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## GALVESTON - TEXAS CITY LANDMARKS OF A COASTAL COUNTY

*This is the tenth 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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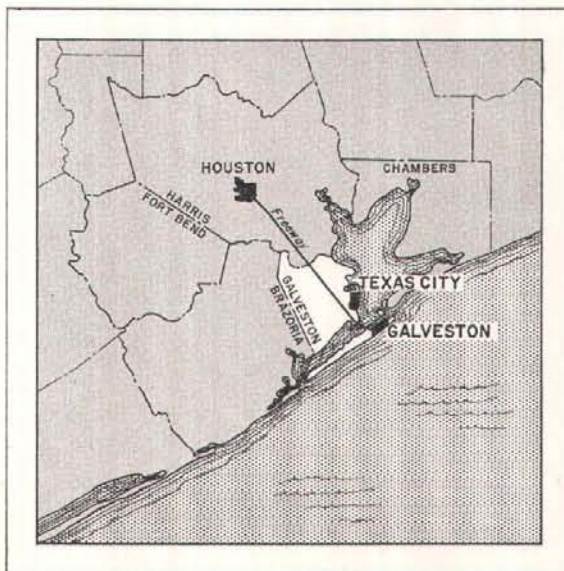
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Galveston, located on Galveston Island on the Texas Gulf Coast, is the chief city in Galveston County. It stands out because of its economic importance, its long history, and its contributions to the development of the area and of the State. Across the bay from Galveston is Texas City, which has had its principal growth in recent years and is well known as a producer of petroleum and chemical products.

While Galveston and Texas City stand within sight of one another, they are not "one city" in the common usage of the term; yet, to some extent, each city complements the other. Each city has its distinctive characteristics, atmosphere, and principal fields of economic activity, and each benefits greatly from the presence of the other. Adjoining Texas City on the west is Lamarque—a predominantly residential area for many people who work in Galveston and Texas City. These cities, together with several small towns or villages—including Dickinson and League City—and the outlying territories, constitute the Galveston County area.

Galveston County, in terms of usable land area, is one of the smaller of the 254 counties in Texas. On the basis of its volume and diversity of economic activity, it holds an enviable

position among the 10 leading Texas counties. The county consists of a mainland, Bolivar Peninsula, part of Galveston Bay and other inland waters, and a number of coastal islands, of which Galveston Island is the largest. Bolivar Peninsula, which extends southwestward from Chambers County, and the several islands are part of a sandy coastal bar built by the sea and extending along most of the Texas coast.



The name "Galveston" had its origin at the time of the Spanish survey of the bay area about 1785 or 1786; on this occasion, the bay was named in honor of Count Bernardo de Galvez, Viceroy of Mexico. In the early days of exploration, the Galveston area was visited by or served as a base for such legendary adventurers as Cabeza de Vaca, La Salle, and Jean Lafitte.

From the time of colonization until near the close of the last century, the city of Galveston and the surrounding area were the scenes of what might truthfully be described as the "hub" of much of the economic activity in the Texas area. Galveston City officially was made a port in 1825 and, with the development of its railroad facilities, became the largest city in the State—a distinction it held until around 1890. Through Galveston City came the tide of immigration from the eastern states and from Europe;



through its port, finished products were brought in, and such important commodities as cotton and other raw materials were shipped to other coastwise ports and to various countries throughout the world. Galveston City lays claim to many firsts in Texas, including the first bank; the first chamber of commerce; the first telegraph, telephone, and gas lights; and the first commission form of city government.

### Resources of Galveston County

The growth of shipping, manufacturing, and a number of other important lines of economic activity in Galveston County has been a direct outgrowth of the resources of the area. These include especially the navigable waters, the favorable climate, the land, the deposits of mineral resources, and the availability of surface and underground water. Moreover, the strategic location of the area contributes to the importance of the existing resources and their use in the area's development.

#### Land

Of the some 430 square miles (275,200 acres) in Galveston County, about 16 square miles on Galveston Island are within the incorporated limits of Galveston City, and approximately 20 square miles are occupied by Texas City, Lamarque, and nearby manufacturing facilities. The other towns in the county and the surrounding farm lands and pastures take in some 165 square miles, leaving probably half of the county which either is under water or is very low and marshy.

Pelican Island, located in Galveston Bay, presently is unused except for the shipbuilding facilities across from Galveston, although plans are being formulated for its development for residential, commercial, and industrial purposes. Bolivar Peninsula has little economic activity other than the grazing of a few cattle and fishing in nearby waters.

The part of Galveston County on the mainland is a flat, almost treeless prairie lying a few feet above sea level. Surface dissection on the mainland is almost entirely absent, except for a few small streams flowing in shallow channels. The highest elevation (40 feet) is in the northwestern part of the county.

#### Subsurface Resources

The principal subsurface resources of commercial importance in Galveston County are petroleum and natural gas, which are found in several parts of the county. Oil has been discovered in 10 different fields that are wholly or partly within Galveston County. Since oil was first discovered in 1922, production has totaled about 130,000,000 barrels and for the past decade has been around 7,000,000 to 8,000,000 barrels. The record production was reached in 1951 at 9,561,000 barrels, but output has receded somewhat since that time. Several of the fields contain quantities of natural gas.

Oil produced in surrounding counties also has been of significance to Galveston County, since much of it has flowed into Texas City for refining. The deposits of sulphur in Wharton, Liberty, Jefferson, and Fort Bend Counties of Texas are important to the city of Galveston, because much of the production from these deposits is exported through Galveston Harbor. A minor subsurface resource which has some importance locally is the so-called "mud shell" — a mixture of mud and oyster shells obtained from nearby waters which is used in the construction of roads, driveways, parking lots, and for similar purposes.

#### Climate

The climate in the Galveston area is temperate, with a mean temperature of about 55 degrees in January and 83 degrees in July and August. Although summers are hot in Texas, the breeze from the Gulf Coast not only moderates the daytime temperatures along the Gulf Coast but also makes the nights delightfully cool.

Average rainfall is about 45 inches per year, with a monthly high of almost 6 inches in September and a monthly low of less than 3 inches in February. Snow, hail, or sleet is rarely received.

The growing season averages 340 days, which indicates a warm climate suitable for Galveston's seaside type of tourist business and permits farmers on the mainland to grow crops much of the year and to provide "year-round" grazing for livestock.

#### Water

Galveston County is underlain with a water-bearing formation called Beaumont clay, and it is from this underground zone that water is obtained for most of the towns and cities in the county.

The city of Galveston receives its water from artesian wells near Alta Loma, a village about 17 miles from the city. Galveston has nine reservoirs with a total storage capacity of approximately 27,500,000 gallons and a standpipe with a capacity of approximately 600,000 gallons.

Galveston has adequate water for its needs in the immediate future, although the water table along the Gulf Coast is declining. This fall in the water table is resulting from the heavy demands on available supplies by a rapidly growing population and expanding industrialization and may mean that, in future years, increasing reliance must be placed upon surface waters.

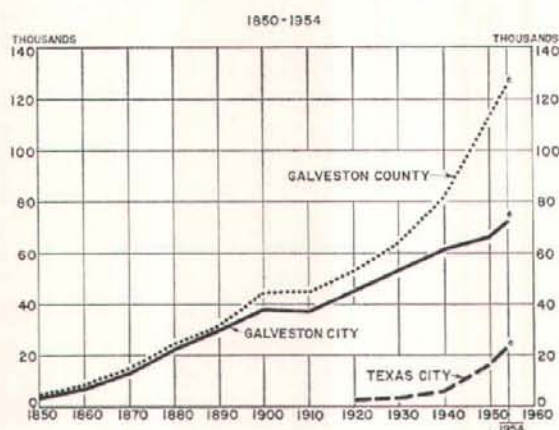
Texas City appears to have an adequate supply of water for all purposes. Water for residential and commercial use is obtained from wells, while water for industrial use is brought to the city by a series of canals from the Brazos River. For industrial uses, the city has a 1,000-acre reservoir, into which some 250,000,000 gallons can be channeled each day; present daily consumption is about 30,000,000 gallons.



## Population

The population of Galveston County has grown in each decade for the past 100 years of record, paralleling roughly the population growth of the city of Galveston. In more recent years, the expanding population of Texas City and some other parts of the county has widened the gap between the growth lines. In 1850 the county population of 4,529 was almost entirely within the corporate limits of Galveston City. Even today, nearly 60 percent of the county's 125,000 people live within the city of Galveston, while Texas City has just under 20 percent.

### POPULATION TRENDS



During the decade of the 1940's, the population of Galveston County rose 39.3 percent, compared with 20.2 percent for the State. The population of the city of Galveston increased substantially from 1940 to 1949, but the closing of Fort Crockett and the consequent loss of civilian population reduced the net gain for the decade to 9.4 percent. In Texas City the population almost tripled because of the rapid industrialization in the area.

At the beginning of 1954, Galveston County had an estimated 125,000 inhabitants, with the 72,500 in Galveston City and the 23,000 in Texas City constituting a very large percentage of the total. The county gain of 12,000 inhabitants between 1950 and 1954 was about equally divided between the two major cities.

