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**FEDERAL RESERVE
BANK OF DALLAS**

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Industrial development on the Mexican border

American companies are increasingly taking advantage of opportunities favoring the establishment of assembly plants just across the border in Mexico. Where the Mexican government had authorized 73 American-owned plants near the border in October 1967, by mid-1969 the number had swelled to 147. Of these, 103 were in operation.

The incentive for Americans to operate plants on the other side of the international boundary is clearly the abundance of cheap but productive labor in Mexico. The feasibility of such operations depends, however, on American tariff regulations and on recent changes in Mexican policies that allow Americans to operate assembly plants in Mexico, ordinarily within 12 miles of the border.

American tariff regulations provide that when component parts are exported from the United States for assembly into final products abroad, they can be brought back into this country at a much lower tariff than other exports. These regulations were first applied to imports from American plants in such low-cost areas as Korea, Taiwan, and Hong Kong. But in an effort to cope with unemployment along its American border, Mexico devised a program to encourage American companies to shift assembly work south of the border.

The program under which this work is authorized — the *Programa de Industrializacion Fronteriza* (the border industry program) — is important for several reasons. First, it allows both countries to make better allocations of their resources, an alternative that demonstrates the principle of comparative advantage. Mexico, with its surplus of low-wage workers, has the advantage in carrying on labor-intensive assembly operations, while the United States has the advantage in the production of components, an essentially capital-intensive process. Second, the program creates employment not only on the Mexican side of the border, where unemployment is extremely high, but also on the American side, which includes large areas that are essentially agricultural and where industrial employment has also been low. And, finally, the program has basically favorable implications for the balances of payments of both countries. Broader consideration of these points depends first, however, on a description of Mexico's border industry program and the developments leading up to it.

Population and poverty

The Mexican government launched a program early in the 1960's designed to slow the rise of unemployment along the border by better integrating the country's northern regions into

Lacy H. Hunt, II, the author of this article, has based the discussion primarily on information furnished by several U.S. and Mexican agencies and on interviews with bankers and businessmen on both sides of the border.

the national economy. This program, called the *Programa Nacional Fronterizo* (the national border program), was tuned primarily to the rehabilitation of border cities, largely in hopes of attracting tourists to the border from both the United States and the interior of Mexico. Funds were allocated for new facilities to be used in displaying native arts and crafts. Recreational facilities were built, and — perhaps most in line with the drive for higher incomes — educational facilities were expanded all along the border.

Some objectives of this program have been achieved. The appearance of many towns was improved, especially ports of entry, contributing to gains in tourist trade. Between 1965 and 1967, tourist traffic into Mexico increased 11 percent. In 1968, the year of the Olympics in Mexico, tourism increased 18 percent. But the

central objective — higher levels of income and employment on the border — proved elusive.

Not only were the country's northern reaches less developed than much of the interior, but population was also increasing far faster in the north than in the rest of Mexico. With its population increasing 3.5 percent a year, Mexico has long been plagued with the problems of providing employment for one of the world's fastest expanding populations. Through its border program, it was undertaking to grapple with the problems of some of its most persistent pockets of poverty at the time when they were probably swelling fastest.

For years, Mexicans had been pulled to the border in response to American demand for *braceros* — migrant farm workers. With agreement between the United States and Mexico on

Programa de Industrializacion Fronteriza

The border industry program dates, for all practical purposes, from June 1966, when the Mexican government established procedures for allowing foreign companies to operate assembly plants in northern Mexico. The program is an outgrowth of studies conducted by the Mexican government to devise means of providing American industry "an alternative to Hong Kong, Japan, and Puerto Rico" in the location of assembly plants.

The idea of encouraging Americans to establish plants in Mexico was first advanced by Octaviano Campos Salas, Mexico's secretary of industry and commerce, in May 1965, following a trip to the Far East, where he observed American-owned plants assembling goods for the U.S. market. In Septem-

ber 1965, in his Report to the Nation, President Gustavo Diaz Ordaz announced the government's acceptance of the program as a means of coping with unemployment on Mexico's northern border.

Operational procedures providing the government the means of processing applications of companies wanting to open plants in the border zone were established in two inter-secretarial agreements in June 1966: No. 164 Hacienda (June 1) and No. 4132 Industria y Comercio (June 20). Again, in his Report to the Nation in 1966, President Diaz Ordaz affirmed the government's commitment to the development of the border economy, emphasizing his belief that the border industry program would create employment on the border.

a formal bracero program in 1951, even more Mexican workers had migrated northward to the border towns, where, with U.S. permits, many of them could find temporary work in this country as farm laborers. As workers crowded into the towns looking for employment, urban population along the border soared, increasing, for example, more than twofold in Mexicali, across from El Centro, California.

Even at the height of the bracero program, the supply of workers at the border almost always exceeded the demand. Then, when the United States terminated the program in late 1964, these workers and their families were caught at the border, without employment or the means of returning to their homes in the interior. Already high levels of unemployment rose at staggering rates in urban but essentially nonindustrial centers. Of the nearly 136,000 workers available in Ciudad Juarez, across from El Paso, in 1968, 15 percent were without jobs, and unemployment rates were even higher in some other cities. Half the work force in Nogales was unemployed.

The Mexican government was quick to recognize the serious implications of the cutback in the bracero program and to realize that, with the cutback, the border development program was rendered inadequate. In 1965, the government began moving unilaterally toward the development of industry on its northern border by creating an environment that offered American companies an alternative to their increasing use of low-cost labor in Puerto Rico and the Far East. In his Report to the Nation that year, the President of Mexico announced the *Programa de Industrializacion Fronteriza* — the border industry program.

Provisions of the program

Procedures allowing American companies to operate plants as wholly owned subsidiaries within a 12-mile border zone were established in agreements between agencies of the Mexican

government. Under these agreements, American companies can import equipment and materials into the border zone duty free. They can also export products of these plants duty free. And Americans can cross the border every day to work in plants in the zone. The only restriction, other than location, is that products of the plants cannot be sold in the Mexican market.¹ To ensure compliance with all provisions of the program, the Mexican government requires that American companies post bonds guaranteeing that all imports are temporary — a requirement that has caused plants established under the program to be called “in-bond” plants.

While the United States Government has taken no official steps to encourage plants on the border, its tariff schedules favor border plants by imposing duties on products assembled abroad from components manufactured in this country only to the extent that value is added to products abroad. According to U.S. tariff schedules, the value added to a product consists of foreign labor costs, overhead costs of foreign plants, and an estimated profit on the foreign operation. To qualify for this preferential treatment, a product must have been assembled from components made in the United States, the components must have been exported ready for assembly without further fabrication, the shape or form of the component must not have been changed, and — except for assembly or operations incidental to assembly, such as oiling, greasing, or painting — the con-

¹ Even the restriction on location can apparently be lifted in some instances. The Mexican government announced in 1967 that it would allow American companies to operate assembly plants in the interior of Mexico. There has been no significant implementation of plans to encourage plants in the interior, however. Plants permitted beyond the border zone have been operated by companies already established in Mexico. Julio B. Trevino, “Border Assembly Operations,” *Mexican-American Review*, American Chamber of Commerce of Mexico, Mexico City, April 1969, p. 33 (As reprinted in *Selected Reprints of Articles on Mexico's Border Industrial Program*, McAllen Chamber of Commerce, McAllen, Texas).

dition of the component must not have been changed or its value increased.

