

TEXAS BUSINESS REVIEW

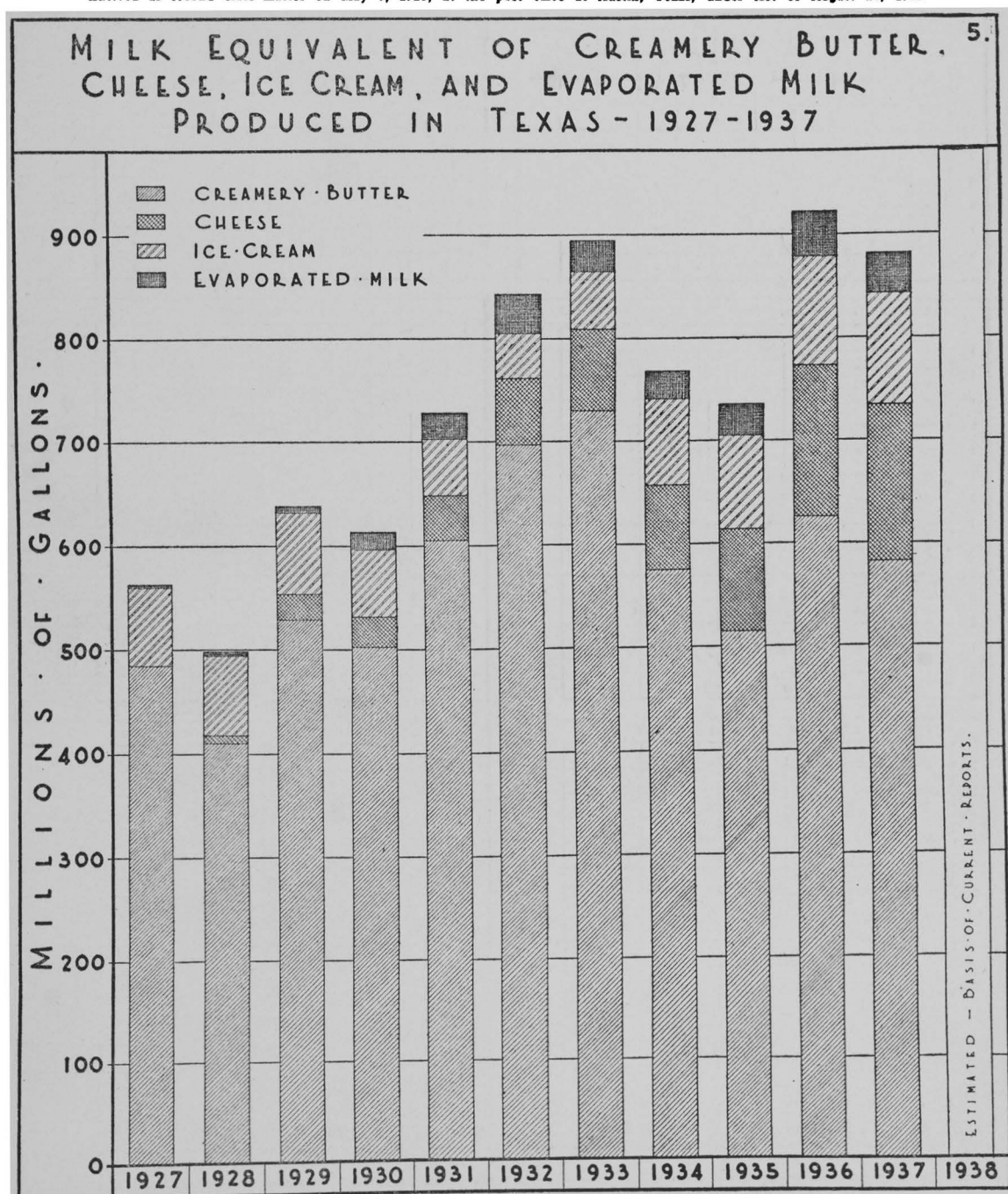
Bureau of Business Research
The University of Texas

Vol. XII, No. 12

January 28, 1939

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

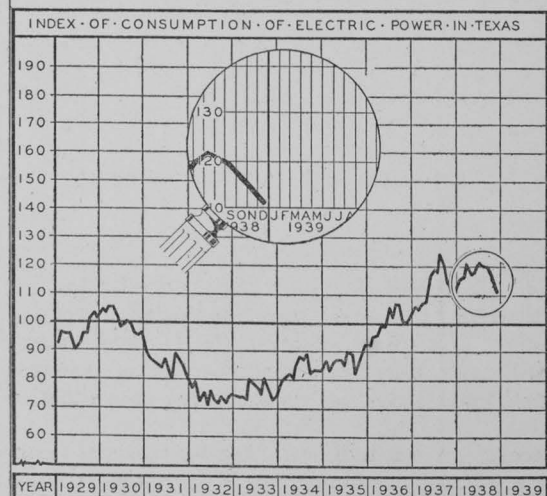
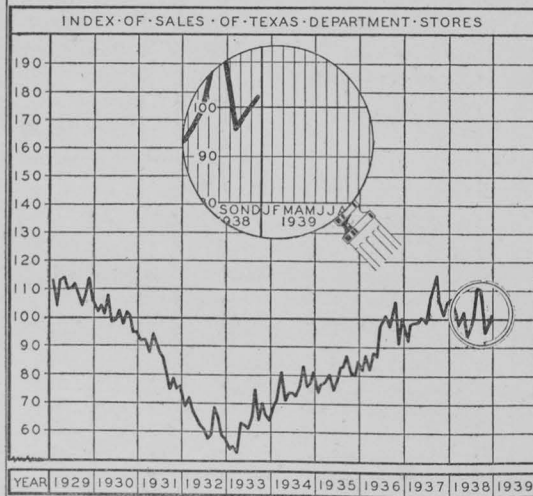
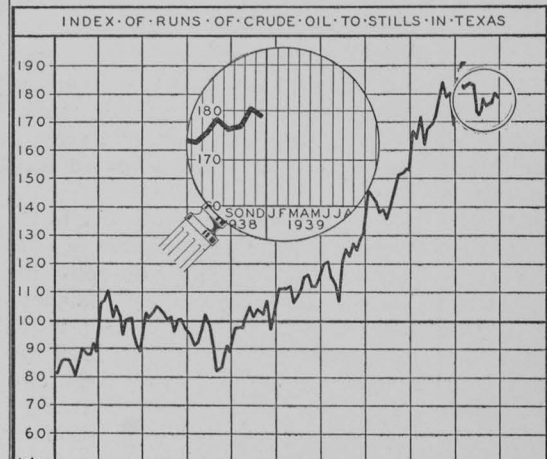
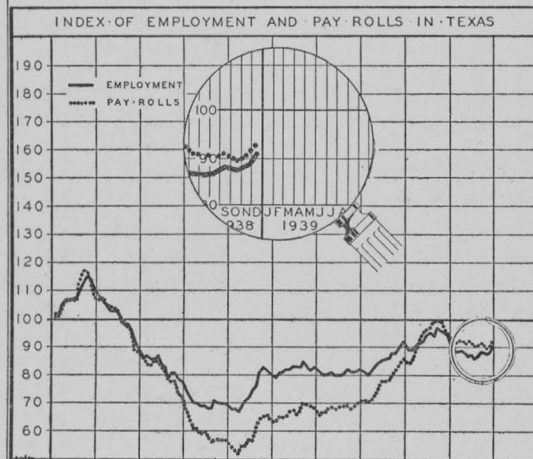
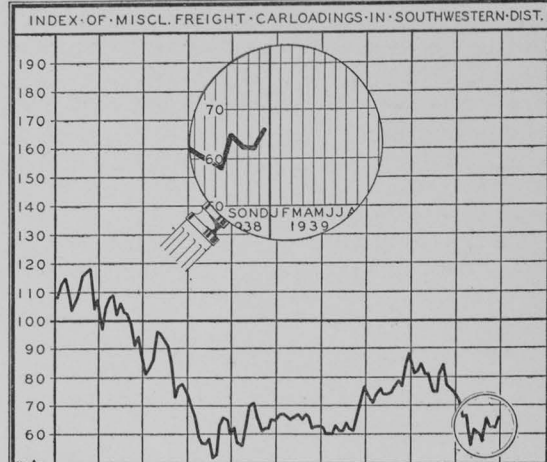
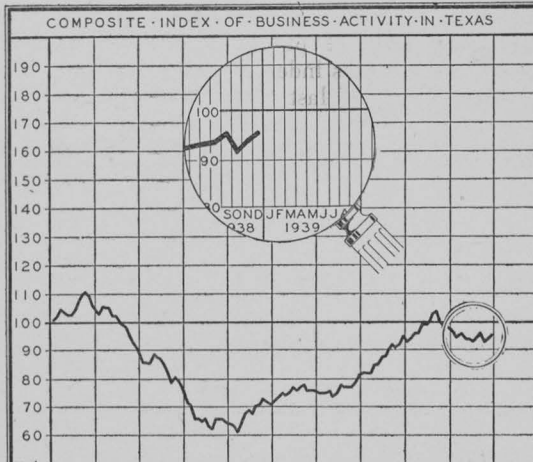
INDEXES OF BUSINESS ACTIVITY IN TEXAS

AVERAGE MONTH OF 1930 = 100 %

WEIGHT IN COMPOSITE INDEX.
 EMPLOYMENT — 25 %
 PAY ROLLS — 25 %
 DEPARTMENT STORE SALES — 10 %
 FREIGHT CARLOADINGS — 20 %
 CRUDE OIL RUNS — 5 %
 ELECTRIC POWER CONSUMPTION — 15 %

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Business Review and Prospect

Barron's index of physical production and trade in the United States registered 76.8 the first week in January compared with 58.0 during the corresponding period last year, an increase of 32 per cent. It is the consensus of opinion among business analysts that the wide margin of business improvement which now prevails in comparison with a year ago will be maintained during the first six months of the current year at least. The more venturesome forecasters even predict that this wide margin of gain will continue during the second half of 1939, though comparisons will then be made with a rate of business activity substantially above that which prevailed during the first half of last year.

