U.S. RECONSTRUCTION FINANCE CORPORATION

1952 Annual Report and Financial Statements

RECONSTRUCTION FINANCE CORPORATION
WASHINGTON

OFFICE OF THE
ADMINISTRATOR

TO: The President

The President of the Senate

The Speaker of the House of Representatives

I have the honor to transmit herewith the Annual Report and Financial Statements of the Reconstruction Finance Corporation for the fiscal year ended June 30, 1952, pursuant to the provisions of the Reconstruction Finance Corporation Act, as amended, and the legislation authorizing the Corporation's operations in the production of synthetic rubber, tin and abaca fiber. The schedule of individual loans and investments of $100,000 or more also required by the provisions of the Reconstruction Finance Corporation Act is the subject of a separate report.

This report covers the first year of administration of the Corporation under the provisions of Reorganization Plan No. 1 of 1951. I am pleased to report that the reorganization has done much to strengthen the Corporation. This is reflected in the high morale of the staff who are effectively and efficiently carrying out the Corporation's responsibilities.

Respectfully,

Harry A. McDonald

Harry A. McDonald
Administrator

December 1, 1952.

RECONSTRUCTION FINANCE CORPORATION

811 Vermont Avenue

Washington 25, D. C.

OFFICERS

HARRY A. MCDONALD, *Administrator*

CLARENCE A. BEUTEL	*Deputy Administrator*
LEO H. NIELSON	*Secretary*
WILLIAM C. BECK, JR.	*Treasurer*
SOLIS HORWITZ	*General Counsel*
NATHANIEL ROYALL	*Controller*

LOAN POLICY BOARD

HARRY A. MCDONALD	*Administrator of RFC*
CLARENCE A. BEUTEL	*Deputy Administrator of RFC*
JOHN W. SNYDER	*Secretary of the Treasury*
CHARLES SAWYER	*Secretary of Commerce*
JESS LARSON	*Administrator, Defense Materials Procurement Agency*

Officers and Loan Policy Board as of December 1, 1952

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HIGHLIGHTS—FISCAL YEAR 1952

(Dollar Figures Are In Millions)

LENDING PROGRAMS

	Number	Amount
Loans Authorized	3,851	$378.2
Loans Disbursed	3,048	148.7
Loans and Mortgage Repayments:		
Loans	2,277*	252.4
Insured and guaranteed mortgages	603*	6.4
Loans and Mortgages Outstanding:		
Loans	9,389	649.1
Insured and guaranteed mortgages	16,297	74.9
Deferred participation bank loans	2,583	75.0

*Represents loans and mortgages fully liquidated.

Interest and Other Income	34.1
Interest Expense	7.6
Administrative and Other Expense	14.0
Provision for Losses	1.6
Net Earnings	10.9
Return on Capital Stock Held By U. S. Treasury (Percent)	10.9
Dividend Accrued to U. S. Treasury	12.3

PRODUCTION PROGRAMS

Synthetic Rubber:	
Sales (746,551 long tons) and other income	416.5
Costs and other expenses	400.4
Net income	16.1
Production rate:	
Beginning of year 840,000 long tons	
End of year 685,000 long tons	
Tin—Smelter Operations:	
Sales (40,138 long tons) of refined tin	97.0
Costs and other expenses	97.7
Net loss	.7
Production—22,293 long tons of tin metal	
Trading Operations—Imported Refined Tin:	
Sales (35,482 long tons) of refined tin	96.7
Costs and other expenses	96.3
Net income	.4
Abaca:	
Sales (30,861,900 pounds) of Abaca	7.9
Costs and other expenses	8.4
Net loss	.5
Production—32,041,250 pounds	

ANNUAL REPORT—FISCAL YEAR 1952

Under existing legislative authority, the Corporation has responsibility for these functions:

1. To make loans to business enterprises under Section 4 (a) of the RFC Act, as amended, and Sections 302 and 714 of the Defense Production Act of 1950, as amended;
2. To make loans to, or purchase securities of, States, Counties, municipalities, and other public agencies to aid in financing public projects;
3. To subscribe for or make loans upon the non-assessable preferred stock of insurance companies, or to purchase capital notes or debentures of insurance companies;
4. To make necessary and appropriate loans for the rehabilitation of damage caused by disaster;
5. To make loans or purchase securities for the purpose of aiding in financing projects for civil defense purposes under Section 409 of the Federal Civil Defense Act of 1950;
6. To manufacture and sell synthetic rubber as provided by the Rubber Act of 1948, as amended;
7. To operate the Government's Texas City tin smelter, and to purchase and sell refined tin;
8. To produce and sell abaca (manila hemp) as provided by the Abaca Production Act of 1950;
9. To liquidate the affairs of certain Government corporations created in connection with national defense, war and reconversion activities during the 1940-1945 period.

LENDING PROGRAMS

RFC's lending activity throughout fiscal year 1952 was geared to three primary considerations:

1. Financial aid to assist, expedite, increase or maintain the production of goods or services necessary to meet either military or essential civilian requirements.
2. Non-defense lending limited to essential civilian requirements.
3. Effective and immediate aid to an almost unprecedented number of disaster victims.

All applications are first considered for eligibility under the lending authority granted by the RFC Act. When determined to be not eligible under that authority, applications are considered for eligibility under the provisions of Sections 302 and 714 of the Defense Production Act.

In the case of working capital loans, RFC, pursuant to the powers granted by Executive Order 10281 dated August 28, 1951, considers loan applications eligible for consideration under Section 302 of the Defense Production Act if satisfactory evidence from a defense procurement agency discloses that a defense contract has been awarded or that important defense work is being performed for which the working capital is needed. In the case of expansion loans, such loans are eligible only upon the receipt as required by Executive Order 10281, of a certificate of essentiality issued by:

1. The Defense Production Administrator, with respect to loans to manufacturers and other business enterprises.
2. The Secretary of Agriculture, with respect to loans for the production of food.
3. The Defense Materials Procurement Administrator, with respect to loans for the production of strategic and critical materials and machine tools.

Loan applications are eligible for consideration under Section 714 of the Defense Production Act only upon the issuance of a recommendation from the Administrator of the Small Defense Plants Administration certifying that the applicant is a qualified small business concern engaged in defense or essential civilian activities.

The terms and conditions of all business enterprise loans under all authorities are determined by RFC.

Under Section 409 of the Federal Civil Defense Act of 1950, the Corporation is authorized to purchase securities or to make loans to aid in financing projects for Civilian Defense purposes upon the certification of Federal Civil Defense Administrator.

The restriction of business lending during fiscal year 1952 to defense and essential civilian purposes resulted in the rejection of many loan applications. During the fiscal year upwards of 40,000 inquiries were received concerning the granting of financial assistance, including 12,000 relating to catastrophe loans. Each inquiry was given a careful screening in order to determine eligibility under the various lending authorities. This preliminary screening resulted in further consideration of 5,810 applications and authorization of 3,851 loans in the amount of $378.2 million. By legislative authority these were divided as follows:

Authority	*Total* *No.*	*Total* *Amount*
	(Dollars are in Millions)	
Section 4, RFC Act		
Business Loans	547	$125.8
Catastrophe Loans	3,055	21.7
Public Agency Loans	17	25.3
Section 714, DPA	55	4.2
Section 302, DPA	175	199.5
Section 409, FCDA	2	1.7
	3,851	$378.2

Business Loans

Business loans authorized under all authorities (exclusive of disaster loan authority) totalled 777 loans in the amount of $329.5 million.

Business Loans Under the RFC Act

547 loans were authorized during the year under RFC Act. Of these, 284 in the amount of $109.5 million were loans to aid in the defense effort and 263 in the amount of $16.3 million were for defense-supporting or essential civilian needs, a result attributable to RFC's strict adherence to the national policy of credit limitation to such purposes.

Business Loans Under the Defense Production Act

Loans authorized pursuant to Section 302 of the Defense Production Act, totalled 175 loans in the amount of $199.5 million, while under Section 714, Defense Production Act, 55 loans were authorized in the amount of $4.2 million.

Since September 8, 1950, date of enactment, to June 30, 1952, 215 loans in the amount of $267.5 million have been authorized under Section 302 of the Defense Production Act.

SDPA recommended approval of 153 loans in the amount of $19.3 million. However, of these loans 37 in the amount of $4.0 million and 15 in the amount of $4.8 million were authorized by the Corporation under the RFC Act and Section 302, Defense Production Act, respectively. 55 loans in the amount of $4.2 million were approved under Section 714, Defense Production Act. Of the remaining 46 applications which were recommended, 5 were withdrawn, and 41 were pending at June 30, 1952.

Participation with Banks

RFC is permitted to make loans only where credit is not otherwise available on reasonable terms. By means of participation loans RFC is frequently able to assist banks in extending credits which, without such participation, might be unacceptable to the banks for reasons of legal lending limitations or length of maturity. In many other instances banks indicate their willingness to extend short-term credit to borrowers provided RFC will make the desired long-term fixed asset loans. It is the policy of RFC to encourage such relationship with banks. Bank participation loans included in authorizations for fiscal year 1952 were:

	Number Authorized	Amount (in thousands) Total	RFC Share	Bank Share
Immediate participation	79	$61,511	$44,943	$16,568
Deferred participation	92	11,996	6,722	5,274
	171	$73,507	$51,665	$21,842

Of the total loans authorized under RFC Act for the fiscal year, bank participation loans represented 29% in number and 54% in amount, compared with 27% and 23% in fiscal year 1951.

Use of Loan Proceeds

Of the purposes for which proceeds of loans authorized were to be used, construction and expansion or conversion of facilities accounted for 71.5% and working capital requirements 18.7%. This compares with approximately 43% for each of these purposes in fiscal year 1951. The change in these proportions is attributable to the preponderance in 1952 of loans to manufacturing industries in which the necessary investment in plant and equipment is relatively heavier than in non-manufacturing lines.

Loans to Aid in the Defense Effort

Defense loans under all authorities ranged in size from $2,750 to a lead-reclaiming concern to $57.2 million for the production of copper. The loans listed below are typical of the contribution of individual borrowers to increased capacity for production of materials, goods and services needed in the national defense program:

Increasing capacity in established lines of products and manufactures:

Amount of Loan	*Purpose*
$57,200,000	Mining, milling and smelting of copper—increasing domestic production of this critical material
45,000,000	Steel—increased ingot and finishing capacity
12,000,000	Military aircraft
8,600,000	Pig iron and coke
6,751,000	Machine tool manufacture
2,000,000	Aircraft—components and assemblies
1,520,000	Specialized radio and electronic equipment—research, development, design and production
1,300,000	Aircraft—magnesium wings and fuselages. Parts for rocket missiles. Tow targets.

Conversion of established lines of products and services to defense purposes:

Amount of Loan	*Established Line*	*Defense Purpose*
$50,000	Laundry and dry cleaning equipment	Aircraft parts
20,000	Nickel-chrome furniture	Components for aircraft tire changers

Amount of Loan	Established Line	Defense Purpose
$45,000	Paint sprayers and air compressors	Assemblies for aircraft
14,750	Mining machinery	Machining jet engine parts
18,500	Metal awnings	Metal stampings for Air Force
15,000	Kitchen equipment	Processing aluminum sheets for aircraft
22,000	Oil extraction machines	Machine gun and rocket parts. Plastic and rubber items for Army and Navy
12,000	Civilian aircraft parts and accessories	Assembling of shielding for spark plug ignition systems for Navy boats
17,523	Bakery equipment and utensils, lighting fixtures	Parts for Army trucks
25,000	Woodwork and furniture	Medical therapy tables—basket type litters
22,060	Truck transportation	High explosives transportation
27,025	Steel fabrication and machinery	Heat exchangers, tanks and pressure vessels for AEC
30,000	General machine shop	Machine parts for AEC

Business Loans Outstanding

Changes in the portfolio of business loans are tabulated below:

	June 30, 1951		June 30, 1952		Change	
	Number	Amount	Number	Amount	Number	Amount
	(Dollar figures are in thousands)					
Under RFC Act and Section 714, DPA Act:						
Direct and immediate participation loans ..	7,067	$463,387	5,794	$365,652	—1,273	—$ 97,735
Deferred participation in bank loans	3,933	120,859	2,581	74,633	—1,352	— 46,226
Sub-Total	11,000	$584,246	8,375	$440,285	—2,625	—$143,961
Under Section 302, DPA Act:						
Direct and immediate participation loans ..	17	6,777	101	59,338	+ 84	+ 52,561
Deferred participation in bank loans	—	—	2	349	+ 2	+ 349
Total	11,017	$591,023	8,478	$499,972	—2,539	—$ 91,051

Disbursements by RFC on direct loans, immediate participations and deferred participations purchased were $73.9 million on 575 loans. Repayments amounted to $166.9 million, including final payments on 1,699 loans, with other credits of $4.8 million arising principally from liquidation of 149 loans through foreclosure or other proceedings. Of the 1,699 loans repaid in full, 1,268 were paid in advance of maturity. The changes in deferred participation bank loans include repayments to banks of $43.6 million, with final payments on 994 loans. Cancellation or purchase of commitments by RFC was $12.3 million on 436 loans. 78 new loan disbursements by banks amounted to $9.7 million.

As in the case of loan authorizations, the bulk of the 8,375 loans, made under the RFC Act and Section 714, DPA Act, outstanding at June 30, 1952 were for amounts of $100,000 or less. In 463 instances outstanding loan obligations to RFC exceeded $100,000.

The portfolio of business loans disbursed under authority of Section 302, Defense Production Act, increased from 17 loans with outstanding balances of $6.8 million at June 30, 1951 to 101 loans with outstanding balances of $59.3 million at June 30, 1952. During the year 92 loans were disbursed in the amount of $57.3 million, with repayments amounting to $4.7 million including final payments on 8 loans.

Catastrophe Loans

Included in the Corporation's lending authority under the RFC Act is a specific provision to make such loans as it may determine to be necessary or appropriate because of floods or other catastrophes. Pursuant to this authority the Corporation has at all times been alive to its responsibility to take immediate and aggressive measures for the rehabilitation of inhabitants and resources of areas stricken by floods, fires, earthquakes and storms. Rarely has the havoc attendant upon disasters been as severe or as widespread as during fiscal year 1952. In recognition of this, the Congress increased the limitation of funds for disaster loans from $40 million to $100 million in October 1951, at the same time extending to 20 years the maximum maturity of loans for the purchase or construction of housing by the borrower.

During the year there were twenty-three areas of the nation visited by major disasters as follows:

Nature of Disaster	*Location*	*Date*
Flood	Westmoreland County, Pa.	7-5-51
Tornado	Wakeeney, Kansas	7-12-51
Flood	Kansas	7-13-51
Flood	Missouri and Illinois	7-13-51
Flood	Oklahoma	7-18-51
Flood	Wisconsin	8-2-51
Tornado	Jackson County, Illinois	11-15-51
Tornado	Gary, Indiana	11-29-51
Gales	Lake Michigan shore, Wisconsin and Indiana	11-29-51
Flood	Ohio River	1-31-52
Tornado	Fayetteville, Tennessee	3-4-52
Tornadoes	Arkansas, Alabama, Kentucky and Mississippi	3-28-52
Flood	Montana, North and South Dakota	4-9-52
Flood	Nebraska and Iowa	4-14-52
Fire	Wrangell, Alaska	4-14-52
Flood	Minnesota, Wisconsin, North and South Dakota	4-15-52
Flood	Iowa, Nebraska, Kansas, Missouri	4-28-52
Flood	Estral Beach, Michigan	4-28-52
Flood	Utah	5-7-52
Flood	Michigan	5-9-52
Tornado	Alapaha, Ga.	5-19-52
Flood	Iowa and Illinois	5-19-52
Flood	Lower peninsula of Michigan	5-22-52

Throughout these areas the Corporation authorized 3,055 loans in the amount of $21.7 million as follows:

	No.	*Amount (000 omitted)*
Home Loans (for restoration of homes and personal effects)	2,119	$ 5,647
Business Loans (for restoration of business facilities and inventories)	936	16,009
	3,055	$21,656

Almost 80% of the loans approved were in amounts of $5,000 or less. Loans over $25,000 were less than 5% of the number approved.

In processing applications for disaster loans during the year, 17 of the Corporation's field offices were involved. To facilitate and speed up such processing, local agency staffs were augmented as required by the temporary assignment of examiners from other offices of the Corporation and the services of local banks were enlisted to receive applications and carry out initial processing steps. These local banks cooperated generously in this tremendous undertaking.

The interest rate on business type loans made under the catastrophe loan authority was increased from 3% to 5% to be effective in any area declared a "disaster area" on or after June 16, 1952, and in the case of any disaster loan applied for after July 31, 1952, from any area designated as a disaster area prior to June 16, 1952. The interest rate of 3% on home loans approved under catastrophe loan authority remains unchanged.

Catastrophe Loans Outstanding

The catastrophe loan portfolio increased from 1,014 loans with outstanding balances of $4.4 million at June 30, 1951, to 3,091 loans with outstanding balances of $16.2 million at June 30, 1952. This change results from disbursement of 2,366 new loans in the amount of $14.5 million, with repayments and other credits of $2.7 million, including 274 loans paid in full and 15 loans liquidated through foreclosure.