Essentially, provisions for tariff exemption apply when no operation has been performed abroad on the component itself, except to attach it to other components. Examples of products qualifying for such interpretation are condensers soldered to other components to form a radio or precut pieces sewn to form a garment. Force lifting, pressing, gluing, and similar operations are generally applicable. Because the tariff schedules apply to components made to fit other components, they do not apply to liquids, gases, or powders (and, therefore, not to chemical products or food ingredients, although they do apply to food packaging). Nor do they apply to material exported in continuous lengths to be cut to specific lengths abroad.

Tariffs and the Border Program

Successful development of the border zone has depended as much on U.S. tariff schedules as on unilateral action by the Mexican government to open its northern frontier to foreign investment. Regarding the import of products assembled from components manufactured in the United States, Sections 806.30 and 807.00 of the Tariff Classification Act of 1962 provide that duties on imports into this country must be paid only on essentially the value added to products abroad.

These provisions merely make explicit, however, what has long been understood as the intent of U.S. import duties. In 1954, the U.S. Customs Court ruled that, under the Tariff Act of 1930, duties were not required on the import of components originally manufactured in this country.

Proliferation of plants

Plants spread rapidly under the border industry program. According to information released by the Mexican government, the number of plants almost doubled in the past two years. Where in October 1967 the government had authorized 73 companies to make a total investment of \$6 million on the border, by July 1969 the number had reached 147 and the total authorized investment had risen to \$14.2 million. The size of plants also increased. During that time, the average investment rose almost \$16,000 and approached \$100,000 per plant. Officially, these plants were expected to employ nearly 16,000 workers, or about 110 workers per plant, but unofficial estimates are closer to 17,000.

Of the 147 plants authorized at mid-1969, 103 were in actual operation. The heaviest concentration was in Baja California, where 71 plants were assembling components made in the United States. Of these, 68 were in the two largest cities, Tijuana and Mexicali. Thirty were spread along the northern reaches of Mexico bordering on the Eleventh Federal Reserve District. Most of these plants were in Ciudad Juarez, Nuevo Laredo, and Matamoros.

More than a third of the plants were assembling electronic equipment, primarily in Baja California, where most of the plants were operated in connection with California's highly developed electronics industry. Nearly a third were manufacturing garments from goods cut in the United States. By contrast, only 2 percent of the plants were used in processing food products (mainly packaging of shrimp) and 4 percent were used in assembling wood products.

Four general types of American companies have undertaken Mexican operations: those that already had other foreign operations, those with plants on the American side of the border and, therefore, some familiarity with conditions on the Mexican side, those with problems that led

them to cut costs, and those that, having seen other companies with successful operations on the border, moved to claim similar advantages for themselves.²

In all cases, of course, the incentive to establish Mexican operations was low-cost labor. A survey conducted by the American Chamber of Commerce of Mexico in mid-1969 shows that of 63 companies responding, all considered low labor costs their primary reason for establishing plants in Mexico.³ More than half the companies reported, however, that the availability of labor in Mexico was also an important consideration.

Plant productivity

The difference in wage rates makes costs per unit of output far lower in the border zone than in the United States. And when allowances are made for other costs, some operations are even cheaper than those in the Far East. The minimum daily wage for unskilled workers in Ciudad Juarez, for example, is currently \$2.84 (35.50 pesos). By contrast, the average minimum daily wage in the United States (before fringe benefits) is \$12.80. Elsewhere on the border, rates vary from \$2.70 a day in Matamoros, Reynosa, and Nogales to \$3.68 in northern Baja California.⁴ With fringe benefits, the \$2.70 rate rises to about \$3.76.

According to several companies in the border zone, Mexican workers are highly productive. Even with the lower wage rates, low productivity would, of course, cut into the advantages of using Mexican workers. But American companies operating under the border industry program report almost universal satisfaction with

the performance of Mexican workers. Of the 63 companies surveyed by the American Chamber of Commerce of Mexico, 61 were satisfied with the efficiency of employees on the border. Others have pointed out that absenteeism, tardiness, and turnover — all matters of concern in the United States — present only minor problems on the border.⁵

The productivity of Mexican workers has also been rising. Based on information furnished by the Mexican government, cumulative payrolls through 1968 amounted to 37 percent of the value added at plants operated under the border industry program. In the first seven months of 1969, the proportion of value added represented by labor costs declined to 29 percent. Cumulative payrolls of Mexican workers in the border program, through 1968, amounted to slightly more than 9 percent of the total value of production, including the cost of components manufactured in the United States. But in the first seven months of 1969, this ratio dropped to less than 3 percent. Value added declined from 25 percent of the total value of output at the end of 1968 to about 9 percent for the first seven months of 1969. The decline in these three ratios probably reflects — in addition to increased productivity of Mexican workers — both increased capital investments in border plants and shifts in production components.

Women are employed extensively in border plants. According to Banco Longoria of Nuevo Laredo, women account for almost 80 percent of the workers in plants across from Laredo. The proportion in plants at Matamoros is more than 90 percent.

Although wages and labor costs are low in Mexico, they are not as low as in the Far East, where wage rates may be no more than two-thirds as high. But because of their proximity to the United States, Mexican-American operations have several clear advantages over Amer-

² John M. Richards, "El Paso-Juarez Economic Siamese Twins," from Official Transcript of Executive Conference on World Trade, University of Texas at El Paso, April 28, 1969 (El Paso, Texas: El Paso Chamber of Commerce).

³ "Survey on Border Development Program" (Mexico City, 1969).

⁴ *McAllen (Texas) Monitor*, January 1, 1970.

⁵ *El Paso (Texas) Herald-Post*, September 27, 1969.

ican operations in the Far East. The most important, of course, is lower transportation costs, which can go far in offsetting the advantage of lower labor costs. Many products can be assembled cheaper in the Far East than in Mexico — even with the much higher transportation costs — but they are almost all small, lightweight items. As the weight of exported components and imported products rises, the long distances to such countries as Korea and Taiwan give Mexican locations an increasing cost advantage.

Closely related to transportation costs is the ease of supplying foreign plants with materials other than components. If the supplies cannot be provided locally — and most industrial supplies cannot — they, too, must be shipped. Their shipping costs become another factor in site selections, as does the time required for shipments.

Problems of supply, all significant in Far Eastern operations, are relatively unimportant along the border. Not only are border plants close to sources of supply, but Mexican authorities have arranged for imports to clear customs in as little as a day. The time required for companies to import goods to their plants in Mexico varies from two hours to three days, depending on the port of entry. Of the companies surveyed by the American Chamber of Commerce of Mexico, 52 reported having no trouble importing materials and supplies into the border zone.