The optimists have much on their side so far as concerns the elements which could make for a long period of prosperity. Whether these elements can be brought to function constructively is the great question. "We have had," says one analyst, "nearly a decade of generally lean times—nearly a decade of under-building, of under-expansion, of under-maintenance; nearly a decade of psychological inhibitions and frustrations; nearly a decade of repression of the normal American spirit of venture for gain. On the demand side we need an investment of many billions in construction and additional billions for the modernization, or expansion of industrial, railroad, and utility facilities. On the supply side we have abundance of raw materials, intelligent labor, technical knowledge; more idle cash in the commercial banks than ever before, and a record high total of private savings."

A new philosophy has, moreover, recently come to the forefront with reference to Federal expenditures in relation to national income. Under this philosophy the national budget will automatically become balanced when the annual national income reaches eighty to ninety billion dollars, but not before. Only in 1929 has the national income reached the lower of these two figures, and since that year it has never quite reached the seventy billion mark, although the population of the country has increased by about eight million since that time.

Some reputable authorities state that the foregoing objective as to national income readily could be reached but that it would require important changes in point of view toward profits in industry and would involve a constructive, long-time policy toward such fundamental industries as agriculture, the railroads, and public utilities.

TEXAS BUSINESS

Industry and trade in Texas seem definitely to be pointing upward. In contrast with the business situation in the country as a whole, however, the Texas composite index is still moderately below that of a year ago whereas that of the United States has risen sharply above that of last year.

The December Texas index adjusted for seasonal variation, for all factors combined, is 95.3 compared with 93.4 in November and 97.8 for December, 1937. The gain from November to December is the result of improvement in employment, pay rolls, miscellaneous

freight carloadings, and department store sales. There was a moderate decline in runs of crude oil to stills and in electric power consumption.

Should improvement occur in year-to-year comparisons during coming months in farm cash income and income from oil as now seems probable, in conjunction with the rising trend of pay rolls which is already in evidence, the business index of Texas may soon be expected to surpass that of last year. This situation would soon be reflected in retail sales and a rising tempo of business generally. The following table gives the detailed figures for the various factors separately and combined.

INDEXES OF BUSINESS ACTIVITY IN TEXAS

	Dec. 1938	Dec. 1937	Nov. 1938
Employment	91.17	93.58	88.25*
Pay Rolls	92.85	94.58	90.91*
Miscellaneous Freight Carloadings (S.W. District)	66.56	74.99	62.17
Crude Runs to Stills	179.54	169.43	181.13*
Department Store Sales	102.60	106.36	99.05
Electric Power Consumption	111.87	110.93	114.63*
Composite Index	95.33	97.78	93.38*

*Revised.

FARM CASH INCOME

Texas farm cash income during December, as computed by this Bureau, totalled \$22,932,000 exclusive of Federal subsidies. The comparable figure in December, 1937, was \$27,941,000. The index of farm cash income rose from 73.3 in November to 86.3 in December. In December last year the index was 105.2. The December index in each case represents the percentage which the December income in 1938 and 1937 was of the average December income during the five years from 1928 to 1932, inclusive.

For the entire year 1938 the computed farm cash income in Texas was \$403,675,000 compared with \$536,528,000 in 1937. Government payments to Texas farmers amounted to \$68,814,000 in 1938 and \$36,010,000 in 1937.

The following table gives detailed figures on Texas farm cash income for the State as a whole and for subdivisions of the State.

INDEX OF AGRICULTURAL CASH INCOME IN TEXAS

Districts	Dec. 1938	Nov. 1938	Dec. 1937	Cumulative Income	
				Jan.-Dec. 1938	Jan.-Dec. 1937
				(000 Omitted)	
1-N	120.3	96.0	119.2	\$ 38,132	\$ 50,974
1-S	88.8	105.8	168.2	35,191	54,069
2	37.2	46.1	59.8	47,298	59,150
3	80.6	71.2	90.1	21,608	27,276
4	65.2	48.2	86.9	77,127	104,467
5	47.0	22.4	70.1	31,450	44,172
6	147.7	114.2	123.2	21,693	19,279
7	64.9	86.7	71.5	31,161	46,077
8	114.2	79.4	115.9	39,698	53,758
9	117.8	108.4	108.8	22,232	28,434
10	187.5	113.6	86.2	12,318	15,368
10-A	301.6	277.4	338.7	25,767	33,504
STATE	86.3	73.3	105.2	\$403,675	\$536,528

F. A. BUECHEL.

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

Financial

Among the more striking financial developments of the month have been the dramatic replenishment of the British exchange stabilization fund's depleted gold holdings and President Roosevelt's national budget message of January 5. Of considerable interest also is the growing possibility that the Administration's unfortunate silver buying policy may be moderated. It is probably too much to hope that this particular folly will be abandoned *in toto*.

On January 6 the Bank of England transferred £200,000,000 of gold, having a market value of some £350,000,000, to the British Exchange Equalization Fund. The withdrawal of this gold, which had been serving as partial collateral behind bank note issues, left a note coverage of £127,000,000 in gold and £400,000,000 in government bonds.

The transfer of this huge amount of gold was made necessary because of the depleted condition of the Fund's gold holdings. It will be recalled that the Exchange Equalization Fund was established following England's departure from the gold standard in 1931 in order to steady the sterling exchange rate and protect it from speculative attacks. Since the debasement of the dollar in 1934, the pound has been over-valued in terms of dollars which has subjected the sterling exchange rate to continuing pressure. More recently the European war scares have stimulated heavy capital movements from England which have added materially to the pressure.

Under the so-called Tripartite Monetary Agreement the American Exchange Stabilization Fund has assisted in supporting the sterling exchange rate by purchases of sterling in New York. The sterling exchange thus bought has been converted into gold in London from the British Fund at the official gold price for the day. This gold has been either earmarked in London or imported to New York. At the same time the British Fund has supported the sterling rate by selling dollars in London, which dollars probably have been borrowed from the American Fund and promptly paid for by earmarking gold in London. Both processes result in losses of gold by the British Fund. According to *The Wall Street Journal*, the British Fund's holdings of gold had been reduced to approximately £25,000,000 on January 6, which figure compares with £151,788,000 held on September 30, 1938, and with £297,800,000 held on March 30, 1938.

The transfer of this gold, of course, greatly increases the ability of the British Fund to support the sterling exchange rate. That it has served to check speculation against the pound is evidenced by the sharp rise in the sterling rate following announcement of the gold transfer. There is some question, however, as to the ultimate ability of the Fund to defend the pound. Should pressure on sterling continue, and there is reason to believe that it will, the present gold holdings will be further depleted. Once this gold is gone, there is only some £127,000,000 of gold remaining in the Bank of England reserves from which to obtain replenishment plus whatever metal may meanwhile be bought in the open market.

In the event of exhaustion of the Fund's gold defenses, the British Government will be forced either to abandon artificial support of the pound permitting the exchange

rate to seek its natural level, or else to impose rigid control on the foreign exchange market similar to that employed by Germany and Italy. There is, of course, the possibility that the pound will be stabilized in terms of gold before such a dilemma is faced. The heavy gold losses of the past six months render the prospect of stabilization increasingly remote.

President Roosevelt's budget message, delivered to the Congress January 5, indicated rather conclusively that the Chief Executive had adopted the so-called theory of "compensatory government spending," of which Mr. Marriner Eccles is a leading exponent. The recommended federal budget for the fiscal year ending June 30, 1940, called for expenditures of approximately \$9,000,000,000 with receipts estimated at \$5,700,000,000 leaving a deficit of some \$3,300,000,000. For the current fiscal year, expenditures are estimated at \$9,500,000,000, income at \$5,500,000,000, with a deficit of approximately \$4,000,000,000.

In his message, the President strongly opposed any violent contraction in relief spending at the present stage of business recovery. Likewise he opposed any material increase in federal taxation which might operate to reduce purchasing power. Prospective budget balance at some definite future time was not mentioned. Instead, the President implied that such balance could not be expected until such time as the national income should reach a level of \$80,000,000,000 or more—roughly the 1929 level. In reaching a national income of this magnitude, federal spending, again by implication, was expected to assist materially. The accumulated federal deficit from 1931 to 1940 (the last two years estimated) of \$27,279,000,000 was referred to as government "investment" either in "durable improvements and recoverable loans" or in "conservation of our human resources," and the President stated that in his opinion not a penny of this sum had been wasted.

The message affords increasing evidence that the federal budget is out of control. Congressional reaction to the situation is as yet uncertain. There is undoubtedly strong sentiment for economy in the present Congress, but whether this sentiment will be translated into legislative action remains to be seen.

For the first time since the original enactment of the law in June, 1934, there appears to be some possibility of revising, perhaps even abandoning, the Administration's silver purchase program. It will be recalled that the Silver Purchase Act of 1934 made it the policy of the Government to acquire silver at home and abroad until such time as the value of the silver monetary stock should equal one-third the value of the gold monetary stock. At the time the law was enacted, approximately 1,333,000,000 ounces of silver (valued at \$1.29 an ounce) were needed to achieve this objective. Through December, 1938, a grand total of 1,870,000,000 ounces had been purchased, largely from foreign sources. As of the first of this year, approximately 1,170,000,000 ounces were still needed in order to reach the desired one to three ratio. The relative lack of progress, of course, has resulted from the heavy importation of gold throughout the period.

