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PROBLEMS IN SOUTHWESTERN INDUSTRIALIZATION

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The cotton-cattle-oil economy of the Southwest in the 1930's has broadened rapidly in the 1940-55 period to include a fourth major producer — industry. In fact, this industrial growth is proving to be one of the most important changes in the structure of the southwestern economy, although recognition of the significance of this new source of income has come slowly. During the past 15 years, industrial growth has been so rapid that the Southwest is now a major producer of chemicals, transportation equipment, steel, aluminum, and magnesium, as well as an important producer — locally or regionally — of many other commodities.

Perhaps even more important are the potentialities of this area for further industrial growth. The Southwest has an abundance of raw materials, a rapidly rising population, an increasing market for all types of industrial products, a comprehensive array of transportation facilities, and an economy that is in the process of shifting from its agricultural heritage. These and other factors provide an environment which lends strength to the industrial future of the area.

However, a number of problems have been created or re-emphasized by this industrial growth. In general, insufficient recognition and attention has been given to these problems and their possible solutions. The Southwest has not analyzed its industrial progress adequately, nor the problems resulting from that growth.

In order to understand and appreciate the problems of industrialization in the Southwest, it is first necessary to review the growth, extent, and character of that industrialization. Many aspects of this growth — such as its rapidity, concentration in location and type, and particular potentials for the future — have a definite bearing upon the problems created in the Southwest.

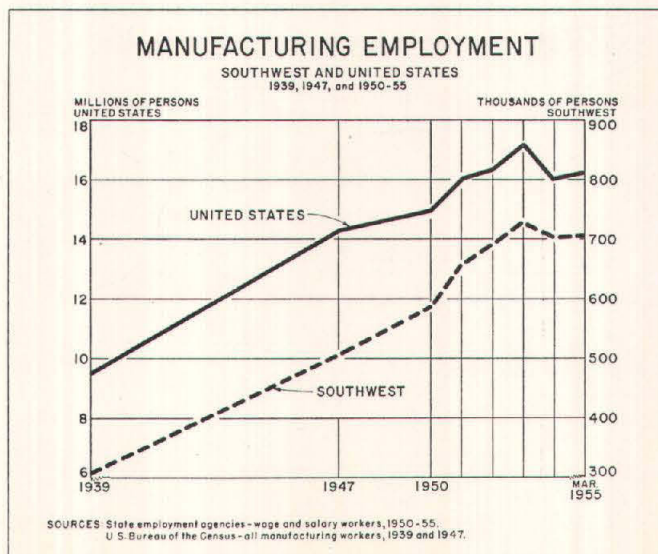
Development of Industrialization

Industrial growth in the Southwest — Arizona, Louisiana, New Mexico, Oklahoma, and Texas — has taken place most

rapidly in the past 15 years. Between 1939 and 1953, value added by manufacturing increased over 600 percent, and manufacturing employment rose from 301,436 to 728,100. During the same period, wages and salaries paid to manufacturing workers increased about 700 percent, while total income payments in this area rose only 364 percent. In 1939 the Southwest accounted for only 3 percent of the Nation's manufacturing employment; now it provides employment for over 5 percent of such workers.

In the postwar period 1947-53, the average rate of growth per year in the Southwest was \$359,800,000, or nearly 13 percent, in value added by manufacturing and 36,900, or 7.3 percent, in manufacturing employment. The national rate of growth per year in these indicators was 13 percent in value added and 3.5 percent in manufacturing employment.

Southwestern industrialization has been most noticeable in a relatively small number of areas. In Texas, 59 percent of the manufacturing employment and 64 percent of the total



where investment costs are relatively low, the postwar growth has been led by industries requiring fairly substantial investments in plant and equipment. This characteristic emphasizes the development of large plants in the recent industrial growth. In 1953, nearly 50 percent of Texas manufacturing workers were employed in plants hiring more than 250 workers each. Between 1939 and 1953, over 60 percent of the total increase in Texas manufacturing employment occurred in such large-scale plants.

Finally, with the exception of aircraft and ordnance plants, most large-scale manufacturers entering the Southwest before 1947 were attracted primarily by abundant supplies of oil, gas, potash, copper, and lignite. However, in recent years a significant movement of industries to the Southwest has been occasioned by the desire to serve the growing market of this area. Of course, certain native industries, such as local clay and brick products plants, have been in the area for a long time, but the pressure of rising market demand upon long-distance distributive channels has caused major consumer goods industries to give increasing consideration to the location of plants in the Southwest.

Problems of Growth and Locational Concentration

Many of these characteristics of southwestern industrial growth have led to an intensification of existing problems or to the introduction of new problems to the Southwest. The speed with which industrial growth has progressed has caused certain areas of the Southwest to concentrate their facilities in a limited number of types of industry. Not only are these areas developing unbalanced manufacturing facilities, but manufacturing is outweighing developments in other lines of economic activity. Such imbalances are evident in the changing sources of income and in the concentrations developing in these areas.

Balanced economic growth may be more of a theoretical than a practical objective. Certainly, it is not economically sound to expect each area to develop industries to supply all of its needs. There are economic advantages which will attract certain industries to a particular locality, and it should be expected that concentrations will develop. This is especially true where raw materials are a dominant factor in the location of a plant. However, the reliance of a community upon a specific type of industrial activity, such as a chemical plant or a group of such plants, may be just as troublesome in periods of declining production as reliance upon a specific agricultural crop, such as cotton, when yields or prices are falling.

The rapidity of growth in industrial plants and the concentration of such plants in a few areas have caused a number of local problems. Such municipal facilities as sewerage, streets, water, power, and police protection have been strained by the sudden influx of large numbers of workers, by the need to service ever-increasing areas of suburban development, and by the requirements of new plants and new industrial areas. Similarly, traffic congestion has multiplied, as new workers crowded into city streets which already were carrying loads far in excess of their normal capacity. Industrial growth also

has attracted more workers and their families from the farm to the city. This, in turn, has aggravated postwar housing shortages in the industrial areas. The city officials of the new industrial areas are recognizing problems of zoning and city planning, as well as the new problems of air and water pollution. The establishment of new suburban residential areas and nearby shopping centers is competing with the establishment of new industrial sites, and the price of land has risen rapidly.

Problems of Industrial-type Concentrations

The pattern of industrial growth in the Southwest can be traced through a classification of the industries of the area. In general, there are three types of industries — those locating in the Southwest because of raw material availability, those related to military or defense needs, and those locating in the area to serve the local or regional market. The majority of the larger plants, exclusive of aircraft plants and ordnance works, were brought to the area primarily because of the existence of a large supply of raw materials. While there is no evidence of an imminent reduction in the supply of such materials, it should be remembered in long-range planning that they are subject to depletion.

