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THE DEFENSE PROGRAM—WHAT DOES IT MEAN TO AGRICULTURAL PRODUCTION IN THE SOUTHWEST?

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Developments in the international picture resulting in the decision of this country to embark upon a defense program which is likely to be large and of long duration will continue to have a profound effect upon agriculture. The importance of certain farm commodities in a defense economy is illustrated by the sharp rise in prices of cotton, wool, and mohair —commodities vital to the program of rearmament but, at the present time, in critically short supply. Already, "agricultural surpluses" have become "strategic reserves," virtually all-out production has been requested, and problems of labor and material shortages are arising as obstacles to the needed increase in production.

The defense program and the announced policy of the United States to take the lead in supporting the United Nations throughout the world — even with armed forces — have changed basic economic conditions and, with them, the broad outlook for agriculture. While forecasts of the future are subject to many errors and frequently must be altered in light of changing conditions, farmers and ranchers must, of necessity, make production plans months, and even years, prior to the ultimate harvest of needed crops and marketing of livestock products. They cannot "wait and see." Thus, a review of the new set of conditions occasioned by events in Korea and their probable impact upon agriculture of the Southwest is in order.

The Over-all Outlook

The broad outlook for agricultural production reflects the probable future demand for farm products, including the need for building reserve stocks of certain commodities, and the problems of production, such as labor and material shortages. The demand for agricultural commodities is closely related to the levels of employment and wages in industry, the prospects for exporting agricultural commodities, and the food and fiber needs of the armed forces. With full employment and relatively high wages, people tend to buy more food and especially more of the so-called luxury foods, such as milk, meat, fresh leafy vegetables, and fruit. The armed forces tend to buy these foods in relatively larger quantities than civilians, as every attempt is made to provide servicemen with the best possible diet. Thus, a larger armed force further accentuates the demand for these foods.

Domestic Consumption

Continued full employment and some further increase in wages and incomes during the foreseeable future are indicated by the economic and business outlook. So long as needs of the defense program call for a substantial percentage of total output of the Nation, there is little possibility that employment or incomes will decline materially. Moreover, increases in the size of the defense budget appear more probable than decreases. Thus, this stimulant to a higher rate of industrial production may tend to push employment to steadily higher levels.

In view of this outlook for full employment and high purchasing power, per capita demand for farm products is expected to be as high as or higher than present levels. Currently (1948-50), average per capita consumption of milk and dairy products, vegetables, and fats and oils is fractionally lower than during the years 1935-39, but consumption of meat is up 14 percent; poultry, 38 percent; eggs, 29 percent; turkeys, 62 percent; cotton, 10 percent; wool, 5 percent; and fruits, 4 percent. Increases in per capita consumption are most likely in meats, milk, fresh vegetables, and fruits. During most of World War II, per capita consumption of these items was somewhat higher than present levels. Moreover, a population growth of about 2,000,000 persons annually will increase further the total demand for food and fiber.

Military Needs

Food and fiber needs of the military program will increase largely in relation to the increase in the number of men serving in the armed services. Present plans call for a force of from 3,000,000 to 3,500,000 men by early 1952. This would be a threefold increase over June 1950. As mentioned earlier, this stimulant to the demand for food will

be strongest for meat, dairy products, eggs, fruit, and, for troops stationed in the Continental United States, fresh leafy vegetables. Cotton and wool will be in strong demand by the armed services, since these fibers play a vital role not only in clothing and housing personnel but also in the manufacture of equipment. However, the total quantity of agricultural products needed by the military will be small in comparison with purchases during 1943, 1944, and 1945, the period when lend-lease purchases were also important, and in comparison with the total demand. But it will be an important factor in the demand picture, since this need will have a high priority and, if the supply is short, civilian consumption or exports (or both) will be reduced.

Exports

Exports of agricultural commodities during the next few years probably will be near the levels of 1948-50, although changes in world conditions and in available supplies from the United States could cause substantial shifts. For example, under the International Wheat Agreement this country is expected to export about 240,000,000 bushels of wheat, but crop failures in other exporting countries or critical shortages in importing countries could make it desirable to export a substantially larger quantity. Also, if supplies of cotton in this country should become adequate to justify such a move, exports of that commodity probably could be increased above the current level of about 4,000,000 bales. Nevertheless, no great increase in total amount of agricultural commodities exported is anticipated during the next 5 years. Foreign production can be expected to be stimulated by the increases in prices of many farm products; also, if all-out war occurs, exports of many commodities might be curtailed sharply because of lack of shipping space or inability to deliver the goods for other reasons.

The Supply Situation

In addition to the annual needs for civilian and military consumption and exports, adequate reserve supplies of essential commodities now are of vital importance. The Nation therefore, should build up adequate reserves of these commodities as a safeguard against the possible loss in productive capacity that might occur if several years of unfavorable weather should reduce materially agricultural output. Cotton, wool, wheat, livestock, and many other farm products are essential not only to the well-being of agriculture but as raw materials for industry and as food and clothing that will keep our labor force working at maximum capacity. Moreover, in the position as leader in world affairs, the country must have available extra supplies for aiding friendly nations whenever such action is deemed to be in the best interest of the United States.

What is the situation with respect to reserve supplies of agricultural products? In general, the supply of most agricultural products except cotton, wool (including mohair), and fresh fruits and vegetables is adequate to meet current needs for domestic consumption, anticipated military purchases, and exports at 1950 levels. In other words, except for the items mentioned, the needs of the defense program in 1951 can be met without reducing seriously supplies for civilian consumption or exports. Moreover, reserve stocks, as measured by anticipated carry-over, will provide a reasonable margin of safety with respect to supplies of wheat, rice, fats and oils, peanuts, and, to a lesser extent, feed grains.

The current shortage of fresh vegetables is due largely to severe freezes and drought in major producing areas. This situation will be corrected if spring production is at or near anticipated levels. Supplies of fresh vegetables, as well as fruits, vary from season to season, depending very largely upon weather conditions, and even most processed fruits and vegetables ordinarily are not carried over more than 12 months. Thus, the supply picture may change drastically from year to year, but with favorable weather conditions production can be quickly increased. Stocks of processed vegetables, although slightly below the level of a year ago, are ample for the current season.

This does not mean that increased production of meat — particularly beef — milk, and other luxury foods, as well as wool, cotton, and vegetables, is not desirable or needed, for additional supplies would help to prevent further price increases and would permit a higher per capita consumption. Nevertheless, it is true that our standard of living as measured by the consumption of these foods is not likely to suffer seriously because of military needs unless these needs expand markedly.

There is, however, much more to the supply picture than is suggested by these rather encouraging statements. Wool, including mohair, is in critically short supply both in the United States and in the world. Stockpiles are virtually depleted in most countries, and there is a scramble to buy available supplies even at record-high prices.

The critical cotton supply situation is indicated by the fact that stocks at the end of this season (July 31) are expected to be sufficient for less than 2 months' consumption at current rates, and exports have been placed under quotas in order to insure adequate domestic supplies. In view of these facts, the Department of Agriculture has set a goal of 16,000,000 bales for cotton production in 1951. This is somewhat higher than probable average requirements during the next several years but was deemed necessary in order to rebuild reserve stocks as quickly as possible. Achievement of such a production goal in 1951 should permit the addition of from 1,000,000 to 2,000,000 bales to reserve supplies in the 1951-52 season.

An appraisal of the supply situation also must consider the longer-term demand, for if future needs are likely to be even higher than current requirements, then present reserves should not be depleted unreasonably in meeting this year's demand. Thus, since the demand for livestock products — meat, milk, eggs, etc. — is likely to increase, breeding stock should not be liquidated to meet the present need. In fact, it may be necessary to reduce current production slightly in order to build breeding herds and flocks to even higher levels.

Thus, it seems probable that the long-run, as well as the short-run, national agricultural policy will be to encourage a high level of agricultural output. Comments by government officials and farm leaders indicate that every effort will be made to "produce in abundance" the commodities needed to meet civilian and military demands.

Estimated National Requirements

In order to gain a more accurate picture of the job ahead, it is necessary to examine probable requirements in more detail. What "high level" of production will be needed? Total agricultural output, aided by 7 years of favorable weather, reached record levels during the past decade, and new "highs" were established for production of many crops and livestock products. Any estimate of specific quantities of a commodity that may be needed during the next few years could easily prove to be in error as national and world conditions change, but in light of experience during the past decade and best estimates of the future, the minimum annual requirements for major agricultural commodities shown in the accompanying table appear to be reasonable.

SELECTED CROPS: ESTIMATED AVERAGE ANNUAL PRODUCTION REQUIREMENTS, 1951-55, AND AVERAGE ANNUAL DISAPPEARANCE AND PRODUCTION, 1946-50

United States

Crop	Unit	Estimated average annual production requirements 1951-55	Average annual disappearance 1946-50[1]	Average annual production 1946-50
Wheat	Bushels	1,000,000,000	1,129,859,000	1,200,342,000
Cotton	Bales	15,000,000	13,095,000	12,278,000
Feed grains (corn, oats, grain sorghums, and barley)	Tons	125,000,000	118,700,000	121,400,000
Rice	Bags[2]	39,000,000	36,481,000	36,585,000
Peanuts	Pounds	2,000,000,000	2,150,000,000	2,094,800,000

[1] Domestic consumption, including seed, military purchases, exports, and shipments.
[2] 100-pound bags of rough rice equivalent.

Some reduction below current levels of disappearance of wheat is suggested, since present carry-over stocks are equal to nearly one-half of average annual disappearance and exports are not expected to increase materially. The level of production indicated would provide for current needs and permit some further increase in reserve supplies.

Requirements for cotton are indicated at a level above average disappearance during 1946-50, since reserve supplies are currently very low and domestic consumption and exports may well total more than the 13,095,000-bale average for the past 5 years. Under the stimulus of a higher rate of industrial activity and increased military needs, domestic consumption may average from 9,500,000 to 10,000,000 bales and exports from 4,000,000 to 5,000,000 bales.

