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TUCSON

This is the eighth of a series of articles on leading cities in the Eleventh Federal Reserve District. Additional copies of this article may be obtained by addressing a request to:

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Tucson, a city with a metropolitan population of some 168,000 inhabitants, is located in Pima County in the broad Santa Cruz River Valley in southeastern Arizona. At 2,400 feet above sea level, the city is surrounded by rolling foothills. In the distance are jagged peaks of the Santa Catalina Mountains on the northeast, the Rincon Mountains on the southeast, the Tucson Mountains on the west, and the Tortolita Mountains on the northwest.

It is said that Tucson obtained its name from the Papago Indians who had a village near the city's present location. The village was called Styook-Zone, which has been translated variously to mean "dark spring" and "at the foot of the black hill." The Indian designation was changed somewhat by the Spanish or Mexican settlers, and it became Tooksone. In the course of time, it was pronounced Too-Sahn.

Tucson is the focal point of retail trade for a considerable part of southern Arizona, as well as for the west coast areas of Mexico; it is the banking and financial center for an area larger than all of New England; it is an important stop on the main east-west service of American Airlines, the Southern Pacific Railroad, two transcontinental bus lines, and the coast-to-coast U. S. Highway 80; it is a mecca for artists and writers of national and international fame; and it is one of the most popular health and winter resort towns west of the Mississippi River, with thousands of visitors attracted annually by its favorable climate and by the national monuments and other scenic attractions in the area.

South of Tucson some 65 miles is Nogales, Arizona, and across the border, Nogales, Mexico. Highway 89, connecting these points, forms a trade link with Old Mexico. Southeast of Tucson is famous Tombstone, Arizona, a landmark in the history and legend of the West. About 125 miles to the northwest is Phoenix, the capital of Arizona.

Early Development

Spanish explorers came through Arizona as early as the middle of the sixteenth century. According to some accounts, Fray Marcos de Niza came through the Tucson area in 1539, to be followed by other explorers, as well as Franciscan and Jesuit missionaries.

For a number of years around 1700, a Jesuit priest named Eusebio Francisco Kino, now honored by the Kino Memorial on North Main Street in Tucson, served as a missionary among the Indians of the region. It was during this period that the first San Xavier del Bac Mission was constructed a few miles southwest of Tucson (this building later was destroyed by the Apaches, but the Franciscans rebuilt the Mission, which is still in use today).

Some years after 1700, however, dissatisfaction developed among the Indian tribes of the region, particularly the Apaches. The attacks by the Indians became so violent that the Jesuits finally were forced to withdraw from the area in 1767.

The Franciscans, who had been serving as missionaries among the Indians in northern Arizona, took over the mission work in the Tucson area when the Jesuits left. Francisco Tomas Garcia was placed in charge of the Mission of San Xavier and the work in the surrounding area. The support of the Spanish military made it possible for the Franciscans to remain.

The Spaniards established a number of military garrisons in this region, with one being constructed in 1752 at Tubac in the Santa Cruz Valley, about 50 miles south of Tucson. In 1776 the garrison at Tubac was moved northward to the present site of Tucson, and the village continued for a long time as a Spanish military post.

In 1823, following Mexico's liberation from Spain, the Tucson area became a part of the province of Sonora, Mexico. Later, the Mexican Government created a Territory of Nuevo Mexico, which included the Arizona region. In 1853, southern Arizona — the land south of the Gila River — became a part of the United States through the Gadsden Purchase. That part of Arizona north of the river already had been ceded to the United States in 1848, following the Mexican War.

The area that is now Pima County became part of the New Mexico Territory following the Gadsden Purchase. In 1860 the Arizona section of the purchase, together with the approximate area that forms the remainder of the present State, became Arizona County of the New Mexico Territory. When the Arizona Territory was organized in 1863, Pima became one of the four original counties and was comprised of the Gadsden Purchase, except for the eastern corner that was awarded to New Mexico and the western corner that was included in Yuma County (another of the original four). Pima County at that time was approximately twice its present size. The county was reduced in size in subsequent years as new counties were formed in southern Arizona but is still 14 percent larger than Connecticut, Rhode Island, and Delaware combined.

In 1857 the San Antonio and San Diego Company established stage service through southern Arizona, and Tucson was on the "main line." In 1858 the Butterfield Stage Company began operating between San Francisco and St. Louis via Los Angeles, Yuma, and Tucson.

At a convention in Tucson in 1861, the Tucson area was declared Confederate territory. During the Civil War, however, Tucson was occupied at times by the Union troops and the Confederate Army and part of the time was left to the mercy of Indians and outlaws. It was while the Confederates were in Tucson that the fourth flag to fly over the area was raised.

In 1863, Congress separated Arizona from New Mexico, creating the Territory of Arizona. Tucson was designated the territorial capital in 1867. The Census of 1870 reported 3,224 people in Tucson, which was about one-third of the population of Arizona counted at that time. The city became incorporated in 1877. In 1880 the population of Tucson numbered 7,007, while the State's population had grown to more than 40,000. In that year, the Southern Pacific Railroad came through the area. Records of 1881 show that the city had six schools, with a total attendance of over 800. The city water works were near completion, and the street railway system and gas works were under construction.

The territorial capital was moved to Prescott, Arizona, in 1877. With the capital gone, Tucson's population did not increase much in the next two decades — rising from 7,007 in 1880 to 7,531 in 1900. However, a number of important developments occurred which have been factors in the city's subsequent growth. The outlaw Indians in Arizona were brought under control, and some of the worst offenders, including the famous Geronimo, were imprisoned. In 1885 the territorial legislature authorized the establishment of a state university at Tucson.

After 1900 the rate of growth of Tucson increased, with its population almost doubling during the following decade. In 1912, Arizona became the forty-eighth state; and from this point on, the history of the Tucson area shifted more to the pattern of other parts of the Southwest.

Resources of the Tucson Area

The growth and prosperity of Tucson, like those of any other city, are related to the natural and human resources of the area. These resources constitute the basis for economic growth, and they also may constitute the bounds within which growth may occur.

Land

The land in the vicinity of Tucson can be divided into two distinct types. Along the Santa Cruz River are fertile, irrigated lands which produce abundant crops of cotton, grains, hay, and vegetables. Water for irrigation is obtained from underground sources. The river is dry, except during rainy periods. The remainder of the land is desert-like at most altitudes. The soils support a scattering of desert plants, including cacti of many kinds, creosote bush, mesquite, ocotillo, yucca, and palo verde.

Part of this desert-like land provides grazing for the cattle-raising industry in the area. The better grazing lands generally are at the moderate altitudes or in the foothill ranges. There also is good grazing in the summer at altitudes of 4,000 to 6,000 feet above sea level. Clouds rising over the mountain ranges lose much of their moisture at the higher altitudes, with the result that rainfall — averaging 16 to 18 inches per year — normally is sufficient to support a good growth of grass.

Much more than half of the land in Pima County is in Indian reservations, national forests, or national monuments or is otherwise owned by the state or Federal government.

Minerals

Southeastern Arizona has deposits of a wide assortment of minerals. The most important metals produced are copper, lead, zinc, silver, and gold. Copper has been produced in this area for more than 200 years, and there are still rich deposits here. Zinc and lead appear in many places and have been produced for many years.

Gold ranks high in value of production in southeastern Arizona. It has been discovered in many locations, but the principal producing area is around Ajo in the western part of Pima County. Silver deposits also occur in many parts of the region, with the principal producing district being around Bisbee in Cochise County.

Other metals in southeastern Arizona that have been discovered or produced in commercial quantities include tungsten, manganese, and vanadium. There also are a number of nonmetallics deposited in southeastern Arizona, including building stone, lime, asbestos, gypsum, and fluorspar.

Climate

Tucson has a great asset in its climate. Not only are thousands of tourists attracted to the city each year by the dry desert air and the bright winter sunshine, but many of the people who live and work in Tucson are "climate-conscious" citizens who once lived in other parts of the country.

The area around the city is basically dry, and the humidity is very low. Tucson's chief claim to a climate attractive to tourists is the great amount of time the sun shines on the area during the year. In fact, there are few places in the United States where the sun shines as much as it does in Tucson. According to Weather Bureau records, the sun shines on Tucson about 3,800 hours per year, or an average of over 10 hours per day.

Rainfall in Tucson averages slightly over 11 inches annually, which is much less than half that received in most parts of the country east of the Mississippi River. Moreover, the rainfall in Tucson is quite variable from year to year. Rainfall records since 1900 show an annual high of 24.17 inches in 1905 and a low of 5.53 inches in 1947. The heaviest rainfall of the year is received during the summer months.

Temperatures in Tucson generally are moderate throughout the year, although there are periods of relatively cold or hot weather, just as in most parts of the Southwest. The average January temperature is about 50 degrees, while the average July temperature is about 85 degrees.

Residents of Tucson benefit from their moderate, sunny climate by having not only a large tourist trade but also few work-stoppages in industry resulting from inclement weather. Irrigation farmers also benefit from the climate of the area by having generally open weather and a long growing season, which is about 245 days. Because of its climate, Tucson is recommended by medical authorities as a healthful place to live. Sufferers with sinusitis, arthritis, rheumatic fever, and respiratory diseases often obtain relief or recover here.

