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INCOME PAYMENTS TO INDIVIDUALS IN THE SOUTHWEST, 1929-1946

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The economic health of the Southwest, as of any other region, may be judged by the income generated through the total of its productive efforts and paid out in individual shares to its population. For the amount of personal income received in relation to satisfaction of wants felt is the measure of the extent to which each person who devotes his labor or his property to the production of goods and services has achieved his immediate economic objective. Accordingly, personal income payments are an index of a region's ability to sustain its people and to retain or expand its productive resources and organization. One may expect, therefore, to find the economic development of the Southwest, over a period of years, closely associated with the trend of income payments to individuals in the area during those years.

For each year of the period 1929-1946, the United States Department of Commerce has prepared and published estimates of income payments to individuals in each state of the Union. This period began and ended in years of abnormal national prosperity. The estimates of income payments make it possible to analyze the composition and trends of such payments in the five southwestern states which lie wholly or partly in the Eleventh Federal Reserve District. It is these five states—Texas, Louisiana, Oklahoma, New Mexico, and Arizona—which constitute the region referred to above as the Southwest. They are the same, except for the inclusion of Louisiana, as the Southwest Region referred to by the Department of Commerce in reporting income estimates. For convenience in the discussion which follows, they will be referred to also as the states of the Eleventh District, though portions of all of them except Texas lie outside the district's boundaries. These five southwestern states had an estimated population of 11,035,000 in 1929, and of 13,013,000 in 1946—an increase during the period of about 18 percent. In 1929, their population was 9.1 percent of the population of the continental United States; in 1946 it was 9.2 percent.

Total Income Payments

Total income payments to individuals in this five-state region fluctuated widely between 1929 and 1946, with the trend generally, but unevenly, upward after 1933. Reflected in these fluctuations are the great economic depression of the early 1930's, the 1934-1940 period of slow recovery interrupted by recession in 1938, the spirited response of the economy to the expanded national defense program of 1940-1941, and the unprecedented upsurge of production and income during the war period and the first postwar year. From \$5,015,000,000 in 1929, the figure dropped to considerably less than \$3,000,000,000 in 1932 and 1933. Then, by painful stages of both induced and natural recovery, and with one backset in 1938, it climbed to \$4,755,000,000 in 1940, or to within five percent of the 1929 level. The next year it reached \$5,800,000,000, setting a new record some 15 percent above 1929. The first war year (1942) saw it rise to approximately \$8,000,000,000; the next year it topped \$10,400,000,000, more than doubling the 1929 total; and then continuing to rise but at a diminishing rate, it exceeded \$11,000,000,000 in each of the next three years (1944-1946).

Percentagewise, total income payments in the states of the Eleventh District declined 44 percent—the same as in the Nation—during the deep depression years, 1929-1933, rose 71 percent from 1933 to 1940, compared with a rise of 64 percent in the country as a whole, and spiraled upward 146 percent from 1940 to 1946, while the national total was climbing 123 percent. A slowing down in the rate of increase occurred after 1944, concurrently with the slackening of the impetus which the war effort had provided, and total individual income payments in the Southwest increased only one percent during 1945 and three percent during 1946, compared with respective increases of three percent and nine percent in the national totals. Payments in the region, during the last year of the

TABLE 1. TOTAL INCOME PAYMENTS TO INDIVIDUALS IN THE SOUTHWEST, 1929-1946

Year	Amount (millions of dollars)	Percentage change from													Southwest total as per cent of United States total				
		1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	
1929	5,015																	6.07	
1930	4,153	-17																5.66	
1931	3,428	-32	-17															5.53	
1932	2,698	-46	-35	-21														5.69	
1933	2,786	-44	-33	-19	3													6.02	
1934	3,218	-36	-23	-6	19	16												6.07	
1935	3,565	-29	-14	4	32	28	11											6.09	
1936	4,150	-17	-*	21	54	49	29	16										6.10	
1937	4,596	-8	11	34	70	65	43	29	11									6.36	
1938	4,372	-13	5	28	62	57	36	23	5	-5								6.65	
1939	4,584	-9	10	34	70	65	42	29	10	-*	5							6.49	
1940	4,755	-5	14	39	76	71	48	33	15	3	9	4						6.27	
1941	5,800	16	40	69	115	108	80	63	40	26	33	27	22					6.29	
1942	7,928	58	91	131	194	185	146	122	91	72	81	73	67	14				6.81	
1943	10,402	107	150	203	286	273	223	192	151	126	138	127	119	79	31			7.43	
1944	11,247	124	171	228	317	304	250	215	171	145	157	145	137	94	42	8		7.44	
1945	11,356	126	173	231	321	308	253	219	174	147	159	148	139	96	43	9	1	7.32	
1946	11,696	133	182	241	334	320	263	228	182	154	168	155	146	102	47	12	4	3	6.91

*Less than one-half of one percent.

SOURCE: United States Department of Commerce.

1929-1946 period, exceeded those of the first year by 133 percent, while in the Nation as a whole, the rise was 105 percent. Between the depth of the depression (1933) and 1946, total annual payments in the Southwest rose 320 percent; in the Nation, 266 percent.

These greater percentage gains in the Southwest than in the Nation in total payments to individuals during periods of rising income reflect a relatively rapid rate of increase over a low base rather than a regional level of income higher than the national level. Comparatively, the Southwest is an area of lower than national-average income, due, in part at least, to the relative importance of farm wages in its total income, to its limited industrial production, and to the fact that both its agricultural and industrial wage rates are below the national averages. In 1929 its inhabitants, though comprising 9.1 percent of the national population, received only a little more than six percent of the national total of personal income payments. In 1946 they constituted 9.2 percent of the population and received 6.9 percent of the income payments. At the 1944 peak of wartime concentration of industry in certain parts of the area, they comprised 9.4 percent of the population and received 7.4 percent of the total individual income payments.

Examination of the column in Table 1 which shows total income payments to individuals in the Southwest as percentages of such payments in the United States will reveal several significant developments. The effects of the depression from 1930 through 1933 were relatively more severe in the predominantly agricultural Southwest than in the country at large, since the ratio of regional to national income payments in each of those years was lower than in 1929. After returning in 1934 to the same relation to national income payments as in 1929, regional payments continued slightly and irregularly above the 1929 ratio until 1942, indicating a slow relative improvement in the income status of the Southwest. The rate of this region's wartime increase (1942-1945) in total income payments to individuals was considerably more rapid than the national average rate. Between 1929 and the wartime peak in 1944, the share of national income payments received by inhabitants of this region increased from \$6.07 out of each \$100 to \$7.44—a rise of 22 percent. Even with total income payments at a new peak, however, the first postwar year witnessed a moderate recession in the income position of the Southwest relative to that of the country as a whole, reflecting the end

of the abnormal influence of war industries on regional income and the sharp reduction in numbers and pay rolls of military personnel in the region. Whether this trend has continued during 1947 is as yet unknown; but in view of the rapid expansion of peacetime industries, both small and large, especially chemical, refining, metallurgical, and textile, in the towns and cities of the Southwest, it seems likely that the region will hold most of the wartime gain it made in income status relative to that of the Nation at large.

TABLE 2. PERCENTAGE CHANGES IN TOTAL INCOME OF UNITED STATES, SOUTHWEST, AND SOUTHWESTERN STATES FOR INDICATED PERIODS

Period	United States	Southwest	Texas	Oklahoma	Louisiana	New Mexico	Arizona
1929-1933	-44	-44	-42	-50	-44	-44	-51
1929-1940	-8	-5	-1	-23	-2	18	-3
1929-1941	12	16	23	-11	24	38	17
1929-1946	105	133	153	71	130	205	156
1933-1937	56	65	65	57	63	97	93
1933-1940	64	71	71	54	74	111	98
1933-1941	99	108	111	78	119	147	139
1937-1938	-9	-5	-5	-9	*	-7	-8
1941-1942	26	37	24	38	32	35	55
1942-1943	20	31	34	20	33	25	34
1943-1944	8	8	8	13	7	12	-3
1944-1945	3	1	1	*	-1	7	2
1941-1945	68	96	100	88	86	102	107
1945-1946	9	3	3	3	*	10	6

*Less than one-half of one percent.

SOURCE: United States Department of Commerce.

war years; and 58 percent in 1946. Oklahoma ranked second among the five states, and Louisiana third, from 1929 through 1937 except for one year (1934), although their shares of the area income were sometimes less than one percent apart. From 1938 through 1946, however, Louisiana held second rank and Oklahoma dropped to third. Arizona and New Mexico ranked fourth and fifth, respectively, each year.

The rise in Texas' ratio of the region's total income payments from 53 percent to 58 percent during the period appears to have been due to several factors. The State's cash farm income increased more rapidly than that of the area as a whole, though less rapidly percentagewise than that of Arizona and New Mexico. Industrialization, particularly oil refining and chemical industries along its Gulf Coast, expanded substantially before the war and with great rapidity during the war. Also, during the war, aircraft factories, other war production plants, and military installations and training

bases were located in many parts of Texas, and their operations and pay rolls contributed heavily to the 100 percent increase in total income payments to individuals which occurred in the State between 1941 and 1945. During 1946 the heavy postwar demand for petroleum and its products kept the Texas oil industry in all its branches operating at near capacity; and rapid reconversion and expansion of the State's prewar mills and factories, together with an upsurge of civilian construction, an expansion of utilities, and the opening up of a considerable number of new trade and service establishments, apparel, metals, ceramics, and other industrial plants, sustained nonagricultural employment and pay rolls at high levels.

Except for a less notable rise in cash farm income, similar factors seem to have contributed in varying degrees to the rise of Louisiana from third to second rank in its share of the total income payments made to individuals in the five-state area.