Railroad Loans and Securities

The Corporation's portfolio of railroad loans and securities was reduced during the fiscal year by $19.5 million or 19% of the balance at the beginning of the year. Included in such reduction were bonds of the Colorado and Southern Railway Company in the amount of $6.8 million and notes of the Fort Worth and Denver City Railway Company in the amount of $4.2 million, both of which were sold to the issuers who had obtained approval of the regulatory authorities for refinancing with private funds. Included in the total of $83.1 million held at June 30, 1952, were bonds of the Baltimore and Ohio Railroad Company in the amount of $69.9 million, the issue of $80 million acquired in 1947 having been paid down to this figure.

A comparison of the railroad loans and securities in the Corporation's portfolio at June 30, 1952 and June 30, 1951 is shown below:

Railroad Loans and Securities Outstanding

	June 30, 1951		*June 30, 1952*		*Change*	
	No.	*Amount*	*No.*	*Amount*	*No.*	*Amount*
		(Dollar figures are in thousands)				
Loans to receivers and trustees..	12	$ 1,255	12	$ 1,244	—	—$ 11
Loans to railroad companies.....	3	9,857	2	5,462	—1	— 4,395
Total loans	15	$ 11,112	14	$ 6,706	—1	—$ 4,406
Securities of receivers and trustees	4	$ 4,079	4	$ 3,698	—	—$ 381
Securities of railroad companies..	5	87,484	4	72,739	—1	— 14,745
Total securities	9	$ 91,563	8	$76,437	—1	—$15,126
Total loans and securities....	24	$102,675	22	$83,143	—2	—$19,532

The Corporation also holds securities of railroads reorganized pursuant to Court proceedings in bankruptcy, accepted in settlement of claims for indebtedness arising from loans to, and securities purchased of, predecessor railroads. During the fiscal year the Corporation made public offerings of and sold $16.6 million of such securities, thereby reducing its holdings from $28.3 million to $11.7 million.

In January 1952, the Corporation authorized a loan of $2,236,800 to the Tennessee Central Railway Company under Section 302 of the Defense Production Act. Under this authorization $634,000 was disbursed to the railway company evidenced by its equipment notes in that amount which the Corporation held at June 30, 1952, in addition to the amount of its investments as tabulated above.

Public Agency Securities

During the fiscal year 1952 the Corporation authorized $25.3 million in security purchases to aid in the construction of public projects undertaken under state or municipal laws. Of this total, $7.3 million represents an increase in an authorization to aid in financing a project of improvement and extension of the transit system of the City of Cleveland, Ohio, for which a commitment of $22.2 million had previously been made; $16.8 million was for the purpose of aiding in financing the construction of a hydroelectric power plant and improving an existing electric utility system in Pend Oreille County, Washington; and the balance of $1.2 million was for the purpose of aiding in the financing of 16 other projects. Because of power deficiency in the area to be served, other Government agencies assigned to the Pend Oreille project highest priority in the defense power program applicable to the northwest and Atomic Energy projects. There was a net increase of $844,000 in the outstanding balance of this classification of securities resulting from disbursements of $2,915,000 on new issues and retirements and sales of $2,071,000.

Drainage and irrigation districts have been aided by the Corporation in the financing of the development and improvement of their systems to the extent of over $100 million since the middle 1930's, in evidence of which serial bonds of the districts were acquired. By retirements and sales the holdings of such securities were reduced during the fiscal year by $1.2 million or 18.3% of the balance held at the beginning of the fiscal year.

Securities acquired from the Public Works Administration were retired or sold during the fiscal year in the amount of $3.1 million or 44.7% of the balance of such securities held at the beginning of the fiscal year. Included in the sales were bonds of Maverick County Water Improvement District No. 1, Eagle Pass, Texas, in the amount of $1.677 million, sold to the issuer, and bonds of the Montana State Water Conservation Board, acquired from PWA at a cost of $1.3 million, sold to the State of Montana.

The Corporation's portfolio of public agency securities at June 30, 1952 is compared with June 30, 1951 in the following table:

Public Agency Securities Outstanding

	June 30, 1951		*June 30, 1952*		*Change*	
	No.	*Amount*	*No.*	*Amount*	*No.*	*Amount*
	(Dollar figures are in thousands)					
Drainage and irrigation districts	131	$ 6,761	118	$ 5,524	—13	—$1,237
Municipals purchased from PWA	128	6,966	100	3,853	—28	— 3,113
Other public agency securities..	34	5,729	47	6,573	+13	+ 844
Total	293	$19,456	265	$15,950	—28	—$3,506

Financial Institution Loans and Securities

During the fiscal year the Corporation disposed of a substantial portion of its portfolio of bank securities. It notified the banks that they should prepare plans for paying off the government investment in their institutions; it requested that the managements and stockholders submit offers to purchase the securities of their institutions; and advised them that the Corporation would no longer consider itself obligated to adhere to its previous policy of giving ninety days prior notice of its intention to dispose of its bank obligations.

The Corporation's holdings were reduced $39.3 million during the fiscal year. Included in the reduction were loans of $8 million to the Preferred Protective Corporation which were written off after the Superintendent of Insurance of the State of New York had taken over the Preferred Accident Insurance Company for the purpose of liquidating it and at public auction sold its stock which was collateral to the loans. Exclusive of this write-off, 33.3% of the dollar amount and 69% of the number of cases held at the beginning of the fiscal year were disposed of.

Of the remaining balance of bank obligations approximately $38.5 million represents securities of banks whose capital is impaired. In the interest of avoiding financial damage to the banks with resulting loss to the Corporation, time will be required to effect the curing of the existing deficiencies and to place the securities on a sound and marketable basis for the ultimate benefit of the Government as well as the banks.

The changes in the Corporation's portfolio of financial institution loans and securities during the fiscal year are set forth in the following table:

Financial Institution Loans and Securities Outstanding

	June 30, 1951		June 30, 1952		Change	
	No.	Amount	No.	Amount	No.	Amount
	(Dollar figures are in thousands)					
Purchases of preferred stock, capital notes, and debentures of banks and trust companies	370	$85,677	111	$54,416	—259	—$31,261
Loans on preferred stock of banks and trust companies..	2	120	2	116	—	—4
Loans on preferred stock of insurance companies	4	8,233	1	210	—3	—8,023
Loans to mortgage loan companies	1	26	1	25	—	—1
Total	377	$94,056	115	$54,767	—262	—$39,289

The outstanding balance of $54.8 million at June 30, 1952 is all that remains of $3.9 billion disbursed from commencement of the program of aid to financial institutions.

Civil Defense Loans

During the year two loans in the amount of $1.75 million to aid in construction of hospital facilities were authorized pursuant to Section 409, Federal Civil Defense Act of 1950. No disbursements had been made at June 30, 1952. In addition to alleviating area deficits of hospital beds and facilities based on accepted public health standards, these loans were certified by Federal Civil Defense Administration as necessary under its program for hospital construction in critical target areas.

Loans to Foreign Governments

On September 28, 1951 the loan to the United Kingdom of Great Britain and Northern Ireland was paid in full. This loan was authorized in July, 1941 in the amount of $425 million for the purpose of achieving the maximum dollar exchange value in the United States for the securities pledged under the loan. Of the amount authorized $390 million was disbursed and $35 million was cancelled.

In December, 1951 the loan agreement with the Republic of the Philippines was revised, pursuant to which revision the maturity of the then outstanding loan balance of $60 million was extended to provide for twenty equal semi-annual installments and the interest rate was increased from 2% to 2½% per annum effective January 1, 1952. The installments due January 1 and July 1, 1952 under the revised agreement have been paid reducing the outstanding balance on June 30, 1952 to $54 million. This loan was authorized and disbursed in 1947 in the original amount of $70 million, under authority of Public Law 656 of the 79th Congress, to assist the Government of the Republic of the Philippines during the transition period from a war-ravaged economy to a more stabilized economic position.

Other Lending Programs

The Corporation is charged with the liquidation of certain loans and securities included in assets acquired under terminated authorities of RFC and other Government agencies. These are—

	June 30 1951		June 30, 1952		Change	
	Number	Amount	Number	Amount	Number	Amount
	(Dollar figures are in thousands)					
Mortgages—						
The RFC Mortgage Co. FHA insured and VA partially guaranteed mortgages	16,951	$81,566	16,297	$74,894	—654	—$6,672
Defense Homes Corporation RFC equity in mortgages held	4	31,201	4	30,239	—	—962
Loans—						
Smaller War Plants Corp...	52	2,383	37	2,023	—15	—360

The mortgages insured by the Federal Housing Administration and partially guaranteed by the Veterans Administration remaining in RFC portfolio are those taken over as successor to The RFC Mortgage Company. During the year final payments were received on 486 mortgages, 117 were sold and 51 were liquidated by foreclosure.

Defense Homes Corporation was transferred to RFC for liquidation effective July 1, 1948. Net assets held by RFC at June 30, 1952, consisting of mortgage notes on four housing projects and accrued interest, less related liabilities thereon, amounted to $43.8 million. The amount due RFC, secured by such net assets, was $30.2 million. Any net assets remaining after payment of all obligations of DHC and liquidation costs will be covered into the Treasury as miscellaneous receipts.

Of the assets of Smaller War Plants Corporation transferred to RFC for liquidation, only 37 loans with unpaid balances of $2 million remain. Repayments during the year amounted to $374,079, including final payments on 16 loans. The Corporation also purchased its commitment in the amount of $14,240 on one deferred participation loan. There still remain 8 outstanding bank loans with unpaid balances of $70,000, in which RFC's commitments to participate amount to $56,000.

Status of Limitations Under Lending Authorities

The following table sets forth limitations to the amount of loans, securities and commitments made after June 30, 1947 that can be outstanding at any one time and limitation to borrowings from U. S. Treasury, provided by the legislation pursuant to which the Corporation's lending activities are conducted, and the status thereof at June 30, 1952:

		June 30, 1952		
	Lending Limitation	Outstanding Loan Balances	Undisbursed Commitments	Available
	(000)	(000)	(000)	(000)
RFC Act, Section 4............	$ 993,000	$329,407	$222,005	$441,588
Federal Civil Defense Act, Section 409	250,000	—	1,750	248,250
Defense Production Act, Section 714	100,000	693	3,292	96,015
Total under Lending Limitation	$1,343,000	$330,100	$227,047	$785,853
	Borrowing Limitation	Outstanding Notes Payable to U.S. Treasury	Undisbursed Commitments	Available
Defense Production Act, Section 304 (for lending under Section 302)	$ 411,000	$ 57,200	$131,885	$ 221,915
Total Lending and/or Borrowing Authority	$1,754,000	$387,300	$358,932	$1,007,768

In addition to the loans and commitments outstanding as above, the Corporation also has outstanding loans and commitments aggregating $351,083,000, made under authority which terminated at June 30, 1947.

PRODUCTION PROGRAMS

Presented in the succeeding pages are the statutory reports on operations of the Synthetic Rubber, Tin and Abaca programs for fiscal year 1952, required by the legislation under which the programs are conducted. These programs were initiated pursuant to powers delegated to the Corporation prior to and during World War II. They have been continued under legislative authority subsequently enacted in the interest of national security with the objective of achieving insofar as possible self-sufficiency in these highly strategic and critical materials.

The success of these programs has progressively reduced our dependence upon foreign sources, largely inaccessible in wartime, for natural rubber, tin and abaca. The world's supplies of natural rubber and tin also have been controlled by relatively small groups which by arbitrary price increases were able to exploit our needs for these materials. The availability of synthetic rubber and of refined tin produced at the Texas City Smelter largely from western hemisphere ores, has gone far toward placing this nation, the largest consumer of rubber and tin, in a more favorable position to cope with problems which in the past have operated to the disadvantage of the national economy.

REPORT ON SYNTHETIC RUBBER OPERATIONS FOR FISCAL YEAR 1952

Legal Authority and Responsibilities

During the fiscal year 1952 the Corporation continued to carry out its synthetic rubber activities in accordance with the provisions of Public Law 469, 80th Congress (The Rubber Act of 1948) and Executive Order 9942, dated April 1, 1948. Public Law 575, 81st Congress, extended the earlier legislation and the authority for operation of the program to June 30, 1952. On June 23, 1952, Public Law 404, 82nd Congress, was enacted which extended existing legislation in effect until March 31, 1954. The principal responsibilities and functions of the Corporation under its authority are listed below:

1. *Production of Synthetic Rubber*—The Rubber Act provides that production of synthetic rubber from facilities operated by the Government or private persons shall be not less than 200,000 long tons per annum of general purpose rubber and not less than 21,667 long tons of special purpose rubber, of which at least 15,000 long tons shall be of a type suitable for use in pneumatic inner tubes.

   On April 10, 1952, DPA directed that "if the requirements for GR-S drop to levels which would not justify production rates in excess of 600,000 long tons per annum, the rate shall be maintained at 600,000 until the Government-owned inventory of GR-S has been built up to 75,000 long tons. In the event requirements for GR-S further decrease, the production rate may then be correspondingly decreased to a minimum of 450,000 long tons per year, provided the inventory of GR-S is progressively increased as the production rate decreases so that the Government-owned inventory is at least 122,000 long tons at the 450,000 long tons per annum production rate." The Corporation is charged with the responsibility for the production of these quantities of synthetic rubber and of such additional quantities for voluntary use as it deems practicable.

2. *Maintenance of Standby Facilities*—The Rubber Act requires that there shall be maintained at all times within the United States active or standby rubber-producing facilities having an annual rated production capacity of not less than 600,000 long tons of general purpose rubber and not less than 65,000 tons of special purpose rubber, of which at least 45,000 tons shall be of a type suitable for use in pneumatic inner tubes. In addition to facilities in actual operation, the Corporation is responsible for the maintenance of a sufficient number of plants in standby to to meet the foregoing requirements.

3. *Research and Development*—The Corporation is authorized to maintain a technologically advanced domestic rubber-producing industry.

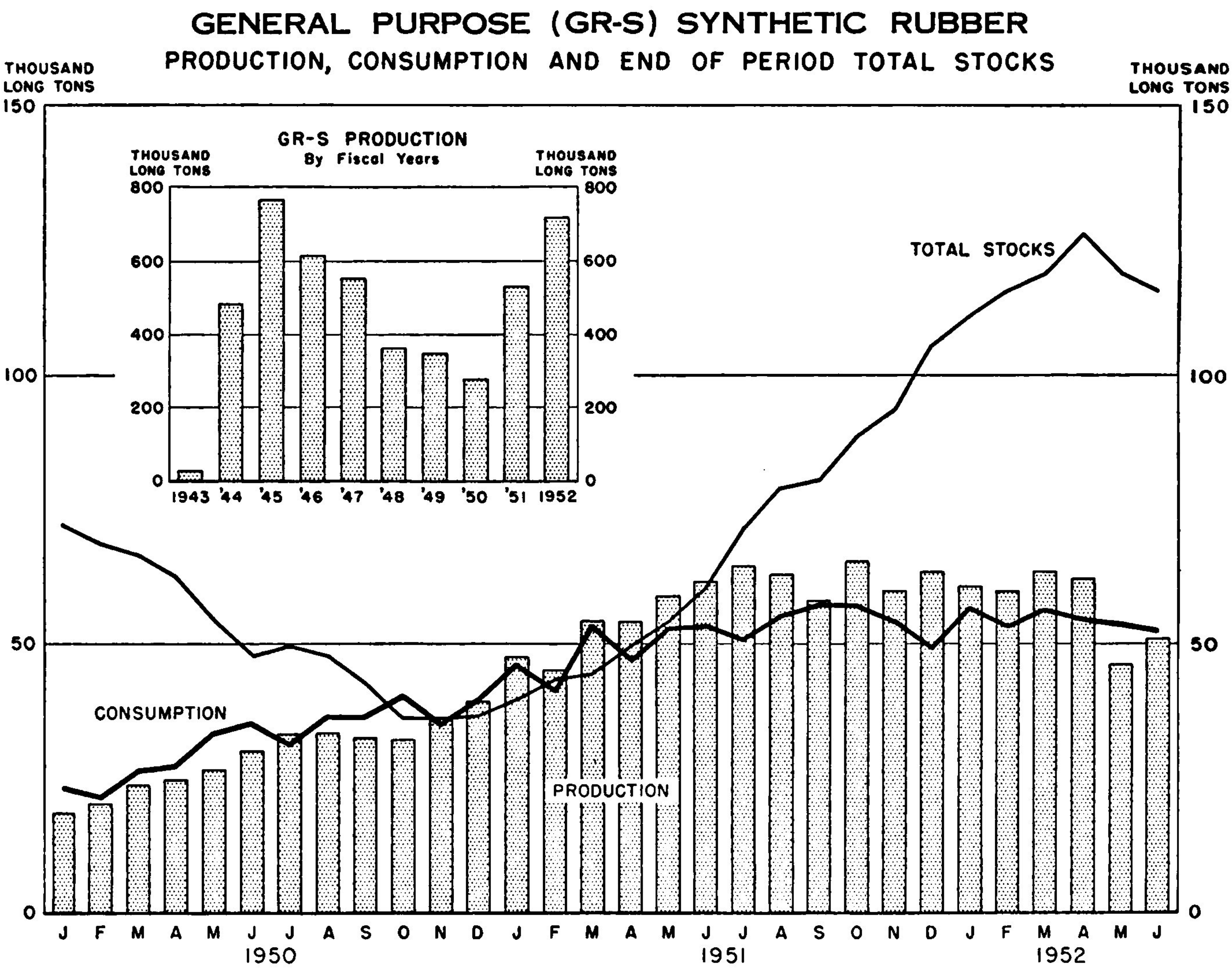
4. *Lease, Sale and Disposal of Facilities*—The Corporation is authorized, subject to certain conditions, to sell or lease surplus facilities not necessary to fulfill the requirements of the Act and obsolete property not required for the production of the rated capacity of the facility in which the property is located. The Act also requires the formulation of a program for the disposal of the Government-owned rubber facilities to private industry and, pursuant to the Act, the Corporation has been designated by the President to undertake this task.