Water

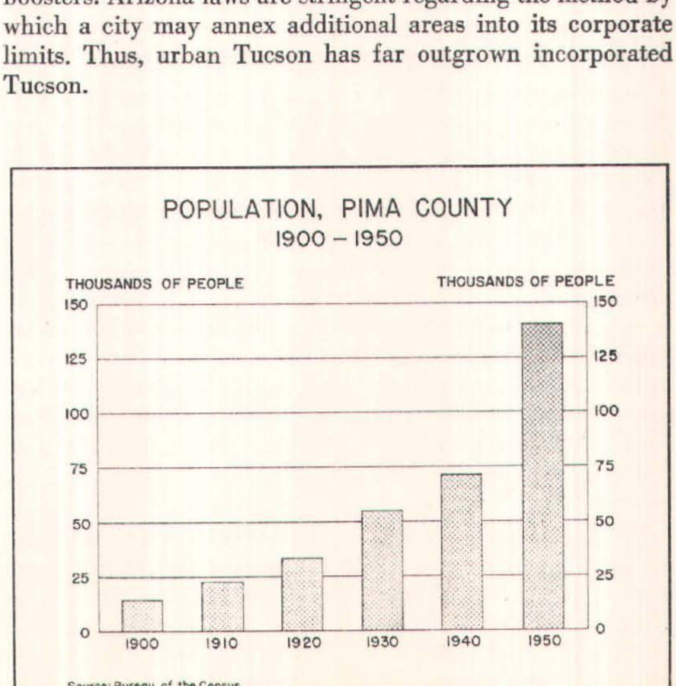
The city of Tucson draws its water supply from 37 deep wells which tap both the underflow of the dry Santa Cruz River and the basic water table. This water requires no treatment for normal use except the minimum amount of chlorination. The water supply for the parts of urban Tucson beyond the incorporated limits also is obtained from wells and is distributed by more than 50 private water companies which operate as public utilities under the Arizona Corporation Commission. The private companies now operating are permitted to charge rates which are determined by the Commission on the basis of a theory of "fair return" on investment. The demands for water in Tucson and in the crop-farming sections nearby already are lowering the underground water table. There has been no water shortage thus far, but Tucson leaders, visualizing the continued growth of their city, foresee difficulties ahead unless steps are taken to increase the supply of water.

However, there are some possibilities for increasing the water supply. One proposed project would tap the San Pedro River, probably at Charleston, Arizona. This river flows east of the city, and an aqueduct or pipeline could be built to bring the water into Tucson. It has been suggested that the abandoned, and now flooded, silver mines near Tombstone (some 70 miles away) be tapped. Tucson also may benefit if the proposed project to bring water from the Colorado River into central Arizona is accomplished.

Population and Labor Force

Tucson, like many southwestern cities, has had its greatest growth in very recent years. In 1900 there were fewer than 15,000 people in all of Pima County. The population of the county rose 55 percent, 52 percent, and 61 percent in the next three 10-year periods, respectively, bringing the 1930 total to 55,676 persons. There was a further increase of 31 percent during the thirties. From 72,838 in 1940, the population rose to 141,216 in 1950, a gain of 94 percent during the decade. The population of Pima County in 1953 is estimated at close to 190,000.

Urban Tucson has a population of about 168,000, but the population within the incorporated limits is under 50,000—a fact that often is a source of embarrassment to Tucson boosters. Arizona laws are stringent regarding the method by which a city may annex additional areas into its corporate limits. Thus, urban Tucson has far outgrown incorporated Tucson.



The civilian labor force in Pima County varies seasonally but in January 1953 totaled about 52,000 workers, including 50,000 employed and about 2,000 unemployed. The number of employed in April was somewhat lower, largely because of layoffs in one of the aircraft plants.

Tourist Trade

One of Tucson's largest industries is the tourist trade. While no precise figures are available, tourist expenditures in the city (or within a radius of 25 miles, to include guest ranches) during the past several years have been somewhere around $35,000,000 or more annually, according to well-informed sources. More than three-fourths of the total tourist business is between January and April.

Information on this very important industry is provided by the Bureau of Business Research at the University of Arizona in Tucson. This Bureau has made special studies of the tourist trade in Tucson and its place in the economy of the city in the past few years.

According to staff members of this Bureau, there are several "classes of tourists" in Tucson. There is the numerically dominant motel group which stays about 10 days in Tucson on the average. There are those who average about 2 weeks here, usually staying at American-plan hotels or guest ranches. Then there are those who spend several months in the city, some of whom may remain for more than half the year. Locally, these groups are collectively called *winter visitors.*

Undoubtedly, the chief attraction Tucson holds for the winter visitor is its climate. Some other visitors just want to get far away from home and see the mountains and deserts of Arizona. Other visitors are attracted by the western atmosphere around Tucson and the opportunity to live ranch-style, if only for a few days.

Still another factor in the Tucson tourist picture is the number of attractions in the area. To mention only a few, there are the Chiricahua National Monument, called the "wonderland of rocks"; old Tucson, a replica of Tucson in Civil War days which was constructed a few miles west of Tucson in 1940 as a setting for a motion picture; San Xavier Mission; Mt. Lemmon, an all-year playground about 40 miles from Tucson and 9,185 feet above sea level; Saguaro National Monument, a large stand of the giant cactus about 14 miles east of the city; Old Fort Lowell, the adobe remains of a military post established in 1873 and used until the end of the Apache wars in 1886; and the Arizona-Sonora Trailside Museum. Tourists also find hunting and fishing in Arizona, and many go from Tucson into Old Mexico for deer and quail hunting.

Besides the places to see in and around Tucson, there are important annual events held in the city that attract more than local interest. From January through March, there is skiing on Mt. Lemmon. Also in January, there is the Tucson Open Golf Tournament at the El Rio Country Club. In February each year, La Fiesta de los Vaqueros (a championship rodeo) takes place. March brings the annual livestock show, the annual dog show, and ceremonials at Mission San Xavier del Bac. In the week preceding Easter are held the Yaqui Easter Rites, lasting 5 days and ending Easter morning. The Festival of Arts is scheduled for April. La Junta Patriotica is celebrated in September, followed by the Papago Indian Rodeo and Pima County Fair in October. Tucson residents and visitors also enjoy viewing the preseason training of major-league baseball teams. The public also may attend events scheduled at the University of Arizona, such as athletic activities, concerts, operas, and plays.

Industry

Transportation, Communication, and Public Utilities

Tucson appropriately is called a transportation center. The Southern Pacific Railroad offers east and west service through the city. There also is a Southern Pacific branch that operates from Tucson to Nogales and connects with its former Mexican line now owned by Mexican National Railways. The Southern Pacific Railroad is one of the largest industries in Tucson, for it employs over 3,000 people and has a local annual payroll of more than $12,000,000. The railroad maintains shops and repair units here, as well as offices, freight yards, and a passenger station.

American Airlines has frequent flights east and west through Tucson, and there is one flight scheduled each day from Tucson to Mexico City. Frontier Airlines serves Tucson and other important Rocky Mountain cities. Tucson is connected with cities and towns of the West by two interstate bus lines, while two other lines serve points within the State. There also are several truck freight lines operating in and through Tucson to all parts of the United States.

There are five radio stations and one television station serving Tucson. Another radio station and a television station are under construction. The Mountain States Telephone and Telegraph Company, an important industry in Tucson, employs almost 700 persons and has an annual payroll of about $2,000,000.

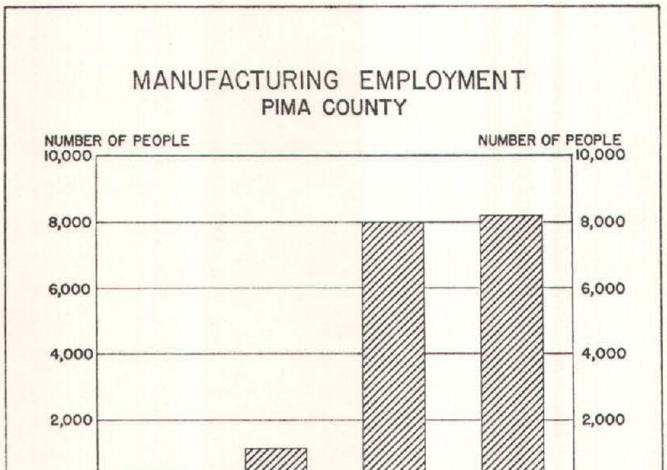
Tucson has adequate electricity for its current needs, and the Tucson Gas, Electric Light and Power Company is building for the future. The company presently is able to provide a total of 78,000 kilowatts. New generating facilities furnishing an additional 25,000 kilowatts are expected to start operation about June 15, 1953. Another 50,000 kilowatts will be provided by facilities scheduled for completion in 1954. Since this company has access to natural gas piped through Tucson by the El Paso Natural Gas Company, there is an abundance of natural gas available in Tucson.

Employment in the transportation, communication, and public utilities industries in urban Tucson in March 1953 totaled well over 5,000 persons.

Manufacturing

Urban Tucson has a wide assortment of manufacturing, although most of it is on a relatively small scale. About 25 firms in the city are engaged in producing food products; their combined employment is well over 700 persons. A recent count shows nine machine shops in Tucson, excluding the aircraft plants, with employment totaling about 110 persons.

Tucson has four plants that may be classified as belonging to the aircraft industry. These either produce airplane parts or equipment or are engaged in aircraft construction or modification. A survey of these companies in April showed a total employment of more than 5,500 persons. Tucson has 10 apparel manufacturing plants or shops which employ a total of 165 persons; some of these firms specialize in making western wear, such as cowboy shirts and boots, suede leather garments, and squaw dresses. There are 18 firms engaged in producing building materials, ranging from brick and concrete blocks to woodwork and Venetian blinds; employment in these firms totals about 1,300.



There are eight Tucson firms that may be included in the sheet-metal category, although some of them produce structural steel, air-conditioning equipment, or other products. Several of these companies help to supply the large demand for evaporative coolers, which are popular in Tucson, where the humidity ordinarily is very low. There are three additional plants that specialize in air-conditioning equipment. These 11 firms employ more than 360 persons.

A list of other products processed or manufactured in Tucson includes cement, polyethylene plastic bags, flour and feeds, model boat kits, charcoal, soaps and chemicals, mattresses, batteries, paint and varnish, dog food, bullets, fishing tackle, and re-refined oils.

Manufacturing employment in Pima County (virtually all of which is in metropolitan Tucson) reached a record 8,700 persons in November 1952, according to estimates prepared by the Employment Security Commission of Arizona in cooperation with the Bureau of Labor Statistics of the United States Department of Labor. The average of monthly estimates for the first quarter of 1953 is 8,200 workers. Manufacturing employment has grown rapidly in the past 3 years; in fact, the total prior to August 1950 was fewer than 2,000 workers.

Mining

The economy of Tucson—although it leans principally on the service, manufacturing, and other industries in the immediate area—draws to some extent on the mining industry in southeastern Arizona.

