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IMPLICATIONS OF POPULATION CHANGES IN THE SOUTHWEST

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The current expansion in the defense program renews interest in the population trends of the Southwest. During World War II the rapid growth of war production stimulated migration from rural areas to cities, particularly industrial centers, with all of the larger metropolitan areas gaining significantly in population. After the war the population of the Southwest and its cities increased further as the result of the return of veterans to both urban and rural areas, the continued rapid development of southwestern industry, and the relatively high birth rate. The latter factor has been particularly important during this period of high incomes and essentially full employment.

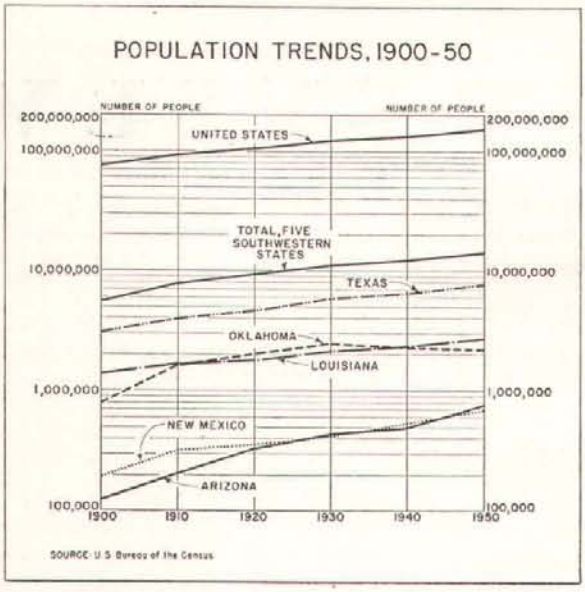
The industrial progress in the area during the postwar period is indicated by the rise of industrial construction to peacetime peaks in 1947 and in 1951; the continued growth in manufacturers' sales and in the value added by manufacture; the large increase in output of crude oil and its products, as well as natural gas, carbon black, sulphur, potash and other products; the persistent rise in industrial consumption of electric power; and the steady additions to nonfarm employment, especially in manufacturing.

The population gain of the Southwest reflects primarily economic expansion in the larger industrial centers, although numerous smaller towns and cities have grown as a result of the decentralization of industry. During the 5 years following the war there was no real net return movement of population from the larger cities to the rural areas at any time. Consequently, for the decade as a whole, there was a rather general tendency for rural farm areas to lose population; but these losses were more than compensated for by the marked growth in urban centers, particularly the larger industrial cities.

The net result of these changes during the decade was measured in the spring of 1950 by the 10-year census. The shifts and increases in population disclosed for the 1940-50 period are considerable and have had profound effects on the economic life of the area. Thus, there has been a strong new demand for housing and other construction and for various community facilities and services in all of the growing population centers. Most of the large backlog of construction demand accumulated during the war years, both residential and nonresidential, was in the urban areas, particularly in the larger cities and their rapidly growing suburbs. Many of these suburbs have felt a strong need for new streets, sewer and water systems, shopping centers, educational buildings, hospitals, recreational centers, and other facilities to serve the greatly expanded residential area. The relatively high incomes and essentially full employment during these years contributed appreciably to the purchasing power required to support the construction of these facilities.

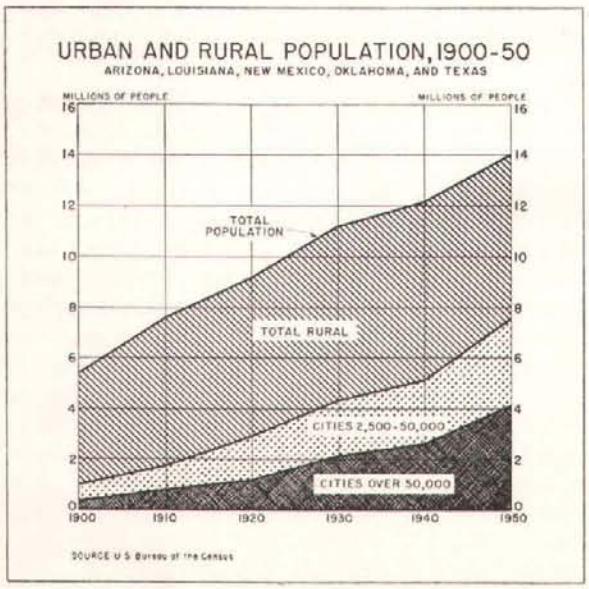
In view of the high level of business activity generally, combined with the rapidly expanding defense production, population trends which were predominant during the past decade are likely to be accentuated in the next year or so. The growth of the cities of the area probably will be accelerated, and the strong attraction of employment in industrial areas will draw additional workers from the generally scarce labor supply now on farms and ranches, though at a much slower pace than during the early years of the 1940's. Due to the location of defense plant facilities, some relatively new or undeveloped areas may have unusual growth.

The population shifts during the 1950's may prove to be relatively easier to cope with than those during the war period. For one thing, the large volume of construction activity since the end of the war has provided a considerable volume of relatively high-quality housing, even to the extent of a modest oversupply in some areas. Much progress also has been made in providing business, institutional, and public buildings, services of various types, and engineering projects. As a consequence, the towns and cities of the Southwest started the decade of the fifties relatively better supplied with such buildings and facilities. Another factor which will contribute to relatively easier adjustment is the fact that population changes of the next few years, while in the same general direction as a decade earlier, are likely to be less striking and to involve less serious problems than those of the World War II period. This is true because, first, the current defense program is undergoing a somewhat



slower rate of expansion than the war production program of 1941-43 and, second, the labor force and production capacity are relatively fully employed at the present time.

The rate of growth of population in the Southwest for a long time has exceeded that of the Nation. From 1900 to 1950 the population of the United States doubled, while in the five southwestern states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—the population at the end of this 50-year period was two and one-half times that at the beginning. While Louisiana nearly doubled its population during these five decades, the population of Arizona increased to six times the 1900 figure. Perhaps more significant than the gains in total population is the distribution of these gains among the farms, small towns, medium-sized cities, and metropolitan city areas. During the past 50 years the rural population of the five states, including both farm and rural nonfarm areas, increased by 41 percent; while the population of the urban areas, defined so as to include all cities of 2,500 or more, increased 670 percent according to preliminary figures. Breaking this down still further, in cities of 2,500 to 50,000 the increase amounted to 437 percent, while in cities of over 50,000 the gain was 1,116 percent.



As a result of these diverse trends, the rural population declined from 82 percent of the total population in 1900 to 46 percent in 1950. Cities of 2,500 to 50,000 population increased their share of the total from 12 percent to 25 percent, while cities of over 50,000 population increased their share from 6 percent to 29 percent. Data available for 1920-50 indicate that the rural nonfarm population—people living in towns of less than 2,500 population—has accounted for approximately 22 to 26 percent of the total population during the past 30 years. The farm population accounted for 47 percent of the total population in 1920 but only about 23 percent in 1950.

POPULATION CHANGES, 1940-50

	Population		Change	Percent change
	1950	1940		
ELEVENTH FEDERAL RESERVE DISTRICT				
Arizona, 5 counties	207,838	137,758	70,080	50.9
Louisiana, 26 parishes	759,083	752,285	6,798	0.9
New Mexico, 18 counties	301,702	241,744	59,958	24.8
Oklahoma, 8 counties	134,103	187,137	—53,034	—28.3
Texas, 254 counties	7,711,194	6,414,824	1,296,370	20.2
Total	9,113,920	7,733,748	1,380,172	17.8
FIVE SOUTHWESTERN STATES				
Arizona	749,587	499,261	250,326	50.1
Louisiana	2,683,516	2,363,880	319,636	13.5
New Mexico	681,187	531,818	149,369	28.1
Oklahoma	2,233,351	2,336,434	—103,083	— 4.4
Texas	7,711,194	6,414,824	1,296,370	20.2
Total	14,058,835	12,146,217	1,912,618	15.7
UNITED STATES	150,697,361	131,669,275	19,028,086	14.5

SOURCE: United States Bureau of the Census, 1950 Census of Population, Advance Reports, Series PC-8 and PC-9.

During the 1940-50 decade the population of the five southwestern states increased by 15.7 percent, or slightly more than the 14.5 percent achieved by the Nation. Higher yet was the 17.8-percent increase in the Eleventh District, which contains most of the centers where population increases have been pronounced in the five states. While it would be inaccurate to state that all of the Southwest enjoyed faster rates of population increase than the Nation, spectacular gains were achieved in many individual cities and counties, including some with relatively small populations in 1940. In many cases, oil, trade, irrigation, war plants, or postwar industries accounted for significant growth.

