

Federal Reserve Bank of Dallas

Business Review



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Public Finance-

Revenue Sharing Funds Assigned to Capital Projects in Southwest

April 1973

Wheat Trade Rises to Record High On Strength of Export Demand

Wheat exports are headed for a record 1,150 million bushels—520 million more than last year. That will mean the United States is supplying nearly half the world's wheat trade and nearly all the increase in the market since last year.

Two factors have been at work to bolster U.S. shipments since this crop year began last July. One is the surge in demand from the Soviet Union and Mainland China that is carrying world wheat trade to a record 2.5 billion bushels—200 million more than the previous record set in 1965. The other is the unique ability of the United States to satisfy this demand.

The Soviet Union, the world's leading wheat producer, normally supplies enough wheat to satisfy most of the import demands of the entire Communist market. But production fell sharply in the Soviet Union last year. Inasmuch as the recent opening of trade relations with the Soviets and Chinese gave American farmers their first meaningful access to Communist markets, these markets turned to the United States as the only country with stocks large enough to accommodate the additional demand.

Wheat in the world

Wheat accounts for 11 percent of the world's food consumption and is second only to rice as the most important source of nourishment. It is grown in more areas than any other grain crop. And in terms of acreage, it is the world's most extensively cultivated food crop.

But while wheat is produced almost worldwide, most countries must import wheat to meet their domestic demands. Only six coun-

tries, in fact, ordinarily account for 95 percent of all exports. And only four of these—Argentina, Australia, Canada, and the United States—consistently compete in world markets. France usually limits its sales to European markets. And the Soviet Union sells mostly to other Communist countries.

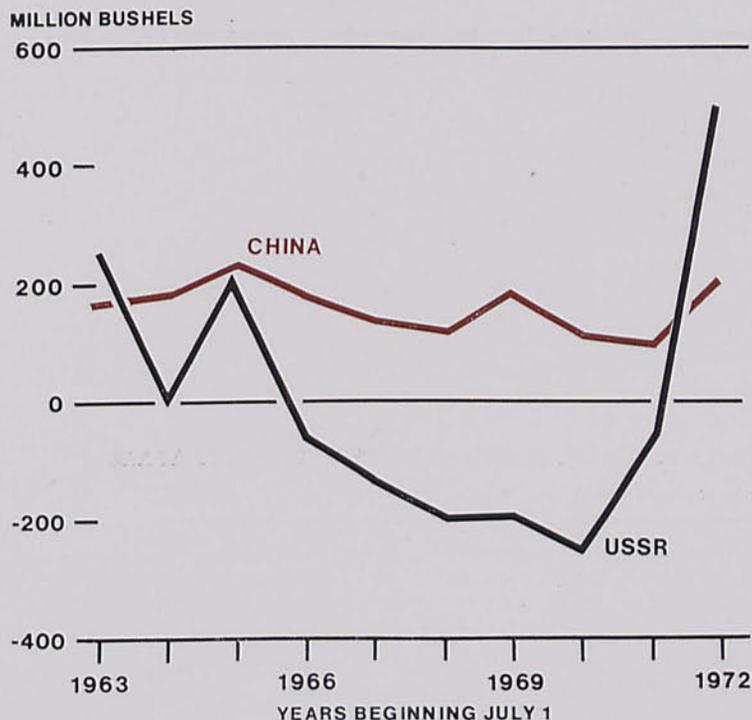
The American position

Ranking second only to the Soviet Union as a producer of wheat, the United States is far and away the largest exporter. Over the past decade, U.S. production has aver-

aged 1.4 billion bushels a year. And until the surge in exports this year, about half that was shipped abroad.

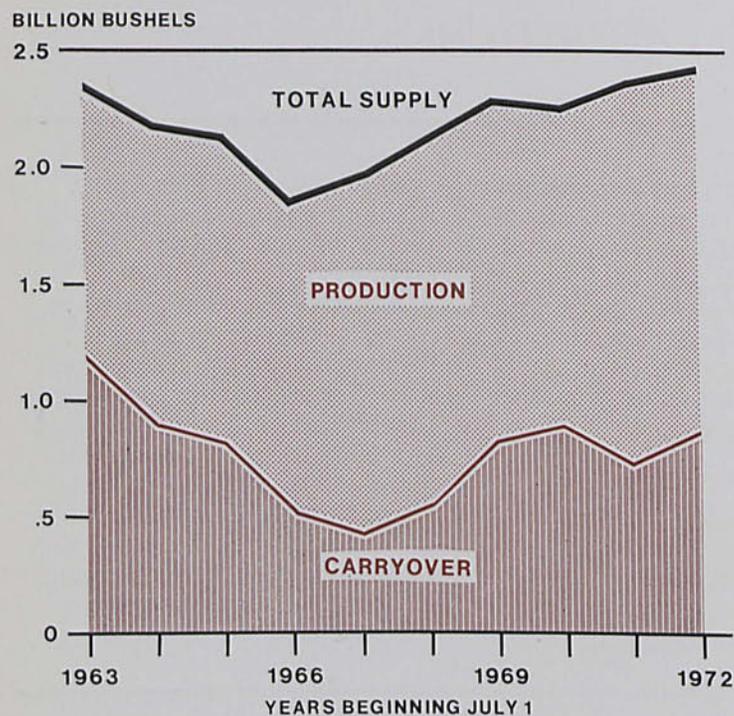
Although there are year-to-year swings in the domestic market, they are usually much smaller than changes in the export market. Domestic wheat use is dominated by a fairly constant demand for wheat as a food. As the effects of population growth are almost offset by declines in per capita consumption, domestic food demand has settled at about 520 million bushels a year. Annual consump-

Irregularity of USSR's net imports a major factor in world wheat trade



1972 estimated
SOURCE: U.S. Department of Agriculture

U.S. wheat production and stocks . . .



1972 estimated

SOURCE: U.S. Department of Agriculture

tion seldom varies more than 1 percent.

Demand for seed and feed is somewhat more erratic. Seed usually accounts for only about a tenth of the domestic market. But because seed demand is tied to plantings, it reacts inversely to supplies.

Feed demand is even more volatile. It is, in fact, the most volatile component of domestic demand. Although the market for wheat as feed is growing, much of its strength in any one year depends on movements in wheat prices relative to prices of other feed grains. In 1971, for example, a bumper wheat crop brought a relative drop in prices of wheat, and wheat feeding reached a record high of more than 280 million bushels. In the early part of the 1960's, wheat feeding had averaged only about 40 million bushels a year.

This secondary market is important to the primary domestic market because of the floor it keeps under wheat prices. When wheat supplies build up and prices decline, livestock feeders use more wheat. This helps support prices by preventing the accumulation of excessive stocks. But the feed market is also important to the nation's flexibility in responding to sudden increases in foreign demand. As prices rise and feeders shift out of wheat, additional supplies are freed for export.

The general stability of America's domestic market stands in sharp contrast to the volatility of its export market. Although exports usually account for about half of all U.S. wheat sold in any given year, the proportion varies widely, moving within a range of 40 to 60 percent. In recent years, exports have varied from 544 million bushels in 1968 to the 1,150 million estimated for this year.

