

● PSF. Subject File

U.S. Maritime Commission

Box 188

*file
Personal
Jan 2
U.S. M. Comm.
PSF*

Memorandum of Reasons,

For the appointment of Otha D. Wearin, of Iowa,
as a member of the Maritime Commission,
To fill place now held by Max O'Rell Truitt,
as recess appointee, vice Joseph P. Kennedy, resigned.

—o—

Political Angle: As candidate in the Democratic primaries against Gillette for nomination as Senator, Wearin became recognized leader of New Deal Democrats in Iowa and won support of many politicians who like to string along with the winner. Anti-New Deal faction in Iowa is now lining up support for a delegation to 1940 Convention, instructed for Garner or other Anti-New Deal candidate. They are making considerable headway.

Lack of any recognition since his defeat is undermining Wearin's position and lessening his influence as New Deal leader. Appointment to Maritime Commission would restore his prestige and enable him to rally the doubters to support of New Deal delegates to the Convention. To be effective, his appointment should be sent to Senate immediately, because New Deal opponents are gaining ground daily and will have situation sewed up if counter-measures are delayed.

Appointment of Wearin would also encourage and hearten New Deal leaders in other States.

Labor Angle: Maritime Commission is just now "in bad" with maritime labor unions who regard some members of Commission (particularly Truitt) as hostile to labor. Wearin's labor record is excellent. He is well regarded in both labor camps, and also respected by conservatives, as illustrated by his election to Ways and Means Committee in last Congress.

Good Administration Angle: Wearin's record in the House shows he has great ability and is honest, courageous, vigorous, co-operative and efficient. He is one of the young liberals the Administration needs to support and carry out Executive policies.

Qualifications: Wearin was member of House Committee on Merchant Marine and Fisheries. He assisted in drafting and passing the Merchant Marine Act, 1936, and is in sympathy with its objectives.

PSF
US Maritime Comm.

file
below - 2

THE WHITE HOUSE
WASHINGTON

Memo from Edison on Maritime
Commission Shipbuilding.

SEE--Edison-special folder-Drawer 1--1937

*file
Personal*

PSF:
*Maritime
Commission*

THE WHITE HOUSE
WASHINGTON

October 14, 1937

"Memorandum for the President

From Chairman Jones, Reconstruction Finance Corporation.

"Joe Kennedy wants us to offer to lend up to \$1,200,000 to a steamship company -- The American Lines, I believe, is to be the name of it.

"The Dollar Lines wants to go under 77 B for reorganization and will transfer to the American Lines ships to the value of approximately \$20,000,000 which will be pledged to us as security for the loan. This Line will inherit the contract, mail and subsidies, now running to the Dollar Line, so that there will be no interruption to this service.

"Kennedy will probably talk with you about this tomorrow and, as he is in a hurry for a commitment, we will appreciate word from you as to whether or not you think the commitment should be made. From the meager information we have it seems a desirable thing to do."

The above memorandum was telephoned by Chairman Jones from Houston, with the request that it be sent to you in today's pouch.

R. F.

UNITED STATES MARITIME COMMISSION
WASHINGTON

PSF.
U.S. Maritime

OFFICE OF THE CHAIRMAN

May 9, 1938

Memorandum For: The President

Subject: Intercoastal Situation

In accordance with your instructions, investigations have been conducted with the idea of placing suitable passenger ships on the intercoastal run (New York - San Francisco) in lieu of the three Panama Pacific vessels now off this run and which are destined to be put in operation between New York and the East Coast of South America. The following resume is submitted:

- (a) Polish vessels built in Italy - These vessels, PILSUDSKI and BATORY, carry about 770 passengers (greater than the Panama Pacific vessels) and therefore do not fit our requirements. The information available indicates that they could not be purchased on anything like a satisfactory capital structure basis.
- (b) "Buy modern vessels abroad at a relatively low capital cost" - In addition to the Polish vessels mentioned above, investigations were made covering British and German vessels. The results are quite unsatisfactory as the vessels cannot be purchased at anything resembling a low capital cost.
- (c) The Grace Line interests contacted but not particularly interested except in the New York - Canal run. They agreed to cooperate with any line running the Canal - San Francisco run--results unsatisfactory.
- (d) Munson Line - This Line rather badly tied up in 77-B--so many interests involved that availability of the ships for intercoastal service not a likely solution without long delay--present situation unsatisfactory but has future possibilities.

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- (e) Dollar Line vessels - No satisfactory solution with this company as its future existence under Dollar interests is dependent upon that company complying with Maritime Commission requirements in order to avoid 77-B or more complete bankruptcy.
- (f) Moore and McCormack Steamship Company - This company has submitted an offer to run four Scantic vessels intercoastal--their chief objection is their slow speed. Additional expenditures would be necessary to put on a shelter deck. They are still in the picture but not favorably considered as a satisfactory solution.
- (g) United Fruit Company - They have made many offers to cooperate but in each case action is complicated by concessions required from (a) the Maritime Commission, (b) the Marine Bureau of Inspection and Survey, and (c) utilizing the services of Panama Railroad vessels now under construction at Bethlehem and due for completion next winter if completed on time. Frankly, all of their proposals require too much "quid pro quo" to be favorably considered unless other negotiations fail.
- (h) Panama Railroad vessels - These are three new vessels under construction at Fore River due for completion next winter--belong to Panama Railroad Company--are to be used between New York and the Canal Zone. If the President so directed it is believed that these vessels could be used in the intercoastal trade, that is, extending their run from the Canal Zone to San Francisco. This is a real solution but is some distance away in time as the vessels are not completed.
- (i) Baltimore Mail Line - Extensive negotiations have been under way for some time and conclusion reached on May 7th so far as the Commission is concerned. Letters to the Baltimore Mail interests and the United States Lines' interests giving Commission's conclusions

INDEX

In order to avoid any-thing of which you
concerned with the Commission
regarding the Commission about
and will comply to the terms of
the Commission - No further

(e)

were sent out on 7 May. Directors' meetings
are to be held by both concerns during this
week and definite action appears probable
within the next ten days. In the opinion
of the Commission these vessels on the inter-
coastal run appear to be the most satisfactory
solution of the problem that is available
and the Commission is proceeding accordingly
taking all practicable steps to see that the
deal is consummated at the earliest possible
time. There are two angles to this solution,
namely, (a) operation of these 5 vessels
intercoastal by the United States Lines, and
(b) sale of these vessels to the Grace Line
for intercoastal operation. Negotiations
are proceeding on both angles.

E. S. Land

E. S. Land
Chairman

and the Commission...
rejected of the program and to have
country and asked to be the most in
of the Commission these agents on
within the next few days. In the
they may get the action should be
to be held in very concern and
more sent out on a Mr. Dittcher.

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U. J. Maitland

September 7, 1939

MEMORANDUM FOR ADMIRAL LAND

I wholly approve your memorandum of September sixth in regard to acceleration of merchant ship programs. I am particularly glad that several West Coast and several Gulf Coast firms will probably obtain contracts.

F. D. R.

fdr/tmb

MEMORANDUM FOR THE PRESIDENT

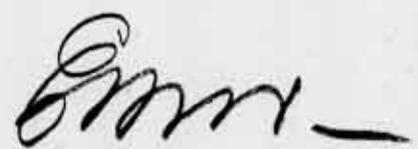
September 6, 1939

THE WHITE HOUSE
WASHINGTON

9-6-39

MEMORANDUM FOR THE PRESIDENT:

This is an interesting report from Jerry Land, on the status of the U. S. Maritime Commission's merchant ship program, with suggestions for emergency excelleration.


E. M. W.

AVIATION DIVISION
OFFICE OF THE CHAIRMAN

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

September 6, 1939

MEMORANDUM for The President:

Subject: United States Maritime Commission Merchant Ship
Program - Acceleration of

Confirming our brief discussion of September second, the following is submitted:

(a) Our present approved program is approximately 50 ships a year for 10 years.

(b) Our present position is: 74 ships contracted for; 18 launched; 10 delivered.

(c) Our proposal is to accelerate this program by contracting for 66 additional ships, i.e. really advancing the program one year, all of these 66 ships being cargo vessels.

Our reasons for this acceleration (other than the obvious reasons) are:

(1) With our present set-up (bids on C-1 in process of negotiation) we can accomplish the contracting for 66 ships in about a month with reasonable prices now certain. Future prices are very uncertain.

(2) Prices are hardening, particularly auxiliary and equipment prices.

(3) Shipbuilding capacities and facilities exist; they are available now and may not be later.

(4) Eliminating emergency conditions, we have prospective purchasers or charterers or both for about 90% of these 66 ships.

(5) These contracts can be awarded now in an economical, orderly and proper manner giving full weight to distribution of orders to shipbuilding firms, propulsive machinery firms (turbine and diesel) etc.

(Two - possibly three - West Coast firms will obtain contracts. Two - possibly three - Gulf Coast firms will obtain contracts.)

MEMORANDUM FOR THE PRESIDENT:
SUBJECT: Proposed Acceleration of
Merchant Marine Act of 1936

WASHINGTON
UNITED STATES MARITIME COMMISSION

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Section 701 of the Merchant Marine Act of 1936 requires Presidential approval of the action recommended insofar as the acceleration proposed is concerned, you having already approved our long-range program.

Your preliminary approval of this acceleration is urgently recommended by the United States Maritime Commission.

Formal resolution adopted by the Commission pursuant to Section 701 of the Merchant Marine Act of 1936, as amended, will be submitted to you promptly if our proposals as outlined herein meet with your approval.

I shall be glad to go over the subject matter in detail at any time that suits your convenience.

E. S. Land

E. S. Land,
Chairman.

John

PS

file

d. ✓
PSF
Tel - U.S. Mar. Comm

April 8, 1939

PERSONAL AND CONFIDENTIAL

Dear Jerry:

I have been delaying writing to you on the labor angles of the maritime program in Seattle, hopeful that the Commission might see fit to announce a policy acceptable to organized labor on the Pacific Coast.

Again I hesitate to extend my opinions, but please believe that I am only trying to be helpful in making certain that you have all the facts.

First let me indicate to you the program which almost all of the interests in Seattle believe the Maritime Commission should follow in the establishment of the Seattle-Orient service;

Since the ships are now on the East Coast, a crew should be recruited in Seattle through the union hiring halls, sent overland to pick up the ships, and return with them to Seattle.

In explanation of this suggestion, it should be borne in mind that on the Pacific Coast there is no jurisdictional quarrel of any kind affecting the seafaring unions. I understand there is jurisdictional dispute on the East Coast, but here, and covering the whole Pacific Coast, there is only one union for each seafaring craft, and no conflicting jurisdictional claims.

It seems the sensible and just thing to do to recruit the crews for these ships and this line in Seattle. We have thousands of unemployed maritime workers in this port, with families living here in established homes. To us it is unthinkable that the government would hire crews in the East and keep them on the line here indefinitely, away from their homes and families.

