

# ANNUAL REPORT



**FEDERAL RESERVE BANK OF DALLAS**

**1954**

**ANNUAL  
REPORT**

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# TO THE MEMBER BANKS

The directors and officers of the Federal Reserve Bank of Dallas are pleased to submit this Annual Report presenting a summary of economic conditions in the Eleventh District in 1954 and a review of this bank's principal operations and services.

The year 1954 was a very successful one for the District's member banks. Resources, capital accounts, and net profits after taxes increased to record levels. Banking and monetary and credit policies made their contributions toward helping the economy meet the problems of adjustment that prevailed during the year.

We hope that the brief summary of events reviewed in this Report will be of interest to member bankers and others who play such an important part in shaping the character and developing the potentialities of this southwestern economic region.

Respectfully submitted,



ROBERT J. SMITH  
Chairman of the Board



WATROUS H. IRONS  
President



# 1954

RECESSION

STABILITY

RECOVERY

In sharp contrast to the preceding year, 1954 opened on a note of economic uncertainty and closed in an atmosphere of general optimism. A pattern of recession, stability, and recovery is reflected clearly in the economic developments of 1954. The declining trend of late 1953 extended into the second quarter of 1954, leveled out during the second and third quarters, and turned sharply upward in the closing months.

If there were a single index measuring total economic activity in the Eleventh Federal Reserve District, it would show that 1954 was near or perhaps equal to the 1953 record. Some important elements of economic activity show the following results for 1954 as compared with 1953.

Personal incomes were slightly larger, and disposable incomes showed a greater gain.

Retail trade and department store trade were approximately unchanged.

Nonagricultural employment showed no significant change, but manufacturing employment and average hours worked per week were slightly lower.

Wage rates were a little higher.

Unemployment was larger.

Agricultural production was approximately unchanged, but cash receipts to farmers were slightly smaller.

Industrial production probably was unchanged to moderately lower.

Total construction was substantially larger.

Crude oil production and refining declined slightly.

Banking totals were larger.

Several general characteristics of the economy reflected by economic activity as it unfolded in 1954 deserve brief mention because they tend to answer some of the questions that were not uncommon early in the year.

The underlying strength and resiliency of the economy, enabling it to meet successfully and with comparatively little shock the adjustments inherent in a substantial decline in Federal expenditures for national security and a significant reduction in excessive inventories.

The ability of the area's agriculture to meet, without serious general consequences, the problems of another year of drought, further moderate declines in agricultural prices, and acreage allotments for certain major crops.

The strength of construction as a factor of continued stimulation and support to the economy of the area.

The willingness of consumers, enjoying a record level of disposable income, to maintain expenditures in the face of threatening economic uncertainty.

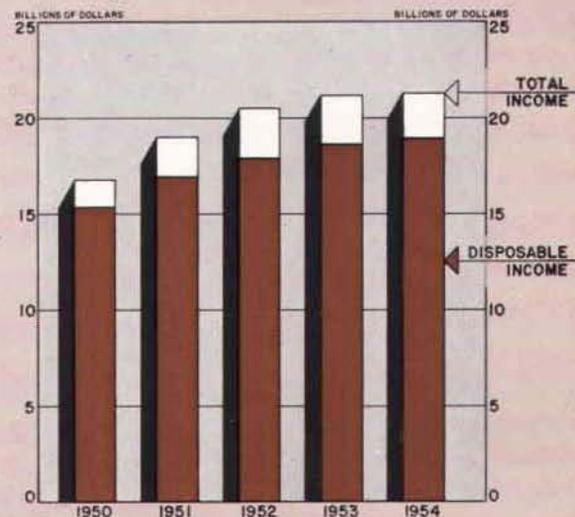
A marked increase in the competitiveness of business, evident in virtually all lines, with a consequent premium to efficient producers and aggressive merchandisers.

The effectiveness of enlightened policies on the part of the leadership of the private economy and of the agencies of Government, working together, in fostering conditions conducive to economic stability.

The real picture of 1954 is portrayed more meaningfully, perhaps, in terms of charts showing the course of events in major sectors of the economy of the Southwest during the year. Contrasts with 1953 become clearer and more precise, and the broad economic areas of strength and weakness are emphasized. Such charts, however, do not reveal causes or variations within different sectors of the economy, such as agriculture, industry, construction, and distribution. A summary of some of the more significant developments, therefore, may be useful in rounding out this brief economic story of 1954 in the Southwest.

AGRICULTURAL PRODUCTION in the five southwestern states approximately equaled the total volume of farm products in 1953, but cash receipts from farm marketings declined about 2 percent—from \$3,515,000,000 to \$3,-

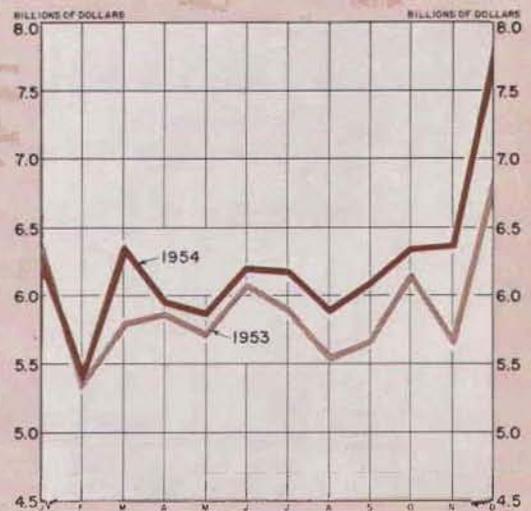
## INCOME PAYMENTS TO INDIVIDUALS THE SOUTHWEST



SOURCE: U.S. Department of Commerce

## BANK DEBITS

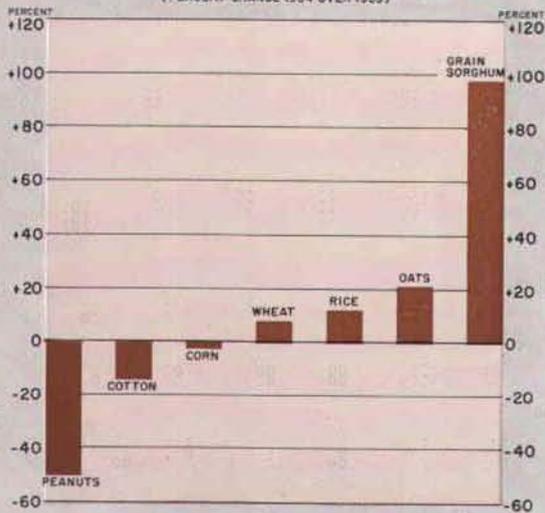
ELEVENTH FEDERAL RESERVE DISTRICT



## CROP PRODUCTION

THE SOUTHWEST

(PERCENT CHANGE 1954 OVER 1953)



SOURCE: U.S. Department of Agriculture

## MANUFACTURING EMPLOYMENT

THE SOUTHWEST



SOURCE: State employment agencies

446,000,000—as a result of lower agricultural prices. A decrease of 3.5 percent in cash receipts from crops was offset partially by a slight increase in cash receipts from livestock and livestock products.

