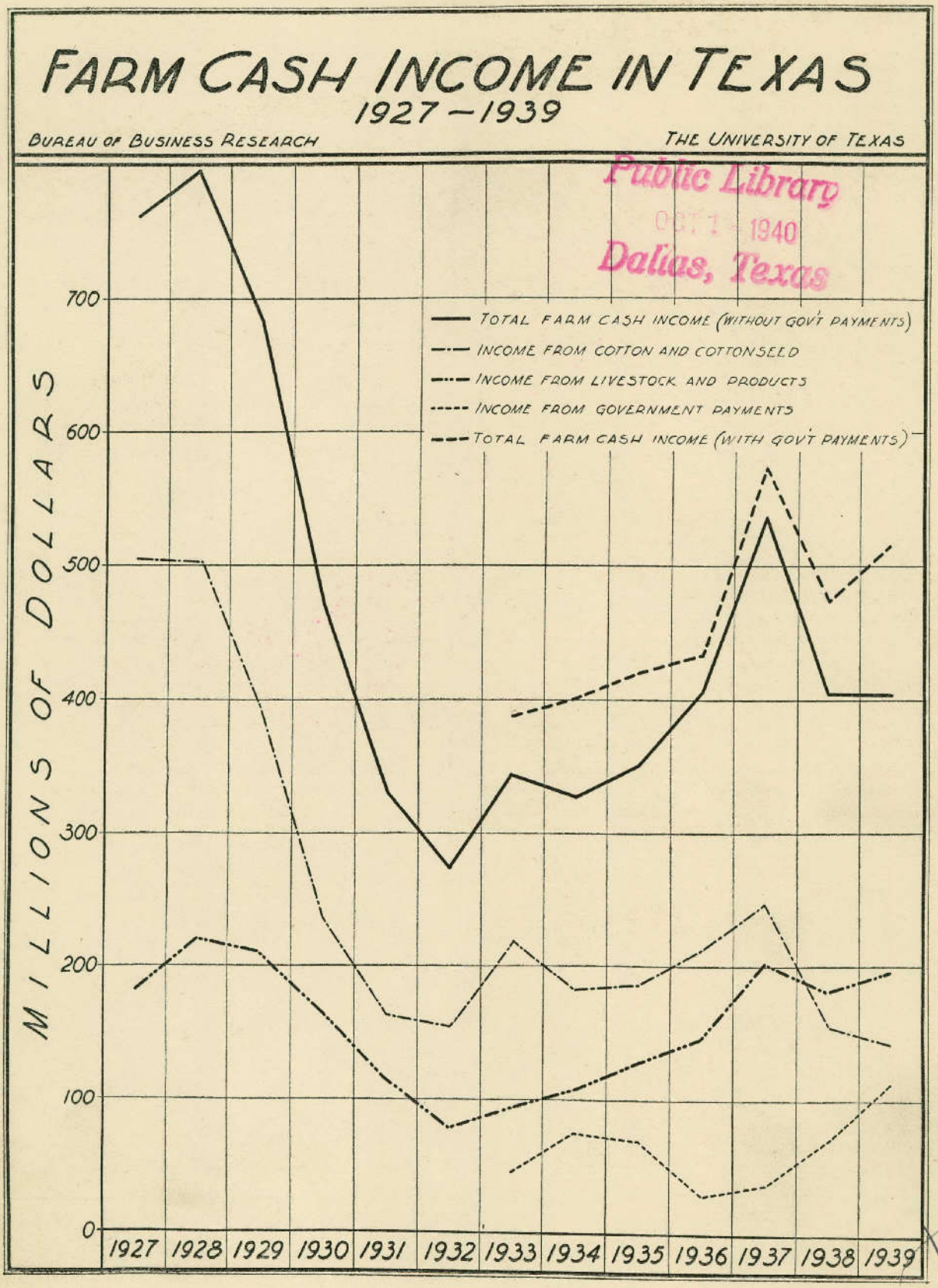
TEXAS BUSINESS REVIEW

Vol. XIV, No. 8 — Bureau of Business Research, The University of Texas — Sept., 1940



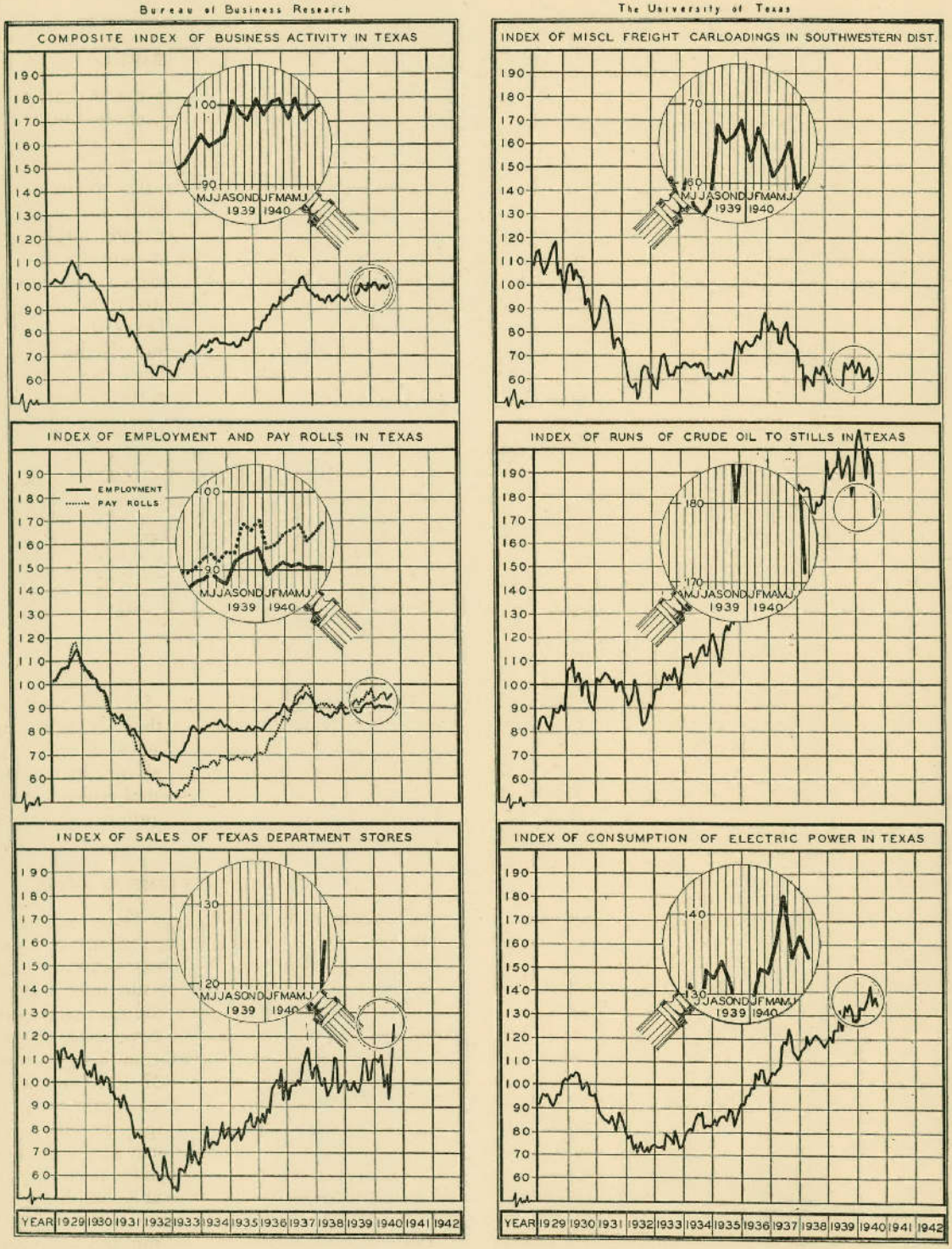
INDEXES OF BUSINESS ACTIVITY IN TEXAS

AVERAGE MONTH OF 1930 = 100 %

WEIGHT IN COMPOSITE INDEX

EMPLOYMENT	25 %	FREIGHT CARLOADINGS	20 %
PAY ROLLS	25 %	CRUDE OIL RUNS	5 %
DEPARTMENT STORE SALES	10 %	ELECTRIC POWER CONSUMPTION	15 %

Bureau of Business Research — The University of Texas



Business Review and Prospect

National Defense

The National Defense program has within the short space of a few months greatly modified the economic and social outlook of this country. In effect a new industry has been thrust into the very center of our economic structure; an industry, moreover, which has significance not alone because of the vast potential magnitude and scope which it possesses within itself, but also because of the influence it will have—both direct and indirect—in stimulating many major and numerous minor industries throughout the nation.

Permeating the entire program are elements which have significant social implications. Unity of action among the various economic classes must be attained through a better understanding of our economic organization. Development of mutual confidence can no longer be regarded as merely a Utopian dream, but must be recognized as a practical necessity for the preservation of our free institutions no less than for the accomplishment of the immediate task at hand.