Especially remarkable population increases were achieved in a number of suburbs of the larger cities as a result of the concentration in those suburbs of much of the growth of the metropolitan areas of the Southwest. The suburbs usually offer the advantages of larger amounts of land at lower costs, lower taxes, and more attractive living conditions. With the ever-increasing use of trucks, buses, and automobiles, the transportation service in the suburbs has

PERCENTAGE POPULATION CHANGES IN COUNTIES, 1940-50

Five Southwestern States[1]

Percentage change in population	Number of counties					
	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Total
DECREASE	4	30	[2][3]14	66	145	259
INCREASE						
0.0— 9.9	2	14	4	3	25	48
10.0—19.9	2	11	4	1	18	36
20.0—29.9	1	4	[2]2	2	19	28
30.0—39.9	0	1	2	2	10	15
40.0—49.9	3	0	2	3	11	19
50.0 and over	2	4	3	0	26	35
Total increase	10	34	17	11	109	181
TOTAL	14	64	[3]31	77	254	440

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] Includes a county reduced in size in 1949 in order to form Los Alamos County.
[3] Excludes Los Alamos County, which was organized in 1949 from parts of Sandoval and Sante Fe counties.
SOURCE: United States Bureau of the Census, 1950 Census of Population, Advance Reports, Series PC-8.

improved steadily, while in the larger central cities congestion has tended to become an increasingly serious problem.

The tendency for population increases to be concentrated in only a part, and frequently a small part, of a state is shown by the Census figures on population changes in the five southwestern states. Between 1940 and 1950, population declines occurred in 259 counties, or 59 percent of the 440 counties in these five states. In another 48 counties, comprising 11 percent of the total number, the population gain during the decade was under 10 percent. On the other hand, 35 counties, comprising 8 percent of the total, gained 50 percent or more in population. Decreases were particularly characteristic of counties in Oklahoma, where 66 out of 77 counties lost population. Of the 254 counties in Texas, 145 had decreases. Nearly half of the counties in New Mexico and of the parishes in Louisiana also lost population. Only in fast-growing Arizona did gains predominate, there being increases in 10 out of the 14 counties.

Factors responsible for the growth of population in individual regions of the Southwest and, hence, in the area as a whole include chiefly a variety of expanding industries. Thus, along the Texas Gulf Coast, virtually every county gained in population during the 1940-50 decade, with especially large gains in the more industrialized counties where crude oil and natural gas production increased, chemical plants and light metals plants as well as other defense plants were built, and manufacturing and trade generally expanded. In the lower Rio Grande Valley substantial percentage gains in population reflect a large extension of irrigation and the resulting pronounced increases in the production of cotton, vegetables and—until the 1949 freeze—citrus fruits. In the High Plains of west Texas, additions to irrigated acreage were accompanied by a considerable increase in the production of cotton, grain sorghums, and wheat. In this area, oil production also contributed to the increase of economic activity and, hence, to population growth. However, oil production was a much more important factor in the population increase further south in the Permian Basin area of west Texas and southeast New Mexico. In the Texas Panhandle, population gains reflected the large production of natural gas and its products, including natural gasoline, carbon black, petrochemicals, and synthetic rubber. Elsewhere in Texas, population gains of 50 percent or more were made in such cities as Dallas, San Antonio, Fort Worth, Austin, Waco, and Wichita Falls, where trade, defense plants, other manufacturing plants, and, to a lesser extent, military establishments made important contributions. In southern Arizona, the population increase reflects the expansion of the tourist trade in the Tucson area, military activity, and the increase of copper production.

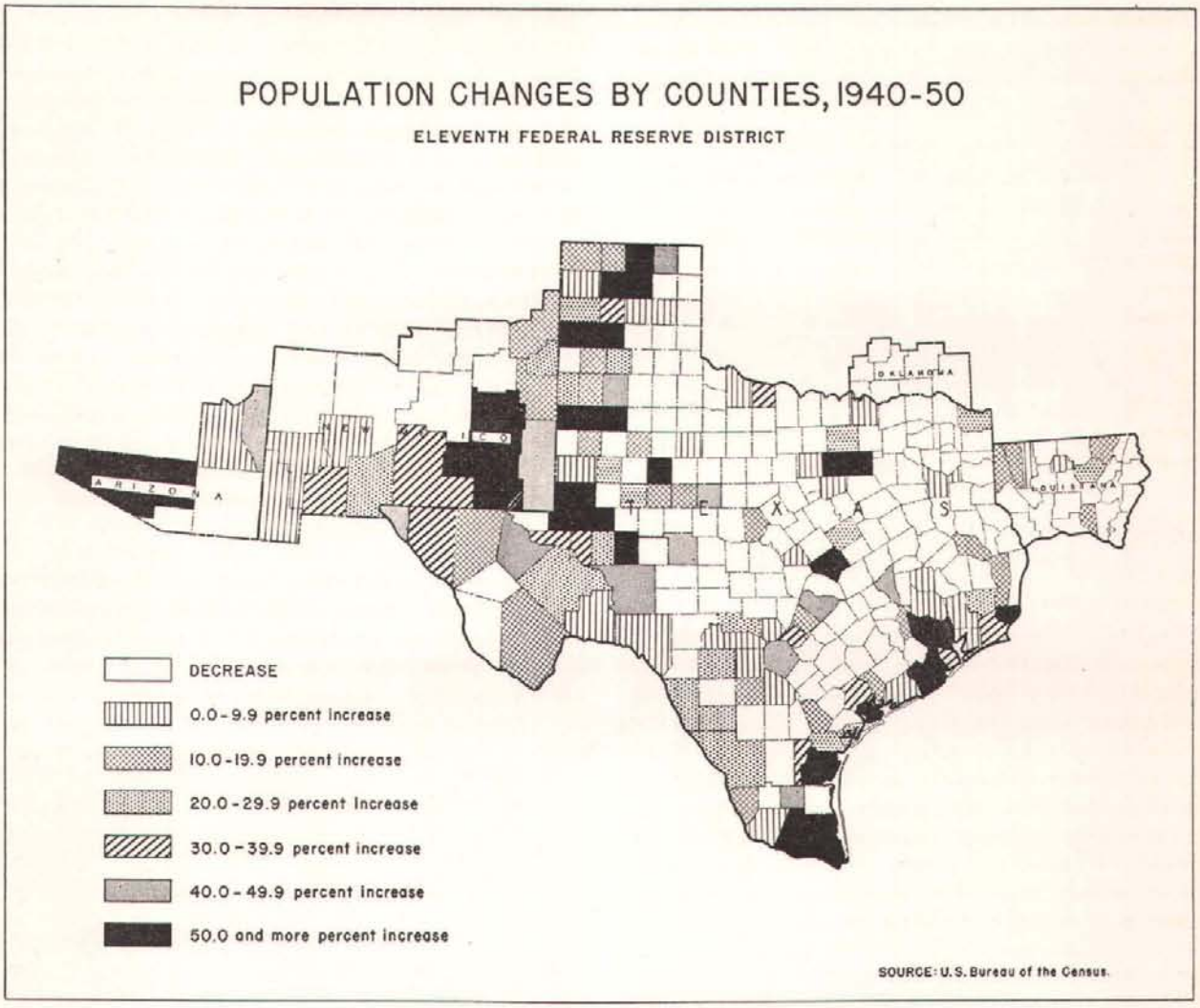
In contrast with the forces which stimulated rapid population growth in these restricted areas are the factors which have been responsible for population declines in the major portion of the counties and parishes of the District. From the accompanying map it will be noted that the counties suffering population declines cover mostly the strictly agricultural areas where little or no activities of a military character were carried on during the decade. The loss was brought about largely through the migration of workers from farms to towns and cities where there was a strong and increasing demand for labor by government agencies (including the military) and industrial and commercial enterprises. Initially, this demand for labor absorbed the surplus of farm workers created during the 1930's by the decline in farm operations, the shifts in types of crops grown, and the early expansion of farm mechanization. As the labor demand became more pronounced, the attractiveness of urban life, including higher wages, a wider choice of jobs, more modern living conditions, and advantages deriving from educational, recreational, and cultural oppor-

FACTORS IN POPULATION CHANGES, 1940-50

Five Southwestern States and United States

	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Total 5 states	United States
Population April 1, 1940	499,261	2,363,880	531,818	2,336,434	6,414,824	12,146,217	131,669,275
Factors in changes[1]							
Births	173,000	710,000	195,000	540,000	1,893,000	3,511,000	32,294,000
Deaths	61,000	236,000	57,000	197,000	624,000	1,175,000	14,265,000
Excess of births over deaths	112,000	474,000	138,000	343,000	1,269,000	2,336,000	18,029,000
Net migration[2]	138,000	—155,000	11,000	—446,000	28,000	—424,000	999,000
Total net change	250,326	319,636	149,369	—103,083	1,296,370	1,912,618	19,028,086
Population April 1, 1950	749,587	2,683,516	681,187	2,233,351	7,711,194	14,058,835	150,697,361
Percent change, 1940-50	50.1	13.5	28.1	—4.4	20.2	15.7	14.5

[1] Birth, death, and migration figures are preliminary and rounded and, so, are not fully reconcilable with total net change.
[2] Includes both international and interstate migration.
SOURCE: United States Bureau of the Census, Current Population Reports, Population Estimates, Series P-25, No. 47.



tunities, became a strong force that pulled workers needed on farms to industrial jobs in the larger centers. This, in turn, had the effect of forcing a rapid mechanization of agriculture, which not only overcame the previously existing scarcity of farm workers but also displaced additional workers.