Data in Tables 2 and 3 reveal that, over the full period, 1929-1946, each of the five states of the Eleventh District experienced a great increase in total income payments to individuals, the gains ranging from 71 percent in Oklahoma to 205 percent in New Mexico. Texas ranked first each year in total payments, as would be expected from its primacy in area, population, and natural resources. In 1929, its inhabitants received 53 percent of the total income paid to individuals in the area; 54 to 56 percent each year from 1930 to 1942; 57 percent during the last three

TABLE 3. INCOME PAYMENTS TO INDIVIDUALS IN THE SOUTHWEST, 1929-1946—STATE TOTALS: AMOUNT AND AS PERCENT OF SOUTHWEST TOTAL

(Amounts in millions of dollars)

Year	Total payments					Per cent of Southwest total				
	Texas	Okl.	La.	N. Mex.	Ariz.	Texas	Okl.	La.	N. Mex.	Ariz.
1929	2,668	1,079	862	161	245	53	22	17	3	5
1930	2,239	844	725	137	208	54	20	18	3	5
1931	1,843	659	640	116	170	54	19	19	3	5
1932	1,484	507	499	86	122	55	19	18	3	5
1933	1,552	537	487	90	120	56	19	18	3	4
1934	1,778	583	595	113	149	55	18	18	4	5
1935	1,960	666	641	131	167	55	18	18	4	5
1936	2,285	753	748	162	202	55	18	18	4	5
1937	2,554	841	792	177	232	56	18	17	4	5
1938	2,438	767	789	165	213	56	17	18	4	5
1939	2,554	796	828	179	227	56	17	18	4	5
1940	2,652	829	847	190	237	56	17	18	4	5
1941	3,269	956	1,066	222	287	56	17	18	4	5
1942	4,451	1,322	1,411	299	445	56	16	18	4	6
1943	5,962	1,593	1,874	375	598	57	15	18	4	6
1944	6,436	1,808	2,001	420	582	57	16	18	4	5
1945	6,527	1,801	1,986	448	594	57	16	18	4	5
1946	6,748	1,848	1,982	491	627	58	16	17	4	5

SOURCE: United States Department of Commerce

The smaller gain made by Oklahoma than by the other four states in total individual income payments between 1929 and 1946, and its decline from second to third rank and from 22 percent to 16 percent in its proportion of the total individual income of the Southwest, may be attributed to a number of developments occurring at different times during the period. Severe droughts and dust storms during the Thirties greatly reduced agricultural income and caused migration of many farm families to other states. The State's production of crude oil began a sharp decline in 1930, which, in spite of occasional yearly upturns, reduced the average annual output after 1937 to little more than half the peak production of 1927. The decline in this basic industry affected the rate of development of oil refining and other related industries and may have contributed to the slow but steady decrease in the State's population from 1931 to 1940. During the war the State experienced relatively less economic stimulation than Texas and Louisiana received from war production industries and expansion of military and naval training bases. Loss of a considerable number of its wage earners to war industries in other states was reflected in a sharp reduction in its population during the war period, which was only partially restored by the return of its ex-servicemen in 1946.

Arizona and New Mexico, with total income payments far below those in the other, more populous states of the Southwest, nevertheless made great gains both dollarwise and percentagewise between 1929 and 1946. These gains were associated with large increases in cash farm income, almost uninterrupted annual gains in population, expansion of vacation resort facilities, exploitation of nonferrous mineral resources, and, during the war, heavy concentration of military and scientific research personnel in the Los Alamos section of New Mexico.

Per Capita Income Payments

The annual estimates of per capita income made by the Department of Commerce for the United States as a whole and for regions and states are derived by division of total individual income payments in the respective areas by national, regional, and state populations, excluding Federal civilian and military personnel stationed outside the continental United States. Thus, per capita income in a state or region may decline while total payments increase, as was true in 1946 when the return of great numbers of servicemen from overseas to their homes reduced per capita payments in the Southwest and in each of the component states except New Mexico, in spite of an increase of more than \$300,000,000 over the previous year in the regional total of income payments.

TABLE 4. PER CAPITA INCOME PAYMENTS IN THE SOUTHWEST AND COMPONENT STATES, 1929-1946
COMPARED WITH PER CAPITA INCOME PAYMENTS IN THE UNITED STATES

Year	Per capita payments in dollars						Percent of United States per capita						Percent of Southwest per capita				
	United States	Southwest	Texas	Oklahoma	Louisiana	New Mexico	Southwest	Texas	Oklahoma	Louisiana	New Mexico	Arizona	Texas	Oklahoma	Louisiana	New Mexico	Arizona
1929	680	454	465	455	415	383	67	68	67	61	56	84	102	100	91	84	126
1930	596	370	383	352	344	322	62	64	59	58	54	80	104	95	93	87	128
1931	500	302	312	275	299	265	60	62	55	60	53	76	103	91	99	88	126
1932	380	236	248	212	230	192	62	65	56	61	51	71	105	90	97	81	115
1933	368	242	257	226	222	196	66	70	61	60	53	71	106	93	92	81	109
1934	420	277	292	246	269	240	66	70	59	64	57	77	105	89	97	87	116
1935	460	305	319	281	286	272	66	69	61	62	59	77	105	92	94	89	116
1936	531	352	369	319	330	330	66	69	60	62	62	80	105	91	94	94	121
1937	561	387	409	358	346	353	69	73	64	62	63	86	106	93	89	91	125
1938	509	365	387	327	341	322	72	76	64	67	63	86	106	90	93	88	119
1939	539	380	401	340	354	341	71	74	63	66	63	86	106	89	93	90	121
1940	575	391	413	356	357	356	68	72	62	62	62	82	106	91	91	91	121
1941	693	478	496	465	433	416	69	72	67	62	60	78	104	87	91	87	118
1942	870	640	665	636	564	568	74	76	73	65	65	86	102	92	86	87	123
1943	1,045	800	859	691	735	712	77	82	66	70	68	85	105	91	90	87	108
1944	1,145	905	947	886	815	802	79	83	77	71	70	84	105	98	90	89	106
1945	1,177	923	975	849	832	850	78	83	72	71	72	87	106	92	90	92	111
1946	1,200	899	954	825	784	911	75	80	69	65	76	83	106	92	87	101	111

SOURCE: United States Department of Commerce.

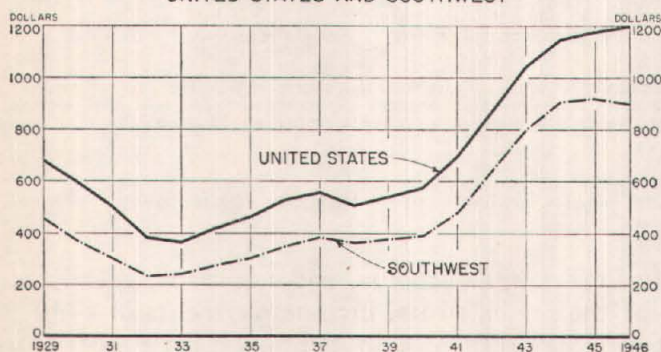
Per capita income payments in the Southwest reflected generally the same developments in the area as were mirrored in the fluctuating totals of individual income. The rate of decline, recovery, and gain in the economic health of the region between 1929 and 1946 is indicated by the fact that the decline in per capita payments during the depression years (1929-1933) was 46 percent, the rise from 1933 to 1940, slowed by recession in 1938, was 62 percent, and the upward spiral from 1940 to 1946 was 130 percent. Dollarwise, the drop during the depression was from \$454 to \$242;

the rise during national recovery brought the per capita to \$391, or \$63 short of the 1929 level; and wartime prosperity boosted it to \$923 in 1945, from which it declined moderately to \$899 in the first postwar year.

The percentage gains in per capita income in the Southwest during the period of national recovery and the war years were somewhat greater than for the country at large—62 percent compared with 56 percent between 1933 and 1940, and 93 percent compared with 70 percent between 1941 and 1945. Nevertheless, per capita payments considered dollarwise reveal the same fact regarding this region that was pointed out above in the discussion of total income payments. The Southwest is a low-income area when compared with the Nation generally or with any other geographical region of the country except the Southeastern States. Neither the area as a whole nor any of the states composing it has ever equaled the national average of per capita income payments. In 1929,

the regional per capita payment of \$454 was only 67 percent of the national, and during the depression years it fell still lower by comparison, dropping to 60 percent of the national per capita in 1931. In 1941 it stood at 69 percent. During the war years, with the region experiencing a percentage increase in total individual income exceeding that of the Nation and proportionately greater than the regional gain in population, per capita income payments moved up in relation to the national per capita. The peak ratio of 79 percent was reached in 1944, although, dollarwise, the regional per capita was slightly higher in 1945. By 1946 the regional per capita declined to 75 percent of the national, reflecting a partial return of population and industry to prewar regional groupings. Even so, the

PER CAPITA INCOME PAYMENTS
UNITED STATES AND SOUTHWEST



SOURCE U.S. DEPARTMENT OF COMMERCE

regional per capita income in relation to the national was eight percentage points higher than in 1929 and six points higher than in 1941.

The nearest approach by any Eleventh District state to the national per capita occurred in 1945, when the per capita payments of \$1,026 in Arizona amounted to 87 percent of the national average payment of \$1,177. Between 1929 and 1946 per capita payments in Texas ranged from 62 percent of the national average in 1931 to 83 percent in 1944 and 1945, receding to 80 percent in 1946. In Oklahoma the range was from 55 percent in 1931 to 77 percent in 1944; in Louisiana, from 58 percent in 1930 to 71 percent in 1944 and 1945; in New Mexico, from 51 percent in 1932 to 76 percent in 1946; and in Arizona, from 71 percent in 1932 and 1933 to 87 percent in 1945. In 1946, the five states of this district ranged between 35th and 44th rank among the states of the Union in per capita income. The fact that the lowest ratio of state to national per capita income occurred in each state of the Southwest between 1930 and 1933 and the highest ratio occurred during or in the wake of World War II reveals the heavier than average impact of the depression upon the economy of this region and the greater than average stimulus which the war imparted to regional business and industry.

Principal Sources of Income

Important sources of individual income payments in the Southwest, as in the United States generally, are manufacturing pay rolls, agriculture, trade and service establishments, and the pay rolls and other payments of Federal, State, and local governments. The accompanying table, showing percentages of total income payments derived from each of these principal sources in selected years, makes it possible to compare the United States, the Southwest, and the five states of this region as to the relative importance of each major source of income at four significant dates: 1929, climax of predepression prosperity; 1940, last year of peacetime industrial recovery; 1944, peak year of wartime economy; 1946, first full year of reconversion to peacetime economy.

