

ECONOMIC DEVELOPMENT COMMISSION

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It is always delightful to return to the campus of A&M College. I am very much impressed with the operation here, the calibre of the faculty and the atmosphere of the institution. I found the program yesterday tremendously interesting. Of course, I am not qualified to talk about water and shall not attempt to do so. Being the only non-technical speaker on the program, perhaps I can supply a little variety.

The New Mexico Economic Development Commission is vigorously interested in all areas of the economy, and there is none to which the purposes of this conference are not fundamental. Water is the number one problem with which we are faced in developing the over-all economy of the state. One of the members of the Commission, Mr. Lloyd A. Calhoun of Hobbs, has been very active in this field, and you are all familiar with the interest of Mr. Rogers Aston of the Southspring Foundation, a member of the Commission's advisory group.

It seems to me that this conference, in assembling both experts and laymen to discuss and develop ideas of mutual value, has a substantial contribution to make. In addition to furthering the general knowledge of this subject, great benefits will be gained in public education. It is an important step toward effective action, and the Commission is happy to have a part in it.

I want primarily to discuss economic development, and to tell you something about our work in that field. The Economic Development Commission was established in 1949 and reorganized by the 1955 legislature. It is composed of ten members, one from each judicial district, appointed by the Governor, who in turn appoint the Director. The Commission is advised by a committee of thirty-three leading citizens from throughout the state.

It is the broad objective of the Commission to promote the economic welfare of New Mexico through encouragement of existing industries, new industries, the relocation to New Mexico of out-of-state firms, and development of markets. Its methods are research, planning, and action, each as dependent upon the others as are the legs of a three-legged stool. A complex variety of activities is involved. The compilation and publication of available information and data for distribution, original research, and public education programs are basic. We are developing a mailing list of businessmen and industrialists throughout the country, which now numbers over 1,500. Our national advertising program, which is continuing, has had an effective response. A new color promotional brochure has been given wide distribution, and

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a 16mm sound, color film has been seen by over 1,162,000 people on television, including nearly 133,000 in color. Promotion of New Mexico through the news media is another important activity.

Effective public education programs lead to an increasing demand for services relating to economic development, as well as for information, both from out-of-state prospects and local communities, businesses and individuals. Among these services are calls on out-of-state prospects by industrial engineers, cooperation and participation in conferences with industries and agencies in such diverse fields as uranium, banking, and Indian industrialization, and participation with other agencies in necessary projects. For example, the Commission recently joined with state and federal forestry representatives in the sponsorship of New Mexico's first sawmill clinic, and with others in the preparation of a series of much-needed maps showing the distribution of the state's resources.

In all of its activities, directly or indirectly, the Commission is engaged in competition with other states, territories, railroads and large banks, many of which have similar agencies. It must operate on an annual budget of \$100,000 which is a good deal smaller than those of most surrounding states.

One of the principal concerns in economic development is the kind and quality of expansion to be encouraged. New Mexico is a young state; the possibilities for development became apparent only within the last twenty-five years or so. It is now one of the fastest growing states in the nation, with an average annual population increase of 6 per cent. The current population is estimated to be 929,900 an increase of 36 per cent since 1950. It is expected to reach one million by 1960 and one and one fourth million by 1965. The West is the only part of the country gaining more people than it is losing; for every two leaving, three come in.

The rate of economic expansion has been equally remarkable. Total employment increased by 55 per cent between 1947 and 1957, compared with only 12 per cent in the nation. In the same period, manufacturing employment increased by 133 per cent, and in May of this year there was an all-time high of 217,000 workers in non-agricultural employment. Personal income in 1957 was 12.8 per cent higher than in 1956.

One of the most favorable indications is the way in which New Mexico weathered the recent national recession. As late as June of this year unemployment in the state, compared to the national figure of 7.7 per cent, was a minimal 2.7 per cent. While the national business activity index decreased 2.4 per cent in 1957, New Mexico's increased by 10 per cent.