Similarly, many of these industries require a high fixed investment per worker. This characteristic means the construction of high-cost facilities, including the use of valuable industrial sites, without a substantial addition to manufacturing employment. In many cases, such industries are large water users and must be near several forms of transportation. For the Southwest, these high fixed investments mean an initially high construction expenditure and, in many instances, a repetitive maintenance which requires considerable flexibility in the labor force. At the same time, the high fixed-investment plant usually requires highly skilled workers. While it is to the advantage of the Southwest to attract such workers, much of the immediate problem of handling displaced farm workers is not solved by the construction of plants requiring only skilled technicians.

The second group of industries — aircraft, ordnance, and, to some extent, fabricated metals industries — is dependent upon military contracts of the United States Government. These contracts are noted for their fluctuations; and, as was demonstrated in 1954, areas of unemployment may develop if contracts are canceled or military establishments deactivated. Balanced industrial production might have reduced the effect of these changes.

The third group of industries is divided sharply into two segments — first, local industries which have been here for many years and, second, new industries just coming into the area because the market for goods and services is now large enough to warrant their establishment. In general, the new industries attracted by the growing market of the area are locating near the centers of population or in sections where transportation facilities enable them to service the areas adequately. While there will be continued growth in industries attracted by raw materials and, perhaps, some increases

in defense-related industries, it is the growth of industries based on the market of this area that gives the most promise for future industrialization of the Southwest.

The industrial complex of the Southwest is sufficiently mature to require consideration of another nationwide problem—that of dispersion versus concentration. To protect against a complete demolition of industrial facilities by air attack, it would seem logical to disperse future facilities into less populated sections of the Southwest. There are a number of excellent economic reasons for the location of industrial facilities in or near existing centers of industrialization, but, with minor adjustments, some sections not currently industrialized could serve equally well as distribution points for market-based industries.

It should be recognized that the people in the majority of the counties in the southwestern states still receive most of their income from agricultural production. Only in a few “pockets” of industrialization has there been a substantial mixing of the agricultural and industrial sources of income. Thus, to most of the Southwest, the problem of industrialization—and, perhaps to all the Southwest, the problem of dispersion—is one of attracting industry to the smaller centers of population and diversifying the economies of these areas.

In the majority of small towns, the problem of attracting industry is largely a lack of knowledge as to where to start and what to do. Several steps are in order to start a town toward industrialization. One of the first is to ascertain whether or not the majority of the citizens of the town really are interested in attracting new industry. If it is found that they are, then the next step is probably one of assessing the advantages and disadvantages of the local economy, with a view toward preparing a brochure to advertise the town. It is important to obtain an accurate and complete evaluation of the resources and facilities of the town. If there are special conditions, such as a highly skilled labor force, these should be covered in detail.

After preparing the brochure, the town needs to decide upon the type of industry best suited to the advantages offered and best qualified to meet the requirements of the area. Following this decision, the problem becomes one of contact and persuasion.

In recent years, some cities have created industrial foundations to spearhead the drive for new industry. Probably the greatest advantage of an industrial foundation is consolidating a city's desire for new industries and providing a working force to prepare brochures and establish industrial contacts. While these foundations have been generally effective, some cities have believed it necessary to go even further and offer free buildings, equipment, and even cash to attract new industries. Where such inducements go beyond leasing or renting a building to a new industry, the city, in effect, is subsidizing that industry. Such subsidies seldom are warranted and may lead to the establishment of industries which should be located in other areas for most efficient operations. Moreover, these subsidies are unfair to existing manufac-

turers and may cause resentment, which, in the long run, might not be offset by the gain of a new plant.

Special Problems

A special problem affecting nearly the entire Southwest and having a distinct relationship to present and future industrial growth in this area is the complex problem of water supply. In the eastern sections of the Southwest, there is a potentially ample supply of water, but nearly all the cities in these sections are concerned about their existing supplies. In west Texas, New Mexico, and Arizona, water shortages are common and the potential supply is very small. These shortages impose a definite limitation upon both economic and population growth.

To obtain some idea of the magnitude of the problem, it might be pointed out that the industrial consumption of water in the Southwest averages in excess of 30 percent of the total consumption of water. This places industrial consumption second only to irrigation requirements, which, in Texas, account for over 50 percent of its water usage. Human consumption is gaining rapidly but is probably less than 25 percent in Texas and Louisiana, although somewhat more in the other states of the District.

In Texas the industrial consumption of water was approximately 1,159 billion gallons in 1953, and the State ranked third in the Nation, following Pennsylvania and Ohio. The Texas chemical industry consumed 752 billion gallons, or 65 percent of the State's industrial requirements. Other major industrial users were petroleum and coal products manufacturers, 321 billion gallons; primary metal industries, 48 billion gallons; transportation equipment plants, 2 billion gallons; and all other industrial users, 46 billion gallons. Fortunately, a substantial amount of this water can be drawn from the Gulf of Mexico, thus reducing the drain on freshwater supplies in the area. In addition, some recycling of water is possible in many plants. Such conservation measures will become increasingly important as available supplies are utilized more fully.

In some areas of the Southwest, industrial growth already has been restricted because of a shortage of water supply. Other areas face early restrictions unless immediate action is taken to increase the firm supplies of water available for both industrial and human consumption. It is believed that there is sufficient surface water in most of Texas, Oklahoma, and Louisiana to provide for all present and immediate future needs if conservation of runoff is pursued actively.

Thus, the most pressing aspect of the water problem is the planning, scheduling, financing, and construction of water conservation projects. Many plans for such projects have been drawn by various agencies of the state and Federal governments, but no master plan for the full development of southwestern rivers has been devised. Even if such a plan were available, its completion would require at least 10 years. Therefore, the Southwest will be faced with shortages for the next decade, and perhaps even longer, if immediate action is not taken.

There are many roadblocks to prompt action on water conservation. Disagreements between various government agencies, as well as intermittent bickerings between towns, have retarded the development of southwest rivers. In addition, there is no unanimity among the people of the area as to the purposes for which river development should be conducted. Some believe that flood control is still the major reason for dam and reservoir construction, while others insist that water supplies should be the prime reason for such developments. Another difficulty is the controversy over the best approach to conservation — whether to use upstream development, small dams, or large dams.

All these problems are secondary to the job of getting action on a plan for water conservation. Clearly, if the Southwest is to continue its industrial growth, water supplies must be made available. Even if present supplies are utilized most effectively, it is estimated that within 25 years the area must look beyond its borders for additional water to sustain the expected growth in population and industry.