It will be observed that manufacturing pay rolls at each date were far below the national average as an income source in the Southwest and in each of its five states, reflecting considerably less

than average advancement in industrialization and industrial wages. From 1929 to 1940 the region, as a whole, made only a nominal gain in the ratio of manufacturing pay rolls to total income payments. During these years, two of the five states in the region—Texas and Oklahoma—showed small increases in this source of income while the remaining states showed losses in the relative importance of manufacturing pay rolls. The great expansion of pay rolls in airplane factories, chemical plants,

TABLE 5. INCOME PAYMENTS FROM PRINCIPAL SOURCES AS PERCENT OF TOTAL INCOME PAYMENTS
1929, 1940, 1944, 1946

Area or State	Manufacturing payrolls				Agricultural income ¹				Trade and service income ²				Government income payments ³			
	1929	1940	1944	1946	1929	1940	1944	1946	1929	1940	1944	1946	1929	1940	1944 ⁵	1946
Continental United States	19.7	20.3	28.2	21.3	7.8	7.2	8.9	9.8	N.A. ⁴	25.2	21.0	26.6	7.3	12.4	22.6	17.0
Southwest.....	8.7	8.8	15.1	9.7	17.4	14.9	13.9	13.9	N.A.	25.3	20.4	27.5	7.8	12.8	30.9	21.1
Texas.....	8.3	9.0	15.8	10.0	18.3	15.1	13.9	13.9	N.A.	25.6	20.6	27.9	7.2	11.1	29.4	20.2
Oklahoma.....	6.8	7.3	13.1	7.6	16.9	18.1	17.9	16.5	N.A.	24.0	20.2	26.0	7.5	14.6	32.2	23.2
Louisiana.....	14.0	12.4	18.8	13.4	16.2	10.2	9.8	10.3	N.A.	25.8	20.2	27.6	8.2	13.6	30.8	21.4
New Mexico.....	3.0	2.4	2.9	4.5	22.2	20.9	16.9	15.9	N.A.	23.5	18.7	26.4	12.5	16.1	44.2	26.8
Arizona.....	6.7	4.6	10.1	4.8	12.1	13.7	14.0	16.9	N.A.	26.0	21.1	28.2	12.0	18.6	33.7	20.1

¹Includes net income of farm operators (adjusted for change in inventories of crops and livestock), farm wages, and net rents to landlords living on farms.

²Includes wages and salaries and net income of proprietors.

³Consists of pay of State and local and of Federal civilian employees, net pay of the armed forces, family-allowance payments to dependents of enlisted military personnel, voluntary allotments of military pay to individuals, mustering-out payments to discharged servicemen, enlisted men's cash terminal leave payments, interest payments to individuals, public assistance and other direct relief, work relief, veterans' pensions and benefits, State government bonuses to World War II veterans, and benefit payments from social insurance funds.

⁴N.A.—Not available.

⁵Percentage figures in this column are estimated.

SOURCE: Office of Business Economics, United States Department of Commerce for 1929, 1940, 1946; estimated for 1944 from data of Office of Business Economics and Federal Security Agency.

and other war industries in the Southwest, especially in Texas, Oklahoma, and Louisiana, raised factory wages and salaries from less than nine percent of the region's total income payments in 1940 to more than 15 percent in 1944. Even then, manufacturing pay rolls contributed only a little more than half as much to regional income as to national income. The region's postwar (1946) decline in the relative importance of this source of income appears to have been somewhat sharper than the national average decline, because of the discontinuance of war production. In 1946, however, factory pay rolls in the Southwest accounted for a share of total income payments about one-tenth greater than in 1940 compared with a national average increase of about one-twentieth, indicating that this region held some of its wartime gain in manufacturing industries during the first year of reconversion.

Income payments from trade and service in the Southwest since 1940 have not varied greatly from the national average in relation to total income. Before the war they constituted almost exactly one-fourth of all individual income in both the region and the Nation. During the war the diversion of manpower to military duty and war industry, the reduction in number of wholesale and retail establishments and in relative volume of trade in consumer goods, and stricter controls over prices of goods and services than over wages caused trade and service income to drop in 1944 to approximately one-fifth of total income payments. During the first postwar year this component of total income more than regained its prewar importance, reaching 26.6 percent in the Nation and 27.5 percent in the Southwest. This is an obvious reflection of a sharp rise in trade and service employment since the war and of the opening of many new wholesale and retail stores and other service establishments. Among the states of the Southwest Arizona, Texas, and Louisiana slightly exceeded the national and regional averages in the ratio of trade and service income to total income payments.

Government income payments increased more rapidly in relative importance between 1929 and 1946 than any other principal income source, both in the Southwest and in the Nation. The rise from 7.8 percent to 21.1 percent in the region, however, was considerably greater than the increase from 7.3 percent to 17 percent in the country as a whole. The sharp upward trend in both areas before and following the war reflects the expansion of government employee payrolls, of public assistance and relief payments, of veterans' pensions and benefits, of social insurance funds, and of interest payments on government debt to individuals. The lower than national-average income in the Southwest from private income sources may account for the more rapid rise in relative importance of government payments in the region than in the Nation at large.

The spectacular position of government payments in the national and regional income picture in 1944 was obviously the result of stupendous wartime increases in the number and pay of the

armed forces and Federal civilian employees and in military allowances and allotments to families and other dependents of military personnel. The heavy concentration of military bases and training fields in the Southwest was reflected in a much greater increase in the regional than in the national ratio of government payments to total income of individuals. After VJ-Day government payments declined regionally more than nationally, but having risen so much higher in the region during the war, these payments in 1946 contributed approximately one-fourth more to the regional than to the national income. The continued maintenance of some major military establishments in the Southwest still adds considerably to the importance of government income payments in some of the states of the Eleventh District, especially New Mexico, Texas, and Louisiana.

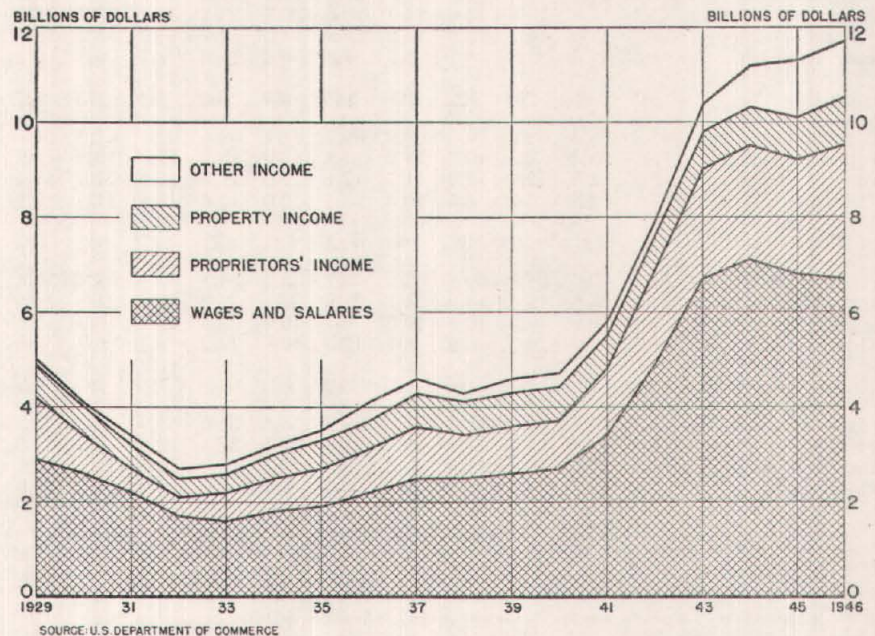
From agriculture the Southwest draws a share of income considerably larger than the national average from that source. It is worthy of note, however, that between 1929 and 1946 agriculture as a source of income became relatively less important in the region and relatively more important in the Nation as a whole. Moderate increases throughout the period in the relative importance of manufacturing pay rolls and of trade and service income in the Southwest and an approximate trebling in the relative importance of government income payments appear to be responsible for this decline in the share of total income payments derived from agriculture in the region. This decline in the importance of agriculture as an income source occurred, in varying degree, in each state of the area except Arizona. In that State, agriculture was stimulated by the impounding of the waters of the Colorado in the Thirties, making possible since then the irrigation of a considerable acreage of arid fertile lands.

Income by Type of Payments

The estimates of total income payments to individuals may be broken down into four components, as follows, according to the type of payment: (1) wages and salaries, (2) proprietors' income, (3) property income, and (4) other income.¹ The approximate percentages shown in Table 6 of total income of individuals in the Southwest paid to each of these four accounts reveal the predominant share of total payments going to wages and salaries—ranging from a low of 53 percent in 1936 to a high of 65 per cent in 1932 and 1943 and averaging about 60 percent over the entire period from 1929 to 1946. It is an interesting coincidence that wages and salaries accounted for almost exactly the same percent of total income payments in 1946 as in 1929.

The tendency of wages and salaries to fall less rapidly than prices and profits in periods of deflation is reflected in the widening gap between the shares of income going to employees on the one hand and proprietors on the other in 1930-32 and in 1938. A decrease in the number of proprietary establishments also may be indicated by this same development. During the period of industrial recovery, interrupted by the 1938 recession, income payments to proprietors tended to rise, though unevenly,

INCOME PAYMENTS TO INDIVIDUALS IN THE SOUTHWEST BY TYPE OF PAYMENT



¹For definitive statements as to what payments are included in each of these four categories, see notes at the bottom of table 6.

in relation to wage and salary payments. Government payments to farm operators contributed in some measure to this rise. In the war period total proprietors' income declined relative to wages and salaries, possibly as the result of tighter government controls on prices than on wages. Reduced benefit payments to farmers contributed to the same result.

It will be observed that the ratio of property income to total income payments rose in 1930 and remained above the 1929 ratio through the next two years, indicating a delayed reaction to the forces of deflation. Similarly, the effects of the recession of 1938 on property income was not clearly revealed until the following year. To account for the sharp decline of property income in relation to total income payments since 1940, one must recognize the influence of lower interest rates on incomes from bonds, loans, and other investments, as well as the restraining effects of rent control on the profits which owners of residential rent property might have reaped in the absence of such control.