Arizona is the Nation's leading copper producer and accounts for about 44 percent of the national output. By far the greater part of Arizona's output is in the southeastern part of the State and within 150 miles of Tucson. One of the largest mines is at Ajo in the western part of Pima County. This mine produces 60,000 tons of copper annually. Two other important copper mines are at Bisbee and Morenci. The Bisbee operation is being converted to an open-pit mine and will produce 38,000 tons of copper annually when production begins next year. There are copper smelters at Ajo, Douglas, and Morenci.

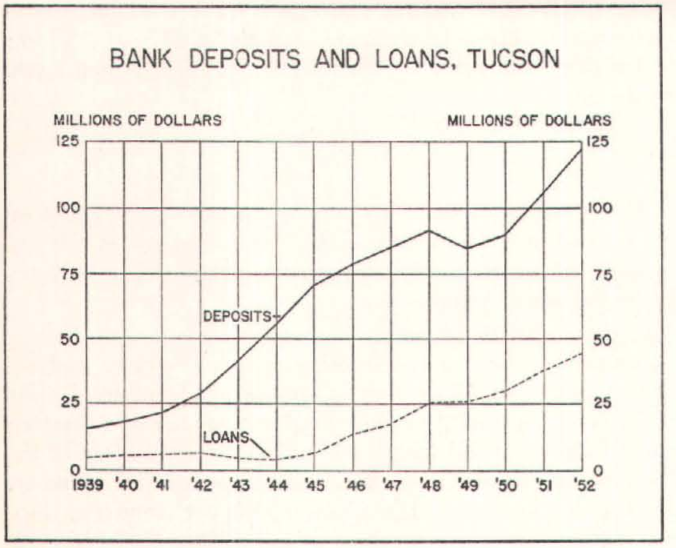
An open-pit mine is being readied at Silverbell, just northwest of Tucson, which will provide substantial employment. At Mammoth, a few miles north of Tucson, the San Manuel Mine is being developed, and it is reported that this mine will employ about 1,800. There are many smaller copper mining companies that operate in this southeastern Arizona region.

The Copper Queen Mine at Bisbee is one of the largest zinc producers in the State; it also produces lead. Another important lead-zinc mine is the San Xavier Mine at Sahuarita, a few miles south of Tucson. There are dozens of other mines in southeastern Arizona that produce lead and/or zinc, although some of these mines were closed down in May 1953, on account of an earlier decline in lead and zinc prices. Fluorspar is produced at times from several mines in southeastern Arizona, including the Lone Star Mine in Cochise County. Gold and silver are produced in the area, largely as by-products of copper and zinc-lead ores. Much of the gold and silver produced comes from Ajo, Bisbee, and Morenci. Tungsten and vanadium also are produced in the region.

Banking

Tucson is a financial center for southeastern Arizona and adjacent areas of Mexico and New Mexico. Banking has contributed its share toward the economic development of this area. Tucson is served by three banking groups: the Southern Arizona Bank & Trust Company with seven offices; four branches of the Valley National Bank, Phoenix; and two branches of the Bank of Douglas, Phoenix. Banks in Tucson are served by the El Paso Branch of the Federal Reserve Bank of Dallas.

Banking operations in Tucson have been multiplied many times since 1939. On December 31 of that year, Tucson banks held deposits totaling about $15,750,000. Deposits at the



close of 1952 were over $121,500,000—up 672 percent during this period, compared with a gain of 571 percent for all commercial banks in Arizona.

Loans at the banks in Tucson rose from $4,540,000 as of December 31, 1939, to well over $44,000,000 at the end of 1952—up 872 percent, compared with an increase of 569 percent for all Arizona banks.

Military Installations

Davis-Monthan Air Force Base, a permanent installation, is located southeast of Tucson on a tract of some 14 square miles. Until recently, this was a base for B-29 bombers but has changed over to the jet-propelled B-47 bombers. The base is particularly important to business conditions in Tucson, for its payroll now totals about $1,800,000 per month, while local purchases add up to about $350,000 per month, excluding some contracted services. About 1,000 civilians are employed on the base.

Also of importance to Tucson is Darr Aero Tech, a privately owned school located a few miles northwest of the city. The school is engaged in giving flight training to Army Air Force men and has a monthly payroll of about $400,000. Virtually everyone associated with the school resides in Tucson, except for the cadets in training.

Agriculture

Agriculture in Pima County consists primarily of crop farming on irrigated lands and livestock production on range lands. Pima County in 1950 had 778 farms and ranches, which contained 4,135,745 acres, or about 70 percent of the county's total acreage, according to Census reports. There were more than 62,000 acres under irrigation in 1952, with water supplied from wells.

The principal crops grown in Pima County are cotton (the principal cash crop), barley, corn, grain sorghums, alfalfa, dry edible beans, and fruits and vegetables. Cotton was harvested from 47,000 acres in 1952, with upland cotton and American-Egyptian cotton accounting for 40,000 acres and 7,000 acres, respectively. Cotton production in the county in 1952 reached a record 66,778 bales, which brought farmers an estimated $15,611,000, according to the Department of Agricultural Economics, University of Arizona, Tucson. Cash income from all crops was $16,434,000.

The livestock industry consists principally of beef, poultry, and milk production. Pima County in 1950 had about 43,000 cattle, of which 1,782 were classified as milk cows. There also were 2,600 hogs and 350 sheep. Poultry production is increasing rapidly, however, spurred by the growing local demand.

In 1952 the farmers and ranchers in Pima County received an estimated $3,500,000 from the sale of beef cattle, while poultry and eggs accounted for $950,000. Dairy products contributed $850,000. Sale of these and other livestock and livestock products brought farmers and ranchers a total of $5,620,000 last year.

Cash income to Pima County farmers in 1952—including crops, livestock and livestock products, and some miscellaneous sales—reached a record $22,154,000. Farmers and ranchers in the county contribute significantly to Tucson's large retail trade.

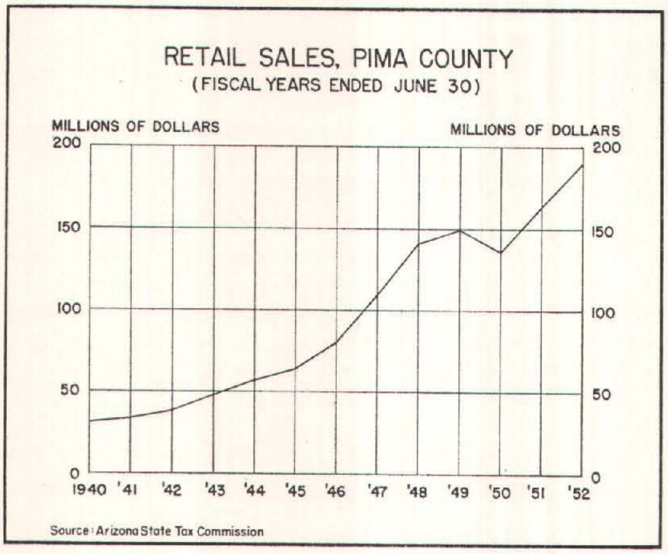
Trends in Business Activity

The discussion above is devoted principally to the kinds of enterprises in Tucson and the vicinity that contribute to its growth and prosperity. Economic conditions in the city depend also on the amount or volume of business done by these enterprises. Consideration is given below to some of the trends in business activity in Tucson.

In connection with the earlier discussion of banking, it was pointed out that from December 31, 1939, to the close of 1952, deposits in Tucson banks rose 672 percent, while loans increased 872 percent. These figures are useful indicators of business activity or economic growth. As noted previously, the growth in banking in Tucson during this period was relatively greater than in the State.

Retail Trade

In the more usual sense, Tucson is a trade center for most of Pima County and for parts of counties adjoining Pima on the north and east. The trade territory joins that of Phoenix on the northwest, El Paso on the east, and extends south across the Mexican border and down Mexico's west coast. In another sense, however, the trade territory of Tucson scarcely has any boundaries. Its fashionable shops and department stores—as well as its specialty stores that handle such items as western clothes, Indian attire, leather goods, and native jewelry—supply a demand that is dispersed over a wide area. Mail orders are received by the department stores from virtually all over North America, many of which are from people who have vacationed in Tucson and have visited these stores.



Retail sales in Tucson totaled $30,700,000 in fiscal year 1939-40, according to reports of the Arizona State Tax Commission. The annual total rose almost steadily to a record of $190,706,000 in 1951-52. Tucson accounted for 21.1 percent of the Arizona total in 1951-52, compared with 19.1 percent in 1939-40.

Construction Activity

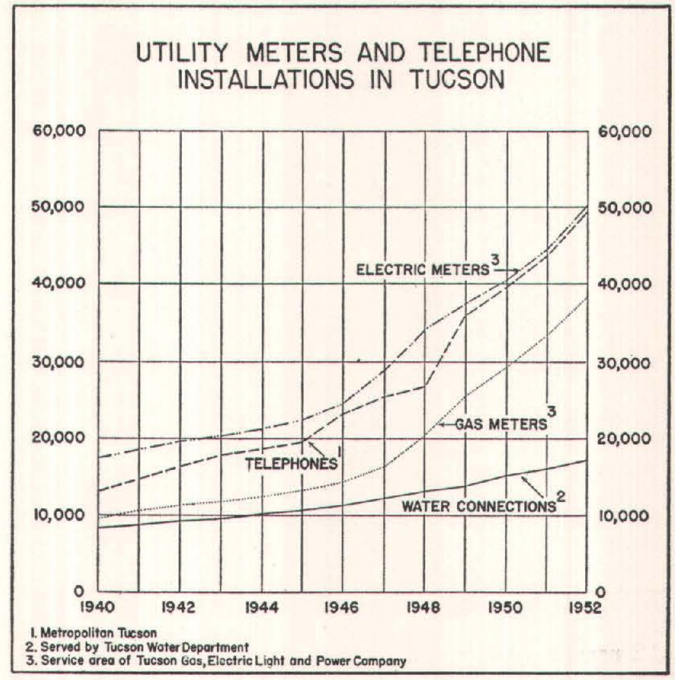
No statistical data are available by which to trace the growth in construction in urban Tucson. Data on building permits for past years apply to the incorporated part of Tucson only, and a major part of the construction in the past few years has been outside the incorporated limits. In 1953, it has become necessary for builders to obtain permits for construction jobs throughout the county, but this has not been in effect long enough for the figures to be useful here.