The bases of both aspects of the defense program—the economic and the social—are now definitely established and in operation; the one is being reflected in huge appropriations for implements of war and the other in the passage of the law for conscription of men. The influence of the one is already being felt with considerable intensity especially in industries directly engaged in armament production, while that of the other, at least in its physical manifestations, is just now getting under way with the calling of the National Guard and the preparation for the registrations of men between the ages of 21 and 35 years. No one can foretell what the ultimate results of this program will be, but every thoughtful person knows that we are entering one of the most momentous periods in our history—a period which will determine the fate of democratic institutions for generations to come. The deeper meaning of these institutions must become more universally understood. Slogans and catch phrases will not suffice. A formidable challenge to the educational institutions throughout the nation is thus presented.

General Business

Business activity, as measured by the volume of industrial production throughout the country, has increased only moderately during the past three or four months. Barron's index of industrial activity, which is adjusted not only for seasonal variation but also for population growth and long time trend, is actually lower now than for a brief period in June. Barron's index, however, on September 7 was substantially above that of the corresponding date last year. If this margin of improvement over last year is maintained for the rest of the year and the early months of 1941, which is not unlikely, industrial activity would attain boom proportions seldom if ever reached before. Not only are the industries immediately connected with the manufacturing of war materials experiencing a sharp rise, but such peace-time industries as automobile manufacturing, building construction, and the manufacture of railroad equipment are certain to go forward at high levels.

Industry and Trade in Texas

With growing pay rolls in the industrial sections of the country, Texas cattlemen, sheep and wool growers, and cotton farmers can look forward confidently to a stronger domestic demand for their products this fall and next year. Unfortunately, this situation will not help the Texas cotton grower as much as it will the livestock producer. This fact, together with larger quantities to be marketed, should enhance considerably the buying power of ranchmen and farmers. The demand for oil and oil products may be expected to be similarly affected. Thus, industry and trade in Texas should soon begin to develop a decisive upward trend. There are already indications that the upward tendency has begun as may be seen by the business indexes in the following table:

INDEX OF BUSINESS ACTIVITY IN TEXAS

	Aug. 1940	Aug. 1939	July 1940
Employment	90.3	88.3	90.3
Pay Rolls	95.9	92.1	94.8
Miscellaneous Freight Carloadings (Southwest District)	60.8	56.5	59.5
Crude Runs to Stills	171.2	192.5	194.8*
Department Store Sales	125.3	110.7	110.5
Electric Power Consumption	134.7	131.9	137.2*
COMPOSITE INDEX	100.0	96.8	99.8*

*Revised.

While the composite index for Texas in August was only a minor fraction above that for July, three of the factors—pay rolls, miscellaneous freight carloadings, and department store sales—showed substantial gains; one factor—non-agricultural employment—remained unchanged; and two factors—oil refining and electric power consumption—declined.

Farm Cash Income in Texas

Agricultural cash income in Texas during the fall is derived primarily from cotton, cottonseed, livestock, and livestock products, and of these sources, income from cotton and cottonseed is by far the most important, since the bulk of this crop is marketed during August and the three autumn months. On the cover page of this issue of the Review farm cash income from these sources is shown graphically for the period 1927–1939 inclusive.

Although the cotton crop of Texas is considerably larger this year than a year ago, the increase occurred in those parts of the State—north and northwest—where harvesting does not begin until later in the season. Hence, August ginnings were considerably less than those of the corresponding month last year with a corresponding decline in the income from cotton and cottonseed. Thus, substantial gains in the cotton income of Texas over

For Other Texas Data, See Statistical Tables at the End of This Publication

a year ago are to be expected during the remaining cotton marketing months, when the larger crop will be marketed.

Income from livestock during August was well above that of August last year, and this margin of gain will probably be maintained during the flush livestock marketing season of September and October. The reason for expecting improved year-to-year comparison in the income from livestock this fall is that because of unusually favorable feed and grazing conditions cattle and calves have been withheld from market as cattlemen wished to take advantage of this situation to increase the weight and improve the quality of the animals. On January 1, 1940, there were only four per cent fewer cattle and calves on farms than on the corresponding date the year before; yet up to September 1, nearly twenty per cent fewer cattle were shipped from the State than during the first eight months in 1939. Hence, because of the excellent condition in which cattle will be placed on the market, the favorable price level, and the probable increase in numbers marketed, income from livestock for the rest of the year is likely to be well above that of the same period last year.

It now appears, for the reasons given above, that although farm cash income in Texas as computed by this Bureau totalled only $188,713,000 during the first eight months of the year, compared with $207,748,000 during the corresponding period last year, total farm cash income in Texas for the entire year will exceed that of 1939.

INDEX OF AGRICULTURAL CASH INCOME IN TEXAS

Districts	Aug. 1940	July* 1940	Aug. 1939	Cumulative Income Jan.–Aug. 1940 (000 Omitted)	Cumulative Income Jan.–Aug. 1939 (000 Omitted)
1–N	80.0	57.8	59.6	20,375	20,285
1–S	120.1	104.7	66.4	11,694	10,603
2	70.9	63.1	59.2	14,654	13,099
3	111.7	102.2	93.9	12,605	12,655
4	25.6	54.5	108.3	21,672	34,100
5	26.8	47.7	103.8	8,147	13,762
6	97.2	143.4	75.1	11,119	12,383
7	72.8	136.3	62.5	26,975	21,465
8	37.0	37.8	47.4	19,506	24,726
9	131.7	101.1	93.3	17,055	14,067
10	24.2	29.7	21.6	8,510	10,128
10–A	79.8	118.5	63.7	16,401	20,475
STATE	49.0	68.6	75.5	188,713	207,748

*Revised.

Attention is called to the index numbers on farm cash income for the various crop reporting districts and subdistricts and for the State as a whole. As pointed out on previous occasions, the index number in each case is the percentage which the farm cash income of a given month is to the five-year average income for that month during the base period, 1928–1932. Thus, the farm cash income for Texas as a whole during August this year was only forty-nine per cent that of the average of the five Augusts during the 1928–1932 period. These data do not, of course, include farm subsidy payments by the Federal Government.

Modern Industrialization, Earth Resources and Technology

That industrialization is an institutional factor and force which in turn has come to be a large item of the institutional fabric of today's world can be accepted as a basic and primary fact by students of social development. Industrialization is creative; but whether its results are used for good or evil is, of course, another matter. It is the newness of industrialization as a primary factor in world affairs that makes so difficult an evaluation of its all pervading influence in economic life; and it is this same newness that accounts in part for the lack of attention given industrialization as a basic economic force. Every age or period in history has its own problems to solve and its own particular adjustments to make; very definitely industrialization and its problems belong especially to the present age. Furthermore, industrialization is neither a theory nor a panacea; it is firmly rooted in the resources of the earth, out of which it has grown and on which it has been extended far and wide.

Industrialization, it should be emphasized, is itself not a matter of cash-register economics and that in spite of the fact that cash-register economics is greatly concerned with industrialization.

Industrialization may be considered as a phase of modern economic organization; the economics of industrialization must be recognized as basic to an understanding and perspective of the world of today, or, for that matter, of the world of tomorrow, however chaotic that world may now appear. As a primary institutional factor industrialization has to be acknowledged as a basic force in the modern world, economically, politically, and socially. An understanding of industrialization is essential to an appreciation of the economic factors dominant in peace or in war, and fundamental to a comprehension of the whole field of international relations, as well as of the problems and potentialities of national development and of regional economy. In other words, ours is a world of industrialization; and the threads of industrialization spread over and ramify through every enterprise and undertaking, be it large or small, in every section of the habitable world, wherever it be located, whether in the Arctic wastes, in the Congo jungle, in the Sahara Desert, or in New York, London, or Berlin.

In the present stage of its development the acme of industrialization is represented in the attainment to and mastery of mass production technique—of mass production technique represented, for instance, in the American automobile industry rather than in the modern cotton textile industry. And in this distinction lies the key to an understanding of modern industrialization: for an understanding of modern industrialization must come from discriminating analyses and studies of the mainsprings of industry in action; it cannot come from an indiscriminate lumping together of industry into an amorphous mass and then by some sort of magical formula derive desired results.

Moreover, in the present stage of its development the one distinguishing feature of industrialization is the economic interdependence it creates among all wealth

producing activities the world over. It is not argued that through this interdependence the various units of the world's wealth producing activities are mutually of equal or like rank—on the contrary, they seldom, if ever, are equal; but interdependent they are. Some are destined, as it were, to be active factors, some even the centers of economic action; others are passive, brought more or less completely under the aegis of forces emanating from the centers of economic action.

How dependent industrialization is upon earth resources, upon suitable combinations of certain earth resources, and primarily upon an ensemble of a few groups of substances is readily apparent to the special student of earth resources, and particularly so to the special student of those earth resources basic to modern industrialism. Such students are of course specialists in the economics of earth resources, not in the sense of claiming to measure precisely costs of production or other items associated with a counting-house attitude, but rather with the philosophy of and the principles involved in the all-embracing import of earth resources to modern economic development.

The fundamental feature to be emphasized in the interpretation of the larger aspects of industrialization is the basic significance of earth resources and particularly of earth resources in adequate quantity and in desired combinations. It may be argued by some, as it has been, that industrialization is a function of technology, of the applications of science, rather than to the utilization of earth resources occurring in fortunate combinations; what such contenders miss is that technology is itself a phase of industrialization; that technology is itself an institutional factor and force. To the special student of earth resources in their relation to economic development, provided that student has a knowledge of the background and historical perspective of social development from the long past of pre-historic man to the present, it is quite apparent that technologic advances are in their inception, and even in their spread or diffusion, a function of man's reaction to certain combinations of earth resources in use—that is, that technology is but a special phase of the larger picture.