On these facts -- the absence of jurisdictional disputes here and the necessity for giving employment to local seafarers -- it would seem quite reasonable and logical for the Maritime Commission to establish a different policy on the Pacific Coast than that existing on the Atlantic Coast.

Honorable Jerry Land - 2.

April 8, 1959

I gather that the Maritime Commission is operating under some law pertaining to hiring of personnel, but the feeling is rather widespread among lawyers here that the law is not mandatory on the Commission in this particular situation.

The people of Seattle, both business and labor, are extremely anxious for an immediate resumption of service on the Seattle-Orient service. Therefore, you will know the reluctance which I feel in saying to you that, if you elect to hire crews in the East and attempt to set up a government hiring hall in Seattle, it is my firm conviction that we would be better off without any line at all than to have one under these circumstances.

I have heard it suggested that the Maritime Commission ought to take a militant stand in this situation, send the ships out here in defiance of the labor position, and call out federal troops, the navy, or what have you, to break a strike against the government.

I know that you would not have any such feeling, and I can't imagine anyone in the administration having such feeling.

I assume you have a copy of the resolution adopted by the Washington District Council #1, Maritime Federation of the Pacific, but in the thought that none may have come to your attention, I am enclosing a copy herewith.

If we can give you any help in this matter, please let us know.

With warm personal regards,

Sincerely yours,

John Boettiger.

Honorable Emory S. Land,
Chairman,
United States Maritime Commission,
Washington, D. C.

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

PSF

April 10, 1939

Memorandum

From: Frances Perkins

Re: Hiring Halls

This is with reference to the problem presented by the Sailors Union of the Pacific with respect to the refusal of the Maritime Commission to hire seamen on boats operated by managing agents under contract with the Maritime Commission from hiring halls maintained by the union. The problem is further aggravated by the announcement that the Maritime Commission is to establish their own halls on the West Coast.

It appears that the Maritime Commission insists they are legally bound to set up these halls because, first, the Act of June 7, 1872 (46 USCA 545) creating Shipping Commissioners and their duties provides they may afford facilities for engaging seamen. The courts have held that this arrangement is merely permissive and not mandatory (Street vs. Ship-owners Association, 299 F. 5; The Sharon, 52 F. (2d) 481 (1931)).

If the contention of the Maritime Commission is correct on insisting that seamen on boats operated by their agents must be employed under the 1872 Act, it would then seem to follow that private ships must also comply by engaging seamen under this Act. However, this is not true since it has long been the practice of private ships to hire through union hiring halls. Further, since the policy of the Government on labor relations is to encourage collective agreements, and since it seems that the Maritime Commission is not compelled to hire under this Act, they should conform to the general policy of the Government, until such time as some positive statutory enactment forces them to hire through Government maintained hiring halls.

Secondly, the Maritime Commission has held that seamen on boats operated by their managing agents are Government employees. The N. L. R. B. has held otherwise in the Cosmopolitan Shipping Co. case, 2 NLRB 759. In this case the terms of the

operating agreement between the Maritime Commission and the company provided that the latter undertake to man, equip, supply, etc. and operate the vessels, the actual cost to be paid by the Government, with the exception of overhead for which the company receives a fixed sum per month. It is also provided that the vessel be manned by crews obtained so far as possible through the shipping service of the Department of Commerce. The Board stated that it seemed that the Government in turning over the operation and management of its vessels to a private corporation under the existing agreement has avoided rather than assumed the responsibility of an employer and found that the company in hiring the licensed engineers employed on the ship it operated was an employer under the provisions of the Act.

Since the boats are operated by an agent for the Maritime Commission it would seem that the seamen on the boats are not Government employees any more than are the workers under a contract for building construction, the title to the site of which is in the Federal Government. In such cases it is well settled that the contractor is the employer.

The course of action adopted by the Maritime Commission seems to be distinctly contrary to the Government's policy of encouraging collective bargaining, and is not in keeping with the policy adopted by other Federal agencies who employ personnel for the operation of boats such as the Army Transports and the Inland Waterways Corporation. These are employed through union hiring halls.

It is my understanding that the former Secretary of Commerce promulgated an order based upon the 1872 Act which was used as the basis, if not the authority for the present Maritime Commission hiring hall program.

1. It seems to me that this order should be rescinded in the absence of some positive statutory provision to the contrary. It is further my understanding that the Executive Order on Government personnel has been used by the Civil Service Commission as the basis for an order indicating that seamen on the operating agents boats are under Schedule A and therefore exempt.

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2. This does not seem controlling but has a tendency to add color to the contention that seamen on these boats are Government employees. It seems to me that this order should likewise be rescinded.

PSF U.S. Mar Comm

THE WHITE HOUSE
WASHINGTON

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PERSONAL

May 8, 1939.

MEMORANDUM FOR

ADMIRAL LAND

FOR YOUR INFORMATION
AND RETURN.

F. D. R.

Letter from John Boettiger in
re labor troubles in the shipping
industry on the West Coast.

APR 21 1939
RECORDED
INDEXED
APR 21 1939
THE WHITE HOUSE

THE WHITE HOUSE
WASHINGTON

April 21, 1939.

MEMORANDUM FOR

THE PRESIDENT

I had a long talk with Admiral Land following my talk with you when you had a similar telegram a week ago from John.

I went over the whole situation with him and what the legal aspects of it were and our Solicitor's opinion. I told him that you told me to tell him that he ought, while not making a contract, to use the hiring halls and say nothing about it. He then agreed what we should do would be to let the thing slide while our solicitors re-canvassed the situation, and that if he was assured that it was not illegal for him to use the hiring halls, he would use them in an informal way. On that basis Lundberg went back to the West Coast and we thought it was all settled. He was not to use the shipping commissioners but to use the hiring halls. Hopkins wrote a letter saying that he would not use the Commissioners but the hiring halls.

July 17, 1938
WASHINGTON
THE WHITE HOUSE

THE WHITE HOUSE
WASHINGTON

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Then Land, without referring the matter to me or Hopkins, sent a very forceful telegram in which he told them he said nothing of the sort and that his position was the same. His lawyer is not willing to go along at the present time.

If you still want me to press it over here, I shall be glad to. I know there will be trouble and I see no reason to provoke it - I agree with John.

FRANCES E. PERKINS

I am very sure the ships are not sailing - I am watching the situation - so there will be no immediate trouble. Perhaps you would like to get this word to John.

PSF
File *U.S. Mar. Comm. ~~for review~~*

THE WHITE HOUSE
WASHINGTON

May 23, 1939.

MEMORANDUM FOR THE PRESIDENT:

Mr. Max Truitt, now Commissioner at the Maritime Commission, is holding his position on a recess appointment.

He called today to explain his great desire to be reappointed, and respectfully called attention to the fact that if he was not nominated during this session of Congress, his appointment would cease at the end of the session.

E.M.W.
E.M.W.

1

PSF
U.S. Mar. Comm

THE WHITE HOUSE
WASHINGTON

June 7, 1939.

MEMORANDUM FOR

ADMIRAL LAND

Will you get for me private and confidential information necessary to answer the following question without letting it be known that I am asking? I suggest you get it through the steamship company that runs to Venezuela.

If a single American, who lives in Washington on a salary of \$4,000 a year, is sent by his or her employer to Caracas to do similar work and live in similar style, how much should that American be paid (not including transportation)? Someone tells me it costs two and a half times as much in American dollars to live in Caracas as it does in Washington — and I do not believe it.

F. D. R.

100-101112-100
100-101112-100

h-v

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

June 14, 1939

CONFIDENTIAL

Memorandum for The President:

With reference to your memorandum of June 7, I have obtained the following information:

The Grace Steamship Company operates the service to South America, including Venezuela, and they inform me that if one of their employees were to be transferred to Caracas to do similar work and maintain similar living conditions no increase of salary would be given. If entertaining in the business sense were required, an expense account would be allowed to cover this added expense. However, they also state it to be one of the most expensive locations in the world.

One of our young lawyers visited Caracas on a business trip for the Commission and he has informed me that living conditions are very high; for example, he shared a small room with another young gentleman for a short time and with this arrangement the cost was approximately \$13.00 per day each.

As you know, Venezuela is one of the few countries remaining on the gold standard and if any employee is paid in American dollars living expenses are considered very high. It is understood the State Department and others pay their employees in Venezuela a "currency differential adjustment" to cover this added higher cost.

However, from information available, the differential would more nearly be 70% to 80% rather than 2½ times as mentioned in your memorandum.

Jerry Land

E. S. Land
Chairman

PSF

UNITED STATES MARITIME COMMISSION

WASHINGTON, D. C.

OFFICE OF COMMISSIONER
MAX O'RELL TRUITT

28 June 1939

THE WHITE HOUSE

JUN 30 8 56 AM '39

Dear Mr President.

I want to send you this ^{RECEIVED} note and express my deep appreciation for your continued expressions of confidence and trust. It is a real pleasure to serve under you and I hope that my conduct will thoroughly justify the confidence which you have placed in me.

I am leaving today for a short trip to London where I hope to visit with our mutual friends, Joe Kennedy and Eddie Moore.

With Best Wishes

The President
The White House.

Sincerely
Max O'Rell Truitt

File Personal
THE WHITE HOUSE
WASHINGTON

BF
Master's Com.
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September 21, 1939

MEMORANDUM FOR THE PRESIDENT:

Chairman Bruere, of the Maritime Labor Board, telephoned that as a result of conferences concluded in New York all of the boats affected by the maritime strike will be released tonight, preparatory to proceeding to sea. The "American Trader", aboard which the original trouble started, will leave tonight or in the morning and the "Washington" and "Excambian" will leave tomorrow noon.

W. D. H.

WILLIAM D. HASSETT

PSF

U.S. Maritime Comm

October 6, 1939

Telegram to the President from Cordell Hall
Explaining a memo from ~~Pierrepoint Moffat~~—Quotes message of
explanation from him in reference of error about transmitting
London's telegram to the Navy and the Maritime Commission.

See: Pierrepoint Moffat-Summer Welles folder-Drawer 1-1939

President Harding (ship)

Abstract of Log
Voyage--127
From Le Havre to New York via Southampton,
Le Verdon

UNITED STATES LINES CO.

