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FEDERAL RESERVE BANK OF DALLAS

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May 1, 1954

A Billion More in '54

- * Sales of \$5,400,000,000 of Series E and H savings bonds this year — \$1,000,000,000 more than Americans bought in 1953 — represent a major Treasury goal for 1954.
- * Selling **A Billion More in '54** of Series E and H savings bonds is an integral part of the Treasury's debt management program. Dollars from the sale of savings bonds tend to lengthen the debt, lessen Treasury demand for funds from banks, and promote a wider ownership of the debt.
- * Series E and H savings bonds have an important place in every American's thrift program. Today, 8,000,000 wage and salary earners are buying E bonds through the Payroll Savings Plan. Many more buy bonds regularly through the Bond-A-Month Plan. This is an impressive record. But, there is room for improvement.
- * Bankers in the Southwest and the Nation support sound debt management, sound money, and the promotion of a national habit of personal thrift. They should continue, as in the past, to accept their full share of responsibility for the success of the Savings Bonds Program. Banker support will be an invaluable aid in furthering sales of E and H bonds in 1954.
- * During May and June, bankers throughout the country will have an unusual opportunity to get behind the Treasury's efforts. Thousands of service clubs over the Nation, in dedicating one meeting during this period to savings bonds, will invite local bankers to be "speaker of the day" on the topic "What Sound Money Means to You."
- * Savings bonds play a vital role in contributing to sound money. Bankers recognize this and, in addition, should strive to impress it upon other community leaders and the general public. Furthermore, every American should buy Series E and H bonds from the standpoint of self-interest. There is no finer investment and no surer way to savings success.
- * This year, some \$5,600,000,000 of Series E bonds mature. Moreover, maturities will continue to be large in 1955. Although holders of almost 76 percent of the total amount of E bonds which had matured up to the end of February this year elected to hold their bonds for the extended maturity, large numbers of investors have redeemed their bonds prior to maturity.
- * Handling and record-keeping costs reduce the effectiveness of the Savings Bonds Program. In recent years, about two-thirds of all E bonds issued have been the smaller \$25 bonds. Experience also shows that the larger denomination bonds are held more firmly than the smaller. The Treasury's current sales efforts emphasize purchases of the larger denomination bonds, with a view to reducing costs and encouraging investors to hold their savings bonds to maturity.
- * **A Billion More in '54** will spell **Success** for sales of Series E and H savings bonds. It will mean success for the Treasury in meeting problems of managing the public debt. It will mark success for individuals in adding to their savings. For the Nation as a whole, it will mean success in furthering the maintenance of sound money.
- * In 1954, buy more Series E and H savings bonds. Buy the larger denomination bonds. Hold your savings bonds to maturity.

INDUSTRIALIZATION IN NORTHEAST TEXAS

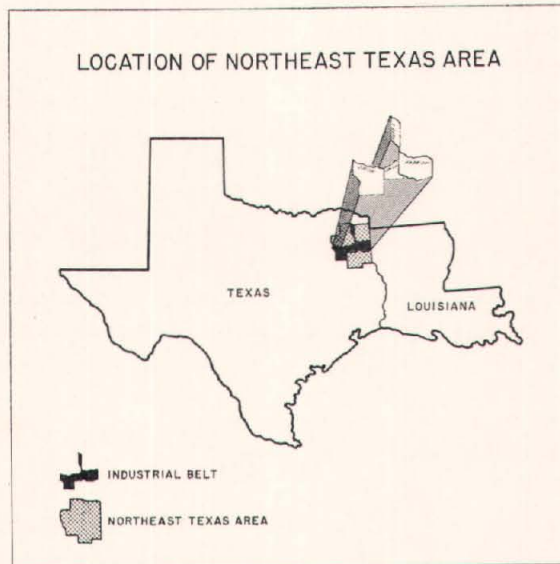
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The mention of northeast Texas may call to mind for many people the great East Texas oil field, but to others this area may suggest lofty pines or a few cattle browsing in a small pasture. Still another group may think of northeast Texas as an agricultural center producing large quantities of cotton and other crops. All of these impressions are correct in their respective times and places, but a modern description of the area would have to include the development of a concentrated belt of industrialization in Gregg, Harrison, Morris, and Smith Counties. It is the development, progress, and future of this industrialization with which this article is concerned.

In general, the material presented pertains to the four major counties, hereinafter called the Industrial Belt; to the 13-county area called the northeast Texas area, which includes the above-mentioned four counties, as well as Cass, Camp, Franklin, Marion, Panola, Rusk, Titus, Upshur, and Wood; and to the State. Much of the 13-county area has a homogeneous set of economic and geographical characteristics. Historically, the area has been predominantly rural, but this feature has been changing rapidly.

To orient the new industrial progress, it may be well to note the environmental and historical developments of the area. The area consists of 4,979,200 acres of land, of which nearly 31 percent — or 1,521,900 acres — lies within the Industrial Belt. In 1950 there were seven cities in the northeast Texas area whose populations exceeded 5,000; five of these cities are located in the Industrial Belt. The 1950 population of the five cities totaled 100,740, or 52 percent of the population of the Industrial Belt and nearly 28 percent of the population of the northeast Texas area. The population of the northeast Texas area increased 29 percent from 1930 to 1940, while from 1940 to 1950, it declined 7 percent. Within this area, the population of the Industrial Belt increased 47 percent in the 1930's and another 3 percent from 1940 to 1950. The 1930-40 gain in the northeast Texas area was largely a result of the oil development, but some of the increase originated in the back-to-the-farm movement during the depression. The population of Texas rose 10 percent from 1930 to 1940 and then increased another 20 percent from 1940 to 1950. Clearly, the gains in population in the northeast Texas area since 1930 have centered in the four-county area, but even in that area in the past decade, the rate of gain has been smaller than that of the State.

Of greater importance than the changes in total population was the internal shift from rural to urban residence. This shift is indicative of the changing nature of economic pursuits in the area. The Industrial Belt showed a 33-percent increase in rural population from 1930 to 1940 but a 20-percent decline from 1940 to 1950. The 13-county area and the State both followed this pattern, with 22-percent and 2-percent increases in the 1930's and 22-percent and 18-percent decreases in the 1940-50 period. There has been a positive gain in urban population in both of the past two decades. The most notable gains were in the four-county area, where urban population increased 74 percent in the 1930-40 period and another 38 percent in the 1940-50 period. State-wide gains in the same periods were 22 percent and 66 percent, respectively. The most important comparisons between the Industrial Belt and the northeast Texas area regarding the shifts in population reveal that the Industrial Belt has had a larger rate of increase in urban population and in over-all population. Both changes reinforce the statement that the primary growth in the northeast Texas area has been in the Industrial Belt.



the northeast Texas area. In the manufacturing category, the Industrial Belt's rate of growth exceeded even the State's increase. Its rate of growth also was faster than that of the northeast Texas area in four of the categories but slower in three others. The employment gains in trade and services in the Industrial Belt add further evidence of the concentration of population in those four counties. Industrial development is evident in the growth in manufacturing and construction employment.

In the Industrial Belt of northeast Texas, four major occupations — manufacturing, trade, services, and agriculture — accounted for 88 percent of total employment in 1950. These same four occupations accounted for 75 percent of total employment in northeast Texas and in the State.

During the 1930's the economy of northeast Texas relied primarily upon cotton, oil, and lumber as its major sources of income. However, within the past 20 years, each of these has declined in both absolute and relative importance. Start-

POPULATION
1930, 1940, and 1950

Type and year	Industrial Belt	Northeast Texas area	Texas
Urban			
1930.....	42,516	69,998	2,389,348
1940.....	74,005	106,949	2,911,389
1950.....	102,333	142,031	4,838,060
Rural			
1930.....	85,350	235,856	3,435,367
1940.....	113,822	287,796	3,503,435
1950.....	90,804	224,037	2,873,134
Total			
1930.....	127,866	305,854	5,824,715
1940.....	187,827	394,745	6,414,824
1950.....	193,137	366,068	7,711,194

SOURCE: United States Bureau of the Census.

ing in the 1930's, cotton production in northeast Texas has decreased steadily, so that by 1953 the area's production was only 14 percent of the 1930 production. The basic causes of this 86-percent decline may be found in a severe acreage reduction because of crop controls in the 1930's, declining soil fertility, an increasing difficulty in obtaining farm labor, and, finally, a growing realization that livestock farming could be more profitable under the circumstances.

A downward trend in oil production also is evident in the northeast Texas area, but it has been irregular. After a fantastic growth from 1930 to the 1937 peak, oil production in the northeast Texas area declined rapidly until 1942 and, after a brief revival during World War II, declined again to reach a recent low point in 1949. Another revival during the Korean War has now passed, and further declines are evident. The Industrial Belt's production in 1952 was 66 percent of its 1937 output, while that of the northeast Texas area was 71 percent. Since 1946, crude oil production has declined 13 percent in the Industrial Belt and 11 percent in the northeast Texas area.