### Structure of the Economy of Galveston County

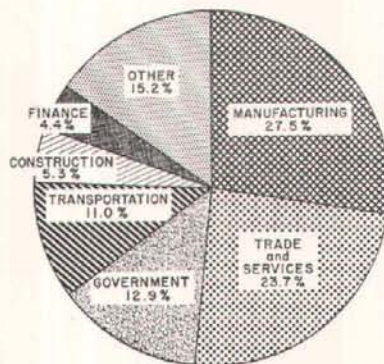
An analysis of the various facets of economic life in an area probably can best be approached by considering them in the light of their respective contributions to personal income and to the creation of employment opportunities. In this way, the different types of business enterprise can be viewed in proper balance.

## Personal Income

The income of the people of Galveston County in 1953 is estimated tentatively at \$205,000,000, up about 27 percent since 1950, with most of the increase occurring in wages and salaries of workers in manufacturing, transportation, trade and services, and finance.

### PERSONAL INCOME, BY MAJOR SOURCE

GALVESTON COUNTY, 1953

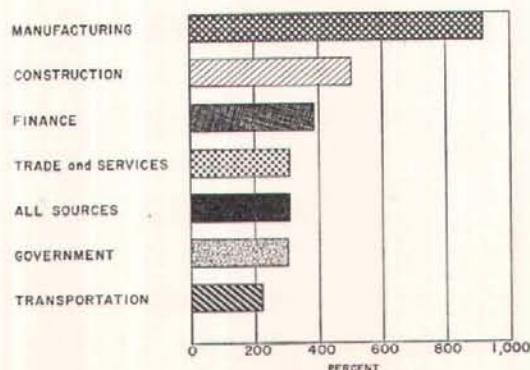


Nearly three-fourths of total personal income was derived from four major activities — manufacturing, trade and services, government, and transportation. The remaining 25 percent was generated by construction, finance, and miscellaneous activities — including mining, agriculture, power and gas, and communications.

Between 1939 and 1953, personal income in the county rose an estimated 312 percent. The larger percentage gains in personal income were registered by manufacturing and construction, which increased ninefold and fivefold, respectively. Increases of more than 300 percent were recorded by

### PERCENT INCREASE IN PERSONAL INCOME, BY MAJOR SOURCE

GALVESTON COUNTY  
1939-1953





finance, trade and services, and government. Transportation, already a major source of income in 1939, gained 222 percent.

### Employment

Estimates by the Texas Employment Commission indicate that civilian employment in the county in the first quarter of 1954 averaged about 45,735, compared with 48,750 a year earlier. Unemployment, on the other hand, averaged about 2,800, up from 1,785 a year ago. The decline in employment and rise in unemployment in Galveston County during the past year resulted principally from the closing of an ordnance plant and the completion of several large construction projects.

There have been many significant changes in the distribution of employment in Galveston County since 1939. Employment in manufacturing in 1953 averaged about 146 percent above the 1939 level, while employment in construction was up 130 percent. The increase for medical and professional services was 69 percent; retail and wholesale trade, 55 percent; finance, insurance, and real estate, 41 percent; business and personal services, 26 percent; and transportation, 7 percent. On the other hand, employment in private households and in government was down 25 percent and 16 percent, respectively. Total employment was up 46 percent.

Employment distribution in Galveston County is somewhat at variance with the distribution of personal income, primarily because of differences in definitions of the categories; unequal wage rates; differences as to the degree of local ownership and, thus, the contributions to proprietary income; and income payments which have no counterpart in employment. Illustrative of the first of these is the trade and services category, where school teachers are included in the employment group but excluded in income analysis. A comparison between manufacturing and trade and services exemplifies the second difficulty, in that the high wage rates and proportionately lower employment ratio in manufacturing are con-

trasted with the high level of employment and relatively lower wages paid in trade and services. Moreover, a large part of proprietary income from manufacturing goes outside the county, while most of that from trade and services remains in the county. Finally, some income payments in the government category, such as veterans' benefits and government pensions, are not related to employment, thus causing a larger percentage of income than employment in this category.

### Manufacturing

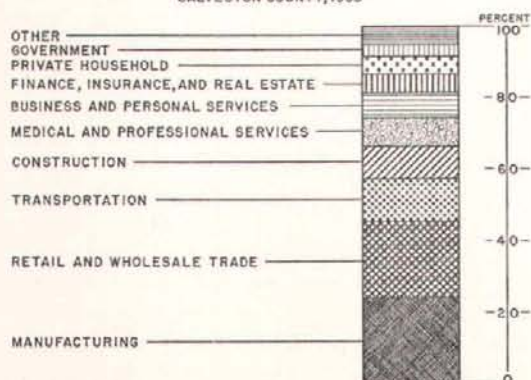
In Galveston County, manufacturing accounts for more employment and a larger proportion of personal income than any other major type of economic activity. Personal income from this source in 1953 amounted to about \$57,000,000, or 27.5 percent of the county's total. Most of this manufacturing income represents wages and salaries, since proprietary income from manufacturing constitutes a relatively small portion. The dominance of manufacturing as a source of income in the county stems primarily from the operations of the oil refineries and chemical plants in Texas City and environs, but several large plants and numerous small plants in Galveston City contribute importantly to the aggregate.

During 1953, employment in manufacturing averaged about 11,600, or 24 percent of total employment in Galveston County. This total is slightly under the record employment in 1952, but it is 36 percent higher than in 1950 and 146 percent above the estimate for 1939. The slight decline in employment in the first quarter of 1954 reflected principally the closing of an ordnance plant on Galveston Island.

The distribution of manufacturing workers among the various types of industry in 1953 shows the chemical and petroleum refining industries employed 31.7 percent and 27.3 percent, respectively. Employment in the manufacture of transportation equipment (aircraft parts and shipbuilding and boatbuilding and repair) accounted for 12.1 percent. Manufacture or processing of food and kindred products (tea, beer, bakery products, dairy products, meats, fish, etc.) uti-

### DISTRIBUTION OF EMPLOYMENT

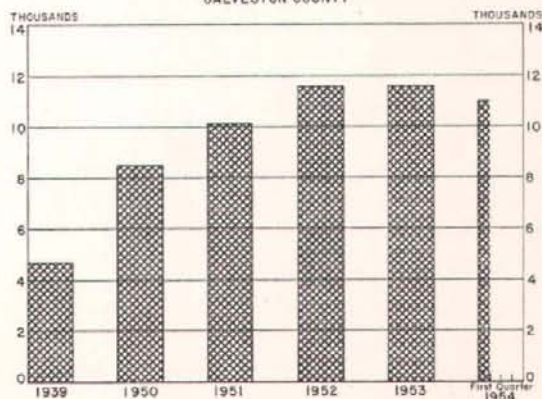
GALVESTON COUNTY, 1953



SOURCE: Texas Employment Commission.

### MANUFACTURING EMPLOYMENT

GALVESTON COUNTY

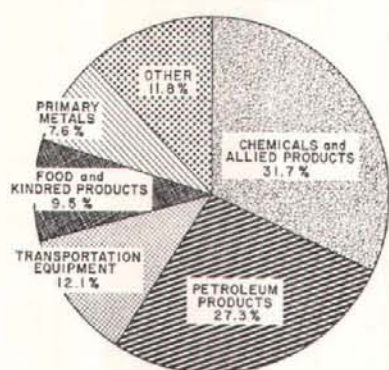


SOURCES: U.S. Bureau of the Census, Texas Employment Commission.



## MANUFACTURING EMPLOYMENT, BY INDUSTRY

GALVESTON COUNTY, 1953



SOURCE: Texas Employment Commission

lized 9.5 percent of those employed in manufacturing. Tin smelting, which belongs to the employment category designated as "primary metals," provided employment for 7.6 percent of the total. The other manufacturing categories—such as lumber and wood products, furniture and fixtures, fabricated metals products, printing and publishing, and machinery—accounted for a combined total of 11.8 percent of the manufacturing workers in the county in 1953.

The four refineries produce a wide assortment of oils and fuels, as well as some chemicals used in the manufacture of other products. The three chemical plants produce many different products which can be classified under the general heading of "synthetic organic chemicals." These seven plants currently employ about 7,200 workers and have a combined annual payroll of about \$36,700,000.

The tin smelter in Texas City—the only one in the Western Hemisphere—was established by the Federal Government during World War II and is supplied with tin ore imported from South America through Galveston Harbor. Employment at the plant in the past several years has varied between 700 and 1,000 workers.

Manufacturing in the city of Galveston, which provides employment for some 3,100 people, is distributed widely among a large number of plants. While several of the plants employ more than 100 persons each, most of them are relatively small in comparison with the heavy industrial plants on the mainland. Some of the more important manufacturing activities are the construction and repair of boats and ships; metals fabricating; wood creosoting; boilermaking; printing and publishing; the processing and packaging of tea; the brewing of beer; meat packing; and the manufacture of jute products, metal products (including nails), batteries, food products, cotton bale buckles, and sea shell novelties.