In the postwar period these general trends continued, due to the rapid growth in peacetime commercial and industrial activities in most of the larger centers and to the accelerated expansion in farm mechanization as needed farm equipment was made available. Moreover, the workers who had migrated to the city and had experienced the advantages of city life and the acquisition of new productive skills had little inclination to return to farms or rural areas.

The shift of population from rural areas to the larger cities has worsened the relative position of many small-town merchants; however, even without a loss in population in their market areas, merchants in very small communities would have tended to lose business more and more to the retail trade centers in the larger cities. The increasing use of the automobile has made such larger cities more accessible to both the farmers and the small-town dwellers. Rising farm incomes have further increased the incentive of the farm population to make a higher proportion of their purchases in the larger cities where a better selection of goods usually can be obtained. This shifting of trade to the larger cities may have been somewhat disguised or hidden from the merchants of the small towns as the result of the generally large increases in the total trade of the Southwest, whereby such merchants have been able to expand somewhat their volume of business even though they may not have shared fully in the increase enjoyed by the area's retailers as a group. Any letdown in the total trade of the area might be particularly serious in the smaller towns, especially if the decline should stem from a drop in farm income.

Another factor affecting the population of the Southwest has been the migration of persons to and from the area. During the 1940-50 decade, 424,000 more persons left than entered the five southwestern states, although the 3,511,000 persons born during the period exceeded the 1,175,000 deaths by a sufficient margin to cause a net gain of 1,913,000 persons in total population. Arizona enjoyed a particularly large inward migration, amounting to about 138,000 persons or appreciably more than the natural increase due to the excess of births over deaths during the decade. New Mexico and Texas also enjoyed some net inward move-

ment of population. On the other hand, Oklahoma and Louisiana had a substantial net outward migration of population, although in Louisiana it was appreciably less than the gain due to the excess of births over deaths.

While this inward and outward migration from the five southwestern states had a relatively small effect upon total population, the area received considerable qualitative advantage from this migration. A large proportion of the persons leaving the area were relatively unskilled farm workers or unskilled laborers from the cities, but many of the persons migrating to the Southwest had highly developed skills or technical training. Over the years such persons have greatly augmented the growing body of skilled and and technical personnel within the area. During the past decade, many of these arrivals came as a result of the new aircraft, chemical, or other industrial plants established in the area, since the rapidly expanding demand for such personnel could not be met from within the area. Moreover, many persons of outstanding ability have been attracted to the Southwest by its dynamic growth.

An area with a rapidly growing population ordinarily derives many benefits from such increase, and this has been true in the Southwest. In the first place, a larger volume of trade and other business activity is to be expected as a result of the larger numbers of customers within the market area and the tendency toward higher average incomes in a growing region. In addition to a larger total volume of business, there is usually an increase in volume per business enterprise, because population and income tend to rise faster than the number of business units.

Another advantage is found in the more varied and specialized lines of trades and services which are economically feasible in a larger community. Such greater variety of goods and services and more extensive specialization result in better service to the community and generally higher incomes to those providing the service.

A rise in construction activity is one of the most typical and prominent results of population growth. Often, due to the accumulated scarcity of houses and other buildings, the volume of construction increases much more, percentagewise, than population. In the faster growing communities, construction often reaches and maintains a high level of activity for a considerable period. The acceleration of construction activity stems from the need for houses and also for business and industrial buildings and for added facilities for education, transportation, communication, and sanitation. Closely associated with construction is the increase in the value of real estate, including both land and buildings. This results not only from the greater demand in relation to supply of land in and contiguous to the cities but also from a more intensive use of farm land in the surrounding territory and easy access to a good market for available produce. The rising property values, in turn, increase the tax base from which the local governments may obtain more funds to finance the improvements required in a growing community.

One of the more dynamic results of population growth is the generation of a tendency toward still further growth. Thus, once a city becomes a trade center for a larger region, its further progress is almost automatic to the extent that economic development continues in its supporting area. In addition, growth of the central city tends to increase both the size and the income of its trade area. Generally, under conditions prevailing in the Southwest, the larger the population of a central city and its surrounding area, the more likelihood there is of further growth. For one thing, there is more capital available for investment in the expansion of old or the creation of new industries, as well as the improvement of harbors, highways, streets, freight depots, warehouses, community facilities, and other structures. In a larger city, not only will local government expenditures on improvements be greater, but—even more important—private capital will be more available and willing to undertake improvements within the private sphere.

A still further stimulating advantage of a larger population is that there tend to be present more of those advantages which attract new industries from outside the area, as well as stimulate the further growth of industries already present. A larger city ordinarily will have a greater supply of labor available, and this labor will tend to have more varied skills and experience than would be the case in smaller communities. At the same time, the larger city is also more likely to have those service industries which both new and old business enterprises find helpful or necessary, e.g., machine shops, supply houses, makers of parts and components, advertising agencies, accounting services, consulting services, financial institutions, and other economic service agencies. Furthermore, a growing population means expanding markets, which attract new industries and new business establishments.

POPULATION CHANGES IN CITIES OF 25,000 OR MORE AND IN METROPOLITAN AREAS, 1940-50

Eleventh Federal Reserve District

Rank	City	Population of city			Metropolitan area population	
		1950	1940	Percent increase 1940-50	1950	Percent increase 1940-50
1	Houston, Texas	596,163	384,514	55.0	806,701	52.5
2	Dallas, Texas	434,462	294,734	47.4	614,799	54.3
3	San Antonio, Texas	408,442	253,854	60.9	500,460	48.0
4	Fort Worth, Texas	278,778	177,662	56.9	361,253	60.2
5	Austin, Texas	132,459	87,930	50.6	160,980	45.0
6	El Paso, Texas	130,485	96,810	34.8	194,968	48.8
7	Shreveport, Louisiana	127,206	98,167	29.6	176,547	17.5
8	Corpus Christi, Texas	108,287	57,301	89.0	165,471	78.6
9	Beaumont, Texas	94,014	59,061	59.2	195,083	34.2
10	Waco, Texas	84,706	55,982	51.3	130,194	27.8
11	Amarillo, Texas	74,246	51,686	43.6	—	—
12	Lubbock, Texas	71,747	31,853	125.2	—	—
13	Wichita Falls, Texas	68,042	45,112	50.8	—	—
14	Galveston, Texas	66,568	60,862	9.4	113,066	39.3
15	Port Arthur, Texas	57,530	46,140	24.7	[1]	[1]
16	San Angelo, Texas	52,093	25,802	101.9	—	—
17	Laredo, Texas	51,910	39,274	32.2	—	—
18	Abilene, Texas	45,570	26,612	71.2	—	—
19	Tucson, Arizona	45,454	35,752	27.1	—	—
20	Tyler, Texas	38,968	28,279	37.8	—	—
21	Monroe, Louisiana	38,572	28,309	36.2	—	—
22	Brownsville, Texas	36,066	22,083	63.3	—	—
23	Odessa, Texas	29,495	9,573	208.1	—	—
24	Roswell, New Mexico	25,738	13,482	90.9	—	—
25	Temple, Texas	25,467	15,344	66.0	—	—

[1] Included in Beaumont metropolitan area.

SOURCE: United States Bureau of the Census, 1950 Census of Population, Advance Reports, Series PC-8 and PC-10.

These numerous advantages of a large or growing population carry with them certain obligations, and any city or area that has enjoyed rapid growth may well ask how far it has met these obligations. Most such obligations stem from the need to provide more facilities and a more complex and efficient community organization to serve the larger population. Many southwestern cities have had severe housing shortages during the past decade of rapid growth. While the postwar building boom has reduced the housing shortage appreciably, the continued population growth makes this problem a more or less continuous one, at least so long as employment and incomes remain at high levels.

Similarly, the business community of a rapidly growing city must provide industrial and commercial facilities, utilities, transportation services, and other necessities of modern urban life. As in the case of housing, the profit motive tends to stimulate private enterprise to meet these needs, but in many cities and their suburbs the growth of population has been so rapid that the fulfilling of these obligations has tended to lag.

In the sphere of local government obligations is the need to provide schools, streets, sewer and water systems, traffic control, police and fire protection, and certain other community facilities and services. These increasing obligations mean higher community expenditures and higher taxes, though—at the same time—the rising tax base may permit meeting these obligations through merely moderate increases in tax rates. The rise in tax rates as a city grows tends to be matched roughly by the higher productivity and income of the population.

