

[CHAPTER 858.]

AN ACT

To further the development and maintenance of an adequate and well-balanced American merchant marine, to promote the commerce of the United States, to aid in the national defense, to repeal certain former legislation, and for other purposes.

June 29, 1936.
[H. R. 8555.]
[Public, No. 835.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Merchant Marine Act, 1936.

TITLE I—DECLARATION OF POLICY

Title I—Declaration of Policy.

SECTION 101. It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and (d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine.

Necessity for developing an American merchant marine declared.

TITLE II—UNITED STATES MARITIME COMMISSION

Title II — United States Maritime Commission.
Creation of; composition, etc.

SEC. 201. (a) An agency is hereby created, to be known as the United States Maritime Commission (hereinafter referred to as the Commission). The Commission shall be composed of five persons, in this title referred to as members, to be appointed by the President by and with the advice and consent of the Senate. The President shall designate the member to act as chairman of the Commission, and the Commission may elect one of its members as vice chairman. The members of the Commission shall be appointed as soon as practicable after the enactment of this Act and shall continue in office as designated by the President at the time of nomination, for terms of two, three, four, five, and six years, respectively, from the date upon which they qualify and take office; but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he succeeds. The members shall be appointed with due regard to their special fitness for the efficient discharge of the duties imposed upon them by this Act. Not more than three of the members shall be appointed from the same political party. A vacancy in the Commission shall be filled in the same manner as an original appointment. Any member may be removed by the President for neglect of duty or malfeasance in office. Vacancies in the Commission, so long as there shall be three members in office, shall not impair the power of the Commission to execute its functions, and three of the members in office shall constitute a quorum for the transaction of the business of the Commission. Each member shall receive a salary at the rate of \$12,000 per annum.

Terms of office.

Qualifications, political affiliations.

Vacancies.

Quorum.

Compensation.

Restriction on appointments.

(b) No person shall hold office as a member of the Commission who, within three years prior to his appointment, shall have been employed by, or have had any pecuniary interest in, any carrier by water or substantial pecuniary interest in any other person who

derives a substantial portion of his revenues from any business associated with ships or shipping. Each member shall devote his full time to the duties of his office. It shall be unlawful for any member, officer, or employee of the Commission to be in the employ of any other person, firm, or corporation, or to have any pecuniary interest in, or hold any official relationship with, any carrier by water, shipbuilder, contractor, or other person, firm, association, or corporation with whom the Commission may have business relations.

(c) The Commission shall, through its secretary, keep a true record of all its meetings and the yea-and-nay votes taken therein, on every action, order, contract, or financial transaction approved or disapproved by the Commission. It shall have an official seal which shall be judicially noticed, and shall adopt rules and regulations in regard to its procedure and the conduct of its business.

(d) The Commission may make such expenditures as are necessary in the performance of its functions from funds made available to it by this Act or hereafter appropriated, which further appropriations are hereby authorized.

(e) Without regard to the civil-service laws or the Classification Act of 1923, as amended, the Commission may appoint and prescribe the duties and fix the salaries of a secretary, a director for each of not to exceed five divisions, a general counsel, a clerk to each member of the Commission, and not more than three assistants, not more than a total of twelve each of naval architects, special experts, attorneys, and examiners and not more than two inspectors at each shipyard at which vessels are being constructed by it or under its supervision. No employee so appointed may receive an annual salary at a rate in excess of that provided under the Classification Act of 1923, as amended. The Commission may, subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended, appoint such other officers, engineers, inspectors, attorneys, examiners, and other employees as are necessary in the execution of its functions: *Provided*, That trained and satisfactory present employees of the United States Shipping Board Bureau or United States Shipping Board Merchant Fleet Corporation shall be eligible for transfer to the Commission, and if after the expiration of a probationary period of six months from the date of employment the Commission shall certify to the United States Civil Service Commission that the services of any employee so transferred are satisfactory, the employee shall thereupon acquire the same status as though certified after examination by the Civil Service Commission.

(f) Each member, any employee of the Commission, and any person detailed to it from any other agency of the Government shall receive necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from his official station upon official business of the Commission. Expenditures by the Commission shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Commission or a designated employee thereof.

(g) This section shall take effect immediately upon approval of this Act.