Production of feed grains above recent high levels will be needed to build and maintain an expanded livestock production program. The 125,000,000 tons suggested also would permit the maintenance of present generally adequate reserve supplies and would encourage a more intensive feeding program for dairy and beef cattle. The amount of concentrates available for these animals is an important factor in the production of dairy products and "finished" beef. Increased use of improved pastures would reduce somewhat the need for grains for dairy and beef cattle. On the other hand, production of pork, eggs, and poultry cannot make extensive use of pastures, since about 90 percent (dry weight) of the rations of hogs and poultry is feed grains. Thus, output of these products will be very directly limited by the supply of feed grains.

Rice requirements of 39,000,000 100-pound bags are larger than annual production in any year except 1949 and exceed total disappearance of the grain for any year of record. This high requirement seems justified by the very great uncertainty of political conditions in Asia, the major rice-producing area of the world. Currently, the United States is the largest exporter of rice outside of the Asiatic countries (including the Philippine Islands). Egypt and Brazil are the only other non-Asiatic countries exporting substantial quantities of the grain. Continued high production in the United States is desirable to insure our ability to meet possible expansion in world trade of rice or to use this important food grain in aiding friendly nations.

Peanut production below average disappearance during 3 of the past 5 years is suggested, since increased output of cottonseed oil, lard, and beef tallow as by-products of other crop and livestock production will reduce somewhat the need for peanut oil; and exports and consumption as food are not expected to increase materially.

LIVESTOCK: ESTIMATED AVERAGE NUMBER REQUIRED 1951-55, AND AVERAGE NUMBER, 1946-50

United States

Item	Estimated average number required 1951-55	Average number 1946-50
All cattle and calves[1]	85,000,000	80,068,000
Milk cows[2]	25,000,000	23,720,000
Sheep and lambs[3]	40,000,000	29,753,000

[1] Number on farms and ranches, January 1.
[2] Average number on farms, excluding heifers that had not freshened.
[3] Number of sheep and lambs shorn.

Requirements for livestock products are indicated by reference to numbers of animals on farms and ranches, since this figure is more generally used and since it is a more accurate indication of production — and potential production — over a period of years. For example, new supplies of beef in any one year may be rather high or low, depending upon the degree of liquidation of breeding stock, and, thus, not reflect accurately the actual production during the year.

The number of all cattle and calves needed to produce the estimated beef and veal requirements of about 12,000,000 pounds is higher than actual numbers in any year except 1944 and 1945. Such an increase seems desirable in light of the anticipated high demand for meat, which was discussed earlier. In fact, an even larger number may be needed, but it is very doubtful that numbers can be increased and maintained beyond this figure. Another reason for setting the requirement relatively high is that beef cattle are being marketed at lower weights than was true 10 years ago; hence, more cattle are required to produce the same quantity of beef.

Milk production from the 25,000,000 milk cows suggested should be about 125,000,000 pounds — a record high — without any increase in production per cow. Further increases in numbers may be desirable but are highly improbable in view of the expected shortages and high cost of labor. Small additional increases in production per cow are, however, quite probable as more emphasis is placed on better feeding and breeding practices.

The Nation can use any increase in wool output that the sheep industry is capable of producing in the next few years, since production is currently only about one-fifth of con-

sumption of all wool, including carpet wool. In fact, the clip from 40,000,000 sheep and lambs would still be well below total domestic requirements, but it is very unlikely that numbers can be increased even to that level by 1955. Therefore, it would be unrealistic to place the goal higher. If severe drought or labor shortages should occur in major range areas, some further decline in sheep numbers is possible. However, considerable expansion is probable in the humid areas of the Nation.

Production of eggs, broilers, and turkeys, while not listed in the table, should be increased somewhat in order to assure ample supplies. Production of these items is already at record levels but could be increased further within a relatively short time if the need arises and if adequate feed is available and the price situation favorable.

It should be recognized that estimated annual requirements, such as those listed in the accompanying table, must be subject to constant revision as changes in the needs of the nation require different quantities of agricultural products. If the need for fats and oils increases materially, more oilseed production will be required; or if it becomes necessary to provide food for additional countries, more wheat and rice may be needed. Moreover, unusually high production in any one year might make it desirable to shift considerable acreage from one crop to another. In fact, production of individual crops might need to be varied within rather wide limits from year to year. Thus, the agricultural plant must be maintained in a position of flexibility, in so far as possible, so that it can be adjusted to the variations in weather conditions and still be able to meet new requirements that may be placed upon it.

The Southwest's Share

During the decade of the 1940's the Southwest produced about 40 percent of the cotton, 14 percent of the wheat, 57 percent of the rice, 23 percent of the peanuts, 20 percent of the cattle, 26 percent of the sheep and wool, and 6 percent of the milk used in the Nation. Similar ratios probably will prevail during the next few years, although changes outside of agriculture, such as stepped-up industrialization and rapid growth of urban population, may necessitate the production of a larger proportion of feed crops in the Southwest to support a growing livestock industry. This will be especially true of dairy cattle and poultry. Also, as mechanization becomes an increasingly important factor in cotton production, a somewhat larger proportion of the crop may be produced in areas such as the Texas High Plains and irrigated sections of New Mexico and Arizona, where large-scale operations and level terrain are favorable for widespread use of machines.

Estimates of production and acreages required to meet the Southwest's share of national requirements and the Southwest's local needs are shown in the accompanying table.

Figures in this table suggest that a comparatively high level of output will be required of the Southwest. Except for wheat, increases over the 1946-50 average production are indicated. In the case of cotton, the increase is substantial, and the estimate of required output is higher than production in all but 3 of the past 20 years and all but 1 of the past 10 years.

SELECTED CROPS: ESTIMATED AVERAGE ANNUAL PRODUCTION AND ACREAGE REQUIREMENTS, 1951-55, AND AVERAGE ANNUAL PRODUCTION AND ACREAGE, 1946-50

Five Southwestern States[1]

Crop	Estimated average annual requirements, 1951-55		Average annual production and acreage, 1946-50	
	Production	Acreage[2]	Production	Acreage
Wheat	135,000,000 bu.	10,300,000	163,537,000 bu.	12,410,000
Cotton	6,500,000 bales	14,000,000	4,864,000 bales	10,505,000
Feed grains (corn, oats, and grain sorghums)	7,000,000 tons	14,000,000	6,710,000 tons	13,360,000
Rice	22,000,000 bags[3]	1,150,000	20,697,000 bags	1,082,000
Peanuts	450,000,000 lbs.	840,000	483,000,000 lbs.	923,000

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] Based on average per acre yields 1946-50: wheat, 13.2 bushels; cotton, 221 pounds lint; feed grains, 1,000 pounds; rice, 1,914 pounds; and peanuts, 531 pounds.
[3] 100-pound bags of rough rice equivalent.

Method of Arriving at These Requirements

In general, these figures represent a percent of estimated national requirements, based on the Souhtwest's share of production of these crops during 1946-50. Cotton requirements were adjusted upward 500,000 bales, in view of the trend of cotton production toward the western states. Feed grain requirements were also adjusted upward, as increased output of dairy products suggested for the Southwest will require additional feed grains. Some of this needed increase in livestock feed can be provided by greater use of improved pastures. In fact, recent studies by Texas A. & M. College show that an acre of improved pasture may produce total digestible nutrients (a measure of feeding value) equal to 75 or 80 bushels of corn. Also, the cost of producing 100 pounds of digestible nutrients from pastures is less than one-third as high as the cost of producing the same amount of feed from concentrates, largely as a result of a saving in labor costs. The potential expansion of feed production on improved pastures is very great in the Southwest, since considerable acreage which is now idle is well adapted to pasture crops. Much of this idle acreage will not, of course, produce at the high levels mentioned above, but it can add materially to the output of feed. Moreover, these pasture crops, if properly fertilized and managed, aid in rebuilding soil fertility.

LIVESTOCK: ESTIMATED AVERAGE NUMBER REQUIRED 1951-55, AND AVERAGE NUMBER, 1946-50

Five Southwestern States[1]

Item	Estimated average number required 1951-55	Average number 1946-50
All cattle and calves[2]	16,000,000	14,882,000
Milk cows[3]	2,500,000	2,242,000
Sheep and lambs[4]	11,000,000	9,547,000

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] Number on farms and ranches, January 1.
[3] Average number on farms, excluding heifers that had not freshened.
[4] Number of sheep and lambs shorn.

