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The Limits of the Housing Price Boom

Lewis J. Spellman and A. Hugh Stephens

Recent housing demand has been strong, a development that seems to have resulted from changes in buyer attitudes, best expressed as "better to buy now than later." One can readily understand the surge in housing demand by examining recent housing price trends. In the first quarter of 1977 the price of a new house, standard in size and quality, rose at a 22.9 percent annual rate across the nation. Housing price increases have been especially severe in the western United States, where prices of one-family houses actually sold in the market have increased at a 27.0 percent annual rate in the first quarter of 1977. In the southern states prices have increased at a 12.7 percent annual rate over the same period.

These rates of increase are not merely a short-term trend. After a period of relatively modest increases extending from 1963 to 1971, housing price increases began to accelerate, reached double-digit rates, and have maintained near double-digit rates since 1973. Despite this high national rate of increase, the prices of houses located in the South have consistently increased less rapidly than the U.S. average and much less rapidly than those in the western states, which now have the highest average-priced houses. By 1976 a standard new house (i.e., of the same size and quality) that sold for \$52,900 in the West sold for only \$37,900 in the South.

Federal Home Loan Bank Board figures indicate that in April of 1977 the average new home price in the United States was \$53,500. The Dallas-Fort Worth area price was \$51,600, and the Houston-Galveston area price was

\$54,300. Prices in the Dallas-Fort Worth area were thus slightly below and Houston-Galveston prices slightly above the U.S. average. The sharp price increases in the western states were led by those in the greater Los Angeles and San Francisco areas. In April 1977 the average new home price in the greater Los Angeles area was \$72,300 and in the greater San Francisco area, \$74,500.

These price differentials that we presently observe are not recent phenomena either. In 1970 a new house located in the southern United States sold for 17.5 percent less than the U.S. average. By 1976 the price differentials widened so that new houses in the South sold for prices 24.3 percent lower than the U.S. average. The price differentials that existed in 1970 were a strong incentive for people to relocate in the South. Despite an in-migration to the southern tier, the price differentials today have actually become larger and have further increased the incentives to relocate in the South.

The Causes of Housing Inflation

To identify the causes of price increases in the housing market over the long run one must look prominently at the cost of expanding the housing stock for an expanding number of households. Cost indexes for residential construction have increased 133.1 percent between 1963 and 1976 and have outpaced the overall consumer price index, which increased 85.9 percent during those years.

Table 1

Average Sales Price of One-Family Houses Actually Sold, 1963-1977

Period	United States	Northeast	North Central	South	West
1963	19,300	22,300	19,700	16,800	20,800
1964	20,500	21,800	20,700	18,100	23,200
1965	21,500	22,900	22,800	18,900	23,200
1966	23,300	25,200	24,600	20,200	25,500
1967	24,600	27,700	26,400	21,100	26,100
1968	26,600	30,100	28,500	23,600	27,100
1969	27,900	33,400	29,900	25,300	27,400
1970	26,600	32,800	28,000	24,000	26,900
1971	28,300	34,400	29,900	25,900	28,000
1972	30,500	35,700	31,400	28,500	30,500
1973	35,500	40,600	36,700	33,200	35,300
1974	38,900	43,700	39,300	36,800	39,300
1975	42,600	47,000	43,400	39,600	44,300
1976 (average)	48,000	49,600	48,500	43,900	51,800
1976 (4th quarter)	50,300	53,100	52,600	44,200	54,900
1977 (1st quarter)	52,300	55,300	51,300	45,600	58,600

Note: Price includes the value of the lot.

Source: U.S. Department of Commerce, Bureau of the Census, *Construction Reports*, fourth quarter 1976.

On the demand side of the housing market, increases in disposable personal income per household—the primary purchasing unit—have increased over time, and no doubt consumers have spent a portion of this larger income on larger, better-equipped houses. Higher income no doubt accounts for some increases in housing prices, but it is not responsible for higher prices of the standard house previously discussed.

Another important factor affecting demand, particularly of late, has been the demonstrated ability of housing prices to perform well as an inflationary hedge. Between 1963 and 1970 housing price increases kept pace with increases in the consumer price index: the consumer price index rose 27 percent, and the price of a standardized house rose 30 percent. From 1970 to 1976 the consumer price index has increased 46 percent, while the price of a standard house has increased 63 percent. This divergence has recently become more dramatic. In the first quarter of 1977 the

consumer price index rose at a 10 percent annual rate, while housing prices moved at a 22.9 percent annual rate.

Because housing has in the past performed so well as a vehicle to preserve the value of wealth during inflationary periods, the consumer who sells his house realizes a high rate of return on his investment, especially if that house was financed. Consequently, over the past decade buyers have come to evaluate homeownership not only on the basis of the services provided by the house, but also in light of its superior performance as an investment. The investment performance of housing has far exceeded the performance of financial investments, which have tended to erode in value with rising inflation rates. (See the April 1977 issue of *Texas Business Review*.)

Changes in the inflation rate affect housing prices through the discounted value of all future revenues and payments. Future revenues include explicit rentals or the implicit rental value, if owner occupied, and the sales price

Table 2

Indexes of Consumer Expenditures, Disposable Personal Income, and Costs of Housing Services, 1963-1976

Year	Disposable personal income (DPI) (in billions)	DPI per household (in dollars)	Consumer price index	Personal consumption expenditures for household services (HS) (in billions)	HS/DPI (percentage)
1963	404.6	7,320	91.7	55.4	13.7
1964	438.1	7,802	92.9	59.3	13.5
1965	473.2	8,239	94.5	63.5	13.4
1966	511.9	8,765	97.2	67.5	13.2
1967	546.3	9,222	100.0	71.8	13.1
1968	591.0	9,718	104.2	77.3	13.1
1969	634.4	10,200	109.8	84.1	13.3
1970	691.7	10,910	116.3	90.9	13.1
1971	746.4	11,520	121.3	99.1	13.2
1972	802.5	12,040	125.3	107.9	13.4
1973	901.7	13,210	133.1	116.4	12.9
1974	982.9	14,070	147.7	136.4	13.9
1975	1,080.9	15,200	161.2	150.2	13.9
1976	1,187.8	16,330	170.5	n.a.	n.a.

n.a. Not available.

Sources: U.S. Department of Commerce, *Survey of Current Business*, various issues; Council of Economic Advisors, Annual Report, 1977.

at the time of resale.* Payments in the future include the principal and interest payments of mortgage, taxes, insurance, maintenance, and utilities. Discounting by the interest rate converts the value of future revenues and payments to the present so they may be expressed in the same standard-valued dollars. Rising inflation rates tend to increase the expectation of future revenues more than future payments, and thus housing prices increase. Constant rates of inflation should lead to constant growth rates in the investment valuation of houses, whereas accelerating inflation rates tend to accelerate the growth rate of housing prices.

Furthermore, when inflation rates increase, competition among financial institutions for the consumer's savings dollar is weakened as the inflation-corrected value of rates paid on savings accounts becomes smaller and often negative. In addition, the prices of other financial assets, such as common stocks and bonds, tend to decline during periods of rising inflation rates. For example, in 1969 consumer prices increased at a 6.1 percent rate, which was well above rates in previous years. This reduced the inflation-corrected deposit rate at financial institutions to a negative 2.37 percent. In that year housing prices increased 8.1 percent, which was also a rate significantly higher than in previous years. In housing investments the real rate of return after inflation was sizable. Again when inflation rates increased during the 1973 and 1974 period, sending inflation-corrected deposit rates to a minus 6.46 percent in 1974, housing price increases gained momentum to accelerate well above previous levels. In early 1977 the inflation rate accelerated to double-digit rates from a level of 5 percent in 1976. This again prompted consumers to invest in the most readily available income-producing, highly levered real asset available to them. Thus another boom in housing prices occurred, even larger than the previous one.

Table 3

Price and Cost Indexes

Period	Price index of standard house in the U.S. based on average type built and sold in 1967	E. H. Boeckh construction cost index for residences
1963	90.2	85.2
1964	91.1	87.6
1965	93.2	90.4
1966	96.6	94.3
1967	100.0	100.0
1968	105.1	107.0
1969	113.6	116.2
1970	117.4	122.4
1971	123.2	132.8
1972	131.0	145.8
1973	144.8	159.2
1974	158.1	172.0
1975	174.3	183.4
1976 (average)	191.4	198.6
1976 (4th quarter)	199.0	n.a.
1977 (1st quarter)	209.6	n.a.

n.a. Not available.

Source: U.S. Department of Commerce, Bureau of the Census, *Construction Reports*, fourth quarter 1976, and *Construction Review*, March 1977.

Table 4

Principal and Interest Payments for a Newly Purchased Standard House in the United States and Household Real Disposable Personal Income after Mortgage Payments

Year	Deflated payments for principal and interest (PI) at current financing terms for a newly purchased standard house	Household real disposable personal income after PI payments
1964	1,367	6,848
1965	1,355	7,156
1966	1,420	7,383
1967	1,450	7,567
1968	1,536	7,568
1969	1,676	7,548
1970	1,711	7,659
1971	1,657	8,002
1972	1,716	7,697
1973	1,871	7,851
1974	1,970	7,385
1975	2,004	7,228
1976	2,065	7,393

Sources: Calculations by the authors, based on data published by the U.S. Department of Commerce, Bureau of the Census; U.S. Department of Commerce, Bureau of Labor Statistics; and the Federal Home Loan Bank Board in *News*, June 10, 1977.

As with most investments, financing terms play an important role in housing prices since most homes are purchased with borrowed funds. According to data released by the Federal Home Loan Bank Board, the terms on conventional mortgages in the Dallas-Fort Worth and Houston-Galveston areas were generally more favorable than in the rest of the United States. Table 6 shows that in April 1977 the purchasers of new houses in Texas enjoyed longer terms to maturity and lower down payments on conventional home mortgages for new houses than were generally available through the United States, while effective interest rates were comparable. The largest divergence in financing terms is the relatively small down payments in these Texas cities of slightly over 16 percent against about 35 percent nationally. In the California cities the financing terms deviated from national averages in the same way as in the Texas cities, although down payments in California at between 22 and 25 percent were substantially higher than in Texas.

The Burden of Rapidly Increasing Housing Prices

Despite rising housing prices, total outlays for housing services as a percentage of disposable personal income have increased only moderately over the decade (see table 2). These figures, however, average the windfall gains of those with low fixed-payment mortgages made in the past with those presently burdened with new high mortgage payments. Furthermore, these figures also include large numbers of renters who have not achieved homeownership.

The burden of rising housing prices has fallen particularly heavily on the low- and middle-income groups, which

curiously include many members of the postwar baby boom now typically of homebuying age. Their large numbers will surely focus increasing attention on the problems of gaining homeownership. Not only are down payments large relative to income, but so are the monthly costs of homeownership.

The principal and interest payments alone for the new entrant to the market for a house standard in size and quality have increased 58.3 percent between 1963 and 1971, or 7.3 percent per year. This corresponds to a 75.1 percent leap in the mortgage service of newly purchased homes over the five-year period of 1971 to 1976, an average increase of 15 percent per year.

Table 5

Weighted Average Deposit Rate of U.S. Commercial Banks and Savings Associations

Year	Actual rate	Inflation-adjusted rate
1964	2.28	0.97
1965	2.41	0.69
1966	2.65	- 0.21
1967	2.80	- 0.08
1968	2.81	- 1.37
1969	3.00	- 2.37
1970	3.11	- 2.81
1971	3.26	- 1.04
1972	3.30	0.00
1973	3.81	- 2.42
1974	4.51	- 6.46
1975	4.08	- 5.06

Sources: Calculations by the authors, based on data published by the Federal Deposit Insurance Corporation in *Summary of Deposits*, December 30, selected years; Federal Home Loan Bank Board in *Combined Financial Statements*, annual issues; and U.S. Department of Labor, Bureau of Labor Statistics.

The relationship of these principal and interest payments to household disposable income has increased from 15.5 percent of disposable income in 1965 to 21.6 percent in 1976. Thus the proportion of household income that would be required to service the mortgage of a newly purchased standard house has increased sharply. This increase in the burden of new homeownership is especially noteworthy since it reflects only increases in the price of a standard house and the financial terms prevailing at the time of purchase.

One adjustment to these relatively larger housing payments has been the lengthening of the maturity of the average mortgage from 24.0 years in 1963 to 27.2 years in 1976; this partially offsets higher prices and interest rates in order to reduce monthly payments. Despite change in financing terms, the real household disposable income after payments for principal and interest on a newly purchased standard house is approximately 7.6 percent below the 1971 level.

The principal and interest burden of new homeownership calculated at current market financing terms differs, of course, from area to area. The mortgage payments for new homes were higher in the California cities in 1975 and 1976

Table 6

**Terms on Conventional Home Mortgages
Selected Areas, April 1977**

Area	Term to maturity (years)	Effective interest rate (percentage)	Down payment (percentage)
United States	27.5	8.97	34.6
Houston-Galveston SCSA	29.7	9.08	16.2
Dallas-Fort Worth SMSA	29.9	8.92	16.4
San Francisco-Oakland-San Jose SMSA	29.9	8.96	25.3
Los Angeles-Long Beach-Anaheim SCSA	29.8	9.01	22.2

Source: Federal Home Loan Bank Board News, June 10, 1977.

than in the other areas, and the differences have increased dramatically. By April of 1977 the annual mortgage payments for newly built homes purchased in the Los Angeles area had surged 33 percent above the 1975 average levels. Los Angeles principal and interest payments for new homes have now passed those in San Francisco and are 23.3 percent higher than in Houston. Since household disposable personal income in California was only 2.6 percent higher than in Texas in 1976, we can safely presume that the principal and interest burden alone of new homeownership is substantially higher in California than in Texas.

The Limits of the Housing Price Boom

We have seen housing prices—even that for a standard house—increase relative to the general price level; thus an investment in housing has been a good inflationary hedge, especially during periods of accelerating inflation rates. At such times returns on housing investment considerably outperformed financial investments, which tended to decline and even became negative. Housing price movements corresponded closely to increases in the inflation rate. This was true in 1969 and since 1973. Inflation rates moderated in 1976, and a renewed burst of inflation followed in the first quarter of 1977, again leading to the predictable response. The increased desire for real assets causes a bidding up of housing prices, and it is a rational response by consumers as long as they do not mistake a transitional adjustment of housing prices for a long-term trend.

Table 7

**Annual Mortgage Payments for New Homes at Prevailing Financing Terms
(in thousands of dollars)**

Area	1975	1976	1977 (April)
Dallas-Fort Worth SMSA	3.88	4.21	4.16
Houston-Galveston SCSA	4.08	4.37	4.47
San Francisco-Oakland-San Jose SMSA	4.62	4.90	5.42
Los Angeles-Long Beach-Anaheim SCSA	4.14	5.21	5.51

Source: Federal Home Loan Bank Board News, May 6, 1977.

It must be remembered that in order to sustain higher growth rates of housing prices relative to the inflation rate, larger amounts and shares of disposable personal income must be devoted to principal and interest payments, unless, that is, financing terms substantially ease. Consumers might be willing to devote larger shares of income to servicing principal and interest payments, but they do so at the sacrifice of other investments and consumption. This process would reduce real household disposable income after allowing for higher house payments. If a stable inflation rate were to emerge, housing prices would probably increase at a rate equal to the inflation rate—but certainly not equal to recent large transitional movements in housing price levels.

Housing prices depend on projections of future revenues, sales prices, and expenses. However, one must remember that the future sales price of a house must reflect the value of future rents that will support such a price. It seems possible that the recent price surge in California is unsustainable since rents have already begun to fall and future rents may be inadequate to support yet higher future prices.

Whatever the motivation of buyers in California, the result of their demand has been a larger divergence in housing prices and payments among regions. Consequently, the economic incentive to relocate in the South seems greater than ever.

