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## FARM INCOME PROSPECTS IN THE SOUTHWEST UNDER THE DEFENSE PROGRAM


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When World War II came to an end, the most generally accepted estimate of the long-term outlook for farm income was that farmers probably would receive "high" incomes for another 2 or 3 years but that a continuation of the high-level production attained during the war, together with a declining postwar domestic and export demand, would inevitably create serious problems of farm commodity surpluses. It was thought that this situation would lead to lower prices and forced curtailment of production and, therefore, to a sharp decline in farm income. Serious concern in Congress over the probable course of farm income led to the passage of major agricultural price support legislation in 1948 and 1949. Fear of a collapse in farm income was largely responsible, also, for new proposals for supporting farm income, the most widely discussed being the so-called Brannan Plan, which was aimed at maintaining farm income at specific dollar levels.

The developments in farm income in the United States from the end of World War II to about mid-1950 were more favorable than had been generally expected, since they remained higher—and for a longer period—than had been anticipated. The Nation's farmers received from the sale of commodities about $30,000,000,000 in 1947 and an all-time high of $30,500,000,000 in 1948. Cash receipts then dropped to $28,000,000,000 in 1949 and were expected to decline some 10 percent further in 1950. Had no events—such as the Korean War—occurred to stimulate greatly the demand for farm commodities, the expected decline in farm income in the United States in 1950 probably would have materialized.

However, the new defense program, calling for a build-up of America's armed might, as well as the arming of friendly nations, changed drastically the course of events in this country. Farm commodity prices rose sharply, with the result that cash receipts from farm marketings totaled nearly $28,000,000,000, or only fractionally under the 1949 level. Plans for the expenditure of billions of dollars for weapons, coupled with the anticipated drain on essential raw materials, man power, and productive capacity, already have added new forces to the inflationary pressures at work in the economy. Also, because of direct and indirect government controls over economic activities under the defense program, farm commodity prices and farm income during the next several years will not necessarily conform to previous patterns and relationships. Therefore, the time is appropriate for a consideration of the outlook for farm income in the Southwest, as viewed in the light of past trends and of possible developments associated with the defense program.

The subject of farm income concerns everyone, both farm and nonfarm residents. For a long time it has been said that urban dwellers are dependent on farmers. In a sense, this is true, because the farmers of the country produce food for the cities—even though less than one-fifth of the population is engaged in farming. Yet, this is not the full measure of farmers' contribution to the city. It is estimated that at least half of all manufacturing and about 60 percent of all distribution are based on the processing and handling of farm products. Furthermore, recent studies have shown that farmers and their families are important buyers of nonfarm services and industrially produced consumer goods and that the welfare of a large part of the Nation's nonfarm workers is dependent upon such purchases by farmers.

It is equally true, however, that farmers are dependent upon the city, upon urban products and services without which modern commercial agriculture could not be carried on. The ability of farmers to produce at the present high level is due largely to the use of machinery, equipment, fertilizers, insecticides, and other supplies which are made available by nonfarm workers; these supplies make it possible for the farm worker to cultivate more acres and to obtain higher yields per acre. However, the increase in production of farm commodities for sale has been proportionately greater than the increase in total agricultural production. By using tractors to replace horses and mules, farmers have been able to transfer to cash crop production millions of acres of land formerly devoted to production of hay and feed grains.

There are two approaches to an anaylsis of farm income. One approach is to consider the income of individual farmers, to look at farming as the farmer does. In this approach one would be concerned with such items as cash receipts from farm marketings, costs of supplies and equipment, labor, taxes, and insurance. The goal may be to determine the farmer's net income or the return on his investment; it may be to point up possible steps that can be taken by the farmer either to increase receipts or to reduce costs, or both. This type of analysis may raise many questions concerning the farmer's productive efficiency. Is it cheaper to use tractors or horses? Would long-staple cotton be more profitable than upland cotton? Should wheat give way to grain sorghums? Should beef cattle be fed to a higher finish and dairy cows fed for larger daily output? These are the *within-agriculture* type of problems.

The other approach, which is the one used in this article, is to consider agricultural income as a whole—its sources and characteristics, its relation to total income of the Nation or area, and the possibilities for further increase in farm income. An attempt is made to show current trends in agricultural income and to trace the more important factors that will have an influence upon farm income in the next few years, a period during which the Nation will be engaged in large-scale preparation for defense.

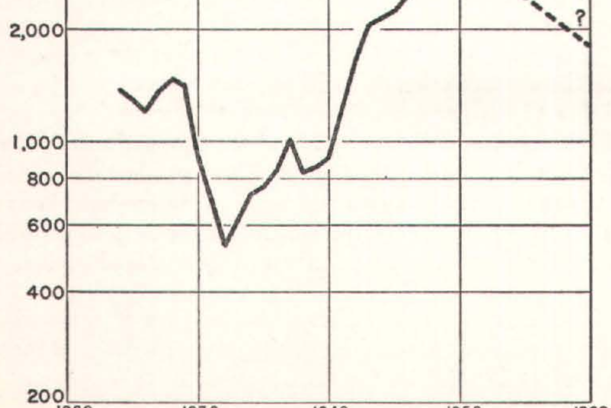
### Past Trends in Cash Income from Farming in the Southwest

In analyzing the sources of income from farming and ranching in the Southwest it is necessary to use data on cash receipts from farm marketings, for no other data are available in such form as to make possible such an analysis; furthermore, it would be virtually impossible to distribute net income accurately according to sources unless very extensive cost data were at hand. The data used do not include government payments or cash income from nonfarm sources.

Figure 1

CASH RECEIPTS FROM FARM MARKETINGS 1924-1950

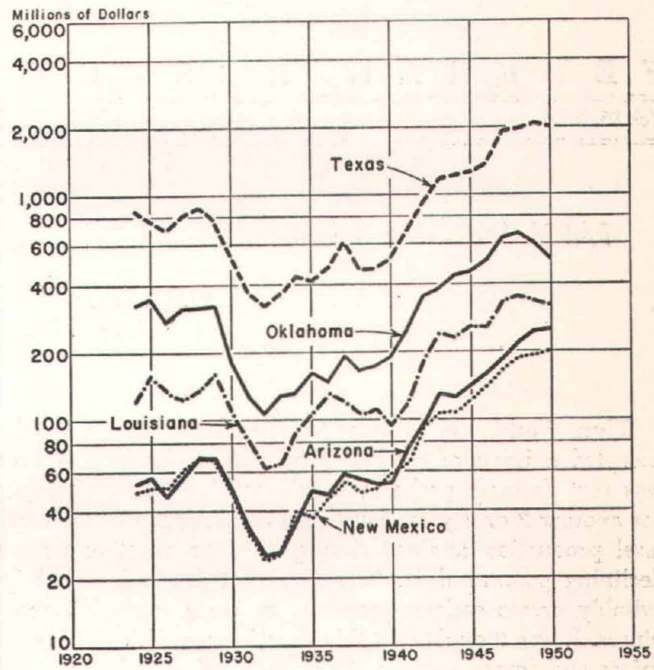
Five Southwestern States




SOURCE: U. S. Department of Agriculture.

Figure 2

CASH RECEIPTS FROM FARM MARKETINGS BY STATES, 1924-1950




SOURCE: U. S. Department of Agriculture.

Cash receipts from farm marketings constitute a major factor in the economy of the five southwestern states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas. These receipts exceeded $3,000,000,000 in 1947, 1948, 1949, and 1950 and have been above $2,000,000,000 since 1942, as shown in Figure 1. Going back a few years further, the United States Department of Agriculture's estimates of cash receipts from farm marketings on a state basis show that in 1924 the farmers and ranchers in the 5-state area sold about $1,400,000,000 worth of farm commodities, such as cotton, wheat, cattle, sheep, wool, fruits, and vegetables. Estimates for these states totaled near this figure until 1930, when, as a result of price declines during the depression, cash receipts from farm marketings dropped sharply, falling to a depression low of only $536,000,000 in 1932. Thereafter, receipts rose rather rapidly and reached $903,000,000 in 1940, $2,252,000,000 in 1945, and an all-time high of $3,437,000,000 in 1949 but dropped to an estimated $3,300,000,000 in 1950. Despite the rapid rise in cash receipts from farm marketings in the five southwestern states, receipts in this area in 1945-49 represented less than 11 percent of the United States total, compared with 12.6 percent in 1924-28.

Cash receipts from farm marketings have not made the same proportionate increase in each of the five southwestern states, as may be observed in Figure 2. Using 3-year periods to reduce the effects of irregularities in climate on farm production in the several states, the average annual cash income from farming and ranching in Arizona in 1947-49 was 317 percent larger than in 1924-26. Percentage increases in other states during the same years are: Louisiana, 147 percent;

New Mexico, 278 percent; Oklahoma, 104 percent; and Texas, 156 percent. The comparable figure for the five states combined is 153 percent.

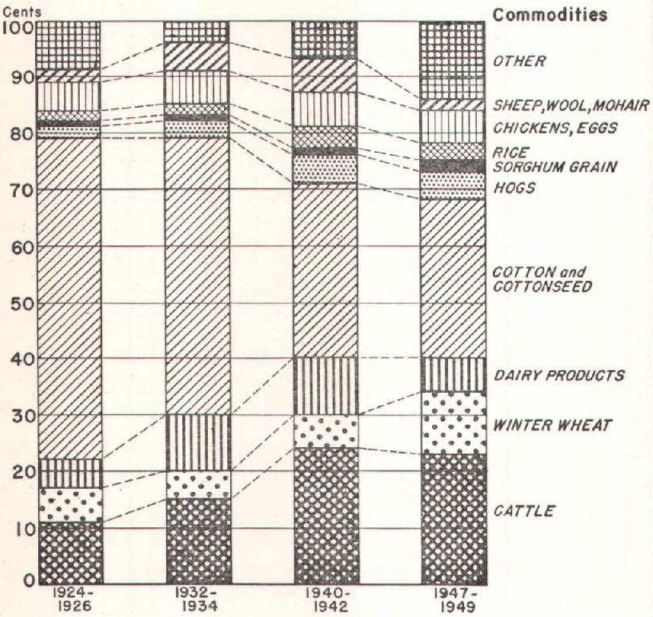
One very significant fact concerning the large growth in cash receipts from farm marketings in the Southwest is that this increase has been due far more to inflated prices than to increased farm production. Using extreme years of cash receipts—1932 and 1949—to illustrate this point, the physical volume of farm commodities produced in the five southwestern states increased an estimated 46 percent during the 17 years, while farm commodity prices increased about 325 percent. Thus, the major part of the increase in cash receipts resulted from increased prices, a fact which clearly points up the vulnerability of farmers to a price collapse.

Figure 3

FARM INCOME DOLLAR RECEIVED FROM FARMING

DISTRIBUTION BY SOURCES

Five Southwestern States




SOURCE: U.S. Department of Agriculture.

The principal sources of the southwestern farmer's dollar which he receives from the sale of farm commodities, as indicated by the average for the years 1947-49, are as follows: cotton and cottonseed, 28 cents; cattle, 23 cents; winter wheat, 11 cents; dairy products, 7 cents; chickens and eggs, 5 cents; hogs, 4 cents; and rice and grain sorghums, 3 cents each, as shown in Figure 3. Sheep, wool, and peanuts account for between 1 and 2 cents each, while turkeys, corn, and hay, provide less than 1 cent of each dollar of cash receipts from farming.