Rubber Requirement and Price Trends

The accelerated synthetic rubber production and continuing large volume of natural rubber imports during the year assured the nation's security insofar as an adequate supply of new rubber is concerned.

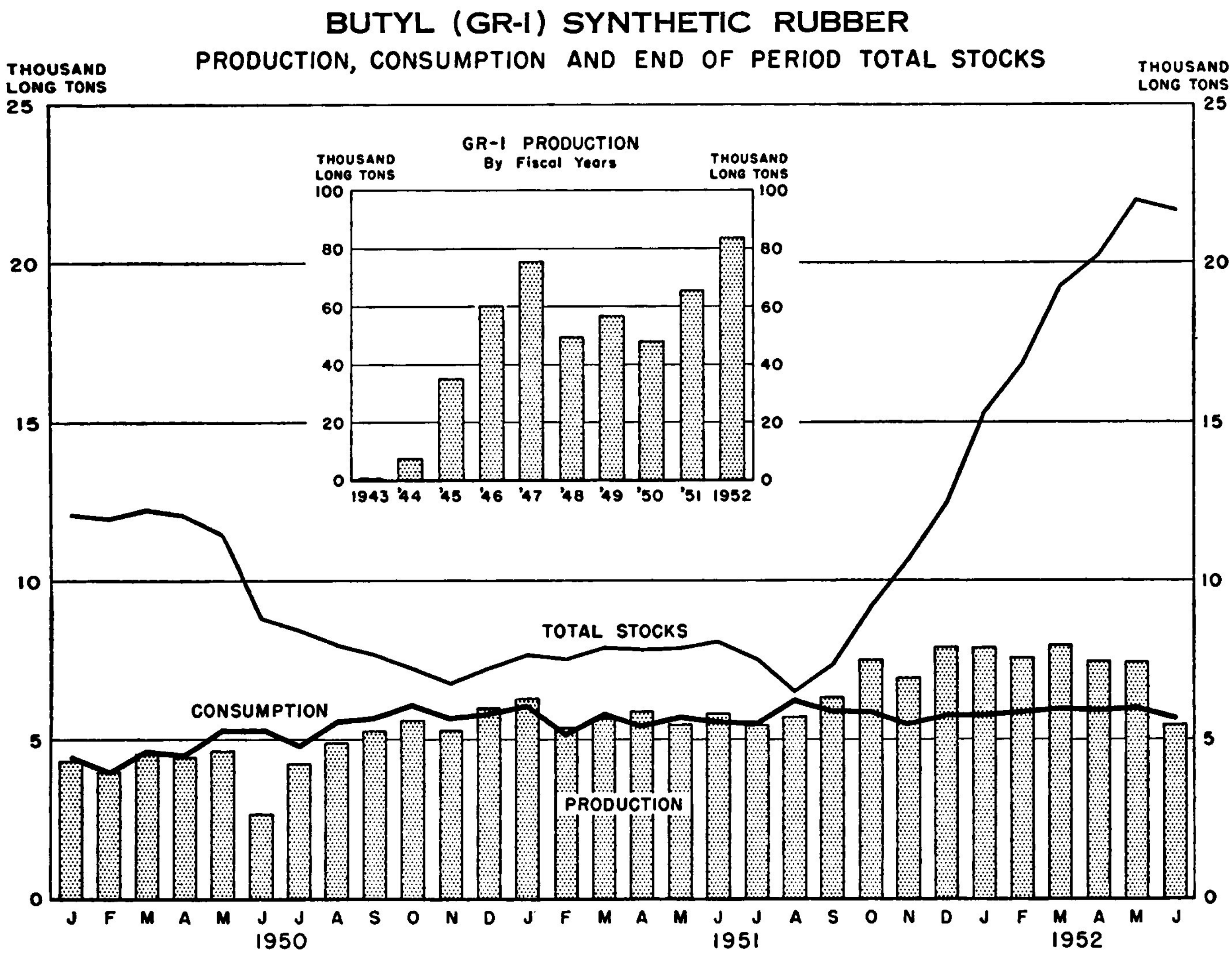
By July 1951, the production rate of general purpose (GR-S) synthetic rubber had reached the goal of 760,000 long tons per year as set forth in the series of four directives from the Executive Office of the President. This production goal was achieved through the operation of existing plants at capacity and the reactivation of plants previously maintained in standby.

At the beginning of the fiscal year, consumption of rubber by manufacturers was under control of the National Production Authority. However, the continuous excess of GR-S production over consumption during the first half of the year and the improved natural rubber position permitted the removal, by the National Production Authority, of restrictions on total use of GR-S as of January 1, 1952. During the last half of the fiscal year, it was possible to pattern GR-S production more closely to consumption and inventories increased at a slower rate. These trends are illustrated in the accompanying chart.



In order to meet established production goals of general purpose synthetic rubber and the consequent necessity of utilizing a high proportion of high cost alcohol butadiene, the selling price of GR-S was raised effective September 1, 1951 from 24.5 cents per pound to 26 cents per pound. Later in the year, as it became apparent that the established production rate was not required, use of alcohol butadiene was kept to a minimum thereby reducing the expected cost of production. Accordingly, the selling price of GR-S was reduced, effective March 8, 1952, to 23 cents per pound.

In the case of butyl (GR-I) synthetic rubber, production was lifted above consumption during the early months of fiscal year 1952, resulting in rising inventories during the remainder of the year. However, the long-term production-consumption relationship was not considered as favorable as in the case of GR-S and restrictions on industry consumption were not lifted by the National Production Authority until April, 1952. During the year the selling price of butyl remained unchanged at 20.75 cents per pound. The trends of production, consumption and total stocks for butyl are shown in the accompanying chart.



All restrictions, which had the effect of limiting or preventing exportation of synthetic rubbers, were removed during the latter months of the fiscal year.

Manufacturing Activities

General

The Corporation retained in operation as of June 30, 1952, all twenty-eight facilities which constitute the synthetic rubber program. These facilities are operated under management contracts with private corporations. As of June 30, 1952, one of the alcohol butadiene plants was being placed in standby. In addition, one-third of the GR-S plant at Institute, West Virginia, had been removed from service and instructions had been issued to the remaining alcohol butadiene plant to cease operations by September 1, 1952.

The twenty-eight plants consisted of thirteen copolymer plants, two butyl plants, ten butadiene plants, one styrene plant, one chemical plant and one development laboratory.

During fiscal year 1952, Government-owned plants produced 799,266 long tons of synthetic rubber including 715,732 long tons of general purpose (GR-S) synthetic rubber and 83,534 long tons of butyl (GR-I) special purpose rubber principally for pneumatic inner tubes. This total represented 65.2% of domestic new rubber consumption of 1,227,000 long tons. The Corporation also produced component materials for synthetic rubber manufacture which were not available in sufficient quantities from private industry. The major items of components produced were 580,700 short tons of butadiene from basic raw materials and 52,700 short tons of styrene.

The GR-S production rate during the first six months of fiscal year 1952 was only slightly below the 760,000 long tons annual rate which had been reached at the end of fiscal year 1951. However, during the second half of the fiscal year, as it became apparent that requirements had slackened, production was reduced in the most economical manner. This was accomplished by minimizing alcohol butadiene production by keeping units idle which were available for operation and toward the end of the year removing alcohol butadiene facilities from service. A major strike in the petroleum industry during May, 1952 was an added factor which contributed to the reduced annual production rate of 685,000 long tons during the last six months. Plans were also formulated to reduce production to even lower levels during fiscal year 1953. This involved removal of the remaining alcohol butadiene facilities from service and release of certain quantities of petroleum butadiene plant feedstocks to the Aviation Gasoline program.

On April 13, 1951, the Defense Production Administration directed the Corporation to expand the productive capacity to 860,000 long tons per year of general purpose rubber. Accordingly, a program was formulated to achieve this objective and to increase to 90,000 long tons per year the productive capacity of butyl. This program involves expansion and bottleneck removal within existing raw material and copolymer plants. It is anticipated that the program will be essentially completed by January 1, 1953.

The effective capacities of individual plants at the end of the fiscal year are shown in the table on page 22 of this report.

Important strides were taken in fulfilling the Corporation's responsibility to maintain an efficient and up-to-date synthetic rubber manufacturing industry. These included numerous process improvement items, provisions for facilities to manufacture new and special types of rubber, general expansion of capacity and replacement of worn-out and obsolete equipment.

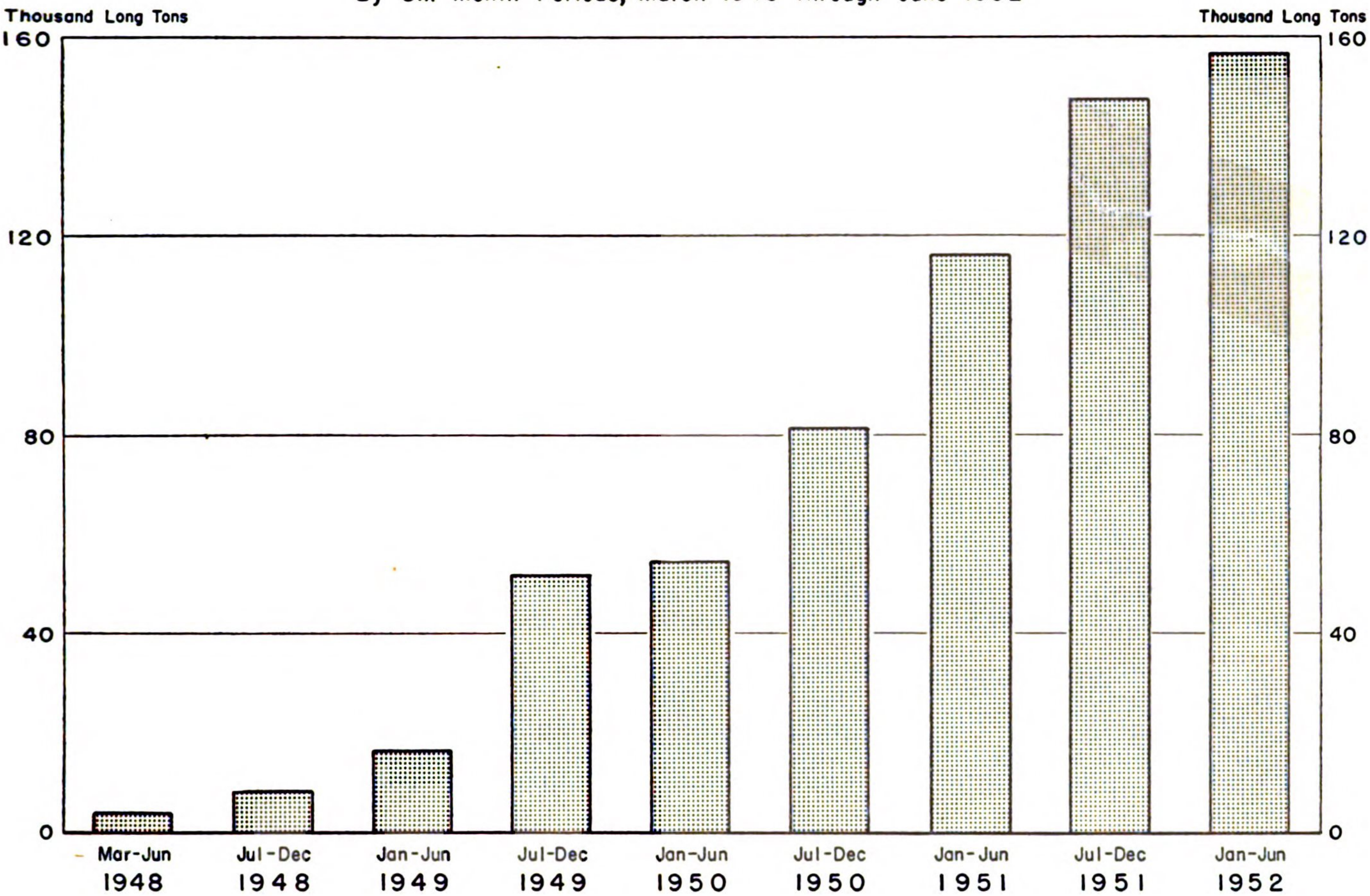
GR-S Plants

In the fiscal year 1952, eight of the thirteen copolymer plants in operation were producing cold rubber and three others were being converted to the production of cold rubber with completion expected during the first half of the fiscal year 1953. A total of approximately 304,000 net long tons of cold rubber was produced during the year, equivalent to about 43% of total GR-S production. Production of black masterbatch rubber amounted to approximately 101,700 net long tons, oil-black masterbatch 19,530 net long tons and oil masterbatch 37,920 net long tons. The greater portion of these masterbatch rubbers was produced by the cold process and the total is included in the figure shown above for cold rubber production. Five of the copolymer plants produced a total of approximately 34,240 long tons of GR-S latex during the year, a portion of which was the cold rubber type. The conversion to production of cold latex exclusively at one plant was essentially completed at the end of the year and initial production was commenced in July, 1952.

During the year the Corporation continued and accelerated the program to convert a large part of its facilities to the production of cold rubber in order to make available the industry's requirements of this product. Cold rubber possesses outstanding abrasion resistant properties and has gained acceptance by industry to an ever-increasing degree since initial production in 1948. The trend of cold rubber production in the Government-owned plants over the four and one-half year period is shown in the accompanying chart.

COLD RUBBER PRODUCTION

By Six Month Periods, March 1948 through June 1952



At the beginning of the fiscal year, cold rubber amounted to approximately 38% of total production. Completion of certain of the conversion projects made available capacity for producing cold rubber of approximately 50% of total production by the end of the year. The cold rubber program received a set-back when an explosion occurred at the Lake Charles, Louisiana, GR-S plant on June 28, 1952. This will result in one-half of the plant being down for approximately six months and cold rubber production on the remaining half interrupted for a period of approximately two months. However, present inventories of cold rubber plus the indicated increases in production will assure satisfying future industry demand. Projects expected to be completed by January 1, 1953, will permit attainment of the goal of 75% of the total production of cold rubber as recommended by the NPA Rubber Industry Advisory Committee.

When restrictions on the total use of GR-S were lifted January 1, 1952, by the National Production Authority, a limitation was placed on the percentage of the total which could be cold rubber because of the demand for this type rubber. The limitation was set at 46% for the first quarter of calendar year 1952, and was raised to 50% for the second quarter as more cold rubber became available. This was raised again in the third quarter to 70% and it is expected that this one remaining restriction will be eliminated by the end of the third quarter.

Manufacture of high-Mooney-oil-softened GR-S which was initiated during the previous year was continued and production was increased in line with the demand for this new material. In the production of oil extended GR-S, a relatively high Mooney viscosity rubber is produced at the copolymer plant and from 25% to 50% of an oil extender is added. The resultant product is superior for some uses and is the equivalent of the same quantity of GR-S produced at a normal Mooney viscosity. Introduction of a new product of this type necessarily requires extensive and time-consuming evaluation by the rubber industry.

Some indication of the gradual acceptance of oil masterbatch rubber by industry is given by the increase in production from approximately 2% of the total rubber production to approximately 6% over the 12-month period. The trend of acceptance of oil-black masterbatch is not as definite, however, and a longer period of evaluation by industry will probably be required. The production of black masterbatch rubbers experienced relatively small change over the previous year. However, in order to improve the rubber distribution pattern, facilities were authorized for producing black masterbatch rubber in the West Coast plant and installation was essentially completed by the end of the year.

GR-S latex has maintained an important position in the manufacture of foam sponge rubber and other special products. Production of this material amounted to approximately 5% of the total GR-S produced. Because of its superior properties, cold rubber latex is becoming of increasing importance in this field and conversions to the production of cold latex have been made in order to satisfy the indicated requirements. Over the twelve-month period, cold latex was increased from a level of approximately 5% to 25% of the total latex produced. Further increases will be possible during the early part of fiscal year 1953 when one of the Akron, Ohio GR-S plants, which was converted to cold latex exclusively, begins operation.

Butadiene and Styrene Plants

In line with operation of the program in the most economical manner, petroleum butadiene plants were maintained at maximum production consistent with either feedstock availability or plant capacity. Insofar as program flexibility would allow, alcohol butadiene was produced only in sufficient quantities to meet total butadiene requirements. During the first half of the year, butadiene was the limiting factor in the production of GR-S. This was due in large part to a series of events, such as feedstock shortages and fire damage to plants as previously mentioned. During the last half of the year, production of alcohol butadiene was minimized while reducing the production rate of GR-S.

In order to determine the applicability of a new butylene dehydrogenation catalyst, a plant scale evaluation was made at the Baytown, Texas butadiene plant. This catalyst is potentially important to the program because of the high indicated efficiency of butylene consumption in the manufacture of butadiene. The plant scale experimental run was successful in determining the engineering and technical data required to evaluate the feasibility and economics of utilizing this catalyst at the other petroleum butadiene plants.