Note

*Where a housing price is equated to the discounted sum of all cash flows over the life of the house, it can be shown that the house price can be expressed in terms of the down payment, the rent, the inflation and interest rates, and the maturity of the mortgage

$$P = M + \frac{R}{i-\pi} [1 - e^{-(\pi-i)z}] - \frac{A}{i} [1 - e^{-is}],$$

where:

- P = house price
- M = down payment
- R = rent (explicit or implicit)
- i = interest rate
- z = expected useful life
- A = principal and interest payment
- s = maturity of mortgage
- π = inflation rate.

Hours and Earnings in Texas Manufacturing Industries

Industry [†]	Average weekly earnings (in dollars)			Average weekly hours			Average hourly earnings (in dollars)		
	Jun* 1977	May 1977	Jun 1976	Jun* 1977	May 1977	Jun 1976	Jun* 1977	May 1977	Jun 1976
Manufacturing—total	222.35	216.68	206.34	41.1	40.5	41.6	5.41	5.35	4.96
Durable goods	219.47	215.71	209.31	41.1	40.7	42.2	5.34	5.30	4.96
Lumber and wood products	157.99	158.00	150.70	40.1	39.6	41.4	3.94	3.99	3.64
Furniture and fixtures	152.10	142.30	132.16	39.1	39.2	39.1	3.89	3.63	3.38
Stone, clay, and glass products	219.31	217.43	198.13	43.6	43.4	42.7	5.03	5.01	4.64
Primary metal industries	252.57	259.94	243.41	39.9	41.0	40.1	6.33	6.34	6.07
Fabricated metal products	231.54	219.89	221.85	41.2	40.2	43.5	5.62	5.47	5.10
Machinery, except electrical	232.81	235.48	209.61	42.1	42.2	40.7	5.53	5.58	5.15
Oil field machinery	263.68	266.83	235.34	43.8	43.6	41.0	6.02	6.12	5.74
Electrical machinery, equipment, and supplies	191.59	187.21	214.79	39.1	38.6	45.7	4.90	4.85	4.70
Transportation equipment	283.34	266.26	258.76	42.8	40.9	42.7	6.62	6.51	6.06
Aircraft and parts	333.36	306.87	279.03	46.3	43.1	42.6	7.20	7.12	6.55
Other durable goods	164.42	153.03	149.34	40.2	37.6	39.3	4.09	4.07	3.80
Nondurable goods	226.60	218.56	202.46	41.2	40.4	40.9	5.50	5.41	4.95
Food and kindred products	211.93	200.45	181.79	42.9	41.5	41.6	4.94	4.83	4.37
Meat products	216.69	202.96	183.52	43.6	43.0	41.9	4.97	4.72	4.38
Textile-mill products	148.73	142.97	136.49	41.2	40.5	40.5	3.61	3.53	3.37
Apparel and other finished textile products	125.02	122.39	114.85	38.0	37.2	38.8	3.29	3.29	2.96
Paper and allied products	246.53	244.38	233.71	43.1	43.1	43.2	5.72	5.67	5.41
Printing, publishing, and allied industries	207.59	199.82	191.67	38.3	38.5	38.8	5.42	5.19	4.94
Chemicals and allied products	332.28	321.64	300.00	42.6	42.1	41.9	7.80	7.64	7.16
Petroleum refining and related industries	351.94	341.90	307.27	42.3	41.9	41.3	8.32	8.16	7.44
Leather and leather products	116.18	117.26	114.27	37.6	38.7	39.0	3.09	3.03	2.93
Other nondurable goods	208.26	197.54	193.60	44.5	41.5	44.2	4.68	4.76	4.38

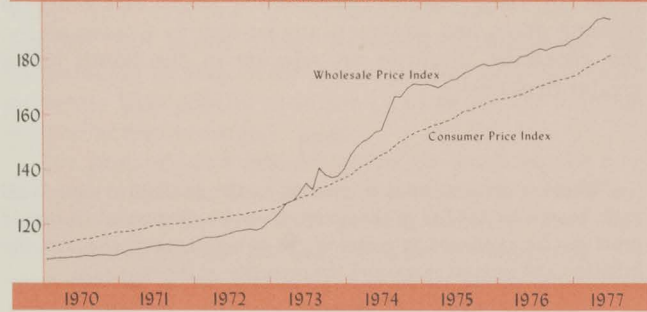
[†]Data cover wage and salary workers only.

*Preliminary, subject to revision upon receipt of additional reports.

Source: Texas Employment Commission.

U.S. WHOLESALE AND CONSUMER PRICES

Indexes-Unadjusted-1967=100



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Statistics

in

Review

Selected Barometers of Texas Business (Indexes—Adjusted for seasonal variation—1967=100)

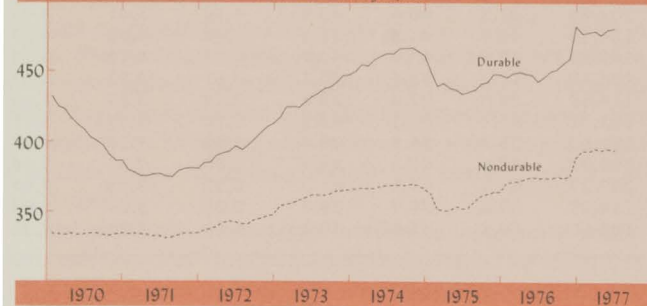
Index	Jun 1977	May 1977	Year-to- date average 1977	Percent change	
				Jun 1977 from May 1977	Year-to- date average from 1976
Business activity	289.3	263.3	260.6	10	17
Estimated personal income	313.1 ^P	294.9 ^P	289.5	6	14
Bank debits	561.5	513.4	499.6	9	25
Crude oil production	102.6 ^P	102.3 ^P	102.7	**	- 4
Total electric power use	200.3 ^P	194.8 ^P	205.3	3	12
Residential	234.7 ^P	210.8 ^P	263.0	11	12
Industrial	168.6 ^P	176.7 ^P	171.8	- 5	14
Total industrial production	139.3 ^P	138.4 ^P	137.2	1	4
Urban building permits issued	368.8 ^P	287.3 ^P	291.9	28	26
New residential	431.5 ^P	357.7 ^P	345.8	21	47
New nonresidential (unadjusted)	314.1 ^P	220.6 ^P	240.8	42	6
Total nonfarm employment	148.2 ^P	148.5 ^P	148.0	**	4
Manufacturing employment	132.0 ^P	132.4 ^P	131.9	**	3
Average weekly earnings—manufacturing	199.1 ^P	194.9 ^P	190.7	2	6
Average weekly hours—manufacturing	98.3 ^P	97.5 ^P	96.1	1	- 3
Total unemployment	148.0	165.0	170.7	- 10	- 5
Insured unemployment	264.8	254.4	246.4	4	- 4

^P Preliminary.

** Change is less than one half of 1 percent.

DURABLE-GOODS AND NONDURABLE-GOODS MANUFACTURING EMPLOYMENT IN TEXAS

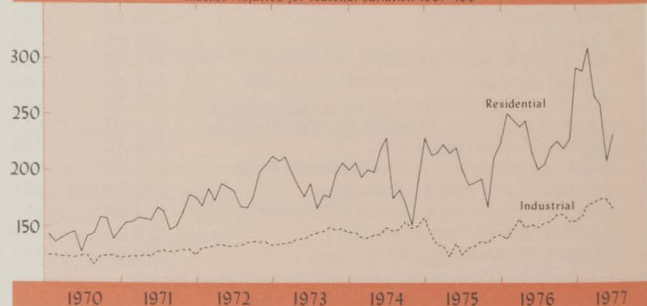
In thousands, seasonally adjusted



Source: Texas Employment Commission.

RESIDENTIAL AND INDUSTRIAL ELECTRIC POWER USE IN TEXAS

Indexes-Adjusted for seasonal variation-1967=100



Source: Reports by electric power companies and Federal Power Commission.

The Problem of Illegal Aliens

Wendell Gordon

Consideration of the problem of Mexican nationals entering the United States illegally should start with the realization that the standard of living in the United States is higher than that of most of the world. U.S. society is opulent, opulent enough to afford to spend more on automobiles than on food. However, the United States does have an unemployment problem for which the illegal aliens have been overly blamed.

Present Immigration Situation

Prior to 1965, quota restrictions were not applied to immigration into the United States from other western hemisphere countries. In 1968 a limitation of 120,000 was set for western hemisphere natives on a first-come, first-served basis. There was no limitation within the total quota on the number from any one country. In earlier years this quota would not have been especially restrictive to immigrants from western hemisphere countries; but by the 1970s it certainly had become restrictive. The global quota for immigration under present laws is about 400,000 a year. In addition, a certain number of immigrants is allowed under special dispensations.

Accurate records of the numbers of persons entering the country illegally, staying, and departing are unavailable. Estimates of the number in the United States range from 3 to 12 million, with 7 or 8 million being the most recently cited figure. The 1975 annual report of the Immigration and Naturalization Service speaks of "deportable aliens located" numbering 788,000 in 1974 and 767,000 in 1975 (p. 13). A small percentage of the "deportable aliens located" ends up in prison, a fairly substantial number are

forcibly deported, and others may be ordered out under circumstances that do not ensure that they go.

Impact on Unemployment

In many ways the jobs of all of us are threatened all the time, and we generally have to live with this continuous threat. But in cases where it is tactically possible to use leverage to block out part of the competition for our jobs, we are somewhat motivated to exploit that possibility. The desire to exploit this possibility seems to explain at least some of the opposition to the presence of the illegal aliens. It is not necessary that the job of a person be directly threatened for him to take a strong position against the illegal alien; it is only necessary that the possibility be remotely present.

How much of the present high unemployment actually can be explained by the presence of the illegals is impossible to say with certainty. Because of the worldwide prevalence of unemployment, one would suspect that they have little to do with it. One may be reasonably certain that a great many of the jobs filled by illegals are not particularly attractive to citizen laborers. However, it also seems certain that some illegals are occupying jobs that some citizen laborers would like to have. Whether those particular citizens would get those particular jobs if the illegals were deported is not certain.

Unemployment in South Texas and along the border has always been high; the situation can hardly be blamed on the recent influx of illegals. As far as the United States as a whole is concerned, it seems fairly clear that other factors have contributed much of the high unemployment: the end

of the Vietnam war, the economic policies of the administration, the energy crisis, and domestic and worldwide depression.

There is no basis for the statement that an increase in population, whether resulting from the presence of illegals or from natural increase, tends, as a general rule, to increase the unemployment rate. It has to be true that, historically, the population growth rate has been fairly independent of the unemployment rate. There are thousands of years of human history involving population increases overlaid with business cycle ups and downs, crop failures, and other difficulties to indicate this. The worst unemployment situation in the history of the United States occurred during the 1930s, a period when the population growth rate was very low. The foregoing argument does not deny the possibility that a region of the world may be overpopulated in relation to its resources. But this is scarcely the case of the affluent United States.

Alvin Hansen, a distinguished U.S. economist of the 1930s, argued that population increase played a significant

the unemployed to get the vacated jobs. The solution is to create conditions in which there will be work for all. A national job guarantee program is long overdue.

Probably in a discussion of this sort one should not completely disregard the energy crisis or the gloom and doom forecasts for the year 2000. But, on the other hand, let us not blame the illegals for those problems also. Forcing the illegal aliens back into Mexico will not solve any of the world's major problems.

Need for Seasonal Labor

Over the years immigration into the United States has responded both to U.S. needs and to foreign pressures. The United States had a genuine need for Mexican labor during the years of World War II and during certain periods thereafter. And it seems that some U.S. employers, particularly those in agriculture but also in certain industries in the cities, find the immigrant workers a convenient source of

The unemployment problem will not be solved by reducing the size of the work force but by creating conditions in which there will be work for all.

positive role in fostering the development of the United States up to the Great Depression. He and others argued during the 1930s that the decline in the rate of population growth was a factor worsening the depression. That argument may have been of limited validity but so also may be the contrary argument that the population increase associated with illegal aliens causes unemployment.

Present national income theory in economics gives no support to a one-to-one trade-off between one illegal immigrant and one unemployed U.S. resident. In national income theory the expectation is that someone who has a job creates buying power and that helps create jobs for others.

If the United States were to make the appropriate institutional adjustments to provide jobs for substantially all the unemployed, national income probably would be immediately increased roughly by the amount of their contribution to production. The incomes of those persons desperately trying to protect their own jobs and incomes by maintaining the size of the reserve army of the unemployed probably would not be decreased in the slightest; they might even be increased. Total national income would be increased substantially in the long run.

The solution to the unemployment problem is not to reduce the size of the work force by an amount equal to the unemployment and then sit back confidently expecting

labor, at least seasonally. A source of labor that is helpful in some contexts cannot appropriately be turned on and off at will, like water out of a spigot. "The reserve army of the unemployed" has its rights too.

Wage Disparities

Disparity of income levels within and among countries is one of the world's serious problems. Such disparity contributes mightily to the inflow of illegals from Latin America and elsewhere to the United States. It is appropriate, even imperative (for the existence of a reasonably harmonious world society), that inhabitants of the poorer countries feel that the gaps between their wage levels and standards of living and those of the affluent countries are narrowing rather than widening. Judiciously paced narrowing of these gaps is most desirable. The presence of the illegals in the United States is a step in that direction. Freezing them out, aside from being a rather difficult thing to do, hardly seems a policy worthy of the United States.

What is new about the situation of the past ten years in the United States is that a very large percentage of the total population has succeeded in protecting incomes that permit a major degree of affluence and even in maneuvering income increases at a time when there is also substantial

unemployment. Not only trade unions but also corporate managers are looking after themselves. High unemployment and inflation rates in the United States probably are more a result of these factors than of the presence of illegal aliens.

A Mexican Perspective

Mexico, a nation that changed very little during the nineteenth century, is changing dramatically now. Some aspects of the change are of questionable desirability: inflation, urban slums, unemployment at levels probably in the 20-30 percent range, and apparently increasing inequality in the distribution of income.

growth has its immediate problems. The peso devaluation and other troubles in the fall of 1976 were something more than minor growing pains. To interpret these and the problem of the illegals as indicators of serious long-run trouble for the Mexican economy is probably to misunderstand the Mexican scene. Excessive Mexican migration to the United States (in some reasonable interpretation of the word *excessive*) is not going to be one of the major problems between the United States and Mexico—unless the United States insists on making it so. Matters will be aided if the United States will accept the concept that the gap between U.S. and Mexican incomes should be allowed to narrow as a natural by-product of fairly free population movement back and forth between the two countries. And

The gap between U.S. and Mexican incomes should be allowed to narrow as a natural by-product of fairly free movement between the countries.

Although the foregoing conditions have existed, Mexico experienced one of the most impressive economic development rates among underdeveloped countries through the 1950s and 1960s. The Mexican performance in agriculture was especially impressive. Nor was the Echeverría government of 1970 to 1976 a “retrenchment” government. If anything, government expenditures and foreign borrowing in support of capital expenditures and economic development were on the generous side. Unfortunately one of the results was inflation. The population growth rate approached the phenomenal rate of 3.5 percent. Mexico was on the move in a sense that had not been true in four hundred years. Average per capita real gross national product was rising substantially in relation to that of other underdeveloped countries, but in a manner that involved increasing inequality in income distribution. At the same time that the rich were getting richer, the poor were becoming aware of possibilities for improving their standards of living.

It well may be that to some degree the influx of illegals into the United States in the 1970s has been a reflection of a revolution of rising expectations in a setting where the poor were benefiting only minimally but had an increasing awareness of what was going on. They realized, for example, that the standard of living in the United States was substantially higher than in Mexico. The Mexican population, which had been shaken out of the sedentary mold of centuries by the Revolution of 1910, was on the move. Much of the movement was to the cities; a significant amount has been to the United States.