TABLE 6. INCOME PAYMENTS IN THE SOUTHWEST AND COMPONENT STATES BY TYPE OF PAYMENT
1929-1946¹

(Totals in millions of dollars; components as percentages of totals)

	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
Southwest total.....	5,015	4,153	3,428	2,698	2,786	3,218	3,565	4,150	4,596	4,372	4,584	4,755	5,800	7,928	10,402	11,247	11,356	11,696
Wages and salaries ² ..	57.7	64.0	64.4	65.0	57.8	56.5	54.7	53.0	54.7	57.0	56.9	58.0	58.8	61.8	65.0	63.0	60.0	57.5
Proprietors' income ³	26.2	18.3	15.8	15.6	22.5	21.4	24.4	23.0	24.5	21.4	22.3	22.6	24.9	25.0	22.4	21.5	21.2	24.2
Property income ⁴ ...	14.9	16.1	15.5	15.1	14.4	15.6	14.8	15.6	15.3	15.1	14.2	12.9	10.7	9.0	7.5	7.5	7.9	8.6
Other income ⁵	1.2	1.6	4.3	4.4	5.3	6.5	6.1	8.4	5.5	6.5	6.6	6.5	5.6	4.2	5.1	8.0	10.9	9.7
Texas total.....	2,668	2,239	1,843	1,484	1,552	1,778	1,960	2,285	2,554	2,438	2,554	2,652	3,269	4,451	5,962	6,436	6,527	6,748
Wages and salaries..	55.7	62.0	63.5	63.8	56.1	55.5	53.7	52.3	53.4	56.3	56.6	57.8	58.7	61.9	64.8	63.3	60.4	58.0
Proprietors' income..	27.6	20.1	16.5	17.2	24.3	22.4	25.3	23.5	25.6	22.0	22.9	23.1	26.0	25.2	22.9	21.7	21.6	24.4
Property income....	15.6	16.7	16.3	15.8	15.5	17.0	16.1	17.2	16.7	16.7	15.4	13.8	10.7	9.1	7.5	7.6	7.9	8.6
Other income.....	1.0	1.2	3.6	3.2	4.1	5.1	4.9	7.0	4.3	5.0	5.1	5.2	4.6	3.8	4.8	7.4	10.1	9.0
Oklahoma total.....	1,079	844	659	507	537	583	666	753	841	767	796	829	956	1,322	1,593	1,808	1,801	1,848
Wages and salaries..	57.6	64.9	64.6	65.9	56.1	57.3	52.4	51.3	51.7	55.0	53.5	52.2	53.0	54.5	60.8	56.5	55.1	51.1
Proprietors' income..	26.2	17.0	15.3	13.6	24.4	19.6	26.7	23.1	26.0	23.2	24.5	26.5	29.1	31.2	24.8	26.2	23.8	27.4
Property income....	14.9	17.0	14.2	13.8	13.2	15.3	14.0	14.7	15.0	13.2	12.7	12.4	10.1	9.0	7.9	7.8	8.3	9.1
Other income.....	1.3	1.9	5.8	6.7	6.3	7.8	6.9	10.9	7.7	9.3	9.3	8.8	7.7	5.4	6.5	9.5	12.8	12.3
Arizona total.....	245	208	170	122	120	149	167	202	232	213	227	237	287	445	598	582	594	627
Wages and salaries..	68.2	68.3	68.2	70.5	64.2	59.7	61.1	59.4	62.5	61.9	61.7	60.8	61.0	64.5	68.6	65.3	62.0	58.2
Proprietors' income..	17.1	15.4	12.9	10.7	14.2	14.8	14.9	15.3	17.7	15.5	17.2	19.4	20.2	22.9	21.1	20.1	20.5	25.4
Property income....	12.2	13.5	12.9	12.3	11.7	12.1	12.0	11.9	11.2	11.3	11.4	11.0	11.1	8.1	6.0	7.0	7.4	8.0
Other income.....	2.4	2.8	6.0	6.5	10.0	13.4	12.0	13.4	8.6	11.3	9.7	8.9	7.7	4.5	4.3	7.6	10.1	8.5
New Mexico total..	161	137	116	86	90	113	131	162	177	165	179	190	222	299	375	420	448	491
Wages and salaries..	55.9	60.6	64.7	69.8	62.2	56.7	55.0	54.3	54.8	58.2	55.3	54.2	55.4	57.9	62.7	60.5	58.3	55.2
Proprietors' income..	32.9	25.5	19.8	13.9	21.1	21.2	22.1	22.2	26.6	21.8	24.6	26.8	28.4	28.1	24.0	23.6	23.4	27.5
Property income....	9.3	10.9	9.5	10.5	10.0	9.7	10.0	9.3	10.2	10.3	10.6	9.5	8.1	9.0	7.7	7.4	7.4	7.7
Other income.....	1.9	3.0	6.0	5.8	6.7	12.3	12.9	14.2	8.4	9.7	9.5	9.5	8.1	5.0	5.6	8.6	10.9	9.6
Louisiana total.....	862	725	640	499	487	595	641	748	792	789	828	847	1,066	1,411	1,874	2,001	1,986	1,982
Wages and salaries..	61.3	68.4	65.6	65.6	63.2	58.2	58.5	55.0	59.9	60.2	60.3	64.0	64.3	68.1	68.7	67.7	62.9	61.9
Proprietors' income..	23.0	13.9	14.2	14.2	16.8	21.8	22.3	23.4	20.8	19.5	19.6	17.2	18.4	18.7	18.7	16.5	17.5	19.1
Property income....	14.6	16.0	16.1	15.8	13.3	13.6	13.3	14.0	14.1	13.8	13.4	12.0	11.5	8.9	7.3	7.3	7.9	8.9
Other income.....	1.2	1.7	4.1	4.4	6.6	6.4	5.9	7.6	5.2	6.5	6.8	6.7	5.8	4.3	5.3	8.5	11.7	10.1

¹Includes only payments to residents of the continental United States; excludes pay of Federal civilian employees and armed forces stationed outside the country with the exception of that part flowing into this country in the form of voluntary allotments of pay and contributions to family-allowance payments by military personnel to their dependents.

²After deduction of employees' contributions to Social Security, Railroad Retirement, Railroad Unemployment Insurance, and Government retirement programs. Pay of the armed forces, net of contributions to family-allowance payments and of allotments to individuals, is allocated by States in terms of the State of duty.

³Represents the net income of unincorporated establishments, including farms, before owners' withdrawals.

⁴Includes dividends, interest, net rents and royalties.

⁵Includes public assistance and other direct relief; labor income items such as work relief, veterans' pensions and benefits, Government retirement payments, workman's compensation, and social insurance benefits; mustering-out payments to discharged servicemen; and family-allowance payments and allotments of pay to dependents of military personnel (allocated to State of dependents' residence.)

"Other income" rose sharply both in amount and in relation to total income during the depression years, reaching a peak in 1936, because of large disbursements by Federal, State, and local governments for direct relief, work relief, the redemption of bonus bonds held by veterans of World War I, and other forms of public assistance. The growing importance of public assistance and of unemployment

compensation and other social insurance benefits in maintaining individual income and purchasing power is revealed in the generally upward trend of "other income" from the middle Thirties through 1940. Reduction in unemployment and unemployment compensation during the war years caused a decline in relative importance of "other income" which was not counteracted until 1944, when veterans' benefits and military allowances and allotments to dependents of servicemen reached large proportions. A further rise in these payments during 1945 and some increase in unemployment compensation brought "other income" to a peak of more than one-tenth of all income payments to individuals in the Southwest, as compared with one-twelfth in the country as a whole. Sharp reductions in allowances and allotments to servicemen's dependents as the result of demobilization during 1946 were largely offset by increased benefit payments to disabled and unemployed veterans and to veterans availing themselves of the educational provisions of the Servicemen's Readjustment Act. Continuation of these benefits to veterans and the growing volume of civilian social insurance benefits and of old-age assistance payments may be counted upon to sustain "other income" as an important element in total income of individuals and in the disposable income and purchasing power of consumers.

Compared with the United States as a whole in regard to distribution of income among the four types of payment, the Southwest fell below the Nation every year except 1931 in percent of total income going to wages and salaries, due to lower than national-average wage and salary scales. Income payments to property were consistently lower regionally than nationally, reflecting smaller investments in rental properties and corporate securities by inhabitants of the Southwest than by those in certain other regions of the United States. By contrast, income payments to proprietors of unincorporated businesses, including farms, regularly accounted for a substantially greater part of total income in the Southwest than in the Nation at large. For example, in 1932 the respective percentages in the region and in the Nation were 15.6 and 10.2, and in 1946, 24.2 and 20.2. This trend, running throughout the entire period, suggests the presence of a greater than average number of proprietorships and a smaller than average development of corporate enterprise among the business establishments of the Southwest. The rise in relative importance of proprietors' income throughout the Nation in 1946 apparently reflects the rapid increase in small independent manufacturing, trade, and service enterprises established by veterans returning to civilian life. The greater divergence between the region and the Nation during the war years and 1946 than previously as to the importance of "other income" probably reveals the effects of a greater than average concentration of the recipients of military pay, allowances, and allotments in the Southwest during the war, as well as a sharper percentage rise in the region's "other income" as compared with its smaller than average income from other sources.

TABLE 7. PERCENTAGE DISTRIBUTION OF TOTAL INCOME PAYMENTS TO INDIVIDUALS BY TYPE OF PAYMENT—SOUTHWEST COMPARED WITH THE CONTINENTAL UNITED STATES

Year	Wages and salaries		Proprietors' income		Property income		Other income	
	S. W.	U. S.	S. W.	U. S.	S. W.	U. S.	S. W.	U. S.
1929	57.5	63.7	26.2	16.7	14.9	18.5	1.2	1.3
1930	64.0	64.9	18.3	13.7	16.1	19.8	1.6	1.5
1931	64.4	64.4	15.8	11.7	15.5	20.2	4.3	3.7
1932	65.0	65.2	15.6	10.2	15.1	20.7	4.4	3.8
1933	57.8	61.7	22.5	14.3	14.4	18.9	5.3	5.1
1934	56.5	61.4	21.4	14.2	15.6	18.2	6.5	6.2
1935	54.7	60.6	24.4	16.2	14.8	17.1	6.1	6.1
1936	53.0	58.5	23.0	16.0	15.6	17.5	8.4	8.0
1937	54.7	61.5	24.5	16.5	15.3	16.8	5.5	5.2
1938	57.0	61.5	21.4	15.3	15.1	15.9	6.5	7.3
1939	56.9	62.1	22.3	15.5	14.2	15.6	6.6	6.7
1940	58.0	63.2	22.6	15.6	12.9	14.9	6.5	6.2
1941	58.8	65.0	24.9	17.1	10.7	13.3	5.6	4.6
1942	61.8	66.9	25.0	18.4	9.0	11.1	4.2	3.6
1943	65.0	68.8	22.4	17.3	7.5	9.7	5.1	4.2
1944	63.0	67.2	21.5	17.1	7.5	9.6	8.0	6.1
1945	60.0	63.9	21.2	17.8	7.9	10.0	10.9	8.3
1946	57.5	62.1	24.2	20.2	8.6	10.2	9.7	7.5

Disposable Income: Nominal and Real

Comparisons made in the foregoing sections of this article between the Southwest and the Nation in terms of various aspects of income payments to individuals have revealed some characteristics and trends of the economic development of the Southwest from 1929 to 1946. To measure the progress, if any, of the region in increasing the rewards of its inhabitants for their productive labors, however, it is necessary to determine how much the disposable income increased during the period and whether such income constituted an enlargement of the "real" income, or power of the inhabitants of the area

to satisfy their economic wants. In other words, was there a gain in the amount remaining to individuals for spending and saving after deduction of Federal and State income taxes, and did such amount represent a gain in "real" income when adjusted for changes in the cash purchasing value of the dollar.