SEC. 202. All money, notes, bonds, mortgages, and securities of every kind, contracts and contract rights, lands, vessels, docks, wharves, piers, and property and interests of every kind, owned by the United States, and now controlled by the Department of Commerce as the successor to the powers and functions of the former United States Shipping Board, by virtue of the President's Executive order of June 10, 1933, are hereby transferred to the Commission.

Other employment forbidden.

Record of proceedings, etc., to be kept.

Seal.

Expenditures authorized.

Secretary, directors, etc., appointment; duties; salaries.

Naval architects, experts, attorneys, etc.

Salary rates. U. S. C., p. 85.

Other personal services.

Proviso. Eligibility of certain employees for transfer.

Traveling expenses, etc.

Effective date of section.

Property and interests now controlled by Department of Commerce transferred to Commission.

SEC. 203. The United States Shipping Board Merchant Fleet Corporation shall cease to exist and shall stand dissolved. All the records, books, papers, and corporate property of said dissolved corporation shall be taken over by the Commission. All existing contractual obligations of the dissolved corporation shall be assumed by the United States. Any suit against the dissolved corporation pending in any court of the United States shall be defended by the Commission upon behalf of the United States, under the supervision of the Attorney General, and any judgment obtained against the dissolved corporation in any such pending suit shall be reported to Congress in the manner provided in section 226, title 31, United States Code, for reporting judgments against the United States in the Court of Claims.

SEC. 204. (a) All the functions, powers, and duties vested in the former United States Shipping Board by the Shipping Act, 1916, the Merchant Marine Act, 1920, the Merchant Marine Act, 1928, the Intercoastal Shipping Act, 1933, and amendments to those Acts, and now vested in the Department of Commerce pursuant to section 12 of the President's Executive order of June 10, 1933, are hereby transferred to the United States Maritime Commission: *Provided, however,* That after the date of the passage of this Act no further construction loans shall be made under the provisions of section 11 of the Merchant Marine Act, 1920, as amended.

(b) The Commission is hereby authorized to adopt all necessary rules and regulations to carry out the powers, duties, and functions vested in it by this Act. After the expiration of two years from the effective date of this Act, the President is authorized to transfer, by Executive order, to the Interstate Commerce Commission any or all the regulatory powers, regulatory duties, and regulatory functions which, by this title, are vested in the United States Maritime Commission.

(c) The orders issued by the United States Maritime Commission in the exercise of the powers transferred to it by this title shall be enforced in the same manner as heretofore provided by law for enforcement of the orders issued by the former United States Shipping Board, and violation of such orders shall subject the person or corporation guilty of such violation to the same penalties or punishment as heretofore provided for violation of the orders of said Board.

SEC. 205. Without limiting the power and authority otherwise vested in the Commission, it shall be unlawful for any common carrier by water, either directly or indirectly, through the medium of an agreement, conference, association, understanding, or otherwise, to prevent or attempt to prevent any other such carrier from serving any port designed for the accommodation of ocean-going vessels located on any improvement project authorized by the Congress or through it by any other agency of the Federal Government, lying within the continental limits of the United States, at the same rates which it charges at the nearest port already regularly served by it.

SEC. 206. All sums of money now in the construction loan fund created by section 11 of the Merchant Marine Act, 1920, as amended, together with the proceeds of all debts, accounts, choses in action, and the proceeds of all notes, mortgages, and other evidences of indebtedness, hereby transferred to the Commission, and all of the proceeds of sales of ships and surplus property heretofore or hereafter made, including proceeds of notes or other evidences of debt taken therefor and the interest received thereon, shall be deposited in the Treasury of the United States and there maintained as a

Shipping Board Merchant Fleet Corporation dissolved. Records, property, etc., transferred to Commission.

Pending suits.

Report of judgments to Congress.

U. S. C., p. 1370.

Functions, powers, and duties vested by certain Acts transferred to Commission. Vol. 39, p. 728; Vol. 41, p. 988; Vol. 45, p. 689; Vol. 47, p. 1425.

Proviso. Restriction on further construction loans. Vol. 41, p. 993.

Adoption of rules, etc.

Transfer of regulatory powers, etc., to Interstate Commerce Commission, after two years, authorized.

Enforcement of Commission's orders.

Penalties, etc.

Unlawful restraints, discriminations, etc.

Sums transferred to Commission. Vol. 41, p. 993. U. S. C., p. 2064.

Proceeds of property sales.

Deposits.