Mexico's development has a very considerable internal dynamic of its own, and this development will probably be fostered by some major new oil discoveries. But Mexican

there is and will be major movements in *both* directions if we just relax on the matter of “sealing the border” and deporting the illegals.

Monetary Transfers

It is sometimes alleged that the sums of money illegals transfer to Mexico are in some sense a loss to the United States. But it is difficult to see how this can be. Those dollars, if they are used in a meaningful way, will eventually be used to finance U.S. exports to Mexico; consequently, the use of such funds finally aids U.S. production and employment.

Problem of Cultural Homogeneity

The thinking that the illegals cause special problems because they are not culturally homogeneous with the mass of the U.S. population probably has some merit, but not much. The immigration flow of recent years, including the illegal aliens, is clearly a far smaller percentage (less than one half of 1 percent per year) of the domestic population than was the immigration flow of the period from 1900 to 1914 (1.5 percent per year). In addition, since much of the immigrant flow involves Latin Americans and there is already a substantial Latin American population in this country, the assimilation problem is thereby ameliorated.

I will assert with some confidence that even with the alleged massive influx of Mexican illegals in recent years, the percentage of the population of Texas (or of the

Southwest) that is of Indian-Mexican background is lower than it was in 1970, 1960, 1950, 1930, 1900, 1848, or 1836. It also should be noted that the gringo influx from Europe via the northeastern United States has been massive.

It probably is not a great eternal verity that one stock of people is entitled to occupy a given area of land to all eternity. The title of the American Indians is not guaranteed by the fact that they got here first, but the title of the Indo-Europeans is certainly not guaranteed by the fact that they got here next. In any event, racial exclusiveness is not a policy that is likely to contribute much to peace and harmony in the world.

Social Security and Education

The illegal aliens have been charged with freeloading on the U.S. welfare system. But in what sense are they freeloading? The illegals pay taxes. Income and social security taxes are deducted from their wages by law-abiding employers, and a sales tax is added to their purchases. When they work for companies with corporate welfare systems, they do not escape the regular deductions from their wages, even though those deported may never collect old age pensions.

It has also been said that the recent influx of illegals is responsible to a considerable degree for the poor quality of education in South Texas. A number of children of the illegals are said to be attending school and constituting a burden on the system. It may be agreed that the general quality of education in South Texas is low, but it has always been low. This, like the unemployment rate, is not a recent development for which the influx of illegals can be blamed.

Credibility of Law and Order

After Vietnam and Watergate the United States, very appropriately it seems, has been concerned with reestablishing the credibility of law and order. The presence of the illegal aliens in the United States is contrary to U.S. law. The law in this case is not being respected, a serious matter in a country concerned with respect for the law.

For Mexican youth in the border towns one amusement is spending Saturday night circumventing the border patrol. Or, in large numbers, the youth penetrate the downtown and entertainment areas of the cities on the U.S. side of the border. Many, in the early morning hours, return to Mexico on their own and are not counted in the "deportable aliens located" figures; others get caught, maybe several times. These cases help swell the Immigration and Naturalization Service figures on located deportable aliens, some 800,000 a year.

The United States has perhaps overreacted, and the overreaction itself has created some of the problems. Border patrolmen are spending a substantial amount of their time doing work that does not relate to the important aspects of the problem of the illegals.

Exploitation of the illegals in the United States frequently involves their receiving substandard wages from employers who are reasonably sure the illegals will not report violations to the authorities because their own presence is illegal. Ray Marshall, the secretary of labor, has commented: "Undocumented workers are subject to blackmail of every conceivable sort. If they complain to their employers about their paltry wages and their unsafe working conditions, they run the risk of being turned in by those employers to the Immigration Service. As a result they live a kind of half-life. They live among us but they live in fear, outside protection of basic laws."

Possible Policies

A recently discussed policy to discourage the presence of the illegal alien would make it illegal for an employer to knowingly hire them; this is the nature of the proposed Rodino bill. Instead of being a source of cheap, willing labor for the employer, the illegal would become a source of trouble. One can well imagine that under these circumstances the employers would become reluctant to hire all dark-skinned people and, at the very least, would make much more rigorous checks of brown-skinned citizens before hiring them than they would make of more or less white-skinned citizens with Yankee accents or southern drawls. There are the makings of serious racial discrimination here. However, if we are bound to follow this type of course, there is another policy that would be more appropriate and more workable and would throw in a nickel's worth of poetic justice. We might try enforcing wages and hours legislation in South Texas. That legislation is already on the books.

Serious effort really should have been and should be made to ensure that employers of illegal aliens pay at least the minimum wage to them and to their other employees. The illegal aliens would be less likely to get jobs, not because hiring them would be a crime, but because the premium on hiring them (low pay) is removed. Such policy might well discourage in some degree the coming of the illegal aliens.

However, it seems that the appropriate response to the unemployment problem is a job guarantee program for legal residents only. The job guarantee program is feasible policy in the wealthy United States. The program would permit dispensing with expensive programs such as unemployment insurance. Psychologically this program is surely better than an assortment of income maintenance programs.

Enforcing the minimum wage law and providing a job guarantee for legal residents only might, to some fairly positive degree, reduce the illegal inflow. There would be less employment for the illegals both if employers had to pay them the minimum wage and if the economy were restructured so that all legal residents ready and willing to work had jobs.

In any event, let us take a more relaxed attitude on the subject of the illegal aliens. And let us face the implications of the more important problem—unemployment.

The Problem of Illegal Immigration

Vernon M. Briggs, Jr.

No subject more fundamentally touches the essence of the American experience than immigration. A heterogeneous people in quest of a homogeneous national identity has been the history of the United States. In its evolving and often controversial role immigration policy has served as a foundation stone for numerous components of public policy. It has been instrumentally involved in such diverse areas of public concern as human resource policy, foreign policy, labor policy, agricultural policy, and race policy. Yet in recent years immigration policy itself has been among the least examined of all public policy measures.

As our formal immigration policy has developed, it has passed through three distinct periods: no restriction of any kind (prior to 1888); numerical restriction based upon ethnic discrimination (from 1888 to 1965); and numerical restriction with ethnic equality (since 1965). With the coming of the legal and numerical restrictions, of course, came the problem of illegal immigration.

The Immigration Act of 1965 ended the period of blatant discrimination that had been contained or condoned in all previous immigration statutes. Under the 1965 act the number of legal immigrants admitted to the United States has averaged about 400,000 persons a year (or twice the annual flow allowed prior to enactment). About 65 percent of the legal immigrants directly enter the labor force. Accordingly, legal immigration has accounted for about 12 to 15 percent of the annual increase in the civilian labor force in recent years. The United States is today one of less than a half dozen nations in the world still accepting substantial numbers of legal immigrants. If not the only, it is certainly among the few admitting persons impartially with respect to race and ethnic background.

Yet the formal immigration system of the United States has been rendered a mockery. Illegal immigration is by far

the major avenue of entry. In 1975, for instance, the number of illegal aliens apprehended by the Immigration and Naturalization Service (INS) totaled 766,600 persons, a 700 percent increase over the number apprehended a decade earlier. To be sure, these figures include an element of double-counting (resulting from repeat apprehensions of the same individuals). On the other hand, the vast majority of illegal aliens are not caught. It is believed that for every person apprehended, four or five are not. When the annual number of legal immigrants is combined with conservative estimates of the annual number of illegal immigrants, it is apparent that the United States is in the throes of the largest infusion of immigrants in its history.

Because of its burgeoning size and its *sub rosa* character, illegal immigration is rapidly emerging as one of the most serious labor market problems of this decade. Its solutions, moreover, will of necessity raise policy issues that will challenge the maintenance of our free society if policies are not very carefully applied.

Who are they?

Each year citizens from Mexico account for about 90 percent of the total apprehensions of illegal entrants. The high proportion of apprehended Mexicans can be attributed to the singular fact that the vast preponderance of INS enforcement activities is marshaled along the U.S.-Mexico border. Over 80 percent of all apprehensions occur in the border region. If anywhere near the same degree of enforcement activity occurred outside the Southwest, the proportion of apprehended Mexicans to total apprehensions would fall dramatically. In reality, the flow of illegal aliens is coming from almost every nation.

The emphasis on apprehension by the INS in the Southwest is the result of the marked difference between the two broad categories of illegal aliens. Those from Mexico tend overwhelmingly to be undocumented (i.e., "Entered Without Inspection" in the parlance of the INS). Those from other nations are typically visa abusers, and they are less likely to be found in the Southwest. They enter the country legally as students, tourists, visitors, crewmen, or businessmen. They become illegal when they take jobs in violation of their visa stipulations or simply do not leave when their visas expire. In recent years the INS has been unable to verify the departure of about 10 percent of the six million persons who annually enter the country with a visa.

Mexican aliens are far easier to capture as they cross the border or as they move inland. The visa abusers, however, can be almost anywhere in the country. Not only are they harder to locate, but they are also more difficult to ferret out once they have established themselves within a community. It is a fundamental error to think of the aliens as Mexican workers alone or to believe that the issue pertains only to the Southwest. It is truly a national issue that involves people from many ethnic groups.

Why do they come?

A complex set of factors is responsible for the growth of illegal immigration. Masses of people—such as those leaving Mexico and the Caribbean area—leave the familiarity of their homeland and go to an unknown land only if both push and pull pressures are operative. In most instances the "push" factors derive momentum from the related issues of overpopulation, massive poverty, and high unemployment. Of increasing significance are the pervasive structural changes that are occurring within the labor forces of many underdeveloped nations, changes that stem from technological developments and rural-to-urban migration. Likewise, there are the strong economic "pull" factors that emanate from the United States. The relatively higher wages and broader array of available job opportunities of the American economy function as a powerful human magnet.

Related to these forces are several other considerations. American employers are often willing to tap this pool of scared and dependent workers. Prevailing immigration law does not place any penalty upon the act of employing illegal aliens. Because of the "Texas proviso" in the Immigration and Nationality Act of 1952, employment does not constitute the illegal act of harboring.

As for the aliens who have entered the country illegally, 95 percent of those apprehended are given "a voluntary departure." They are simply returned to their homeland as quickly as possible and often at the expense of the government. Any law under which 95 percent of the violators are not punished can hardly be taken seriously.

Moreover, the INS, which has the responsibility for enforcement of the immigration statutes, has a force and budget that are minuscule relative to its assigned duties. As of 1976, there were only about two thousand border patrol

officers plus two thousand additional inspectors and investigators for inland duty. Only a fraction of these are actually on duty in any given eight-hour shift.

What do they do?

All available research on illegal immigrants in the United States agrees on one point: economic considerations are the motivation for the presence of illegal aliens. They are primarily a job-seeking population. All are seeking better income opportunities than are available in their native lands. In some instances this quest leads illegal aliens into lives of crime. Sometimes they are its defenseless victims.

A very high number of illegal aliens are unskilled workers. In the Southwest, Mexican aliens have historically gravitated to agricultural jobs in the rural economy. But in more recent times, as mechanization has reduced agricultural manpower requirements and as non-Mexican aliens have become more common, the dilemma of illegal aliens has rapidly become an urban phenomenon as well. In urban areas illegal aliens have tended to concentrate in service jobs and in unskilled construction occupations. They are also becoming a noticeable factor in low-skilled occupations in certain mass production industries.

The most notable effect of the illegal aliens, therefore, is found in the nation's labor market. In some significant sectors of the economy the massive inflow is beginning to cause serious dislocations of the normal labor market adjustment process. A "shadow labor force," whose presence can be felt but not definitively documented, is evolving. Such a development also opens wide the sinister door of exploitation since illegal aliens are totally dependent upon terms of employment set by anyone who might wish to take advantage of the situation.

What is their impact?

The consequences of alien migration can be viewed from three distinct perspectives: the effects upon the aliens themselves, upon those with whom they directly compete, and upon our nation as a whole.

Given their limited alternatives, the illegal aliens would seem only to benefit by their presence in American society. However, this is often not the case. Illegal entry is an institutionalized process for many. Organized smuggling is commonplace. In 1976, for example, the INS arrested over seven thousand smugglers. Countless more, of course, were not caught. Smugglers, who often use dangerous and frequently inhuman methods to transport their human cargo, also charge high fees both for transporting and for manufacturing fraudulent documents. The costs are often more than a poor alien can afford. As a result, loans are arranged at exorbitant rates of interest. The alien must quickly find a job in order to meet the payments. In Los Angeles in early 1977 a widely publicized exposé revealed that aliens were sometimes forced into organized burglary gangs in order to repay such borrowed funds.

Too often illegal aliens are victimized by employers who know of their vulnerability to detection. Numerous are the accounts of alien workers receiving less than the federal minimum wage, not having their social security deductions reported, being turned in to authorities by employers just prior to payday, not receiving overtime premiums, being overtly discriminated against, and being personally abused and sometimes even molested. One government official in the East, who decried the exploitation he found of alien workers, protested: "Nobody gives a damn since aliens are nobody's constituents."

Illegal aliens are becoming a significant factor in the perpetuation of a secondary labor market.

The living standards for many illegal aliens are often deplorable. They compete with many of the most needy of our society for the already scarce low-income housing and other limited community services supposedly available for those who live on the lower rungs of the American economic ladder.

The second affected group that deserves mention are those citizens who, because of circumstances beyond their control, must compete with the illegal aliens for jobs and income. Although there are numerous exceptions, the vast majority of illegal aliens seek employment in what economists refer to as the "secondary labor market." It is that portion of the domestic labor market that is characterized by low wages, little job security, high employee turnover rates, and few job rights. It is usually not unionized. In this sector the alien competes with the large numbers of citizens who also are dependent upon the secondary labor market for their survival. The plight of these citizen workers, who are disproportionately—but by no means exclusively—from racial and ethnic minorities, is made even worse by the presence of the aliens. For the aliens will frequently work harder, be more grateful for the job, and be more willing to accept arbitrary treatment than the citizen worker. Illegal aliens have also made it extremely difficult for citizen workers to form unions in these low-wage labor markets. Thus the citizen worker must choose either to live and work at the level of the illegal alien, to become unemployed, to go on welfare, to turn to criminal activity, or to find another occupation if possible. Under current conditions the only hope for improving the economic situation of the citizen workers in this secondary sector is to reduce the supply of workers available to these markets. Although illegal aliens are not the only source of workers for secondary jobs, their importance seems to be increasing rapidly and they are becoming a significant factor in perpetuating the secondary labor market.

Some people believe that illegal immigration is a phony issue because the aliens do jobs that citizen workers will no longer do. This contention is a self-fulfilling prophecy. For if illegal aliens are permitted to enter selective labor markets, they will create a situation in which conditions preclude citizen workers from remaining. No American worker is capable of competing with an illegal alien when the end result of the competition depends upon who will work for the lowest pay and longest hours and accept the most arbitrary set of working conditions.

Lastly, with respect to the overall impact of illegal aliens, harm is inflicted upon the nation as a whole. Some short-run private sector gains may be realized by the hiring and often by the exploiting of alien workers. But in the long run the presence of a growing number of workers (and their dependents) who are denied minimum political, legal, and job protections, who are under the constant fear of being detected, who work in the most competitive and least unionized sectors of the economy, and who are easily victimized by criminal elements cannot possibly be in the public interest. Over the two centuries of its existence, the United States has slowly developed numerous laws, programs, and institutions in order to reduce the magnitude of human cruelty and the incidence of economic uncertainty for most of its citizens. For the illegal alien workers, however, these benefits are virtually nonexistent. It would be self-deception to believe that this situation can continue to develop without eventual dire consequence to all parties concerned.

What must be done?

In groping for the proper course for public policy to pursue, one must begin with the stark realization that in a free society illegal immigration cannot be totally stopped. No consensus will support the erection of a "Berlin Wall in reverse" that is designed to keep people out rather than in—or any equivalent drastic step. The best that possibly can be hoped is that the problem can be brought within manageable proportions. The situation is currently out of control, but not hopelessly so.