ABSTRACT OF LOG

S. S. PRES. HARDING

Voy. No. 127

West Bound From LeHavre

To New York via Southampton, LeVerdon

DATE			COURSE	WINDS		WEATHER	POSITION AT NOON		Distance Run	Average Speed	Steaming Time	Distance Engines	Average Speed Engines	Sg.	Temperature Fahrenheit				Daily Fuel Consumption	REMARKS
DAY	MONTH			A.M.	P.M.		LAT.	LONG.							AIR	WATER	Max.	Min.		
Saturday	Oct	7	Various	NE4	SW	Partly cloudy	Southampton		85	11.92	7-8	98	13.7	13.3	58	58	62	62	27	Slight sea
Monday	"	9	"	SW5	SW6	cloudy-rain	LeVerdon		458	16.77	27-15	540	19.8	15.4	62	62	62	62	170	Rough sea
Wednesday	"	11	284	SW5	SW6	Overcast	46-14	4-40	139	14.37	9-39	171	17.7m	18.7	64	60	64	62	55	Rough sea
Thursday	"	12	261	NW4	W2	Cloudy	47-20	14-12	394	15.76	25-00	480	19.2	19.2	60	57	65	62	151	Rough sea
Friday	"	13	Various	SW3	N4	Partly cloudy	49-58	15-30	416	17.05	24-24	478	19.6	19.6	59	56	62	60	157	moderate sea
Saturday	"	14	264	NE5	NW7	Main squalls	49-20	26-33	422	16.88	25-00	497	19.9	15.1	58	56	63	58	157	heavy swell, shipping water forward
Sunday	"	15	252	NW8	SSE6	Overcast	47-27	35-17	372	15.50	24-00	452	18.8	17.7	65	55	66	59	140	high sea, shipping water over decks and hatches
Monday	"	16	249	W8	NW8	Rain	45-08	43-49	381	15.24	25-00	472	19.0	19.8	69	50	68	60	156	high sea, shipping water over decks and hatches
Tuesday	"	17	Indirect	ENE5	SW12	Cloudy	42-54	51-04	347	13.88	25-00	440	17.6	21.1	70	50	68	48	138	moderate sea
Wednesday	"	18	Various	SW12	NW8	Cloudy	42-48	53-39	109	6.83	15-58	196	12.9	44.4	61	45	66	52	105	precipitous sea, laboring heavily, shipping water over whole vessel
Thursday	"	19	253	NW7		Cloudy	41-35	58-58	251	10.46	24-00	346	14.4	27.5	52	43	66	52	114	high to moderate sea, shipping water forward
Friday	"	20	253	SW5	SW4	Part cloudy	40-44	67-50	404	16.16	25-00	491	19.6	17.7	65	57	73	58	160	moderate sea
SEA PASSAGE			DISTANCE TIME		AVE. SPEED		DEPARTURE WAYPOINTS													
Le Havre to Southampton			85 07h 08m		11.92														Left Le Havre Dock 10.16 PM EST Oct 6 1939	
Southampton to LeVerdon			457 1d 03h 15m		16.77		Southampton		22h 04m										Dep. Le Havre Sea Buoy 11.14 PM " " 6 "	
LeVerdon to New York							LeVerdon		1d 08h 44m										Arr. Ambrose Tower 6.22 AM " " 7 "	
HARBOR			DISTANCE		TIME		DRAFT		FOR		AFT								Arr. Southampton Dock 9.06 AM " " 7 "	
Le Havre out			11		58m		Leaving Le Havre		20'1"		27'10"								Left Southampton Dock 7.10 AM " " 8 "	
Southampton in			24		2h 44m		Arriving Southampton		20'0"		27'9"								Dep. Ambrose Tower L.H. 9.15 AM " " 8 "	
Southampton out			24		2h 05m		Leaving Southampton		20'9"		27'11"								Arr. Atterisage Buoy 12.30 PM " " 9 "	
LeVerdon in			20		2h 45m		Arriving LeVerdon		22'0"		26'6"								Arr. LeVerdon Dock 8.25 PM " " 10 "	
LeVerdon out			20		2h 22m		Leaving LeVerdon		21'3"		27'0"								Arr. LeVerdon Anchorage 8.50 PM " " 10 "	
New York in							Arr. New York												Left LeVerdon Anchorage 12.24 AM " " 11 "	
																			Dep. Atterisage Buoy 2.21 AM " " 11 "	
																			Arr. Ambrose L.V. 3.52 AM EST " 21 "	

TRIMMING OF VENTILATORS

DATE	A.M. P.M.	REMARKS	DATE	A.M. P.M.	REMARKS
Oct 7	2AM	Trimmed into the wind			Detention
"	8PM	Trimmed away from the wind	Oct. 18th		Engines stopped in hurricane 8h 2m
"	3PM	Trimmed into the wind			
"	9PM	Trimmed away from the wind	Oct. 13th		Rescuing crew SS HERONSPool 36m
"	5AM	Trimmed into the wind			
"	8PM	Trimmed away from the wind			

SUMMARY OF FUEL CONSUMPTION

On Hand on Arrival at New York	Tons
Supplied in New York	"
Consumed in New York	"
Leaving New York	"
Consumed Outward Bound	"
" Sea Passage Only	"
On Hand on Arrival at Le Havre	2334
Supplied in	"
Consumed in Port	106
Leaving Le Havre	2228
Consumer Homeward Bound	"
" Sea Passage Only	"
On Hand on Arrival at New York	"

Sea Passage { Date and Hour of Departure from Atterisage Buoy 2.21 AM Oct. 11 { 3509 Miles Time at Sea 10 Days 07 Hours 31 Minutes
 { Date and Hour of Arrival at Ambrose L.V. 3.52 AM Oct. 21 { Average Speed 14.68 Knots Best days average Speed Knots
 Time from Dock Le Havre To Dock New York Days Hours Minutes
 Detention on voyage way ports Detention at Sea 8 hrs 38 min.
 Net Steaming Time Days Hours Minutes

Commander

*PSF U.S.
Maritime Comm*

THE WHITE HOUSE
WASHINGTON

November 1, 1939.

PA:

This is very confidential. I want a meeting between Jerry Land, Robert Bruere and myself next week after election. Keep it very confidential.

F.D.R.

*Has been done
EMM-*

File

MARITIME LABOR BOARD

WASHINGTON

ROBERT W. BRUERE, CHAIRMAN
LOUIS BLOCH
CLAUDE E. SEEHORN

October 20, 1939.

Mrs. Franklin D. Roosevelt
Hyde Park, New York

My dear Mrs. Roosevelt:

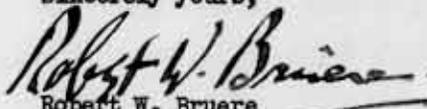
As you requested I have prepared a memorandum on the document "Summary of the More Specific Instances of the Anti-Labor Policies in the Maritime Industry Followed by the Maritime Commission," which you called to my attention and which we discussed informally at the White House on Friday, October 13.

This equally informal memorandum, which I attach, has been made with the cooperation of my associates, Dr. Louis Bloch and Mr. C. E. Seehorn.

I have omitted any reference to the activities of the Bureau of Marine Inspection and Navigation as they affect labor, collective bargaining or the operation of labor agreements since the Bureau is not subject to the U. S. Maritime Commission but is a bureau of the Department of Commerce.

My associates and I deeply appreciate your interest in the problem in which our Board is concerned. We should be happy if with your cooperation we might find a way to better understanding and more effective cooperation with the U. S. Maritime Commission.

Sincerely yours,


Robert W. Bruere
Chairman

Labor Division of the
U. S. Maritime Commission

October 20, 1939.

**Memorandum on "Summary of
the More Specific Instances
of the Anti-Labor Policies
in the Maritime Industry
Followed by the Maritime
Commission."**

Robert W. Bruere

-2-

The Board's direct experience with the Commission's reports
and the Commission's policies is set forth in the report of
the "Summary" of the U. S. Maritime Commission.

**Labor Policies of the
U. S. Maritime Commission**

In the formulation of its labor policies, the United States Maritime Commission has at no time invited the cooperation of the Maritime Labor Board. For this reason, the Board does not possess the detailed information which would be required to determine whether all allegations made in the "Summary of the More Specific Instances of the Anti-Labor Policies in the Maritime Industry Followed by the Maritime Commission" with respect to the labor policy of the Commission are true and accurate in all particulars.

Some of the matters dealt with in the "Summary" have come to our attention only indirectly through complaints made to us by representatives of the maritime unions. The U. S. Maritime Commission is not required by law to consult with our Board on labor policy and has refrained from all such consultation even when controversies between the Commission and the maritime labor unions interfered with the free flow of water-borne commerce. In cases where the Maritime Labor Board, upon request of the unions, has sought the cooperation of the Commission with respect to policies which were causing great unrest among maritime workers, the Commission showed lack of interest in such cooperation. This was so in the matter of the Commission's policy on union hiring halls and in the matter of war risk compensation for seafaring men.

The Board's direct experience with the Commission compels substantial concurrence with the contention made by the author of the "Summary" that the labor policy of the U. S. Maritime Commission "can only be characterized as anti-labor."

Minimum Wage Scales, Minimum Manning
Scales and Minimum Working Conditions
for Subsidized Vessels.

On page 2 of the "Summary" it is stated that in fixing minimum wage scales, manning scales, and minimum working conditions for subsidized vessels, the Commission "adopted for east coast vessels the provisions urged by the operators . . ." The Commission, it is further alleged, has described these minima as " 'reasonable, proper and lawful' ."

The "Summary" also states, "The operators have used this as a club over our heads ever since, refusing to grant better conditions than those 'approved' by an agency of the United States Government."

Comment: Section 301 (a) of the Merchant Marine Act, 1936, requires the U. S. Maritime Commission to fix "minimum manning scales and minimum wage scales, and minimum working conditions" on subsidized merchant vessels. In compliance with this provision the Maritime Commission issued General Order No. 15 on October 21, 1937. This order contains the phrase "reasonable, proper and lawful" in reference to the minimum wage scales established by the Commission for subsidized vessels; it also specifies "that the minimum-wage scales so provided shall be without prejudice to the right or obligation of any contractor to pay, whether as a result of collective bargaining or

otherwise, or to the authority of the Commission to allow in computing the amount of operating-differential subsidy, wages which may be in excess of those provided by the aforesaid minimum wage scales."

The power of the Commission to determine minima on subsidized vessels and maxima on government-owned vessels puts it in a strong position to affect the conditions of employment of seamen not only on subsidized vessels and on its own government-owned vessels, but also on privately owned vessels which do not receive subsidies. For instance, the minimum wage for able-bodied seamen on subsidized vessels, fixed by the Commission, is \$72.50 a month plus board and lodging aboard vessels. The same wage is fixed by the Commission as the maximum monthly compensation for able-bodied seamen on its own government-owned vessels. This fact is bound to influence ship operators when they are confronted by union demands for an increase in pay above \$72.50 a month. Moreover, the operating-differential subsidies granted to shipowners are based, in part, upon a monthly wage of \$72.50 for able-bodied seamen. Under the circumstances, it appears to us natural that the subsidized operators should look to the Commission for advice before granting any increase in wages or before granting any other concessions to seamen in working and living conditions which would result in increased operating costs.

So long as the U. S. Maritime Commission has the power to fix wages and working conditions for seamen on subsidized vessels

and on government-owned vessels, its labor policies will be of vital concern to the maritime labor unions.