Number of sheep and lambs suggested is about 2,000,000, or nearly 30 percent above the 1950 level. Such a goal will be difficult to reach and may be considered by some as undesirable if most of the expansion takes place on the ranges. Overgrazing in the past has reduced the carrying capacity of

PRODUCTION AND ACREAGE OF SELECTED CROPS, 1930-50

Five Southwestern States[1]

Year	COTTON		WHEAT		FEED GRAINS		RICE		PEANUTS	
	Production	Acreage	Production	Acreage	Production	Acreage	Production	Acreage	Production	Acreage
	Bales		Bushels		Tons		100-lb. bags		Pounds	
1930	5,861,000	22,358,000	78,043,000	7,643,000	4,970,000	13,728,000	13,248,000	683,000	63,000,000	152,000
1931	7,697,000	20,256,000	152,374,000	9,263,000	7,540,000	16,421,000	11,983,000	663,000	86,000,000	175,000
1932	6,336,000	18,355,000	79,676,000	7,742,000	7,600,000	14,807,000	11,478,000	601,000	98,000,000	189,000
1933	6,361,000	15,459,000	48,629,000	6,271,000	4,710,000	14,588,000	10,591,000	543,000	109,000,000	180,000
1934	3,414,000	14,159,000	65,267,000	6,801,000	3,150,000	12,535,000	10,861,000	563,000	79,000,000	257,000
1935	4,289,000	14,493,000	47,231,000	5,211,000	6,740,000	15,188,000	11,691,000	579,000	129,000,000	232,000
1936	4,286,000	15,573,000	49,053,000	6,165,000	4,260,000	12,764,000	14,258,000	683,000	105,000,000	264,000
1937	7,507,000	16,938,000	112,918,000	8,960,000	6,100,000	14,032,000	15,179,000	778,000	108,000,000	245,000
1938	4,617,000	11,856,000	100,203,000	9,789,000	6,300,000	14,397,000	15,487,000	762,000	143,000,000	312,000
1939	4,421,000	11,705,000	93,268,000	7,401,000	5,330,000	13,809,000	16,430,000	754,000	161,000,000	388,000
1940	4,815,000	11,751,000	90,391,000	7,151,000	6,940,000	14,799,000	15,932,000	760,000	247,000,000	431,000
1941	3,970,000	10,758,000	78,604,000	7,335,000	6,620,000	14,995,000	14,396,000	849,000	205,000,000	424,000
1942	4,643,000	11,231,000	109,881,000	6,632,000	6,560,000	14,684,000	17,676,000	985,000	557,000,000	1,122,000
1943	4,185,000	10,612,000	70,618,000	6,897,000	6,730,000	16,347,000	17,276,000	991,000	349,000,000	1,078,000
1944	4,152,000	9,572,000	160,795,000	8,880,000	7,770,000	17,486,000	17,355,000	953,000	400,000,000	871,000
1945	2,689,000	7,959,000	125,013,000	11,560,000	5,760,000	13,691,000	18,463,000	983,000	421,000,000	952,000
1946	2,478,000	8,084,000	154,393,000	12,437,000	6,080,000	14,115,000	18,176,000	1,001,000	522,000,000	1,000,000
1947	4,685,000	10,710,000	238,712,000	14,724,000	5,640,000	12,739,000	19,529,000	1,087,000	516,000,000	1,180,000
1948	4,847,000	11,078,000	161,941,000	12,841,000	5,750,000	12,416,000	22,222,000	1,157,000	464,000,000	1,070,000
1949	8,119,000	13,959,000	194,995,000	14,208,000	7,040,000	11,975,000	21,522,000	1,136,000	456,000,000	693,000
1950	4,190,000	8,695,000	67,643,000	7,842,000	9,030,000	15,575,000	22,035,000	1,026,000	456,000,000	670,000

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
SOURCE: United States Department of Agriculture.

these pastures, and it would be a mistake to overstock again. However, some expansion from current low levels is both feasible and desirable, and the urgent need for wool dictates that every effort should be made to increase sheep numbers to the full capacity of ranges and pastures. Considerable expansion could be undertaken in central and eastern parts of the Southwest.

Rebuilding dairy herds to the level of 1942-45 would meet the requirement of 2,500,000 dairy cows. Such expansion would be counter to the trend since 1945 but is highly desirable in order to meet the growing demand for fluid milk and milk products. An increase in the number of dairy cattle is entirely feasible, particularly in the eastern area of the Southwest, although it may not occur because of the shortage and high cost of labor and the relative profitableness of beef production.

LIVESTOCK: NUMBER ON FARMS, 1930-50

Five Southwestern States[1]

Year	All cattle and calves[2]	Dairy cows[3]	Sheep and lambs[4]
1930	11,221,000	2,099,000	9,866,000
1931	11,493,000	2,204,000	10,623,000
1932	12,113,000	2,342,000	10,795,000
1933	13,357,000	2,477,000	11,586,000
1934	14,737,000	2,499,000	11,333,000
1935	13,238,000	2,385,000	10,677,000
1936	12,580,000	2,378,000	11,020,000
1937	13,172,000	2,379,000	12,479,000
1938	12,738,000	2,413,000	12,970,000
1939	12,530,000	2,389,000	13,020,000
1940	12,659,000	2,411,000	13,472,000
1941	13,188,000	2,495,000	13,809,000
1942	14,260,000	2,615,000	13,775,000
1943	15,465,000	2,677,000	13,734,000
1944	16,089,000	2,666,000	13,135,000
1945	16,185,000	2,594,000	12,206,000
1946	15,686,000	2,436,000	11,407,000
1947	15,273,000	2,310,000	10,083,000
1948	14,435,000	2,158,000	9,196,000
1949	14,246,000	2,107,000	8,432,000
1950	14,767,000	2,200,000	8,617,000

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] Number on farms and ranches, January 1.
[3] Average number on farms, excluding heifers that had not freshened.
[4] Number of sheep and lambs shorn.
SOURCE: United States Department of Agriculture.

Meeting These Production Requirements

The task of meeting the relatively high production requirements indicated for the Southwest is complicated by the fact that they must be met without sacrificing any potential future production. In fact, it is imperative that farmers and ranchers lay the foundation for expanding production in the years to come, because requirements of 10, 15, or 20 years hence may be much greater and more imperative, from the standpoint of national safety and individual well-being, than they are today.

Thus, a carefully planned program is essential to enable farmers and ranchers to cope successfully with day-to-day operational problems and, at the same time, maintain or improve the capacity of the agricultural plant. The problem is accentuated by the fact that the anticipated requirements include increased acreages of row crops, which tend to deplete soil fertility at a faster rate than solid-planted crops.

Meeting this challenge to southwestern agriculture can be achieved best through a wider application of practices and techniques for building soil fertility, improving plant varieties, increasing the productivity of livestock, and raising the efficiency of farm and ranch operations. Building such a program will require the concentrated and cooperative effort of individual farmers and ranchers. But the rewards are worthy of a supreme effort because as soil fertility improves, per acre yields will increase, livestock will produce more efficiently, crop failures will become less frequent, profits will increase, and the future production from the land will become more certain.

As already pointed out, an essential part of the task is that of coping with operational problems. This is made more difficult because the industrial requirements of the defense program will reduce the amount of labor, equipment, and supplies that can be made available to farmers and ranchers. It is necessary for them, therefore, to take such steps as may be required to overcome these handicaps.

Labor Shortages

An immediate impact on agriculture, which is already becoming apparent, is the shortage of labor. It will become more and more acute as voluntary enlistments and draft calls into military service take men in the 18-25 age-group and as others find employment in the expanded industrial plants. The attraction of industry is, and will continue to be, especially strong in the Southwest as the accelerated industrialization of the area creates local labor shortages. Men and women capable of learning a skilled trade will be in strong demand, and day laborers and tenants will be tempted to move to the city or to accept employment in local industrial enterprises. The competition from industry for labor may be met, in part, by increasing wages or by offering day laborers and tenants more incentives in the form of modern housing, more time off, and even profit-sharing plans. In the longer run, however, the solution to this problem of a declining labor supply will result in more widespread substitution of machinery for manpower and the application of more efficient work methods.

Field operations, such as cotton and vegetable harvesting, and livestock chores which are not easily mechanized will be particularly hard hit by the shortage of labor. But some increase in mechanization is possible even with these operations, and improved work methods can bring about substantial savings in labor without additional machinery or equipment. For instance, mechanical harvesting of cotton can be increased throughout the Southwest by community action in planting cotton varieties adapted to mechanical harvesting, in providing necessary machinery for ginning mechanically harvested cotton, and in providing needed custom operators of cotton pickers and strippers for small growers. An example of savings in labor through efficient work methods is found in the results of research in Kentucky, where the time required for dairy chores was reduced 53 percent.

These illustrations point the way to the solution of the labor problem. Mechanization is desirable wherever it is economically feasible or where it is necessary to obtain needed production. However, the fact that steel and other raw materials for making machinery will be limited to some extent emphasizes the need for increased labor efficiency through more effective work methods. The better work methods, which usually can be achieved with little or no additional equipment, not only accomplish more efficient agricultural production but also aid in conserving critical raw materials.

Equipment and Supplies Limited

Machinery, insecticides, fertilizer, and many supplies such as baling wire, fence, crates, and sacks may not be readily available at all times. Materials used in manufacturing many of these items are also used in production of defense materials; thus, allocation and shortages will complicate the supply situation. While it is anticipated that essential equipment and supplies will be provided, in view of the importance of agricultural production in the defense effort, farmers will find it desirable to anticipate their needs, order early, and purchase minimum supplies of these items well in advance of the planting and harvesting seasons. Such action will insure adequate supplies at the farm when needed, will tend to fix production costs for the farmer at the beginning of the season, and will facilitate national planning.

Farmers should also make plans to utilize machinery fully, in order to lower their own production costs, and to make most efficient use of the equipment allocated for agricultural production. Since most machines deteriorate about as much from age and obsolescence as from use, there is a great need for making full use of machines and equipment each year and for giving careful attention to their maintenance.

Higher Costs

Increasing cash operating costs and higher capital investments necessary for operating a farm or ranch during the next few years will create some financial problems in meeting production requirements. Some farmers will not have sufficient net worth to warrant the extension of credit needed to place their operations on an efficient basis. Purchasing new or additional equipment and renting or buying additional land (which may be needed for efficient use of some equipment) may be desirable but will also be expensive. Moreover, the higher cash operating costs will take a larger share of total income, thus a below-average crop or crop failure could quickly reduce the financial solvency of a farmer by greatly reducing income to a point below *cash* costs.

Responsibility of Farmers and Ranchers

Responsibility for success in meeting the new challenge to agricultural production rests upon individual farmers and ranchers. It is not enough to meet the higher production requirements by short-run methods which would eventually decrease the productive capacity of our land. Neither is it feasible to expand greatly the total acreage of crops, since the amount of new land available is limited. Moreover, increased total acreage would require larger amounts of machinery and labor—two very scarce and expensive items.

