

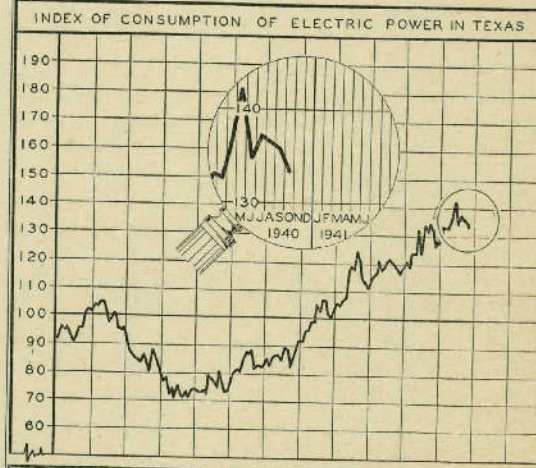
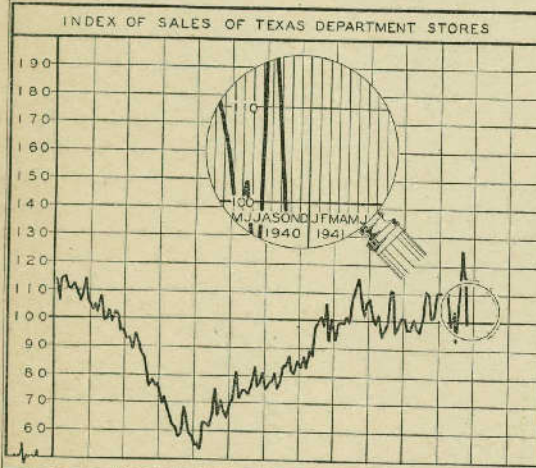
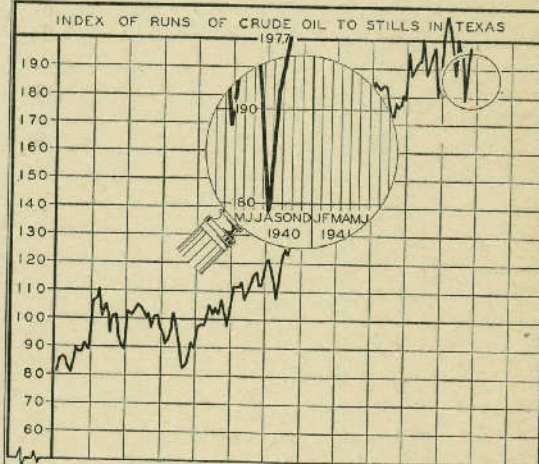
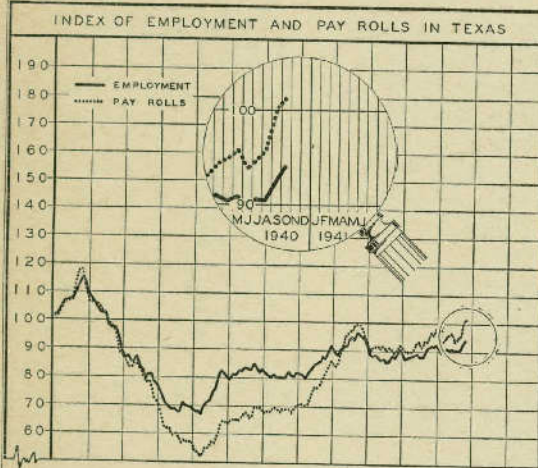
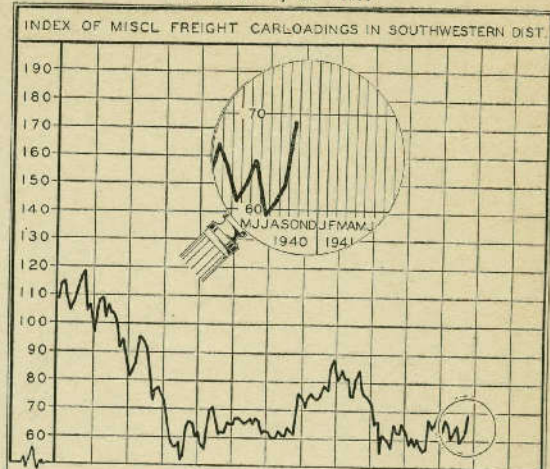
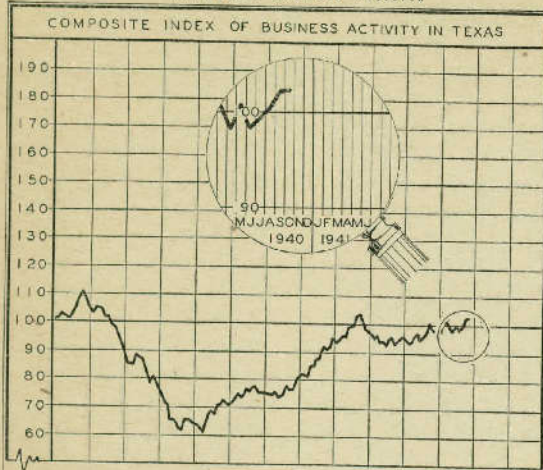
INDEXES OF BUSINESS ACTIVITY IN TEXAS

AVERAGE MONTH OF 1930 = 100 %

WEIGHT IN COMPOSITE INDEX		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



YEAR 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942

YEAR 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942

Business Review and Prospect

GENERAL BUSINESS

Most of the Nation's key business indicators show a rate of activity equal to or above the high rate attained a year ago when the outbreak of war in Europe caused a wave of frantic buying and inventory accumulations. With production growing out of the national defense program just getting under way and promising to gain momentum during the next eight months, the present narrow year-to-year margin of gain will doubtless be maintained during the remainder of the year and may be expected to widen sharply during the first half of 1941. Under these circumstances there is danger that an inflationary psychology may develop which could produce unfavorable results in a number of ways, especially to wage earners and low-salaried people. Hence, it is especially important at this time that the rank and file of the people should know the meaning of inflation, how it manifests itself, and what the influences are which may advance it on the one hand or retard it on the other.

Marriner S. Eccles, chairman of the Board of Governors of the Federal Reserve Board has defined inflation as "a condition brought about when the means of payment in the hands of those who will spend them increase faster than the goods can be produced."

Harold G. Moulton, President of Brookings Institution, has listed the principal factors conducive to price increases during time of war or intensive defense preparation as follows:

1. Large government orders on a *competitive* basis, in which government departments bid against each other for *scarce* products.

2. Increase of *business* orders for inventory or for plant expansion in anticipation of coming shortages or expected price advances.

3. Increase in wage rates. As the supply of labor, especially of skilled types, becomes scarce, business enterprises, government shipyards, etc., seek to procure workers by the lure of higher wages. At the same time labor organizations, taking advantage of the favorable labor market, make insistent demands for higher wages. Wage increases in war lines exert a pressure toward higher wages in non-war lines which increase cost of production and make for universal rise in commodity prices. Once prices have advanced, whether because of wage increases or for other reasons, further increases of wages will be demanded because of rising costs of living.

4. Expansion of consumer buying power, as a result of the foregoing factors, results in a "seller's market" conducive to price increases. Added to the increase of private purchasing power is the increase in government purchasing power derived in large part from credit expansion.

The foregoing interacting forces have in the past caused the familiar spiral of rising prices—rising costs—rising prices, etc. To hold these inflationary forces in check during war time Mr. Moulton suggests:

1. The Army and Navy departments should not be given blank checks with which to *compete* against each other on a *price* basis for supplies of materials which are limited in quantity. Contracts should be made so as to yield a reasonable return to producers rather than on a basis of what a wholly abnormal market situation might make possible.

2. Repudiation of the principle (or modified forms of it which prevailed during the World War) that prices should be allowed to rise to whatever height is necessary to call forth additional output from high cost producers.

3. *Wage rates* should not be increased except where necessary in the interests of health and efficiency. As the millions still without work are given employment, total pay rolls may increase tremendously without resort to increase in wage rates.

4. The war should be financed just as far as possible without resort to credit expansions—that is to say it should be financed from taxes and from loans paid for out of current income.

"It is my considered judgment," Mr. Moulton states, "that there is no economic necessity for any substantial price inflation in connection with the present emergency defense program. If it occurs it will be because of lack of adequate understanding of the sources of price disturbance or the adoption of unwise administrative procedure rather than because of any inherent economic impossibility of meeting defense burdens on the existing level of prices."

Contrary to current popular impression, prices of basic commodities are still well below those of a year ago and far below the level reached in the abortive boom period of 1936 and 1937; and, although the rate of industrial activity throughout the Nation is high and still rising, when adjustment is made for the increase in population and for the long time trend of the standard of living the comparison with 1929 is still highly unfavorable. Barron's index, with these adjustments, now stands at 90.4, compared with 88.4 a year ago and 115.1 at its peak in 1929.

