the Surplus Property Act of 1944 as the sole disposal agency for merchant vessels or vessels capable of conversion to merchant use. Such vessels are to be disposed of only in accordance with the provisions of the Merchant Marine Act of 1936, as amended, and other laws authorizing such sales. Pending ship sales bills also designate the Maritime Commission as the disposal agency.

Other legislation of a general nature affecting the activities of the Maritime Commission are the Contract Settlement Act and the War Mobilization and Reconversion Act, both of 1944.

Appropriations

The Commission's construction program was continued by the appropriation of \$6,766,000,000 for ship construction and an increase in contract authorization of \$5,700,000,000 in the Independent Offices Appropriation Act, 1945. The Maritime Commission appropriation for the fiscal year of 1946 contained no amount for the construction fund because of curtailment of the shipbuilding program following the end of the war in Europe. Another enactment after

VE-day repealed \$4,265,000,000 of the Commission's contract authorization and cancelled \$3,100,000,000 of the appropriation for the revolving fund. The Second Deficiency Appropriation Act, 1945, provided \$666,912,000 for acquisition or temporary use of vessels for lend-lease purposes.

Seamen Benefits

Legislation extending reemployment rights for persons entering the Merchant Marine during the war was enacted during the fiscal year. Laws providing medical and hospital care for seamen were revised and consolidated in the Public Health Service Act. Provision was made by statute for continuance of seamen's total disability payments even though the war-risk insurance policy benefits are exhausted.

Air Transport

Legislation that would permit shipping companies to provide air transport on ocean trade routes where surface and air mediums could be economically and efficiently combined received much attention during the year. A proposed measure to amend section 408 of the Civil Aeronautics Act of 1938 was of particular interest to the Commission, because, under present laws, decisions of the Civil Aeronautics Board prohibit joint operations of ships and planes.

The law relating to prizes captured by the United States during the war was amended to facilitate the disposition of such prizes.

An amendment to the Merchant Marine Act, 1936, was passed to enable depositors (nonsubsidized operators) maintaining ship construction reserve funds to make deposits notwithstanding certain delays of adjustments for ship losses and resulting complications of tax returns.

The various laws relating to requisition of property, control of exports, radio safeguards, war powers, and renegotiation authority were extended during the year.

CONTRACT SETTLEMENT AND SURPLUS MATERIALS

The shipbuilding program for the calendar year of 1945 was estimated at the beginning of the year as about 13 million deadweight tons. This was based, of course, on the assumption that the war would continue through 1945.

The recession in shipbuilding from the high total of 1943, caused by the directional changes in the program as the requirements of the Joint Chiefs of Staff were met, left thousands of contracts to be settled and a great quantity of surplus materials on hand.

In accordance with the purposes and provisions of the Contract Settlement Act and the Surplus Property Act, both of 1944, the Maritime Commission created a Contract Settlement and Surplus Materials Division in January 1945.

The Commission came to be charged with disposal not only of its own surplus and unrequired material, but also marine items and materials declared surplus by the Army and Navy. It was indicated that surplus declarations from those departments would be many times in volume the declarations of the Commission.

The Maritime Commission is both an owning and disposal agency in the meaning of the terms as expressed in surplus property legislation and regulations. The regulations governing the Commission's activities in surplus disposal place on the Division responsibility for handling all termination inventories and other materials reported as unrequired, and disposing of marine property—excluding real property and all vessels except those classified as small craft—declared surplus by the Government-owning agencies.

Warehouse and sales functions formerly handled for the Commission by the Procurement Division were transferred to the new Division. In April the contract settlement and surplus property activities of the War Shipping Administration were integrated into the Division.

The first 6 months of the Division's activities, ending June 30, 1945, were largely in the realms of organization and reorganization, establishment of procedures and placement of personnel, in preparation for a work load that was expected to be very heavy.

Potential surplus material owned by the Maritime Commission exists in practically all shipyards, in shipyard warehouses, in warehouses operated by the Division and in contractors' manufacturing plants.

In collaboration with the construction and procurement forces of the Commission and of various shipbuilders, every practicable effort was made to secure maximum utilization of otherwise unrequired materials in forthcoming shipbuilding. General instructions were issued covering scrapping and clean-up sales and describing to other agencies the surplus material available.

At no time in the fiscal year were there available accurate figures as to the ultimate work load of the Division, and a shortage of personnel hampered activities in establishing the central and field offices with procedures and organization adequate for the job.

Contract Terminations

The number of contract terminations effected by the end of the fiscal year was 7,061, involving \$212,986,000. Of these, 6,102 involving cancellation of commitments amounting to \$169,525,000 were settled, and 959 involving cancellations totaling \$43,461,000 were pending. Also two terminated cost-plus contracts with cancelled commitments totaling \$203,657,000 remained unsettled at the end of the year.

At the close of the fiscal year, 5 companies had been assigned for settlement of their claims under the company-wide settlement plan by the War and Navy Departments; 13 contractors had been delegated authority by the Settlement Review Board to settle claims of their subcontractors not in excess of \$10,000; and 4 contractors had been assigned to the consolidated termination program of the Army and Navy.

Surplus Declarations

To and including December 31, 1944, surplus declarations of Maritime Commission-owned materials to the various disposal agencies approximated \$3,700,000; and similar declarations through June 30, 1945, approximated \$8,000,000 with 58 percent to the Reconstruction Finance Corporation, 22 percent to the Department of Commerce, and 20 percent to the Maritime Commission. In addition to the foregoing, four surplus declarations of real property by the Maritime Commission involved a total reported cost of \$1,224,635 and all have been assigned to the Reconstruction Finance Corporation for disposal.

Materials utilization efforts of the Contract Settlement and Surplus Materials Division in collaboration with other divisions have resulted, since January 1, 1945, in placing approximately \$20,000,000 of otherwise unrequired materials into the 1945 shipbuilding program.

The following summarizes activities of the Maritime Commission as a disposal agency for marine surplus materials for the fiscal year 1945 and shows the increased activity for the last six months by the Materials Disposal Section of the Contract Settlement and Surplus Materials Division:

	Declara- tions (net)	Disposals	Proceeds from disposals	
			Amount	Recovery
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
July-December 1944.....	\$9,429	\$2,975	\$2,428	82
January-June 1945.....	10,916	8,625	6,047	70
Fiscal year 1945.....	20,445	11,600	8,475	73

The inventory balance on hand June 30, 1945, was \$8,845,311. Of all materials declared to the Maritime Commission as a disposal agency, 57 percent had been disposed of by the close of the fiscal year.

VESSELS DISPOSAL

In anticipation of the time when the Maritime Commission would be charged under congressional legislation with disposal of the war-built merchant ships, there was established in December 1944 a Division of Large Vessels Disposal.