Expansion of the Corporation's styrene plant at Torrance, California, was completed during the year and this plant is now capable of producing 57,000 short tons per year of styrene. Since this quantity of styrene is not sufficient to satisfy the needs of the program, the additional quantities required must be obtained by purchases from private suppliers.

Butyl Plants

After eliminating operating difficulties at one of the butyl plants, production of butyl rose considerably above industry consumption and record high rates of production were reached during several months of the year. Toward the end of the fiscal year, butyl production was decreased slightly in order to stablize the rapid build-up of butyl inventories.

Work was continued during the year on the expansion program at the butyl plants concurrent with GR-S expansion. Installation of equipment as part of this program has been completed at the Baytown, Texas plant. However, the expansion program at the Baton Rouge, Louisiana plant will not be completed until next year.

Research Activities

During fiscal year 1952, research and development activities were conducted for the Corporation by eight industrial organizations operating GR-S production plants, by the Government Laboratories operated by the University of Akron, by a Government Tire Test Fleet at San Antonio, by the National Bureau of Standards, and by eleven universities, institutes, and other research organizations.

During the past year the following were among the most noteworthy accomplishments of the research program:

1. Oil-masterbatched GR-S was developed to the point where it has become an established production item because of a demonstrated improvement in treadwear performance over cold GR-S

at a substantial reduction in tire cost. This product also provides an expansion in apparent rubber supply with a minimum expenditure of raw materials and equipment.

2. A process using a so-called "Alfin" catalyst was developed and successfully carried out on a continuous pilot plant scale in the Government Laboratories. Substantial quantities of high molecular weight Alfin polymers were prepared for evaluation in tires and other essential products. Alfin polymers are extremely tough and yet are free from the degradation constituent known as "gel."

3. A type of GR-S approaching cold rubber in physical properties, but which can be produced in non-refrigerated equipment, was developed. Tests of the new synthetic on the Government Fleet totalling 600,000 tire miles, together with results reported on private tests, lead to the conclusion that it is definitely better for treadwear than hot rubber, and possibly equal to cold rubber. This development increases the productive flexibility of the Government-owned synthetic plants, because if full consumer acceptance of the new product is obtained on such matters as processability, the hot rubber capacity of the plants can be directed to the manufacture of an improved product. It is possible that further research and development may enable the new type of polymerization to be utilized for the production of synthetic rubber in cold rubber plant equipment so that a product even better than the present cold rubber may be eventually realized.

The results of research from all participants in the program are published as rapidly as they can be technically edited. During the past year, 94 articles were published in scientific or technical papers.

RFC formulates the over-all research program each year and with the aid of interrelated committees develops detailed plans, maintains a balance among the fundamental, applied, and developmental research work and facilitates a continuous exchange of research findings. The general objectives are to make synthetic rubber better and cheaper, and to produce it more efficiently.

Capital Improvements

During the fiscal year 1952 capital expenditures amounted to $21,605,000 as compared to $12,566,000 in the fiscal year 1951. These expenditures were for costs of (a) expansion of productive capacity; (b) conversion to cold rubber capacity; (c) process and other improvements; and (d) replacement of worn-out and obsolete equipment. The program for conversion to cold rubber upon completion will have cost approximately $12 million.

Disposal of Rubber Facilities to Private Industry

In the latter part of the fiscal year consultations were had with committees representing chiefly the rubber, petroleum and chemical companies now active in the synthetic rubber program to elicit their views on the problem of disposal of the Government-owned rubber facilities. The Administrator of the Corporation appointed a Special Deputy, charged with the responsibility of formulating a program for disposal of the facilities. The Rubber Act requires that a report on such a program be submitted by the Corporation to the President and the Congress by March 1, 1953, and requires further that the President, after consultation with the National Security Resources Board, recommend to the Congress legislation with respect to disposal by April 15, 1953.

Statement of Operations

Net income for fiscal year 1952 amounted to $16,113,542. This profit was attained despite curtailment of production in the latter part of the year when the demand was lower than the anticipated demand, in expectation of which production in the earlier part of the year had been increased by use of the more costly alcohol butadiene in the manufacture of GR-S rubber. Due to labor difficulties in the petroleum industry, high cost alcohol butadiene was also used in the limited production for May, 1952. Also, $3 million was provided to cover costs of shutting down excess production facilities and the inventory of alcohol on hand at the end of the year was written down by approximately $5 million to estimated market value.

As a consequence of a demand for synthetic rubber lower than the production levels to which the Corporation had been directed to expand the capacity of its facilities, inventories of both GR-S and GR-I increased during the course of the year. Inventories of GR-S increased from 29,000 long tons valued at $10,926,000 at the beginning of the fiscal year to 72,000 long tons valued at $27,889,000 at the close of the year. Inventories of GR-I increased from 3,600 long tons at a cost of $1,352,000 on hand at the beginning of the year to 15,000 long tons at a cost of $5,080,000 accumulated by the end of the year.

A financial statement presenting a summary of operations of the synthetic rubber program appears in Schedule 2 of this report.

OPERATORS AND CAPACITIES OF

GOVERNMENT-OWNED SYNTHETIC RUBBER FACILITIES

As of June 30, 1952

Operator	*Plant Location*	*Type of Plant*	*Approx. Production Capacity, Tons/Yr.**
Firestone Tire & Rubber Co.	Lake Charles, La.	GR-S	90,000
	Akron, Ohio	GR-S	26,000
B. F. Goodrich Chemical Co.	Port Neches, Texas	GR-S	90,000
	Institute, West Va.	GR-S	115,000
Goodyear Synthetic Rubber Co.	Houston, Texas	GR-S	93,000
	Akron, Ohio	GR-S	25,000
United States Rubber Co.	Port Neches, Texas	GR-S	84,000
	Naugatuck, Conn.	GR-S	23,000
General Tire & Rubber Co.	Baytown, Texas	GR-S	36,000
Phillips Chemical Co.	Borger, Texas	GR-S	57,000
Midland Rubber Corp.	Torrance, Calif.	GR-S	72,000
Copolymer Corp.	Baton Rouge, La.	GR-S	42,000
Kentucky Synthetic Rubber Corp.	Louisville, Ky.	GR-S	41,000
			794,000
Cities Service Refining Co.	Lake Charles, La.	Butadiene from Butylenes	62,000
Copolymer Corp.	Baton Rouge, La.	Butadiene from Butylenes	23,000
Humble Oil & Refining Co.	Baytown, Texas	Butadiene from Butylenes	51,500
Neches Butane Products Co.	Port Neches, Texas	Butadiene from Butylenes	174,000
Sinclair Rubber, Inc.	Houston, Texas	Butadiene from Butylenes	80,000
Phillips Chemical Co.	Borger, Texas	Butadiene from Butane	67,000
Standard Oil Co. of Calif. and Shell Chemical Corp.	Torrance, Calif.	Butadiene from Butane	58,000
Carbide and Carbon Chemicals Div. Union Carbide and Carbon Corp.	Louisville, Ky.	Butadiene from Alcohol	96,000
Koppers Company, Inc.	Kobuta, Penn.	Butadiene from Alcohol	128,000
			739,500
The Dow Chemical Co.	Torrance, Calif.	Styrene	57,000
Esso Standard Oil Co.	Baton Rouge, La.	Butyl Rubber	47,000
Humble Oil & Refining Co.	Baytown, Texas	Butyl Rubber	43,000
			90,000

* Capacities of rubber plants in net long tons/year, Monomer plants in short tons/year. GR-S plant capacities are for production of present types of rubber and do not represent maximum productive capacity in an emergency.

REPORT ON TIN OPERATIONS FOR FISCAL YEAR 1952

Legal Authority and Responsibilities

The Corporation's authority and responsibilities in connection with its tin operations are covered by Public Law 125, 80th Congress, as amended, and by delegated authority issued in accordance with the Defense Production Act of 1950, as amended.

Public Law 125, 80th Congress, as amended by Public Law 824, 80th Congress, and Public Law 723, 81st Congress, provides primarily for the maintenance of a domestic tin-smelting industry. It empowers the RFC, until June 30, 1956; (1) to buy, sell and transport tin and tin ore and concentrates; (2) to improve, develop, maintain and operate by lease or otherwise the Government-owned tin smelter at Texas City, Texas; (3) to finance research in tin smelting and processing; and (4) to do all other things necessary to the accomplishment of the foregoing.

Under the Defense Production Act of 1950, as amended, and related Executive Orders, the authority to purchase and make commitments to purchase tin metal, tin ores and concentrates, and tin contained in slags, flue dust, and drosses for Government use or for resale was delegated to the RFC by the Administrator of General Services Administration on March 5, 1951.

RFC became sole importer of pig tin under National Production Authority Order M-8, effective March 12, 1951. The same order placed all tin sales, with limited exceptions, under allocation by NPA beginning May 1, 1951 (NPA Order M-8 was amended, effective August 1, 1952, permitting resumption of private importations of tin).

Purchase and Sale of Tin Metal

While the RFC became sole importer of tin metal on March 12, 1951, the level of foreign market prices resulted in suspension of purchases until January 1952. Agreement was then reached between the British Government and the United States Government whereby the United States was to obtain 20,000 tons of tin metal by the end of 1952 at $1.18 per pound, f.o.b. foreign port of delivery.

The British agreement was the first break in the lengthy tin price controversy between the main producing countries and the United States, the principal consuming country. While it did not involve tin concentrates for the Texas City smelter, the pattern was set for negotiations with Indonesia and the Belgian Congo for tin metal and tin concentrates and with Bolivian producers for tin concentrates.

On March 18, 1952, agreement was reached with Indonesian representatives on three-year contracts, beginning March 1, 1952, covering the purchase of a minimum of 18,000 and a maximum of 20,000 long tons of tin and/or tin in concentrates each year. Of these quantities, 8,000 tons each year will consist of tin in concentrates. The basic price for the first two years will be $1.2075 per pound of tin delivered c.i.f. United States ports. The price for the third year will be subject to negotiations.

Agreement has also been reached with African Metals Corporation on four-year contracts beginning March 1, 1952, covering the purchase of a minimum of 5,000 tons of pig tin and a minimum of 2,000 tons of tin in concentrates each year based on an expected over-all production of 13,000 tons of tin in concentrates per year from the Belgian Congo. The contracts contain termination options for the third and fourth years. The basic price will be $1.2075 per pound of tin delivered on dock, United States ports.

During the period of suspension of purchases, industry requirements were met from reserve stocks and from current production of the Texas City smelter. Reserve stocks held by RFC which amounted to 18,829 long tons of tin metal on June 30, 1951, were reduced to a low of 3,666 tons at the end of February, 1952.

Since reentering the foreign tin market in January, RFC has received numerous offers of tin metal from private dealers and importers. The total of such short term commitments through June 30, 1952, amounted to 23,568 long tons. As a result of deliveries under these contracts and those under long term contracts with the British, Indonesians and Belgians, RFC stocks of tin metal rose from a low of 3,666 tons at the end of February to 18,320 tons at the end of June of which latter amount 15,000 tons are held under directive of Defense Production Administration. These results were obtained despite the fact that production at the Texas City smelter during the four months period ending June 30 amounted to only 5,526 tons. This small production was attributable to lack of ore and a complete shutdown in June due to a strike.

In accordance with its policy of setting reasonable selling prices for its tin, RFC maintained a price of $1.06 per pound from June 18 to July 31, 1951, and $1.03 per pound from August 1, 1951 to January 21, 1952. On January 22 the price was raised to $1.215 as the result of the British agreement and has since been maintained at that level. During this period the equivalent Singapore price fluctuated between a low of approximately $1.02 and a high of approximately $1.27.

All sales of tin to industry by RFC continue to be made under allocations by National Production Authority. During the fiscal year and the six months ending June 30, 1952, such sales amounted to 46,600 tons and 21,800 tons respectively. These sales figures do not include sales to General Services Administration for the national stockpile and transfers of tin to a special reserve inventory pursuant to directive by Defense Production Administration to be financed under Section 303, Defense Production Act of 1950.

Ore Procurement and Stocks

Ore receipts at the smelter during the six months and the fiscal year ending June 30, 1952, amounted to 6,958 tons, containing 4,832 tons of tin, and 30,249 tons containing 17,237 tons of tin respectively. The following table shows a breakdown of these receipts by country of origin and grade:

	January-June 1952				*Fiscal Year 1952*			
	Long Tons Ore	*% Tin*	*Long Tons Tin*	*% Total Content*	*Long Tons Ore*	*% Tin*	*Long Tons Tin*	*% Total Content*
BOLIVIAN								
High Grade	34	61.76	21	14.69	3,601	59.32	2,136	42.62
Medium Grade	—	—	—	—	3,179	46.78	1,487	29.67
Low Grade	467	26.12	122	85.31	6,660	20.86	1,389	27.71
Total	501	28.54	143	100.00	13,440	37.29	5,012	100.00
Bolivian	501	28.54	143	2.96	13,440	37.29	5,012	29.08
Indonesia	3,202	72.55	2,323	48.08	9,677	72.48	7,014	40.69
Thailand	1,883	74.19	1,397	28.91	4,440	74.12	3,291	19.09
Belgian Congo	963	73.42	707	14.63	2,093	74.20	1,553	9.01
Miscellaneous	409	64.06	262	5.42	599	61.44	367	2.13
Total	6,958	69.45	4,832	100.00	30,249	56.99	17,237	100.00

Stocks of tin concentrates and other tin-bearing materials, exclusive of refined tin, held by RFC on June 30, 1952, contained an estimated total of 21,756 tons of tin. Most of this represents newly purchased material stored in foreign ports or in transit to the United States.

Negotiations for a long term contract with Bolivian producers have been going on intermittently since expiration of the 1950 contract. Several short term agreements were entered into during 1951, the last of which covered 30 days' production ending October 5, 1951.

Pending the conclusion of such negotiations, arrangements were made with various Bolivian producers for tin concentrates accumulated in Peruvian and Chilean ports. By June 30, 1952, commitments under these spot contracts amounted to an estimated 15,000 long tons of tin contained in concentrates, of which 11,816 long tons had been delivered.

The recent change in the Bolivian Government caused a further delay in negotiations for a long term over-all agreement. As of June 30, formal talks had not been resumed.

Other principal sources of tin concentrates are Indonesia, Belgian Congo and Thailand. As previously indicated, new agreements effective March 1, 1952, have been made which provide for delivery from Indonesia of 8,000 tons of tin contained in concentrates yearly for the next three years and of 2,000 tons of tin in concentrates yearly from Belgian Congo. Prior contracts with these suppliers, which expired December 31, 1951, provided for yearly deliveries at the rate of 9,000 tons and 1,500 tons of tin content respectively. Purchases in Thailand are now being made at a rate of approximately 4,000 tons of tin content per year.

Assuming purchases of 1,000 tons of tin contained in concentrates from miscellaneous sources such as Mexico, Portugal, Alaska and the United States, it is estimated that the total tonnage available from countries other than Bolivia will total 15,000 tons of tin content annually.

Smelter Operations and Results

Since its inception the Texas City smelter has been operated by Tin Processing Corporation as an independent contractor under an operating agreement with RFC. In conjunction with this arrangement, RFC purchases all concentrates, pays all operating costs and sells the resulting tin.

Abnormally difficult operating conditions were encountered during the fiscal year ending June 30, 1952. Shortage of ore forced a gradual curtailment in the production rate from approximately 3,000 tons of refined tin monthly in the first six months of calendar year 1951 to approximately 1,840 tons monthly in the first five months of 1952. In June, concentrates became available in substantial quantities through spot purchases from Bolivian producers and through the latest agreements with the Belgians and Indonesians but the smelter was closed down the entire month by a strike of production workers. The strike was settled and operations resumed on August 19.

The following table shows production of refined tin by months for the fiscal year ending June 30, 1952:

			Long Tons	
		3-Star	*Copan*	*Total*
1951	July	2,405	100	2,505
	August	2,543	—	2,543
	September	2,117	99	2,216
	October	2,091	49	2,140
	November	1,806	50	1,856
	December	1,805	25	1,830
1952	January	1,803	25	1,828
	February	1,800	50	1,850
	March	1,800	26	1,826
	April	1,800	50	1,850
	May	1,800	50	1,850
	June	—	—	—
Total		21,770	524	22,294

The relationship between Longhorn smelter production, United States imports and United States consumption of primary tin is shown in the table below. The data pertaining to imports and consumption coincide generally with figures published by the International Tin Study Group.

	Long Tons Refined Tin			
Calendar Year	*U.S. Imports*	*U.S. Consumption*	*Longhorn Production*	*% of U.S. Consumption*
1942	26,753	56,288	15,695	27.88
1943	11,919	46,253	20,727	44.81
1944	13,338	59,156	30,619	51.76
1945	9,375	55,642	40,591	72.95
1946	15,520	54,627	43,468	79.57
1947	24,899	59,166	33,292	56.27
1948	49,196	59,863	36,677	61.27
1949	60,222	47,163	36,064	76.47
1950	82,916	71,774	32,817	45.72
1951	27,784	56,542	31,669	56.01
Total	321,922	566,474	321,619	56.78

In the fiscal year ended June 30, 1952, the smelter treated 19,770 tons of Bolivian ore, 16,376 tons of alluvial ore and 602 tons of miscellaneous ore, a total of 36,748 tons of primary ore. The average grade of the ores treated was 35.88% for Bolivian ore, 73.23% for alluvial ore and 54.39% for miscellaneous ore. Of the total production of 22,294 tons of refined tin, it is estimated that 19,145 tons were recovered from primary ores and 3,149 tons from secondary materials.