TEXAS BUSINESS

Indexes of Texas business are gradually edging upward in response to the growing demand for the products of this State in the North and East and the expanding pay rolls from Texas industries.

INDEXES OF BUSINESS ACTIVITY IN TEXAS

	Oct., 1940	Oct., 1939	Sept., 1940
Employment	94.1	92.0	92.5
Pay Rolls	101.2	96.5	100.0
Miscellaneous Freight Carloadings (Southwest District)	69.3	65.1	62.5
Crude Runs to Stills	197.7	197.4	192.6*
Department Store Sales	99.1	100.3	115.3
Electric Power Consumption	133.3	129.7	135.8*
COMPOSITE INDEX	102.5	99.8	102.2*

*Revised.

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

Retail trade as a whole showed substantial gains over a year ago, although department stores did not share in this improvement, as is shown in the index of department store sales. The same set of factors which is now causing the upward trend in Texas industry and trade may be expected to continue during coming months with even greater force than at present. In addition, a new factor, that arising directly out of defense contracts in Texas, will make itself felt to an increasing extent as actual production gets under way. Although Texas ranks only thirteenth in the volume of defense contracts let by the government from July to October 31, this total amounts to a considerable sum—\$151,052,667—and will serve as a pronounced business stimulus in the areas immediately affected.

FARM CASH INCOME

Ordinarily, agricultural cash income in Texas reaches its seasonal peak in September, but this year the October farm cash income was nearly twenty per cent greater than that of September. Probable reasons for this situation were the larger cotton crop and the late maturity of cotton which caused more than the usual percentage of the season's crop to be ginned in October; also favorable range and feed conditions which resulted in withholding cattle from market as long as possible, thus not only improving the quality of the animals and obtaining better prices for them, serving as the best medium for economically marketing the feed crop and grass. Similar conditions both with respect to cotton ginnings and marketing of livestock are likely to prevail again in November with prospects of favorable companions of farm cash income during that month with a year ago.

For the State as a whole, farm cash income as computed by this Bureau amounted to \$90,370,000 during October compared with \$76,227,000 in September and \$55,610,000 during October 1939. The computed farm

cash income for the State during the first ten months was \$355,000,000 compared with \$343,000,000 during the corresponding period last year. Since the Bureau uses only actual reported marketings or ginnings in its computations, the figures fall somewhat short of the total farm cash income—probably as much as six per cent. It will be noted in the following table that total farm cash income for the entire State almost equals that of the base period—the average October farm cash income during the period 1928–1932.

INDEX OF AGRICULTURAL CASH INCOME IN TEXAS

Districts	Oct., 1940	Sept., 1940	Oct.* 1939	Cumulative Income	
				Jan.-Oct. 1940	Jan.-Oct. 1939
				(000 Omitted)	
1-N	124.7	134.2	108.4	31,714	30,511
1-S	163.0	174.3	141.5	26,641	26,338
2	98.1	61.9	55.9	38,033	31,879
3	77.7	83.6	51.6	18,748	17,813
4	95.0	64.7	28.3	68,348	67,036
5	89.5	45.5	25.0	31,388	32,075
6	137.5	150.2	129.5	17,454	18,753
7	98.1	112.1	74.3	39,297	31,547
8	56.9	78.2	47.1	30,058	32,505
9	58.9	100.6	68.7	25,705	21,778
10	54.0	65.2	53.9	9,513	11,014
10-A	240.2	67.9	254.0	18,420	22,183
STATE	99.5	69.8	61.2	355,319	343,432

*Revised.

With considerably more cotton to be ginned during November and December, than during the corresponding period a year ago, and also more cattle of probably better quality to be marketed at higher prices than a year ago, it is now clear that farm cash income in Texas during 1940 will be well above that of 1939. Not all districts of the State will be equally benefitted, however, as the indexes in the foregoing table show.

F. A. BUECHEL

Financial

As the national defense program moves into the production and actual expenditure stage there appears to be a considerable revival of interest among both economists and laymen in the problem of inflation. News items and financial articles on the subject of prices, the limit of government credit, and the position of debtors, creditors, consumers, and producers in the event that inflation should materialize are numerous. The logical question, "Can a national defense program of such magnitude be carried out without serious inflationary consequences?" is of current interest. Furthermore, apparently there is considerable doubt in the minds of the experts as well as the interested laymen as to the eventual degree—if any—of inflation that may ensue.

Since 1933, predictions of impending inflation have been made frequently and with assurance, yet actual serious inflation has failed to materialize. Consequently, the experts have become more cautious in their remarks on the subject, and laymen have developed a tendency to consider the probability of inflation with considerable skepticism. The latter have heard the cry of "Wolf"

uttered so frequently and so positively that they are no longer inclined to heed its warning. This state of mind, incidentally, is a very serious one for a people to develop in regard to financial policy.

What is inflation? Inflation is a certain type of price situation that is brought about by monetary, fiscal, or banking policy. The particular type of price situation which is identified as inflation is either a rise in prices or the maintenance of stable prices at a time when costs of production are declining. During, and immediately following the first World War, the United States experienced the first type of inflationary price situation. From 1925 until the early part of 1928, the second type of inflationary price situation prevailed in this country. Inflation is an effect (i.e., an absolute or relative price increase) which is a consequence of a specific type of cause (i.e., the monetary, fiscal, or banking policy).

The cause—often referred to as an inflationary force—may appear in any one of several different forms. During the past eight years it has appeared, first, as a substantial increase in Federal Reserve bank credit;

second, as abandonment of the gold standard and dollar devaluation; third, as deficit-financing involving huge government expenditures in excess of revenue; fourth, as payment of the bonus to veterans of the first World War; and now, finally, as a continuation of deficit-financing on a scale which may exceed all previous experience as far as the United States is concerned. Although it is true that there may be differences in degree of potential inflationary force between the different types, the particular type of inflationary force is less important than the fact that one common characteristic is inherent in all types: namely, an actual or potential increase in the volume of money or bank credit.

An inflationary force may, however, impinge upon the economic system for a considerable period of time without causing the effect—i.e., inflation—to occur, provided the inflationary force is neutralized by other factors.

If the increased volume of money or bank credit lies idle in bank vaults or is hoarded by individuals, or remains as unused bank deposits, effective inflationary force is lacking. In order that an inflationary force shall be positively effective (and, as indicated above, it is possible that such a force might prove to be neutral or even negatively effective) the increased volume of funds must become an effective demand for commodities, securities, real estate, or some other item of wealth. From 1917–1920 the inflationary force spent itself as an effective demand for commodities, and a commodity-price inflation resulted; in 1928–1929 a security-price inflation prevailed; from 1934 to the present a government bond-price inflation has existed. In each of these cases, actual inflation occurred in a certain price area because the inflationary force actually translated itself into an effective demand for a certain type of wealth. Obviously, then, inflation is a function of two factors; on the one hand, an effective purchasing power created by monetary, fiscal, or banking policy; on the other hand, the supply of a particular type of wealth which is demanded.

From this conclusion it follows that inflation can be prevented, either by increasing the supply of the particular type of wealth demanded—let us say, goods produced—in proportion to the increase in effective purchasing power, or by maintaining the effective purchasing power in equilibrium with the quantity of goods produced.

If these two alternative methods of preventing inflation are wisely administered, serious inflation need not be an inevitable consequence of the national defense program. It cannot be denied that the United States possesses a substantial unused productive capacity, together with an unemployed labor supply of several million workers. Although in a few specific lines “production bottle-necks” may soon appear and lead to somewhat higher prices for some commodities, in general it should be possible to increase the output of our productive machinery so as not only to produce necessary armament products, but also to meet the domestic demand for non-military goods. Not until we approach a state of full employment and full utilization of our productive equipment will this alternative of increasing goods be finally closed.

In respect to the control of the volume of purchasing power at the disposal of producers and consumers, it

might be argued that inasmuch as we do have unused productive capacity an increase of purchasing power created by the sale of government bonds to the banking system is desirable. Such a contention, however, is not a sound one, because much of the existing purchasing power is not fully used at present. Evidence of this fact is found in the abnormally low velocity of bank deposits, large idle cash balances of business firms, and tremendous excess reserves of the banking system.

Actually, for the greater part of eight years our economic system has been subjected to successive doses of inflationary fuel, but as yet these doses have failed to exert a fully effective demand for goods. The vast volume of funds created remains as a potential inflationary force, which may prove to be a strong price stimulus when various factors which control and influence managerial decisions and business ventures are favorable to expansion of industrial activity. For some time, however, even such an effective surge of purchasing power may be absorbed in our unused productive capacity, provided we use that capacity to its optimum limits. The surest, and probably the only way to control inflation is deliberately to avoid and prevent its gaining a foothold. Consequently, a diversion of funds to defense purposes instead of the creation of additional funds is the much sounder policy.