Major shifts have occurred over the past several decades in farm production and commodity price relationships and, of course, the sources of farm income. Figure 3, for example, shows that cotton and cottonseed provided 57 cents of each dollar of cash income from farming in 1924-26 but only 28 cents in 1947-49. On the other hand, many other sources of income have increased in relative importance. For example, winter wheat increased from 6 cents to 11 cents; cattle and calves, from 11 cents to 23 cents; and dairy products, from 5 cents to 7 cents.

During the past 25 years, cash receipts from marketings of most farm commodities in the Southwest have increased sharply, reaching an all-time "high" during the 1940's. Comparisons of the periods 1924-26 and 1947-49 show cash receipts from sale of cattle and calves up 416 percent and wheat up 387 percent. Receipts from sale of sheep and lambs, dairy products, rice, hogs, and corn rose over 200 percent in each case. Receipts from sales of eggs, chickens, hay, turkeys, and wool were more than doubled. Receipts from sale of peanuts increased 17-fold; sorghum grain, 11-fold; grapefruit, 16-fold; and oranges, 14-fold. However, some of these phenomenal percentage increases occurred where production was on a small scale during the 1920's. By way of contrast, cash receipts from sale of cotton showed a net increase of only 21 percent, despite very large increases in prices.

The relative importance of different sources of income from farming varies from year to year, depending on price conditions and relationships and the volume of production or sales of individual commodities. A great amount of year-to-year variation in average prices received is due to changes in supply and demand conditions and in quality of commodities produced. For example, the average prices received by Texas farmers for wheat since 1930, as reported by the Bureau of Agricultural Economics on the 15th of each month, have varied from 29 cents to $2.79 per bushel; cotton, from 4.5 cents to 40.5 cents per pound; cottonseed, $7.80 to $105.00 per ton; beef cattle, $2.65 to $23.70 per hundredweight; lambs, $3.10 to $26.80 per hundredweight; and wool, 7 cents to 88 cents per pound.

The year-to-year changes in production of crops have been due to variations in acreage harvested and yields per acre. Cotton acreage harvested in Texas since 1920 has varied from 6,029,000 acres to 18,443,000 acres, while yields have varied from 101 pounds to 266 pounds of lint per harvested acre. The acreage of wheat harvested has varied from 962,000 acres to 6,924,000 acres. In the case of some crops, the variations in yields have been more pronounced than the variations in acreage.

### Future Trends in Cash Income from Farming in the Southwest

In view of the numerous factors which will help determine the amount of farm income farmers of the Southwest will receive during the next few years—any one or combination of which could cause substantial variations in a given year—it is not possible to make forecasts in terms of specific magnitudes, rates of increase, or dollar amounts. It is worthwhile to consider separately the factors which will affect cash income from farming in coming years and to evaluate them, since reasonable estimates of these factors will be indicative of trends in farm income.

The U. S. Department of Agriculture has announced its intention to encourage large production of agricultural commodities in this country. Announcements concerning production goals and price support programs indicate that the Department is seeking to obtain maximum agricultural production and to surpass the record output of commodities achieved in 1949, when the total was 40 percent above the 1935-39 average annual production. Controls are being eliminated on production of most crops which were affected in 1950, in the attempt to meet the expected large demand for farm commodities during the next few years.

Despite the handicaps that farmers will face, the problems that will arise, and the uncertainties that lie ahead, it is expected that during the next few years the farmers of America will establish new production records, should weather conditions permit. A much larger acreage of crops than that harvested in 1950 is probable in the five southwestern states, in view of the fact that last year's acreage was 16 percent below that of 1949. Moreover, livestock production in the Southwest is noticeably below the peak level of 6 to 8 years ago, and considerable expansion seems likely. The larger output of commodities will have a distinct effect upon farm income—probably a favorable effect upon gross and net income—during the years under consideration.

Many factors indicate that there will be a large demand for agricultural commodities during the next few years. The expenditure of billions of dollars by the Federal Government in connection with the defense program will help keep consumer incomes at high or higher levels, with the result that there will be a strong demand for the products of the farm. While expenditures for defense have been slow to start, they will accelerate rapidly during the coming months, reaching perhaps an annual rate of $30,000,000,000 by mid-1951 and upwards of $45,000,000,000 by the end of the year, and will continue at a high level for some time. Disposable personal income is running at an annual rate of over $210,000,000,000, compared with a total of $202,000,000,000 in 1950 and $187,000,000,000 in 1949. The impact of military orders upon the domestic economy, becoming progressively more noticeable as time passes, will tend to generate increases in consumer incomes, on the one hand, and, on the other, to channel raw materials from the production of consumer goods to the output of war goods. Thus, there will be continued upward price pressures, except in so far as offset by anti-inflationary measures.

During the next few years the demand for agricultural commodities will be stimulated further by a continuing increase in population. At the first of 1951 the Bureau of the Census estimated the population of the United States at 153,340,000 persons; this reflects an increase of 2,233,000 in 1950 and represents a considerable addition to the consuming public. The population of the United States will continue to increase at a relatively high rate during the period under consideration, although possibly not at the high rate of the past 5 years.

The increased upward pressure on prices during the next few years will reflect the strong domestic and foreign demand for agricultural commodities. The volume of farm commodities exported will depend upon the amount of foreign aid given by this country and developments in foreign agricultural production and demand for our farm commodities. In view of our expressed intention to help maintain the stability of allied countries and to help them in preparations for defense, it seems likely that aid to many of these countries may be continued for some time. The aid to some of these countries may consist of industrial commodities, including armaments, rather than farm commodities, but the gift of any kind of materials or goods to another country may enable that country to use more of its own resources to purchase farm commodities from the United States.

The demand for farm commodities during the next few years may be influenced by the availability of nonfarm commodities. While no one is able to say to what extent the scarcity of automobiles, refrigerators, or other nonfood items may cause an increase in food consumption, some increase in absolute quantity seems likely among many families. Among a large percentage of families there may be a shift to high-protein foods, such as milk, eggs, and meats, and even though they may not eat more pounds of food, they are indirectly consuming more grains and other crops which go into the production of these food products.

The strong demand for farm commodities expected under the impact of the defense program will lead to high or higher farm prices. During 1950, farm prices in the United States rose 23 percent to an index of 286 percent (1910-14=100) in December. The February 15, 1951, index was 313, which is the postwar peak and a record high. The price control program, which was instituted in January, is aimed at minimizing further increases in the general level of farm commodity prices. The law specifically exempts farm prices below the level of parity. In the original control order, products which were already bringing parity prices or more—e. g., beef, lamb, veal, cotton, and rice—were frozen as of January 25. Products selling below parity—e. g., milk, wheat, corn, poultry, butter, and many others—are to be permitted to rise on a dollar-and-cent basis until the price of each commodity reaches its parity level. Except for cotton and soybeans, controls on prices begin after the products leave the farm. Fresh fruits and vegetables were among the foods which in the original order were exempt from price controls. A subsequent order lifted controls from butterfat, chickens, turkeys, eggs, milk, wheat, corn, and many other farm commodities. Thus, the price controls in effect will not prevent further rises in the general level of farm prices; neither will they prevent further advances in farm income.

The general outlook for cash receipts from farm marketings during the next few years, by way of summary, is for increases above the 1950 level and to perhaps higher levels than ever attained before. Increased production, on the one hand, and higher prices, on the other, will mean more dollars to farmers. The higher prices will reflect the strong demand for commodities, which will be supported by high consumer incomes, a growing population, exports, and scarcity of nonfarm commodities. Costs of operation on the farm are likely to increase as much as or more than the increase in cash receipts, which will tend to hold down the expansion in net income.

### Distribution of Cash Receipts from Farm Marketings Among Farm Operators in the Southwest

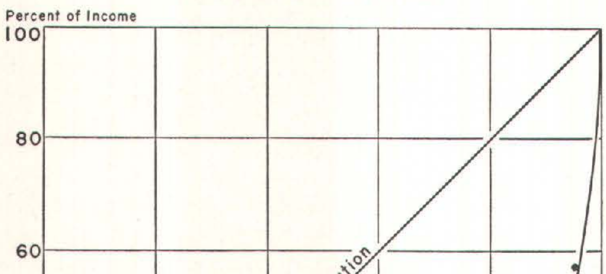
One of the characteristics of farm income in the Southwest which receives considerable comment is its greatly unequal distribution among the 700,000 or more farmers in the area. Most of the cash income from farming is received by a small percentage of farm operators. Data on sales of commodities by farmers in 1944, which were collected at the time of the Agricultural Census of 1945, show, when classified according to the value of commodities sold per farm operator, that the lower 16 percent of farmers (those selling the least) sold less than 1 percent of the commodities marketed in the 5-state area. The lower 44 percent of farmers received only 5 percent of the cash income from sale of farm commodities, as may be observed in Figure 4. On the other hand, the upper 9 percent—"large-scale" operators—sold 56 percent of the commodities marketed. Two-thirds of all farm commodities sold were marketed by only 15 percent of the farm operators.

Figure 4

CASH INCOME FROM SALE OF FARM PRODUCTS 1944

SHARES RECEIVED BY VARYING PERCENTAGES OF FARM OPERATORS

Five Southwestern States




* Drawn by observation.
SOURCE: Bureau of the Census.

Looking at the unequal distribution of cash income from farming in 1944 in another way, it is noted that 59 percent of the farmers sold less than $1,500 worth of commodities, 79 percent sold less than $2,500 worth, while only 9 percent of the farmers sold as much as $6,000 worth of produce. However, these figures are not altogether indicative of the actual total or gross income of these people. Many of the farm operators who sold relatively small quantities of farm commodities actually were part-time farmers and were engaged in other pursuits on which they depended for much of their total income. Furthermore, farm operators have the use of the farm houses and the produce consumed on the farms, which for farm operators with small cash farm receipts are important items of gross income.

Under the defense program many farm operators receiving relatively small cash incomes from farming will have opportunities to supplement their incomes by taking nonfarm jobs, at least temporarily. In an expanding economy such as is expected under the defense program, more workers will be needed in industry and other nonfarm pursuits. Nevertheless, there are many southwestern farm operators with low cash incomes from farming who prefer to stay on the farm, irrespective of opportunities for employment elsewhere; therefore, there will continue to be many farm operators with small cash incomes. The increased production resulting from further mechanization of agriculture will occur principally on the larger farms, causing even greater disparity in production and income among farm operators. Thus, it is expected that during the next few years the trend in distribution of cash receipts from farm marketings in the Southwest will be toward a less even, rather than more even, distribution.

### Income of Farm People from Nonfarm Sources

A discussion of farm income in the Southwest, although omitting such items of gross income as government payments, rent on residential buildings, and farm products consumed in the farm household, should not be completed without giving some attention to income of farm people from nonfarm sources. Information on this subject is rather meager, however, because only recently has an attempt been made to gather data on this subject.