The Commission was made the agency for ship disposal by the Surplus Property Act of 1944. In section 10 (b) of that statute it is declared that:

The United States Maritime Commission shall be the sole disposal agency for surplus vessels which the Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

The functions of the Division as outlined in the Administrative order which created it were determined to fall within two general phases—the technical aspects of appraisal and maintenance, and the sales or charter of Government-owned ships, or the return of acquired vessels to their owners.

Though other organizational arrangements have been made since the close of the fiscal year in setting up the ship disposal functions of the Commission, the original Division persisted through the fiscal period to perform essential preliminary work and planning.

One of the first steps taken was the gathering and collection of the great number of records pertaining to the construction, war utilization and condition of the merchant fleet, which records necessarily had been in the custody of other divisions and field offices of the Maritime Commission and War Shipping Administration. Conferences were held with appropriate Navy officials to determine what ships under their jurisdiction were capable of merchant use when they would become surplus to the Navy's needs.

During the fiscal period the Division received more than 35 declarations of surplus vessels in the following categories: Wrecks in foreign waters; vessels in domestic ports that were found, from an economical standpoint, not worthwhile to repair; vessels in domestic ports under Navy jurisdiction, and those in domestic ports under Army control.

Disposal of small vessels that were requisitioned for war purposes remains with the War Shipping Administration.

It was estimated by the Division at the close of the fiscal period that approximately 225 passenger, combination cargo-passenger and dry cargo vessels under charter would be the first to be declared surplus and returned to their owners, aiding their owners in returning to private operation of postwar services, and relieving the Government of charter cost.

Some steps were also taken to acquire competent personnel for the work ahead, which assuredly would become one of the Commission's principal activities in the coming year. It appeared necessary to recruit a highly technical staff to appraise and maintain the vessels coming under its jurisdiction, and a competent staff of experienced persons to aid in the essential task of fulfilling, so far as possible, the intent of the act of 1936 with regard to operation of the merchant fleet by private interests.

RESERVE FLEET

Studies of the various factors surrounding the establishment of locations for the reserve fleet were carried on with greater force during the fiscal year. Though no sites were definitely selected by the close of the period, surveys were made of areas on the Atlantic, Pacific, and Gulf coasts, taking into consideration the water resources, climate, proximity to repair facilities, labor supply and housing facilities for workers.

Shortly after the end of the fiscal period sites on each of the coasts were selected, but only a few ships were placed in reserve, due to the tremendous demand for transport services after the close of hostilities. The probabilities are that few ships will be placed in reserve until the last quarter of the current fiscal period.

Experiments in dehumidification of ships' interiors as an aid to preservation of machinery and furnishings are being conducted on a Liberty ship in Hoboken, N. J. It is felt that recommendations from these studies will not only reduce costs but also lessen the time required to activate the reserve fleet if and when necessary. Estimates of the cost vary from \$3,000 to \$5,000 per ship annually.

MAINTENANCE AND REPAIR

Maintenance and repair operations, transferred to the War Shipping Administration some time ago, remained with WSA during the fiscal period. The Commission's Division of Maintenance and Repair, having supervision of the Reserve Fleet, is also charged with appraisals and condition surveys on Government-owned and private vessels for mortgage and trade-in purposes. The appraisals made during the fiscal period are shown in the following table:

	Number of ships appraised	Number of appraisals made	Total tonnages	
			Dead-weight	Gross
Tankers	35	76	378, 702	-----
Freighters	54	152	316, 306	-----
Passenger vessels	9	27		53, 373
Total.....	98	255	725, 008	53, 373

AIDS TO SHIPPING

Administration of the provisions of the act of 1936 relating to financial parity for American shipbuilders and ship operators will become an enlarged and important activity of the Commission in the months to come. During the fiscal period there was little activity in the field of subsidy differential aids for operations, because of the continued control of most of the merchant fleet by the War Shipping Administration.

A number of shipping companies, however, in laying their postwar plans were applying for construction differential aid under title V of the act of 1936, which authorizes the Commission to grant a subsidy differential up to 50 percent of the domestic construction cost of new vessels to citizens of the United States whose applications meet the statutory requirements.

During the fiscal year, the Commission granted construction subsidy aid for 62 vessels, compared to 7 during the previous year. The total of grants from inception of the Commission to the end of the fiscal period is 258.

Of these, 107⁶ vessels have been reacquired by the Government or have been lost, leaving 151 existing vessels on which differential aid is applicable. Of the 151 vessels, 53 were still under construction at the end of the fiscal year.

Trade-In Allowances

The Commission is authorized, under section 510 of the act of 1936, to accept old vessels as an allowance against purchases of new ships. As in the preceding fiscal period, the greatest turn-in of obsolete vessels in this fiscal period was among tankers as is shown in the following table of trade-ins approved by the Commission:

	Number of operators	Old vessels	New vessels
Dry cargo.....	3	7	12
Tankers.....	7	26	13
Total.....	10	33	25

Ship Sales

Increased activity among shipping companies in preparation for the restoration of shipping services is reflected in the number of the Commission's long range vessels sold during the fiscal year.

As shown in Appendix "E," 35 vessels were delivered under sales contracts during the fiscal year, and at the end of the period 59 more vessels were under construction for sale under contract.

Of the 94 vessels delivered or being built under sales agreements, 16 were nonsubsidized tankers, 67 were dry cargo vessels built with construction differential aid, and 11 were dry cargo vessels sold at full domestic cost.

Mortgage Insurance

Commitments for insurance of eligible mortgages which secure loans for construction aid to vessels engaged in domestic, North American and nearby island trades are authorized under title XI of the act of 1936.

There was no activity in this field during the fiscal period. No new commitments were made and those outstanding were paid off, leaving a balance in the fund of \$586,657.73.

Statutory Reserve Funds

Ship operators holding differential contracts with the Commission are required by the act of 1936 to deposit in statutory reserve funds their profits above a certain level, to be applied against their subsidy accounts in accordance with the act's provisions.

Although payment of operating differential subsidies was suspended for the period that the war caused abandonment of regularly scheduled operations on essential routes, operators holding subsidy contracts with the Commission continued to deposit into the statutory funds proceeds from the loss or sale of vessels, depreciation funds and profits from operations, in accordance with the act of 1936, or as the Commission specified under its granted powers.

Under section 511 of the act of 1936, ship owners, other than those operating under the differential aid provisions, may deposit funds in a construction reserve account to take advantage of rights and privileges accorded subsidized operators. Ordinarily, these funds must be expended within a two-year period. The Commission was given authority, however, to extend this period upon application by an operator, for periods not to aggregate more than 4 years, unless the war emergency made it imperative to extend them further, in which case the extensions were to run not longer than 6 months after termination of hostilities, or such other date as the Congress or the President may designate.

A considerable portion of the balances in the construction reserve funds has been committed during the war period for new construction. Other depositors awaiting termination of the war and enactment of ship sales legislation have required extensions before committing their reserve funds.