A second special problem for both the present and the future industrialization of the Southwest is the general but multifaceted problem of labor. It is expected that the needed supply of labor, in terms of the total number required, will be drawn from both natural increases in the labor force and population and in-migration from other areas of the country. While isolated industrial centers may suffer temporary labor shortages, the mobility of labor has increased so much that movement between cities or states is now less of a problem than it was 20 years ago. In other words, with a given supply of jobs offering adequate compensation and attractive working conditions, the labor supply can be drawn from nearly any part of the country. While labor availability would tend to diminish as supply tightens, probably only in a period of overfull employment would there be any serious restriction on the availability of labor.

However, in special fields of employment, long-range shortages are in prospect. The increasing mechanization of industrial operations is causing a larger and larger demand for skilled employees. In many cases, the skills required are those obtained only after extensive education and training. To meet the challenge of providing such skilled workers, the Southwest needs to redouble its efforts to obtain adequate educational and training facilities and to encourage young men to enter these fields of work. In addition, southwestern industry must provide retraining facilities for workers to handle the new jobs created by mechanization of industrial processes. In general, such retraining will mean an upgrading of skills for these workers. As the standards of labor are raised in the Southwest and this area shows itself to be in a position to meet most demands for skilled employees, new industries no longer will bring their highly skilled workers into the area but, instead, will rely upon this area to fill their labor requirements.

Within the general labor problem is the further difficulty of utilization. A certain amount of flexibility in the labor force is a necessity. There should be sufficient elasticity to allow for withdrawals for training and for the normal turn-

over of workers. Overfull employment means the utilization of less efficient segments of the labor force, as well as costly overtime for the majority of workers. Clearly, there is a definite economic waste in the inefficient use of labor, as of any other factor of production. Seasonal fluctuations requiring large additions to employment and equal decreases at a later time do not encourage an effective utilization of labor resources. This, in turn, brings on the problem of smoothing production schedules to maintain a more constant labor force. Some industries might be able to improve the regularity of production and employment by rotation of products, better scheduling, or more effective utilization of workers.

Finally, the labor problem includes many aspects of labor-management relations. Such relations can be conducted in a peaceful, stable atmosphere. In order to achieve this environment, problems of education on both sides of the bargaining table will need considerable attention. Neither management nor labor can be expected to learn overnight, but a gradual understanding of and appreciation for the rights and privileges of each other should go a long way toward providing an atmosphere of mutual trust and respect.

There are, perhaps, many other problems which will come to the attention of the Southwest as industrial growth continues. Some are problems not yet visualized by even the most farsighted businessmen. Others are just beginning to evoke discussion and study as to their possible effects upon the Southwest. One of the latter is the development of atomic energy. While no definitive answers can be obtained at present, the consensus among experts in the field is that widespread commercial applications of atomic energy will not be developed for at least 15 to 25 years. It would seem logical that when such applications are made, they will be started in electric-power plants and, perhaps, in the heavier types of industry. Such a starting point for commercial atomic energy is likely because of the need for massive protective shields which can be installed only where space and weight are not at a premium. For this reason, one could not expect the immediate development of atomic-powered automobiles or buses.

Thus, the initial development appears to be the use of atomic energy as a fuel in competition with oil, gas, and coal. This reasoning is the basis for the concern over the effect of atomic energy upon the gas and oil industries of the Southwest. There is little doubt that the technical and cost problems currently retarding atomic developments will be solved eventually. It is, therefore, a matter of time, although some people have ventured the guess that solar energy will be harnessed before atomic energy becomes commercially feasible. However, assuming that atomic energy is available for electric-power generation within 25 years, what is likely to be the effect upon the oil and gas industries of the Southwest?

For the oil industry, the initial impact of atomic developments probably will be negligible. Very few generators are powered by oil in the Southwest, and those so powered elsewhere in the country use only a relatively low grade of oil. Thus, it would seem that until atomic energy invades the more lucrative markets for oil, such as the automotive gaso-

line area, there should be no real reason for concern about its effect upon the oil industry.

In the gas industry, it is likely to be a somewhat different story, but with approximately the same result. If large numbers of electric-generating plants adopt atomic energy as fuel, it is possible that natural gas will be displaced. However, because of space limitations, atomic energy probably will be a long time entering the primary market of natural gas — the home-heating market. With a rapidly expanding residential market in this country, it is doubtful if the loss of electric-generating plant demand could be sufficiently serious to affect the total market for natural gas. However, because electric-plant demand is generally an off-season demand, its loss might require the development of storage facilities or other off-season demands to insure continuous operation throughout the year.

There is another aspect of the coming atomic age which could be of considerable importance to southwestern industrialization. The possibilities of atomic developments in the Southwest are tremendous, but taking advantage of them presents a number of problems. In the first place, with the exception of installations in New Mexico, there is a noticeable lack of trained physicists and other professional workers necessary for the establishment of atomic plants. This shortage is a nationwide problem but is particularly acute in the Southwest. Second, and equally serious, there is no major producer of electric equipment or electronics who would be large enough to handle the development of an atomic reactor. Third, and probably a result of the first two, there is an insufficient amount of research and research facilities available in the Southwest. Until these three problems are solved, it is doubtful if the area will contribute much toward the development of commercial atomic energy or be affected greatly by it.

The Outlook

The characteristics and problems of industrial growth in the Southwest suggest a number of directions toward which it would be desirable for future industrialization to grow. To correct some of the imbalances introduced by the rapidity of growth and to reduce the dependence of individual centers upon specific types of manufacturing, future industrial growth near these centers should be based on market attraction, with considerable variety being the prime requirement. On the other hand, to alleviate crowded conditions in the present centers of industrialization, to relieve some of the burden upon municipal facilities in these centers, and to diversify the sources of income of present agricultural centers, new industries should be encouraged to locate in the smaller

towns and rural areas of the Southwest. This is particularly desirable for new industries which continue to be drawn to this area by the supplies of raw materials. Of course, where an overwhelming economic advantage lies in locating in the existing centers of industrialization, the above-mentioned considerations may be of little consequence.

It should be a major objective of the Southwest to attract more industries whose primary reason for coming to the area is to satisfy the local or regional market. These will reduce the dependence upon raw material availability and provide final-product industries to serve the local market.

The smaller towns in the area should make a concerted effort to attract industries that have a steady, but growing, employment need and whose general requirements best fit the resources and facilities of the individual towns. While the attraction of a very large plant would be considered a great achievement, a small town could hardly afford the troubles such a plant would bring. Instead, a number of small manufacturing plants brought in as a result of a true evaluation of the town's advantages would seem to be a wiser choice.

In future attempts to attract industry to the Southwest, considerable attention must be given to the water requirements of the individual plant. Until a maximum, efficient utilization of the water resources of this area is assured through the full development of conservation measures, it would appear to be logical to restrict the development of heavy users of water in favor of industries where water is not a major requirement. For much of the Southwest, any significant growth in population and industrialization is tied to the problem of water supply, and this seems to be a problem which will face the Southwest for many years to come.