In addition to the methods of preventing inflation which have been discussed above, the government must exercise a close scrutiny over the price situation and be prepared to take direct action to control unwarranted or uneconomic price increases. Likewise, purchases which are made for the different branches of the military service must be coordinated in such a way as to avoid the price stimulus of competitive bidding for comparatively scarce material. The machinery for carrying out each of these steps has already been provided for in the organization of the National Defense Advisory Commission. Furthermore, there is some basis for suggesting that labor legislation be relaxed during the period of emergency to permit an increase in the length of the work week without requiring the payment of a penalty wage which will have the effect of increasing the cost of production and raising prices.

But to say that inflation is not inevitable does not mean necessarily that it will be avoided. Inflation has been a consequence of every major war in which this country—or probably any other country—has ever engaged. Whether this nation, its economic system, and its people are again to suffer from the losses of inflation, and how seriously, depends upon a number of unpredictable factors: namely, the duration of our defense program, the magnitude of the defense expenditures, the willingness of the whole people to make the necessary sacrifices in the present rather than foolishly attempt to postpone the certain impact of the defense costs, federal fiscal policy in respect to procuring the funds needed to carry out the program, the degree of effectiveness of direct government control devices, and the efficiency and capacity of our whole productive system.

WATROUS H. IRONS

Texas Potentialities in Relation to An Integrated National Economy

SOME ESSENTIALS

Need for full knowledge today of current affairs and for an understanding and appreciation of the magnitude and complexity of current problems has perhaps never been surpassed.

This article seeks in brief manner to note some of the needs as regards Texas and its wider position in current affairs. A first essential is the attainment of a thorough-going perspective of the geographic scope of Texas and, as a corollary, a clear-cut recognition of the characteristics of the major natural regions displayed in the State. A thorough knowledge of two kinds of natural features is fundamental to such an understanding: the distribution and characteristics of climatic factors and the elements of geographic geology, including the physiography of the State. For out of these fundamentals we are able to obtain a genetic interpretation of the distribution and characteristics of our natural resources—the soils and natural vegetation and water supplies; and from the perspective of historical and structural geology we can obtain an understanding of the occurrence of our mineral resources. The inter-relations of all these natural features provide a concept of the physical geography of regions, and physical geography is more than the stage on which economic development proceeds; physical geography in its regional aspects provides the human habitat, with which human history, economic development, and social conditions are intimately connected.

A perspective of economic development in Texas, of the impingement of various institutional factors and forces upon and their consequences in the Texas scene, is of course essential to an understanding of the variety and types of current economic activity in the State.

An understanding of Texas natural resources, however, is essential to an interpretation of the economic development of the State, and at the same time necessary to an understanding of current economic activity in Texas as well as to an appreciation of the potentialities of Texas in decades to come.

To the concepts of geographic scope, of economic development, and of natural resources, is to be added the facts of geographic location and orientation in the North American continent and its adjacent water bodies in order to have the full perspective of the relationships of Texas to the rest of the United States and even to international relations that are of concern to the entire nation.

To discuss even briefly all these features of such immense concern to Texas would require far more space and time than a short article permits; yet, a perspective of some of these essentials can be presented somewhat briefly.

The scope and diversity of major natural regions and the character of their associated resources provide the basis for any economic study or social interpretation of any section of the world. That economists and students of business technique do not recognize this, or simply

take such studies merely for granted, reflect the existence of vast gaps in our educational procedure. Nor can such gaps be corrected by merely filling in with names or phrases or formulae; such unsubstantial things simply do not provide the requisite bases.

Of developments in the growth of various types of economies in Texas, the matter can be approached through a recognition of successive stages in this development.

SELF-SUFFICING ECONOMY

There was initially the self-sufficing economy of the scattered frontier settlements in which the people found it necessary to a considerable degree to live off the bounty of nature. Wild game, for instance, was of critical importance to the early settlers. Production was small in volume, the amount of capital available was meager, the surpluses were few, and transportation facilities were all but non-existent. Commercial centers did not exist except as trading posts and these were relatively small enterprises whose activities necessarily were of limited scope. Pioneer economy was not easy but there was buoyant hope inspired by the recognizable opportunities to be secured almost for the asking but whose realization awaited the succeeding stage of economy.

COLONIAL ECONOMY

The succeeding stage in economic development was the form comprehended under the term of colonial economy. In the earlier phases at least of colonial economy the population mainly lives off the bonus of Nature. An essential problem in colonial economy was and is the need for capital to develop the available natural resources of the newly occupied lands. The essential feature of colonial economy is the large volume of raw materials in bulk production, to be disposed of in distant markets. To market such products required the development of means of transportation. This aspect was expressed in Texas in the decades of railroad building following 1870 and the concomitant rise of commercial centers at commercially strategic points on the transport system. A still earlier phase was expressed in the trail-driving period, mentioned in this summary because in it was perhaps best dramatized the need for transportation in getting the products to a distant market.

The main features of development in the colonial economy of Texas are well known—the sweep of cattle across and the growth of ranches in the southern and western portions of the State, the extension of a Cotton Kingdom centering first in the black lands of the Texas Prairies, the rise of large-scale lumbering operations in forested East Texas, all related to the bringing in of capital from the outside, all dependent largely upon markets elsewhere, even foreign markets, as in the case of cotton, and all requiring the development of transportation which was largely organized and supervised from elsewhere.

Colonial economy is generally regarded as exploitative, and such it was and is. Resources had often to be taken as they were; wastage, even great wastage, often occurred. But there is another form of exploitation included under colonial economy—the bringing of the raw materials producing region under the economic and financial control of centers elsewhere. At the same time it must be recognized that the main pattern of such an economy, even of its exploitative aspects, are set in a complex economic and social structure that exercises an over-all tempo on the rate and kind of development. Aspects of this phase of colonial economy in Texas development can be traced in the growth of the cattle industry, in the rise of cotton production, in lumbering, in oil and natural gas, and in the real estate operations that went along with all of these activities. And in all of these lines of development in Texas can be traced the growth of modifying features that in time change the outlook toward a more efficient use of resources. A modern economy is necessarily dynamic; it cannot long remain at a standstill.

In time, conservation practices come in, in part because the bonus of Nature has been exploited, in part due to the availability of a more adequate and efficient technology with which to deal with the resources, and in part to the growth of a broader conception that reconsiders the economic aspects of utilization from a more humanized point of view.

At the same time, a growing diversity of economic interests makes itself felt in the economic structure. New activities spring up; and old ones may be radically modified. Manufacturing is begun, expressed first in the more efficient processing of raw materials, later in the transforming of raw products into new and diverse forms for the ultimate consumer. Service occupations grow rapidly. These various steps have been part and parcel of the economic growth of Texas since the turn of the century.

THE PROBLEM OF REGIONAL INTEGRATION

But what of Texas in the middle period of the 20th Century? And what of its future potentialities? The latter question necessarily involves the trends and movements of conditioning factors that are nation-wide in their application and world-wide in their outlook.

Agriculture, for instance, has become a social problem of national import; manufacturing expresses the tempo of industrial advance and growth. Recent developments toward national defense crystallize the nation's fundamental reliance upon industrialization—upon our energy resources, coal and oil and natural gas and hydro-electric power, upon machine equipment mostly dependent upon metals, and upon our chemical resources—upon cellulose, upon hydrocarbons, upon non-metals. Minerals above all other resources occupy the limelight of national demand. In Europe, it is true, food problems have come to the front, but Europe has long been and will long continue to be a food-deficit continent in peace or in war.

What I am leading up to is a consideration of an integrated national economy of the United States, a national economy that inevitably requires commercial relations with the rest of the world; but of the latter not even an outline in this brief treatment can be given.

The term national economy, as used in this paper is applied only to the United States, an economy of vast continental proportions and embracing numerous diverse regions, each of which is characterized by its own inherent natural conditions and earth resources.

Economists and business leaders have not given much attention to the implications of a fully integrated national economy in the United States. Many writers have, of course, dealt with regional competition—with sectionalism. We are not likely to solve the difficulties of regional competition by merely calling attention to them, important though that may be. Even regional interdependence remains too much an empty phrase; economic and social aspects of the mutuality of interests in the broader field of national economy are not clearly comprehended. That this is so goes back again to wide gaps in our educational procedure. The question arises as to whether or not attention should be called to the existence of these gaps; or even to some of the larger implications of a fully integrated national economy. But as we as a nation become more and more embroiled in international friction, as emergencies expand in volume and increase in number, demands for getting things done effectively will become more insistent: it will become more and more necessary to consider the roots of our national problems. Stronger and stronger will be the insistent questions as to reasons for the lack of realizing for the benefit of all the potentials of our national economy.

