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CITIES OF THE SABINE AREA BEAUMONT, PORT ARTHUR, AND ORANGE

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

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Beaumont, Port Arthur, and Orange — the principal cities of the Sabine area of the upper Texas Gulf Coast — are among the foremost manufacturing centers of the Southwest. The tall catalytic cracking units of giant refineries and the fractionating towers of petrochemical plants dominate the horizon in the Sabine area. The area's oil field machinery and equipment plants supply oil fields throughout the Nation and in foreign countries. Tugs from Sabine shipyards may be found in such distant places as New York Harbor and Venezuela. Some of Cuba's rice supply comes from area mills. Industry is the hub around which the area's economy revolves and has been the prime force in the growth of its cities.

As industrial centers, the cities of the Sabine area are not typical southwestern cities. While manufacturing has played a very important role in the growth of many cities of the Southwest during the past decade, few cities of the region are as heavily dependent on industry as Beaumont, Port Arthur, and Orange. Furthermore, the composition of the industry in these Sabine cities tends to be different from that of most cities in the interior of the Southwest. Industries of the area, as represented by the oil refineries and petrochemical plants, are characterized by larger installations with heavier capital investment per worker and higher wage rates than the average industrial plant in the Southwest. In fact, the wage rates of some of the area's industries are among the highest in the Nation.

History

Beaumont and Orange are relatively old as Texas cities go, while Port Arthur is a comparative newcomer. Beaumont was

established in 1835, and Orange, originally known as Green's Bluff, was founded in 1836. Both cities were the product of the western movement of pioneers and settlers who were sweeping into Texas about that time. On the other hand, Port Arthur — the dream of a wealthy financier, Arthur Stillwell, for whom the city was named — was established in 1895; the new city was to be the terminus of the Kansas City, Pittsburgh, and Gulf Railroad which Stillwell built.

The economic life of the Sabine area in the nineteenth century revolved around timber, rice, and cattle. Both Beaumont and Orange had a number of large sawmills. Rice growing was introduced to the region shortly after the founding of these cities. Irrigated rice farming was begun after the Civil War, and rice became the leading agricultural crop in the area — a position which it maintains to this day. In 1900, Beaumont had 9,427 people, and Orange, 3,835. At that time, these cities were primarily trading centers for the Sabine area. Infant Port Arthur had a population of only 900.

On January 10, 1901, an event occurred which was to have a very profound effect on Beaumont and Port Arthur directly and upon the Sabine area as a whole. A well gushing forth oil at a rate of 75,000 to 100,000 barrels per day was brought in by Captain Anthony F. Lucas at Spindletop, 4 miles southwest of the center of Beaumont. This flow was equal to about half as much as the daily average flow of all the existing wells in the Nation in 1900. Beaumont was immediately engulfed in a wild oil boom, attracting thousands of speculators, adventurers, oilmen, and visitors. It became a rough and tough oil town, with fantastically high prices and rampant crime. This boom phase was relatively short-lived and was followed by

a new era for the cities of the Sabine area — an era of sound, substantial growth.

Although Spindletop's oil production declined sharply after a couple of years and the center of interest in the Southwest's oil development shifted to other cities in the region, the economy of Beaumont, Port Arthur, and the entire Sabine area continued to be, and is today, closely tied to oil. Spindletop gave these cities their start in the oil business, but they have been maintained as oil centers by the continuing discovery of oil in the Southwest, the development of major pipeline transportation, the strategic location of the cities on navigable waters close to the Gulf of Mexico, the availability of water for industrial purposes, and other factors.

With the discovery of oil at Spindletop, refineries began to spring up. Three of the present giant refineries of the area — those of the Gulf Oil Corporation and The Texas Company at Port Arthur and the Magnolia refinery at Beaumont — can trace their origin to small plants set up to process Spindletop crude. Moreover, machine shops and plants to manufacture oil field machinery and supplies and refinery equipment were established to serve the local needs.

The 52 years that have elapsed since the discovery of oil at Spindletop have represented a period of almost uninterrupted growth in the Sabine area. The Neches and Sabine Rivers have been deepened to accommodate large tankers and dry-cargo vessels, and turning basins have been dredged; Beaumont, Port Arthur, and Orange have increased in importance as ports. World War I caused a sharp increase in shipbuilding and other industries, although part of the gain — particularly in shipbuilding — was lost with the ending of the war.

Continued development in the oil refining and oil well equipment and supply industries during the prosperous 1920's promoted rapid growth of the populations of Beaumont and Port Arthur. However, Orange, which was affected severely by the sharp drop in shipbuilding after World War

I, suffered a decrease in population during the decade of the 1920's as the area's lumber industry declined. Orange, unlike Beaumont and Port Arthur, had received little direct benefit from oil development. The Sabine area's growth was greatly slowed during the depression decade of the 1930's. The populations of Port Arthur and Orange declined somewhat; Beaumont's population showed only a small increase.

Since 1940 the cities of the Sabine area again have enjoyed a period of marked industrial expansion, and their population has increased appreciably. World War II revived the shipbuilding industry and stimulated the development of new industries, such as synthetic rubber and petrochemicals. The synthetic rubber and petrochemical plants were located in the area because of the availability of vital raw materials from its oil refineries. While shipbuilding declined after the war, its decline has been more than offset by the remarkable growth of the petrochemical industry, as well as by the expansion in such old, established industries as oil refining and oil field machinery and equipment manufacturing. Moreover, plant facilities and skilled labor developed in connection with wartime shipbuilding activities have been factors promoting the growth of the area's fabricated metals industry in the postwar period. Orange, which had not been closely associated with the oil industry, belatedly began to receive a stimulus from this source indirectly in the form of petrochemical plants and oil field supply and equipment manufacturing.

Indicative of the growth of the area, the Census of 1950 showed Beaumont with a population of 94,000, or 59 percent higher than 10 years earlier; Port Arthur, 57,500, or 25 percent higher; and Orange, 21,200, or 183 percent higher. Further growth has occurred since the 1950 census.

Economic Activity

While Beaumont, Port Arthur, and Orange are industrial cities, manufacturing is only one of the many facets of their economic life. In order to obtain a comprehensive view of the economy of these cities, it is desirable to study the income of the inhabitants — where they get their income and how they spend it.

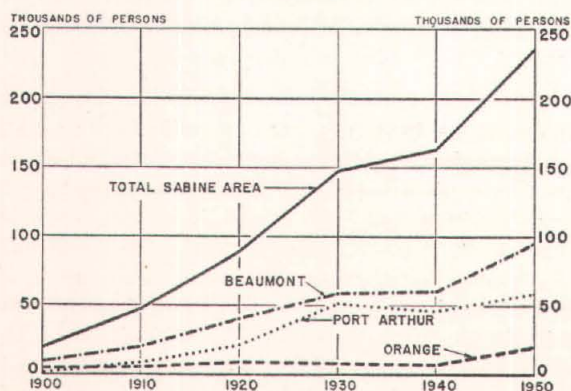
Personal Income

The income of the inhabitants of the Sabine area (Jefferson and Orange Counties) in 1952 is estimated at almost \$420,000,000, which is about 3.5 percent of the total income of the State of Texas. Moreover, the area's 1952 income was 332 percent higher than in the prewar year 1939. While inflation partly accounts for the large increase in income, the area's income in 1952, even in terms of dollars of constant purchasing power, was more than double the prewar level. In the State of Texas, personal income increased 365 percent from 1939 to 1952.

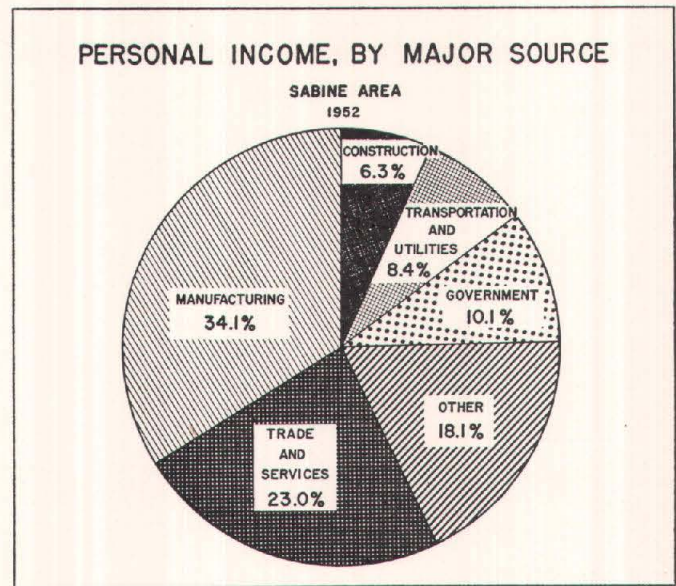
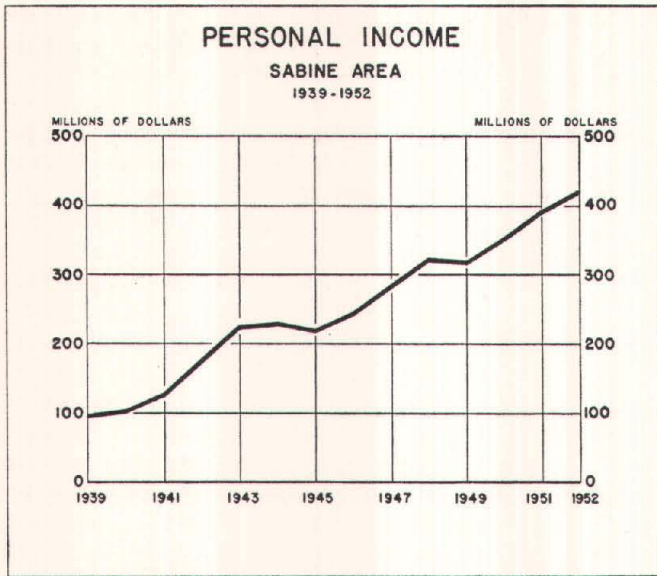
Salaries and wages comprise a much larger proportion and net income of proprietors of unincorporated enterprises a much smaller proportion of the income of the Sabine area than of Texas. For instance, in 1952 the inhabitants of the

POPULATION

Sabine Area, Beaumont, Port Arthur, and Orange
1900-1950



SOURCE: U.S. Bureau of Census.



area received 75 percent of their income from salaries and wages and only 11 percent in the form of proprietary income. On the other hand, in the State, 65 percent of the income was from salaries and wages, and 20 percent consisted of proprietary income. These differences reflect the greater importance of large industrial establishments in the economy of the Sabine area and the smaller significance of agriculture. Not only does the area have a higher proportion of wage and salary workers in large manufacturing establishments, but the wage rates of some of these important industries are higher than the average for Texas industry.

An analysis of the Sabine area's personal income by major source reveals that manufacturing is by far the largest single source, with manufacturing payrolls and net profits of unincorporated manufacturing establishments in 1952 supplying 34.1 percent of the total income. In fact, income from manufacturing was almost one and one-half times as large as that received from the second most important source — trade and service industries. Trade and service payrolls and net profits of unincorporated trade and service enterprises accounted for 23 percent of the 1952 income of the area's inhabitants. Government contributed 10.1 percent in the form of salaries and wages and transfer payments, such as veterans' benefits and social security and public assistance payments. The three most important sources — manufacturing, trade and services, and government — furnished approximately two-thirds of the area's personal income.