There is indeed a question in our mind whether the same agency which is charged with the duties of building a merchant marine, operating government-owned vessels, and fixing water-transportation rates should also be the agency whose duty it is to fix wages and working conditions for the merchant marine personnel.

The Interstate Commerce Commission, for instance, does not determine wages and working conditions for railroad employees. Such conditions are left to the determination of employers and employees in the railroad industry through collective bargaining. The U. S. Maritime Commission seeks, in the public interest, to keep down water transportation rates and the operating costs of government-owned vessels as well as the operating costs of subsidized vessels. These objectives are frequently in conflict with the objectives of unions to secure better wages and working conditions for their members.

Denial of Seamen's Collective
Bargaining Rights

On pages 3, 7, 8 and 9 of the "Summary" it is alleged that the National Labor Relations Board, because of pressure from the U. S. Maritime Commission, held up official certification of the National Maritime Union on the merchant vessels owned by the government and operated by agents for the account of the Commission.

Comment: We do not know whether the National Labor Relations Board failed to certify the National Maritime Union on the Commission's vessels because "of pressure brought upon it by the Maritime Commission."

We do know that elections have been conducted on the Commission's vessels by the National Labor Relations Board, as is stated in the "Summary" with the result that the National Maritime Union was chosen as the representative of employees on such vessels, but that the results of the election have never been put into effect.

It is the opinion of the Maritime Labor Board that if the U. S. Maritime Commission were guided by inner conviction that unionism and collective bargaining are to the interest of the efficient operation of the maritime industry, it would not take a view of labor relations so narrowly legalistic as to preclude the possibility of collective bargaining between employees of such merchant vessels and the agents who operate them for the account of the Maritime Commission.

The Hiring Halls

On page 3 and on pages 9 through 16 of the "Summary" it is alleged that the U. S. Maritime Commission "revived the old U. S. Shipping Commissioners' 'hiring halls' and announced its intention to hire all seamen for its own vessels through that channel without regard to membership or non-membership in any union" in order to disrupt the maritime unions who believe that their existence depends upon the use of union hiring halls by maritime employers.

Comment: A study of the Congressional Record at the time of the enactment of the law of 1872 creating the offices of the U. S.

Shipping Commissioners, clearly shows that the purpose of that law was to protect seamen against false and fraudulent overcharges by boarding-house keepers and against other sharp practices of the then prevalent "crimp joints."

The U. S. Maritime Commission resorted to the hiring functions of the Shipping Commissioners' offices because the Commission holds that employees on government-owned merchant vessels are government employees, and cannot, therefore, be hired through hiring halls through which only union seamen can be hired.

The establishment of union hiring halls was a major issue in the 1934 and in the 1936-1937 strikes of seamen and longshoremen. The National Longshoremen's Board, appointed by the President in 1934, handed down an arbitration award establishing hiring halls operated jointly by unions and employers for longshoremen on the West Coast. Later the seafaring unions, both on the West and East Coasts, won recognition of full union hiring halls from shipowners by economic force and through collective bargaining.

At the present time shipowners and the National Maritime Union on the Atlantic Coast are negotiating for a renewal of their contract, and the union hiring hall is a principal object of attack by the employers. ("Summary" page 22 "Present Contract Negotiations")

On the total record the Maritime Labor Board concurs in the conclusion expressed in the "Summary" that the Maritime Commission's attitude is influencing the attitude of the shipowners in their

opposition to union hiring halls. An important contributing factor to this conclusion on the part of the Maritime Labor Board is the record of its own direct experience with the Maritime Commission in the consideration of the hiring hall problem.

Maritime Training

On pages 4, 20, and 21 of the "Summary," it is alleged that the Maritime Commission did not keep faith with the maritime unions in connection with its program for training merchant seamen.

Comment: This allegation is based upon the alleged fact that the Commission secured the cooperation of the maritime unions in the matter of training merchant seamen by (1) agreeing to enroll only persons with two years' seafaring experience and also by (2) agreeing that important changes in this policy would be made only after consultation with the unions.

We do not know just what the understanding was between the unions and the Commission. We know it to be true that while the Commission at first confined its training program to persons with two years' seafaring experience, it changed this policy as of September 1, 1939. Since that date the enrollment of students in the United States Maritime Service has been open to "licensed and unlicensed personnel of the United States merchant marine who comply with requirements prescribed by the Commission as well as to young American citizens between the ages of 18 and 25 years who desire to train for service in

the American merchant marine and who qualify for such training under regulations prescribed by the Commission."

Our best information is that while the CIO National Maritime Union at first cooperated with the Commission in the matter of training schools for merchant seamen, the AFL Sailors' Union of the Pacific, from the beginning, opposed these training schools and warned its members against enrolling in them.

When the Commission changed its policy with regard to admitting only men with seafaring experience to its training schools, the National Maritime Union also withdrew its support from the Commission's training program.

Because there has been a great deal of unemployment among seafaring men, the unions have been fearful lest the Commission will flood the labor market with trained non-union seamen. The maritime unions consider the present training program of the Commission a serious threat to the economic security of the men already engaged in the merchant marine industry as well as a threat to the very existence of the unions.

War Risk Compensation

On page 4 and on pages 23 through 26 of the "Summary" it is alleged, among other things, that "During the recent attempt by the seamen to establish war risk compensation and insurance, the Commission stepped in at a critical time and announced a wholly inadequate compensation for its own ships, thus putting the unions in the position

of refusing to accept a standard deemed 'fair' by the Federal Government. . . Naturally, the reason the Commission announced that settlement at that time was to put the union at a disadvantage in negotiations with the shipowners. . ."

Comment: The experience of the Maritime Labor Board with the Maritime Commission in connection with the "war bonus" problem as affecting the movement of vessels at a time when the repatriation of American citizens was a matter of critical public concern, further strengthens the impression that the policies and practices of the Commission are unsympathetic to labor and labor's organizations.

On Thursday, September 7, the Chairman of the Maritime Labor Board was advised by Mr. Joseph Curran, President of the National Maritime Union, that the problem of manning vessels in the Port of New York was being made extremely difficult by the inability of the Union to secure any definite statement from the operators on the subject of bonuses to seamen on vessels that were to enter the war zones. Mr. Curran stated that the employers assured him that they could take no definite action without the approval of the Maritime Commission.

In order that the Board might cooperate effectively in the solution of the problem, the Chairman immediately reached Admiral Land in Washington by telephone from New York; stated the problem as it had been presented by Mr. Curran; and asked Admiral Land for advice. The Admiral's response did not invite cooperation but rather admonished the Chairman to say to Mr. Curran that if any more

boats were tied up, "he is likely to get an Executive Order covering all maritime personnel into the Naval Reserve; this is not a threat but a statement of fact."

In view of the Admiral's attitude and the desire of the Maritime Labor Board to avoid any action that would aggravate the problem, the Board made an appointment with Admiral Land for one of its mediators, with a view to securing all facts in the case and promoting effective cooperation.

Admiral Land received the Board's representative most courteously. At his suggestion, the Board's representative reached Mr. Curran by telephone in New York with the result that Mr. Curran came to Washington on Saturday, September 9, for a conference with Admiral Land, members of his staff, and the Maritime Labor Board's representative.

It was the Board's understanding of this conference that Admiral Land was not prepared to announce the Commission's policy with respect to war bonuses and that he desired the representatives of the maritime employees and employers first to arrive at an agreement through collective bargaining.

With this understanding, the Board assigned its representative to confer in New York with Mr. Curran and with the owners of the vessels and, in cooperation with Admiral Land, to seek to bring about a comprehensive agreement. It was further understood that at the appropriate

moment representatives of both sides would be invited to Washington for a conference in the offices of the Commission at which it was hoped that a satisfactory agreement would be reached.

For a period of ten days the representatives of the Union cooperated fully with the Maritime Labor Board. Repeatedly, the representatives of the employers refused to enter into joint negotiations, whereupon the Union formally requested the services of the Maritime Labor Board. The Board, in turn, formally accepted the case on Monday, September 18.

Through the efforts of the Board's representative, an informal joint conference was held in New York between the parties on September 19 and they agreed to meet formally at 10:30 a.m., September 20. However, the employers failed to appear for that meeting.

While, under its understanding with Admiral Land, the Maritime Labor Board was thus seeking the settlement of the issue through collective bargaining and on terms which would be mutually satisfactory to the parties and in the public interest, Admiral Land - without notice to the Board - advised Mr. Curran and the employers in New York that the Commission had released a statement granting, among other things, a 25 per cent wage increase to employees on government-owned vessels operated on the Commission's account. (On the basis of the \$72.50 monthly wage for able-bodied seamen, this amounts to an increase of \$18.125 a month. The Union's original demand was for a war bonus of \$250 a month.)

Upon receipt of this information from its representative in New York, the Maritime Labor Board called Admiral Land for confirmation. Admiral Land advised the Board that the terms just released had been decided upon ten days before; that is, at about the time when on behalf of the Commission he had entered into cooperative relations with the Maritime Labor Board.

The employers immediately adopted as their own the terms promulgated by the Commission as minima. Collective bargaining on the issue was brought to a full stop. Because of the critical situation, the Maritime Labor Board exerted its influence to have the representatives of the Union accept these terms with the proviso, however, that conferences should immediately begin looking to the improvement of the terms. In the case of the subsidized operators, these conferences have been without effect up to the present time.

As a result of this episode, the representatives of the seamen have challenged the dependability of government agencies as impartial interveners in labor disputes.

PSF U.S. → Maritime Comm.

To the President from Sumner Welles---November 1939

For General Grant's memo of Nov. 6, 1939

Draft regarding proposed transfer of certain American
ships of American registry to a foreign flag--states
his conclusions.

See: Neutrality folder-Drawer 2-1939

Handwritten text on the left margin, partially obscured by a paper flap. It appears to contain a date and some administrative notes.

TO THE SECRETARY OF THE ARMY AND NAVY DEPARTMENT

Handwritten numbers: 21 781

November 11, 1939

For Admiral Land's memo of Nov 8, 1939

Subject: Transfer of registry of American vessels

See: Neutrality folder-Drawer 2-1939

Faint, mostly illegible typed text, likely the body of a memorandum or report.

OFFICE OF THE SECRETARY OF THE ARMY
WASHINGTON, D. C.
NOV 15 1939

Copy

Mentoni
2

November 13, 1939.

MEMORANDUM FOR THE PRESIDENT:

Secretary Hull asked me to give you the following respectful suggestion:

"That the idea of transfer of title or sale of the U.S. Shipping Line vessels in controversy, be held in abeyance until we know whether or not we will need these vessels. He thought perhaps the ships could be told to make certain runs that might be profitable and the hope held out to them that the recommendation would be made to Congress on its convening in January, to indemnify these vessels for any loss they might have incurred on these runs."

E.M.W.