Substantial increases in per acre yields are entirely feasible and are being obtained by many southwestern farmers. A complete discussion of methods used by these progressive farmers to achieve more efficient and profitable production is outside the scope of this article. Agricultural scientists are constantly developing new and better methods, and every farmer and rancher in the Southwest can have technical assistance in developing a program to increase yields. A few examples of the techniques and their results will serve to illustrate what can be accomplished through widespread adoption of such practices.

* The yield of cotton on a central Texas farm where timely and thorough early and late-season applications of insecticides were applied was 594 pounds of lint per acre. This compares with a yield of 178 pounds of lint on an adjoining field of similar soil and with identical care but without any insect control measures. In 1950, community action in the control of cotton insects in a central Texas

community is credited with increasing the yield of cotton to an average of 502 pounds of lint per acre, compared with 289 pounds per acre on adjoining untreated areas.

* The planting of a legume crop in the rotation with cotton has increased yields of lint from 50 to 100 percent. Comparison of cotton yields on fields where cotton was grown continuously and fields where cotton was grown 2 years out of 3, with a legume grown on the land a third year, shows an increase of over 100 pounds of lint per acre in favor of the cotton and legume rotation. In fact, farmers who have tried this practice believe that it enables them to produce more cotton in 2 years than was formerly grown in 3 years.

Corn yields have been doubled and tripled with the use of fertilized legumes in the rotation. In 1949 and again in 1950, several farmers in the Southwest made yields of more than 100 bushels of corn per acre by following an intensive program of fertilization and the use of legumes. Yields of 40 and 50 bushels per acre have been common where such practices were followed.

* In the Gulf Coast area of Texas the carrying capacity of pastures was increased to more than two cows per acre by draining and plowing the land and the application of 550 pounds of 20-percent superphosphate, 100 pounds of 60-percent muriate of potash, and 100 pounds of 16-percent nitrate of soda, plus the seeding of White Dutch clover and Dallis grass — two improved pasture plants.

Practical tests with fertilizer on Ladino clover, alta fescue, and perennial ryegrass pasture mixtures in New Mexico increased yields of dry forage per acre from 3.19 tons to as high as 8.00 tons.

* Topdressing rice fields with nitrogen fertilizer when the plants are from 6 to 9 weeks old has given increases in yields of from 5 to 7 barrels per acre. At the Rice Pasture Experiment Station at Beaumont, Texas, 4-year average yields were 19.18 barrels per acre when nitrogen fertilizer was applied, compared with a yield of 12.09 barrels per acre on unfertilized fields.

* In tests which covered relatively large areas of mesquite-infested land in west Texas, control of mesquite through the use of 2-4-5T sprays increased the yield of beef per acre by as much as 50 pounds.

* In the dairy industry, an outstanding and significant illustration of increased productivity is the average production per cow of about 6,000 pounds of milk annually — nearly twice the state average — obtained by members of Texas Dairy Herd Improvement Associations. These dairymen make widespread use of improved feeding, breeding, and management practices.

* The use of artificial lights in the poultry laying house during the shorter days of late fall and winter has increased egg production substantially over comparable flocks where no artificial lights were used. In some cases, the increase may mean the difference between profit and loss in the poultry operation.

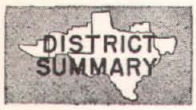
* Feeding a protein supplement to balance a ration of corn or grain sorghums results in a saving of 70 pounds of feed per 100 pounds of pork produced. Pastures can also increase the efficiency of swine production by reducing the amount of needed grain and concentrates by as much as 20 percent. Measured in quantity of feed, this saving would amount to 1,000 pounds of corn and 400 pounds of tankage, or its equivalent, for every acre of good pasture.

* A test of the ability of soil to absorb heavy rains and, thus, prevent erosion of topsoil and disastrous floods was conducted near Fort Worth, Texas, in the spring of 1949. In these tests it was found that land upon which a deep-rooted legume had been growing for 2 years absorbed water at the rate of 7 inches per hour, although a 10-inch rain had already fallen upon that area. In contrast to this high rate of water absorption, a field upon which sudan grass had been growing became almost completely saturated after the application of 1 inch of water and showed a rate of absorption equivalent to about one-fourth of an inch of rain per hour.

* In the range areas of west Texas, New Mexico, and Arizona, one of the practices recommended for conservation of range feed is deferred grazing. Ranchers have found that this method not only permits the re-establishment of desirable grasses and conserves moisture but also produces more beef per acre than continuous grazing.

It does not take a great deal of arithmetic to determine that widespread application of the practices that have been discussed above would enable southwestern agriculture to meet with ease the production requirements suggested earlier. It is true that the application of these practices will not always bring forth the results described here. On the other hand, many farmers and ranchers already are obtaining far greater increases than those which have been described. Full use of improved production methods, such as these, not only will make it possible to meet current production requirements but also will stop the decline in soil fertility and rebuild soils of the area to an even higher state of productivity. Such a program is the quickest route to higher yields, offers the greatest opportunity for profit, and will provide the most permanent improvement in southwestern agriculture.

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS



Business and industry in the Eleventh Federal Reserve District were unusually active in January and into February, despite a few setbacks caused by crippling weather conditions. While the influence of the defense program became a little more apparent in the area's economy, the high level of civilian demand, intensified to some extent by the expected effects of the defense program, continued to be the prime spark to business activity.

Consumer buying in the District continued strong during February, although unfavorable weather caused sharp dips at the beginning and middle of the month. January buying was very heavy, with district department store sales showing a 28-percent increase over a year earlier, the largest year-to-year gain for any month since last July, when war-scare buying was at its peak. While particular interest continues in items expected to become in short supply, the heavy consumer buying has been extended to most lines—women's apparel and other soft goods, as well as hard goods. Merchants' inventory buying increased markedly in January, with department store orders outstanding at the end of the month up 52 percent from the year earlier and department store stocks 27 percent higher. Sales at district furniture stores in January were 9 percent higher than in the corresponding month of last year, which contrasts with the noticeable year-to-year declines during the fourth quarter of 1950, following the imposition of Regulation W.

Although nonfarm employment in Texas was down about 1 percent from December to January, this decline was only about half as large as usual for this time of year. A rise in manufacturing employment, particularly in the aircraft industry, partly offset the drop in trade and service employment.

Texas oil allowables were suddenly raised at mid-January to meet the heavy demand occasioned by the coldest weather in the Nation in several years. A further increase in allowables was announced for March, with production for that month expected to equal the record high of September 1950.

Construction contract awards in the District in January, although down somewhat from the high December total, were 65 percent greater than a year earlier. Residential awards were buoyed by fears of further building restrictions, reaching the second highest level on record. Although nonresidential awards dropped sharply, due in part to a freeze instituted near the middle of the month on new commercial construction, two of the larger industrial projects in recent years for this District were announced—an aluminum plant in the Corpus Christi area and a steel plant at Daingerfield, Texas.

Severe cold weather, accompanied by sleet, ice, and snow in many parts of the District during the past month, seriously damaged commercial vegetable crops and citrus fruits and caused some losses to livestock. The additional moisture, however, helped alleviate somewhat the severe drought conditions prevalent in many areas. Prices of farm commodities continued to advance, with prices of many commodities now at record high levels.

Deposits of district weekly reporting member banks in the 4-week period from January 17 to February 14 declined $108,318,000, due largely to a shrinkage in interbank deposits. To meet these withdrawals and the higher reserve requirements, banks drew down balances with other banks by $81,929,000 and reduced investments in United States Government securities by $47,348,000. Commercial, industrial, and agricultural loans, as well as real estate loans, turned down after having shown a sharply rising trend since last June. The small decreases, however, were offset by moderate increases in other loan categories and, as a result, total loans on February 14 were near the all-time record level of January 31.

Consumer buying in the Eleventh Federal Reserve District in February continued to be characterized by strength, although sleet, snow, and ice over many parts of the area sharply curtailed buying at the beginning and near the middle of the month. Advance buying of items likely to become in short supply continued to be evident, although this type of buying had toned down somewhat from the high January level. The imposition of the price freeze in late January may have been responsible for moderating this anticipatory buying, since the substantial rise in prices during the past several months has been a factor encouraging consumer buying.

January sales at retail stores in the District were unusually high for that time of year. Department store sales, which were 28 percent higher than a year earlier, showed the largest year-to-year gain for any month except last July, when war-scare buying was at its peak. This outstanding sales record at district department stores was either matched or exceeded by department stores in many other sections of the country and was almost the same as the national average increase. The extremely heavy January sales, coming on top of the record-breaking December volume, were achieved despite a relative thinness in the seasonal clearance sales and a conspicuous scarcity of genuine "bargains."

The markedly rising level of consumer income has contributed significantly to the high level of retail sales in recent months. Personal income for the Nation in December, the latest month for which data are available, was over 15 percent higher than a year earlier, according to Department of Commerce figures. The increase in income in this District probably showed a comparable gain. Furthermore, individuals have tended to spend a larger proportion of their income, and a substantial number have even dipped into their savings as a means of buying. Then, too, credit has played a part, as instalment buying picked up noticeably in December and January, despite the tighter credit terms prevailing under Regulation W.