Cotton and peanut production declined sharply.

Grain sorghum and rice production rose substantially.

Wheat, small grains, and legumes showed moderate gains in output.

Citrus production improved.

Livestock and livestock products moving to markets increased slightly.

Drought again afflicted large areas of the Southwest, although the impact varied from the 1953 pattern. In that year, east and central Texas and the northern half of Louisiana enjoyed favorable agricultural conditions, while drought damage was heaviest in the Coastal Bend area, in parts of the southern regions of the District, and in west Texas and New Mexico. In 1954, central Texas, parts of east Texas, southwest New Mexico, and northern Louisiana suffered more severely from drought, while improved crop conditions prevailed in those areas stricken a year earlier.

MANUFACTURING AND INDUSTRIAL ACTIVITY in the District in 1954 showed no significant change from the total of the preceding year, although this conclusion, admittedly, is based on more or less fragmentary data. Manufacturing employment during 1954 averaged about 710,000 compared with 729,000 in 1953, reflecting a decrease of less than 3 percent. The average workweek in manufacturing, in terms of hours, declined less than 1 percent and was maintained on an overtime basis. A conservative 2- to 3-percent estimate for improvement in productivity would indicate a manufacturing output close to the 1953 total.

Industries whose output probably exceeded 1953 volume include transportation equipment, electrical equipment, and chemicals.

Industries whose 1954 output probably ranged from the 1953 level to slightly lower include petroleum refining, food products, lumber and wood products, fabricated metals, and textile mill products. The ordnance industry,

reflecting sharp cutbacks in defense expenditures, showed an appreciable decline in volume.

EMPLOYMENT data, in common with numerous other indexes, compared least favorably with 1953 during most of the second and third quarters of 1954. Likewise, unemployment reached its high point during the first half of the year, improving as the year moved to a close.

Unemployment as a percentage of the total nonagricultural labor force in Texas declined from 5.2 percent in February 1954—the high point for the year—to 3.9 percent in December.

Nonagricultural employment rose from a low point of 3,793,500 in February 1954, at first gradually and then more rapidly, to 3,946,000 in December—a record total for the Southwest.

PETROLEUM PRODUCTION AND REFINING decreased 3.7 percent and 1 percent, respectively, but total well completions, indicating the continuing search for oil in the District, increased about 11 percent. The dominant place of the Southwest in the Nation's petroleum industry makes it subject to national influences, especially since the southwestern states, through prorationing control, provide most of the flexibility in the Nation's crude oil production. High-level imports, excessive gasoline stocks, and a tendency for demand to level off were responsible for the slightly smaller volume of operations in 1954.

Crude oil production in the District averaged 2,998,000 barrels daily, in contrast to 3,113,000 barrels daily in 1953.

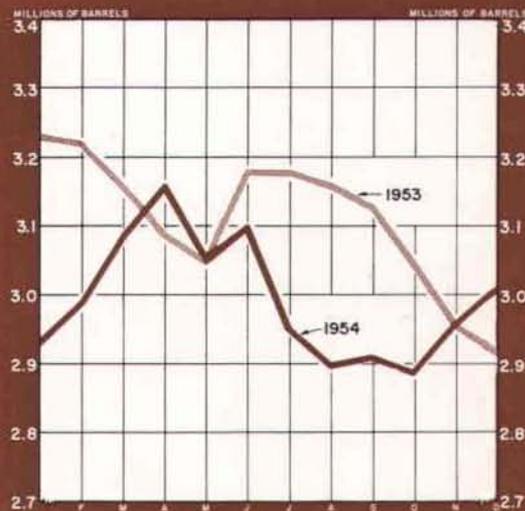
Crude runs to stills averaged 2,040,000 barrels daily, in contrast to 2,059,000 barrels daily in the previous year.

Total well completions in 1954 were 22,001, as compared with 19,754 in 1953.

CONSTRUCTION ACTIVITY provided the strongest stimulus to the economy of the Southwest in 1954. Residential contract awards, stimulated sharply by the easy credit terms of the new Housing Act and a seemingly insatiable demand for homeownership, more than accounted for the increase in total construction. Residential construction rose sharply during the last 4 months of the year, although

## CRUDE OIL PRODUCTION

ELEVENTH FEDERAL RESERVE DISTRICT

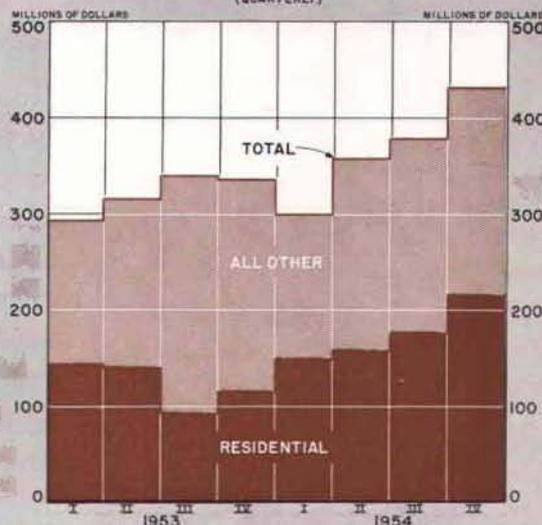


SOURCE: U. S. Bureau of Mines.