For original memo--See; Neutrality folder-Drawer 2-1939

RECEIVED BY THE SECRETARY OF THE WAR DEPARTMENT
NOVEMBER 17 1939

COPIA

Martin

November 17, 1939.

Memorandum for the President
From Louis Johnson

Subject: Proposed acquisition by the War Dept of U.S. Ships made surplus by the Neutrality Act

See: Neutrality folder-Drawer 2-1939

Received 11 * 1939

Admiral Land's memo

Admiral Land's memo to the President of Dec 22, 1939

Re-Resume of action taken to date to take care of privately
operated lines seriously affected by neutrality
legislation (regular ~~service~~ prohibited)

See:Neutrality folder-Drawer 2-1939

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

November 8, 1939.

File
Personal
PSF
U.S. Maritime Comm.
2

MEMORANDUM

Under statute law it is the function of the Maritime Commission to approve or disapprove transfer of registry of American vessels. This function is exercised many times throughout any given year and has been exercised with great frequency by the Maritime Commission since it came into office. This includes sales at home and abroad for scrapping, for operations, or for any other purposes which may be contained in the application. Each case is considered on its merits and action taken accordingly.

Even the surrender of marine documents due to transfer of ownership by American citizens or due to reclassification are subjects which must have the approval of the Maritime Commission.

The general public does not appear to understand that matters of transfer of registry, charters, sales, and so forth, are practically matters of every week occurrence at all times in the regular routine business of the Maritime Commission.

It is a matter of interest to note that there have been and are a great many American-owned vessels which fly foreign flags and this has been common practice for a great many years. Outstanding examples are United Fruit, Standard Oil, I.F.C., and so forth, and so forth. In addition to these large companies there are many small firms made up of American citizens who operate ships under foreign flags.

Attention is invited to the fact that there are 70 odd German merchant ships in the harbors of the Western hemisphere. Ample evidence is available to the effect that steps are being taken to either sell these ships or transfer their German flag to that of some neutral country. It is understood that some of these German ships have already been offered to American citizens.

It is my understanding that the Neutrality Act was passed for two primary purposes: (a) safeguard the American flag, (b) safeguard American citizens. If this premise is correct it definitely follows that there is no evasion of the Act by transfer of registry to a foreign flag, particularly if that foreign flag is one of a neutral country. It further follows that such action conforms with both the letter and spirit of the law.

E. S. Land
E. S. Land
Chairman

PSF U.S. Maritime

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

November 8, 1939

MEMORANDUM FOR THE PRESIDENT

Subject: Transfer of Vessels to Foreign Flag

Under Section 2 of the Neutrality Act of 1939, it is unlawful for vessels of United States registry "to carry any passengers or any articles or materials" to belligerent states in Western Europe, and under Section 3 of the Act, it is unlawful for any such vessel or any American citizen, to enter the combat area defined in the Proclamation of November 4, 1939. The result is that certain American steamship lines are prohibited from continuing their previously existing services.

The Act contains no provision for the disposition of the vessels which are tied up because of these provisions, and the prospects for allocation of any considerable number of them to new routes are not bright.

The owners and operators, therefore, propose to adopt the only course of action open to them, that is to sell the vessels to a foreign corporation and to transfer them to foreign registry. This can be done, however, only with the consent of the Maritime Commission under Section 9 of the Shipping Act, 1916, as amended.

Section 9 of the Shipping Act, 1916, as amended

This section prohibits the sale of American-flag vessels to foreign purchasers, or their transfer to foreign registry without the approval of the Maritime Commission.

This section was originally enacted in September, 1916, while the World War was in progress. As originally enacted and as amended in 1918, the measure did not give the Shipping Board (the Maritime Commission's predecessor) authority to prevent sales foreign. The section then permitted an American owner to sell his vessel foreign and to transfer the flag, but on the condition that "such vessel is first tendered to the Board at the price in good faith offered by others", or if there was no

-2-

such offer, appraisers were to determine the fair value as a rejection price for the Shipping Board.

The section was amended in 1920 to provide for absolute restriction on sale or transfer foreign unless the Shipping Board approved. This is the substance of the section as it now is.

The purpose of the present provision is to give an agency of the Government power to prevent the removal of a private citizen's property (a vessel) from the control of our laws when public interest demands that it continue to be available for the transportation of our commerce or for the national defense. No similar restriction in peace-time is placed on our citizens with respect to other property, nor by shipowners of other nations generally. Such an extreme power should be exercised sparingly, particularly when our country is not at war. Its unreasonable exercise might defeat its purpose in the long run, and prevent investment of capital in new American-flag tonnage. The power to weigh the considerations and to determine where the true national interest lies, is vested by law solely in the Maritime Commission.

Applications for sales and transfers foreign are not unusual. Hardly a week goes by without the filing of such applications with the Commission. Each application is considered upon its merits.

**Important Facts Involved in the Application of
 the United States Lines, Inc. for
Sale Alien and Transfer Foreign**

The following facts are important in connection with the application of the United States Lines for the sale of nine (9) vessels to a foreign corporation and for their transfer to a foreign flag:

1. The United States Government has no financial interest whatever in any of these vessels.
2. The vessels are all approaching obsolescence, being 17 years of age or more.
3. The U. S. Lines has agreed to a program for the construction of new vessels greatly needed by the Merchant Marine.
4. These old vessels are not needed for national-defense purposes, nor required for the transportation of our commerce in permitted trades.
5. These vessels are adapted to the North Atlantic trade, and their removal from U. S. registry would improve the prospects for suitable reallocation of other affected American vessels, to permitted trades.

6. If they were transferred, all subsidy from the Government of the United States would be terminated.

There is neither subterfuge nor violation of
the letter or the spirit of the Neutrality Act

1. The vessels would be owned by a foreign corporation.
2. The vessels would not fly the American flag.
3. No American citizens could by law serve on them as officers or crew.
4. The vessels, under long-established principles, would lose completely the protection of the United States Government, and would not involve us in disputes with foreign Governments. They would not be the bases for claims by the United States.
5. If one of these vessels were sunk, there would be no loss of lives of U. S. citizens. Furthermore, in view of the expressed intention of the operator to take out war risk insurance, there would be no pecuniary loss to the American stockholders of the foreign corporation.
6. The present owners are merely placing themselves in the position of other American business interests not affected by the Neutrality Act—those which hold stock of foreign corporations which own and operate foreign-flag vessels. This has not been, and is not now, illegal under our law.

Conclusion: The plan covered by the application of the United States Lines complies with both the letter and the spirit of the Neutrality Act. At the same time, it enables this operator, through foreign instrumentalities, to conserve business built up by it over a period of years, and to preserve its shore organization for the return of peaceful conditions of trade.

E. S. Land

E. S. Land
Chairman

PSF

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

April 5, 1940

Memorandum to The President

In our conference last Monday, you very kindly volunteered to obtain some information for the Maritime Commission with regard to foreign shipbuilding costs at the present time as compared with costs in the summer of 1939.

The Commission is confronted with the problem of determining the construction differential subsidy for a number of vessels for which contracts will be let during the current calendar year. At the present time it is practically impossible for the Commission to obtain the necessary data on which to base the proper finding.

In connection with the question of construction subsidy as authorized under the Merchant Marine Act of 1936, it is necessary for Commission action that "the estimated cost of building such a vessel in a foreign shipyard" be determined. This estimate is based on "fair and reasonable estimate of cost of a vessel built to similar plans and specifications in a foreign shipbuilding center deemed by the Maritime Commission to furnish a fair and representative example for the determination of the estimated cost of construction of the type of vessel proposed."

Appendix A represents in the briefest skeletonized form a resume of the matter for use in obtaining the data desired. Appendix B represents our procedure under normal peace-time conditions and is submitted merely for your information as to normal peace-time procedure. In Appendix C are some conclusions drawn from the facts available in the Commission at the

103,951,648

present time. Your particular attention is respectfully invited to the last paragraph of Appendix C (Page 7, Paragraph 8) which represents my best judgment as to the proper way for the Commission to proceed during the calendar year 1940, that is, to administratively determine the construction differential for this calendar year on the peacetime foreign costs which we now have available. For ready reference this paragraph is quoted:

"The one obvious, fair, and reasonable way out of the present impasse -- a way entirely in consonance with the carefully planned intent and purpose of the 1936 Act -- is to determine the selling price of Commission ships on the basis of peacetime foreign costs."

As indicated to you, a close decision of our Merchant Marine Act is involved and we should only proceed administratively after investigating other methods.

It will be deeply appreciated if you will advise me with regard to your own efforts in connection with this general subject as summarized in Appendix A, the matter, as you know, being one of urgency.

Jerry Land

E. S. Land
Chairman

Appendix A

Foreign shipbuilding costs at the present time as compared with costs in the summer of 1939.

Shipbuilding Costs

1. (a) Labor
(b) Material
(c) Overhead
(d) Profit
2. The following have a bearing on ship costs, particularly (a):-
 - (a) Comparative rates of exchange
 - (b) Comparative cost of living

Type of ships involved:

- (a) Cargo vessels 8000 to 10,000 dead weight
- (b) Combination vessels - primarily cargo but with some passenger accommodations

Note: Data on (a) will probably serve our purpose.

Countries (Maritime Competitors):

- (a) Italy, Norway, Sweden, Denmark, Holland
- (b) Great Britain, France, Germany, Japan

Note: Data from any of the above will be of great assistance.

FOREIGN SHIPBUILDING COSTS

Appendix "B"

The Commission is confronted with the problem of determining the construction-differential subsidy for a number of vessels for which contracts will be let during the current calendar year. The first case to arise will be that of three proposed new vessels for the Mississippi Shipping Company. Any one of the following breakdowns of foreign cost would enable the Commission to determine the differential. They should be made by a representative foreign yard and vouched for, as to their bona fide character, by the local American Consul.

1. The unit foreign cost of the three proposed vessels, estimated on the basis of the Commission's plans and specifications and the stipulated time of delivery. The estimate should be broken down in detail to show separately the cost of materials to the shipbuilder and the corresponding labor cost for incorporating the individual items into the ship, grouped under the following headings:

- (a) Hull
- (b) Hull engineering
- (c) Main engine and gears
- (d) Boilers
- (e) Electric generators
- (f) Engine room auxiliaries
- (g) Outfit and equipment
- (h) Hotel equipment
- (i) Average Hourly earnings
- (j) Overhead charges
- (k) Establishment charges
- (l) Profit
- (m) Government construction aids, if any, which benefit either the builder or shipowner.

2. In lieu of the above, a similar breakdown showing the present foreign cost of a vessel of approximately the same type, size, power, speed, and passenger capacity as the Mississippi vessels, built to reasonably similar standards. In this case plans and specifications of the foreign-built vessels should accompany the breakdown in order to enable the Commission to reconcile and make proper allowance for differences between the two jobs.

3. In lieu of either of the above, a similar breakdown of the present unit foreign cost of the Commission's C-2 type vessels, the construction cost of which has already been estimated by a number of foreign yards. This new estimate could readily be converted by the Commission's staff into the cost of vessels of the Mississippi type.