There are several basic causes for these declines. First, unless exploratory drilling and successful wildcatting are maintained, any area will show an eventual decline in oil production. This is true because well pressures decline as oil is withdrawn, and, thus, future production is impaired. However, beyond this difficulty, oil production in northeast Texas declined because of salt-water encroachment and the resultant capping of wells. Moreover, under the proration laws of Texas, as more new fields are developed in other Texas areas, the prorata share of the northeast Texas area may decline still further, unless new fields are discovered there also.

EMPLOYMENT BY MAJOR OCCUPATION
1940 and 1950

Occupation	Industrial Belt		Northeast Texas area		Texas	
	1940	1950	1940	1950	1940	1950
Mining.....	4,383	3,961	7,879	7,942	61,052	89,911
Construction.....	2,860	5,605	4,900	9,540	110,734	236,276
Manufacturing.....	5,253	9,319	9,912	15,845	211,591	372,909
Transportation and utilities.....	4,392	6,149	6,362	9,467	140,277	227,170
Trade.....	10,090	14,893	16,369	23,662	381,260	590,224
Finance.....	1,380	1,960	1,931	2,744	56,249	88,814
Services.....	15,888	18,414	25,698	29,417	513,177	664,733
Other.....	758	834	1,351	1,758	24,901	42,467
Agriculture.....	19,322	9,911	52,034	26,770	639,114	445,939
Total.....	64,326	71,046	126,436	127,145	2,138,355	2,758,443

SOURCE: United States Bureau of the Census.

Finally, the third major source of income—lumber—also has declined. The unprecedented war demands caused exceptionally heavy cuttings of lumber in northeast Texas during World War II; and, although 45 percent of all land in the area was timbered in 1946, a considerable amount of replanting has been necessary.

Available production figures indicate that, comparing 1947 against 1941, lumber production declined 14 percent in the Industrial Belt and 13 percent in the northeast Texas area, whereas state production increased 1 percent. On the other hand, from 1941 to 1947, the number of operating mills increased by 42 percent in the Industrial Belt, 45 percent in northeast Texas, and 126 percent in the State. Since 1947, a steady decline in the number of operating mills in northeast Texas has occurred. Present estimates indicate that, from 1947 to 1953, the Industrial Belt lost 54 percent of its mills and the northeast Texas area lost 64 percent of the lumber mills in that area. The 1953 data on state mills are unavailable, but, as of 1950, there were 37 percent fewer mills in operation than in 1947.

PERCENTAGE CHANGES IN EMPLOYMENT
1940 and 1950

Occupation	Industrial Belt		Northeast Texas area		Texas	
	Percent of 1950 total employment	Percent change 1940-1950	Percent of 1950 total employment	Percent change 1940-1950	Percent of 1950 total employment	Percent change 1940-1950
Mining.....	5.6	-10	6.3	1	3.3	47
Construction.....	7.9	96	7.5	95	8.6	113
Transportation and utilities.....	8.7	40	7.4	49	8.2	62
Trade.....	21.0	48	18.6	45	21.4	55
Services.....	25.9	16	23.1	14	24.1	30
Agriculture.....	13.9	-49	21.1	-49	16.2	-30
Manufacturing.....	13.1	77	12.4	60	13.5	76
Finance.....	2.7	42	2.2	42	3.2	58
Other.....	1.2	10	1.4	30	1.5	71
Total.....	100.0		100.0		100.0	

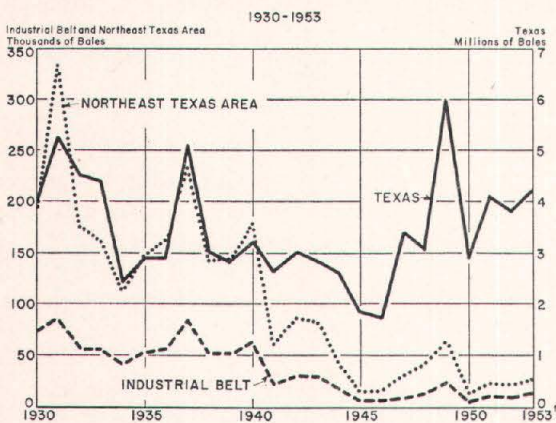
SOURCE: United States Bureau of the Census.

Much of this change has occurred because of the recent strong movement in the lumber industry to mechanize and centralize its operations. This has caused the closing of many small mills or their consolidation with larger ones whose more efficient operations have reduced the number of employees and concentrated attention upon the larger tracts of wooded land. To northeast Texas, this trend means further losses in lumber activity, especially in view of the generally smaller wooded tracts in this area compared with southeast Texas.

The shrinking demand for lumber in recent years has brought lower prices and smaller production, both of which have declined consistently since 1950. The decrease in shipments was approximately 1 percent in 1951, 6 percent in 1952, and 14 percent in 1953. The price decline was nearly 5 percent in 1951, over 2 percent in 1952, and about 8 percent in 1953. Total mill sales have decreased an estimated 21 percent since 1949. Employment in the lumber industry in Texas has declined nearly 25 percent since 1950.

Thus, in the early 1940's, with all three of her basic sources of income declining in importance, the northeast Texas area undertook some major changes. One of these was the adop-

COTTON PRODUCTION*

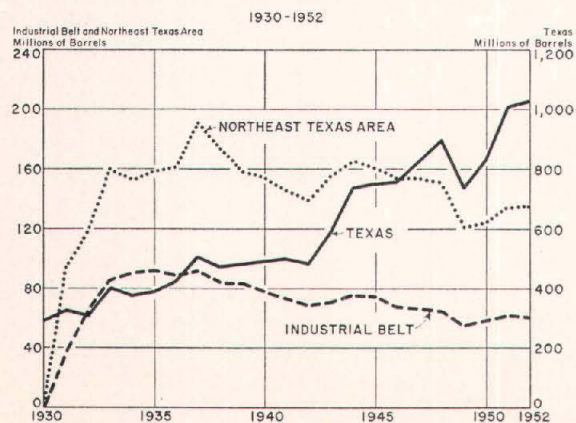


tion of a program to increase livestock operations. The number of head of cattle on farms in this area increased 33 percent from 1940 to 1950. There also has been a considerable increase in rose growing and, recently, in commercial poultry and egg production.

Partially offsetting the loss of oil production, many new natural gas wells have been completed in recent years. At present, the 13-county area produces about 470 billion cubic feet of gas per year. This represents an increase of 127 percent over production in 1947. In line with this development, a number of natural gasoline plants have located in the northeast Texas area. Local recycling and repressurizing demand and interstate pipeline demand constitute the major markets for this gas.

These developments have helped to cushion the effect of the other declines. However, most important to the northeast Texas area is the new growth in manufacturing industries. These show the greatest possibilities for replacing the lost

CRUDE PETROLEUM PRODUCTION



income from cotton, lumber, and oil and the best promise for future growth in this area.

Development of Manufacturing

Perhaps one of the most difficult questions pertaining to the concentration of manufacturing development relates to the impetus and basic causes of its growth. To move from what was essentially an agricultural economy — bolstered by oil, lumber, and their products — into an economy where manufacturing accounts for more employment than agriculture in the Industrial Belt is indeed a major step in a 15-year period. The 1930's brought oil production and, with it, a simultaneous demand for metal fabricators and oil well supply companies. Thus, a few industrially inexperienced farm laborers were introduced to manufacturing work. This was the humble beginning of the Industrial Belt.

Later developments, though, were of even greater importance. World War II, with its accompanying demands for steel, ordnance, and lumber, was the catalyst which brought to the foreground the industrial potential of this area. The establishment of a major ordnance plant and the start of a steel plant were probably the most obvious immediate benefits of the war program for northeast Texas. However, the placement of war contracts with many small-scale plants also helped build up their strength, and some emerged as profitable full-scale plants, with the ability and desire to serve the national market.

With an environment including a small-scale industrial beginning before the war, the impetus of war plants, a declining agricultural situation, the industrial education of the laborer, and a population concentrating in urban areas, the northeast Texas area in the postwar period was ready to move into large-scale industrial development. How well it has succeeded is evident from the statistical picture on manufacturing employment and value added by manufacturing.

From 1940 to 1947, manufacturing employment in northeast Texas increased 12,399, or 24 percent, whereas the number of manufacturing workers in the Industrial Belt increased 2,723, or 52 percent. The state-wide gain was 49,100, or 23 percent, during that period. From 1947 to 1950, the gain in manufacturing employment was 1,343, or 17 percent, in the Industrial Belt; 3,534, or 29 percent, in northeast Texas; and 112,213, or 43 percent, in the State. These figures reinforce the statement that the original impetus to this growth in the Industrial Belt is found in the 1940-47 period.