By others it may be argued that industrialization is a function of research—in a sense this is so, but not in the sense usually ascribed. Creative research concerned with industrialization as an institutional factor, is in the main a function of the economics of earth resources. And here as elsewhere the economics of earth resources bears a definite relation to the physical geography, and particularly the regional aspects of the occurrence of the earth resources concerned.

It is not to be argued that the pattern of earth resources in its physical geographic setting determines absolutely the pattern of economic development, or of industrialization as a special feature of economic development; yet the margin of non-determination in this respect is not nearly so large as may be commonly believed. That the lack of certain earth resources, and the presence or absence of certain earth conditions do set limitations, and oftentimes rigid limitations, to economic development the world over cannot be denied. Furthermore, wherever a certain pattern of earth conditions prevail anywhere on the globe, it is quite apparent to the discriminating student of these matters that there is an obvious relationship between this pattern and the pattern of economic development found therein. And nowhere is this relationship more thoroughly illustrated than in the case of world centers of industrialization.

World centers of industrialization fall into two rather distinct categories, principal centers and secondary centers. Here, it may be emphasized, the world's leading and perhaps most significant center of industrialization is Northeastern United States. Secondary centers of industrialization, owing to the variety of their characteristics and the greater number of such centers, are marked by features less definite than those of the major or principal centers or regions of industrialization. Few, however, would deny that Southeastern United States is a secondary center of industrialization and people generally in the Southwest rightly contend that this is another secondary center of industrialization.

Basically, secondary centers of industrialization, like raw material producing regions, have come to be under the aegis of the principal regions of industrialization—a relationship that has become tremendously important owing to the exercise of a high degree of financial control emanating from the principal centers. Financial control is extraneous to the basic factors of industrialization; that it exercises, however, a tremendous leverage on industrialization is a fact that no one acquainted with the situation can deny. That these factors are of outstanding importance to Texas now and in its immediate future is the reason for this article. In the reorientation that now is taking place it is essential that Texas people understand the larger import of modern industrialization and that Texas people realize how closely their welfare is bound up with the advance of modern industry. Whatever hampers the development of Texas industry or whatever interferes with the rising standard of living which such industry can bring to the people of Texas is undoubtedly a hampering and retarding influence on the material progress of the State.

The principles enumerated in summary form in the foregoing discussion are introduced to provide a broader perspective of the basic features of industry development. It is hoped that even this brief presentation of basic factors may provide a helpful point of view in envisaging some of our fundamental problems in Texas.

The size of Texas, the diversity of its earth resources, the variety of its geographic conditions, have been commented upon so often that, important though they are, it is not necessary to more than mention them in this article.

The functions of these diversified conditions as reflected in the quantity of earth resources and their significance to individual or group enterprises in Texas can hardly be overemphasized. Certainly, too often they have not been emphasized sufficiently.

The variety, extent, and richness of the soil and natural vegetation resources of Texas have been and are being emphasized. I have previously quoted the statement of the late Dr. C. F. Marbut, of the United States Department of Agriculture, to the effect that from the standpoint of its agricultural resources Texas is the richest State in the Union. Yet do we appreciate fully the potentialities which these rich resources provide? Do we realize the deeper implications involved in what is happening to Texas agriculture—or more precisely what

is happening to Texas cotton production? We have the facts of the declining agricultural income, the plight of cotton in Texas (and Oklahoma), and of some of the readjustments that are taking place in Texas agriculture as a whole. But have we inquired deeply enough into the economic and social conditions and the causes of these conditions of the Southern cotton farmer in the good old days of the past? Have we considered in its entirety the economics of the cotton fiber from the field to the textile mill as a segment of the textile industry as a whole—or the relations of the textile industry to modern industry as a whole? Have we given sufficient attention to the fact that the economics of cotton growing (as well as of its marketing) in the New Cotton Belt—the Gulf Southwest—is sharply in contrast with that of the Old Cotton Belt of Southeastern United States? Perhaps the fact of a declining population in numerous Texas counties as revealed in the recent census data may bring more definitely to the attention of Texas leadership the problems of the State's agriculture.

It is not just the mere decline in population in these counties that is of greatest importance—though that in itself is indeed important for a variety of reasons; it is rather that this decline registers the operation of forces that may and probably will have an even greater impact in years to come. American agriculture as a whole has become primarily a social problem—a problem concerned with what is happening to the middle class as a group in the make-up of American population. And upon what happens to the middle class, or perhaps more pointedly, upon what is happening to the economic bases of the middle class, is of primary importance to the future of democracy in America. It is a situation, not a theory, that confronts the agriculture of Texas. Nor can it be overemphasized that this plight in which Texas agriculture finds itself is something that concerns not only the farmer but rather the entire citizenship of the State.

When we turn to the oil industry of Texas the situation is quite different from that prevailing in agriculture, and in cotton in particular. General as well as specific facts of the Texas oil industry are available, and can be made readily accessible. But, it may be asked, do people in Texas as a whole have a comprehensive picture of the oil industry as one of the outstanding industries of the Nation? Do we realize the significance of the outstanding position Texas occupies in this gigantic national industry? And what of its potentialities not just as a great enterprise—its position in the national picture is assured for some time to come—but as a basis for the upbuilding of the material welfare of the people of Texas? It might be added that oil in the international picture looms relatively as large as in the Texas setting. The great oil fields of the world have become rich prizes sought for by power politics, as witnessed, for instance, by the current maneuvering for the great oil resources of the Near East. In oil, nature has indeed been kind to Texas, as it has been also in natural gas and in a number of non-metallic resources.

Of course, new trends of undoubted significance with reference to the utilization of oil and gas and non-metallics are already in evidence in Texas; the beginnings on a wide scale of some of these new potentialities have been made in substantial undertakings. Basic to these new trends is the growing recognition of these substances such as oil, natural gas, and non-metallics, as raw materials from which whole new series of valuable materials can be made.

Perhaps the time is at hand when broad concepts of the tremendous potentialities of the United States as a whole, and of the various major regions comprising this country, are becoming crystallized in public opinion. The very nature of the world situation and of the position which the United States unquestionably occupies in international relations ought in itself to awaken the American people to a keener realization of what can be done with the vast and varied natural wealth of the country. The problem is not merely one of expanded utilization of our national resources; it is a problem of national integration of potentialities—a closer integration of the economic life of the major regions of the country whereby an optimum of development of each region can be approached. As long as major regions cannot approach an optimum of development based on the resources and natural advantages they possess, it cannot be expected that the nation as a whole will be able to approach the full utilization of its potentialities. The economic life of any region of the United States cannot be shut off in water-tight compartments; but thus far the potentialities of optimum development of the various regions of the United States have not been given the attention the problem merits, partly owing to a lack of thorough-going knowledge as to the potentialities involved—potentialities of the regions themselves, potentialities of the various regions in interdependent growth, and development in the national economy.

Perhaps, too, the time is ripe for crystallizing our concepts toward a more thorough realization of the potentialities of our industries, agriculture as well as manufacturing.

That a thorough reorientation in American industrialization is taking place is apparent from items given first place recognition by the daily press, financial periodicals, scientific and trade journals, as well as by the magazines of a more general nature.

Sidney B. Self in a recent issue of *Barron's* writes: "At least three major programs of plant expansion based entirely on peace-time needs for products in growing new divisions of chemistry are now under way. Union Carbide and Carbon Corp. is building a large new plant in Texas to make synthetic organic chemicals from refinery gases supplied by Pan American Petroleum Co. Dow Chemical is building at Freeport, Texas, a large new plant to make magnesium from sea water, and also plans the production of organic chemicals from petroleum gases. Monsanto Chemical Co. is starting a plant near Detroit to make phosphorus compounds initially. All three of these plants are expected to form the bases for major chemical operations. Total expenditures are expected to reach around $50,000,000 for the three projects over the next few years."

As to the potentialities of the petroleum industry and its importance to Texas in the new orientation, Mr. Self continues: "One of the most important trends is the interest of the chemical industry in the use of petroleum and its gases as a raw material for synthetic organic chemicals, supplementing coal tar. Most of the larger oil companies have for some time been active in the

chemical field, as evidenced by facilities already available for making butadiene for synthetic rubber.

"As a result, the Gulf Coast, where supplies of petroleum gases are large, is rapidly becoming one of the most important organic chemical centers in the country, in addition to its already being a center of alkali production. While Dow Chemical's primary object in its new plant is to produce magnesium, lightest metal in the world, from sea water to the tune of 12,000,000 pounds plus annually, a secondary and equally important objective is said to be the production of organic chemicals starting with ethylene gas from petroleum as a base.

"Ethylene is already important as a starting point for a whole range of solvents, including ethyl alcohol, ethylene glycol, used as an anti-freeze, in tetra-ethyl lead, and even in plastics notably ethyl cellulose.

"Since the whole trend of the chemical industry is toward the planned rebuilding and rearrangement of the hydro-carbon molecules found in petroleum as well as in coal tar, it is logical for two of the leaders in this field, Dow and Union Carbide, to plan their future expansion in this area.