Other foreseeable problems of southwest industrialization probably will resolve themselves in the course of time. Labor problems do not appear to be unsolvable, and commercial use of atomic energy is sufficiently distant to allow time to plan for its development. Certainly, the Southwest needs to look toward a higher technical level of workers and should initiate plans to join in the development of atomic energy.

In fact, industrial growth in the Southwest will be almost assured if the area can solve its water problem. If the recent rate of growth continues, by 1965 the Southwest could add 370,000 manufacturing workers and, with its growing market, could establish many industries whose products currently are purchased in other areas of the country. The area has a bright future — one which can be realized with the support of its people and the efforts of men who can visualize and resolve its problems.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh Federal Reserve District during May continued at a high level which was only 3 percent below the very high

April volume and were 10 percent above sales in May of last year. Consumer durable goods sales remained particularly strong. Department store inventories declined seasonally but at the end of May were 6 percent above a year earlier. District furniture store sales continued to show a substantial year-to-year gain, with an 18-percent increase in May.

Recurring rains over the major part of the District during June improved the outlook for crop production and range feed. Winter wheat production in the major producing states of the District is estimated, as of June 1, at 43,330,000 bushels, down 58 percent from last year. Cash receipts from farm marketings in District states from January through April were 3 percent lower than in the same period in 1954.

Refinery crude runs in the District rose substantially during the last half of May and the first part of June, following an appreciable seasonal reduction in the previous 6 weeks. Crude oil production in June was down moderately to mark the third consecutive monthly decline, and reduced Texas allowables indicate a further decline in July production.

Nonagricultural employment in the District states showed a further gain in May, reaching the highest level for that month of record. A major factor in the increase was the rise in manufacturing employment, but most other industries also reported gains. Unemployment in Texas declined to the lowest level since October 1953.

The value of construction contract awards for residential building in the District reached a near-record level during May, but the amount of all other awards declined slightly.

Gross loans of the District's weekly reporting member banks rose 1 percent during the 4 weeks ended June 15, with consumer-type credits and borrowings for commercial, industrial, and agricultural purposes weighing heavily in the increase. Investment holdings declined 4 percent, reflecting principally sales or redemptions of Treasury notes and bonds. Deposits were down 1 percent.



The dollar volume of sales at Eleventh District department stores during May continued at a high level — approximately 3 percent under the very large April sales — and was 10 percent above the May 1954 volume. Cumulative sales for January through May this year were 11 percent above those in the corresponding period a year ago and were 6 percent more than in the first 5 months of 1953. The seasonally adjusted index of department store sales was the highest for any May of record and 137 percent of the 1947-49 average, compared with 125 in May last year and 131 in May 1953.

Preliminary figures indicate that department store sales in the first 3 weeks in June were running, as usual, somewhat below the May level. Sales for the 3 weeks ended June 18 were 4 percent above those in the same 3 weeks a year ago.

The outstanding feature of District department store trade in May was the continued heavy volume of consumer durable goods sales. Sales of major appliances were 33 percent higher than a year earlier, while sales of both furniture and bedding and domestic floor coverings were up 22 percent. However, sales of television sets declined markedly, falling 14 percent below the level of a year ago.

While the greatest strength was evident in durable goods, some soft goods departments made very favorable showings. Sales of men's and boys' wear were 12 percent higher than a year earlier; sales of women's and misses' dresses were 13 percent higher; and household textiles sales were 15 percent higher. On the other hand, sales of women's and misses' coats and suits were 14 percent lower, and piece goods sales were down 6 percent.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	May 1955 from		5 mo. 1955 comp. with 5 mo. 1954	May 1955 from	
	May 1954	April 1955		May 1954	April 1955
DEPARTMENT STORES					
Total Eleventh District.....	10	—3	11	6	—4
Corpus Christi.....	12	—5	18	19	0
Dallas.....	11	—3	12	10	—3
El Paso.....	6	—11	10	3	—5
Fort Worth.....	12	—7	11	3	—5
Houston.....	8	1	9	1	—1
San Antonio.....	13	1	10	7	—8
Shreveport, La.....	9	—2	7	8	—1
Waco.....	14	3	12	2	—5
Other cities.....	7	—6	14	7	—3
FURNITURE STORES					
Total Eleventh District.....	18	3	20	12	1
Austin.....	3	9	19	7	6
Dallas.....	8	—5	21	25	6
Houston.....	36	1	33	21	—1
Port Arthur.....	11	—2	11	5	0
San Antonio.....	5	—5	13	—2	—2
Shreveport, La.....	13	9	10	17	2
Other cities.....	17	14	8	4	1
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	6	4	—	—	—
Dallas.....	15	7	—	—	—

¹ Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	May 1955	April 1955	Mar. 1955	May 1954	May 1955	April 1955	Mar. 1955	May 1954
SALES—Daily average								
Eleventh District.....	133	136	120	121r	137	140	131	125r
Dallas.....	125	129	116	113	127	138	122	115
Houston.....	149	148	133	138	150	152	148	139
STOCKS—End of month								
Eleventh District.....	138p	144	144	131r	137p	136	135	129r

¹ Adjusted for seasonal variation.

r—Revised.

p—Preliminary.

Cumulative sales of consumer durables during the first 5 months of this year were 21 percent above those in the same period last year, as compared with a 7-percent increase in the soft goods lines.

Instalment sales in May continued in heavy volume, exceeding those in May 1954 by 38 percent. Cash sales and charge account sales registered more moderate year-to-year increases of 4 percent and 6 percent, respectively. The proportions of total sales which the various types of sales comprised did not change significantly during the month.

Instalment account receivables at District department stores rose 1 percent during May, while charge account receivables decreased slightly. At the end of the month, instalment account and charge account receivables were 13 percent and 8 percent, respectively, higher than a year earlier. Collections on instalment accounts were about the same as in April, while collections on charge accounts increased 4 percent.

Department store stocks declined less than seasonally during May and at the end of the month were 6 percent more than on the comparable date last year. The ordering of fall merchandise appears to have started a little earlier this year, with the marked seasonal rise in orders outstanding beginning in May rather than in June or July, as has been the pattern in previous years. Orders outstanding at the end of May were up 24 percent from a month earlier and were 36 percent higher than on the corresponding date in 1954. The substantial increase in orders may reflect, in part, the confidence of merchants in a continued high level of sales during the remainder of this year.

Although sales at reporting furniture stores in the District showed a small, less than seasonal increase in May, they were 18 percent above a year ago. Furniture store inventories increased contraseasonally 1 percent and at the end of May were 12 percent higher than on the same date last year.

Recurring light to heavy rains over the major portion of the District during June improved the outlook for crop production and range feed.