The large and often abrupt shifts in export demand result from the combined influence of a number of factors—some internal,

WORLD SHIPMENTS TO MAJOR WHEAT MARKETS IN SELECTED YEARS

(Years beginning July 1. Million bushels)

Market	1960	1965	1970	1972e
Western Europe . . .	382.1	227.8	426.2	356.4
Eastern Europe . . .	198.4	158.0	246.2	187.4
USSR	11.0	253.5	11.0	584.2
China	47.8	213.1	128.6	220.4
Japan	99.2	139.6	176.4	194.7
All others	841.3	1,296.9	999.3	918.5
World	1,579.8	2,288.9	1,987.6	2,461.6

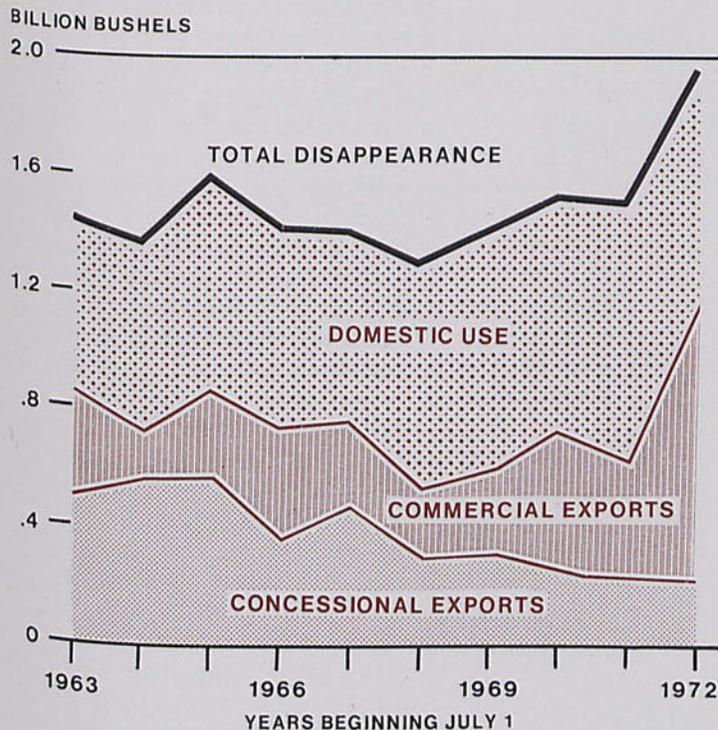
e—Estimated

NOTE: 1. All major markets were net importers, except the Soviet Union in 1965 and 1972.

2. Details may not add to totals because of rounding.

SOURCES: U.N. Food and Agriculture Organization
U.S. Department of Agriculture

... reflect changes in export demand



1972 estimated

SOURCE: U.S. Department of Agriculture

some external, and many not necessarily economic. The record shipments this year, for example, are inseparably linked to the recently achieved trade agreements with China and the Soviet Union. But these agreements alone would have had little effect on U.S. wheat shipments had it not been for the short crop in the Soviet Union and small stocks in Canada, Australia, and Argentina.

New Sino-Soviet market

Mainland China and the Soviet Union are almost totally new markets for American wheat growers. This is the first year in nearly three decades that the United States has shipped any large amount of wheat to either country.

China has been importing wheat in significant amounts for only a little over ten years. It entered the world market in 1961, buying just

over 90 million bushels. Chinese imports reached their peak of 235 million bushels in 1966. Since then, imports have ranged from about 100 million to 180 million bushels a year. This year, they are expected to approach the 1966 peak.

Because of its enormous population, China has the world's largest absolute need for food. But it is also a major grain producer and has the potential to produce even more. This, together with a policy of trying to achieve industrialization despite very limited foreign exchange earnings, suggests that Chinese demand will probably not increase much over levels of the past few years. American farmers, however, can hope to capture at least a share of this market.

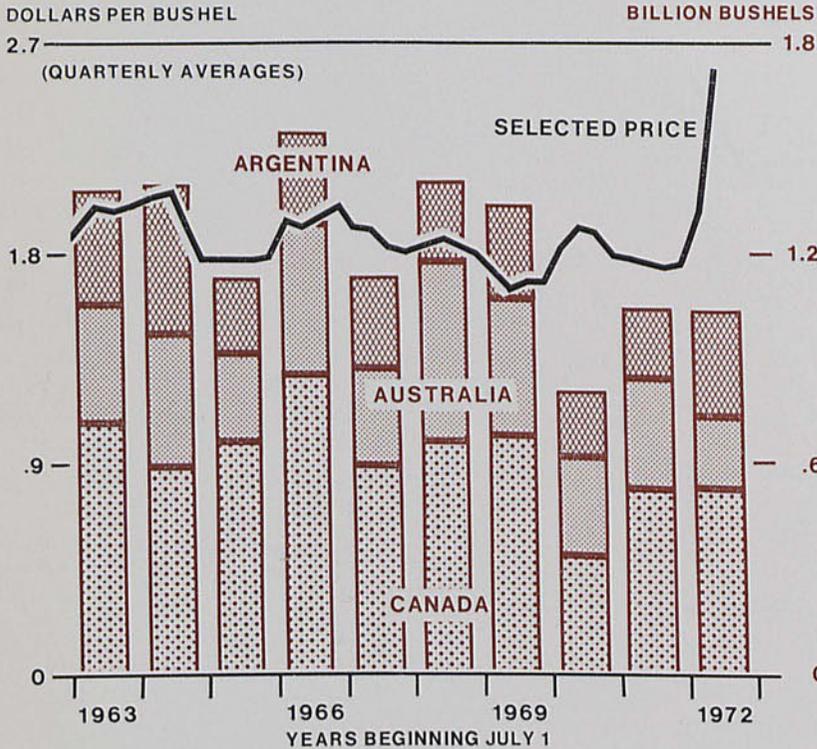
Most of the surge in wheat trade has been due to increased demand in the Soviet Union. But Soviet demand is highly erratic. The mar-

ket in that country has swung in recent years from net exports of over 250 million bushels in 1970 to imports of an expected 515 million this year. That is a swing of about 770 million bushels in just three years.

Demand in the Soviet Union varies with domestic production. Total acreage planted to wheat has been on the decline since the mid-sixties, but the reduction in acreage has been more than offset by gains in average yields.

The Soviets have been shifting production to the eastern part of the country, increasing their plantings of spring varieties. The weather is more uncertain in that area, however, and with the change, yields have varied significantly. In fact, only three crops in the past decade have exceeded target levels. Three have been severely short. Because of these uncertainties of

Main foreign competitors try to pace production to changes in wheat prices . . .



1972 estimated for production
 NOTE: Prices are for U.S. No. 2 Hard Winter Wheat, 12 percent, at Rotterdam (cost, insurance, and freight).
 SOURCE: U.S. Department of Agriculture

domestic supply, the Soviet Union could become a frequent, even regular, importer of wheat.

Without the increase in Chinese and Soviet demand, exports from the United States this year could have dropped to the lowest level in a decade. Until the Soviet grain agreements, the outlook was for world wheat trade to be less than last year. Soviet entry into the market drove prices sharply upward, and higher prices have affected the import intentions of other countries.

The market outside China and the Soviet Union is still the largest. And any long-term consideration of export demand must take this large market into account.

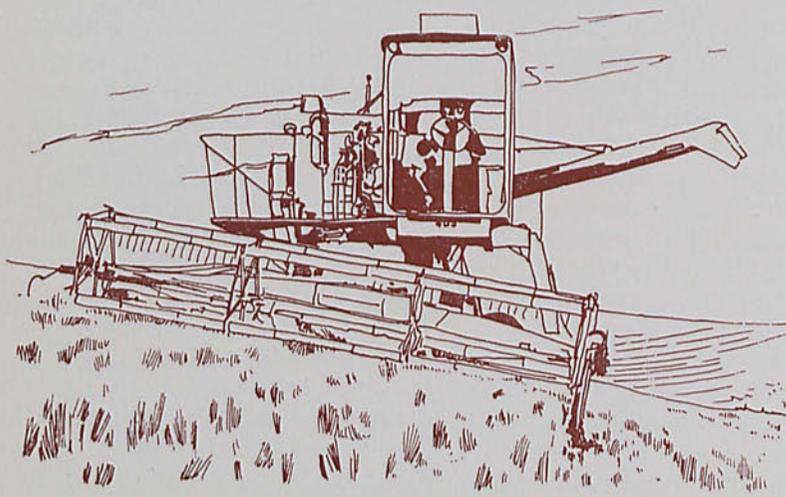
Other export markets

The largest market outside China and the Soviet Union is made up of the less developed countries—including most of those that are diet deficient. The other major markets are Europe (which is still effectively divided between the East and West) and Japan.