It has been evident for a long time that the silver buying program has failed to accomplish any of the advantages originally claimed for it by its sponsors. Instead it has resulted in forcing China off the silver standard, decreased the world monetary use of silver in fractional coin, and made the Federal Treasury the largest speculator in silver in history. The program, however, has not involved the Treasury in direct cost because the metal purchased has been paid for by issuing

new silver certificates. A total of \$913,000,000 of these certificates had been issued up to November 30, 1938. There is reason to believe that this new currency is to a considerable extent responsible for the steady increase of currency in circulation which has taken place since July, 1934. In this respect it is perhaps instructive to remember that the Bland-Allison and Sherman Act silver buying program terminated in the panic of 1893.

JAMES C. DOLLEY.

The Economic Problems and the Texas of Tomorrow

Economic problems, whether State or National, have to be seen in their wider perspective and in the light of inclusive, long-time trends, if a substantial solution is sought rather than some palliative which may hinder rather than aid.

Economic problems of Texas have to be seen in the perspective of a National integration of the economic life of unlike regions or sections. In the same way the primary problem of Texas industrialization has to be seen in the long-time currents dominant in the United States and which in themselves represent adjustments of wide scope to the American scene.

Much of the past economic development belongs to that inclusive series of wave after wave of settlement and colonization involved in taking up the lands of the country with their rich and varied natural resources and which in the main were there for the taking from the roving tribesmen of the Western Plains; this conquest of the frontier, followed by the greatest colonization in modern history, has been aptly designated as the Westward Movement—it was the march of Anglo-American civilization across the North American continent.

Currently we are witnessing in Texas what appears to be another inclusive movement and which itself bids fair to transform the economic life of the State perhaps even as much as the preceding Anglo-American migration. This movement has to do with industrialization; it reflects the operation of new forces, it renders necessary new appraisals of the State's natural endowment; and above all it brings new and broader challenges to the State's leadership whether in education or politics or industry. It is the challenge of Texas in this middle period of the 20th century. It is a challenge which cannot be disregarded, for the roots of the challenge are social in nature and upon the way the challenge is met will depend the Texas of ten or twenty-five years hence.

THE WESTWARD MOVEMENT

Of the significance of the Westward Movement it has been aptly said: "Probably no other factor has had broader ramification or greater importance in shaping our political, our economic, and our social history. Certainly in our economic history from the earliest settlement down to the close of the 19th century, nothing exercised a more predominant influence than this vast supply of relatively free and undeveloped land, the essential economic significance of which consisted of cheap natural resources."

Essentially the Westward Movement was an expression of the impact of the Mechanical Revolution upon

the American scene—upon a scene dominated by a large continental area possessing extraordinarily rich and varied resources generally readily available. This impact required huge amounts of capital largely supplied from Western Europe; it was centered primarily in obtaining foodstuffs and raw materials for the rapidly growing industrial areas first of Great Britain and later on the Continent, as well as in northeastern United States. Because the agricultural advances took place largely in the interior of the United States inland transportation was a necessity. Solving the problems of transportation brought the widespread building of railroads after the middle of the century, and in the wake of railway extension came the large-scale growth of commercial centers.

Scarcity of labor in the new regions and the conquest of new types of regional environments brought about the unprecedented expansion of farm machinery, which in the past century was largely horse-drawn.

Wave upon wave the Westward Movement swept across the rolling Prairies and the wide expanses of the sub-humid Western Plains. Zone by zone the frontier was pushed westward; its progress can be pretty accurately gauged by subsequent trends in real estate values.

One outstanding reflection of the Westward Movement was the widespread distribution of population particularly with the extension of the railroads; another was the rise of specialized production of staple commodities in great demand by growing manufacturing operations in the East and in Western Europe. This specialized production for distant markets in turn represented occupational adjustments in the vast zone-wise western advance to the various regional environments as they were brought under Anglo-American influence and control. At the same time, paralleling the growth of internal commerce to large proportions, there arose a highly centralized manufacturing industry in Northeastern United States.

Prior to the advance of the Westward Movement across the trans-Appalachian country and beyond, the trade and economic interests of the ribbon of population along the Atlantic Seaboard were predominantly with overseas markets. The rise of internal commerce with the occupation of the Ohio Valley, the Old South, and the Great Lakes country, brought out the significance of the domestic market—a factor which grew to National importance long before the great growth of manufacturing in the Eastern industrial areas; it was the unexampled growth of this home market which provided the impetus for that industrialization which other circumstances helped to make a reality.

By 1900 the larger aspects of the American major regions were well in evidence; by that period the habitat features of these regions were generally expressed by the occupational distribution of the population.

Prior to the turn of the century American development, both agricultural and industrial, had been largely financed from abroad; no small proportion of our technical developments had been initiated in Western Europe although their rapid application to the American scene often made the industries which grew out of them typically American. Even much of our technical and educational training was brought over from Europe either by immigrants or by the hordes of American students who went abroad in the 1880's and 90's, even up to the Great War, for graduate studies.

THE PASSING OF THE FRONTIER

The closing of the American agricultural frontier did not take place all at once; but as a great historical movement the Westward Movement was coming to a close by the turn of the century. The larger effects of the cessation of this movement or of the features that immediately followed were not particularly apparent at the time; in fact, the larger aspects of the closing of the frontier were not brought home to the American people until in the recent Depression—following the destruction of European wealth, that is, the European market as a consequence of the Great War.

There had been the widespread interest engendered in Conservation early in the century; there had been a slowing down in the trekking westward, and the millions of immigrants coming in from Southern and Central Europe in the two decades from 1890 to 1910 were settling down in the Eastern industrial districts and commercial centers rather than going West as had the West European immigrants before them; there had been a perceptible slowing up in new railway mileage; and some of the big packers in the first decade of the century were operating large branch plants in Argentina and Uruguay. American interests were getting into the Pacific and even the Far East but this, as was true of some of the other reactions to the closing of the era of free lands, was considered as the result of local or individual circumstances.

These trends, which we now see in a much wider perspective, were more or less obscured by the Great War with the accentuated demands upon America for foodstuffs and raw materials. There was brought about the greatly increased production from American agriculture by the application of large power machinery which enabled agriculture to push into the dry plains hitherto used for ranching, a development ably seconded by the availability of drouth-resistant crops and varieties which greatly extended the area of the arable lands.

During the 20's the gaps in the new frontier were pretty effectually closed: power farming continued to advance, thus enabling the Nation's farm work to be done with less power and with less livestock. The continuation of these trends is perceptibly changing the farm market and reducing the need for feed crops which previously had required a considerable proportion of the acreage in crops.

Parallel changes and new developments were taking place elsewhere—in the European countries, in the new

lands of the Southern Hemisphere and in the Tropics—and it became apparent that the great capacity of agricultural production was getting quite out of bounds from the standpoint of what the market was absorbing. What was happening was that the world's commercial agriculture was being so effectively brought under the aegis of modern industry that a new agricultural revolution was upon us; the ready markets of industrialized regions of Western Europe whose appetites seemed insatiable during the 19th century were gone; for the United States they seem to be gone beyond recovery in anything like the near future.

At long last we are beginning to consider the potentialities of the American market as a means of absorbing a much larger proportion of our agricultural production of the staple commodities—but that is quite another story.

In summing up this phase of the present article I can do no better than to quote from an address delivered by the late Professor F. J. Turner nearly 30 years ago: ". . . it is with a shock that the people of the United States are coming to realize that the fundamental forces which have shaped their society up to the present are disappearing. . . . Obviously in attempting to indicate even a portion of the significant features of our recent history we have been obliged to take note of a complex of forces. The times are so close at hand that the relations between events and tendencies force themselves upon our attention. We have had to deal with the connections of geography, industrial growth, politics, and government. With these we must take into consideration the changing social composition, the inherited beliefs and habitual attitude of the masses of the people, the psychology of the nation and of the separate sections, as well as of the leaders. We must see how these leaders are shaped partly by their time and section, and how they are in part original, creative, by virtue of their own genius and initiative. We cannot neglect the moral tendencies and the ideals. All are related parts of the same subject and can no more be properly understood in isolation than the movement as a whole can be understood by neglecting some of these important factors, or by the use of a single method of investigation. Whatever be the truth regarding the European history, American history is chiefly concerned with social forces, shaping and reshaping under the conditions of the nation changing as it adjusts to its environment. And this environment progressively reveals new aspects of itself, exerts new influences, and calls out new social organs and functions."

INDUSTRIALIZATION AND THE GEOGRAPHIC DISPERSION OF INDUSTRY

Industrialization has come to be recognized as the basic economic problem not only in Texas but in Alabama, even in Florida, as well as in such far-off countries as Japan or India or Italy, to mention only a few where industrialization has been going on for relatively only a short time.

Industrialization is inherently dynamic; it is based primarily upon the large use of inanimate energy. So inclusive are the ramifications of industrialization that it weaves into its own design the static features of economic life. Industrialized countries are activating

regions in modern economy; they are regarded as having superior advantages, and generally they do, as contrasted to the inherent disadvantages that characterize raw material or colonial economies.

Industry in the age of steam was necessarily centralized; the age of steam, particularly the 19th century, was marked by the rise of vast concentration of economic control, and the control always resided in the then industrialized countries. There occurred, too, the parallel growth of vast agglomerations of population—of urbanization in the railway era, which was but another expression of the age of steam.