Balances in the capital reserve funds have increased more than 50 percent in the fiscal period, and in the special reserve funds more than 8 percent, raising the total of cash and securities on deposit in these joint accounts with the Commission from the \$112,262,053.12 reported in the previous fiscal year to \$145,795,120.82 on June 30, 1945, this last amount including \$80,294,339.42 in the capital reserve funds, and \$65,410,781.40 in the special reserve funds.

TECHNICAL DEVELOPMENTS

For the Commission's Technical Division the fiscal year was principally a period of application of the knowledge and experience gained in wartime construction to the building of ships that would round out the world's largest merchant fleet.

The chief deficiency in the merchant fleet is passenger vessels. In the research that was necessary and the designs that came from the drawing boards, every effort was made to make the new vessels the safest and most modern afloat. Innovations were incorporated where they proved practicable and new materials were used, but in all its work the Technical Division bore in mind the peacetime commercial aspects of ship operation, therefore the relative importance of return on investment.

Research

Much of the research work in the past year has been performed at the David Taylor Model Basin, though some of it has been in other governmental laboratories and on board ships. Hull structure has been improved as the result of structural analysis, and basic structural data obtained on oil tankers toward the worth of corrugated bulkheads and concentration of stresses are incorporated in present designs.

The year's research program also covered experimentation in welding, materials, condenser tubes, and other items in which improvements would be consequential to vessel performance.

Cargo handling equipment has also been under considerable experiment. Every study of ship operation has shown that cargo handling costs are the greatest part of the total cost of carrying miscellaneous cargo at sea. Therefore, a continuation of cargo handling studies is included in the Commission's postwar research.

Gas Turbines

In keeping with its aim of developing the most efficient type of commercial ships for the United States, the Maritime Commission is utilizing the recent gas-turbine developments made by the Navy and in the aircraft industry in the application of this new type of propulsion to commercial ship operation. The gas turbine gives great promise in improved fuel economy with reduced weight, space and cost over a certain power range. A main propelling unit of 3,000 shp. has been contracted for by the Elliott Co. and is to be installed on a coastwise collier. This will be the first ship in this country to be driven by a gas turbine and the first commercial ship in the world to be so propelled.

Design

A directive to prepare replacements in the major passenger services was given the Commission by President Roosevelt in November 1944. In response, the Commission during the fiscal year had well under way designs for trans-Atlantic service to channel and continental ports as well as vessels suitable for first-class service to the East coast of South America.

Requirements of the trans-Pacific service were also thoroughly covered in a design representing a distinct advance both in naval architecture and marine engineering.

A design was well under way embracing revision and modernization of the C-3 type of the Commission's long-range program. Increased speed and improvements in cargo handling leading to further operating economy are sought in the new design.

A special project was received from SHAEF for barges suitable for use in the European Theater to form landing stages. This project was rushed through and construction started within 30 days of receipt of the directive. These barges were all completed and were in service in the various theaters.

Two small tankers, one for lend-lease and another for the Navy, were designed and put into production in the fiscal year. One design is for 30,000 barrel capacity and the other is for 12,000 barrels.

The first two cable ships designed in the United States were constructed, introducing several innovations and improvements in cable ship practice.

Welding

There have been fewer structural cracks in welded steel vessels during the fiscal year, the result of such factors as more rigid control and supervision of welding, improved techniques, refinement of structural design, and renewed consciousness of the importance of welders' performance by an educational campaign.

International Aspects

The Technical Division has completed studies on the admeasurement of vessels and on laws, rules, and regulations of other nations in regard to the design, construction, and operation of oceangoing merchant vessels. These reports are valuable not only for reference by the Division but also for the international conferences on safety at sea, and on admeasurements, which will probably be called in the near future.

The Technical Division has also cooperated with the Foreign Economic Administration in the accumulation of information in the liberated countries and in Germany. This has been accomplished by setting up a subcommittee on shipbuilding under the Technical Industrial Intelligence Committee. This subcommittee, so far, has collected considerable information in Europe on the subject of shipbuilding and its allied arts and sciences.

DIVISION OF INFORMATION

The Commission's program, aside from its importance to the progress of the war, was dramatic because of its immensity, and spectacular as an accomplishment. To present as accurate and com-

plete a picture of the activities of the Maritime Commission as was possible, the Division of Information grew during the war period to keep pace with a varied list of informational requirements.

In the beginning of the war program, the rapid growth of tonnage captured the imagination of the public, and the Division during this period extended its coverage through press, periodical, and radio outlets, to record the outstanding accomplishments of the shipbuilders in 1942 and 1943.

The Division's efforts were to keep the public informed of the progress of ship construction from the standpoint of daily, weekly, or monthly deliveries. The Division also furnished the shipyards and their employees with mutual information for incentive and morale purposes. This was done by posters, pamphlets, and publications, in addition to the arrangements for programs and the attendant publicity in making the Commission's "M" awards, given to shipyards, manufacturing plants and their employees for meritorious production records.

When the War Shipping Administration was created in February 1942, its informational requirements were also undertaken by the Division. As the peak of the Commission's construction was passed at the end of 1943, the media demand for information shifted to operational aspects, and the work of the Division was closely identified with WSA activities after that time.

Press and Periodicals

Contacts with newspapers, magazines, and other publications were maintained during the fiscal year. In addition to the spot news covered by press releases, a considerable volume of material was prepared for general and trade publications at their requests, with correspondence and individual help given to writers and others interested in the Merchant Marine.

Graphics

A major project of the Division during the fiscal period was creation of moving pictures for documentary and historical purposes. Though a major part of this activity was in the realm of ship operations, films were made of shipbuilding, of shipyard workers, trial runs, and other phases close to construction, which, with operational films, will constitute a valuable series for educational and historical purposes.

The Graphics Unit enlarged its still photograph file to around 6,000 negatives, including liberal use of color photography, keeping pace with new events in shipbuilding and operations.

Surplus Property

With designation of the Maritime Commission as the disposal agency for marine surpluses, there was established in the Division a section to prepare press releases and assist with promotional material relating to sale of these surpluses.

Working in conjunction with the Division of Contract Settlement and Surplus Materials, the Surplus Information Section keeps potential buyers of surplus materials informed of sales, materials for sale and results of sales through press releases, and assists with preparation and issues of periodic lists of materials, one of the most successful being the Maritime Surplus Seller, conceived in the Division.

The promotional effect has resulted in the Maritime Commission maintaining one of the best records in the entire surplus disposal program, and without the aid of paid advertising.

Naming of Ships

The great number of ships delivered to the Commission involved considerable work in finding suitable names. A special section was set up in the Division to receive suggestions, and to perform the necessary research and authentication for recommendation to the Commission.

Nation-wide interest was aroused by the naming of some 2,700 Liberty ships after persons who during their lives had been prominently identified with the affairs or history of their localities.

The first 35 Victory ships were named each for one of the United Nations. The next 218 bore names of American towns or cities and 150 were named for educational institutions.