The most important fact basic to a fuller understanding of our national economy is that of the numerous diverse major natural regions embraced within the territory of the United States. The diversity of these regions and their associated natural resources form the bases of our wealth in production; the potentialities of these regions fully integrated economically and of their resources fully developed are of a magnitude as yet but dimly perceived. American history down to 1900 was centered upon the zone-like westward advance of population across these various regions; the opportunities associated with this advance supply the key to an understanding of American history during the period. The conquest of these frontiers, the reactions engendered in occupying these vast regions, formed in that phase of our national development the backbone of American democracy.

Each of the major regions as soon as occupied began to express economic differentiations peculiar to the given region, a fundamental item in each case being the production of some kind of a regional surplus which had to be disposed of elsewhere. The commercial relations thus engendered, and they were to a considerable degree associated with the problem of exports to foreign markets, formed the basis for the growth of the American domestic market. Of the economic significance of this vast domestic market in American economy, let me quote from the late Allyn Young who in 1928 wrote from London:

I have naturally been interested in British opinions respecting the reasons for the relatively high productivity (per laborer or per hour of labor) of representative American industries. The error of those who suggest that the explanation is to be found in the relatively high wages which prevail in America is not that they confuse cause and effect, but that they hold that what are really only two aspects of a single situation are, the one cause, and the other effect. Those who hold that American industry

is managed better, that its leaders study its problems more intelligently and plan more courageously and more wisely can cite no facts in support of their opinion save the differences in the results achieved. . . .

Sometimes the fact that the average American laborer works with the help of a larger supply of power-driven labor-saving machinery than the laborer of other countries is cited as evidence of the superior intelligence of the average American employer. But this will not do, for, as every economist knows, the greater the degree in which labor is productive or scarce—the words have the same meaning—the greater is the relative economy of using it in such indirect or roundabout ways as are technically advantageous, even though such procedure calls for larger advances of capital than simpler methods do.

It is encouraging to find that a fairly large number of commentators upon the volume of the American industrial product and the scale of American industrial organization have come to surmise that the extent of the American domestic market, unimpeded by tariff barriers, may have something to do with the matter. This opinion seems even to be forced upon thoughtful observers by the general character of the facts, whether or no the observers think in terms of the economists' conception of increasing returns. In certain industries, although by no means in all, productive methods are economical and profitable in America which would not be profitable elsewhere.

The importance of coal and iron and other natural resources needs no comment. Taking a country's economic endowment as given, however, the most important single factor in determining the effectiveness of its industry appears to be the size of the market. But just what constitutes a large market? Not area or population alone, but buying power, the capacity to absorb a large annual output of goods.

And in another place Young commented upon the significance and "the new importance which the *potential market* has in the planning and management of large industries."

If I rightly read Young's comments, he had no doubts as to American mastery of mass production technique being a function of the large domestic American market. And there can be but little doubt that the large American domestic market is a function of the development and the production of the many diverse regions comprising the United States. One indicator of the size of the American market is the volume of our internal commerce. In such facts resides the basis of Herbert Quick's observation that "America is an experiment in transportation."

However basically important the American domestic market is to our methods of production, the dynamic features associated with the *potential market* and the implications thereof are not to be lost sight of in viewing the future prospects of an integrated national economy in the United States and the desirability of a more effective utilization of American natural resources.

Just as our national production is geared primarily to the domestic market, the *potential market* is a function of the optimum economic development of the various major regions of the United States, that is, to the attainment of an optimum utilization of their resources. Herein lies the economic frontier of the future, the needs for which have been noted by numerous writers. And by the same token, herein lies the challenge to our leaders in economic progress and social advancement. Lest these statements be construed as a plea for economic nationalism, let me point out that the United States is not fully self-sufficient either as to all necessary raw materials or as to markets; and further, that the importance of international trade to the United States has to be considered from its qualitative aspects as

regards the structure of our economy rather than from merely quantitative proportions.

To develop this theme fully would obviously require time and energy and thought. But it is obvious that as a nation we have not very thoroughly explored the mutual advantages and possibilities of increased regional development and perhaps in spite of the depression we are not yet fully aware of the problems engendered by certain phases of regional stagnation or retrogressive movements. Surely no one will disagree that a differential in declining prosperity in any one major region or in any one industry calls for fundamental adjustment elsewhere. For a decline in one region or in one phase of the nation's production inevitably brings a proportional decrease in the *nation's* internal market, unless, of course, that decrease is counterbalanced by economic developments elsewhere.

It should not be necessary to point out that a marked decline in the exports, for instance, of one region, unless counteracted by other economic developments in that region means inevitably a reduction in the buying power of that region, and this becomes at once a national problem rather than merely one of local proportions only. Certainly it should not be necessary to state that this is the crux of the current cotton problem in Texas and Oklahoma; that it is also a national problem is the point emphasized here.

MAJOR REGIONS AS INTEGRAL PARTS OF AMERICAN ECONOMY

Someone has recently written a book on the theme: England was once an island. Texas, too, was once a colony. Northeastern United States with its great industries and its strong financial power still regards other sections of the United States, if not as its colonies, at least as provinces. Partly, this is due to the historical background, partly to the consequences of concentrated financial interests; but the maintenance of this one-sided concept is due largely to simply a lack of knowledge, to a lop-sided point of view regarding the structure of American economy, and most of all to clouded visions of the potentials, both economic and social, of the United States. As a nation we have perhaps but dimly perceived the responsibilities of the United States in a world so tragically torn by strife; I mention this latter problem here because perhaps the rest of the world may come to look to the United States as the one last hope of establishing a new world order in our time.

Nation-wide recognition of the principle that all regions of the United States be considered as integral parts of the American economy must necessarily be a major economic objective. Inauguration of policies that will put this principle into practice constitutes one of the major economic problems of the country—rather than being relegated to the background as only a local problem.

Nor is the problem one of economics alone; it is above all a social problem—a problem involving the future of American democracy. There is nothing new in this point of view. American history has been regarded by its greater interpreters as primarily a social advance; upon this concept is based, for instance, the principle of American democratic education. But education, be

it democratic or otherwise, does not stand still; it moves hand in hand with the social order that prevails.

For all our material advancements, it is intellectual contributions that count most in the enduring things of life; and intellectual contributions in general are bound up with and limited by the prevailing social order in a manner not always readily perceived. So important, however, is this fact that in the last analysis progress in the United States and of its various regions is bound up with the prevailing social order.

IN CONCLUSION

Everyone understands that future policies will have to be evolved to meet the economic and social problems that inevitably will arise. Our perspective will have to be as comprehensive as is the diversity of these fundamental problems. Our points of view will have to look toward basic considerations.

One of the fundamental concepts crystallized by the first World War was the tremendous significance to nations of natural resources, especially the mineral resources of the world.

We are now seeing a crystallization of the inevitable significance of the mastery of mass production technique by the industries of nations, or rather of certain nations—which is a type of industrial organization dependent upon scientific technology and the large use of natural resources.

And in the struggle for continental mastery “new” factors are coming into prominence, and “old” ones are being reexamined. Admiral Mahan’s teachings take on a revived emphasis. The geography of military,

naval, and air position is recognized as basic in understanding the main currents of day to day happenings.

Stresses occasioned in periods of such upheavals as we are now witnessing inevitably cause us to question the adequacy of many of the things we have taken simply for granted; they also shake some of our conceptions down to bed-rock. One thing we are now witnessing in the United States is release of new potentials, the advent of a new Industrial Revolution—an expression of factors centered about national defense problems.

This current revolution in industry concerns more than what is comprehended by the term “heavy industries,” although of course these constitute an important part of the development. The earlier phase of the Industrial Revolution has been aptly termed a Mechanical Revolution—to which the principle of interchangeability of parts was a basic essential. The newer phase of the Industrial Revolution whose beginnings we are now witnessing involves also the principle of interchangeability of functions throughout much of the processing phases in modern industry.

In its essentials, however, this advance would have come about anyway. To what extent may we expect these developments to make for a clearer realization of the essential economic unity of all portions of the United States and therefore for the optimum development, economically and socially, of the various integral economic components of the nation? It is this problem which now means so much to Texas and the Southwest; but in a larger sense the problem is just as important to every other part of the country, including the highly industrialized northeast with its concentration of financial power.

ELMER H. JOHNSON

Origin of Problems of Modern Textile Industry

NOTE: This is the second of a series of articles dealing with some major aspects of the world cotton industry. The first article appeared in the June issue of the *Review*.

The producers of cotton, wool, and other textile raw materials are becoming more and more dependent on the world textile manufacturing industry for markets. It is the purpose of this article to explain important factors and forces creating the major problems confronting the world textile industry and relate those especially to the demand for and supply of cotton. They may be summarized under four heads:

1. *Technological Developments.* Even though cotton was the first of the textile raw materials for which mechanical methods of manufacture were used, the processes have been modified and improved so as gradually to add a wider and wider range of competing textile materials through constantly lowering their costs of manufacture and improving their qualities and adaptabilities. This pressure against cotton, silk, and wool has been greatly intensified in recent years with the rapid rise of synthetic fibers with their wide range of qualities and uses.