A brief tour of Tucson shows clearly that construction activity in the city has been on a high level in recent years. Employment by construction contractors during the last half of 1952 ran well over 5,000 workers, or 12 percent of all the wage and salary employees in the city.

The large amount of construction of residential buildings in and around Tucson is reflected in Census reports, which give Pima County 21,266 residential units in 1940 and 46,764 units in 1950, for a gain of 120 percent, while the population rose 94 percent.

Trends in Use of Utilities

One type of information that is helpful to businessmen in locating new markets is the number of public utility installations in specific areas. Such data are indicative of not only the growth of electric, gas, and similar or related businesses but also the potential demand for appliances, such as refrigerators, washing machines, radios, and television sets.



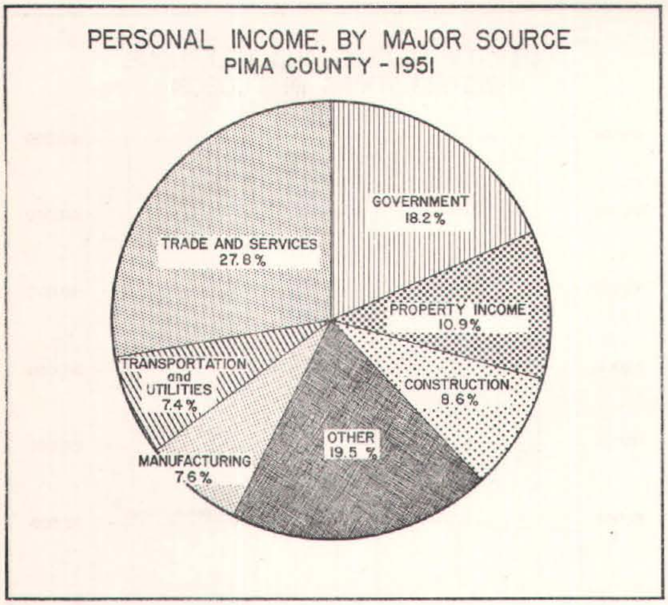
The number of telephones in Tucson rose from about 13,000 at the end of 1940 to almost 50,000 at the close of 1952, an increase of 280 percent. Water connections being served by the Tucson Water Department rose from 8,400 in 1940 to 17,000 in 1952—up 104 percent. There also are private water companies serving more than 11,000 water users in outlying areas. Gas meters served by the Tucson Gas, Electric Light and Power Company increased from about 10,000 in 1940 to over 38,300 in 1952 for a gain of 292 percent, while the number of electric customers increased from 18,000 to over 50,000, a rise of 186 percent.

Personal Income

One measure of the economic development of an area is the income of its inhabitants. The estimates of personal income given here are for Pima County. More than 90 percent of the county's personal income is received by residents of urban Tucson. These figures do not include directly the personal incomes of the thousands of winter visitors who live in Tucson much of the year and spend considerable money here, although their expenditures are reflected in the income of the county's residents.

Personal income in Pima County in 1951 reached a record $217,000,000, or almost six times the 1939 total. Income from trade and service industries totaled about $61,000,000, or nearly 28 percent of all income payments. This is by far the largest segment of the total, reflecting the importance of the tourist and winter visitor business in this area. This category includes payrolls and proprietary income of retail and wholesale establishments, business and personal services, hotels, tourist courts, amusement places, and medical, legal, and other service industries.

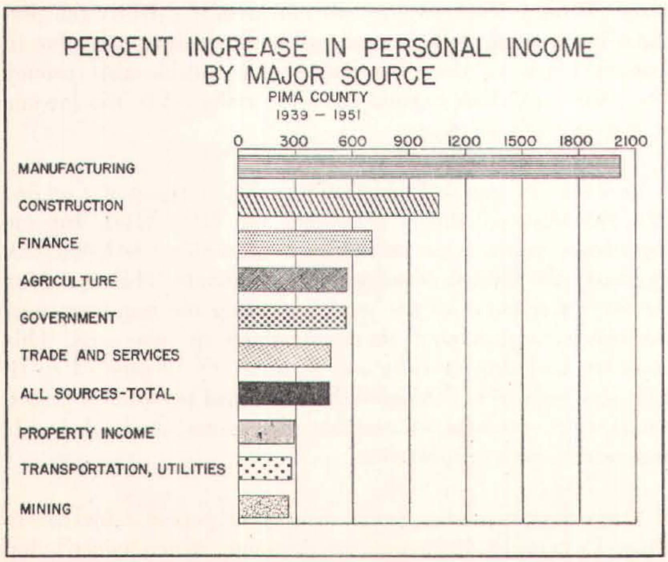
The second most important source of personal income in Pima County in 1951 was government, which contributed



18.2 percent of the total. This category includes payrolls at Davis-Monthan Air Force Base; payrolls of other Federal, state, county, and city government activities, including public schools; and old age insurance, public assistance, and veterans payments.

Property income—rents, interest, dividends, and royalties—ranked third as a direct source of income in the county in 1951 and accounted for 10.9 percent of the total. Construction activity accounted for 8.6 percent, while manufacturing contributed 7.6 percent. Transportation and utilities provided 7.4 percent. The remainder of the income is distributed among a number of sources, including mining, agriculture, and finance.

Between 1939 and 1951, the greatest percentage changes in the major sources of income in Pima County were experienced in manufacturing, construction, finance, agriculture, and government, each of which increased more than 500 percent, while the percentage gain in income from trade and service was only slightly lower. Also, income from transportation and utilities, from mining, and from property ownership rose more than 250 percent.



Civic and Cultural Attainments and Activities

The well-being of a city perhaps is equally dependent upon its economic activity (manufacturing, trade, mining, banking, agriculture, etc.), on the one hand, and, on the other, upon its civic and cultural activities. Tucson's position with respect to the latter appears to warrant commendation.

A recent listing of civic and fraternal groups in urban Tucson shows about 500 organizations. These include lodges, organizations of veterans, religious groups (excluding churches), trade groups, college and university alumni associations, garden clubs, professional associations, sporting clubs, women's clubs, and many others.

There is the Tucson Chamber of Commerce and the Junior Chamber of Commerce. Tucson has a little theatre and a symphony orchestra. The Tucson Fine Arts Association maintains galleries in the Chamber of Commerce Building.

There are 29 elementary schools, six junior high schools, and one senior high school in the city. One new junior high school and four new elementary schools will be opened this fall. Moreover, bonds were approved in a recent election to provide two new high schools and four more elementary schools, as well as additions to some of the present facilities. The high school in Tucson is fully accredited by the leading associations, and its graduates are accepted in colleges and universities anywhere in the United States. Besides college preparatory courses, however, the high school offers vocational, commercial, and industrial arts training. The high school also offers evening courses for adults.

Tucson also has 19 private schools offering work from the kindergarten through the high school levels. There are 11 parochial schools, including one high school. There are three commercial schools and one technical school. The Arizona School for Deaf and Blind and the Tucson Indian Training School are located here.

The University of Arizona, located in Tucson, has an 85-acre campus in a residential area. There are 55 administrative, college, or dormitory buildings. This institution is a fully accredited university, with colleges of agriculture, business and public administration, education, engineering, law, liberal arts, fine arts, mines, pharmacy, and graduate studies. There are schools of home economics, music, and military science and tactics. Located here are the Agricultural Experiment Station, the University Extension Service, Steward Observatory, Arizona Bureau of Mines, Arizona State Museum, and the Bureau of Business Research. Enrollment in the University in 1950-51 totaled 6,227 students, as compared with less than 3,000 annually between 1935 and 1945.

There are over 100 churches in Tucson, representing more than 20 denominations, according to a recent count. In terms of numbers of churches, the Baptists, Catholics, Lutherans, Presbyterians, and Methodists are the most popular. The large number of Catholic churches, which is second only to the Baptists in number, reflects the Spanish background of much of the population and the influence of Spanish religion and culture on this area.

The Outlook for Tucson

Only the most confirmed optimists would have forecast in 1940 that Tucson would experience such phenomenal growth during the 12 succeeding years. For this reason, one wonders if a moderately optimistic outlook for the city during the next few years possibly may underestimate Tucson's potentialities for further expansion. There is basis for confidence in the city's continued growth in population, employment, income, and financial resources. The output of goods and services will continue to increase, and the city will grow as a market for consumer goods. Nevertheless, it seems reasonable to assume that the rate of growth will diminish somewhat. The actual trend of expansion will be determined by a large number of factors, including the course of economic events in the Southwest and in the Nation as a whole.

Tucson's warm winter climate and bright sunshine will continue as important contributors to growth. The trend in this country is toward more people taking vacations away from home, and there also are a growing number of people who take vacations in winter, rather than summer. Therefore, efforts to develop further the city's assets as a tourist resort should not be relaxed. The great seasonal variation in tourist trade is an annoying problem, and any success in encouraging more tourists to visit the city in the spring and fall months would be extremely helpful to its trade and service industries.

Tucson has zoned large areas for industrial plants and warehouses, and the city has much to offer those industries in which water requirements are small and transportation costs are low in relation to value of product. Among the advantages Tucson has to offer manufacturers are climate, fuel, transportation, and labor. In seeking to develop its industrial potential, however, care must be taken to avoid any loss of attractiveness the city holds for the tourist or winter visitor, for many tourists come to Tucson to get away from the "mill towns." In this connection, Tucson is fortunate in having a good supply of natural gas available for fuel, so that there is no smoke to mar the brightness of the sunshine.

Many of the industries in Tucson use local raw materials, such as upland cotton, copper, cement, hides, and fruit. Yet, some of the products of this region, like long-staple cotton, are transported long distances for processing. In the years ahead, there probably will be further expansion of industries using local raw materials.

Another factor in the outlook for Tucson is the production of minerals in the area. Considering the needs for national defense and the high level of consumer buying, one would anticipate a large demand for Arizona minerals in the next few years. However, the mining industry still may be faced with price problems.