The time required for imports through ports of entry from Agua Prieta west to Tijuana — a strip called the “free zone” — averages one day. From Ciudad Juarez east, the time averages about three days. The difference is due to the permits required for goods entering Mexico along the Texas border. In the free zone — a region long favored by tariff policies designed to offset the disadvantages of vast, barren stretches far removed from Mexican centers of government, business, and industry — permits are required for only a few items.

Other factors influencing the cost and efficiency of foreign operations include the availability and costs of plant facilities, utilities, and parts and services for the maintenance and repair of equipment — most of which are available in Mexico. A plant in Mexico can quickly summon maintenance and repair service from the United States. Although comparable utility services cost slightly more in Mexico than in the United States, the services are more reliable than in some competing countries in the Far East. Utilities are available in most areas, frequently furnished from the American side of the border, and the quality of electrical service is usually well regulated.

The slightly higher utility costs in Mexico can be offset by low rents. Buildings suitable for light manufacturing can be leased in the border zone at annual rates ranging from 50 cents to \$1.25 a square foot. Being situated so that families of American managers can live in the United States, Mexican plants also offer an important recruitment advantage over plants in the Far East.

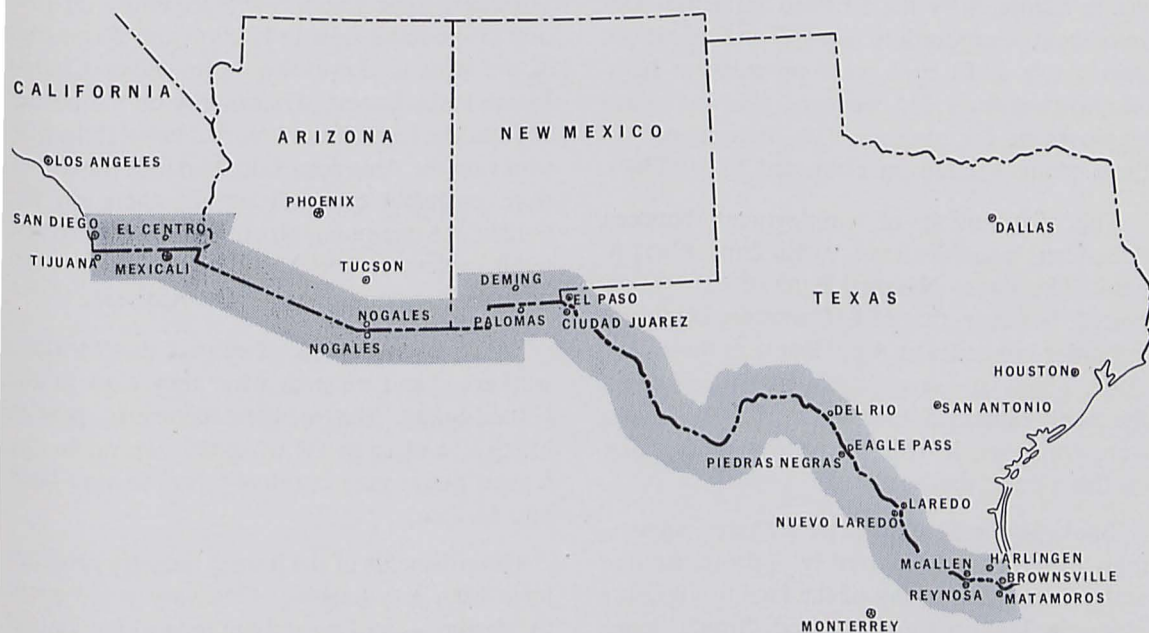
Progress on the border

The border industry program has provided substantial employment gains in Mexico. In addition to the new jobs in industry, it has undoubtedly created an important secondary layer of related employment. Plants and industrial parks have had to be built and maintained. Some repair work has to be done, and some supplies and materials are bought in Mexico. But development of industry in the border zone has also gone far in improving the outlook for communities on the American side.

While not as acute as in Mexico, problems of underdevelopment have nevertheless been significant on the American side of the border. Essentially dependent on agriculture, many border towns from Brownsville almost to San Diego have long suffered from a lack of industrial income and employment. Between 1965

and 1969, the level of unemployment in Brownsville and McAllen, for example, averaged twice as high as in Texas as a whole. In El Paso, where unemployment levels were also significantly higher, wages averaged about 30 percent lower than in the rest of the state in the first nine months of 1969, and the work-week 3.5 percent shorter.

tenance of plant machinery and equipment are often handled in Mexico. More difficult work or work requiring large shops is usually done on the American side, especially in the larger cities, such as El Paso, Tucson, and Phoenix. Still more complicated work is often channeled to even larger cities, such as Dallas, Houston, and Los Angeles.



Supplies to support border industries are bought in both countries, the choice depending on the availability and costs of goods. While some furniture is bought in Mexico, most office equipment, fixtures, and supplies are provided from the United States. Motor vehicles used in Mexican operations are almost always bought in the United States and registered in southwestern states. Many of the components used in assemblies in Mexico are fabricated in new plants on the American side, but some materials, such as copper and copper tubing used in television sets, are cheaper to buy in Mexico.

Plants in Mexico purchase services on both sides of the border. Minor repairs and main-

tenance of plant machinery and equipment are often handled in Mexico. More difficult work or work requiring large shops is usually done on the American side, especially in the larger cities, such as El Paso, Tucson, and Phoenix. Still more complicated work is often channeled to even larger cities, such as Dallas, Houston, and Los Angeles.

Transportation services are furnished almost entirely by American companies. While there is little evidence that border industries have added significantly to the freight hauled by the few railroads serving border communities, shipments by air have increased. One small air-freight line has been established in South Texas to serve new industries along the Lower Rio Grande. The biggest gains, however, have been in truck movements, both of components shipped into Mexico and finished products shipped back into the United States.

Probably the most important development on the American side has been the construction of plants to complement operations in

Mexico. By building "twin plants" on the border, manufacturers can carefully coordinate production requiring large amounts of labor with processes requiring concentrations of machinery and technical competence. Construction of plants on this side has stimulated demand for land, personnel, and facilities in areas of the Southwest that might otherwise have made very little industrial progress. According to estimates by the El Paso Industrial Development Corporation, at the end of 1969, twin plants at El Paso were providing a basic employment for 1,315 workers, plus secondary employment for another 920. Investments in these plants totaled an estimated \$23 million.

The distribution of employment between Americans and Mexicans varies from plant to plant. The Valley National Bank of Arizona reported, however, that of 610 workers employed in border industries at Agua Prieta at the end of 1969, about 20 were Americans. In addition, the bank estimated that some 250 Americans were employed in twin operations at Douglas, on this side of the border.

Banks in the Southwest have shared increasingly in the growth spurred by industrialization along the border. Many of the facilities housing plants in Mexico were financed through loans from American banks, as were plants built on this side to support the Mexican operations. Plants on both sides keep working balances at banks on this side. These balances, along with the new accounts of Americans working in the plants and new businesses established to serve them, have added significantly to deposits in the Southwest. Also, because Mexican workers must be paid in pesos, periodic transfers of funds to Mexican banks for plants to use in meeting payrolls have added to the foreign-exchange business of banks in the Southwest.