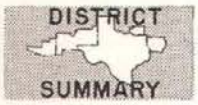
An obligation worth particular attention in the larger cities is the need to adjust many aspects of community life to the increasing congestion resulting from the crowding together of more and more people within the city. If this congestion problem is not handled satisfactorily, many of the advantages of population growth may be offset. Traffic congestion causes business delays, hinders customers reaching places of business, increases commuting time, and may tend to have a somewhat depressing effect upon community morale. In the Southwest only a few cities are, as yet, large enough to feel the congestion problem to a degree comparable with that of some large cities in other parts of the country. Nevertheless, growing cities have the responsibility to develop plans for coping with the problem before it becomes acute.

Although much emphasis is placed on population growth, it is by no means a complete and adequate measure of economic development. Indeed, both production and income can qualify much better as all-round indicators of economic progress. The population gains of an area such as the Southwest really tend to understate the extent of economic advance, since much more important than the increase in mere numbers of persons has been the rise in the average skills, production, and income per capita. From 1940 to 1950, while the population of the five southwestern states increased 15.7 percent, personal income in the area rose by 253 percent and even in terms of constant prices was up about 105 percent. Similarly, other indicators of productive activity rose much faster than the population.

In conclusion, it may be stated that the rapid population growth of the Southwest during the decade of the 1940's was not a temporary development. The current defense program is having an increasing economic effect upon the Southwest, and it may be expected that there will be population changes similar to those during the early years of World War II. Thus, migration to centers of defense production has been stimulated by the expansion of the aircraft, chemical, metals, ordnance, and shipbuilding industries. Many of the new workers in these industries have come from the smaller towns and farm areas to the larger cities or their suburbs. As these trends unfold, the large cities may be expected to continue to gain population at the expense of the more thinly populated areas, while certain suburbs should show unusually high percentage increases in population. Moreover, the decline of the farm population will be accompanied by even more extensive farm mechanization.

The longer-range outlook for population in the Southwest reflects the dynamic growth possibilities of the area. As manufacturing increases in relative importance and in diversification, a larger population can be supported. At the same time, the rise of production, real income, and the standard of living should be even more impressive than the population growth. However, a greater population will contribute in many ways to the economic development of the area, particularly by supplying a larger labor force and consuming market within the area. To the extent that the gains in population are accompanied by increases in skills, work experience, and education, along with greater capital investment, the productivity and earnings of the growing labor force and the capacity of the consuming markets of the area will be increased further. In all of these respects, the outlook for population growth, along with general economic progress in the Southwest, is very promising—there will be more people living better.

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS



Consumer buying in the Eleventh Federal Reserve District in September showed a mixed pattern. Department store sales were up seasonally, with an 11-percent rise from August, but fell 5 percent below the high September 1950 level, due to one less shopping day. District furniture stores sales and new car registrations in Dallas, Houston, and San Antonio were down markedly from August, as well as from September a year ago.

Crude oil production in the District reached successive new highs in September and October, but announced Texas allowables for November are expected to reduce production to around the April level. Construction contract awards were practically unchanged from August to September, with an increase in residential awards being offset by a decline in nonresidential awards. The value of September contract awards, however, was about 13 percent lower than in the corresponding month last year. Nonfarm employment in Texas showed a further increase in October, due largely to continued expansion in defense industries and seasonal gains in trade.

Critically dry conditions in much of the central and western portions of the District caused deterioration of pastures and ranges, losses in livestock weight, and further delays in the seeding of winter grains, but the harvest of maturing crops made rapid progress. October crop production estimates showed little change from a month earlier. Farm prices in the District generally strengthened during Ocober, but prices of cattle and poultry declined.

Recent important financial developments in the District included a continued sharp upward trend in currency circulation, a marked increase in investments of weekly reporting member banks, a moderate increase in loans, and a rather large increase in deposits.

Department store sales in the Eleventh Federal Reserve District showed about the usual seasonal increase in September. Nevertheless, fall sales to date have been short of merchants' expectations, since an anticipated markedly freer spending attitude on the part of consumers has not materialized. Merchants have had to continue aggressive tactics to stimulate sales, although consumer response to special promotions and price reductions has been generally good.

September sales at district department stores were up 11 percent from August but were 5 percent less than the relatively high September 1950 level. This year-to-year decline is largely accounted for by one less shopping day in September this year. Houston stores, however, posted a 7-percent increase over a year earlier, in contrast with declines in all other major cities of the District. The over-all sales performance of stores in this District in September was a little more favorable than that of stores in the Nation as a whole. Nevertheless, cumulative sales at district stores for the first 9 months of this year were only 1 percent larger than in the corresponding period of last year, as compared with the national average increase of 3 percent.

Sales in the individual soft goods departments in September generally showed little change from a year earlier, but the consumer durable goods departments continued to experience marked declines from the heavy sales in September last year. Sales in the women's and misses' dress and accessories departments, each, were 1 percent higher than a year earlier, while sales in the women's and misses' coat and suit department were 4 percent lower. Men's clothing sales registered a 2-percent year-to-year decline. Of selected major soft goods departments, only the basement store experienced a marked change from a year earlier, with sales up 14 percent. percent.

Year-to-year declines in the sales of important homefurnishings departments ranged from 19 percent for domestic floor coverings to 53 percent for major household appliances. Of course, these declines were from the unusually high levels of September last year. Nevertheless, sales of furniture and bedding and of major household appliances were lower than the September volume of any of the three previous years, and domestic floor covering sales were lower than in any other September since 1947. Although the television and radio department sales were down 34 percent from a year ago, they were the highest for any month this year.

Department store stocks showed a small contraseasonal decrease during September and at the end of the month were only 6 percent higher than a year earlier, the smallest year-to-year increase since April 1950. It will be noted, however, that stocks a year ago were rising sharply and were already at a fairly high level. Aggregate stocks continue to be high in

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES: Sept. 1951 from Sept. 1950	NET SALES: Sept. 1951 from Aug. 1951	NET SALES: 9 mo. 1951 comp. with 9 mo. 1950	STOCKS[1]: Sept. 1951 from Sept. 1950	STOCKS[1]: Sept. 1951 from Aug. 1951
DEPARTMENT STORES					
Total Eleventh District	— 5	11	1	6	— 1
Corpus Christi	1	— #	— 2	#	5
Dallas	—11	16	— 1	7	— 3
El Paso	— 9	15	#	—	—
Fort Worth	— 7	7	— #	9	1
Houston	7	15	12	9	— 2
San Antonio	—12	— 5	— 2	2	— #
Shreveport, La	3	20	2	—	—
Other cities	— 4	12	— 3	1	3
FURNITURE STORES					
Total Eleventh District	—18	— 8	—	16	— 1
Austin	—28	—20	—	7	1
Dallas	—30	— #	—	10	5
Houston	—23	—17	—	—	—
Port Arthur	—14	—12	—	29	3
San Antonio	—10	— 4	—	—	—
Shreveport, La	—15	—16	—	13	2
Wichita Falls	10	13	—	30	2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District	—51	—30	—	—	—
Dallas	—53	—32	—	—	—

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

relation to the current sales volume, but merchants have achieved a better balance in their inventories. Buying continues conservative, with orders outstanding at the end of September up 1 percent from a month earlier but down 38 percent from a year ago. The total volume of orders outstanding on September 30 was lower than on the same date of any prior year since 1942.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39=100)

Area	UNADJUSTED				ADJUSTED[1]			
	Sept. 1951	Aug. 1951	July 1951	Sept. 1950	Sept. 1951	Aug. 1951	July 1951	Sept. 1950
SALES—Daily average								
Eleventh District	441	366	339	454	409	411	423	420
Dallas	401	317	288	438	361	373	400	395
Houston	529	420	415	472	494	477	513	441
STOCKS—End of month								
Eleventh District	489	481	453	444	475	486	482	431

[1] Adjusted for seasonal variation.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALES[p]			STOCKS[1p]	
	Sept. 1951 from		9 mo. 1951 comp. with 9 mo. 1950	Sept. 1951 from	
	Sept. 1950	August 1951		Sept. 1950	August 1951
Automotive supplies	—10	—14	—	7	10
Drugs and sundries	♯	—13	11	15	♯
Dry goods	—15	—20	— 3	—17	—13
Grocery (full-line wholesalers not sponsoring groups)	4	— 5	—	1	♯
Hardware	— 9	— 2	7	40	— 3
Industrial supplies	10	— 6	32	32	— 6
Metals	—17	—20	—	39	2
Tobacco products	— 4	—10	♯	12	— 5
Wines and liquors	11	24	—12	—	—
Wiring supplies, construction materials distributors	54	19	—	64	2

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

The easing in instalment credit controls, effective the first of August, appears to be having little noticeable effect on sales. Instalment sales at district department stores in September were down 7 percent from August and remained sharply below the year-earlier level. The failure of the more liberal credit terms to stimulate sales appreciably is evident not only in department stores but also in most other lines of retail trade subject to Regulation W.