Subsoil moisture supplies increased

and are adequate in the eastern half of the District; a marked improvement occurred in the High Plains and Low Rolling Plains areas of Texas. However, the Lower Valley, parts of

WINTER WHEAT PRODUCTION

Four Southwestern States and United States

(In thousands of bushels)

Area	1955 Indicated June 1	1954	Average 1944-53
Arizona.....	960	588	604
New Mexico.....	760	400	2,867
Oklahoma.....	29,727	70,770	79,304
Texas.....	11,883	30,894	55,404
Total.....	43,330	102,652	138,179
United States.....	639,224	790,737	867,390

SOURCE: United States Department of Agriculture.

south Texas, and the western Trans-Pecos area remain dry. Moisture conditions are poor in south-central and western New Mexico range areas and in most of Arizona.

Hail and heavy rains damaged cotton, sorghums, and small grains in scattered areas of Texas and Oklahoma, necessitating considerable replanting. The combining of small grains has been moving northwestward slowly, since showers and cool weather hindered field work and slowed ripening of the grain. Feed crop prospects are very favorable except in south Texas, where early dry-land feed crops are maturing with low yields. The corn crop, although somewhat late as a result of replanting due to late-spring freezes, is showing excellent promise. Grain sorghums are making good development, and planting is being rushed to completion in the Plains area of Texas and eastern New Mexico. Harvesting of irrigated sorghums in the Lower Valley of Texas is progressing rapidly.

Production of all wheat in the United States is indicated, as of June 1, at 845,000,000 bushels, the lowest since 1943. The winter wheat crop is placed at 639,224,000 bushels, down 13,662,000 bushels from the month-earlier forecast. A crop of this size would be 19 percent below last year and 26 percent below the 1944-53 average.

In the four major wheat-producing states of the District, indicated production of winter wheat in 1955 is 43,330,000 bushels, reflecting a decline of over 2,000,000 bushels from the previous forecast. This estimate is 58 percent below the short 1954 crop and 69 percent under the 10-year average. In the June forecast, increases in the expected output in Arizona, New Mexico, and Texas are offset by a decrease in Oklahoma.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended June 21, 1955	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3345	\$.3335	\$.3380
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.64½	2.78	2.40
OATS, No. 2 white, Fort Worth.....	bu.	1.00	.98¾	1.01½
CORN, No. 2 yellow, Fort Worth.....	bu.	1.84½	1.84¾	1.92¾
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.50	3.02	2.40
HOGS, Choice, Fort Worth.....	cwt.	21.50	18.50	23.50
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	23.50	24.00	24.50
SLAUGHTER CALVES, Choice, Fort Worth....	cwt.	21.50	22.00	20.00
STOCKER STEERS, Choice, Fort Worth....	cwt.	23.00	22.00	21.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	22.50	22.50	20.00
BROILERS, south Texas.....	lb.	.28	.30	.25



LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	May 1955	May 1954	April 1955	May 1955	May 1954	April 1955
Cattle.....	101,246	79,298	67,378	34,833	37,220	30,604
Calves.....	21,506	16,465	13,768	17,902	17,208	15,494
Hogs.....	48,377	40,252	55,629	3,588	2,256	2,844
Sheep.....	229,849	171,306	156,860	140,240	135,172	136,305

¹ Includes goats.

Most of the 1955 cotton crop has been seeded, and cultivation to control weeds is active. Moisture conditions are favorable, except in nonirrigated parts of the western Coastal Bend and southern counties of Texas. Cotton is squaring in northern Louisiana; in Arizona and New Mexico, growth continues to be satisfactory, although cool temperatures in early June have retarded optimum development. Throughout the District, early planted cotton is making good progress; the first bale of the 1955 crop was ginned June 8, or a week later than last year. Insect populations are building up, with pink bollworms and boll weevils being reported in the Lower Valley of Texas. In the Blackland and Plains areas of Texas, grasshoppers, aphids, and thrips have been reported causing light to heavy damage in some fields.

The condition of the 1955 Texas orange and grapefruit crops, as of June 1, is about average but considerably below that of a year ago, reports the United States Department of Agriculture. The condition of trees generally is good, but strong, cold winds in late March and a brief cold spell in early April have resulted in an erratic set of fruit. Prospects for the 1955-56 citrus crop in Arizona are fair. The 1955 crop of peaches and pears in all District states except New Mexico will be a near failure as a result of freezing temperatures in the spring; even in the latter State, production will be small.

Harvesting of the Texas commercial vegetable crop continued active throughout June, except in parts of central, eastern, and northern counties, where rains during the first part of the month reduced field work. Tomato harvest is virtually complete in the Lower Valley and is continuing in east Texas. Cantaloupes and watermelons are being shipped from south Texas.

Range conditions and pasture prospects in Oklahoma, Texas, and eastern New Mexico improved during June, as rain increased moisture reserves. However, weeds are competing with desirable grasses on many ranges in parts of northwestern Texas. In south Texas, the western Plateau and Trans-Pecos areas of Texas, and southern New Mexico and Arizona, ranges remain short and supplemental feeding continues.

Farm real estate values remained generally stable to slightly higher in most areas of the country during the 4 months ended March 1, according to the Department of Agriculture. The dollar value of farm land in the Nation increased 1 percent. In the District, Oklahoma and Texas showed gains of 3 percent, and Louisiana, 2 percent; but Arizona and New Mexico recorded declines of 1 percent and 2 percent, respectively.

CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	March		April		January—April	
	1955	1954	1955	1954	1955	1954
Arizona.....	\$ 19,329	\$ 19,855	\$ 17,650	\$ 15,950	\$102,682	\$108,882
Louisiana.....	13,323	16,013	20,971	17,192	79,110	91,057
New Mexico.....	7,522	9,272	10,462	8,521	42,941	43,904
Oklahoma.....	28,747	26,153	26,709	23,211	113,665	114,525
Texas.....	95,502	83,633	106,086	110,961	436,658	439,605
Total.....	\$164,423	\$154,936	\$181,878	\$175,835	\$775,056	\$797,973

SOURCE: United States Department of Agriculture.

Cash receipts from farm marketings in the District states from January through April were down 3 percent from the same period last year; livestock receipts declined 1 percent, and receipts from crops decreased 5 percent. In the Nation, receipts from farm marketings during the first 4 months of 1955 totaled \$8,333,549,000 for a decline of 3 percent from a year earlier, the same as in the District states. Crop receipts increased 6 percent, while livestock receipts declined 8 percent.