Demand in less developed countries is subject to sharp fluctuations resulting mainly from changes in concessional shipments. Based on special subsidies to recipient nations, these shipments reflect the export policies of surplus countries, rather than any change in demand in receiving countries. The high imports into this market in 1965, for example, coincided with record U.S. concessional shipments of about 570 million bushels.

With populations increasing faster than their production of food, less developed countries continue to have a large potential demand for food imports. But lacking the foreign exchange needed to purchase large quantities from abroad, most of them are trying to close their food deficit by increasing their domestic production.

The future trade positions of less developed countries, then, depend,



on the one hand, on the success of individual countries in increasing their agricultural output and, on the other, on their success in broadening their economic base. Increases in domestic production will reduce their dependence on imports. And a broader economic base will reduce their dependence on concessional sales.

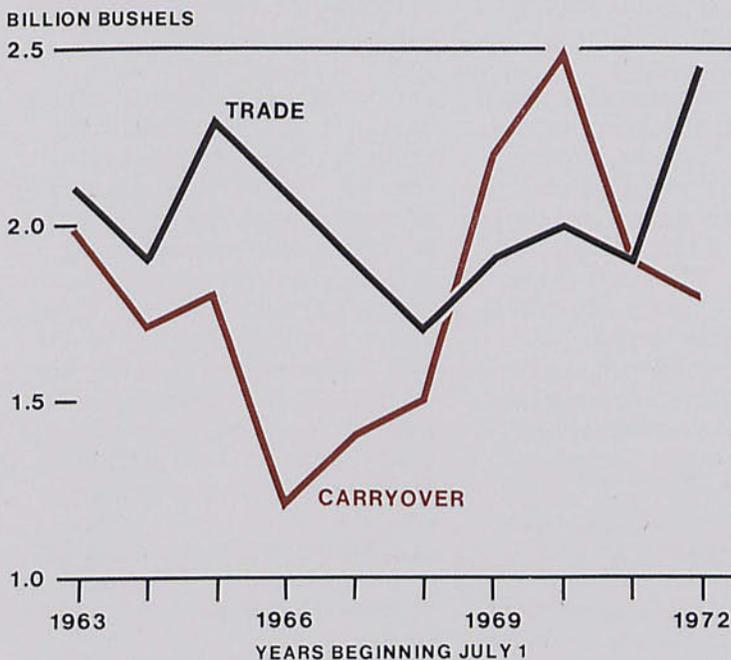
But as things are now, the commercial side of this large market is highly sensitive to world wheat prices and the concessional side is highly sensitive to policies of exporting countries. With wheat prices high, import demand in less developed countries has been revised downward, even though most of the countries had smaller wheat and rice crops this year.

Where exports to less developed countries are largely based on concessional sales, Europe and Japan are major commercial importers. Japan is the single most important market for American agricultural products. As the Japanese expand their nonagricultural production and their foreign exchange grows, they tend to buy more agricultural products abroad. But the grain component of this demand is not apt to increase. And as the population of Japan is fairly stable, the total volume of agricultural products Americans can expect to ship to that country is limited.

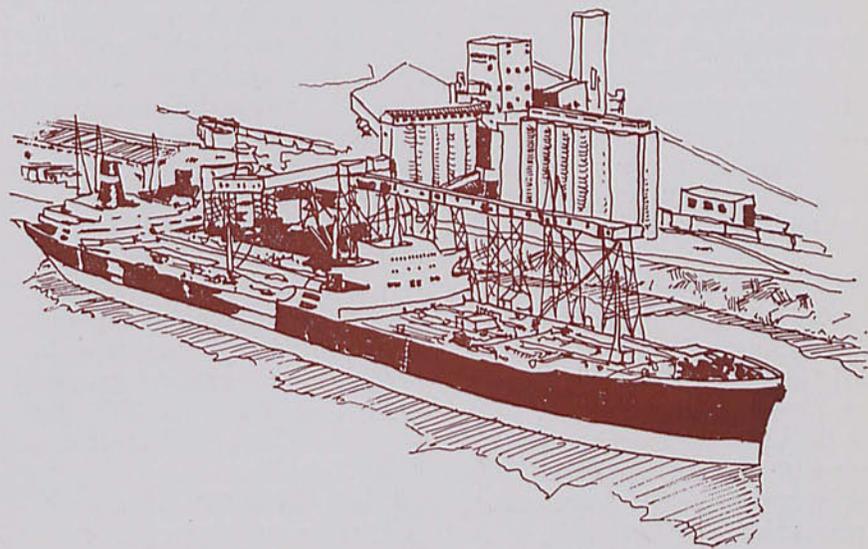
Western Europe is also highly important to Americans, but purchases have been tapering off for the past ten years as production has increased in Europe. Production alone, however, does not account for American exclusion from Western Europe.

This market is divided essentially between the European Economic Community and the countries outside. France, as one of the major surplus producers, has been supplying most of the wheat bought within the EEC. Most of the countries outside the EEC are net importers. Together, they have been importing about 180 million

... which, in turn, are subject to changing world supply-demand situation



1972 estimated
SOURCE: U.S. Department of Agriculture



bushels of wheat a year. Increasingly, however, shipments have come from countries in the EEC.

This arrangement is due primarily to the EEC's adoption of a common agricultural policy that sets wheat prices in member countries well above world prices, imposes a levy on foreign grains high enough to bar imports of wheat, and supports movement of surpluses into world markets. The results have been threefold—to stimulate wheat production within the EEC, to change EEC countries from a region of net importers to one of net exporters, and to capture an increasing share of the European market outside the EEC.

With the United Kingdom now also becoming part of the EEC, this policy is apt to cut American growers off from still more of the wheat market in Europe. Not only will British farmers have the same incentives as their continental counterparts to produce more wheat, but British consumers will have incentives to keep their purchases within the EEC.

Eastern Europe has not been a dependable market for American wheat. Import demand is fairly constant, but supplies are usually furnished from the Soviet Union. The United States, along with France and Canada, sold some wheat in Eastern Europe in the midsixties, when Soviet production was off. Shipments fell, however, as Soviet production rebounded. With the Soviets producing less wheat again this year, other sources have again become important in Eastern Europe. But the situation is not apt to last.

Competitive outlook

Wheat stocks in Canada, Argentina, and Australia are lower than usual this year, giving Americans some advantage in world trade. Like the United States, however, these countries are capable of rapidly expanding their production as prices rise.

From 1965 to 1969, Canada produced an average of more than 680 million bushels a year. Production was cut back, however, to about half that amount in 1970 and an average of only about 530 million bushels in 1971 and 1972. With prices up, more acres are being planted. Production is expected to increase at least 70 million bushels in the new crop year beginning July 1. Some estimates show output up 200 million bushels. That, however, will still be close to 100 million bushels less than the record set in 1966, when Canada harvested 827 million bushels.

Argentina has been shifting to feed grains for several years, allowing its wheat production to drift downward from a record harvest of 414 million bushels in 1964. Current estimates indicate a more than 50-percent increase in wheat production this year, however, that will push the harvest to about 300 million bushels.

Still further increases in output can be expected if the market remains strong. Argentina is particularly well situated to make effective responses to the market. Because seasons in the Northern and Southern Hemispheres are reversed, Argentina has time to adjust its production to planting decisions made in France, Canada, and the United States.