Operations for the fiscal year resulted in a net loss of $703,011 after all expenses, compared with a net profit of $369,142 for fiscal year 1951. Expenses during the year included a non-recurring charge of $688,118 for tin loss in recovering rejects and slimes and unusual expenses of $199,705 in connection with the strike at the smelter.

The total payroll at the smelter normally numbers about 900. This was reduced to about 750 during the period of limited production, and, as a result of the strike, was further reduced to 279 as of June 30, 1952.

Waste Acid Plant

The Waste Acid Plant, like the smelter, was shut down during the month of June due to the strike. In the preceding eleven months a total of 1,267,138 gallons of commercial grade hydrochloric acid was produced for use in the smelter. An additional 1,335,693 gallons of pre-concentrated waste acid was produced for sale to the City of Houston for treatment of sewage. By-product metallic precipitates (iron cements) produced amounted to 211 long tons, of which 40 tons were sold in trial shipments to two smelting concerns.

Waste acid that had been pre-concentrated and its metallic contents reduced was found to be effective for leaching slimes and approximately 3,700,000 gallons of this product from the Waste Acid Plant were used in the smelter over a seven-month period ending May 31.

During much of the past fiscal year production of commercial grade acid has not been pushed because of curtailed operations at the smelter and lessened demand for acid. The acid plant as a whole, as well as the individual units, was subjected to frequent shutdowns for tests, repairs and improvements in a strenuous effort to get the plant in shape for continuous large-scale production when smelter requirements for acid are once again heavy.

Research and Capital Improvements

Work of the Experimental Department at the smelter was devoted in large part to tests in connection with Waste Acid Plant operations. The principal result of these tests was a decision to change the drying, conveying and fume discharge systems in order to improve capacity and eliminate the hazards of discharge fumes. The sum of $372,000 was authorized for this work but progress has been slow due to delays in securing the necessary equipment. Other units of the acid plant have presented numerous problems requiring study, investigation and tests before their eventual elimination.

In the smelter proper investigations are constantly being made to improve conditions of health and safety, devise new and better treatment processes, and make the most efficient use of fuels, chemicals and engineering materials. That notable progress has been made is attested to by the successful elimination of many impurities in the smelter circuit which formerly caused operating difficulties and resulted in poorer products.

During the fiscal year, expenditures for capital improvements amounted to $167,876 for the smelter and $148,629 for the Waste Acid Plant, a total of $316,505.

REPORT OF ABACA OPERATIONS—FISCAL YEAR 1952

Legal Authority and Responsibilities

Because of the strategic importance of abaca to the nation's military and industrial requirements, the Abaca Production Act of 1950 (Public Law 683, 81st Congress), providing for the continuance and expansion of the government-owned plantations in this hemisphere, was enacted on August 10, 1950.

Concurrently with the signing of the Act, the President directed the Corporation to continue operation of the plantations. The principal provisions of the Law are as follows:

1. That the plantations be continued for a period of ten years from April 1, 1950, unless the Congress or the President shall direct earlier termination;
2. That at the direction of the President, the then existing acres in cultivation could be increased or decreased, except that the acreage under cultivation may not exceed 50,000 acres at any one time;
3. That research may be undertaken with a view to attaining maximum efficiency in abaca development, culture and processing.

On August 21, 1950, the President directed the Corporation to expand the plantations from the existing 25,000 to the maximum 50,000 acres, as nearly as is practicable.

History

Within a short time after entry of the United States into World War II, the bulk of the nation's supply of abaca fiber was cut off by the Japanese occupation of the Philippine Islands. Up to that time, the Philippines produced about 95% of the world's abaca supply. The remainder came from the Dutch East Indies.

With the cooperation of the United Fruit Company, a concern with over fifty years experience in tropical agriculture, the Government undertook the installation of five plantations in four Central American countries. Many difficulties were encountered in the process because of wartime scarcities in labor, machinery, shipping, etc., but by 1943, all of the plantations, consisting of approximately 28,000 acres, were installed.

Soon thereafter, these plantations began to turn out fiber badly needed in the war effort, in time to augment the dwindling pre-war stockpile. A tabulation of the production from these plantations from inception through the close of fiscal year 1952 follows:

Abaca Production—Inception Through June 30, 1952

(Pounds of Line Fiber)

	Costa Rica (*Two Plantations*)	*Guatemala*	*Honduras*	*Panama*	*Total*
Calendar year 1942	—	—	—	894,285	894,285
Calendar year 1943	—	—	—	2,793,314	2,793,314
Calendar year 1944	2,475,300	1,194,875	944,625	5,771,835	10,386,635
Calendar year 1945	4,992,075	3,917,100	2,520,375	10,458,800	21,888,350
Calendar year 1946	1,038,125	3,122,350	3,153,425	4,909,575	12,223,475
Calendar year 1947	9,247,975	7,808,625	7,732,450	11,341,275	36,130,325
Calendar year 1948	13,870,725	10,740,675	8,308,025	7,361,750	40,281,175
Calendar year 1949	9,263,800	8,197,200	5,310,900	6,938,400	29,710,300
Calendar year 1950	4,708,200	8,659,500	2,220,000	6,743,100	22,330,800
Calendar year 1951 (6 mos.)	1,748,400	3,658,200	1,422,300	2,770,500	9,599,400
Fiscal year 1952	8,075,400	10,061,100	4,763,700	8,914,800	31,815,000
Totals	55,420,000	57,359,625	36,375,800	68,897,634	218,053,059

While the production from the government-owned plantations is, at present, but 10% of the world production, it does nevertheless provide the nucleus of the fiber needs of the country during an emergency. It is therefore looked upon as a "stockpile-in-the-ground," which has the effect of reducing the physical stockpile and lessening rotation problems.

Expansion

The major portion of the Corporation's efforts in the abaca program during the year just closed dealt with the preliminary steps necessary toward accomplishing the acreage expansion directed by the President.

Location of new areas for expansion purposes involves consideration of all known potential areas in the Western Hemisphere, which entails time-consuming soil surveys and investigation of other factors, such as rainfall, transportation, drainage requirements, labor supply, economic conditions, etc. Since undertaking the expansion, over 150,000 acres of land have been surveyed and analyzed in an effort to locate the approximately 25,000 additional acres required.

Also involved in the expansion is the working out of arrangements and agreements with foreign governments and management contractors. The agreements with the governments are essential in order that firm understandings regarding duties, taxes, etc., may be had. In some instances, these arrangements must be considered by the legislative bodies of the country. Additional management contractors are being brought into the program to the extent feasible and practicable. This entails extensive investigation of background, qualifications, financial stability, etc., as well as the working out of mutually acceptable terms.

All of these activities are time-consuming and require careful consideration in order that the twin objectives of maximum production and low cost be attained.

By the close of the year, the Corporation had narrowed down the vast new areas under consideration, and the list of prospective applicants to the limited number required for the expansion, and it is anticipated that the formal authorizations dealing with the bulk of the additional acreage needed will be made in the near future.

As to actual expansion, 5,025 acres were authorized during fiscal year 1952. Work was begun on this acreage in October 1951, but had to be suspended from mid-November through March because of the intervening rainy season. However, by June 1952, approximately 1,700 acres were planted and under cultivation. It is contemplated that the remaining 3,325 acres will be planted by the third quarter of fiscal year 1953. In addition, construction of the attendant labor camps, railroad facilities, drainage canals, etc., is underway, completion of which is anticipated at or about the same time planting is concluded.

Investigations are being concluded in connection with one project consisting of 4,000 acres in Costa Rica. The operator is currently performing the detailed engineering and topographical surveys necessary to determine requirements in drainage, roads, bridges, etc. Completion of planting is anticipated by the close of the fiscal year 1953.

A recapitulation of the acreage in cultivation as at June 30, 1952, together with acreage already authorized, as well as acreage required to reach the goal of 50,000 acres, follows:

	Acres
Original plantings remaining in cultivation June 30, 1952	22,400
New plantings during FY 1952	1,700
Total in cultivation June 30, 1952	24,100
To be returned to United Fruit Company by provision of contract by January 1, 1954	2,200
	21,900
Authorized FY 1952, to be planted FY 1953	3,325
	25,225
Needed to attain goal of 50,000	24,775
	50,000

The foregoing tabulation indicates that 22,400 acres of the original plantings remained in cultivation at the end of fiscal year 1952, whereas approximately 24,000 acres were in cultivation at the beginning of such year. The decrease of 1,600 results from abandonments of inefficient and unproductive acreage, as well as acreage returned to the operator by provision of contract made in 1942.

Operations and Results

Abaca production, including Tow, during fiscal year 1952 amounted to 32,041,250 pounds. Cost of production, i.e., all costs incurred at the plantation level (including depreciation totaling $747,527), amounted to $7,595,775, or a unit cost of 23.71c per pound for fiber produced. After the addition of home office expenses, such as interest and administrative expense, a substantial fire loss incurred at the Honduras plantation, and taking into consideration the change in inventories, the total cost amounted to $8,439,192.

During the fiscal year 1952, 30,861,900 pounds of fiber were sold and delivered for a total of $7,945,231. Before addition of home office charges and the fire loss, operations resulted in a profit of $438,539. After all charges, operations resulted in a loss of $493,961. The fire loss amounts to $419,372 so that it may be stated that the loss during fiscal year 1952 from normal operations, i.e., after all charges, including depreciation, interest, salaries of RFC personnel and other administrative expense, is about $75,000.

Analysis of Operations

Last year's report brought out the fact that, upon passage of Public Law 683, 81st Congress, providing for the continuation of the abaca program for a period of up to ten years, the approach to the operation of the plantations changed from a short-term to a long-range basis. As a result, during fiscal year 1951, efforts were concentrated upon the rehabilitation of the plantations, through fertilization, increased and improved culture, etc., with an eye to sustained greater production in future years. It was anticipated, as set forth in last year's report, that as a result of these measures, production would increase from the 19,500,850 pounds in 1951 to approximately 30,000,000 pounds in 1952.

The expected production was realized in 1952 although, and in no small measure, the increase over 1951 is attributable to the ideal weather conditions which prevailed last year.

Of the $2,182,525 loss incurred at the plantations during 1951, $1,681,881 was experienced at the Costa Rican plantations. In furtherance of the general rehabilitation program adopted with the passage of Public Law 683, a major corrective program, involving the expenditure of approximately $1,000,000, was undertaken at the Costa Rican plantations during fiscal year 1952 in order to place operations there on a more sound economic basis. Essentially, this program is aimed at correcting the drainage and transportation facilities which are believed to have affected efficiency of operations in the past.

Similar corrective work on a smaller scale, was carried on at Costa Rica during 1951. These measures, coupled with the favorable weather conditions which prevailed last year, were responsible for the marked improvement in operations in Costa Rica.

Cost of production at Costa Rica last year amounted to 30.65c per pound, as compared to 79.87c per pound in 1951. Production in that country during 1952 was 8,170,400 pounds as compared to 3,312,100 pounds in 1951. Although operations in Costa Rica last year resulted in a loss of $487,941, this nevertheless is a substantial improvement over the results of operations during 1951.

The Guatemala and Panama plantations operated at a profit last year, after all charges. Before addition of the fire loss, the Honduras plantation also operated at a profit. However, the inclusion of the fire loss places the Honduras project into a loss position.

Unit cost of production at all plantations was reduced from 39.39c per pound during fiscal year 1951 to 23.71c, a decrease of approximately 40%. The final loss of $493,961, including the fire loss of $419,372, is to be compared with the loss of $2,550,032 sustained in fiscal year 1951.

It is anticipated that unit cost of production will amount to 23.5c per pound during fiscal year 1953, a slight reduction as compared to fiscal year 1952. Production is estimated at 32,820,000 pounds. While in total this represents only a slight increase over the 32,041,250 pounds produced during 1952, the rate of production anticipated during the coming year is estimated at 1,500 pounds per acre as compared to the 1,370 pounds per acre during 1952. However, the average acres in cultivation during 1953 will be approximately 2,000 less than in 1952, the decrease being attributable to further abandonments contemplated during the year, for the reasons previously mentioned.

It is anticipated that not withstanding the further increase in production and decrease in cost, operations in general during fiscal year 1953 will result in a substantial loss. This is due to the fact that the sales price of abaca is gradually declining. The average sales price prevailing during fiscal year 1951 was 27.74c per pound. Last year, sales proceeds averaged 25.74c per pound. A further decline is expected during fiscal year 1953. The drop in price is associated with a general levelling-off of the market to pre-Korea levels, believed to be brought about by the continuing supply of Central American fiber as well as the gradual increase in Philippine production.

Research

Previous reports have brought out the fact that the Corporation has entered into research agreements with the Department of Agriculture and the Armour Research Foundation. This is in implementation of the provision contained in Public Law 683, 81st Congress, regarding research into abaca culture and processing with a view to greater efficiency in operations.

The research being conducted by the Department of Agriculture is of a long-term nature, dealing with the investigation of the agricultural phases, such as varieties, culture, insect and disease control, etc.

During the year, the Department installed a large number of experiments designed to study and uncover the causes of plant disease and means of insect control. It also initiated test plots to study cultural practices, such as plant maintenance, fertilization, pruning, harvesting, etc. Several reports were issued on specific problems, all of which have contributed to a better knowledge of the operation with resulting improvement in operating practices.

The research being carried on with respect to processing deals with the investigation of existing equipment and examination into the possibility of utilizing abaca waste. This research is of a short-term nature, aimed at correcting deficiencies in the existing processing equipment the results of which, when incorporated in the production line, should increase fiber yields without extensive and costly design changes. It also involves the development of processing equipment capable of cleaning the short and tangled fibers currently going to waste, and which presently must be disposed of at a cost of about $60,000 per year.

By the close of the year, pilot operations at the project level under this research program had been concluded, and recommendations, which will be acted upon as soon as possible, are in the course of preparation. Interim informal advices are encouraging.

Future Outlook

The 60% increase in production attained last year over fiscal year 1951 is encouraging insofar as the economic aspects of the government-owned abaca projects are concerned. This is so because of the fact that it is generally believed that reduction in unit cost of production may only come about through an increase in production, rather than through any reduction in over-all expenditures. Maintenance of the cultivations, and attendant costs, must go on at relatively the same levels, irrespective of volume of production.

It should be observed, however, that the question of whether or not the projects may be operated ultimately at a profit is directly dependent on factors which are beyond the control of the Corporation. Sales are made to the national stockpile at the world market price (Philippines) prevailing at the date of sale, even though the cost of production is higher. Therefore, a reduction in unit cost does not carry with it the normal assurance of an improved profit and loss position, since the reduction in cost may be offset by disproportionate downward market trends.

LIQUIDATION OF WARTIME PROGRAMS

The orderly liquidation of the assets acquired and liabilities incurred under the terminated defense and wartime programs continued apace during the fiscal year 1952. Properties in the amount of $19.3 million which became surplus to the needs of the synthetic rubber program were transferred to this program for liquidation. They are included in the assets held as of June 30, 1951 in the aggregate amount of $109 million as reflected in the following summary which also shows decreases during the year and the assets remaining for liquidation at June 30, 1952 in the amount of $67.1 million:

	June 30, 1951	*June 30, 1952*	*Decrease*
		(In millions)	
Loans, securities and accrued interest receivable	$ 4.0	$ 3.8	$ .2
Accounts receivable, advances, etc.:			
U. S. Government agencies	.0	7.8	(7.8)
Conditional sales contracts	13.6	12.6	1.0
Land grant freight claims	2.4	3.1	(.7)
Other	17.3	11.3	6.0
Total accounts receivable, etc.	33.3	34.8	(1.5)
Property, plant, equipment and related facilities:			
Not under lease	65.9	40.6	25.3
Less—subject to conditional sales contracts	33.3	32.0	1.3
Disposable properties	32.6	8.6	24.0
Under Lease	35.7	19.8	15.9
Total properties, etc.	68.3	28.4	39.9
Other assets	3.4	.1	3.3
Total	$109.0	$ 67.1	$ 41.9

Realizable Values

The amounts in the summary above are cost or gross book values. The Corporation has adopted a policy of reflecting in its financial statements realistic valuations of all assets included in the Liquidation Program. A review and evaluation of the assets held at June 30, 1952, undertaken to implement such policy, resulted in assigning a total estimated realizable value of $30.6 million to the assets comprised in the book value of $67.1 million. Estimated realizable values by asset categories are shown in Schedule I, "Assets, Liabilities and Funds Held in Connection with National Defense, War and Reconversion Activities."

Loans, Securities and Accrued Interest Receivable

The decrease of $.2 million results from payments on loans made by the former Defense Supplies Corporation. The outstanding balances on these loans at June 30, 1952, amounted to $.8 million. The remainder of this category consists of securities of which the principal item is $3 million capital stock of Banco do Borracha, now known as Amazon Credit Bank, Belem, Brazil, acquired during World War II in connection with the natural rubber program. Estimated realizable value of $2.3 million has been assigned to this category of assets.

Accounts Receivable, Advances, Etc.