A private survey conducted in November 1953 indicates that a complete count of manufacturing employment would show increases since 1950 of 5,650, or 61 percent, in the Industrial Belt and 2,920, or 18 percent, in the northeast Texas area. Texas Employment Commission data for the same period indicate an increase of 110,791, or 30 percent, in the State. The increases in the Industrial Belt and northeast Texas can be attributed both to the expansion of the existing plants and to the establishment of a large number of

new plants. Obviously, the years since 1950 also have been very important in the development of manufacturing in the Industrial Belt.

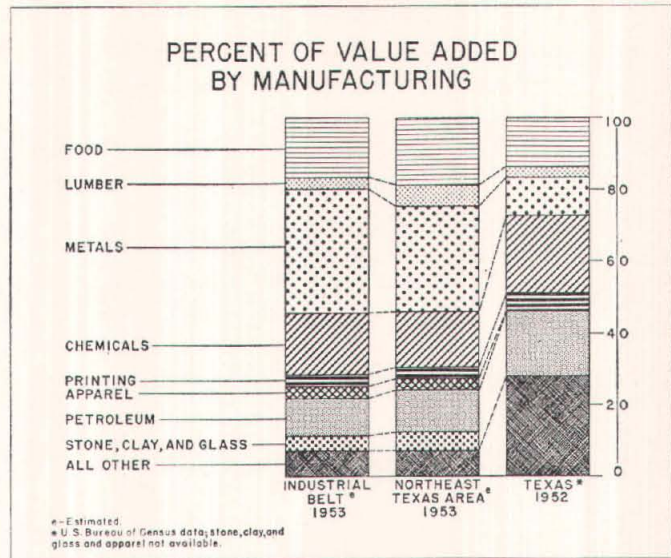
Another measure of the development of manufacturing lies in the growth in value added by manufactures. In 1939 the Industrial Belt accounted for \$8,318,000, or 68 percent, of the northeast Texas total of \$12,186,000. The northeast Texas total, in turn, accounted for almost 3 percent of the \$453,105,000 state total. From 1939 to 1947, value added by manufacturing increased \$22,230,000, or 267 percent, in the Industrial Belt; \$29,654,000, or 243 percent, in northeast Texas; and \$1,274,359,000, or 281 percent, in the State. Private estimates indicate that, from 1947 to 1953, value added by manufacturing increased \$84,950,000, or 278 percent, in the Industrial Belt and \$98,960,000, or 237 percent, in northeast Texas. The latest estimates of the United States Bureau of the Census indicate that value added by manufacturing in Texas increased \$1,458,194,000, or 84 percent, from 1947 through 1952. While inflation in the United States undoubtedly has accounted for some of these increases, there is no doubt that there has been a major gain in manufacturing production since 1939. It is also clear that the Industrial Belt, with a \$107,180,000 increase in value added by manufacturing from 1939 to 1953, has made a really startling advance.

Concentration in Manufacturing

Further refinement of the employment statistics from the November survey of the Industrial Belt and the northeast Texas area reveals a high degree of concentration of manufacturing employment in a few types of industries. For example, over 44 percent of all manufacturing workers in the Industrial Belt are employed by manufacturers of metals and metal products and over 60 percent, by food-processing and metal industries. The same two industries account for 54 percent of the northeast Texas total and 45 percent of the state total.

Of almost equal significance are the concentrations evident in the data on value added by manufacturing. As indicated by the accompanying chart, while metals are of greatest importance in this respect, the second place is pre-empted by the chemical industry. Metal manufacturers, chemical producers, and food processors presently account for 70 percent of the total value added by manufacturing in the Industrial Belt. The same three categories account for 65 percent of the northeast Texas area's total value added and only 47 percent of the state total.

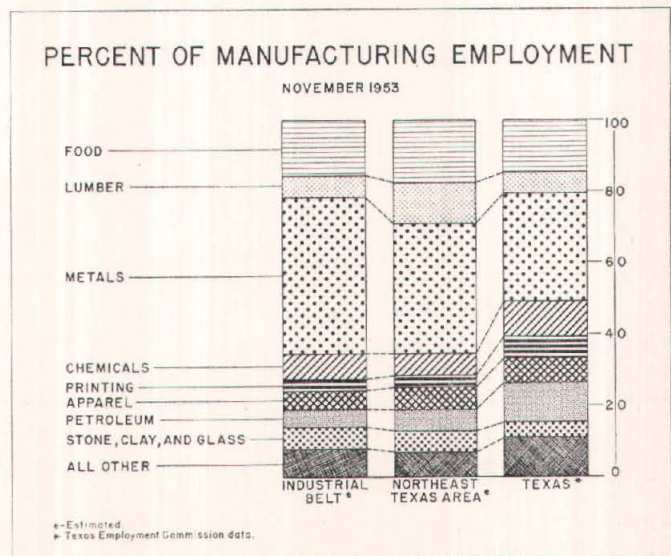
Obviously, from the standpoint of both employment and value added, the metal industries of the Industrial Belt and northeast Texas are dominant. Almost all of the metal producers have been established in this area primarily for one of two reasons, either to serve the oil industry or to take advantage of locally available raw materials. As the employer of nearly 45 percent of the manufacturing workers in the Industrial Belt, companies in the metal industry can be said

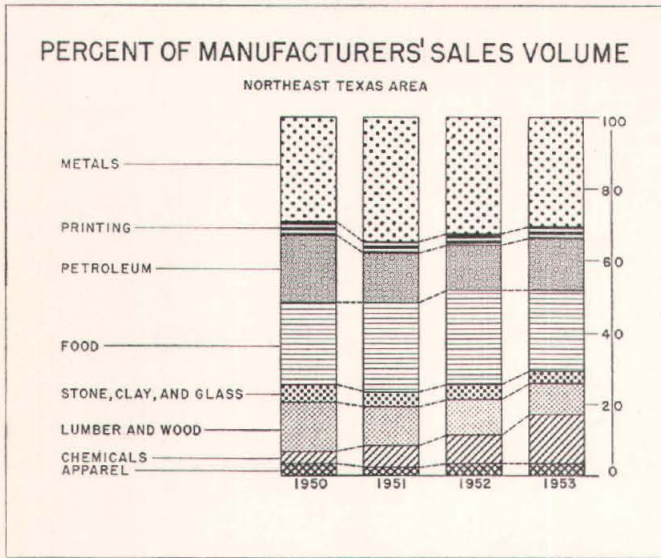


to exert a dominating influence on wages, working conditions, and the labor supply in the area. This influence is contributing to the improvement of wages and working conditions of laborers in northeast Texas.

Although periods of war emergency were instrumental in fostering the manufacturing development of northeast Texas, there are very few plants which could be termed "defense industries." In fact, the only strictly defense industry is the Longhorn Ordnance Works at Karnack. Many northeast Texas plants do subcontract work, but their main business remains with the private consumer or producer.

Reflecting the rapid rise in manufacturing, the total sales of all manufacturing plants, except ordnance, have increased markedly since 1950 in the northeast Texas area. The 40-percent rise in sales volume from 1950 to 1951 was the largest in the 3-year period. The basic causes of this rise were the establishment of some new plants, particularly metal fabricators; the increased defense business induced by the Korean War; and inflation. In 1952, business again im-





proved, this time by 9 percent over 1951. A further 5-percent gain in 1953 gives evidence of a leveling trend.

Extraordinary changes in the metal industry during the past year both improved and depressed metal manufacturers' sales in the area. The year 1953 saw the major east Texas steel company finish its expansion and start integrated production schedules. At the same time, another east Texas company sold a large share of its line to outside interests and, by terms of the agreement, did not produce the items in nearly the last three-fourths of the year. The nonrecurring nature of the latter change should mean a considerable expansion in metal sales during 1954.

The plant and equipment investment of manufacturers in northeast Texas is estimated to be in excess of \$300,000,000. Their average monthly payroll is estimated at \$4,000,000.

The Industrial Belt of northeast Texas may find it difficult to maintain the pace of industrial progress which required the employment of an average of 2,200 new manufacturing workers annually during the past 3 years. However, there are very good reasons to believe that the Industrial Belt will continue to develop at a rate which will require the employment of about 1,000 new manufacturing workers during 1954.

Currently, there are 14 manufacturers in northeast Texas who are planning expansion of their facilities in 1954 and 1955. The projects are estimated to cost nearly \$50,000,000. This would mean a 17-percent increase in investment and, presumably, some gain in employment. Plans also are under way for the establishment of a number of new plants in the area. Some of these are merely in the discussion stage, while others are close to the point of construction. These projected and proposed plants include a small steel mill, a fertilizer plant, a home air-conditioner manufacturing plant, and a brick factory. Together with the expansions noted above, these new plants could mean employment for nearly 3,500

more manufacturing workers and a considerable boost to trade and income for the area in the next 5 years.