Production in Australia has been hampered by prolonged drouth that, along with acreage reductions, has cut the current crop to just over 200 million bushels. That is only about half the average production from 1966 to 1970. With improvements in the weather, however, Australia, like Argentina, would be favorably situated to respond to the new world demand by sharply increasing its plantings. And such an increase could be significant. In 1969, the Australians harvested a record 655 million bushels.

It is doubtful that the French could make any major gain over

the record crop of an estimated 650 million bushels they harvested this year. But with the United Kingdom part of the European Economic Community, British growers could have new incentives to increase their production. The inclusion of this crop could amount to a significant gain in production in Western Europe.

Altogether, exporting countries—excluding the United States and the Soviet Union—could easily increase their production by 350 million bushels. And if conditions were favorable, twice that amount would be possible.

Overview of wheat

The current situation in the world wheat market is similar to that in the early 1960's. China, which had a setback in wheat production in 1961, entered the market as a major importer. And with poor crops in 1963 and 1965, the Soviet Union switched roles from an exporter to an importer. Transportation and grain-handling facilities were often strained to the limit. And the pending implementation of the European Economic Community's common agricultural policy added uncertainties, much as the United Kingdom's entry into the Common Market has now done.

There are several differences this year, however. Where only small amounts of U.S. grain were allowed into the Soviet Union in the early 1960's and none into China, normalization of trade with these countries has allowed the United States full participation in the currently large wheat market, though not without problems.

Unlike the early 1960's, when most of the increased U.S. shipments were concessional sales, current shipments are largely commercial. As such shipments are tied to delivery dates, transportation and facility problems are more important than they were a decade ago.

The most telling difference, however, is the general lack of surplus

stocks in other major wheat-producing countries. Because of falling prices in 1971 and early 1972, all the major producing countries had cut back on their wheat plantings.

Although stocks and production fluctuated considerably in the early 1960's, Canada, Australia, Argentina, and France were able to meet Soviet and Chinese demand. The United States was left with an export market based largely on concessional sales.

The situation will, no doubt, change again. If demand holds, all exporters will find strong markets. But the strength of markets still hinges on production in the Soviet Union. This is the area of demand that has made the difference, now and ten years ago.

Efforts have been made to analyze the Soviets' consumer policy since they started massive purchases of U.S. wheat. The shift to imports has been broadly heralded as signaling a switch in favor of consumers. But no such switch is indicated in recent Soviet declarations. Objectives of Soviet agricultural policy are apparently still—

- To acquire the largest supply of food and raw materials possible, at the lowest cost
- To strengthen Communism in rural areas
- To be as self-sufficient as possible in farm production

In line with these objectives, leaders in the Soviet Union have announced plans for major investments in farm production, the aim being to boost grain harvests and eliminate import needs.

With renewed emphasis on farm production after the near-failures of their wheat crops in 1963 and 1965, the Soviets made a remarkable resurgence in wheat production. And although interim needs must be filled, with Soviet leaders again emphasizing farm production, another resurgence can probably be expected.

A final accounting of the wheat situation seems to indicate continued volatility in the world market. The Soviet Union will probably continue importing wheat for the next few years, partially to build up stocks against future shortages. But as its imports are apt to be irregular, they will be a major source of change in the market and continue to provide an element of uncertainty.

Still, one of the biggest differences from the situation ten years ago is the change in trade relations with China and the Soviet Union. This difference could bear distinctly on the outlook for the mid-seventies, especially since the United States is generally more capable than some of its competitors in responding to changes in the world wheat market.

—Dale L. Stansbury

Revenue Sharing Funds Assigned To Capital Projects in Southwest

The Treasury sent more than 60,000 checks to state and local governments in December. These disbursements for 1972—a total of \$5.3 billion—were the first payments under the new Revenue Sharing program.

Under this program, part of the federal individual income taxes collected in each state and locality over the next four years will be returned to the point of collection to help cover costs of state and local governments. Amounts will increase each year, reaching almost \$6.5 billion in 1976.

Initial allocations have brought an additional \$508.8 million in expendable funds to states of the Eleventh District. Nearly half of that (\$247.8 million) went to state and local governments in Texas. And close to a fourth (\$122.5 million) was distributed in Louisiana. Of the remainder, \$58.8 million went to Oklahoma, \$48.3 million to Arizona, and \$31.4 million to New Mexico. Together, these allocations represent about 4 percent of the total revenue of governments in states of the Southwest.

Effects of the program on each state will depend on the amount sent to the state and the allocation to local governments within the state. But they will depend also on local budget decisions. And indications in states of the Eleventh District are that city authorities are allocating most of these funds for capital expenditures.

Across states

State allocations are based primarily on the proportion of the nation's population in each state. On the basis of a national population of 203 million in 1970, Texas, for example, with a population of

11.2 million, would receive about 5.5 percent of the revenue shared the first year. That would be about \$26 per person—a total of \$292 million for the state as a whole.

Two other factors are taken into account, however, to modify this strictly proportional allocation. One is the state's own tax effort. The other is its per capita income. And if a state chooses, two additional considerations can be taken into account—the proportion of its population in urban centers and the proportion of its revenue coming from state income taxes.

This system of allowing each state to choose the formula most advantageous to it in determining its allocation emerged as a compromise between House and Senate plans. Out of the long debate on revenue sharing, the Senate came to support a three-factor formula favoring states where taxpayers carry a heavier than average taxload or where incomes are less than average. In the House of Representatives, support was for a formula based on all five factors. Use of the five-factor formula favors states with large proportions of their populations in urban cen-

ters and large proportions of their revenue coming from state income taxes.

All five states of the District fare better with the three-factor formula. And although many are borderline cases, so do half the other states. The remaining states, mostly in the Northeast, do better using the five-factor formula.

When allowances are made for all three factors—population, income, and taxes—the per capita allocation to Texans drops to \$22.10. Elsewhere in the District, per capita shares for 1972 were \$33.60 in Louisiana, \$30.90 in New Mexico, \$27.30 in Arizona, and \$23.00 in Oklahoma.

Tax effort—With the three-factor formula, each state's general tax effort is figured as the net state and local taxes collected during the previous year (or most recent reporting year), divided by the state's aggregate personal income for the same period. The measure, then, is the burden taxpayers carry relative to their ability to pay.

Burdens are relatively light in the Southwest, especially in Texas and Oklahoma, which rank fortieth

REVENUE SHARING ALLOCATIONS, 1972—DISTRICT STATES AND NATION

Area	1970 population (Thousands)	Allocation	
		Total (Thousand dollars)	Per capita
Eleventh District states			
Arizona	1,771	\$48,336	\$27.30
Louisiana	3,641	122,472	33.60
New Mexico	1,016	31,351	30.90
Oklahoma	2,559	58,793	23.00
Texas	11,197	247,840	22.10
Totals			
District states	20,184	508,792	25.20
United States	203,212	5,300,000	26.10

NOTE: Approximately 3 percent of the first year's allocation was withheld by the U.S. Treasury to allow for adjustments in distribution.

SOURCES: U.S. Bureau of the Census
U.S. Treasury Department
Federal Reserve Bank of Dallas

and forty-fourth in per capita taxes. Although high, perhaps, compared with Ohio, which has the lowest tax burden, the load is light in all five southwestern states compared, certainly, with that in New York, where the ratio of taxes to income is the highest in the nation.

With state and local taxes claiming about 9.2 percent of the personal income in Texas and Oklahoma, the burden in these states is well below the national average of 11.1 percent. And in the other three states of the District, the burdens are only slightly higher—11.7 percent in Louisiana, 11.8 percent in Arizona, and 11.9 percent in New Mexico.