## CONSTRUCTION CONTRACT AWARDS

ELEVENTH FEDERAL RESERVE DISTRICT

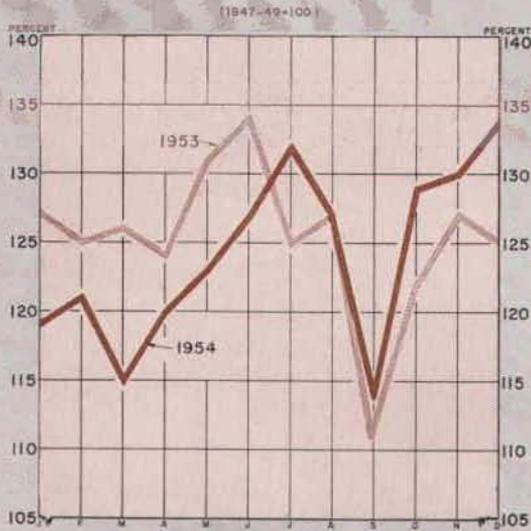
(QUARTERLY)



SOURCE: F. W. Dodge Corporation.

## DEPARTMENT STORE SALES

ELEVENTH FEDERAL RESERVE DISTRICT



smaller gains had been reflected during most of the preceding months. Nonresidential construction lagged behind the 1953 volume, although year-to-year differences were not very significant, except in a few months. Industrial and commercial construction was lower, public works and public and institutional construction was higher, and utility construction showed little change.

Total construction contract awards were \$1,472,000,000, as contrasted to \$1,288,000,000 in 1953.

Residential contract awards soared to \$704,500,000, as contrasted to \$497,200,000 in 1953.

Nonresidential construction awards were \$767,300,000 in 1954, compared with \$790,800,000 in the preceding year.

INCOME PAYMENTS to individuals in the Southwest showed a slight gain—less than 1 percent—over 1953. Final figures, when available, may show a total of about \$21,400,000,000, compared with \$21,258,000,000 in 1953. The reduction in tax rates, together with the sustained high level of income payments, resulted in a larger increase in personal disposable income. Moreover, even though savings were large, consumers maintained expenditures at very high levels, with the consequence that retail trade approximated the 1953 record.

RETAIL TRADE showed year-to-year declines during the first two quarters of 1954, but sharp increases in the last quarter of the year offset earlier losses. The widest fluctuations in retail trade occurred in the durable goods lines.

The index of department store sales in the Eleventh District was 125 percent of the 1947-49 average, equaling the record of the preceding year.

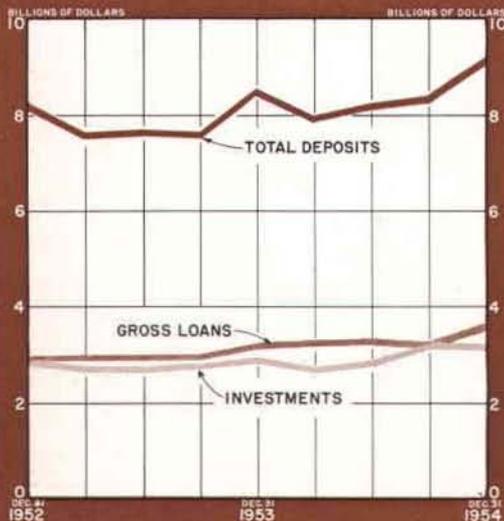
Total retail trade was less than 1 percent below the 1953 volume.

Bank debits, an indicator of spending, rose to a record total in 1954—approximately 5 percent above 1953.

BANK LOANS, INVESTMENTS, DEPOSITS, CAPITAL ACCOUNTS, AND RESOURCES increased during 1954 and at the year-end were substantially above totals of 1953. Seasonal movements of loans and deposits occurred during the

## MEMBER BANKS

ELEVENTH FEDERAL RESERVE DISTRICT



first half of the year, although they were less pronounced than usual. During the last half of 1954, substantial increases took place. Member bank totals and percentage increases over 1953 were as follows on December 31.

Total deposits, \$9,141,000,000, up almost 7 percent.

Total loans, \$3,512,000,000, up more than 12 percent.

Holdings of Government securities, \$2,644,000,000, up almost 9 percent.

Total capital accounts, \$607,000,000, up almost 9 percent.

Total resources, \$9,833,000,000, up more than 7 percent.

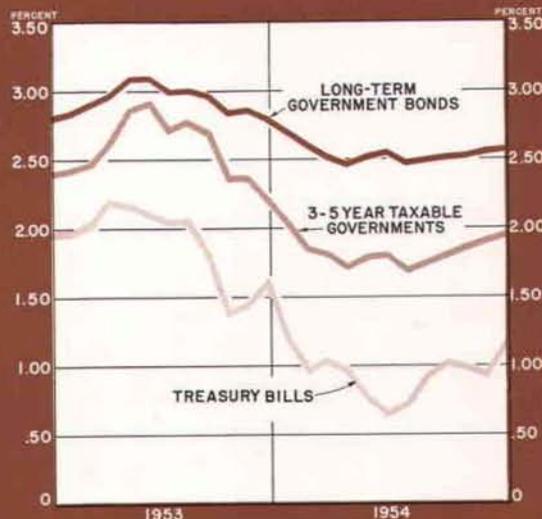
The percentage increase in deposits and in resources was slightly larger at reserve city banks than at country banks, while the increase in holdings of Governments and in capital accounts was substantially larger. On the other hand, the increase in loans at country banks was slightly in excess of that at reserve city banks.

Banks in the District enjoyed a profitable year in 1954 as net profits after taxes rose to \$57,652,000, or about 38 percent. While yields on loans and securities were moderately lower than in 1953, the substantial increase in earning assets, together with the elimination of the excess profits tax, enabled banks to improve their profit positions in spite of an increase of almost 8 percent in total current operating expenses. Cash dividends of member banks in the District in 1954 rose about \$2,000,000 to a total of \$23,000,000.

MONETARY AND CREDIT POLICIES of the Federal Reserve System, consistent with the economic conditions prevailing, were designed to provide the banking system with ample reserves to assure that neither the economic adjustment taking place in the first half of the year nor the recovery which occurred in the latter months of 1954 would be affected adversely by a shortage of money and credit.