This, then, is the picture of manufacturing development in northeast Texas. Two questions regarding this development remain unanswered. First, what are the attractions of the northeast Texas area? Secondly, what problems does this area face in its attempt to bring in new manufacturing plants?

Basic Industrial Attractions of the Northeast Texas Area

The greatest industrial attraction of the northeast Texas area has been, and probably will continue to be, its natural resources. The existence of large quantities of iron ore, lignite, clay, oil, and gas has been known for many years. Oil and gas were among the first resources to be mined in commercial quantities. The others, particularly iron ore and lignite, have remained in the ground, awaiting the development of processes which would make their recovery commercially feasible. In the case of iron ore, the pressure for greater and greater steel capacity during World War II, as well as the presence of a nearby source of coking coal, encouraged its development. Lignite, however, still waits for the moment when it, too, will be economical to recover. Current experiments using lignite to power electric plants for aluminum reduction elsewhere in the State eventually may mean commercial use of northeast Texas lignite.

For many years, the clays of northeast Texas have served as a basis for a large brick, tile, and ceramics industry. They can be expected to attract other brick and tile plants.

It is of considerable importance that the basic raw materials of the area are those which are not particularly amenable to long-distance transportation. In other words, these raw materials lose so much weight in the manufacturing process that it is more economical to ship the end products. This fact enhances the value of these raw materials to northeast Texas, because, generally, an industry will move to their location rather than transport the materials to the industry.

Another attraction of the northeast Texas area is its natural gas. The importance of this fuel to the industrial development of northeast Texas merits special consideration. In a recent survey of manufacturers in this area, many who had not been committed otherwise to this location indicated that the availability of natural gas greatly influenced their selection.

Another attraction arising from the natural resources of this area stems from the need for services to the oil and gas industry. As mentioned before, the development of a large number of small metal fabricators, oil pump manufacturers, toolmakers, and other such small manufacturers in the northeast Texas area can be traced to the mining of oil and gas. It is expected that most of the future growth in this field in northeast Texas will be a result of improved technology, such as newer methods of secondary recovery, rather than an actual expansion in oil and gas activities.

The existence of a large and growing market in the adjacent areas also constitutes a major attraction of northeast Texas. It already has been noted that the market provided by the oil and gas industry has attracted service firms. However, there is a broader concept of market attraction which is important to the area. By virtue of its very location, the firms in the northeast Texas area can and do serve a larger southwestern market. This rapidly expanding market is becoming more and more important to the area and to the Southwest as a whole. The ability to transport goods to the entire market area may become a major factor in future industrial development.

In considering this attraction, it must be evident that the general growth of the Southwest along particular lines such as oil, gas, chemicals, transportation equipment, and metals will have a definite bearing upon the type of manufacturing which a service area should strive to develop. The major steel producer in this area already is emphasizing this type of attraction by concentrating its productive facilities upon oil country tubular goods. Needless to say, this firm does not expect to limit its sales to producers in the East Texas oil field. Instead, it expects to serve producers in a six-state area.

Other opportunities to provide manufactured goods for the local, Texas, or southwestern market are appearing each year, and some eventually will be attractive enough to warrant the establishment of facilities to serve these markets. At present, though, very few of the existing large manufacturers rely upon the southwestern market for the bulk of their sales.

In the afore-mentioned survey, it was found that the market served by a manufacturer depended largely upon the product sold. Most food processors in this area depend upon a local or state market. Likewise, manufacturers in the stone, clay, and glass and printing and publishing industries rely mainly upon a local or state market. The lumber and wood products, apparel, chemical, metals, and petroleum manufacturers are more likely to make sales in a regional or national market. In a few instances, almost no local or state market exists for the products. At least seven metal, petroleum, and wood products manufacturers in northeast Texas serve international, as well as national, markets. While there is not too great a demand on the local or state level at the present time, nearly all manufacturers in northeast Texas indicated that the Southwest is accounting for a larger and larger share of their sales.

Still another asset of northeast Texas, as is the case with any area where there is a concentration of manufacturing plants, is the mutual attraction of dependent or corollary process plants. For example, the development of at least two chemical producers in this area can be traced to either the wastes or the by-products of an existing plant. Without the ability to obtain these materials, it is very questionable as to whether or not these plants would be in northeast Texas. There is a possibility of the location of a number of corollary plants near the major steel producer, if and when a substantial amount of steel is produced in excess of the requirements of the company's pipe mills.

Finally, the northeast Texas area is attractive to industry because of its available land, utilities, and transportation services. As mentioned, natural gas is a great attraction. The adequacy of electric power and the availability of good industrial sites also aid northeast Texas in its search for new industry. However, largely because of the marked contrast to other sections of the area and the State, the adequacy of the water supply in the larger cities in the Industrial Belt is one of their greatest attractions. While there are many sections of the northeast Texas area which do not have all the water they need, the potential for adequate water supplies for the entire area is present in the runoff of its major streams.

The transportation facilities are generally excellent throughout the northeast Texas area, although the degree of service varies from town to town. There are seven railroads operating in this area, with good connections to nearly all major market areas in the Southwest. Similarly, the highway network in northeast Texas is adequate for the distribution of products to most southwestern markets, and feeder airlines currently are providing excellent service in almost all directions.

Other factors which have operated to attract industry to northeast Texas are the activities of the citizens and their industrial foundations. Through these foundations, the cities have acquired industrial sites and have constructed factories which are leased to new industries. As a result of these efforts, at least 12 new manufacturers employing over 1,000 workers have located in the northeast Texas area. Other new firms may have been attracted merely by the general aid of the foundations.

Problems of Future Development

Other than the main cities in the Industrial Belt, many of the cities and towns in northeast Texas find that the major restriction on industrialization is the lack of a firm water supply. While ground-water resources will sustain most domestic and commercial water uses, they generally are insufficient for industrial uses. For most of these cities, the solution to this problem may be the construction of dams on nearby rivers. The tremendous potential of these streams has been noted already.

In one attempt to solve the water problem, a group of nine towns requested and received permission from the Texas Legislature in 1953 to form a Northeast Texas Municipal Water District. The formation of the district is based upon the proposed construction of Ferrells Bridge Dam on Cypress Creek. This dam has been authorized by Congress, but, as yet, no appropriations have been made for construction. The election to determine the creation of the water district will be held after construction money has been appropriated. Even after such money is appropriated, the dam and reservoir probably would not be finished for at least 5 years.

Some minor objections to the present location of the dam site have been raised, but the real difficulties for the towns

in the district are the waiting period for Congressional appropriations and the extended period of construction after appropriations are voted. It is precisely these two difficulties, plus the need for immediate water, which have prompted three nearby towns to undertake a study of the possibility of a privately financed dam farther up Cypress Creek.

Throughout the northeast Texas area, there is a hesitancy about proceeding on locally financed dam construction because of the ever-present possibility of federally financed construction. This, alone, is causing some cities to delay the attempt to solve their water problems. While this attitude is understandable, it means that some cities are postponing opportunities to industrialize.

In view of the amount of unfavorable publicity which Texas has received because of drought and municipal water shortages, a prospective manufacturer is certain to ask for proof of long-term water supplies in considering a location in Texas. Action to obtain firm water supplies for all users should be considered in those cities where water shortages and restrictions still exist.

A second major problem stems from the natural reluctance to change which is inherent to all new city activities and from the lack of recognition that, outside the manufacturing sphere, the traditional sources of income are declining. There is a real need to replace this lost income with that from new and enlarged manufacturing industries. Moreover, replacement should not wait until the former sources have been reduced substantially because of the time required to attract and establish new industrial facilities. In addition, manufacturing development should be stressed as a means of progress for the entire area, as well as a replacement of older sources of income.

There are at least two definite steps to be taken toward greater industrialization. First, a complete analysis of each city's advantages and disadvantages should be undertaken and a brochure of statistics published. Secondly, a close study should be made of the types of industry best suited to the local environment, so as to concentrate each city's attention upon those industries whose requirements most nearly correspond to the advantages of the city. Recognition of the types of compatible industries should be a natural outgrowth of the analysis of a city's environment. Consequently, it is important to have as complete an analysis as possible.

Some of the main points to be included in such an analysis should be the following.