A principal impetus to expansion has come of course, from the mining industry. In the less than forty years since the first production of oil and gas, oil production has increased five and one half times, natural gas thirty-five times. New Mexico is now third in the nation in gas and seventh in oil production. Both industries continue to expand, and there is still further promise in the recent announcement of the establishment of the new Lucero Basin.

New Mexico is first in the nation in the mining of potash and uranium. New facilities for production of potash are projected. We have more than two thirds of the nation's known reserves of metallurgically amenable uranium ore -- more than six times the reserves of other states. By the year's end, when installations contracted for are operating, we will have fifty-one per cent of the country's total milling capacity. In the mining of perlite, beryllium, manganese, and molybdenum, New Mexico ranks second. It is fifth in copper production. With other minerals, the total value of production in 1957 was \$526 million, of which oil and natural gas accounted for 65 per cent.

The increasing diversity in manufacturing is particularly promising. Since 1950, the average rate of expansion, despite some declines, has been 47 per cent, exceeding the national rate by 35 per cent. The fact that some of the most rapidly growing industries were either the smallest or non-existent in 1950 is extremely favorable. The production of chemicals is rapidly becoming a major industry, in which \$46 million will be invested for construction of facilities in 1958-59 -- more than double the figure for 1957.

Electric power production has also more than doubled in New Mexico since 1949. Based on data for 1956, the total installed and projected generating capacity is now 612,000 kilowatts. The projected generating plant for the Four Corners area, to use San Juan River Water and local coal deposits, is expected to produce one and one half million kilowatts before many years.

In construction, New Mexico is second only to Arizona among Mountain States, with an increase in valuation for 1957 over the previous year of 37 per cent.

An important stimulus of the economy comes from the nuclear physics-missile-electronics complex. Sandia Corporation, which now employs about seven thousand, continues to expand. ACF Industries is also a sizeable employer of people working in the nuclear field. Holloman Air Development Center and White Sands Proving Ground, with Los Alamos, have become communities in their own rights. Around these huge installations are dozens of smaller enterprises working directly or indirectly in the nuclear, missile or electronics fields. Total federal spending in New Mexico in the fiscal year 1958 is expected to be \$635 million, in 1959, \$850 million.

Agriculture remains an important segment of the economy. Total sales for 1957 were about \$200 million, of which livestock accounted for approximately \$120 million. The crop production index this year is 117, 11 points above the record index for 1957.

In addition to present major fields of expansion, there are two areas to be considered: First, increased development of existing resources. For example, New Mexico has approximately six million acres of commercial timber stands, in which recent figures indicate that only one third of the annual growth is cut. There are excellent possibilities for expansion here, both in production and manufacturing, but many factors must be considered, not the least of which is the availability of water. The Commission is tremendously interested in this field, and has joined with other agencies in sponsoring the first sawmill clinic in the state. Another area for encouragement -- one which is steadily growing in importance and to which New Mexico can offer special advantages -- is that of research and development services.

The second field for consideration, in which anticipation is much more difficult, is the development of a demand for new products which results from advances in technology, and the growth of new uses for existing products.

In all future planning, the fundamental criterion is suitability to existing conditions, and the most important factor involved is the availability of water. As these conferences have shown, much remains to be done in the improvement of conservation practices and the perfection and application of new conservation techniques. Impressive progress is being made toward the development and use of available surface water in the construction of the Navajo Dam and related projects, the proposal for the San Juan-Chama diversion project, and plans for a dam on the Canadian River to impound unused water. Other possible programs are being investigated.

Great hope also lies in the search for an economically feasible method of salt water purification. The Interior Department's desalination research program has already been described here. The Economic Development Commission is cooperating with state officials and congressmen in efforts to have one of the projected pilot plants located in New Mexico, and in investigation of advantages we can offer for the establishment of such a plant. Recent developments in the nuclear field, such as work on the plasma thermocouple at Los Alamos and Dr. Libby's announcement concerning the ion exchange method, are encouraging.

While recognizing the danger of over-optimism about early success in this venture, it would be foolish to ignore its potential effect. In the meantime, our progress depends upon current programs of development and conservation. Undertakings such as this conference attest the determination of New Mexicans to meet this challenge, and we look forward with confidence to the continued, sound expansion of our economy.