"Big molecules, called polymers, are the building blocks used in making all of the new plastics, the new synthetic rubbers, and the two synthetic textile fibers. All of our natural raw materials from wood to silk are composed of large molecules. Now that the chemist has found that he can duplicate molecules of this type, getting products similar and better than natural materials, it might almost be said that the whole chemical industry is engaged in a race to see who can build the biggest molecules.

"While both Dow and Union Carbide are proceeding slowly with their new developments, both are almost certain to be among the largest chemical operations in the country before long in view of the available facilities and the opportunities in this field.

It has even been said in the chemical industry that, 'In the future when you think of Dow, you will think of Freeport rather than of Midland.' Since Dow's plant at Midland, Mich., is the largest single chemical plant in the country, this is a large order, but it indicates the trend of thought in the industry."

ELMER H. JOHNSON.

Economic Geography Notes

TOLUOL PRODUCTION

Toluene, basic ingredient of TNT, has formerly been produced only as a coal tar by-product industry; and, according to a recent announcement of the War Department, this source will be insufficient to supply the volume essential to the new defense program.

In July a process was announced by Universal Oil Products for synthetic toluol. In August, Shell Oil Company announced plans for immediate construction of a new $500,000 toluene manufacturing plant at Shell's Houston, Texas, refinery. This plant will produce 2,000,000 gallons of TNT-grade toluene annually.

The process to be used was worked out in the research laboratories of the Shell Development Company at Emeryville, California. Shell's decision to place this plan at Houston was, according to the company, to be able to take advantage of the "huge oil resources of the Southwest." Even more recent developments carried out by Shell's chemists, together with a supplementary process, will make it possible for this company to produce more than 7,000,000 gallons of toluene annually at its Houston refinery alone.

Recent announcements state that Humble Oil and Refining Company is also interested in producing toluene at its refinery on the Houston ship channel.

POWDER PLANTS

The location of a new smokeless powder plant in the Louisville, Kentucky, industrial district was announced in August. The plant will be located north of the Ohio River on the Indiana side. The plant is to be built by the government and operated by the du Pont interests. This plant will cost $15,000,000 to construct; machinery and equipment will cost an equal amount. The capacity will be 200,000 pounds daily—and thus will be larger than the privately financed powder plant now under construction at Memphis, Tennessee, which will have a daily capacity of 150,000 pounds.

SYNTHETIC SALT CAKE

Mathieson Alkali Works, Inc., is operating its new synthetic salt cake plant at Lake Charles, Louisiana. For several years this company has been operating a plant at Lake Charles manufacturing heavy alkalis from common salt.

Salt cake is used in large quantities in the kraft paper industry of the South. The new synthetic salt cake will make the paper industry independent of salt cake imports which prior to the outbreak of hostilities in Europe were important. At the same time this new product may compete with salt cake manufactured in the southern High Plains from brines in and near shallow lakes in that section of the State. The Texas plant a few miles south of Monahans, Ward County,—a branch plant of the Ozark Chemical Company of Tulsa—has been manufacturing salt cake for several years. The Arizona Chemical Company (subsidiary of the American Cyanimid Co., New York City) began production of salt cake from two Texas plants in 1938. One of these is located near O'Donnell, Lynn County, the other near Brownfield, Terry County.

The Mathieson concern has recently announced the construction of a plant at Niagara Falls, N.Y., for the production of sodium chlorite, commonly called chlorite. Chlorite has been known for a long time but it has recently come into importance owing to newly discovered and important uses in bleaching. Chlorite will bleach wood pulp, rayon, cotton, and other cellulose fibers without damaging the fibers. Hitherto hypochlorite has been almost universally used for bleaching kraft paper pulp; this substance, however, damages the fibers, and thereby results in a greatly weakened paper. The use of chlorite, it is hoped, will render the United States

virtually independent of the high-grade kraft pulp formerly imported from Scandinavia, and which is now unavailable.

Alumina Production

Aluminum Ore Company of Mobile, Alabama, subsidiary of the Aluminum Company of America, has announced a 50 per cent increase in alumina production capacity at Mobile, Alabama. This is but a part of Aluminum Company of America's current $30,000,000 expansion program.

The production of alumina (from the ore bauxite) requires large quantities of heat, which at Mobile is provided by natural gas. The bauxite is imported from British Guiana.

The making of aluminum from alumina requires large quantities of electric energy; most of the alumina made at Mobile is shipped to Alcoa, Tennessee, to be manufactured into aluminum. Increased expansion of T.V.A. power has been authorized to provide sufficient energy for the increased demands at the Alcoa plant.

T.V.A. has recently announced the successful completion of a process to make aluminum from common clay; the details of the methods are not yet available.

Elmer H. Johnson.

Cotton Situation

The cotton situation to be properly understood and appreciated must be looked at from a number of different standpoints and angles. From the viewpoint of the immediate interest of cotton growers, the current situation is improved over last year, for he has had an increase in production and is getting higher prices, even though the price is in the form of a non-recourse loan. The money the farmers will derive from this crop will be much more than the amount received for the crop a year ago; in fact, for any year since 1937. Prospective production of 12,772,000 bales is more than a million bales in excess of production last year or the year before that. Prices are likewise higher than during any September since 1936. As a result of the increase in production, coupled with a rise in price, this crop will bring the farmers perhaps as much as $60,000,000 more than the crop of last year.

How is it possible for the farmers to have such a large increase in cotton production and a rise in the price at the same time? That might be an entirely natural consequence if the world were at peace and business conditions had been greatly stimulated, or if foreign cotton production had been greatly reduced; but neither of these conditions prevail—the world is in one of the most devastating wars in history, and foreign cotton production is above normal.

Unfortunately, the outlook for world consumption of American cotton outside the United States promises now to be the least in over a half a century. There are good authorities who predict that exports of American cotton this year will fall below 2,000,000 bales. It is true that cotton consumption in the United States promises to reach an all-time high of perhaps 8,000,000 bales this cotton year, but this increase will not offset the losses in demand for American cotton in foreign countries. The present indications for world consumption of American cotton certainly do not exceed 11,200,000 bales, or 1,500,000 bales less than indicated production.

Foreign purchases of American cotton for delivery during the year 1940–41 are perhaps not as much as twelve per cent of last year. If this slow pace of purchases should be maintained exports would scarcely reach 1,500,000 bales, which is almost unbelievable; and the above estimate of world consumption of American cotton would be too high. The development of the world demand for cotton expressed in forward sales, and especially sales of American cotton, so far, then, does not justify the present advance in the price for American cotton. The price advance, then, is a result of artificial causes. The fact is, the price of American cotton is held at the present relatively high level because it is pegged there by an above-market-price loan granted by the Federal Government. These same Government pegged prices for American cotton above world competitive cotton price levels is likewise the main explanation for the drastic decline in forward sales of American cotton to export rather than lack of demand for cotton in foreign countries, though there will be a drastic decline in cotton consumption in Europe this year. The truth is, the Federal Government through its above-market-price loans has temporarily, at least, priced American cotton out of world markets. The above facts suggest that if the cotton crop in foreign countries this year is normal, or about 16,000,000 bales, that that plus a larger carryover of about 7,500,000 bales would make a total supply of about 23,500,000 bales of foreign grown cotton available for foreign consumption. World consumption of cotton outside the United States this year was about 20,000,000 bales. If Europe reduces its consumption drastically, as seems inevitable, world consumption of cotton in foreign countries this year may not exceed 17,000,000 bales. In that case, there is ample foreign cotton to supply the demand and still leave a comfortable carryover. The point is, there may be little demand for American cotton in world markets at present pegged prices, except for qualities which may not be obtainable elsewhere. Under these conditions, how can the Federal Government escape the responsibility of aiding foreign cotton producers to capture what is left of American cotton growers' foreign markets by pegging the price of their cotton above that of foreign producers without at the same time providing sufficient export subsidy to enable American cotton to enter foreign markets on a competitive level?

Just what is the Government loan price on cotton? The basis quality is M. 15/16 inch, and it carries a loan of 9.80 cents on gross weight, less bagging and ties at southern ports. At interior points, away from mills, the loan price is lower by an amount about equivalent to the freight. The loan is higher or lower than 9.80 cents depending also on whether the grade is higher or lower than middling and the staple length shorter or longer than 15/16 inch. Even though the loan is about a quarter of a cent higher than last year, when the Government thought it necessary to put a subsidy of 1.50 cents

a pound on exports to hold foreign markets, there is no export subsidy on raw cotton now. Why?

How do these loan prices on American cotton compare with prices of foreign growths? They are relatively much higher. Ordinarily, e.g, fine Oomra at Bombay is about seventy-nine per cent of M. 7/8 at American ports; it is now about seventy-four per cent of it. The relative value of American cotton to values of other growths delivered in Japan is very high. Some merchants report that the best price they can offer American cotton delivered in Japan is at a cent a pound higher than equivalent cotton from South America, but, regardless of what the actual difference is, the fact remains that Japan is filling its requirements for raw cotton outside the United States, because it is cheaper and offered on better terms.