During the first quarter of the 20th century, and despite the tremendous havoc wrought by the Great War, there arose a growing realization of momentous changes in our economic life. Great technical changes in the wide fields of electrical progress and in industrial chemistry were opening up wide vistas in a new world of industry, rendering necessary new appraisals of the economics of natural resources, and indicating new trends as new forces and new factors entered the industrial picture.

The Depression forced anew the challenge of a rapidly changing America—a challenge of such broad magnitude, the currents of which flow so deep, that the future course of America will necessarily be determined to a large degree by the manner in which the challenge is met. These challenges are not only national problems of vast import; they are challenges that have to be met by the various major sections of the country, by the States within these sections or major regions, and by individual communities within the States. These challenges were envisioned by F. J. Turner more than a quarter of a century ago when he said: "It is necessary next to notice that in the midst of all this national energy, and contemporaneous with the tendency to turn to the national government for protection to democracy, there is a clear evidence of the persistence and the development of sectionalism. Whether we observe the grouping of the votes in Congress and in general elections, or the organization and utterances of business leaders, or the association of scholars, churches, or other representatives of the things of the spirit, we find that American life is not only increasing in its national intensity but that it is integrating by sections. In part this is due to the factor of great spaces which make sectional rather than national organization the line of least resistance; but, in part, it is also the expression of the separate economic, political, and social interests and the separate spiritual life of the various geographic provinces or sections. The votes on the tariff, and in general the location of the strongholds of the Progressive Republican movement, illustrate this fact. The difficulty of a national adjustment of railway rates to the diverse interests of different sections is another example. Without attempting to enter upon a more extensive discussion of sectionalism, I desire to simply point out that there are evidences that now, as formerly, the separate geographical interests have their leaders and spokesmen, that much Congressional legislation is determined by the contests, triumphs, or compromises between the rival sections, and that the real federal relations of the United States are shaped by the interplay of sectional with national forces rather than by

the relation of State and Nation. As time goes on and the Nation adjusts itself more durably to the conditions of the differing geographic sections which make it up, they are coming to a new self-consciousness and a revived selfassertion. *Our national character is a composite of these sections.*" (Italics mine.)

During the 19th century the challenge to American agriculture had been to produce enough for the rapidly growing demands for foodstuffs and fibers: now, the vast production capacity of United States agriculture has, indeed, become a national problem.

Since the turn of the century the picture of the United States as an industrialized Nation has wrought itself into clearer perspective. Even agriculture has become largely industrialized, and rural life will be even more transformed by further industrialization.

The pattern of American industry and all that goes with it is still pretty largely the pattern which grew up in the age of steam. But that industrial pattern is changing, and while the changes appear to be slow, significant changes are taking place. As Dr. E. W. Zimmermann put it some years ago: "To a large degree, the industrial map of today is still steam-oriented. The industrial map of tomorrow will be electricity-oriented. Steam centralizes; electricity decentralizes. Our secondary center of industry in the Southeast built largely on a basis of hydroelectricity and the new industrialization of the Southwest just getting under way furnish eloquent testimony of the decentralizing effects of electrification. . . . Moreover, the increased use of oil has materially contributed to this mobilization of energy, and further progress along the lines of Dieselization will greatly stimulate the *wanderlust* of industries not definitely tied to certain raw materials." And in this connection, it may be mentioned that significant advances made in industrial technology and in transportation have accentuated the growth of raw-material-oriented industries.

THE 20TH CENTURY

The 20th century has witnessed the production and use of energy on a scale unexampled in history. The history of the new uses of mechanical energy goes back to crude contraptions of the steam engines of the 18th century. But since the beginning of this century energy production and the ways and means of its transformation have risen so rapidly and have been diffused so widely as to produce a distinctly overwhelming tempo in economic life.

This widening application of energy together with the diversity of energy sources rendered available by modern technology have wrought a mobility in economic life that penetrates to the farthest corner of the Nation. It has been this diffusive effect on modern industry that bids fair to transform the life of every community, be it large or small, near or far, from the great nuclei that were so distinctly a product of the 19th century.

The whole complex of the new economics of energy is embraced in the concept of Geographic Dispersion of Industry. And just as the Westward Movement characterized by and large the history of the United States during the 19th century (and although prophecies are dangerous), from the vantage ground of the present, it appears that geographic dispersion of industry may be the characteristic feature of American history of the present century.

Considered from a world point of view geographic dispersion of industry appears as an irresistible force that is penetrating in no small way into the far corners of the earth. As a force that transcends national boundaries it is a decisive factor to be reckoned with by statesmen and economists alike; it is an outstanding feature to be considered by nations whether they be dominantly insular, continental, or colonial economies, whether they are protectionist or free traders, whether they are democracies, totalitarian, or what not.

The operation of the factors which comprise geographic dispersion of industry is no panacea for ills, economic, social, or otherwise; but it is the path we have to take whether we like it or not.

Space forbids even an outline of the numerous other factors concerned in this seemingly irresistible movement toward a more inclusive industrialization. Bulk- ing large, however, in the national picture is the fact of interdependence of the major regions which comprise our American economy. Furthermore each region is of necessity vitally interested in its own future. But how can a region appraise its own future? Dr. Zimmermann has answered as follows: "Since the Mechanical Revolution has been spreading over the earth no question is of greater significance for the future of any region than that of its industrializability. For industry means the use of inanimate energy or mechanical power, the coming of the machine, the lavish use of capital. It may mean greater risks, acceleration of tempo, excessive dynamics, but it also means an inherent superiority in market-exchange-price economy based on partial emancipation of the vagaries of organic life and on greater possibilities of conscious, especially scientific, control."

AN APPRAISAL OF RESOURCES

That the industrializability of a region is dependent upon its resources can hardly be denied, but in appraising the resources of a region for industrialization it must be emphasized that mere cataloging of even the known resources cannot suffice. Again quoting Dr. Zimmermann: "It is strange that in appraising the wealth or the resources of a region we still cling with surprising tenacity to the old method. We think that by counting acres of land, tons of coal, barrels of oil, degrees of temperature we can appraise the resources of a country or region. In reality the inventory method breaks down in this case with as much, if not greater, force as it does in the evaluation of individual wealth. The appraisal of regional resources like that of private property values must recognize the functional nature of wealth, its relativity, its dependence on the market. We hear much of the great resources of the South. How great are they when evaluated, not by the inventory method, but in terms of functional and relative economic values? What are they worth in the estimation of that mysterious appraiser—the market?"

The appraisal of resources must necessarily be approached from the point of view of changes in the technologic arts and of how these in turn bring about widespread institutional adjustments. For instance, "The commercialization of a perfected mechanical cotton picker would, overnight, radically alter the resource scheme of the South." It would, for instance, give the cotton growing regions of the Gulf Southwest, with their natural advantages for the efficient use of large power machinery (owing to the large areas of their plains and prairies), an advantage in cotton production not equalled elsewhere on the globe. Who can say what the effects of technical advances that are bound to come in the oil refining industry will be upon the evaluation of the mighty oil resources of Texas? Some of the recent advances in technology, as for instance, in polymerization processes and in the still more recent Houdry catalytic cracking processes have already begun to have an effect.

Or what the reaction of the new textile fibers—for example, du Pont's "Nylon," a superior fiber made from coal and air and water—will have upon the world's textile industries—a problem in which Texas is vitally interested.

IN CONCLUSION

Viewed from the wider vantage ground of inclusive economic trends of a long term nature—trends that appear to be irresistible—the wealth of the natural endowment of Texas takes on a new meaning. The variety of rich resources in large quantities in combination with the geographic position of the State, together with the productive capacity already attained, are of such a magnitude that Texas offers advantages to modern industry on a scale unequalled since the establishment of the older heavy industries in the Pittsburgh district during the last quarter of the 19th century. Significant readjustments in the national picture of industry which are already under way point out some of the highways that will lead to the further upbuilding of Texas in the world of industry; still other readjustments exist as challenges that will tax the best thought and consideration available. And as the 20th century advances, new technology and new attitudes of mind may well open new vistas in this Southwestern Empire for it appears that the time is ripe for Texas to take the leadership in realizing its own extraordinary possibilities, that it will place its research talent and educational attainments on a plane commensurate with the problems that inevitably will have to be met in coming years. It is apparent that the vision and the leadership with which these increasingly complex problems are met in the near future will determine to a highly significant degree the Texas of tomorrow and the part it is destined to play in a developing and progressive democracy.

ELMER H. JOHNSON.

Cotton

Restoration of income and employment in Texas due to the loss of markets for cotton and the decline in the price of it constitute the major problems of Texas. The farm cash income from the sale of cotton and

cottonseed in Texas from the crop of 1938 will be over \$300,000,000 less than the average for the crops of 1927, 1928, and 1929. Exports of American cotton for the year closing July 31, 1939, will be approximately

3,700,000 bales compared with an average of 7,425,000 bales during the three years prior to the depression and an all-time high of 10,927,000 bales of the crop of 1926. It must be remembered that the export market was Texas' market, for normally nine out of ten bales produced in Texas go to export.

What portion of foreign markets can be regained and at what price? What other sources of employment and income can be developed in Texas to aid substantially in restoring losses sustained from declines in cotton? There is no ground for believing that all of the lost export market can be restored. What are the alternatives? A few comparative figures will throw some light on that subject. The price of cotton now as compared with 1909-14 is 54 per cent of parity, as computed from data issued by the United States Department of Agriculture. Corn is 49 per cent of parity price; wheat, 47 per cent; peanuts, 55 per cent; beef cattle, 96 per cent; hogs, 80 per cent; butterfat, 71 per cent; wool, 88 per cent; chickens, 93 per cent; and eggs, 75 per cent. Judged on the basis of prices the major alternative in agriculture seems to be more livestock. On the other hand, the higher prices in the animal industries are the result in no small degree of droughts.