The collection ratio of charge accounts outstanding dropped from 48 percent in August to 46 percent in September, which is the lowest level for this ratio since May 1942. The imposition of credit controls on charge accounts during the war period had effected a substantial increase in the charge account collection ratio, and while this ratio had declined somewhat in the postwar period following the elimination of charge accounts from credit controls, it had remained noticeably higher than in the prewar period. During the past 12 months, however, the ratio showed a declining tendency, although the slowing in charge account collections has not developed to a sufficient extent to warrant serious concern.

RATIO OF COLLECTIONS TO ACCOUNTS RECEIVABLE[1]

Eleventh District Department Stores

	Instalment			Charge accounts		
	1949	1950	1951	1949	1950	1951
January	18	14	14	50	50	49
February	20	14	14	49	49	49
March	21	15	15	54	54	51
April	20	14	15	51	50	47
May	20	13	16	51	53	50
June	18	12	15	50	50	47
July	18	12	16	49	49	47
August	18	12	17	51	51	48
September	16	12	17	50	50	45
October	16	12	—	52	51	—
November	15	13	—	52	50	—
December	16	14	—	53	49	—

[1] Collections during month as a percentage of accounts outstanding at beginning of month.

The instalment collection ratio, meanwhile, showed a noticeably upward trend during the past year following the reimposition of Regulation W and may explain, in part, the slower collections on charge accounts. Although the instalment collection ratio in September was unchanged from August at 17 percent, it was 5 points higher than in September a year ago. This improvement in the instalment collection ratio is a direct result of the provisions of Regulation W, which require higher down payments and shorter payout periods than prevailed generally prior to the institution of these controls. The recent modification of Regulation W may ultimately arrest the upward trend of the instalment collection ratio.

Furniture store sales in this District, after a marked rise in August, declined noticeably in September, with sales down 8 percent from August and 18 percent from the high year-earlier level. The lower sales volume is reflected in both cash and credit sales. Collections also slowed during September. While accounts receivable showed little change, the decline in receivables from September a year ago continued to widen, reaching 16 percent at the end of the month. Furniture store stocks remained practically unchanged following four successive monthly declines. Month-end stocks were 16 percent higher than a year ago.

New car registrations in the three larger metropolitan centers of the District declined markedly from August to September, with registrations down 22 percent in Dallas, 19 percent in Houston, and 13 percent in San Antonio. September registrations in Dallas and Houston were lower than in any other month since January 1950. Moreover, registrations in these three metropolitan centers ranged from 36 to 46 percent lower than the high volume of a year ago.

Open weather over the District during October favored harvesting of cotton, grain sorghums, and other maturing field crops; progress was also made in planting of winter cover crops, clovers, and small grains in areas where moisture was adequate. However, much of central, north, and west Texas is in serious need of rain as the limited moisture received in September has been dissipated largely by warm winds. Acute drought continues in many far western and northwestern counties of the State where light or no rainfall has been received in several months. Wheat seeding in the

northwestern counties of Texas and in adjacent counties of New Mexico and Oklahoma has made only very limited progress during the past several weeks, and the crop that is up to a good stand in those areas is making slow growth as dry weather continues; in some fields the crop is dying.

COTTON PRODUCTION

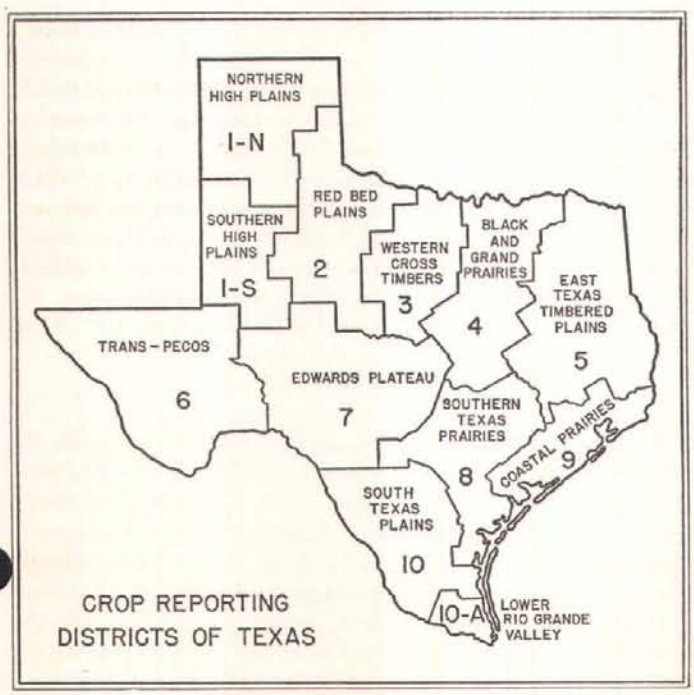
Texas Crop Reporting Districts

(In thousands of bales — 500 lb. gross wt.)

Crop reporting district	1949	1950	1951 indicated Oct. 1	1951 as percent of 1950
1-N Northern High Plains	259	89	330	371
1-S Southern High Plains	1,571	722	1,250	173
2 Red Bed Plains	1,119	548	710	130
3 Western Cross Timbers	61	16	40	250
4 Black and Grand Prairies	1,059	557	715	128
5 East Texas Timbered Plains	349	120	215	179
6 Trans-Pecos	190	143	240	168
7 Edwards Plateau	88	48	35	73
8 Southern Texas Prairies	505	230	290	126
9 Coastal Prairies	212	122	260	213
10 South Texas Plains	627	351	715	204
State	6,040	2,946	4,800	163

SOURCE: United States Department of Agriculture.

Cotton harvest is proceeding under generally favorable conditions. Farmers in the Low Rolling Plains and Southern High Plains counties of Texas and in other late areas are making every effort to gather their crops as rapidly as possible, despite a short supply of pullers and pickers. The cotton crop in the five states lying wholly or partly within the Eleventh Reserve District is estimated at 7,300,000 bales, compared wtih 4,275,000 bales in 1950. The Texas crop estimate remains at 4,800,000 bales. The October estimate for the United States cotton crop is 16,931,000 bales, or 360,000 bales less than was indicated in September. As a percent of the indicated crop, ginnings are running ahead of a year ago, although farmers are holding a large quantity of cotton from the market in anticipation of higher prices before the government loan program expires April 30, 1952.



Harvest of sorghum grains was widespread in the High Plains in October and was virtually completed in other areas. The October estimate of production in Texas is unchanged from a month earlier at nearly 90,000,000 bushels, which is 40 percent below the record crop of last year but 28 percent above average. The prospective yield per acre is 19 bushels—4 bushels below last year, yet better than average. The five states of the District expect to harvest a combined total of 109,000,000 bushels of sorghum grain, which compares with 181,000,000 bushels harvested in 1950. The 89,000,000 bushels of corn produced in these states in 1951 is 30,000,000 bushels under last year's crop, due to smaller acreage and lower yields.

CROP PRODUCTION

Texas and Five Southwestern States[1]

(In thousands of bushels)

Crop	Texas: Average 1940-49	Texas: 1950	Texas: Estimated Oct. 1, 1951	Five southwestern states: Average 1940-49	Five southwestern states: 1950	Five southwestern states: Estimated Oct. 1, 1951
Cotton[2]	3,049	2,946	4,800	4,460	4,275	7,300
Corn	62,517	65,730	44,612	112,462	119,183	89,267
Rice[3]	8,264	11,544	12,128	18,264	22,035	23,986
Sorghum grain	69,694	148,818	89,794	84,067	180,886	108,758
Hay[4]	1,437	1,281	1,082	4,624	4,770	4,342
Peanuts[5]	303,934	323,400	151,450	413,641	456,245	277,610
Irish potatoes	4,648	2,752	2,328	9,996	6,952	5,842
Sweet potatoes	5,378	5,130	1,755	14,730	15,870	7,655

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
[2] In thousands of bales.
[3] In thousands of bags, 100 pounds each.
[4] In thousands of tons.
[5] In thousands of pounds.
SOURCE: United States Department of Agriculture.

A record Texas rice crop of 12,128,000 bags is reported, although late rains delayed harvesting and caused some damage to the crop. Peanut production in the District fell sharply below early season prospects; it is estimated that farmers in the five states produced 278,000,000 pounds, compared with 456,000,000 pounds in 1950. Yields per acre were poor in practically all areas.