2. *Dependence on Exports.* From the beginning of the modern textile industry as a machine process, it has depended very heavily on exports for markets in both raw materials and finished goods. The areal expansion of both raw material production and manufacturing continued to be offset down to the World War by expanding markets due to increasing wealth of the people and new uses for textile manufactures, though at a declining rate of effectiveness.

3. *Shifts in Textile Manufacturing.* The shifts of the centers of textile manufacturing toward areas of lower costs due to relatively lower wages and longer hours such as prevailed in Japan, the South in the United States, India, Italy, and China, have caused excess production capacity and distress in older manufacturing centers, especially in the United Kingdom and New England.

4. *Destruction of World Demand for Goods and Stimulation of Supplies of Raw Materials.* The World War not only left poverty in its wake which destroyed more markets for finished goods than capacity to produce raw materials, but stimulated expansion of capacity to produce both manufactures and raw materials in deficit countries to satisfy the intense effort at national self-

sufficiency. These efforts at self-sufficiency have thus multiplied capacity to produce both raw materials and finished goods, on the one hand, and restricted markets for them, on the other. As this struggle for national self-sufficiency and for markets has grown more intense, it has rapidly brought into play all of the weapons of destruction of good relations between nations known to man such as high tariffs, discriminatory tariffs, quota systems applying especially to imports, export subsidies, controls of consumption, bounties on substitutes, depreciated currencies, exchange controls, subsidized production, subsidies for not producing, price controls, and bilateral trading agreements.

All of this gigantic struggle for nationally controlled sources of basic raw materials, and for markets, has profoundly affected the textile industry. It has resulted in far-reaching maladjustments and shifts in both production of raw materials and in areas of manufacturing. Among the most important changes resulting from the situation just described have been: (1) the shift in textile manufacturing capacity from Europe, particularly the United Kingdom, to the Orient, especially Japan and China, and to India, and the capture of markets by these countries which formerly supported most of the great textile manufacturing industry of Europe; (2) the shift of between three and four million bales of world cotton production from the United States to other countries; (3) the rise of new centers of textile raw materials in Canada, Germany, and the Scandinavian countries in the form of wood pulp; and (4) finally, the most destructive war in the history of the world.

COTTON ECONOMY IS A WORLD ECONOMY

Cotton economy is of necessity a world economy because it is the major constituent in the textile industry which is universal in its major aspects and is governed by forces and influences which are world wide in their operations, as already explained in the *Review* for June.

Cotton was grown in 1937 in sixty different countries and colonial possessions on about 93,000,000 acres of land. It is grown on every continent, and yet six countries—the United States, India, Russia, Egypt, China, and Brazil—still grow about ninety-three per cent of world production.

Cotton is manufactured in practically every nation in the world. Before the present war started there were about 147,000,000 cotton spinning spindles in the world; and of these, Europe had about 86,500,000, North America 28,300,000, Asia 26,500,000, and South America, 3,000,000, and all others about 2,700,000.

Cotton represents about eighty per cent of the poundage of finished textile goods of the five leading textiles—cotton, wool, linen, silk, and rayon. About fifty per

cent of all workers manufacturing textiles are engaged in the manufacture of cotton.

Raw cotton, semi-finished, and finished cotton goods together constitute the largest single unit in world trade. Europe, excluding Russia, has over fifty per cent of the world's cotton spinning spindles and normally consumes more than 8,500,000 bales of cotton; and yet, all of these countries grow less than 150,000 bales. Japan next to the United States is normally the largest consumer of raw cotton in the world. During 1937-1938, Japan consumed 3,460,000 bales of cotton, and yet it and its provinces grew only about 200,000 bales. Europe and Japan alone, then, must normally import about 12,000,000 bales of cotton from foreign countries annually, and that is about forty-three per cent of all world production and consumption. In addition to this, Canada consumes nearly 300,000 bales and grows no cotton. Even countries like the United States and India which are the largest exporters of raw cotton are also heavy importers. The United States, e.g., imports cotton from China, India, Egypt, West Indies, and several South American countries to be used in a wide range of products for which the qualities of foreign cottons are better suited than cotton grown in this country. All exports of raw cotton and linters in the world equal about 4.3 per cent of exports of all commodities. Preservation of these cotton exports are vital to the cotton surplus producing areas of the United States, India, Egypt, Brazil, Peru and many other smaller countries and colonies.

Cotton yarn and cloth are even more important in international trade than raw cotton. Great raw cotton importing countries like Japan, United Kingdom, France, Italy, and other European countries, are also great exporters of cotton goods. In each of these countries cotton manufacturing and industries related to it are their biggest employers of labor, and the export of cotton goods their biggest single item of export. In 1929 exports of cotton yarn and cloth constituted 4.96 per cent of all exports. Exports of cotton manufactures constitute such a large percentage of all exports of such countries as Japan, United Kingdom, France, and Italy that its preservation is vital to national stability and economy.

The cotton industry of the world is of tremendous concern to the world not only because of its volume and value to many countries, but also because it is exceedingly dynamic. During the five years ending with the cotton year 1928-1929 the United States produced an average of 15,268,000 bales of cotton, which was 57.7 per cent of all world production. At the present time, world production of raw cotton outside the United States has reversed this percentage, for foreign production now constitutes about fifty-nine per cent of world total production and the United States only forty-one per cent.

A. B. Cox

COTTON BALANCE SHEET FOR THE UNITED STATES AS OF NOVEMBER 1

(In Thousands of Running Bales Except as Noted)

	Carryover Aug. 1	Imports to Nov. 1*	Government		Consump- tion to Nov. 1	Exports		Balance Nov. 1
			Estimate as of Nov. 1*	Total		Total	Total	
1931-1932	6,369	15	16,903	23,287	1,350	1,783	3,133	20,154
1932-1933	9,682	18	11,947	21,647	1,399	2,194	3,593	18,054
1933-1934	8,176	33	13,100	21,309	1,592	2,445	4,037	17,272
1934-1935	7,746	30	9,634	17,410	1,237	1,322	2,559	14,851
1935-1936	7,138	22	11,141	18,301	1,412	1,440	2,852	15,449
1936-1937	5,397	32	12,400	17,829	1,856	1,613	3,469	14,360
1937-1938	4,498	22	13,243	22,763	1,729	1,626	3,370	19,408
1938-1939	11,533	40	12,137	23,710	1,637	1,054	2,693	21,017
1939-1940	13,033	37	11,845	24,915	1,941	1,744	3,685	21,230
1940-1941	10,596	**	12,847	—	2,064	350	2,414	—

*In 500-pound Bales.

**Not available.

The Cotton Year Begins August 1.

PETROLEUM

Daily Average Production

(In Barrels)

	Oct., 1940	Oct., 1939	Sept., 1940
Coastal Texas*	222,890	223,150	219,650
East Central Texas	73,020	85,000	77,450
East Texas	344,990	443,850	393,200
North Texas	110,830	82,950	106,200
Panhandle	81,930	60,100	77,650
Southwest Texas	215,880	207,900	222,300
West Central Texas	30,120	29,450	30,500
West Texas	228,050	231,100	233,400
STATE	1,307,710	1,369,650	1,360,350
UNITED STATES	3,583,630	3,605,000	3,673,050
Imports	222,028	177,500	202,643

*Includes Conroe.

Note: From American Petroleum Institute.

Gasoline sales as indicated by taxes collected by the State Comptroller were: Sept., 1940, 119,557,000 gallons; Sept., 1939, 111,678,000 gallons; August, 1940, 123,375,000 gallons.

COMMODITY PRICES

	Oct., 1940	Oct., 1939	Sept., 1940
WHOLESALE PRICES:			
U. S. Bureau of Labor Statistics (1926=100)	78.7	74.4	78.0
FARM PRICES:			
U. S. Department of Agricul- ture (1910-14=100)	99.0*	97.0	97.0
U. S. Bureau of Labor Statistics (1926=100)	66.4	67.1	66.2
RETAIL PRICES:			
Food (U. S. Bureau of Labor Statistics, 1935-39=100)	96.2*	97.6	97.2
Department Stores (Fairchild's Publications, Jan. 1931=100)	93.5	91.2	93.2

*Preliminary.