The mandatory first step is the passage of a federal statute that will forbid the employment of illegal aliens. Such a bill has cleared the U.S. House of Representatives in each of the past two sessions of Congress only to die in a committee of the U.S. Senate. Passage of a federal statute of this nature is a must. The message must be clear that the employment of illegal aliens is an illegal act. Strong civil and, perhaps, criminal penalties should be set for repeat offenders.

Candidly speaking, one must hasten to say that the enactment of a law against employment of illegal aliens will not accomplish much. Such a law will depend upon proof that the employer "knowingly" broke the law. Proving this will be immensely difficult, if not impossible. Moreover, it is very doubtful that many district attorneys would press for enforcement or that many juries would convict an employer for the offense of providing jobs to anyone. With court dockets already backlogged with serious crimes, it is

hard to imagine that many employers would ever be brought to trial. Yet the possibility of prosecution would exist. Moreover, there would be some voluntary compliance and, at least, the weight of the law would be against the employment of illegal aliens. As meaningless as such a ban may prove to be, nothing else makes sense until such a law is on the books.

The obvious question that follows is how does an employer know if a person is a citizen or not? A query is hardly sufficient. With fraudulent documents easily accessible to anyone desiring them, mere possession of any of

that the current statutes can be enforced. Aside from apprehension of illegal aliens, the agency has numerous other duties to perform with respect to control of drugs, smuggling of goods, gunrunning, and other criminal activity. A substantial increase in the number of INS enforcement officers would be by far the most effective short-run deterrent that could be initiated. In addition, the INS should have exclusive responsibility for checking all persons who pass through inspection ports of entry. Too often persons from the Bureau of Customs perform the clearance checks. Customs officials are less likely to speak other

*A noncounterfeitable and unalterable social security card
would facilitate verification of the citizenship
status of any would-be employee.*

the standard means of identification would likewise be no deterrent. The only answer is the issuance of noncounterfeitable and unalterable social security cards to the entire population. Through the use of special codes already developed by cryptographers and computer experts, such a social security card would allow easy verification of the citizenship status of any would-be employee. It has already been announced by INS that a similar noncounterfeitable card will be issued, beginning in mid-1977, to the 4.2 million resident aliens who already live in this country. It will in essence become their identity card.

There are, of course, legitimate fears about the establishment of what is tantamount to a work permit system in this country. Despite the fact that work permits are used in all other free nations of the world, it is true that authoritarian governments also use them as a means of citizen control, thus depriving citizens of civil liberties. The social security card, however, is already required as a condition of employment in the private sector for virtually everyone. The same is true for most public employees. Like it or not, the social security number has already become a national identification system. The social security number is used as a student number on many campuses; it is used as the driver's license number in many states; it is used by the Internal Revenue Service to identify taxpayers; and it is the serial number of all people in the military. Other illustrations could be cited. But the point is: it is absurd to worry about whether something will happen if it has already happened! The only questions that remain are should social security cards be made noncounterfeitable and should checks be made of these cards to assure that those who are using them to seek employment are legally entitled to have them? Certainly no one can seriously disagree with such objectives.

The necessity of significantly enlarging the number of INS enforcement officials is too obvious to be belabored. As long as this staff is less than one fifth the size of the police force of New York City, there is absolutely no way

languages and are much less familiar with all the documents that a potential visa abuser may use to enter the country. INS officials are specifically trained in these matters and are better able than customs agents to detect fraudulent documents.

It is essential that the INS rely less on the voluntary departure system. The policy objective that illegal aliens are unwanted guests can never be taken seriously as long as there is virtually no chance of any penalty being imposed on offenders. Until all illegal aliens can be identified, records kept, and repeat offenders subjected to formal deportation (which would permanently preclude those individuals from ever becoming legal immigrants), there is no reason for an illegal alien to even ponder the risks—the alien has nothing to lose. More reliance on legal procedures, however, will be costly and time consuming and will also necessitate an increase in the INS budget. But these costs, as well as expenses related to the acquisition of more detection hardware, must be weighed against the aforementioned costs of allowing this mushrooming problem to continue. It will be far less costly to assume a strong posture of prevention than it will be to respond to the social problems inherent in this issue after they accumulate.

In the same vein, international policies must be part of the policy mix to reduce the flow of illegal immigrants. These must address the "push" factors; they should be directed primarily at efforts to assist in the economic development of the hemispheric neighbors of Mexico and the Caribbean area. These measures should include extensive offers of technical and financial assistance. It may be that efforts of this kind must be made through established multinational agencies—such as the World Bank, the International Monetary Fund, or the United Nations—instead of unilaterally. Mexico, in particular, is a very proud nation; Mexico abhors the concept of foreign aid, especially from the powerful neighbor to the north.

It must be realized that to some degree the illegal alien problem from Mexico is a by-product of past actions by the

United States. For too many years, Mexico was seen as a pool of cheap labor that could be tapped at will throughout the Southwest. Hence, U.S. policymakers cannot be oblivious of the involvement of policy in the creation of the problem. For this past role the United States is obligated to assist the Mexican government in the reduction of the economic forces that continue to push many of its citizens into the illegal immigration stream. To be sure, the population explosion, the rural-to-urban migration, and the structural labor market changes resulting from technological change in Mexico would have caused the illegal alien flow to occur regardless of any past actions by the United States. But that contention is really moot. The fact is that the United States did contribute to some of the forces that have institutionalized the illegal alien process. The United States cannot place the full responsibility to stop the flow upon Mexico.

The United States should carefully reassess its trade and tariff policies pertaining to Mexico. Efforts to lessen the

source of all nations in the world of legal immigrants to the United States. Between 1968 and 1976 the number of legal immigrants from Mexico has averaged about 54,000 a year. The imposition of the 20,000 person quota to Mexico was arbitrary. The low quota serves only as an additional prod to illegal entry. Mexico deserves a continuation of the special treatment that it has always been accorded in the past. Although some ceiling should be imposed, it should at least be in rough approximation to past immigration levels.

The final step that must be taken to end the problem of illegal immigration is granting general amnesty to all illegal aliens who have been in this country for at least three years, providing that they register with the INS within an established grace period and that they have no record of criminal activity. There should be absolutely no intention to issue another amnesty at some subsequent date. Because the tolerant policy of the past has unofficially condoned the influx of aliens, it is unrealistic to believe that any roundup of aliens who have established themselves in jobs

The United States cannot place upon Mexico the full responsibility for stopping the flow of illegal aliens.

restrictive barriers to agricultural and manufacturing imports from Mexico should be initiated at once. Such action would enhance the opportunities for Mexican export industries to expand and reduce some of the pressures causing illegal entry. It would also acknowledge the fact that Mexico is already a major importer of American-made goods. It might seem inconsistent to argue for a restrictive border policy toward Mexican aliens while favoring increased free trade with respect to the import of Mexican products. This is not so. The impact of increased imports can be more widely spread throughout the American economy. If there were any adverse domestic employment effects from increased imports, those effects could be determined more easily than in the case of illegal immigration. Moreover, there already exists legislation (the Trade Act of 1974) that provides substantial benefits to assist those particular industries and workers who may be harmed by such liberal trade policy adjustments. Nothing is available for those citizen workers who are adversely affected by unfair competition from illegal aliens.

To a slightly lesser degree the same arguments could apply to many of the nations of the Caribbean area. The United States has long manifested political, economic, and military interest in the affairs of this region. The establishment of a regional economic common market is long overdue. With economic assistance and relaxed tariffs some of the outward pressures on illegal immigration from these countries may be stemmed.

With respect to Mexico one change in the legal immigration system must be made. As of January 1, 1977, all nations of the Western Hemisphere were placed under a single ceiling of 20,000 legal immigrants a year with the hemispheric total not to exceed 120,000 persons. Since the early 1960s Mexico has almost always been the number one

and have families could be accomplished without serious hardship and much ill will. The accomplishment of the goal of ridding the labor market of illegal aliens should not be contrary to basic humanitarian concepts. Hence, amnesty is a must but only as the last step of a comprehensive program.

Concluding Observations

It has been observed by Governor Jerry Brown of California that the United States is entering a new period in its historical evolution. He refers to it as an "era of limits." The ways of the past cannot be extended into the future. Immigration is one of the areas in which change must be made. The United States is no longer a nation of boundless resources, of endless frontiers, and of relatively scarce labor.

Nevertheless, it is to be hoped that this nation can continue to receive a controlled number of legal immigrants each year. The laudable goals of the present immigration statutes—to reunite families, to meet certain skill shortages, and to accommodate some number of political refugees—must be retained. The integrity and the public acceptance of a substantial number of legal immigrants, however, should never be endangered by the massive invasion of illegal immigrants, which is currently the case. Moreover, the creation of an underground population of rightless individuals is completely out of character with the American experience. To meet the challenge posed by illegal immigration, all of the aforementioned steps must be taken immediately. This issue is rapidly reaching proportions that will soon make it politically impossible to address the problem in any rational way.

Remodeling in Texas

Susanne Ethridge Cannon and Charles H. Wurtzebach

The first half of 1977 closed with the highest dollar volume of building authorizations ever recorded in Texas. The June total of \$604,892,000 was 23 percent higher than the total for May; the sum for the first six months of the year was 27 percent higher than it was for the same period in 1976. Each of the first six months of 1977 had a higher total than did the same month of the previous year. This continues a pattern set in 1976 when every month except one had a higher permit total than the same month in 1975.

Steady growth has been sustained in all permit authorization categories. Total new construction led with a 28 percent increase over the first two quarters in 1976. Within that category, residential building authorizations gained a remarkable 48 percent over 1976 figures. Nonresidential permits increased by 6 percent and additions and alterations by 23 percent. The expansion touched SMSA and small town, central city and suburb. Central cities within SMSAs showed a 24 percent increase in permits, and areas outside those central cities and non-SMSA areas each had a 33 percent increase.

Residential permits authorized in June rose 12 percent from May levels. Most of the 48 percent year-to-date increase occurred in February and March when builders prepared for summer sales. This pattern followed the national trend. In May the United States had the highest number of housing starts ever recorded with 1,954,000 (based on an annual rate); the June decline to an estimated 1,833,000 is seen merely as a slowing of the growth rate. In Texas the number of units authorized did not actually fall during June, but the growth rate slowed.

Residential growth was concentrated in one- to four-family dwellings. Apartments authorized were down 11 percent from May. A new interest in three- and four-unit dwellings may indicate a return of the small investor to the market. The monthly increase for these dwellings was 241 percent; the year-to-date increase, 77 percent.

Nonresidential authorizations were 42 percent higher in June than in May. The sluggish beginning of the year held to a modest 6 percent the gain in nonresidential

authorizations from the first half of 1976. Substantial shifts occurred from month to month, but the period ended with the most notable change being a 284 percent increase in amusement buildings—up from \$9.0 million to \$34.6 million. June authorizations for hospitals and institutional buildings rose 90 percent from May's figures but still were down 34 percent from the first half of 1976. Educational buildings showed a large monthly increase but a very small six-month increase over the two quarters.

The seasonally adjusted index of total construction authorized for the past six months exceeded the index levels of the last substantial growth period, which occurred in early 1973. Furthermore, the index levels have increased steadily during the last 18 months from 185.6 in January 1976 to 368.8 in June 1977. By August 1976 the seasonally adjusted index for residential construction once again reached the January 1973 level. The growth rate slowed briefly in the winter of 1976-1977 before reaching new highs in the spring of 1977. The high point for residential construction in January 1973 was 268.9; the index for June 1977 reached 431.5.

Alterations and repairs kept pace with the total construction increase. June authorizations were 22 percent above those for May, and the cumulative figures for January through June show a 23 percent gain from the same period in 1976. Since 1965 remodeling and alterations have made up at least 10 percent of all building authorizations. In October 1974 the seasonally unadjusted index of alterations and repairs attained a high of 292.7, which was surpassed in two months of the first half of 1977. The index level reached 346.0 in June. The story behind these figures lies in the shift from commercial to residential remodeling.

Commercial Remodeling

Commercial remodeling is certainly not at a standstill. All around the state old structures are finding new life. The

Crockett school in San Antonio is nearing completion as a community resource center housing a number of service agencies and a city library. Financing has been provided through a combination of loans and federal grants. Conversion of the old Vogel Belt Factory, a complex of four buildings across the street from San Antonio's city hall, from an abandoned pigeon nest to an office complex was accomplished with a combination of Housing and Urban Development Section 312 loans, Community Development Act (CDA) loans, and conventional financing.

Smaller cities are also implementing the "adaptive reuse" plan on a commercial basis. In New Braunfels an old sanitarium was converted to a splendid new restaurant. In Castroville and Fredericksburg and throughout the hill country projects are being developed.

Residential Remodeling

The "back to the city" movement of young professionals seems to be responsible for a shift in the use of the remodeling dollar. In the last two years the proportion of dollars spent on residential remodeling has grown from 36.6 to 45.1 percent of the total, while nonresidential alterations have fallen correspondingly.

San Antonio's King William district has almost 400 homes, many of them dating from the 1880s and almost all owned by individuals. The hero there is Walter Mathis, who acquired a nine-apartment boarding house, gradually worked to restore it to its former grandeur, and made it his home. Since this success he has purchased and remodeled eleven other houses in the same neighborhood. As an urban pioneer Mathis ran into the problem that haunts almost every potential inner-city dweller—financing. However, now that the financial institutions have seen the neighborhood come alive again they have begun to provide the financing necessary to renovate such inner-city neighborhoods.

Another San Antonio neighborhood with remodeling activity is Prospect Hill, located on the near west side. The Mexican American Unity Council has worked to develop the Neighborhood Housing Service to arrange for loans and to help with contracts to remodel houses. Two years ago twenty-three banks and eleven savings and loans institutions, working with the Federal Home Loan Bank Board, cooperated to pool the risk of lending in this area. With the addition of Community Development grants and a high risk revolving loan fund real progress can now be seen. The key to the beginning of the Prospect Hill revitalization was an Economic Development Administration (EDA) grant, which provided for the repaving of streets and the installing of curbs and gutters. Local lenders then toured the area and saw its promise. Travis Savings and Loan became a leader in financing in Prospect Hill and a lender in other San Antonio neighborhoods. But obtaining funds from financial institutions has been a gradual process.

A breakthrough for downtown housing occurred in July when the city committed \$1.5 million of CDA funds to finance the conversion of four old structures in downtown San Antonio to multifamily housing. The twenty-year 3

percent loans will finance 133 units in the four buildings in a complicated condominium mortgage that gives a lien to the city only for the airspace of those floors actually used for housing. The ground floors are thus reserved for commercial development.

Owner-occupied single-family housing in the Enfield, West Austin, and Travis Heights areas has been the focal point of residential remodeling in Austin. But a different set of problems arises when the reconstruction is done by an entrepreneur who is working on more than one house. Whit Hanks' Gypsy Grove Redevelopment Company is restoring eleven structures (84,500 square feet) that were marked for demolition. Remodeling of the structures, which range from two-bedroom cottages to a large six-bedroom house, is costing \$8,000 to \$20,000 per house. Austin National Bank agreed to treat the development much as they would a standard new subdivision and provide the interim financing. Plans call for a combination of commercial and residential uses for several of the houses. The first of the restored structures will be ready for marketing in August; projected sales prices will range from \$26 to \$30 per square foot.

Houston's several inner-city neighborhoods are being redeveloped in completely different ways. In the Montrose area many of the homes and apartments have been remodeled by individual owners for their own use. But Steven Rudy's Creative Restorations has restored approximately fifty buildings in the past four and a half years.