The remaining one-third was obtained from a number of sources. In 1952, transportation and utilities supplied 8.4 percent of the income; construction, 6.3 percent; mining (largely oil production), 3.3 percent; finance, 2.2 percent; agriculture, 1.7 percent; and miscellaneous, 1.6 percent. In addition, property income — including rents, royalties, interest, and dividends — furnished 9.3 percent of the income of the area's inhabitants.

Although the amount of income received from all the major sources has increased greatly during the past decade,

the relative importance of the various major sources, for the most part, has shown no marked change. Manufacturing was the outstanding source of the area's income in 1939, as well as in 1952. Trade and service industries supplied a somewhat smaller portion of the total income but still was the second most important source. Government, on the other hand, furnished a little larger proportion in 1939 than in 1952 but occupied the same rank of third largest source. Probably the most significant changes over the period were an increase in the proportion of income from construction — from 2.6 percent in 1939 to 6.3 percent in 1952 — and a decrease in the proportion of property income — from 14.7 percent to 9.3 percent. Agriculture also diminished in importance as a source of income, supplying 3.7 percent of the area's total income in 1939 and 1.7 percent in 1952.

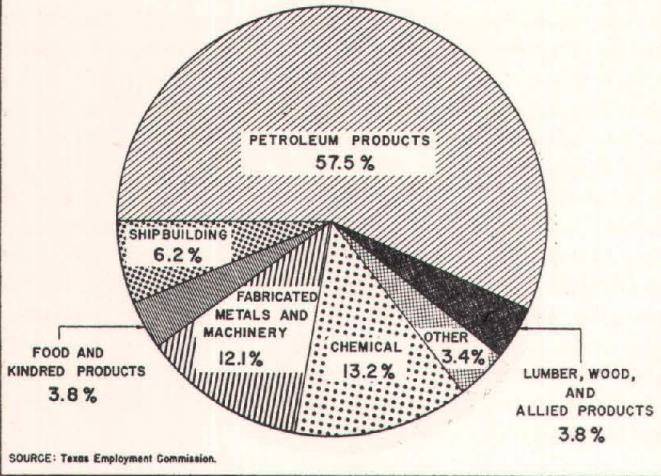
Manufacturing

Beaumont, Port Arthur, and Orange and the Sabine area as a whole owe their development, in large part, to the manufacturing enterprises in the area. Not only is manufacturing the largest single direct source of income, but the spending of the income from this source supports a large portion of the people in other lines of business. In 1952, manufacturing payrolls in the area totaled about \$144,000,000.

The number of wage and salary workers in manufacturing establishments in February 1953 amounted to 31,200, or about 41 percent of the total in the area's nonagricultural enterprises. No major change in this situation appears to have occurred since that date. More than 18,000 of these manufacturing employees were located in Port Arthur and smaller cities in the southern half of Jefferson County; over 8,000 were in Beaumont and the northern half of Jefferson County; and over 5,000 were in Orange and Orange County. Wage and salary workers in manufacturing plants constituted over half of all nonagricultural wage and salary employment in the Port Arthur and Orange areas and almost one-fourth in the Beaumont area.

MANUFACTURING EMPLOYMENT, BY INDUSTRY

SABINE AREA
FEBRUARY 1953



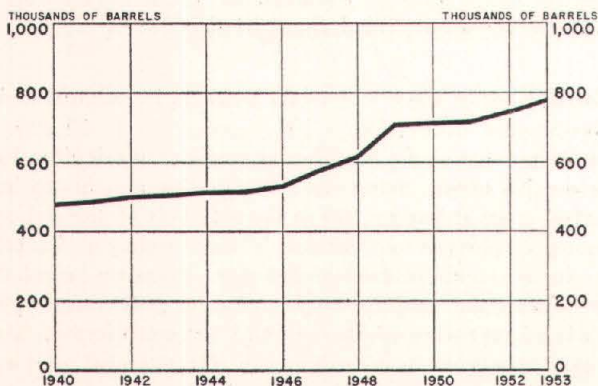
Petroleum Refining

Most of the manufacturing plants of the Sabine area may be grouped into six categories: petroleum refining; chemicals, including synthetic rubber; machinery and fabricated metals products; shipbuilding; food and kindred products; and wood and lumber products. The petroleum refining industry overshadows all others, accounting in February 1953 for almost 18,000 employees, or 58 percent of the manufacturing employment and 23 percent of the total nonagricultural wage and salary employment in the area.

The Sabine area is the leading refining center in the Nation. On January 1, 1953, the crude capacity of its six refineries amounted to 781,000 barrels per day, or 36 percent of the refining capacity of Texas and around 10 percent of that of the Nation. Of the five larger refineries in the Nation, two are located in this area. While no completely new refineries have been established in the area since 1937, the existing refineries have been steadily increasing their crude

CRUDE OIL CAPACITY OF REFINERIES

SABINE AREA
1940 - 1953



Based on January 1 figures.
SOURCES: U.S. Bureau of Mines,
The Oil and Gas Journal.

capacity, as well as their capacity to produce larger proportions of gasoline and other of the more valuable petroleum products.

More than a thousand different petroleum products are turned out by the refineries of the Sabine area, including such a wide variety as aviation gasoline, regular motor fuel, heating oils, lubricating oils, wax, asphalt, a large number of greases, and special products. Although the refineries are important suppliers to the southern and southwestern markets, a major portion of their production is shipped to the East Coast and some is exported.

While the refineries are very important to the economy of the entire Sabine area, naturally they have a more direct impact on the nearby cities. From this standpoint, Port Arthur receives the greatest benefit. The two refineries with the larger capacities are located directly outside the city limits of Port Arthur, and two other refineries are within 6 miles of the city, to the north. One refinery is just outside of Beaumont, and the remaining refinery is about midway between Beaumont and Port Arthur. There are no refineries in the immediate vicinity of Orange.

Chemicals

The chemical industry, which is second in terms of employment, is one of the youngest industries in the Sabine area and is undoubtedly the fastest growing. All of the larger chemical plants of the area were established either during World War II or during the postwar period. In 1940, only a little over 100 persons were employed in the area's chemical industry. Thirteen years later, in February 1953, wage and salary workers in that industry totaled 4,100. Moreover, at the time of this writing, ground has been broken for three more major chemical plants.

The area's chemical development has been largely in the field popularly known as petrochemicals, which has been experiencing a sensational growth on the Gulf Coast of Louisiana and Texas in the past decade. Petrochemical plants are so called because a substantial proportion of their basic raw materials consists of hydrocarbon components obtained from oil refineries or from natural gas. In this connection, the refineries of the Sabine area are an important source of raw materials used by the area's chemical plants. Pipelines extend from the refineries to the chemical plants, supplying the latter with certain refinery gases which are essential raw materials in the manufacture of particular chemicals.

There is a cluster of petrochemical plants in the Sabine area which may be called the synthetic rubber group, consisting of three plants located adjacent to each other. One plant uses refinery gases to manufacture butadiene, a basic component of synthetic rubber. This butadiene is then piped to the other two plants of the group, which make the synthetic rubber itself. At the present time, all three plants are owned by the Federal Government although operated for it by private firms.

The other petrochemical plants of the area make quite a variety of products, a substantial proportion of which consists

of intermediates which are usually shipped to other chemical plants outside the area for use in the manufacture of products for the ultimate consumer. Some of the important chemicals produced by area plants are polyethylene (a plastic used in squeeze bottles, insulation, etc.); adipic acid and hexamethylene diamine (nylon intermediates); methanol (wood alcohol); ethylbenzene (used in making styrene, an important chemical in the manufacture of rubber and plastics); ethylene glycol (a permanent type of antifreeze); and ethanolamines (used in the manufacture of some synthetic detergents, as well as to remove sulphur from sour gases).

While the major chemical development of the area has been in petrochemicals, the area has a few other types of chemical plants manufacturing such products as sulphuric acid, oxygen, and fish oil. Moreover, it should not be overlooked that the oil refineries, although not primarily producers of chemicals, nevertheless manufacture a substantial quantity of chemicals of various kinds.

The greatest concentration of chemical plants in the Sabine area at the present time is in "Mid-County" between Beaumont and Port Arthur. However, the area's largest chemical plant is located outside Orange, and two of the three major plants which are now under way will be in so-called "chemical row" on the outskirts of Orange.

Fabricated Metals and Machinery

The fabricated metals and machinery industries are relatively old industries in this area. The first plants were established to meet the needs of the developing oil industry of the region, following the discovery of oil at Spindletop in 1901. Even today, most of the plants in the fabricated metals and machinery industries are turning out products for the oil industry—including large diameter pipe for oil and gas pipelines; oil field machinery, tools, and supplies, such as drilling rigs, crown blocks, swivels, draw works, "Christmas trees," and casing heads; and refinery equipment, such as refinery structures, pressure vessels, storage tanks, and drums. With the growth of the regional market, however, the metal-fabricating industry of the Sabine area has become more diversified. Plants in this area now are important suppliers of structural steel for buildings and bridges in the Southwest.

The area's total wage and salary employment in the fabricated metals and machinery industries in February 1953 amounted to almost 3,800. This figure was over three times as large as in 1940. The employment in these industries was distributed about equally among Beaumont, Port Arthur, and Orange.

Shipbuilding

Shipbuilding undoubtedly has been the most volatile industry in the Sabine area. During World War I, employment in the shipbuilding industry skyrocketed but then fell back to an insignificant level after the war. The same pattern prevailed during World War II. The fluctuation in this activity has been felt more keenly by Orange, where shipbuild-

ing is a more significant factor in the economy, than by Beaumont and Port Arthur, although all three cities have important shipbuilding establishments.

The area's shipbuilding industry is now substantially smaller than during World War II; nevertheless, it has maintained a level of employment which is considerably higher than in prewar years. Wage and salary workers in shipyards in February 1953 totaled over 1,900, which was almost two and one-half times as large as in April 1940. This higher level of employment, however, is not due entirely to a greater volume of shipbuilding. A number of yards in the area have taken on new lines, such as the fabrication of structural steel and the manufacture of chemical tanks, fractionating towers, pressure vessels, and other items. Moreover, ship repair is now an important part of their business. Of course, the area's shipbuilding industry is continuing to turn out vessels, chiefly tugs, trawlers, and barges (including drilling barges for marsh and offshore oil drilling).

Food and Kindred Products

The food-processing industry, which tends to be overshadowed by some of the other large industries in the area, is a substantial one, employing around 1,200 people. Most of the food products plants are devoted to supplying the local market. In this function, they are performing a vital service to the area's people. There is one segment of the food industry, however, which serves a much broader market—the rice-milling industry. The three rice mills in Beaumont and the one in Orange obtain most of their rough rice from growers in the area and ship the milled rice to national and international markets.