Several factors can contribute to a state's showing a comparatively low tax effort. By holding their outlays down, state and local governments can, of course, impose fewer taxes or collect taxes at lower rates. Spending varies widely in the Southwest. On a per capita basis, general expenditures by state and local governments in Arizona and New Mexico are usually well above the national average. But outlays are usually below average in the other three states. In Texas, for example, per capita expenditures for the most recent reporting period were about four-fifths of the national average.

State and local governments can also rely to some extent on other sources of income, such as license

fees not collected as taxes or profits from public-owned utilities. In Texas, for example, oil and gas production from state lands provides considerable support for higher education. Such sources of revenue help relieve the need for greater tax efforts without implying lower levels of expenditures.

State and local governments use grants-in-aid under several federal programs to support expenditures with lower tax efforts. And to the extent that they have relied on these funds to reduce their tax burden, they also receive proportionately less under the Revenue Sharing program. Except for Texas, where grants-in-aid are considerably less than the per capita average for the nation as a whole, states in the Southwest rely heavily on such funds.

Deficit spending can also be used to bridge the gap between expenditures and taxes. The per capita debt in states of the District—while high compared with that in, say, Idaho, which had unpaid obligations of only a little over \$200 in 1970—is well below the \$1,300 owed in Alaska, New York, and Delaware. Only in Louisiana has the debt of state and local governments in the Southwest risen above the national average.

The situation could change in a few years, however. During the most recent reporting period, taxpayers in Arizona increased their

indebtedness just as fast as those in Louisiana. And the per capita debt in Texas rose nearly as fast.

Relative income—The income factor used in allocating Revenue Sharing funds is calculated as the ratio of per capita income in the United States to per capita income in each state. If per capita income in a state were exactly equal to the national average, the relative income factor would be 1. If it were above the national average, the factor would be less than 1, reducing the state's share. Conversely, if it were below the national average, the factor would be more than 1, increasing the state's share.

Because personal incomes are comparatively low in the Southwest, all five states of the District benefit from income factor adjustments. The extent of the benefit varies considerably, however, ranging from only a slight gain in Arizona, where incomes approach the national average, to gains of more than a fourth in New Mexico and Louisiana.

Within states

Allocation within states is broken down by layers of government, the state receiving a third and the Treasury distributing the remainder to units of local government. Allocations are made to counties on the basis of the three-factor formula. County governments receive a share of the allocation propor-

PER CAPITA SOURCES OF FUNDS AND GENERAL EXPENDITURES OF STATE AND LOCAL GOVERNMENTS, FISCAL 1971

Area	Major sources of funds			General expenditures
	Taxes	Federal grants-in-aid	Other general revenue	
Arizona	\$482	\$132	\$130	\$735
Louisiana	384	135	141	685
New Mexico	397	216	166	727
Oklahoma	329	150	135	635
Texas	351	111	114	577
United States	467	129	117	712

SOURCES: U.S. Bureau of the Census
Federal Reserve Bank of Dallas

REVENUE SHARING ALLOCATIONS, 1972-LARGEST CITIES

Area	1970 population (Thousands)	Allocation	
		Total	Per capita
Eleventh District cities			
Houston	1,233	\$15,015,942	\$12.18
Dallas	844	11,707,710	13.87
San Antonio	654	8,570,932	13.11
Fort Worth	393	4,600,536	11.71
El Paso	322	5,478,268	17.01
Tucson	263	4,437,180	16.87
Austin	252	2,899,086	11.50
Corpus Christi	205	3,185,662	15.54
Shreveport	182	3,778,106	20.76
Lubbock	149	1,925,472	12.92
Totals			
10 largest District cities	4,497	61,598,894	13.70
10 largest U.S. cities	22,029	469,104,046	21.29
25 largest U.S. cities	30,748	635,290,662	20.66

SOURCES: U.S. Bureau of the Census
U.S. Treasury Department
Federal Reserve Bank of Dallas

tional to the local taxes they collect, and (again on the basis of the usual three factors) the rest of the allocation is distributed to cities within the county.

As a result of the three-factor formula in distributing funds to cities, the allocation to urban areas may be less than expected when revenue sharing was first proposed. Originally proposed to help ease the financial problems of cities (as were many of the federal grant-in-aid programs), it may be falling short of the original goal.

Under this formula, a disproportionately small share of federal funds is assigned to cities—at least in the Southwest. The eight largest cities in Texas, for example, account for more than half the state's population. But these cities (all among the 100 largest in the nation) receive only a little over a fifth of the state's allocation and well under a third of the allocation earmarked for local government.

Across cities

Most cities in the District have begun to allocate Revenue Sharing funds to their various expenditure programs. For the most part, however, the allocations have been to special budgets rather than operating budgets. The two largest cities provide cases in point.

Houston has approved a special budget making full use of the \$26 million in Revenue Sharing funds it will have received through the third quarter of this year. While the budget makes no clear distinction between capital spending and operating expenses, the essential character of most expenditures is indicated by project names. The city will use \$15 million (more than 55 percent of its allocation) on street and sewer improvements and a new solid-waste disposal plant. A new court building and renovation of the city hall will take \$3.5 million. And another \$3.5 million has been allocated to acquisition of land for parks and recreation areas.

Dallas has very carefully budgeted the \$18 million it will receive through mid-1973 to accomplish three purposes—cover short-term, nonrecurring projects, defer increases in city taxes, and handle as much capital spending as possible. Only a little more than \$2 million will go for operating expenses, the remaining 87 percent being slated for capital expenditures (mostly the repair and renovation of public facilities). Almost \$5 million has been set aside to pay interest and principal on bonds already sold. This help in servicing its debt will ease the city's burden, which in-

creased significantly last year, when voters authorized a \$172 million bond program.

These decisions, which seem more or less typical of the budgetary decisions cities have made throughout the District, are clearly oriented toward capital expenditures—an orientation that may be due to the nature of the Revenue Sharing program as it finally evolved. While the program imposes few restrictions on the allocations cities can make, certain provisions apparently affect the budgetary assignments municipal authorities consider wise.

Problems of uncertainty

One important provision that distinguished the original proposal from other forms of intergovernmental transfers was lost in the debate over revenue sharing. Under the original proposal, the grants would have been tied, though indirectly, to actual federal revenue receipts. The amount to be shared would have been 1.3 percent of the personal income tax base.

One advantage of such an arrangement—other than that it would, indeed, have been “revenue sharing”—was that there would have been a continued availability of funds and at a somewhat predictable rate of increase. Funds would have expanded with the expected growth in the income base from the \$5.3 billion shared in 1972 to probably about \$10 billion in 1980.

Also, as originally planned, funds would not be tied to specific programs. They would be unconditional grants for state and local governments to use according to their own priorities.

The bill that finally passed Congress, however, was not tied to an expanding tax base. Nor, in a very practical sense, was the allocation totally unconditional.

No actual restrictions are imposed on the use of Revenue Sharing funds by states—other than the

perhaps obvious restriction that these funds cannot be used as matching funds for other federal grants. Nor, except for the same restraint, are there any restrictions set on the capital expenditures of cities and counties.

Even where restrictions are imposed on local governments, the permissible categories of "ordinary and necessary maintenance and operating expenses" are so broad that they pose few real constraints on budget decisions. These categories—public safety, environmental protection, public transportation, health, recreation, libraries, social services, and financial administration—cover almost every operating expense a city has to cover.

But cities cannot be sure how long Revenue Sharing funds will be available—and that is the real constraint. Uncertain of the continuation of funds now authorized only through 1976 and mindful that other federal grants have been cut back, budget directors in the

Southwest are apparently reluctant to incorporate these funds into their operating budgets and, thereby, establish dependence on funds that could last only four more years.

Some cities across the nation are in such financial straits that they cannot avoid including a large part of their Revenue Sharing funds in their operating budgets. Cities in the Southwest, however, have not faced such serious financial problems. They seem, for the most part, to be holding their dependence on Revenue Sharing funds to a minimum by allocating these new and possibly temporary funds largely to capital projects.