The other major alternative is greater industrial and commercial development. Industrial wages are about 200 per cent of 1909-14, and prices of most industrial products are also well above 1909-14 level as was shown in the December TEXAS BUSINESS REVIEW.

A. B. Cox.

COTTON BALANCE SHEET

The indicated supplies of cotton in the United States on January 1, 1939, were 13,911,000 bales compared with 17,443,000 bales last year, 11,794,000 bales two years ago, and an all-time high prior to the last two years of 17,090,000 bales in 1932.

Stocks of cotton in the United States increased 1,463,000 bales from January last year, but stocks of American cotton in European ports and afloat to Europe decreased 445,000 bales, having a net increase in these two items of 1,018,000 bales.

Price calculations based on seven year average changes in index prices of cotton resulting from average changes in supplies indicate a New Orleans spot price ranging between 7.40 and 8.10 cents.

SPINNERS MARGIN

Spinners ratio margin on American cotton based on the ratio of the price of 32's twist yarn in Manchester, England, and middling 7/8 inch cotton in Liverpool averaged 176 during December compared with 181 in November and 233 in December last year. The pence margin in December averaged 3.93d compared with 4.13d for November and 6.40d for December, 1937. These figures indicate declining consumption of American cotton in England.

DIRECTORY OF TEXAS MANUFACTURERS, 1938

Published by the Bureau of Business Research, The University of Texas,
Austin, Texas. Price \$2.00.

The Directory of Texas Manufacturers as of December 1, 1938, including more than 7,000 names, illustrates the changes which have taken place in Texas industry during the last three years and the trends which these changes indicate.

The Directory is compiled by the Bureau of Business Research but is the work of many, since the information contained is brought together through the coöperation of the chambers of commerce in all parts of the State, the various trade associations of Texas, the postmasters of hundreds of the smaller towns which do not have chambers of commerce, and the individual reports from thousands of plants. Each manufacturer was asked to report a complete list of the products of his factory, the principal trade names used, and the approximate distribution area of the products manufactured. Items manufactured by the firms listed, according to these reports, vary from one to fifty different subjects.

Because many Texas products are known by their trade name rather than by the name of the manufacturer, in instances where it has been possible to obtain the necessary information, the trade name is included following the name of the manufacturing plant.

In the first part, or name section of the Directory, listing the names of the manufacturers by cities, numbers have been included indicating the pages on which the products of each firm are listed. The numbers follow the symbol used to describe the approximate distribution of the products of the firm. By referring to the pages indicated, complete information regarding any particular manufacturing plant is readily available.

A second volume listing the wholesale and distributing firms located in Texas is being prepared and will be announced in the REVIEW when completed.

COTTON BALANCE SHEET FOR THE UNITED STATES AS OF JANUARY 1

(In Thousands of Running Bales Except as Noted)

	Carryover Aug. 1	Imports to Jan. 1*	Government Estimate as of Jan. 1†	Total	Consumption to Jan. 1	Exports to Jan. 1	Total	Balance Jan. 1
1929-1930	2,313	140	14,919	17,372	2,738	4,162	6,900	10,472
1930-1931	4,530	19	14,243	18,792	2,010	3,947	5,957	12,835
1931-1932	6,369	34	16,918	23,321	2,191	4,037	6,228	17,093
1932-1933	9,682	38	12,727	22,447	2,342	4,246	6,588	15,859
1933-1934	8,176	55	13,177	21,408	2,415	4,180	6,595	14,813
1934-1935	7,746	49	9,731	17,526	2,134	2,399	4,533	12,993
1935-1936	7,138	42	10,734	17,914	2,424	3,461	5,885	12,029
1936-1937	5,397	57	12,407	17,861	2,897	3,177	6,074	11,787
1937-1938	4,498	40	18,746	23,284	2,644	3,185	5,836	17,448
1938-1939	11,533	65	12,008	23,606	2,799	1,896	4,695	18,911

The cotton year begins August 1.

*In 500-pound bales.

†In running bales, counting round bales as half bales.

NOTE: The figures have been revised in accordance with the revisions made by the United States Bureau of Census.

BUILDING PERMITS

	Dec. 1938	Dec. 1937	Nov. 1938	1938	Year 1937
Abilene	\$ 35,798	\$ 29,945	\$ 69,615	\$ 781,674	\$ 451,652
Amarillo	734,280*	57,397	368,205	2,515,690*	1,188,199
Austin	703,083	148,205	515,073	5,994,275	3,868,038
Beaumont	72,376	449,683	70,139	1,261,893*	1,432,264*
Big Spring	18,375*	20,840	18,382	349,122*	220,320
Brownsville	13,859*	12,044	5,068*	†	†
Brownwood	5,850	4,077	56,875	†	22,333
Cleburne	843	49,455	5,105	†	90,077§
Corpus Christi	157,910	87,348*	491,461	3,013,468*	2,815,900*
Corsicana	21,700	3,375	17,282	224,173*	109,795
Dallas	1,325,040	877,316	1,161,500	12,351,751	11,475,959
Del Rio	5,100	5,265	1,690	112,713*	111,524*
Denison	11,150	10,621	7,245	215,456	80,632
Denton	17,900	11,100	18,350	215,820	117,463*
El Paso	138,662	154,973	88,156	1,667,549*	1,579,369
Fort Worth	585,564	398,190	282,934	5,723,695	6,711,401
Galveston	391,557‡	471,088	266,247	2,518,984‡	1,677,836*
Gladewater	24,860	9,500	2,100	†	†
Graham	1,100	9,125	19,295	146,039	213,260*
Harlingen	13,030	5,460	14,991	252,845	349,802*
Houston	1,515,398	1,536,881	1,679,965	25,079,203	18,727,135
Jacksonville	248,690‡	425	3,670	311,912‡	126,368
Kenedy	8,900	500	600	†	†
Kilgore	44,000*	20,000	184,150*	†	†
Laredo	1,000	250	7,825	64,180	99,765
Longview	20,745	12,300	11,675	†	†
Lubbock	520,849	531,957	302,955	3,582,367	2,049,356
McAllen	126,570	19,430	9,765	415,192	354,645
Marshall	41,721	7,662	32,257	368,886*	354,469
New Braunfels	2,200	2,525	12,780	118,610*§	†
Palestine	2,146	1,179	20,158	259,391	174,010
Pampa	18,500*	21,250	20,800	224,325*	288,135*
Paris	4,310*	6,320	5,065	110,383*	161,900
Plainview	575	2,350	4,250	65,971*	88,521*
Port Arthur	113,475	37,908	68,725	1,510,214	897,068
San Angelo	18,675	66,522	37,767	406,065*	405,313
San Antonio	409,078	275,255*	188,147	4,506,477*	4,045,135*
San Benito	100§	†	1,240§	†	†
Sherman	10,065	76,442	22,368	413,600	379,573
Snyder	14,480	—	300	41,405*	42,675
Sweetwater	13,815	9,842	3,900	168,836*	165,214
Tyler	35,170	95,439	250,728	1,305,589*	1,178,250
Waco	85,200	20,227	99,357	1,445,423	1,171,701
Wichita Falls	336,468*	14,045	84,611	1,188,881*	313,095
TOTAL	\$ 7,780,067	\$ 5,569,639	\$ 6,478,733	\$78,870,322	\$63,448,075

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

*Does not include public works.

†Not available.

‡Includes public works.

§Not included in total.

POSTAL RECEIPTS

	Dec. 1938	Dec. 1937	Nov. 1938	1938	Year 1937
Abilene	\$ 22,418	\$ 22,851	\$ 16,827	\$ 215,959	\$ 206,242
Amarillo	43,744	40,883	27,753	381,823	358,593
Austin	79,151	63,672	64,136	788,209	674,351
Beaumont	34,979	33,677	23,488	311,588	295,367
Big Spring	9,677	9,204	5,668	75,620	69,437
Brownsville	8,831	9,129	5,664	71,885	70,762
Brownwood	8,983	7,976	5,996	74,167	70,014
Childress	3,440	3,759	3,522	†	†
Cleburne	4,867	4,977	2,886	†	†
Corpus Christi	31,097	30,881	22,144	288,565	265,698
Corsicana	8,950	8,871	6,375	67,970	65,772
Dallas	467,169	481,862	373,341	4,325,712	4,362,489
Del Rio	5,302	6,539	3,062	44,393	54,162
Denison	8,107	7,080	5,413	62,376	57,372
Denton	7,281	7,212	5,815	79,632	76,130
El Paso	70,395	81,957	46,966	540,049	556,585
Fort Worth	186,732	193,735	155,216	1,697,549	1,722,199
Galveston	44,267	44,226	30,184	354,791	335,574
Gladewater	4,475	4,448	2,665	36,907	35,472
Graham	3,200	3,358	2,025	28,631	27,370
Harlingen	8,212	9,452	5,824	69,842	67,580
Houston	323,679	310,187	227,376	2,818,691	2,718,371
Jacksonville	3,772	3,678	3,328	40,845	41,599
Kenedy	1,532	1,510	1,294	†	†
Longview	13,300	13,780	8,491	122,605	117,472
Lubbock	22,033	22,661	16,805	206,764	182,769
McAllen	8,811	6,023	3,808	55,446	48,043
Marshall	8,244	8,370	5,592	72,104	69,603
Palestine	6,330	5,779	4,566	63,543	62,666
Pampa	9,606	10,575	5,405	78,474	82,200
Paris	8,456	8,109	6,249	71,696	71,820
Plainview	5,698	6,006	4,241	50,114	48,761
Port Arthur	21,681	21,472	12,531	159,028	148,372
San Angelo	16,798	16,413	10,891	139,903	133,839
Sherman	10,860	10,313	6,874	88,768	88,471
Sweetwater	7,001	6,316	4,905	59,909	59,549
Temple	8,434	9,653	7,113	†	†
Tyler	20,891	21,589	17,152	197,247	195,297
Waco	44,461	42,797	33,545	404,702	390,035
Wichita Falls	30,714	30,515	26,621	297,408	259,659
TOTAL	\$ 1,633,578	\$ 1,631,495	\$ 1,221,757	\$14,442,915	\$14,089,695

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

†Not available.