Lumber, Wood, and Related Products

The lumber and wood products industry is the oldest—and, prior to the discovery of oil, constituted the leading—manufacturing industry in the Sabine area. While this industry has declined in relative and absolute importance from its historic peak, it continues to contribute substantially to the area's economy. In February 1953 the number of wage and salary workers in the area's lumber mills, woodworking plants, and paper and pulp mills amounted to almost 1,200, or approximately 4 percent of the total employment in manufacturing establishments. Employment in this industry is not substantially different from that in 1940.

Factors Attracting Industry

Why has the Sabine area become one of the major industrial centers of the Southwest? The answer to this question is not difficult to find; it lies in the particular combination of advantages possessed by the area—including raw materials, transportation facilities, labor, water, industrial sites, fuel, and others. The relative importance of each factor varies from industry to industry. Oil refining, petrochemicals, and oil field machinery and supplies—industries in which the Southwest has experienced its greatest development—have found a more favorable combination of factors in the Sabine area than in most other areas of the region.

Proximity to major sources of raw materials has been a powerful factor in the industrial development of the Sabine area. Its first refineries were established to process Spindletop's crude oil. At the present time, local crude oil supplies a very small proportion of the needs of the refineries, but through a tremendous system of pipelines, these refineries now readily draw upon crude from all over the Southwest. The refineries, in turn, are a basic source of raw materials for the chemical plants. In addition, natural gas, salt, sulphur, and lime from oyster shells — both in the immediate area, as well as elsewhere in the Gulf Coast region — provide the area's chemical plants, either directly or after processing by other Gulf Coast chemical plants, with raw materials and other supplies needed in their operations. The availability of timber and rice has played an obvious role in the establishment of the area's lumber and rice mills.

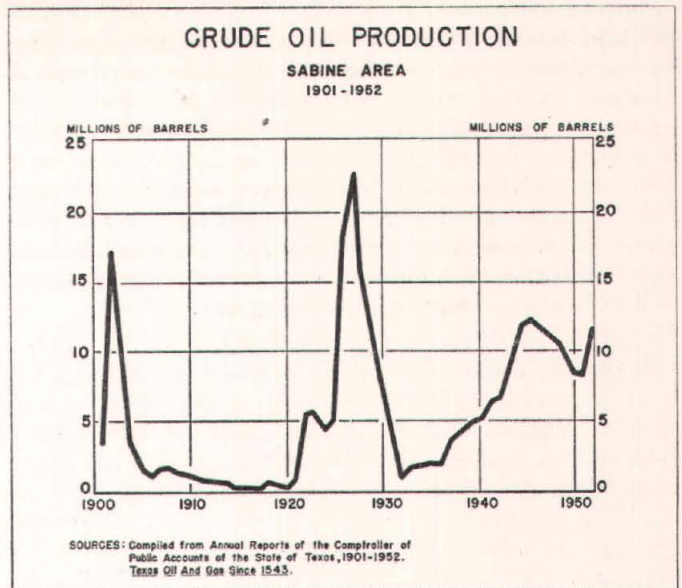
Another factor attracting industry which probably has been fully as important as raw materials is the area's proximity to the Gulf of Mexico and the excellent transportation facilities it enjoys. The Beaumont channel of the Neches River, the Sabine-Neches Canal, and the Sabine River have been progressively deepened to permit large ocean-going tankers and dry-cargo vessels to dock at Beaumont, Port Arthur, and Orange. Furthermore, the Intracoastal Waterway, which utilizes the Sabine-Neches Canal, makes possible, in conjunction with the Mississippi River System, barge traffic between the area and the important markets and supply centers in the Middle West. Not only are these waterways and the access to the Gulf essential to the shipbuilding industry, but they make possible cheap water transportation for refineries and chemical plants shipping to the East Coast and the North, as well as for metal-fabricating plants bringing in steel from the North. In addition to water transportation, the area has excellent rail and adequate air and motor freight transportation.

The refineries and chemical plants of the area are large users of water. While some of these plants use, in part, salt water from tidal bodies, they also need large quantities of fresh water which have been available from the Sabine and Neches Rivers, as well as from some of the fresh-water bayous of the area.

There is a large supply of intelligent labor, and many of the workers have acquired considerable skill in the lines now represented in the area. Moreover, as the demand for labor has increased, an adequate supply has become available from the rural areas of east Texas and Louisiana. Also, natural gas for fuel at relatively low prices, adequate electric power, and an abundance of good industrial sites have furthered industrial growth. Then not to be overlooked, the concentration of industry in the area has, in itself, provided an important market for some of the firms. This community of interests is particularly noticeable among the refining, chemical, and some of the metal-fabricating plants.

Mining

The mining of the Sabine area consists largely of oil, gas, and sulphur production. In February 1953, employment in the mining industry totaled 2,871, or 3.8 percent of total nonagricultural employment.



Oil production, which may be said to have spawned the manufacturing industry of the area, subsequently has been surpassed in importance by manufacturing. Nevertheless, there has been some drilling activity and oil production every year since the discovery of oil at Spindletop. In fact, Spindletop itself had a renewed boom in the middle 1920's, with the discovery at greater depths of a larger pool than the original. Hopes are still held that more oil can be found at even deeper levels. Through 1952, Spindletop had produced almost 132,000,000 barrels of oil. Total production in the two counties which make up the Sabine area — Jefferson and Orange — amounted to 12,500,000 barrels in 1952, or 1.2 percent of the total for the State of Texas. While this volume is only a little over half that of the peak year 1927, it is higher than in all other years except one in the past two decades.

Sulphur mining is a relatively new industry for the Sabine area, having been undertaken within the past year. Spindletop, the same salt dome which has been such a prolific source of oil, also contains sulphur deposits, which are now being produced by the Frasch process.

Agriculture

Although the Sabine area is primarily noted as an industrial center, it also has a thriving agriculture. Cash receipts from farm marketings in 1952 amounted to over \$14,300,000, with most of this income being derived from rice and cattle.

Jefferson County is one of the leading rice-producing counties in Texas, which is the foremost producing State in the Nation; in 1952, Jefferson County ranked first in the State. The combined rice production of Jefferson and Orange Counties in 1952 was over 2,100,000 100-pound bags, or 15 percent of the state total. The area's rice farming is highly mechanized, with many farmers using airplanes to seed, fertilize, and dust their crop.

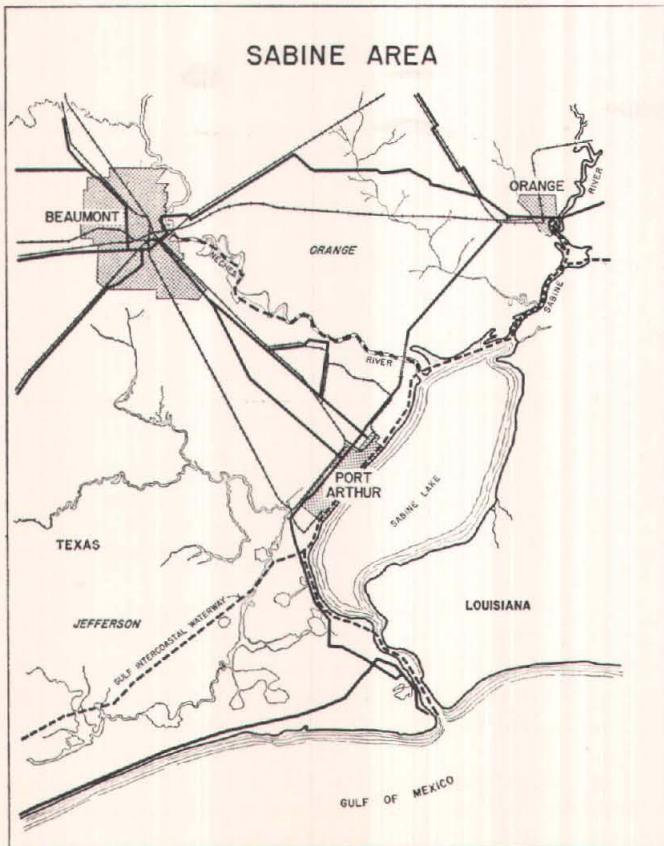
Most rice farmers in the area also have cattle. Since the rice farmers endeavor to maintain a rotation schedule of planting the same land in rice only once every 3 years, during

the off years the land furnishes good pasture for cattle. Of course, there are also cattle ranches in the area. The heavy rainfall, over 50 inches a year, together with the mild climate, provides good pastures almost all year round. Most of the cattle are crossbreeds, with a substantial proportion of Brahman blood. The cattle are grass fed and usually are sold as calves or yearlings to slaughter houses in the Gulf Coast area.

The Sabine area is on the southeastern border of the most heavily forested section of Texas. Approximately 64 percent of the total land area of Orange County and 12 percent of the land area of Jefferson County are in timber, according to a survey made by the East Texas Chamber of Commerce in 1946. Some of the timberland represents woodlands of farmers, but a considerable proportion, particularly in Orange County, is owned by lumber companies. The forestry resources of the Sabine area are a significant direct source of income. In addition, the forests constitute one of the principal sources of income to the Sabine area's trade territory to the north and, consequently, benefit the retail and service establishments of the Sabine area itself.

Transportation and Utilities

Transportation and utilities have been important factors in the growth of the area, and, consequently, it is not surprising that they constitute a significant segment of its economy. Employment in the transportation and utilities industries in February 1953 amounted to almost 8,000, which was 10.5 percent of the total nonagricultural wage and salary workers in the area.

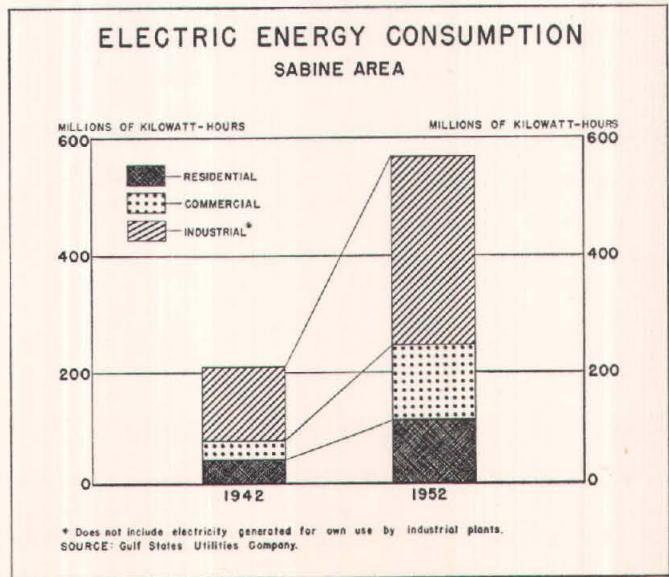


The four ports in the Sabine area are at Beaumont, Port Arthur, Orange, and Sabine Pass. The aggregate tonnage passing through them is exceeded only by that of New York Harbor, Houston, and the group of ports on the Delaware River and its tributaries. In 1952 the total tonnage of the Sabine area's ports amounted to 44,600,000 short tons, most of which was crude oil and refined products moving out from Beaumont and Port Arthur. In fact, crude oil and refined products comprise about 94 percent of the total tonnage of the Sabine ports. Although dwarfed by oil, considerable tonnage of other products is handled, including iron and steel manufactures, chemicals, sea shells, wheat, and rice.