1. Industrial sites—number, size, access to transportation facilities and water, and status of ownership
2. Utilities—supply, cost, availability, and any special conditions such as ownership or special costs
3. Water supply—analysis of mineral content, sources, adequacy, and cost

4. Raw materials—list of types, quantity, quality, and availability
5. Labor supply—type, skills, number available, wage rates, and degree of unionization
6. Transportation—number of carriers, by type, with rate and time schedules to principal markets
7. Taxes—city, county, and state, with a reference to special taxes and rate schedules for each type of tax
8. Government—type of city and state government, with a description of city services offered, as well as costs thereof, and a record of city indebtedness
9. General environment
 - a. Existing industries, including size, markets, and types of products, with special emphasis on those whose products could be used for further manufacturing
 - b. Population record of city
 - c. General market area served, area from which trade and labor are drawn, and potentials of that market area
 - d. Church, school, and civic activities
 - e. Record of street paving and repair and park maintenance
 - f. General attitudes of citizens toward industrialization
10. Special conditions
 - a. Sources of further information
 - b. Degree of aid granted new industries

In summary, the northeast Texas area is in a period of transition from a dominantly agricultural, lumber, and oil economy to one with a more balanced industrial foundation. The rapid growth in manufacturing industries during the past 13 years has been characterized by a raw material orientation for most of the new plants, especially in the metal, chemical, and wood industries. This type of attraction should induce other plants to locate in the area. However, the future progress of manufacturing in northeast Texas is more likely to be conditioned by factors stemming from market orientation and dependency upon existing plants. Of the two, the market factor seems to be the stronger.

Whether or not the current rate of progress can be maintained depends largely upon the area's success in solving its water problem and the degree to which it actively solicits new industry. There is a wealth of labor as yet undeveloped in the area, and its raw material and water potentials are very large. It remains for the citizens and their public officials to insure the realization of those potentials.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Easter buying at District department stores equaled or slightly exceeded that during the comparable 1953 Easter buying season and was substantially above any other year of record. However, total department store sales during the 3 weeks preceding Easter were 4 percent below those in comparable weeks last year.

During March, collections on both charge accounts and instalment accounts exceeded new credit sales; at the end of the month, instalment accounts receivable were 7 percent above a year ago, while charge accounts receivable were down 4 percent.

General rains over the District during April greatly improved prospects for crop production and for development of ranges and pastures. Planting of the 1954 cotton crop is complete in southern and some central areas of the District and is gaining momentum in other sections. The condition of livestock generally is good. Cattle prices strengthened during April, while prices of other major farm commodities held about steady.

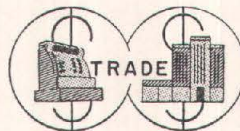
Daily average oil production in the District in May is expected to show a decrease, following successive increases in the past 4 months. The production rate in the first part of April was the highest since last August. Drilling activity was maintained at a high level during the first quarter of 1954.

Nonagricultural employment in the District rose seasonally from February to April and in the latter month was 1 percent below a year earlier; manufacturing employment in April showed a slightly larger year-to-year loss.

The value of construction contracts awarded in the District made sharp gains in March to bring the first-quarter total to 3 percent above a year earlier, with residential awards and nonresidential awards up 4 percent and 2 percent, respectively.

Effective April 23, the discount rate of this bank was reduced from 1¾ percent to 1½ percent.

Loans of the District's weekly reporting member banks increased moderately between March 17 and April 21. Investments declined sharply, as member banks provided funds to meet substantial deposit withdrawals.



Consumer spending this year for traditional Easter finery at department stores in the Eleventh Federal Reserve District equaled or possibly exceeded that during the comparable 1953 Easter buying season and was substantially above any other prior year. However, total department store sales for the 3 weeks ended April 17 were 4 percent below those for the 3 weeks before Easter of last year. The loss in total volume was accounted for by a lower level of demand for department store durables.

The adjusted sales volume, which allows for seasonal variations and differences in the number of trading days, indicates that sales activity during March failed by 5 percent to show the normal seasonal increase over February and was 9 percent below a year earlier.

Cumulative department store sales in the District for the year through April 3 were 8 percent below the comparable period in 1953; for the Nation the decline was 6 percent. This may have been the low point for the year-to-year decline. Because of the lateness of Easter, the gap between cumulative sales in 1953 and 1954 narrowed during the following 2 weeks; on April 17, cumulative sales for the District and the Nation were 5 percent and 3 percent, respectively, below a year earlier. It may be pointed out that, beginning in May 1953, the distribution of hard goods by department stores did not measure up to the volume in the preceding year.

Cash transactions during March represented 34 percent of total department store sales, the same relationship as a year ago. The proportion of total sales represented by regular charge account sales, however, rose 1 percentage point to 54

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	March 1954 from		3 mo. 1954 comp. with 3 mo. 1953	March 1954 from	
	March 1953	Feb. 1954		March 1953	Feb. 1954
DEPARTMENT STORES					
Total Eleventh District.....	-9	18	-8	-5	6
Corpus Christi.....	-20	18	-14	-10	10
Dallas.....	-9	9	-6	-1	6
El Paso.....	-13	13	-11	-3	4
Fort Worth.....	-10	18	-10	-4	9
Houston.....	-8	23	-6	-8	6
San Antonio.....	-10	29	-10	-7	5
Shreveport, La.....	-9	18	-5	-14	5
Waco.....	-15	16	-12	-3	9
Other cities.....	-7	19	-4	-4	7
FURNITURE STORES					
Total Eleventh District.....	-14	12	—	-5	9
Austin.....	-3	28	—	-5	8
Dallas.....	-16	-4	—	-6	23
Houston.....	-21	7	—	—	—
Port Arthur.....	-18	-22	—	—	—
San Antonio.....	-16	15	—	—	—
Shreveport, La.....	-11	21	—	-12	10
Other cities.....	-16	20	—	-8	5
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-24	-4	—	—	—
Dallas.....	-11	-9	—	—	—

¹ Stocks at end of month.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALES ^p			STOCKS ^{1p}	
	March 1954 from		3 mo. 1954 comp. with 3 mo. 1953	March 1954 from	
	March 1953	February 1954		March 1953	February 1954
Dry goods.....	-16	#	-12	-18	-3
Drugs and sundries.....	13		—	-6	-3
Grocery (full-line wholesalers not sponsoring groups)....	11	—#	-4	11	2
Hardware.....	-8	3	-2	-1	—#
Industrial supplies.....	-6	14	-5	-16	4
Machinery equipment and supplies except electrical...	-14	-14	—	3	4
Metals.....	11	58	-11	-10	4
Tobacco products.....	-3	10	-7	3	4
Wines and liquors.....	2	7	-3	9	6
Wiring supplies, construction materials distributors.....	-33	-7	—	-26	27

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.

percent, while instalment transactions declined correspondingly to account for 12 percent.

Collections during March on both charge accounts and instalment accounts exceeded new credit sales, resulting in a month-to-month decline of 7 percent in charge accounts outstanding and a decrease of 1 percent in instalment receivables. Despite the month-to-month decline, instalment receivables remained 7 percent above 1953. Charge account receivables, in the year-to-year comparison, were down 4 percent.

For the third consecutive month, inventories were approximately 5 percent under a year earlier. Orders outstanding at the end of March were 24 percent lower than a month earlier and 23 percent below a year ago.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Mar. 1954	Feb. 1954	Jan. 1954	Mar. 1953	Mar. 1954	Feb. 1954	Jan. 1954	Mar. 1953
SALES—Daily average								
Eleventh District.....	102	98	94	117	115	121	119	126
Dallas.....	98	102	92	112	106	120	115	117
Houston.....	120	110	110	135	137	140	139	145
STOCKS—End of month								
Eleventh District.....	135 ^p	127	115	142	126 ^p	130	128	133

¹ Adjusted for seasonal variation.

p—Preliminary.

Furniture store sales in the Eleventh Federal Reserve District during March were 12 percent above February because of three extra trading days but were 14 percent below March 1953. Accounts receivable declined during the month to a level 4 percent under a year earlier. Furniture store inventories at the end of March, despite a month-to-month rise of 9 percent, remained 5 percent below the same date last year.



Prospects for crop production and for ranges and pastures improved sharply in April, as general rains brought a measure of relief to most of the drought-stricken areas

WINTER WHEAT PRODUCTION

(In thousands of bushels)

State	1954 Indicated April 1	1953	Average 1943-52
Arizona.....	529	598	591
New Mexico.....	550	515	3,063
Oklahoma.....	56,420	70,776	75,634
Texas.....	21,290	23,035	57,221
Total.....	78,789	94,924	136,509

SOURCE: United States Department of Agriculture.

of the District. Rainfall varied from light to very heavy, but virtually all areas received some moisture during the past month.

As a result of the recent rains, the outlook for wheat production in the District is much improved over a month ago. Although the acute drought had caused fairly heavy acreage abandonment in extreme northern Panhandle and southern Low Rolling Plains counties of Texas and in northeastern New Mexico, the remaining acreage is expected to make rapid recovery. In northcentral Texas, wheat prospects continue to be good to excellent.

Based on conditions as of April 1, before the rains, the Department of Agriculture reports that winter wheat production in Texas is indicated at 21,290,000 bushels, compared with the short 1953 crop of 23,035,000 bushels and the 1943-52 average of 57,221,000 bushels. Forecasts for the Oklahoma and New Mexico crops indicate sharp declines from a year ago. For the Nation, winter wheat production is forecast at 678,000,000 bushels, or 23 percent below output in 1953. This reduction reflects both the curtailment in acreage imposed by acreage allotments on the 1954 crop and heavy acreage abandonment in many central and southern Great Plains states because of drought.