—Edward E. Veazey

New par banks

The Red River Valley Bank, Bossier City, Louisiana, 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, March 16, 1973. The officers are: Percy V. Hubbard, Chairman of the Board and President; Ralph C. Merritt, Vice President; and Joel H. Anderson, Vice President and Cashier.

The Beltway 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, March 26, 1973. The officers are: Lawrence G. Fraser, President; Benny L. Roe, Vice President and Cashier; and James Hosek, Vice President.



Statistical Supplement to the Business Review

The seasonally adjusted Texas industrial production index advanced 1.4 percent in February, rising to a level 8.4 percent above a year earlier. Output of manufactured goods and utilities increased during the month, but mining declined slightly.

Manufacturing of durable goods increased 3.4 percent in February, led by gains in transportation equipment and stone, clay, and glass products. Wood products, furniture, and fabricated metals also posted sizable gains. Production of nondurable goods—paced by strong advances in textiles, food, apparel, and leather products—rose 1.1 percent over January. Petroleum refining was the only nondurable goods industry showing a decline in output. All manufacturing industries reported advances over year-earlier levels.

Mining activity declined somewhat in February as the production of natural gas, natural gas liquids, and crude petroleum fell. Only metal, stone, and earth minerals posted a gain over January. Output of natural gas and natural gas liquids declined from February 1972 as well. Utilities advanced slightly from January on the strength of a 1.0-percent gain in the generation of electricity. Distribution of natural gas was down from both month-earlier and year-earlier levels.

Total credit at weekly reporting banks in the Eleventh District rose sharply in the four weeks ended March 21, in spite of a substantial decline in total deposits. Most of the increase in bank credit was financed through larger net borrowings in the Federal funds market.

Total loans expanded considerably, primarily because business loan demand was much larger than

usual. The recent increases in overall retail sales—especially automobile sales—have resulted in efforts to rebuild inventories. Continued strength in District construction activity and increased costs for both labor and material in the construction industry were reflected in a rise in real estate loans. With retail sales increasing, consumer loans also advanced as borrowers apparently used bank credit to finance a large portion of their purchases of automobiles and other durable goods.

In view of the sharp increase in loan demand, these banks slightly reduced their investment portfolios. Although holdings of U.S. Government securities rose moderately—mainly as a result of sizable purchases of Treasury bills—bank holdings of other securities declined somewhat.

Total deposits contracted sharply as demand deposits fell. Time and savings deposits rose slightly, however, largely reflecting a small increase in large negotiable CD's outstanding. With increased demand for credit and considerably lower deposits, District banks moderately increased their borrowings in both the Eurodollar and commercial paper markets.

Moisture conditions are generally adequate in all five states of the Eleventh District, and they are proving beneficial to planted crops and pastures. In some areas, moisture is more than adequate. This abundance promises improved crop yields, although it is currently hindering field operations somewhat.

Citrus production from the current crop in Texas is expected to reach 18.1 million boxes, 21 percent more than last season. Producers

are expecting to harvest 22 percent more oranges and 19 percent more grapefruit than a year before.

Farmers in the District states indicated planting intentions on March 1 that would increase corn acreage by 5 percent, sorghum and rice acreage by 10 percent, and soybean acreage by 14 percent. Cotton acreage is expected to decline about 7 percent.

Cattle and calves on feed in Arizona and Texas on March 1 totaled 2.8 million head, 18 percent more than a year before but 2 percent fewer than a month before. February marketings of fed cattle in Texas were 13 percent greater than a year earlier but somewhat less than in January.

Registrations of new passenger automobiles in Dallas, Fort Worth, Houston, and San Antonio dropped 3 percent in February. But the level of registrations was 10 percent higher than in February 1972. Cumulative registrations for the first two months of 1973 were 20 percent greater than for the same period last year.

Department store sales in the Eleventh District were 11 percent greater in the four weeks ended March 24 than in the corresponding period in 1972. Cumulative sales through that date were 10 percent more than in the comparable period a year before.

Seasonally adjusted total employment in the five southwestern states continued its upward trend in February, edging up 0.1 percent to a level 4.0 percent above a year earlier. This gain in employment was accompanied by a decline in the ci-
(Continued on back page)

CONDITION STATISTICS OF WEEKLY REPORTING COMMERCIAL BANKS

Eleventh Federal Reserve District

(Thousand dollars)

ASSETS	Mar. 21, 1973	Feb. 21, 1973	Mar. 22, 1972	LIABILITIES	Mar. 21, 1973	Feb. 21, 1973	Mar. 22, 1972
Federal funds sold and securities purchased under agreements to resell	992,015	1,328,422	1,096,071	Total deposits	13,393,258	13,773,605	12,081,815
Other loans and discounts, gross	9,258,637	8,965,011	7,525,750	Total demand deposits	6,994,436	7,385,874	6,687,188
Commercial and industrial loans	4,118,359	3,977,488r	3,481,009	Individuals, partnerships, and corporations	4,742,583	4,893,952	4,573,284
Agricultural loans, excluding CCC certificates of interest	261,912	252,497r	181,762	States and political subdivisions	644,104	729,749	451,883
Loans to brokers and dealers for purchasing or carrying:				U.S. Government	269,175	269,413	232,155
U.S. Government securities	1,167	1,167	1,160	Banks in the United States	1,197,508	1,344,994	1,293,861
Other securities	65,321	73,691	47,059	Foreign:			
Other loans for purchasing or carrying:				Governments, official institutions, central banks, and international institutions	2,202	5,677	2,989
U.S. Government securities	5,477	6,615	4,895	Commercial banks	37,172	41,383	33,910
Other securities	510,562	507,203	460,008	Certified and officers' checks, etc.	101,692	100,706	99,106
Loans to nonbank financial institutions:				Total time and savings deposits	6,398,822	6,387,731	5,394,627
Sales finance, personal finance, factors, and other business credit companies	179,661	174,777	117,548	Individuals, partnerships, and corporations:			
Other	703,332	677,262	540,882	Savings deposits	1,200,986	1,193,815	1,147,537
Real estate loans	1,275,408	1,252,785	915,186	Other time deposits	3,325,071	3,274,666	2,779,547
Loans to domestic commercial banks	35,132	25,172	21,214	States and political subdivisions	1,735,148	1,772,267	1,339,892
Loans to foreign banks	54,264	19,936	29,056	U.S. Government (including postal savings)	29,208	30,128	9,142
Consumer instalment loans	987,851	973,663	826,765	Banks in the United States	85,939	94,685	92,109
Loans to foreign governments, official institutions, central banks, and international institutions	0	0	0	Foreign:			
Other loans	1,062,191	1,022,755	899,206	Governments, official institutions, central banks, and international institutions	11,250	11,050	25,300
Total investments	4,028,821	4,031,402	3,548,373	Commercial banks	11,220	11,120	1,100
Total U.S. Government securities	1,059,204	1,037,297	1,115,589	Federal funds purchased and securities sold under agreements to repurchase	2,301,751	2,238,293	1,852,580
Treasury bills	270,624	237,365	191,566	Other liabilities for borrowed money	233,358	93,516	35,776
Treasury certificates of indebtedness	0	0	0	Other liabilities	484,125	474,140	430,553
Treasury notes and U.S. Government bonds maturing:				Reserves on loans	159,146	159,451	135,912
Within 1 year	123,900	152,697	199,993	Reserves on securities	13,452	16,768	22,588
1 year to 5 years	512,314	479,356	528,577	Total capital accounts	1,163,915	1,159,718	1,093,754
After 5 years	152,366	167,879	195,453				
Obligations of states and political subdivisions:				TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	17,749,005	17,915,491	15,652,978
Tax warrants and short-term notes and bills	255,948	267,465	110,558				
All other	2,472,692	2,443,668	2,095,794				
Other bonds, corporate stocks, and securities:							
Certificates representing participations in federal agency loans	10,445	13,503	20,312				
All other (including corporate stocks)	230,532	269,469	206,120				
Cash items in process of collection	1,407,193	1,736,762	1,400,022				
Reserves with Federal Reserve Bank	839,299	552,131	957,737				
Currency and coin	110,814	112,827	100,955				
Balances with banks in the United States	378,009	461,540	455,287				
Balances with banks in foreign countries	15,481	13,868	10,170				
Other assets (including investments in subsidiaries not consolidated)	718,736	713,528	558,613				
TOTAL ASSETS	17,749,005	17,915,491	15,652,978				

r—Revised

DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Million dollars)