Attached statement shows (1) the general characteristics of the Mississippi Shipping Company's vessels, and (2) the yards in non-belligerent foreign countries that have furnished pre-war estimates of the cost of constructing the Commission's C-2 type ships.

Note: In the above breakdowns the total net estimate should represent actual cost plus profit and should not be an asking price subject to negotiation.

Appendix B

**General Characteristics of the
Mississippi Shipping Company's Vessels**

Length, overall	492'-0"
Length, B.P.	465'-0"
Beam, molded	65'-6"
Depth, molded	39'-9"
Load draft (molded)	25'-6"
Load displacement tons	14,210
Deadweight tonnage	8,900
Gross tonnage	8,300
Net tonnage	5,100
Shaft horsepower	8,600
Speed (sustained at load draft)	16.5 knots
Passengers	63
Crew	76

**Yards in non-belligerent European Countries
that have furnished pre-war estimates of the cost
of constructing the Commission's C-2 type vessels**

A/S Akers Mek. Verksted	Oslo, Norway
A/B Götaverken	Gothenburg, Sweden
Burmeister & Wain	Copenhagen, Denmark
Ansaldo	Genoa, Italy
Cantereri Riuniti Dell' Adriatico	Trieste, Italy
M.V. Nederlandsche Scheepsbouw	
Maatschappij	Amsterdam
Wilton-Jijenoord	Rotterdam

Weighting facilities in part of the neutral countries come into effect but little from those prevailing in the countries now at war. The war-time and high prices of materials, general freight and insurance charges, rising wage rates and shortage of labor are in general conditions, have resulted in higher shipbuilding costs since the outbreak of war. In Germany, Government control of orders and prices is enforced very strictly. In Denmark, Holland, Belgium, and Japan the export of war-constructed vessels is prohibited except by special permission of the Government, which, while this fact is usually considered,

Appendix "C"

FOREIGN SHIPBUILDING COSTS

Following is a brief statement showing the increasing difficulties of determining foreign shipbuilding costs in order to estimate selling prices for the Commission's ships.

Belligerent Countries

In the countries now at war, the placing of orders for new ships for private account has virtually ceased. Costs are not ascertainable, and, even if they were, would furnish no fair basis for 20-year parity in capital costs, as envisaged by the 1936 Act.

A cable from Mr. Harvey Klemmer, London, March 18, 1940, outlines conditions in Great Britain that are believed to be illustrative of those prevailing in the belligerent countries generally. Mr. Klemmer indicates that private orders for merchant ships "are not expected", and that "no building is permitted without the permission of the Government." Inasmuch as the entire British ocean-going merchant marine is under Government control and all British shipyards are operating under license, any ocean-going ships ordered for private account, before or after the outbreak of hostilities, would, upon completion, be requisitioned either by the Admiralty or by the Ministry of Shipping.

It is safe to say that in view of the losses by submarine, mine, and raider warfare, necessary replacements and additions to the merchant fleets of the belligerents will be made without regard to cost. Furthermore, information as to the number, type, size, speed, and cost of these new ships will be guarded as naval and military secrets of the first importance.

Obviously none of the belligerent countries can be used as a foreign shipbuilding center in which to determine fair and reasonable selling prices for the Commission's ships.

Neutral Countries

Shipbuilding conditions in most of the neutral foreign countries differ but little from those prevailing in the countries now at war. The scarcity and high price of materials, abnormal freight and insurance charges, rising wage rates and shortage of labor due to partial mobilization, have resulted in higher shipbuilding costs since the outbreak of hostilities. Government control of orders and prices is becoming more drastic. In Scandinavia, Holland, Belgium, and Japan the export of newly constructed tonnage is prohibited except by special permission of the Government, which, while thus far is usually obtainable,

may not be in the future. Normal replacements are being deferred, while new construction necessitated by marine casualties is usually contracted for on a cost-plus basis. The risk of "political non-delivery" must be assumed by anyone placing orders for private account.

Censorship acts as an effective "black-out" to hide activities and costs in the countries at war, and a reluctance to divulge information is evident in many of the neutral countries. We know that the curve of costs has been sharply upward since last August, but with only scattered and incomplete information on material and labor, and no information whatever on overhead and profit, any attempt to estimate the cost of ships in non-belligerent foreign countries would be virtually as futile as trying to obtain authentic information on costs in Great Britain, France, or Germany.

Shipbuilding Costs in Italy

Following the outbreak of war, Italy, a non-belligerent with extensive shipbuilding facilities, gave promise of furnishing a level of shipbuilding costs which approximated the peace-time norm and which could be used -- temporarily at least and without hardship to prospective American purchasers -- as a basis for estimating selling prices of the Commission's ships.

A cursory study made by the Division of Research in January, 1940, seemed to indicate, on the strength of information then in hand, that the rise in Italian material and labor costs was offset by the depreciation of the lira, and that the net cost of new merchant tonnage contracted for in Italy by American shipowners would be approximately the same as before the war.

Further information relative to the rise in Italian prices of iron, steel, lead, copper, zinc, and other basic materials, coupled with later and more complete information regarding increases in shipyard wage rates, showed that Italian ship costs have risen beyond the point where they would be cancelled out by the reduced dollar value of the lira, which has declined only 5.5% below its pre-war value.

In order to prove or disprove this appraisal of the Italian situation, Mr. A.T. Ross, our European representative, was on February 29, 1940, directed to proceed to Italy and secure the latest information on Italian shipbuilding prices.

While awaiting Ross's report, we cabled the American Consul in Trieste and on March 4, 1940, received the following reply:

"Prices of materials and labor have increased since August approximately: raw material, 12 per cent; semi-finished, 18; finished, 25; labor, from 10 to 19, according to category."

A cable from Ross was received on March 11, 1940, reading in part as follows:

"Material prices up on average 30 per cent. Steel plates and shapes now about \$70 per ton delivered. Shipyard labor now averages 30 lire per day of 8 hours, to be increased March 25 by 15 per cent. Importing about 50 per cent heavy plates and raw material; principal source of supply United States; power plant, electrical, and all other equipment obtained locally. Builders now accepting orders for new construction. One group four 15,000 deadweight, 13½ knot tank steamers, first ship to be delivered in 15 months and 2 per month thereafter; also three 8,600 deadweight motor cargo 12 passenger 15-knot, same delivery time. Authoritative prices for these ships not authorized." (Underscoring supplied.)

Mr. Ross's statement that the United States is Italy's principal source of supply for heavy plates and raw materials is confirmed by the Division's records, which show that during the period January 1 to March 15, 1940, Italy imported from this country nearly 100,000 tons of metals, including steel plates and bars; iron, steel, and nickel scrap; copper; lead; and tin plate.

On March 2, 1940, we addressed the following cable to Mr. Cesare Sacerdoti, the well-known Italian shipbuilder and former Managing Director of Cantieri Riuniti Dell' Adriatico, Trieste, who is now in charge, under the Minister of Shipping, of all shipbuilding in Italy.

"Please advise confidentially whether Italian shipbuilding prices have increased since August and if so the approximate percentage of increase for both material and labor."

Under date of March 14 we received the following reply:

"Your telegram second instant. Increase shipbuilding prices since August 1939 twenty per cent."

In a memorandum to the Chairman under date of January 30, 1940, Mr. Harvey Klemmer made the following statement: "Prices in Italy are now 40% higher than they were last summer." In a report to the Commission dated March 14, 1940, Mr. Klemmer quoted certain Italian ship prices which he stated "represent an increase of approximately 40% since the beginning of the war."

It will be noted that Mr. Sacerdoti's cable gives the increase as 20% while Mr. Klemmer reiterates his previous statement that the increase is 40%. Both are speaking of "prices" and not "costs." The discrepancy may be accounted for by the probability that Mr. Sacerdoti's

estimate takes cognizance of an arbitrary final reduction in price were the work (and the foreign exchange involved) actually in sight.

On March 11, 1940, the Director of the Division of Research spent the greater part of the day with Mr. Angelo Conti, consulting engineer and naval architect, who for twelve years has been in charge of all the repairs to the ships of the Italia Line. Mr. Conti, thoroughly conversant with shipbuilding priced here and in Italy, made available his confidential files and records and discussed all aspects of the present Italian shipbuilding situation. After pointing out the various factors which make for increased Italian costs since the beginning of the war, Mr. Conti expressed the opinion that final price quotations in Italy would be based partly on actual costs but largely on the need for raw materials and foreign exchange. Under the circumstances, information on material, labor, overhead, and profit, even if obtainable in the detail needed to work out the cost of a completed ship, would not give the final answer as to price concessions that would be made in order to secure contracts.

On March 27th the Director of the Division of Research discussed the Italian shipbuilding situation with Captain Angelo Ruspini, former managing director of the Italia Line. Like Mr. Conti, Captain Ruspini was born and received his marine training in Italy, although he has been a citizen of the United States since 1920. He has maintained his Italian contacts and is thoroughly familiar with conditions in Italian shipyards. Capt. Ruspini stated that the VETTOR PISANI, a recently-built Italian cargo ship, very similar in general characteristics to the Commission's C-2 type vessel, cost in Italy before the war approximately \$1,100,000. He said that the price today for duplicates of this ship was \$1,600,000 (an increase over the pre-war price of 45%). He was careful to point out, however, that this was an "asking price" which did not represent merely "cost plus a reasonable profit," but that it included broker's commissions and "all the profit the traffic would bear." He stated that a lower price could undoubtedly be arranged were orders actually in sight.

On April 2, 1940, Mr. Ross returned to Washington and made a verbal report of his findings in Italy. He was advised by Mr. Sacerdoti that Italian builders have materials on hand for the construction of not more than ten ocean-going ships, and that prices are naturally influenced by this shortage. Mr. Sacerdoti stated that the form of payment most desired by the Italian authorities was the barter system -- that they were inclined to favor purchasers who paid for their ships in specified materials, say 50% in coal and the remainder in iron, steel plates and shapes, copper, tin, forgings, certain kinds of wood, etc. Prices and terms would be influenced by the particular commodities offered at the time the deal is being negotiated.

Like Mr. Conti and Capt. Ruspini, Mr. Ross drew a sharp distinction between "costs" and "prices" in Italy, and confirmed our previous understanding that there is no fixed relation between the two, decision

as to final prices resting with the central authorities in Rome. In his conferences with Italian shipbuilders and officials of ship-repair plants, he received estimates of the increase in present over pre-war Italian building costs running as high as 60 per cent. Mr. Sacardoti informed him that while the increase amounted to 40 per cent, a reduction of as much as 20 per cent might be expected if substantial advance payments were made in dollars.