Between May 18 and June 15, commercial, industrial, and agricultural loans of the District's weekly reporting member banks increased \$7,830,000 to a total of \$1,447,306,000, reflecting a gain of \$142,445,000 over the comparable year-earlier amount. Wholesale and retail trade establishments, construction firms, sales finance companies, and public utilities increased their borrowings substantially during the 4-week period, while commodity dealers, grain and milling concerns, and "all other" commercial and industrial businesses reduced their indebtedness. During the 5½ months ended June 15, 1955, commercial, industrial, and agricultural loans declined \$2,097,000, as contrasted with an increase of \$17,198,000 in the comparable period a year ago, when sub-

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	May 25, 1955	May 26, 1954	April 27, 1955
ASSETS			
Loans and discounts.....	\$3,558	\$3,134	\$3,486
United States Government obligations.....	2,502	2,365	2,509
Other securities.....	548	478	552
Reserves with Federal Reserve Bank.....	968	986	1,004
Cash in vault.....	127	124	136
Balances with banks in the United States.....	960	983	999
Balances with banks in foreign countries ^a	2	1	2
Cash items in process of collection.....	376	305	370
Other assets ^a	169	143	176
TOTAL ASSETS^a.....	9,210	8,519	9,234
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	980	934	1,036
Other demand deposits.....	6,275	5,857	6,248
Time deposits.....	1,223	1,080	1,227
Total deposits.....	8,478	7,871	8,511
Borrowings.....	24	1	21
Other liabilities ^a	57	56	61
Total capital accounts^a.....	651	591	641
TOTAL LIABILITIES AND CAPITAL^a.....	9,210	8,519	9,234

e—Estimated.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 15, 1955	June 16, 1954	May 18, 1955
ASSETS			
Commercial, industrial, and agricultural loans....	\$1,447,306	\$1,304,861	\$1,439,476
Loans to brokers and dealers in securities.....	17,928	10,628	13,753
Other loans for purchasing or carrying securities.....	116,937	84,568	117,227
Real estate loans.....	191,315	137,967	186,370
Loans to banks.....	10,280	4,604	13,530
All other loans.....	493,256	397,538	478,453
Gross loans.....	2,277,022	1,940,166	2,248,809
Less reserves and unallocated charge-offs..	23,240	17,043	23,377
Net loans.....	2,253,782	1,923,123	2,225,432
U. S. Treasury bills.....	57,557	138,573	67,333
U. S. Treasury certificates of indebtedness.....	39,204	123,119	41,364
U. S. Treasury notes.....	283,957	208,905	322,237
U. S. Government bonds (inc. gtd. obligations)...	851,577	779,568	867,050
Other securities.....	251,862	223,928	249,907
Total investments.....	1,484,157	1,474,093	1,547,891
Cash items in process of collection.....	392,627	308,268	368,102
Balances with banks in the United States.....	435,034	528,892	442,004
Balances with banks in foreign countries.....	1,419	1,207	1,558
Currency and coin.....	47,206	44,817	46,948
Reserves with Federal Reserve Bank.....	570,559	558,157	583,383
Other assets.....	119,672	93,935	117,107
TOTAL ASSETS.....	5,304,456	4,932,492	5,332,425
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,835,506	2,683,581	2,805,572
United States Government.....	82,480	78,072	151,213
States and political subdivisions.....	185,253	165,291	195,904
Banks in the United States.....	865,974	858,358	848,061
Banks in foreign countries.....	16,952	9,140	18,125
Certified and officers' checks, etc.....	66,543	53,318	72,161
Total demand deposits.....	4,052,708	3,847,760	4,091,036
Time deposits			
Individuals, partnerships, and corporations....	657,165	564,131	655,919
United States Government.....	12,462	9,809	13,662
Postal savings.....	452	450	452
States and political subdivisions.....	124,132	128,092	130,276
Banks in the U. S. and foreign countries.....	1,785	1,883	1,210
Total time deposits.....	795,996	704,365	801,519
Total deposits.....	4,848,704	4,552,125	4,892,555
Bills payable, rediscounts, etc.....	34,650	4,500	14,400
All other liabilities.....	43,177	39,832	48,509
Total capital accounts.....	377,925	336,035	376,961
TOTAL LIABILITIES AND CAPITAL.....	5,304,456	4,932,492	5,332,425

stantial amounts of CCC certificates of interest were added to loan portfolios.

Changes in other categories of loans over the 4 weeks ended June 15 included increases of \$14,803,000 in "all other" loans, \$4,945,000 in real estate loans, and \$3,885,000 in loans for financing security transactions. Loans to banks declined \$3,250,000. On balance, gross loans rose \$28,213,000 to a total of \$2,277,022,000.

Total deposits of the weekly reporting member banks declined \$43,851,000 during the 4 weeks, due principally to a rather sharp reduction in deposits of the United States Government and a more moderate decrease in the accounts of states and political subdivisions. In providing for the deposit drain, the banks reduced their investment holdings in the amount of \$63,734,000, with sales or redemptions of Treasury notes accounting for \$38,280,000 of the total. Moreover, Treasury bill and Government bond portfolios were reduced \$9,776,000 and \$15,473,000, respectively, but holdings of non-Government securities rose moderately.

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 1953....	\$6,492,848	\$ 877,764	\$3,053,816	\$484,041	\$3,439,032	\$393,723
May 1954....	6,752,376	1,073,865	3,263,439	599,299	3,488,937	474,566
Jan. 1955....	7,594,952	1,155,178	3,679,808	644,814	3,915,144	510,364
Feb. 1955....	7,329,237	1,170,172	3,504,599	652,808	3,824,638	517,364
March 1955....	7,237,908	1,202,162	3,485,392	682,916	3,752,516	519,246
April 1955....	7,388,996	1,219,764	3,626,058	697,441	3,762,938	522,323
May 1955....	7,241,268	1,226,177	3,541,867	704,826	3,699,401	521,351

Gross demand deposits of all member banks in the District averaged \$7,241,268,000 during May, reflecting a decline of 2 percent from the level prevailing in April but a gain of 7 percent as compared with May 1954. Reserve city banks accounted for 57 percent of both the April-to-May reduction and the year-to-year gain. During May, time deposits rose to a record total of \$1,226,177,000, up slightly from April and 14 percent above the level of May 1954.

Debits to deposit accounts reported by banks in 24 cities of the District increased 4 percent during May. Banks in 11 of the reporting centers showed gains, but an equal number registered declines. As compared with the year-earlier level, debits in May were up 18 percent, with increases in individual cities ranging from 7 percent for banks in Corsicana to 34 percent for banks in Abilene. The annual rate of turnover of deposits was 19.1 in May, 18.4 in April, and 17.3 in May 1954.