Date	DEMAND DEPOSITS			TIME DEPOSITS	
	Total	Adjusted ¹	U.S. Government	Total	Savings
1971: February	11,272	7,778	302	9,299	2,235
1972: February	11,983	8,382	281	10,864	2,552
March	12,118	8,515	300	10,978	2,430
April	12,470	8,696	314	10,938	2,640
May	12,268	8,530	384	11,075	2,660
June	12,320	8,553	280	11,233	2,688
July	12,529	8,694	289	11,304	2,714
August	12,420	8,824	226	11,441	2,717
September	12,619	8,933	254	11,492	2,744
October	12,866	9,034	264	11,618	2,770
November	12,844	9,321	222	12,009	2,786
December	13,439	9,688	289	12,261	2,812
1973: January	13,636	9,802	317	12,501	2,815
February	13,270	9,516	379	12,811	2,817

1. Other than those of U.S. Government and domestic commercial banks, less cash items in process of collection

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(Million dollars)

Item	Feb. 28, 1973	Jan. 31, 1973	Feb. 23, 1972
ASSETS			
Loans and discounts, gross	17,755	17,425	14,904
U.S. Government obligations	2,493	2,562	2,462
Other securities	5,723	5,793	4,678
Reserves with Federal Reserve Bank	1,552	1,484	1,612
Cash in vault	309	315	295
Balances with banks in the United States	1,353	1,360	1,342
Balances with banks in foreign countries ^e	15	16	14
Cash items in process of collection	1,829	1,753	1,730
Other assets ^e	1,346	1,345	1,041
TOTAL ASSETS^e	32,375	32,053	28,078
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks	1,692	1,729	1,799
Other demand deposits	11,828	11,749	10,293
Time deposits	12,970	12,585	10,957
Total deposits	26,490	26,063	23,049
Borrowings	2,603	2,731	1,877
Other liabilities ^e	1,057	1,053	1,234
Total capital accounts ^e	2,225	2,206	1,918
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^e	32,375	32,053	28,078

e—Estimated

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. Thousand dollars)

Item	4 weeks ended Mar. 7, 1973	5 weeks ended Feb. 7, 1973	4 weeks ended Mar. 1, 1972
Total reserves held	1,742,461	1,770,428	1,810,063
With Federal Reserve Bank	1,459,789	1,472,926	1,549,438
Currency and coin	282,672	297,502	260,625
Required reserves	1,742,232	1,748,905	1,803,750
Excess reserves	229	21,523	6,313
Borrowings	63,968	61,299	216
Free reserves	—63,739	—39,776	6,097

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

SMSA's in Eleventh Federal Reserve District

(Dollar amounts in thousands, seasonally adjusted)

Standard metropolitan statistical area	DEBITS TO DEMAND DEPOSIT ACCOUNTS ¹				DEMAND DEPOSITS ¹			
	February 1973 (Annual-rate basis)	Percent change			February 28, 1973	February 1973	Annual rate of turnover	
		January 1973	February 1972	2 months, 1973 from 1972			January 1973	February 1972
ARIZONA: Tucson.....	\$11,758,536	7%	32%	30%	\$328,727	35.9	33.9	29.2
LOUISIANA: Monroe.....	4,519,092	-2	23	25	115,900	40.5	42.9	36.2
Shreveport.....	14,835,996	1	13	21	303,958	49.1	48.0	47.4
NEW MEXICO: Roswell ²	1,047,432	-2	0	3	47,827	21.4	22.4	24.1
TEXAS: Abilene.....	2,908,752	5	17	17	135,653	21.6	21.1	22.4
Amarillo.....	8,518,692	5	26	23	210,351	40.9	38.2	38.8
Austin.....	13,441,044	-4	20	7	489,145	28.5	30.0	28.2
Beaumont-Port Arthur-Orange.....	7,972,284	4	19	12	278,408	28.8	27.1	25.5
Brownsville-Harlingen-San Benito.....	2,664,912	-3	11	13	113,943	23.5	24.8	26.9
Bryan-College Station.....	1,334,076	1	13	10	56,914	23.6	23.2	24.3
Corpus Christi.....	8,040,468	4	13	10	284,559	28.3	27.5	26.8
Corsicana ²	603,792	-7	27	30	40,293	15.5	17.7	13.7
Dallas.....	165,693,804	9	18	13	2,951,293	56.8	52.3	54.7
El Paso.....	10,760,148	6	23	18	295,072	35.7	32.9	32.4
Fort Worth.....	31,605,468	1	15	14	835,369	37.4	37.6	36.5
Galveston-Texas City.....	3,515,268	0	14	13	127,517	27.4	27.8	25.2
Houston.....	151,694,772	-5	16	20	3,308,002	45.8	48.6	44.2
Killeen-Temple.....	2,273,292	-3	21	24	111,878	20.2	20.8	18.8
Laredo.....	1,270,776	-5	21	16	58,074	22.0	23.1	23.1
Lubbock.....	6,972,816	14	26	21	211,146	33.1	29.9	30.6
McAllen-Pharr-Edinburg.....	2,939,892	3	30	19	157,830	18.7	18.5	16.7
Midland.....	2,524,512	8	22	15	156,252	15.9	14.0	13.9
Odessa.....	1,970,388	5	14	10	95,595	20.1	17.4	16.8
San Angelo.....	2,050,212	12	24	21	85,370	24.5	22.1	21.9
San Antonio.....	25,266,948	3	17	13	914,331	27.7	27.2	27.7
Sherman-Denison.....	1,484,808	13	18	13	78,922	18.6	16.5	17.4
Texarkana (Texas-Arkansas).....	1,985,292	5	15	12	90,067	22.1	21.0	21.7
Tyler.....	2,913,792	-18	11	26	122,293	23.8	28.6	22.9
Waco.....	4,571,376	1	25	22	157,476	29.4	29.6	27.3
Wichita Falls.....	3,159,120	6	14	9	137,396	22.8	21.7	21.7
Total—30 centers.....	\$500,297,760	2%	17%	16%	\$12,296,561	40.8	40.2	39.1

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

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousand dollars)

Item	Mar. 21, 1973	Feb. 21, 1973	Mar. 22, 1972
Total gold certificate reserves.....	480,092	13,535	438,485
Loans to member banks.....	126,683	15,885	500
Other loans.....	0	0	0
Federal agency obligations.....	55,629	59,311	36,682
U.S. Government securities.....	3,121,989	3,193,956	3,104,792
Total earning assets.....	3,304,301	3,269,152	3,141,974
Member bank reserve deposits.....	1,424,540	1,123,724	1,616,272
Federal Reserve notes in actual circulation.....	2,224,959	2,221,779	2,092,542

VALUE OF CONSTRUCTION CONTRACTS

(Million dollars)