The importance of border industry to the southwestern states cannot be properly gauged, however, merely in terms of what Americans earn and spend on this side of the border. As

businessmen on the border have long understood, income and employment in Mexico also have important implications for retail trade in the United States. Following a survey of retail trade in El Paso in 1965, the Real Estate Research Corporation reported that residents of Ciudad Juarez spent nearly \$24.5 million in El Paso stores and that customers from elsewhere in Mexico spent another \$4.3 million. Together, these purchases represented 20 percent of the retail sales in El Paso and 30 percent of the sales in downtown stores. Since Ciudad Juarez is the largest Mexican city on the border and has the largest retail market competing with stores on the American side, Mexican purchases were probably even higher elsewhere on the border. At one point, where there are very few retail outlets on the Mexican side, almost all purchases are made on the American side.

This does not mean, of course, that Mexican workers spend most of what they earn in the United States. Most of their income is spent in Mexico, and some of what they spend in the United States may eventually find its way back into Mexico.

Other benefits of the border industry program have been less tangible. One very real benefit to Mexico — and possibly in time to the United States as well — has been the improvement of the quality of the Mexican labor force along the border. Some groups in Mexico originally opposed the program, fearing that American companies, with their greater know-how, might take over Mexican markets. Most of this opposition has withered, however, in the face of the achievements made in training Mexican workers. With plants in the border zone setting an example of quality workmanship for the rest of Mexico to follow, support for the program has become broadly based.

A still more intangible advantage of the program has been that it placed Mexico in a better position to escape at least some of the limitations of its resources. First, by relying on

foreign investment to develop its border area, Mexico can afford to concentrate more of its development capital in the interior. Second, by providing industrial employment, it can hope to begin shifting workers out of agriculture. As in most underdeveloped countries, agricultural productivity is low and agricultural progress hampered. If the border program and other industrial development in the interior can draw underemployed workers from the farms, they will have contributed to the development of Mexican agriculture.

The program also points to greater diversification of Mexican exports. Mexico, like other developing countries, has generally been too dependent on the products of agriculture and mining as sources of foreign exchange. With a more diversified base for exchange earnings, any developing country is in a better position to absorb the impact of fluctuations in demand or prices of its exports and, therefore, in a better position to maintain the flow of imports needed for its economic development.

Balance of payments

The border industry program has almost certainly strengthened the balance-of-payments position of Mexico, and probably the position of the United States. The extent of the strengthening is hard to determine, however, for not only is the possible impact of border plants on other trade between the two countries unknown but so also is the impact of border plants on the trade of these countries with all other countries.

The value added on products imported into the United States from Mexican plants was \$3.4 million in 1966. These exports nearly doubled in 1967 and climbed to \$23.7 million by the end of 1968. But the net effect of this \$20 million increase on Mexico's balance of payments cannot be determined. It is not known how much of the increase was spent in the United States. Nor are the earnings of these plants known, or their expenses in the United States.

The net effect on the U.S. balance of payments is perhaps even more elusive. Not only is the extent of sales to equip and supply plants in Mexico unknown, but so also is the extent to which Americans substituted products of Mexican plants for goods previously bought in other countries or, conversely, the extent to which Mexican-American exports increased as a result of the improved competitive position of American products. It is known, however, that at least one company has shifted its operations from the Far East to Mexico. And the American Chamber of Commerce reports that eight American companies in Mexico either export goods to countries other than the United States or plan to start such exports.

Despite the problems of determining the effects of the border industry program on balances of payments, possible improvement in the U.S. position can be shown by a purposefully simple but reasonable hypothetical case, such as the example given in the Technical Note on the following page.

Perspective

The border industry program allows both the United States and Mexico to make better allocation of their resources. By exporting components to Mexico for assembly, the United States takes advantage of its highly capitalized manufacturing capacity. By assembling these parts for export back to the United States as finished products, Mexico makes better use of its labor, which because of the lack of industrial opportunity on the border, has gone largely unemployed.

Not only does the program improve the allocation of Mexican-American resources, however, but it may well represent an improvement in the allocation of world resources. Certainly, the spread of American plants along the border indicates market acceptance of the program, showing the plants can produce goods at competitive prices in world markets.

Technical Note

Possible effects of the border industry program on the U.S. balance of payments can be shown by the hypothetical example of an American company participating in the program. Say the company exports \$250,000 in machinery and equipment to set up an assembly plant in Mexico. These exports are financed by a capital contribution of the parent company in the United States (Step 1 in the table).

Since the American company will probably also transfer working capital to its foreign subsidiary, it can be assumed that a demand deposit, say \$50,000, is credited to the subsidiary at an American bank. The result is an increase in short-term liabilities to foreigners, or a new credit item in the balance-of-payments account. On the books of the parent company, its equity in the border plant is then brought to a total of \$300,000 (Step 2).

If the components the American company shipped to its subsidiary are worth \$60,000, the company's capital investment in the Mexican plant rises to \$360,000 (Step 3).

Say the Mexican plant assembles final products valued at \$100,000 for a total cost of \$90,000 (\$60,000 for components manufactured in the United States, \$15,000 for wages to Mexican workers, \$5,000 for other overhead charges, and \$10,000 for depreciation). The plant will then show a profit of \$10,000. Since this profit represents service income in the balance-of-payments accounts, it will probably be reflected in a \$10,000 credit on the current account and, assuming that the American company reinvests the profit into the subsidiary plant, a \$10,000 debit in long-term capital investments (Step 4).

If the entire \$100,000 inventory of final products is shipped to the United States, the parent company will reduce its capital contribution to the border plant by \$80,000 and credit its subsidiary with \$20,000 in cash (Step 5).

If the Mexican workers spend two-thirds of the \$15,000 payroll in the United States, U.S. exports will increase \$10,000 and the offset item in the U.S. balance of payments will be a \$10,000 increase in short-term claims of foreigners (Step 6).

BALANCE-OF-PAYMENTS ACCOUNTS

CURRENT ACCOUNT			
Credits		Debits	
(Step 1)	\$250,000	\$100,000	(Step 5)
(Step 3)	60,000		
(Step 4)	10,000		
(Step 6)	10,000		
SHORT-TERM CAPITAL			
Credits		Debits	
(Step 2)	\$ 50,000	\$ 10,000	(Step 6)
(Step 5)	20,000		
LONG-TERM CAPITAL			
Credits		Debits	
		\$250,000	(Step 1)
		50,000	(Step 2)
		60,000	(Step 3)
		10,000	(Step 4)
		-80,000	(Step 5)

As a result of these six transactions, net imports from the plant — after elimination of the exports financed under long-term capital transfers — will be \$20,000. To evaluate the impact of these transactions on the U.S. current account, assume (1) that imports of similar products into the United States totaled \$1 million a year before the plant was established on the border, (2) that these imports had been increasing 7 percent a year, and (3) that the year the plant went into operation, imports of the product increased only 3 percent. The net effect of such an operation on the border would represent a \$40,000 displacement of imports, more than enough to offset the \$20,000 import from Mexico. If, of course, the border plant displaced less than \$20,000 in imports, the U.S. balance of payments suffered.