Planting of the 1954 cotton crop is being pushed to completion in central Texas counties and is expected to be in full swing in all other District areas in the next few weeks. Irrigated cotton in the Lower Rio Grande Valley of Texas is making excellent progress, except for flood damage, and much of the dry-land acreage has shown marked improvement since the April rains. Plantings, delayed in some southern counties of Texas because of dry weather during late March and early April, were completed during the month. In northern Louisiana, some fields were planted early in April, but the majority of the acreage was not seeded until after the April rains.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	March 1954	March 1953	February 1954	March 1954	March 1953	February 1954
Cattle.....	60,612	57,682	44,595	35,343	25,296	21,133
Calves.....	16,061	12,344	13,909	13,818	12,102	10,924
Hogs.....	57,631	59,803	43,043	—	3,929	—
Sheep.....	132,908	73,209	50,420	127,295	115,838	110,070

¹ Includes goats.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Comparable		
		Week ended April 19, 1954	last week last month	last week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3380	\$.3415	\$.3265
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.70½	2.73	2.61¾
OATS, No. 2 white, Fort Worth.....	bu.	1.03	1.03¾	1.02½
CORN, No. 2 yellow, Fort Worth.....	bu.	1.87¾	1.83¾	1.86½
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.98	3.00	2.94
HOGS, Choice, Fort Worth.....	cwt.	28.50	26.50	23.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	25.00	22.75	23.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	22.00	20.00	22.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	22.00	19.00	19.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	25.50	25.00	25.50
HENS, 4 pounds and over, Fort Worth....	lb.	.21	.24	.25
FRYERS, Commercial, Fort Worth.....	lb.	.24	.24	.29
BROILERS, south Texas.....	lb.	.24	—	.29
WOOL, 12-months, west Texas.....	lb.	11.85	11.77	11.75
MOHAIR, kid, west Texas.....	lb.	1.05	1.01½	1.26½

1 Clean basis.

Corn planting in the District was delayed in earlier areas, and lack of moisture has retarded growth. Planting of the sorghum crop in central Texas made rapid progress in late April, and in the Coastal Bend area, the crop is making good to excellent growth. Planting of the 1954 rice crop is moving toward completion, with a record acreage in prospect.

Ranges and pastures in central and western parts of the District have been providing very little feed, but recent rains have greatly benefited grazing lands and substantial recovery is expected during coming weeks. In the eastern half of Texas and in northern Louisiana, showers have stimulated the growth of grasses and legumes, and pastures are providing an abundance of feed. Excess forage is being harvested in many areas and stored as silage.

The condition of cattle, calves, and sheep generally is good, as livestock have been maintained on heavy supplemental feeding in the drought-stricken areas. Cattle were marketed from the wheat pastures of northwest Texas in excellent condition.

Cattle prices have strengthened moderately during the past several weeks, with all classes advancing around \$1 per hundredweight. Current prices are about the same as those which prevailed a year ago. On the other hand, prices of cotton have weakened somewhat, as demand for the fiber has been extremely dull. A small volume of cotton continues to move into the CCC loan, but in most recent weeks, redemptions have exceeded entries. Prices of equities have been ranging from \$1 to \$3 per bale. As of April 9, the CCC held loans covering 6,081,000 bales of 1953-crop cotton.



Effective April 14, the Federal Reserve Bank of Chicago reduced its discount rate from 1¾ percent to 1½ percent. Similar reductions were made, effective April 16, by the Federal Reserve Banks of New York and San Francisco. The rate at this bank and at the Cleveland, Kansas City, and St. Louis Banks was reduced, effective April 23. Earlier this year (in the period February 5-15), each of the 12 Reserve banks lowered its discount rate from 2 percent to 1¾ percent. Lowering of the rates at that time reflected

NEW PAR BANK

The Casa Linda State Bank, Dallas, Texas, a newly organized, insured, nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date March 6, 1954. The officers are: Edward L. Vint, President; Roy Bales, Cashier; Jesse R. Houston, Assistant Cashier; and Louise E. Buhner, Assistant Cashier.

principally a recognition of the general decline which had occurred in market rates for short-term funds.

On April 16 the Treasury offered investors \$1,000,000 of 52-day Tax Anticipation Series bills for cash subscription. The bills are dated April 27 and mature June 18. They may be used at par, however, in payment of income and profits taxes due June 15. The new bills were sold at an average rate of discount of 0.726 percent, with qualified depositaries permitted to make payment by credit to their Treas-

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	April 21, 1954	April 22, 1953	March 17, 1954
ASSETS			
Commercial, industrial, and agricultural loans....	\$1,306,010	\$1,183,395	\$1,299,014
Loans to brokers and dealers in securities.....	12,928	10,937	11,537
Other loans for purchasing or carrying securities.	76,181	69,649	77,229
Real estate loans.....	136,869	134,205	131,863
Loans to banks.....	7,709	19,334	6,509
All other loans.....	398,227	390,295	401,674
Gross loans.....	1,937,924	1,807,815	1,927,826
Less reserves and unallocated charge-offs...	17,215	18,603	17,205
Net loans.....	1,920,709	1,789,212	1,910,621
U. S. Treasury bills.....	116,078	93,302	151,637
U. S. Treasury certificates of indebtedness.....	172,845	138,201	216,640
U. S. Treasury notes.....	148,037	193,390	158,621
U. S. Government bonds (inc. grd. obligations)...	771,668	701,509	781,914
Other securities.....	206,879	187,282	203,221
Total investments.....	1,415,507	1,313,684	1,512,033
Cash items in process of collection.....	301,435	365,674	298,813
Balances with banks in the United States.....	444,168	427,178	461,900
Balances with banks in foreign countries.....	1,120	1,200	1,083
Currency and coin.....	44,849	46,599	45,192
Reserves with Federal Reserve Bank.....	600,476	583,354	566,950
Other assets.....	95,926	91,189	100,564
TOTAL ASSETS.....	4,824,190	4,618,090	4,897,156
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporation....	2,564,424	2,539,195	2,651,582
United States Government.....	82,988	59,567	96,531
States and political subdivisions.....	192,705	217,476	185,601
Banks in the United States.....	853,847	806,324	844,588
Banks in foreign countries.....	9,723	8,416	8,866
Certified and officers' checks, etc.....	45,033	59,449	58,506
Total demand deposits.....	3,748,720	3,690,427	3,845,494
Time deposits			
Individuals, partnerships, and corporations....	550,464	466,915	537,184
United States Government.....	9,813	10,393	9,812
Postal savings.....	450	450	450
States and political subdivisions.....	132,032	66,605	126,552
Banks in the U. S. and foreign countries.....	1,883	953	2,083
Total time deposits.....	694,642	545,316	676,081
Total deposits.....	4,443,362	4,235,743	4,521,575
Bills payable, rediscounts, etc.....	3,000	30,750	0
All other liabilities.....	45,150	48,626	48,460
Total capital accounts.....	332,678	302,971	327,121
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	4,824,190	4,618,090	4,897,156

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	March 31, 1954	March 31, 1953	Feb. 24, 1954
ASSETS			
Loans and discounts.....	\$3,119	\$2,880	\$3,120
United States Government obligations.....	2,306	2,378	2,400
Other securities.....	456	423	457
Reserves with Federal Reserve Bank.....	982	1,046	898
Cash in vault ^e	146	120	132
Balances with banks in the United States.....	1,010	980	1,048
Balances with banks in foreign countries ^e	1	1	2
Cash items in process of collection.....	335	301	394
Other assets ^e	151	137	160
TOTAL ASSETS^e.....	8,506	8,266	8,611
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	991	929	967
Other demand deposits.....	5,817	5,897	5,955
Time deposits.....	1,061	833	1,017
Total deposits.....	7,869	7,659	7,939
Borrowings ^e	0	16	28
Other liabilities ^e	60	61	71
Total capital accounts ^e	577	530	573
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e..	8,506	8,266	8,611

e—Estimated.

ury Tax and Loan Accounts. Issuance of the new securities raised the amount of Treasury bills to be paid off out of June tax receipts to a total of \$2,500,000,000.

Between March 17 and April 21, loans and cash assets of the weekly reporting member banks in the District increased moderately. On the other hand, investments and deposits declined rather sharply. Principally as a result of these changes, total resources were reduced \$72,966,000 to a total of \$4,824,190,000.

Loans of the weekly reporting member banks rose \$10,098,000, or less than 1 percent, during the 5 weeks. Commercial, industrial, and agricultural loans accounted for about 69 percent of the total expansion. Other changes included increases in loans on real estate and loans to banks. "All other" loans, the category which includes consumer-type credits, declined.