Area and type	February 1973	January 1973	December 1972	January—February	
				1973	1972
FIVE SOUTHWESTERN STATES ¹	826	945	874	1,772	1,565r
Residential building.....	460	455	392	917	803r
Nonresidential building.....	248	380	324	628	420r
Nonbuilding construction.....	117	110	157	227	342
UNITED STATES.....	6,839	6,795	6,464	13,661	11,573r
Residential building.....	3,277	3,195	3,120	6,507	5,313r
Nonresidential building.....	2,229	2,420	2,212	4,647	3,512r
Nonbuilding construction.....	1,333	1,180	1,132	2,507	2,748r

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

r—Revised

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

SOURCE: F. W. Dodge Division, McGraw-Hill Information Systems Company

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER		VALUATION		Percent change		
	Feb. 1973	2 mos. 1973	February 1973	2 mos. 1973	Jan. 1973	Feb. 1972	2 months, 1973 from 1972
	1973	1973	1973	1973	1973	1972	1972
ARIZONA							
Tucson.....	626	1,129	\$19,370	\$44,650	-23%	22%	32%
LOUISIANA							
Monroe-West							
Monroe.....	69	148	1,672	3,686	-17	-67	-43
Shreveport.....	418	822	9,473	29,004	-52	88	231
TEXAS							
Abilene.....	61	109	803	5,849	-84	-2	308
Amarillo.....	132	241	2,491	9,557	-65	39	137
Austin.....	494	911	17,112	32,516	11	-22	-16
Beaumont.....	164	284	2,650	5,859	-17	108	128
Brownsville.....	82	172	5,247	6,320	389	251	197
Corpus Christi.....	308	588	6,407	14,446	-20	46	64
Dallas.....	1,279	2,558	22,466	55,610	-32	-70	-49
Denison.....	21	34	161	781	-74	-54	17
El Paso.....	500	997	12,156	23,293	9	-46	-54
Fort Worth.....	318	603	11,729	19,009	61	124	66
Galveston.....	64	114	494	982	1	-70	-49
Houston.....	2,586	4,856	54,634	126,872	-24	43	66
Laredo.....	44	101	340	829	-31	-83	-77
Lubbock.....	159	300	4,871	12,050	-32	-14	39
Midland.....	95	157	2,937	3,722	274	119	25
Odessa.....	82	156	1,362	2,571	13	15	36
Port Arthur.....	80	132	382	870	-22	49	47
San Angelo.....	81	149	829	2,283	43	43	93
San Antonio.....	1,792	3,092	16,142	36,392	-20	-5	28
Sherman.....	30	61	518	968	15	-46	-33
Texarkana.....	53	95	247	541	-16	-81	-72
Waco.....	179	350	1,910	8,050	-69	-31	93
Wichita Falls.....	83	142	2,062	3,934	10	7	40
Total—26 cities.....	9,800	18,301	\$198,465	\$450,644	-21%	-16%	9%

DAILY AVERAGE PRODUCTION OF CRUDE OIL

(Thousand barrels)

Area	February 1973	January 1973	February 1972r	Percent change from	
				January 1973	February 1972
FOUR SOUTHWESTERN STATES				0.5%	1.6%
Louisiana	6,789.6	6,756.5	6,685.3	0.5%	1.6%
New Mexico	2,392.8	2,400.9	2,389.4	-.3	.1
Oklahoma	295.0	295.0	311.9	.0	-5.4
Texas	548.8	517.8	591.1	6.0	-7.2
Texas	3,553.0	3,542.8	3,392.9	.3	4.7
Gulf Coast	717.0	723.5	647.9	-9	10.7
West Texas	1,783.1	1,764.7	1,703.7	1.0	4.7
East Texas (proper)	246.0	245.7	198.7	.1	23.8
Panhandle	62.3	63.8	70.3	-2.4	-11.4
Rest of state	744.6	745.1	772.3	.0	-3.6
UNITED STATES	9,372.8	9,359.3	9,456.2	.1%	-9.9%

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

TOTAL OIL WELLS DRILLED

Area	Fourth quarter 1972	Third quarter 1972	Percent change	1972 cumulative	Percent change from 1971
					cumulative
FOUR SOUTHWESTERN STATES					-1.3%
Louisiana	1,325	1,586	-16.5%	6,410	-1.3%
Offshore	206	232	-11.2	920	-11.5
Onshore	78	60	30.0	252	—
New Mexico	128	172	-25.6	668	-15.1
Oklahoma	92	144	-36.1	503	24.8
Texas	207	278	-25.5	1,025	-12.4
Texas	820	932	-12.0	3,962	2.0
Offshore	0	0	—	2	—
Onshore	820	932	-12.0	3,960	2.0
UNITED STATES	2,637	2,813	-6.3%	11,315	-4.5%

SOURCE: American Petroleum Institute

vilian labor force, producing a drop in the unemployment rate to 3.6 percent from January's 3.9 percent. The unemployment rate was 4.4 percent in February 1972.

Employment in both manufacturing and nonmanufacturing shared in the gain, advancing 0.4 percent and 0.3 percent, respectively. All the gain in manufacturing was due to employment in durable manufacturing, up 1.1 percent. Employment in the manufacture of nondurables was off 0.4 percent. Construction, with a gain of 0.7 percent, showed the strongest advance in employment among nonmanufacturing industries. None of these industries had any loss in employment, although services and transportation and public utilities posted no change.

INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1967 = 100)

Area and type of index	February 1973p	January 1973	December 1972	February 1972
				February 1972
TEXAS				
Total industrial production	136.2	134.4	132.5r	125.6r
Manufacturing	140.9	137.9	134.9r	126.5
Durable	154.1	149.0	148.2	135.3
Nondurable	131.3	129.9	125.3r	120.1
Mining	118.3	118.8	119.0r	116.8r
Utilities	161.2	161.0	162.2r	151.6r
UNITED STATES				
Total industrial production	120.8	119.9	119.2	110.0r
Manufacturing	119.7	118.8	118.2	108.5r
Durable	115.3	114.2	113.7r	102.1r
Nondurable	126.1	125.3	124.8r	117.8r
Mining	109.1	108.7	108.3r	107.2r
Utilities	150.9	148.9	149.1r	139.7r

p—Preliminary
 r—Revised
 SOURCES: Board of Governors of the Federal Reserve System
 Federal Reserve Bank of Dallas

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Five Southwestern States¹

(Seasonally adjusted)

Item	Thousands of persons			Percent change Feb. 1973 from	
	February 1973p	January 1973	February 1972r	Jan. 1973	Feb. 1972
Civilian labor force	8,819.8	8,834.0	8,550.0	-0.2%	3.2%
Total employment	8,501.6	8,491.9	8,175.6	.1	4.0
Total unemployment	318.1	342.2	374.4	-7.0	-15.0
Unemployment rate	3.6%	3.9%	4.4%	2-.3	2-.8
Total nonagricultural wage and salary employment	7,005.2	6,984.6	6,657.7	.3	5.2
Manufacturing	1,229.5	1,224.6	1,156.6	.4	6.3
Durable	681.5	674.2	627.8	1.1	8.6
Nondurable	548.0	550.4	528.8	-4	3.6
Nonmanufacturing	5,775.7	5,760.0	5,501.0	.3	5.0
Mining	234.4	233.6	232.9	.3	.6
Construction	486.9	483.3	440.5	.7	10.5
Transportation and public utilities	475.6	475.4	464.1	.0	2.5
Trade	1,674.5	1,669.6	1,581.9	.3	5.9
Finance	373.3	372.8	348.3	.1	7.2
Service	1,142.0	1,141.9	1,085.8	.0	5.2
Government	1,389.1	1,383.5	1,347.6	.4%	3.1%

1. Arizona, Louisiana, New Mexico, Oklahoma, and Texas
 2. Actual change

p—Preliminary
 r—Revised

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

SOURCES: State employment agencies
 Federal Reserve Bank of Dallas (seasonal adjustment)