The whole cotton policy of this country seems utterly confused. Last year the Government paid a heavy subsidy on the export of American cotton, mostly 1.50 cents per pound, and kept the loan value at about the minimum. This year there is no export subsidy on raw cotton, and the loan rate has been placed sufficiently high to practically prevent the sale of American cotton in foreign markets. Last year the Government put an export subsidy on the export of cotton manufactures or products made therefrom, presumably to offset the higher domestic prices of raw cotton which were supposed to result from the export subsidy on raw cotton. This year there is no export subsidy on raw cotton, and yet the manufacturers of cotton goods have been given subsidies on exports up to 3.90 cents per pound net weight—much higher than last year.

Does all this mean that the United States has definitely changed its cotton policy from last year when it put the world on notice that it proposed to regain and hold its share of the world's market for raw cotton, even if it took a heavy export subsidy to do it? Does it mean that a new policy has been adopted which definitely proposes to give up foreign markets for raw cotton and gain a larger foreign market for American cotton manufactures? These are vital questions to the people of Texas and the Southwest, because the export market for raw cotton is their market. If the policy now in force which is effectively preventing Texas and Southwest cotton from flowing into its natural foreign markets is to be made permanent, the people of this region should be notified so that they can begin now to adjust their economy to meet the new situation.

According to the 1938 Agricultural Adjustment Act, the Secretary of Agriculture must set a quota for next year's production and have it voted on by the farmers December 7, 1940. The Secretary has just declared the supply to be 137 per cent of normal and has set the goal of next year's production at 12,000,000 bales. Presuming that we maintained the present record-breaking consumption of 8,000,000 bales in the United States through this year and next, that would mean that next year the United States would have to export 4,000,000 bales to prevent still further accumulations of cotton in the hands of the Government. Indeed, the puzzle of the world's cotton situation becomes more complicated and the place of the United States in it more uncertain.

A. B. Cox.

COTTON BALANCE SHEET FOR THE UNITED STATES AS OF SEPTEMBER 1

(In Thousands of Running Bales Except as Noted)

	Carryover Aug. 1	Imports to Sept. 1*	Government Estimate as of Sept. 1*	Total	Consumption to Sept. 1	Exports to Sept. 1	Total	Balance Sept. 1
1931–1932	6,369	7	15,685	22,061	425	211	636	21,425
1932–1933	9,682	7	11,310	20,999	404	452	56	20,143
1933–1934	8,176	12	12,414	20,602	589	531	1,120	19,482
1934–1935	7,746	11	9,252	17,009	419	253	672	16,337
1935–1936	7,138	8	11,489	18,635	408	241	649	17,986
1936–1937	5,397	13	11,121	16,531	574	182	756	15,775
1937–1938	4,498	8	16,098	20,604	604	220	824	19,780
1938–1939	11,533	18	11,825	23,376	201	561	762	22,614
1939–1940	13,033	13	12,380	25,426	631	215	846	24,580
1940–1941	10,596	10	12,772	23,378	655	65	720	22,658

*In 500-pound Bales.
The Cotton Year Begins August 1.

Employment In Texas

A new feature is added to the regular monthly release on employment and pay rolls. The United States Bureau of Labor Statistics has recently presented for the first time current monthly estimates of the number of employees in nonagricultural establishments for each of the 48 States and the District of Columbia. These estimates include all persons engaged in gainful work except agricultural laborers, proprietors, self-employed persons, casual workers, domestic servants, emergency employees, employees on American merchant vessels, and the armed forces of the United States. These figures represent the number of persons working at any time during the week ending nearest the middle of each month. The figures are given for the first eight months of 1940.

EMPLOYMENT AND PAY ROLLS IN TEXAS
AUGUST, 1940

	Estimated Number of Workers Employed*	Percentage Change from July 1940	Percentage Change from August 1939	Estimated Amount of Weekly Pay Roll	Percentage Change from July 1940	Percentage Change from August 1939
MANUFACTURING						
All Manufacturing Industries	134,339	+ 0.5	+ 4.9	$2,644,995	+ 1.1	+ 4.4
Food Products						
Baking	6,601	(1)	+ 9.5	147,571	+ 0.1	+17.5
Carbonated Beverages	3,357	− 1.0	+ 9.1	77,422	− 0.3	+17.7
Confectionery	591	+35.9	+45.1	5,731	+35.3	+41.0
Flour Milling	1,587	− 5.3	+ 3.7	33,787	− 4.1	+12.8
Ice Cream	1,102	+ 0.3	+23.1	18,865	− 2.8	+21.2
Meat Packing	3,937	− 4.6	+ 1.2	91,533	− 4.3	+ 6.8
Textiles						
Cotton Textile Mills	6,192	+ 2.6	+ 9.1	86,729	+11.9	+21.9
Men's Work Clothing	3,522	+ 2.3	−14.0	35,351	+ 3.5	− 9.7
Forest Products						
Furniture	1,627	+ 5.9	− 4.7	39,454	+ 5.0	+ 8.2
Planing Mills	1,975	+ 5.3	− 0.4	34,037	+ 7.1	− 9.2
Saw Mills	16,125	− 1.1	+17.3	206,319	+ 3.0	+28.5
Paper Products	(2)	− 0.7	+ 8.9	(2)	− 0.8	+ 5.6
Printing and Publishing						
Commercial Printing	2,268	(1)	− 4.1	50,902	+ 0.9	− 5.2
Newspaper Publishing	4,481	+ 0.5	+ 3.1	115,649	+ 0.7	+ 3.1
Chemical Products						
Cotton Oil Mills	2,554	+37.1	+28.9	27,198	+38.9	+32.6
Petroleum Refining	20,192	− 0.9	− 1.0	657,499	+ 0.3	− 0.4
Stone and Clay Products						
Brick and Tile	2,049	− 1.6	− 0.1	22,488	− 2.6	− 0.8
Cement	1,024	− 4.1	− 4.0	24,355	− 7.5	− 8.7
Iron and Steel Products						
Foundries and Machine Shops	10,923	− 1.6	+ 1.8	286,705	− 0.2	− 8.7
Structural and Ornamental Iron	2,031	+ 4.8	+16.1	39,002	+ 9.5	+19.9
NONMANUFACTURING						
Crude Petroleum Production	31,127	− 0.6	− 2.4	984,533	+ 0.4	− 3.6
Quarrying	(2)	+ 3.6	− 0.3	(2)	+ 6.8	+ 9.4
Public Utilities	(2)	+ 1.2	+ 5.3	(2)	+ 3.8	+ 9.9
Retail Trade	179,929	+ 2.3	+ 7.0	3,009,109	+ 0.7	+ 7.9
Wholesale Trade	57,970	+ 0.3	+ 4.2	1,812,533	+ 0.6	+18.0
Dyeing and Cleaning	2,483	− 0.8	+ 0.9	34,109	− 4.0	+ 4.6
Hotels	13,838	+ 0.9	− 1.0	166,780	− 0.5	+12.1
Power Laundries	9,837	− 2.1	+ 2.1	125,096	− 0.8	+ 9.7

CHANGES IN EMPLOYMENT AND PAY ROLLS IN SELECTED CITIES

	Employment Percentage Change		Pay Rolls Percentage Change	
	July 1940 to August 1940	August 1939 to August 1940	July 1940 to August 1940	August 1939 to August 1940
Abilene	− 1.7	− 7.3	+ 2.2	+ 4.0
Amarillo	+ 2.2	+38.8	+ 2.3	+50.1
Austin	− 4.1	− 7.1	+ 0.7	− 1.1
Beaumont	+ 1.5	+ 9.4	+ 3.2	+ 4.5
Dallas	− 1.4	− 0.8	− 0.2	+ 2.4
El Paso	− 2.8	+ 9.3	− 4.5	+16.3
Fort Worth	+ 0.7	+ 3.4	+ 0.1	+ 4.4
Galveston	+ 3.4	−12.6	+ 1.1	− 4.7
Houston	+ 0.6	+ 3.4	+ 1.8	+ 4.7
Port Arthur	− 0.7	− 0.1	− 0.6	+ 5.3
San Antonio	+ 2.2	− 1.7	+ 2.5	+ 2.9
Sherman	− 3.6	+ 2.1	+ 0.7	+29.1
Waco	+ 2.1	− 1.4	+ 1.4	− 0.6
Wichita Falls	+ 0.4	− 4.7	+ 3.0	+ 7.4
STATE	− (3)	+ 2.2	+ 1.1	+ 4.3

ESTIMATED NUMBER OF EMPLOYEES IN NONAGRICULTURAL BUSINESS AND GOVERNMENT ESTABLISHMENTS(4)

1940

January	941,000	May	967,000
February	944,000	June	963,000
March	962,000	July	960,000
April	954,000	August (preliminary)	960,000

*Does not include proprietors, firm members, officers of corporations, or other principal executives. Factory employment excludes also office, sales, technical, and professional personnel. These figures are subject to revision.

(1)No change.

(2)Not available.

(3)Less than 1/20 of one per cent.

(4)Not including self-employed persons, casual workers, or domestic servants, and exclusive of military and maritime personnel. These figures are furnished by the Bureau of Labor Statistics, U.S. Department of Labor.

Prepared from reports from representative Texas establishments to the Bureau of Business Research cooperating with the United States Bureau of Labor Statistics.