PRODUCTION OF FRUITS AND NUTS

Texas and Five Southwestern States[1]

(In thousands of units)

Crop	Unit	Texas: Average 1940-49	Texas: 1950	Texas: Estimated Oct. 1, 1951	Five southwestern states: Average 1940-49	Five southwestern states: 1950	Five southwestern states: Estimated Oct. 1, 1951
Peaches	bu.	1,777	783	1,189	2,733	1,389	2,248
Pears	bu.	385	270	312	765	628	593
Grapefruit	boxes	17,387	7,500	250	20,681	10,650	3,250
Oranges	boxes	3,616	2,700	350	4,829	4,400	1,550
Pecans	lb.	30,615	39,000	12,000	62,953	55,100	53,780

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

Production of peaches in the District this year is estimated at 2,248,000 bushels—62 percent above 1950 but 17 percent below the 1940-49 average. Production of other fruits and pecans this year will fall below last year's harvests, as shown in an accompanying table. The sharpest decline will be in the production of grapefruit and oranges. Production of grapefruit in Arizona is down only 5 percent; but the Texas crop, forecast at only 250,000 boxes, is the equivalent of merely a small fraction of the 1950 harvest and is about 1 percent

of the record crop of 24,000,000 boxes harvested in 1945-46. The orange crops in Arizona, Louisiana, and Texas total 1,550,000 boxes, or only about one-third of last year's harvest. The Texas crop of 350,000 boxes compares with 2,700,000 boxes utilized from last year's crop and a 1947-48 record crop of 5,200,000 boxes. The near failure of citrus production in Texas this year is a result of the severe freeze last winter.

Ranges and pastures in the western two-thirds of the District are in need of moisture to stimulate growth of winter grasses. Some farmers and ranchmen in western sections have been out of dry grass for several weeks and are feeding hay. Supplemental feeding of concentrates has been started in many localities to minimize shrinkage. On the other hand, pastures continue to improve in east Texas, in northern Louisiana, and along the Gulf Coast.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	September 1951	September 1950	August 1951	September 1951	September 1950	August 1951
Cattle	71,022	49,614	79,732	28,625	24,139	35,999
Calves	56,158	40,909	65,466	40,328	23,707	45,558
Hogs	52,855	46,656	43,145	7,113	7,268	8,361
Sheep	85,760	36,391	73,298	[1]40,652	[1]22,347	[1]36,782

[1] Includes goats.

Marketings of livestock have been relatively heavy as ranchmen continue culling in an effort to adjust numbers in line with feed supplies. Since early July, weekly receipts of salable cattle, calves, and sheep and lambs at Fort Worth consistently have run above marketings of comparable weeks of 1950. During the 4 weeks ended October 13, receipts of cattle and calves at Fort Worth totaled 94,000 head, compared with 73,000 during the comparable weeks last year. Marketings of sheep reached 73,000 head, compared with 13,000 a year ago, while hog marketings totaled 16,000 head, compared with 17,000 in the same weeks of 1950. Commercial meat production in Texas in the first 8 months of 1951 totaled 516,000,000 pounds, or 1 percent below the corresponding period in 1950; however, livestock marketings in the first 10 months of 1951 indicate that meat production for the entire year may exceed last year's total.

Poultry production in the District in 1951 will exceed greatly that of 1950, while the output of eggs will be lower. Broiler chick placements on Texas farms through mid-October exceeded 43,500,000 compared with 30,400,000 to the same date last year. Also, the production of turkeys in the State is up some 15 percent. The estimate of egg production in the five states in the first 9 months of 1951 is 5 percent below the number produced in the same period last year. Also, milk production in the District during 1951 is expected to fall significantly under last year's output, although it probably will exceed the 1949 production.

The average level of farm commodity prices in the District held relatively stable during August and the first part of September, after experiencing a substantial decline beginning early in the year. During October, however, farm prices generally advanced, although among individual commodities there were important exceptions to the upward movement. Since mid-September, spot cotton prices have risen about 2 cents per pound, while cottonseed prices have advanced about $5.00 per ton. The price of clean wool is up about 30 cents per pound above mid-September, although it is apparently not high enough to arouse much interest among southwestern sheep raisers. Grain prices have made notable advances, reflecting the prospects for increased domestic export of grains and the effects of unfavorable weather in other important grain producing countries. Rice prices have recovered from the low levels reached in late September, although they are considerably below midyear levels. Cattle prices declined in October as stocker demand weakened in the face of continued drought and an uncertain feed supply situation. Broiler prices in Texas turned downward in October, falling about 4½ cents per pound below the September level, as processing plants prepared to handle the large turkey crop.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended October 23, 1951	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas	lb.	$ .3680	$ .3580	$ .3915
WHEAT, No. 1 hard, Fort Worth	bu.	2.71	2.62	2.45
OATS, No. 2 white, Fort Worth	bu.	1.17	1.08½	.99¾
CORN, No. 2 yellow, Fort Worth	bu.	2.05¼	2.01¾	1.68¼
SORGHUMS, No. 2 yellow milo, Fort Worth	cwt.	2.82	2.60	2.19
HOGS, Good & Choice, Fort Worth	cwt.	20.75	21.25	21.75
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	36.00	36.00	30.00
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	35.00	35.00	28.50
STOCKER STEERS, Choice, Fort Worth	cwt.	36.00	36.00	30.00
SLAUGHTER LAMBS, Good & Choice, Fort Worth	cwt.	31.00	31.50	29.50
HENS, heavy, Fort Worth	lb.	.28	—	—
FRYERS, Fort Worth	lb.	.28	—	—
TURKEYS, No. 1 hens, Fort Worth	lb.	.39	—	—

Reports from the Texas Savings Bond Division of the Treasury Department indicate that interest in the Defense Bond Drive may be picking up, following a rather slow start in September. For example, as of October 5 only one city in Texas, Pasadena, had qualified as a "Flag City" under the provisions of the Drive. During the following 2 weeks, however, both Fort Worth and Paris were designated flag cities. By October 18, Oklahoma had reached the 22-city mark in its drive for a total of 45 cities, in honor of the Oklahoma Forty-Fifth Division, and 102 cities in the Nation had earned the distinction.

During September, the first month of the Drive, sales of savings bonds in the District totaled $9,400,000, or $1,300,000 less than sales in September 1950, a month when there was no drive in progress and at a time when consumer purchasing was unusually high. Sales likewise lagged behind the year-earlier total during the first 2 weeks in October, but showed some improvement in the following week. A somewhat more favorable trend was shown with respect to redemptions, as the September total was $6,600,000 below

the year-earlier figure, and the total for the first 3 weeks in October was approximately $3,700,000 less. In the Nation, as in the District, savings bond sales during September fell below September 1950 sales, while redemptions were somewhat less than the comparable 1950 figure.

The Treasury accepted tenders of bids on October 17 for a new issue of 144-day Treasury bills offered in the amount of approximately $1,250,000,000. The bills, labeled Tax Anticipation Series, were dated October 23, 1951, and will mature on March 15, 1952. The Secretary of the Treasury announced that the bills were issued to meet anticipated cash requirements of the Treasury and that they would be acceptable at maturity in payment of income taxes. The bills were sold at an average rate of discount of 1.550 percent. Although sale of the new security represents the first occasion since World War II on which bills of other than 3-month maturity have been issued, Treasury bills of varying maturities were used rather often in prewar years to anticipate quarterly tax payments. The Treasury announced on October 10 that another offering of bills would be made "within the next few weeks" in anticipation of taxes due June 15, 1952. The probable amount of the issue was set at about $1,000,000,000. Upon the completion of the proposed financing, the Treasury will have borrowed $4,250,000,000 of new money through bill offerings since the beginning of the current fiscal year.

On October 11 the Secretary of the Treasury announced that holders of the 1¼-percent Treasury notes maturing October 15 and November 1 and outstanding in the amounts of $5,940,578,000 and $5,253,075,000, respectively, subscribed to $10,861,894,000 of the refunding issue of 11½-month 1⅞-percent certificates of indebtedness. Cash redemption of the October maturity amounted to slightly more than 1 percent; the November maturity, slightly more than 5 percent.

The sharp upward trend in currency circulation during recent months has attracted considerable attention and interest. In both the District and the Nation, currency in circulation has risen by considerably more than the usual seasonal amount. For example, between June 30 and October 15, Federal Reserve notes of this bank in actual circulation increased $39,150,000 to a record level of $676,500,000. This increase compares with a rise of $6,800,000 in the comparable period last year. In the Nation, between June 30 and October 10, money in circulation rose $639,000,000, as compared with an increase of only $183,000,000 during the comparable period last year. In addition to the stimulus arising from seasonal influences, several reasons have been suggested as probable factors in the increase. Among them, black- or gray-market operations, tax evasion efforts, and cash hoarding are perhaps the more noteworthy.