BUILDING PERMITS

	Oct., 1940	Oct., 1939	Sept., 1940
Abilene	\$ 61,391	\$ 40,483	\$ 30,330
Amarillo	151,276	172,584	219,294
Austin	506,128	504,208	310,670
Beaumont	126,480	183,848	116,639
Big Spring	22,150	16,150	14,269
Brownsville	50,965	473,769	18,195
Bryan	27,015	74,255	54,895
Coleman	11,250*		315*
Corpus Christi	449,846	1,368,445	1,181,089
Corsicana	5,960	15,971	9,983
Dallas	1,160,150	1,559,054	1,626,900
Del Rio	6,433	10,635	4,385
Denton	41,800	36,405	18,196
El Paso	135,057	120,522	200,842
Fort Worth	4,256,434	1,910,643	437,784
Galveston	118,171	122,675	112,810
Gladewater	0	0	50
Graham	10,876	7,900	7,134
Houston	1,912,352	1,974,015	1,589,568
Jacksonville	7,130	18,875	12,650
Kilgore	78,575†	70,750	78,800
Laredo	2,000	1,700	5,150
Longview	20,225	7,100	6,347
Lubbock	431,578	263,640	269,594
McAllen	18,380	50,200	16,260
Marshall	18,024	20,702	55,245
Midland	51,100	28,550	36,510
Odessa	40,440	33,063	51,420
Palestine	16,030	10,993	21,333
Pampa	19,300	25,150	29,375
Paris	12,785	6,369	11,770
Plainview	9,590	775	5,850
Port Arthur	102,982	93,069	100,267
San Antonio	388,950†	507,225	457,400
Sherman	24,040	34,375	101,725
Sweetwater	12,070	7,760	6,230
Tyler	113,420	715,988	42,935
Waco	831,631‡	71,010	89,424
Wichita Falls	269,519	113,780	140,732
TOTAL	11,510,253	10,672,636	7,492,052

*Not included in total.

†Does not include public works.

‡Includes F. H. A. Project of \$625,000.

||Not available.

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

EMPLOYMENT AND PAY ROLLS IN TEXAS
OCTOBER, 1940

	Estimated Number of Workers Employed*	Percentage Change from September 1940		Estimated Amount of Weekly Pay Roll	Percentage Change from September 1940	
		from September 1940	from October 1939		from September 1940	from October 1939
MANUFACTURING						
All Manufacturing Industries.....	140,185	+ 1.6	+ 4.8	\$2,844,850	+ 1.6	+ 7.6
<i>Food Products</i>						
Baking.....	6,786	- 1.6	+ 3.9	148,248	- 1.2	+ 7.1
Carbonated Beverages.....	3,124	- 4.5	+ 7.4	71,069	- 8.0	+ 11.6
Confectionery.....	745	+ 12.7	- 11.0	7,276	+ 7.2	- 6.9
Flour Milling.....	1,781	+ 1.2	+ 18.1	38,385	- 0.5	+ 27.4
Ice Cream.....	956	- 14.1	+ 11.0	16,476	- 13.2	+ 5.4
Meat Packing.....	4,259	+ 2.8	- 0.7	98,684	+ 2.8	+ 2.9
<i>Textiles</i>						
Cotton Textile Mills.....	6,555	+ 6.7	+ 4.4	98,496	+ 7.0	+ 23.1
Men's Work Clothing.....	3,658	- 0.9	- 13.1	42,456	+ 3.1	- 7.0
<i>Forest Products</i>						
Furniture.....	1,831	+ 4.6	- 0.4	53,791	+ 19.9	+ 24.6
Planing Mills.....	1,998	+ 0.5	+ 1.0	34,421	- 4.0	- 5.2
Saw Mills.....	17,075	+ 0.3	+ 14.9	257,163	+ 11.7	+ 39.5
Paper Products.....	(^c)	- 4.4	- 5.6	(^c)	- 4.7	- 9.9
<i>Printing and Publishing</i>						
Commercial Printing.....	2,021	+ 0.3	- 13.6	49,234	+ 5.4	- 10.7
Newspaper Publishing.....	4,533	+ 0.6	+ 0.6	122,269	+ 1.1	+ 2.5
<i>Chemical Products</i>						
Cotton Oil Mills.....	4,198	+ 17.9	+ 31.6	44,505	+ 14.7	+ 26.6
Petroleum Refining.....	20,445	+ 0.9	- 1.2	674,291	- 1.6	- 3.2
<i>Stone and Clay Products</i>						
Brick and Tile.....	2,006	+ 0.1	+ 16.3	27,115	(^c)	+ 22.9
Cement.....	1,066	+ 0.6	- 1.4	28,647	+ 10.3	+ 0.5
<i>Iron and Steel Products</i>						
Foundries and Machine Shops.....	10,940	+ 2.2	+ 7.4	296,852	+ 4.1	+ 11.2
Structural and Ornamental Iron.....	2,186	+ 4.6	+ 14.1	43,584	+ 5.4	+ 13.8
NONMANUFACTURING						
Crude Petroleum Production.....	30,781	- 0.4	- 1.6	975,692	+ 2.4	- 0.7
Quarrying.....	(^c)	- 3.8	- 5.1	(^c)	- 6.0	- 6.7
Public Utilities.....	(^c)	- 0.8	+ 1.9	(^c)	+ 0.9	+ 7.4
Retail Trade.....	197,778	+ 3.3	+ 8.6	3,250,521	+ 1.4	+ 4.5
Wholesale Trade.....	59,071	+ 1.5	+ 1.4	1,856,384	+ 2.8	+ 9.9
Dyeing and Cleaning.....	2,436	- 1.7	- 4.9	35,500	- 3.4	- 3.7
Hotels.....	14,262	+ 2.3	- 2.6	169,819	+ 1.8	+ 9.9
Power Laundries.....	9,688	- 1.6	+ 2.4	126,166	+ 1.1	+ 10.0

CHANGES IN EMPLOYMENT AND PAY ROLLS IN SELECTED CITIES

	Employment		Pay Rols		Employment		Pay Rols		
	Percentage Change		Percentage Change		Percentage Change		Percentage Change		
	Sept., 1940 to Oct., 1940	Oct., 1939 to Oct., 1940	Sept., 1940 to Oct., 1940	Oct., 1939 to Oct., 1940	Sept., 1940 to Oct., 1940	Oct., 1939 to Oct., 1940	Sept., 1940 to Oct., 1940	Oct., 1939 to Oct., 1940	
Abilene.....	+ 2.5	- 16.0	+ 0.1	- 8.0	Calveston.....	- 0.4	- 13.3	- 6.5	- 6.9
Amarillo.....	- 1.8	+ 9.3	+ 1.9	+ 23.2	Houston.....	+ 1.4	+ 0.7	+ 1.9	+ 2.8
Austin.....	+ 2.6	+ 8.9	- 1.0	+ 5.6	Port Arthur.....	+ 0.7	- 0.1	+ 0.6	+ 3.9
Beaumont.....	+ 3.9	+ 3.3	- 3.1	+ 0.5	San Antonio.....	+ 2.0	+ 0.8	+ 1.3	+ 4.2
Dallas.....	+ 3.6	+ 3.1	+ 5.1	+ 11.2	Sherman.....	+ 1.0	+ 26.7	+ 6.2	+ 67.8
El Paso.....	+ 2.9	+ 4.3	- 0.1	+ 9.1	Waco.....	- 0.2	+ 1.9	- 1.3	+ 4.7
Fort Worth.....	+ 5.4	+ 1.8	+ 1.0	+ 1.7	Wichita Falls.....	+ 2.9	- 7.8	+ 5.7	+ 2.1
					STATE.....	+ 1.8	+ 2.2	+ 1.2	+ 5.0

**ESTIMATED NUMBER OF EMPLOYEES IN NONAGRICULTURAL BUSINESS
AND GOVERNMENT ESTABLISHMENTS^(c)**

1940	
January.....	941,000
February.....	944,000
March.....	962,000
April.....	954,000
May.....	967,000
June.....	963,000
July.....	960,000
August.....	963,000
September (preliminary).....	979,000

*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.

(^a)Not available.

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

(^c)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.

BANKING STATISTICS

(In Millions of Dollars)

	October, 1940		October, 1939		September, 1940	
	Dallas District	United States	Dallas District	United States	Dallas District	United States
DEBITS to individual accounts.....	\$ 878	\$34,661	\$ 1,064*	\$41,964*	\$ 1,001*	\$41,056
Condition of reporting member banks on—	October 30, 1940		November 1, 1939		October 2, 1940	
ASSETS:						
Loans and investments—total.....	560	24,602	538	22,728	543	24,329
Loans—total.....	290	8,909	273	8,521	278	8,785
Commercial, industrial, and agricultural loans.....	193	4,773	182	4,310	184	4,630
Open market paper.....	2	304	2	317	2	297
Loans to brokers and dealers in securities.....	3	410	2	603	2	446
Other loans for purchasing or carrying securities.....	13	455	14	512	14	460
Real estate loans.....	23	1,222	22	1,184	23	1,220
Loans to banks.....	1	36	—	36	1	41
Other loans.....	55	1,709	51	1,559	52	1,691
Treasury Bills.....	37	736	22	667	33	628
Treasury Notes.....	33	1,834	53	2,159	40	2,112
U.S. Bonds.....	95	6,804	82	5,858	85	6,540
Obligations fully guaranteed by U.S. Gov't.....	46	2,627	50	2,232	48	2,582
Other securities.....	59	3,692	58	3,291	59	3,682
Reserve with Federal Reserve Bank.....	142	12,030	133	9,885	144	11,646
Cash in vault.....	13	526	10	458	11	485
Balances with domestic banks.....	288	3,270	277	3,111	287	3,307
Other assets—net.....	31	1,230	30	1,258	30	1,196
LIABILITIES:						
Demand deposits—adjusted.....	506	21,858	464	18,556	499	21,152
Time deposits.....	135	5,349	137	5,249	135	5,359
U.S. Government deposits.....	32	528	30	537	32	530
Inter-bank deposits:						
Domestic banks.....	267	8,707	267	7,954	256	8,734
Foreign banks.....	1	668	—	727	1	678
Borrowings.....	—	1	—	—	—	1
Other liabilities.....	4	744	4	689	4	716
Capital account.....	89	3,803	86	3,728	88	3,793

*Five Weeks.
Note: From Federal Reserve Board.