**Trade and Services**

This segment of economic activity in Galveston County ranks second among the sources of personal income, but in

volume of employment generated, it leads by a wide margin. Its importance grows out of its contribution to employment and income, the extensive distribution of types of activity, its inherent stability, and its possibilities for future expansion. This activity is centered in the city of Galveston and, combined with the other significant activities to be discussed later, gives it economic prominence and leadership in the area.

Income from trade and services in Galveston County in 1953 exceeded \$49,000,000, or 23.7 percent of the total, and reflected an increase of 312 percent over that in 1939. In fact, there has been a steady growth of personal income in this category for many years. The main types of activity included in this category are retail and wholesale trade establishments; medical, hospital, and other professional services; business and personal services; hotels and tourist courts; amusement places; and miscellaneous services.

In 1953, trade and services employed 19,900 workers, or 41.1 percent of the total employed in the county. Of this trade and service employment, wholesale and retail trade establishments accounted for 10,100 workers, and the service establishments employed 9,800 workers. The medical and professional services were most important in the service group, followed by business and personal services and private household employment.

The city of Galveston serves as a retailing center for Galveston Island, for much of the county on the mainland, and for Bolivar Peninsula. Texas City has a growing commercial area to serve its rapidly expanding population, but local residents apparently do some shopping in Galveston.

Retail sales in Galveston County in 1948 totaled \$116,620,000. Galveston and Texas City accounted for \$82,697,000 and \$19,314,000, respectively, or combined sales representing 87 percent of the county total. On the basis of these and other data, it is estimated that retail sales in the county in 1953 reached approximately \$150,000,000. The estimates for Galveston and Texas City of about \$100,000,000 and \$30,000,000, respectively, indicate that the percentage of the county total remained about unchanged as compared with 1948.

Galveston has a wholesale business that reaches out over much of the Southwest. Aside from supplying purely local needs, the wholesalers on the island distribute beer, chemicals, glass, food products, hardware supplies, ship supplies, and miscellaneous products. Galveston wholesalers employ about 1,300 people and currently have combined sales in excess of \$50,000,000 annually.

A major factor in the retail trade picture of Galveston is the tourist trade. The seasonal peak occurs in the summer months and usually is at a high level from the first of May until after Labor Day, and throughout this period many special events are featured as an attraction to and for the entertainment of visitors. There are also many visitors during other seasons of the year, partly because tourist attractions make the city popular as a site for conventions; hence, most businesses catering especially to tourists find it profitable to remain open throughout the year.



The 10 hotels recommended by the Galveston Chamber of Commerce have a capacity of over 1,000 rooms, with additional rooms under construction. The 18 approved tourist courts offer about 800 units, and some of the courts are being enlarged. In addition, Texas City has six tourist courts and several small hotels.

Perhaps the greatest attraction in Galveston is the beach, although the hotels, night clubs, restaurants, casinos, and fishing in gulf waters are important factors in the growth of the tourist business. Pleasure Pier, constructed on the gulf shore, extends over 1,100 feet from the sea wall out into the Gulf of Mexico. It contains, among other things, a large exhibit hall, an air-conditioned auditorium, and an outdoor stadium for aquatic sports.

Within the services category, a very valuable asset to Galveston is the University of Texas Medical College, which ranks the city as one of the leading medical centers in the Southwest. The college has an enrollment of about 1,000 students. In conjunction with the school is the new, modern John Sealy Hospital, which was completed recently at a cost of over \$11,000,000 and presented to the Board of Regents of the University of Texas as a gift from the Sealy and Smith Foundation for the John Sealy Hospital. Other additions to the medical college facilities have been completed or are under construction. The university medical college employs about 2,000 persons and has an annual payroll of approximately \$5,100,000.

Of the hospitals in Galveston, the John Sealy Hospital ranks first, with a 1,500-bed capacity, while St. Mary's Infirmary, with a 250-bed capacity, ranks second. Each of these hospitals has a nursing school. A United States Public Health Service Hospital and the Fort Crockett Station Hospital (inactive) also are located in Galveston. Texas City has two small hospitals, while the Galveston County Hospital is just north of Lamarque.

#### Government

Government ranks third among the sources of personal income in Galveston County, having accounted for an estimated 12.9 percent of the county income in 1953. This county is relatively less dependent upon government for its income than is the State as a whole, partly because of the inactive status of Fort Crockett and partly because fewer Federal activities are located there. Federal and state activities include customs, United States Army Corps of Engineers, post office, old-age insurance, public assistance, and veterans' payments.

Besides the operations of the Federal, state, and county governments, there are municipal governments at Galveston, Texas City, and Lamarque (recently organized). Included in the government category are the schools; there are two high schools, two junior high schools, and nine elementary schools in Galveston City. Texas City has 10 public schools, comprised of two high schools, three junior high schools, and five elementary schools. There are a number of additional public schools throughout the county.

#### Transportation

Transportation ranks relatively high in its contribution to both employment and personal income. This stems partly from the fact that Galveston is the terminal point for railroad, truck, and bus lines, but of more importance is the port facility, which includes a wide range of activities inseparably bound with its operation. Galveston has steamship service connecting with important trade routes of the world, and both American and foreign ships maintain regular sailings. Barge service by way of the Intracoastal Canal is provided between Galveston and Texas City and other Gulf Coast ports.

The scale of operations of the Galveston and Texas City ports is reflected in the relatively large percentage of the personal income in the county obtained from transportation, which was indicated previously to be 11.0 percent. The contribution to employment was even more important, being 12.2 percent of the total.

Galveston is a "dry-cargo" port engaged principally in foreign commerce, while Texas City is a "wet-cargo" port engaged primarily in coastwise shipping.

One of the civic achievements in Galveston in recent years, to which local citizens point with pride, was the municipal purchase of the port facilities, formerly owned by the Galveston Wharf Company. Administration of these facilities is under the control of the Board of Trustees of Galveston Wharves, and operations are under the supervision of the general manager selected by the Board of Trustees.

The importance of the shipping trade to Galveston is only partially reflected in the volume of commerce handled through the port, because large numbers of people are employed in the warehousing of cotton and other commodities destined for export, in the operation of the grain storage facilities, in the financing of commodities stored or in transit, in the operation of the railroad switching facilities, and in the repair and construction of the extensive wharves. It is because of the heavy

WATER-BORNE COMMERCE

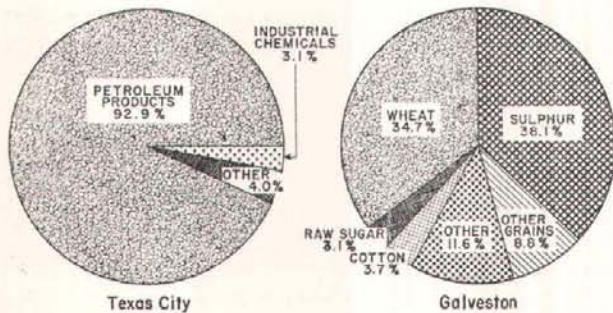


SOURCE: Corps of Engineers, U. S. Army.



### PERCENTAGE DISTRIBUTION OF FREIGHT TRAFFIC, 1952

(WEIGHT BASIS)



SOURCE: Corps of Engineers, U.S. Army.

investment in facilities and the high level of employment in shipping and related fields that this industry is often called Galveston's largest business.

The principal outgoing commerce handled at the Galveston port includes such commodities as sulphur, cotton, wheat, and metals. The incoming freight includes tin ore (destined for the smelter at Texas City), burlap and jute bagging, steel mill products, raw sugar, tea, and bananas.

Exports to foreign countries comprise more than two-thirds of all tonnage handled at Galveston. In 1951, foreign shipments totaled 5,233,000 tons, a record annual total. Imports of 328,000 tons were at a postwar high. Comparable totals for 1952 reflect slight declines from 1951. Domestic trade through the port of Galveston, accounting for less than one-third of the port's trade activity, was at a postwar peak in 1950, with domestic shipments and receipts totaling 1,494,000 tons.

Some of the leading commodities exported through the Galveston port in 1952 were wheat, 2,570,000 tons; sulphur, 896,000 tons; cotton, 281,000 tons; industrial chemicals, 39,000 tons; zinc, 31,000 tons; and copper, 27,000 tons. The leading commodity imported was raw sugar, totaling 193,300 tons. Tin ore imported amounted to 61,000 tons.

Texas City holds the distinction of having the only searail facilities on the Texas coast. Railroad boxcars loaded with goods for shipment are placed aboard steamers for transport to any of the several ports in the United States with similar facilities.

Most of the shipping at Texas City is comprised of chemicals and petroleum products, reflecting the presence of large refineries and chemical plants. In 1952, for example, industrial chemicals and petroleum products represented 96 percent of all shipping at this port. Other products handled included sea shells, rice, synthetic rubber, sulphur, and wool. Because most of the shipping at Texas City consists of liquids, the

loading or unloading of vessels can be performed largely by pumping facilities and requires relatively little labor.