- Construction fund created; use, etc. revolving fund, herein designated as the construction fund, and shall be controlled and employed by the Commission in carrying out the provisions of this Act. All moneys received by the Commission under the provisions of titles IV, V, VI, and VII, of this Act shall be deposited in its construction fund, and all disbursements made by the Commission under authority of said titles shall be paid out of said fund. Further appropriations by Congress to replenish said fund are hereby authorized.
- Deposits. Disbursements. *Post*, pp. 1993, 1995, 2001, 2008. Additional funds authorized.
- Contracts authorized. SEC. 207. The Commission may enter into such contracts, upon behalf of the United States, as may, in its discretion, be necessary to carry on the activities authorized by this Act, in the same manner that a private corporation may contract within the scope of the authority conferred by its charter. All the Commission's financial transactions shall be audited in the General Accounting Office according to approved commercial practice as provided in the Act of March 20, 1922 (42 Stat. 444): *Provided*, That it shall be recognized that, because of the business activities authorized by this Act, the accounting officers shall allow credit for all expenditures shown to be necessary because of the nature of such authorized activities, notwithstanding any existing statutory provision to the contrary. The Comptroller General shall report annually or oftener to Congress any departure by the Commission from the provisions of this Act.
- Auditing financial transactions. Vol. 42, p. 444. *Proviso*. Credit allowed all necessary expenditures.
- Report of departures to Congress. SEC. 208. The Commission shall, at the beginning of each regular session, make a report to Congress, which shall include the results of its investigations, a summary of its transactions, its recommendations for legislation, a statement of all receipts under this Act, and the purposes for which all expenditures were made.
- Report of Commission; contents. SEC. 209. (a) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.
- Appropriation authorized. (b) All appropriations and unexpended balances of appropriations available for expenditure by the United States Shipping Board Bureau and United States Shipping Board Merchant Fleet Corporation which would otherwise be applicable to functions transferred to the Commission by this Act, including the fund appropriated to enable the United States Shipping Board Merchant Fleet Corporation to operate ships or lines of ships which have been or may be taken back from purchasers by reason of competition or other methods employed by foreign shipowners or operators as appropriated by the Independent Offices Act, 1928, approved February 11, 1927 (44 Stat. 1082), and reappropriated by the Department of Commerce Appropriation Acts, shall be available for expenditure by or at the direction of the Commission for any and all objects of expenditure authorized by this Act in the discretion of the Commission, without regard to the requirement of apportionment under the Antideficiency Act of February 27, 1906 (U. S. C., title 31, sec. 665).
- Use of Shipping Board Bureau, etc., funds. (c) After the transfer, under section 404 of this Act, to the Commission of the powers and duties of the Postmaster General with respect to existing ocean-mail contracts entered into pursuant to title IV, Merchant Marine Act, 1928 (U. S. C., Supp. VII, title 46, secs. 891e to 891r, inclusive), all appropriations and unexpended balances of appropriations available for expenditure by the Post Office Department for the transportation of foreign mails under contracts authorized by the Merchant Marine Act, 1928, less any amount necessary to be paid out by the Post Office Department, shall be available for any and all objects of expenditure authorized by this Act, by or at the direction of the Commission, without regard to the requirement of apportionment under the Antideficiency Act of February 27, 1906.
- Vol. 44, p. 1082.
- Use, without regard to apportionment requirement. U. S. C., p. 1405.
- Certain funds under Postmaster General for foreign mail transportation to be transferred. *Post*, p. 1995. Vol. 45, p. 692. U. S. C., p. 2069.

(d) Funds made available under the provisions of subsection (b) of this section shall be available for expenditures authorized by the Commission under the provisions of section 201 of this Act as soon as a majority of the members of the Commission shall have taken the oath of office, notwithstanding the provisions of section 907 of this Act.

Designated funds available when majority of Commission members qualify.
Ante, p. 1985.

Post, p. 2017.

SEC. 210. It shall be the duty of the Commission to make a survey of the American merchant marine, as it now exists, to determine what additions and replacements are required to carry forward the national policy declared in section 101 of this Act, and the Commission is directed to study, perfect, and adopt a long-range program for replacements and additions to the American merchant marine so that as soon as practicable the following objectives may be accomplished:

Survey of needed improvements of American merchant marine.

Ante, p. 1985.

Long-range program to accomplish objectives specified.