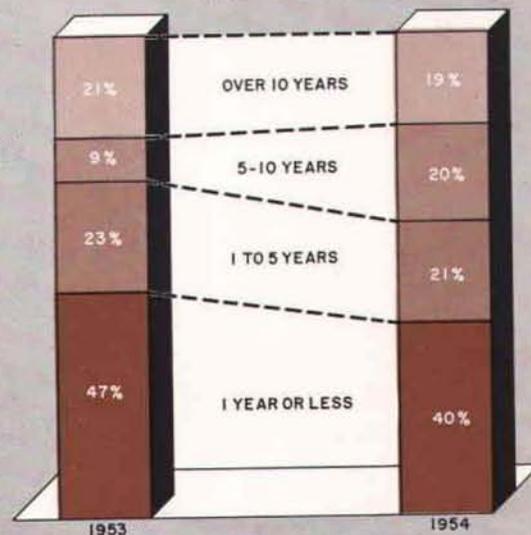
This monetary and credit policy of "active ease" included the following steps.

## U.S. GOVERNMENT SECURITY YIELDS



## MARKETABLE PUBLIC DEBT

MATURITY DISTRIBUTION  
(DEC. 31, 1953 AND DEC. 31, 1954)



In the first quarter of 1954, although the System reduced its holdings of Government securities by \$1,284,000,000, restraint in the money market was avoided, as the return flow of money in circulation totaled \$1,074,000,000 and required reserves of member banks declined about \$708,000,000. In addition, in February, discount rates of Reserve banks were reduced from 2 percent to 1¾ percent.

During the second quarter of the year the System purchased net \$405,000,000 of Government securities and assured a substantial volume of excess reserves. In addition, the Reserve banks reduced their discount rates from 1¾ percent to 1½ percent. Also, in June a reduction in reserve requirements released to the market about \$1,555,000,000 in reserve funds.

During July and August, as the reduction in reserve requirements became effective, the System reduced its holdings of Government securities by about \$1,000,000,000 to prevent the condition of ease in the market from becoming excessive.

In the fourth quarter the System supplied reserve funds to banks as needed through net purchases of Government securities, through negotiation of repurchase agreements with dealers, and through a moderate increase in discounts and advances.

TREASURY DEBT MANAGEMENT POLICIES also were directed toward promoting economic stability and growth, as well as lengthening the average maturity of the Federal debt and encouraging wider participation of investors in the savings bond program. Treasury refunding of matured and called securities amounted to \$50,513,000,000, exclusive of Treasury bills; in addition, the Treasury raised \$12,596,000,000 of new money to meet requirements during the year. In order to carry out this debt management program and avoid undue competition with the private demand for long-term funds, new Treasury securities were concentrated heavily in the short- and intermediate-term ranges and were attractive to commercial banks.

During 1954, marketable debt due in 1 year or less declined from 47 percent to 40 percent of the total of such debt outstanding, while the amount maturing in 5 to 10 years increased from 9 percent to 20 percent.

**THE BANK'S  
OPERATIONS**

**1954**

# STATEMENT OF CONDITION

	Dec. 31, 1954	Dec. 31, 1953
<b>ASSETS</b>		
Gold certificates . . . . .	\$ 807,406,579.35	\$ 817,441,938.35
Redemption fund for Federal Reserve notes . . . . .	28,792,701.17	30,399,206.17
Total gold certificate reserves . . . . .	836,199,280.52	847,841,144.52
Federal Reserve notes of other Banks . . . . .	9,212,000.00	12,736,500.00
Other cash . . . . .	14,234,194.80	15,322,282.80
Discounts and advances . . . . .	6,266,666.66	675,000.00
Industrial loans . . . . .	0	0
U. S. Government securities		
Bills . . . . .	85,150,000.00	103,133,000.00
Certificates . . . . .	545,492,000.00	231,051,000.00
Notes . . . . .	237,229,000.00	526,873,000.00
Bonds . . . . .	110,092,000.00	144,637,000.00
Total U. S. Government securities . . . . .	977,963,000.00	1,005,694,000.00
Total loans and securities . . . . .	984,229,666.66	1,006,369,000.00
Due from foreign banks . . . . .	1,050.68	1,020.94
Uncollected cash items . . . . .	208,976,244.24	196,615,087.66
Bank premises . . . . .	1,133,202.78	587,109.81
Other assets . . . . .	5,876,895.87	6,568,360.49
<b>TOTAL ASSETS</b> . . . . .	<u>2,059,862,535.55</u>	<u>2,086,040,506.22</u>
<b>LIABILITIES</b>		
Federal Reserve notes in actual circulation . . . . .	739,472,015.00	743,748,820.00
Deposits		
Member bank — reserve accounts . . . . .	1,039,813,642.22	1,050,684,255.95
U. S. Treasurer — general account . . . . .	23,692,140.02	41,479,252.35
Foreign . . . . .	22,654,000.00	18,414,000.00
Other . . . . .	2,354,284.79	3,503,813.09
Total deposits . . . . .	1,088,514,067.03	1,114,081,321.39
Deferred availability cash items . . . . .	180,275,054.92	179,523,245.91
Other liabilities . . . . .	398,072.69	523,495.99
<b>TOTAL LIABILITIES</b> . . . . .	<u>2,008,659,209.64</u>	<u>2,037,876,883.29</u>
<b>CAPITAL ACCOUNTS</b>		
Capital paid in . . . . .	14,457,450.00	13,278,950.00
Surplus (Section 7) . . . . .	29,985,194.86	28,145,912.94
Surplus (Section 13b) . . . . .	1,307,124.72	1,307,124.72
Other capital accounts . . . . .	5,453,556.33	5,431,635.27
<b>TOTAL CAPITAL ACCOUNTS</b> . . . . .	<u>51,203,325.91</u>	<u>48,163,622.93</u>
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS</b> . . . . .	<u>\$2,059,862,535.55</u>	<u>\$2,086,040,506.22</u>