DECEMBER CREDIT RATIOS IN TEXAS RETAIL STORES

(Expressed in Per Cent)

	Number of Stores Reporting	Ratio of Credit Sales to Net Sales 1938	Ratio of Credit Sales to Net Sales 1937	Ratio of Collections to Outstandings 1938	Ratio of Collections to Outstandings 1937	Ratio of Credit Salaries to Credit Sales 1938	Ratio of Credit Salaries to Credit Sales 1937
All Stores	68	62.6	62.1	41.0	42.1	0.9	0.9
Stores Grouped by Cities:							
Abilene	3	56.0	55.4	30.5	30.9	1.2	1.1
Amarillo	3	55.1	55.9	44.6	43.5	1.2	1.2
Austin	6	55.1	55.3	46.2	45.5	0.9	0.7
Dallas	10	68.8	68.7	39.5	42.2	0.8	0.8
Fort Worth	5	59.0	58.4	42.9	43.8	0.9	0.9
Houston	8	60.5	59.8	41.3	42.4	1.0	1.3
San Antonio	6	61.5	60.8	47.0	44.6	0.7	0.6
Waco	4	58.8	59.1	32.5	31.3	0.8	0.9
All Others	23	59.0	56.9	41.6	42.8	1.0	0.9
Stores Grouped According to Type of Store:							
Department Stores (Annual Volume Over \$500,000)	17	61.9	60.9	43.9	45.0	0.9	0.8
Department Stores (Annual Volume Under \$500,000)	12	57.6	56.6	39.0	37.6	1.1	1.1
Dry Goods-Apparel Stores	6	59.7	58.0	44.2	38.7	0.9	1.3
Women's Specialty Shops	15	67.0	67.5	34.3	36.9	0.7	0.7
Men's Clothing Stores	18	63.8	64.6	39.6	40.0	1.1	1.2
Stores Grouped According to Volume of Net Sales During 1937:							
Over \$2,500,000	10	64.0	63.3	42.8	45.6	0.8	0.7
\$2,500,000 down to \$1,000,000	8	58.6	56.9	39.9	42.4	0.8	0.7
\$1,000,000 down to \$500,000	10	57.4	55.3	42.3	43.6	0.9	0.9
\$500,000 down to \$100,000	30	57.2	57.0	39.9	39.3	1.0	1.2
Less than \$100,000	10	54.3	52.3	43.6	43.0	2.1	2.1

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.

DECEMBER SHIPMENTS OF LIVE STOCK CONVERTED TO A RAIL-CAR BASIS§

	Cattle		Calves		Hogs		Sheep		Total	
	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937
Total Interstate Plus Fort Worth¶	4,742	3,615	969	859	419	341	493	281	6,623	5,096
Total Intrastate Omitting Fort Worth	561	662	62	133	37	22	75	114	735	931
TOTAL SHIPMENTS	5,305	4,277	1,031	992	456	363	568	395	7,358	6,027

TEXAS CAR-LOT§ SHIPMENTS OF LIVE STOCK, YEAR 1938

	Cattle		Calves		Hogs		Sheep		Total	
	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937
Total Interstate Plus Fort Worth¶	57,473	59,551	13,523	12,675	6,553	7,132	11,962	10,985	89,511	90,343
Total Intrastate Omitting Fort Worth	8,775	9,673	1,502	1,749	561	532	1,798	2,630	12,636	14,584
TOTAL SHIPMENTS	66,248	69,224	15,025	14,424	7,114	7,664	13,760	13,615	102,147	104,927

§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 Bureau of Agricultural Economics by railway officials through more than 1,500 station agents, representing every livestock shipping point in the State. The data are compiled by the Bureau of Business Research.

CONSUMPTION OF ELECTRIC POWER IN TEXAS

Power Consumed
(In Thousands of K.W.H.)

	Dec. 1938	Dec. 1937	Nov. 1938	Year 1938	Year 1937	Percentage Change Dec. 1938 from Dec. 1937	Percentage Change Dec. 1938 from Nov. 1938	Year 1938 from Year 1937
Commercial	45,580	43,042	47,028	576,739	515,783	+ 5.9	- 3.1	+ 11.8
Industrial	96,361	96,564	99,624	1,214,363	1,243,694	- 0.2	- 3.3	- 2.4
Residential	35,588	32,218	35,644	416,757	371,744	+ 10.5	- 0.2	+ 12.1
All Other	25,314	25,074	25,760	323,392	318,547	+ 1.0	- 1.7	+ 1.5
TOTAL	202,843	196,898	208,056	2,531,251	2,449,768	+ 3.0	- 2.5	+ 3.3

NOTE: Prepared from reports from 17 electric power companies to the Bureau of Business Research.

DECEMBER RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	December, 1938				Year 1938			
	Number of Firms Re- porting	Dollar Sales	Percentage Change in Dollar Sales from Dec. 1937	from Nov. 1938	Number of Firms Re- porting	Dollar Sales	Percentage Change in Dollar Sales from Year 1937	
TEXAS	1,171	\$22,321,654	+ 0.3	+ 34.8	1,117	\$177,579,994	- 6.6	
STORES GROUPED BY LINE OF GOODS CARRIED:								
APPAREL	140	3,748,186	- 4.2	+ 46.9	134	28,114,013	- 2.9	
Family Clothing Stores	31	469,720	- 8.2	+ 41.9	29	2,922,674	- 7.5	
Men's and Boys' Clothing	54	1,494,756	- 5.9	+ 60.0	52	10,403,075	- 3.3	
Shoe Stores	20	179,687	+ 2.7	+ 45.6	20	1,611,412	- 0.8	
Women's Specialty Shops	35	1,604,023	- 2.0	+ 37.8	33	13,176,852	- 1.7	
AUTOMOTIVE	132	3,699,628	+ 3.9	+ 6.9	123	34,347,672	- 16.9	
Filling Stations	44	129,732	+ 0.2	- 2.8	38	1,562,031	- 0.2	
Motor Vehicle Dealers	88	3,569,896	+ 4.1	+ 7.3	85	32,785,641	- 17.5	
COUNTRY GENERAL AND FARMERS' SUPPLIES	105	771,854	+ 1.4	+ 12.2	102	7,991,553	- 10.3	
DEPARTMENT STORES	67	8,680,740	- 1.3	+ 57.4	67	58,854,801	- 2.3	
DRUG STORES	139	555,534	- 0.5	+ 33.6	133	5,043,182	- 0.5	
DRY GOODS AND GENERAL MERCHANDISE	15	106,096	- 4.5	+ 61.7	13	654,833	- 6.9	
FLORISTS	35	80,631	+ 14.1	+ 87.7	33	526,917	+ 1.7	
FOOD	166	1,039,554	- 2.5	+ 11.7	161	11,191,746	- 6.5	
Grocery Stores	48	236,913	+ 0.9	+ 12.3	46	2,406,253	- 6.4	
Grocery and Meat Stores	118	802,641	- 3.4	+ 11.6	115	8,785,493	- 6.6	
FURNITURE AND HOUSEHOLD	58	1,076,666	- 2.6	+ 27.4	53	9,111,709	- 10.7	
Furniture Stores	45	923,841	- 2.0	+ 26.3	44	7,836,852	- 10.6	
Household Appliance Stores	7	90,160	- 15.0	+ 23.2	6	938,200	- 13.7	
Other Home Furnishings Stores	6	62,665	+ 10.4	+ 53.4	3	336,657	- 3.7	
JEWELRY	45	748,389	- 5.8	+ 202.8	43	2,392,089	- 8.7	
LUMBER, BUILDING, AND HARDWARE	230	1,497,456	+ 21.6	- 3.7	220	17,301,707	- 1.1	
Farm Implement Dealers	10	46,182	- 11.5	+ 2.4	10	646,527	- 26.4	
Hardware Stores	69	378,155	+ 3.7	+ 6.4	66	3,912,396	- 9.4	
Lumber and Building Material Dealers	151	1,073,119	+ 31.7	- 7.0	144	12,742,784	+ 3.6	
RESTAURANTS	20	91,773	- 6.6	+ 0.2	17	976,424	- 6.2	
ALL OTHER STORES	19	225,147	+ 13.7	+ 49.0	18	1,073,348	+ 3.5	
TEXAS STORES GROUPED ACCORDING TO POPU- LATION OF CITY:								
All Stores in Cities of—								
OVER 100,000 POPULATION	268	12,963,834	+ 1.2	+ 43.3	251	95,565,993	- 4.4	
50,000-100,000 POPULATION	109	2,461,909	+ 3.6	+ 39.9	104	18,811,345	- 4.3	
2,500-50,000 POPULATION	502	5,350,504	- 4.4	+ 23.6	479	47,154,725	- 10.8	
LESS THAN 2,500 POPULATION	292	1,545,407	+ 5.0	+ 8.6	283	16,047,931	- 9.0	