In the United States in 1950 farm operators and members of their families received some $6,000,000,000 in income from sources other than their own farms, according to estimates compiled by the Bureau of Agricultural Economics. The Bureau estimates further that farm operators' net income from farming in 1950 was slightly more than $13,000,000,000. Thus, the off-farm income of farm operators' families accounted for almost one-third of their total income that was available for living and investment. In the Southwest the ratio of income of farm people from nonfarm sources to that from farm sources may have been nearer one-fourth than one-third, although off-farm income of farm families is increasing, due to growing opportunities of off-farm employment, to royalties from oil and gas developments, and to investments in nonfarm enterprises.

Not all farm families, of course, have outside sources of income, but the proportion is large. According to a survey made by the Bureau of Agricultural Economics a few years ago, almost two-thirds of the farm operators' families in the United States received some income from off the farm, and about one-half received some pay from an off-farm job or received income from a business or profession. Those families who received nonfarm income averaged about $1,500 from that source. The survey showed further that the rates of participation in, and the average amounts of, off-farm income were larger for farm families who had either very low or very high farm incomes. A relatively large proportion of families with low farm incomes received wages and salaries and social security payments, while families who had high farm incomes received incomes from interest and dividends and rents more frequently and in larger amounts.

The composition of the off-farm income received by farm families is rather similar to that of the nonfarm people as a group. Wages and salaries make up the bulk, accounting for about two-thirds of the total. Income from a business or profession and rental income are also fairly important, accounting for about 10 percent each. The remainder is composed of such items as interest, dividends, social security payments, pensions, and annuities.

The outlook for nonfarm income to farm families during the next several years under the defense program is that it will be larger than in 1950. The development of the defense program should bring increased employment, higher wage rates, and longer hours, and many farm operators in a position to take nonfarm jobs will share in the expanding nonagricultural income. The nonwage sources of income should also bring greater returns to farm families, particularly such sources as a business, profession, and rentals. Social security payments, which have been increased recently, will augment the income of many low-income families on farms.

## Agriculture's Share of Total Income in the Southwest

Data by which to consider the relationship between farm income and total income in the Southwest are limited; nevertheless, trends can be drawn from information available. The U. S. Department of Commerce and other agencies have been making studies of income for a number of years and have attempted to break down total income of the nation into shares—agriculture, manufacturing, trade and services, and others. The figures computed for agriculture represent the net returns to farm operators plus the wage payments to hired workers.

These figures show that the farmers' share in national income has followed a generally downward trend throughout the agricultural history of this country. In 1799, farm income in the United States represented about 40 percent of total income; in 1899 the figure was about 21 percent. During the past few years agricultural income has constituted generally between 8 percent and 10 percent of total income, although the figure in 1950 probably was below 8 percent. By contrast, the fraction of income accruing to manufacturing industry has shown a rising tendency. The trends in relative importance of agricultural income and manufacturing income reflect, to a large extent, the relative growth in production in the respective fields. For example, in 1949—agriculture's most productive year in United States history—the volume of farm commodities produced was 82 percent above the 1910 level. Industrial production, reaching an all-time high in 1943, was in that year 340 percent above the pre-World War I level: the comparable percentage in 1950 was about 270 percent.

In 1929, agricultural income represented only about 19 percent of all income in the five southwestern states. By 1940 the proportion had fallen to 15 percent; in 1946 it was 14 percent. Agriculture made some relative gain in 1949, due to the very large cotton and wheat crops, but it is probable that agricultural income in the Southwest in 1950 represented not more than 12 percent of total income, because of the short crops and further expansion in nonfarm pursuits.

The decline in relative importance of agricultural income has been due to several factors. In the United States, judged by value, about 85 percent of net farm output consists of food for human consumption. For purely physiological reasons, there is a rather rigid limit to per capita consumption of food in terms of weight, calories, and other constituents. Therefore, consumption of food per person has not kept pace with rising real incomes of consumers during recent years and has permitted a larger proportion of consumer income to be spent for nonfarm products and services.

The decline in the relative importance of farm income in the total income picture in the Southwest is merely a reflection of the large expansion in manufacturing, petroleum, and other activities in the area. There has been some expansion in agricultural production, but relatively larger expansion has occurred in other sources of income. The decline in the relative importance of agricultural income as a factor in total income has been due, also, to the gradual transference of agricultural functions to industry—buttermaking from the home churn to the dairy plant, slaughter of livestock and poultry from the farm to the packing and processing plants, and the production of farm power from the hay and grain fields to the tractor manufacturing and oil refining plants. In this way, the functions of agriculture have been reduced to the growing of raw materials, exclusively. But even this function is being taken over by industry in many instances, such as the production of synthetic fibers to replace cotton and wool.

In looking ahead for the next few years it is expected that agricultural income, both in the Southwest and in the United States as a whole, will continue to represent a declining percentage of total income, although the rate of decline will diminish and in any given year there may be a change in favor of agriculture, such as occurred in 1949.

There are several factors, however, which may check the long-term decline in relative importance of agricultural income in the total income of the Southwest and in the United States. In the first place, there may be a change in the character of the food supply. The rather rigid limitations imposed by physiological considerations upon food intake in terms of pounds or calories do not rule out a shift toward more expensive foodstuffs—such as fresh vegetables, dairy products, eggs, and meats, which use up a larger quantity of agricultural resources per pound or calorie and which bring more dollars to farmers. During the past few years an upward tendency in real income per capita has led to a diversification of diet, and with consumer income at a high level under the impact of the defense program, further developments along this line may be expected during the years immediately ahead.

A second possible development is an expansion in the demand for agricultural products as industrial raw materials. This is illustrated by the increased industrial use of sorghum grain in the Southwest during the past few years. Also, a large expansion in foreign trade in agricultural commodities or an increase in foreign demand, which may result from the program of feeding allied nations, may also help check temporarily the decline in relative importance of agriculture simply by adding to the volume of farm commodities marketed.

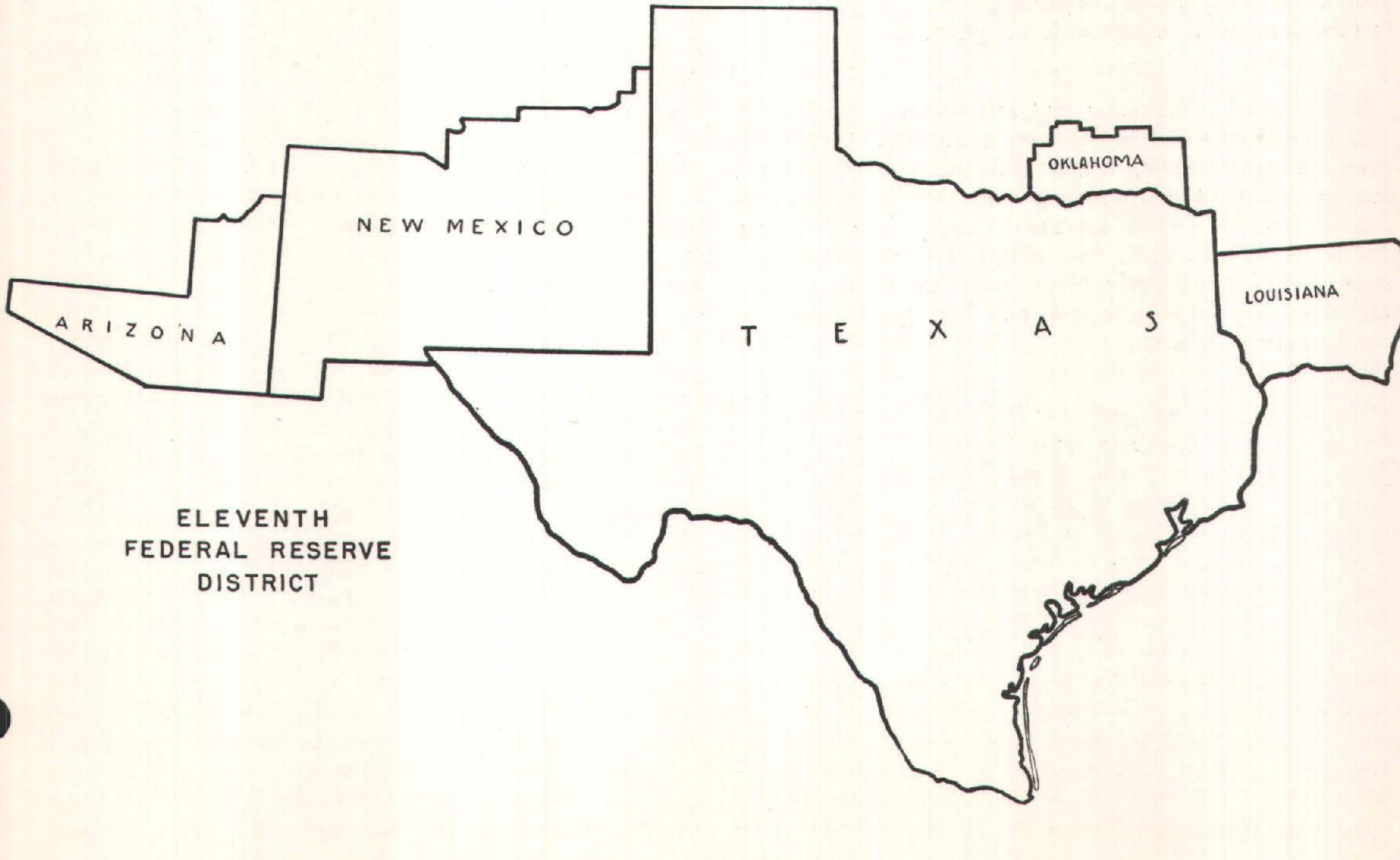
### Outlook Summary

The most generally accepted appraisal of the farm income outlook at the end of World War II was that farmers would continue to receive high incomes for 2 or 3 years but that income would decline in succeeding years. Developments to mid-1950, although somewhat more favorable than had been expected, showed a gradual decline in farm income; however, the Korean War and the defense program have caused a reversal of the downward trend and have changed the farm income outlook in the United States.

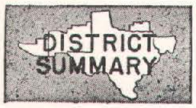
In looking ahead for the next few years it is expected that farmers and ranchers will receive more dollars for their produce than they received in 1950, or perhaps in any previous year. On the one hand, increased production is practically assured, since acreage controls have been removed from most crops and prices of many farm commodities have advanced sharply. On the other hand, still higher farm commodity prices are in prospect, due to the strengthening demand resulting from high consumer incomes, a growing population, relatively high-level exports, and scarcities of nonfarm commodities. Cash receipts from farm marketings in the five southwestern states in 1951 or 1952 will very likely exceed the record $3,437,000,000 of 1949.

Viewing the farm income picture from another standpoint, it is believed that as cash receipts from farm marketings increase, changes in the distribution of cash receipts among farmers in the Southwest will favor the larger-scale farm operators who, through mechanization and expansion in size of operation, make proportionately greater contributions to increased production under the defense program. However, many of the farm operators whose sales of farm commodities are relatively small—operators of very small farms or part-time farmers—will have greater opportunities under the defense program to supplement their farm income. More than one-fourth of the total income of farm people in the Southwest is from nonfarm sources, and in the next few years there will be increased nonfarm employment of farm people, higher wage rates, and longer hours. Farm people who earn such income will receive higher rentals, larger dividends, and increased social security payments.