District highlights

The seasonally adjusted Texas industrial production index, at 177.6 percent of the 1957-59 base, was down fractionally in December from the previous month. A decline in total manufacturing was nearly offset by a rise in mining output. Utilities remained unchanged. In manufacturing, production of both durable and non-durable goods eased in December. The decline in the output of durable goods was led by reduced activity in transportation equipment, electrical and nonelectrical machinery, and furniture and fixtures. The weakness in nondurable goods production was attributed to paper and allied products, leather and leather products, food and kindred products, and chemicals and allied products. The output of textiles rose significantly, however. Increased output of crude petroleum accounted for all the gain in mining.

Industrial production in Texas was 6.7 percent higher than in December 1968. Manufacturing, mining, and utilities advanced with about equal strength. Within manufacturing, however, the rate of increase in the production of durable goods was more than twice the rate in nondurables. Sectors of nondurable goods showing little or no year-to-year gains included food and kindred products, textiles, and leather and leather products. The strength in the production of durables was concentrated in machinery and metals. Crude petroleum production rose nearly 11 percent.

New passenger automobile registrations in the four metropolitan reporting centers of Texas were 9 percent higher in December than in November but 4 percent lower than in December 1968. Registrations for these four centers — Dallas, Fort Worth, Houston, and San Antonio — totaled 3 percent less last year than in 1968, despite a 1-percent increase in Dallas.

Department store sales in the Eleventh District were up sharply in the four weeks ended December 27, reaching a level 5 percent higher than in the comparable period a year earlier. Sales were especially high Christmas week. Department store sales for the year as a whole were 8 percent higher than in 1968. Year-to-year gains were posted by all major metropolitan areas for which separate data are available. Sales for the four weeks ended January 17, a period that also included Christmas week, were 13 percent higher than a year earlier.

Nonagricultural wage and salary employment in the five southwestern states increased 0.8 percent in December and reached a level 3.3 percent higher than in December 1968. Almost all the month-to-month increase was in trade employment, which rose 3.9 percent. Manufacturing employment declined 0.6 percent, and construction employment 1.1 percent. Only very slight gains were registered in other employment sectors: government, mining, transportation and utilities, finance, and services.

Texas oil allowables continue in February at 68 percent of maximum efficient production — a new high set in January, when authorized production was sharply increased to a daily average of 3,869,658 barrels from 3,639,886 barrels in December. Calculation of allowables based on the 68-percent rate has been revised downward for February, however, to 3,732,913 barrels a day. Allowables in Louisiana were increased from 46 percent of maximum efficient production in January to 47 percent in February. The increase in southeastern New Mexico from a daily average of 70 barrels per well in December to 72 barrels in January was continued through February.

The higher allowables reflect several factors: growth in demand, difficulties in increasing output, and needs to replenish stocks. The Bureau of Mines has forecast an increase in demand in February that will require another 90,000 barrels a day of domestic crude production. Production in Texas has been less than allowables, however. Production in January was expected to fall 618,158 barrels a day short of the allowables. As the Texas Railroad Commission has increased allowables above 40 percent of maximum efficient production, each added increment of allowables has resulted in a progressively smaller percentage increase in production.

Among the problems slowing the increase in production have been difficulties in disposing of salt water, accumulations of hard-to-sell sour crudes, and limitations of available production and distribution facilities. As production has lagged below allowables, stocks have been drawn down, creating an additional reason for raising allowables.

The investment outlook continues strong for the industry. Department of Commerce estimates show the petroleum industry planning to increase spending on new plant and equipment faster than any other industry. The industry is reportedly planning plant and equipment expenditures of \$6,140,000,000 this year, compared with \$5,250,000,000 in 1969.

Seven percent less winter wheat acreage has been seeded in Eleventh District states than in 1969. Although cold weather has slowed growth, Texas wheat grazing prospects are fair to good. Hay stocks on farms in the five states totaled close to 5.1 million tons at the start of the year — 22 percent less than a year earlier. Before January freezes in the Lower Rio Grande Valley, the 1969-70 citrus crop in Texas and Arizona was estimated at 21.3 million boxes — 12 percent more than in 1968-69, compared with 3 percent more for the nation. These two states were expected to produce 10.7

million boxes of oranges and 10.6 million boxes of grapefruit, or 8 percent more oranges than in 1968-69 and 15 percent more grapefruit. Production of major winter vegetables in Texas was expected to total about 7 million hundred-weight — 5 percent less than last season.

While killing frosts have retarded growth of range feed throughout the District, the outlook for winter grazing remains generally good. Cattle and calves were still in good condition in December. Cattle and calves on feed in District states totaled 2,377,000 head on January 1 — 22 percent more than a year earlier.

Prices Texas farmers and ranchers received for their products on December 15 averaged 11 percent higher than a year before. This increase reflected a 19-percent rise in the livestock and livestock products index and a 3-percent rise in the index for all crops.

In the first 11 months last year, cash receipts from farm marketings in District states totaled 6 percent higher than in the same period a year earlier. Livestock receipts increased 14 percent, but crop receipts declined 5 percent.

Total time and savings deposits at weekly reporting banks in the Eleventh District declined \$79 million over the eight weeks ended January 14. All other major balance sheet items increased, primarily reflecting seasonal factors. The contraseasonal reduction in time and savings deposits was due mainly to a \$48 million runoff of large certificates of deposit. Time and savings deposits of individuals, partnerships, and corporations dropped \$139 million, while such deposits of states and their political subdivisions rose \$61 million. Total time and savings deposits increased \$16 million during the corresponding period a year earlier.

Loans adjusted increased \$141 million — less than half the gain recorded for the corresponding period in 1969. Contributing to this increase were advances of \$113 million in busi-

ness loans, \$10 million in consumer loans, and \$5.6 million in loans to financial institutions other than banks. Real estate loans declined \$10 million, in sharp contrast to an increase of \$9 million a year before.

Total investments advanced \$64 million. This advance was due mainly to a \$121 million increase in holdings of long-term municipal securities. Holdings of U.S. Government securities declined \$25 million. An advance of \$57 million in holdings of U.S. Government securities with less than one-year maturities was more than

offset by a \$70 million decline in holdings of long-term Government bonds and a \$12 million decline in holdings of Treasury bills. A year earlier, total investments increased \$33 million.

Total demand deposits rose \$160 million, compared with \$256 million a year earlier. Increases of \$162 million in deposits of individuals, partnerships, and corporations and \$51 million in interbank deposits accounted for most of the gain. Deposits of states and their political subdivisions declined \$34 million, and deposits of the U.S. Government declined \$16 million.