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

DECEMBER CARLOAD MOVEMENT OF POULTRY AND EGGS

Destination*	Cars of Poultry						Cars of Eggs†			
	Live			Dressed						
	Chickens		Turkeys	Chickens		Turkeys				
	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937
Shipments from Texas Stations										
TOTAL	1	6	9	4	26	39	378	539	35.0	29.5
Intrastate	—	—	—	—	—	—	1	—	6.5	12.0
Interstate	1	6	9	4	26	39	377	539	28.5	17.5
Origin Receipts at Texas Stations										
TOTAL	—	—	—	—	—	6	2	—	31.1	65.0
Intrastate	—	—	—	—	—	4	1	—	7.1	8.0
Interstate	—	—	—	—	—	2	1	—	24.0	57.0

*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 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 CHARTERS

	Dec. 1938	Dec. 1937	Nov. 1938	Year 1938	Year 1937*
Domestic Corporations—					
Capitalization	\$1,787	\$2,805	\$2,370	\$28,185	\$27,449
Number	100	98	96	1,422	1,496
Classification of new corporations:					
Banking-Finance	6	2	1	44	56
Manufacturing	18	20	12	265	247
Merchandising	17	29	21	335	394
Oil	23	18	26	335	320
Public Service	—	—	1	7	17
Real Estate-Building	14	5	8	119	121
Transportation	1	3	5	36	34
All Others	21	21	22	281	307
Number capitalized at less than \$5,000	36	30	41	535	540
Number capitalized at \$100,000 or more	4	6	4	46	58
Foreign Corporations (Number)	16	29	23	282	397

*Revised.

||In thousands.

Note: Compiled from records of the Secretary of State.

COMMODITY PRICES

	Dec. 1938	Dec. 1937	Nov. 1938
WHOLESALE PRICES:			
U. S. Bureau of Labor Statistics (1926 = 100)	77.0	81.7	77.5
The Annalist (1926 = 100)	79.6	85.5	79.9
FARM PRICES:			
U. S. Department of Agriculture (1910-14 = 100)	96.0*	104.0	94.0
U. S. Bureau of Labor Statistics (1926 = 100)	67.6	72.8	67.8
RETAIL PRICES:			
Food (U. S. Bureau of Labor Statistics, 1923-25 = 100)	78.6*	82.6	77.8
Department Stores (Fairchild's Publications, Jan. 1931 = 100)	88.9	93.2	88.9

*Preliminary.

STOCK PRICES

	Dec. 1938	Dec. 1937	Nov. 1938
Standard Indexes of the Securities Markets:			
419 Stocks Combined	92.0	82.2	94.7
347 Industrials	110.6	95.2	113.6
32 Rails	28.8	31.2	30.0
40 Utilities	77.9	78.8	80.9

Note: From Standards Statistics Co., Inc.

PETROLEUM
Daily Average Production
(In Barrels)

	Dec. 1938	Dec. 1937	Nov. 1938
Coastal Texas*	216,900	193,740	220,850
East Central Texas	93,750	91,900	94,230
East Texas	390,200	446,810	400,290
North Texas	77,300	72,860	75,730
Panhandle	63,850	71,010	65,610
Southwest Texas	238,400	244,640	238,660
West Central Texas	30,550	32,960	30,830
West Texas	207,900	191,820	216,590
STATE	1,318,850	1,345,740	1,342,790
UNITED STATES	3,296,050	3,434,100	3,322,430
Imports	173,821	156,657	154,743

*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: November, 1938, 102,134,000 gallons; November, 1937, 100,842,000 gallons; October, 1938, 105,387,000 gallons.



TEXAS COMMERCIAL FAILURES

	Dec. 1938	Dec. 1937	Nov. 1938*	Year 1938	Year 1937*
Number	22	20	25	221	169
Liabilities	\$172	\$282	\$201	\$2,495	\$3,058
Assets	\$ 83	\$145	\$112	\$1,457	\$ 894
Average Liabilities per Failure	\$ 8	\$ 14	\$ 8	\$ 11	\$ 18

*Revised.

||In thousands.

Note: From Dun and Bradstreet, Inc.

LUMBER

(In Board Feet)

	Dec. 1938	Dec. 1937	Nov. 1938
Southern Pine Mills:			
Average Weekly Production per unit	281,426	233,364	280,699
Average Weekly Shipments per unit	254,847	203,177	306,306
Average Unfilled Orders per Unit, End of Month	615,612	611,772	637,088

Note: From Southern Pine Association.

DECEMBER RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	December, 1938				Year 1938			
	Number of Firms Reporting	Dollar Sales	Percentage Change in Dollar Sales from Dec. 1937 to Nov. 1938		Number of Firms Reporting	Dollar Sales	Percentage Change in Dollar Sales from Year 1937	
TOTAL TEXAS	1,171	\$22,321,654	+ 0.3	+ 34.8	1,117	\$177,579,994	- 6.6	
TEXAS STORES GROUPED BY PRODUCING AREAS:								
DISTRICT 1-N	69	643,616	- 7.2	+ 27.5	67	6,063,838	- 17.4	
Amarillo	15	275,436	- 1.4	+ 48.4	15	2,133,456	- 14.3	
Pampa	12	195,607	- 20.7	+ 7.2	12	2,157,864	- 25.8	
Plainview	13	65,881	- 11.7	+ 16.9	13	701,272	- 8.4	
All Others	29	106,692	+ 11.5	+ 33.0	27	1,071,246	- 9.1	
DISTRICT 1-S	20	572,723	- 23.7	+ 18.8	19	4,794,907	- 9.3	
Big Spring	7	114,000	- 13.2	+ 25.4	7	1,060,134	- 13.8	
Lubbock	10	432,993	- 27.4	+ 18.6	9	3,520,504	- 7.5	
All Others	3	25,730	+ 8.5	- 0.7	3	214,269	- 15.5	
DISTRICT 2	103	927,552	- 3.7	+ 15.6	97	8,428,488	- 5.4	
Abilene	17	289,157	+ 1.4	+ 38.4	16	2,296,430	- 10.6	
Childress	3	15,035	+ 0.3	- 10.6	3	192,140	+ 10.9	
Vernon	7	48,503	- 12.2	+ 15.7	7	438,915	+ 1.9	
Wichita Falls	17	246,695	+ 0.6	+ 10.5	15	2,298,226	+ 1.0	
All Others	59	328,162	- 9.6	+ 5.4	56	3,202,777	- 7.4	
DISTRICT 3	39	373,600	+ 9.3	+ 16.0	38	3,424,705	- 11.4	
Brownwood	8	64,823	+ 17.5	+ 17.9	7	440,813	- 17.7	
Eastland	7	23,712	+ 27.3	+ 28.0	7	217,537	+ 7.2	
Stephenville	6	53,712	+ 7.4	+ 28.2	6	450,315	- 12.1	
All Others	18	231,353	+ 6.0	+ 12.0	18	2,316,040	- 11.3	
DISTRICT 4	287	7,939,893	+ 2.6	+ 44.1	274	58,321,294	- 5.7	
Cleburne	9	56,686	+ 2.6	+ 52.6	8	399,763	- 9.1	
Corsicana	9	94,412	+ 0.3	+ 51.9	9	676,994	- 9.9	
Dallas	52	4,436,614	+ 0.2	+ 46.7	46	31,987,850	- 5.3	
Denison	8	52,105	+ 28.3	+ 35.8	8	465,987	- 0.1	
Ennis	7	29,874	- 13.6	+ 17.9	6	290,321	- 17.6	
Fort Worth	55	1,988,107	+ 4.5	+ 51.7	52	13,383,156	- 3.4	
Sherman	7	46,848	- 11.3	+ 27.1	7	486,523	- 12.1	
Taylor	7	57,631	+ 22.8	+ 0.8	7	540,928	- 2.0	
Temple	11	76,078	+ 1.8	+ 31.8	11	627,730	- 6.3	
Waco	29	555,535	+ 5.2	+ 51.2	28	4,101,346	- 6.1	
All Others	93	546,003	+ 13.6	+ 10.7	92	5,360,696	- 12.2	
DISTRICT 5	118	1,236,588	- 2.2	+ 22.5	114	10,838,656	- 12.0	
Bryan	9	85,976	+ 9.3	+ 25.3	9	755,676	+ 4.5	
Henderson	5	90,461	- 19.6	+ 17.8	4	740,618	- 24.6	
Longview	8	68,127	- 13.8	+ 19.0	8	653,876	- 16.0	
Marshall	11	95,425	- 4.1	+ 56.2	11	665,004	- 7.8	
Nacogdoches	5	76,567	+ 22.4	+ 6.5	4	613,090	- 3.5	
Tyler	19	315,365	- 2.5	+ 45.0	19	2,753,519	- 13.6	
All Others	61	504,667	- 0.9	+ 10.7	59	4,656,873	- 11.9	
DISTRICT 6	41	1,401,999	- 9.0	+ 30.6	38	11,614,591	- 9.4	
El Paso	29	1,301,581	- 9.1	+ 32.5	28	10,651,959	- 9.2	
All Others	12	100,418	- 8.7	+ 10.2	10	962,632	- 11.4	
DISTRICT 7	56	466,281	+ 2.8	+ 28.4	56	4,133,954	- 5.7	
Brady	6	25,425	+ 12.9	+ 12.0	6	272,643	+ 2.7	
San Angelo	14	234,398	- 0.7	+ 41.5	14	1,921,969	- 3.4	
All Others	36	206,458	+ 5.8	+ 18.1	36	1,939,342	- 8.8	
DISTRICT 8	219	3,656,082	+ 5.8	+ 33.1	207	30,184,347	- 4.9	
Austin	23	732,099	+ 10.3	+ 38.8	23	5,655,848	+ 2.7	
Commerce	5	17,999	+ 14.0	+ 14.2	4	132,975	+ 4.4	
Corpus Christi	11	85,544	- 11.5	+ 9.8	10	896,154	- 18.7	
Cuero	8	46,041	+ 8.8	+ 25.2	8	401,485	+ 3.7	
Lockhart	8	74,287	+ 18.9	+ 21.3	8	653,560	- 16.2	
San Antonio	77	2,119,385	+ 3.8	+ 37.7	72	16,939,673	- 5.1	
San Marcos	6	28,727	- 16.0	+ 17.8	6	326,512	- 16.9	
All Others	81	552,000	+ 11.2	+ 18.8	76	5,178,140	- 7.4	
DISTRICT 9	162	4,654,523	+ 2.3	+ 37.0	154	35,482,816	- 2.6	
Beaumont	19	488,039	+ 2.5	+ 54.9	19	3,410,831	- 6.1	
Galveston	19	363,913	- 0.6	+ 18.8	16	2,864,804	- 8.7	
Houston	55	3,118,147	+ 3.7	+ 42.1	53	22,603,355	- 0.6	
Port Arthur	19	322,323	- 6.2	+ 32.1	18	2,778,516	- 7.5	
Victoria	9	67,536	+ 39.0	+ 26.1	8	602,139	+ 1.2	
All Others	41	294,565	- 3.9	+ 3.1	40	3,223,171	- 2.9	
DISTRICT 10	57	448,797	- 11.5	+ 27.9	54	4,292,398	- 16.3	
Brownsville	10	80,914	- 19.6	+ 61.9	10	749,361	- 19.7	
Harlingen	9	71,498	- 11.4	+ 39.1	9	698,658	- 23.0	
Laredo	5	122,431	- 18.9	+ 32.6	5	973,824	- 23.9	
All Others	33	173,954	- 0.5	+ 10.7	30	1,870,555	- 6.9	