Approximate figures for total and per capita disposable income of individuals in the Southwest in certain years are shown in Table 8. It will be observed that total disposable dollar income in 1940, reflecting the lingering effects of the depression of the early 30's and the recession of 1938, was less than in 1929. In 1944 and 1946, however, after deduction of greatly increased income taxes, total disposable income was more than twice as great as in either of the earlier years. Disposable per capita income followed the same general trend, but reflected in its smaller ratios to the 1929 base the effects of increasing population.

Disposable income may be thought of as either nominal or real. Changes in the nominal disposable income of individuals in the Southwest between 1929 and 1946 were noted in the preceding paragraph. The Consumers' Price Index, computed by the United States Bureau of Labor Statistics on the basis of 1935-39 as 100, provides a means of analyzing changes in real disposable income, since the nominal disposable income for each of the years shown in Table 8 can be measured in terms of a common denominator—the purchasing power of the consumer dollar in 1935-1939. Measured by that standard, the real income of individuals in the Southwest changed from 1929 to 1946 as shown in Table 9.

TABLE 9. REAL INCOME OF INDIVIDUALS IN THE SOUTHWEST FOR SELECTED YEARS

(Common denominator = consumer purchasing power of 1935-39 dollar)

Year	Total real income—		Per capita real income—	
	Millions of dollars	Percent change from 1929	1935-39 dollars	Percent change from 1929
1929	4,069	0	369	0
1940	4,703	16	386	5
1944	8,232	102	663	80
1946	7,669	88	589	60

SOURCE: Computations based on data from the United States Department of Commerce and the Bureau of Labor Statistics.

The gains shown above in real income of individuals were computed from the price index of "all items" of consumer incomes, and the unit of value might be termed the "general consumer dollar" of 1935-39. When computations are made on the basis of a comparison of the "food dollar" in 1935-39 and in 1946, real income in 1946 on a per capita basis drops to \$514. Similarly, in terms of power to purchase clothing, real income per capita in 1946 was \$512.

To resolve doubts as to the occurrence of the notable gains shown above in both the nominal and the real disposable income of the Southwest between 1929 and 1946, two facts, one statistical and the other economic, may well be borne in mind. First, the figures presented are aggregates and per capita averages, which may be widely at variance with the experience and current status of particular individuals or of wage and salary earners in certain occupations or establishments. Second, the rise in standards of living, that is, in conceptions as to the kinds, quality, and quantity of goods and services essential to satisfactory living, which has occurred during the past two decades has so expanded and multiplied the economic wants of the people that it required considerably greater real incomes in 1946 than in 1929 to achieve even the same relative degree of satisfaction. This fact goes far toward explaining why the average person in the Southwest with greater income had as hard a time "making ends meet" last year as he or his prototype had in 1929.

Throughout 1947 incomes have been rising, and currently they are running at a rate which suggests an increase for the year in total income payments to individuals in the Nation as a whole of approximately 10 percent over 1946. Prices of consumer goods also have been going up at a rate which gives rise to the question (which cannot yet be answered) as to whether the real income of individuals in the Nation and in the Southwest will equal that of 1946 and will compare as favorably as the 1946 income compared with that of 1929.

TABLE 8. DISPOSABLE INCOME OF INDIVIDUALS IN THE SOUTHWEST FOR SELECTED YEARS

Year	Total disposable income—		Per capita disposable income—	
	Millions of dollars	Percent change from 1929	Dollars	Percent change from 1929
1929	4,984	0	452	0
1940	4,712	-6	387	-14
1944	10,331	107	832	84
1946	10,683	114	821	82

SOURCE: Computations based on data from United States Department of Commerce, Office of Business Economics.

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

General rains during the second half of November brought belated encouragement to farmers and ranchmen in important sections of the district where drought had retarded the planting of winter wheat and had caused deterioration of pastures and ranges, with consequent decline in the condition of cattle and sheep. Harvest of field crops, including a record production of rice and a larger than average Texas cotton crop, was nearing completion under favorable weather conditions before the coming of the rains. Record crops of grapefruit and oranges from the Lower Valley and fall and winter vegetables from commercial garden areas, which made their appearance in trade channels in the latter part of October, moved to market in increasing volume during November.

Dollar volume of sales at district furniture and department stores during October moved at levels little changed from those of a year ago and of the preceding month. The sharp gain which occurred during October in total bank debits in leading cities of the district, as well as the more rapid turnover of deposits, seems to indicate rising levels of general business and industrial activity and the heavy marketing of agricultural commodities at high prices.

Pressure of rising demand for petroleum and its products, which accounted for a new peak in daily average production of crude oil in the district as well as in the United States during October, is stimulating activity in exploratory and developmental drilling and in extension of pipe lines to transport oil from any areas which are now producing below maximum efficient capacity. The value of construction contract awards in the district during October reached the highest total since May 1946, and the volume of construction being started or already under way indicated that the decline in building activity during the remainder of the fall and winter would be less than seasonal.

BUSINESS

The dollar volume of department store sales in the district during October showed a moderate gain of three percent over the same month a year ago and of six percent over September. A sharp reversal during the last two weeks of the downward trend observable in weekly sales during the first half of the month accounted for the relatively favorable month-long performance. The gain in cumulated sales during the first ten months of the year rose to five percent, or one point higher than for the first nine months. The ratio of cash sales to total sales during October was 36 percent, compared with 37 percent the previous month.

Net sales of reporting retail furniture stores in the district showed a gain of eight percent in October over the same month in 1946, but a slight decrease from the preceding month. The contrast between these relatively small changes in October and gains in September of 18 percent over a year ago and of 17 percent over the previous month probably reflects the slackening of the impetus given to furniture sales in September by the cashing of large numbers of Armed Forces Leave Bonds. The volume of cash sales in October declined 11 percent from a year ago, but increased slightly over the previous month, while installment sales showed an exact reverse of those trends in relation to the comparable periods. Credit sales constituted 74 percent of total sales, as compared with 73 percent in the preceding month and 72 percent a year ago.

Although collections at furniture stores during October showed a gain over the same month of last year, their rise was less

marked than that of accounts receivable. Collections on installment accounts at department stores during October amounted to 29 percent of installment receivables. On charge accounts collections constituted 56 percent of outstandings, indicating an average collection period of 54 days.

WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade:	Number of reporting firms	percentage change in				Stocks †	
		Net sales			October 1947 from		
		October 1946	Oct. 1947 from Sept. 1947	Jan. 1 to Oct. 30, 1947 from 1946	October 1946	Sept. 1947	
Department stores:							
Total 11th Dist.....	48	3	6	5	8	12	
Dallas.....	4	1	7	4	9	6	
Corpus Christi.....	7	— †	1	— 1	— 2	9	
Fort Worth.....	4	7	8	6	21	7	
Houston.....	7	7	13	6	23	25	
San Antonio.....	5	— 2	5	3	— 3	14	
Shreveport, La.....	3	6	1	7	..	..
Other cities.....	18	4	9	13	13	8	
Retail furniture:							
Total 11th Dist.....	46	8	— 1	..	10	3	
Dallas.....	4	10	— 8	..	— 4	1	
Houston.....	5	9	— 4	..	..	..
Port Arthur.....	4	11	— 36	..	5	8	
San Antonio.....	4	— 6	10	..	..	..
Wholesale trade:*							
Drugs (incl. liquors)	9	17	29	..	†	— 13	
Groceries.....	23	18	8	16	38	6	
Hardware.....	10	8	9	18	41	— †	
Tobacco & products.	9	— 2	— 1	..	3	— 2	

*Compiled by United States Bureau of Census (wholesale trade figures preliminary.)

†Stocks at end of month.

†Indicates change of less than one-half of one per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	Daily average sales—(1935-1939=100)							
	Unadjusted*				Adjusted			
	October 1947	Sept. 1947	August 1947	October 1946	October 1947	Sept. 1947	August 1947	October 1946
District.....	396	387	327	386r	390	368	376	351r
Dallas.....	382	389	308	384	347	351	362	349
Houston.....	419	386	331	390r	381	361	376	355r
	Stocks—(1935-1939=100)							
	Unadjusted*				Adjusted			
	October 1947	Sept. 1947	August 1947	October 1946	October 1947	Sept. 1947	August 1947	October 1946
District.....	345	319	318	309	306	285	282	274

*Unadjusted for seasonal variation.

r-Revised.

A continuation of cautious inventory policies in both department and furniture stores was reflected in increases of eight percent and 10 percent, respectively, in the value of merchandise stocks as compared with October 1946, and of 12 percent and three percent, respectively, in comparison with September of this year. Orders outstanding at department stores, down 19 percent from a year ago and three percent from September, indicated the same cautious attitude.

An increase in total bank debits at banks in 24 leading cities of the district during October, amounting to 23 percent over the same month in 1946 and 13 percent over September of this year, reflects in part the current high level of wholesale and retail trade activity throughout the district. Higher prices, especially for new automobiles and some other durable goods and for many items of food and clothing, doubtless account for a considerable increase in the turnover rate of consumer deposit currency. However, the magnitude of the increase in recent months, together with a continuing rise in all forms of consumer credit, suggests that the total unit volume of goods flowing through retail channels to consumers is probably rising.

AGRICULTURE

Weather conditions in the district prior to general rains at mid-November were mostly favorable for the harvesting of crops, but unfavorable for the seeding of small grains, the development of late feed crops, and the improvement of pas-

tures and ranges. November 1 estimates showed cotton production in Texas to be appreciably larger than had been expected a month earlier and the largest in a decade. Estimates of production of corn, grain sorghums, peanuts, and pecans were considerably below those of last year, but record crops of rice, grapefruit, and oranges were forecast. The outlook at mid-November for production of winter vegetables was generally good, except where affected adversely by lack of surface moisture and by extreme temperatures. The condition of cattle and sheep continued to decline throughout October and early November as the result of very short pasture and range feeds.

The November 1 Cotton Report of the United States Department of Agriculture forecast a 1947 crop for the United States of 11,505,000 bales. This forecast, which is fractionally below the October 1 estimate, compares with a 1946 crop of 8,640,000 bales and a 10-year (1936-45) average of 12,390,000 bales. The indicated yield per acre for 1947 is 261.2 pounds of lint, or about 11 percent above the yield of last year and approximately four percent above the 10-year average. The staple length of upland cotton ginned prior to November 1 averaged shorter than during the same period last year, due largely to the dry weather that prevailed during the growing season in some sections of the Cotton Belt and to increased production in areas which produce a relatively high proportion of the shorter lengths. The grade, however, was higher as the result of the generally favorable harvest weather that prevailed in most sections. Ginnings through October this year were 8,361,685 bales, or 46 percent larger than for the same period last year, and represented about 73 percent of the indicated production as of November 1, compared with the ginning of 66 percent of the crop by the same date last year.