**new
par
banks**

The Bank of Crowley, Crowley, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 5, 1970. The officers are: Harry Barnhill, President; Charlie Sewell, Vice President; and W. C. Hampton, Cashier.

The First Danbury State Bank, Danbury, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 19, 1970. The officers are: E. E. Brewer, Chairman of the Board; C. E. Zwahr, President; Jerry C. Truell, Executive Vice President and Cashier; and J. B. Ross, Vice President (Inactive).

The Galleria Bank, Houston, Texas, an insured nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 19, 1970. The officers are: Wayne G. Wickman, President, and Jay D. Barbee, Vice President and Cashier.

STATISTICAL SUPPLEMENT

to the

BUSINESS REVIEW

February 1970



FEDERAL RESERVE BANK
OF DALLAS



CONDITION STATISTICS OF WEEKLY REPORTING
COMMERCIAL BANKS

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Jan. 28, 1970	Dec. 24, 1969	Jan. 29, 1969 ¹
ASSETS			
Federal funds sold and securities purchased under agreements to resell.....	346,630	296,085	6,312,131
Other loans and discounts, gross.....	6,035,373	6,160,670	
Commercial and industrial loans.....	3,029,871	3,078,674	3,026,870
Agricultural loans, excluding CCC certificates of interest.....	109,915	110,591	97,646
Loans to brokers and dealers for purchasing or carrying:			
U.S. Government securities.....	555	555	1,001
Other securities.....	41,316	48,334	137,153
Other loans for purchasing or carrying:			
U.S. Government securities.....	861	950	387
Other securities.....	397,505	392,026	387,685
Loans to nonbank financial institutions:			
Sales finance, personal finance, factors, and other business credit companies.....	130,720	144,631	140,381
Other.....	339,766	358,914	356,498
Real estate loans.....	639,015	657,744	608,510
Loans to domestic commercial banks.....	11,163	11,860	252,856
Loans to foreign banks.....	11,179	7,969	6,770
Consumer instalment loans.....	727,827	728,264	636,825
Loans to foreign governments, official institutions, central banks, international institutions.....	750	0	0
Other loans.....	594,930	620,158	659,549
Total investments.....	2,611,202	2,590,139	2,754,366
Total U.S. Government securities.....	983,003	929,481	1,162,708
Treasury bills.....	105,762	41,383	107,737
Treasury certificates of indebtedness.....	0	0	0
Treasury notes and U.S. Government bonds maturing:			
Within 1 year.....	165,670	139,668	192,236
1 year to 5 years.....	595,758	619,438	619,050
After 5 years.....	115,813	128,992	243,685
Obligations of states and political subdivisions:			
Tax warrants and short-term notes and bills..	17,175	9,062	36,060
All other.....	1,489,596	1,527,039	1,327,528
Other bonds, corporate stocks, and securities:			
Certificates representing participations in:			
Federal agency loans.....	53,379	57,624	145,597
All other (including corporate stocks).....	68,049	66,933	82,473
Cash items in process of collection.....	1,086,636	1,317,755	985,590
Reserves with Federal Reserve Bank.....	771,332	828,679	751,985
Currency and coin.....	89,626	82,859	88,130
Balances with banks in the United States.....	449,930	502,204	488,644
Balances with banks in foreign countries.....	9,786	8,874	6,422
Other assets (including investments in subsidiaries not consolidated).....	504,992	460,437	361,676
TOTAL ASSETS.....	11,905,507	12,247,702	11,748,944
LIABILITIES			
Total deposits.....	8,864,611	9,437,450	9,555,381
Total demand deposits.....	5,620,150	6,095,782	5,673,150
Individuals, partnerships, and corporations....	3,977,637	4,196,095	3,905,127
States and political subdivisions.....	282,017	248,294	360,198
U.S. Government.....	139,991	259,859	163,460
Banks in the United States.....	1,112,593	1,274,855	1,135,167
Foreign:			
Governments, official institutions, central banks, international institutions.....	2,933	2,770	9,563
Commercial banks.....	25,252	26,571	22,284
Certified and officers' checks, etc.....	79,727	87,338	77,351
Total time and savings deposits.....	3,244,461	3,341,668	3,882,231
Individuals, partnerships, and corporations:			
Savings deposits.....	921,265	947,070	1,009,358
Other time deposits.....	1,604,884	1,716,740	2,116,820
States and political subdivisions.....	688,831	647,970	710,140
U.S. Government (including postal savings)...	2,104	2,587	11,983
Banks in the United States.....	18,527	18,441	26,730
Foreign:			
Governments, official institutions, central banks, international institutions.....	7,500	7,500	7,000
Commercial banks.....	1,350	1,360	200
Federal funds purchased and securities sold under agreements to repurchase.....	1,248,762	995,921	923,819
Other liabilities for borrowed money.....	333,033	258,506	
Other liabilities.....	335,136	456,025	209,094
Reserves on loans.....	136,503	117,527	119,404
Reserves on securities.....	13,255	10,721	n.a.
Total capital accounts.....	974,207	971,552	941,246
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS.....	11,905,507	12,247,702	11,748,944

¹ Because of format revisions as of July 2, 1969, earlier data are not comparable. n.a. — Not available.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	5 weeks ended Jan. 7, 1970	4 weeks ended Dec. 3, 1969	4 weeks ended Jan. 1, 1969
RESERVE CITY BANKS			
Total reserves held.....	749,724	731,700	753,327
With Federal Reserve Bank.....	692,994	679,167	695,595
Currency and coin.....	56,730	52,533	57,732
Required reserves.....	764,358	735,397	774,782
Excess reserves.....	-14,634	-3,697	-21,455
Borrowings.....	6,437	48,627	13,571
Free reserves.....	-21,071	-52,324	-35,026
COUNTRY BANKS			
Total reserves held.....	786,188	777,540	757,656
With Federal Reserve Bank.....	599,549	598,067	575,353
Currency and coin.....	186,639	179,473	182,303
Required reserves.....	769,379	756,752	731,141
Excess reserves.....	16,809	20,788	26,515
Borrowings.....	19,585	11,168	6,475
Free reserves.....	-2,776	9,620	20,040
ALL MEMBER BANKS			
Total reserves held.....	1,535,912	1,509,240	1,510,983
With Federal Reserve Bank.....	1,292,543	1,277,234	1,270,948
Currency and coin.....	243,369	232,006	240,035
Required reserves.....	1,533,737	1,492,149	1,505,923
Excess reserves.....	2,175	17,091	5,060
Borrowings.....	26,022	59,795	20,046
Free reserves.....	-23,847	-42,704	-14,986

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Jan. 28, 1970	Dec. 24, 1969	Jan. 29, 1969
Total gold certificate reserves.....	433,102	499,251	222,365
Discounts for member banks.....	35,250	24,450	92,150
Other discounts and advances.....	0	0	0
U.S. Government securities.....	2,390,301	2,423,807	2,226,899
Total earning assets.....	2,425,551	2,448,257	2,319,049
Member bank reserve deposits.....	1,309,025	1,373,310	1,260,054
Federal Reserve notes in actual circulation.....	1,695,814	1,745,492	1,524,903