Educational Program

In the preamble to the act of 1936 is the statement that it shall be the Nation's policy to foster, develop, and maintain an adequate Merchant Marine.

Through a new unit, the Educational Information Section, the Division is establishing contact with school organizations throughout the country, to place appropriate material on the history and functions of the Merchant Marine at the disposal of teachers and students.

In this way, the Commission believes, there can be integrated into school courses in history, geography, and related subjects some conception of the role of merchant shipping in developing and maintaining the Nation's economic welfare and security.

Maritime Day

The annual observance of Maritime Day on May 22 is under the general direction of the Commission, with the Division of Information coordinating the activities of private and semiprivate organizations

having an interest in the welfare of the Merchant Marine. The 1945 observance was particularly successful in bringing to the Nation's attention the accomplishments of the Merchant Marine during the war, by celebrations not only in coastal cities, but in many inland localities as well.

Radio

Much of the Radio Section's activity in the fiscal year was in the direction of recruitment of seamen, essentially a WSA activity. The assistance of networks, stations and program sponsors was solicited. A generous response in radio time helped to locate many experienced seamen during the fiscal year.

The Radio Section helped prepare many scripts adapted to radio with maritime subjects as their theme.

News Digest

Current information and comment on maritime activities in press and magazines is gathered and digested by a News Digest Unit, which issues a daily summary of press material and a weekly summary of magazine content, distributed throughout the Commission and to interested persons, and also prepared the Victory Fleet, a publication that had wide circulation among shipyard managements and employees.

Field Offices

At the peak of the construction program, field offices of the Division of Information were maintained in New York, New Orleans, San Francisco, Chicago, and Philadelphia, in order to maintain close contact with informational outlets in those areas.

With the decline of shipbuilding, the offices in Philadelphia and Chicago were closed, the three remaining offices serving both the Commission and WSA.

POSTWAR OUTLOOK

The end of the fiscal year found the Maritime Commission still intent on its course of providing whatever ships the Joint Chiefs of Staff required it to build. During the previous fiscal year, however, the Commission had considered it wise to establish a Postwar Planning Committee to study the aspects of peacetime shipping and report the results and a consensus of its conclusions to the Commission.

The need for expanded research facilities to gather data upon which the Postwar Planning Committee could base its conclusions and recommendations led to increased activity in the Division of Economics and Statistics.

Particularly in the last half of the fiscal year were there heavy demands for information and data. Optimism over a possible ending

of the war in 1945 gave renewed hope that the immediate future would throw peacetime planning to the forefront of the Commission's activities. Such phases of the shipping industry as port development, labor, legislation, trade routes, domestic shipping, construction and operational differentials, ship statistics, company finance, traffic flow, and foreign shipping policies were to be examined, and reports made that would be essential not only for the Commission's planning, but for other segments of the shipping industry and the Congress.

One of the principal studies being made by the Postwar Committee was related to foreign trade routes and vessel requirements. The report was not completed by the end of the fiscal year. It was, however, received by the Commission at the end of October 1945 and was immediately submitted to the shipping industry and other interested parties for their comment.

Numerous other studies were made by the Committee during the fiscal period, including a tentative report on the outlook for American shipping in the immediate future; studies of coastal and intercoastal shipping; and development of package freight on the Great Lakes.

A general belief persists that world commerce will reach entirely new heights in the coming years. The Commission is in accord with the belief, and has reiterated its hope that the shipping industry will take advantage of its opportunity to keep the American Merchant Marine in the forefront of world fleets, for the economic health and security of the Nation. The Commission has not receded from its position that the American merchant fleet can, and should, carry about 50 percent of the Nation's foreign trade, in addition to all water-borne domestic trade, which is protected by statute.

The sweeping peacetime objectives of the Declaration of Policy to the Merchant Marine Act of 1936 remain to be fulfilled.

It was stipulated that the United States have an adequate Merchant Marine. As a result of wartime construction the United States has more than half the entire tonnage afloat in the world, deficient only in certain categories which the war program did not embrace. The condition is being remedied by present planning and construction. As a national policy, the Commission hopes to find an equitable means of maintaining shipbuilding, to preserve the talents that were developed so fully in the war period.

It was further declared to be the policy of the United States that its merchant fleet be privately owned and operated as far as practicable. Action within this sphere awaits in great measure completion of the wartime job of returning American soldiers from the war zone, release of international controls imposed on United Nations shipping that assure orderly conduct of essential tasks, and the enactment by the Congress of legislation to govern the sales of vessels.

The ships to be built, the Declaration went on, should be well equipped, safe and suitable. The fast, modern C-type and Victory cargo ships, plus the fast tankers that came out of the war program, are the equal of any ships in the world, and the ships that will be added will be their counterparts in safety, equipment, and suitability for the various trades in which they shall operate.

Another stipulation was that the ships should be manned by a trained and efficient citizen personnel. The number of officers and men in the Merchant Marine reached a total of some 250,000 at one time. The intensified training courses established during the war to train new men and to upgrade seamen has given a total, roughly, of 475,000 officers and seamen a knowledge of ship operations, out of which will come a competent, well-trained nucleus for future operations.

It should be noted that, for the duration of the war, responsibility for training and recruitment of merchant seamen and for maritime labor relations was transferred to the War Shipping Administration. Great advances have been made during the war not only in these two fields but also in the gathering of employment data and in the establishment of health standards, all of which are basic responsibilities of the Maritime Commission.

In addition, the 100 or more shipping companies that acted as agents of the War Shipping Administration gained new experience in large scale operations which should prove invaluable in meeting the post-war situation.

APPENDIX "A"—Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1945—Continued

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	Total
State marine-school funds, fiscal years 1938 to 1941:									
Appropriations.....				\$844,057.18	\$190,000.00				\$834,057.18
Collections.....					9,908.92				9,908.92
Less: Disbursements.....				844,057.18	199,988.92				544,057.70
Excess of receipts or disbursements.....				264,899.90	128,664.08				393,563.98
Add: Balance at beginning of fiscal year.....				79,363.28	71,414.47				150,777.75
Balance.....				79,363.28	79,363.28				79,363.28
Transfer to surplus fund and U. S. Coast Guard.....				79,363.28	150,777.75				230,141.03
State marine-school funds balance at close of fiscal year.....				79,363.28	130,777.75				150,777.75
Working fund, U. S. Maritime Commission, Navy Department:									
Transfers—advances and deposits.....				15,000,837.50	41,689,909.99	\$709,463,948.31	\$877,294,386.08	\$454,854,657.00	2,098,289,838.88
Collections.....					3,844,393.62		3,304,842.28	4,738,444.41	11,887,582.31
Less: Disbursements.....				15,006,937.50	41,950,009.09	713,308,543.93	830,599,223.36	459,562,101.47	2,110,177,721.25
Excess of receipts or disbursements.....				289,900.00	29,740,899.90	367,015,977.39	76,695,162.72	880,284,979.93	1,731,945,087.45
Add: Balance at beginning of fiscal year.....				14,707,937.50	11,929,013.67	406,289,626.40	116,437,590.09	171,181,478.86	378,232,693.80
Working fund, Navy, balance at close of fiscal year.....				14,707,937.50	14,707,937.50	26,636,951.17	482,926,577.57	549,364,167.66	1,023,685,633.90
Working fund, U. S. Maritime Commission, War Department:									
Transfers and advances.....				800,000.00	12,270,039.14	38,310,628.50	3,117,661.00	3,033,750.00	57,532,078.64
Collections.....						2,868.28	301,682.24	2,649.66	307,195.18
Less: Disbursements.....				800,000.00	12,270,039.14	38,313,491.78	3,419,343.24	3,036,399.06	57,839,273.82
Excess of receipts or disbursements.....				667,182.30	7,642,738.61	30,441,480.98	10,361,066.13	6,549,661.66	65,396,074.28
Total.....				132,817.70	4,823,305.53	7,872,081.20	7,581,722.89	8,513,868.00	2,483,109.54