AUGUST CREDIT RATIOS IN TEXAS RETAIL STORES

(Expressed in Per Cent)

	Number of Stores Reporting	Ratio of Credit Sales to Net Sales 1940	Ratio of Credit Sales to Net Sales 1939	Ratio of Collections to Outstandings 1940	Ratio of Collections to Outstandings 1939	Ratio of Credit Salaries to Credit Sales 1940	Ratio of Credit Salaries to Credit Sales 1939
All Stores	67	67.2	67.5	38.5	35.8	1.1	1.2
Stores Grouped by Cities:							
Abilene	3	58.8	63.6	28.1	25.0	2.5	2.3
Austin	6	59.6	60.8	43.5	42.8	1.5	1.4
Beaumont	3	72.7	70.8	35.9	36.8	1.6	1.6
Dallas	10	73.4	73.9	41.6	36.4	0.8	0.9
Fort Worth	6	67.0	63.7	36.2	33.9	1.2	1.2
Houston	7	67.1	66.6	38.3	37.3	1.7	1.7
San Antonio	5	57.8	64.6	45.4	44.6	1.0	1.1
Waco	5	67.7	67.1	26.8	25.7	1.6	1.5
All Others	22	59.6	57.9	35.5	33.5	1.8	1.9
Stores Grouped According to Type of Store:							
Department Stores (Annual Volume Over $500,000)	21	66.9	66.9	39.0	38.2	1.1	1.1
Department Stores (Annual Volume Under $500,000)	12	59.7	60.9	31.5	30.5	2.3	2.4
Dry Goods–Apparel Stores	5	62.7	61.5	36.8	37.5	2.4	2.1
Women's Specialty Shops	14	66.5	68.8	22.6	27.0	0.8	1.1
Men's Clothing Stores	15	73.1	72.6	39.7	38.6	1.4	1.5
Stores Grouped According to Volume of Net Sales During 1939:							
Over $2,500,000	10	70.0	71.3	39.7	37.2	0.8	1.2
$2,500,000 down to $1,000,000	10	61.8	61.5	39.6	43.3	1.2	1.3
$1,000,000 down to $500,000	9	59.3	57.7	41.4	40.4	1.5	1.5
$500,000 down to $100,000	28	61.4	61.7	36.4	33.9	1.8	2.0
Less than $100,000	10	56.7	50.7	37.5	35.1	4.4	4.8

NOTE: The ratios shown for each year, in the order in which they appear from left to right, are obtained by the following computations: (1) Credit sales divided by net sales. (2) Collections during the month divided by the total accounts unpaid on the first of the month. (3) Salaries of the credit department divided by credit sales.

The data are reported to the Bureau of Business Research by Texas retail stores.

PURCHASES OF SAVINGS BONDS

	Aug. 1940	Aug. 1939	Jan. 1–Sept. 1 1940	Jan. 1–Sept. 1 1939
Abilene	$ 6,225	$ 20,475	$ 220,635	$ 150,130
Amarillo	24,581*	†	290,550*	†
Austin	26,175	14,100	483,056	283,987
Beaumont	21,206	18,544	419,674	502,219
Big Spring	994	1,650	83,663	66,132
Brownsville	825	7,669	65,439	71,044
Dallas	201,075	148,950	2,007,770	1,865,100
Del Rio	919	2,100	15,620	5,757
Denison	844	5,381	102,133	90,731
Denton	1,151	5,944	†	†
El Paso	45,563	68,456	691,933	601,068
Galveston	26,250	60,075	406,275	305,119
Gladewater	2,494	638	69,712	68,609
Harlingen	1,088	7,275	46,177	51,807
Kilgore	7,500	5,081	86,457	89,438
Longview	2,044	25,163	204,507	192,996
Marshall	3,881	14,719	146,006	48,751
McAllen	7,594	1,050	61,707	47,213
Odessa	769	1,763	33,112*	†
Palestine	3,375	7,144	†	114,975*
Pampa	488	8,888	†	28,239*
Paris	1,519	3,525	†	†
Plainview	3,375	4,950	40,501	54,621
Port Arthur	16,225	8,606	243,419	163,482
San Angelo	3,844	18,844	138,562	106,275
San Antonio	75,281	183,919	1,348,744	1,179,208
San Benito	5,550	3,000	33,976	18,957
Sherman	4,481	8,831	73,613	65,888
Tyler	8,531	11,606	225,993	211,987
Waco	28,781	46,331	521,941	374,005
Wichita Falls	15,225	39,938	383,290	324,314
TOTAL	$ 523,272	$ 834,615	$8,120,803	$6,938,838

*Not included in total.
†Not available.

LUMBER

(In Board Feet)

	Aug. 1940	Aug. 1939	July 1940
Southern Pine Mills:			
Average Weekly Production per unit	314,445	299,830	272,164
Average Weekly Shipments per unit	382,975	312,333	318,710
Average Unfilled Orders per unit, End of Month	1,227,248	625,960	905,077

NOTE: From Southern Pine Association.

CEMENT

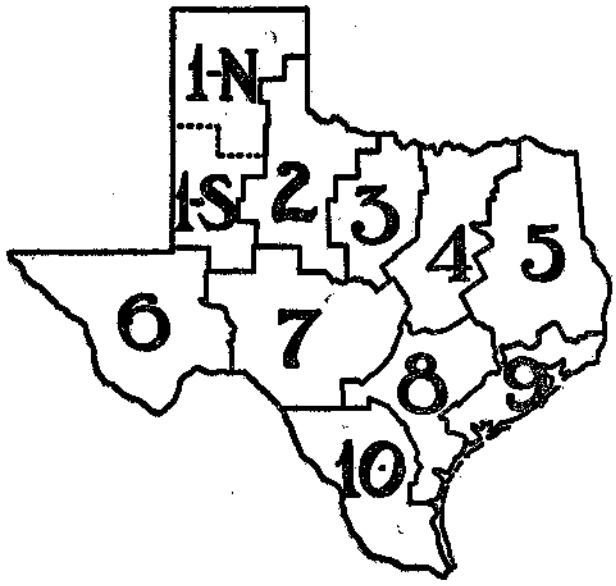
(In Thousands of Barrels)

	Aug. 1940	Aug. 1939	July 1940
Texas Plants			
Production	574	485	522
Shipments	595	582	538
Stocks	862	723	883
United States			
Production	12,719	12,369	12,299
Shipments	13,952	13,804	13,552
Stocks	21,522	20,926	22,752
Capacity Operated	57.9%	56.6%	56.0%

NOTE: From U.S. Department of Interior, Bureau of Mines.

AUGUST RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	Number of Firms Reporting	Percentage Change in Dollar Sales Aug. 1940 from Aug. 1939	Aug. 1940 from July 1940
TOTAL TEXAS	1,030	+11.4	+11.2
TEXAS STORES GROUPED BY PRODUCING AREAS:			
DISTRICT 1-N	65	+11.5	− 6.5
Amarillo	14	+13.1	+ 1.3
Canyon	5	+ 9.6	+10.2
Pampa	9	+20.0	−17.7
Plainview	14	+23.1	+ 9.4
All Others	23	−10.5	−18.9
DISTRICT 1-S	16	+ 1.9	+ 9.5
Big Spring	5	−27.0	−22.5
Lubbock	5	+27.4	+26.5
All Others	6	−28.7	+13.8
DISTRICT 2	79	+ 1.9	+ 8.0
Abilene	15	− 2.1	+ 6.4
Wichita Falls	12	+ 7.8	+ 9.6
All Others	52	+ 1.4	+ 8.1
District 3	39	+ 8.7	+ 0.9
Broownwood	7	+11.4	+26.2
All Others	32	+ 8.0	− 4.1



	Number of Firms Reporting	Percentage Change in Dollar Sales Aug. 1940 from Aug. 1939	Aug. 1940 from July 1940
DISTRICT 4	237	+11.3	+15.4
Cleburne	6	+ 3.5	− 0.7
Corsicana	7	+ 2.4	− 5.1
Dallas	37	+13.4	+29.8
Denison	8	+27.5	+ 7.2
Ennis	5	− 9.0	− 1.0
Fort Worth	45	+ 8.2	+ 8.5
Sherman	6	+24.9	+21.6
Temple	10	− 0.3	+ 3.4
Waco	24	+20.8	+17.2
All Others	89	+ 6.8	− 1.0
DISTRICT 5	110	+12.6	+ 9.6
Bryan	6	− 0.2	+ 9.5
Longview	5	+ 0.7	+ 4.0
Marshall	8	+15.7	+ 6.5
Palestine	6	+ 3.7	+ 1.5
Pittsburg	4	+30.3	+25.0
Texarkana	5	+35.2	+32.5
Tyler	11	+14.8	+ 5.5
All Others	65	+11.2	+ 8.5
DISTRICT 6	31	+15.4	+13.4
El Paso	18	+17.6	+14.1
All Others	13	− 4.4	+ 6.8
DISTRICT 7	55	+ 8.4	+ 2.7
Brady	6	− 8.7	− 0.6
San Angelo	12	+ 9.7	+ 0.4
All Others	37	+ 9.5	+ 5.3
DISTRICT 8	197	+14.0	+10.9
Austin	20	+ 6.0	+14.1
Brenham	5	− 3.2	+ 9.4
Corpus Christi	13	+ 1.9	+ 8.2
Cuero	4	+ 4.3	−10.5
Lockhart	7	+ 4.9	+17.9
San Antonio	52	+27.6	+17.3
San Marcos	8	+19.6	+ 5.7
All Others	89	+10.3	− 1.7
DISTRICT 9	140	+10.4	+12.1
Beaumont	18	+22.2	+18.7
Galveston	18	+25.7	+21.8
Houston	47	+ 3.8	+ 8.1
Port Arthur	13	+14.0	+ 8.3
Victoria	7	−11.2	+17.5
All Others	37	+18.8	+16.9
DISTRICT 10	61	+14.7	+ 7.9
Brownsville	9	+ 4.0	+24.8
Laredo	6	+10.7	+17.6
All Others	46	+19.8	+ 0.9

NOTE: Prepared from reports of independent retail stores to the Bureau of Business Research coöperating with the U.S. Bureau of the Census.