The heavy consumer buying of January, unlike the war-scare buying of last summer, extended to most lines of

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District
(Percentage change)

Line of trade	NET SALES[p] January 1951 from Jan. 1950	NET SALES[p] January 1951 from Dec. 1950	STOCKS[1p] January 1951 from Jan. 1950	STOCKS[1p] January 1951 from Dec. 1950
Automotive supplies	90	—12	—	—
Drugs and sundries	18	24	20	— 1
Dry goods	34	79	20	#
Grocery (full-line wholesalers not sponsoring groups)	27	12	16	15
Hardware	54	40	23	10
Industrial supplies	71	14	30	16
Machinery equipment and supplies except electrical	28	—14	2	5
Tobacco products	10	—12	72	— 2
Wines and liquors	4	—42	64	70

[1] Stocks at end of month.
p—Preliminary.
# Indicates change of less than one-half of 1 percent.
SOURCE: United States Bureau of Census.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES Jan. 1951 from Jan. 1950	NET SALES Jan. 1951 from Dec. 1950	STOCKS[1] Jan. 1951 from Jan. 1950	STOCKS[1] Jan. 1951 from Dec. 1950
DEPARTMENT STORES				
Total Eleventh District	28	—46	27	6
Corpus Christi	13	—57	— 2	— 4
Dallas	33	—42	25	10
Fort Worth	28	—46	24	1
Houston	31	—49	32	11
San Antonio	21	—40	27	— 1
Shreveport, La.	20	—54	—	—
Other cities	27	—48	30	6
FURNITURE STORES				
Total Eleventh District	9	—29	42	3
Austin	— 9	—37	79	— 2
Dallas	— 9	—16	72	5
Houston	— 3	—44	—	—
Port Arthur	— 7	—17	—	—
San Antonio	14	—33	—	—
Shreveport, La.	22	—37	29	2
Wichita Falls	3	—25	31	— 4
HOUSEHOLD APPLIANCE STORES				
Total Eleventh District	—14	—34	—	—
Dallas	— 4	—22	—	—

[1] Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39 = 100)

Area	UNADJUSTED Jan. 1951	UNADJUSTED Dec. 1950	UNADJUSTED Nov. 1950	UNADJUSTED Jan. 1950	ADJUSTED[1] Jan. 1951	ADJUSTED[1] Dec. 1950	ADJUSTED[1] Nov. 1950	ADJUSTED[1] Jan. 1950
SALES—Daily average								
Eleventh District	375	711	472	313	475	433	400	396
Dallas	371	643	446	291	452	407	369	355
Houston	388	794	527	343r	497	499	435	440r
STOCKS—End of month								
Eleventh District	411p	395	495	328	442p	430	446	353

[1] Adjusted for seasonal variation.
r—Revised.
p—Preliminary.

trade. Although the buying emphasis was apparent in hard goods lines, which it was feared might become in short supply, a heavy volume of buying also occurred in women's apparel and other soft goods. Among district department stores, the domestic floor coverings and furniture departments made the most outstanding showing, with sales in each of these departments reaching all-time peaks, 46 percent and 24 percent, respectively, higher than the year earlier. Meanwhile, television sales continued strong, with sales of the television, radio, and phonograph department 51 percent higher than the year-earlier level. Major household appliance sales, after having shown year-to-year declines in the preceding 3 months, in January were 9 percent higher.

Women's apparel sales, which had been making only a fair showing during the past several months, rose markedly. Sales of women's and misses' coats and suits, and also of dresses, during January showed an unusual contraseasonal increase from the December level and were 35 percent and 11 percent, respectively, above a year earlier. Women's accessories sales registered a 26-percent year-to-year gain, while men's clothing sales continued very strong, 19 percent higher than in January 1950. Basement store sales, after making an irregular showing during the past 6 months, rose 17 percent over a year ago. Moreover, silverware and jewelry sales, indicative of the wide scope of January consumer buying, were 34 percent higher than a year earlier.

All types of department store sales — cash, charge, and instalment — in January showed large year-to-year gains, although each was down seasonally from its December high. Charge sales were 32 percent higher than a year ago, instalment sales were 16 percent higher, and cash sales, 15 percent higher. Collections were up, in line with the usual seasonal pattern, and receivables were down. With Regulation W continuing to restrict growth of instalment credit, instalment receivables outstanding on January 31 showed a smaller increase over year-earlier levels—46 percent—than in any month during the past year. Charge account receivables at the end of January were 20 percent higher than on the same date of last year.

The large volume of consumer buying in January was accompanied by heavy inventory buying on the part of merchants. Orders outstanding at district department stores rose 29 percent during January and at the end of the month were 52 percent higher than on the same date of last year. This increase represents protective buying for inventory in anticipation of difficulties in obtaining some goods, further price increases, and lengthening delivery schedules.

Department store stocks, in the aggregate, showed a moderate increase during January and at the end of the month were 27 percent higher than a year earlier. In relation to the recent heavy sales volume, stocks at present do not appear to be unduly high, and part of the increase in stocks merely reflects the higher prices now prevailing. Nevertheless, some merchants are reported to be concerned over their sharply higher stock position, although merchants generally feel that the present economic outlook justifies the maintenance of a heavy stock position.

Sales at district furniture stores in January, although down seasonally from December, rose 9 percent over the year-earlier level. This marks the first year-to-year gain since last September, when instalment credit controls were reimposed. Cash sales continued to show greater strength, with a 17-percent increase over January a year ago. Credit sales showed a year-to-year gain of 8 percent, as compared with declines in the previous 3 months. Accounts receivable, after a moderate increase in December, showed a small decline in January and at the end of the month were only 8 percent higher than the year previous. Meanwhile, furniture store inventories, which had shown a small temporary decline in December, resumed the upward trend

which had been evident since the outbreak of hostilities in Korea. Month-end stocks were at a record high, 3 percent above those in December, and 42 percent higher than a year earlier.

The extremely variable weather of the past few weeks interrupted field work and caused further damage to crops, but the accompanying moisture has been very beneficial. In some eastern sections, winter cover crops and grasses have made favorable response to the improved moisture supply; also, preparation of land for spring planting has made progress. Throughout most of the western half of the District, however, the drought of past months continues unabated. The winter wheat crop is showing some signs of improvement in parts of the Northern High Plains where snows were received, although many fields appear to have been damaged by cold weather. Deterioration of the crop continues in the Low Rolling Plains and northcentral counties of Texas, where the cold has caused further damage to limited stands of drought-weakened wheat. Fall-seeded oats and barley are expected to be a total loss. The flax-growing areas in Texas have been without moisture for months, and no acreage of the crop is expected this year.

Over-all production prospects of Texas commercial vegetables for winter and spring harvest were drastically reduced by the January and February freezes. This is confirmed by recent reports showing very light movement of vegetables from the commercial areas. The volume of cabbage and lettuce shipped during the 2 weeks following the freeze was negligible, but considerable tonnage of carrots was moved, mostly in bulk. Spinach has been moving in small volume from the Eagle Pass and Winter Garden sections. The small acreage of spinach at Laredo is in fairly good condition. The onion crops at Laredo and Eagle Pass and in the Winter Garden area suffered some damage, with both the quality and yields being lowered. The Lower Valley potato crop was cut back to the ground, and the tomato crop is a total loss. Strawberries in the early sections that had prospects for midwinter production are now expected to have only an early spring harvest.

The Texas citrus harvest sustained severe damage from the cold wave which struck the Lower Valley on January 29. Temperatures remained continuously below freezing for 64 hours and, except for about 5 hours at 35 degrees, were below freezing for 92 hours. Some sections had a low of 18 degrees. Loss of young citrus trees is expected to be extensive, and wood damage to older trees probably is serious. The trees had started to bloom, and this new bloom and buds were killed. Production of Texas grapefruit for the current season is now estimated at 8,800,000 boxes, compared with a prefreeze estimate of 11,000,000 boxes and last season's crop of 6,400,000 boxes. About 6,000,000 boxes had been utilized prior to the freeze, and the quantity of the remaining fruit that will be utilized is somewhat uncertain. The Texas orange crop is now estimated at 2,700,000 boxes, compared with an earlier estimate of 3,000,000 boxes. About 2,400,000 boxes of oranges were harvested before the freeze.

Ranges and livestock in the District are in fair condition, considering the long droughty period and the low temperatures of recent weeks. Range feed is short in central and west Texas and virtually nonexistent in the Coastal Bend and south Texas areas. The condition of all range feed in Texas was reported at 69 percent on February 1, compared with 82 percent a year ago. There has been considerable feeding of cattle and calves for some time, and supplemental feeding of hay and cake was stepped up during the cold spells. Shrinkage of cattle is heavy, but actual death losses have been comparatively light, with deaths limited mostly to some newborn calves in western areas and to cattle weakened by the effects of freezing rains in south and southeast Texas. The condition of cattle in Texas on February 1 was reported at 77 percent, compared with 84 percent a year earlier. Sheep and lambs apparently survived in good condition the extended drought and cold weather of this winter. Dry feed on the sheep ranges has been supplemented with hay and concentrates. Demand for breeding stock continues heavy.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	January 1951	January 1950	December 1950	January 1951	January 1950	December 1950
Cattle	41,294	30,562	31,897	30,685	24,306	19,254
Calves	20,530	15,049	20,637	30,166	15,834	20,915
Hogs	94,714	63,277	72,970	8,473	7,945	7,168
Sheep	31,587	25,546	23,144	[1]10,040	[1]16,065	[1]9,186

[1] Includes goats.

Commercial meat production in Texas in 1950 totaled about 805,500,000 pounds, or 5 percent more than in 1949, according to the Bureau of Agricultural Economics. Cattle slaughter, on a live-weight basis, was 770,000,000 pounds, up 13,000,000 pounds over 1949. Calf slaughter totaled 353,000,000 pounds, up slightly. Hog slaughter, estimated at 376,000,000 pounds, was up 60,000,000 pounds. On the other hand, slaughter of sheep and lambs amounted to 48,000,000 pounds, or slightly less than in 1949.

The United States Department of Agriculture has announced price support for corn, oats, rye, barley, and grain sorghums in 1951. Each of these commodities will be supported at the same percent of parity as in 1950, although the rate in dollars and cents was increased more for corn than for other grains, because of revisions in parity formula provided in the Agricultural Act of 1949. Loan maturity dates are the same as in 1950, but these dates may be advanced or loans called to meet any foreseeable emergency conditions which may arise.