### Construction

Income from construction activities accounted for about 5.3 percent of total income in 1953. Since 1939, income from this source has increased 503 percent and, in terms of percentage gains, construction is second only to the manufacturing category. As an employer, construction provides jobs for 9.6 percent of the total employed in the county. Since 1939, employment in this category has increased by 130 percent and, again in terms of percentage gains, is second only to manufacturing.

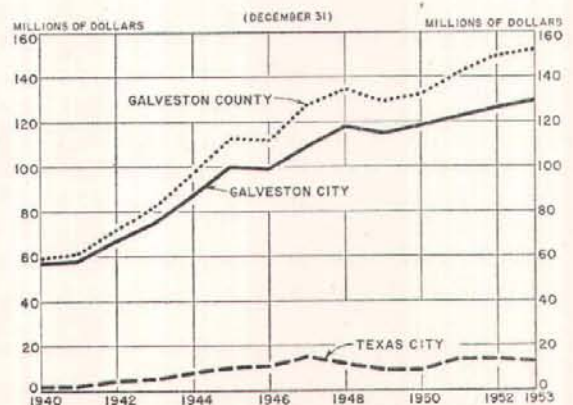
Construction activity in Galveston County, as in most areas, fluctuates according to the development of large industrial plants and to the changing need for residential, commercial, and public construction. For example, the recent expansion of the medical college and hospital in Galveston has provided employment and income to a large group of workers. However, most of the large construction projects in recent years have been concerned with the development of new and expanded chemical and oil refining plants near Texas City.

### Finance

Personal income from the category designated as "finance" includes gross salaries and wages and net proprietary income of such groups as banks, insurance companies, and savings and loan associations. It is estimated that, in 1953, about 4.4 percent of the personal income in Galveston County was from finance. This is a relatively large percentage for this category in comparison with most cities of Texas.

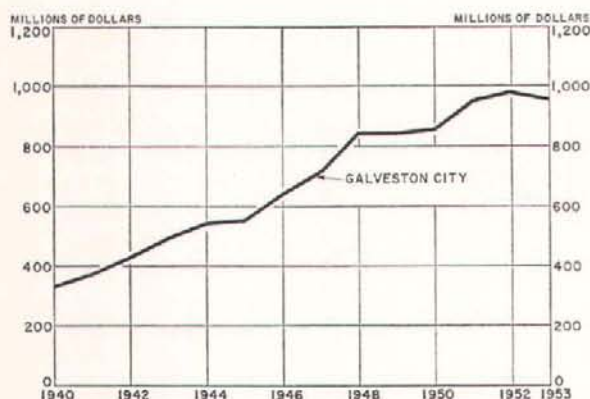
Galveston has three insurance companies with home offices in the city, one of which is the largest insurance company in Texas. For this reason, employment in the insurance field ranks high in Galveston.

### BANK DEPOSITS





## BANK DEBITS\*



Galveston County has nine banks, of which five are in the city of Galveston. Texas City has two banks, while Lamarque and Dickinson have one each. Banking in this area is served by the Houston Branch of the Federal Reserve Bank of Dallas.

The trends in deposits at the banks in Galveston County, as well as those in Galveston and Texas City, are shown in an accompanying chart. It will be noted that deposits at Galveston banks accounted for a very large percentage of the total throughout the period. Deposits in all banks in the county, with minor exceptions in 1946 and 1949, rose steadily from 1940 through 1953. On December 31, 1953, deposits in Galveston County banks totaled almost \$151,923,000, up 158 percent since 1940. This percentage gain, while not as large as the comparable increase for all banks in the State, represents substantial growth. The fact that some of the larger industries in the county are subsidiaries of large firms with home offices elsewhere and bank affiliations are maintained outside the county accounts for the slower rate of growth.

Loans at banks in Galveston County, in line with those of banks generally, were reduced during World War II but subsequently rose to record levels in 1953. Galveston County banks held loans of \$35,056,000 on December 31, 1953, up 138 percent for the 10-year period. However, the ratio of loans to deposits was still low in relation to the comparable ratio for Texas banks generally.

Debits to individual accounts—commonly used as a measure of trends in business activity—totaled \$335,000,000 in Galveston banks in 1940 and moved up gradually to a record of \$979,000,000 in 1952, or nearly three times the 1940 total. The slight decrease in debits in 1953 reflected partly the moderate decline in business activity.

## Agriculture

Farming is important to a considerable part of the county and especially to the smaller towns and villages on the main-

land, although it accounts for a negligible proportion of the personal income of Galveston County (less than three-quarters of 1 percent).

The principal source of agricultural income in Galveston County is the production of rice, while raising of beef cattle holds second position. Also worthy of mention are dairying and the production of poultry, eggs, and vegetables.

Rice production in 1953 is estimated at about 340,000 barrels, the largest crop ever produced in the county. In fact, production has climbed sharply in the past 6 years and has exceeded 250,000 barrels in each of the past 4 years. Last year's crop brought farmers a gross income of around \$2,500,000. Beef cattle raising is carried on partly to utilize cropland seeded to grass in years when crop rotation systems do not permit the planting of rice. The 56 Grade A dairies in the county help supply local demands for milk. There is some production of commercial broilers, and a commercial egg-producing industry is being developed. Vegetable growers market a wide variety of products for local consumption.

Gross farm income in Galveston County reached a record of \$5,500,000 in 1951, reflecting the large production of rice and high prices received for beef cattle and other farm commodities. Income in the past 2 years has been lower, principally because of price declines, the total in 1953 being about \$4,500,000.

## Other

Among the other types of enterprises in Galveston County are oil production, electricity and natural gas distribution, communications, and fishing. In addition to telephone and telegraph services in the communications field, Galveston has one television station and two radio stations, while Texas City has one radio station.

The fishing industry is important to Galveston, even though the number of workers directly employed is not very large. Employment in this industry in the first quarter of 1954 averaged about 200 persons, but in the peak shrimping seasons (April-May and September-October), employment may be several times this figure.

The future growth and prosperity of Galveston County is intimately connected with those activities which have supplied the major stimulus to economic development in the past. In the city of Galveston, the shipping and related facilities, tourist trade, medical center, manufacturing, wholesale and retail trade, and other service and financial activities should continue to return large dividends in terms of income and employment. In Texas City the manufacturing facilities are expected to provide the catalyst needed for a growing community. In the aggregate, the possibilities inherent in the complementary activities of the two major cities in Galveston County augur well for the future economic prosperity of its citizens and promise even larger contributions from this area to the growth and development of the State.



## REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Retail sales at department stores in the District in May equaled those of April but were 7 percent below May 1953. Sales in the first 2 weeks of June showed a year-to-year decline of 6 percent. Cumulative sales for the year through the end of May trailed those of a year ago by 5 percent.

Charge account receivables outstanding at District department stores on May 31 were the same as a year earlier; installment accounts outstanding were up 2 percent. Inventories were 8 percent less than a year ago.

Prospects for agricultural production in the District continue generally good; open weather has permitted the completion of needed field work, while a favorable moisture situation prevails in most sections. Winter wheat production in District states is well above that of 1953. Larger crops of corn, sorghum grain, citrus fruits, and commercial vegetables this year are indicated. Farm commodity prices are holding relatively stable.

Crude oil production in the District rose moderately in early June, although it was still below a year ago. A decline in July is expected, following reductions in oil allowables in Texas and Louisiana. Refinery activity in the District in May declined to a level below a year earlier.

Total nonagricultural employment in the five states of the District rose from February through June but was still 1 percent below June 1953. Manufacturing employment was 5 percent below a year earlier.

The value of construction contracts awarded in the District in May was 7 percent below the April total but 26 percent above the value of awards in May 1953. Awards for the first 5 months of 1954 reflected a gain of 8 percent over a year ago.

Commercial, industrial, and agricultural loans of the weekly reporting member banks in the District rose 1 percent during the 4 weeks ended June 16, while most other major loan categories declined. Investments increased very slightly; deposits rose 2 percent. Bank debits in 24 cities in the District in May exceeded those of a year earlier by 3 percent.



The total dollar volume of retail sales at department stores in the Eleventh Federal Reserve District during May was unchanged from April, despite the lift given the earlier month by the late date of Easter. Compared with the year-earlier figure, however, May sales were down 7 percent. Sales during the 2-week period ended June 12 were 6 percent below the comparable weeks in 1953.

The May index of District department store sales, adjusted for seasonal variation, was 123 percent of the 1947-49 average, compared with 120 for April and 131 for May 1953. The April-to-May rise in the adjusted index of sales indicates an increase during the month of slightly more than 2 percent in day-to-day consumer buying not directly related to seasonal factors.

Cumulative sales in the District through the first 5 months of this year were 5 percent below those in the comparable period last year, which is the same percentage loss reported for the 4-month period ended with April and compares with a 5-month cumulative decline of 3 percent for department stores in the Nation. In making these comparisons, it should be remembered that the adjusted indexes of department store sales in this District for May and June of last year — 131 and 134, respectively — are the highest for any 2 months of record.