First, the creation of an adequate and well-balanced merchant fleet, including vessels of all types, to provide shipping service on all routes essential for maintaining the flow of the foreign commerce of the United States, the vessels in such fleet to be so designed as to be readily and quickly convertible into transport and supply vessels in a time of national emergency. In planning the development of such a fleet the Commission is directed to cooperate closely with the Navy Department as to national-defense needs and the possible speedy adaptation of the merchant fleet to national-defense requirements.

Creation of adequate merchant fleet, etc.

Cooperation with Navy Department as to national defense.

Second, the ownership and the operation of such a merchant fleet by citizens of the United States insofar as may be practicable.

Ownership by citizens.

Third, the planning of vessels designed to afford the best and most complete protection for passengers and crew against fire and all marine perils.

Protection against fire and marine perils.

SEC. 211. The Commission is authorized and directed to investigate, determine, and keep current records of—

Investigations, etc., by Commission.

(a) The ocean services, routes, and lines from ports in the United States, or in a Territory, district, or possession thereof, to foreign markets, which are, or may be, determined by the Commission to be essential for the promotion, development, expansion, and maintenance of the foreign commerce of the United States, and in reaching its determination the Commission shall consider and give due weight to the cost of maintaining each of such steamship lines, the probability that any such line cannot be maintained except at a heavy loss disproportionate to the benefit accruing to foreign trade, the number of sailings and types of vessels that should be employed in such lines, and any other facts and conditions that a prudent business man would consider when dealing with his own business, with the added consideration, however, of the intangible benefit the maintenance of any such line may afford to the foreign commerce of the United States and to the national defense;

Ocean routes, etc., to foreign markets essential for promotion, etc., of foreign commerce.

(b) The type, size, speed, and other requirements of the vessels, including express-liner or super-liner vessels, which should be employed in such services or on such routes or lines, and the frequency and regularity of the sailings of such vessels, with a view to furnishing adequate, regular, certain, and permanent service;

Vessel requirements, sailings, etc.

(c) The relative cost of construction of comparable vessels in the United States and in foreign countries;

Relative construction cost in United States and abroad.

(d) The relative cost of marine insurance, maintenance, repairs, wages and subsistence of officers and crews, and all other items of expense, in the operation of comparable vessels in particular services, routes, and lines under the laws, rules, and regulations of the United States and under those of the foreign countries whose vessels are substantial competitors of any such American service, route, or line;

Insurance, repairs, wages, and other expenses of operation compared with foreign competitors.

Aid by foreign governments to their merchant marine.

Domestic shipyards.

Application of shipping laws to aircraft.

Recommendations.

Aid to producers in transporting products to foreign ports.

New designs, etc., of vessels.

Studies and investigations.

Cooperation with vessel owners.

Preference to vessels of United States registry.

Express-liner or super-liner construction.

Collaboration in developing plans for economical construction.

Liaison with other boards, etc., for securing preference in shipments.

Discriminations by vessel owners against United States export cargo.

(e) The extent and character of the governmental aid and subsidies granted by foreign governments to their merchant marine;

(f) The number, location, and efficiency of the shipyards existing on the date of the enactment of this Act or thereafter built in the United States;

(g) To investigate and determine what provisions of this Act and other Acts relating to shipping should be made applicable to aircraft engaged in foreign commerce in order to further the policy expressed in this Act, and to recommend appropriate legislation to this end;

(h) The advisability of enactment of suitable legislation authorizing the Commission, in an economic or commercial emergency, to aid the farmers and cotton, coal, lumber, and cement producers in any section of the United States in the transportation and landing of their products in any foreign port, which products can be carried in dry-cargo vessels by reducing rates, by supplying additional tonnage to any American operator, or by operation of vessels directly by the Commission, until such time as the Commission shall deem such special rate reduction and operation unnecessary for the benefit of the American farmers and such producers; and

(i) New designs, new methods of construction, and new types of equipment for vessels; the possibilities of promoting the carrying of American foreign trade in American vessels; and intercoastal and inland water transportation, including their relation to transportation by land and air.