LUMBER
(In Board Feet)

	Oct., 1940	Oct., 1939	Sept., 1940
Southern Pine Mills:			
Average Weekly Production per unit.....	351,865	304,313	341,323
Average Weekly Shipments per unit.....	444,314	362,818	428,309
Average Unfilled Orders per unit, end of month.....	1,186,529	976,202	1,284,344

Note: From Southern Pine Association.

PERCENTAGE CHANGE IN CONSUMPTION OF ELECTRIC POWER

	Oct., 1940 from Oct., 1939	Oct., 1940 from Sept., 1940
Commercial.....	+ 5.8	- 13.8
Industrial.....	- 7.7	- 2.5
Residential.....	+ 4.2	- 8.2
All Others.....	+ 16.0	- 7.5
TOTAL.....	+ 0.1	- 7.3

Note: Prepared from reports from 11 electric power companies to the Bureau of Business Research.

OCTOBER 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 	7,669	7,983	2,343	2,368	730	683	1,625	1,093	12,367	12,127
Total Intrastate Omitting Fort Worth.....	781	1,079	106	190	22	9	315	416	1,224	1,694
TOTAL SHIPMENTS.....	8,450	9,062	2,449	2,558	752	692	1,940	1,509	13,591	13,821

TEXAS CAR-LOT* SHIPMENTS OF LIVE STOCK, JAN 1—NOV. 1, 1940

	Cattle		Calves		Hogs		Sheep		Total	
	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939
Total Interstate Plus Fort Worth 	38,926	46,600	11,342	12,642	7,008	7,375	10,722	9,576	67,998	76,193
Total Intrastate Omitting Fort Worth.....	4,063	6,990	883	1,347	198	399	889	1,557	6,033	10,293
TOTAL SHIPMENTS.....	42,989	53,590	12,225	13,989	7,206	7,774	11,611	11,133	74,031	86,486

*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.

OCTOBER RETAIL SALES OF INDEPENDENT
STORES IN TEXAS

	Number of Firms Re- porting	Percentage Change in Dollar Sales	
		Oct., 1940 from Oct., 1939	Oct. 1940 from Sept. 1940
TOTAL TEXAS	985	+ 6.5	+ 5.4
TEXAS STORES GROUPED BY PRODUCING AREAS:			
District 1-N	53	+ 6.3	+ 9.4
Amarillo	11	- 0.6	+ 5.3
Canyon	5	+ 18.0	- 1.6
Plainview	9	+ 6.7	+ 4.0
All Others	28	+ 12.8	+ 16.0
District 1-S	20	- 5.2	+ 17.7
Big Spring	5	- 19.5	+ 45.4
Lubbock	7	+ 2.7	+ 13.5
All Others	8	- 11.4	+ 7.8
District 2	87	+ 9.2	+ 12.9
Abilene	14	+ 0.5	+ 2.5
Vernon	6	+ 23.1	+ 12.9
Wichita Falls	14	+ 12.2	+ 9.1
All Others	53	+ 10.4	+ 22.4
District 3	31	+ 26.3	+ 10.9
Breckenridge	5	+ 1.8	+ 3.7
All Others	26	+ 28.1	+ 11.4
District 4	236	+ 4.0	+ 5.1
Cleburne	7	- 3.4	- 1.3
Corsicana	8	+ 3.7	+ 15.1
Dallas	41	+ 2.4	- 3.1
Denison	9	+ 13.4	+ 14.2
Fort Worth	44	+ 1.2	+ 12.6
Temple	9	+ 5.9	+ 4.4
Waco	27	+ 9.3	+ 19.6
All Others	91	+ 15.6	+ 14.3
District 5	104	+ 7.3	+ 17.4
Longview	6	- 10.5	+ 9.4
Marshall	9	- 0.5	+ 10.4
Palestine	6	+ 5.8	+ 18.5
Tyler	13	- 4.9	+ 3.0
All Others	70	+ 12.8	+ 22.4
District 6	30	+ 8.9	+ 3.3
El Paso	18	+ 9.8	+ 3.5
All Others	12	- 3.7	- 0.3
District 7	52	+ 3.3	+ 9.2
Brady	5	- 0.7	+ 5.6
San Angelo	11	+ 6.0	+ 9.0
All Others	36	+ 0.7	+ 9.9
District 8	178	+ 9.9	+ 3.7
Austin	22	+ 2.4	- 0.1
Beeville	5	+ 5.1	+ 3.1
Corpus Christi	9	+ 0.2	+ 12.2
Cuero	5	+ 9.0	+ 6.7
Lockhart	8	- 3.7	- 5.8
San Antonio	53	+ 11.7	+ 2.1
San Marcos	8	+ 37.8	+ 6.4
All Others	68	+ 14.0	+ 13.8
District 9	134	+ 8.3	- 0.4
Beaumont	18	+ 2.1	+ 0.5
Galveston	16	+ 13.1	- 4.3
Houston	45	+ 7.4	- 1.9
Port Arthur	14	+ 1.9	- 6.7
All Others	41	+ 20.3	+ 16.8
District 10	60	+ 0.2	+ 7.5
Brownsville	8	+ 9.0	+ 9.4
Harlingen	7	- 11.6	- 9.2
Laredo	6	- 9.2	+ 20.2
All Others	39	+ 7.7	+ 6.5

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

POSTAL RECEIPTS

	Oct., 1940	Oct., 1939	Sept., 1940
Abilene	\$ 20,961	\$ 18,526	\$ 16,528
Amarillo	37,972	34,660	30,574
Austin	72,875	70,667	70,530
Beaumont	29,830	25,922	26,435
Big Spring	7,462	6,198	5,542
Brownsville	6,752	13,225	5,265
Bryan	5,762	4,880	4,314
Childress	3,501	3,973	2,352
Coleman	2,565	2,032	2,090
Corpus Christi	34,710	27,515	28,762
Corsicana	6,006	6,329	5,340
Dallas	427,096	400,618	364,695
Del Rio	4,526	4,756	3,807
Denton	10,025	9,157	6,584
El Paso	51,140	50,185	47,625
Fort Worth	167,117	163,737	152,437
Galveston	34,354	33,292	29,547
Gladewater	2,687	2,816	2,368
Graham	2,566	2,760	2,254
Houston	280,048	257,508	245,989
Jacksonville	3,325	3,420	2,968
Kilgore	6,545	6,382	5,383
Longview	10,880	9,959	7,844
Lubbock	21,696	20,683	22,982
Lufkin	5,521	5,410	4,472
McAllen	5,493	4,916	3,923
Marshall	7,934	7,157	5,869
Odessa	8,041	6,920	5,272
Palestine	5,893	5,207	4,773
Pampa	7,465	7,092	6,321
Paris	7,290	6,369	6,527
Plainview	4,570	4,252	3,376
Port Arthur	15,133	13,926	11,936
San Antonio	149,712	127,703	122,965
Sherman	8,295	7,979	7,610
Snyder	1,661	1,803	1,362
Sweetwater	6,260	5,955	4,463
Temple	7,552	7,301	6,714
Tyler	18,801	18,539	15,168
Waco	37,019	33,081	33,889
Wichita Falls	27,032	23,968	23,154
TOTAL	1,574,073	1,466,778	1,359,960

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

TEXAS CHARTERS

	Oct., 1940	Oct., 1939	Sept., 1940
Domestic Corporations			
Capitalization*	\$1,171	\$1,334	\$1,309
Number	94	113	84
Classification of new corporations:			
Banking-Finance	2	2	2
Manufacturing	19	24	11
Merchandising	32	27	25
Oil	9	18	14
Public Service	0	3	2
Real Estate-Building	7	13	13
Transportation	5	3	1
All Others	20	23	16
Number capitalized at less than \$5,000	45	48	38
Number capitalized at \$100,000 or more	2	2	4
Foreign Corporations (Number)	24	27	16

*In thousands.