Between September 15 and October 15, earning assets of the Federal Reserve Bank of Dallas rose $34,164,000, due entirely to the increase in holdings of United States Government securities. Decreases in the principal asset and liability accounts included a reduction of $68,298,000 in gold certificate reserves and contraction of $31,170,000 in member bank reserve deposits. Approximately one-half of the decrease in gold certificate reserves is directly attributable to the increase in this bank's participation in the System Open Market Account. During the month, member banks in the District liquidated the entire amount of their indebtedness at the Federal Reserve Bank.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	October 15, 1951	October 15, 1950	September 15 1951
Total gold certificate reserves	$ 546,096	$ 666,398	$ 614,394
Discounts for member banks	0	265	2,131
Industrial advances	77	0	75
Foreign loans on gold	0	0	0
U. S. Government securities	1,142,084	886,671	1,105,791
Total earning assets	1,142,161	886,936	1,107,997
Member bank reserve deposits	951,238	824,425	982,408
Federal Reserve notes in actual circulation	676,525	620,540	668,525

Debits to deposit accounts reported by banks in 24 cities of the District declined 3 percent in September from the total reported for August. At this lower level, however, debits were 5 percent above the September 1950 figure. Increases and decreases were almost evenly divided among the individual cities, with gains ranging up to 14 percent and losses as much as 8 percent. Corsicana, Texas, showed the largest increase, while Corpus Christi and Austin, Texas, had the larger losses. The annual rate of turnover of deposits, or the annual rate of use of deposit acounts, was 14.4 in September, as compared with 14.9 in August and 14.4 in September 1950.

Most major assets and liabilities of the weekly reporting member banks in leading cities of the District increased dur-

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

(Amounts in thousands of dollars)

City	DEBITS[1] September 1951	DEBITS[1] Percentage change from Sept. 1950	DEBITS[1] Percentage change from Aug. 1951	DEPOSITS[2] Sept. 30, 1951	Annual rate of turnover Sept. 1951	Annual rate of turnover Sept. 1950	Annual rate of turnover Aug. 1951
ARIZONA							
Tucson	$ 76,684	18	4	$ 94,638	9.8	9.5	9.5
LOUISIANA							
Monroe	44,296	4	7	46,886	11.4	11.8	10.9
Shreveport	167,805	5	#	184,831	10.8	10.4	10.8
NEW MEXICO							
Roswell	20,092	5	— 2	24,976	9.6	10.2	10.1
TEXAS							
Abilene	49,674	— 4	— 1	52,724	11.5	13.0	11.6
Amarillo	131,889	22	1	104,240	15.4	13.8	15.6
Austin	125,390	—18	— 8	111,136	13.7	16.8	14.9
Beaumont	118,442	3	— 2	87,784	16.2	15.2	16.3
Corpus Christi	117,513	5	— 8	98,529	14.6	14.5	16.4
Corsicana	15,326	7	14	22,343	8.3	8.5	7.4
Dallas	1,354,610	2	— 2	957,915	17.0	18.4	17.8
El Paso	149,377	6	— 1	127,862	14.0	13.3	14.0
Fort Worth	466,216	14	— 3	364,438	15.5	15.0	16.2
Galveston	75,754	— 3	1	97,588	9.4	9.6	9.2
Houston	1,406,709	7	— 6	1,092,413	15.6	15.4	16.8
Laredo	19,631	12	— 7	21,400	11.0	9.6	12.0
Lubbock	85,990	4	4	89,894	11.5	12.2	11.2
Port Arthur	39,967	11	— 6	41,226	11.4	11.2	11.8
San Angelo	42,188	— 3	6	53,842	9.6	10.9	9.4
San Antonio	348,488	4	— 5	377,444	11.0	11.3	11.8
Texarkana[3]	20,652	7	5	23,694	10.4	10.3	9.8
Tyler	48,591	#	— 2	51,655	11.4	11.5	11.6
Waco	71,962	— 5	12	82,158	10.8	11.6	9.8
Wichita Falls	78,663	18	#	102,519	9.2	8.6	9.2
Total—24 cities	$5,075,909	5	— 3	$4,312,135	14.2	14.4	14.9

[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] This figure includes only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to $36,117,000 for the month of September 1951.

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

ing the 5 weeks ended October 17. Particularly notable changes occurred in deposits and investments in United States Government securities. Increases in deposits, loans, and balances with banks, including reserves with the Federal Reserve Bank, were confined principally to the last week of the period.

Deposit increases totaling $143,668,000 were reported during the 5 weeks, with the gain in demand deposits of individuals, partnerships, and corporations arising from the expansion in loans and investments, and the increase in interbank demand deposits accounting for most of the expansion. The increase in interbank demand deposits amounted to $83,235,000 and reflects the seasonal build-up of balances with correspondents by country banks. United States Government deposits, which rose sharply following the September 15 income tax date, showed a net increase of $15,909,000, while deposits of states and political subdivisions declined $17,448,000. Reflecting the upward trend of liquid savings in recent months, time deposits of individuals and businesses rose $7,699,000.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	October 17, 1951	October 18, 1950	September 12, 1951
Total loans (gross) and investments	$2,771,833	$2,659,357	$2,726,989
Total loans—Net[1]	1,451,851	1,373,242	1,444,912
Total loans—Gross	1,468,174	1,386,743	1,461,143
Commercial, industrial, and agricultural loans	993,306	944,259	983,658
Loans to brokers and dealers in securities	8,899	6,581	7,090
Other loans for purchasing or carrying securities	60,532	61,288	60,113
Real estate loans	122,741	113,824	123,778
Loans to banks	1,490	400	9,301
All other loans	281,206	260,391	277,203
Total investments	1,303,659	1,272,614	1,265,846
U. S. Treasury bills	218,247	108,825	185,417
U. S. Treasury certificates of indebtedness	143,154	56,590	115,908
U. S. Treasury notes	195,668	318,539	216,813
U. S. Government bonds (inc. gtd. obligations)	577,247	633,659	575,157
Other securities	169,343	155,001	172,551
Reserves with Federal Reserve Bank	584,251	494,787	562,985
Balances with domestic banks	457,089	351,503	432,424
Demand deposits—adjusted[2]	2,263,388	2,122,379	2,283,460
Time deposits except Government	433,656	437,740	429,711
United States Government deposits	72,789	54,443	56,880
Interbank demand deposits	849,661	721,234	766,426
Borrowings from Federal Reserve Bank	0	3,100	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.

The weekly reporting member banks increased their investments in the amount of $37,813,000 during the 5 weeks ended October 17, with holdings of Government securities more than accounting for the change, since investments in municipal and other non-Government obligations declined. Treasury bill holdings expanded sharply, as the $32,830,000 addition to these portfolios represents an increase of 18 percent. Investments in certificates and bonds also rose, but the increase in the former reflects principally the exchange of matured notes for the Treasury refunding issues on October 1 and October 15.

Loans rose $7,031,000 during the 5 weeks, with commercial, industrial, and agricultural loans more than accounting for the change. Security loans and the category comprising consumer loans also increased, but this expansion was more than offset by decreases in real estate loans and loans to banks. Seasonal demand for bank credit to finance the movement of cotton was strong, but in most weeks of the period most other commercial and industrial borrowers reduced the amount of their outstanding bank indebtedness.

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
September 1949	$5,146,942	$648,045	$2,503,549	$421,452	$2,643,393	$226,593
September 1950	5,726,635	659,286	2,806,806	410,905	2,919,829	248,381
May 1951	5,801,415	658,973	2,697,033	362,380	3,104,382	296,593
June 1951	5,820,309	669,791	2,720,158	374,734	3,100,151	295,057
July 1951	5,855,513	673,533	2,746,696	376,455	3,108,817	297,078
August 1951	5,966,447	672,892	2,807,435	373,116	3,159,012	299,776
September 1951	6,169,109	675,186	2,917,338	371,361	3,251,771	303,825

Nonfarm employment in Texas in October rose to about 2,580,000 persons, or 5 percent more than a year ago, as the result of recent increases in hirings in 15 of the 17 major labor market areas in the State. The Dallas labor market enjoyed the largest gain, estimated at 5,700 persons in the last 2 months, as aircraft production, the State Fair, and retail trade provided more jobs. In the State, trade and manufacturing, each, accounted for large shares of the recent expansion of employment, with manufacturing employment amounting to about 465,000 persons, or 11 percent above a year ago. The rise in nonfarm employment during the past 2 months has shown up in numerous industries, with about two-thirds of the gain being in nondefense lines.

Crude oil production in the District established another record at 3,136,000 barrels per day during September, up 53,000 barrels daily from August and 207,000 barrels daily from a year ago. A third consecutive monthly gain is in prospect during October, which began with moderately increased output as the result of higher production allowables in Texas. Production in the Nation continues to follow the record-breaking pace set by this District. However, a reduction of Texas allowables by 111,000 barrels per day in November is expected to cut back output in this District to about the level of last April.

One factor in the November cut-back is the greater-than-expected improvement in the national stock position, which has caused the Petroleum Administration for Defense to relax its opposition to a reduction in crude oil output. This building up of petroleum inventories has been felt particularly at inland points not able to take advantage of the deficit in world supplies resulting from the Iranian shutdown. In west Texas this problem has been especially acute, with storage rising about 25,000 barrels per day during September, though some decrease in accumulated stocks occurred in early October. A closely related factor has been the overcrowding of crude oil pipe lines from west Texas. At some points in the rapidly developing Spraberry trend the well

completion pace is giving rise to transportation problems similar to those during the early days of the Scurry County reef fields or the East Texas field. Still another factor in the reduction of allowables has been the increased waste of natural gas resulting from the flaring of casinghead gas. Such gas—a by-product of the rising output of oil—has been produced recently in amounts appreciably in excess of existing outlets and processing facilities. Since these factors in the cut-back center particularly in west Texas, half of the reduction in Texas allowables for November was in that section of the State.