In most weeks the demand for commercial and industrial loans was concentrated among construction firms, sales finance companies, and a group of miscellaneous businesses. Most other commercial and industrial borrowers repaid substantial amounts of outstanding bank indebtedness, with the more notable of these including petroleum and related products manufacturers, commodity dealers, grain and milling concerns, and manufacturers in the food and liquor lines.

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
March 1952....	\$6,513,810	\$719,844	\$3,046,289	\$392,193	\$3,467,521	\$327,651
March 1953....	6,822,777	829,712	3,251,351	444,623	3,571,426	385,089
November 1953.	6,948,849	936,175	3,369,875	516,162	3,578,974	420,013
December 1953.	7,104,841	971,988	3,453,418	545,675	3,651,423	426,313
January 1954...	7,232,657	993,495	3,517,349	561,053	3,715,308	432,442
February 1954..	6,886,847	1,008,497	3,277,961	565,389	3,608,886	443,108
March 1954....	6,821,245	1,031,005	3,277,128	579,324	3,544,117	451,681

Investments of these banks were drawn down \$96,526,000, or 6.4 percent, during the 5 weeks. The reduction was reflected principally in heavy sales or redemptions of Treasury bills and certificates, but marked decreases also occurred in Treasury notes and bonds. Holdings of municipals and other non-Government securities increased moderately.

Sales or redemptions of investments were made principally for the purpose of providing for a substantial drain on deposits. Individuals, partnerships, and corporations drew down their demand balances at these banks in the amount of \$87,158,000, or 3.3 percent, while demand deposits of the United States Government were reduced \$13,543,000, or 14.0 percent. These losses were offset, in part, by a rise of \$18,561,000 in time deposits, most of which was reflected in the accounts of individuals and businesses.

Gross demand deposits of all member banks in the District averaged \$6,821,245,000 in March, which reflects a decline of \$65,602,000 from February to a level slightly below March 1953. Country member banks accounted for practically all of the reduction. On the other hand, time deposits increased \$22,508,000 from February to March, with most of the gain reported by reserve city member banks.

During March, debits to deposit accounts reported by banks in 24 cities of the District rose 17 percent above the February level. The increase reflects a rise in the volume of spending by individuals, businesses, and others in the District but includes the effect of a substantial difference in

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ¹			
	March 1954	Percentage change from		March 31, 1954	Annual rate of turnover		
		March 1953	Feb. 1954		March 1954	March 1953	Feb. 1954
ARIZONA							
Tucson.....	\$ 110,782	-8	17	\$ 84,525	15.5	15.8	13.2
LOUISIANA							
Monroe.....	51,621	4	25	41,908	14.5	14.4	11.4
Shreveport.....	218,245	4	16	166,869	15.7	15.2	13.6
NEW MEXICO							
Roswell.....	27,554	11	10	27,908	11.5	11.0	10.1
TEXAS							
Abilene.....	57,822	6	10	50,365	13.6	12.6	11.9
Amarillo.....	133,582	-5	14	98,750	16.3	16.0	14.3
Austin.....	120,396	11	12	99,402	14.6	13.2	13.0
Beaumont.....	128,178	-4	18	96,418	15.6	16.4	13.0
Corpus Christi.....	152,109	2	13	103,793	17.8	16.3	15.8
Corsicana.....	14,106	9	11	21,354	7.9	7.7	7.0
Dallas.....	1,808,143	12	19	891,031	24.2	22.1	20.0
El Paso.....	212,218	-9	11	120,931	21.0	21.6	18.6
Fort Worth.....	520,137	-9	12	318,632	19.4	18.6	16.8
Galveston.....	80,216	3	11	70,339	12.7	12.7	10.8
Houston.....	1,859,149	9	22	1,063,927	20.9	18.0	16.9
Laredo.....	20,694	-6	10	18,785	13.2	13.0	12.1
Lubbock.....	98,422	-13	-1	83,716	13.9	14.5	13.3
Port Arthur.....	45,488	-4	8	38,783	13.9	14.8	13.0
San Angelo.....	40,243	8	15	43,561	10.9	9.6	9.2
San Antonio.....	409,851	#	16	307,020	16.0	15.2	13.8
Texarkana ²	17,838	-6	8	17,955	12.0	11.0	10.9
Tyler.....	59,716	-1	11	55,608	12.8	13.6	11.5
Waco.....	83,700	9	14	62,469	15.6	15.6	13.4
Wichita Falls.....	86,366	3	9	97,559	10.6	10.3	9.4
Total—24 cities.....	\$6,356,576	6	17	\$3,981,608	19.1	17.5	16.0

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 \$36,745,000 for the month of March 1954.

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

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	April 15, 1954	April 15, 1953	March 15, 1954
Total gold certificate reserves.....	\$ 825,669	\$ 605,813	\$ 787,085
Discounts for member banks.....	0	9,600	10,175
Industrial advances.....	0	0	0
Foreign loans on gold.....	376	833	705
U. S. Government securities.....	967,903	1,149,383	976,484
Total earning assets.....	968,279	1,159,816	987,364
Member bank reserve deposits.....	1,005,622	1,004,361	1,016,009
Federal Reserve notes in actual circulation.....	700,767	721,910	708,757

business days in the 2 months. Moreover, debits in March were up 6 percent as compared with March 1953. The annual rate of turnover of deposits in March was 19.1, as compared with 16.0 in February and 17.5 in March 1953.

Between March 15 and April 15, total earning assets of the Federal Reserve Bank of Dallas declined \$19,085,000, reflecting principally smaller holdings of Government securities and the repayment in full of discounts for member banks. Other changes included a rise of \$38,584,000 in gold certificate reserves and a reduction of \$10,387,000 in member bank reserve deposits. Federal Reserve notes of this bank in actual circulation on April 15 totaled \$700,767,000, as compared with \$721,910,000 a year earlier.



A decrease in the District's daily average crude oil production is indicated for May, following successive increases in the past 4 months.

The Texas Railroad Commission cut May allowables 192,915 barrels below the mid-April level. Louisiana allowables also were decreased. These reductions were occasioned by the build-up in the Nation's crude stocks during March and April, which resulted from the increase in crude production and a decline in refinery crude runs.

Crude oil production in the District in the first part of April averaged an estimated 3,155,000 barrels per day, which is 57,000 barrels higher than in March and represents the highest production rate since last August. In the Nation as a whole, the trend in crude oil production has been similar to that in the District, with the daily average rate during the first part of April amounting to an estimated 6,543,000 barrels.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	March 1954 ¹	March 1953 ²	February 1954 ¹	Change from	
				Mar. 1953	Feb. 1954
ELEVENTH DISTRICT.....	3,098.0	3,166.9	2,977.8	-68.9	120.2
Texas.....	2,783.6	2,866.0	2,666.4	-82.4	117.2
Gulf Coast.....	602.4	627.4	581.4	-25.0	21.0
West Texas.....	1,052.2	1,136.8	1,026.7	-84.6	25.5
East Texas (proper).....	242.0	250.2	227.5	-8.2	14.5
Pgnhandle.....	85.1	76.6	80.7	8.5	4.4
Rest of State.....	801.9	775.0	750.1	26.9	51.8
Southeastern New Mexico.....	203.7	184.9	201.1	18.8	2.6
Northern Louisiana.....	110.7	116.0	110.3	-5.3	.4
OUTSIDE ELEVENTH DISTRICT.....	3,358.2	3,364.0	3,330.7	-5.8	27.5
UNITED STATES.....	6,456.2	6,530.9	6,308.5	-74.7	147.7

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

NATURAL GAS: MARKETED PRODUCTION

(In millions of cubic feet)

Area	Fourth quarter 1953	Fourth quarter 1952	Third quarter 1953	1953p	1952
Louisiana.....	321,200	324,200	276,900	1,166,700	1,237,143
New Mexico.....	117,300	92,100	95,600	408,600	349,229
Oklahoma.....	161,400	154,500	131,200	618,700	554,033
Texas.....	1,167,400	1,105,200	1,080,400	4,462,900r	4,147,805
Total.....	1,767,300	1,676,000	1,584,100	6,656,900	6,288,210

p—Preliminary.

r—Revised.

SOURCE: United States Bureau of Mines.

Oil imports tended to be lower during March and early April, reflecting reductions in the imports of residual fuel oil. Crude imports east of California during the 5 weeks ended April 10 were around 4 percent higher than in the previous 5 weeks and showed about the same percentage gain over a year earlier.

Refinery crude runs in the Nation dropped markedly during early April, in line with a pattern which has prevailed at this season in recent years. Crude runs during the first 10 days of the month averaged an estimated 6,760,000 barrels per day, a decrease of 176,000 barrels from the March rate and 21,000 barrels from the rate in April a year ago. On the other hand, crude runs to refinery stills in the District showed little change during the first part of April, averaging 2,056,000 barrels per day.