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

(Amounts in thousands of dollars)

Area	DEBITS ¹			DEPOSITS ²			
	May 1955	Percentage change from May 1954	April 1955	May 31, 1955	Annual rate of turnover May 1955	May 1954	April 1955
ARIZONA							
Tucson.....	\$ 131,540	26	-1	\$ 92,779	16.8	14.5	16.9
LOUISIANA							
Monroe.....	57,217	14	3	41,491	16.0	14.2	15.4
Shreveport.....	235,363	15	1	177,453	15.8	15.0	15.5
NEW MEXICO							
Roswell.....	27,083	10	-3	28,381	11.5	10.2	11.6
TEXAS							
Abilene.....	69,523	34	10	59,025	14.2	12.0	13.0
Amarillo.....	148,334	23	-2	108,318	16.6	14.9	16.7
Austin.....	142,176	22	5	116,093	14.6	13.3	14.0
Beaumont.....	129,178	16	9	96,558	15.5	14.0	14.0
Corpus Christi.....	160,441	9	-3	104,034	18.2	15.8	18.6
Corsicana.....	13,257	7	-5	21,658	7.3	7.2	7.7
Dallas.....	1,961,208	17	4	979,749	24.0	22.2	23.3
El Paso.....	214,975	23	-1	127,863	20.0	17.4	20.3
Fort Worth.....	597,608	18	6	362,226	20.0	18.4	19.2
Galveston.....	77,744	13	-1	70,530	13.3	12.4	13.3
Houston.....	1,958,523	15	7	1,153,833	20.3	18.0	19.0
Laredo.....	23,526	25	0	18,897	14.9	12.2	15.0
Lubbock.....	120,075	31	-3	96,500	14.6	13.7	15.0
Port Arthur.....	57,639	29	14	42,998	16.2	13.8	14.5
San Angelo.....	44,139	20	0	46,307	11.4	10.4	11.4
San Antonio.....	475,625	25	6	335,444	17.0	14.9	16.1
Texarkana ³	17,397	14	-6	17,242	12.0	10.3	12.7
Tyler.....	68,253	13	-6	57,584	14.0	12.7	14.9
Waco.....	82,726	13	-6	67,102	14.5	14.3	15.8
Wichita Falls.....	93,460	19	2	104,603	10.7	9.6	10.6
Total—24 cities.....	\$6,907,010	18	4	\$4,326,668	19.1	17.3	18.4

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 \$36,283,000 for the month of May 1955.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 15, 1955	June 15, 1954	May 15, 1955
Total gold certificate reserves.....	\$741,976	\$754,266	\$ 816,160
Discounts for member banks.....	12,550	5,659	2,800
Other discounts and advances.....	3,133	1,880	3,760
U. S. Government securities.....	944,461	978,835	950,399
Total earning assets.....	960,144	986,374	956,959
Member bank reserve deposits.....	970,623	961,919	1,023,655
Federal Reserve notes in actual circulation.....	709,264	717,622	708,977

Between May 15 and June 15, the principal changes in the condition of the Federal Reserve Bank of Dallas were reductions of \$74,184,000 in gold certificate reserves and \$53,032,000 in member bank reserve deposits. Both of these movements were related to a rather substantial outflow of funds from the District stemming from Treasury operations. Total earning assets of the bank rose \$3,185,000 during the month, principally because of the increase in discounts for member banks; holdings of Government securities declined. On June 15, Federal Reserve notes of this bank in actual circulation totaled \$709,264,000, as compared with \$708,977,000 on May 15 and \$717,622,000 on June 15, 1954.

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

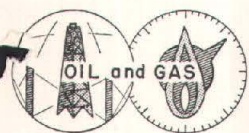
(In thousands of dollars)

FACTORS	CHANGE ¹	
	4 weeks ended June 15, 1955	Dec. 29, 1954— June 15, 1955
Federal Reserve credit—local.....	+\$23,393	—\$ 4,353
Interdistrict commercial and financial transactions....	+ 52,071	— 170,464
Treasury operations.....	— 85,932	+ 99,250
Currency transactions.....	— 8,508	+ 34,426
Other deposits at Federal Reserve Bank.....	— 91	+ 815
Other Federal Reserve accounts.....	+ 455	+ 6,068
RESERVE BALANCES	—\$18,612	—\$ 35,888
May 18, 1955.....	\$989,235	
June 15, 1955.....	\$970,623	

¹ Sign of change indicates effect on reserve balances.

NEW MEMBER BANK

The Mercantile National Bank of Corpus Christi, Corpus Christi, Texas, a newly organized institution located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business June 27, 1955, as a member of the Federal Reserve System. The new bank has capital of \$200,000, surplus of \$50,000, and undivided profits of \$50,000. The officers are: Lamar Folda, Chairman of the Board; Cecil E. Burney, President; C. W. (Woody) Jones, Executive Vice President; Donald Corley, Assistant Vice President; and Robert L. Steel, Assistant Cashier.



Refinery crude runs in both the District and the Nation rose markedly during the last half of May and the first part of June, following a seasonal cutback in the preceding 6 weeks. National runs in the week ended June 3 were second

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	May 1955 ¹	May 1954 ²	April 1955 ¹	Change from	
				May 1954	April 1955
ELEVENTH DISTRICT.....	3,150.6	3,053.1	3,280.9	97.5	—130.3
Texas.....	2,808.5	2,735.2	2,940.6	73.3	—132.1
Gulf Coast.....	596.8	598.9	626.2	—2.1	—29.4
West Texas.....	1,104.2	1,049.0	1,166.8	55.2	—62.6
East Texas (proper).....	212.7	230.2	230.8	—17.5	—18.1
Panhandle.....	87.7	83.5	87.1	4.2	—2.6
Rest of State.....	807.2	773.6	829.8	33.6	—22.6
Southeastern New Mexico..	227.3	200.5	226.3	26.8	1.0
Northern Louisiana.....	114.8	117.4	114.0	—2.6	.8
OUTSIDE ELEVENTH DISTRICT.	3,513.4	3,417.6	3,540.7	95.8	—27.3
UNITED STATES.....	6,664.0	6,470.7	6,821.6	193.3	—157.6

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

only to the record runs in the last week of February. May refinery crude runs — at 7,276,000 barrels per day — were 179,000 barrels higher than in April and 238,000 barrels more than in May a year ago. Daily average runs in the District in May amounted to 2,170,000 barrels per day, which is 22,000 barrels higher than in April and 146,000 barrels above a year earlier.

The substantial increase in refinery runs undoubtedly reflects optimism stemming from the high level of demand, particularly gasoline demand during the past 2 months. During May and the first half of June, demand for gasoline at refineries and bulk terminals was 8 percent higher than in the corresponding period last year; distillate and residual fuel oil demand also was up appreciably. The year-to-year increase in gasoline demand has been running substantially higher than most industry forecasts had anticipated, and there are some doubts as to how long gasoline will continue to show the current large gains.

With the high level of demand counteracting the increase in refinery runs, the stock situation in the petroleum industry showed no basic change during May and the first part of June. The percentage decline in gasoline stocks during the 7 weeks ended June 17, although larger than last year, was not substantially different from the usual decrease for this time of the year; the increase in light heating oil stocks was only a little larger than usual. At the same time, refined products stocks, except perhaps for residual oils, have tended to be on the high side, and the appreciable increase in refinery runs has not improved this situation. On May 28, crude oil stocks, rising steadily since March, reached a high for the year of 281,900,000 barrels but then declined 6,100,000 barrels in the succeeding 3 weeks.