The increase of $7.8 in accounts receivable from U.S. Government agencies is represented chiefly by a receivable from the Navy Department for cost of a plant constructed by the former Defense Plants Corporation, originally leased to Curtiss-Wright Corporation and later to Lustron Corporation. Upon termination of the latter lease, the Navy requisitioned and took possession of the plant pursuant to appropriate legislative authority. Arrangements with the Department of the Navy respecting reimbursement have not yet been consummated.

The decrease of $1 million in conditional sales contracts includes payments of $65,000 in final liquidation of 23 contracts and $875,000 on account of the 10 contracts still outstanding at June 30, 1952, in the amount of $12.6 million. Of the latter amount, $11.2 million is receivable from Republic Steel Corporation on 4 contracts to which reference is made later.

Land grant freight claims receivable at June 30, 1952, aggregated $3.1 million compared with $2.4 million at June 30, 1951, an increase of $.7 million. During the fiscal year 1952 the Corporation filed 3,725 claims for $1.9 million and collected $1.1 million on 3,692 claims; reductions in the amount of claims filed and cancellation of 315 claims aggregated $.1 million. Since undertaking a review of all freight charges paid by its wartime subsidiaries on shipments of materials and equipment for military or naval use during the period in which the Government was entitled to reduced rates under the Land Grant Act, the Corporation has developed and filed with the various railroads over the past five years an aggregate of 23,400 claims for $9.3 million. Of this amount 14,100 claims for $5.6 million have been collected, 1,800 claims for $.6 million have been cancelled, leaving 7,500 claims for $3.1 million in the hands of the carriers and unpaid at June 30, 1952. It is estimated that 8,000 additional claims for an aggregate of $3.5 million remain to be developed, filed and collected. In this connection progress is being made in negotiations with the American Association of Railroads towards simplification of procedures which should result in substantial economies in the future processing and establishing of claims with the railroads.

The decrease of $6.0 million in other accounts receivable, advances, etc., results from disposition of a large number of miscellaneous receivables remaining from numerous programs of the former wartime subsidiaries of the Corporation. Among the larger items disposed of were receivables of $1.5 million relating to the wartime meat subsidy program, $1.6 million arising from OPA price differentials claimed in connection with the wartime alcohol program, and $.7 million of advances to numerous nationals of Peru and Brazil in connection with the natural rubber program.

The receivables included in this general category of accounts receivable, advances, etc., stem from all activities which the Corporation and/or its subsidiaries were authorized to carry out during World War II. Many of the items now remaining constitute the remnants of vast programs of construction, procurement and subsidies and of other activities pursuant to such wartime authority. Apart from land grant freight claims and conditional sales contracts, such remaining items, while insignificant in relation to the total volume of the programs from which they stem, present all the problems characteristic of a clean-up function and are unsettled despite aggressive administrative effort toward collection or other satisfactory disposition. Moreover, where nationals of foreign countries are involved, effective action necessitates cooperation of the State Department. Consideration of all pertinent circumstances resulted in assigning estimated realizable values aggregating $14.9 million to the accounts receivable, advances, etc., comprised in the book value of $34.8 million.

Property, Plant, Equipment and Related Facilities

Disposable properties decreased during the year by $24 million, from $32.6 million held at June 30, 1951 to $8.6 million at June 30, 1952. Such decrease is accounted for by the disposition of the following properties:

Plancor 18—Curtiss-Wright—transferred to the Department of the Navy—$7.8 million

Plancor 1844—Monolith Portland Cement Company—transferred to General Services Administration—$4.4 million

Plancor 1167—Southern California Gas Company—part transferred to active synthetic rubber rubber plants, part sold, and the balance of unrecoverable residual costs written off—$11.8 million

Disposable property of $8.6 million at June 30, 1952 consists of the following:

	No. of Projects	*Amount*
Held for transfer to other Government agencies upon enactment of legislation	1	$4,273,380
In process of transfer to General Services Administration	2	1,365,553
Being dismantled	1	2,387,422
Other	6	539,615
	10	$8,565,970

Properties under lease decreased during the year by $15.9 million, from $35.7 million at June 30, 1951 to $19.8 million at June 30, 1952. This decrease includes an accounting reclassification reducing RFC's accountability to the U. S. Treasury for experimental costs aggregating $13.9 million with respect to the plywood flying boat constructed by The Hughes Tool Company during World War II and sales of properties costing $2.0 million to lessees. In the latter amount are facilities costing $1.2 million which were leased to Republic Steel Corporation and which were sold to Republic for $.4 million pursuant to exercise by it of the purchase-option provided in the lease. During the term of the lease Republic paid to the Corporation rentals of $1.1 million.

Property under lease of $19.8 million at June 30, 1952 is composed of 14 properties of which 8 in the amount of $11.9 million are under lease to Republic Steel Corporation.

The status of Republic leases, together with the status of the four conditional sales contracts with Republic previously referred to is shown in the following summary:

	No.	*Recorded Cost of Property*	*Rentals or Repayments during FY 1952*	*Unpaid Balance of Sales Contracts*	*Percent of Recorded Cost Recovered to 6-30-52*
			(Dollars are in millions)		
Leases:					
Projects with rentals limited to recovery of investment........	4	$10.0	$ .8	—	67.9
Projects on which rentals are payable to expiration of leases.....	4	1.9	.1	—	48.6
Total leased projects..	8	11.9	.9	—	64.8
Conditional sales contracts...............	4	$15.4	$ .7	$11.2	27.1

The properties under lease are subject to purchase options by the exercise of which Republic may purchase the properties prior to or upon expiration of the leases pursuant to the terms stipulated in the agreements.

The properties under conditional sales contracts are transferable to Republic at the expiration dates of the contracts, subject to the periodic payment of the amounts due under the contracts based on production, without further monetary consideration.

An estimated realizable value aggregating $13.3 million has been assigned to property, plant, equipment and related facilities comprised in the book value of $28.4 million. Such values have been determined upon the basis appropriate to the circumstances related to each property from the viewpoint of an existing proposal for disposition or the remoteness of the time when the property will become available for disposal. Accordingly, in cases where proposals for disposition are under current consideration values assigned were estimated realizable or salvage values; in cases where properties were subject to leases having several years to run, values assigned were based upon consideration of depreciation accrued during period of operation by lessees, anticipated future rentals, minimum purchase-option prices where such were provided in the lease agreements and other factors bearing upon the diminution in value which, it is reasonable to expect, would be reflected in a realization upon disposal at some future date.

Other Assets

The decrease of $3.3 million in other assets is accounted for by the disposition of $2.9 million of inventories and $.4 million of miscellaneous assets. The inventories consisted of $2.1 million of platinum and $.2 million of anorthosite and limestone transferred to General Services Administration; $.3 million of quinine and cinchona sold to the drug trade; and $.3 million of miscellaneous operating supplies, spare parts, etc., from an inactivated synthetic rubber plant in process of dismantling, part of which was sold at auction and the balance transferred to active synthetic rubber plants.

Liabilities

Liabilities under the Liquidation Program at June 30, 1952 were $2.7 million compared with $5.1 at June 30, 1951, a decrease of $2.4 million resulting from liquidation of proved claims by cash disbursements or adjustments. As in the case of accounts receivable previously referred to, the liabilities also involve problems incident to the clean-up status of many of the items, some of which are offsetting liabilities to, or counter claims filed by, debtors included in the accounts receivable.

FINANCIAL STATEMENTS

Balance Sheet—Exhibit A

The total assets shown on the Corporation's Balance Sheet at the close of the fiscal year were $696 million, a decrease of $178 million compared to the previous year. This decrease in assets resulted from repayments during the year in excess of disbursements in all classes of loans except catastrophe loans.

The liability to the U. S. Treasury for net proceeds from liquidation of assets and/or operation of facilities acquired under national defense, war and reconversion programs decreased to $43 million from $153 million as of June 30, 1951. This is a net decrease, after paying into the U. S. Treasury the sum of $113 million during fiscal year 1952. Payments to the Treasury in prior years were $50 million in fiscal year 1951, $25 million in 1950 and $100 million in 1949.

The liability to U. S. Treasury for net proceeds from liquidation of assets transferred from Smaller War Plants Corporation also decreased from $4.8 million at June 30, 1951 to $344,765 at June 30, 1952, after payment to the Treasury of $5 million. The remaining proceeds of $344,765 are retained to cover expenses and contingent liabilities chiefly relating to outstanding agreements to participate in bank loans.

The dividend to the U. S. Treasury of $12,293,880 represents the amount by which unreserved accumulated net income at June 30, 1952, less dividends of prior years, exceeded $250 million. The amount of the dividend is made up of fiscal year 1952 earnings of $10,853,671, less adjustment of $146,457 to prior year's income; and adjustments of $1,586,666 to income reserved for contingencies.

During the fiscal year payments made to U. S. Treasury aggregated $215.9 million comprising—

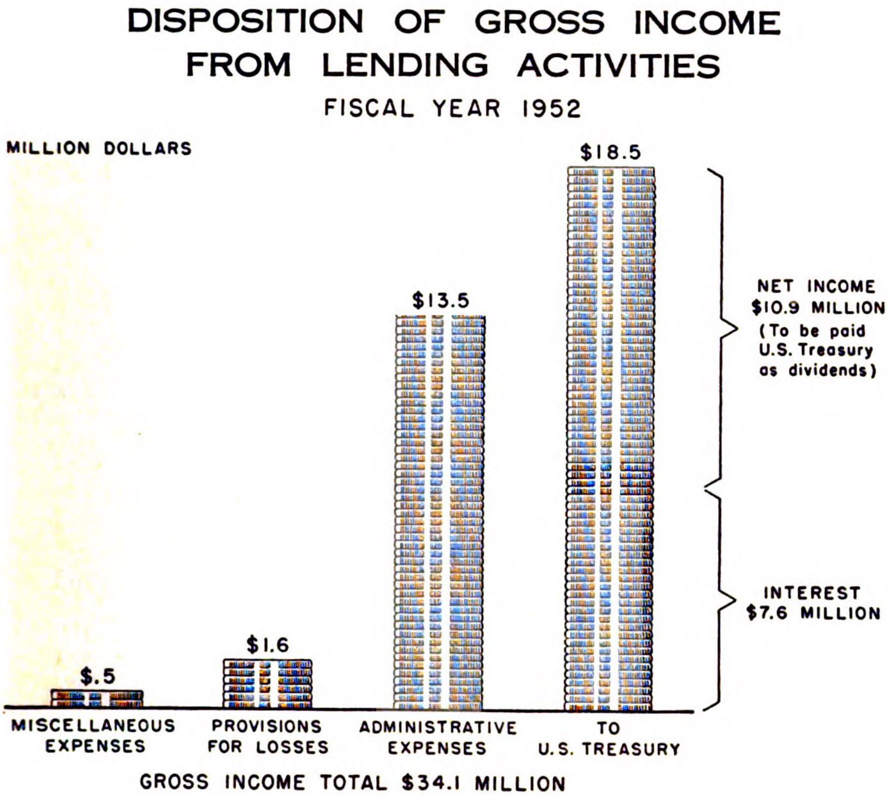
Net reduction of notes payable	$ 76,877,350
Payment of interest on notes payable	4,676,939
Payments on account of net proceeds from liquidation and/or operation of assets and facilities—	
Acquired under national defense, war and reconversion programs	113,000,000
Transferred from Smaller War Plants Corporation	5,000,000
Payment of dividend for fiscal year 1951	16,345,812
Total	$215,900,101

The balance sheet does not reflect commitments which were undisbursed at the close of the fiscal year. These were as follows:

Commitments for direct loans to industrial and commercial enterprises (including commitments for immediate participation in bank loans)	$153,407,709
Commitments for deferred participation in bank loans	50,046,060
Other loan commitments	54,978,464
	$258,432,233

Statement of Net Income from Lending Activities—Exhibit B

Total income of the Corporation decreased from $42.6 million in 1951 to $34.1 million in 1952. This decrease of $8.5 million is net and is due principally to reductions of $8.2 million in gross interest earnings of which $3.9 million was on the Corporation's loan to the Federal National Mortgage Association.



The chart to the left shows the disposition of the Corporation's gross income from lending activities for the fiscal year 1952.

Before provisions for losses net income amounted to $12,484,264 for fiscal year 1952 compared with $13,072,302 in 1951. Additions to reserves for losses were provided in the amount of $1,630,593 in 1952 and $5,453,945 in 1951. The Corporation maintains reserves for losses by application to disbursements of a factor representing its cumulative loss experience in relation to cumulative disbursements in the major loan classes. The use of the factor method results in a provision charge varying with each year's loan disbursements, which were lower in 1952 than in 1951. The net income from lending activities of $10,853,671 in 1952 after deduction of loss provision and the corresponding net income of $7,618,357 in 1951, represented a return of 10.9% for 1952 and 7.6% for 1951 on the Treasury's investment of $100,000,000 in the capital stock of the Corporation.

In addition to the $100,000,000 capital furnished by the U. S. Treasury through its investment in the Corporation's capital stock, under existing legislation the Corporation is permitted to retain $250 million of its accumulated net earnings, which also represents interest-free capital.

Activity Under Sections 302 and 303, Defense Production Act of 1950

Balance Sheet—Exhibit C

The total assets shown on the balance sheet at the close of the fiscal year were $100 million, an increase of $93 million compared to the previous year. This increase in assets represents an increase in outstanding loans approved under Section 302 of $52 million and inventories of refined tin purchased during the year under the provisions of Section 303 of $41 million.

On the basis of the Corporation's loss experience on business loans, a reserve of $1,250,000 has been provided against loans disbursed under Section 302.

The balance sheet does not reflect commitments which were undisbursed at the close of the fiscal year. These were as follows:

Commitments for direct loans (including commitments for immediate participation in bank loans)	$129,122,259
Commitments for deferred participation in bank loans	262,000
Total	$129,384,259

Statement of Income and Expenses—Exhibit D

Net income before provisions for losses in fiscal year 1952 was $315,429 as compared with a net loss in fiscal year 1951 of $231,144. However, after providing for estimated future losses on loans made under this program, net losses are indicated in amounts of $715,671 in fiscal year 1952 and $451,144 in fiscal year 1951. Such net losses are primarily attributable to the use of the "reserve method" adopted by RFC in computing loss provision on business loans and absorbing acquisition costs of new loans, both of which result in heavy charges during periods of high dollar volume of disbursements.

Since the purchase of the refined tin inventory was made at the close of the fiscal year and there were no further transactions in connection therewith, the statement of income and expenses relates solely to lending activities.

Statement of Accountability—Exhibit E

The Corporation has adopted a policy of reflecting a realistic valuation of assets, including capital facilities of the synthetic rubber, tin and abaca programs, for which it is accountable as a result of cancellation of notes payable to U.S. Treasury pursuant to Public Law 860, 80th Congress.

Accordingly, with respect to the continuing programs, accrued depreciation on capital facilities has been included for the first time as a charge against accountability reflected in Exhibit E and as a credit to the value of capital assets held reflected in Schedule I, as follows:

EXHIBIT E

Accrued depreciation, less retirements, to June 30, 1951 applied to Assets, at cost, June 30, 1951	$311,807,798
Depreciation for fiscal year 1952 included in net income or loss from—	
Synthetic rubber operations—Schedule 2	41,485,515
Tin smelter operations—Schedule 3	481,684
Abaca operations—Schedule 5	747,527
	$354,522,524

SCHEDULE I

	Depreciation on		
	Capital Assets Held 6-30-52	Retirements Fiscal Year 1952	
Synthetic Rubber Program	$338,571,771	$6,129,167	
Tin Program	4,024,780	17,108	
Abaca Program	5,178,894	600,804	
	$347,775,445	$6,747,079	$354,522,524

With respect to assets held for liquidation, an evaluation of such assets resulted in assigning an estimated realizable value of $30,620,765 as set forth in Schedule I and, accordingly, $36,503,660 has been charged to accountability as a provision for valuation of assets and estimated losses in collection of receivables. Also included in the provision charge is an amount of $9,150,515 for valuation of tin ore inventories at June 30, 1951 which was not recognized in the accountability maintained at that date on a cost basis and $62,432 for certain receivables of the tin program.

Unrecovered Capital Investment in Synthetic Rubber Program

The net book value of existing capital facilities of the Synthetic Rubber Program at June 30, 1952, as stated in Schedule I is $173.3 million, after deduction of accrued depreciation in the amount of $338.6 million. Included in latter amount is accumulated depreciation unrecovered to June 30, 1952 in the amount of $104.3 million, consisting of (1) depreciation which accrued prior to June 30, 1946 in the amount of $112.5 million on that portion of existing facilities as were utilized in productive operations from the date of initial operations to June 30, 1946 (2) less $8.2 million, the amount by which the net profits before depreciation for the period from July 1, 1946 through June 30, 1952 exceeded the amount of depreciation applicable to such period. For the following reasons the $104.3 million has been recorded, but not shown in the Statement of Assets Held, as unrecovered depreciation charges.

In development of the Synthetic Rubber Program it has not been possible to fully recover from sales and other operating revenues all costs of the program, including costs of operation, costs of research and development, costs of maintaining reserve capacity and a ratable recovery of the Government's investment in capital facilities represented by accruing depreciation on such facilities employed in productive operations.

The recorded amount is considered to be the ratable proportion of the Government's investment in existing capital facilities productively operated which should have been recovered prior to June 30, 1946. Such amount was not recovered due to losses sustained in operations to that date under pressure of wartime demands, with high over-all unit costs of a gradually increasing output during the period of development to maximum production and with a sales realization restricted by price ceilings and other wartime controls.