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Dec. 31, 1969	Nov. 26, 1969	Dec. 31, 1968
ASSETS			
Loans and discounts, gross ¹	11,942	11,450	10,912
U.S. Government obligations.....	2,179	2,107	2,601
Other securities.....	3,146	3,178	3,118
Reserves with Federal Reserve Bank.....	1,222	1,246	1,229
Cash in vault.....	268	245	272
Balances with banks in the United States.....	1,619	1,284	1,599
Balances with banks in foreign countries ^e	12	9	9
Cash items in process of collection.....	1,652	1,323	1,606
Other assets ^e	822	852	697
TOTAL ASSETS^e.....	22,862	21,694	22,043
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,919	1,525	1,947
Other demand deposits.....	9,926	9,004	9,837
Time deposits.....	7,246	7,220	7,597
Total deposits.....	19,091	17,749	19,381
Borrowings.....	1,159	1,146	722
Other liabilities ^e	901	1,071	329
Total capital accounts ^e	1,711	1,728	1,611
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e.....	22,862	21,694	22,043

¹ Before July 2, 1969, this item was published on a net basis. e — Estimated.

BANK DEBITS, END-OF-MONTH DEPOSITS, AND DEPOSIT TURNOVER

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS ¹				DEMAND DEPOSITS ¹			
	December 1969 (Annual-rate basis)	Percent change			December 31, 1969	December 1969	Annual rate of turnover	
		November 1969	December 1968	12 months, 1969 from 1968			November 1969	December 1968
ARIZONA: Tucson.....	\$ 6,012,408	14	23	19	\$ 233,582	26.0	23.3	23.9
LOUISIANA: Monroe.....	2,642,100	14	14	16	81,597	31.7	27.6	27.1
Shreveport.....	9,255,276	18	37	28	250,604	36.6	32.5	26.8
NEW MEXICO: Roswell ²	945,972	15	23	23	41,112	24.1	22.3	21.8
TEXAS: Abilene.....	1,974,696	6	5	8	96,635	20.6	19.2	18.3
Amarillo.....	5,925,456	15	22	7	162,368	36.2	32.2	31.9
Austin.....	8,293,872	—4	—2	31	270,780	29.9	30.5	31.9
Beaumont-Port Arthur-Orange.....	6,494,328	16	5	7	241,439	27.0	23.9	25.9
Brownsville-Harlingen-San Benito.....	1,884,492	4	4	6	71,688	26.3	25.2	25.4
Corpus Christi.....	5,196,432	16	10	8	217,225	24.8	21.9	23.0
Corsicana ²	412,428	8	1	4	28,197	14.3	13.2	13.9
Dallas.....	121,529,280	12	22	27	2,198,312	55.7	51.3	46.4
El Paso.....	7,174,368	18	15	15	242,676	30.0	26.4	27.7
Fort Worth.....	21,218,808	5	5	12	636,020	33.8	33.0	33.7
Galveston-Texas City.....	2,611,572	8	12	6	110,198	24.5	23.4	21.9
Houston.....	97,768,908	12	17	16	2,447,532	39.5	35.6	35.7
Laredo.....	926,484	19	9	12	39,217	23.3	19.8	22.3
Lubbock.....	4,139,856	17	12	14	159,903	25.9	22.0	24.0
McAllen-Pharr-Edinburg.....	1,734,072	20	10	6	96,034	18.4	15.8	17.3
Midland.....	2,059,428	16	1	10	132,529	15.5	13.4	15.9
Odessa.....	1,710,696	8	20	18	70,949	24.4	23.2	20.5
San Angelo.....	1,263,684	7	11	11	73,395	17.7	17.2	17.4
San Antonio.....	16,677,408	4	10	10	644,321	27.3	27.4	25.3
Sherman-Denison.....	1,093,536	11	12	10	60,250	17.9	15.8	16.9
Texarkana (Texas-Arkansas).....	1,543,788	16	—5	5	71,337	21.8	19.3	23.5
Tyler.....	2,225,580	11	10	16	96,157	23.3	21.0	21.1
Waco.....	2,851,956	10	8	12	120,984	24.2	22.7	23.2
Wichita Falls.....	2,285,064	8	—1	4	111,279	20.4	18.6	19.9
Total—28 centers.....	\$337,851,948	11	16	18	\$9,006,320	37.7	34.6	33.5

¹ Deposits of individuals, partnerships, and corporations and of states and political subdivisions.
² County basis.

ANNUAL BANK DEBITS AND ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

(Dollar amounts in thousands)

Standard metropolitan statistical area	Debits to demand deposit accounts ¹			Demand deposits ¹	
	1969	1968	Percent increase	1969	1968
ARIZONA: Tucson.....	\$ 5,449,339	\$ 4,587,860	19	24.9	24.7
LOUISIANA: Monroe.....	2,539,346	2,192,285	16	29.3	26.4
Shreveport.....	8,155,265	6,360,273	28	33.7	26.9
NEW MEXICO: Roswell ²	867,813	709,270	22	23.8	21.0
TEXAS: Abilene.....	1,995,194	1,839,710	8	20.0	18.9
Amarillo.....	5,394,756	5,015,505	8	34.7	35.0
Austin.....	8,798,416	6,668,575	32	31.3	26.9
Beaumont-Port Arthur-Orange.....	6,115,356	5,738,004	7	25.7	25.0
Brownsville-Harlingen-San Benito.....	1,609,944	1,526,242	5	22.6	21.1
Corpus Christi.....	4,779,765	4,436,184	8	23.1	22.5
Corsicana ²	413,982	397,752	4	13.7	14.1
Dallas.....	111,721,182	88,117,293	27	51.4	44.5
El Paso.....	6,582,438	5,715,373	15	29.1	27.4
Fort Worth.....	20,382,808	18,270,187	12	32.8	31.9
Galveston-Texas City.....	2,567,365	2,408,954	7	24.2	23.1
Houston.....	91,791,897	79,310,522	16	37.6	35.0
Laredo.....	833,366	740,959	12	21.5	21.0
Lubbock.....	4,265,858	3,758,183	14	27.3	24.8
McAllen-Pharr-Edinburg.....	1,557,683	1,460,432	7	17.2	17.0
Midland.....	1,947,546	1,761,650	11	14.6	13.6
Odessa.....	1,570,617	1,333,737	18	21.2	20.0
San Angelo.....	1,162,398	1,046,267	11	17.3	16.4
San Antonio.....	15,872,168	14,472,312	10	26.2	24.9
Sherman-Denison.....	1,013,617	923,457	10	16.6	16.5
Texarkana (Texas-Arkansas).....	1,539,172	1,462,181	5	21.8	22.4
Tyler.....	2,158,034	1,857,358	16	22.9	20.8
Waco.....	2,780,553	2,479,212	12	24.0	21.4
Wichita Falls.....	2,276,781	2,180,911	4	19.5	19.0
Total—28 centers.....	\$316,142,659	\$266,770,648	19	36.0	32.4