The Government instituted price controls on a number of farm commodities in late January. These controls apply to prices of farm commodities after they leave the farm, as no effort is made to control directly the price which the farmer receives for his products. The original order became effective immediately on products which were selling above parity, such as beef, lamb, veal, and rice. Prices of many products which were selling below parity were to be permitted to rise to the parity level. Fresh fruits and vegetables were among those exempt from control. In February, however, controls were lifted from butterfat, chickens, eggs,

turkeys, milk, wheat, and many other commodities which were selling below parity.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended February 22	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas	lb.	(1)	$ .4450	—
WHEAT, No. 1 hard, Fort Worth	bu.	$ 2.76¼	2.63	$ 2.45
OATS, No. 2 white, Fort Worth	bu.	1.22¾	1.16¾	.97
CORN, No. 2 yellow, Fort Worth	bu.	2.03¾	1.91¾	—
SORGHUMS, No. 2 yellow milo, Fort Worth	cwt.	2.70	2.65	2.45
RICE, No. 1 Patna, milled, Houston	cwt.	[3]12.00	11.75	—
HOGS, Good & Choice, Fort Worth	cwt.	23.75	21.25	17.75
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	37.00	35.00	28.00
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	36.00	35.00	27.00
STOCKER STEERS, Choice, Fort Worth	cwt.	41.00	35.00	26.00
SLAUGHTER LAMBS, Good & Choice, Fort Worth	cwt.	38.50	34.00	26.00
FEEDER LAMBS, Fort Worth	cwt.	37.50	34.00	25.50
HENS, 3–4 pounds, Dallas	lb.	.22	.18	.18
FRYERS, local, Dallas	lb.	.28	.27	.28
TURKEYS, No. 1 hens, Dallas	lb.	.32	.32	.30
EGGS, No. 1 infertile, Dallas	lb.	.48	.45	—
WOOL, 12-months, contract, west Texas	lb.	[3]1.50	[4]1.45	—
MOHAIR, kid, contract, west Texas	lb.	[3]2.30	[4]2.20	.85

[1] Markets closed pending clarification of price control orders.
[2] Week ended February 12.
[3] Week ended February 3.
[4] Week ended January 27.

Farm commodity prices in the Southwest have continued to rise, reflecting the strong consumer demand for food, as well as other factors. Most grains are selling on the Fort Worth market at the highest prices since 1949 or earlier. Livestock are bringing record high prices, with the exception of hogs which are selling at very high prices for this season of the year. Wool and mohair contracts have sold in the Southwest in recent weeks at the highest prices on record. The rice markets are holding firm at relatively high levels; occasional price advances are reported. Poultry have made only minor increases in recent months, while eggs are selling at seasonal lows. Operations on the cotton markets were virtually suspended when price controls were inaugurated and in late February the Exchanges were still posting no quotations as they awaited clarification of the control orders.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	November 1950	November 1949	Cumulative receipts January—November 1950	Cumulative receipts January—November 1949
Arizona	$ 41,930	$ 37,185	$ 224,309	$211,247
Louisiana	62,853	51,744	283,585	287,994
New Mexico	38,252	34,152	171,650	171,967
Oklahoma	65,839	61,007	485,445	554,221
Texas	345,752	310,269	1,798,685	1,809,687
Total	$554,626	$494,357	$2,963,674	$3,035,116

SOURCE: United States Department of Agriculture.

Changes in Numbers of Livestock on Farms in the Southwest in 1950

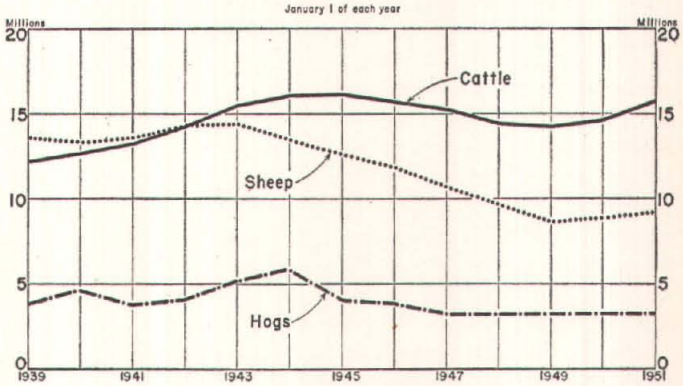
Livestock numbers on farms in the five southwestern states lying wholly or partly within the Eleventh Federal Reserve District increased 5 percent during 1950, the same percentage recorded for the United States; the increase in Texas was 6 percent. This was the second consecutive year in which livestock numbers in the Southwest expanded; increases occurred in numbers of cattle, sheep, hogs, and goats, while numbers of horses and mules continued to decline.

Cattle numbers increased 8 percent in Texas, 7 percent in the five states, and 5 percent in the United States last year. Cattle numbers in the five states, which declined between 1945 and 1948, had increased to a total of 15,715,000 head on January 1, 1951. This number is only slightly under the all-time high of 16,185,000 head on January 1, 1945. Most of the increase in cattle numbers in the southwestern states during 1950 was in the numbers of beef cattle, as the number of milk cows increased only about 1 percent. Expansion in beef cattle raising in the Southwest, as in other parts of the country, was strongly encouraged during the past 2 years by favorable cattle prices. However, the recent drought over much of the Southwest has undoubtedly served to retard expansion.

NUMBER OF CATTLE, SHEEP, AND HOGS

Arizona, Louisiana, New Mexico, Oklahoma, and Texas

January 1 of each year



Source: U.S. Department of Agriculture.

Sheep numbers in the five southwestern states increased 4 percent during 1950, reaching a total of 9,181,000 head, which compares with a peak of 14,384,000 head in 1943. Much of the increase last year resulted from the 5-percent increase in Texas. Numbers in the United States rose 2 percent, the first increase in 9 years. Stock sheep numbers increased 4 percent from the all-time recorded low on January 1, 1950. The large holding of ewe lambs last year will provide sufficient replacements to continue an upward trend in sheep numbers during 1951. Texas had a relatively large lamb crop in 1950 as conditions were generally favorable for lamb production.

The number of hogs on farms in the five southwestern states, estimated on January 1 at 3,365,000 head, remained virtually unchanged, despite an increase of 5 percent in Texas. Indications of immediate expansion in hog raising in the Southwest are noted in the increase over a year ago of 6 percent in numbers of sows and gilts; the comparable figure in Texas was 13 percent. Hogs on farms in the United States continued to increase during 1950, being up 7 percent from a year ago.

The number of goats in Texas on January 1 was estimated at 2,433,000 head, which indicates the first increase since 1944 and reflects the recent heavy demand for replacements, stimulated by the record high prices of mohair. The number on farms in the State at present is still considerably below the record 3,465,000 head on January 1, 1942.

LIVESTOCK ON FARMS, JANUARY 1

Texas, Five Southwestern States[1], and United States

(1,000 head)

Class	Texas		Five southwestern states[1]		United States	
	1950	1951p	1950	1951p	1950	1951p
Horses and colts	352	324	816	759	5,274	4,763
Mules and colts	139	120	294	265	2,149	1,990
All cattle and calves	8,574	9,260	14,658	15,715	80,052	84,179
Milk cows[2]	1,283	1,309	2,368	2,402	24,573	24,579
Hogs, including pigs	1,701	1,786	3,364	3,365	60,502	65,028
Sows and gilts[3]	230	261	496	527	10,715	11,107
All sheep and lambs	6,756	7,119	8,827	9,181	30,743	31,505
Ewes one-year old and over[4]	4,335	4,508	5,887	6,014	20,757	21,059
Goats[5]	2,295	2,433	2,295	2,433	2,295	2,433
Total above species	19,817	21,042	30,254	31,718	181,015	189,898
Chickens[6]	27,834	25,884	45,258	42,728	480,834	466,686
Turkeys	755	755	920	934	5,986	5,975

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] Milk cows included in "All cattle and calves."
[3] Sows and gilts included in "Hogs, including pigs."
[4] Ewes one-year old and over included in "All sheep and lambs."
[5] Goat numbers are shown for Texas only, since estimates for other states are not available and most of the goats are on ranges in Texas.
[6] Does not include commercial broilers.
p—Preliminary.
SOURCE: United States Department of Agriculture.

The number of chickens, excluding commercial broilers, on farms in the five southwestern states, estimated on January 1 at 42,728,000, reflects a decline of 6 percent during 1950; this is the smallest number reported since 1938. For several years there has been a shift from production of farm chickens to commercial broiler production, although the increase in broiler production for the past several years has more than compensated for the decline in raising of chickens. The number of chickens on farms in Texas and in the United States also declined in 1950. Turkeys reported on farms in the five states in 1950 totaled 934,000, or only slightly above the number of a year earlier; no change was reported for Texas, while United States numbers declined 2 percent.

Between January 17 and February 14, the weekly reporting member banks in leading cities of the Eleventh Federal Reserve District showed rather large decreases in deposits, investments in United States Government securities, balances with domestic banks, and total resources. Commercial, industrial, and agricultural loans and real estate loans declined fractionally, the first decreases in these categories in any 4- or 5-week reporting period since June 1950 and March 1950, respectively. Nevertheless, total loans rose further, reflecting greater-than-offsetting increases in other loan categories.

Total deposits of the weekly reporting member banks declined $108,318,000 during the 4 weeks, of which $95,942,000 was in interbank demand deposits. The latter decrease reflects withdrawal of balances with correspondents by country banks to adjust their reserve positions when the higher reserve requirements became effective on January 16 and February 1 and to meet the seasonal loan demand. Demand deposits of individuals, partnerships, and corporations declined $22,174,000, largely as a result of income and other tax payments. Time deposits declined $6,951,000, with deposits of states and political subdivisions accounting for most of the decrease. On the other hand, Government deposits were increased $18,387,000.