The declines in May sales from a year earlier were general. The largest percentage loss in District sales among major departments was registered by household durables, which declined 12 percent. Within this category, sales of major appliances and television sets were off 28 percent and 40 percent, respectively. Other departments showing year-to-year losses were piece goods and household textiles, off 7 percent;

## RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS <sup>1</sup>	
	May 1954 from		5 mo. 1954 comp. with 5 mo. 1953	May 1954 from	
	May 1953	April 1954		May 1953	April 1954
DEPARTMENT STORES					
Total Eleventh District.....	-7	- <sup>#</sup>	-5	-8	-4
Corpus Christi.....	-5	3	-10	-7	-1
Dallas.....	-9	-3	-4	-5	-4
El Paso.....	-8	-7	-8	-7	-3
Fort Worth.....	-7	-5	-6	-5	-5
Houston.....	-5	4	-5	-9	-2
San Antonio.....	-12	- <sup>#</sup>	-10	-14	-8
Shreveport, La.....	-7	-1	-4	-11	2
Waco.....	25	3	- <sup>#</sup>	-15	-5
Other cities.....	-4	4	-2	-9	-2
FURNITURE STORES					
Total Eleventh District.....	-10	10	—	-14	-2
Austin.....	-5	31	—	-17	-3
Dallas.....	8	12	—	-15	-1
Houston.....	-5	1	—	—	—
Port Arthur.....	-1	22	—	—	—
San Antonio.....	-24	7	—	—	—
Shreveport, La.....	-25	2	—	-19	-3
Other cities.....	-7	8	—	-8	-2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-34	4	—	—	—
Dallas.....	-44	-4	—	—	—

<sup>1</sup> 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 <sup>p</sup>			STOCKS <sup>p</sup>	
	May 1954 from		5 mo. 1954 comp. with 5 mo. 1953	May 1954 from	
	May 1953	April 1954		May 1953	April 1954
Automotive supplies.....	2	-6	—	-5	-7
Dry goods.....	-13	-13	-12	-3	-2
Grocery (full-line wholesalers not sponsoring groups).....	2	-9	1	-1	-6
Hardware.....	-14	-10	-4	2	2
Industrial supplies.....	22	22	3	4	1
Metals.....	28	41	-7	-11	-1
Tobacco products.....	-7	-3	-7	-1	-2
Wines and liquors.....	-20	-23	-10	28	15

<sup>1</sup> Stocks at end of month.

<sup>p</sup>—Preliminary.

<sup>#</sup> Indicates change of less than one-half of 1 percent.

SOURCE: United States Bureau of the Census.

women's and misses' wear, including accessories, down approximately 5 percent; and men's and boys' wear, off 7 percent.

Despite the general nature of the declines, there were areas of definite strength in which sales of some items held even with last year, while others showed moderate to substantial increases. Among these gains were a 1-percent rise for furniture; a 35-percent gain for radios and phonographs; and a 19-percent increase for musical instruments, records, etc. Sales of silverware and jewelry showed a gain over last year amounting to 6 percent.

The proportions of total sales represented by cash and credit purchases during May were unchanged from April. Compared with a year earlier, however, charge account sales — representing 55 percent of the total — were up 2 percentage points, while instalment sales — accounting for 11 percent — were off 2 percentage points. About 34 percent of all sales was for cash, the same proportion as a month earlier and a year ago.

Charge account receivables outstanding at District department stores declined 1 percent during May and at the end of the month were in the same dollar volume as on the comparable date in 1953. Instalment accounts outstanding decreased 1 percent during May to a level 2 percent above a year earlier. From January 1 through May 31, 1954, charge accounts receivable declined 36 percent, compared with a decrease of 34 percent in the same period in 1953. Instalment accounts outstanding declined 10 percent in the first 5 months of this year, although they rose 2 percent during the comparable period

last year. At the end of May, charge accounts and instalment accounts represented 53 percent and 47 percent, respectively, of total receivables.

Collection ratios for both charge accounts and instalment accounts in May remained virtually unchanged from a month earlier and a year ago. For charge accounts, the average collection time was approximately 64 days; for instalment accounts, 16 months.

Department store inventories at the close of May were down 4 percent from April and 8 percent from May 1953. However, after adjustments for the seasonal decline that usually occurs during May, the adjusted stocks index rose 1 point to 128 percent of the 1947-49 average, compared with 139 percent for May 1953. Merchandise on order was up 18 percent from the end of April but was 24 percent below the volume of orders outstanding at the same time last year.

Sales at reporting furniture stores in the District during May rose 10 percent above April but were 10 percent below the sales volume of May 1953. Accounts receivable reflected no change from April but were 3 percent under a year ago. Furniture store inventories declined 2 percent from April to a total 14 percent lower than May 1953.



Prospects for agricultural production in the District continue generally good. Warm, open weather during much of June permitted cultivation of cotton fields in central and northern areas and was favorable for rapid development of cotton, maturing of small grains, and harvesting of hay. Scattered thundershowers, particularly over the western and northern parts of Texas, brought additional moisture.

Harvest of the District's 1954 winter wheat crop is making rapid progress, with yields exceeding preharvest expectations by a wide margin. This results from rapid growth and favorable maturity of grain caused by timely spring rains. The United States Department of Agriculture boosted its June 1 estimate of the Texas winter wheat crop nearly 8,000,000 bushels above the May 1 forecast. Estimates for 1954 for major wheat-producing states in the District, together with the year-earlier figures and the 10-year averages, are shown in an accompanying table. The Nation's wheat crop, including 260,000,000 bushels of spring wheat, is estimated at 1,000,000,000 bushels — 14 percent lower than the 1953 crop and 11 percent below the 1943-52 average.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED <sup>1</sup>			
	May 1954	April 1954	Mar. 1954	May 1953	May 1954	April 1954	Mar. 1954	May 1953
<b>SALES—Daily average</b>								
Eleventh District.....	119	119	102	127	123	120	115	131
Dallas.....	113	116	98	124	115	122	106	127
Houston.....	138	133	120	144	139	134	137	146
<b>STOCKS—End of month</b>								
Eleventh District.....	129 <sup>p</sup>	135	136	141	128 <sup>p</sup>	127	127	139

<sup>1</sup> Adjusted for seasonal variation.

<sup>p</sup>—Preliminary.

WINTER WHEAT PRODUCTION

(In thousands of bushels)

State	1954 Indicated June 1	1953	Average 1943-52
Arizona.....	546	598	591
New Mexico.....	410	515	3,063
Oklahoma.....	66,052	70,776	75,634
Texas.....	31,224	23,035	57,221
Total.....	98,232	94,924	136,509

SOURCE: United States Department of Agriculture.



The District's cotton crop is making fair to excellent growth. Considerable replanting was necessary in west Texas because of heavy local rains and hail. Insect damage thus far has been relatively light, although extensive control measures have been taken to prevent a build-up of insect populations. The crop is reported in excellent condition in the southern part of Texas, including the Lower Rio Grande Valley. Elsewhere, plants are somewhat uneven, although making generally satisfactory growth. Additional moisture would be beneficial in many central and southern Texas counties and in the dry-land areas of west Texas.

Other District crops—including corn, peanuts, rice, and commercial vegetables—generally are growing satisfactorily. Planting of a large acreage of grain sorghums was under way in northwestern counties during the past month. In south Texas, good yields of early sorghums are being harvested. Commercial vegetables—including watermelons, cantaloupes, and tomatoes—are moving in volume from east and southcentral Texas counties. Over-all production of spring and early summer commercial vegetables in the State is expected to be 22 percent larger than a year ago.

Prospects for the 1954-55 Texas grapefruit and orange crops are the best since the 1951 freeze. Weather conditions were favorable during the blooming period this spring, and shedding during May was unusually light. Most groves have a good set of fruit that is making rapid growth.

Cattle, sheep, and goats are making good gains in all areas except southern New Mexico. There has been a limited amount of restocking in areas of west Texas where recent general rains were the first received in 3 or 4 years. The drought-damaged pastures, although making substantial recovery since the spring rains, will not support heavy grazing without damage to next year's production of grass. In view of this fact, most ranchers appear to be following a conservative policy in restocking ranges and pastures affected severely by the drought. Some supplemental feeding has begun in south Texas, as high temperatures and lack of moisture have reduced green and cured range feed.