While agricultural income in the Southwest is expected to increase during the next several years, it probably will continue to represent a declining proportion of the total income of the area, as nonfarm industries expand greatly to meet the needs of the defense program.



## REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS




Easter buying gave a noticeable lift to department store sales in the Eleventh Federal Reserve District during the first half of March, after bad weather and a tapering off in protective buying caused some letdown in February sales from the unusually high January level. Consumer buying in early March, as in February, was more moderate than during the first several weeks of this year, and the 16-percent gain in department store sales over a year earlier was due, in part, to the earlier date of Easter this year. Sales in February were down 13 percent from January and were but 9 percent higher than a year ago, as compared with the 28-percent year-to-year increase in January. Department store stocks continued heavy, 26 percent higher than a year ago, but merchants' inventory buying slackened. District furniture store sales showed a noticeable decline in February and once again dipped below year-earlier levels, after the large January volume had temporarily interrupted the pattern of year-to-year declines which had prevailed since the reimposition of Regulation W last fall.

Nonfarm employment in the Southwest showed a slight increase from January to March, with important gains occurring in manufacturing and construction employment. Crude oil production in the District rose during February for the third consecutive month, reflecting the unusually strong demands resulting from the high level of the Nation's economic activity and the coldest weather in several years. Because of further increases in production allowables, March crude oil production is expected to approach, and April production, to exceed, the all-time high of last September.

The value of construction contract awards in the District rose to an all-time high in February, $159,000,000, with residential awards reaching a new peak and nonresidential awards attaining the highest level since October 1942. Commercial building awards increased sharply, bolstered by a few large projects, while the residential boom reflected the strong stimulus to home building and home purchasing arising from fears of future controls and shortages of materials, as well as rising prices.

Crop production prospects for 1951 were improved somewhat by light to moderate rains over most of the District during late February and March, but additional moisture would be beneficial in all sections. Corn planting has become active as far north as the Red River, and preparations for planting a large acreage to cotton are well under way, despite a shortage of irrigation water and continued drought in south Texas. Wheat prospects in major producing areas continue only fair, with insufficient moisture, cutworms, and greenbugs threatening the crop. Range conditions are good to excellent in the eastern half of the District but in most other sections are providing very little feed. Farm commodity prices during the past month have tended to level off, following the strong upward trend during the last half of 1950 and the first 6 weeks of 1951.

Total loans of weekly reporting member banks in this District showed a fractional decline during the month ended March 14, to halt at least temporarily the upward trend which has been evident during the past 8 months. Commercial, industrial, and agricultural loans and real estate loans showed small declines, with consumer and security loans rising moderately. The slight decrease in total loans in the latest 4-week period, however, is in marked contrast with the noticeable decline which usually occurs at this time of year. Deposits declined $79,366,000 or 2.1 percent, due largely to a decrease in interbank accounts stemming from the recently instituted higher reserve requirements and income tax payments. Part of the deposit losses were covered by liquidating investments in United States Government securities in the amount of $29,106,000.


Under the impetus of Easter buying, department store sales in the Eleventh Federal Reserve District picked up noticeably during the first part of March, following the moderate decline in February from the high January level. Sales in the first half of March were 16 percent higher than a year ago, but part of this gain was accounted for by the earlier date of Easter this year. Despite this substantial year-to-year gain, consumer buying in early March continued more restrained than during the first month of the year. The typical demand for Easter frocks and accessories was apparent, and children's clothing sold well. Although protective buying of goods which may become in short supply diminished, sales of major appliances, television sets, and other consumer durable goods, in the aggregate, were still in substantial volume, even though smaller than the very large sales a year ago.

Bad weather at the beginning and middle of the month, together with a decline in advance buying, caused February sales at district department stores to drop noticeably below the high January level. Sales in February were 13 percent less than in the previous month and were only 9 percent higher than a year earlier, as compared with the 28-percent year-to-year gain for January. Although sales trends at department stores in the Nation as a whole were similar to those for the District, the national average gain over the previous year was 18 percent. The larger national average sales increase was due, in part, to the less favorable sales performance in the Nation than in the District during February a year ago.

The decline in department store sales in February was general, covering most important store items. The largest declines occurred in housefurnishings items, although sales of men's clothing also showed a sharp drop. Furniture and bedding and domestic floor covering sales, which had reached record levels in January, showed declines of 20 and 40 percent, respectively, from the previous month. Sales of major household appliances also showed a significant decline and dropped 24 percent below the February 1950 level. On the other hand, television and radio sales increased slightly from January to February, although the February volume showed a smaller gain over a year earlier—6 percent—than in any month since September 1949.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

| Line of trade | NET SALESp February 1951 from February 1950 | NET SALESp February 1951 from January 1951 | NET SALESp 2 mo. 1951 comp. with 2 mo. 1950 | STOCKS[1]p February 1951 from February 1950 | STOCKS[1]p February 1951 from January 1951 |
|---|---|---|---|---|---|
| Drugs and sundries | 22 | —11 | 21 | 30 | 6 |
| Dry goods | 20 | — 9 | 27 | 19 | 6 |
| Grocery (full-line wholesalers not sponsoring groups) | 19 | — 8 | 23 | 18 | 5 |
| Hardware | 28 | —18 | 43 | 24 | 4 |
| Industrial supplies | 70 | —23 | 71 | 49 | —18 |
| Machinery equipment and supplies excluding electrical | 4 | —28 | 16 | — 3 | 2 |
| Tobacco products | 3 | — 9 | 7 | 27 | — 1 |
| Wines and liquors | 7 | 21 | 6 | 36 | 46 |

[1] Stocks at end of month.
p—Preliminary.
SOURCE: United States Bureau of Census.

RETAIL TRADE STATISTICS

(Percentage change)

| Line of trade by area | NET SALES February 1951 from February 1950 | NET SALES February 1951 from January 1951 | NET SALES 2 mo. 1951 comp. with 2 mo. 1950 | STOCKS[1] February 1951 from February 1950 | STOCKS[1] February 1951 from January 1951 |
|---|---|---|---|---|---|
| DEPARTMENT STORES | | | | | |
| Total Eleventh District | 9 | —13 | 19 | 26 | 6 |
| Corpus Christi | 1 | — 2 | 7 | — 7 | # |
| Dallas | 8 | —14 | 20 | 21 | 5 |
| El Paso | 7 | —14 | 16 | — | — |
| Fort Worth | 5 | —18 | 16 | 31 | 7 |
| Houston | 24 | — 7 | 27 | 31 | 8 |
| San Antonio | 4 | —16 | 13 | 34 | 12 |
| Shreveport, La. | — # | — 9 | 9 | — | — |
| Other cities | 3 | —15 | 15 | 19 | 3 |
| FURNITURE STORES | | | | | |
| Total Eleventh District | — 1 | —13 | — | 40 | 2 |
| Austin | —25 | — 9 | — | 47 | # |
| Dallas | —23 | —16 | — | 44 | # |
| Houston | —14 | — 2 | — | — | — |
| Port Arthur | —13 | —15 | — | 63 | — 7 |
| San Antonio | 1 | —11 | — | — | — |
| Shreveport, La. | 23 | — 6 | — | 29 | — 2 |
| Wichita Falls | 7 | —10 | — | 38 | 10 |
| HOUSEHOLD APPLIANCE STORES | | | | | |
| Total Eleventh District | 5 | — 1 | — | — | — |
| Dallas | 5 | — 4 | — | — | — |

[1] Stocks at end of month.
# Indicates change of less than one-half of 1 percent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39=100)

| Area | UNADJUSTED Feb. 1951 | UNADJUSTED Jan. 1951 | UNADJUSTED Dec. 1950 | UNADJUSTED Feb. 1950 | ADJUSTED[1] Feb. 1951 | ADJUSTED[1] Jan. 1951 | ADJUSTED[1] Dec. 1950 | ADJUSTED[1] Feb. 1950 |
|---|---|---|---|---|---|---|---|---|
| SALES—Daily average | | | | | | | | |
| Eleventh District | 351 | 375 | 711 | 327 | 439 | 475 | 433 | 409 |
| Dallas | 342 | 371 | 643 | 318 | 357 | 452 | 407 | 331 |
| Houston | 395 | 394r | 794 | 342 | 449 | 505r | 499 | 389 |
| STOCKS—End of month | | | | | | | | |
| Eleventh District | 434p | 406 | 395 | 353r | 443p | 437 | 430 | 360r |

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

The declines in wearing apparel and other soft goods items were generally more moderate. Although men's clothing sales were down 36 percent from the unusually high January volume, they were still 26 percent higher than a year ago. The decline in women's and misses' coat sales was about in line with the seasonal experience of previous years, and sales continued to show a substantial gain over year-earlier levels for the second consecutive month. Sales of women's and misses' dresses and ready-to-wear accessories showed small declines, in contrast with the normal increases which usually occur at this time of year, and were but a little larger than a year earlier.

Silverware and jewelry sales increased seasonally and continued to run substantially higher than last year, with a 31-percent gain over the February 1950 level. On the other hand, while total basement store sales showed a small decline from January to February, they continued to run noticeably higher than the year previous.

All types of sales—cash, charge, and instalment—were substantially lower in February. Instalment sales showed the largest decline, falling 27 percent below the January level, with cash sales and charge sales each showing a 13-percent decline. Charge sales, however, continued to run appreciably higher than a year earlier and cash sales almost equaled the year-ago volume, but instalment sales showed a marked year-to-year decline. Collections in relation to charge and instalment receivables outstanding registered little change. Charge account receivables declined seasonally, while instalment receivables, continuing to show the restricting influence of Regulation W, were down noticeably. At the end of February, instalment receivables were 17 percent below the record high of September 30 last year and were only 28 percent above a year earlier, as compared with the year-to-year gains exceeding 100 percent which prevailed last summer.

With the tapering off in consumer buying in February, merchants also reduced their inventory buying. Orders outstanding declined 3 percent during the month but on February 28 were 57 percent higher than on the same date of last year. The decline in inventory buying was partially due to the confused market situation in many lines, which arose from the imposition of price controls, but it also reflected a bought-up condition in the case of many stores. Department store stocks continued to rise in February, with a 6-percent gain, and at the end of the month were 26 percent greater than a year earlier. February stocks of most department store items were substantially larger than a year ago, but stocks of refrigerators, television sets, and mattresses and springs were particularly heavy.

The decline in consumer buying in the District in February was also evident in the furniture store trade, which was off 13 percent from the previous month. Moreover, furniture store sales fell 1 percent below the year-earlier level, to resume the pattern of year-to-year declines which has prevailed in every month except January since the reimposition of Regulation W. Cash sales were down 25 percent from the January level but continued to run noticeably higher than a year earlier with an 11-percent gain, while credit sales showed an 11-percent decline from the previous month and were 4 percent lower than in February a year ago. With accounts receivable showing a moderate decline in February for the fourth time in the past 5 months, receivables outstanding at the end of the month were only 1 percent higher than a year earlier. This small gain compares with a 35-percent year-to-year gain prevailing on the same date of 1950. Furniture store inventories rose 2 percent during February to reach a new high, 40 percent above the year-earlier level.