Authorizations for Additions, Alterations, and Repairs

Area	Jan-Jun 1977 1976 (values in thousands of dollars)		Percent change 1977 from 1976
Abilene	1,832	1,121	63
Amarillo	4,498	4,205	7
Austin	8,891	8,088	10
Beaumont-Port Arthur- Orange	6,340	6,346	**
Brownsville-Harlingen- San Benito	2,037	3,722	- 45
Bryan-College Station	1,200	1,353	- 11
Corpus Christi	5,430	5,162	5
Dallas-Fort Worth	63,829	48,570	31
El Paso	7,732	6,679	16
Galveston-Texas City	3,136	2,676	17
Houston	112,607	81,832	38
Killeen-Temple	2,160	2,185	- 1
Laredo	2,274	1,046	117
Longview	2,518	1,877	34
Lubbock	3,181	1,934	64
McAllen-Pharr- Edinburg	3,464	3,253	6
Midland	3,363	3,616	- 7
Odessa	1,924	2,087	- 8
San Angelo	937	1,229	- 24
San Antonio	21,183	21,486	- 1
Sherman-Denison	883	789	12
Texarkana	929	757	23
Tyler	1,414	926	53
Waco	4,249	3,757	13
Wichita Falls	2,117	1,821	16
Total SMSA	268,125	216,517	24
Total non-SMSA	20,723	18,758	10

**Change is less than one half of 1 percent.

Since January of this year the firm has completed twelve projects, most of them forty-year-old apartment buildings. Remodeling projects have varied from Victorian houses to the old Fairview Post Office substation, which Rudy is presently converting to an office building. He has used several sources of financing and has found his most severe problem to be permanent financing. Appraisal is difficult anytime, but in a hodgepodge of a neighborhood it is sometimes difficult to establish value.

The old Sixth Ward now has a historical association, which is applying for a Community Development grant to provide services similar to the NHS in the Prospect Hill area in San Antonio. St. Joseph Church has completed twelve houses in the area and has six others in the process of remodeling. Much of this work has been done by and for the Vietnamese refugees who live in the parish. Throughout the twenty-block area the results of the combination of

church, individual homeowner, and community support and political backing are becoming visible.

Old East Dallas is the scene of a project of national importance. Federal National Mortgage Association (FNMA) joined in a project with the Lakewood Bank and Trust Company to provide loans for Munger Place. The bank's involvement began five years ago with a commitment to lend \$1 million for restorations in the Swiss Avenue area. Plans were to provide both interim and permanent financing for purchasers who would agree to occupy the restored homes. However, the bank lent only about half what it had planned to lend because the area's popularity grew so fast that other lenders joined in. Today those same houses sell for as much as \$200,000.

During the last few years the same bank has loaned \$4 million in East Dallas and has learned that the best results come from a project approach. Focusing on a narrowly defined neighborhood with architectural significance, working with a community association, and using all the communication tools available have produced the best results.

With this experience the bank and FNMA joined to provide loans for Munger Place, a neighborhood of 14 blocks and 150 frame houses. Since the program was launched in September 1976 the area has changed from 80 percent absentee landlord to 70 percent owner-occupied homes. The bank has lent \$1 million of its planned \$2 million in the first year and expects to lend the entire sum.

Across the state inner-city residential remodeling work is taking place in both large and small cities. In spite of the differences between communities and projects common factors do exist. Either a developer/investor remodels one or more buildings or several homeowners organize a community group. In almost every case initial reinvestment is done through private financing. It is important to have the city's help and cooperation in planning infrastructure improvements, which have probably been ignored for many years. Local lenders are encouraged by the combined efforts of neighborhood association and government assistance. Once results are evident prices begin to climb for both unremodeled and completed buildings at least as fast as the cost of housing in other subdivisions is rising.

Then new problems appear. An inevitable conflict involving the direction the neighborhood will take emerges. Resettlement of a neighborhood by white and upper-class families can cause tensions between them and the remaining, frequently ethnic, tenants. How are recently built commercial structures to be reconciled with attempts to preserve the texture of a turn-of-the-century neighborhood? How does a neighborhood keep its character when its old residents are being priced out of the market? What can be done about zoning changes that were made in anticipation of commercial development?

There are no easy answers to these questions, and in each of the communities surveyed approaches to such questions differed. However, in spite of these problems a substantial increase in residential remodeling in inner-city historic areas is taking place. Perhaps diversity in housing opportunities is the answer to the old question of what can be done to save the city.

Estimated Values of Building Authorized in Texas[#]

Classification			Percent change	
	Jun ^P	Jan-Jun ^P	Jun	Jan-Jun
	1977	1977	from May 1977	from Jan-Jun 1976
	(thousands of dollars)			
All Permits	604,892	2,950,974	23	27
New construction	545,351	2,652,196	23	28
Residential				
(housekeeping)	316,502	1,599,416	12	48
One-family dwellings	237,247	1,212,426	17	41
Multiple-family dwellings	79,255	386,990	- 1	79
Nonresidential	228,849	1,052,780	42	6
Hotels, motels, and tourist courts	12,074	30,109	- 6	- 65
Amusement buildings	7,508	34,572	129	284
Churches	6,031	41,794	- 36	38
Industrial buildings	25,266	113,755	178	66
Garages (commercial and private)	6,210	23,300	122	72
Service stations and repair garages	762	4,595	- 35	- 17
Hospitals and institutions	12,789	72,750	90	- 34
Office-bank buildings	51,515	237,179	14	13
Works and utilities	3,246	34,770	- 24	- 61
Educational buildings	39,493	142,562	141	7
Stores and mercantile buildings	51,286	266,129	29	42
Other buildings and structures	12,669	51,265	30	- 8
Additions, alterations, and repairs	59,541	298,778	22	23
SMSA vs. non-SMSA				
Total SMSA [†]	543,393	2,677,475	20	27
Central cities	366,703	1,771,112	20	24
Outside central cities	176,690	906,363	21	33
Total non-SMSA	61,499	273,499	51	33
10,000 to 50,000 population	34,837	151,298	56	29
Less than 10,000 population	26,662	122,201	46	38

[#]Only building for which permits were issued within the incorporated area of a city is included. Federal contracts and public housing are not included.

^PPreliminary.

[†]Standard metropolitan statistical area as defined in 1975 census. Source: Bureau of Business Research in cooperation with the Bureau of the Census, U.S. Department of Commerce.

Local Business Conditions

The following section reports business conditions first by metropolitan areas, second by cities, listed under their counties. Standard metropolitan statistical areas (SMSAs) include one or more entire counties, as shown. All SMSAs are designated as such by the U.S. Bureau of the Census. Population figures are from the 1970 census and 1975 estimates by the Bureau of the Census.

Building permit data are collected from municipalities by the Bureau of Business Research in cooperation with the Bureau of the Census. They represent only building authorizations within city limits and exclude federal contracts and public works projects, such as highways, waterways, and reservoirs. Building statistics for the latest month are subject to revision.

Bank debit statistics for SMSAs and for most central metropolitan cities are collected by the Federal Reserve Bank of Dallas. Most other bank debits figures shown are collected from cooperating banks by the Bureau of Business Research; the published figures represent all banks in the city shown.

Employment estimates include only wage and salary workers and are compiled by the Texas Employment Commission in cooperation with the U.S. Bureau of Labor Statistics.

Footnote symbols are defined on pages 182 and 192.

Indicators of Local Business Conditions for Texas Standard Metropolitan Statistical Areas

Reported area and indicator	Percent change from			Percent change		1977 from 1976
	Jun 1977	May 1977	Jun 1976	Jan-Jun 1977	Jan-Jun 1976	
ABILENE SMSA						
Callahan, Jones, and Taylor Counties; population: 122,164 (1970); 128,400 (1975 est.)						
Urban building permits (dollars)	4,035 #	- 28	- 5	23,810 #	19,697 #	21
Bank debits, seas. adj. (\$1,000)	554,429	3	16	3,174,421 #	2,660,537 #	19
Nonfarm employment	47,100	1	3	46,495*	45,518*	2
Manufacturing employment	5,900	- 1	- 17	6,132*	7,097*	- 14
Unemployed (percent)	4.8	**	9	4.6*	3.8*	21
AMARILLO SMSA						
Potter and Randall Counties; population: 144,396 (1970); 152,000 (1975 est.)						
Urban building permits (dollars)	9,679	**	50	69,399	48,171	44
Bank debits, seas. adj. (\$1,000)	1,274,989	**	3	7,633,893	6,497,828	17
Nonfarm employment	67,400	**	3	67,093*	64,720*	4
Manufacturing employment	8,700	**	- 5	8,818*	8,652*	2
Unemployed (percent)	3.5	13	- 15	3.3*	3.8*	- 13
AUSTIN SMSA						
Hays and Travis Counties; population: 323,158 (1970); 394,800 (1975 est.)						
Urban building permits (dollars)	24,245 #	21	17	113,711 #	91,849 #	24
Bank debits, seas. adj. (\$1,000)	3,343,467 #	12	24	19,238,882 #	15,114,995 #	27
Nonfarm employment	180,000	- 1	3	179,058*	174,175*	3
Manufacturing employment	18,900	1	10	18,467*	16,600*	11
Unemployment (percent)	4.7	31	- 16	4.2*	4.7*	- 11
BEAUMONT-PORT ARTHUR-ORANGE SMSA						
Hardin, Jefferson, and Orange Counties; population: 347,568 (1970); 349,500 (1975 est.)						
Urban building permits (dollars)	18,248 #	64	76	79,985 #	49,005 #	63
Bank debits, seas. adj. (\$1,000)	1,276,285 #	**	12	7,377,216 #	6,352,418 #	16
Nonfarm employment	137,650	2	- 1	134,300*	135,342*	- 1
Manufacturing employment	41,400	4	- 2	39,025*	41,792*	- 7
Unemployed (percent)	7.5	7	- 5	7.3*	7.5*	- 3
BROWNSVILLE-HARLINGEN-SAN BENITO SMSA						
Cameron County; population: 140,368 (1970); 169,300 (1975 est.)						
Urban building permits (dollars)	5,400	2	95	27,211	18,475	47
Bank debits, seas. adj. (\$1,000)	1,024,248	4	14	6,111,188	3,821,455	60
Nonfarm employment	49,480	**	1	49,627*	48,740*	2
Manufacturing employment	8,980	1	- 3	9,037*	9,300*	- 3
Unemployed (percent)	11.1	9	- 3	11.0*	11.0*	**
BRYAN-COLLEGE STATION SMSA						
Brazos County; population: 57,978 (1970); 72,300 (1975 est.)						
Urban building permits (dollars)	3,441	- 37	38	27,801	21,091	32

Reported area and indicator	Percent change from			Jan-Jun 1977	Jan-Jun 1976	Percent change
	Jun 1977	May 1977	Jun 1976			1977 from 1976
BRYAN-COLLEGE STATION SMSA (Continued)						
Bank debits, seas. adj. (\$1,000)	265,237	10	25	1,515,674	1,170,026	30
(Monthly employment reports are not available for the Bryan-College Station SMSA.)						
CORPUS CHRISTI SMSA						
Nueces and San Patricio Counties; population: 284,832 (1970); 297,300 (1975 est.)						
Urban building permits (dollars)	9,109	- 21	- 3	50,301	32,939	53
Bank debits, seas. adj. (\$1,000)	1,437,130	8	17	7,669,153	6,845,834	12
Nonfarm employment	103,150	**	1	102,883*	101,708*	1
Manufacturing employment	11,950	**	- 5	12,025*	12,275*	- 2
Unemployed (percent)	7.3	11	1	7.1*	7.6*	- 6
DALLAS-FORT WORTH SMSA						
Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties; population: 2,378,353 (1970); 2,552,800 (1975 est.)						
Urban building permits (dollars)	164,715	59	85	770,243	696,545	10
Bank debits, seas. adj. (\$1,000)	41,143,823 [#]	6	29	219,183,392 [#]	172,217,645 [#]	27
Nonfarm employment	1,162,200	**	4	1,145,983*	1,106,967*	4
Manufacturing employment	254,300	1	3	251,283*	242,483*	4
Unemployed (percent)	3.9	11	- 24	3.8*	4.9*	- 22
EL PASO SMSA						
El Paso County; population: 359,291 (1970); 414,700 (1975 est.)						
Urban building permits (dollars)	24,159	57	55	112,898	76,633	47
Bank debits, seas. adj. (\$1,000)	1,564,301	1	1	9,648,641	8,585,079	12
Nonfarm employment	137,100	**	- 2	136,075*	138,725*	- 2
Manufacturing employment	30,500	1	- 5	29,683*	31,975*	- 7
Unemployed (percent)	12.4	8	28	12.0*	9.6*	25
GALVESTON-TEXAS CITY SMSA						
Galveston County; population: 169,812 (1970); 182,000 (1975 est.)						
Urban building permits (dollars)	3,985	21	78	25,343	25,956	- 2
Bank debits, seas. adj. (\$1,000)	660,785	13	30	3,348,215	2,722,358	23
Nonfarm employment	70,770	1	7	68,923*	65,173*	6
Manufacturing employment	11,910	**	**	11,832*	11,910*	- 1
Unemployed (percent)	8.3	34	11	7.1*	6.7*	6
HOUSTON SMSA						
Brazoria, Fort Bend, Harris, Liberty, Montgomery, and Waller Counties; population: 1,999,316 (1970); 2,297,300 (1975 est.)						
Urban building permits (dollars)	130,992	5	7	688,587	534,803	29
Bank debits, seas. adj. (\$1,000)	36,556,179 [#]	12	25	199,078,753 [#]	156,927,850 [#]	27
Nonfarm employment	1,155,800	1	5	1,134,600*	1,080,600*	5
Manufacturing employment	189,500	1	1	187,450*	186,233*	1
Unemployed (percent)	5.2	8	- 20	5.1*	5.5*	- 7
KILLEEN-TEMPLE SMSA						
Bell and Coryell Counties; population: 159,794 (1970); 210,500 (1975 est.)						
Urban building permits (dollars)	7,287	8	60	42,544	30,576	39
Bank debits, seas. adj. (\$1,000)	355,171	5	21	2,009,875	1,663,388	21
(Monthly employment reports are not available for the Killeen-Temple SMSA.)						
LAREDO SMSA						
Webb County; population: 72,859 (1970); 78,100 (1975 est.)						
Urban building permits (dollars)	1,314	- 37	- 26	11,334	13,832	- 18
Bank debits, seas. adj. (\$1,000)	227,027	- 6	1	1,314,833	1,209,428	9
Nonfarm employment	25,670	1	2	25,453*	24,695*	3
Manufacturing employment	1,890	5	8	1,820*	1,732*	5
Unemployed (percent)	13.8	- 3	- 18	16.3*	17.3*	- 6
LONGVIEW SMSA						
Gregg and Harrison Counties; population: 120,770 (1970); 125,300 (1975 est.)						
Urban building permits (dollars)	9,450	- 12	64	44,559	29,149	53