# EARNINGS AND EXPENSES

	1954	1953
<b>CURRENT EARNINGS</b>		
Discounts and advances . . . . .	\$ 131,054.22	\$ 574,744.18
Industrial loans . . . . .	0	0
U. S. Government securities . . . . .	17,116,358.62	22,426,999.69
All other . . . . .	4,263.76	8,622.97
<b>TOTAL CURRENT EARNINGS . . . . .</b>	<b>17,251,676.60</b>	<b>23,010,366.84</b>
<b>CURRENT EXPENSES</b>		
Current operating expenses . . . . .	5,700,650.52	5,531,810.50
Assessment for expenses of Board of Governors . . . . .	194,300.00	185,800.00
Federal Reserve currency		
Original cost, including shipping charges . . . . .	220,295.00	496,823.00
Cost of redemption, including shipping charges . . . . .	47,187.00	60,359.00
<b>Total . . . . .</b>	<b>6,162,432.52</b>	<b>6,274,792.50</b>
Less reimbursement for certain fiscal agency and other expenses . . . . .	1,210,377.00	1,136,577.00
<b>NET EXPENSES . . . . .</b>	<b>4,952,055.52</b>	<b>5,138,215.50</b>
<b>PROFIT AND LOSS</b>		
Current net earnings . . . . .	12,299,621.08	17,872,151.34
Additions to current net earnings		
Profits on sales of U. S. Government securities (net) . . . . .	21,919.78	89,628.14
All other . . . . .	545.69	3.95
<b>Total additions . . . . .</b>	<b>22,465.47</b>	<b>89,632.09</b>
Deductions from current net earnings		
Retirement System (adjustment for revised benefits) . . . . .	0	99,799.21
Reserves for contingencies . . . . .	21,921.06	28,834.31
All other . . . . .	2,177.35	1,313.10
<b>Total deductions . . . . .</b>	<b>24,098.41</b>	<b>129,946.62</b>
Net deductions . . . . .	1,632.94	40,314.53
Net earnings before payments to U. S. Treasury . . . . .	12,297,988.14	17,831,836.81
Paid U. S. Treasury (interest on F. R. notes) . . . . .	9,632,251.50	14,291,017.93
Dividends . . . . .	826,454.72	775,661.43
Transferred to surplus (Section 7) . . . . .	1,839,281.92	2,765,157.45

# OPERATIONS

	Number of pieces		Dollar amount	
	1954	1953	1954	1953
Discounts for member banks				
Secured by U. S. Government obligations . . . . .	117	376	\$ 337,139,000	\$ 1,502,935,000
Other . . . . .	113	100	15,388,000	543,000
Currency received and counted	149,401,000	145,709,000	914,114,000	900,144,000
Coin received and counted . .	205,398,000	226,233,000	19,190,000	20,079,000
Currency paid out . . . . .	—	—	832,170,000	796,530,000
Coin paid out . . . . .	—	—	26,223,000	26,058,000
Checks handled . . . . .	131,539,000	125,515,000	49,783,560,000	47,674,732,000
Checks returned unpaid . . .	2,322,000	2,151,000	203,993,000	199,261,000
Collections handled . . . . .	895,000	867,000	516,541,000	479,133,000
U. S. Government interest coupons paid . . . . .	271,000	315,000	40,634,000	39,657,000
Coupons of governmental agencies paid . . . . .	3,000	4,000	253,000	281,000
Postal money orders . . . . .	18,764,000	18,949,000	327,878,000	330,121,000
U. S. Government checks and warrants paid . . . . .	21,408,000	20,936,000	4,700,418,000	5,429,921,000
Transfer of funds for member banks . . . . .	116,000	112,000	52,678,439,000	43,544,992,000
U. S. Government securities issued, exchanged, and redeemed . . . . .	5,917,000	5,615,000	9,608,096,000	8,203,944,000
Securities of governmental agencies issued, exchanged, and redeemed . . . . .	1,000	1,000	3,369,000	5,535,000
Purchases and sales of securities for investors . . . . .	6,000	5,000	2,814,807,000	1,783,678,000

The impact upon member banks of expansive or contractive economic forces is transmitted to this bank through such items as member bank reserve accounts, 11-K Federal Reserve notes in circulation, earning assets, and gold certificates. Changes in earning assets and in money rates obviously affect the bank's earnings.

Operating departments of the bank quickly find their work volume affected by changes in the demand for currency and coin; in the number of checks written by businesses and individuals; in the number of savings bonds and other types of Government securities purchased, sold, or exchanged; in the flow of postal money orders; in cotton prices and the movement of cotton into or out of the CCC cotton loan program; and in numerous other activities arising directly out of business, agriculture, and finance.

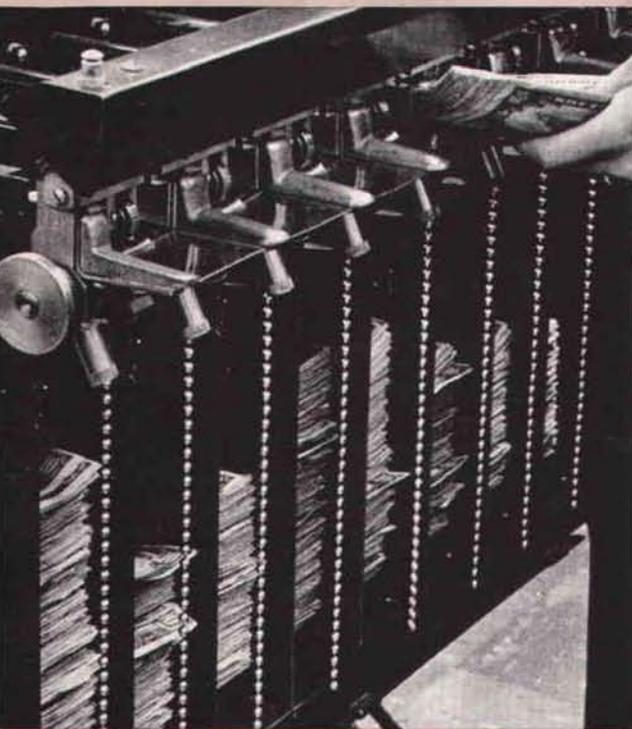
The pattern of economic activity in the District in 1954 varied appreciably during the year from that of 1953, but the over-all annual total showed very little change. Consequently, it is not surprising that the volume of operations of the bank and its resources and liabilities showed only slight changes from the preceding year.

RESOURCES AND LIABILITIES of the bank declined slightly during 1954, partly in response to the trend of economic activity and partly because of the reduction in member bank reserve requirements and in holdings of Government securities in the System Open Market Account.

Resources on December 31, 1954, of \$2,059,863,000 were \$26,178,000 less than on the same date in 1953. The decline is accounted for primarily by reductions of \$11,642,000 in gold certificate reserves of the bank and \$27,731,000 in holdings of Government securities, partially offset by an increase in uncollected cash items.

Liabilities of the bank showing declines include 11-K notes in circulation of \$739,472,000, or \$4,277,000 less than a year earlier, and total deposits of \$1,088,514,000, or \$25,567,000 less than on December 31, 1953. These decreases were offset partially by an increase of \$3,040,000 in the bank's capital accounts.