Slaughter of cattle and calves in the first 4 months of 1954 was substantially higher than during the corresponding period in 1953. The increase in number of cattle slaughtered was 18 percent in Texas, 53 percent in Louisiana, 10 percent in Oklahoma, and 13 percent in the Nation. Calf slaughter was up 18 percent in Texas, 11 percent in Louisiana, 53 percent in Oklahoma, and 20 percent in the Nation. These increases were offset mostly by a reduction in the number of hogs, sheep, and lambs slaughtered. Total meat production (excluding poultry)

# FARM COMMODITY PRICES

## Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Comparable week		
		Week ended June 18, 1954	last month	last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$ .3380	\$ .3415	\$ .3290
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.40	2.65	2.41½
OATS, No. 2 white, Fort Worth.....	bu.	1.01¼	1.03	.97¾
CORN, No. 2 yellow, Fort Worth.....	bu.	1.92¾	1.89	1.87
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.48	3.28	2.98
HOGS, Choice, Fort Worth.....	cwt.	24.75	28.00	24.75
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	23.00	25.00	23.50
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	20.50	23.00	20.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	21.00	21.50	18.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	22.00	28.50	26.50
HENS, 4 pounds and over, Fort Worth.....	lb.	.19	.20	.23
FRYERS, Commercial, Fort Worth.....	lb.	.25	.25	.28
BROILERS, South Texas.....	lb.	.25	.25	.28
EGGS, Graded and candled, Fort Worth...	case	8.50	8.75	15.00
WOOL, 12-months, west Texas.....	lb.	1.81	1.76	1.80
MOHAIR, kid, west Texas.....	lb.	1.80	1.11½	—

<sup>1</sup> Clean basis.

try) in commercial slaughter plants in the United States for this period is estimated to be about the same as during the first 4 months in 1953. The fact that a larger proportion of total cattle slaughter during the first 4 months of 1954 consisted of cows and heifers, as compared with the same months last year, may indicate that farmers and ranchers are planning to reduce the number of cattle in their herds during 1955.

Changes in prices of agricultural commodities during the past month were largely seasonal in nature. Grain prices generally declined as harvesting operations increased. The farm prices of wheat and other small grains were below current loan rates; therefore, a substantial proportion of the grain harvested was placed under the Commodity Credit Corporation's loan program.

Provisions have been made to make temporary CCC loans to farmers in the northwestern parts of the District on wheat dumped on the ground when storage facilities are not available. These loans are for a 90-day period and are at a rate of 80 percent of the prevailing loan rate.

Cotton prices advanced slightly during May and June. Interest in the cotton market is now centered on the new crop, and the market is extremely sensitive to changes in crop conditions throughout the Cotton Belt. Through June 11, loan re-

# CASH RECEIPTS FROM FARM MARKETINGS

## (In thousands of dollars)

State	January		February		March	
	1954r	1953	1954r	1953	1954r	1953
Arizona.....	\$ 52,821	\$ 73,033	\$ 20,558	\$ 36,007	\$ 19,673	\$ 26,313
Louisiana.....	42,070	33,182	14,908	12,705	14,283	14,671
New Mexico.....	15,865	18,058	9,788	10,435	8,888	14,122
Oklahoma.....	35,736	37,851	24,947	26,805	23,967	30,739
Texas.....	156,572	168,709	91,716	101,806	82,405	95,986
Total.....	\$303,064	\$330,833	\$161,917	\$187,758	\$149,216	\$181,831
	April		Cumulative receipts		January—April	
	1954	1953	1954	1953	1954	1953
Arizona.....	\$ 17,352	\$ 22,716	\$ 110,404	\$ 158,069		
Louisiana.....	17,646	19,194	88,907	79,732		
New Mexico.....	8,186	16,254	42,727	58,869		
Oklahoma.....	21,074	24,332	105,724	119,727		
Texas.....	110,002	126,416	440,695	492,917		
Total.....	\$174,260	\$208,912	\$788,457	\$909,334		

r—Revised.

SOURCE: United States Department of Agriculture.

# LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	May 1954	May 1953	April 1954	May 1954	May 1953	April 1954
Cattle.....	79,298	75,998	55,007	37,220	32,965	28,924
Calves.....	16,465	16,334	13,793	17,208	13,777	12,348
Hogs.....	40,252	41,062	52,083	2,256	—	—
Sheep.....	171,306	189,613	163,347	135,172	128,149	140,039

<sup>1</sup> Includes goats.



payments had been made on 1,464,800 bales of 1953-crop cotton held by the Commodity Credit Corporation.

Cattle prices declined slightly during the first 3 weeks of June, with the major drop occurring in prices for beef cows and with minor declines recorded for stocker and feeder cattle. Prices for fed cattle and fat calves remained generally steady, although about \$1 per hundredweight lower than a month ago.



On June 21 the Board of Governors of the Federal Reserve System announced a reduction in reserve requirements of member banks which will release approximately \$1,555,-

000,000 of funds carried as required reserves. Percentage requirements on net demand deposits were reduced from 13 to 12 percent for country member banks, effective August 1; from 19 to 18 percent for reserve city member banks, effective July 29; and from 22 to 20 percent (in two steps of 1 percentage point each) for central reserve city member banks, effective June 24 and July 29. Reserve requirements on time deposits were reduced from 6 to 5 percent, effective June 16 for country member banks and June 24 for all other member banks.

#### CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District  
(In thousands of dollars)

Item	June 16, 1954	June 17, 1953	May 19, 1954
<b>ASSETS</b>			
Commercial, industrial, and agricultural loans....	\$1,304,861	\$1,155,224	\$1,292,648
Loans to brokers and dealers in securities.....	10,628	12,410	13,737
Other loans for purchasing or carrying securities.....	84,568	75,458	86,256
Real estate loans.....	137,967	135,086	137,076
Loans to banks.....	4,604	3,894	9,903
All other loans.....	397,538	405,177	400,766
Gross loans.....	1,940,166	1,787,249	1,940,386
Less reserves and unallocated charge-offs..	17,043	18,962	17,396
Net loans.....	1,923,123	1,768,287	1,922,990
U. S. Treasury bills.....	138,573	108,490	138,414
U. S. Treasury certificates of indebtedness.....	123,119	115,484	138,147
U. S. Treasury notes.....	208,905	181,758	195,989
U. S. Government bonds (inc. grd. obligations)....	779,568	701,838	775,972
Other securities.....	223,928	193,930	219,852
Total investments.....	1,474,093	1,301,500	1,468,374
Cash items in process of collection.....	308,268	298,913	283,892
Balances with banks in the United States.....	528,892	488,067	436,050
Balances with banks in foreign countries.....	1,207	1,067	985
Currency and coin.....	44,817	46,287	44,847
Reserves with Federal Reserve Bank.....	558,157	560,235	608,357
Other assets.....	93,935	83,671	91,897
<b>TOTAL ASSETS.....</b>	<b>4,932,492</b>	<b>4,548,027</b>	<b>4,857,392</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits			
Individuals, partnerships, and corporations....	2,683,581	2,521,375	2,577,923
United States Government.....	78,072	61,506	122,514
States and political subdivisions.....	165,291	199,318	178,236
Banks in the United States.....	858,358	751,221	823,943
Banks in foreign countries.....	9,140	8,454	10,833
Certified and officers' checks, etc.....	53,318	55,182	45,051
Total demand deposits.....	3,847,760	3,597,056	3,758,500
Time deposits			
Individuals, partnerships, and corporations....	564,131	481,999	563,480
United States Government.....	9,809	10,404	9,805
Postal savings.....	450	450	450
States and political subdivisions.....	128,092	81,112	128,323
Banks in the U. S. and foreign countries.....	1,883	2,208	1,883
Total time deposits.....	704,365	576,173	703,941
Total deposits.....	4,552,125	4,173,229	4,462,441
Bills payable, rediscounts, etc.....	4,500	21,000	16,500
All other liabilities.....	39,832	40,800	42,994
Total capital accounts.....	336,035	312,998	335,457
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>4,932,492</b>	<b>4,548,027</b>	<b>4,857,392</b>

#### CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	May 26, 1954	May 27, 1953	April 28, 1954
<b>ASSETS</b>			
Loans and discounts.....	\$3,134	\$2,879	\$3,122
United States Government obligations.....	2,365	2,254	2,329
Other securities.....	478	433	456
Reserves with Federal Reserve Bank.....	986	1,014	979
Cash in vault.....	124	122	135
Balances with banks in the United States.....	983	875	1,005
Balances with banks in foreign countries.....	1	1	2
Cash items in process of collection.....	305	256	290
Other assets.....	143	130	146
<b>TOTAL ASSETS.....</b>	<b>8,519</b>	<b>7,964</b>	<b>8,464</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits of banks.....	934	800	959
Other demand deposits.....	5,857	5,633	5,800
Time deposits.....	1,080	882	1,060
Total deposits.....	7,871	7,315	7,819
Borrowings.....	1	42	4
Other liabilities.....	56	54	54
Total capital accounts.....	591	553	587
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>8,519</b>	<b>7,964</b>	<b>8,464</b>

e—Estimated.

According to the Board's announcement, action to reduce reserve requirements was taken in conformity with the Federal Reserve System's policy of making available the reserve funds required for the essential needs of the economy and the policy of facilitating economic growth. The reduction was made in anticipation of estimated demands on bank reserves during the summer and fall, taking into account probable private financing requirements as well as the Treasury's financing needs.

Commercial, industrial, and agricultural loans of the weekly reporting member banks in the District rose \$12,213,000, or 1 percent, during the 4 weeks ended June 16 to reach a total of \$1,304,861,000. The rise contrasts with a reduction of \$13,700,000, or 1 percent, during the comparable weeks last year. Among the principal categories of commercial and industrial borrowers, those adding substantially to their outstanding bank indebtedness included construction firms, sales finance companies, and a miscellaneous group of other business customers. On the other hand, commodity dealers and manufacturing firms in most lines reduced their bank borrowings.