Add: Balance at beginning of fiscal year.....	132,817.70	4,456,123.23	12,328,184.43	4,790,461.54	21,713,586.90
Working fund, War Department, balance at close of fiscal year.....	4,456,123.23	12,328,184.43	4,790,461.54	2,483,199.54	24,196,786.44
Emergency fund for the President, War (Allotment to U. S. Maritime Commission): Allotment.....	6,000,000.00	517,015.17	140,782.11	88.24	6,000,000.00
Collections.....	6,000,000.00	517,015.17	140,782.11	88.24	6,657,885.52
Total receipts.....	12,000,000.00	1,034.34	281,564.22	140,910.30	6,657,797.28
Less: Disbursements.....	5,992,354.42	5,985,861.30	5,983,684.81	140,221.96	88.24
Excess of receipts or disbursements.....	6,007,645.58	4,018,142.92	387,879.41	140,768.34	6,669,909.04
Add: Balance at beginning of fiscal year.....	5,992,354.42	6,493.12	140,310.20	140,310.20	6,662,370.64
Emergency fund for the President, balance at close of fiscal year.....	5,992,354.42	6,493.12	140,310.20	88.24	6,662,338.88
Deposits, rents national defense housing projects (emergency fund for the President) U. S. Maritime Commission: Collections.....	154,003.94	12,324.26	595.23	165,923.43	165,923.43
Less: Disbursements.....	36,833.73	3,631.75	5,080.11	4,484.88	16,546.64
Excess of receipts or disbursements.....	117,170.16	8,692.51	4,484.88	121,377.79	121,377.79
Add: Balance at beginning of fiscal year.....	117,170.16	117,170.16	125,862.67	243,082.83	384,410.62
Transfer to National Housing Agency, Federal Housing Authority.....	117,170.16	125,862.67	121,377.79	121,377.79	121,377.79
Balance at close of fiscal year.....	117,170.16	125,862.67	121,377.79	243,082.83	243,082.83
Deposits, compensation for foreign merchant vessels: Collections.....	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00
Transfer to War Shipping Administration.....	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00
Excess of receipts or disbursements.....	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00

1 This figure includes 69 x 5900.032 and 69 x 5900.034 allotted to War Department.

APPENDIX "A".—Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1945—Continued

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	Total
Deposits, compensation for foreign merchant vessels—Continued.									
Add: Balance at beginning of fiscal year.....				\$3,600,000.00		\$3,600,000.00			\$3,600,000.00
Balance at close of fiscal year.....									3,600,000.00
Defense aid vessels and other watercraft (allotment to U. S. Maritime Commission):									
Allotments from defense aid appropriations.....			\$507,756,800.00	317,226,200.00	212,813,825.54	22,250,000.00	\$30,611.00	\$21,000,000.00	868,273,614.00
Transfer to War Shipping Administration.....									212,813,825.54
Balance of allotments after transfer.....			507,756,800.00	104,412,374.46		22,250,000.00	39,614.00	21,000,000.00	635,458,788.46
Less: Allotment revoked.....							2,160,000.00		2,160,000.00
Balance of allotments.....			507,756,800.00	104,412,374.46		22,250,000.00	37,614.00	21,000,000.00	633,298,788.46
Collections.....					169,874,500.05		2,120,886.00	10,193,998.60	285,693,136.58
Total receipts.....			507,756,800.00	104,412,374.46	192,124,500.05		74,498,251.93	40,193,998.60	918,991,925.04
Less: Disbursements.....			3,223,624.57	440,094,123.67	849,786,966.54		170,184,759.58	87,393,205.11	850,692,674.47
Excess of receipts or disbursements.....			504,528,175.43	135,681,764.21	157,682,456.49		95,698,507.65	27,198,206.51	68,299,250.57
Add: Balance at beginning of fiscal year.....				504,528,175.43		368,846,421.22	211,183,964.73	115,497,457.08	1,200,056,018.46
Defense aid vessels and other watercraft balance at close of fiscal year.....			504,528,175.43	368,846,421.22	211,183,964.73		115,497,457.08	68,299,250.57	1,268,355,269.03
Defense aid facilities and equipment (allotment to U. S. Maritime Commission):									
Allotment from defense aid appropriations.....			50,000,000.00	15,000,000.00	6,000,000.00		815,556.19	446,359.87	71,000,000.00
Collections.....					22,072,315.34				23,334,231.40
Total receipts.....			50,000,000.00	15,000,000.00	28,072,315.34		815,556.19	446,359.87	94,334,231.40
Less: Disbursements.....			4,518,580.30	47,426,643.88	34,490,637.76		1,868,709.68	677,137.01	88,975,659.63

Excess of receipts or disbursements	45,481,410.70	32,480,545.88	6,418,322.41	1,047,163.89	230,797.14	5,358,591.88
Add: Balance at beginning of fiscal year		45,481,410.70	13,054,864.82	6,636,542.41	5,589,389.02	70,762,206.95
Defense aid facilities and equipment balance at close of fiscal year	45,481,410.70	13,054,864.82	6,636,542.41	5,589,389.02	5,358,591.88	76,120,768.88
Defense aid agricultural, industrial and other commodities (allotment to U. S. Maritime Commission):						
Allotments from defense aid appropriations	114,633,500.00				61,783.18	114,695,283.18
Transfer to War Shipping Administration	93,659,641.76					93,659,641.76
Balance of allotment after transfer	20,973,858.24				61,783.18	21,035,641.42
Less: Disbursements	20,973,858.24					20,973,858.24
Defense aid agricultural, industrial, etc., balance at close of fiscal year					61,783.18	61,783.18
Defense aid testing, reconditioning, etc., of defense articles (allotment to U. S. Maritime Commission):						
Allotment from defense aid appropriations	124,678,064.00		64,500,000.00			202,775,000.00
Transfer to War Shipping Administration	113,052,479.06					113,052,479.06
Balance of allotment after transfer	11,625,584.94		64,500,000.00			89,722,570.94
Collections	154,824.74			76,628.35	5,517,502.34	6,748,955.43
Total receipts	13,596,936.00	11,625,584.94	64,654,824.74	76,628.35	5,517,502.34	95,471,476.37
Less: Disbursements	1,169,638.88	23,973,666.67	3,972,039.76	13,556,269.88	33,303,598.35	37,849,132.64
Excess of receipts or disbursements	12,427,297.12	12,563,071.63	60,682,784.98	13,263,671.08	28,286,066.01	14,222,343.43
Add: Balance at beginning of fiscal year	12,427,297.12	12,437,397.12	84,325.49	69,767,110.47	42,508,439.44	115,797,272.52
Defense aid testing, etc., of defense articles balance at close of fiscal year		84,325.49	60,767,110.47	42,508,439.44	14,222,343.43	130,019,615.95