EARNINGS AND EXPENSES of the bank were lower during 1954 than in the preceding year. Current earnings, derived largely from interest on United States Government securi-



ties, were about \$17,252,000, or substantially less than the \$23,010,000 reported for 1953. This decline is attributable primarily to lower yields on the bank's earning assets, although holdings of Government securities and totals of discounts and advances were slightly smaller. Net expenses of \$4,952,000 were almost 4 percent lower than in 1953.

Net earnings after expenses and certain net deductions were \$12,298,000, of which \$9,632,000 was paid to the United States Treasury as interest on Federal Reserve notes, \$826,000 was paid to member banks as dividends, and \$1,839,000 was added to the bank's surplus.

THE LOAN AND SECURITIES DEPARTMENT reported a smaller volume of operations in 1954, as discounts and advances to member banks and the bank's daily average investment in Government securities declined. These developments were a reflection of monetary and credit policies and a change in September 1953 in the formula for allocation of holdings of Government securities among the Reserve banks.

Daily average borrowings from the bank were \$4,772,000 in 1954, compared with \$28,076,000 in 1953. Maximum loans outstanding at any one time were \$32,175,000, or about half the \$63,520,000 maximum in 1953.

Daily average holdings of United States Government securities by the bank were about \$970,000,000 in 1954, or about \$140,000,000 smaller than in 1953.

THE CASH DEPARTMENT showed a slight decline in currency and coin operations but an increase in security purchase and sale transactions.

Currency and coin shipments to member and nonmember banks totaled 76,786, a decline of about 5 percent, but the value of such shipments rose 4 percent to \$858,393,000. Currency and coin shipments received from these banks totaled 30,509 in number and \$871,568,000 in amount, slightly less than in 1953.

Daily average circulation of 11-K notes during 1954 was \$725,000,000, or about \$8,600,000 less than in 1953.

Purchase and sale transactions of securities were handled for 354 member and nonmember banks in the total amount of \$2,815,000,000, a substantial increase over

1953. Securities held in safekeeping for member banks increased slightly during the year.

During 1954 the Federal Reserve Act was amended, permitting a Reserve bank to pay out the notes of other Reserve banks. Consequently, fit notes of other Reserve banks returned to the issuing bank totaled only \$94,753,000 in 1954, compared with \$158,698,000 in 1953. Notes unfit for further use and shipped to the Treasury for destruction or delivered to the bank's Currency Destruction Unit increased about \$66,000,000 to \$306,745,000.

TRANSIT, the bank's largest department, continued to process an increasing volume of work. All major operations of the department, with the exception of processing postal money orders, showed increases.

City and country checks handled numbered 131,539,000 with a value of \$49,784,000,000, increases of 5 percent and 4 percent, respectively.

Government checks processed numbered 21,408,000, an increase of 2 percent, but declined 13 percent in value to \$4,700,000,000.

Drafts, notes, and other noncash collections showed an increase of 3 percent in number and of 8 percent in amount.

THE FISCAL AGENCY DEPARTMENT showed an increase in the number of Government securities issued, exchanged, or redeemed during the year but a slight decline in the number of savings bonds handled. A substantial increase, previously noted, occurred in this department's Currency Destruction Unit.

Government securities issued, exchanged, or redeemed numbered 5,917,000, an increase of 5 percent. Sales and redemptions of savings bonds involved handling 5,311,000 pieces.

Allotments of Treasury bills and certificates of indebtedness in the District were slightly smaller than in 1953, but allotments of Treasury bonds were much larger. The department also handled a substantial volume of two issues of certificates of interest offered by the Commodity Credit Corporation.





THE COMMODITY CREDIT CORPORATION DEPARTMENT expanded operations sharply in 1954.

Notes secured by about 1,762,000 bales of cotton valued at \$282,794,000 were processed. Release of cotton from the loan to producers or buyers involved the repayment of notes totaling \$52,243,000 secured by 341,730 bales of cotton.

Notes secured by 600,704 bales of cotton valued at \$91,101,000 were transferred by the bank to the New Orleans Office of the Commodity Credit Corporation.

THE EXAMINATION DEPARTMENT examined all state member banks in the District during the year and conducted field investigations in connection with applications for national bank charters, fiduciary powers, and other banking functions.

Examinations and investigations totaled 189, compared with 198 in 1953.

Membership in the District included 632 banks on December 31, 1954, consisting of 484 national banks and 148 state member banks. Additions to membership during the year included the following banks.

Industrial National Bank of Dallas, Dallas, Texas

MacGregor Park National Bank of Houston, Houston, Texas

Peoples State Bank of Kountze, Kountze, Texas

Southern National Bank at Tallulah, Tallulah, Louisiana

Withdrawals from membership in the System included:

American National Bank of Oak Cliff, Dallas, Texas

Citizens State Bank, Roby, Texas

First State Bank, Celina, Texas

Consolidations during the year included:

Continental-American Bank and Trust Company with Commercial National Bank, Shreveport, Louisiana

Dallas National Bank with First National Bank in Dallas, Dallas, Texas



The Marfa State Bank with Marfa National Bank, Marfa, Texas

National City Bank of Dallas with Republic National Bank of Dallas, Dallas, Texas

During 1954, five nonpar banks were added to the Par List and one nonpar bank was removed from the list, reducing the number of nonpar banks in the District to 92.

THE BANK AND PUBLIC RELATIONS DEPARTMENT carried on an active program during 1954 designed to broaden and improve understanding of the policies of the Federal Reserve System and its place in the economy.

Officers and senior staff members visited all member banks in the District and many nonmember banks.

The bank was represented at a large number of meetings of bankers, businessmen, and professional groups.