The Sabine area is served by four major rail lines — the Kansas City Southern, Missouri Pacific, Santa Fe, and Southern Pacific. Moreover, motor freight lines also are important in meeting the area's transportation needs. Jefferson County airport, which is located between Beaumont and Port Arthur, serves these cities, as well as Orange. Three scheduled airlines — Delta-Chicago Southern, Eastern, and Trans-Texas — provide service to the area.

The utilities industries probably occupy a more important place in the economy of the Sabine area than of most other areas in the Southwest. The major oil refining and chemical industries are very large users of electricity, natural gas, and water. Furthermore, Beaumont is the home office of the Gulf States Utilities Company, which supplies electric power to much of southeast Texas and southern Louisiana, east to Baton Rouge.

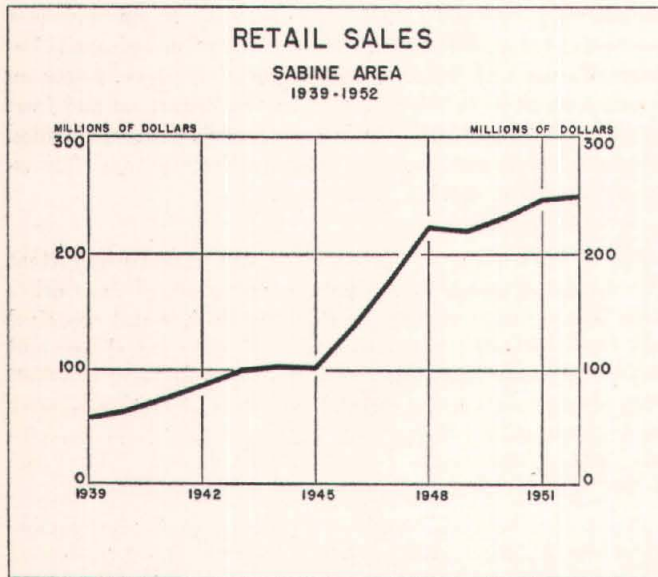
The Lower Neches Valley Authority and the Orange County Water Company are responsible for supplying water to rice growers and industrial users and, to some extent, to the cities of the area. Although the Neches and Sabine Rivers flow through the area, they cannot be tapped on their lower portions because of the salt content from the nearby Gulf of Mexico. Consequently, the two organizations have constructed canals to bring the water from farther up on these rivers, above the tidal reaches, down to the rice growers, industries,



and other consumers. Port Arthur and the cities in mid-Jefferson County obtain their water from the Lower Neches Valley Authority. Beaumont gets its water via canals from higher up on the Neches River, while wells are the source of water for Orange.

Trade and Services

The concentration of workers in relatively high-paying industries naturally creates a large market for trade and services. The area's retail sales in 1952 were estimated at over \$248,000,000, or 3.2 percent of the total for the State. This



volume represents an increase of 328 percent over the prewar year 1939. About one out of every three nonagricultural workers in the area is employed in a trade or service establishment.

Beaumont is the largest trade and service center in the Sabine area, accounting for the major portion of all the retail and wholesale business of the area. Most of the trade of Beaumont, as well as Port Arthur and Orange, is obtained from the immediate Sabine area, although customers are drawn from as far east as Lake Charles, Louisiana, west to Liberty, Texas, and north to Jasper, Texas. Nevertheless, the amount of trade obtained from outside the Sabine area is relatively small in comparison with that secured by some of the more important southwestern trading centers from their respective trade territories. Proximity to Houston, which draws some business from the Sabine area itself, partly accounts for the relatively small trade territory of Beaumont and other cities of the area.

Construction

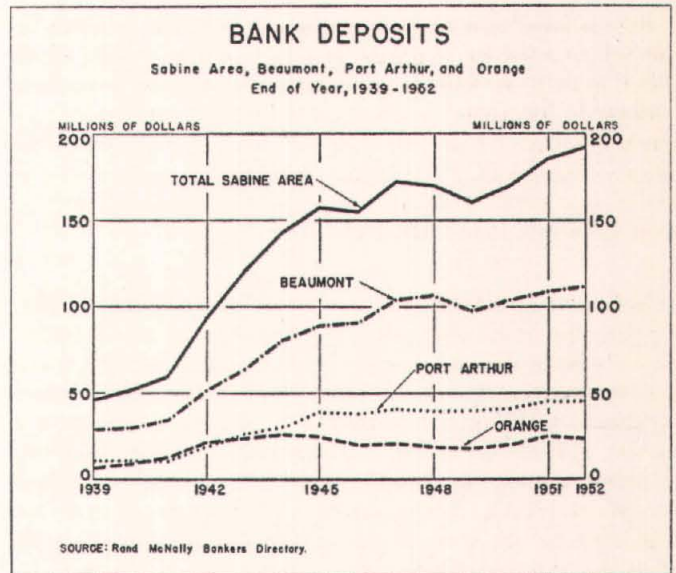
The cities of the Sabine area have experienced the same postwar building boom which has been evident in most other cities of the Southwest. This construction activity has included new industrial plants and additions, shopping centers,

houses, roads, and bridges. Building has tended to be concentrated to a greater extent than in many other cities of the region on the outskirts of the Sabine cities. Relatively little building has occurred in the downtown areas of Beaumont, Port Arthur, and Orange.

The importance of the construction industry to the over-all economy of the Sabine area is indicated by the fact that employment in this industry in February 1953, which is generally a seasonally low month, was 5,600, or over 7 percent of the total nonagricultural wage and salary workers. Moreover, the value of building permits issued in Beaumont, Port Arthur, and Orange in 1952 amounted to \$13,600,000. This figure considerably understates the total construction in the area since a substantial portion was outside the limits of the three cities.

Banking

The banks of an area generally tend to reflect its economic development. As the area's economy grows, the banks grow; as the banks grow, they help the area to grow. Banking developments in the Sabine area certainly support this thesis. Most of the nine banks of the area — three at Beaumont, two each at Port Arthur and Orange, and one each at Port Neches



and Nederland — can trace their histories through depressions as well as booms, back to the days of Spindletop, or even before the turn of the century. The bank at Nederland is the only relatively new bank, having been established in 1946.

Although generally old in terms of years, the banks have been progressive and have experienced their greatest absolute growth in the past 15 years. Deposits of the area's banks at the end of 1952 totaled \$191,000,000, representing an increase of \$143,000,000 since the prewar year 1939. Total resources have shown an even larger growth, rising from \$52,000,000 at the end of 1939 to \$204,000,000 at the end of 1952.

Government

Although government ranks third among the major sources of income of the area's inhabitants, it is relatively of less importance than in most of the larger cities of Texas or in the State as a whole. In 1952, government accounted for around 10 percent of the total personal income of the area, as compared with 17 percent in Texas.

The largest single activity of government in the area, excluding the public schools, is the United States Naval Station at Orange, where a reserve fleet of naval vessels is kept. This Naval Station is of substantial importance to Orange, but its impact on the other cities of the area is small. Most of the income from government is derived from routine activities associated with the life of any community. By and large, income from government has followed the growth of the area rather than leading or promoting its growth. Of course, it should not be overlooked that during both World Wars, government expenditures for ships, chemicals, and petroleum products provided a powerful stimulus to the entire Sabine area.

Recreational and Cultural Activities

Recreational and cultural opportunities enhance living in the Sabine area. Its residents have both salt-water and fresh-water fishing, as well as good hunting, practically in their backyards. Moreover, beaches on the Gulf of Mexico can be reached within 1 hour's or 2 hours' driving. All three of the cities — Beaumont, Port Arthur, and Orange — have a number of fine parks with tall trees, well-kept grounds, and, in some instances, swimming pools.

In Beaumont is located Lamar State College of Technology, a State-supported college offering 4-year courses and bachelor of science degrees in such fields as business administration, engineering, home economics, and geology. In addition, vocational training not leading to a degree is given in a variety of fields, including machine shop practice, the study of diesel engines, refrigeration maintenance and repair, and vocational nursing. Night classes, as well as day classes, are scheduled for the convenience of the students. Total enrollment last year was almost 2,600.

A symphony orchestra was recently organized in Beaumont and will begin its first season this year. This orchestra, while located in Beaumont, is supported also by other cities in the Sabine area.

Among other assets and attractions in the cities of the Sabine area are: fine residential sections frequently located in beautifully wooded areas; many churches of practically all denominations; Port Arthur College (a business and radio school founded by one of the men who initially developed Port Arthur, John W. "Bet-A-Million" Gates); and the South Texas State Fair and the Neches River Festival, both of which are held annually in Beaumont.

Problems

The Sabine area is confronted at the present time with a number of problems, some of which are merely the outgrowth of industrial development. A few of these problems embrace the entire area, but most are peculiar to a portion or a particular city of the area.

The water problem of Jefferson County is of prime importance today. Although the rainfall is relatively heavy and the Neches River — the source of most municipal, industrial, and agricultural water consumed in the county — has one of the heaviest runoffs of any of the Texas streams, during some years in the summer months of low flow insufficient water is available to meet the tremendous demands of rice growers and large industrial users. At such times in the past, the Lower Neches Valley Authority has had to reduce the amount of water supplied to these consumers. Moreover, at the present time, the Authority is unable to provide any new large industrial consumer locating in Jefferson County with an assured supply of water.

A dam which was completed at Town Bluff, Texas, in early 1951 has provided some storage to bolster the water supply in months of low river flow. Moreover, three additional dams have been authorized by Congress, although the money for their construction has not been appropriated. When these dams are completed, the water problem in Jefferson County will be eliminated since storage will be available to meet all anticipated water needs during periods of low flow of the Neches River.

The development of the relatively heavy concentration of industry in the area has brought with it problems in labor-management relations. Labor-management relations in the Sabine area are as good as those in most of the industrial areas of the North and East. Further progress can be made in the Sabine area, as in practically all other industrial areas, in encouraging mutual trust and respect between labor and management — a condition which undoubtedly promotes the enhancement of a community and its economic growth.

The excellent rail transportation in the area has inadvertently created trouble for its cities because of a lack of elevated tracks. Traffic is frequently tied up by freight trains, and the railroad crossings create a hazard, particularly in the city of Beaumont. A \$4,000,000 bond issue was voted in Beaumont to eliminate street-level railroad crossings; negotiations are now under way with the railroads involved.

The cities of the Sabine have other problems which are common to growing cities. Additional school facilities are required. Water distribution and pumping facilities need to be expanded. Office space has been tight.

Summary and Outlook

The Sabine area is one of the oldest industrial areas in the Southwest, a region which, until comparatively recently, had little industrialization. While the rate of economic growth

of this area during the past decade may not have been as spectacular, statistically, as that of some other urban areas of Texas, nevertheless, the area has had a very impressive record of growth. Its population increased 45 percent from 1940 to 1950, and the income of its inhabitants in 1952 was over four times as high as in 1939.