Agriculture in Pima and several adjoining counties has been particularly important to Tucson, both as a source of food and as a market for consumer goods. There are possibilities for expanding the agriculture of the area by enlarging the acreage under irrigation. However, any program for drawing further upon the underground water resources of the area in order to expand crop production needs careful study. The water table in the Tucson area already is going down, and just how long the water supplies currently available can support both an expanding agriculture and a growing city is open to question.

Tucson's pre-eminence as a health resort is well established, and this will be a factor in its further growth. There are over 30 hospitals, sanatoriums, and convalescent homes in and around the city, as well as a large number of medical specialists. Besides the patients or patrons in the institutions, there are many residents who came to Tucson to live because they were afflicted with sinusitis, rheumatism, arthritis, or pulmonary infections in stages that yield to sunshine and dry air.

There are several other factors that may hold great promise for Tucson in the years ahead. The city is located between the two fastest growing sections of the country—the Gulf Coast and the West Coast—and trade and travel through Arizona are likely to prove beneficial to the city.

There is a vast irrigation development program under way in Mexico on the Yaqui, the Mayo, and the Del Fuerte Rivers, which empty into the Gulf of California. This project, when completed, will include some 2,500,000 acres of producing land, more than twice the total area under irrigation in Arizona. Much of the agricultural output probably will move north; and Tucson, already linked with this area by a paved highway, may become a warehousing and distributing center for the produce brought from Mexico.

As said before, Tucson's greatest growth has been within the past few years. Probably for this reason, the business, civic, and cultural life is led by young, progressive men who express confidence that their city will continue to grow at a fast pace. This perhaps is the best assurance that it will.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS

DISTRICT SUMMARY

Department store sales in the Eleventh Federal Reserve District during April were less than 1 percent above those for March and were 3 percent above a year earlier. Sales in early May showed a further gain as shopping in connection with Mother's Day was especially heavy. As compared with a year earlier, sales of durables in April were up 16 percent; sales of soft goods were off 3 percent. Charge accounts receivable at department stores declined 3 percent during the month, while instalment accounts receivable remained about unchanged. Inventories at the end of April were at an all-time high and 13 percent above a year ago.

Agricultural conditions in the District ranged from very wet in eastern sections to dry in the west. The winter wheat crop has deteriorated further, and production will be 60 percent below average. Development of the cotton crop in various sections has been retarded by unfavorable moisture conditions or dust storms. Production of spring vegetables in Texas is forecast at 36 percent above last year. District marketings of cattle and sheep continue heavy. Farm prices generally firmed during May, after a long period of decline.

Daily average crude oil production in the District rose in May, following 4 months of decline, and a further rise is expected in June. Crude oil stocks in early May were above a year ago. April crude runs to refinery stills averaged 1 percent lower than in March but 4 percent higher than a year earlier. District stocks of major refined products increased moderately in late April and early May.

Nonagricultural wage and salary employment increased between February 15 and mid-March to a level 4 percent above a year earlier; manufacturing employment rose 6 percent. Further seasonal gains in employment are estimated for April and May. The value of construction contracts awarded in the District during April was the highest for any month thus far this year. The total for the first 4 months of 1953 was 6 percent less than a year earlier, because of a sharp downturn in contracts for construction of manufacturing buildings. Residential construction contracts awarded in the 4-month period were 25 percent above a year earlier.

Most major categories of assets and liabilities at the weekly reporting member banks in the District declined between April 22 and May 20. Demand deposits declined 4.7 percent; time deposits rose 2.4 percent. Cash and balances declined 8.9 percent, while investments were reduced 2.0 percent to a level 3.6 percent below a year earlier. Commercial, industrial, and agricultural loans declined 1.2 percent. Gross demand deposits of all member banks in April averaged 1.8 percent below March but 3.9 percent above a year ago.

TRADE

The dollar volume of retail sales at reporting department stores in the Eleventh Federal Reserve District during April was up less than 1 percent from the March total and was 3 percent above the high level of a year earlier. The gain from March to April was especially significant because March sales this year were augmented by the earlier date of Easter. The increase over April 1952 also is impressive since most of the Easter buying last year occurred in April. Combined sales for March and April were 7 percent above the comparable period last year.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES: April 1953 from April 1952	NET SALES: April 1953 from March 1953	NET SALES: 4 mo. 1953 comp. with 4 mo. 1952	STOCKS[1]: April 1953 from April 1952	STOCKS[1]: April 1953 from March 1953
DEPARTMENT STORES					
Total Eleventh District	3	#	6	13	3
Corpus Christi	7	—5	15	30	—2
Dallas	1	—4	4	11	5
El Paso	—3	5	9	8	1
Fort Worth	—5	4	#	7	2
Houston	9	1	11	16	1
San Antonio	3	—4	5	14	3
Shreveport, La.	6	6	9	22	#
Waco	—7	—2	2	6	1
Other cities	4	8	4	20	7
FURNITURE STORES					
Total Eleventh District	1	—2	—	—3	6
Austin	10	#	—	—11	7
Dallas	12	—4	—	5	9
Houston	2	—6	—	—	—
Port Arthur	—5	#	—	—22	7
San Antonio	—11	—1	—	—	—
Shreveport, La.	9	10	—	#	5
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District	8	3	—	—	—
Dallas	—2	—5	—	—	—

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

Sales rose sharply in early May, reflecting the heavy shopping in connection with Mother's Day. The Mother's Day buying season is normally the heaviest of the year, except for Christmas. The sales index for department stores in this District for the week ended May 9 rose to 151 percent of the 1947-49 average—6 percent above the comparable week in 1952 and the highest on record for a week preceding Mother's Day. Cumulative sales for the year through May 16 were 6 percent greater than in 1952.

The net increase of April over 1952 was accounted for by a gain of 16 percent in the sales of durable goods, mainly homefurnishings, which more than offset a 3-percent decline in the movement of soft goods. Virtually all items of homefurnishings registered moderate to very substantial increases over a year earlier. Furniture buying rose 15 percent; major household appliances, 42 percent. Of the appliances, air-conditioning units were in relatively the heaviest demand, showing a gain of 180 percent over a year earlier. Sales of refrigerators rose 33 percent. Largely because a substantial proportion of Easter buying was in March this year, April sales of women's and men's wearing apparel declined 5 percent, as compared with last year.

The proportions of department store sales during April represented by cash, charge account, and instalment transactions were 36 percent, 50 percent, and 14 percent, respectively. This percentage distribution reflects no significant change from March. A year ago, instalment sales represented 12 percent of total sales, while charge account sales contributed 52 percent and cash sales 36 percent.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

	NET SALESp			STOCKS[1]p	
	April 1953 from			April 1953 from	
Line of trade	April 1952	March 1953	4 mo. 1953 comp. with 4 mo. 1952	April 1952	March 1953
Automotive supplies	—14	—10	—	—	—
Drugs and sundries	1	#	—	—1	#
Dry goods	#	—16	4	26	—4
Grocery (full-line wholesalers not sponsoring groups)	—4	—4	—	—14	—10
Hardware	8	2	#	4	3
Industrial supplies	—8	8	—6	—7	—2
Machinery equipment and supplies except electrical	—6	16	—	7	—7
Metals	—21	—2	5	13	6
Tobacco products	—2	#	—3	—	5
Wiring supplies, construction materials distributors	—25	—7	—19	17	6

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

Charge accounts receivable at department stores declined 3 percent during April, while instalment accounts receivable remained virtually unchanged. However, charge accounts outstanding at the end of the month were 3 percent higher than at the same time last year, while instalment accounts were up 57 percent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

	UNADJUSTED				ADJUSTED[1]			
Area	April 1953	March 1953	Feb. 1953	April 1952	April 1953	March 1953	Feb. 1953	April 1952
SALES—Daily average								
Eleventh District	117	117	101	114	121	125	125	114
Dallas	107	112	101	106	113	115	119	109
Houston	137	135	112	125r	144	144	143	127r
STOCKS—End of month								
Eleventh District	146	142	132	129	138	134	133	122

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

Department store inventories on April 30 were at an all-time high. An increase of 3 percent during the month brought the end-of-April total to 13 percent above a year earlier. Stocks on order on April 30 were down 21 percent from March, although 5 percent higher than on the same date last year.

Furniture store sales at reporting stores in the District during April declined 2 percent from March and were 1 percent above April 1952. Accounts receivable on April 30 were 1 percent lower than a month earlier but 26 percent higher than on the same date last year. Inventories continued smaller than a year earlier, with end-of-April reports showing a year-to-year decline of 3 percent.

AGRICULTURE

The outlook for crop production in the District varies considerably from one section to another. In west Texas and eastern New Mexico, high winds and dust storms in late April and early May brought severe soil erosion and considerable damage to early planted crops. In south Texas, meanwhile, a shortage of irrigation water and lack of sufficient rainfall caused deterioration of pastures and retarded development of the cotton crop. Showers during the latter part of May brought some relief to south and west Texas counties, but more moisture is needed in those areas. In central and eastern parts of the District, moisture supplies are more than ample, and hay and pasture crops have made rapid growth. Excessive rains and heavy storms during May caused washing of fields and necessitated replanting some field crops.

WINTER WHEAT PRODUCTION

(In thousands of bushels)

State	Average 1942-51	1952	1953 Indicated May 1
Arizona	589	598	528
New Mexico	3,542	627	842
Oklahoma	70,810	107,115	61,776
Texas	59,088	34,626	23,031

SOURCE: United States Department of Agriculture.

Prospects for winter wheat production in the District declined sharply during April, and on May 1 the Texas crop was estimated at 23,031,000 bushels, or 7,000,000 bushels below the April 1 forecast. In New Mexico the crop forecast was lowered from 2,444,000 bushels to 842,000 bushels.

Weather conditions during May were unfavorable for the wheat crop in the major producing counties of northwest Texas and eastern New Mexico. Some rain was received, but in most sections it was too late to benefit the crop. Acreage abandonment continued, and cattle were turned into fields to salvage the remaining feed. Much of the abandoned wheat acreage above the Cap Rock in Texas will be planted to sorghums if moisture becomes available. In northcentral Texas the wheat crop is maturing satisfactorily. Harvesting operations began early in May, but only a few fields were combined prior to the last week in the month.