CRUDE OIL PRODUCTION

(Barrels)

Area	September 1951 Total production	September 1951 Daily avg. production	Increase or decrease in daily average production from Sept. 1950	Increase or decrease in daily average production from August 1951
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central	1,014,900	33,830	3,047	119
2 Middle Gulf	5,088,850	169,628	16,676	5,131
3 Upper Gulf	15,256,850	508,562	36,033	12,901
4 Lower Gulf	7,907,250	263,575	25,932	2,188
5 East Central	1,716,100	57,203	13,046	1,322
6 Northeast	11,930,800	397,693	—13,653	7,491
East Texas	8,305,200	276,840	—27,103	5,375
Other fields	3,625,600	120,853	13,450	2,116
7b North Central	2,510,900	83,697	8,627	1,649
7c West Central	3,449,600	114,987	42,549	4,443
8 West	29,791,400	993,047	68,778	21,771
9 North	4,791,500	159,717	3,237	—157
10 Panhandle	2,543,100	84,770	—6,660	—1,275
Total Texas	86,001,250	2,866,709	197,612	55,583
New Mexico	4,308,850	143,628	8,878	—1,623
North Louisiana	3,756,063	125,202	—161	—1,803
Total Eleventh District	94,066,163	3,135,539	206,329	52,157
OUTSIDE ELEVENTH DISTRICT	94,634,787	3,154,493	182,640	10,770
UNITED STATES	188,700,950	6,290,032	388,969	62,927

SOURCE: Estimated from American Petroleum Institute weekly reports.

Refinery activity in September decreased fractionally in the District but rose to a new record in the Nation. Crude runs to refinery stills exceeded year-earlier levels by 10 percent in both the District and the Nation. National stocks of crude oil rose during September to 256,000,000 barrels, or 14,000,000 more than a year ago. Stocks of each of the four major products—gasoline, kerosene, gas and distillate fuel oil, and residual fuel oil—exceeded year-earlier levels by from 8 to 26 percent. Total stocks of crude oil and these four major products at the end of September amounted to 546,000,000 barrels, nearly 14,000,000 barrels more than a month earlier and 53,000,000 barrels more than a year ago but about the same as the high level reached in the fall of 1949.

These figures indicate that the drain upon the Nation's supplies of crude and refined oils caused by the loss of supplies from Iran has been at least temporarily eased as the result of increased production in other Middle Eastern countries, the high output in the United States, and retrenchment in foreign consumption. Continued relatively high-level production in this country and abroad will meet the seasonally rising domestic demand and most of the essential foreign needs until about the end of the year. However, during the first quarter of 1952, an appreciable drain upon United States stocks, particularly of refined products, probably will prove necessary, assuming Iranian supplies remain unavailable. Some further building up of burning oil stocks in this country before the impact of the colder part of the heating season would provide a better inventory cushion for emergencies.

Capital expenditures by the oil industry were estimated recently at over $3,000,000,000 for 1951, or nearly 40 percent more than during the previous year. While crude oil production will account for more than half of this record total, refining, marketing, pipe lines, and other plant and equipment expenditures also will be large. Such large expenditures indicate that shortages of steel and other metals are not proving insurmountable obstacles to expansion. Such expansion is in line with the needs of the defense program and the short-run demands on American capacity due to the Iranian shutdown and also reflects the confidence of the industry in its own continued growth.

The total value of construction contracts awarded in the District during September, estimated at $94,000,000, was practically unchanged from August, with residential awards being up 16 percent, while nonresidential awards declined 9 percent. Total awards were 18 percent under the year-ago level, with residential awards being 25 percent lower and nonresidential awards, 13 percent lower than last year. The nonresidential awards included the highest volume of public works contracts since last spring. However, nonresidential building and utility awards were, each, at the lowest levels since the early months of this year. During the first 9 months of 1951, total awards approximated $1,100,000,000, or 25 percent more than during the corresponding period of last year. Residential awards were 14 percent and nonresidential awards, 34 percent ahead of last year.

Shortages of materials, and National Production Authority controls over their use, appreciably curtailed the initiation of new commercial buildings, schools, bridges, and other large and medium-sized projects. Industrial projects likewise are hindered unless essential for defense. Of 210 applications in Texas for the controlled materials—steel, copper, and aluminum—for fourth-quarter 1951 use in construction, only 21 were approved. The estimated construction cost of the one-tenth receiving approval is $42,000,000. Thirteen

other projects involving $1,500,000 received approval because materials were already on hand. Many smaller projects, such as low-cost and medium-cost housing, need relatively little of the controlled materials and, so, do not need NPA approval.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	September 1951p	September 1950	August 1951p	January — September 1951p	January — September 1950
ELEVENTH DISTRICT..	$ 94,424	$ 115,084	$ 94,552	$ 1,099,236	$ 882,849
Residential.....	38,687	51,364	33,477	468,960	412,309
All other.....	55,737	63,720	61,075	630,276	470,540
UNITED STATES[1].....	1,082,855	1,286,541	1,262,811	12,713,561	11,109,746
Residential.....	479,716	549,585	567,566	4,919,153	5,235,896
All other.....	603,139	736,956	695,245	7,614,452	5,873,850

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

BUILDING PERMITS

City	September 1951 Number	September 1951 Valuation	Percentage change in valuation from Sept. 1950	Percentage change in valuation from Aug. 1951	9 months 1951 Number	9 months 1951 Valuation	Percentage change in valuation from 9 months 1950
LOUISIANA							
Shreveport....	447	$ 2,304,992	—45	121	3,052	$ 13,252,841	—49
TEXAS							
Abilene.....	105	449,547	—70	48	910	5,564,664	—51
Amarillo.....	505	3,275,821	71	149	3,048	16,972,759	1
Austin.....	213	4,841,045	53	30	2,103	24,562,523	—22
Beaumont.....	267	1,973,787	264	626	2,252	6,009,164	—29
Corpus Christi..	264	1,340,018	—15	15	2,887	16,008,436	—22
Dallas.....	1,917	10,612,734	—26	14	15,480	80,192,558	—17
El Paso.....	212	603,653	—66	10	2,265	12,728,893	—36
Fort Worth....	630	2,871,344	—22	8	6,152	36,941,780	— 2
Galveston.....	152	93,541	—62	20	1,052	6,914,684	18
Houston.....	894	11,294,399	— 6	— 3	8,668	109,537,703	—17
Lubbock.....	146	1,089,282	—30	—35	2,521	12,890,494	—33
Port Arthur....	148	375,276	— 2	—66	1,471	4,535,131	— 5
San Antonio...	1,153	3,014,345	—39	—58	11,028	36,403,481	—13
Waco.....	208	840,675	6	—64	1,841	11,839,369	—24
Wichita Falls...	65	339,588	20	— 8	931	5,303,459	29
Total.....	7,326	$45,320,047	—14	2	65,661	$399,657,939	—19

Eight Texas areas are among the 41 in the Nation designated as critical housing areas. Such areas contain military installations or defense production activities and are permitted to receive special government aids and to enjoy relaxation of real estate credit restrictions. Recently designated defense areas are Kingsville, for personnel of the Naval Auxiliary Air Station and defense workers, and Wichita Falls, for personnel of the Sheppard Air Force Base. Areas previously designated as critical include the areas of San Marcos, Lone Star, Borger, Mineral Wells-Weatherford, Florence-Killeen, and Brazoria County.

World consumption of cotton during the 1950-51 season is estimated by the trade journal *Rayon Organon* at 30,259,000 bales, or only 1 percent less than the 1936-37 record. Since this consumption was about 4,559,000 bales greater than production, the world stocks of cotton decreased. During the 1950-51 season the United States accounted for 35 percent of the total world consumption, compared with 32 percent during the 1949-50 season and a prewar average of about 25 percent.

The same journal estimates that during the current 1951-52 season world consumption will approximate 30,000,000 bales, of which the United States will account for about 9,000,000 bales. Thus, United States consumption will be down about 1,500,000 bales, while foreign consumption is expected to increase about 1,000,000 bales.

The high level of domestic consumption during the 1950-51 season, when 10,642,000 bales were consumed, reflects in part the military buying program, which accounted for at least 700,000 bales—used in the form of duck, webbing, and other textile products. The balance of the 1,787,000-bale increase over the previous season was accounted for largely by consumer scare buying and efforts to build up inventories, forces which now appear appreciably weaker—inventories are full, few shortages have become apparent, and prices have eased. Only partially offsetting the expected decline in civilian consumption during the 1951-52 season is the rise of military requirements to an estimated 1,000,000 bales.