The future of the Sabine area looks very promising. The oil and gas and the excellent transportation facilities which have attracted industry in the past may be expected to continue to draw plants to the area. Despite increased demands, a plentiful supply of intelligent labor is available. Good industrial sites and an adequate supply of electric power exist. Although water for additional large industrial users cannot be assured in Jefferson County at the present time, the basic source of water, the large runoff of the Neches River, only awaits the construction of dams to provide an adequate water supply at all times. In Orange, an abundant supply of water from the Sabine River is immediately available, and the Sabine River Authority is planning a series of upriver dams which will increase materially the supply of fresh water.

Probably the segment of industry in the Sabine area which may be expected to show the largest growth in the coming years is that which has been expanding most rapidly in recent years — the petrochemical industry. The desirability of the area as a location for petrochemical plants is indicated by the existing concentration of such plants, as well as by the fact that three petrochemical plants are now being constructed — one at Beaumont and two at Orange. Extremely optimistic expectations are generally held for the growth of the petrochemical industry during the next decade or two, and it is reasonable to assume that the Sabine area will continue to participate in the growth of this industry.

The future of the area's giant refining industry is dependent in part on the availability of crude oil in the entire Southwest. Refining began in the area shortly after the Southwest's first major discovery in 1901; since then, both

the area's refining capacity and the Southwest's oil production have experienced almost uninterrupted growth. Refining capacity on the East Coast, to which the area's refineries send a substantial portion of their products, has been growing at a faster rate in recent years than that of the Sabine area. Much of the new East Coast refining capacity has been based on foreign crude. Nevertheless, the continuous expansion and modernization of the Sabine refineries give no indication that the area's refining industry has reached its peak.

The settlement of the tidelands issue undoubtedly will promote drilling activity and oil and gas production in offshore areas. Such development may act as an important stimulus to the area's shipbuilding and metal-fabricating industries. The need will increase for drilling barges, as well as for other oil field machinery and supplies which area plants manufacture. Also, because of the proximity of the area to the tidelands operations, some of its inhabitants probably will be employed directly in the drilling and production phases.

Prospects for other industries in the Sabine area also are favorable. The food industry is likely to grow as the population of the area grows. A new pulp and paper mill at Evadale and a large sawmill under construction at Silsbee, both places immediately north of Beaumont, augur well for the area's lumber, wood, and related industries.

It is difficult to foresee whether the Sabine area will attract types of industry other than those presently represented. In any case, it is likely that the principal growth will be in those major industries already located in the area.

How fast the area will grow will depend in part upon national business conditions, as well as upon the success achieved in solving its problems. The number of plants under construction at the present time should assure growth in the immediate future; the basic advantages of the area should result in growth over the long term.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



August sales at reporting department stores in the Eleventh Federal Reserve District rose, seasonally, 11 percent above those of July and showed a year-to-year gain of 1 percent. January-August sales exceeded those of a year ago by 4 percent. Sales in early September made further seasonal advances. Consumer credit outstanding at department stores registered little net change during August. Compared with July, collections on charge accounts and instalment accounts were down 13 percent and 1 percent, respectively. Inventories on August 31 were up seasonally from July and 13 percent above a year earlier. Meanwhile, merchandise on order declined 27 percent during the month to a level 20 percent below a year ago.

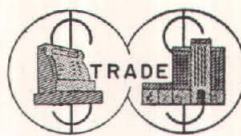
Rains during late August and early September and the open weather of the past several weeks have improved greatly the prospects for crop production in the District. Current estimates indicate larger crops of cotton, rice, sorghum grain, hay, peanuts, and potatoes than were harvested in 1952. Ranges and pastures also are showing improvement in most sections. Marketing of cattle and calves is near the seasonally high level of a year ago. Farm commodity prices were steady to weak during September.

Most major oil-producing states — including Texas, Oklahoma, and Louisiana — recently have announced cuts in oil allowables because of the high level of crude and refined stocks. Daily average crude oil production in the District in the first part of September was down from August and from a year ago, reflecting principally the cut in Texas allowables; production outside the District showed a year-to-year gain. Refinery activity in the Nation in early September was at a record-high level; primary stocks of major refined products at mid-September were 14 percent higher than a year earlier.

Nonagricultural employment in the states of the District declined further in July, largely because of reductions in government and construction employment. Manufacturing employment continued to rise. During August and September the trend of nonagricultural employment turned upward, seasonally, with manufacturing employment showing still further gains.

The value of construction contracts awarded in the District in August was the lowest monthly total in 5 months and was 24 percent less than a year earlier. Awards for residential construction reached a 2-year low. Construction contracted in the first 8 months of 1953 was valued at 18 percent less than a year earlier, with residential and nonresidential building down 10 percent and 23 percent, respectively.

In the 5 weeks ended September 23, cash assets and deposits of the weekly reporting member banks rose, while loans and investments declined. The reduction of loans is in marked contrast with the expansion during the comparable period last year.



Retail sales at department stores in the Eleventh Federal Reserve District during August rose, seasonally, 11 percent above July and were 1 percent above August 1952. The cumulative gain through August 31 in monthly sales for 1953 was almost 4 percent ahead of the comparable period a year earlier. Sales continued to rise seasonally during the first half of September but were approximately 2 percent under the same period a year ago.

In the District the fall trade season at department stores traditionally begins in early September, and consumer demand continues to increase, except for a minor dip in October, reaching the peak for the entire year during the week before Christmas. It is estimated that department stores generally transact around 40 percent or more of their total annual volume of business during the 4 months from September through December. With these points in mind, individual stores are appraising their prospects for business during the coming months. From the standpoint of variety, quality, selection of merchandise, and facilities for service, the department stores as a group are well prepared to meet the fall and winter trade demands.

Among the factors that appear favorable to the trade are the prospects for the continued record or near-record levels of employment and personal income and the continued growth in family requirements. Other factors which will affect consumer buying but which cannot be fully appraised are the present degree of demand satisfaction; the deterring effects, if any, of the current level of consumer debt; and the strength of competition for the consumer's dollar from other retail lines. In trade circles there is a feeling of cautious optimism. A moderate increase of around 3 percent over the last 4 months of 1952 would be about in line with expectations.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Aug. 1953 from		8 mo. 1953 comp. with 8 mo. 1952	Aug. 1953 from	
	Aug. 1952	July 1953		Aug. 1952	July 1953
DEPARTMENT STORES					
Total Eleventh District.....	1	11	4	13	7
Corpus Christi.....	-8	14	8	9	2
Dallas.....	5	8	5	13	9
El Paso.....	2	18	5	11	10
Fort Worth.....	-6	13	-2	9	6
Houston.....	7	10	7	13	6
San Antonio.....	-5	10	-1	16	5
Shreveport, La.....	8	22	5	24	18
Waco.....	-5	16	-2	13	18
Other cities.....	-4	9	3	11	5
FURNITURE STORES					
Total Eleventh District.....	-13	7	—	-1	-2
Austin.....	5	18	—	9	-1
Dallas.....	-10	26	—	#	-10
Houston.....	-6	11	—	—	—
Port Arthur.....	-31	-15	—	-22	-1
San Antonio.....	-28	-10	—	—	—
Shreveport, La.....	-17	-18	—	-2	5
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-16	6	—	—	—
Dallas.....	6	38	—	—	—

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

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALES ^p			STOCKS ¹	
	August 1953 from		8 mo. 1953 comp. with 8 mo. 1952	August 1953 from	
	August 1952	July 1953		August 1952	July 1953
Drugs and sundries.....	-3	5	—	3	— [#]
Dry goods.....	-8	28	—	25	— [#]
Grocery (full-line wholesalers not sponsoring groups)....	—	—	—	—	—
Hardware.....	-8	-5	—	-4	5
Industrial supplies.....	-2	1	1	16	-1
Machinery equipment and supplies except electrical..	-2	-13	-4	— [#]	-1
Metals.....	-27	-20	—	8	-2
Tobacco products.....	23	16	2	-3	-1
Wines and liquors.....	-6	-13	-3	-4	-5
Wiring supplies, construction materials distributors.....	4	-2	—	— [#]	-3
	-14	-16	—	—	—

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.

During August, department store sales of various types of hard goods registered marked changes as compared with a year ago. In total, the homefurnishings departments showed a decline of 6 percent, due mainly to losses in sales of major household appliances and television sets — the declines ranging from 18 percent for television sets to 32 percent for refrigerators. On the other hand, sales of stoves gained 25 percent, and sales of furniture experienced a year-to-year increase of 9 percent.

In the soft goods departments, virtually all items which are usually in strong demand during this season of the year showed moderate to substantial gains in August over a year earlier. Sales of piece goods and household textiles netted gains of 7 percent and 12 percent, respectively. Back-to-school buying during the month rose substantially above the volume of the same period last year and was reflected in year-to-year increases of 6 percent for women's wear, 13 percent for girls' wear, and 17 percent for boys' wear.

Consumer credit outstanding at department stores during August showed no significant change from the previous month. Compared with a year earlier, however, end-of-month charge accounts receivable were up 5 percent, and instalment accounts receivable rose 34 percent.

Compared with the record-high level on January 1 of this year, charge accounts outstanding at the end of August declined 40 percent. However, over the same period, instalment

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Aug. 1953	July 1953	June 1953	Aug. 1952	Aug. 1953	July 1953	June 1953	Aug. 1952
SALES—Daily average								
Eleventh District.....	116	104	118	114	127	124	134	125r
Dallas.....	107	99	107	102r	121	123	130	116r
Houston.....	137	124	135	127	152	143	148	141
STOCKS—End of month								
Eleventh District.....	140p	131	130	124r	143p	140	141	127

¹ Adjusted for seasonal variation.

r—Revised.

p—Preliminary.

accounts, which also were at a record high in January, rose in the following months and in August were at a new record and 8 percent above the January level. Beginning in August, both types of credit accounts normally show an uninterrupted rise through the Christmas buying season.

Collections on charge accounts during August were 13 percent less than during July, although 1 percent higher than a year earlier. Instalment collections were 11 percent larger than a year ago but declined 1 percent from July. Based on these collection figures, the average pay-out period on charge accounts lengthened from 63 days to 67 days, the same as during August 1952, while the average collection time for instalment accounts remained 17 months, compared with 13 months a year earlier.

Department store inventories rose, seasonally, 7 percent during August and at the end of the month were 13 percent higher than on the same date last year. The build-up in inventories, on the whole, are considered by the trade to be in good balance with respect to anticipated seasonal demands. Stocks of some items, chiefly hard goods, were still considered larger in relation to sales than currently desired. This situation was improved during August through special merchandising efforts and was being corrected further during September. Merchandise on order at the end of August reflected current buying trends by showing a 27-percent decline from July and a 20-percent decline from a year ago.

Furniture store sales at reporting stores in the District during August rose 7 percent above July but were 13 percent lower than during August 1952. Total accounts receivable showed no change during the month but were 4 percent higher than a year earlier; collections were down 7 percent and 2 percent from a month ago and a year ago, respectively. Inventories declined 2 percent during the month and on August 31 were 1 percent lower than on the same date last year.