Therefore, it has been determined that starting with fiscal year 1947 (the first full year of postwar operation), annual net earnings from the program after current depreciation charges should be applied to amortization of unrecovered depreciation or, if net losses result, that unrecovered depreciation should be increased by the amount of such net losses not in excess of the current depreciation charges, to the end that accumulated depreciation charges unrecovered will be on record as a factor for consideration in matters pertinent to recovery of the capital investment of the Government. Pursuant to the foregoing determinations, accumulated depreciation charges unrecovered at June 30, 1952 have been recorded as follows:

Item	*Profit before Depreciation*	*Current Depreciation*	*Amount* (*in millions*)
Depreciation from May 1942 to June 30, 1946 on capital facilities existing at June 30, 1952 which were productively operated prior to June 30, 1946, unrecovered by reason of deficit operations to that date			$112.5
Amortization to operations subsequent to June 30, 1946 of unrecovered depreciation:	(*in millions*)		
Fiscal years 1947-1951	$159.6	$167.5	+ 7.9
Accumulated depreciation charges unrecovered—June 30, 1951			120.4
Fiscal Year 1952	56.7	40.6	−16.1
Accumulated depreciation charges unrecovered—June 30, 1952			104.3
Add:			
Net book value of property, plant and equipment—June 30, 1952			173.3
Unrecovered capital investment—June 30, 1952			$277.6

In addition to the unrecovered capital investment recorded as set forth above, cumulative costs of the Synthetic Rubber Program to June 30, 1952, include research and development costs approximating $41 million and costs of maintaining reserve capacity approximating $73 million. These costs, together with the unrecovered capital investment of $277.6 million, comprise an aggregate expenditure of some $390 million, without taking into account any interest on the Government's investment. The extent to which these expenditures can be recovered is a vital factor in the considerations which the Corporation must bring to bear in discharging its responsibility for charting the future course of operation and ultimate disposal of the facilities of the Synthetic Rubber Program.

RECONSTRUCTION

EXHIBIT A—CO

Assets

	June 30, 1952		June 30, 1951	
CASH		$ 19,221,012		$ 11,987,822
LOANS, SECURITIES AND RELATED RECEIVABLES (other than mortgages and loans to foreign governments):				
Loans, and securities at cost:				
Industrial and commercial enterprises	$365,651,877		$463,387,482	
Railroads	83,143,026		102,675,461	
Financial institutions	54,766,637		94,055,652	
Political subdivisions of states and territories	15,949,853		19,456,387	
Catastrophe loans	16,239,265		4,401,196	
	535,750,658		683,976,178	
Accrued interest and dividends	7,028,426		9,268,044	
Other receivables arising from loans and securities	1,808,937		3,817,639	
	544,588,021		697,061,861	
Reserve for losses	48,100,000	496,488,021	58,300,000	638,761,861
MORTGAGES AND RELATED RECEIVABLES:				
Mortgages partially guaranteed by Veterans Administration	74,672,335		81,112,539	
Mortgages insured by Federal Housing Administration	221,293		453,035	
	74,893,628		81,565,574	
Accrued interest	256,965		307,240	
Other receivables arising from mortgages	92,247	75,242,840	113,856	81,986,670
LOANS TO FOREIGN GOVERNMENTS:				
United Kingdom of Great Britain and Northern Ireland	—		15,171,989	
Republic of the Philippines	54,000,000	54,000,000	60,003,288	75,175,277
OTHER ASSETS:				
Properties and securities acquired in liquidation of loan indebtedness, including railroad reorganizations, at lower of cost or appraised values	19,876,770		33,519,608	
Equity in net assets of Defense Homes Corporation held for liquidation	30,238,959		31,201,026	
Miscellaneous accounts and other notes receivable, less reserve for losses of $69,020 in 1952 and $51,548 in 1951	638,637		878,614	
Furniture and fixtures, less accumulated depreciation	720,790	51,475,156	855,485	66,454,733
		$696,427,029		$874,366,363

NCE CORPORATION

: BALANCE SHEET

Liabilities

	June 30, 1952		June 30, 1951	
Liabilities to the Public:				
Arising from loan programs:				
Accounts payable	$ 680,847		$ 1,010,913	
Trust and deposit liabilities—Note B	14,933,824		6,785,841	
	15,614,671		7,796,754	
Arising from national defense, war and reconversion programs:				
Accounts payable	65,032,318		51,220,530	
Trust and deposit liabilities	2,614,367		4,563,405	
	67,646,685	$ 83,261,356	55,783,935	$ 63,580,689
Liabilities to Other U. S. Government Agencies:				
Accounts payable and sundry liabilities:				
Arising from loan programs	1,174,102		1,065,374	
Arising from national defense, war and reconversion programs	2,169,156		2,166,330	
	3,343,258		3,231,704	
Notes payable to U. S. Treasury, including accrued interest—Note C	198,891,233		276,457,832	
Dividends payable to U. S. Treasury	12,293,880		16,345,812	
Net proceeds from liquidation of assets and/or operation of facilities:				
Acquired under national defense, war and reconversion programs	43,519,537		153,564,036	
Transferred from Smaller War Plants Corporation	344,765	258,392,673	4,773,569	454,372,953
Reserves:				
For employees' accrued annual leave	3,248,000		3,051,055	
For losses under deferred participations in bank loans	525,000	3,773,000	775,000	3,826,055
Capital Stock Held by U. S. Treasury		100,000,000		100,000,000
Surplus:				
Accumulated net income—unreserved	606,050,437		593,756,557	
Less dividends accrued or paid to U. S. Treasury	356,050,437		343,756,557	
	250,000,000		250,000,000	
Reserved for contingencies	1,000,000	251,000,000	2,586,666	252,586,666
		$696,427,029		$874,366,363

RECONSTRUCTION FINANCE CORPORATION

EXHIBIT B—COMPARATIVE STATEMENT OF NET INCOME FROM LENDING ACTIVITIES

	Fiscal Year Ended June 30, 1952	*Fiscal Year Ended June 30, 1951*
INCOME:		
Interest and dividends earned on loans, securities, etc.:		
Industrial and commercial enterprises	$ 17,641,476	$ 18,929,092
Railroads, financial institutions, political subdivisions of states and territories and catastrophe loans	7,095,560	8,306,202
Insured and guaranteed mortgages	3,124,484	3,661,927
Foreign governments	1,445,425	2,669,177
Federal National Mortgage Association loan		3,946,311
Accounts and notes receivable	126,651	106,325
	29,433,596	37,619,034
Income from properties and securities acquired in liquidation of loan indebtedness, including railroad reorganizations—net	2,816,370	2,650,835
Income from equity in net assets of Defense Homes Corporation	769,778	790,911
Fees on loan participation agreements	617,283	842,197
Application fees, commitment fees, premiums and other income	464,516	710,633
	34,101,543	42,613,610
INTEREST AND OTHER EXPENSES:		
Interest on:		
Funds borrowed from U. S. Treasury	3,987,690	9,579,037
Funds held for U. S. Treasury and others	3,648,974	4,239,309
Administrative expenses	13,463,111	15,249,884
Fees for servicing mortgages	386,539	453,023
Guarantee fees and other expenses	130,965	20,055
	21,617,279	29,541,308
NET INCOME BEFORE PROVISIONS FOR LOSSES	12,484,264	13,072,302
PROVISIONS FOR LOSSES	1,630,593	5,453,945
NET INCOME	$ 10,853,671	$ 7,618,357

ANALYSIS OF ACCUMULATED NET INCOME

		Unreserved	*Reserved for Contingencies*
Accumulated net income—June 30, 1951		$593,756,557	$ 2,586,666
Income for fiscal year ended June 30, 1952, as above		10,853,671	
Adjustments to prior years income		146,457*	
Adjustment of amount reserved for contingencies:			
Self insurance	$ 2,000,000		
Other contingencies	413,334*	1,586,666	1,586,666*
		$606,050,437	$ 1,000,000

* Deduct

RECONSTRUCTION FINANCE CORPORATION

ACTIVITY UNDER SECTIONS 302 AND 303, DEFENSE PRODUCTION ACT OF 1950

EXHIBIT C—COMPARATIVE BALANCE SHEET

	June 30, 1952		June 30, 1951	
Assets				
Cash on deposit with U. S. Treasury		$ 513,975		$ 356,942
Loans and related receivables:				
Loans to industrial and commercial enterprises	$ 59,338,499		$ 6,776,649	
Accrued interest and other receivables arising from loans	643,701		31,845	
	59,982,200		6,808,494	
Reserve for losses	1,250,000	58,732,200	220,000	6,588,494
Refined tin inventory—Note D		40,766,879		—
Miscellaneous accounts receivable		—		69,506
		$100,013,054		$ 7,014,942
Liabilities				
Notes payable to U. S. Treasury, including accrued interest		$ 57,586,687		$ 7,425,778
Accounts payable to RFC:				
Arising from loan program	$ 59,954		—	
Arising from tin program	40,766,879	40,826,833	—	—
Trust and deposit liabilities		2,766,802		40,308
Reserve for losses under deferred participations in bank loans		1,100		—
Deficit		1,168,368*		451,144*
		$100,013,054		$ 7,014,942

* Deduct

EXHIBIT D—COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Loans Approved Under Section 302

	Fiscal Year Ended June 30, 1952	Fiscal Year Ended June 30, 1951
Income:		
Interest earned	$ 1,346,055	$ 61,986
Commitment fees earned	21,461	—
	1,367,516	61,986
Interest and Other Expenses:		
Interest on funds borrowed from U. S. Treasury	504,841	25,778
Administrative expense	547,246	267,352
	1,052,087	293,130
Net profit (or loss*) before provisions for losses	315,429	231,144*
Provisions for Losses	1,031,100	220,000
Net loss	$ 715,671	$ 451,144

ANALYSIS OF DEFICIT

Deficit at June 30, 1951	$ 451,144
Adjustments applicable to prior year	1,553
Net loss fiscal year ended June 30, 1952	715,671
Deficit June 30, 1952	$1,168,368

RECONSTRUCTION FINANCE CORPORATION

EXHIBIT E—STATEMENT OF ACCOUNTABILITY TO U. S. TREASURY FOR FUNDS EXPENDED BY RFC IN NATIONAL DEFENSE, WAR AND RECONVERSION ACTIVITIES

ACCOUNTABILITY AT JUNE 30, 1951:		
Net proceeds realized and payable to U. S. Treasury—Exhibit A		$153,564,036
Assets, at cost	$799,451,422	
Depreciation on capital assets of production programs through June 30, 1951	311,807,798	487,643,624
		641,207,660
CHANGES IN ACCOUNTABILITY DURING FISCAL YEAR 1952:		
ADDITIONS REPRESENTING:		
Net income (or loss*) from production programs:		
Income from synthetic rubber program—Schedule 2	16,113,542	
Loss from tin smelter operations—Schedule 3	703,011*	
Income from purchased refined tin program—Schedule 4	429,081	
Loss from abaca program—Schedule 5	493,961*	
	15,345,651	
Charges to net income from production programs representing interest on invested funds and provisions for shutdown expense	9,614,376	
Rentals and royalties earned	6,320,373	
Recoveries under land grant freight claims	1,780,762	
Interest allowed on funds utilized in RFC lending activities	3,532,657	
Other recoveries and adjustments to costs—net	2,411,887	39,005,706
		680,213,366
DEDUCTIONS REPRESENTING:		
Cost of property, plant, equipment and inventories transferred to other U. S. Government agencies without reimbursement	6,559,325	
Provision for valuation of assets and estimated losses in collection of receivables	45,716,607	
Cumulative construction and other costs related to experimental plywood flying boat	13,859,064	
Losses on sale and retirement of property, plant and equipment	13,226,938	
Administrative expenses	700,097	
	80,062,031	
Proceeds remitted to U. S. Treasury	113,000,000	193,062,031
ACCOUNTABILITY AT JUNE 30, 1952		$487,151,335
REPRESENTED BY:		
Net proceeds from liquidation of assets and/or operation of facilities: Exhibit A—Note E		$ 43,519,537
Assets at depreciated or appraised values—Schedule 1		443,631,798
		$487,151,335

RECONSTRUCTION FINANCE CORPORATION

EXHIBIT F—STATEMENT OF ACCOUNTABILITY TO U. S. TREASURY FOR NET ASSETS TRANSFERRED FROM SMALLER WAR PLANTS CORPORATION

Accountability at June 30, 1951:			
Net proceeds realized and payable to U. S. Treasury			$4,773,569
Assets remaining for disposal:			
Loans and related receivables		$2,562,583	
Notes and other accounts receivable		335,773	
Property acquired in liquidation of loan indebtedness		576,455	3,474,811
			8,248,380
Changes in Accountability During Fiscal Year 1952:			
Additions Representing:			
Interest earned		90,759	
Fees on loan participation agreements		1,266	
Income from property acquired in liquidation of loan indebtedness—net		54,386	
Interest allowed on funds utilized in RFC lending activity		61,569	207,980
			8,456,360
Deductions Representing:			
Loans, investments and receivables charged off		14,571	
Other losses and costs—net		2,409	
Administrative expenses		150,140	
Provisions for losses		753,044	
Proceeds remitted to U. S. Treasury		5,000,000	5,920,164
Accountability at June 30, 1952			$2,536,196
Represented by:			
Net proceeds realized and payable to U. S. Treasury—Exhibit A			$ 344,765
Assets, at appraised value, remaining for disposal:			
Loans and related receivables	$2,204,633		
Notes and other accounts receivable	175,402		
	2,380,035		
Less estimated losses in collection	753,044	$1,626,991	
Property acquired in liquidation of loan indebtedness		564,440	2,191,431
			$2,536,196

RECONSTRUCTIO

SCHEDULE 1—ASSETS, LIABILITIES AND
WAR AND RE

Assets

	June 30, 1952	
SYNTHETIC RUBBER PROGRAM		
Cash in transit and working funds		$ 8,153,272
Accounts receivable:		
U. S. Government agencies	$ 105,703	
Other	25,553,899	25,659,602
Inventories:		
Synthetic rubber	32,969,068	
Raw materials, chemicals and processed stock	35,797,622	
Supplies, spare parts and tools	14,946,678	83,713,368
Property, plant and equipment—Note F	511,914,698	
Less accrued depreciation	338,571,771	173,342,927
Prepaid taxes, insurance, freight and other charges		2,541,804
Total assets—Synthetic rubber program		293,410,973
TIN PROGRAM		
Cash working funds		202,504
Accounts receivable:		
U. S. Government agencies	40,805,239	
Other	656,883	
	41,462,122	
Less estimated losses in collection	62,430	41,399,692
Inventories:		
Refined tin—Note G	8,431,256	
Tin ore	50,042,708	
Other by-products	165,971	
Operating and other supplies	849,620	59,489,555
Property, plant and equipment	12,708,023	
Less accrued depreciation	4,024,780	8,683,243
Prepaid insurance and other deferred charges		151,425
Total assets—Tin program		109,926,419
ABACA PROGRAM		
Accounts receivable:		
U. S. Government agencies	1,341,654	
Other	6,831	1,348,485
Inventories:		
Abaca	597,307	
Operating and other supplies	1,410,431	2,007,738
Plantations and facilities operated for the production of abaca fiber	11,416,058	
Less accrued depreciation	5,178,894	6,237,164
Prepaid and deferred charges		80,254
Total assets—Abaca program		9,673,641
LIQUIDATION PROGRAM		
Cash working funds		31,374
Loans, securities and accrued interest receivable	3,827,968	
Less estimated losses in collection	1,503,500	2,324,468
Accounts receivable, advances, etc.:		
U. S. Government agencies	7,752,295	
Conditional sales contracts	12,622,947	
Other	14,418,246	
	34,793,488	
Less estimated losses in collection	19,877,046	14,916,442
Property, plant, equipment and related facilities	28,384,691	
Less reserve for valuation	15,123,114	13,261,577
Miscellaneous assets		86,904
Total assets—Liquidation program		30,620,765
TOTAL ASSETS—EXHIBIT C		443,631,798
FUNDS ARISING FROM NATIONAL DEFENSE, WAR AND RECONVERSION ACTIVITIES USED BY THE CORPORATION IN ITS LENDING FUNCTIONS—NOTE E		113,178,776
		$556,810,574

Liabilities

		June 30, 1952	
SYNTHETIC RUBBER PROGRAM			
Liabilities to the public:			
Trade and other accounts payable		$ 19,391,835	
Accrued and unbilled liabilities		6,484,183	
Trust and deposit liabilities		997,842	$ 26,873,860
Liabilities to U. S. Government agencies			1,999,323
Total liabilities—Synthetic rubber program			28,873,183
TIN PROGRAM			
Liabilities to the public:			
Trade and other accounts payable		35,611,967	
Accrued and unbilled liabilities		703,100	
Trust and deposit liabilities		2,594	36,317,661
Liabilities to U. S. Government agencies			30,570
Total liabilities—Tin program			36,348,231
ABACA PROGRAM			
Liabilities to the public:			
Trade and other accounts payable		963,763	
Accrued and unbilled liabilities		771,965	1,735,728
Liabilities to U. S. Government agencies			6,754
Total liabilities—Abaca program			1,742,482
LIQUIDATION PROGRAM			
Liabilities to the public:			
Trade and other accounts payable		878,572	
Accrued and unbilled liabilities		224,641	
Trust and deposit liabilities		1,459,672	2,562,885
Liabilities to U. S. Government agencies			132,458
Total liabilities—Liquidation program			2,695,343
TOTAL LIABILITIES			69,659,239
ACCOUNTABILITY TO U. S. TREASURY—EXHIBIT E			487,151,335
			$556,810,574