SEC. 212. The Commission is authorized and directed—

(a) To study all maritime problems arising in the carrying out of the policy set forth in title I of this Act;

(b) To study, and to cooperate with vessel owners in devising means by which—

(1) the importers and exporters of the United States can be induced to give preference to vessels under United States registry; and

(2) there may be constructed by or with the aid of the United States express-liner or super-liner vessels comparable with those of other nations, especially with a view to their use in national emergency, and the use in connection with or in lieu of such vessels of transoceanic aircraft service;

(c) To collaborate with vessel owners and shipbuilders in developing plans for the economical construction of vessels and their propelling machinery, of most modern economical types, giving thorough consideration to all well-recognized means of propulsion and taking into account the benefits accruing from standardized production where practicable and desirable;

(d) To establish and maintain liaison with such other boards, commissions, independent establishments, and departments of the United States Government, and with such representative trade organizations throughout the United States as may be concerned, directly or indirectly, with any movement of commodities in the water-borne export and import foreign commerce of the United States, for the purpose of securing preference to vessels of United States registry in the shipment of such commodities; and

(e) To investigate, under the regulatory powers transferred to it by this Act, any and all discriminatory rates, charges, classifications, and practices whereby exporters and shippers of cargo originating in the United States are required by any common carrier by water in the foreign trade of the United States to pay a higher rate from any United States port to a foreign port than the rate charged by such carrier on similar cargo from such foreign port to such United States

port, and recommend to Congress measures by which such discrimination may be corrected.

(f) To make recommendations to Congress, from time to time, for such further legislation as it deems necessary better to effectuate the purpose and policy of this Act.

Recommendations to Congress for further legislation.

SEC. 213. The Commission shall make studies of and make a report to Congress as soon as practicable on—

Studies and report to Congress.

(a) The scrapping or removal from service of old or obsolete merchant tonnage owned by the United States or in use in the merchant marine;

Scrapping, etc., of old tonnage.

(b) Tramp shipping service and the advisability of citizens of the United States participating in such service with vessels under United States registry.

Advisability of participation in tramp shipping service.

(c) The relative cost of construction or reconditioning of comparable ocean vessels in shipyards in the various coastal districts of the United States, together with recommendations as to how such shipyards may compete for work on an equalized basis.

Costs of construction in various coastal districts, etc.

SEC. 214. (a) For the purpose of any investigation which, in the opinion of the Commission, is necessary and proper in carrying out the provisions of this Act, any member of the Commission, or any officer or employee thereof designated by it, is empowered to subpoena witnesses, administer oaths and affirmations, take evidence, and require the production of any books, papers, or other documents which are relevant or material to the matter under investigation. Such attendance of witnesses and the production of such books, papers, or other documents may be required from any place in the United States or any Territory, district, or possession thereof at any designated place of hearing within the Federal judicial district in which the witness resides. Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

Authority to subpoena witnesses, to administer oaths, etc., for investigations.

Fees and mileage to witnesses.

(b) Upon failure of any person to obey a subpoena issued by the Commission, it may invoke the aid of any District Court of the United States within the jurisdiction in which such person resides or carries on business in requiring the attendance and testimony of witnesses and the production of books, papers, or other documents. Any such court may issue an order requiring such person to appear before the Commission, or member, officer, or employee designated by the Commission, there to produce books, papers, or any other documents, if so ordered, or to give testimony touching the matter under investigation or in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Any process in any such case may be served in the judicial district wherein such person resides or wherever he may be found.

Court action on failure to obey subpoena.

(c) No person shall be excused from attending and testifying or from producing books, papers, or other documents before the Commission, or any member or officer or employee thereof, in any investigation instituted by the Commission under this Act, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no person shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Self-incrimination not to excuse attendance, etc.

Immunity from prosecution.

Title III—American Seamen.

TITLE III—AMERICAN SEAMEN

Minimum - manning scales, minimum-wage scales and working conditions.

Post, pp. 2001, 2008.

Printed copy of scales, etc., to be posted by contractor.

Proviso.
Increased expense added to operating-differential subsidy.

Contract requirements.

Separation of officers' and crew's quarters.

Complaints and recommendations by officers and crew.

Naval Reserve Corps. Licensed officers, members of, to wear special insignia.

Description of; restriction.

No discrimination against licensed officers.

Meals of officers.

Licensed officers of documented vessels, citizenship requirement.

Subsidy-grant cargo vessels; citizenship requirements of crew.