Prospects for 1951 crop production were improved somewhat by light to moderate rains over most of the District during late February and early March. Field work became active in all sections during the first 2 weeks of March, and preparations for planting and seeding of early spring crops made fairly good progress. The relief from the extended drought proved to be temporary, however, as high winds following the rains depleted surface moisture rapidly and sharp northers on the week ends of March 11 and 18 retarded the development of all crops and caused some damage to cotton and vegetables in the Lower Rio Grande Valley of Texas and in southern areas of Arizona. Light to heavy rains over large areas of the District in the final week of March were beneficial to growing crops and provided moisture for the resumption of planting operations.

Despite the generally unfavorable growing conditions prevailing in much of the District, corn planting has become active as far north as the Red River and a substantial acreage of spring-seeded oats is making good progress in central and northern Texas counties. Seeding of sorghums in south Texas is being delayed by lack of moisture, but some spring-seeded flax is in good to fair condition. A new development this year is a substantial acreage of spring-seeded flax in the eastern part of the Edwards Plateau centering around McCulloch County. Preparations for planting of rice are under way in south Texas and Louisiana, with considerable acreage already seeded.

Wheat prospects in the major producing areas of the District continue only fair. The crop showed some improvement following the late February and early March rains, but the moisture has been insufficient for continued growth and cutworms and greenbugs are present in increasing and damaging numbers. In central and north Texas wheat is making fair to good progress, but unless additional moisture is received soon production in the major wheat areas of the District is expected to be no better than the very low output of a year ago.

Cotton planting has been delayed in the Lower Rio Grande Valley and Coastal Bend section of Texas by shortage of irrigation water and a continuation of the severe drought. Planting dates in the Lower Rio Grande Valley have been extended 15 days, to April 15, in order to permit the reseeding of an estimated 23,000 acres killed by frost on March 13 and to give dry-land farmers additional time to plant. The problem in the Lower Rio Grande Valley is aggravated by a severe shortage of cottonseed and by the fact that some growers will not have sufficient irrigation water to germinate a second planting. Other growers who planted on dry land following the early March showers have lost their stands as additional moisture to keep the crop growing failed to materialize. Some cotton has been dry-planted in the Coastal Bend area. In the irrigated sections of Arizona cotton planting has been completed under generally favorable conditions, although some early planted fields were killed by frosts the first week in March. Elsewhere in the District, prospects for planting a large acreage in cotton in 1951 are relatively favorable.

Spring vegetable production in the District will be substantially below that of a year ago as a result of the January and February freezes and cool weather during much of March. Frost damage on March 13 was generally light but retarded the development of young plants and is estimated to have reduced the tomato crop in the Lower Rio Grande Valley as much as 15 percent. However, carrots and spinach are moving to market in volume. The north Texas onion crop escaped damage during the cold weather of mid-March and is making good to excellent progress. Acreage of early cucumbers, cantaloupes, and watermelons is substantially below that of a year ago, largely as a result of the drought in early producing areas. Transplanting of tomatoes is making good progress in east Texas counties.

Ranges and livestock are in good to excellent condition in the eastern half of the District following rains in early March, but ranges are providing very little feed in south Texas, in the Edwards Plateau and Trans-Pecos areas, and in much of southern New Mexico and Arizona as the prolonged drought delayed new growth of weeds and grasses and the supply of cured range feed is exhausted. In these areas livestock are being generally maintained by heavy supplemental feeding. The condition of all ranges in Texas as of March 1 was reported at 69 percent of normal, compared with 83 a year ago. The condition of cattle, also on March 1, was reported at 77 percent of normal in Texas, 82 in New Mexico, 77 in Arizona, and 79 in Oklahoma. This compares with 84 percent, 85, 83, and 84, respectively, a year ago. The demand for breeding stock and stockers and feeders continues strong, stimulated by continued high beef prices.

Lambing is nearly complete in the Edwards Plateau of Texas, with a good percentage lamb crop reported but with lambs getting off to a poor start because of the lack of green feed and low milk flow. It is expected that marketings of grass-fat lambs will start about mid-May, while the spring movement of yearlings is already getting under way. Inventories of old-crop lambs on January 1, 1951, were somewhat larger than a year earlier, but the tendency to increase flocks is expected to hold down marketings somewhat. A strong demand for replacement ewes continues, despite the unfavorable range conditions.

LIVESTOCK RECEIPTS

(Number)

| Class | FORT WORTH MARKET February 1951 | FORT WORTH MARKET February 1950 | FORT WORTH MARKET January 1951 | SAN ANTONIO MARKET February 1951 | SAN ANTONIO MARKET February 1950 | SAN ANTONIO MARKET January 1951 |
|---|---|---|---|---|---|---|
| Cattle | 28,747 | 25,427 | 41,294 | 20,998 | 21,103 | 30,685 |
| Calves | 12,193 | 8,856 | 20,530 | 18,447 | 10,429 | 30,166 |
| Hogs | 59,250 | 46,497 | 94,714 | 6,906 | 6,238 | 8,473 |
| Sheep | 25,960 | 20,673 | 31,587 | [1]8,450 | [1]8,859 | [1]10,040 |

[1] Includes goats.

The 1950 Texas wool clip has been estimated by the United States Department of Agriculture at 52,686,000 pounds, which is 271,000 pounds more than the 1949 clip. The increase in wool production resulted entirely from an increase of nearly 300,000 in the number of sheep shorn, as the average weight per fleece was 7.7 pounds, compared with 8 pounds for 1949. Mohair production in Texas in 1950 was estimated at 13,862,000 pounds, virtually the same as in 1949. The average weight per fleece of 5.4 pounds was the heaviest of record and enabled ranchmen to maintain production despite a decline in the number of goats clipped.

Commercial meat slaughter in Texas during the month of January is estimated by the United States Department of Agriculture at 78,534,000 pounds—9 percent more than in December 1950 and 17 percent above January 1950. The number of livestock slaughtered was higher than a year ago for all classes except sheep and lambs.

### FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

| Comodity and market | Unit | Week ended Mar. 21, 1951 | Comparable week last month | Comparable week last year |
|---|---|---|---|---|
| COTTON, Middling 15/16-inch, Dallas | lb. | $ .4477 | $ (1) | $ .3175 |
| WHEAT, No. 1 hard, Fort Worth | bu. | 2.64 | 2.76¼ | 2.50 |
| OATS, No. 2 white, Fort Worth | bu. | 1.19¾ | 1.22¾ | .98¾ |
| CORN, No. 2 yellow, Fort Worth | bu. | 1.95 | 2.03¾ | 1.58¼ |
| SORGHUMS, No. 2 yellow milo, Fort Worth | cwt. | 2.55 | 2.70 | 2.41 |
| RICE, No. 1 Patna, milled, Houston | cwt. | [2]11.75 | 12.00 | 10.75 |
| HOGS, Good & Choice, Fort Worth | cwt. | 22.00 | 23.75 | 17.25 |
| SLAUGHTER STEERS, Choice, Fort Worth | cwt. | 37.00 | 37.00 | 27.50 |
| SLAUGHTER CALVES, Choice, Fort Worth | cwt. | 36.00 | 36.00 | 27.00 |
| STOCKER STEERS, Choice, Fort Worth | cwt. | 39.00 | 41.00 | 26.50 |
| SLAUGHTER LAMBS, Good & Choice, Fort Worth | cwt. | 36.00 | 38.50 | 26.00 |
| FEEDER LAMBS, Fort Worth | cwt. | 37.50 | 37.50 | 26.50 |
| HENS, 3–4 pounds, Dallas | lb. | .28 | .22 | .20 |
| FRYERS, local, Dallas | lb. | .30 | .28 | .33 |
| TURKEYS, No. 1 hens, Dallas | lb. | .35 | .32 | .30 |
| EGGS, No. 1 infertile, Dallas | lb. | .38 | .48 | — |
| WOOL, 12-months, west Texas | lb. | [3]1.45 | 1.50 | .64 |
| MOHAIR, kid, west Texas | lb. | [4]2.25 | — | .85 |

Market closed.
[2] Week ended March 12.
[3] Week ended March 3.
[4] Week ended March 10.

Farm commodity prices during the past month have shown relatively small net change. Compared with the strong upward trend during the last half of 1950 and the first 6 weeks of 1951, there has been some leveling off and an occasional weak spot in markets of farm commodities. Grain prices dropped sharply late in February, largely in response to foreign news which traders felt might reduce exports, but quickly leveled off and became generally firm at the lower level. Livestock prices continue generally strong, although hogs are somewhat lower than a month ago. The world-wide shortage of wool and mohair, together with the general price inflation that has occurred since mid-1950, has stimulated further increases in wool and mohair prices. The Department of Agriculture reports that Texas ranchmen received an average price of 64 cents per pound for the 1950 wool clip and 77 cents for mohair. These compare with 1949 average prices of 56 cents for wool and 47 cents for mohair. The small volume of wool and mohair being contracted or sold in the Southwest has set new high record prices for these commodities. The Secretary of Agriculture has announced that price supports on 1951 wool and mohair production will average 90 and 74.1 percent, respectively, of the March 15 parity price. Current prices are substantially above these levels.

Trading was resumed on major cotton markets March 8, following the announcement on March 3 of specific price ceilings on raw cotton to replace the earlier "freeze" order of January 26. Major cotton markets had been closed since that date. The ceiling price of Middling 15/16-inch cotton is 45.76 cents per pound in Area 1 (the cotton mill area of the Carolinas), with ceilings for other qualities and locations determined by applying appropriate premiums and discounts. A ceiling of 45.39 cents per pound was placed on all cotton futures transactions. Spot cotton prices and old-crop futures generally rose to the ceilings during the first day of trading and have remained virtually unchanged since that date. Some fluctuations have occurred in new-crop contracts, with current prices generally 4 to 5 cents below the spot market.

### CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

| State | December 1950 | December 1949 | Cumulative receipts January — December 1950 | Cumulative receipts January — December 1949 |
|---|---|---|---|---|
| Arizona | $ 32,161 | $ 35,058 | $ 256,470 | $ 246,305 |
| Louisiana | 48,412 | 48,992 | 331,997 | 336,986 |
| New Mexico | 18,704 | 21,641 | 190,354 | 193,608 |
| Oklahoma | 41,278 | 49,015 | 526,723 | 603,236 |
| Texas | 194,578 | 247,396 | 1,993,263 | 2,057,083 |
| Total | $335,133 | $402,102 | $3,298,807 | $3,437,218 |

SOURCE: United States Department of Agriculture.

### CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

| State | January 1951 | January 1950 |
|---|---|---|
| Arizona | $ 29,953 | $ 31,165 |
| Louisiana | 30,017 | 29,036 |
| New Mexico | 13,499 | 12,848 |
| Oklahoma | 36,624 | 51,237 |
| Texas | 157,903 | 196,636 |
| Total | $267,996 | $320,922 |

SOURCE: United States Department of Agriculture.