RECONSTRUCTION FINANCE CORPORATION

SCHEDULE 2—STATEMENT OF OPERATIONS OF SYNTHETIC RUBBER PROGRAM

Fiscal Year Ended June 30, 1952

Income:	
Sales of synthetic rubber	$415,932,537
Revenue from tank car operations	181,525
Other income	444,107
	416,558,169
Operating Costs and Expenses:	
Cost of rubber sold:	
Cost of production:	
Cost of materials consumed	291,054,410
Processing costs	60,769,790
	351,824,200
Inventory of finished rubber at beginning of period	12,278,086
	364,102,286
Less:	
Inventory of finished rubber at end of period	32,969,068
Finished rubber consumed in research	8,513
Cost of rubber sold	331,124,705
Depreciation of operating plants and facilities (including $927,030 on leased facilities)	40,635,392
Research and development	6,939,476
Adjustment of raw material inventories at June 30, 1952 to the lower of cost or market—Note H	5,023,513
Storage and handling of finished goods	930,894
Administrative expense	2,391,765
Losses from fire and other casualties	1,383,451
Other expenses and losses	740,923
Total operating costs and expenses	389,170,119
Net Income from Operations	27,388,050
Interest on U. S. Government Funds Invested in Net Operating Assets	5,305,646
Provisions for Shutdown Expense—Note I	3,000,000
Reactivation Expense	1,982,158
Expenses for Maintenance and Protection of Standby Plants and Facilities (includes $850,123 depreciation on standby plants)	986,704
Net Profit	$ 16,113,542

RECONSTRUCTION FINANCE CORPORATION

SCHEDULE 3—STATEMENT OF TIN SMELTER OPERATIONS

Fiscal Year Ended June 30, 1952

INCOME:	
Sales of refined tin	$ 97,012,602
OPERATING COSTS AND EXPENSES:	
Cost of tin sold:	
Cost of production—longhorn tin:	
Cost of tin ores consumed	49,621,048
Processing costs	4,073,780
Cost of production at the smelter	53,694,828
Inventory of refined tin at beginning of period	42,098,487
	95,793,315
Less: Net transfers of refined tin to smelter for re-refining and inventory adjustments	80,753
Inventory of refined tin at end of period	1,903,225
Cost of tin sold	93,809,337
Depreciation and net loss on retirement of operating plants and facilities	495,687
Tin loss in reclaiming rejects and slimes—Note J	688,118
Freight and other expenses	207,374
Expenses due to shutdown of plant during strike	199,705
Administrative expense	493,001
Total operating costs and expenses	95,893,222
NET INCOME FROM OPERATIONS	1,119,380
INTEREST ON U. S. GOVERNMENT FUNDS INVESTED IN NET ASSETS	963,664
WASTE ACID PLANT STARTING-UP EXPENSE	858,727
NET LOSS	$ 703,011

SCHEDULE 4—STATEMENT OF OPERATIONS OF PURCHASED REFINED TIN PROGRAM

Fiscal Year Ended June 30, 1952

INCOME:	
Sales of purchased refined tin—Note D	$ 96,742,590
OPERATING COSTS AND EXPENSES:	
Cost of tin sold:	
Cost of refined tin purchased	102,574,893
Less: Inventory of refined tin at end of period	6,527,163
Cost of tin sold	96,047,730
Domestic freight and other expenses	11,840
Administrative expenses	34,375
Total operating costs and expenses	96,093,945
NET INCOME FROM OPERATIONS	648,645
INTEREST ON U. S. GOVERNMENT FUNDS INVESTED IN NET ASSETS	219,564
NET PROFIT	$ 429,081

SCHEDULE 5—STATEMENT OF OPERATIONS OF ABACA PROGRAM

Fiscal Year Ended June 30, 1952

INCOME:	
Sales of Central American abaca	$7,945,231
OPERATING COSTS AND EXPENSES:	
Cost of abaca sold:	
Cost of production	6,764,388
Inventory of finished abaca at beginning of period	628,103
	7,392,491
Less: Loss of finished abaca due to fire	119,869
Inventory of finished abaca at end of period	597,307
Cost of abaca sold	6,675,315
Depreciation and net loss on retirement of operating plantations and facilities	831,387
Research and development expense	152,168
Selling and other expenses—net	31,560
Administrative expense	176,857
Total operating costs and expenses	7,867,287
NET INCOME FROM OPERATIONS	77,944
LOSSES RESULTING FROM FIRE AT THE HONDURAS PLANTATION	419,372
INTEREST ON U. S. GOVERNMENT FUNDS INVESTED IN NET ASSETS	152,533
NET LOSS	$ 493,961

NOTES TO FINANCIAL STATEMENTS

NOTE A

The accompanying balance sheet and related statements of net income set forth the financial position of the Reconstruction Finance Corporation at June 30, 1951, and June 30, 1952.

Assets shown on the balance sheet for both years represent those pertaining to the Corporation's lending activities, in which it has both title and beneficial interest. The unliquidated assets relating to programs for national defense, war and reconversion, and assets transferred from Smaller War Plants Corporation are shown on other schedules of this report and are not included in the Corporation's balance sheet.

NOTE B

In addition to the liabilities reflected by the balance sheet the Corporation is responsible for funds collected from mortgagors for the payment of taxes, insurance, etc., by servicing institutions. At June 30, 1952, such funds amounted to $1,385,657, all of which was on deposit with commercial banks covered by FDIC insurance.

NOTE C

In addition to notes payable to the U. S. Treasury reflected in Exhibit A, the Corporation had outstanding notes payable in the amounts of $57,586,687 at June 30, 1952, and $7,425,778 at June 30, 1951, including accrued interest issued pursuant to Section 304, Defense Production Act of 1950, for funds expended or held pursuant to Sections 302 and 303, Defense Production Act of 1950. The Assets and Liabilities for activities under Sections 302 and 303, Defense Production Act of 1950, are shown on page 41 of this report.

NOTE D

A reserve inventory of 15,000 long tons of refined tin was established pursuant to provisions of Section 303, Defense Production Act of 1950. This tin was previously carried in inventories of tin produced at the smelter and of the refined tin purchase program.

NOTE E

Funds arising from national defense, war and reconversion activities, comprising net proceeds from liquidation of assets and/or operation of facilities and funds held for payment of liabilities, to the extent utilized in lending activities, are considered in the same light as borrowings from the Treasury and interest thereon is charged lending operations in accordance with rates prescribed by the Secretary of the Treasury.

NOTE F

In addition to the present net book value of existing facilities currently in operation reflected in the Statement of Assets Held, the amount of $104,294,000 has been recorded at June 30, 1952, for unrecovered depreciation charges. The purpose and determination of this amount is set forth in the discussion of financial statements on page 36 of this report.

NOTE G

The inventory of refined tin includes some pieces of refined tin carried at a value of $868 remaining from a program of trading operations in imported refined tin under which purchases were terminated prior to March 12, 1951. At that date RFC became sole importer of pig tin under National Production Authority Order M-8 but did not re-enter the foreign tin market until January 1952, following price agreement between the United States and British Governments. The Statement of Operations of Purchased Refined Tin Program—Schedule 4, covers operations since re-entry into the foreign tin market. At June 30, 1951, the remaining inventory of the terminated program was $73,036. Of this inventory, tin costing $72,168 was sold subsequently for $46,488, leaving $868 in the inventory at June 30, 1952.

NOTE H

The cost of inventories of alcohol and other raw materials held for use in the production of synthetic rubber at June 30, 1952, exceeds by $5,023,513 a valuation based on the lower of cost or market. This decline in value has been charged to synthetic rubber operations for fiscal year 1952.

NOTE I

In anticipation of a cutback in production, the sum of $3 million has been provided for shutdown costs of facilities operated in 1952 which will be taken out of operation in 1953.

NOTE J

During the period of operation under wartime pressure, large quantities of hard-to-process tin-bearing materials were accumulated and stored for processing when the need for high tin production became less urgent. During fiscal year 1952 a portion of these materials was processed and resulted in a tin recovery which was less than the calculated tin content of the materials as carried in the in-process inventories. The charge of $688,118 represents adjustment of the calculated tin content of in-process inventories, including an estimate of the adjustment that will ensue upon determination of recoveries from the remaining materials.

NOTE K

The Corporation is a party defendant in legal proceedings, relating to national defense, war, and reconversion activities, involving contingent liabilities estimated at $5,000,000.

Contingent liabilities with respect to claims received from contractors, operators, and others are estimated at approximately $2,000,000.

In addition, the Corporation has outstanding firm commitments relating to the procurement of refined tin and tin in ores and concentrates aggregating 46,000 tons of tin amounting to approximately $125,000,000 and for the procurement of alcohol for the synthetic rubber program of approximately 9,500,000 gallons amounting to $6,360,000.

APPENDIX A

LOAN POLICY BOARD

POLICY STATEMENT NO. 1 (AS AMENDED[1])

The purpose of this document is to establish the principles and policies to be followed by the RFC in the conduct of its lending operations, including participations in loans.

The general policies are contained in Part I. These general policies incorporate the statutory requirements of the RFC Act and expressions of Congressional intent as to the manner in which the loan operations of the Corporation should be conducted. In addition, there are included various standards, implementing the statutory provisions and the expressions of Congressional intent.

In the pursuit of the objectives of the RFC Act, the general policies of the RFC shall, to the maximum extent possible, be correlated with the general programs and policies of the Federal Government such as the present anti-inflation and defense mobilization programs. Accordingly, Part II of this statement of loan policies prescribes additional loan standards to be followed during the present period of mobilization and rearmament. The standards in Part II are not in substitution for, but are supplemental to, the general standards embodied in Part I.

These standards for loan policies are not intended to and cannot be automatically operative in each individual case. Accordingly, appropriate instructions and interpretations will be issued from time to time to the several managers of RFC loan agencies.

PART I. GENERAL LOAN POLICIES

A. General Objectives

All loans by the RFC must be of such character as to accomplish one or more of the stated objectives of the RFC Act, namely, to aid in financing agriculture, commerce, and industry, to encourage small business, to help in maintaining the economic stability of the country, and to assist in promoting maximum employment and production.

B. Specific Statutory Restrictions

All loans by the RFC must at all times meet the following requirements of the RFC Act:

(1) That no financial assistance be extended unless the credit requested is not otherwise available on reasonable terms. No loan shall be made in competition with private sources of credit. Loans shall not be made to an applicant where credit is available from private sources unless the terms, including the interest rate at which the credit is so available, are clearly unreasonable. In most cases, it should be insufficient to find only one commercial bank unwilling to grant the loan. The applicant should show why he should not dispose of a marketable asset in order to obtain all or any portion of the funds needed.

(2) That all securities and obligations purchased and all loans made be of such sound value or so secured as reasonably to assure retirement or repayment.

(3) That all loans made and all obligations and securities purchased, except those of public governmental agencies, mature in ten years or less.

(4) That in agreements with banks to participate in loans wherein the Corporation's disbursements are deferred, the amount of the Corporation's participation be limited to 70 percent of the balance outstanding at the time of disbursement in those cases where the total amount borrowed is $100,000 or less, and be limited to 60 percent of such amount in those cases where the total amount is over $100,000.

(5) That no loan shall be made to any state, or political subdivision thereof, for the payment of ordinary governmental expenses as distinguished from specific public projects.

(6) That loans to common carriers, such as railroads and airlines, must meet the standards set by the regulatory agencies, specifically the Interstate Commerce Commission and the Civil Aeronautics Board, in addition to the usual standards for all RFC loans.

[1] As amended August 23, 1951.

(7) That loans to financial institutions must meet standards set by the Treasury and are subject to Treasury approval.

(8) The objective in emergency disaster lending should be to relieve the hardships attendant upon such disasters. Such loans are not required to meet all the credit standards governing loans for normal purposes.

(9) That no director, officer, attorney, agent, or employe of the Corporation participate directly or indirectly in the deliberation upon or determination of any question affecting his personal interests.

C. Implementation of Basic Statutory Provisions

In addition to meeting the general objectives and requirements of the RFC Act, all loans shall be made in accordance with the following principles:

(1) The primary consideration in determining whether to grant a loan shall be the interest of the general public rather than the interest of the individual borrower.

(2) Loans shall not be granted which in effect would promote monopoly.

(3) In carrying out the objectives of the RFC Act, particular consideration shall be given to the credit needs of small business enterprises.

D. Particular Types of Loans Which Do Not Qualify

(1) No loan shall be made to "bail out" creditors, i.e., to pay off creditors who are inadequately secured or likely to sustain a loss.

(2) No loan shall be made primarily to refinance an existing debt.

(3) No loan shall be made for effecting a change in the ownership of a going business or for purchasing an interest in such business.

(4) Except in the cases of loans for the construction of military and defense housing and housing in critical areas, no loans shall be made for acquiring, constructing or improving real property which is to be held for investment.

(5) No loan shall be made for speculative investments or purchases.

(6) No loan shall be made to an eleemosynary institution.

(7) No loan shall be made to any newspaper, magazine, radio broadcasting companies or other similar organizations.

(8) No loan shall be made for providing capital to an enterprise engaged in the business of lending.

(9) No loan shall be made for operating an establishment whose income is derived in whole or in part from gambling or from rental of the premises for gambling or from rental of the premises for gambling purposes.

(10) No loan shall be made for operating an establishment whose income is derived predominately from the sale of alcoholic beverages.

PART II. LOAN POLICY IN PRESENT EMERGENCY

In addition to the loan policies prescribed in Part I hereof, the following principles shall be effective during the present period of defense mobilization and rearmament:

(1) All loans by the RFC must assist, expedite, increase or maintain the production of goods or services necessary to meet either military requirements or essential civilian requirements.

(a) The receipt of a "certificate of necessity" for accelerated tax amortization or the receipt of a defense contract (either a prime contract or subcontract) or a purchase order by the Borrower or the existence of a national shortage of a commodity or service or proof of a regional (normal market area) shortage so great that minimum needs cannot be met at reasonable prices may be considered as evidence that the loan is for a defense purpose or an essential civilian requirement.

(b) Loans for the maintenance of existing production, processing, and orderly distribution of goods and services which are customarily recognized as necessities as distinguished from luxuries, may be considered loans for essential civilian requirements.

(c) Loans for conversion to essential production may be considered in the interest of national defense.

(2) In each instance it should be determined as far as possible whether granting a loan will or will not be inflationary. For a loan to be considered non-inflationary, the finding should indicate that the loan will produce either an increased supply of essential goods or services or the prevention of a decrease.

RECONSTRUCTION FINANCE CORPORATION
LOAN AGENCIES

AGENCY	MANAGER	ADDRESS
Atlanta, Ga.	M. E. Everett	Healey Building 57 Forsyth Street
Birmingham, Ala.	Fred H. Foy	Comer Building 2nd Ave. & 21st St.
Boston, Mass.	John F. Golden, Jr.	50 Congress Street
Charlotte, N. C.	J. K. Wilson	317 South Tryon Street
Chicago, Ill.	Milnor O. Hoel	208 S. LaSalle St.
Cleveland, Ohio	J. A. Fraser	Federal Reserve Bank Bldg. E. 6th St. & Superior Ave.
Columbia, S. C.	Robert L. Edwards	Federal Land Bank Bldg.
Dallas, Texas	Charles L. South	Rio Grande National Bldg. 251 North Field Street
Denver, Colorado	China R. Clarke	Railway Exchange Bldg. 17th & Champa Streets
Detroit, Mich.	Everett W. Barber	Griswold Building 1214 Griswold Street
Jacksonville, Fla.	Fred H. Farwell	Graham Building 24 Laura Street
Kansas City, Mo.	David H. Powell	Federal Reserve Bank Bldg. 10th St. and Grand Ave.
Little Rock, Ark.	John J. Truemper	Pyramid Building Second and Center Sts.
Los Angeles, Calif.	Hector C. Haight	417 South Hill Street
Louisville, Ky.	R. D. Bottomley	139 South 4th Street
Minneapolis, Minn.	Bernard E. Boldin	Minnesota Federal Savings and Loan Building 607 Marquette Avenue
Nashville, Tenn.	R. Lee Davis	Nashville Trust Bldg. 315 Union Street
New Orleans, La.	Justin Green	348 Baronne Street
New York, N. Y.	George E. Chapin	143 Liberty Street
Oklahoma City, Okla.	Carl B. Sebring	Commerce Exchange Bldg. 130 Northwest Grand Ave.
Philadelphia, Pa.	Harry Batchelder	Lincoln-Liberty Bldg. Broad and Chestnut Sts.
Portland, Ore.	William Kennedy	Pittock Block 921 S. W. Washington St.
Richmond, Va.	W. B. Cloe	Southern States Bldg. 627 E. Main Street
St. Louis, Mo.	Charles G. Alexander	Arcade Building
San Antonio, Texas	Theodore T. Perkins	128 South Flores Street
San Francisco, Calif.	John S. McCullough, Jr.	130 Sutter Street
Seattle, Wash.	H. Sanford Saari	Central Building 810 Third Avenue
Spokane, Wash.	O. M. Green	Columbia Building First and Howard Streets

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