Late August and early September rains, followed by generally open weather, improved greatly the prospects for crop production in the District. However, the more favorable outlook for production had a depressing effect upon prices of farm commodities, notably wheat and cotton. These crops were selling at or near the loan level on September 1 but declined further during the month. Even with slightly higher crop production and heavier marketings of livestock, cash farm income in the District in 1953 probably will be somewhere around 10 percent below 1952.

The United States Department of Agriculture estimated as of September 1 that cotton production in the District will be moderately higher than was forecast a month earlier. Generally favorable growing conditions prevailed in parts of the District during August and September; in more favored sections the crop is indicated to be the best in many years. The only areas not reporting an improvement were parts of

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	May		June		Cumulative receipts January—June	
	1952	1953	1952	1953	1952	1953
Arizona.....	\$ 18,880	\$ 23,527	\$ 29,534	\$ 32,214	\$ 196,649	\$ 187,128
Louisiana.....	15,079	14,704	15,603	11,794	111,946	105,431
New Mexico....	10,629	11,024	8,883	9,408	78,902	64,910
Oklahoma.....	30,037	27,341	103,890	65,430	270,316	223,205
Texas.....	126,738	95,361	148,620	109,701	775,035	642,485
Total.....	\$201,363	\$171,957	\$306,530	\$228,547	\$1,432,848	\$1,223,159

SOURCE: United States Department of Agriculture.

south Texas, where the rains came too late to be of benefit to this year's crop.

Cotton harvesting operations have made rapid progress throughout all sections except the High Plains of Texas, where only limited picking of early fields is under way. A crop of around 1,200,000 bales is forecast for the South Plains area of Texas. Irrigated cotton in the Pecos and Upper Rio Grande Valleys is reported to be making excellent progress, with higher-than-average yields expected.

The estimate of grain sorghum production in the District was raised about 25 percent during August, as considerable additional acreage was seeded in northwest Texas and weather conditions were favorable for development of the crop. Production substantially above a year ago is anticipated if a killing frost does not occur earlier than normal. A large acreage of late-planted sorghums probably will not yield a grain crop but will provide additional roughage for livestock.

Harvest of a record rice crop is nearing completion in Texas, with yields averaging slightly higher than a year ago. Dry, open weather following the early September rains enabled growers to salvage most of the rice in fields flooded by the storms. During August there was a marked improvement in prospects for peanut production, and weather conditions during September were generally favorable for further development.

Seeding of small grains and legumes proceeded rapidly during September, with prospects for much higher acreages

COTTON PRODUCTION

Texas Crop Reporting Districts

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

Crop reporting district	1951	1952	1953 Indicated September 1	1953 As percent of 1952
1-N.....	351	467	570	122
1-S.....	941	1,005	700	70
2-N.....	288	182	160	88
2-S.....	218	59	290	492
3.....	33	12	40	333
4.....	608	610	785	129
5-N.....	113	95	115	121
5-S.....	85	96	115	120
6.....	192	240	220	92
7.....	25	17	45	265
8-N.....	192	200	200	100
8-S.....	86	222	85	38
9.....	256	231	235	102
10-N.....	79	62	28	45
10-S.....	607	310	262	85
State.....	4,074	3,808	3,850	101

SOURCE: United States Department of Agriculture.

CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	Texas		Five southwestern states ¹			
	Average 1942-51	1952	1953 Indicated Sept. 1	Average 1942-51	1952	1953 Indicated Sept. 1
Cotton ²	3,162	3,808	3,850	4,644	6,106	6,290
Corn.....	54,256	41,292	33,874	97,664	65,587	55,663
Rice ³	9,498	13,662	14,500	20,021	26,304	27,226
Sorghum grain..	80,523	48,236	70,000	96,850	55,057	81,539
Hay ⁴	1,547	1,512	1,798	4,739	4,605	5,004
Peanuts ⁵	312,916	85,100	152,000	438,361	136,400	238,600
Irish potatoes...	4,040	2,040	2,398	8,796	4,800	5,882
Sweet potatoes..	4,372	1,215	2,295	14,272	9,235	12,630

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

² In thousands of bales.

³ In thousands of bags, 100 pounds each.

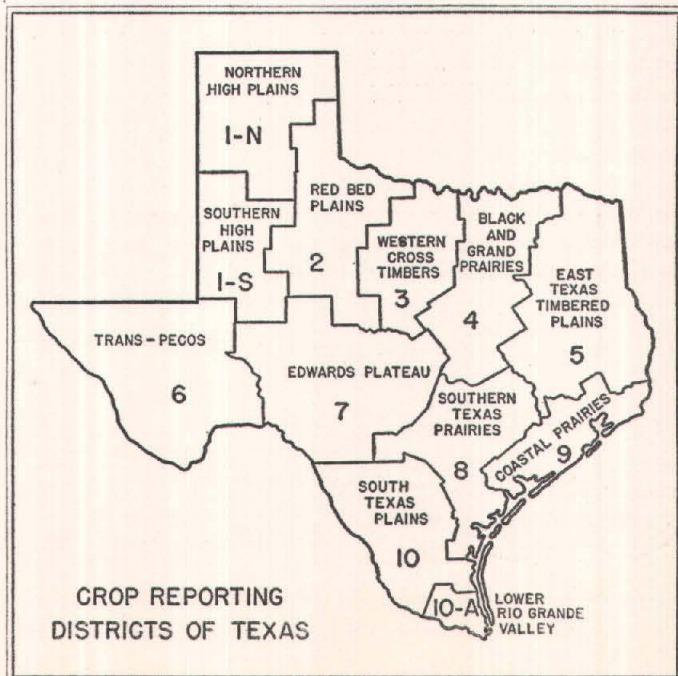
⁴ In thousands of tons.

⁵ In thousands of pounds.

SOURCE: United States Department of Agriculture.

of oats and barley in central and eastern Texas counties than in the past several years. As a measure to prevent undue soil erosion, the United States Department of Agriculture is permitting farmers in the major wheat-producing areas of the Southwest to seed all acreage prepared for wheat, provided the acreage harvested for grain does not exceed the acreage allotments in effect. Some wheat is up to a stand in northwest Texas, and early fields are providing pasturage. However, additional rains will be required to maintain the crop, as there is very little subsoil moisture.

Commercial production of fall and early winter vegetables in Texas is expected to be somewhat smaller than a year ago. As a result of insufficient moisture at planting time last July and August, acreages planted were lower than intended. However, following rains in early September, farmers increased the acreage of cabbage, onions, and other crops that could be planted safely after mid-September. Acreage of late-fall tomatoes in Texas is down 44 percent from a year ago. The Panhandle lettuce crop is estimated to be slightly lower than that of last year.



CROP REPORTING DISTRICTS OF TEXAS

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	August 1953	August 1952	July 1953	August 1953	August 1952	July 1953
Cattle.....	83,024	80,109	100,696	33,507	25,351	29,222
Calves.....	30,817	31,577	27,539	28,386	16,059	21,256
Hogs.....	25,844	30,232	26,635	—	5,839	—
Sheep.....	54,332	123,731	67,966	127,077	135,066	117,085

¹ Includes goats.

Hay production in Texas was estimated on September 1 at a record 1,798,000 tons. August rains made it possible to harvest an extra cutting of Johnson grass and wild hay meadows, while improved prospects for peanuts, sudan, and millet added further to roughage supplies.

The condition of ranges and pastures has improved sharply, although the drought continues in southern and southeastern New Mexico and in that area of Texas extending generally southwestward from San Angelo and Lamesa. In some areas of the High Plains and the Low Rolling Plains of Texas which have not received general rains, pastures have not improved appreciably. In much of west and south Texas, where rains have been received, recovery of ranges is expected to be slow because of the severe drought damage to grass root systems.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Sept. 22, 1953	Comparable last month	Comparable last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3230	\$.3220	\$.3820
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.49	2.50 ³ / ₄	2.66 ³ / ₄
OATS, No. 2 white, Fort Worth.....	bu.	.99 ³ / ₄	1.01 ¹ / ₂	1.14 ³ / ₄
CORN, No. 2 yellow, Fort Worth.....	bu.	1.97 ³ / ₄	1.91 ¹ / ₂	2.07 ¹ / ₂
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.80	3.00	3.55
HOGS, Choice, Fort Worth.....	cwt.	26.25	26.50	20.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	24.00	23.00	32.50
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	18.50	17.50	28.50
STOCKER STEERS, Choice, Fort Worth....	cwt.	17.00	18.00	26.00
SLAUGHTER SPRING LAMBS, choice, Fort Worth.....	cwt.	19.00	21.00	27.00
HENS, 4 pounds and over, Fort Worth....	lb.	.24	.24	.22
FRYERS, Commercial, Fort Worth.....	lb.	.27	.28	.33
BROILERS, south Texas.....	lb.	.20	.20	.19
TURKEYS, No. 1 hens, Fort Worth.....	lb.	.34	—	.35

The usual fall movement of cattle from range areas was relatively light during September, reflecting in part the heavy shipments earlier this year from drought areas. During the first 7 months of 1953 the number of cattle and calves slaughtered in Texas was 55 percent higher than during the corresponding months of 1952, as compared with 32 percent for the Nation.

The most recent estimates of expenditures and receipts of the United States Government during the fiscal year 1954, which were released by the Bureau of the Budget on August

27, indicate a marked improvement over figures presented in the January budget. The August estimates reflect a substantial reduction in the expected deficit of both the administra-

tive and the cash budgets, as compared with the earlier totals. The anticipated improvement in the budgetary position of the Government is due principally to a downward revision of estimated expenditures.

Budget expenditures during fiscal 1954 are estimated at \$72,100,000,000, reflecting a reduction of \$6,500,000,000 in the January estimate of spending. Estimated budget receipts for fiscal 1954 also were revised, from \$68,700,000,000 to \$68,300,000,000, with the more recent total including about \$800,000,000 from the excess profits tax, which was not taken into account in the January budget. As a result of these adjustments, the estimated budget deficit was reduced from \$9,900,000,000 to \$3,800,000,000.

On a consolidated cash basis, payments to the public by the Treasury during fiscal 1954 are estimated at \$75,500,000,000, or \$6,300,000,000 less than was expected in January. Estimated cash receipts from the public were set at \$75,100,000,000, unchanged from the earlier estimate. These totals reflect, therefore, a cash deficit of about \$400,000,000, as compared with the January estimate of \$6,600,000,000.

Also reflecting these revisions in estimated expenditures and receipts, the public debt at the end of fiscal 1954 is expected to be \$271,100,000,000. This total compares with the January estimate of \$273,800,000,000.