The Department of Agriculture has announced that prices of the 1951 crop of upland cotton will be supported at 90 percent of the July 15, 1951, parity price and that prices of the 1951-crop Amsak and Pima 32 varieties of American-Egyptian cotton will be supported at $1.038 per pound in Arizona and $1.042 per pound in the New Mexico-west Texas area for Grade No. 2, 2½ inches long. The Secretary of Agriculture has also announced that the Commodity Credit Corporation will develop a program to purchase up to 5,000 tons of registered and certified cottonseed from the 1951 crop of Amsak and Pima 32 varieties of American-Egyptian cotton in order to insure continued high production of this type of cotton to meet defense and civilian needs.


Between February 14 and March 14 the weekly reporting member banks in leading cities of the District showed decreases in most major asset and liability accounts. The principal changes occurred in deposits, investments in United States Government securities, and reserves. Commercial, industrial, and agricultural loans declined fractionally, reflecting the first decrease of any consequence in this category for any 4- or 5-week reporting period since mid-1950.

Decreases occurred in practically all deposit categories during the 4 weeks, with an over-all reduction of $79,366,-

000. The principal factor in the decline, however, was the decrease of $53,867,000, or 7.5 percent, in interbank accounts. Losses of funds to country correspondents, although mostly of a seasonal nature, were appreciably larger than last year. The decrease in interbank deposits during the month continues the trend which has prevailed since early in January, with the total loss amounting to 24.4 percent. Demand deposits of individuals, partnerships, and corporations declined $12,580,000, reflecting in large part Treasury collections in the District as a result of income tax payments. Shrinkage in time deposits was concentrated in the accounts of states and political subdivisions.

In providing funds to meet deposit losses, the weekly reporting member banks liquidated investments in United States Government securities and drew upon reserve balances with the Federal Reserve Bank. Holdings of Governments declined $29,106,000, while reserves were drawn down by approximately an equal amount. The decrease in Government securities was not confined to any particular category, as holdings of all types declined. On the other hand, investments in municipal and other non-Government securities rose $2,340,000, continuing the upward trend of the past several months. On March 14 this type of investment comprised 13.9 percent of total investments, as compared with the year-earlier figure of 9.8 percent.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

| Item | March 14, 1951 | March 15, 1950 | February 14, 1951 |
|---|---|---|---|
| Total loans (gross) and investments | $2,670,607 | $2,514,722 | $2,698,472 |
| Total loans—Net[1] | 1,477,655 | 1,171,939 | 1,479,409 |
| Total loans—Gross | 1,492,983 | 1,185,208 | 1,494,082 |
| Commercial, industrial, and agricultural loans | 1,036,361 | 834,524 | 1,041,034 |
| Loans to brokers and dealers in securities | 9,078 | 6,455 | 8,060 |
| Other loans for purchasing or carrying securities | 55,898 | 47,479 | 54,402 |
| Real estate loans | 120,603 | 94,275 | 121,473 |
| Loans to banks | 1,410 | 79 | 1,256 |
| All other loans | 269,633 | 202,396 | 267,857 |
| Total investments | 1,177,624 | 1,329,514 | 1,204,390 |
| U. S. Treasury bills | 68,901 | 93,277 | 78,422 |
| U. S. Treasury certificates of indebtedness | 0 | 280,945 | 0 |
| U. S. Treasury notes | 355,893 | 175,506 | 368,779 |
| U. S. Government bonds (inc. gtd. obligations) | 589,147 | 649,772 | 595,846 |
| Other securities | 163,683 | 130,014 | 161,343 |
| Reserves with Federal Reserve Bank | 527,559 | 463,012 | 556,577 |
| Balances with domestic banks | 349,974 | 346,049 | 342,380 |
| Demand deposits—adjusted[2] | 2,236,924 | 2,019,345 | 2,228,488 |
| Time deposits except Government | 415,255 | 435,269 | 419,052 |
| United States Government deposits | 62,470 | 65,370 | 63,456 |
| Interbank demand deposits | 661,941 | 653,091 | 715,808 |
| Borrowings from Federal Reserve Bank | 0 | 1,350 | 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.

During the 4 weeks ended March 14 loans declined $1,099,000, with commercial, industrial, and agricultural loans more than accounting for the change. Real estate loans decreased fractionally, despite the continuing high level of construction activity in the District. The category "all other," which includes consumer-type loans, rose $1,776,000, while loans for financing security transactions rose $2,514,000. The trend of loans this year in comparison with most other postwar years has displayed a rather strong counterseasonal tendency. For example, although loans showed a more than usual amount of buoyancy in the first 2½ months of 1950, the tendency this year has been even stronger. On March 14 total loans were only slightly below the all-time record of $1,503,151,000 reached on January 31.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

| Date | COMBINED TOTAL Gross demand | COMBINED TOTAL Time | RESERVE CITY BANKS Gross demand | RESERVE CITY BANKS Time | COUNTRY BANKS Gross demand | COUNTRY BANKS Time |
|---|---|---|---|---|---|---|
| February 1949 | $5,193,624 | $607,063 | $2,474,757 | $390,045 | $2,718,867 | $217,018 |
| February 1950 | 5,617,162 | 661,292 | 2,660,793 | 420,111 | 2,956,369 | 241,181 |
| 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 |
| February 1951 | 6,108,995 | 648,772 | 2,951,883 | 395,551 | 3,157,112 | 253,221 |

Gross demand deposits of all member banks in the District averaged $6,108,995,000 in February, or 3.8 percent less than in January. Decreases occurred both at reserve city and country banks, with the former accounting for 61 percent of the total change. Gross demand deposits in February, however, averaged $491,833,000 higher than a year ago. Time deposits also declined in February, averaging 1.3 percent less than in January.

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

(Amounts in thousands of dollars)

| City | DEBITS[1] February 1951 | Percentage change from Feb. 1950 | Percentage change from Jan. 1951 | DEPOSITS[2] February 28, 1951 | Annual rate of turnover Feb. 1951 | Annual rate of turnover Feb. 1950 | Annual rate of turnover Jan. 1951 |
|---|---|---|---|---|---|---|---|
| ARIZONA | | | | | | | |
| Tucson | $ 75,206 | 39 | — 5 | $ 94,046 | 9.7 | 7.6 | 10.4 |
| LOUISIANA | | | | | | | |
| Monroe | 38,315 | 17 | —23 | 49,138 | 9.2 | 8.5 | 11.6 |
| Shreveport | 140,876 | 11 | —22 | 185,775 | 9.1 | 8.6 | 11.5 |
| NEW MEXICO | | | | | | | |
| Roswell | 20,063 | 24 | —20 | 25,648 | 9.1 | 8.6 | 10.8 |
| TEXAS | | | | | | | |
| Abilene | 46,692 | 19 | —21 | 52,420 | 10.8 | 10.8 | 13.3 |
| Amarillo | 121,745 | 30 | —12 | 100,163 | 14.5 | 11.8 | 16.4 |
| Austin | 150,855 | 26 | —23 | 112,526 | 15.8 | 12.7 | 20.4 |
| Beaumont | 106,024 | 15 | — 9 | 93,343 | 13.6 | 11.8 | 14.6 |
| Corpus Christi | 101,424 | 19 | —14 | 95,981 | 12.7 | 11.3 | 14.8 |
| Corsicana | 11,493 | 27 | —33 | 21,491 | 6.4 | 5.2 | 9.2 |
| Dallas | 1,295,064 | 25 | —17 | 910,943 | 17.0 | 15.6 | 20.4 |
| El Paso | 164,393 | 23 | —18 | 136,415 | 14.5 | 12.4 | 17.5 |
| Fort Worth | 387,376 | 27 | —21 | 331,336 | 13.8 | 11.9 | 17.4 |
| Galveston | 68,258 | 12 | — 9 | 99,617 | 8.3 | 7.7 | 9.1 |
| Houston | 1,219,286 | 23 | —16 | 1,092,951 | 13.4 | 12.1 | 15.8 |
| Laredo | 18,638 | 12 | —19 | 21,887 | 10.3 | 9.1 | 12.6 |
| Lubbock | 104,149 | 18 | —22 | 99,047 | 12.5 | 12.6 | 15.2 |
| Port Arthur | 35,545 | 10 | —15 | 41,015 | 10.4 | 9.5 | 12.4 |
| San Angelo | 41,442 | 33 | — 8 | 50,318 | 9.6 | 8.5 | 10.4 |
| San Antonio | 320,080 | 24 | —15 | 366,647 | 10.7 | 9.0 | 12.6 |
| Texarkana[3] | 16,706 | 20 | — 9 | 25,420 | 8.2 | 7.1 | 8.9 |
| Tyler | 43,300 | 11 | —21 | 50,800 | 10.2 | 9.0 | 12.6 |
| Waco | 65,122 | 14 | — 7 | 80,492 | 9.7 | 10.0 | 10.3 |
| Wichita Falls | 65,998 | 24 | —15 | 95,931 | 8.3 | 7.1 | 9.5 |
| Total—24 cities | $4,658,050 | 23 | —17 | $4,233,350 | 13.2 | 11.8 | 15.7 |

[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 $27,730,000 for the month of February 1951.

Debits to deposit accounts reported by banks in 24 cities of the District were 17 percent lower in February than in January, reflecting a substantial tapering off in the volume of total economic activity. The decline was general, as all reporting cities showed decreases within the range of 5 to 33 percent. The larger changes occurred in Corsicana and Austin, Texas, and Monroe, Louisiana, with several other cities showing only slightly smaller decreases. The annual rate of turnover of deposits, reflecting the rate of use of deposited funds, was 13.2 in February as compared with 15.7 in January and 11.8 in February 1950.

Between February 15 and March 15 the principal changes in the condition of the Federal Reserve Bank of Dallas included decreases of $71,444,000 in gold certificate reserves and $50,144,000 in member bank reserve deposits. Total earning assets rose $29,109,000, due to the increase in holdings of United States Government securities. On March 15 notes of this Bank in actual circulation amounted to $615,-111,000, slightly less than the amount outstanding a year earlier.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

| Item | March 15, 1951 | March 15, 1950 | February 15 1951 |
|---|---|---|---|
| Total gold certificate reserves | $ 530,655 | $ 628,276 | $ 602,099 |
| Discounts for member banks | 0 | 1,410 | 200 |
| Foreign loans on gold | 0 | 1,481 | 0 |
| U. S. Government securities | 1,072,685 | 807,631 | 1,043,376 |
| Total earning assets | 1,072,685 | 810,522 | 1,043,576 |
| Member bank reserve deposits | 943,695 | 791,212 | 993,839 |
| Federal Reserve notes in actual circulation | 615,111 | 615,508 | 617,320 |

On March 4 the Secretary of the Treasury and the Chairman of the Board of Governors and of the Federal Open Market Committee of the Federal Reserve System announced that full accord had been reached between the Treasury and the Federal Reserve System "with respect to debt-management and monetary policies to be pursued in furthering their common purpose to assure the successful financing of the Government's requirements and, at the same time, to minimize monetization of the public debt." On the same day the Secretary of the Treasury announced that a new investment series of long-term nonmarketable Treasury bonds would be offered in exchange for outstanding 2½-percent Treasury bonds of June 15 and December 15, 1967-72. It was also announced that the new bonds would bear interest at the rate of 2¾ percent per annum and that they would not be transferable or redeemable prior to maturity. It was stipulated in the announcement, however, that owners would be given the option of exchanging the nonmarketable bonds for marketable Treasury notes prior to maturity. On March 8 the Secretary of the Treasury announced that the new 2¾-percent bonds would be dated April 1, 1951, would mature April 1, 1980, and would be callable April 1, 1975. Also, owners will have the privilege of exchanging these nonmarketable bonds into marketable 5-year 1½-percent Treasury notes. Subscription books for the new offering opened March 26.