Combining of oats is making progress in the Edwards Plateau and southern plains counties of Texas and is becoming active in central and northern counties. Corn and sorghums made fair to good growth during May, although additional moisture is needed in the Low Rolling Plains and in south Texas.

Cotton is fruiting in southern counties, but growth of the crop was retarded during May by lack of rain. Wet, cool weather slowed development of the crop in central, northern, and eastern parts of the District. Considerable acreage was replanted in irrigated sections of New Mexico, following severe dust storms and high winds in early May. Planting of irrigated acreage on the South Plains is under way, and replanting continues in central and northern counties. Insect infestation is increasing rapidly in southern areas, but damage thus far has been light.

Harvest of commercial vegetables in the Lower Rio Grande Valley and other southern counties of Texas progressed rapidly during May. Tomatoes, cantaloupes, carrots, and sweet corn moved from the Valley in early May, while areas farther north were beginning to ship these crops in volume by the end of the month. The tonnage of spring vegetables produced in Texas this year was forecast on May 1 at 36 percent above a year ago. However, heavy rains during the month caused considerable damage to the east Texas tomato crop and lowered the quality of north Texas onions. Prospects for the production of peaches, plums, and pecans continue good in most producing sections of the District.

Ranges and pastures are providing ample feed in central, northern, and eastern counties of the District. In south, west, and northwest Texas and in eastern New Mexico, range feed is very limited, and supplemental feeding of cattle is being continued.

LIVESTOCK RECEIPTS

(Number)

	FORT WORTH MARKET			SAN ANTONIO MARKET		
Class	April 1953	April 1952	March 1953	April 1953	April 1952	March 1953
Cattle	57,379	33,719	57,682	27,751	18,155	25,296
Calves	15,345	10,609	12,344	11,058	9,013	12,102
Hogs	47,139	83,435	59,803	1,603	5,371	3,929
Sheep	129,678	66,120	73,209	[1]19,655	[1]20,097	[1]15,838

[1] Includes goats.

The movement of lambs to markets in Texas during May was much heavier than a year ago, which reflects principally the marketing of large numbers of yearlings. Receipts of cattle at major livestock markets continue well above those of a year earlier; during recent weeks, cows have made up a larger-than-normal percentage of the receipts. Slaughter of cattle and calves in Texas during the first quarter of 1953 was 38 percent above the same period last year, compared with an increase of 22 percent for the United States. Slaughter of sheep and lambs also was sharply above a year ago, with Texas and the United States reporting increases of 98 percent and 20 percent, respectively. Hog slaughter, on the other hand, was down 26 percent in Texas and 13 percent in the Nation.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

	January		February		Cumulative receipts January—February	
State	1952	1953	1952	1953	1952	1953
Arizona	$ 55,895	$ 53,824	$ 32,447	$ 33,413	$ 88,342	$ 87,237
Louisiana	34,299	33,984	13,701	16,264	48,000	50,248
New Mexico	19,197	11,603	12,512	7,733	31,709	19,336
Oklahoma	42,899	39,236	36,241	30,055	79,140	69,291
Texas	174,375	149,081	86,173	80,507	260,548	229,588
Total	$326,665	$287,728	$181,074	$167,972	$507,739	$455,700

SOURCE: United States Department of Agriculture.

Prices received by district farmers declined from March 15 to mid-April, according to the Bureau of Agricultural Economics. For example, the index of prices received by Texas farmers declined from 286 percent of the 1910-14 average on March 15 to 279 percent at mid-April. The decline resulted primarily from lower prices for truck crops. Reports from spot commodity markets since mid-April indicate that this trend may have been reversed during May. Prices for slaughter cattle and calves, hogs, sheep, lambs, cotton lint, corn, and grain sorghums have risen, while prices of feeder and stocker cattle, oats, wheat, and milk have declined.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended May21,1953	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas	lb.	$ .3345	$ .3265	$ .3860
WHEAT, No. 1 hard, Fort Worth	bu.	2.56½	2.60	2.68¼
OATS, No. 2 white, Fort Worth	bu.	1.01¾	1.02	1.06¾
CORN, No. 2 yellow, Fort Worth	bu.	1.93	1.87	2.19
SORGHUMS, No. 2 yellow milo, Fort Worth	cwt.	2.97	2.94	3.30
HOGS, Choice, Fort Worth	cwt.	24.75	23.25	22.00
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	23.00	23.00	35.00
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	23.00	22.00	35.00
STOCKER STEERS, Choice, Fort Worth	cwt.	19.50	19.00	35.00
SHORN SLAUGHTER LAMBS, Choice, Fort Worth	cwt.	23.50	19.50	24.00
HENS, 3-4 pounds, Fort Worth	lb.	.23	.23	.16
FRYERS, Commercial, Fort Worth	lb.	.27½	.29	.29
BROILERS, south Texas	lb.	.29	.29	—
EGGS, Graded and Candled, Fort Worth	case	12.50	12.50	10.50
WOOL, 12-months, west Texas	lb.	[1]1.78	[1]1.75	[1]1.60
MOHAIR, kid, west Texas	lb.	1.26½	1.26½	1.26½

[1] Clean basis.

FINANCE

Most major categories of assets and liabilities of the weekly reporting member banks in the District declined between April 22 and May 20; deposits declined sharply. Reflecting these changes, total resources decreased $163,607,000, or 3.5 percent, to a total of $4,454,483,000.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	May 20, 1953	May 21, 1952	April 22, 1953
Total loans (gross) and investments	$3,088,297	$2,907,826	$3,121,499
Total loans—Net[1]	1,781,857	1,555,483	1,789,212
Total loans—Gross	1,800,900	1,572,024	1,807,815
Commerical, industrial, and agricultural loans	1,168,924	1,058,075	1,183,395
Loans to brokers and dealers in securities	11,280	8,381	10,937
Other loans for purchasing or carrying securities	70,640	62,020	69,649
Real estate loans	134,071	117,514	134,205
Loans to banks	22,065	11,325	19,334
All other loans	393,920	314,709	390,295
Total investments	1,287,397	1,335,802	1,313,684
U. S. Treasury bills	90,839	195,711	93,302
U. S. Treasury certificates of indebtedness	114,654	170,730	138,201
U. S. Treasury notes	182,525	179,835	193,390
U. S. Government bonds (inc. gtd. obligations)	708,631	613,825	701,509
Other securities	190,748	175,701	187,282
Reserves with Federal Reserve Bank	565,256	576,758	583,354
Balances with domestic banks	406,597	392,135	427,178
Demand deposits—adjusted[2]	2,446,128	2,369,764	2,450,446
Time deposits except Government	547,862	471,597	534,923
United States Government deposits	68,374	92,629	69,960
Interbank demand deposits	731,405	713,453	814,740
Borrowings from Federal Reserve Bank	23,000	10,250	30,750

[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.

Demand deposits of the weekly reporting member banks declined $175,051,000, or 4.7 percent. This reduction compares with a decrease of slightly less than 1 percent during the comparable period last year. Individuals and businesses drew down their demand accounts in the amount of $77,686,000, or 3.1 percent, while interbank demand deposits were reduced $83,335,000, or 10.2 percent. These changes in demand deposits reflect a number of factors, including an outflow of funds from the District, seasonal movements of funds within the District, and the tightness of the reserve positions of banks generally. In contrast with the reduction of demand deposits, time deposits rose $12,939,000, or 2.4 percent, thereby continuing the upward trend which has prevailed since early 1951.

Reflecting in part a need for providing funds to meet deposit withdrawals, the weekly reporting member banks reduced their cash and balances in the amount of $126,315,000, or 8.9 percent. Similarly, investments were reduced $26,287,000, or 2.0 percent, principally as a result of a decline in holdings of Treasury certificates of indebtedness and notes. Investments in Treasury bonds and in municipal and other securities increased. On May 20, investments of these banks amounted to $1,287,397,000, which is $48,405,000, or 3.6 percent, less than the comparable total last year.

During the 4 weeks ended May 20, commercial, industrial, and agricultural loans of these banks declined $14,471,000, or 1.2 percent, principally because of repayment of seasonal borrowing by commodity dealers. Grain and milling concerns, a group of miscellaneous manufacturing establishments, and public utility companies also reduced their outstanding bank indebtedness. These repayments were offset in part, however, by increased borrowings of construction firms, wholesale and retail trade establishments, and other miscellaneous borrowers. Changes in other categories of loans include increases in "all other" loans, loans to banks, and loans for financing security transactions.

Gross demand deposits of all member banks in the District averaged $6,700,806,000 during April, down 1.8 percent from March but 3.9 percent above April 1952. Reserve city member banks accounted for 58 percent of the decrease. Time deposits averaged $855,308,000 during April, or 3.1 percent higher than in March, with the increase representing a further extension of the sustained upward trend which began early in 1951. From April 1951 to April 1953, time deposits of member banks in the District increased $207,406,000, or almost one-third.