Changes in the principal assets and liabilities of the weekly reporting member banks in the Eleventh District between August 19 and September 23 included increases in cash assets and deposits and decreases in loans and investments. Principally as a result of these developments, total resources rose \$52,767,000, or about 1 percent, to a total of \$4,688,986,000 on September 23.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Sept. 23, 1953	Sept. 24, 1952	August 19, 1953
Total loans (gross) and investments.....	\$3,185,163	\$3,076,442	\$3,255,431
Total loans—Net ¹	1,770,641	1,656,533	1,794,624
Total loans—Gross.....	1,789,098	1,673,088	1,813,402
Commercial, industrial, and agricultural loans.....	1,158,204	1,121,116	1,163,372
Loans to brokers and dealers in securities..	9,681	11,831	12,129
Other loans for purchasing or carrying securities.....	71,463	68,010	72,071
Real estate loans.....	135,566	125,321	134,270
Loans to banks.....	2,494	1,213	22,456
All other loans.....	411,690	345,597	409,104
Total investments.....	1,396,065	1,403,354	1,442,029
U. S. Treasury bills.....	114,790	154,314	161,539
U. S. Treasury certificates of indebtedness.....	262,494	174,525	203,016
U. S. Treasury notes.....	207,411	184,098	176,026
U. S. Government bonds (inc. gtd. obligations).....	620,789	716,199	712,178
Other securities.....	190,581	174,218	189,270
Reserves with Federal Reserve Bank.....	576,748	574,879	549,429
Balances with domestic banks.....	485,196	505,593	428,731
Demand deposits—adjusted ²	2,444,413	2,425,539	2,468,887
Time deposits except Government.....	574,241	491,613	571,013
United States Government deposits.....	114,644	148,140	131,908
Interbank demand deposits.....	851,905	837,933	772,199
Borrowings from Federal Reserve Bank.....	15,000	34,500	44,500

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 trend of loans during the 5 weeks is in marked contrast with the rather strong demand for bank credit in the comparable period last year; loans declined \$24,304,000, or 1.3 percent, this year, compared with an increase of \$46,623,000, or 2.9 percent, in 1952. The reduction of loans reflects principally decreases of \$19,962,000 in loans to banks and \$5,168,000 in loans for commercial, industrial, and agricultural purposes.

During most weeks commercial and industrial borrowers reduced the amount of their outstanding bank indebtedness, with commodity dealers, sales finance companies, retail and wholesale trade establishments, and food and liquor manufacturers repaying substantial amounts. Commercial and industrial firms in most other principal lines reduced their borrowings on a somewhat smaller scale; however, grain and milling concerns and manufacturers of petroleum and related products increased their demands for bank credit. Present expectations are that the demand for commodity loans at the weekly reporting member banks will expand as the crop-moving season gets fully under way.

Changes in other principal categories of loans included increases in real estate and "all other" loans and a somewhat less than offsetting decrease in loans for financing security transactions. On September 23, loans of these banks amounted to \$1,789,098,000, as compared with the year-earlier total of \$1,673,088,000.

Principally as the result of sales or redemptions of Treasury bills, the weekly reporting member banks reduced their investments \$45,964,000, or 3.2 percent, during the 5 weeks ended September 23, to a total of \$1,396,065,000. Holdings of Government bonds, which also were reduced sharply, declined \$91,389,000, or 12.8 percent; however, this decrease reflects principally Treasury refunding of the 2-percent bonds maturing September 15 and was offset approximately by increases in holdings of certificates of indebtedness and notes. Investments in municipals and other non-Government securities rose \$1,311,000, or by somewhat less than 1 percent.

Deposit trends between August 19 and September 23 included a rather sharp expansion in interbank demand deposits, which rose \$79,706,000, or 10.3 percent, and an increase of \$27,822,000, or 1.1 percent, in demand deposits of individuals and businesses. Demand deposits of the United States Government and of states and political subdivisions were drawn down \$17,345,000, or 14.2 percent, and \$13,499,000, or 6.6 percent, respectively. Time deposits rose \$3,309,000, or by somewhat less than 1 percent.

Reflecting the availability of funds stemming from deposit gains and a reduction of loans and investments during the 5 weeks, the weekly reporting member banks added \$121,463,000, or 9.2 percent, to their cash and balances. On September 23, cash and balances amounted to \$1,435,863,000, or 30.6 percent of total assets.

Gross demand deposits of all member banks in the District averaged \$6,555,188,000 during August, slightly below July but nominally above August 1952. Demand deposits of the

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
August 1951.....	\$5,966,447	\$672,892	\$2,807,435	\$373,116	\$3,159,012	\$299,776
August 1952.....	6,546,078	758,238	3,123,616	414,837	3,422,462	343,401
April 1953.....	6,700,806	855,308	3,180,189	465,370	3,520,617	389,938
May 1953.....	6,492,848	877,764	3,053,816	484,041	3,439,032	393,723
June 1953.....	6,523,407	891,731	3,106,229	492,983	3,417,178	398,748
July 1953.....	6,572,440	901,614	3,152,963	495,431	3,419,477	406,183
August 1953.....	6,555,188	903,610	3,153,585	495,813	3,401,603	407,797

reserve city member banks were virtually unchanged from July to August; however, country banks reported a reduction of \$17,874,000, or somewhat less than 1 percent. Time deposits in August were somewhat higher than during July, \$903,610,000 as compared with \$901,614,000, with country banks accounting for most of the gain.

The volume of spending by individuals and others in the District during August, as reflected by charges to deposit accounts reported by banks in 24 cities, declined 6 percent as compared with July but rose 6 percent above August 1952. The reduction from July to August affected practically all of the reporting centers, with decreases ranging from 2 percent to 16 percent. The annual rate of turnover of deposits, which measures the average annual rate of use of deposit accounts, was 16.8 in August, as compared with 17.8 in July and 16.4 in August 1952.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	August 1953	Percentage change from		August 31, 1953	Annual rate of turnover		
		Aug. 1952	July 1953		Aug. 1953	Aug. 1952	July 1953
ARIZONA							
Tucson.....	\$ 87,646	-#	-16	\$ 81,304	13.0	12.6	14.5
LOUISIANA							
Monroe.....	48,131	13	-2	36,667	15.4	13.7	15.5
Shreveport.....	196,051	11	2	158,630	14.6	13.1	14.2
NEW MEXICO							
Roswell.....	22,027	8	-9	27,637	9.7	10.0	10.7
TEXAS							
Abilene.....	49,653	-1	-4	50,571	11.9	11.6	12.2
Amarillo.....	125,227	-2	-4	100,450	14.8	14.6	15.0
Austin.....	101,787	6	-8	98,420	12.5	12.6	13.3
Beaumont.....	126,034	4	-4	89,337	16.7	16.4	16.9
Corpus Christi.....	147,103	-4	-7	108,602	16.4	18.4	17.4
Corsicana.....	11,458	-8	-9	19,788	7.0	7.4	7.7
Dallas.....	1,511,250	12	-9	863,391	21.0	19.2	22.6
El Paso.....	190,874	12	-4	117,037	19.7	17.8	20.3
Fort Worth.....	473,595	-4	-8	328,042	17.3	18.2	18.4
Galveston.....	71,265	-7	-7	82,684	10.3	14.3	11.2
Houston.....	1,588,771	6	-4	1,056,922	18.1	18.0	19.0
Laredo.....	17,064	-15	-10	18,162	11.3	12.1	12.2
Lubbock.....	85,030	-7	-8	75,122	13.6	13.3	14.0
Port Arthur.....	43,435	-1	-8	37,070	14.0	13.9	15.2
San Angelo.....	34,492	-4	-8	44,311	9.2	9.4	10.0
San Antonio.....	379,937	10	-4	313,627	14.6	13.6	14.9
Texarkana ³	18,447	-10	-5	18,392	11.9	11.9	12.2
Tyler.....	55,310	8	-5	52,641	12.6	12.2	13.2
Waco.....	68,452	#	-9	63,032	13.1	13.4	14.5
Wichita Falls.....	77,804	-4	-5	97,119	9.6	10.3	10.1
Total—24 cities.....	\$5,530,843	6	-6	\$3,938,958	16.8	16.4	17.8

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 \$39,746,000 for the month of August 1953.

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

r—Revised.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 15, 1953	Sept. 15, 1952	Aug. 15, 1953
Total gold certificate reserves.....	\$ 736,613	\$ 704,874	\$ 588,849
Discounts for member banks.....	15,570	18,300	51,870
Industrial advances.....	0	0	0
Foreign loans on gold.....	0	1,406	428
U. S. Government securities.....	995,668	1,064,271	1,178,811
Total earning assets.....	1,011,238	1,083,977	1,231,109
Member bank reserve deposits.....	964,828	1,037,296	995,616
Federal Reserve notes in actual circulation.....	734,834	737,317	728,863

The Treasury announced on September 14 that holders of \$7,722,753,000 of the 2-percent Treasury bonds which matured September 15 accepted the new securities which were offered in exchange. This reflects a refunding of 96.7 percent of the amount of the maturing issue. Investors exchanged \$4,722,506,000 of their holdings of the 2-percent bonds for the 2 $\frac{3}{8}$ -percent certificates of indebtedness dated September 15 and maturing September 15, 1954, and \$3,000,247,000 for the 2 $\frac{7}{8}$ -percent Treasury notes which are dated September 15 and mature March 15, 1957.



Cutbacks in oil allowables in several important producing states, in recognition of the high level of stocks, featured oil developments during the past month. About mid-September, reductions in the October daily allowables in Texas of 86,223 barrels and in Louisiana of about 27,000 barrels were announced. Previously, Texas had cut its September allowables by an even larger amount, and Kansas had reduced allowables for that month by 10,000 barrels daily. Moreover, in an emergency action, the Oklahoma State Corporation Commission, ordered, effective September 16, a reduction of 20 percent in the allowables of allocated fields and reduced the permitted production of wells in unallocated fields from a maximum of 65 barrels to 50 barrels daily.

September crude oil production in the Eleventh District reflected the cutback in Texas allowables. Production in the first 12 days of September is estimated at 3,113,000 barrels per day, which is down 64,000 barrels from August and is 134,000 barrels less than September last year. In contrast, production outside the District in the first part of September continued virtually at the August level and averaged 134,000

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	August 1953 ¹	August 1952 ²	July 1953 ¹	Change from	
				Aug. 1952	July 1953
ELEVENTH DISTRICT.....	3,177.2	3,010.8	3,148.6	166.4	28.6
Texas.....	2,871.9	2,734.4	2,846.1	137.5	25.8
Gulf Coast.....	638.3	600.9	635.3	37.4	2.7
West Texas.....	1,105.3	1,087.8	1,093.5	17.5	11.8
East Texas (proper).....	247.1	266.9	247.8	-19.8	-7
Panhandle.....	76.5	76.9	76.5	-4	0
Rest of State.....	804.7	701.9	793.0	102.8	11.7
Southeastern New Mexico.....	195.4	164.6	193.7	30.8	1.7
Northern Louisiana.....	109.9	111.8	108.8	-1.9	1.1
OUTSIDE ELEVENTH DISTRICT.....	3,410.9	3,208.5	3,379.2	202.4	31.7
UNITED STATES.....	6,588.1	6,219.3	6,527.8	368.8	60.3

SOURCES: ¹ Estimated from American Petroleum Institute weekly reports.² United States Bureau of Mines.

barrels per day higher than September of last year, which leaves the early September production of 6,518,000 barrels per day for the Nation about the same as a year ago.

Imports rose appreciably in late August and early September, after registering a substantial decrease from the high levels prevailing during the first 6 months of this year. The daily average volume of imports during the 5 weeks ended September 12 was 953,000 barrels, which was 45,000 barrels higher than the average for the preceding 5-week period and 96,000 barrels above the comparable 5 weeks of 1952.