SEC. 301. (a). The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping and, after making such investigation and after appropriate hearings, to incorporate in the contracts authorized under titles VI and VII of this Act minimum-manning scales and minimum-wage scales and reasonable working conditions for all officers and crews employed on all types of vessels receiving an operating-differential subsidy. After such minimum manning and wage scales and working conditions shall have been adopted by the Commission, no change shall be made therein by the Commission except upon formal complaint, public notice of the hearing to be had on such complaint, and a hearing by the Commission of all interested parties, under such rules as the Commission shall prescribe. Every contractor receiving an operating-differential subsidy shall post and keep posted in a conspicuous place on each such vessel operated by such contractor a printed copy of the minimum manning and wage scales and working conditions prescribed by his contract and applicable to such vessel: *Provided, however,* That any increase in the operating expenses of the subsidized vessel occasioned by any change in the wage, manning scales, and working conditions as provided in this section shall be added to the operating-differential subsidy previously authorized for the vessel.

(b) Every contract executed under authority of titles VI and VII of this Act shall require—

(1) Insofar as is practicable, officers' living quarters shall be kept separate and apart from those furnished for members of the crew;

(2) Licensed officers and unlicensed members of the crew shall be entitled to make complaints or recommendations to the Commission, Coast Guard, or Department of Labor, providing they file such complaint or recommendation with their immediate superior, who shall be required to forward such complaint or recommendation with his remarks to the Commission, Coast Guard, or Department of Labor;

(3) Licensed officers who are members of the Naval Reserve Corps shall wear on their uniforms such special distinguishing insignia as may be approved by the Secretary of the Navy; officers being those men serving under licenses issued by the Bureau of Navigation and Steamboat Inspection;

(4) The uniform stripes, decoration, or other insignia shall be of gold braid or woven gold or silver material, to be worn by officers, and no member of the ship's crew other than licensed officers shall be allowed to wear any uniform with such officer's identifying insignia;

(5) No discrimination shall be practiced against licensed officers, who are otherwise qualified, because of their failure to qualify as members of the Naval Reserve Corps; and

(6) Licensed officers shall take their meals in the main dining saloon of the vessel and no other place during regular meal hours, except in cases of emergency.

SEC. 302. (a) All licensed officers of vessels documented under the laws of the United States, as now required by law, shall be citizens of the United States, native-born or completely naturalized; and upon each departure from the United States of a cargo vessel in respect of which a construction or operating subsidy has been granted all of the crew (crew including all employees of the ship) shall be citizens of the United States, native-born or completely naturalized.

(b) For a period of one year after the effective date of this Act, upon each departure from the United States of a passenger vessel in respect of which a construction or operation subsidy has been granted, all licensed officers shall be citizens of the United States as defined above, and no less than 80 per centum of the crew (crew including all employees of the ship other than officers) shall be citizens of the United States, native-born or completely naturalized, and thereafter the percentage of citizens, as above defined, shall be increased 5 per centum per annum until 90 per centum of the entire crew, including all licensed officers of any such vessel, shall be citizens of the United States, native-born or completely naturalized.

Citizenship requirements; passenger vessels.

(c) Any member of the crew, not required by this section to be a citizen of the United States, may be an alien only if he is in possession of a valid declaration of intention to become a citizen of the United States, or other evidence of legal admission to the United States for permanent residence. Such alien, as above defined, may be employed only in the steward's department on passenger vessels.

Alien declarants.

(d) If any such vessel (as above defined) while on a foreign voyage is for any reason deprived of the services of any employee below the grade of master, his place or a vacancy caused by the promotion of another to his place may be supplied by a person other than defined in paragraphs (a) and (b), until the first return of such vessel to a port in the United States.

Employment of, restricted.

Filling vacancies while on a foreign voyage.

(e) The owner, agent, or officer of any such vessel who knowingly employs any person in violation of the provisions of this Act shall, upon conviction thereof, be fined \$50 for each person so employed.

Punishment for violation.

(f) This section shall be enforced by the Secretary of Commerce, for the purpose of carrying out the provisions of this section, and shall take effect ninety days after its enactment, and will then repeal paragraph (c), section 405, Merchant Marine Act, 1928.

Enforcement by Secretary of Commerce. Effective date.

Vol. 45, p. 693.

(g) All of the deck and engineer officers employed on vessels on which an operating-differential subsidy is paid under authority of title VI, or employed on the Commission's vessels, after one year after the passage of this Act, shall, if eligible, be members of the United States Naval Reserve.

Naval Reserve membership requirement, deck and engineer officers.