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
April 1951	$5,908,685	$647,902	$2,751,029	$353,798	$3,157,656	$294,104
April 1952	6,451,803	734,170	3,021,143	401,280	3,430,660	332,890
December 1952	7,090,304	784,739	3,380,098	422,356	3,710,206	362,383
January 1953	7,109,145	798,393	3,387,726	428,928	3,721,419	369,465
February 1953	6,850,152	808,429	3,223,325	433,931	3,626,827	374,498
March 1953	6,822,777	829,712	3,251,351	444,623	3,571,426	385,089
April 1953	6,700,806	855,308	3,180,189	465,370	3,520,617	389,938

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

(Amounts in thousands of dollars)

City	DEBITS[1]			DEPOSITS[2]			
		Percentage change from			Annual rate of turnover		
	April 1953	April 1952	March 1953	April 30, 1953	April 1953	April 1952	March 1953
ARIZONA							
Tucson	$ 107,617	14	—11	$ 88,145	14.5	14.0	15.8
LOUISIANA							
Monroe	51,092	12	3	39,422	15.4	14.2	14.4
Shreveport	205,568	13	—2	163,465	15.2	13.7	15.2
NEW MEXICO							
Roswell	24,732	14	—1	27,579	10.8	10.8	11.0
TEXAS							
Abilene	52,814	4	—3	50,118	12.5	12.1	12.6
Amarillo	134,666	—#	29	105,279	15.4	16.1	16.0
Austin	112,464	9	3	106,183	13.0	14.3	13.2
Beaumont	130,173	3	—2	93,790	16.4	16.6	16.4
Corpus Christi	146,729	12	—1	112,171	15.7	16.4	16.3
Corsicana	11,842	—5	—9	19,496	7.2	7.3	7.7
Dallas	1,602,330	17	—1	853,167	22.3	20.6	22.1
El Paso	208,017	20	—10	119,718	20.4	19.8	21.6
Fort Worth	506,605	6	—2	327,721	18.5	18.1	18.6
Galveston	78,544	—1	#	77,626	12.2	14.4	12.7
Houston	1,666,607	7	—2	1,035,469	17.5	19.3	18.0
Laredo	21,744	—5	—1	19,481	13.3	15.1	13.0
Lubbock	107,077	1	—5	84,155	14.8	15.0	14.5
Port Arthur	45,282	9	—4	38,277	14.0	13.2	14.8
San Angelo	37,607	—1	1	45,134	9.8	10.0	9.6
San Antonio	385,638	7	—6	320,971	14.3	14.8	15.2
Texarkana[3]	19,270	—6	1	19,801	11.5	13.2	11.0
Tyler	58,803	16	—2	54,221	12.8	12.5	13.6
Waco	75,011	9	—2	59,590	15.2	13.3	15.6
Wichita Falls	86,436	—1	3	95,462	10.8	11.5	10.3
Total—24 cities	$5,876,668	10	—2	$3,956,441	17.3	17.4	17.5

[1] Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.
[2] Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.
[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 $42,166,000 for the month of April 1953.
# Indicates change of less than one-half of 1 percent.

Debits to deposit accounts reported by banks in 24 cities of the District declined 2 percent during April as compared with March. The reduction in spending indicated by this change was general over the District. Debits in April, however, were 10 percent above the comparable total for 1952. The annual rate of turnover of deposits was 17.3 in April, as compared with 17.5 in March and 17.4 in April of last year.

The principal changes in the condition of the Federal Reserve Bank of Dallas between April 15 and May 15 include increases of $31,353,000 in member bank reserve deposits and $17,466,000 in gold certificate reserves. Total earning assets rose $10,478,000, reflecting principally an increase in discounts for member banks but including also an expansion in holdings of Government securities. On May 15 Federal Reserve notes of this bank in actual circulation amounted to $721,537,000, practically unchanged from April 15.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 15, 1953	May 15, 1952	April 15, 1953
Total gold certificate reserves	$ 623,279	$ 678,790	$ 605,813
Discounts for member banks	17,200	5,100	9,600
Industrial advances	0	5	0
Foreign loans on gold	428	38	833
U. S. Government securities	1,152,666	1,022,840	1,149,383
Total earning assets	1 170,294	1,027,983	1,159,816
Member bank reserve deposits	1,035,714	987,167	1,004,361
Federal Reserve notes in actual circulation	721,537	681,747	721,910

NEW MEMBER BANKS

The First National Bank of West Monroe, West Monroe, Louisiana, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business May 16, 1953, as a member of the Federal Reserve System. The new bank has capital of $250,000, surplus of $50,000, and undivided profits of $75,000. The officers are: H. A. McDonald, President; J. W. Roberson, Executive Vice President; S. John Williams, Vice President; and Delma Carter, Cashier.

The National Bank of Bossier City, Bossier City, Louisiana, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business May 22, 1953, as a member of the Federal Reserve System. The new bank has capital of $200,000, surplus of $80,000, and undivided profits of $80,000. The officers are: J. Murray Durham, Jr., President, and Gladstone Lynch, Jr., Cashier.

NEW PAR BANK

The First State Bank of Canadian, Canadian, Texas, a newly organized, insured, nonmember bank, located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the par list on its opening date, April 18, 1953. The officers are: Frank F. McMordie, President; R. T. Kelley, Vice President; and J. D. Glenn, Vice President and Cashier.

The Secretary of the Treasury announced on May 8 that $418,671,500 of the 3¼-percent Treasury bonds of 1978-83 were allotted to holders of Series F and G savings bonds maturing May through December 1953. The new bond was offered on an exchange basis to holders of approximately $1,100,000,000 of these savings bonds, with subscription books remaining open from April 13 to April 30.

In connection with the Treasury's program of meeting its cash borrowing requirements for the remainder of the current fiscal year, each of the weekly offerings of 91-day bills dated May 7 and May 21 was increased $200,000,000 in excess of the amounts of similar securities maturing on those dates. Approximately $100,000,000 had been borrowed in a similar manner in connection with the issue of Treasury bills dated April 23. Reflecting in part the Treasury's borrowing activities, the average issuing rate for bills dated May 7 rose to 2.352 percent, the highest since the early 1930's.

On May 11 Secretary Humphrey announced that, beginning May 15, a new series of Treasury savings notes would be available for purchase by investors. The new notes mature in 2 years. The approximate interest rates range from 2.16 percent on an annual basis if a note is held for 6 months to 2.47 percent if held for the full 2 years to maturity. The new savings notes replace similar notes of 3 years to maturity, with rates ranging up to 1.88 percent, which were offered for sale between May 15, 1951, and May 15, 1953. Treasury savings notes are issued principally to provide a security for the convenience of corporations and other taxpayers in investing tax reserves as they accumulate.

The Secretary of the Treasury announced on May 18 that holders of $4,963,000,000 of certificates of indebtedness maturing June 1 and $725,000,000 of Treasury bonds of 1953-55 called for redemption on June 15 would be offered a 1-year 2⅝-percent certificate in exchange for their holdings. Subscription books for the exchange offering were open between May 20 and May 22. The new certificate is dated June 1.

Daily average production of crude oil in the District rose in May, following successive declines in the preceding 4 months. Output in the first half of the month is estimated at 3,011,000 barrels per day, up about 45,000 barrels from the April rate although still 287,000 barrels below the December peak. Production was substantially higher than a year ago, at which time there was a sharp curtailment because of the strike at refinery plants. A further rise in district oil production is expected in June as Texas allowables were increased for the second consecutive month; the June allowables are up about 67,000 barrels from the May 9 level.

Crude oil production in the Nation continues to follow a pattern similar to that in the District. National daily average production in the first part of May amounted to 6,338,000 barrels, or about 300,000 barrels below the peak in December.

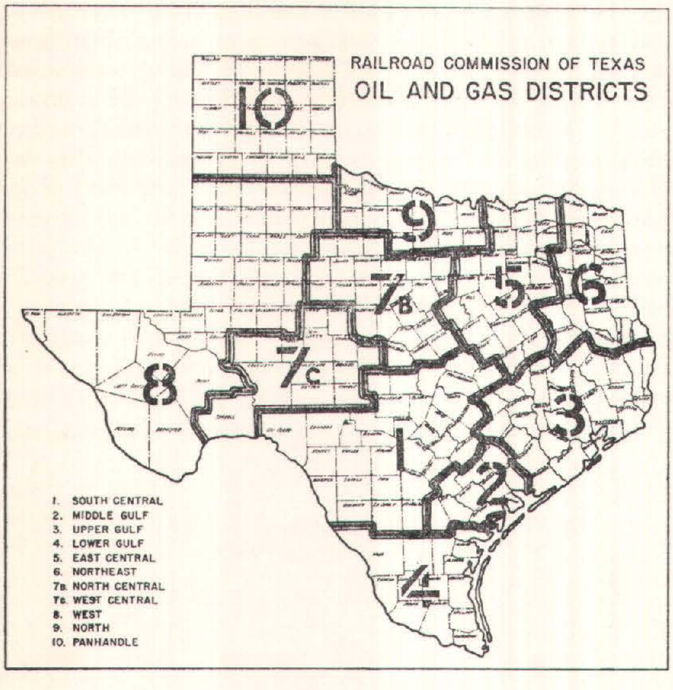
Crude oil stocks in the District showed little change during April and the first part of May, but stocks in the Nation rose. National stocks on May 9 totaled 278,200,000 barrels,

CRUDE OIL PRODUCTION

(Barrels)

Area	April 1953 Total production	April 1953 Daily avg. production	Increase or decrease in daily average production from April 1952	Increase or decrease in daily average production from March 1953
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central	1,042,450	34,748	841	—2,123
2 Middle Gulf	4,556,450	151,882	—13,630	—5,710
3 Upper Gulf	13,860,100	462,003	—31,365	—20,970
4 Lower Gulf	7,511,100	250,370	—16,323	—9,357
5 East Central	1,411,400	47,047	—14,310	—1,830
6 Northeast	11,340,050	378,002	—19,013	2,275
East Texas	7,598,000	253,267	—16,913	5,880
Other fields	3,742,050	124,735	—2,100	—3,605
7b North Central	3,100,650	103,355	13,952	—1,534
7c West Central	4,211,500	140,383	762	—38,415
8 West	25,906,850	863,562	—142,798	—64,030
9 North	4,968,350	165,612	4,085	—21,735
10 Panhandle	2,166,250	72,208	—10,549	—508
Total Texas	80,075,150	2,669,172	—228,348	—163,937
New Mexico	5,447,950	181,598	21,075	4,156
North Louisiana	3,455,650	115,188	—12,032	—1,025
Total Eleventh District	88,978,750	2,965,958	—219,305	—160,806
OUTSIDE ELEVENTH DISTRICT	99,552,850	3,318,428	144,186	—7,990
UNITED STATES	188,531,600	6,284,386	—75,119	—168,796

SOURCE: Estimated from American Petroleum Institute weekly reports.



which was about 3,000,000 barrels higher than at the beginning of April. An increase in stocks of foreign oils accounted for a substantial portion of this rise, although stocks of Illinois-Indiana crude and of Oklahoma crude also were up appreciably. District and national crude stocks on May 9 were slightly higher than a year earlier, despite the fact that stocks were inflated a year ago as a result of the refining strike.