Crude stocks in the Nation rose 7,300,000 barrels during the 5 weeks ended April 10 and on that date totaled 269,200,000 barrels. Despite the increase, crude stocks were still 5,700,000 barrels below a year earlier.

Refined products stocks continued to decline during March and early April, reflecting decreases in heating oil stocks; gasoline stocks showed a small increase. On April 10, gasoline stocks were 12 percent higher than a year earlier and residual fuel oil stocks, 8 percent higher, but stocks of distillate fuel oil and kerosene registered year-to-year declines of 5 percent and 8 percent, respectively.

Drilling activity was maintained at a very high level during the first quarter of this year. Well completions in the District for the year through April 3 were 9 percent higher than a year earlier, according to *Oil and Gas Journal* data. A 15-percent increase in the Nation as a whole was highlighted by gains in the Rocky Mountain States of Wyoming and Colorado.

Marketed production of natural gas in the four producing states lying wholly or partly within the Eleventh District—Louisiana, New Mexico, Oklahoma, and Texas—showed an appreciable seasonal increase during the fourth quarter of 1953, according to data released recently by the United States Bureau of Mines. Production in the four-state area was 5 percent higher than a year earlier.

For the year 1953, marketed production of natural gas in the District states totaled 6,657 billion cubic feet, which is about 369 billion cubic feet, or 6 percent, larger than in

1952. This increase, although substantial, is considerably smaller than in other recent years. The mild weather in the winter months of 1953 may have influenced the amount of the increase. Of the four District states, New Mexico posted the largest gain in production, 17 percent. Louisiana experienced a decline of about 6 percent.



Paralleling the change last year, total nonagricultural employment in District states declined from 3,810,800 in January to a February total of 3,801,800, which is only 4,900 above the comparable total for February 1953. The January-to-February declines in manufacturing, transportation and public utilities, and trade employment were partially offset by a rather substantial gain of 8,000 workers in construction employment, only a very small part of which was the result of seasonal influences.

February was the third successive month to show a decline in manufacturing employment. The February estimate was 708,200, or 1 percent below a year earlier. The principal losses from January to February occurred in food processing and ordnance and transportation equipment manufacturing. The year-to-year decline resulted from losses in these same industries, as well as in the apparel, machinery (except electrical), and lumber and wood products categories.

Unofficial estimates for April indicate a small seasonal advance in total nonagricultural employment in District states to a level of approximately 3,815,000. Manufacturing employment is estimated at about 709,000. These totals are 1 percent and 2.5 percent, respectively, below the comparable figures of a year ago.

Among the five District states in February, Louisiana showed the greatest year-to-year increases in total nonagricultural and manufacturing employment. The State gained 14,000 workers, or 2 percent, in total nonagricultural employment and 6,000 workers, or 4 percent, in manufacturing employment. Texas showed the greatest absolute declines, with a loss of 6,000 in total nonagricultural employment and a decline of 7,000 in manufacturing employment.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Feb. 1954 from	
	February 1954p	February 1953	January 1954	Feb. 1953	Jan. 1954
	Total nonagricultural				
wage and salary workers..	3,801,800	3,796,900	3,810,800	.1	-.2
Manufacturing.....	708,200	718,100	713,300	-1.4	-7
Nonmanufacturing.....	3,093,600	3,078,800	3,097,500	.5	-.1
Mining.....	225,400	224,400	226,400	.4	-.4
Construction.....	279,700	285,800	271,300	-2.1	3.1
Transportation and public utilities.....	396,900	409,300	402,700	-3.0	-1.4
Trade.....	964,900	956,000	971,400	.9	-7
Finance.....	154,600	147,400	153,400	4.9	.8
Service.....	443,100	432,200	442,200	2.5	-.2
Government.....	629,000	623,700	630,100	.8	-.2

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

p—Preliminary.

SOURCE: State employment agencies.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	March 1954p	March 1953	February 1954	January—March	
				1954p	1953
ELEVENTH DISTRICT....	\$ 111,505	\$ 87,844	\$ 97,694	\$ 301,106	\$ 293,040
Residential.....	52,666	48,686	49,695	151,841	146,369
All other.....	58,839	39,158	47,999	149,265	146,671
UNITED STATES ¹	1,527,517	1,347,518	1,221,260	3,900,764	3,444,696
Residential.....	667,737	605,200	508,773	1,638,992	1,483,804
All other.....	859,780	742,318	712,487	2,261,772	1,960,892

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

Average weekly hours of Texas manufacturing workers increased from 41.2 in January to 41.5 in February. By contrast, the comparable figures for all United States manufacturing workers were 39.4 in January and 39.6 in February. Heavy use of overtime still remains in such durable goods manufacturing categories as lumber and wood products, fabricated metals, and machinery (except electrical). On the other hand, manufacturers of such nondurables as apparel, leather, and petroleum and coal products are employing their workers less than 40 hours a week.

Unemployment in Texas continued to rise during February to reach a total of 145,000, up 7,800 over January and 40,000 above February 1953. However, declines in March and April reduced the unemployment total in the latter month to an estimated 134,000 workers. Most of these declines are of a seasonal nature, although they are larger than might be expected at this time of the year.

Construction contracts awarded in the District in March were valued at \$111,505,000, up 14 percent from February and 27 percent above awards in March 1953. Contracts awarded for the construction of residential property were valued at \$52,666,000, the largest monthly total since last October. Nonresidential awards totaled \$58,839,000, which is well above the January and February figures and is 50 percent greater than the comparable year-earlier figure.

BUILDING PERMITS

City	3 months 1954				Percentage change in valuation from	
	March 1954		Mar. 1953	Feb. 1954	Number	Valuation
	Number	Valuation				
LOUISIANA						
Shreveport....	428	\$ 2,170,217	-6	51	1,009	\$ 5,221,377 -18
TEXAS						
Abilene.....	198	1,274,560	11	16	460	2,835,206 13
Amarillo.....	210	1,855,047	-34	123	495	3,691,787 -45
Austin.....	343	3,905,969	58	13	793	8,738,683 14
Beaumont....	278	539,394	-17	13	617	2,568,758 2
Corpus Christi..	538	2,697,573	-15	37	1,332	7,095,969 -25
Dallas.....	2,510	12,379,890	48	38	5,685	31,943,692 16
El Paso.....	393	1,783,996	-64	48	1,027	4,835,967 -42
Fort Worth....	820	4,092,592	10	17	1,953	10,079,537 -15
Galveston.....	108	1,523,468	*	*	293	1,796,229 -28
Houston.....	1,278	15,287,083	43	41	3,212	37,880,823 35
Lubbock.....	286	1,371,291	-41	-57	763	6,669,437 13
Port Arthur....	177	532,580	73	112	365	884,710 -7
San Antonio... 1,750	4,426,448	-19	35	4,083	10,463,460 -19	
Waco.....	260	1,095,221	33	20	689	3,332,968 48
Wichita Falls.. 164	804,627	58	-13	338	2,108,755 -3	
Total.....	9,741	\$55,739,956	12	31	23,114	\$140,147,358 2

* Indicates change of more than 1,000 percent.

During the first quarter of 1954 the value of construction contracts awarded in the District was \$301,106,000, up 3 percent from a year earlier. Residential awards and non-

residential awards were up 4 percent and 2 percent, respectively. First-quarter awards in the United States reflected a 13-percent rise over a year ago.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to February 28		August 1 to February 28	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,630,095	1,348,465	6,017,057	5,381,153
Crushed.....	1,125,968	1,082,468	4,285,796	4,040,868
Stocks, end of period.....	592,258	328,019	1,879,379	1,390,739
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).....	366,354	345,014	1,390,798	1,288,295
Cake and meal (tons).....	541,085	531,354	2,031,022	1,937,513
Hulls (tons).....	255,140	249,110	941,317	868,702
Linters (running bales).....	328,207	321,134	1,358,243	1,295,916
Stocks, end of period				
Crude oil (thousand pounds).....	20,263	21,185	98,299	90,539
Cake and meal (tons).....	36,136	57,033	146,087	210,115
Hulls (tons).....	32,977	18,780	88,486	64,807
Linters (running bales).....	50,890	63,326	213,459	276,352

SOURCE: United States Bureau of the Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

Area	(Bales)				
	February 1954 ¹	February 1953	January 1954 ²	August—February	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	11,538	11,616	11,547	84,922	85,271
U. S. mills.....	684,367	766,090	678,827	5,105,738	5,514,163
Daily average					
Texas mills.....	587	591	577	578	580
U. S. mills.....	34,792	38,953	33,941	34,753	37,533
STOCKS, U. S.—End of period					
Consuming establishments...	1,824,034	1,863,106	1,736,445	—	—
Public storage and compresses.....	11,488,551	6,892,984	12,083,258	—	—

¹ Four weeks ended February 27.

² Four weeks ended January 30.

SOURCE: United States Bureau of the Census.