In meeting deposit losses and to provide funds for other purposes, the weekly reporting member banks withdrew $81,929,000 from their balances with other banks and reduced investments in United States Government securities by $47,348,000. Although higher legal reserve requirements became effective for these banks between January 11 and February 1, reserves with the Federal Reserve Bank were reduced by $7,027,000 during the 4-week period. Liquidation of Governments was confined to Treasury bills and notes, as holdings of bonds rose $4,662,000. Sales or redemptions of Treasury bills amounted to $28,342,000, while investments in notes were reduced $23,668,000. In contrast with the decrease in Governments, holdings of municipal and other securities rose further by $4,043,000. On February 14 investments in these securities amounted to $161,343,000, or 13.4 percent of total investments.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	February 14, 1951	February 15, 1950	January 17, 1951
Total loans (gross) and investments	$2,698,472	$2,554,718	$2,736,065
Total loans—Net[1]	1,479,409	1,189,920	1,473,780
Total loans—Gross	1,494,082	1,201,382	1,488,370
Commercial, industrial, and agricultural loans	1,041,034	845,391	1,041,750
Loans to brokers and dealers in securities	8,060	5,346	8,314
Other loans for purchasing or carrying securities	54,402	48,091	52,041
Real estate loans	121,473	94,913	121,887
Loans to banks	1,256	79	225
All other loans	267,857	207,562	264,153
Total investments	1,204,390	1,353,336	1,247,695
U. S. Treasury bills	78,422	101,270	106,764
U. S. Treasury certificates of indebtedness	0	318,551	0
U. S. Treasury notes	368,779	137,136	392,447
U. S. Government bonds (inc. gtd. obligations)	595,846	668,045	591,184
Other securities	161,343	128,334	157,300
Reserves with Federal Reserve Bank	556,577	453,600	563,604
Balances with domestic banks	342,380	315,574	424,309
Demand deposits—adjusted[2]	2,228,488	1,970,155	2,268,675
Time deposits except Government	419,052	451,777	426,003
United States Government deposits	63,456	68,405	45,069
Interbank demand deposits	715,808	684,771	811,750
Borrowings from Federal Reserve Bank	0	2,000	0

[1] After deductions for reserves and unallocated charge-offs.
[2] Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

Loans rose $5,712,000 during the 4 weeks, largely reflecting increases in loans for the purpose of financing security transactions and in the category "all other" loans. The sharp upward trend in commercial, industrial, and agricultural loans which has been in evidence since mid-1950 and the more moderate, though persistent, growth in real estate loans which prevailed during most of 1950 and the early weeks of 1951 subsided somewhat during the 4 weeks ended February 14.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL		RESERVE CITY BANKS		COUNTRY BANKS	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
January 1949	$5,430,929	$607,167	$2,612,025	$390,682	$2,818,904	$216,485
January 1950	5,733,218	659,140	2,752,603	423,289	2,980,615	235,851
September 1950	5,726,635	659,286	2,806,806	410,905	2,919,829	248,381
October 1950	5,831,230	657,976	2,850,628	411,759	2,980,602	246,217
November 1950	6,087,614	657,258	2,951,134	406,100	3,136,480	251,158
December 1950	6,256,210	646,999	3,044,765	397,983	3,211,445	249,016
January 1951	6,349,754	657,601	3,098,119	400,388	3,251,635	257,213

During January gross demand deposits of all member banks in the District averaged $6,349,754,000, reflecting an

increase of $93,544,000 over December and an extension of the month-to-month upward trend which began in mid-1950. This increase, which was largely seasonal, occurred at both reserve city and country banks, with the former accounting for approximately 57 percent of the total increase. Time deposits also averaged higher in January than in December, reversing the downward movement that had prevailed in most months since May 1950.

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

(Amounts in thousands of dollars)

City	DEBITS[1] January 1951	DEBITS[1] Percentage change from Jan. 1950	DEBITS[1] Percentage change from Dec. 1950	DEPOSITS[2] January 31, 1951	DEPOSITS[2] Annual rate of turnover Jan. 1951	DEPOSITS[2] Annual rate of turnover Jan. 1950	DEPOSITS[2] Annual rate of turnover Dec. 1950
ARIZONA							
Tucson	$ 79,281	35	4	$ 92,586	10.4	8.6	10.4
LOUISIANA							
Monroe	49,639	22	12	49,824	11.6	10.6	10.6
Shreveport	180,085	20	—11	183,532	11.5	10.4	13.0
NEW MEXICO							
Roswell	24,962	35	6	27,319	10.8	10.4	10.3
TEXAS							
Abilene	58,954	34	#	51,665	13.3	12.4r	13.4
Amarillo	137,661	32	5	100,745	16.4	13.1	16.1
Austin	195,794	33	34	115,232	20.4	16.2	15.5
Beaumont	116,342	17	— 3	94,764	14.6	12.7	15.2
Corpus Christi	118,526	29	4	95,818	14.8	12.8	14.3
Corsicana	17,036	61	1	21,682	9.2	6.1	9.1
Dallas	1,569,472	38	— 6	907,835	20.4	17.0	22.1
El Paso	199,656	21	6	135,661	17.5	15.1	16.7
Fort Worth	487,610	38	— 4	340,401	17.4	13.7	18.2
Galveston	75,035	4	— 9	98,240	9.1	9.1	10.1
Houston	1,454,434	34	—10	1,089,893	15.8	13.3	17.9
Laredo	23,054	34	7	21,609	12.6	9.5	11.8
Lubbock	133,432	16	— 4	101,079	15.2	17.2	16.7
Port Arthur	41,916	23	— 6	40,692	12.4	10.1	13.0
San Angelo	45,239	31	— 1	52,872	10.4	9.5	10.8
San Antonio	378,722	35	1	351,561	12.6	10.2	12.4
Texarkana[3]	18,416	23	— #	24,027	8.9	7.6	9.1
Tyler	54,934	23	4	50,737	12.6	10.1	12.0
Waco	70,124	30	— 4	79,778	10.3	9.6	10.8
Wichita Falls	77,586	22	— 1	96,478	9.5	8.5	9.7
Total—24 cities	$5,607,910	32	— 4	$4,224,030	15.7	13.3	16.6

[1] Debits to deposit accounts except interbank accounts.

[2] Demand and time deposits, including certified and officers' checks outstanding but excluding deposits to the credit of banks.

[3] These figures include 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 $32,544,000 for the month of January 1951.

r—Revised.

# Indicates change of less than one-half of 1 percent.

Figures taken from the reports of condition of all member banks in the Eleventh Federal Reserve District as of December 31, 1949, and December 30, 1950, show that total resources rose $817,885,000 during the year and on the latter date amounted to $7,657,094,000. Although increases in all major asset accounts were reported, the most notable factor affecting the growth of resources was the sharp expansion in loans, most of which occurred after midyear. On December 30, 1950, loans of the member banks amounted to $2,406,140,000, reflecting an increase of $375,302,000—or 18.5 percent — from the year-earlier total. Substantial additions were also made to reserves, cash, and balances with other banks, while the increase in holdings of United States Government securities was less than half the amount reported in 1949. Under the stimulus of the strong demand for loans, the gain of funds from other parts of the country, and the growth in interbank deposits, total deposits of the member banks rose $760,022,000 during 1950. Of the total increase, $562,084,000 — or 74.0 percent — occurred in demand accounts of individuals and businesses. As the result of favorable earnings, conservative dividend policies, and the addition of seven banks to membership in the Federal Reserve System, total capital accounts rose $46,987,000 during the year.

Member banks reported net profits after taxes of $41,923,000 during 1950, reflecting an increase of 24 percent over net profits of the preceding year. Although total current operating expenses rose $10,278,000, or 11.2 percent, the improvement in total earnings from current operations — arising principally from the increase in earnings on loans — was more than twice as large. Also, net losses and charge-offs and transfers to valuation reserves were appreciably smaller in 1950 than in 1949. Net profits during the year were 10.0 percent of total capital accounts, as compared with 9.1 percent in 1949.

Debits to deposit accounts reported by banks in 24 cities of the District declined 4 percent in January from the level prevailing in December. On a year-to-year basis, however, charges to deposit accounts of businesses, individuals, and others continued to show a wide margin of increase as the total for January was 32 percent above that for January 1950. The turnover of deposits, representing the average annual rate of use of deposit accounts, was 15.7 in January, as compared with 16.6 in December and 13.3 in January 1950.

Between January 15 and February 15 total earning assets of the Federal Reserve Bank of Dallas rose $49,165,000, with United States Government securities accounting for practically all of the increase. Gold certificate reserves declined $9,163,000. The increase in member bank reserve deposits during the month — amounting to $29,087,000 — was due primarily to higher legal reserve requirements which became effective between January 11 and February 1. On February 15 Federal Reserve notes of this Bank in actual circulation amounted to $617,320,000, a decrease of $6,807,000 from January 15.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	February 15, 1951	February 15, 1950	January 15, 1951
Total gold certificate reserves	$602,099	$660,873	$611,262
Discounts for member banks	200	2,060	0
Foreign loans on gold	0	2,041	0
U. S. Government securities	1,043,376	807,187	994,411
Total earning assets	1,043,576	811,288	994,411
Member bank reserve deposits	993,839	777,731	964,752
Federal Reserve notes in actual circulation	617,320	617,029	624,127

SAVINGS DEPOSITS

City	Number of reporting banks	January 31, 1951 Number of savings depositors	January 31, 1951 Amount of savings deposits	Percentage change in savings deposits from Jan. 31, 1950	Percentage change in savings deposits from Dec. 30, 1950
LOUISIANA					
Shreveport	3	45,436	$ 23,894,400	— 4.3	— 0.4
TEXAS					
Beaumont	3	11,988	5,403,182	— 9.3	— 1.0
Dallas	8	144,471	75,112,383	— 3.1	— 1.8
El Paso	2	33,931	21,905,602	— 3.4	— 1.9
Fort Worth	4	43,984	34,387,306	— 3.4	— 1.2
Galveston	4	22,350	20,169,942	— 4.0	— 0.9
Houston	8	93,818	73,516,602	— 2.1	— 1.3
Lubbock	2	2,217	4,085,269	19.8	— 0.02
Port Arthur	2	5,595	3,891,724	—12.3	— 1.7
San Antonio	5	41,589	42,252,636	— 3.8	— 1.4
Waco	3	10,644	10,602,476	3.4	— 0.7
Wichita Falls	3	7,627	4,459,167	0.04	— 1.2
ALL OTHER	55	67,959	56,346,073	0.7	— 0.4
Total	102	531,609	$376,026,762	— 2.4	— 1.2

On February 14 the Secretary of the Treasury called the 2¾-percent Treasury bonds of June 1951-54 for redemption on June 15, 1951. It was also announced that holders of the called bonds will be offered an exchange issue of interest-bearing obligations of the United States, with the terms of the refunding issue to be announced at a later date. The called bonds are outstanding in the amount of $1,627,000,000.