(h) During a national emergency as proclaimed by the President he may, in his discretion, suspend any or all of the provisions of this section.

Suspension of provisions in emergency.

TITLE IV—OCEAN-MAIL CONTRACTS

Title IV—Ocean-Mail Contracts.

SEC. 401. No contract heretofore made by the Postmaster General, pursuant to the provisions of the Merchant Marine Act of 1928, for the carriage of mail, shall be continued in effect after June 30, 1937, and after that date it shall be unlawful for any officer of the United States to pay from any public funds any compensation to the holder of such contract for services thereunder, except for such voyages as were completed prior to the expiration date herein fixed and for voyages commenced prior to said expiration date and which shall not have been completed prior to said expiration date.

Termination of certain, made by Postmaster General. Vol. 45, p. 692.

SEC. 402. (a) The holder of any mail contract that is to be terminated as provided in section 401 of this title may, within ninety days after the passage of this Act, file an application with the Commission to adjust and settle all the rights of the parties under such contract and to substitute in whole or in part therefor a contract or contracts authorized in titles V and VI of this Act in accordance with the conditions hereinafter prescribed. Such application shall be in such form and filed under such regulations as the Commission may prescribe.

Applications for adjustment; time limitation.

Procedure in adjusting claims.	<p>“(b) As soon as practicable after the filing of any such application, the Commission shall proceed to attempt to adjust all differences with such contractor, including any claims of the contractor against the United States and any claims of the United States against such contractor, arising out of its foreign ocean mail contract. In adjusting such differences and claims, the Commission shall not take into consideration any prospective or speculative future profits, but shall consider any and all payments theretofor made by the United States pursuant to such mail contract, and the profits realized as a result thereof, and the interest paid and the interest due according to law on construction loans, and all other facts deemed pertinent. If the contractor shall be willing to accept such determination and receive payment for the amount determined by the Commission to be a fair adjustment of such differences the Commission is authorized and directed to enter into and execute a settlement agreement with such contractor, wherein such contractor shall release the United States from any and all further claims arising from such contractor’s mail contract: <i>Provided</i>, That the Attorney General of the United States may, if he is dissatisfied with such finding, appeal the same to the Court of Claims within a period of sixty days from the date such settlement is agreed upon, of record, by the Commission and the contractor. If such appeal is not taken for the United States by the Attorney General within sixty days from the record agreement between the Commission and the contractor, the contractor shall be paid any sum of money due him under such settlement agreement from any funds controlled by the Commission or hereafter appropriated for that purpose; or if such appeal is taken by the Attorney General, then, within sixty days from the rendition of the final judgment by the courts, the contractor shall be paid any sum of money due him under such judgment, from any funds controlled by the Commission or hereafter appropriated for that purpose.</p> <p>“(c) If the holder of any ocean mail contract terminated by the provisions of section 401 of this title does not enter into and execute a settlement agreement as provided in subsection (b) hereof, such holder may sue the United States in the United States Court of Claims, but such suit shall not be maintained unless brought before January 1, 1938. If suit is filed in the Court of Claims the claimant and the United States shall have the right in such court to set up and have determined and adjusted by the court all legal and equitable claims, differences, offsets, credits, and recoupments to which either may be entitled, to the end that all conflicting claims, assertions, and rights may be fully, fairly, and completely settled and adjudged by the court, including any question as to the legality of the contract as originally made or as modified, altered, or amended. The jurisdiction of said court to award any damages or payments to the ocean mail contractor is hereby expressly limited to an award of just compensation under the provisions heretofore set forth and such just compensation shall not include any allowances for prospective profits or for speculative future profits that might have been realized by the claimant if permitted further to carry out the contract. The remedy herein provided shall be exclusive and no other suit shall be maintained by the applicant or by any other person in any court of the United States arising out of any claims under or connected with said contract.”</p>	
Speculative future profits not included.		
Settlements.		
<i>Proviso.</i> Right of Attorney General to appeal.		
Time limitation.		
Right to sue; time limitation.		
Defenses.		
Jurisdiction of court.		
Application of payment as credit upon amounts owed.		<p>SEC. 403. (a) If any sum of money is payable to the contractor under the terms of any settlement agreement made pursuant to section 402 (b) of this title, such sum shall be applied as a credit upon any amount owing by the contractor to the United States on any loan</p>