Reductions occurred in most other major loan categories. Loans to banks and consumer-type financing (as reflected by "all other" loans) accounted for most of the decrease, but loans for purchasing or carrying securities also declined.

Total investments of these banks increased \$5,719,000, or substantially less than 1 percent, between May 19 and June 16. A rather sharp reduction in holdings of Treasury certificates of interest was somewhat more than offset by increases in holdings of notes and bonds, with these shifts reflecting in part the effects of Treasury refunding operations. Investments in municipal and other non-Government securities increased moderately.

Rather substantial deposit shifts occurred during the 4 weeks ended June 16, partly because of Treasury operations. Demand deposits of the United States Government declined



## 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
May 1952....	\$6,329,241	\$ 736,861	\$2,959,228	\$403,137	\$3,370,013	\$333,724
May 1953....	6,492,848	877,764	3,053,816	484,041	3,439,032	393,723
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
April 1954....	6,802,386	1,057,137	3,295,363	594,744	3,507,023	462,393
May 1954....	6,752,376	1,073,865	3,263,439	599,299	3,488,937	474,566

\$44,442,000, or by more than one-third, as the Treasury drew down its balances at commercial banks. Treasury payments to the public and the building up of individual and business accounts to meet tax liabilities contributed, in turn, to an increase of \$105,658,000, or 4.1 percent, in demand deposits of individuals, partnerships, and corporations. Reflecting principally these changes and a substantial increase in interbank deposits, total deposits of the weekly reporting member banks rose \$89,684,000, or 2 percent, during the 4 weeks to a level of \$4,552,125,000 on June 16.

Gross demand deposits of all member banks in the District averaged \$6,752,376,000 in May, reflecting a reduction of \$50,010,000 from April but an increase of \$259,528,000 over May 1953. About two-thirds of the April-to-May decline occurred at the reserve city member banks. During May, time deposits of member banks increased \$16,728,000 to a level of \$1,073,865,000, marking a further extension of the sharp and

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

(Amounts in thousands of dollars)

City	DEBITS <sup>1</sup>			DEPOSITS <sup>2</sup>			
	May 1954	Percentage change from		May 31, 1954	Annual rate of turnover		
		May 1953	April 1954		May 1954	May 1953	April 1954
ARIZONA							
Tucson.....	\$ 104,092	2	-2	\$ 85,567	14.5	14.0	15.0
LOUISIANA							
Monroe.....	50,089	5	2	42,148	14.2	14.8	13.8
Shreveport.....	205,478	8	2	162,275	15.0	13.9	14.5
NEW MEXICO							
Roswell.....	24,624	9	-4	29,366	10.2	9.7	10.8
TEXAS							
Abilene.....	51,979	4	-4	52,305	12.0	12.1	12.8
Amarillo.....	120,567	-5	-2	97,057	14.9	14.8	15.0
Austin.....	116,150	11	-4	106,492	13.3	12.1	14.4
Beaumont.....	111,408	-11	2	94,458	14.0	15.8	13.7
Corpus Christi.....	147,140	4	#	117,959	15.8	15.4	16.9
Corpus Christi.....	12,414	15	2	20,746	7.2	6.6	7.0
Dallas.....	1,674,056	3	#	914,932	22.2	22.7	22.6
El Paso.....	174,428	-3	5	120,080	17.4	18.4	18.4
Fort Worth.....	507,315	3	-2	333,295	18.4	18.1	19.2
Galveston.....	69,104	-6	-6	66,689	12.4	11.4	12.7
Houston.....	1,706,002	5	#	1,124,728	18.0	18.7	18.6
Laredo.....	18,878	-7	-8	18,903	12.2	12.7	13.2
Lubbock.....	91,572	-4	-8	79,859	13.7	13.9	14.6
Port Arthur.....	44,847	-2	#	38,034	13.8	14.5	13.7
San Angelo.....	36,786	1	-8	42,400	10.4	9.7	11.2
San Antonio.....	381,046	-3	-4	306,308	14.9	14.8	15.5
Texarkana.....	15,291	-13	-12	17,715	10.3	10.8	11.6
Tyler.....	60,284	11	7	57,512	12.7	12.1	12.1
Waco.....	73,193	12	-2	61,217	14.3	13.2	14.4
Wichita Falls.....	78,804	-1	-3	98,108	9.6	10.0	10.0
Total—24 cities.....	\$5,875,547	3	-1	\$4,088,153	17.3	17.4	17.8

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>2</sup> Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>3</sup> 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 \$32,669,000 for the month of May 1954.

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

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 15, 1954	June 15, 1953	May 15, 1954
Total gold certificate reserves.....	\$754,266	\$ 568,089	\$ 825,273
Discounts for member banks.....	5,659	25,698	5,569
Other discounts and advances.....	1,880	428	1,081
U. S. Government securities.....	978,835	1,173,523	967,903
Total earning assets.....	986,374	1,199,649	974,553
Member bank reserve deposits.....	961,919	1,007,048	1,014,598
Federal Reserve notes in actual circulation.....	717,622	726,974	713,558

sustained growth in these accounts over the past 3 years. County member banks accounted for 73 percent of the May rise.

Debits to deposit accounts reported by banks in 24 cities of the District were down 1 percent in May as compared with April but up 3 percent from May 1953. The April-to-May reduction affected most reporting centers. The annual rate of turnover of deposits also declined, from 17.8 in April to 17.3 in May; the rate a year earlier was 17.4.

The principal changes in the condition of the Federal Reserve Bank of Dallas between May 15 and June 15 included an increase of \$11,821,000 in total earning assets and reductions of \$71,007,000 in gold certificate reserves and \$52,679,000 in member bank reserve deposits. Additions to holdings of Government securities accounted for most of the expansion in earning assets. On June 15, Federal Reserve notes of this bank in actual circulation amounted to \$717,622,000, reflecting an increase of \$4,064,000 over the May 15 level but a reduction of \$9,352,000 from a year earlier.



The weakness evident in refined products markets during the past several months has been apparent more recently in crude markets. In the latter part of May, there were price reductions of 50 to 76 cents per barrel for Pennsylvania crude, while prices of Michigan crude were cut 12 cents per barrel. Substantial discounts from posted prices were reported for some Rocky Mountain crude. While these reductions represent, in part, special situations, they suggest the softness prevailing in the Nation's crude markets. At the present time, most types of crude are reported to be readily available, and some southern Oklahoma crude is having difficulty in finding a market.

The current weakness in crude oil markets stems from a variety of causes, including a lower-than-expected demand for petroleum products; the holding down of refinery crude runs because of high gasoline stocks; large crude stocks in some areas; a high rate of imports; a steady increase in the production of natural gas liquids; and the expansion in crude production capacity, particularly in some states without prorationing.

The Nation's crude stocks showed an appreciable increase in May for the third consecutive month but then declined moderately during the first part of June. On June 12, crude stocks totaled 276,200,000 barrels, or 14,300,000 barrels above the year's low of March 6 and 2,800,000 barrels below



CRUDE OIL: DAILY AVERAGE PRODUCTION  
(In thousands of barrels)

Area	May 1954 <sup>1</sup>	May 1953 <sup>2</sup>	April 1954 <sup>1</sup>	Change from	
				May 1953	April 1954
ELEVENTH DISTRICT.....	3,014.3	3,053.9	3,163.4	-39.6	-149.1
Texas.....	2,699.1	2,754.6	2,847.4	-55.5	-148.3
Gulf Coast.....	587.8	612.3	612.3	-24.5	-24.5
West Texas.....	1,043.6	1,054.8	1,089.8	-11.2	-46.2
East Texas (proper).....	230.4	245.7	248.4	-15.3	-18.0
Panhandle.....	80.3	73.4	86.5	6.9	-6.2
Rest of State.....	757.0	768.4	810.4	-11.4	-53.4
Southeastern New Mexico.....	202.7	190.5	204.6	12.2	-1.9
Northern Louisiana.....	112.5	108.8	111.4	3.7	1.1
OUTSIDE ELEVENTH DISTRICT.....	3,423.5	3,336.0	3,416.4	87.5	7.1
UNITED STATES.....	6,437.8	6,389.9	6,579.8	47.9	-142.0

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

a year earlier. Refined products stocks have been following seasonal trends, although the decline in gasoline stocks has been smaller than in most recent years. Gasoline stocks on June 11 were 15 percent higher than a year ago. Residual fuel oil stocks showed an increase of 11 percent over the year-earlier level. On the other hand, kerosene stocks were about the same as a year ago, and distillate fuel oil stocks were 2 percent lower.

Crude oil production in the District rose moderately during June, following a marked decrease in the preceding month. Production during the first 11 days of the month averaged 3,082,000 barrels per day, or 68,000 barrels higher than in May although 98,000 barrels less than in June 1953. Daily average crude oil production in the Nation during the first part of June showed a smaller increase than District production and, at 6,485,000 barrels, was 110,000 barrels less than a year earlier. In July, production both in the District and in the Nation may be expected to decline, in view of substantial cuts in the daily allowables in Texas and Louisiana.