NOTE: Compiled from records of the Secretary of State.

OCTOBER CREDIT RATIOS IN TEXAS RETAIL STORES
(Expressed in Per Cent)

	Number of Stores Reporting	Ratio of Credit Sales to Net Sales		Ratio of Collections to Outstandings		Ratio of Credit Salaries to Credit Sales	
		1940	1939	1940	1939	1940	1939
All Stores.....	69	67.3	68.9	40.9	39.4	1.0	0.9
Stores Grouped by Cities:							
Abilene.....	3	56.3	59.0	33.8	35.1	1.8	1.8
Amarillo.....	3	60.9	60.7	45.4	50.4	1.8	1.5
Austin.....	6	60.7	61.1	49.0	47.1	1.0	1.0
Beaumont.....	3	72.2	70.9	41.8	42.5	1.0	1.0
Dallas.....	10	73.2	75.3	42.4	39.4	0.7	0.7
El Paso.....	3	61.7	62.4	34.5	35.2	0.9	0.9
Fort Worth.....	6	66.8	67.4	37.6	35.8	1.1	0.9
Houston.....	6	67.5	68.0	40.9	41.0	1.5	1.2
San Antonio.....	6	61.0	66.6	46.4	44.9	1.2	1.0
Waco.....	5	63.9	63.7	32.8	31.5	1.1	1.1
All Others.....	18	59.3	59.9	40.0	39.5	1.5	1.4
Stores Grouped According to Type of Store:							
Department Stores (Annual Volume Over \$500,000).....	21	66.4	67.9	41.3	40.7	1.0	0.9
Department Stores (Annual Volume Under \$500,000).....	12	57.5	60.3	38.4	37.1	1.7	1.6
Dry Goods-Apparel Stores.....	5	63.7	66.9	41.4	42.1	1.5	1.3
Women's Specialty Shops.....	16	93.6	72.7	40.1	35.3	0.6	0.8
Men's Clothing Stores.....	15	72.6	72.1	41.4	40.7	1.3	1.3
Stores Grouped According to Volume of Net Sales During 1939:							
Over \$2,500,000.....	10	71.2	70.9	41.8	42.4	0.9	0.8
\$2,500,000 down to \$1,000,000.....	11	63.9	65.6	44.8	43.6	0.9	0.9
\$1,000,000 down to \$500,000.....	10	60.6	60.1	44.9	41.4	1.3	1.1
\$500,000 down to \$100,000.....	27	61.3	63.8	39.7	39.6	1.6	1.3
Less than \$100,000.....	11	61.4	62.2	36.3	41.4	2.8	2.8

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

	Oct., 1940	Oct., 1939	Year to date, 1940	Year to date, 1939
Abilene.....	13,875	10,331	245,554	165,788
Amarillo.....	36,225	30,019	351,000*	†
Austin.....	44,006	36,919	591,018	346,444
Beaumont.....	32,606	23,569	459,724	404,983
Big Spring.....	8,475	2,306	95,063	72,057
Brownsville.....	16,275	9,919	82,407	88,932
Bryan.....	1,088	2,081	†	†
Corpus Christi.....	9,131	9,750	†	†
Dallas.....	124,575	166,331	2,287,389	2,149,612
Del Rio.....	150	563	15,864	6,808
Denison.....	7,025	2,775	116,827	94,912
Denton.....	492	1,744	†	44,571*
Fort Worth.....	65,850	172,594	858,972	1,144,746
Galveston.....	39,825	15,206	476,025	343,781
Gladewater.....	3,919	1,406	75,562	82,221
Kilgore.....	6,788	9,356	96,208	100,107
Longview.....	17,869	20,906	233,420	218,006
McAllen.....	2,306	1,256	66,526	55,407
Marshall.....	8,700	1,613	155,775	58,689
Odessa.....	3,263	713	37,031*	†
Palestine.....	13,650	6,263	†	124,388*
Pampa.....	9,581	3,019	†	34,708*
Paris.....	3,094	806	†	102,263*
Plainview.....	3,094	975	51,489	56,289
Port Arthur.....	13,313	30,394	266,013	199,914
San Angelo.....	10,838	11,831	154,106	120,394
San Antonio.....	66,975	118,406	1,508,607	1,371,320
San Benito.....	169	2,063	37,351	24,451
Sherman.....	375	731	79,388	68,008
Temple.....	6,356	4,481	70,708	69,639
Tyler.....	25,931	5,738	254,587	226,875
Waco.....	18,994	38,269	560,060	446,174
Wichita Falls.....	24,919	14,006	422,684	352,289
TOTAL.....	639,732	756,339	9,261,329	8,267,846

*Not included in total.
†Not available.

OCTOBER, 1940, CARLOAD MOVEMENT
OF POULTRY AND EGGS

Shipments from Texas Stations

Destination*	Cars of Poultry								Cars of Eggs†	
	Live				Dressed					
	Chickens		Turkeys		Chickens		Turkeys		1940	1939
	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	1940	1939
TOTAL.....	1	—	—	—	9	2	—	—	83.5	43.0
Intrastate.....	0	—	—	—	1	0	—	—	6.0	6.5
Interstate.....	1	—	—	—	8	2	—	—	77.5	36.5

Origin Receipts at Texas Stations

	Live		Dressed		Cars of Eggs†	
	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	1940	1939
TOTAL.....	—	—	—	—	2	—
Intrastate.....	—	—	—	—	0	—
Interstate.....	—	—	—	—	2	—

*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.

TEXAS COMMERCIAL FAILURES

	Oct., 1940	Oct., 1939	Sept., 1940*
Number.....	25	22	26
Liabilities*.....	\$585	\$218	\$351
Assets*.....	358	126	206
Average Liabilities per Failure*.....	23	10	14

*In thousands.

NOTE: From Dun and Bradstreet, Inc.

OCTOBER RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	October, 1940			Year 1940	
	Number of Firms Reporting	Percentage Change from Oct., 1939	Percentage Change from Oct., 1940	Number of Firms Reporting	Percentage Change from Year 1939
TEXAS	985	+ 6.5	+ 5.4	922	+ 4.8
STORES GROUPED BY LINE OF GOODS CARRIED:					
APPAREL	100	- 0.4	- 3.2	97	+ 2.4
Family Clothing Stores	25	- 1.7	+ 9.9	24	+ 1.5
Men's and Boys' Clothing Stores	30	- 2.4	+ 6.7	28	- 2.0
Shoe Stores	20	+ 8.3	- 9.6	20	+ 3.0
Women's Specialty Shops	25	- 0.04	- 9.7	25	+ 5.2
AUTOMOTIVE*	67	+21.6	+28.7	63	+12.5
Motor Vehicle Dealers	64	+22.4	+29.9	60	+12.1
COUNTRY GENERAL	94	+13.1	+ 5.6	87	+ 4.5
DEPARTMENT STORES	52	+ 1.5	- 4.2	49	+ 3.9
DRUG STORES	102	+ 8.2	+ 3.0	91	+ 2.9
DRY GOODS AND GENERAL MERCHANDISE	19	+ 7.5	+19.2	17	+ 0.04
FILLING STATIONS	32	+ 0.9	- 5.4	32	- 4.0
FLORISTS	24	+ 6.9	+34.4	22	+ 4.7
FOOD*	174	- 0.4	+ 3.9	162	- 1.2
Grocery Stores	54	+ 1.3	+ 2.1	51	+ 0.2
Grocery and Meat Stores	115	- 1.1	+ 4.6	106	- 1.7
FURNITURE AND HOUSEHOLD*	55	+ 5.6	+14.3	51	+ 3.9
Furniture Stores	44	+ 3.5	+15.0	41	+ 3.8
Household Appliance Stores	6	+20.9	+13.1	5	+ 6.2
JEWELRY	39	+11.5	+ 5.1	36	+ 4.2
LUMBER, BUILDING, AND HARDWARE*	190	+10.7	+11.7	180	+ 3.1
Farm Implement Dealers	10	+18.1	+10.8	9	+11.0
Hardware Stores	61	+ 3.6	+ 9.2	57	+ 4.2
Lumber and Building Material Dealers	116	+12.8	+12.2	111	+ 2.4
RESTAURANTS	25	- 5.1	+ 4.4	23	- 2.5
ALL OTHER STORES	12	+ 5.6	+48.8	12	+ 5.5
TEXAS STORES GROUPED ACCORDING TO POPULATION OF CITY:					
All Stores in Cities of...					
Over 100,000 Population	201	+ 5.6	+ 1.4	190	+ 4.7
50,000-100,000 Population	97	+ 6.0	+ 3.5	91	+ 5.1
2,500-50,000 Population	408	+ 6.2	+11.9	377	+ 4.6
Less than 2,500 Population	279	+13.6	+15.1	264	+ 4.8

*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 cooperating with the United States Bureau of the Census.

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