Following the first two of these announcements, the prices of all outstanding issues of marketable Government securities declined, although the prices of the two longest bank ineligibles remained unchanged until March 8. On the latter date, however, the bid prices of these two bonds declined to 100 4/32. On March 13 closing bids were 99 2/32. Between March 2 and March 16 declines in other bonds ranged up to 1 29/32. Although yields on Treasury bonds and notes due or callable in 1951 rose initially, the strong market demand that developed later tended to offset the change, particularly in the case of notes. Despite decreases in the prices of some bonds below par, orderly conditions prevailed in the Government securities market throughout the shift to lower price levels.

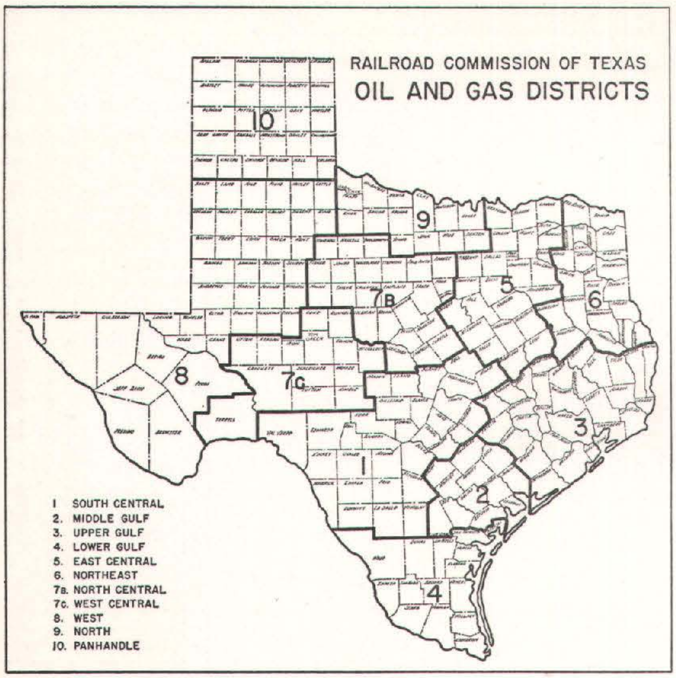
On March 13 the Board of Governors of the Federal Reserve System announced that it was transmitting to all financing institutions in the United States copies of a program for voluntary credit restraint which had been worked out by representatives of commercial banking, investment banking, and life insurance. Under the terms of the Defense Production Act of 1950 and by executive order of the President, the Board of Governors is authorized to encourage financing institutions to enter into voluntary agreements and programs to restrain credit where such restraint will further the objectives of the Act. The program has as its major objective the screening of loans by all financing institutions in order to eliminate those which are not necessary to the defense program and are not essential to the needs of agriculture, industry, and commerce. Although participation in the program is entirely voluntary, the Board expressed the hope that all financing institutions would join in the program and cooperate in carrying it out.

SAVINGS DEPOSITS

| City | Number of reporting banks | February 28, 1951: Number of savings depositors | February 28, 1951: Amount of savings deposits | Percentage change in savings deposits from: Feb. 28, 1950 | Percentage change in savings deposits from: Jan. 31, 1951 |
|---|---|---|---|---|---|
| LOUISIANA | | | | | |
| Shreveport | 3 | 45,488 | $ 23,796,607 | — 3.6 | — 0.4 |
| TEXAS | | | | | |
| Beaumont | 3 | 11,994 | 5,352,455 | — 9.4 | — 0.9 |
| Dallas | 8 | 142,145 | 74,768,776 | — 4.1 | — 0.5 |
| El Paso | 2 | 34,118 | 21,837,040 | — 4.3 | — 0.3 |
| Fort Worth | 4 | 43,658 | 34,105,007 | — 4.6 | — 0.8 |
| Galveston | 4 | 22,366 | 20,239,562 | — 4.1 | 0.4 |
| Houston | 8 | 93,645 | 73,060,527 | — 2.8 | — 0.6 |
| Lubbock | 2 | 2,250 | 4,225,095 | 14.5 | 3.4 |
| Port Arthur | 2 | 5,665 | 3,879,015 | —11.5 | — 0.3 |
| San Antonio | 5 | 41,702 | 41,966,706 | — 4.2 | — 0.7 |
| Waco | 3 | 10,637 | 10,541,509 | 2.0 | — 0.4 |
| Wichita Falls | 3 | 7,740 | 4,519,971 | 0.8 | 1.4 |
| ALL OTHER | 55 | 68,486 | 56,159,198 | 0.3 | — 0.2 |
| Total | 102 | 529,894 | $374,451,468 | — 3.0 | — 0.4 |


Nonfarm employment in the Southwest increased fractionally from January to March, with nearly half of the gain accounted for by manufacturing and with aircraft employment scoring a particularly large percentage increase. Some expansion was reported in numerous other manufacturing industries, though in the food processing industry employment was reduced by the freezing of fruit and vegetables in the Lower Rio Grande Valley. The decrease in employment in that industry amounted to about 5 percent in Texas. As compared with a year ago, manufacturing employment in March was up about 9 percent, while the gain in total nonfarm employment was only 5 percent. Employment in construction rose to 19 percent above a year earlier as a result of the very high level of demand for construction. Despite migration of workers to defense production centers, some shortages of technical workers for aircraft plants were reported.

Crude petroleum production in the Eleventh District increased during February for the third consecutive month, reflecting the unusually strong demands stemming from the high level of the Nation's economic activity and the coldest weather in several years. Daily average crude oil production in February amounted to 2,867,000 barrels, or 30,000 barrels daily more than in January and 665,000 barrels higher




than a year earlier. As a result of further increases in allowables, March production is expected to approach, and April production, to exceed, the record output of 2,929,210 barrels daily established last September.

**CRUDE OIL PRODUCTION**

(Barrels)

| Area | February 1951 Total production | February 1951 Daily avg. production | Increase or decrease in daily average production from Feb. 1950 | Increase or decrease in daily average production from Jan. 1951 |
|---|---|---|---|---|
| ELEVENTH DISTRICT | | | | |
| Texas R. R. Com. Districts | | | | |
| 1 South Central | 895,900 | 31,996 | 6,250 | —435 |
| 2 Middle Gulf | 4,350,200 | 155,364 | 42,344 | 411 |
| 3 Upper Gulf | 13,383,250 | 477,973 | 98,577 | 7,430 |
| 4 Lower Gulf | 6,813,200 | 243,329 | 61,788 | 3,790 |
| 5 East Central | 1,316,600 | 47,021 | 15,317 | 911 |
| 6 Northeast | 10,640,800 | 380,029 | 77,893 | 2,708 |
| East Texas | 7,614,400 | 271,943 | 54,602 | —57 |
| Other fields | 3,026,400 | 108,086 | 23,291 | 2,765 |
| 7b North Central | 2,173,950 | 77,641 | 15,518 | 139 |
| 7c West Central | 2,422,050 | 86,502 | 36,834 | 828 |
| 8 West | 24,255,550 | 866,270 | 287,222 | 20,506 |
| 9 North | 4,125,350 | 147,334 | 17,429 | —9,937 |
| 10 Panhandle | 2,518,200 | 89,936 | 698 | —64 |
| Total Texas | 72,895,050 | 2,603,395 | 659,870 | 26,287 |
| New Mexico | 3,770,400 | 134,657 | 5,721 | 2,141 |
| North Louisiana | 3,621,000 | 129,321 | —289 | 1,737 |
| Total Eleventh District | 80,286,450 | 2,867,373 | 665,302 | 30,165 |
| OUTSIDE ELEVENTH DISTRICT | 85,797,550 | 3,064,198 | 296,810 | —22,167 |
| UNITED STATES | 166,084,000 | 5,931,571 | 962,112 | 7,998 |

SOURCE: Estimated from American Petroleum Institute weekly reports.

In the United States in February, crude oil production of 5,932,000 barrels daily and crude oil runs to refinery stills of 6,454,000 barrels daily established new monthly records for the second consecutive month. The Eleventh District accounted for two-thirds of the national increase in crude oil production since a year ago. In early March, refinery runs in the Nation were reduced somewhat as gasoline stocks climbed to another new all-time high on March 10 at 139,056,000 barrels. The steady, strong demand for crude oil and refined products during the months of December, January, and February brought about a noticeable reduction in stocks of crude oil and refined products other than gasoline. The demand for the four major refined products during February was about 14 percent greater than a year ago, with demand for light fuel oil being up about 27 percent. The waning of the heating season should permit successful adjustment of supplies to requirements during the early spring, despite the fact that stocks of the three major burning oils are 15 to 22 percent below a year earlier.

Effective April 1, domestic oil and gas industry operators are permitted by National Production Authority Order No. M-46 to use a priority order to obtain casing, tubing, and drill pipe for emergency purposes. While the order does not specify the amount of steel to be made available, the National Production Authority indicated that it would provide for drilling at the rate of 43,400 wells per year, which would require an estimated 157,000 tons of steel per month.

**CRUDE OIL AND NATURAL GAS LIQUIDS: ESTIMATED PROVED RESERVES**

(Amounts in millions of barrels)

| Area | Reserves Jan. 1, 1950 | Additions and withdrawals, 1950: Extensions and revisions | New discoveries | Production | Reserves Jan. 1, 1951 | Changes in reserves: Amount | Percent |
|---|---|---|---|---|---|---|---|
| Texas | 15,654 | 994 | 370 | 940 | 16,078 | 424 | 2.7 |
| Louisiana | 2,506 | 453 | 98 | 229 | 2,828 | 322 | 12.8 |
| New Mexico | 678 | 43 | 14 | 49 | 686 | 8 | 1.2 |
| Total Eleventh District states | 18,838 | 1,490 | 482 | 1,218 | 19,592 | 754 | 4.0 |
| Other states | 9,541 | 1,215 | 141 | 953 | 9,944 | 403 | 4.3 |
| United States | 28,379 | 2,705 | 623 | 2,171 | 29,536 | 1,157 | 4.1 |

SOURCES: American Gas Association.
American Petroleum Institute.

Estimated proved reserves of oil and gas on January 1, 1951, recently released by official industry sources, are in line with the preliminary figures summarized in this column last month. Three Eleventh District states—Louisiana, New Mexico, and Texas—which accounted for 56 percent of the 1950 national production of crude oil and natural gas liquids, had 66 percent of the reserves. Reserves increased appreciably faster, percentagewise, in Louisiana than in the Nation, while in Texas and New Mexico the increase was at a slower rate than in the Nation.