See map on page 11, December 24, 1938, issue, showing crop reporting districts of Texas.

NOTE: Prepared from reports from independent retail stores to the Bureau of Business Research, cooperating with the United States Department of Commerce.

EMPLOYMENT AND PAY ROLLS IN TEXAS

ESTIMATED EMPLOYMENT AND PAY ROLLS IN MANUFACTURING INDUSTRIES, DECEMBER, 1938 COMPARED WITH NOVEMBER, 1938, AND DECEMBER, 1937

	Estimated Number of Workers Employed			Estimated Amount of Weekly Pay Roll		
	December 1938*	November 1938†	December 1937	December 1938*	November 1938†	December 1937
<i>All Manufacturing Industries</i>	113,710	113,290	120,930	\$2,539,116	\$2,506,060	\$2,621,474
<i>Food Products</i>						
Baking.....	6,304	6,288	6,338	138,596	140,389	134,738
Beverages, Carbonated.....	1,614	1,655	1,379	26,491	27,272	21,005
Confectionery.....	1,144	1,120	1,081	14,472	13,103	13,126
Flour Milling.....	1,676	1,671	1,993	34,064	34,529	45,816
Ice Cream.....	402	441	481	9,161	9,586	9,971
Meat Packing.....	3,736	4,035	4,243	94,762	96,062	107,334
<i>Textiles</i>						
Cotton Textile Mills.....	3,827	3,948	3,874	49,512	51,047	50,933
Men's Work Clothing.....	3,215	3,274	2,764	25,091	28,062	18,695
<i>Forest Products</i>						
Furniture.....	1,639	1,681	1,586	28,477	26,820	26,596
Planing Mills.....	2,257	2,277	1,886	33,157	33,640	29,986
Saw Mills.....	10,518	10,550	10,187	124,570	124,458	123,501
Paper Products.....	644	634	577	11,002	10,500	9,817
<i>Printing and Publishing</i>						
Commercial Printing.....	1,851	1,797	1,872	49,493	49,682	53,518
Newspaper Publishing.....	4,204	4,062	4,191	127,296	117,388	123,271
<i>Chemical and Allied Products</i>						
Cottonseed Oil Products.....	2,239	2,096	2,822	28,304	27,021	39,610
Petroleum Refining.....	18,820	18,771	18,904	686,290	687,115	673,310
<i>Stone and Clay Products</i>						
Brick and Tile.....	883	703	707	12,496	9,896	8,518
Cement.....	1,146	1,159	1,402	23,607	24,836	27,780
<i>Iron and Steel Products</i>						
Foundries, Machine Shops.....	9,481	9,424	10,838	257,932	244,462	288,118
Steam Railroad Repair Shops.....	4,792	4,555	6,082	133,191	127,188	164,223
Structural and Ornamental Iron.....	1,408	1,351	1,187	28,026	27,675	28,061

CHANGES IN EMPLOYMENT AND PAY ROLLS IN
NONMANUFACTURING INDUSTRIES,
DECEMBER, 1938

	Employment Percentage Change		Pay Rolls Percentage Change	
	from Nov. 1938	from Dec. 1937	from Nov. 1938	from Dec. 1937
Crude Petroleum Production	- 2.6	- 9.4	- 2.7	- 4.4
Quarrying	- 0.9	- 15.3	- 0.7	- 7.3
Public Utilities	+ 1.1	- 3.6	+ 0.6	- 1.3
Retail Trade	+ 20.1	- 0.1	+ 13.9	- 1.8
Wholesale Trade	- †	- 1.7	+ 0.5	- 2.9
Cotton Compresses	- 3.5	- 31.5	- 3.5	- 32.9
Dyeing and Cleaning	- 2.5	+ 5.9	- 2.3	+ 8.6
Hotels	+ 0.2	- 2.7	- 0.2	- 3.4
Laundries	- 0.2	- 0.5	- 0.8	- 2.9

CHANGES IN EMPLOYMENT AND PAY ROLLS IN
SELECTED CITIES AND FOR THE STATE,
DECEMBER, 1938

	Employment Percentage Change		Pay Rolls Percentage Change	
	from Nov. 1938	from Dec. 1937	from Nov. 1938	from Dec. 1937
Abilene	- 3.2	+ 5.5	+ 0.1	- 1.3
Amarillo	\$	- 24.9	+ 2.7	- 30.8
Austin	+ 2.2	+ 4.1	+ 1.3	+ 4.4
Beaumont	- 1.1	- 7.8	- 3.1	- 7.6
Dallas	+ 6.1	- 1.5	+ 4.4	- 5.3
El Paso	+ 3.5	- 3.1	+ 3.9	- 11.0
Fort Worth	- 2.6	- 3.9	- 0.1	- 0.7
Galveston	+ 0.6	- 16.5	+ 1.7	- 12.7
Houston	+ 2.0	+ 4.9	+ 1.9	+ 8.2
Port Arthur	+ 1.2	- 9.3	+ 3.1	- 4.8
San Antonio	+ 9.9	+ 1.9	+ 6.6	+ 2.6
Sherman	\$	- 10.8	- 1.6	- 7.5
Waco	+ 4.9	+ 6.1	+ 6.8	+ 11.1
Wichita Falls	- 8.7	- 25.0	- 10.0	- 19.1
STATE	+ 3.3	- 4.2	+ 2.1	- 3.4

*Preliminary.

†Revised.

‡Less than 1/10 of one per cent.

\$No change.

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)

	December, 1938		December, 1937		November, 1938	
	Dallas District	United States	Dallas District	United States	Dallas District	United States
DEBITS to individual accounts.....	827	36,867	843	36,772	749	29,061
Condition of reporting member banks on—	December 28, 1938		December 29, 1937		November 30, 1938	
ASSETS:						
Loans and investments—total.....	536	21,649	509	21,402	528	21,325
Loans—total.....	247	8,430	253	9,387	242	8,317
Commercial, industrial, and agricultural loans.....	162	3,843	161	4,601	159	3,866
Open market paper.....	1	328	3	461	1	338
Loans to brokers and dealers in securities.....	3	848	3	894	2	712
Other loans for purchasing or carrying securities.....	14	560	15	635	14	572
Real estate loans.....	21	1,169	21	1,165	21	1,169
Loans to banks.....	—	115	—	66	—	117
Other loans.....	46	1,567	50	1,565	45	1,543
U.S. Government obligations.....	189	8,266	178	8,018	193	8,106
Obligations fully guaranteed by U.S. Government.....	44	1,732	28	1,116	37	1,682
Other securities.....	56	3,221	50	2,881	56	3,220
Reserve with Federal Reserve Bank.....	109	7,057	113	5,427	106	7,337
Cash in vault.....	12	489	12	355	10	443
Balances with domestic banks.....	205	2,410	158	1,886	218	2,460
Other assets—net.....	27	1,279	28	1,267	27	1,306
LIABILITIES:						
Demand deposits—adjusted.....	416	15,986	391	14,431	419	16,013
Time deposits.....	134	5,160	128	5,205	133	5,124
U.S. Government deposits.....	38	637	22	691	31	534
Inter-bank deposits:						
Domestic banks.....	210	6,061	191	5,090	216	6,212
Foreign banks.....	1	519	—	442	—	508
Borrowings.....	—	1	—	9	—	1
Other liabilities.....	6	834	6	843	7	795
Capital account.....	84	3,686	82	3,626	83	3,684

NOTE: From Federal Reserve Board.

Debits for the Dallas Federal Reserve District during the year 1938 were \$9,830,343,000, as compared with \$10,391,740,000 during the year 1937. Debits for all Federal Reserve Districts during the year 1938 were \$403,353,419,000, as compared with \$467,199,815,000 during the year 1937.

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