Although a number of refineries recently have announced reductions in crude runs to stills, refinery activity has continued at very high levels. Refinery crude runs in the Nation during the first 12 days of September are estimated at 7,221,000 barrels daily, which is higher than the average for any month of record. The early September runs were 93,000 barrels higher than the estimated August average and 204,000 barrels higher than September a year ago. While crude runs of the refineries in this District showed a moderate increase during the first part of September, they were somewhat less than those of a year earlier.

The sustained high level of refinery activity in recent months, at a time when stocks were tending to become heavy, probably is due to a variety of factors. Refinery capacity has been growing substantially, partly under the impetus of the Government's program to permit accelerated depreciation charge-offs as a means of encouraging the development of reserve capacity for defense purposes. High runs can be expected with the increase in capacity and the natural desire of refiners to spread fixed costs over increased volume. In addition, the high-level crude production has promoted heavy refinery runs since refiners normally are reluctant to reduce purchases for fear of jeopardizing lease connections over the longer run.

The level of primary stocks of major refined products as of mid-September was about 14 percent higher than a year earlier. Gasoline stocks, in particular, showed a large year-to-year increase of 22 percent. Distillate fuel oil stocks were at an all-time high of 125,700,000 barrels, or 16 percent above a year ago. Although the upward trend in demand for petroleum products normally would call for a successively higher volume of stocks each year, stocks of gasoline, kerosene, and distillate fuel oil on September 12 were larger in relation to demand than on the corresponding date in any of the previous 4 years.

Crude stocks in the Nation rose over 1,700,000 barrels between August 1 and September 12, to total 280,900,000 barrels, or 16,500,000 barrels more than a year earlier. On the other hand, crude stocks of district origin declined around 1,000,000 barrels in the 6 weeks ended September 12 and on that date amounted to 142,300,000 barrels, or 6,300,000 barrels higher than a year earlier.

The demand for major refined products at refineries and bulk terminals continues to show year-to-year increases, but

recent gains have been considerably smaller than those experienced during the spring and early summer. During the 5 weeks ended September 12, the demand for the four major refined products averaged an estimated 2 percent higher than during the corresponding period last year. This year-to-year increase was entirely accounted for by the 6-percent gain in the demand for gasoline. Demand for kerosene and distillate and residual fuel oil actually was lower than a year earlier.

The expectation that the change in governments may facilitate the settlement of the long-standing oil dispute in Iran has caused considerable speculation as to the possible effects of the return of Iranian oil to world markets. The loss of Iranian oil 2 years ago was quickly offset by a rise in production in other areas, particularly in the Middle East; at the present time, crude supplies appear to be ample for world needs. There is a possibility that the resumption of production in Iran may lead to excessive oil supplies. How quickly Iranian oil can reach world markets following a settlement is apparently open to question, with many observers indicating that a year may be required before the giant Abadan refinery can be brought into full production. If the flow of Iranian oil into world markets is accomplished gradually, the rising trend in world demand may permit the absorption of this oil without any serious repercussions on the other major oil-producing countries.

If the return of Iranian oil to world markets forces a cutback in production in other areas, it is not unlikely that the other Middle East producers, which increased output to make up the loss of Iranian oil, probably will be the countries which bear most of the cutback. Problems will arise if production in some of these Middle East countries has to be reduced, since such action will involve a decrease in their revenues from oil output. In view of this situation, pressure may develop to moderate any cutbacks in production by increasing exports to the United States. In any case, the return of Iranian oil to world markets is likely to create a number of delicate problems for the oil industry.

The output of natural gasoline, liquified petroleum gases, and allied products in the Eleventh District averaged 410,000 barrels per day during the first 6 months of this year. This production represented an increase of almost 12 percent over the corresponding period last year, compared with a 10-percent gain for the Nation as a whole. District production comprised 63 percent of the 652,000-barrel daily average production of the Nation during the first half of 1953.

Natural gasoline prices showed a seasonal upturn in August but as of early September were lower in relation to the prices of crude oil or regular gasoline than at the same time during any of the previous 4 years. The general increase in crude prices in June, which was followed by a rise in the prices of most refined products, did not carry over to natural gasoline.

Nonagricultural employment in the states of the District continued to decline through July, according to official reports. Of particular mention is the reduced level of govern-

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change July 1953 from	
	July 1953 ^p	July 1952	June 1953	July 1952	June 1953
Total nonagricultural					
wage and salary workers..	3,858,900	3,785,300	3,867,200	1.9	-.2
Manufacturing.....	729,100	699,000	726,000	4.3	.4
Nonmanufacturing.....	3,129,800	3,086,300	3,141,200	1.4	-.4
Mining.....	236,500	230,900	235,800	2.4	.3
Construction.....	283,600	301,600	291,300	-6.0	-2.6
Transportation and public utilities.....	411,000	408,500	410,000	.6	.2
Trade.....	978,700	951,900	979,200	2.8	-.1
Finance.....	149,500	140,300	149,100	6.6	.3
Service.....	460,500	445,900	458,900	3.3	.3
Government.....	610,000	607,200	616,900	.5	-1.1

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

p—Preliminary

SOURCE: State employment agencies.

ment and construction employment. The loss of 6,900 workers in government employment between June and July makes the second decline in as many months. Government employment in July was 14,200 below the January level. Construction employment declined, mainly because of strikes in the Gulf Coast area. Manufacturing employment continued to rise through July, although at a relatively slow rate. The improvement occurred largely in petroleum refining, primary metals, and apparel industries.

The August and September employment picture for the District and the Nation is one of considerable improvement, partly because of seasonal factors. Unofficial estimates place the September total of nonagricultural wage and salary workers in the five states of the District at 3,870,000. From a July total of 729,100, manufacturing employment in these states rose to an unofficially estimated 734,000 in September. Gains in this period were mainly in apparel, chemical, and ordnance industries.

The national total of civilian employees in August was 63,408,000, which reflects an increase of 288,000 over July. Nationally, unemployment dropped to a postwar low of 1,240,000, or 1.9 percent of the labor force.

The average weekly earnings of manufacturing workers in Texas rose to \$70.64 in July, reflecting an increase of about \$4.44 since July 1952. Each of the other states of the District, except New Mexico, reported average weekly earnings at about \$4.00 above a year ago. The New Mexico decline may be attributed to the cut in overtime, as hours worked decreased from 44.6 in July 1952 to 41.1 in July of this year.

The value of construction contracts awarded in the District in August was \$92,286,000, the lowest monthly total since March and 24 percent below awards for August 1952. Contracts awarded for residential construction dropped to \$29,225,000, the lowest figure for any month in almost 2 years. Nonresidential awards were valued at \$63,061,000, which is only 2 percent below those for July but 15 percent under those of a year earlier.



VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	August 1953	August 1952	July 1953	January—August	
				1953	1952
ELEVENTH DISTRICT....	\$ 92,286	\$ 121,924	\$ 99,625	\$ 800,333	\$ 974,930
Residential.....	29,225	47,720	35,387	351,618	389,895
All other.....	63,061	74,204	64,238	448,715	585,035
UNITED STATES ¹	1,414,408	1,438,725	1,793,342	11,115,588	10,708,588
Residential.....	507,560	627,596	653,407	4,419,463	4,579,711
All other.....	906,848	811,129	1,139,935	6,696,125	6,128,877

¹ 37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

For the first 8 months of 1953, construction contracts awarded in the District were valued at slightly more than \$800,000,000; this is 18 percent less than in the same period last year and compares with a 4-percent gain for the United States. In this District and in the Nation as a whole, contracts awarded for residential building eased off in the January-July period, with losses of 10 percent and 3 percent, respectively, as compared with a year ago. Nonresidential awards in the District were down 23 percent, compared with a gain of 9 percent for the United States.

The curtailment in construction of residential property in the District is reflected also in reports on number of dwelling units provided in new residential buildings for which construction contracts are awarded. In Texas, for example, the

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	August 1953 ¹	August 1952	July 1953 ²
Total			
Texas mills.....	12,262	11,602	12,103
U. S. mills.....	725,849	745,667	739,050
Daily Average			
Texas mills.....	613	580	484
U. S. mills.....	36,292	37,283	29,562
STOCKS, U. S.—End of period			
Consuming establishments.....	1,235,885	848,964	1,491,007
Public storage and compresses.....	3,723,732	1,849,921	3,751,936

¹ Four weeks ended August 29.² Five weeks ended August 1.

SOURCE: United States Bureau of the Census.

July total was only 2,692 units, or almost 1,000 less than in the same month a year ago. The January-July total was 27,592, or 6,000 below a year earlier; all of this loss was experienced in May, June, and July.

BUILDING PERMITS

City	August 1953		Percentage change in valuation from		8 months 1953		Percentage change in valuation from 8 months 1952
	Number	Valuation	Aug. 1952	July 1953	Number	Valuation	
LOUISIANA							
Shreveport....	310	\$ 1,294,759	25	-16	2,757	\$ 15,704,692	7
TEXAS							
Abilene.....	116	961,022	193	170	888	6,217,547	2
Amarillo.....	197	792,506	-70	-51	2,329	14,343,137	-20
Austin.....	235	2,865,774	45	60	2,003	20,684,718	7
Beaumont.....	179	410,145	12	69	1,761	4,986,604	-18
Corpus Christi.....	405	1,605,397	2	-35	3,673	19,517,147	25
Dallas.....	1,659	7,380,096	-15	-19	14,654	72,528,133	-2
El Paso.....	235	1,206,685	92	16	2,481	15,943,774	48
Fort Worth.....	731	2,904,010	7	-24	6,567	31,097,539	-4
Galveston.....	96	123,942	-32	-5	756	3,917,911	15
Houston.....	879	8,143,649	-6	-16	8,333	90,183,453	25
Lubbock.....	180	986,498	-20	3	2,073	12,026,775	-6
Port Arthur.....	151	184,514	-54	14	1,182	2,129,845	-25
San Antonio.....	1,224	3,344,202	7	-23	13,367	35,106,434	14
Waco.....	287	812,812	51	-31	2,682	7,749,027	-22
Wichita Falls...	77	731,730	-8	6	523	5,440,263	-68
Total.....	6,961	\$33,747,741	-3	-14	66,029	\$357,576,999	3

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to July 31		August 1 to July 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,499,809	1,440,299	5,618,068	5,468,777
Crushed.....	1,486,930	1,496,258	5,526,380	5,466,263
Stocks, end of period.....	88,131	62,022	155,372	136,898
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).....	491,814	484,223	1,812,022	1,745,577
Cake and meal (tons).....	720,165	718,575	2,655,880	2,542,763
Hulls (tons).....	346,137	342,397	1,191,896	1,232,445
Linters (running bales).....	419,469	443,297	1,764,260	1,742,609
Stocks, end of period				
Crude oil (thousand pounds).....	4,582	7,647	23,166	18,435
Cake and meal (tons).....	40,549	11,045	91,549	45,104
Hulls (tons).....	11,570	8,265	48,318	24,615
Linters (running bales).....	15,564	25,623	63,101	107,226

SOURCE: United States Bureau of the Census.