Mr. Ross summed up the situation in Italy by saying that it was impossible to obtain sufficient data on which to estimate the cost of a ship from the keel up. Government control, coupled with the need for ship materials and foreign exchange, introduces so many abnormal and arbitrary factors into the calculation that the estimate would be valueless. In his opinion the only way to get a reliable Italian estimate would be to furnish the Italian authorities with complete plans and specifications of the proposed ship, accompanied by evidence that the request for a quotation was made in good faith and with the expectation of placing an order. If this were done, the tender received would still be an "asking price," subject to adjustment through negotiation, and would probably not reflect "cost" plus a reasonable profit.

Shipbuilding Costs in Japan

In view of shipbuilding conditions in Europe, where costs are abnormally high and where authentic information regarding material, labor, overhead, and profit is not procurable in the detail needed for estimating selling prices of the Commission's ships, it becomes necessary, in order to complete this brief world survey, to inquire into conditions in Japan.

On January 11, 1940, the Division of Research directed Mr. Ernest E. Johnson, its Far Eastern Representative, who was then in Australia, to proceed at once to Japan and obtain the latest information on shipbuilding costs in that country. On March 23 Mr. Johnson cabled from Yokohama that cooperation was difficult to secure, but that he had mailed partial data and was working up more.

In spite of low labor costs, the necessity of importing most of her raw materials has the effect of making Japan's ship prices relatively high. Our records show that pre-war construction costs in Japan were somewhat higher than those in some of the European countries. This was confirmed in April, 1939, when Mr. Johnson secured a Japanese estimate of \$1,189,000 for constructing the Commission's C-2 type vessels, as compared with a cost of approximately \$1,100,000 in Denmark and Italy.

Because of the Chinese "incident" and other political and economic developments, Japanese ship construction costs have been rising steadily for some time. With the increase in the cost of materials, brought about by the European war, the Government on September 18, 1939, arbitrarily fixed a scale of maximum prices at which certain com-

modities should be sold, but left room for certain increases when materials are imported.

On January 18, 1940, the American Consul at Kobe reported that because of rising costs the shipbuilders had decided on an increase of 20 per cent in prices, but that they could reach no agreement with the shipowners. The consul added the following significant statement:

"It is now expected that Government officials will intervene to establish the basis as of prices ruling prior to September 18, 1939, the date of the price fixing ordinance."

It thus appears that the Japanese government is expected to establish by subsidy what is virtually a pre-war level of shipbuilding costs in order to extend further aid to its shipbuilders and shipowners, who are already heavily subsidized.

Under these paternalistic and highly artificial conditions, Japanese shipbuilding prices, even were they ascertainable in the necessary detail, could scarcely be used as a "fair and representative" example of foreign cost for the purpose of estimating selling prices of ships built by the Commission.

A number of conclusions are to be drawn from the facts herein disclosed.

1. Complete and authentic information on foreign construction costs is not available in the degree of detail necessary to enable the Commission to estimate the cost of ships built abroad to the Commission's plans and specifications.
2. Such information as is available shows that foreign costs are on a war-time basis and consequently do not reflect fair and reasonable peace-time commercial values.
3. Normally the curves of domestic and foreign shipbuilding costs follow substantially the same pattern, subject only to minor fluctuations which do not greatly affect the general trend. In time of peace the two curves are roughly parallel.
4. It follows that in normal times a close approximation to capital parity can be provided for the American shipowner, during the useful life of his ship, on the basis of the discrepancy existing between American and foreign costs at the time the ship is purchased. The shipowner's investment will not be seriously affected by the subsequent minor changes which are naturally to be looked for in the roughly parallel trend of the two cost curves.

5. To establish the shipowner's capital costs and carrying charges for twenty years at a time when foreign costs have temporarily departed from the normal and narrowed the differential, would be a procedure not easily defended in light of the obvious intent of the 1936 Act to bring about capital parity for twenty years.

6. Should the destruction of foreign vessels continue to be balanced (1) by replacements ordered before the war, and (2) by government controlled building since the war began, it is safe to predict that peace in Europe, bringing an end to operating delays caused by the convoy system and the detention of ships, will release a substantial amount of tonnage for normal employment. When this occurs, a sharp decline in ocean freight rates will be closely followed by peace-time foreign ship-building prices. The two curves of cost (foreign and domestic) will again resume their normal pattern.

7. The American shipowner who is forced to purchase ships from the Commission at foreign war-time prices will find himself, after the war, competing with ships either built or ordered privately during the pre-war era or built by foreign governments during hostilities and afterwards disposed of to foreign shipowners at economical prices. For the life of his ship he will be subjected to capital "disparity", instead of being accorded that "parity" envisaged by the Act.

8. The one obvious, fair, and reasonable way out of the present impasse -- a way entirely in consonance with the carefully planned intent and purpose of the 1936 Act -- is to determine the selling price of Commission ships on the basis of peace-time foreign costs.

THE WHITE HOUSE
WASHINGTON

*PSF
M. C. ...*

April 11, 1940.

MEMORANDUM FOR
GENERAL WATSON

I want to see Joe Guffey today or tomorrow but if he is in Philadelphia call him on the telephone and tell him that poor Woodward is being sued for his back salary and does he mind if I send his name in.

F. D. R.

*to the ...
... available
... problems
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...*

330
Memo for the President
Sen. Guffey is
wanted in
my office
AMW

THE WHITE HOUSE
WASHINGTON

April 9, 1940

MEMORANDUM FOR THE PRESIDENT:

(Copy for Jim Rowe)

Mr. Frederic Delano called today to appeal for action in the case of Thomas M. Woodward. Mr. Delano said Woodward has gotten into rather desperate financial straits and has been ordered by the General Accounting Office to reimburse the government in the total amount of the salary he has received since the end of the special session.

I have checked the records and find that you gave Mr. Woodward a recess appointment as a member of the Maritime Commission; that this appointment expired at the end of the special session; then you gave Mr. Woodward a second recess appointment. He is still serving under this appointment.

At your direction, Rudolph Forster has been holding Woodward's nomination and Jimmy Rowe has been trying to persuade Senator Guffey of Pennsylvania to withdraw his objections to the appointment.

Meanwhile, Woodward has been serving on the Maritime Commission and has been drawing his salary. Mr. Delano says that he is an old friend and that he recommended Woodward to the President. Woodward, also, has four children and no outside means of support. He has now been told by the Accounting Office that his salary has been stopped and that he,

THE WHITE HOUSE
WASHINGTON

moreover, must repay the Government the salary he has drawn since the special session of Congress adjourned.

May I suggest that you speak to Barkley with the view of sending Woodward's nomination to the Senate, despite Guffey's objections.

S. T. E.

P. S. Please note attached memorandum to me from Jim Rowe re Woodward.

S.T.E.

THE WHITE HOUSE
WASHINGTON

April 9, 1940

MEMORANDUM FOR S.T.E.:

The present situation in the Tom Woodward case is as follows:

Last week Jerry Land talked to the President about Woodward. The President told him he was seeing Joe Guffey that same day and that after that the name would be sent up to the Hill.

After much effort, Joe Guffey promised me that he would not object to Woodward, but insisted that the name be held until he had a conference with the President. Guffey was looking for some sort of trade.

I have a memo on the President's desk reminding him that this affair has been dragging for months. The President is aware of the fact that Woodward is not being paid. What is more important, there is serious doubt about the legality of the votes on the Commission being cast by Woodward at this stage. As you know, the Commission is split 3 to 2.

Jim Rowe

THE UNIVERSITY OF CHICAGO

Carl Burns
Carl Bell

Louis Johnson @ 9

Allied Purchasers @ 11

[Faint, illegible text, likely bleed-through from the reverse side of the page]

*file
Personal*

THE WHITE HOUSE
WASHINGTON

April 8, 1940

Memorandum For The President.

Maritime Commission

Jerry Land is interested in knowing if you have had your conversation with Senator Guffey about the reappointment of Woodward. As you remember, Guffey is really willing to go along on Woodward although he thinks he is a very poor appointment.

Land dislikes bothering you, but is afraid there may be some doubt of legality about the votes Woodward is now casting. As you know the Comptroller General has withheld his pay for some months.

JHR
James Rowe, Jr.

*file
confidential*

*PSF U.S. Maritime Comm
2*

DEPARTMENT OF STATE
DIVISION OF EUROPEAN AFFAIRS

April 12, 1940.

S
Mr. Secretary:

*not approved
JHR*

Mr. Max Truitt telephoned Mr. Welles a few minutes ago, just before the latter had to leave for the Pan-American meeting.

He said that the Maritime Commission was faced with a very urgent situation, which involves the transfer of Danish shipping to the American flag.

He said that there are two lines, the agents of which, Messrs. Brandtson and Nielson, have full powers and would thus be able quickly to effect the transfer. Ninety-seven ships are involved, of which most are in the Cuban and South American trade and a few in the Pacific trade.

The Maritime Commission is afraid that if the transfer is not effected soon, these ships will be commandeered by the British.

He hopes that we can at once arrange with the British so that there will be no difficulty concerning this transfer.

From the American point of view, the ships, if transferred, would have to employ American seamen only, which would be of great interest to us.

Mr.

- 2 -

Mr. Welles asked me to bring this to your attention and suggest that you might want to clear with the President by telephone in order that the matter could be taken up with the British early this afternoon.

Eu:Moffet:DG

PSF
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Maritime Files

UNITED STATES MARITIME COMMISSION
WASHINGTON

UNITED STATES MARITIME COMMISSION

September 13, 1940

OFFICE OF THE CHAIRMAN

Personal
Confidential

~~CONFIDENTIAL~~
Memorandum for General Watson:

Referring to our conversation on September 12th, there is enclosed herewith a copy of a letter which was delivered to me by hand on September 11th. This letter is self-explanatory.

The matter was first broached to me about six weeks ago at a conference with Mr. Hall Roosevelt and Mr. Rosenbaum, father of the signer of the enclosed letter. The second interview was between Mr. Hall Roosevelt and Mr. J. H. Rosenbaum, son, during which an unsigned draft of this letter was left with me for consideration. The third interview took place between Mr. Hall Roosevelt and Mr. Rosenbaum, son, when the signed letter was left.

Our investigations throw considerable doubt about the character and reputation of the senior Rosenbaum and it may have been inherited.

In my opinion the merits of the case as outlined in the letter closely approach zero.

All of the transactions in the Dollar Steamship Company cases have been bound in booklet form (two booklets) and transmitted to the Congress.

In my opinion this is either a "fishing expedition", a trouble-making expedition, or a method used by doubtful lawyers to interject very doubtful characters into the picture, now that it is well cleaned up and in process of being a money-making company rather than an illicit and prospective bankrupt company.

E. S. Land
E. S. Land
Chairman

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RECEIVED
UNITED STATES MARITIME COMMISSION
WASHINGTON
SEPTEMBER 12 1940

Boatman

FORM 3106

COPY

UNITED STATES MARITIME COMMISSION

9-11-40

TO:

FROM:

Mr. Hall Roosevelt telephoned at 11:55 A.M. and asked that the attached letter be held for 10 days in order that a definite proposition may be assembled and presented.