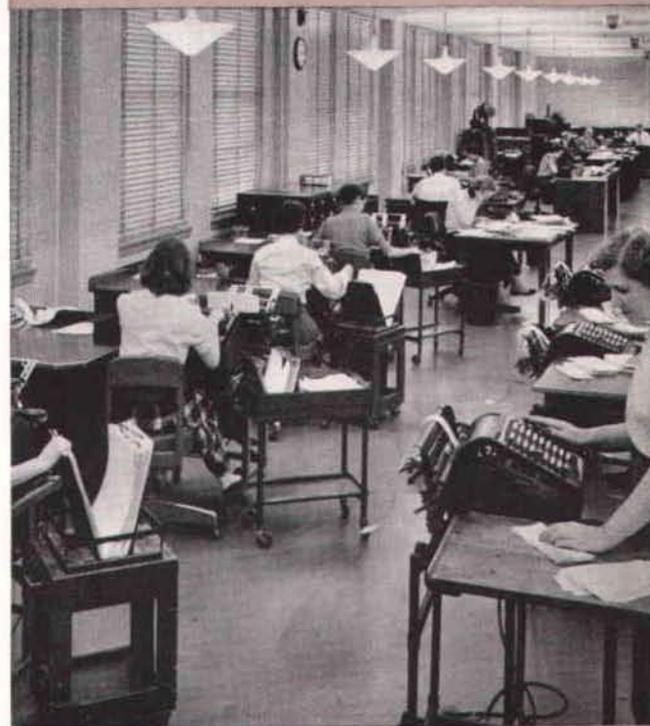
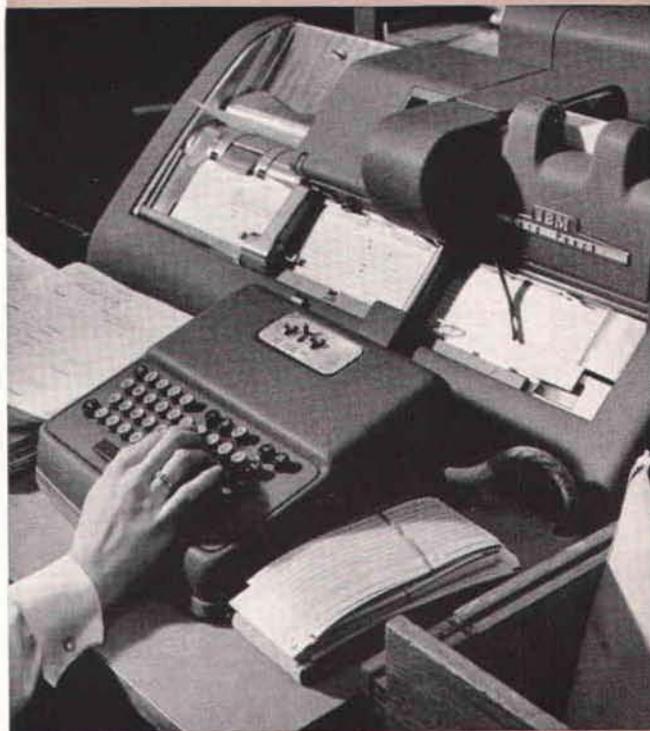
Officers and staff members accepted 84 invitations to address banking, business, educational, agricultural, and civic groups, with an approximate attendance of 13,000.

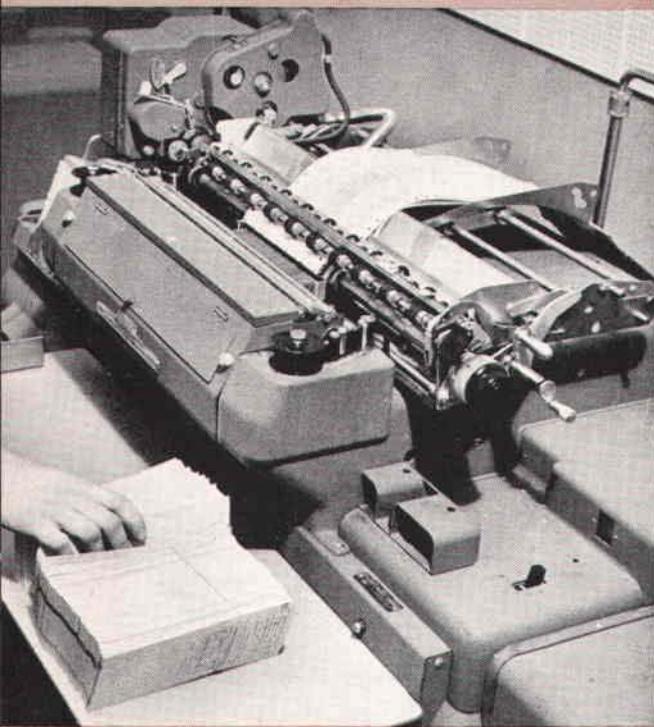
The currency exhibits and motion-picture films of the bank were in active demand by member banks, educational institutions, and civic groups.

PERSONNEL of the Head Office and its branches on December 31, 1954, totaled 974, or 19 fewer than a year earlier. The average number of employees during the year, however, increased by 37 to 969. The increase in average employment reflects primarily a substantial expansion in Commodity Credit Corporation activities during the first half of the year. Excluding employees performing work for Government departments and agencies, the bank and its branches operated with fewer employees and handled a larger volume of work in 1954 than in the preceding year.

It is significant that, of the 974 employees of the bank on December 31, 1954, 122 had been with the bank for more than 25 years; 83, from 15 to 25 years; 266, from 5 to 15 years; and 503, for periods ranging up to 5 years.

The average rate of turnover of employees of the bank was 27.9 percent in 1954, reflecting a slight decline from the 1953 rate. Sharp decreases in turnover at the Houston





and San Antonio Branches more than offset increases at the Head Office and El Paso Branch.

The bank has been fortunate in building up a strong, competent, faithful staff of employees. Despite the competition that always prevails for well-qualified and experienced employees, the bank's several offices were able to meet needed replacements and additions during 1954 with high-caliber employees. To a considerable extent, the success of the bank's operations and its relations with banking and business in the District is a reflection of the quality of its staff.

THE RESEARCH DEPARTMENT continued to emphasize its primary function of assembling, analyzing, and interpreting statistical data and other economic information for the use of the officers and directors of the bank and the Board of Governors of the Federal Reserve System. As a secondary outcome of these activities, the department was able to answer many requests from bankers, businessmen, and others seeking information of an economic or statistical nature. Such requests are encouraged, and every effort is made to process them fully and competently.

Publications of the department were issued in larger number during 1954, reflecting the continuing increase in demand for such data and information. The *Monthly Business Review*, the *Agricultural News of the Week*, and the *Agricultural News Letter*—available without charge upon request—continued to be the bank's principal publications. Bulk distribution of reprints of articles published in the *Review* was in large volume.