¹ Unadjusted deposits of individuals, partnerships, and corporations and of states and political subdivisions.
² County basis.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In millions of dollars)

Date	GROSS DEMAND DEPOSITS			TIME DEPOSITS		
	Total	Reserve city banks	Country banks	Total	Reserve city banks	Country banks
1967: December..	9,841	4,589	5,252	6,571	2,762	3,809
1968: December..	10,682	5,007	5,675	7,598	3,185	4,413
1969: July.....	10,316	4,783	5,533	7,474	2,806	4,668
August.....	10,250	4,746	5,504	7,353	2,741	4,612
September.....	10,497	4,867	5,630	7,272	2,685	4,587
October.....	10,306	4,726	5,580	7,223	2,646	4,577
November.....	10,373	4,750	5,623	7,268	2,690	4,578
December.....	10,692	4,947	5,745	7,203	2,628	4,575

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Percent change from				
	December 1969	November 1969	December 1968	November 1969	December 1968
FOUR SOUTHWESTERN STATES: Louisiana.....	6,669.4	6,444.9	6,136.6	3.5	8.7
Louisiana.....	2,416.2	2,334.2	2,240.9	3.5	7.8
New Mexico.....	344.0	344.0	351.9	.0	—2.3
Oklahoma.....	604.5	610.1	614.1	—9	—1.6
Texas.....	3,304.7	3,156.6	2,929.7	4.7	12.8
Gulf Coast.....	668.4	641.7	576.8	4.2	15.9
West Texas.....	1,573.6	1,494.1	1,370.0	5.3	14.9
East Texas (proper).....	174.7	166.9	136.9	4.7	27.6
Panhandle.....	86.2	83.1	86.8	3.7	—7
Rest of state.....	801.8	770.8	759.2	4.0	5.6
UNITED STATES.....	9,487.2	9,276.3	8,907.9	2.3	6.5

SOURCES: American Petroleum Institute.
 U.S. Bureau of Mines.
 Federal Reserve Bank of Dallas.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1957-59 = 100)

Area and type of index	December 1969p	November 1969	October 1969	December 1968
TEXAS				
Total industrial production.....	177.6	178.4	177.3r	166.4r
Manufacturing.....	201.0	204.2	201.0r	189.5r
Durable.....	220.4	224.7	227.0	202.2r
Nondurable.....	188.1	190.5	183.7r	181.1r
Mining.....	130.7	128.1	127.4r	120.8r
Utilities.....	247.1	247.1	262.2r	231.2r
UNITED STATES				
Total industrial production.....	170.9	171.4	173.1	168.7
Manufacturing.....	171.2	171.9	174.1r	170.1
Durable.....	171.3	172.5	177.3r	172.1r
Nondurable.....	171.1	171.1	170.1r	167.5r
Mining.....	133.9	132.0	130.2r	127.8r
Utilities.....	225.5	224.9	224.4r	210.6r

p — Preliminary.

r — Revised.

SOURCES: Board of Governors of the Federal Reserve System.
Federal Reserve Bank of Dallas.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Dec. 1969 from	
	December 1969p	November 1969	December 1968r	Nov. 1969	Dec. 1968
	Total nonagricultural wage and salary workers..	6,342,600	6,289,300	6,138,300	0.8
Manufacturing.....	1,165,000	1,172,100	1,131,300	-.6	3.0
Nonmanufacturing.....	5,177,600	5,117,200	5,007,000	1.2	3.4
Mining.....	232,200	232,000	231,500	.1	.3
Construction.....	401,500	406,100	398,700	-1.1	.7
Transportation and public utilities.....	470,400	467,700	456,000	.6	3.2
Trade.....	1,500,600	1,444,900	1,440,700	3.9	4.2
Finance.....	312,300	311,300	294,200	.3	6.2
Service.....	975,600	972,000	929,800	.4	4.9
Government.....	1,285,000	1,283,200	1,256,100	.1	2.3

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

p — Preliminary.

r — Revised.

SOURCE: State employment agencies.

VALUE OF CONSTRUCTION CONTRACTS

(In millions of dollars)

Area and type	December 1969	November 1969	October 1969	January—December	
	1969	1969	1969	1969	1968
FIVE SOUTHWESTERN STATES¹					
Total.....	530	462	613	6,793	6,688
Residential building.....	203	193	256	2,792	2,677
Nonresidential building.....	219	164	234	2,290	2,095
Nonbuilding construction...	108	106	123	1,711	1,916
UNITED STATES					
Total.....	5,228	4,406	6,240	67,425	61,732
Residential building.....	1,744	1,675	2,290	25,219	24,838
Nonresidential building.....	2,168	1,566	2,502	25,667	22,513
Nonbuilding construction...	1,317	1,165	1,449	16,539	14,382

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

NOTE: — Details may not add to totals because of rounding.

SOURCE: F. W. Dodge, McGraw-Hill, Inc.

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change		
	Dec. 1969	12 mos. 1969	Dec. 1969	12 mos. 1969	Dec. 1969 from		12 months, 1969 from 1968
	1969	1969	1969	1969	Nov. 1969	Dec. 1968	
ARIZONA							
Tucson.....	524	7,256	\$ 4,290	\$ [62,237	-30	54	91
LOUISIANA							
Monroe-West							
Monroe.....	37	719	483	12,495	-49	-44	-43
Shreveport....	330	4,914	6,282	43,690	88	104	58
TEXAS							
Abilene.....	30	452	160	11,617	-28	-23	48
Amarillo.....	590	14,481	2,111	42,832	-64	25	113
Austin.....	272	4,613	9,445	150,971	65	43	14
Beaumont.....	143	2,144	903	10,967	52	14	-35
Brownsville....	63	771	255	7,968	-33	55	44
Corpus Christi..	210	3,683	724	23,403	-14	-78	-53
Dallas.....	1,463	21,865	14,604	307,626	8	-53	2
Denison.....	16	316	76	2,773	-31	-41	-30
El Paso.....	356	5,146	3,661	86,213	-57	-5	27
Fort Worth....	334	5,634	5,834	76,227	-4	4	-19
Galveston.....	72	975	597	18,306	393	-20	-14
Houston.....	2,790	36,481	29,243	431,021	0	13	6
Laredo.....	27	407	216	4,249	125	-59	32
Lubbock.....	81	1,290	1,773	33,110	-73	-78	-23
Midland.....	17	490	113	5,958	-79	-92	-51
Odessa.....	40	701	302	7,681	160	-61	-2
Port Arthur....	52	959	168	8,236	19	-71	40
San Angelo....	41	646	490	6,515	-26	-74	-35
San Antonio....	882	12,460	7,720	84,918	18	84	-25
Sherman.....	31	846	268	18,119	-15	-55	172
Texarkana.....	23	388	140	6,577	-60	-42	-50
Waco.....	165	2,733	684	17,756	-1	-51	5
Wichita Falls..	56	828	379	17,164	49	-57	56
Total—26 cities..	8,645	131,198	\$90,921	\$1,498,629	-7	-15	3