AUGUST RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	August, 1940			Year 1940	
	Number of Firms Reporting	Percentage Change Aug. 1940 from Aug. 1939	Percentage Change Aug. 1940 from July 1940	Number of Firms Reporting	Percentage Change Year 1940 from Year 1939
TEXAS	1,030	+11.4	+11.2	985	+ 4.0
STORES GROUPED BY LINE OF GOODS CARRIED:					
APPAREL	104	+10.8	+23.1	103	+ 3.1
Family Clothing Stores	24	+12.0	− 3.3	24	+ 2.0
Men's and Boys' Clothing Stores	35	+ 5.9	+ 2.2	34	+ 0.7
Shoe Stores	20	+14.7	+15.8	20	+ 2.9
Women's Specialty Shops	25	+12.6	+45.6	25	+ 4.6
AUTOMOTIVE	71	+28.4	+ 3.7	69	+10.2
Motor Vehicle Dealers	69	+28.5	+ 3.7	67	+10.2
COUNTRY GENERAL	114	+ 6.3	+ 5.3	109	+ 1.5
DEPARTMENT STORES	52	+10.2	+21.6	49	+ 3.2
DRUG STORES	129	+ 6.3	+ 2.3	121	+ 4.1
DRY GOODS AND GENERAL MERCHANDISE	20	+ 5.1	+17.2	18	+ 0.3
FILLING STATIONS	40	− 5.0	− 7.9	40	− 5.0
FLORISTS	21	+ 6.7	− 6.8	19	+ 2.4
FOOD*	181	+ 3.5	+ 6.5	168	− 0.4
Grocery Stores	57	+ 6.5	+ 7.9	54	+ 1.5
Grocery and Meat Stores	118	+ 2.5	+ 6.0	108	− 1.1
FURNITURE AND HOUSEHOLD*	47	− 0.5	+ 1.2	44	+ 3.2
Furniture	39	− 2.0	+ 1.3	36	+ 3.5
JEWELRY	38	− 3.4	+10.9	35	+ 5.5
LUMBER, BUILDING, AND HARDWARE	183	+ 4.7	+ 5.3	180	+ 0.8
Farm Implement Dealers	10	+38.7	+ 5.5	10	+ 9.6
Hardware Stores	57	− 5.9	− 6.3	56	+ 7.9
Lumber and Building Materials Dealers	112	+ 7.8	+11.4	110	− 1.5
RESTAURANTS	20	− 1.7	+ 4.5	20	− 0.9
ALL OTHER STORES	10	+ 3.1	+15.6	10	+19.7
TEXAS STORES GROUPED ACCORDING TO POPULATION OF CITY:					
All Stores in Cities of—					
Over 100,000 Population	199	+ 12.2	+15.7	189	+ 3.9
50,000–100,000 Population	93	+14.9	+15.9	87	+ 3.1
2,500–50,000 Population	429	+11.4	+ 5.4	409	+ 4.6
Less than 2,500 Population	309	+ 3.6	+ 1.8	300	+ 4.5

*Group total includes kinds of business other than the classifications listed.

NOTE: Prepared from reports of independent retail stores to the Bureau of Business Research, coöperating with the United States Bureau of the Census.

PETROLEUM

Daily Average Production

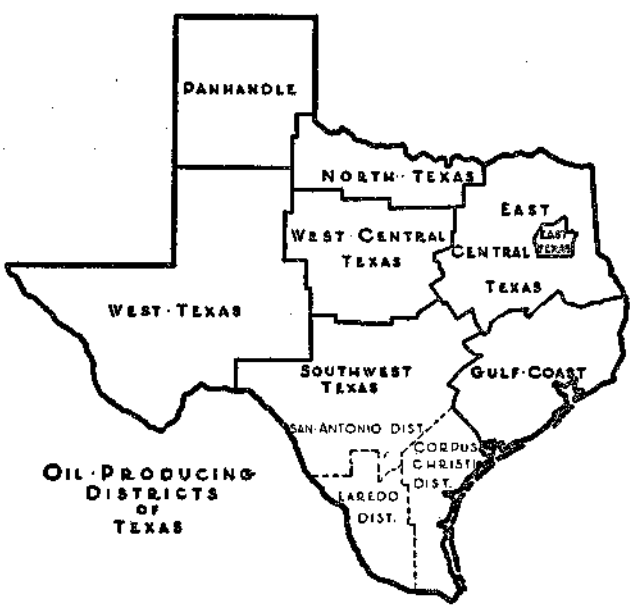
(In Barrels)

	Aug. 1940	Aug. 1939	July 1940
Coastal Texas*	187,950	161,110	187,000
East Central Texas	71,000	64,720	71,510
East Texas	374,000	242,150	389,290
North Texas	92,700	55,860	86,240
Panhandle	65,500	44,550	64,190
Southwest Texas	178,550	153,380	180,220
West Central Texas	28,400	20,680	29,830
West Texas	194,450	164,240	186,490
STATE	1,193,450	906,690	1,194,770
UNITED STATES	3,500,850	2,782,810	3,585,490
Imports	209,429	172,286	254,457

*Includes Conroe.

NOTE: From American Petroleum Institute.

See accompanying map showing the oil producing districts of Texas.



Gasoline sales as indicated by taxes collected by the State Comptroller were: July, 1940, 117,729,000 gallons; July, 1939, 118,868,000 gallons; June, 1940, 125,744,000 gallons.

BUILDING PERMITS

	August 1940	August 1939	July 1940
Abilene	$ 128,763	$ 72,375	$ 52,800§
Amarillo	286,690	249,425	177,760
Austin	341,902	558,983	478,889
Beaumont	99,378	149,363	193,174
Big Spring	26,195	45,325	9,387
Brownsville	23,753§	21,899	18,365§
Coleman	26,150*	†	5,790*
Corpus Christi	1,060,497	388,190	782,662
Corsicana	11,457	16,070	15,680
Dallas	1,455,738	1,073,767	1,297,536
Del Rio	8,400	6,120	8,886
Denton	37,000	15,520	43,155
El Paso	967,242‡	142,163	227,595
Fort Worth	400,827	382,114	436,610
Galveston	348,259	98,281	123,978
Gladewater	1,675	345	1,170
Graham	9,497	15,460	4,815
Harlingen	20,800	16,727	36,222
Houston	2,900,135‖	1,667,065	2,076,220
Jacksonville	14,500	200	17,250
Kilgore	37,540§	26,250	29,200
Longview	41,500	94,252	88,175
Lubbock	810,423	182,248	171,646
Lufkin	54,550	45,600	39,301
McAllen	10,475	29,480	20,070
Marshall	32,339	26,143	36,143
Midland	113,022	42,010	36,294
Odessa	73,525	31,776	85,105
Palestine	21,845	12,313	7,153
Pampa	36,400	31,100	34,700
Paris	23,705	19,565	16,485
Plainview	25,750	16,990	13,050
Port Arthur	102,530	130,537	79,808
San Angelo	44,687	61,303	62,303
San Antonio	868,291	564,741	826,210
Sherman	35,212	34,345	17,025
Sweetwater	4,910	8,260	13,180
Tyler	73,673	97,025	130,000
Waco	79,559	114,659	669,049
Wichita Falls	110,985	106,220	94,758
TOTAL	10,743,629	6,594,209	8,471,809

*Not included in total.

†Not available.

‡Includes housing project.

§Does not include public works.

‖Includes slum clearance project.

NOTE: Compiled from reports from Texas chambers of commerce to the Bureau of Business Research.

TEXAS CHARTERS

	Aug. 1940	Aug. 1939	July 1940
Domestic Corporations			
Capitalization*	$1,205	$1,278	$4,387
Number	105	105	88
Classification of new corporations:			
Banking-Finance	2	0	3
Manufacturing	16	20	16
Merchandising	38	30	19
Oil	16	17	14
Public Service	1	0	2
Real Estate-Building	9	16	9
Transportation	4	4	5
All Others	19	18	20
Number capitalized at less than $5,000	40	51	37
Number capitalized at $100,000 or more	3	2	6
Foreign Corporations (Number)	22	12	21

*In thousands.

NOTE: Compiled from records of the Secretary of State.