Daily average crude oil production in the District decreased moderately in June, after a marked reduction in May. Production during the first 17 days of the month averaged 3,117,000 barrels per day, which is down 33,000 barrels from May although 9,000 barrels higher than in June a year ago. A further decline in District production may be anticipated in July, in view of the reduced Texas daily oil allowables. Production in the Nation during the first part of June followed a pattern similar to that of the District, averaging 6,609,000 barrels, or 55,000 barrels less than in May but 109,000 barrels more than in the same month a year ago.



Employment increases continue to reflect the rising trend in business and industrial activity. Estimates place total nonagricultural employment in the District states during

May at 3,862,900 for the highest May level of record, or 21,600 higher than in April and 91,000 above a year earlier. As in the preceding month, gains occurred in almost all industrial classifications.

Important in the May increase was manufacturing employment, which gained 9,400 to total 714,200. In addition to seasonal gains in food manufacturing, increases were reported in transportation equipment, lumber and wood products, textiles, and apparel manufacturing employment. A further expansion in chemical manufacturing was offset partially by a loss in the allied cotton oil industry.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change May 1955 from	
	May 1955e	May 1954r	April 1955	May 1954	April 1955
Total nonagricultural					
wage and salary workers...	3,862,900	3,771,900	3,841,300	2.4	.6
Manufacturing	714,200	695,100	704,800	2.7	1.3
Nonmanufacturing	3,138,700	3,076,800	3,136,500	2.0	.1
Mining	237,200	233,000	235,700	1.8	.6
Construction	272,300	261,800	270,200	4.6	.8
Transportation and public utilities	387,000	388,100	378,000	-.3	2.4
Trade	989,200	966,800	990,200	2.3	-.1
Finance	160,500	154,500	160,000	3.9	.3
Service	449,400	444,800	447,400	1.0	-.4
Government	653,100	627,800	655,500	4.0	-.4

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

e—Estimated.

r—Revised.

SOURCES: State employment agencies.
Federal Reserve Bank of Dallas.

In Texas, unemployment declined in May to the lowest level since October 1953. Totalling 110,800, unemployment was down 5,700 from the preceding month and 17,600 from a year ago.

Construction contract awards in the District during May amounted to \$168,169,000, or 7 percent more than in April and 38 percent higher than in May last year. The month-to-month gain was accounted for wholly by residential awards, which reached a near-record level of \$83,665,000, or 28 percent higher than in the preceding month and 50 percent above a year earlier. All other awards, while 27 percent above May 1954, declined 8 percent from April. The value of total awards

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	May 1955	May 1954	April 1955	January—May	
				1955	1954
ELEVENTH DISTRICT....	\$ 168,169	\$ 122,254	\$ 157,267	\$ 732,682	\$ 548,747
Residential	83,665	55,909	65,592	350,927	261,408
All other	84,504	66,345	91,675	381,755	287,339
UNITED STATES ¹	2,185,065	1,925,253	2,322,085	9,727,562	7,517,945
Residential	1,011,310	825,300	1,070,129	4,505,626	3,260,425
All other	1,173,755	1,099,953	1,251,956	5,221,936	4,257,520

¹ 37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

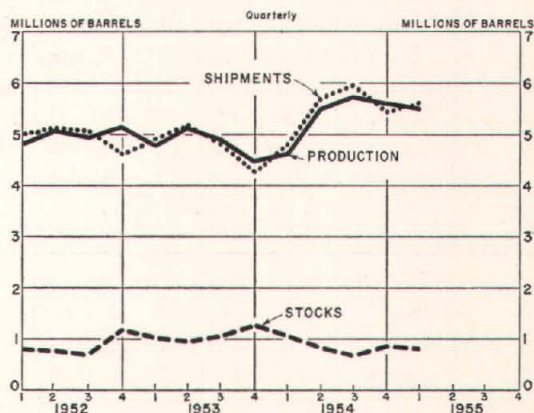
Area	May 1955		Percentage change in valuation from		5 months 1955		Percentage change in valuation from 5 months 1954
	Number	Valuation	May 1954	April 1955	Number	Valuation	
LOUISIANA							
Shreveport....	458	\$ 2,003,072	17	—76	2,439	\$ 16,453,256	93
TEXAS							
Abilene.....	137	1,367,757	122	—23	761	8,074,954	77
Amarillo.....	272	2,427,387	71	32	1,369	11,677,263	56
Austin.....	380	4,247,868	20	15	1,588	18,390,816	9
Beaumont.....	355	833,474	71	—32	1,568	4,191,756	5
Corpus Christi..	461	1,922,764	—41	—51	2,455	14,100,469	13
Dallas.....	2,525	13,316,328	19	—4	12,008	77,475,233	39
El Paso.....	443	2,731,422	22	—28	2,516	16,075,241	85
Fort Worth.....	726	4,189,733	27	—30	4,125	25,205,928	50
Galveston.....	87	324,403	—12	—3	526	1,263,722	—60
Houston.....	1,207	17,829,487	51	11	5,756	70,529,654	16
Lubbock.....	189	1,958,000	—7	—1	1,330	11,639,060	11
Port Arthur.....	169	362,694	16	74	776	2,223,929	51
San Antonio.....	1,807	3,902,352	10	—23	9,237	25,497,766	38
Waco.....	287	865,551	1	—23	1,346	6,390,870	22
Wichita Falls...	151	1,214,067	118	—10	774	5,611,807	59
Total—16 cities..	9,654	\$59,496,359	26	—16	48,574	\$314,801,724	32

in the District for the first 5 months of this year was up one-third compared with the same period in 1954; residential awards were 34 percent higher, and all other awards, 33 percent higher.

In the Nation during May, the value of both total construction contract awards and residential awards declined approximately 6 percent from the April levels. For the first 5 months of 1955, total awards in the Nation were 29 percent above a year earlier; residential awards and all other awards showed increases of 38 percent and 23 percent, respectively.

Cement production in Texas during the first 3 months of 1955, although a little below the preceding quarter, was the highest first-quarter output of record and was 20 percent above production in the same period last year. Nevertheless, as a result of the high volume of construction, stocks of cement during the first quarter of 1955 resumed the downward trend evident in the first 9 months of 1954. At the end of March, they were at the lowest level for that date since 1951. Severe shortages of cement have been reported in some areas of the District.

PORTLAND CEMENT PRODUCTION, SHIPMENTS, AND STOCKS AT TEXAS MILLS



SOURCE: U.S. Bureau of Mines.