Reported area and indicator	Jun 1977	Percent change from		Jan-Jun 1977	Jan-Jun 1976	Percent change
		May 1977	Jun 1976			1977 from 1976
LONGVIEW SMSA (continued)						
Bank debits (\$1,000)	451,149	14	28	2,556,312	2,031,201	26
Nonfarm employment	51,720	1	3	51,240*	49,687*	3
Manufacturing employment	16,620	3	4	16,160*	15,717*	3
Unemployed (percent)	6.6	10	- 21	6.4*	7.8*	- 18
LUBBOCK SMSA						
Lubbock County; population: 179,295 (1970); 196,700 (1975 est.)						
Urban building permits (dollars)	12,144	- 14	31	71,117	48,591	46
Bank debits, seas. adj. (\$1,000)	1,518,188	2	34	8,875,926	6,116,314	45
Nonfarm employment	79,140	- 2	7	79,838*	75,053*	6
Manufacturing employment	12,300	5	16	11,727*	9,927*	18
Unemployed (percent)	3.7	28	- 20	3.3*	4.2*	- 21
McALLEN-PHARR-EDINBURG SMSA						
Hidalgo County; population: 181,535 (1970); 220,700 (1975 est.)						
Urban building permits (dollars)	7,806	- 53	- 1	48,586	35,919	35
Bank debits, seas. adj. (\$1,000)	572,822	**	5	3,258,763	2,965,497	10
Nonfarm employment	59,700	- 2	3	60,655*	58,343*	4
Manufacturing employment	8,570	7	4	7,943*	7,703*	3
Unemployed (percent)	9.7	20	- 8	10.1*	10.5*	- 4
MIDLAND SMSA						
Midland County; population: 65,433 (1970); 69,700 (1975 est.)						
Urban building permits (dollars)	4,945	- 18	- 31	28,960	23,886	21
Bank debits, seas. adj. (\$1,000)	1,066,078	18	33	5,512,663	4,033,721	37
Nonfarm employment	28,940	- 3	2	29,452*	28,792*	2
Manufacturing employment	2,010	5	6	1,913*	1,933*	- 1
Unemployed (percent)	3.2	23	- 16	2.7*	3.4*	- 21
ODESSA						
Ector County; population: 92,660 (1970); 98,800 (1975 est.)						
Urban building permits (dollars)	1,704	- 60	- 68	23,646	32,824	- 28
Bank debits, seas. adj. (\$1,000)	698,163	7	22	3,910,533	3,074,369	27
Nonfarm employment	43,820	1	4	43,073*	41,725*	3
Manufacturing employment	5,940	2	5	5,772*	5,623*	3
Unemployed (percent)	3.3	18	- 30	2.9*	4.3*	- 33
SAN ANGELO SMSA						
Tom Green County; population: 71,047 (1970); 74,800 (1975 est.)						
Urban building permits (dollars)	2,995	- 4	26	33,613	16,463	104
Bank debits, seas. adj. (\$1,000)	449,105	- 1	21	2,762,593	2,258,411	22
Nonfarm employment	28,680	**	4	28,387*	27,793*	2
Manufacturing employment	5,440	- 1	2	5,393*	5,335*	1
Unemployed (percent)	3.0	11	- 35	3.1*	4.0*	- 23
SAN ANTONIO SMSA						
Bexar, Comal, and Guadalupe Counties; population: 888,179 (1970); 977,200 (1975 est.)						
Urban building permits (dollars)	37,843	29	128	141,615	102,613	38
Bank debits, seas. adj. (\$1,000)	3,885,932 [#]	**	16	22,551,083 [#]	19,048,656 [#]	18
Nonfarm employment	334,100	**	1	330,917*	326,833*	1
Manufacturing employment	41,950	2	2	40,917*	39,967*	2
Unemployment (percent)	8.1	21	- 15	6.9*	8.2*	- 16
SHERMAN-DENISON SMSA						
Grayson County; population: 83,225 (1970); 79,000 (1975 est.)						
Urban building permits (dollars)	4,711	660	355	9,191	14,271	- 36
Bank debits, seas. adj. (\$1,000)	202,365	7	12	1,099,295	997,581	10
Nonfarm employment	30,750	2	5	29,700*	28,400*	5
Manufacturing employment	10,990	4	8	10,478*	9,658*	8
Unemployed (percent)	7.3	- 4	- 24	7.4*	10.2*	- 27
TEXARKANA SMSA						
Bowie County, Texas; Little River and Miller Counties, Arkansas; population: 113,488 (1970); 114,700 (1975 est.)						
Urban building permits (dollars)	2,026	- 11	82	12,257	7,329	67
Bank debits, seas. adj. (\$1,000)	298,036	5	16	1,577,931	1,369,736	15
Nonfarm employment	40,450	**	3	40,202*	38,718*	4
Manufacturing employment	8,160	2	7	7,817*	7,620*	3

Reported area and indicator	Percent change from			Percent change		
	Jun 1977	May 1977	Jun 1976	Jan-Jun 1977	Jan-Jun 1976	1977 from 1976
TEXARKANA SMSA (continued)						
Unemployed (percent)	7.2	3	- 29	7.7*	11.0*	- 30
(Since the Texarkana SMSA includes Bowie County in Texas and Little River and Miller Counties in Arkansas, all data, including population, refer to the three-county region.)						
TYLER SMSA						
Smith County; population: 97,096 (1970); 107,400 (1975 est.)						
Urban building permits (dollars)	8,595	87	183	32,293	14,524	122
Bank debits, seas. adj. (\$1,000)	603,241	19	31	3,193,573	2,455,331	30
Nonfarm employment	43,240	**	6	42,885*	40,687*	- 5
Manufacturing employment	12,320	**	10	12,148*	11,137*	9
Unemployed (percent)	4.9	17	- 29	4.8*	6.5*	- 26
WACO SMSA						
McLennan County; population: 147,553 (1970); 156,700 (1975 est.)						
Urban building permits (dollars)	3,789	- 20	18	33,691	20,535	64
Bank debits, seas. adj. (\$1,000)	730,202	6	17	4,076,249	3,417,402	19
Nonfarm employment	62,190	**	2	61,547*	59,770*	3
Manufacturing employment	14,410	- 1	**	14,290*	13,775*	4
Unemployed (percent)	5.5	34	- 15	4.8*	6.2*	- 23
WICHITA FALLS SMSA						
Clay and Wichita Counties; population: 128,642 (1970); 130,700 (1975 est.)						
Urban building permits (dollars)	8,140	262	221	21,368	20,939	2
Bank debits, seas. adj. (\$1,000)	611,209 [#]	10	28	3,361,662 [#]	2,577,434 [#]	30
Nonfarm employment	46,750	**	3	46,293*	44,993*	3
Manufacturing employment	8,170	3	8	7,675*	7,373*	4
Unemployed (percent)	3.9	5	- 22	4.0*	4.9*	- 18

[#]Bank debit reports are based on the 1970 census definition for standard metropolitan statistical areas.

*Monthly average.

**Absolute change is less than one half of 1 percent.

Urban-building data are preliminary and subject to revision.

In the past, bank debits series appearing in the *Texas Business Review* have been collected for SMSAs by the Federal Reserve Bank of Dallas and for non-SMSA counties and cities by the Bureau of Business Research. The Federal Reserve is discontinuing its program after collecting the June data, which appear in this issue, and the Bureau will follow suit. The Federal Reserve has decided to discontinue the program to reduce the reporting burden on banks; since only partial data would result if the Bureau continued collecting, the reporting burden on participating banks is not believed to be warranted.

Building permit data, which in abbreviated form have accompanied bank debit data in the *Texas Business Review*, will continue to appear in complete form in *Building Construction in Texas* (\$5.00 per year, 12 issues, available from the Bureau) but will not be duplicated in the *Review*. The two changes announced here will allow the inclusion of more articles.

Indicators of Local Business Conditions for Individual Texas Municipalities

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977 (dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977 (thousands of dollars)	Jan-Jun 1976 of dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
ANDERSON Palestine	27,789 14,525	464,625	200	67	2,885,075	1,241,001	132	...	...	...	...	...	...
ANDREWS Andrews	10,372 8,625	244,333	- 57	406	2,294,040	661,173	247	...	...	...	...	...	...
ANGELINA Lufkin	49,349 23,049	824,773	- 28	- 30	...	...	...	...	...	...	...	...	...
ATASCOSA Pleasanton	18,696 5,407	413,545	628	...	...	...	...	18,311	57	79	72,974	60,013	22
AUSTIN Bellville	13,831 2,371	144,100	1	24	922,900	472,312	95	15,041	20	14	82,876	78,936	5
BASTROP Smithville	17,297 2,959	32,885	- 67	145	349,640	254,320	37	5,424	...	16	...	...	...
BEE Beeville	22,737 13,506	546,375	69	61	2,745,732	1,750,403	57	...	...	...	...	...	...
BELL (in Killeen-Temple SMSA)	124,483												
Harker Heights	4,216	731,314	4	36	...	...	...	...	...	...	...	...	...
Killeen	35,507	2,183,882	32	99	13,347,036	9,646,079	38	83,742	- 11	5	527,350	465,537	13
Temple	33,431	3,263,303	15	102	13,353,032	11,906,269	12	158,084	10	14	850,508	746,066	14
BEXAR (in San Antonio SMSA)	830,460												
San Antonio	654,153	32,157,652	23	129	118,117,044	83,018,761	42	3,922,062	4	21	21,820,973	18,570,470	18
BOWIE (in Texarkana SMSA)	68,909												
Texarkana	52,179	624,486	81	42	2,365,127	4,020,086	- 41	281,767	8	32	1,497,080	1,169,504	28
BRAZORIA (in Houston SMSA)	108,312												
Angleton	9,770	1,406,373	8	337	6,198,865	3,861,979	61	...	...	...	...	...	...
Clute	6,023	4,372,704	1,802	2,321	5,749,553	4,741,813	21	12,269	12	- 6	67,463	65,737	3
Freeport	11,997	1,922,300	535	1,253	3,325,924	3,292,122	1	74,593	14	6	...	...	...
Lake Jackson	13,376	1,548,411	- 25	...	...	...	...	...	...	...	...	...	...
Pearland	6,444	3,797,878	21	85	13,523,220	12,063,755	12	23,540	5	17	127,926	111,974	14
BRAZOS (constitutes Bryan- College Station SMSA)	57,978												
Bryan	33,719	2,139,433	- 18	33	13,223,817	9,400,085	41	220,574	9	26	1,213,095	943,701	29
College Station	17,676	1,301,716	- 54	48	14,577,526	11,690,417	25	46,355	2	15	269,464	208,051	30

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977 (dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977 (thousands of dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
BREWSTER Alpine	7,780 5,971	70,321	71	24	361,126	173,550	108	11,350	2	34	69,747	55,825	25
BROWN Brownwood	25,877 17,368	291,050	41	— 7	...	...	...	...	...	...	...	...	...
BURNET Marble Falls	11,420 2,209	276,000	— 10	...	...	...	...	29,984	16	32	163,487	134,039	22
CALDWELL Lockhart	21,178 6,489	139,729	— 33	25	1,038,629	698,082	49	...	...	...	...	...	...
CALHOUN Port Lavaca	17,831 10,491	299,275	1,412	...	...	...	...	33,274	2	— 20	199,969	229,248	— 13
Point Comfort	1,446	0	...	...	...	...	...	...	...	...	...	...	...
Seadrift	1,092	5,000	— 83	— 44	117,185	99,806	17	1,448	— 30	— 33	12,423	12,159	2
CAMERON (constitutes Brownsville- Harlingen-San Benito SMSA)	140,368												
Brownsville	52,522	2,446,753	6	14	10,636,053	9,849,054	8	325,965	3	17	...	...	...
Harlingen	33,503	2,253,070	42	376	8,891,749	6,209,056	43	614,304	6	41	3,338,505	1,867,118	79
La Feria	2,642	91,007	91	935	519,901	93,100	458	5,367	8	38	...	...	...
Port Isabel	3,067	278,626	260	238	569,010	403,272	41	...	...	...	...	...	...
San Benito	15,176	320,260	— 75	520	6,494,730	1,768,508	267	17,627	— 37	8	112,326	87,765	28
CASTRO Dimmitt	10,394 4,327	89,650	— 10	...	...	...	...	36,830	7	1	255,241	230,421	11
CHEROKEE Jacksonville	32,008 9,734	906,650	...	**	...	...	...	52,558	3	7	297,083	262,642	13
CHILDRESS Childress	6,605 5,408	3,500	— 96	...	...	...	...	...	...	...	...	...	...
COLEMAN Coleman	10,288 5,608	19,350	312	— 3	191,350	1,239,745	— 85	...	...	...	...	...	...
COLLIN (in Dallas-Fort Worth SMSA)	66,920												
McKinney	15,193	1,251,861	69	3,030	3,154,118	660,530	378	...	...	...	...	...	...
Plano	17,872	8,941,600	...	8	...	...	...	...	...	...	...	...	...
COLORADO Eagle Lake	17,638 3,587	...	...	...	...	...	...	12,222	35	13	76,577	76,030	1
COMAL (in San Antonio SMSA)	24,165												
New Braunfels	17,859	2,100,000	152	252	...	...	...	44,928	20	13	240,616	227,107	6
COMANCHE Comanche	11,898 3,933	146,500	— 21	...	...	...	...	...	...	...	...	...	...

COOKE	23,471												
Gainesville	13,830	591,557	132	— 25	4,412,550	2,399,218	84	52,946	11	28	286,073	244,526	17
Muenster	1,411	2,500	— 90	— 95	168,100	102,001	65	8,349	17	19	44,778	39,694	13
CORYELL	35,311												
(in Killeen-Temple SMSA)													
Copperas Cove	10,818	1,066,639	— 22	— 7	9,649,490	4,881,875	98	18,534	9	33	...	...	...
Gatesville	4,683	...	...	...	...	...	...	19,961	8	6	111,885	94,702	18
CRANE	4,172												
Crane	3,427	15,900	— 83	297	...	...	...	...	...	...	...	...	...
DALLAM	6,012												
Dalhart	5,705	411,000	— 9	...	...	...	...	...	...	...	...	...	...
DALLAS	1,327,695												
(in Dallas-Fort Worth SMSA)													
Carrollton	13,855	4,868,185	— 6	23	32,998,807	12,874,447	156	34,132	5	— 17	192,386	276,456	— 30
Dallas	844,401	66,844,377	103	136	241,979,710	260,873,010	— 7	34,682,025	11	32	177,517,284	141,838,149	25
Farmers Branch	27,492	920,188	...	...	...	...	...	...	...	...	...	...	...
Garland	81,437	4,760,461	— 3	— 5	...	...	...	153,906	7	13	895,058	845,485	6
Grand Prairie	50,904	3,457,726	106	26	...	...	...	...	...	...	...	...	...
Irving	97,260	6,432,587	55	26	...	...	...	158,035	6	13	887,253	802,909	11
Lancaster	10,522	430,990	52	7	3,197,590	2,208,850	45	...	...	...	...	...	...
Mesquite	55,131	1,844,248	27	120	...	...	...	...	...	...	...	...	...
Seagoville	4,390	119,776	24	42	592,439	391,608	51	16,731	33	— 18	74,254	96,996	— 23
DAWSON	16,604												
Lamesa	11,559	231,250	...	1,031	...	...	...	...	...	...	...	...	...
DEAF SMITH	18,999												
Hereford	13,414	784,560	23	150	3,448,680	5,623,470	— 39	...	...	...	...	...	...
DENTON	75,633												
(in Dallas-Fort Worth SMSA)													
Denton	39,874	1,369,150	— 52	56	...	...	...	...	...	...	...	...	...
Justin	741	8,200	— 86	273	...	...	...	...	...	...	...	...	...
Lewisville	9,264	1,037,623	134	37	4,878,840	6,424,315	— 24	55,195	16	11	279,768	240,976	16
Pilot Point	1,663	121,725	209	159	...	...	...	4,000	— 2	— 6	24,892	22,675	10
EASTLAND	18,092												
Cisco	4,160	...	...	...	...	...	...	6,862	6	11	43,294	37,056	17
ECTOR	92,660												
(constitutes Odessa SMSA)													
Odessa	78,380	1,703,691	— 60	— 68	23,645,194	32,823,416	— 28	712,112	14	27	3,917,849	3,134,279	25
ELLIS	46,638												
(in Dallas-Fort Worth SMSA)													
Midlothian	2,322	46,000	820	— 46	...	...	...	9,449	16	19	51,650	46,342	11
Waxahachie	13,452	372,250	6	7	1,945,450	1,656,900	17	...	...	...	...	...	...
EL PASO	359,291												
(constitutes El Paso SMSA)													
El Paso	322,261	24,158,651	57	55	112,691,125	76,553,797	47	1,620,771	6	9	9,654,024	8,785,725	10
ERATH	18,141												
Stephenville	9,277	704,180	73	— 22	3,902,188	4,691,892	— 17	42,277	5	38	246,007	178,674	38
FANNIN	22,705												
Bonham	7,698	73,900	4	511	1,186,863	415,765	185	...	...	...	...	...	...