32 percent below the 10-year (1936-45) average, is attributed to both lower yields and fewer acres this year than last. Virtually all the crop was harvested by November 1. The production of grain sorghums was estimated on November 1 at 57,849,000 bushels, somewhat above the 10-year average but 22 percent below last year's crop. Harvest was well under way on the High Plains and nearing completion in many counties at the first of November. Dry weather favored harvesting activities but cut down production on late-planted fields. The November 1 estimate of rice production was 23,373,000 bushels, compared with an October 1 estimate of 22,491,000 bushels.

CROP PRODUCTION—(Thousands of units)

Units	Texas			States in Eleventh District*		
	Average 1936-45	1946	Estimated Nov. 1, 1947	Average 1936-45	1946	Estimated Nov. 1, 1947
Cotton..... Bales	3,021	1,669	3,250	4,529	2,478	4,420
Winter wheat... Bushels	41,287	62,916	129,420	102,467†	154,393†	244,492†
Corn..... Bushels	71,963	55,012	48,672	124,624	98,502	86,838
Oats..... Bushels	33,236	36,366	31,248	63,484	65,022	65,374
Barley..... Bushels	3,913	2,610	2,572	11,617‡	8,005‡	9,004‡
All hay..... Tons	1,348	1,454	1,310	4,102	4,649	4,690
Potatoes, Irish... Bushels	4,009	5,883	4,488	9,576	11,839	9,329
Potatoes, sweet... Bushels	4,828	6,570	5,270	13,753‡	17,890‡	12,965‡
Rice..... Bushels	14,877	17,716	23,373	36,120§	40,392§	44,408§
Grain sorghums... Bushels	50,164	73,742	57,849	62,444	84,072	66,964

*Figures are combined totals for the five states lying wholly or partly in the Eleventh Federal Reserve District: Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

†Arizona, New Mexico, Oklahoma, and Texas.

‡Louisiana, Oklahoma, and Texas.

§Louisiana and Texas.

SOURCE: United States Department of Agriculture.

This year's rice crop, the largest ever produced in Texas and 32 percent above the previous high reached in 1946, is the result of both higher yields and increased acreage. Harvest was nearly completed on November 1. The estimate of Texas peanut production, unchanged from the October 1 forecast of 319,600,000 pounds, is about 19 percent below last year's crop. Harvest was either complete or under way in all areas at the first of November. This year's pecan crop, estimated at 21,000,000 pounds, is seven percent below that of last year and 18 percent below average, due to extensive damage from case-bearer and drought in all except extreme northern counties and a few scattered areas elsewhere. Pecan harvest was under way in all areas during November.

The Texas grapefruit crop was estimated at 24,500,000 boxes on November 1, or 500,000 boxes less than on October 1. The crop has not made the usual progress, and small sizes predominate. Despite reduction in the estimate, however, it appears that this year's crop will be more than 50 percent above the 10-year average and will exceed the previous record of 23,300,000 boxes established last year. The orange crop, estimated at 5,600,000 boxes, is an all-time high in Texas, 600,000 boxes above last year's crop and nearly twice the 10-year average.

In the Texas commercial vegetable areas conditions during the latter part of October were favorable for the progress of fall-crop plantings. Rainfall was limited, and restricted to a small area, but practically all fall-crop plantings are on irrigated tracts. High temperatures during October were favorable for growth and maturity of beans, green corn, cucumbers, eggplant, peppers, tomatoes, and squash. While conditions favored the development of most tender crops, the progress of hardy-type winter crops was retarded in nonirrigated areas because of inadequate moisture. Some of the early plantings in these areas were lost as a result of lack of surface moisture and continued hot weather, but in the irrigated areas of the Lower Valley field work and hardy-type vegetables made good progress, considering the warm weather. This rather promising general outlook for vegetables at the beginning of November was dimmed, however, by a cold spell the morning of November 8 which covered the Eagle Pass and the La Pryor-Batesville sections of the Winter Garden area, causing severe damage to all tender

TEXAS—COTTON PRODUCTION BY CROP REPORTING DISTRICTS

(Thousands of 500-pound gross weight bales)

	Nov. 1, 1947 forecast	1946	10-year average 1936-1945
1-N. North High Plains.....	70	35	55
1-S. South High Plains.....	825	198	462
2. Permian Plains.....	450	270	539
3. North Central.....	15	14	51
4. Northern Texas Prairies.....	830	482	816
5. East Texas.....	165	96	383
6. Trans-Pecos.....	135	99	72
7. Edwards Plateau.....	30	15	52
8. Southern Texas Prairies.....	320	185	327
9. Coastal Prairies.....	125	46	133
10. South Texas.....	285	229	129
State total.....	3,250	1,669	3,021

SOURCE: United States Department of Agriculture, Bureau of Agricultural Economics.

The Texas cotton crop was estimated on November 1 at 3,250,000 bales, or 100,000 bales above the estimate of a month earlier. This estimate, which indicates the largest crop since 1937, is 95 percent above the 1946 production and eight percent above the 10-year average. The forecast yield of 189 pounds of lint per acre is 41 percent above the 1946 yield and 13 percent above average. Texas cotton ginned prior to November 1 was considerably higher in grade and shorter in staple length as compared with the same period last season. The grade index through October 31 was 100.2, compared with 96.6 for the same period last year. The average staple length was a little more than 15/16 of an inch, or slightly shorter than for the same period last year. Upland cotton ginned in Texas prior to November 1 amounted to 2,320,379 bales, representing 71 percent of the indicated crop, compared with 1,247,596 bales, or 75 percent of the crop, ginned during the same period last year.

Total corn production in Texas this year was estimated on November 1 at 48,672,000 bushels, or about one and one-half million bushels below the October 1 estimate. This low estimate, which is about 12 percent less than last year's crop and

crops, including the important pepper and tomato corps, both of which were being actively harvested. The Laredo and Lower Valley districts were out of the area of low temperatures and frosts, and in those sections harvesting of all tender vegetables continued. Practically all vegetable areas received some moisture around the middle of November, with the most effective rains falling in the nonirrigated Coastal Bend, where all planting operations had been delayed because of lack of moisture.

Range conditions continued to deteriorate in October and early November as normal autumn rains failed to materialize to break the drought which had prevailed since early summer over much of the grazing area of the district. Late October rains in westcentral, northern, and northeastern counties of Texas replenished water supplies in some localities and improved prospects for small grains, winter weeds, and grass, but most of the State continued dry. Reports in early November indicated that much intended wheat acreage had not been seeded because of dry soil conditions, and at that time prospects for wheat pasture in the Plains continued unfavorable. Range feed conditions in Texas on November 1, seven percent below a month earlier and 15 percent below average for the time of the year, were the lowest reported for this season since the very dry year of 1934. Rains fell, however, on the 14th of November throughout most of the range and grazing areas of the State, and reports from various localities indicate anticipated improvement in the range feed situation.

Cattle and sheep in Texas, having experienced considerable loss in weight and condition during the late summer and fall months because of the dry ranges, are going into the winter much thinner than usual even though supplemental feeding has been heavy. Most ranchers, in order to take advantage of favorable livestock prices, have culled herds closely and marketed the lower-quality animals. The condition of cattle and calves in Texas on November 1 was eight percent below the reported condition on the same date last year and six percent below the 10-year seasonal average. Sheep are going into winter in unusually poor flesh except in some western and central counties of the Edwards Plateau that received showers in October. The general condition of sheep and lambs on November 1 was nine percent below that of a year ago and eight percent below average for the season of year.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	October 1947	October 1946	Sept. 1947	October 1947	October 1946	Sept. 1947
Cattle.....	100,169	102,826	91,713	52,201	38,500	46,914
Calves.....	68,257	96,227	51,080	40,549	35,009	33,558
Hogs.....	40,347	41,097	36,183	6,115	8,228	6,677
Sheep.....	135,918	116,282	115,947	51,801	53,157	85,148

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

	Fort Worth			San Antonio		
	October 1947	October 1946	Sept. 1947	October 1947	October 1946	Sept. 1947
Beef steers.....	\$27.00	\$23.00	\$28.00	\$24.50	\$22.00	\$24.00
Stocker steers.....	22.50	17.50	22.50	.....	.....	.....
Heifers and yearlings.....	27.00	21.00	27.50	24.25	16.50	23.00
Butcher cows.....	17.50	16.50	18.00	17.00	16.00	17.50
Calves.....	22.50	20.00	24.00	20.50	19.00	23.25
Hogs.....	29.75	26.25	29.00	28.50	25.00	27.75
Lambs.....	22.50	21.00	23.50	20.00	18.00	22.00

Total receipts of livestock at Fort Worth and San Antonio were six percent higher in October than in September and slightly above October last year. Receipts of all major types of livestock were higher at Fort Worth in October than in September, but on the San Antonio market hog receipts were slightly and sheep receipts substantially lower. The increase in total marketings of livestock in Texas was in keeping with the usual seasonal movement.

Prices received by farmers for most farm and ranch products at October 15 had made sharp, but varied, changes compared with a month earlier. Prices received for wheat, rice, cottonseed, hogs, turkeys, eggs, and hay showed significant gains, while prices of cotton, beef cattle, veal calves, sheep and lambs, chickens, and butterfat declined moderately.

CASH FARM INCOME

(Thousands of dollars)

	September 1947		Sept. 1947	Total receipts	
	Receipts from Crops	Livestock*		Sept. 1946	Jan. 1 to Sept. 30 1946
Arizona.....	\$ 5,333	\$ 8,147	\$ 13,480	\$ 5,137	\$ 120,802
Louisiana.....	38,433	17,557	55,990	29,525	176,018
New Mexico.....	6,882	7,544	14,426	11,203	92,354
Oklahoma.....	17,909	53,056	70,965	35,624	482,058
Texas.....	167,711	76,823	244,534	128,867	1,303,153
Total.....	\$236,268	\$163,127	\$399,395	\$210,356	\$2,174,385

*Includes receipts from the sale of livestock and livestock products.

SOURCE: United States Department of Agriculture.

Reports from spot commodity markets indicate that from October 15 to mid-November prices of cotton, calves, and lambs made slight gains, while grains and slaughter cattle remained virtually unchanged in price and hogs declined considerably.

FINANCE

During the five weeks ended November 12, changes in the condition of weekly reporting member banks in the district were accentuated by a marked expansion in loans and deposits and a moderate increase in investments. Total loans rose \$79,066,000, and on November 12 stood at a record high of \$973,833,000. This increase resulted mainly from an expansion of \$70,402,000 in commercial, industrial, and agricultural loans which reflected the continuing high level of prices and business activity and a strong demand for bank credit to finance the marketing and processing of agricultural commodities, the production of which has been unusually large in the district this year. This type of loan has now moved upward for five consecutive months at a progressively accelerated rate, and the advance during the current reporting period was more than twice that for the corresponding period of last year.