Refinery activity in the District during April and early May was down slightly from the high March level, while in the Nation a more marked decrease occurred. April crude runs to refinery stills in the District averaged 2,091,000 barrels per day, which is 1 percent below the preceding month but 4 percent above a year earlier. Crude runs in the Nation during April averaged 3 percent less than in March but 5 percent higher than a year earlier.

District stocks of major refined products increased moderately in the latter part of April and the first part of May, after having shown little change in the previous 3 months. Meanwhile, aggregate stocks of major refined products in the Nation began to rise in early May, reversing the seasonal decline that had been under way since last fall. A colder-than-normal spring in most sections of the country stimulated the consumption of heating oils but did not offset the effects of the mild winter; thus, stocks of distillate fuel oil at the end of the heating season remained relatively heavy. On the other hand, the stock position of other major refined products appears to be generally satisfactory.

Imports of crude oil and refined products in the 5 weeks ended May 9 averaged slightly less than 1,000,000 barrels a day, or 100,000 barrels less than in the previous 5-week period. Import data for the year-earlier period are not available, but imports for the month of April last year averaged 922,000 barrels per day.

Nonagricultural wage and salary employment in the five states lying wholly or partly within the District rose nearly 17,000 workers between February 15 and mid-March to reach a total of 3,823,200, or 4 percent more than in March 1952, according to reports of state employment agencies. All major sources of employment contributed to this increase, although trade, finance, and construction employment made the largest percentage gains. Manufacturing employment rose to 719,700 in March, almost 1,000 workers over the February figure and 6 percent over a year earlier; four of the five states reported increases.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

	Number of persons			Percent change March 1953 from	
Type of employment	March 1953p	March 1952	February 1953	March 1952	Feb. 1953
Total nonagricultural wage and salary workers..	3,823,200	3,690,000	3,806,400	3.6	.4
Manufacturing...........	719,700	681,600	718,900	5.6	.1
Nonmanufacturing........	3,103,500	3,008,400	3,087,500	3.2	.5
Mining................	229,700	223,400	229,700	2.8	0
Construction...........	284,300	273,000	282,400	4.1	.7
Transportation and public utilities..............	408,700	410,600	407,900	—.5	.2
Trade.................	967,400	927,700	959,700	4.3	.8
Finance...............	146,200	135,200	144,900	8.1	.9
Service...............	441,900	429,000	440,000	3.0	.4
Government...........	625,300	609,500	622,900	2.6	.4

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p—Preliminary.
SOURCE: State employment agencies.

Nonagricultural employment in district states at mid-May is estimated unofficially at about 3,840,000, with manufacturing employment at about 727,000. These figures reflect major seasonal gains in construction, service, and manufacturing industries. Employment in service trades is rising as the tourist season progresses.

Average weekly earnings in Texas manufacturing industries rose from February to March, partly because of an increase during the month in average weekly hours worked. As compared with a year earlier, average weekly earnings were up $3.83, despite a decline in the average number of hours worked per week from 42.3 to 41.8.

Recent announcements of new plants in east Texas emphasize the growing importance of industry in this area. Construction of a $7,000,000 polyethylene plant at Longview is expected to start this summer. An $8,000,000 plant is to be established at Tyler to produce electric fans and vacuum cleaners. The plant will employ nearly 2,000 workers and provide an annual payroll of $5,000,000. A $3,500,000 valve manufacturing facility located just east of Longview is under construction and probably will be in operation by October. This plant initially will employ 150 workers but will require nearly 350 employees for full-scale production.

Southern Pine lumber production in Louisiana, Oklahoma, and Texas increased substantially from February to March, according to the Southern Pine Association. March production at 36 mills was 38,698,000 board feet, up 11 percent from February and 5 percent over March 1952. Orders and stocks on hand at these mills increased 6 percent and 1 percent, respectively, during March.

The Department of the Interior has announced that a request will be made for an $8,000,000 appropriation to double the capacity of the Excell, Texas, helium plant. This is one of four helium plants in the United States, all of which are owned by the Federal Government. The others are located at Amarillo, Texas; Navajo, New Mexico; and Otis, Kansas. The Government is reopening the Navajo plant, which was closed after World War II. As a result, helium output may be boosted to about 310,000,000 cubic feet in 1953, compared with 160,000,000 cubic feet in 1952. If the Excell plant is expanded, production will rise to nearly 400,000,000 cubic feet per year.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	April 1953	April 1952	March 1953	January—April 1953	January—April 1952
ELEVENTH DISTRICT....	$ 119,957	$ 140,319	$ 93,425	$ 418,578	$ 447,283
Residential.........	53,836	47,534	52,763	204,282	163,582
All other...........	66,121	92,785	40,662	214,296	283,701
UNITED STATES[1]......	1,741,547	1,597,517	1,347,518	5,186,243	4,706,068
Residential.........	673,887	681,614	605,200	2,157,691	2,008,490
All other...........	1,067,655	915,903	742,318	3,028,547	2,697,578

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

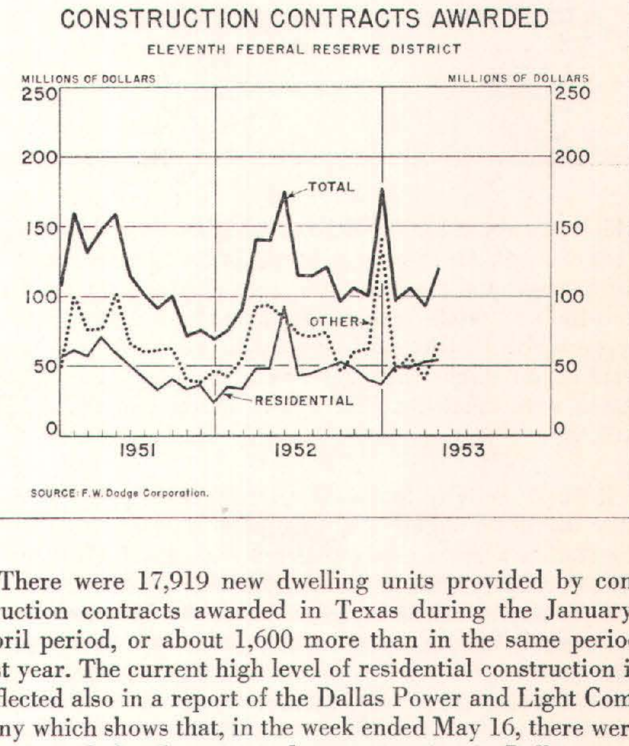
The value of construction contracts awarded in the District during April totaled almost $120,000,000, which is $27,000,000 more than in March and the highest for any month thus far in 1953. Contracts awarded for residential construction were valued at about $54,000,000, the largest monthly total since May 1952. Awards for other construction, reported at $66,000,000, were $25,000,000 above the low March total but 29 percent below a year earlier.

BUILDING PERMITS

City	April 1953 Number	April 1953 Valuation	Percentage change in valuation from April 1952	Percentage change in valuation from March 1953	4 months 1953 Number	4 months 1953 Valuation	4 months 1953 Percentage change in valuation from 4 months 1952
LOUISIANA							
Shreveport....	372	$ 1,441,591	—31	—37	1,375	$ 7,794,351	—12
TEXAS							
Abilene.......	83	304,007	—72	—73	524	2,823,581	—9
Amarillo......	250	2,677,589	—5	—4	1,444	9,448,472	—#
Austin........	285	2,677,016	—23	8	1,007	10,325,063	—10
Beaumont.....	277	716,745	—61	10	888	3,233,575	—24
Corpus Christi..	478	2,672,104	115	—16	1,847	12,103,796	111
Dallas........	2,023	11,044,893	19	32	7,094	38,560,831	31
El Paso.......	322	1,348,149	52	—73	1,197	9,734,951	30
Fort Worth....	788	4,034,590	—16	8	3,329	15,852,474	2
Galveston.....	89	775,710	424	525	336	3,270,223	254
Houston.......	1,168	11,893,364	2	11	4,322	39,983,017	10
Lubbock......	315	1,679,828	—12	—28	1,211	7,570,258	27
Port Arthur....	184	244,700	—36	—21	605	1,194,570	16
San Antonio...	1,775	4,631,661	17	—16	7,743	17,509,474	19
Waco........	291	1,289,397	—22	56	988	3,548,367	—43
Wichita Falls...	30	548,885	—46	8	184	2,722,993	—78
Total..........	8,730	$47,980,229	—#	—4	34,094	$185,675,996	7

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

Construction contracts awarded in the District from January through April were valued at 6 percent less than those of a year earlier, while awards in the United States showed a gain of 10 percent. There was a sharp drop of approximately $75,000,000 in district awards for manufacturing buildings from the record levels of the past year. This decline, which more than accounts for the 6-percent loss in total awards, indicates that the defense plant expansion program is past the peak in this area. The value of contracts awarded for residential construction in the District rose 25 percent over a year ago and is the second highest on record for the 4-month period. This sharp rise is the result of greatly increased activity in the construction of one-family dwelling units, which is partly offset by a decline in the construction of apartment buildings.



SOURCE: F. W. Dodge Corporation.

There were 17,919 new dwelling units provided by construction contracts awarded in Texas during the January-April period, or about 1,600 more than in the same period last year. The current high level of residential construction is reflected also in a report of the Dallas Power and Light Company which shows that, in the week ended May 16, there were 2,048 single-family units under construction in Dallas, compared with 1,330 a year ago.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	March 1953[1]	March 1952	February 1953[2]	August—March This season	August—March Last season
CONSUMPTION					
Total					
Texas mills............	11,402	11,814	11,616	96,593	101,616
U. S. mills.............	772,176	735,251	765,778	6,285,705	6,212,670
Daily average					
Texas mills............	570	591	591	578	608
U. S. mills.............	38,609	36,763	38,931	37,658	37,220
STOCKS, U. S.—End of period					
Consuming establishments...	1,940,751	1,639,947	1,861,629	—	—
Public storage and compresses............	6,384,613	3,787,795	6,940,360	—	—

[1] Four weeks ended March 28.
[2] Four weeks ended February 28.
SOURCE: United States Bureau of the Census.