APPENDIX "A"—Appropriations, transfers, collections, and disbursements, Oct. 26, 1936, to June 30, 1945—Continued

	Oct. 26, 1936, to June 30, 1938	July 1, 1938, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	Total
Special deposits, proceeds of sale of surplus property, U. S. Maritime Commission:									
Miscellaneous collections.....								\$1,239,224.12	\$1,239,224.12
Total receipts.....								1,239,224.12	1,239,224.12
Less: Refund of sale of surplus property.....								70.00	70.00
Excess of receipts or disbursements.....								1,239,154.12	1,239,154.12
Add: Balance at beginning of fiscal year.....									
Special deposits, proceeds of sale of surplus property, balance at close of fiscal year.....									
Special deposits, refund from sale of surplus property, U. S. Maritime Commission:									
Transfer from 3885—proceeds of sale of surplus property:									
Total receipts.....								5.00	5.00
Less: Refund of sale of surplus property.....									
Excess of receipts or disbursements.....								5.00	5.00
Add: Balance at beginning of fiscal year.....									
Special deposits, refund from sale of surplus property, balance at close of fiscal year.....								5.00	5.00

APPENDIX "B"
 Summary of ship construction program, June 30, 1947, revised to Aug. 25, 1945

	Completions to June 30, 1945		Under construction June 30, 1945, after giving effect to August cancellations ¹		Total	
	Number of vessels	Estimated completion costs	Number of vessels	Estimated completion costs	Number of vessels	Estimated completion costs
East coast region:						
Long-range program	1,452	\$3,356,984,973	152	\$487,916,602	1,604	\$3,704,901,575
Defense-aid program	254	162,894,856	284	162,894,856	538	325,789,712
For other governmental agencies	182	501,334,873	4	22,170,186	186	523,505,059
Total, East coast region	1,888	4,021,214,702	156	460,086,758	2,044	4,481,301,460
Gulf coast region:						
Long-range program	744	1,636,601,947	93	232,582,104	837	1,869,184,141
Emergency ship program	70	150,788,138	70	150,788,138	140	301,576,276
Defense-aid program	752	175,951,225	32	40,112,000	784	216,063,225
For other governmental agencies	35	144,386,289	53	144,386,289	88	288,772,578
Total, Gulf coast region	1,601	2,107,697,549	125	272,644,104	1,726	2,380,341,743
Great Lakes region:						
Long-range program	114	193,689,773	17	39,340,804	131	233,030,577
Defense-aid program	245	45,344,421	245	45,344,421	490	90,688,842
For other governmental agencies	50	108,517,238	50	108,517,238	100	217,034,476
Total, Great Lakes region	409	347,517,432	17	39,340,804	426	386,858,236
West coast region:						
Long-range program	1,911	4,742,189,301	149	614,641,610	2,060	5,356,830,911
Emergency-ship program	130	260,000,000	130	260,000,000	260	520,000,000
Defense-aid program	257	86,688,685	24	44,400,000	281	131,088,685
For other governmental agencies	283	930,091,286	263	930,091,286	546	1,860,182,572
Total, West coast region	2,571	6,038,979,292	173	659,041,610	2,744	6,698,020,902
Procurement and servicing expense: Defense-aid program						
Conversion and delivery costs: For other governmental agencies		1,652,421				1,652,421
Defense-aid program		312,043,747				312,043,747
Total		313,696,168				313,696,168
Long-range program (109 ships)						
Defense-aid program (26 ships)		11,334,334				11,334,334
Total (135 ships)		188,036,115				188,036,115
Total, all programs	7,469	13,017,355,253	471	1,431,113,366	7,940	14,448,468,619

¹ Estimated cost of canceled ship construction.
² Includes 1,218 small craft (wood barges and power boats) for lend lease and 2 wood barges for Navy at an estimated cost of \$9,788,393.

APPENDIX "C"

Number and deadweight tonnage of vessels built in United States shipyards for the Maritime Commission and private account July 1, 1944, to June 30, 1945

		1944												
		July		August		September		October		November		December		
Total	Number	Deadweight												
MARITIME COMMISSION														
Major types:														
	95	993,112	10	105,253	7	69,859	5	53,983	5	40,748	5	44,061	2	16,666
Standard cargo	403	4,330,000	51	550,800	50	540,000	43	464,400	48	518,400	48	518,400	44	475,200
Liberty cargo	275	2,983,750	13	141,050	9	97,650	7	75,850	7	75,850	7	97,650	13	141,050
Victory cargo	217	3,655,790	19	317,807	16	208,240	18	301,770	18	308,005	22	368,880	22	368,880
Tanker	990	11,918,661	93	1,114,910	82	975,749	73	836,103	81	975,503	84	1,028,941	81	1,001,746
Total major types														
Minor types:														
Bargo (steel, wood, and concrete)	21	59,080	5	13,067	5	20,751	3	12,500	3	10,734	2	1,135	11	9,285
Car float	35	29,575							21	17,745	3	2,585	11	54,804
Coastal cargo	158	736,100	4	11,052	5	18,300	7	35,070	9	42,843	11	54,804	11	54,498
Concrete cargo	14	68,152	4	19,472	1	4,868	3	14,604	1	4,868	3	14,604	2	9,736
Tug	9		3		3		2							
Total minor types	237	892,967	10	43,501	14	43,928	15	62,183	34	76,100	19	73,078	24	73,529
Military types:														
Aircraft carrier	2	5,794	2	5,794										
Cargo attack	76	421,566	4	28,061	8	53,368	8	53,368	9	54,934	8	43,104	10	56,540
Frigate	19	19,000	8	8,000	6	6,000	2	2,000	3	3,000	3		1	16,433
Officer large	10	172,014	1	18,354	1	18,354	4	5,812	6	16,433	2	34,787	1	16,433
Officer small	28	40,669	2	2,905	4	5,812	4	5,812	6	5,718	3	4,359	4	3,812
Transport	197	1,032,893	7	55,016	9	49,757	24	128,136	34	104,806	43	207,133	36	188,980
Total military types	332	1,901,936	24	118,131	28	133,291	38	190,316	53	247,911	56	289,383	51	262,475
Total Maritime Commission	1,559	14,533,554	133	1,276,632	124	1,152,968	126	1,146,602	168	1,299,604	159	1,391,402	156	1,387,750
PRIVATE ACCOUNT														
Major types: Tanker	2	33,164												
Minor types: Coastal tanker	3	16,950												
Total private account	5	50,114												
Grand total	1,564	14,583,678	133	1,270,632	124	1,152,968	127	1,165,184	168	1,299,604	159	1,391,402	156	1,387,750