"All other" loans, which include loans for purposes of consumption, showed a significant rise of \$8,116,000. The bulk of this increase occurred, however, during the last two weeks of October before the termination of instalment credit controls on November 1. Real estate loans declined for the second consecutive month. Loans to brokers and dealers, which had risen during the preceding three months, declined slightly during the five weeks ended November 12, while other loans for security trading rose for the fourth consecutive month.

An increase of \$123,845,000 in aggregate deposits of the reporting banks during the five weeks brought the total on November 12 to \$2,978,134,000. Demand deposits adjusted and interbank deposits showed significant increases of \$64,876,000 and \$74,684,000, respectively. The increase in the latter type of deposit reflected a heavy gain in deposits at country banks, resulting from the large marketing of crops at high prices, and the shifting of a portion of their surplus funds to correspondent banks. The large gains in these deposits were counterbalanced to some extent by a small decrease of \$2,778,000 in time deposits and to a greater extent by a decline of \$12,937,000 in Government deposits, which was largely due to the calls made on war loan accounts by the Treasury Department in connection with the cash redemption of Treasury bills and certificates during the first week of November.

MONTHLY BUSINESS REVIEW

Total investments of the reporting banks, which had shown a downward trend during the period between August 13 and October 8, reflected a gain of \$19,486,000 during the current period and totaled \$1,300,534,000 on November 12. This change directly reflected increases in Treasury bonds and in all other stocks, bonds, and securities of \$16,275,000 and \$3,925,000, respectively. Treasury notes and certificates declined more than \$18,000,000, but the decline was largely offset by an increase of \$17,786,000 in holdings of Treasury bills. This rise, by far the largest of the year to date in this item, indicates that the attractiveness of the current yields on Treasury bills is inducing some banks to make increased use of these securities for secondary reserve purposes.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS

IN LEADING CITIES—Eleventh Federal Reserve District

(Thousands of dollars)

	Nov. 12, 1947	Nov. 13, 1946	October 8, 1947
Total loans and investments.....	\$2,274,367	\$2,203,743	\$2,175,815
Total loans.....	973,833	823,294	894,767
Commercial, industrial, and agricultural loans....	674,046	524,950	603,644
Loans to brokers and dealers in securities.....	7,355	11,776	7,613
Other loans for purchasing or carrying securities....	72,600	102,324	71,072
Real estate loans.....	74,786	57,486	75,542
Loans to banks.....	161	1,497	127
All other loans.....	144,885	125,261	136,769
Total investments.....	1,300,534	1,380,449	1,281,048
U. S. Treasury bills.....	36,553	56,318	18,767
U. S. Treasury certificates of indebtedness.....	191,235	290,851	191,914
U. S. Treasury notes.....	110,266	182,738	128,087
U. S. Government bonds (incl. gtd. obl.).....	850,360	770,763	834,085
Other securities.....	112,120	79,779	108,195
Reserves with Federal Reserve Bank.....	499,820	453,753	487,099
Balances with domestic banks.....	325,135	254,660	313,646
Demand deposits—adjusted*.....	1,850,993	1,708,095	1,786,087
Time deposits.....	375,406	353,029	378,184
United States Government deposits.....	28,055	109,239	40,992
Interbank deposits.....	723,710	620,994	649,026
Borrowings from Federal Reserve Bank.....	1,500	None	None

*Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Average of daily figures in thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
October 1945.....	\$4,562,119	\$438,196	\$2,290,933	\$278,991	\$2,271,186	\$159,205
October 1946.....	4,845,188	500,813	2,342,242	317,424	2,502,946	183,389
June 1947.....	4,649,262	540,000	2,234,857	338,684	2,414,405	201,316
July 1947.....	4,758,677	542,083	2,288,215	339,590	2,470,462	202,493
August 1947.....	4,845,031	540,172	2,324,633	338,401	2,520,398	201,771
September 1947.....	4,925,009	540,511	2,360,755	337,863	2,564,254	202,648
October 1947.....	5,100,591	541,504	2,437,292	337,197	2,663,299	204,307

SAVINGS DEPOSITS

Reporting Banks—Eleventh Federal Reserve District

	Number reporting banks	October 31, 1947		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	October 31, 1946	Sept. 30, 1947
Beaumont.....	3	12,377	\$ 6,638,766	-12.9	-2.3
Dallas.....	8	134,763	78,129,408	4.3	0.1
El Paso.....	2	34,566	23,603,608	1.9	-0.3
Fort Worth.....	3	42,283	34,489,147	3.0	-0.2
Galveston.....	4	23,125	22,121,230	7.1	-0.3
Houston.....	8	106,908	70,031,248	-1.0	-0.5
Lubbock.....	2	1,250	1,871,538	-13.9	1.3
Port Arthur.....	2	6,193	5,054,994	-5.8	-0.6
San Antonio.....	5	39,424	47,184,536	5.2	0.5
Shreveport, La.....	3	32,921	26,255,633	0.1	-0.5
Waco.....	3	9,832	9,615,017	6.1	-0.5
Wichita Falls.....	3	6,897	4,690,134	-0.1	-0.2
All other.....	56	64,188	54,569,165	4.8	0.6
Total.....	102	514,727	\$384,254,424	2.5	-0.1

The high level of business and banking activity was reflected further in the bank debit figures reported by banks in 24 leading cities of the district. These data showed a significant rise of 13 percent during October, which pushed up the annual rate of turnover to 13.1, compared with 11.9 in September. Corpus Christi was the only city to show a decline in debits, while in-

creases ran as high as 21, 26, 30, and 39 percent, respectively, at Abilene, Corsicana, El Paso, and Lubbock, Texas. Cities reporting small increases of five percent or less included Austin, Galveston, San Antonio, and Tyler, Texas, and Shreveport, Louisiana.

BANK DEBITS, END-OF-MONTH DEPOSITS, AND ANNUAL RATE OF TURNOVER OF DEPOSITS

City	(Dollar figures in thousands)			Annual rate of turnover		
	Debits			End-of-month deposits*		
	October 1947	October 1946	Sept. 1947	October 1947	October 1946	Sept. 1947
Tucson, Ariz.....	\$ 58,619	10	14	\$ 82,124	8.6	7.8
Monroe, La.....	36,180	24	11	41,205	10.8	9.1
Shreveport, La.....	123,965	14	†	150,161	10.1	9.0
Roswell, N. M.....	14,308	†	7	19,116	9.4	8.8
Abilene.....	36,966	26	21	40,273	11.3	8.9
Amarillo.....	92,313	30	18	84,890	13.3	11.8
Austin.....	100,690	16	2	104,276	11.6	10.7
Beaumont.....	82,684	21	10	94,505	10.9	9.7
Corpus Christi.....	76,681	20	—	72,738	12.6	10.9
Corsicana.....	13,877	33	26	20,212	8.4	6.7
Dallas.....	989,808	27	16	691,076	17.3	13.9
El Paso.....	119,590	16	30	107,974	13.4	11.6
Fort Worth.....	332,908	22	13	279,652	14.4	11.6
Galveston.....	63,479	21	2	90,669	8.4	7.6
Houston.....	945,153	28	14	796,331	14.3	11.8
Laredo.....	15,640	†	6	20,540	9.2	9.1
Lubbock.....	77,631	63	39	61,190	15.7	10.3
Port Arthur.....	33,124	14	7	39,825	10.1	8.6
San Angelo.....	32,092	17	15	39,246	9.8	8.4
San Antonio.....	242,671	12	5	320,091	9.1	8.0
Texarkana.....	16,375	14	15	22,158	9.0	7.2
Tyler.....	37,707	11	5	48,949	9.2	9.1
Waco.....	54,107	13	14	67,160	9.8	9.0
Wichita Falls.....	50,090	17	9	75,122	8.0	7.4
Total—24 cities.....	\$3,646,658	23	13	\$3,369,423	13.1	10.9

*Demand and time deposits at the end of the month include certified and officers' checks outstanding but exclude deposits to the credit of banks.

†Includes only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$28,189.

†Indicates change of less than one-half of one percent.

On November 15 Government securities held by the Federal Reserve Bank of Dallas totaled \$1,009,521,000, or \$37,000,000 more than on October 15. Discounts for member banks on November 15 were \$2,700,000, and reflected the fact that some member banks were borrowing for a short period for the purpose of adjusting their reserve positions.

From the middle of October, the amount of Federal Reserve notes of the Dallas Bank in actual circulation, though showing frequent minor dips, exhibited a strong seasonal up-

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousands of dollars)

	Nov. 15, 1947	Nov. 15, 1946	October 15, 1947
Total gold certificate reserves.....	\$ 530,611	\$ 503,059	\$ 522,315
Discounts for member banks.....	2,700	2,275	100
Foreign loans on gold.....	1,247	4,474	1,139
U. S. Government securities.....	1,009,521	913,147	972,536
Total earning assets.....	1,013,468	919,896	973,775
Member banks reserve deposits.....	841,167	770,566	822,587
Federal Reserve Notes in actual circulation.....	628,078	606,387	621,229

MEMBER BANK RESERVES AND RELATED FACTORS

Eleventh Federal Reserve District

(Millions of dollars)

	Changes in weeks ended				Cumulative changes	
	Nov. 12, 1947	Nov. 5, 1947	Oct. 29, 1947	Oct. 22, 1947	4 weeks ended Nov. 12, 1947	Jan. 1 to Nov. 12, 1947
Federal Reserve Credit—local.....	-10.3	0.1	-3.8	3.0	-11.0	-20.8
Interdistrict commercial & financial transactions.....	20.4	14.7	26.9	-35.1	26.9	-368.4
Treasury operations.....	-12.7	21.7	-16.2	13.9	6.7	463.5
Currency transactions.....	-4.0	-4.2	-1.5	-0.1	-9.8	-15.3
Other deposits at the Federal Reserve Bank.....	0.2	0.1	0.8	-1.3	-0.2	0.3
Other Federal Reserve Accounts.....		0.9	0.1	0.1	0.9	2.6
Member Bank reserve balances.....	-6.4	33.3	6.3	-19.7	13.5	52.9

Note: Amounts preceded by a minus sign reduce reserves; others increase reserves.

ward trend. On November 13, note circulation reached a new all-time peak of \$631,639,000, which was \$4,610,000 above the previous record of \$627,029,000 set in December 1945. A slight post-Armistice decline then set in, and note circulation stood at \$628,078,000 on November 15, or \$6,849,000 higher than on October 15.