COPY

JOSEPH HIRSCH ROSENBAUM
Normandy Bldg.
Washington, D.C.

September 11th, 1940

*Received
at 11:40 am
9/11/40
ell.*

Hon. Emory S. Land, Chairman
U. S. Maritime Commission
Washington, D. C.

Dear Mr. Chairman:

As attorney for Mr. R. Stanley Dollar and for the benefit of other former stockholders of record of American Lines (formerly Dollar Lines of Delaware) and in the interest of the American Merchant Marine and national defense, I have been retained by Mr. R. Stanley Dollar to take appropriate steps looking to the return of 2,100,000 shares of Class B stock and 63,893 shares of Class A stock of American President Lines and also for the formal release by your Commission of option to purchase 51,533 shares of Class A stock of the Company. All of these stocks were obtained by your Commission (pursuant to an agreement dated August 15th, 1938 as amended by supplementary agreement of August 19th, 1938) without adequate consideration.

Due consideration and study have been given to Commissioner Truitt's Report adopted September 27th, 1938, relative to the causes of the financial difficulties of the Dollar Lines.

To the end that the best interests of the American Merchant Marine and the national defense will be served, appropriate provisions would be made in connection with the requested return of said shares and the release of said option, as follows:

1. Title to stock will be vested in mutually acceptable trustees for a reasonable period of time;
2. There will be furnished to the Company, in *fama* and in amount to be mutually agreed upon sufficient working capital for the Company's purposes and the maintenance of routes essential to the national defense;
3. Company will acquire use of the Dollar name and flag, which in view of the outstanding reputation thereof in the Far East will be of inestimable value to the Company.

In the present national emergency, as found by the President of the United States, every effort should be made to the strengthening of our Merchant Marine. That the Dollar name and flag are essentially important to the United States in its trade and relations in the Far East and round the world, I am sure that your Commission recognize.

... (mirrored text from reverse side)

... (mirrored text from reverse side)

The former stockholders of American President Lines and their counsel are convinced and here assert that notwithstanding the opinion of General Counsel Geaslin of July 20th, 1938, the Commission had no sound authority to acquire and has no sound legal right to retain or own the stocks mentioned above, especially so in view of the failure to pay my clients fully and adequately therefor.

I will be glad to meet you for full discussion of this matter at your convenience, and looking to an amicable and just conclusion of this matter, I am

Very truly yours,

Sgd. J. H. Rosenbaum
Attorney for R. Stanley Dollar

THE WHITE HOUSE
WASHINGTON

BF
Maintenance
Com
2-40

December 19, 1940

MEMORANDUM FOR: The President.

Here is Jerry Land's delayed report
giving a bird's eye view of the English
shipping situation.

E. M. W.
E. M. W.

WASHINGTON
THE WHITE HOUSE

UNITED STATES MARITIME COMMISSION
WASHINGTON

November 29, 1940.

OFFICE OF THE CHAIRMAN

Memorandum for The President:

Subject: Proposed British Shipbuilding in the United States.

In accordance with your request as transmitted by General Watson, the following is submitted for your consideration.

As suggested, I had a conference on this subject with Secretary Morgenthau. At the conclusion of said conference he advised me to submit to you my best judgments in the matter.

Mr. A. B. Purvis is in England so I have had no recent conferences with him.

This question of British shipbuilding has been discussed at various times by various British representatives during the past two years.

A British Shipbuilding Mission arrived in this country about two months ago with authority to contract for ships to be built in the United States, which authority I understand is backed up with about ten million pounds for the purchase of these vessels.

Shortly after the arrival of this Mission they consulted me and were given my best advice which wound up with the recommendation that they check my advice and make a survey of the shipbuilding interests in the United States, which they did, also including Canada on their own.

From time to time I reported on their activities to the Maritime Commission, to the Navy Department and to the National Defense Commission.

Upon the completion of this survey they again consulted me and their proposals in general were about as follows:

Type A: Simple design, box shape, sharp ends, boilers (Scotch or water tube), reciprocating engines, 9,500-tons deadweight, 2,500 H.P., 10-knot speed. Steam auxiliaries, not electric. (We have estimated the cost at \$1,400,000 to \$1,600,000 each. Delivery: 11 months for first ship and 100 ships per year thereafter on 27 ways).

One other design originally considered but dropped as a result of their survey, etc., may be called Type B:

Type B: Maritime Commission standard C-1 or C-2 design, steam or Diesel, 9,500-ton deadweight, 15 to 16-knot speed,

4,400 to 6,600 H.P., estimated cost on 100 ship basis,
\$2,250,000 to \$2,500,000 each. Delivery: 15 months
for first ship and 50 a year thereafter on 25 ways.

My investigations indicate that Type A ship will probably not interfere with Navy or Maritime Commission shipbuilding and machinery requirements.

Type B ship will interfere with Navy building and machinery requirements to the extent of requiring changes in priorities.

Type A ship is what I would call an emergency production type with a five-year life, which after the emergency would be suitable for tramp operations only.

On the other hand, Type B ship is what I would call a ship of twenty-year life, useful but expensive for the emergency, but very useful for twenty years after the emergency is over for any route, line or service in the Merchant Marine.

Possible Shipbuilding Sites (for the British)

Portland, Maine
Curtis Bay, Baltimore, Maryland
Mobile, Alabama
New Orleans, Louisiana
Los Angeles, California
Richmond, California
Portland, Oregon

The sites apparently favored by the British Mission are Portland, Oregon and Richmond, California, on the West Coast; Portland, Maine and Mobile, Alabama, on the East Coast.

Both the Maritime Commission and the Navy oppose Mobile, Alabama, because of interference with repair, conversion and new construction work required by our own interests so that Mobile has been dropped for the time being. (Permanently, I trust).

In the selection of these sites it is necessary that American shipbuilding brains and some American capital be back of the project as otherwise it is doomed to very unsatisfactory results. Furthermore, as this is an assembly job and not a shipbuilding job, the sites selected should be backed up by a fabricating steel plant in the general vicinity of the site as this is where much of the steel fabrication will be done.

For example, Portland, Maine was selected because it is backed by the shipbuilding brains of Mr. Newell of the Bath Iron Works and the design brains of Mr. Gibbs' design firm in New York. Other sites have been selected because of the backing of Todd shipbuilding brains and financial backing of the "Six Companies" who have considerable machinery (now idle) such as cranes, etc., as a result of their extensive work at Boulder Dam, Coulee Dam, etc.

It is my best judgment that two sites in the East and two in the West would be ample for this purpose and would also permit expansion for our own emergency purposes if and when they come. There are five or six sites that would fit the specifications reasonably satisfactorily as follows:

Portland, Maine
Curtis Bay, Baltimore, Maryland
New Orleans, Louisiana
Portland, Oregon
Los Angeles, California

Richmond, California is acceptable though somewhat too close to our own (Navy and Maritime) activities from a labor and transportation point of view.

Production of 100 Type A vessels per year can be obtained by 27 ways located as follows:

10 at Portland, Oregon
5 at Richmond, California
12 at Los Angeles, California

and an additional 100 ships could be turned out in the same period by 28 ways at Baltimore, and a third 100 ships by 28 ways at New Orleans.

I am definitely opposed to a Hog Island project due to experience of last war as the project is too extensive for one locality and too concentrated from a labor, housing and transportation point of view.

In determining upon the size, location and number of new yards, consideration must be given existing shipbuilding work loads in the industry, the limited skilled labor and supervision that can be made available from existing yards without seriously slowing up the present Navy and Maritime programs, the congested condition of the machine tool and equipment markets and other factors -- a multiplicity of small yards increases the problem of getting the yards in production and increases the cost involved. Ships will be obtained more quickly from three or four assembly yards with centralized management properly located with regard to steel fabricators and built to the needs of the program rather than from a considerable number of small yards widely distributed geographically.

It was suggested to me that we might build these ships for the British, then lease or charter them to the British. In my judgment, if Type A vessels are built, this would be a mistake. We should sell the ships to the British and be entirely clear of this design of vessel which is suitable for their purposes but would not be suitable for ours. Furthermore, if our emergency becomes equal to or greater than that of the British, we can always commandeer the vessels. The last thing I want to do is to repeat the mistakes of the last war and have a lot of obsolete vessels on our hands unless the emergency is so great as to make this an absolute necessity. If worse comes to worst

I should prefer to give the ships to the British rather than charter them. On a gift basis we could collect the net freight rates and control the situation.

I recommend that we keep the British shipbuilding and the United States shipbuilding entirely separate; that if we build additional merchant marine vessels for the United States, we build Type B, with the necessary readjustment of priorities, shifting over to Type A only if compelled to do so.

ALTERNATIVES

To assist the British the following alternatives have been considered:

- (a) Dispose of the remainder of our reserve fleet of about 45 vessels of 8,000 tons, total 360,000 tons.
- (b) Permit the further transfer and sale of old-age ships under the American flag (privately owned) until our own necessities force a cessation of such transfer and sale.
- (c) There are certain foreign flag ships temporarily laid up in United States ports, most of which are Danish, a few of which are French. Apparently the British and Danish negotiations are stalemated and at present I have no knowledge of value with regard to the British-French shipping situation. It may, however, be practicable for the United States authorities to do one of three things:
 - (1) Assist in negotiations so that the British may be able to purchase these foreign flag ships laid up in the United States.
 - (2) Purchase some of these foreign flag ships by the United States Government, then sell them to the British.
 - (3) Purchase these foreign flag ships and retain them, permitting the British to buy more of ships under American flag. This applies to Danish ships only; we don't want the French ships under any conditions except war.

The three foregoing procedures are definitely complicated and involve the State Department, Treasury Department, Commerce Department, Justice Department, and the Maritime Commission before the matter could be properly presented to you for a directive.

RECOMMENDATIONS

- (a) That the British be permitted to build simple ships, Type A, to the extent of their needs and financial capacity. (This is satisfactory to the Navy).
- (b) That a minimum of two and a maximum of four sites be selected and approved for this construction.
- (c) That the British purchase these ships.
- (d) That we do not build for the British with the idea of leasing or chartering to the British.
- (e) That we continue to permit transfers of flag and sales to the British of obsolete tonnage
 - (1) from the U. S. Maritime Commission's Laid-up Fleet,
 - (2) from obsolete ships under the American flag to the extent of not seriously interfering with our own commercial and national defense needs.
- (f) That we further explore the Danish flag-French flag situation as something in reserve as the emergency develops.

E. S. Land

E. S. Land
Chairman

P.S. 3:30 P.M. - The above was prepared and signed before my conference with Captain Callaghan which just took place. We went over the matter and an additional Memorandum will be submitted covering the points raised in our conference. I shall try to get this second Memorandum over Monday morning but, if not, will send it later.

E. S. Land