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977	Jan-Jun 1976	Percent change	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977	Jan-Jun 1976	Percent change
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
(dollars)						(thousands of dollars)							
FAYETTE	17,650												
La Grange	3,092	180,420	38	...	...	...	...	...	...	...	...	...	...
Schulenburg	2,294	84,175	- 37	- 40	300,806	578,700	- 48	...	...	...	...	...	...
FORT BEND (in Houston SMSA)	52,314												
Rosenberg	12,098	1,176,494	109	1,023	6,510,574	3,071,598	112	...	...	...	...	...	...
Richmond	5,777	141,250	- 64	- 21	1,637,625	1,112,774	47	...	...	...	...	...	...
GAINES	11,593												
Seminole	5,007	175,300	72	224	...	...	...	30,714	- 1	36	247,132	170,694	45
Seagraves	2,440	3,500	133	- 98	191,845	163,400	17	6,705	- 14	23	48,295	32,991	46
GALVESTON (constitutes Galveston- Texas City SMSA)	169,812												
Dickinson	10,776	...	...	...	...	...	...	33,944	15	24	187,791	166,075	13
Galveston	61,809	1,306,714	- 10	68	13,259,005	6,087,619	118	421,502	27	41	1,981,148	1,605,841	23
La Marque	16,131	372,149	...	174	...	...	...	...	...	...	...	...	...
Texas City	38,908	1,815,370	74	69	7,898,265	6,996,279	13	73,370	8	20	425,425	379,632	12
GILLESPIE	10,553												
Fredericksburg	5,326	300,300	34	29	1,781,348	1,467,161	21	31,061	- 2	1	191,055	181,311	5
GONZALES	16,375												
Gonzales	5,854	15,900	- 76	- 45	773,090	1,160,750	- 33	38,582	4	- 7	224,770	236,853	- 5
Nixon	1,925	22,000	450	2,100	...	...	...	...	...	...	...	...	...
GRAY	26,949												
Pampa	21,726	71,150	- 86	- 51	1,629,093	1,008,150	62	64,655	13	15	374,817	356,345	5
GRAYSON (constitutes Sherman- Denison SMSA)	83,225												
Denison	24,923	775,705	420	25	2,560,878	2,435,973	5	70,932	38	27	336,731	315,366	7
Sherman	29,061	3,913,165	966	1,023	6,273,562	11,472,024	- 45	97,980	**	6	564,607	537,326	5
GREGG (in Longview SMSA)	75,929												
Gladewater	5,574	80,550	- 58	- 59	781,193	925,356	- 16	11,044	3	8	69,312	, 58,976	18
Kilgore	9,495	3,348,555	43	738	7,413,423	3,787,555	96	53,638	- 9	19	327,042	265,003	23
Longview	45,547	5,307,000	- 24	15	31,140,000	21,654,500	44	312,692	19	32	1,744,824	1,370,348	27
GRIMES	11,855												
Navasota	5,111	186,416	184	...	...	...	...	...	...	...	...	...	...
GUADALUPE (in San Antonio SMSA)	33,554												
Schertz	4,061	92,860	106	109	2,471,891	1,003,515	146	...	...	...	...	...	...
Seguin	15,934	551,445	- 9	**	2,264,880	3,717,189	- 39	58,284	16	21	313,149	267,049	17
HALE	34,137												
Hale Center	1,964	96,800	...	240	120,800	129,502	- 7	...	...	...	...	...	...
Plainview	19,096	2,991,850	1,134	718	...	...	...	...	...	...	...	...	...

HALL	6,015														
Memphis	3,227	78,000	...	...	...	...	...	...	...	...	...	...	...	...	...
HARRIS	1,741,912														
(in Houston SMSA)															
Bellaire	19,009	336,852	- 55	10	2,203,721	1,117,575	97	...	...	...	...	...	...	...	...
Baytown	43,980	1,215,393	- 33	- 33	10,556,405	9,752,943	8	...	...	...	...	...	...	...	...
Deer Park	12,773	2,644,862	- 33	60	19,054,599	11,110,300	72	61,671	18	66	...	...	...	...	...
Houston	1,232,802	93,671,043	9	- 5	488,727,913	385,627,781	27	33,682,306	10	24	187,899,525	148,205,701	27	...	...
Katy	2,923	1,774,665	104	...	...	...	...	29,821	- 15	123	191,089	112,769	69	...	...
La Porte	7,149	1,298,937	53	68	...	...	...	14,047	31	24	70,143	61,309	14	...	...
Pasadena	89,277	6,300,649	- 8	91	...	...	...	290,288	3	18	1,663,973	1,479,407	12	...	...
South Houston	11,527	287,135	- 37	94	3,105,430	1,052,085	195	...	...	...	...	...	...	...	...
Tomball	2,734	...	...	...	...	...	...	52,271	25	59	256,577	198,212	29	...	...
HARRISON	44,841														
(in Longview SMSA)															
Hallsville	1,038	...	...	...	...	...	...	4,169	...	31	...	...	...	...	...
Marshall	22,937	713,506	- 40	33	5,224,636	2,781,490	88	69,606	15	15	391,383	336,874	16	...	...
HASKELL	8,512														
Haskell	3,655	0	...	...	105,000	343,000	- 69	9,637	23	- 7	58,623	58,316	1	...	...
HAYS	27,642														
(in Austin SMSA)															
San Marcos	18,860	2,803,275	493	728	...	...	...	28,797	2	**	167,296	146,914	14	...	...
HENDERSON	26,466														
Athens	9,582	217,400	- 19	13	...	...	...	...	...	...	...	...	...	...	...
HIDALGO	181,535														
(constitutes McAllen-Pharr-Edinburg SMSA)															
Donna	7,365	233,930	- 77	109	1,560,161	583,826	167	11,164	3	7	67,923	62,769	8	...	...
Edinburg	17,163	660,350	61	- 79	4,291,780	6,365,621	- 33	87,877	**	26	516,855	412,912	25	...	...
Elsa	4,400	86,295	265	549	235,173	164,090	43	13,693	4	14	76,905	107,725	- 29	...	...
McAllen	37,636	5,166,443	- 60	104	28,830,002	19,738,722	46	248,741	2	10	1,429,690	1,300,284	10	...	...
Mercedes	9,355	98,543	- 65	- 71	...	...	...	...	...	...	...	...	...	...	...
Mission	13,043	794,504	13	26	3,216,909	2,805,015	15	60,527	5	17	...	...	...	...	...
Pharr	15,829	282,591	- 48	- 60	4,017,776	2,001,335	101	16,560	10	38	83,685	71,579	17	...	...
San Juan	5,070	...	...	...	...	...	...	10,378	- 20	- 4	...	...	...	...	...
Weslaco	15,313	483,567	- 8	76	...	...	...	51,451	**	14	322,227	263,258	22	...	...
HOCKLEY	20,396														
Levelland	11,445	...	...	...	...	...	...	54,783	- 3	20	368,937	323,299	14	...	...
HOOD	6,368														
(in Dallas-Fort Worth SMSA)															
Granbury	2,473	...	...	...	...	...	...	10,234	9	23	58,299	46,963	24	...	...
HOPKINS	20,710														
Sulphur Springs	10,642	2,635,690	637	397	4,026,809	2,205,827	83	...	...	...	...	...	...	...	...
HOWARD	37,796														
Big Spring	28,735	546,278	- 26	234	1,775,682	3,277,294	- 46	...	...	...	...	...	...	...	...
HUNT	47,948														
Greenville	22,043	263,694	- 78	- 22	2,567,599	3,636,810	- 29	...	...	...	...	...	...	...	...
HUTCHINSON	24,443														
Borger	14,195	383,050	192	15	...	...	...	...	...	...	...	...	...	...	...

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977 (dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977 (thousands of dollars)	Jan-Jun 1976 (thousands of dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
JACKSON Edna	12,975 5,332	157,595	...	362	...	...	...	17,978	11	14	110,741	96,829	14
JASPER Jasper	24,692	430,000	24	219	...	...	...	39,420	9	15	233,757	198,387	18
Kirbyville	6,251 1,869	...	...	...	...	...	...	10,178	4	43	55,231	39,514	40
JEFFERSON (in Beaumont-Port Arthur- Orange SMSA)	246,402												
Beaumont	115,919	12,974,220	77	67	43,235,761	26,981,456	60	788,255	- 1	6	4,740,880	4,151,342	14
Groves	18,067	554,900	- 21	3	3,667,256	3,818,288	- 4	...	...	...	...	...	...
Nederland	16,810	1,660,021	200	260	4,632,757	2,515,498	84	...	...	...	...	...	...
Port Arthur	57,371	1,211,186	34	200	11,093,418	3,785,577	193	183,799	- 1	17	1,095,630	934,803	17
Port Neches	10,894	525,810	- 15	12	...	...	...	...	...	...	...	...	...
JIM WELLS Alice	33,032 20,121	666,530	46	59	...	...	...	...	...	...	...	...	...
JOHNSON (in Dallas-Fort Worth SMSA)	45,769												
Burleson	7,713	1,173,730	...	...	...	...	...	25,066	9	19	136,172	113,687	20
Cleburne	16,015	...	...	...	...	...	...	60,757	5	18	336,986	289,459	16
KARNES Karnes City	13,462 2,926	241,100	73	301	510,200	217,630	134	10,161	- 2	16	60,211	54,044	11
KAUFMAN (in Dallas-Fort Worth SMSA)	32,392												
Terrell	14,182	390,200	13	335	1,489,223	2,118,585	- 30	...	...	...	...	...	...
KERR Kerrville	19,454 12,672	379,992	- 24	...	...	...	...	...	...	...	...	...	...
KIMBLE Junction	3,904 2,654	0	...	...	235,825	183,580	28	...	...	...	...	...	...
KLEBERG Kingsville	33,166 28,711	558,460	28	114	2,368,235	3,259,119	- 27	75,082	39	- 7	...	...	...
LAMAR Paris	36,062 23,441	981,615	55	14	...	...	...	...	...	...	...	...	...
LAMB Littlefield	17,770 6,738	54,700	59	- 87	...	...	...	...	...	...	...	...	...
LAMPASAS Lampasas	9,323 5,922	96,900	44	44	704,836	532,325	32	...	...	...	...	...	...
LAVACA Hallettsville	17,903 2,712	25,000	1,150	...	217,815	57,452	279	11,533	- 3	14	...	...	...
Yoakum	5,755	23,730	- 55	- 87	324,254	397,410	- 18	22,343	1	3	130,757	124,354	5

LEE	8,048													
Giddings	2,783	...	...	...	...	...	...	18,098	11	21	...	...	...
LIBERTY	33,014													
(in Houston SMSA)														
Dayton	3,804	252,500	− 31	2	1,077,714	725,152	49	17,771	3	17	97,072	90,719	7	
LIMESTONE	18,100													
Mexia	5,943	91,100	− 62	− 73	2,670,000	1,228,250	117	24,547	17	14	135,396	119,086	14	
LLANO	6,979													
Kingsland	1,262	...	...	...	...	...	...	20,934	...	11	...	...	...
Llano	2,608	33,900	− 28	− 63	...	...	...	18,076	2	1	99,483	87,440	14
LUBBOCK	179,295													
(constitutes Lubbock SMSA)														
Lubbock	149,101	12,054,706	− 14	30	69,401,317	47,803,694	45	1,471,977	5	48	8,994,643	5,914,623	52	
Slaton	6,583	86,000	10	470	662,164	288,115	130	...	...	...	...	...	...
LYNN	9,107													
Tahoka	2,956	93,173	− 34	...	586,658	0	...	12,058	− 27	28	114,727	81,298	41	
MCCULLOCH	8,571													
Brady	5,557	44,600	− 62	− 58	647,900	761,810	− 15	22,238	11	17	123,499	111,833	10	
MCLENNAN	147,553													
(constitutes Waco SMSA)														
McGregor	4,365	20,800	− 8	− 55	496,500	281,925	76	...	...	...	...	...	...
Waco	95,326	1,841,034	− 20	20	18,368,922	12,975,207	42	694,808	11	20	3,871,196	3,190,532	21	
MATAGORDA	27,913													
Bay City	11,733	922,965	− 7	− 8	4,698,863	3,054,022	54	66,013	3	18	399,197	322,693	24	
MAVERICK	18,093													
Eagle Pass	15,364	491,075	12	...	...	...	...	42,636	17	81	196,324	150,925	30
MEDINA	20,249													
Castroville	1,893	500	...	− 99	200,138	239,484	− 16	...	...	...	...	...	...
Hondo	5,487	115,659	427	...	...	...	...	9,400	− 6	− 3	54,129	50,312	8
MIDLAND	65,433													
(constitutes Midland SMSA)														
Midland	59,463	4,945,075	− 18	− 31	28,959,537	23,886,233	21	1,026,205	13	33	5,397,266	4,043,899	33	
MILAM	20,028													
Cameron	5,546	...	...	...	...	...	...	16,983	17	20	89,812	81,809	10
Rockdale	4,655	761,855	108	786	1,823,819	526,955	246	17,029	7	9	95,727	94,509	1	
MILLS	4,212													
Goldthwaite	1,693	...	...	...	...	...	...	13,027	...	12	...	...	...
MITCHELL	9,073													
Colorado City	5,227	...	...	...	...	...	...	12,455	5	− 5	80,423	71,484	13
MONTGOMERY	49,479													
(in Houston SMSA)														
Conroe	11,969	459,868	− 53	106	4,119,357	3,194,121	29	...	...	...	...	...	...
MOORE	14,060													
Dumas	9,771	763,150	− 10	186	3,620,950	2,631,500	38	...	...	...	...	...	...
NACOGDOCHES	36,362													
Nacogdoches	22,544	1,067,597	− 30	− 7	8,523,908	5,407,567	58	...	...	...	...	...	...