NEW MEMBER BANKS

The First State Bank, Junction, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business on November 8, 1947, as a member of the Federal Reserve System. This bank has total capital funds of \$75,000, including capital \$50,000, surplus of \$15,000, and undivided profits of \$10,000. Its officers are: C. C. Chessher, President; Cecil H. Allen, Vice President and Cashier; and George O. Cox, Assistant Cashier.

On November 13, 1947, the Texas Bank and Trust Company of Dallas, Texas, was admitted to membership in the Federal Reserve System. This bank has total resources of \$20,400,000 and total capital funds of \$1,281,000, including paid in capital of \$500,000, surplus of \$500,000, and undivided profits of \$281,000. Included among its officers are: W. W. Overton, Jr., Chairman of the Board; P. B. Garrett, President; Mike F. Reed, Executive Vice President; C. B. Peterson, Jr., Vice President; M. R. Fortson, Vice President; Robert Reynolds, Vice President; C. S. Bishop, Vice President; R. McRee Davis, Vice President; J. N. Fanning, Vice President; Irving Hitt, Vice President; R. H. Collier, Vice President; and Roy Roberts, Cashier and Auditor.

NEW PAR BANK

The First State Bank, Hawkins, Texas, a newly organized nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Federal Reserve Par List on its opening date, November 8, 1947. This bank has capital of \$40,000, surplus of \$10,000, and undivided profits of \$4,000. Its officers are: C. C. Sims, President; J. E. Green, Vice President; and John T. Hallmark, Cashier.

INDUSTRY

Daily average production of crude oil reached new peaks in October in the Eleventh District and in the United States for the third consecutive month. In the United States, production increased to approximately 5,253,000 barrels daily, exceeding that of a year ago by 11 percent and the 1939 average by about 50 percent. In the district, daily production averaged approximately 2,593,000 barrels daily, or about 16 percent above the rate during October 1946, and 74 percent above the 1939 rate.

The importance of this district in supplying domestic requirements for crude oil has increased substantially during recent years. The district now accounts for 49.4 percent of total United States production, as compared with 46.8 percent during October 1946, and 43.1 percent in 1939. Potentially, the district is able to supply a still larger portion of total domestic requirements, since approximately 60 percent of the

proved reserves of crude oil are located within its borders, but present rates of production are probably equal to maximum efficient recovery rates in most fields in the Southwest.

CRUDE OIL PRODUCTION—(Barrels)

	October 1947		Increase or decrease in daily average production from	
	Total production	Daily avg. production	September 1947	October 1946
District 1.....	756,500	24,403	163	4,953
2.....	5,024,250	162,073	1,328	17,015
3.....	15,272,400	492,658	6,432	42,294
4.....	8,044,700	259,507	11,357	44,820
5.....	1,272,650	41,053	193	1,172
6.....	9,913,900	319,803	10,603	3,109
Other 6.....	3,667,300	118,300	205	15,777
7b.....	1,355,350	43,721	2,636	10,269
7c.....	1,260,500	40,661	499	13,235
8.....	20,016,550	645,695	8,095	160,585
9.....	4,213,800	135,929	7,744	6,277
10.....	2,763,550	89,147	2,802	4,197
Total Texas.....	73,561,450	2,372,950	37,785	323,705
New Mexico.....	3,630,950	117,127	118	17,429
North Louisiana.....	3,196,450	103,111	2,273	13,875
Total District.....	80,388,850	2,593,188	39,940	355,009
Outside District.....	82,449,200	2,659,652	14,455	159,955
United States.....	162,838,050	5,252,840	54,395	514,964

SOURCE: Estimated from American Petroleum Institute weekly reports.

Acceleration of developmental drilling activity, development of new producing areas, and extension of pipe lines to tap those few areas which now are producing below maximum efficient capacity may permit some increase in output to meet expanding requirements without reducing ultimate recovery from the natural reservoirs. Such developments can not be carried through rapidly, however, and, when completed, they may not increase substantially the quantity of oil which can be obtained without injury to the fields. Moreover, the outlook for important increases in production in areas outside the district is, on the whole, even less optimistic.

The value of construction contracts awarded in the Eleventh District during October rose to \$70,765,000, substantially exceeding the high level reached in August. Preliminary estimates for the year indicate that total awards in the district probably will be in excess of \$600,000,000, as compared with \$564,-

VALUE OF CONSTRUCTION CONTRACTS AWARDED

Year	(Thousands of dollars)		Eleventh District Percent of 37 States
	Eleventh District	37 States	
1937.....	151,660	2,913,060	5.21
1938.....	187,523	3,196,928	5.87
1939.....	199,110	3,550,543	5.61
1940.....	273,692	4,003,957	6.84
1941.....	446,943	6,007,474	7.44
1942.....	914,205	8,255,061	11.07
1943.....	356,925	3,273,990	10.90
1944.....	178,224	1,994,016	8.94
1945.....	278,944	3,299,303	8.45
1946.....	564,394	7,489,722	7.54
First ten months 1946.....	491,306	6,528,699	7.53
First ten months 1947.....	561,059p	6,419,397	8.74

SOURCE: F. W. Dodge Corporation.

p—Preliminary.

000,000 in 1946, and an annual average of \$149,000,000 during the 1935-1939 period. As the accompanying table indicates, the Eleventh District accounted for a somewhat larger portion of total awards in the 37 states east of the Rocky Mountains during the first ten months of this year than in 1946, and a much larger portion than during the prewar years.

Even when differences in dollar costs of construction are taken into account, 1947 appears to be establishing a new record for physical volume of construction activity during a peacetime year in this region. The number of residential projects started has increased in rate as 1947 has progressed, although the value of residential awards has declined slightly. Contrary to earlier indications, a larger number of privately financed permanent nonfarm dwellings may be started this

year than in 1946, when a record 68,000 units were started in Texas and about 95,000 units were started in the five south-western states. Moreover, improved flow of materials and an expanded force of construction workers have permitted acceleration of building schedules, making possible the completion of much larger numbers of permanent nonfarm dwellings in the district this year than in any prior year of record.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

	October 1947p	October 1946	September 1947r	January 1 to 1947p	October 31 1946
Eleventh District—total...	\$ 70,765	\$ 47,337	\$ 38,807	\$ 561,059	\$ 491,306
Residential.....	22,603	10,059	13,447	202,824	204,107
All other.....	48,162	37,278	25,360	358,235	287,199
United States—total.....	793,236	573,206	649,996	6,419,397	6,528,699
Residential.....	349,490	235,068	268,543	2,636,797	2,727,624
All other.....	443,796	338,138	381,453	3,782,640	3,801,075

p—Preliminary.
*37 states east of the Rocky Mountains.
SOURCE: F. W. Dodge Corporation.

The cumulated value of awards for nonresidential construction projects in the district thus far this year has increased at a rate substantially above that of any prior year except 1942, when large military and wartime industrial facilities were

initiated. The total value of such awards in 1947 probably will reach a new peak for a peacetime year, and the volume of new construction of this type initiated may exceed that of any prior year except 1942. Commercial and industrial buildings have been important components of this year's large volume of nonresidential construction, but the expansion in this kind of construction as compared with 1946 has reflected principally large increases in awards for public works and utilities projects.

Although many of the larger residential, commercial, and industrial projects which have been important sustaining influences during 1947 are nearing completion, work initiated during the fall will sustain building activity at high levels during the winter months, and impressive backlogs of plans for residential, commercial, and utilities construction are reported to be ready for initiation in the district early in 1948.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	October 1947	October 1946	September 1947	August 1 to This season	October 31 Last season
Consumption at:					
Texas mills.....	13,827	21,087r	11,646	37,380	53,664r
United States mills.....	826,216	933,615	727,448	2,264,265	2,609,044
U. S. stocks—end of month:					
In consuming estabm'ts...	1,479,136	2,019,236			
Public stg. & compresses...	5,101,358	5,913,230			

r—Revised.

BUILDING PERMITS

	October 1947		Percentage change		Jan. 1 to Oct. 31, 1947		Percentage change	
	No.	Valuation	October 1946	Sept. 1947	No.	Valuation	from 1946	from 1946
Abilene.....	84	\$ 318,400	77	—35	918	\$ 3,721,052	1	
Amarillo.....	201	1,025,365	211	23	1,817	7,160,811	9	
Austin.....	291	1,561,740	18	—4	4,410	16,589,798	4	
Beaumont.....	360	562,446	42	16	3,483	5,412,411	66	
Corpus Christi.....	392	2,243,044	137	131	3,615	13,362,988	48	
Dallas.....	1,670	6,873,440	141	—4	14,254	48,612,760	16	
El Paso.....	177	834,505	109	—18	1,358	6,317,526	61	
Fort Worth.....	699	2,611,797	63	—35	6,461	22,529,892	8	
Galveston.....	160	198,059	93	—46	1,597	2,150,543	—4	
Houston.....	835	8,289,053	183	31	7,162	59,343,444	23	
Lubbock.....	220	640,142	122	—30	2,067	9,383,376	16	
Port Arthur.....	202	191,373	97	—10	1,705	1,943,997	3	
San Antonio.....	1,400	2,681,310	50	—2	12,379	22,471,953	10	
Shreveport, La.....	378	1,098,153	72	—39	3,491	9,790,278	22	
Waco.....	187	905,200	108	—13	1,543	7,781,018	73	
Wichita Falls.....	85	191,940	44	1	725	2,171,766	25	
Total.....	7,341	\$30,225,967	109	—†	66,985	\$238,743,613	19	

†Change less than one-half of one per cent.

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to This season	October 31 Last season	August 1 to This season	October 31 Last season
Cottonseed received at mills (tons).....	708,997	351,967	2,452,918	1,633,191
Cottonseed crushed (tons).....	312,741	186,012	1,094,707	834,451
Cottonseed on hand October 31 (tons)...	450,634	223,209	1,457,739	916,546
Production of products:				
Crude oil (thousand pounds).....	93,658	54,240	333,291	256,828
Cake and meal (tons).....	147,697	87,967	504,514	367,065
Hulls (tons).....	69,438	41,189	249,376	191,862
Linters (running bales).....	104,637	63,431	339,333	262,760
Stocks on hand October 31:				
Crude oil (thousand pounds).....	14,268	14,870	54,654	52,946
Cake and meal (tons).....	13,272	13,082	62,121	58,395
Hulls (tons).....	26,019	18,739	71,842	54,989
Linters (running bales).....	42,684	31,656	153,761	144,832

SOURCE: United States Bureau of Census.