Total imports, after declining substantially in April, rose appreciably in May and early June, largely because of an increase in crude imports east of California. During the coming months, however, crude imports may show some reduction, since a number of major oil companies have announced significant cutbacks in their imports schedules for the remainder of this year.

Refinery activity in the District declined during May, while that in the Nation rose. District crude runs to refinery stills averaged 2,008,000 barrels per day, which is down 45,000 barrels from April and 65,000 barrels below May a year ago. In the Nation as a whole, refinery crude runs rose 167,000 barrels to 6,958,000 barrels per day, but this rate is still 44,000 barrels under that of May 1953.

Demand for refined products has continued to be somewhat disappointing. In the 5 weeks ended June 11, the demand for the four major refined products at refineries and bulk terminals was 1 percent below the same period of last year.

The 1954 demand forecast of the United States Bureau of Mines recently was revised downward. Total demand is now expected to be 2.1 percent higher than in 1953, with the domestic demand up 3.3 percent and exports down 20.2 percent. Only an insignificant increase in the demand for domestic crude is projected.



Total nonagricultural employment in the five states of the District increased by 21,000 from March to April to reach 3,822,100, which is 15,700 below April 1953. The March-to-April increase resulted from additions to construction, trade, and service employment. The year-to-year decline reflects the lower level of employment in construction, transportation and public utilities, and manufacturing.

The April total of manufacturing employment in District states was 700,700, which is 2,300 below the March total and 25,200—or 3.5 percent—below that of April 1953. The major gain from March to April was in transportation equipment, although April totals for transportation equipment, ordnance, lumber and wood products, machinery (except electrical), food, and apparel employment were below those of a year earlier.

NONAGRICULTURAL EMPLOYMENT  
Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change April 1954 from	
	April 1954p	April 1953	March 1954	April 1953	March 1954
Total nonagricultural					
Wage and salary workers..	3,822,100	3,837,800	3,801,100	-.4	.6
Manufacturing.....	700,700	725,900	703,000	-3.5	-.3
Nonmanufacturing.....	3,121,400	3,111,900	3,098,100	.3	.8
Mining.....	225,800	223,600	225,800	1.0	0
Construction.....	282,800	295,300	280,100	-4.2	1.0
Transportation and public utilities.....	390,800	405,500	394,200	-3.6	-.9
Trade.....	980,700	972,000	966,900	.9	1.4
Finance.....	156,500	150,900	155,800	3.7	.4
Service.....	451,400	441,500	444,400	2.2	1.6
Government.....	633,400	623,100	630,900	1.7	.4

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.  
p—Preliminary.  
SOURCE: State employment agencies.

Among states of the District, Texas showed the greatest absolute loss in manufacturing employment from April 1953 to April 1954, with a decline of 17,300, or 4 percent. The losses of the other District states were as follows: Arizona, down 3,500, or 12 percent; Louisiana, off 2,900, or 2 percent; Oklahoma, down 1,000, or 1 percent; and New Mexico, lower by 500, or 3 percent.

Unofficial estimates indicate that the upward movement of nonagricultural employment in District states which was under way in April continued through May and June to bring the total to 3,838,000, which is 1 percent below the comparable figure for June 1953. The gains during May and June

VALUE OF CONSTRUCTION CONTRACTS AWARDED  
(In thousands of dollars)

Area and type	May 1954p	May 1953	April 1954	January—May	
				1954p	1953
ELEVENTH DISTRICT....	\$ 121,959	\$ 97,139	\$ 131,102	\$ 553,523	\$ 510,739
Residential.....	56,150	41,696	58,171	264,328	242,614
All other.....	65,809	55,443	72,931	288,995	268,125
UNITED STATES <sup>1</sup> .....	1,925,253	1,606,091	1,691,868	7,517,945	6,792,329
Residential.....	825,300	637,721	796,133	3,260,425	2,795,412
All other.....	1,099,953	968,370	895,735	4,257,520	3,996,917

<sup>1</sup> 37 states east of the Rocky Mountains.  
p—Preliminary.  
SOURCE: F. W. Dodge Corporation.



## BUILDING PERMITS

5 months 1954							
City	May 1954		Percentage change in valuation from		Number	Valuation	Percentage change in valuation from 5 months 1953
	Number	Valuation	May 1953	April 1954			
LOUISIANA							
Shreveport....	313	\$ 1,706,003	-42	6	1,699	\$ 8,529,444	-20
TEXAS							
Abilene.....	100	616,525	1	-45	721	4,565,166	33
Amarillo.....	327	1,417,148	-1	-40	1,068	7,463,918	-31
Austin.....	305	3,546,837	3	-23	1,342	16,882,913	23
Beaumont.....	248	486,773	-14	-48	1,107	3,990,814	5
Corpus Christi..	458	3,267,749	91	58	2,283	12,427,885	-10
Dallas.....	2,216	11,186,231	25	-12	10,545	55,835,094	18
El Paso.....	514	2,237,106	-7	40	2,046	8,669,751	-29
Fort Worth.....	737	3,308,246	11	-4	3,565	16,833,940	-11
Galveston.....	104	366,945	73	-62	524	3,123,200	-10
Houston.....	914	11,772,836	6	3	5,213	61,043,321	19
Lubbock.....	376	2,099,993	77	20	1,470	10,517,547	20
Port Arthur.....	146	311,549	44	11	653	1,476,648	5
San Antonio.....	1,468	3,550,848	-36	-21	7,133	18,492,366	-20
Waco.....	194	856,113	-13	-18	1,114	5,227,747	15
Wichita Falls...	106	558,082	-24	-35	594	3,527,748	2
Total.....	8,526	\$47,288,984	5	-8	41,077	\$238,607,502	3

were principally in construction, trade, and service employment. Similar estimates show that manufacturing employment declined further in May but rose again in June to the level of about 700,000, or 5 percent below the comparable total of a year ago. Increases in food, transportation equipment, and primary metals employment contributed to the June rise.

Unemployment in Texas in April totaled 133,500, down 6,900 from March, as a result of increases in agricultural, trade, and service employment and an outmigration of farm workers to other states. It is estimated unofficially that unemployment in the State continued downward through May. However, a rise in June, caused by high school and college graduates entering the labor force, boosted the total to 140,000.

Average weekly hours of Texas manufacturing workers declined from 41.1 in March to 41.0 in April; the average in April 1953 was 41.8 hours. Average weekly earnings of these workers in April totaled \$71.34, up 24 cents from March and \$1.95 above April a year ago.

The value of construction contracts awarded in the District in May was almost \$122,000,000, which is 7 percent below the April total but is 26 percent above the value of

## COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to April 30		August 1 to April 30	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,650,714	1,359,508	6,095,600	5,447,175
Crushed.....	1,428,597	1,288,621	5,353,197	4,897,069
Stocks, end of period.....	310,248	146,139	890,521	613,790
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).....	467,423	420,333	1,753,385	1,586,688
Cake and meal (tons).....	676,545	627,156	2,528,997	2,351,025
Hulls (tons).....	327,052	299,346	1,181,033	1,055,227
Linters (running bales).....	414,269	372,262	1,696,960	1,566,954
Stocks, end of period				
Crude oil (thousand pounds).....	7,322	8,677	58,138	44,188
Cake and meal (tons).....	35,486	60,124	177,739	178,690
Hulls (tons).....	20,917	20,879	112,223	93,139
Linters (running bales).....	49,847	29,451	226,187	147,673

SOURCE: United States Bureau of the Census.

awards in May 1953. Residential and nonresidential awards scored gains of 35 percent and 19 percent, respectively, over a year earlier, although each was below the comparable April awards.

Construction contracts awarded in the District in the first 5 months of the year were valued at \$553,523,000, up 8 percent from a year ago although below comparable totals for 1951 and 1952. Residential and nonresidential awards in the 5-month period registered year-to-year increases of 9 percent and 8 percent, respectively. The value of contracts awarded in the United States in the January-May period was 11 percent above a year earlier.

## DOMESTIC CONSUMPTION AND STOCKS OF COTTON

Area	(Bales)				
	May 1954 <sup>1</sup>	May 1953	April 1954 <sup>2</sup>	August—May	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	11,247	10,840	11,382	121,704	120,980
U. S. mills.....	645,875	748,049	660,209	7,256,858	7,940,948
Daily average					
Texas mills.....	562	542	579	574	571
U. S. mills.....	32,294	37,402	33,564	34,298	37,531
STOCKS, U. S.—End of period					
Consuming establishments...	1,587,065	1,770,672	1,728,497	—	—
Public storage and compresses.....	8,941,629	4,681,770	9,727,732	—	—

<sup>1</sup> Four weeks ended May 29.





<sup>2</sup> Four weeks ended May 1.

SOURCE: United States Bureau of the Census.





ELEVENTH FEDERAL RESERVE DISTRICT

-  Dallas Head Office Territory
-  Houston Branch Territory
-  San Antonio Branch Territory
-  El Paso Branch Territory