THE AUDITING DEPARTMENT completed its program of audits for the Head Office and branches during 1954 in conformity to the established frequency schedules. Such audits were performed under the general supervision of the Audit Review Committee of the Board of Directors of the bank.

The examining staff of the Board of Governors of the Federal Reserve System examined the Head Office and branches in May 1954, in accordance with legal requirements.



# DIRECTORS

## FEDERAL RESERVE BANK OF DALLAS

- ROBERT J. SMITH (*Chairman and Federal Reserve Agent*), *President, Pioneer Air Lines, Inc., Dallas, Texas*  
HAL BOGLE (*Deputy Chairman*), *Rancher and Feeder, Dexter, New Mexico*  
JOHN R. ALFORD, *Industrialist and Farmer, Henderson, Texas*  
\*HENRY P. DROUGHT, *Attorney at Law, San Antonio, Texas*  
D. A. HULCY, *Chairman of the Board and President, Lone Star Gas Company, Dallas, Texas*  
J. EDD McLAUGHLIN, *President, Security State Bank & Trust Company, Ralls, Texas*  
W. L. PETERSON, *President, The State National Bank of Denison, Denison, Texas*  
J. B. THOMAS, *President and General Manager and Director, Texas Electric Service Company, Fort Worth, Texas*  
\*SAM D. YOUNG, *President, El Paso National Bank, El Paso, Texas*

## HOUSTON BRANCH

- ( \_\_\_\_\_ ), *Chairman*), VACANCY  
I. F. BETTS, *President, The American National Bank of Beaumont, Beaumont, Texas*  
\*L. R. BRYAN, JR., *President, The Second National Bank of Houston, Houston, Texas*  
\*W. B. CALLAN, *President, The Victoria National Bank, Victoria, Texas*  
S. MARCUS GREER, *Chairman of Executive Committee, The City National Bank of Houston, Houston, Texas*  
HERBERT G. SUTTON, *T. O. Sutton and Sons, Colmesneil, Texas*  
( \_\_\_\_\_ ), VACANCY

## SAN ANTONIO BRANCH

- D. HAYDEN PERRY (*Chairman*), *Livestock farming, Robstown, Texas*  
CLARENCE E. AYRES, *Professor of Economics, The University of Texas, Austin, Texas*  
\*J. W. BERETTA, *President, First National Bank of San Antonio, San Antonio, Texas*  
E. C. BREEDLOVE, *President, The First National Bank, Harlingen, Texas*  
BURTON DUNN, *President, The Corpus Christi National Bank, Corpus Christi, Texas*  
V. S. MARETT, *President, Gonzales State Bank, Gonzales, Texas*  
( \_\_\_\_\_ ), VACANCY

## EL PASO BRANCH

- E. J. WORKMAN (*Chairman*), *President, New Mexico Institute of Mining and Technology, Socorro, New Mexico*  
F. W. BARTON, *President, The Marja National Bank, Marja, Texas*  
JOHN P. BUTLER, *President, The First National Bank of Midland, Midland, Texas*  
JAMES A. DICK, *President, James A. Dick Investment Company, El Paso, Texas*  
THOMAS C. PATTERSON, *Vice President, El Paso National Bank, El Paso, Texas*  
J. M. SAKRISON, *President, Southern Arizona Bank and Trust Company, Tucson, Arizona*  
D. F. STAHMANN, *Farmer, Las Cruces, New Mexico*

## FEDERAL ADVISORY COUNCIL MEMBER

- GEORGE G. MATKIN, *President, The State National Bank of El Paso, El Paso, Texas*

\*Appointment effective in 1955

# OFFICERS

## FEDERAL RESERVE BANK OF DALLAS

WATROUS H. IRONS, *President*

W. D. GENTRY, *First Vice President*

E. B. AUSTIN, *Vice President*

J. L. COOK, *Vice President*

W. E. EAGLE, *Vice President*

W. H. HOLLOWAY, *Vice President and Cashier*

T. W. PLANT, *Vice President*

L. G. PONDROM, *Vice President*

MORGAN H. RICE, *Vice President and  
Secretary of the Board*

C. M. ROWLAND, *Vice President*

HARRY A. SHUFORD, *Vice President  
and General Counsel*

G. R. MURFF, *General Auditor*

HOWARD CARRITHERS, *Assistant Vice President*

E. H. BERG, *Assistant Cashier*

\*T. A. HARDIN, *Assistant Cashier*

HERMAN W. KILMAN, *Assistant Cashier*

W. D. WALLER, *Assistant Cashier*

PHILIP E. COLDWELL, *Director of Research*

\*\*N. B. HARWELL, *Chief Examiner*

JAMES A. PARKER, *Director of Personnel*

\*W. M. PRITCHETT, *Executive Assistant*

GEORGE F. RUDY, *Assistant Counsel and  
Assistant Secretary of the Board*

## HOUSTON BRANCH

J. L. COOK, *Vice President in Charge*

H. K. DAVIS, *Cashier*

\*THOMAS R. SULLIVAN, *Assistant Cashier*

B. J. TROY, *Assistant Cashier*

## SAN ANTONIO BRANCH

W. E. EAGLE, *Vice President in Charge*

A. E. MUNDT, *Cashier*

F. C. MAGEE, *Assistant Cashier*

\*CARL H. MOORE, *Assistant Cashier*

## EL PASO BRANCH

C. M. ROWLAND, *Vice President in Charge*

ALVIN E. RUSSELL, *Cashier*

T. C. ARNOLD, *Assistant Cashier*

\*Appointment effective in 1955

\*\*Resignation effective February 28, 1955

DALLAS HEAD OFFICE TERRITORY

EL PASO BRANCH TERRITORY

HOUSTON BRANCH TERRITORY

SAN ANTONIO BRANCH TERRITORY



SAN FRANCISCO

MINNEAPOLIS

BOSTON

CHICAGO

CLEVELAND

NEW YORK

BOARD OF GOVERNORS  
The Federal Reserve System  
WASHINGTON, D.C.

PHILADELPHIA

KANSAS CITY

ST. LOUIS

RICHMOND

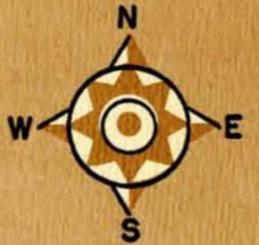
ATLANTA

DALLAS

El Paso

San Antonio

Houston





**ELEVENTH FEDERAL RESERVE DISTRICT**