**NATURAL GAS: ESTIMATED PROVED RESERVES**

(Amounts in billions of cubic feet)

| Area | Reserves Jan. 1, 1950 | Additions and withdrawals, 1950: Extensions and revisions | New discoveries | Added to underground storage | Net production | Reserves Jan. 1, 1951 | Changes in reserves: Amount | Percent |
|---|---|---|---|---|---|---|---|---|
| Texas[1] | 99,170 | 5,056 | 1,558 | ([2]) | 3,380 | 102,404 | 3,234 | 3.3 |
| Louisiana[1] | 26,688 | 2,010 | 751 | 0 | 916 | 28,533 | 1,845 | 6.9 |
| New Mexico | 6,241 | 867 | 124 | 7 | 248 | 6,991 | 750 | 12.0 |
| Total Eleventh District states | 132,099 | 7,933 | 2,433 | 7 | 4,544 | 137,928 | 5,829 | 4.4 |
| Other states | 48,282 | 1,240 | 445 | 47 | 2,349 | 47,665 | —617 | —1.3 |
| United States[1] | 180,381 | 9,173 | 2,878 | 54 | 6,893 | 185,593 | 5,212 | 2.9 |

[1] Including offshore areas.
[2] Less than 0.5 billion cubic feet.
SOURCES: American Gas Association.
American Petroleum Institute.

Reserves of natural gas increased faster, percentagewise, during 1950 in Louisiana and New Mexico than in the Nation, while in Texas the increase was slower than in the Nation. The three states, which accounted for 66 percent of the national production, had 74 percent of the total reserves on January 1, 1951.

The volume of construction contracts awarded in the Eleventh District rose to a new all-time high in February at

### VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

| Area and type | February 1951p | February 1950 | January 1951p | January — February 1951p | January — February 1950 |
|---|---|---|---|---|---|
| ELEVENTH DISTRICT.. | $ 159,462 | $ 68,362 | $ 103,154 | $ 262,616 | $ 130,791 |
| Residential....... | 61,132 | 38,763 | 57,406 | 118,538 | 65,060 |
| All other......... | 98,330 | 29,599 | 45,748 | 144,078 | 65,731 |
| UNITED STATES[1].... | 1,140,527 | 779,530 | 1,043,248 | 2,183,775 | 1,510,385 |
| Residential....... | 531,146 | 361,452 | 420,918 | 952,064 | 704,953 |
| All other......... | 609,381 | 418,078 | 622,330 | 1,231,711 | 805,432 |

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

$159,000,000, or $27,000,000 above the former high established in 1942. Residential awards reached a new peak at slightly over $61,000,000, or fractionally above the August 1950 former record. Nonresidential awards rose sharply to $98,000,000, by far the highest level since the peak of October 1942. A third of both the residential and the nonresidential awards were made in the last week of the month, reflecting a few large projects, both residential and nonresidential.

### BUILDING PERMITS

| City | February 1951 Number | February 1951 Valuation | Percentage change in valuation from Feb. 1950 | Percentage change in valuation from Jan. 1951 | 2 months 1951 Number | 2 months 1951 Valuation | 2 months 1951 Percentage change in valuation from 2 months 1950 |
|---|---|---|---|---|---|---|---|
| LOUISIANA | | | | | | | |
| Shreveport.... | 296 | $ 1,136,620 | —68 | —58 | 657 | $ 3,832,047 | —17 |
| TEXAS | | | | | | | |
| Abilene....... | 108 | 963,405 | —13 | 13 | 229 | 1,818,075 | —7 |
| Amarillo...... | 307 | 2,079,422 | 60 | —20 | 695 | 4,678,737 | 76 |
| Austin........ | 244 | 2,667,246 | —19 | —25 | 542 | 6,204,264 | —3 |
| Beaumont..... | 216 | 621,132 | —# | —34 | 500 | 1,555,319 | —37 |
| Corpus Christi.. | 306 | 2,827,637 | 92 | —44 | 804 | 7,886,862 | 143 |
| Dallas........ | 1,428 | 6,874,966 | —7 | —57 | 3,238 | 23,043,768 | 54 |
| El Paso....... | 259 | 1,920,124 | —1 | 5 | 543 | 3,741,168 | 14 |
| Fort Worth.... | 493 | 9,228,260 | 159 | 126 | 1,304 | 13,306,064 | 114 |
| Galveston..... | 72 | 120,007 | —30 | —55 | 190 | 387,251 | —48 |
| Houston....... | 1,076 | 14,580,290 | 12 | —19 | 1,294 | 32,494,171 | 35 |
| Lubbock...... | 288 | 1,273,605 | —9 | —39 | 665 | 3,351,718 | 17 |
| Port Arthur.... | 124 | 270,153 | —52 | —37 | 262 | 700,853 | —26 |
| San Antonio... | 744 | 2,009,326 | —55 | —70 | 2,392 | 8,651,554 | —5 |
| Waco........ | 164 | 1,630,393 | 54 | 11 | 404 | 3,099,168 | —30 |
| Wichita Falls... | 36 | 364,444 | 76 | —14 | 170 | 789,221 | 68 |
| Total........... | 6,161 | $48,567,030 | 8 | —27 | 13,889 | $115,540,240 | 31 |

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

One-family dwellings built for sale continued to account for most of the residential contract awards, with duplexes and dwellings built for owner occupancy also accounting for a considerable volume of awards. There has been a strong stimulus to both the building and the purchase of homes by reason of fears of future controls and future shortages of materials, as well as fears of continually rising prices. In addition, there is the remainder of the large backlog of preregulation loan commitments.

As the result of a few large projects, commercial building accounted for about half of the large nonresidential total, while manufacturing building also increased substantially. A number of large industrial projects are planned and should contribute to a high volume of nonresidential awards during the spring months. Particularly significant for nonresidential construction have been the tendency of businessmen to carry out previous plans for business construction, a similar tendency with respect to public construction, fears of rising construction costs, the strong demand for both the civilian and the defense products of new industrial plants, and various military projects.

### CEMENT PRODUCTION, SHIPMENTS, AND STOCKS, 1949-50

Texas and United States

(Amounts in thousands of barrels)

| Area and month | Production 1950 | Production 1949 | Production Percent change | Shipments 1950 | Shipments 1949 | Shipments Percent change | Stocks, end of month 1950 | Stocks, end of month 1949 | Stocks, end of month Percent change |
|---|---|---|---|---|---|---|---|---|---|
| TEXAS | | | | | | | | | |
| January... | 1,232 | 1,090 | 13 | 1,129 | 879 | 28 | 741 | 641 | 16 |
| February.. | 1,169 | 1,092 | 7 | 1,203 | 834 | 44 | 707 | 899 | —21 |
| March.... | 1,430 | 1,152 | 24 | 1,569 | 1,235 | 27 | 568 | 315 | —30 |
| April..... | 1,445 | 1,261 | 15 | 1,384 | 1,220 | 13 | 621 | 357 | —28 |
| May..... | 1,485 | 1,242 | 20 | 1,460 | 1,371 | 6 | 645 | 728 | —11 |
| June..... | 1,397 | 1,262 | 11 | 1,438 | 1,294 | 11 | 606 | 695 | —13 |
| July...... | 1,507 | 1,287 | 17 | 1,499 | 1,162 | 29 | 615 | 820 | —25 |
| August.... | 1,521 | 1,344 | 13 | 1,625 | 1,513 | 7 | 511 | 650 | —21 |
| September | 1,487 | 1,315 | 13 | 1,517 | 1,426 | 6 | 481 | 539 | —11 |
| October... | 1,533 | 1,307 | 17 | 1,567 | 1,308 | 20 | 447 | 538 | —17 |
| November. | 1,464 | 1,272 | 15 | 1,492 | 1,401 | 6 | 419 | 410 | 2 |
| December. | 1,503 | 1,357 | 11 | 1,419 | 1,129 | 26 | 504 | 637 | —21 |
| Total... | [1]17,149 | 14,981 | 14 | [1]17,285 | 14,772 | 17 | — | — | — |
| UNITED STATES | | | | | | | | | |
| January... | 15,174 | 15,261 | —1 | 9,593 | 8,756 | 10 | 20,267 | 17,591 | 15 |
| February.. | 13,070 | 13,751 | —5 | 9,775 | 9,134 | 7 | 23,579 | 22,206 | 6 |
| March.... | 14,238 | 15,439 | —8 | 14,613 | 14,539 | 1 | 23,205 | 23,104 | (2) |
| April..... | 18,088 | 17,682 | 2 | 18,375 | 17,779 | 3 | 22,928 | 22,977 | (3) |
| May..... | 19,950 | 18,622 | 7 | 22,834 | 19,426 | 18 | 20,044 | 22,170 | —10 |
| June..... | 20,007 | 18,279 | 9 | 24,749 | 20,667 | 20 | 15,298 | 19,785 | —23 |
| July...... | 20,709 | 18,856 | 10 | 23,167 | 19,321 | 20 | 12,848 | 19,313 | —33 |
| August.... | 21,884 | 18,715 | 17 | 25,144 | 23,633 | 6 | 9,608 | 14,381 | —33 |
| September | 20,945 | 19,181 | 9 | 22,910 | 22,763 | 1 | 7,642 | 10,797 | —29 |
| October... | 22,488 | 19,070 | 18 | 24,172 | 21,278 | 14 | 5,945 | 8,569 | —31 |
| November. | 20,226 | 18,040 | 12 | 19,791 | 17,269 | 15 | 6,382 | 9,352 | —32 |
| December. | 19,116 | 16,967 | 13 | 12,477 | 11,628 | 7 | 13,019 | 14,706 | —11 |
| Total... | [4]226,055 | 209,863 | 8 | [5]227,788 | 206,193 | 10 | — | — | — |

[1] Incorporates revisions for months of January through April.
[2] Indicates increase of less than one-half of 1 percent.
[3] Indicates decrease of less than one-half of 1 percent.
[4] Incorporates revisions for months of January through June and October.
[5] Incorporates revisions for months of January through April and October.
SOURCE: United States Bureau of Mines.

The production of cement in Texas reached a high level early in 1950 and in every month exceeded the output of the corresponding month of the previous year, with the result that production for the full year 1950 totaled a record 17,149,000 barrels, or 14 percent more than in 1949, as well as 25 percent more than in 1948 and over twice the highest prewar output. While October was the high month of the year, each of the last 10 months exceeded the best month of record prior to 1950. The large gain in Texas production during 1950 was made possible by a 12-percent increase in mill capacity. The 14-percent increase in Texas output compares with the smaller, though substantial, increase of 8 percent in the Nation, where for the third consecutive year a new production record was established.

In both Texas and the Nation, shipments to distributors and users somewhat exceeded production, so that mill stocks were drawn down during the year by 21 percent in Texas and 11 percent in the Nation, reaching levels equivalent to one-third of a month's shipments in Texas and two-thirds of a month's shipments in the Nation. However, mill stocks at the end of 1950 were higher than 2 years ago by 17 percent in both Texas and the Nation. Cement production during 1951 is expected to be at a high level again, particularly in the Southwest. While the early months of the year are normally seasonably lower, the high rate of construction activity, especially of heavy construction, should contribute to a strong demand for cement during at least the first half of the year.