Construction activity in the Eleventh District was curtailed by the severe weather during the second half of January and the first half of February, as well as by the temporary stoppage of commercial construction and the increased difficulties in contracting for building materials supplies for future structures. Nevertheless, the value of construction contracts awarded in the District during January continued at a relatively high level. Total awards during the month of $103,000,000 were 14 percent under the exceptionally high total for December but were 65 percent more than a year earlier.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	January 1951p	January 1950	December 1950
ELEVENTH DISTRICT	$ 103,154	$ 62,429	$ 120,619
Residential	57,406	26,297	48,980
All other	45,748	36,132	71,639
UNITED STATES[1]	1,043,248	730,855	1,168,432
Residential	420,918	343,501	478,583
All other	622,330	387,354	689,849

[1] 37 states east of the Rocky Mountains.
p—Preliminary.
SOURCE: F. W. Dodge Corporation.

The value of residential awards in January reached $57,000,000, or the second highest monthly total of record. This amount is 17 percent more than in December and 118 percent greater than in January a year ago. During late December and January there was a resurgence of demand for new houses, reflecting the uncertainty on the part of prospective homeowners regarding the availability of new housing in a defense economy. The extension of credit controls to mortgages on multi-unit apartments by means of Regulation X and companion regulations apparently had little immediate effect on the total volume of residential awards since substantial commitments to finance this type of construction had been made prior to January 12, 1951, when this amendment to the Regulation became effective. Moreover, apartment building projects have been of declining importance for several months.

Nonresidential construction contract awards in January fell to $46,000,000, being 36 percent less than in December though 27 percent more than in January 1950. The National Production Authority's temporary freeze on new commercial construction effective January 13, together with uncertainties as to materials, accounted for much of this decrease. Coincident with the National Production Authority licensing of approved commercial construction, which began on February 15, the Board of Governors of the Federal Reserve System broadened Regulation X to cover commercial construction. The new provisions require a 50-percent down payment and amortization within 25 years in the case of nearly all nonresidential building except manufacturing, mining, farm, school, hospital, church, public utility, and public construction. Despite the controls upon commercial building, nonresidential construction in this District is expected to continue in relatively large volume because of the large amount of industrial plant construction and other building which has been planned or is in prospect. During recent weeks some large industrial projects have been announced, and others are under consideration.

BUILDING PERMITS

City	January 1951 Number	January 1951 Valuation	Percentage change in valuation from January 1950	Percentage change in valuation from December 1950
LOUISIANA				
Shreveport	361	$ 2,695,427	142	212
TEXAS				
Abilene	121	854,670	1	— 22
Amarillo	388	2,599,315	91	— 46
Austin	298	3,537,018	14	7
Beaumont	284	934,187	— 49	85
Corpus Christi	498	5,059,225	185	27
Dallas	1,810	16,168,802	112	— 41
El Paso	284	1,821,044	36	52
Fort Worth	811	4,077,804	11	— 22
Galveston	118	267,244	— 53	131
Houston	218	17,913,881	64	— 10
Lubbock	377	2,078,113	42	2
Port Arthur	138	430,700	10	100
San Antonio	1,648	6,642,228	42	— 2
Waco	240	1,468,775	— 56	37
Wichita Falls	134	424,777	61	— 34
Total	7,728	$66,973,210	54	— 15

Crude oil production in the Eleventh District in January averaged 2,837,000 barrels per day, or 158,000 barrels daily more than in December, as well as 623,000 barrels daily above the year-earlier level. These increases in the Eleventh District accounted for the greater part of the corresponding gains in the Nation. January production in this District was the highest since last October, while the output in early February was at a rate only moderately below the September 1950 peak. Crude oil runs to refinery stills averaged 1,888,000 barrels per day in the Eleventh District during January, an increase of 112,000 barrels daily from December and 324,000 barrels daily from a year ago, with gains in the Nation in corresponding proportion.

The increased activity in the petroleum industry during January reflected both the coldest winter in 3 years and

CRUDE OIL PRODUCTION

(Barrels)

Area	January 1951 Total production	January 1951 Daily avg. production	Increase or decrease in daily average production from Jan. 1950	Increase or decrease in daily average production from Dec. 1950
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central	1,005,350	32,431	6,210	1,355
2 Middle Gulf	4,803,550	154,953	40,147	10,421
3 Upper Gulf	14,586,850	470,543	94,769	23,857
4 Lower Gulf	7,425,700	239,539	58,682	17,294
5 East Central	1,429,400	46,110	13,394	5,526
6 Northeast	11,696,950	377,321	70,394	9,942
East Texas	8,432,000	272,000	50,402	1,245
Other fields	3,264,950	105,321	19,992	8,697
7b North Central	2,402,550	77,502	15,171	4,762
7c West Central	2,655,900	85,674	38,674	5,353
8 West	26,218,700	845,764	272,182	66,751
9 North	4,875,400	157,271	14,579	7,936
10 Panhandle	2,790,000	90,000	— 2,402	0
Total Texas	79,890,350	2,577,108	621,800	153,197
New Mexico	4,108,000	132,516	3,185	3,400
North Louisiana	3,955,100	127,584	— 1,981	1,834
Total Eleventh District	87,953,450	2,837,208	623,004	158,431
OUTSIDE ELEVENTH DISTRICT	95,677,330	3,086,365	357,659	6,877
UNITED STATES	183,630,780	5,923,573	980,663	165,308

SOURCE: Estimated from American Petroleum Institute weekly reports.

some falling off of imports from their high December level. To meet the heavy cold-weather demand for heating oils, refinery output was stepped up and refinery yields — particularly of gas and distillate fuel oil — were increased, while gasoline yields were reduced.

Stocks of crude oil and refined products in the Nation generally declined during January, about in line with the usual seasonal trends. Gasoline stocks increased seasonally as the result of the record level of over-all refinery activity and a curtailment of demand due to the severe weather. As compared with a year ago, stocks of crude oil and the various heating oils were appreciably lower, with residual fuel oil stocks continuing relatively low at 29 percent under the level at the end of January 1950.

Steel for oil industry tubular goods in the amount of 1,890,000 tons per year has been planned under a program worked out by the Petroleum Administration for Defense and the National Production Authority. Steel mills have been directed to roll 472,500 tons of tubular goods per quarter, starting April 1. This amount of steel is intended to provide for the drilling of about 44,000 wells per year.

The estimated proved reserves of crude petroleum and natural gas liquids on January 1, 1951, amounted to 29,952,500,000 barrels in the Nation and 19,887,000,000 barrels in the Eleventh District states of Louisiana, New Mexico, and Texas, according to recent figures of the *Oil and Gas Journal*. Gains in reserves during the year 1950 amounted to 4.6 percent in the Nation and 2.4 percent in the three states. In the Nation in 1950, new discoveries added 703,000,000 barrels to reserves, while extensions and revisions for existing fields amounted to 2,835,500,000 barrels. The total gain of 3,538,500,000 barrels was partly offset by withdrawals represented by the 2,172,000,000 barrels produced during the year. Thus, the net increase in reserves in the Nation was 1,366,500,000 barrels during 1950, or about 105,000,000 barrels more than the increase achieved during 1949.

In the three states — Louisiana, New Mexico, and Texas — new discoveries during 1950 added 448,000,000 barrels to reserves, and extensions and revisions accounted for 1,241,000,000 additional barrels, for a total gain of 1,689,000,000 barrels. These increases were partially offset by the 1,217,000,000 barrels of oil produced during the year. The net increase in reserves in the three states, which amounted to 472,000,000 barrels, was 38 percent less than that achieved in 1949, when the Scurry County reef fields contributed heavily to new reserves. The three states accounted for only 35 percent of the national increase in reserves during 1950 and had a rate of increase in reserves appreciably below that which might be expected on the basis of oil production. These three states last year accounted for 56 percent of the national total production, while their proved reserves constituted 66 percent of the national total at the end of 1950, as compared with 68 percent at the close of the preceding year.

Reserves of natural gas also increased in 1950, with the national total reaching 184,945,000,000,000 cubic feet, while in the three Eleventh District states reserves rose to 135,500,000,000,000 cubic feet, each of these gains amounting to 4 percent. The reserves of the three states accounted for 73 percent of the national total on January 1, 1951.

According to the forecast made by the *Oil and Gas Journal*, total demand for all oils during 1951 is expected to reach 7,115,000 barrels per day, or 5 percent above 1950. To meet this rising demand, production in the United States is expected to increase by 7 percent to about 5,769,000 barrels daily of crude oil and 528,000 barrels daily of natural gasoline, for a total domestic output of 6,297,000 barrels per day. Imports of crude oil and refined products are expected to rise by from 4 to 7 percent, reaching a level of from 874,000 to 904,000 barrels daily. World production is expected to increase by 13 percent and to approximate 12,000,000 barrels daily during 1951.