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977 (dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977 (thousands of dollars)	Jan-Jun 1976 of dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
NAVARRO Corsicana	31,150 19,972	796,242	— 7	61	4,534,063	3,489,020	30	84,746	20	26	445,263	389,143	14
NOLAN Sweetwater	16,220 12,020	2,259,700	2,099	636	4,608,362	1,652,002	179	46,482	6	15	273,439	236,157	16
NUECES (in Corpus Christi SMSA)	237,544												
Bishop	3,466	800	...	...	...	...	...	...	...	...	...	...	...
Corpus Christi	204,525	6,629,760	— 31	— 21	40,387,816	28,486,078	42	1,196,735	3	17	6,843,436	5,999,055	14
Port Aransas	1,218	...	...	...	...	...	...	3,152	13	8	15,916	11,892	34
Robstown	11,217	41,802	— 56	— 20	318,804	521,703	— 39	42,458	32	30	214,078	190,395	12
ORANGE (in Beaumont-Port Arthur- Orange SMSA)	71,170												
Orange	24,457	1,271,173	38	216	11,746,643	6,997,392	68	101,464	4	— 1	607,671	561,761	8
PALO PINTO Mineral Wells	28,962 18,411	181,400	— 70	— 5	1,181,535	502,536	135	...	...	...	...	...	...
PANOLA Carthage	15,894 5,392	335,000	238	186	1,016,280	946,850	7	...	...	...	...	...	...
PARKER (in Dallas-Fort Worth SMSA)	33,888												
Weatherford	11,750	395,500	— 9	394	4,657,150	948,600	391	...	...	...	...	...	...
PARMER Friona	10,509 3,111	29,900	— 89	— 49	486,800	899,450	— 46	32,577	...	12	...	...	...
PECOS Fort Stockton	13,748 8,283	116,411	— 61	— 32	778,932	959,425	— 19	27,659	19	— 14	166,029	158,742	5
POTTER (in Amarillo SMSA)	90,511												
Amarillo	127,010	8,510,482	12	50	63,472,107	43,915,659	45	1,296,373	5	11	7,434,003	6,348,936	17
RANDALL (in Amarillo SMSA)	53,885												
Canyon	8,333	1,168,775	— 44	55	5,926,968	4,256,508	39	23,943	5	7	146,555	138,713	6
REEVES Pecos	16,526 12,682	155,650	73	— 64	1,068,947	1,217,340	— 12	38,184	— 4	— 7	246,059	255,394	— 4
REFUGIO Refugio	9,494 4,340	12,910	545	— 63	85,910	87,500	— 2	9,752	7	7	61,757	60,378	2
RUSK Henderson	34,102 10,187	4,082,964	...	323	...	...	...	72,989	1	36	428,555	347,955	23

SAN PATRICIO (in Corpus Christi SMSA)	47,288													
Aransas Pass	5,813	313,210	4	536	1,265,160	770,253	64	21,115	9	5	113,531	111,753	2	
Sinton	5,563	102,745	176	249	724,574	295,271	145	14,750	— 7	40	109,740	84,845	29	
Taft	3,274	30,000	— 93	...	...	...	...	...	...	...	...	...	...
SAN SABA	5,540													
San Saba	2,555	4,500	— 89	— 95	102,740	124,504	— 17	...	...	...	...	...	...
SCURRY	15,760													
Snyder	11,171	1,294,733	409	270	...	...	...	48,236	3	11	298,679	251,934	19	
SHACKELFORD	3,323													
Albany	1,978	60,000	— 10	36	221,000	305,000	— 28	10,263	11	15	55,893	48,099	16	
SHERMAN	3,657													
Stratford	2,139	76,200	747	1,214	271,250	871,300	— 69	19,968	— 2	5	126,214	121,567	4	
SMITH (constitutes Tyler SMSA)	97,096													
Tyler	57,770	8,538,780	91	209	31,798,862	13,696,290	132	552,272	14	32	2,957,136	2,306,101	28	
STEPHENS	8,414													
Breckenridge	5,944	194,468	19	40	842,768	549,808	53	...	...	...	...	...	...
SUTTON	3,175													
Sonora	2,149	105,600	— 62	— 48	794,880	539,450	47	10,114	— 6	33	60,793	49,869	22	
TARRANT (in Dallas-Fort Worth SMSA)	716,317													
Arlington	90,643	26,061,788	52	88	104,080,518	71,322,722	46	...	...	...	...	...	...
Bedford	10,049	1,612,645	15	97	...	...	...	33,626	11	24	193,980	149,540	30	
Eules	19,316	348,095	— 43	252	8,350,674	3,104,568	169	...	...	...	...	...	...
Fort Worth	393,476	19,142,153	6	35	91,715,548	84,089,737	9	4,469,494	8	21	24,587,064	20,332,445	21	
Grapevine	7,023	338,643	— 57	— 35	3,566,735	2,295,263	55	24,776	8	46	143,371	97,499	47	
North Richland Hills	16,514	3,668,233	— 35	189	...	...	...	53,560	7	12	291,639	272,780	7	
White Settlement	13,449	850,891	1,709	29	2,365,701	2,015,937	17	17,376	...	59	...	...	...
TAYLOR (in Abilene SMSA)	97,853													
Abilene	89,653	4,011,451	— 28	— 5	23,585,361	19,098,127	23	524,835	6	25	2,918,505	2,428,860	20	
TERRY	14,118													
Brownfield	9,647	752,000	175	324	2,183,218	1,277,415	71	...	...	...	...	...	...
TITUS	16,702													
Mount Pleasant	8,877	219,028	— 29	46	...	...	...	51,740	11	7	284,044	261,192	9	
TOM GREEN (constitutes San Angelo SMSA)	71,047													
San Angelo	63,884	2,994,844	— 4	26	33,613,513	16,463,878	104	464,034	2	25	2,818,308	2,276,563	24	
TRAVIS (in Austin SMSA)	295,516													
Austin	251,808	21,105,029	10	5	106,938,035	88,308,820	21	3,346,008	1	22	19,350,962	15,510,547	25	
UPSHUR	20,976													
Gilmer	4,196	454,335	349	...	...	...	...	...	...	...	...	...	...
UPTON	4,697													
McCamey	2,647	0	...	...	...	...	...	4,779	55	— 18	21,512	26,694	— 19	

COUNTY City	Population	Urban building permits						Bank debits					
		Jun 1977 (dollars)	Percent change		Jan-Jun 1977 (dollars)	Jan-Jun 1976 (dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976	Jun 1977 (thousands of dollars)	Percent change		Jan-Jun 1977 (thousands of dollars)	Jan-Jun 1976 (thousands of dollars)	Percent change Jan-Jun 1977 from Jan-Jun 1976
			Jun 1977 from May 1977	Jun 1977 from Jun 1976					Jun 1977 from May 1977	Jun 1977 from Jun 1976			
UVALDE Uvalde	17,348 10,764	449,437	4	- 11	1,685,953	2,938,251	- 43	61,224	11	25	320,071	280,971	14
VAL VERDE Del Rio	27,471 21,330	481,291	61	177	2,902,001	1,603,821	81	...	...	...	...	...	...
VICTORIA Victoria	53,766 41,349	1,842,132	- 9	- 31	12,814,505	12,588,687	2	367,288	19	39	...	...	...
WALKER Huntsville	27,680 17,610	342,400	33	- 37	2,474,289	2,462,333	**	60,063	15	30	335,109	279,074	20
WARD Monahans	13,019 8,333	316,550	94	194	1,376,443	638,150	116	...	...	...	...	...	...
WASHINGTON Brenham	18,842 8,922	1,058,488	...	55	...	...	...	57,429	4	14	328,856	289,389	14
WEBB (constitutes Laredo SMSA) Laredo	72,859 69,024	1,313,791	- 37	- 26	11,332,964	13,832,319	- 18	237,585	1	7	1,366,577	1,224,558	12
WHARTON El Campo	36,729 8,563	...	...	...	...	...	...	52,478	3	27	318,089	254,917	25
WICHITA (in Wichita Falls SMSA) Burkburnett	120,563 9,230	215,268	- 67	- 24	1,776,614	1,466,551	21	26,654	6	12	140,419	120,627	16
Iowa Park	5,796	60,947	26	- 40	...	...	...	8,602	18	5	48,313	45,242	7
Wichita Falls	97,564	7,863,805	409	266	19,139,992	19,165,684	**	557,000	10	30	3,101,142	2,360,786	31
WILBARGER Vernon	15,355 11,454	126,657	- 69	- 77	2,348,629	1,935,125	21	...	...	...	...	...	...
WILLIAMSON Bartlett	37,305 1,622	...	...	...	...	...	...	2,905	23	- 39	15,361	13,506	14
Georgetown	6,395	273,250	- 55	- 32	5,448,650	3,802,704	43	27,836	17	41	151,676	112,055	35
Taylor	9,616	146,950	- 73	- 73	1,694,148	1,604,104	6	27,425	2	7	163,541	147,901	11
WINKLER Kermit	9,640 7,884	121,750	182	117	536,010	186,406	188	...	...	...	...	...	...
WISE (in Dallas-Fort Worth SMSA) Decatur	19,687 3,240	83,500	- 23	- 5	1,007,950	332,600	203	15,127	25	31	78,345	63,449	23
YOUNG Graham	15,400 7,477	382,400	- 21	- 55	2,277,865	2,504,139	- 9	...	...	...	...	...	...
Olney	3,624	...	...	...	...	...	...	20,211	42	17	96,335	83,952	15

** Absolute change is less than one half of 1 percent.

... No data, or inadequate basis for reporting.

Barometers of Texas Business

(All figures are for Texas unless otherwise indicated.)

All indexes are based on the average months for 1967=100 except where other specification is made; all except annual indexes are adjusted for seasonal variation unless otherwise noted. Employment estimates are compiled by the Texas Employment Commission in cooperation with the Bureau of Labor Statistics of the U.S. Department of Labor. The symbols used below impose qualifications as indicated here: p—preliminary data subject to revision; r—revised data; *—dollar totals for the fiscal year to date; †—employment data for wage and salary workers only.

	Jun 1977	May 1977	Jun 1976	Year-to-date average 1977 1976	
GENERAL BUSINESS ACTIVITY					
Business activity (index)	289.3	263.3	243.4	260.6	221.8
Estimates of personal income					
(millions of dollars, seasonally adjusted)	\$ 7,883.5 ^p	\$ 7,422.6 ^p	\$ 6,824.3 ^r	\$ 7,286.9	\$ 6,367.1
Income payments to individuals in U.S. (billions, at seasonally adjusted annual rate)	\$ 1,529.9 ^p	\$ 1,519.5 ^p	\$ 1,372.7 ^r	\$ 1,494.2	\$ 1,347.9
Wholesale prices in U.S. (unadjusted index)	194.4	195.2	183.1	192.3	180.8
Consumer prices in Dallas (unadjusted index)	...	179.4	...	...	...
Consumer prices in U.S. (unadjusted index)	181.8	180.6	170.1	178.8	168.1
Business failures (number)	...	...	30	...	37
Business failures (liabilities, thousands)	\$...	\$...	\$ 153,980	\$...	\$ 39,095
Sales of ordinary life insurance (index)	301.6	273.5	261.6	278.3	246.6
PRODUCTION					
Total electric power use (index)	200.3 ^p	194.8 ^p	175.5 ^r	205.3	183.2
Residential electric power use (index)	234.7 ^p	210.8 ^p	203.3 ^r	263.0	235.0
Industrial electric power use (index)	168.6 ^p	176.7 ^p	151.5 ^r	171.8	151.3
Crude oil production (index)	102.6 ^p	102.3 ^p	104.9 ^r	102.7	107.3
Average daily production per oil well (bbl.)	18.0	18.1	19.3	18.0	18.8
Crude oil processed by refineries (index)	...	...	131.4	...	132.6
Industrial production—total (index)	139.3 ^p	138.4 ^p	131.3 ^r	137.2	131.5
Industrial production—total manufactures (index)	146.3 ^p	145.2 ^p	137.2 ^r	143.9	136.9
Industrial production—durable manufactures (index)	148.2 ^p	146.7 ^p	138.1 ^r	143.5	136.6
Industrial production—nondurable manufactures (index)	144.7 ^p	144.1 ^p	136.5 ^r	144.2	137.2
Industrial production—mining (index)	118.1 ^p	117.2 ^p	112.7 ^r	115.6	114.0
Industrial production—utilities (index)	179.0 ^p	179.0 ^p	170.1 ^r	182.8	169.9
Industrial production in U.S. (index)	138.6 ^p	137.6 ^p	130.1 ^r	135.5	128.2
Urban building permits issued (index)	368.8 ^p	287.3 ^p	255.8 ^r	291.9	231.7
New residential building authorized (index)	431.5 ^p	357.7 ^p	253.1 ^r	345.8	234.7
New residential units authorized (index)	209.7 ^p	193.9 ^p	134.3 ^r	175.1	127.2
New nonresidential building authorized (unadjusted index)	314.1 ^p	220.6 ^p	248.5 ^r	240.8	228.1
AGRICULTURE					
Prices received by farmers (unadjusted index)	187	200	202	197	193
Prices paid by farmers in U.S. (unadjusted index)	203	204	195	202	191
Ratio of Texas farm prices received to U.S. prices paid by farmers	92.1	98.0	103.6	97.5	101.0
FINANCE					
Bank debits (index)	561.5	513.4	444.8	499.6	400.5
Bank debits, U.S. (index)	...	...	334.5	...	321.9
Bank commercial loans outstanding (index)	206.2	203.3	186.8	200.9	184.4
Weekly condition report of large commercial banks, Dallas Federal Reserve District					
Loans (millions)	\$ 12,902	\$ 12,683	\$ 11,255	\$ 12,373	\$ 10,949
Loans and investments (millions)	\$ 19,231	\$ 19,116	\$ 17,105	\$ 18,694	\$ 16,600
Adjusted demand deposits (millions)	\$ 5,258	\$ 5,024	\$ 5,116	\$ 5,129	\$ 4,857
Revenue receipts of the state comptroller (thousands)	\$ 702.8	\$ 803.8	\$ 626.3	\$ 636.9	\$ 576.6
Federal Internal Revenue collections (millions)	\$ 2,866.8	\$ 2,531.3	\$ 1,452.1	\$ 16,737.3*	\$ 12,776.0*
Securities registrations—original applications					
Mutual investment companies (thousands)	\$ 72,972	\$ 103,097	\$ 80,970	\$ 874,312*	\$ 633,717*
All other corporate securities					
Texas companies (thousands)	\$ 30,453	\$ 15,512	\$ 42,509	\$ 154,820*	\$ 122,062*
Other companies (thousands)	\$ 28,608	\$ 14,088	\$ 11,354	\$ 140,710*	\$ 109,570*
Securities registration—renewals					
Mutual investment companies (thousands)	\$ 41,180	\$ 48,076	\$ 48,279	\$ 443,333*	\$ 411,916*
Other corporate securities (thousands)	\$ 350	\$ 0	\$ 3,121	\$ 4,460*	\$ 5,392*
LABOR					
Total nonagricultural employment (index) [†]	148.2 ^p	148.5 ^p	144.1 ^r	148.0	142.8
Manufacturing employment (index) [†]	132.0 ^p	132.4 ^p	128.6 ^r	131.9	128.0
Average weekly hours—manufacturing (index) [†]	98.3 ^p	97.5 ^p	99.5 ^r	96.1	98.9
Average weekly earnings—manufacturing (index) [†]	199.1 ^p	194.9 ^p	184.7 ^r	190.7	180.7
Total nonagricultural employment (thousands) [†]	4,853.3 ^p	4,836.9 ^p	4,718.6 ^r	4,797.9	4,628.3
Total manufacturing employment (thousands) [†]	890.1 ^p	878.0 ^p	867.1 ^r	873.1	847.3
Durable-goods employment (thousands) [†]	490.8 ^p	482.7 ^p	474.7 ^r	479.6	463.8
Nondurable-goods employment (thousands) [†]	399.3 ^p	395.3 ^p	392.4 ^r	393.4	383.6
Total civilian labor force in selected labor market areas (thousands)	4,591.8 ^p	4,530.4 ^p	4,482.2 ^r	4,487.9	4,332.0
Nonagricultural employment in selected labor market areas (thousands) [†]	3,985.8 ^p	3,969.8 ^p	3,856.4 ^r	3,934.7	3,807.6
Manufacturing employment in selected labor market areas (thousands) [†]	730.8 ^p	721.1 ^p	717.8 ^r	717.8	705.8
Total unemployment in selected labor market areas (thousands)	261.0 ^p	228.2 ^p	298.9 ^r	243.4	265.6
Percent of labor force unemployed in selected labor market areas	5.7 ^p	5.0 ^p	6.7 ^r	5.4	6.1
Percent of total labor force unemployed	5.4 ^p	4.8 ^p	6.4 ^r	5.2	5.9

1977-1978 DIRECTORY OF TEXAS MANUFACTURERS

The annual issue of the *Directory of Texas Manufacturers* is the most complete and up-to-date source of information on Texas manufacturing plants. It has been designed especially for agents or individuals selling to or buying from Texas manufacturers. For each of the more than 14,000 plants included, the *Directory* lists the name, address, and telephone number of the plant, name of the executive officer, and descriptions of products. Data have been obtained primarily from the manufacturers themselves, with supplementary information obtained from local chambers of commerce.

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