APPENDIX "C"—Continued

Number and deadweight tonnage of vessels built in United States shipyards for the Maritime Commission and private account July 1, 1944, to June 30, 1945—Continued

	1945											
	January		February		March		April		May		June	
	Num-ber	Dead-weight	Num-ber	Dead-weight	Num-ber	Dead-weight	Num-ber	Dead-weight	Num-ber	Dead-weight	Num-ber	Dead-weight
MARITIME COMMISSION												
Major types:												
Standard cargo.....	5	52,224	9	89,693	12	128,581	9	94,763	14	139,270	12	124,011
Liberty cargo.....	32	345,600	30	324,000	23	248,000	10	107,600	10	107,200	11	118,000
Victory cargo.....	33	358,050	36	390,600	42	455,709	34	368,900	38	412,300	34	368,900
Tanker.....	18	301,770	20	341,555	18	301,587	16	268,240	17	291,240	13	217,945
Total major types.....	88	1,057,644	95	1,145,928	95	1,133,868	69	839,503	79	950,010	70	828,856
Minor types:												
Barge (steel, wood, and concrete)	1				1	442			1	442		
Car float.....												
Coastal cargo.....	9	44,022	11	52,145	18	86,503	20	90,832	26	125,042	27	121,040
Concrete cargo.....												
Tug.....			1									
Total minor types.....	10	44,022	12	52,145	19	86,945	20	90,832	27	125,484	27	121,040
Military types:												
Aircraft carrier.....	7	36,386	4	15,043	4	21,364	6	26,914	3	8,325	5	24,139
Cargo attack.....												
Frigate.....			2	34,787	1	16,433			1	16,433		
Oilier, large.....	2	2,900	1	2,900	1	1,450						
Oilier, small.....	13	71,762	11	49,657	7	34,814	7	41,174	2	15,104	4	30,894
Transport.....	22	111,043	19	102,367	13	74,061	13	68,088	6	39,892	9	54,973
Total military types.....	120	1,212,714	126	1,300,340	127	1,294,874	102	998,423	112	1,115,366	106	1,004,869
PRIVATE ACCOUNT												
Major types: Tanker.....	1	16,582					1	5,650	1	5,650	1	5,650
Minor types: Coastal tanker.....	1	16,882					1	5,650	1	5,650	1	5,650
Total private account.....	121	1,229,296	126	1,300,340	127	1,294,874	103	1,004,073	113	1,121,016	107	1,010,519

APPENDIX "D"

Construction of shipways and other facilities as of June 30, 1945

Region	Long-range program		Emergency ship program		Defense-aid program		Total all programs	
	Number of shipways	Estimated cost	Number of shipways	Estimated cost	Number of shipways	Estimated cost	Number of shipways	Estimated cost
East coast.....	47	\$115,902,064	9	\$20,385,567	28	\$37,140,174	84	\$173,427,805
Gulf coast.....	37	92,015,263	17	25,200,395	3	4,768,440	57	121,984,098
Great Lakes.....		2,571,628						2,571,628
West coast.....	67	224,238,014	25	41,277,610	12	24,761,402	104	290,277,026
Procurement and servicing expense.....						136,860		136,860
Total all regions.....	151	434,726,969	51	86,863,572	43	66,806,876	245	588,397,417
Reserve for restoration of facilities.....								44,463,800
Total Special facilities for Navy account.....								632,863,217
								13,877,660

¹ Includes cost of expansion of existing facilities, transportation, and housing totaling \$35,899,532.
² Includes cost of expansion of existing facilities, transportation, housing, and provision for contingent liability for canceled contracts totaling \$27,890,745.
³ Cost of expansion of existing facilities \$2,571,628.
⁴ Includes cost of expansion of existing facilities, transportation, and housing totaling \$82,868,354.

APPENDIX "E"

Shipbuilding program—sales of ships, long-range program, fiscal year 1945

Purchaser	Type of ship	Number of ships	Sales price
COMPLETED			
Atlantic Refining Co.....	Tanker.....	1	\$2,850,000.00
Cities Service Oil Co.....	do.....	1	2,851,150.51
Grace Lines, Inc.....	C-2 cargo.....	3	5,380,665.00
Lykes Bros. Steamship Co.....	do.....	12	15,991,789.59
National Bulk Carriers.....	Tanker.....	3	9,600,000.00
Pan Atlantic Steamship Co.....	C-2 cargo.....	1	2,615,024.04
Socony Vacuum Oil Co., Inc.....	Tanker.....	1	2,998,000.00
Standard Oil Co of New Jersey.....	do.....	1	2,850,500.00
Union Oil Co. of California.....	do.....	1	2,850,500.00
United Mail Steamship Co.....	Refrigerated cargo.....	3	9,270,000.00
United States Lines Co.....	C-2 cargo.....	3	4,026,056.52
Waterman Steamship Co.....	do.....	5	13,050,500.00
Total.....		35	74,334,185.66
UNDER CONSTRUCTION			
American Export Lines.....	C-3 cargo.....	5	9,415,000.00
American South African Lines.....	do.....	6	11,565,000.00
Atlantic Refining Co.....	Tanker.....	3	8,400,000.00
Continental Steamship Co.....	do.....	1	3,148,000.00
Grace Lines, Inc.....	C-2 cargo.....	6	10,770,000.00
Lykes Bros. Steamship Co.....	C-3 cargo.....	5	9,125,000.00
Do.....	C-2 cargo.....	5	6,250,000.00
Mississippi Shipping Co.....	C-3 cargo.....	3	7,950,000.00
Ora Steamship Corp.....	C-5 cargo.....	4	9,334,000.00
Pan Atlantic Steamship Co.....	C-2 cargo.....	1	2,700,000.00
Pure Oil Co. and Sabine Transportation Co.....	Tanker.....	1	3,148,000.00
Standard Oil Co. of California.....	do.....	3	8,400,000.00
United States Lines Co.....	C-2 cargo.....	16	21,250,000.00
Total.....		59	111,455,000.00

APPENDIX "F"

Vessels over 20 years of age on which an operating-differential subsidy was paid during the period July 1, 1944, to June 30, 1945, on trips made prior to requisitioning by the Government