POSTAL RECEIPTS

	Aug. 1940	Aug. 1939	July 1940
Abilene	$ 16,115	$ 16,483	$ 17,992
Amarillo	30,445	32,198	32,968
Austin	80,011	67,304	76,741
Ballinger	1,662	1,538	1,733
Beaumont	27,799	28,169	25,841
Big Spring	5,930	5,358	6,142
Brownsville	5,079	6,025	5,577
Childress	2,630	2,964	2,503
Coleman	2,123	1,772	2,147
Corpus Christi	31,342	26,512	28,601
Corsicana	5,326	4,871	5,164
Dallas	374,310	336,145	346,649
Del Rio	3,314	3,894	3,600
Denison	6,237	5,539	5,853
Denton	5,617	5,255	6,995
El Paso	43,728	41,510	48,783
Fort Worth	139,736	133,832	135,078
Galveston	27,904	30,148	31,004
Gladewater	2,449	2,510	2,705
Graham	2,152	1,927	2,420
Harlingen	5,630	5,351	6,212
Houston	246,361	241,289	246,614
Jacksonville	2,961	2,815	3,499
Kilgore	5,579	4,957	5,504
Longview	8,928	8,650	9,695
Lubbock	18,700	16,422	16,842
Lufkin	4,086	4,334	4,988
McAllen	3,918	3,596	4,794
Odessa	5,451	4,633	7,366
Palestine	6,539	5,964	5,379
Pampa	6,335	5,705	7,754
Paris	6,527	6,047	1,651
Plainview	3,913	3,639	4,052
Port Arthur	13,704	12,809	13,619
San Angelo	11,332	11,572	11,661
San Antonio	123,488	117,237	124,231
San Benito	2,737	2,582	2,650
Sherman	6,839	6,978	7,411
Snyder	1,325	1,321	1,074
Sweetwater	4,351	1,090	4,968
Tyler	14,449	13,993	15,392
Waco	32,094	29,986	33,668
Wichita Falls	23,159	22,014	24,726
TOTAL	1,372,315	1,289,938	1,352,246

NOTE: Compiled from reports from Texas Chambers of Commerce to the Bureau of Business Research.

AUGUST, 1940, CARLOAD MOVEMENT OF POULTRY AND EGGS

Shipments from Texas Stations

Destination*	Cars of Poultry: Live Chickens		Live Turkeys		Dressed Chickens		Dressed Turkeys		Cars of Eggs†	
	Aug. 1940	Aug. 1939	Aug. 1940	Aug. 1939	Aug. 1940	Aug. 1939	Aug. 1940	Aug. 1939	Aug. 1940	Aug. 1939
TOTAL	2	—	—	—	24.0	11	3.5	1	64.5	29.5
Intrastate	0	—	—	—	0.0	0	0.0	0	3.0	14.0
Interstate	2	—	—	—	24.0	11	3.5	1	61.5	15.5

Origin	Receipts at Texas Stations									
TOTAL	—	—	—	—	—	1	—	—	5.5	14.5
Intrastate	—	—	—	—	—	1	—	—	4.0	13.5
Interstate	—	—	—	—	—	0	—	—	1.5	1.0

*The destination above is the first destination as shown by the original waybill. Changes in destination brought about by diversion orders are not shown.

†Powdered eggs and canned frozen eggs are converted to a shell egg equivalent.

NOTE: These data are furnished the Agricultural Marketing Service, United States Department of Agriculture, by railroad officials through agents at all stations which originate and receive carload shipments of poultry and eggs. The data are compiled by the Bureau of Business Research.

BANKING STATISTICS

(In Millions of Dollars)

	Aug. 1940		Aug. 1939		July 1940	
	Dallas District	United States	Dallas District	United States	Dallas District	United States
DEBITS to individual accounts	$ 733	$28,841	$ 719	$28,704	$ 769	$30,864
Condition of reporting member banks on—	August 28, 1940		August 30, 1939		July 31, 1940	
ASSETS:						
Loans and investments—total	530	24,157	512	22,442	522	23,978
Loans—total	269	8,509	253	8,209	265	8,517
Commercial, industrial, and agricultural loans	177	4,463	166	3,996	173	4,441
Open market paper	2	299	1	317	2	291
Loans to brokers and dealers in securities	2	363	4	608	2	419
Other loans for purchasing or carrying securities	14	467	13	519	14	474
Real estate loans	23	1,215	21	1,174	23	1,210
Loans to banks	1	40	---	49	1	40
Other loans	50	1,662	48	1,546	50	1,642
Treasury Bills	31	712	26	502	30	791
Treasury Notes	39	2,113	50	2,160	42	2,099
U.S. Bonds	85	6,562	80	5,903	86	6,567
Obligations fully guaranteed by U.S. Gov't	48	2,582	48	2,286	41	2,418
Other securities	58	3,679	55	3,382	58	3,586
Reserve with Federal Reserve Bank	137	11,449	125	9,247	140	11,449
Cash in vault	12	508	11	465	11	478
Balances with domestic banks	281	3,201	251	2,789	282	3,140
Other assets—net	30	1,169	30	1,241	30	1,195
LIABILITIES:						
Demand deposits—adjusted	487	21,053	456	18,096	486	20,984
Time deposits	135	5,340	135	5,247	136	5,320
U.S. Government deposits	32	528	30	540	31	526
Inter-bank deposits:						
Domestic banks	243	8,392	218	7,167	239	8,239
Foreign banks	1	682	---	683	1	676
Borrowings	---	1	---	4	---	2
Other liabilities	4	701	4	723	4	717
Capital account	88	3,787	86	3,724	88	3,776

NOTE: From Federal Reserve Board.

COMMODITY PRICES

	Aug. 1940	Aug. 1939	July 1940
WHOLESALE PRICES:			
U. S. Bureau of Labor Statistics (1926=100)	77.4	75.0	77.7
The Annalist (1925=100)	79.5	75.6	79.7
FARM PRICES:			
U. S. Department of Agriculture (1910–14=100)	96.0*	88.0	95.0
U. S. Bureau of Labor Statistics (1926=100)	65.6	61.0	66.5
RETAIL PRICES:			
Food (U. S. Bureau of Labor Statistics, 1935–1939=100)	96.2*	93.5	97.4

*Preliminary.

TEXAS COMMERCIAL FAILURES

	Aug. 1940	Aug. 1939	July 1940*
Number	27	28	39
Liabilities†	$819	$663	$3,255
Assets†	404	1,123	3,884
Average Liabilities per Failure†	30	23	83

*Revised.
†In thousands.
NOTE: From Dun and Bradstreet, Inc.

PERCENTAGE CHANGES IN CONSUMPTION OF ELECTRIC POWER

	August 1940 from August 1939	August 1940 from July 1940
Commercial	+ 10.6	+ 8.8
Industrial	— 6.9	+ 4.4
Residential	+ 8.6	+ 9.7
All Other	+ 2.5	+ 8.6
TOTAL	+ 1.4	+ 7.1

AUGUST SHIPMENTS OF LIVE STOCK CONVERTED TO A RAIL-CAR BASIS*

	Cattle		Calves		Hogs		Sheep		Total	
	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939
Total Interstate Plus Fort Worth¶	2,857	2,352	1,237	1,474	661	640	931	810	5,686	5,276
Total Intrastate Omitting Fort Worth	209	385	35	107	18	10	40	231	302	733
TOTAL SHIPMENTS	3,066	2,737	1,272	1,581	679	650	971	1,041	5,988	6,009

TEXAS CAR-LOT* SHIPMENTS OF LIVE STOCK, JANUARY 1 TO SEPTEMBER 1

	Cattle		Calves		Hogs		Sheep		Total	
	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939
Total Interstate Plus Fort Worth¶	27,339	33,820	7,064	8,123	5,501	6,023	6,805	6,508	46,709	54,474
Total Intrastate Omitting Fort Worth	3,062	5,448	703	1,060	161	359	249	781	4,175	7,648
TOTAL SHIPMENTS	30,401	39,268	7,767	9,183	5,662	6,382	7,054	7,289	50,884	62,122

*Rail-car Basis: Cattle, 30 head per car; calves, 60; hogs, 80; and sheep, 250.
¶Fort Worth shipments are combined with interstate forwardings in order that the bulk of market disappearance for the month may be shown.
NOTE: These data are furnished the United States Agricultural Marketing Service, U.S. Dept. of Agriculture by railway officials through more than 1,500 station agents, representing every live stock shipping point in the State. The data are compiled by the Bureau of Business Research.

ANNOUNCEMENTS

Convention dates have been announced for the following organizations with meetings to be held in Dallas during October.

Texas Chamber of Commerce Managers' Fall Conference, October 5; Southwest Warehouse & Transfermen's Association, October 9, 11; Independent Petroleum Association of America, October 16, 18; Automotive Wholesalers of Texas, October 17, 18; Texas State Manufacturers Association, October 28, 29; National Chemurgic Council, October 28, 29; and Southwestern Paper Merchants Association, October 28, 29.

CONTENTS

A Monthly Summary of Business and Economic Conditions in Texas and the Southwest
Bureau of Business Research, The University of Texas, Austin, Texas
Entered as second class matter on May 7, 1928, at the post office at Austin, Texas, under Act of August 24, 1912

TEN CENTS PER COPY ONE DOLLAR PER YEAR