Name of contractor	Terminations by fiscal years	Vessel	Date 20 years of age	Total number of vessels
American South African Line...	1941-42	Challenger	Oct. 3, 1938	4
	1941-42	Charles H. Cramp	Nov. 1, 1940	
	1941-42	Henry S. Grove	Feb. 16, 1941	
	1941-42	Sagadahoc	July 9, 1938	
	1940	Clearwater	Mar. 7, 1940	
	1940-41	Delalba	Apr. 10, 1939	
Mississippi Shipping Co.....	1940-41-42	Delmar	Oct. 10, 1940	9
	1940-41-42	Delnorte	May 30, 1939	
	1940-41-42	Delplata	Aug. 16, 1940	
	1940-41-42	Delrud	July 9, 1939	
	1940-41-42	Delvalle	Nov. 17, 1939	
	1940-41-42	Delmundo	Dec. 1, 1939	
	1941-42	Delrio	Aug. 22, 1939	
	1938-40-41-42	Agwistar	Feb. 14, 1939	
	1940	Agwidale	Nov. 15, 1938	
	1941	Corozal	Oct. 22, 1937	
New York & Cuba Mail Steamship Co.....	1941	Henry P. Mallory	Feb. 28, 1938	12
	1941	Medina	Feb. 15, 1938	
	1939-40-41-42	Mexico	Oct. 17, 1937	
	1939-40-41-42	Monterey (ex. Porto Rico)	Nov. 5, 1937	
	1941	Oneida	July 15, 1937	
	1939	Orizaba	June 4, 1938	
	1941	Osage	June 26, 1939	
	1938-40-41-42	Panuco	Jan. 18, 1937	
	1939-40	Siboney	Apr. 7, 1938	
	1940-41	Almeria Lykes	May 23, 1940	
	1940-41	American Press	Feb. 27, 1940	
	1940-41	Aquarius	May 20, 1940	
	1940-41	Cardonia	June 30, 1940	
	1940-41	Chester Valley	Dec. 30, 1939	
1940-41	City of Joliet	May 24, 1940		
Lykes Bros. Steamship Co., Inc..	1940	City of Omaha	Mar. 11, 1940	30
	1940-41	Cripple Creek	Oct. 20, 1939	
	1940	Effingham	Nov. 2, 1939	
	1940	Endicott	Sept. 23, 1939	
	1940-41	Genevieve Lykes	Sept. 14, 1939	
	1941	Hybert	Sept. 26, 1940	
	1941	Laborator	June 28, 1938	
	1940-41	Margaret Lykes	Feb. 12, 1940	
	1940-41	Meacilent	Mar. 25, 1941	
	1940	Narbo	Nov. 29, 1940	
	1940	Nishaba	June 6, 1941	
	1941	Nemaha	July 12, 1940	
	1940-41	Nishmaha	Oct. 29, 1939	
	1940	Patrick Henry	Apr. 27, 1940	
	1940-41	Ruth Lykes	Nov. 11, 1939	
	1940-41	Scottsburg	Nov. 28, 1939	
	1940	Stella Lykes	Oct. 2, 1939	
	1941	Syros	Nov. 9, 1940	
	1940-41	Tillie Lykes	Apr. 29, 1940	
	1940-41	Velma Lykes	May 7, 1940	
1940-41	Volunteer	Aug. 22, 1938		
1940	West Cohas	June 28, 1938		
1941	Winston-Salem	Apr. 25, 1940		
1940	West Quebec	May 23, 1939		

APPENDIX "F"—Continued

Vessels over 20 years of age on which an operating-differential subsidy was paid during the period July 1, 1944, to June 30, 1945, on trips made prior to requisitioning by the Government—Continued

Name of contractor	Terminations by fiscal years	Vessel	Date 20 years of age	Total number of vessels
United States Lines Co.	1940	Algie	Aug. 26, 1940	29
	1939-40	American Banker	Aug. 23, 1940	
	1939-40	American Farmer	Jan. 6, 1941	
	1939-40	American Importer	Nov. 24, 1940	
	1939-40	American Merchant	Jan. 29, 1941	
	1939-40	American Shipper	Jan. 21, 1941	
	1939-40	American Trader	Dec. 24, 1940	
	1939-40	American Traveler	Oct. 30, 1940	
	1940-41	Artigas	Apr. 30, 1940	
	1940-41	Capulin	June 30, 1940	
	1941	City of Dalhart	Feb. 28, 1941	
	1941	City of Elwood	Apr. 18, 1941	
	1940	City of Flint	Feb. 28, 1940	
	1940-41	Cold Harbor	Feb. 9, 1940	
	1940-41	Lehigh	July 29, 1939	
	1940-41	McKeesport	Apr. 11, 1939	
	1940	Pipe Stone County	Dec. 20, 1940	
	1941	City of Rayville	Dec. 24, 1940	
	1939-40	President Harding	Dec. 31, 1941	
	1939-40	President Roosevelt	July 8, 1942	
	1940	Sarcoxie	May 9, 1939	
	1940	Schodack	May 3, 1939	
	1940	West Imboden	Mar. 13, 1939	
	1941	Wichita	Jan. 31, 1941	
	1941	Yomachichi	Oct. 16, 1939	
	1941	Jeff Davis	Apr. 22, 1941	
	1941	Potter	Dec. 20, 1940	
	1941	Quaker City	Feb. 3, 1940	
	1941	Tampa	Feb. 3, 1940	
Total				84

APPENDIX "G"

Statement reflecting cash and U. S. Government securities on deposit in the statutory capital and special reserve funds of subsidized operators as of June 30, 1945

Operator	Capital reserve fund	Special reserve fund	Total
American Export Lines, Inc.	\$12,256,937.45	\$8,035,767.05	\$20,292,724.50
American Mail Line, Ltd.	912,782.27	2,158,601.14	3,071,383.41
American President Lines, Ltd.	14,594,693.22	8,571,736.03	23,166,429.25
American South African Line, Inc.	3,645,270.10	4,875,483.85	8,520,753.95
Grace Line, Inc.	9,517,337.66	2,692,670.35	12,210,008.01
Lykes Bros. Steamship Co., Inc.	15,695,314.04	9,820,510.62	25,515,824.66
Mississippi Shipping Co., Inc.	3,764,968.74	5,959,894.16	9,724,862.90
Moore-McCormack Lines, Inc.	6,171,303.27	7,152,860.27	13,324,163.54
New York & Cuba Mail Steamship Co.	851,835.25	1,537,324.90	2,389,160.15
Oceanic Steamship Co., The	3,055,913.29	3,464,041.16	6,519,954.45
Seas Shipping Co., Inc.	3,954,711.02	7,235,898.45	11,190,609.47
United States Lines Co.	5,873,253.11	3,895,993.42	9,769,246.53
Total	80,294,339.42	65,410,781.40	145,705,120.82

No construction funds on deposit at June 30, 1945.

