
Federal Reserve Bank of Dallas



1975 ANNUAL STATEMENT

Federal Reserve Bank of Dallas

To the Member Banks in the Eleventh Federal Reserve District:

The possibility suggested a year ago—that 1975 could well turn out better than many were expecting—has materialized. The economy appears to be firmly launched on a sustainable recovery and expansion. Inflation and unemployment have receded. Nevertheless, American concepts and institutions continue under pressure. The twin goals of domestic economic policy—full employment and price stability—have not yet come within our grasp.

We continue to experience substantial inflation in the midst of large amounts of unused labor and industrial resources. Large increases in wage rates in the presence of large numbers of unemployed indicate that the price-making institutions and processes in the labor markets are yielding results inconsistent with the overriding national economic goals. Similarly, and not unrelated, price increases on a number of industrial materials and products in the presence of sizable amounts of unused capacity indicate some of our commodity markets are performing in a comparable manner. Similar conditions may be observed in price changes for a number of services.

This tendency for prices to rise even in the midst of large amounts of unused resources indicates not only strong monopolistic elements in a number of important markets but also widespread and strong expectations that inflation will continue. Unfortunately, activities are undertaken by both government and private groups to enable individual sectors to restrict competition and raise or maintain prices. This contributes to both inflation and idle resources and results in an economic structure heavily interlaced with price rigidities and price-increasing features. Moves to restructure laws, institutions, and practices that are inconsistent with competitive markets and flexible prices should receive high priority in the nation's Bicentennial Year in order that the continuing pursuit of full employment and price stability may succeed.

Financial institutions, especially in the Eleventh District, appear generally to be in a position to provide the credit and other financial services needed by an expanding economy. And the somewhat emotional wave of concern about prospective credit and capital shortages has justifiably subsided. These favorable developments are related, of course, to the progress in reducing inflation, and their continuance is heavily dependent on further progress on the inflation front.

At this time, it appears that 1976 will be a good year for the District and District banks. My associates and I wish for you "continued progress in 1976" and thank you for your cooperation and support in 1975.

Sincerely yours,



ERNEST T. BAUGHMAN
President

Directors

January 1, 1976

FEDERAL RESERVE BANK OF DALLAS

John Lawrence	(Chairman and Federal Reserve Agent), Chairman of the Board, Dresser Industries, Inc., Dallas, Texas
Charles T. Beard	(Deputy Chairman), Chairman of the Board, Beard-Poulan Division, Emerson Electric Co., Shreveport, Louisiana
Gene D. Adams	President, The First National Bank of Seymour, Seymour, Texas
Thomas W. Herrick	Cattle and Investments, Amarillo, Texas
Gerald D. Hines	Owner, Gerald D. Hines Interests, Houston, Texas
Frank Junell	Chairman of the Board, The Central National Bank of San Angelo, San Angelo, Texas
Irving A. Mathews	Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Texas
Stewart Orton	President, Foley's, Division of Federated Department Stores, Inc., Houston, Texas
Robert H. Stewart, III	Chairman of the Board, First International Bancshares, Inc., Dallas, Texas

EL PASO BRANCH

Reed H. Chittim	President, First National Bank of Lea County, Hobbs, New Mexico
J. Luther Davis	President and Chairman of the Board, Tucson Gas & Electric Company, Tucson, Arizona
Gage Holland	Owner, Gage Holland Ranch, Alpine, Texas
C. J. Kelly	Chairman of the Board, The First National Bank of Midland, Midland, Texas
Arnold B. Peinado, Jr.	President, Peinado, Peinado & Navarro, Consulting Structural Engineers, El Paso, Texas
Herbert M. Schwartz	President, Popular Dry Goods Co., Inc., El Paso, Texas
Wayne Stewart	President, First National Bank in Alamogordo, Alamogordo, New Mexico

HOUSTON BRANCH

T. J. Barlow	President and Chief Executive Officer, Anderson, Clayton & Co., Houston, Texas
Seth W. Dorbandt	Chairman of the Board and President, First National Bank in Conroe, Conroe, Texas
Bookman Peters	President, The City National Bank of Bryan, Bryan, Texas
Nat S. Rogers	President, First City National Bank of Houston, Houston, Texas
P. K. Stubblefield	President, Victoria Bank & Trust Company, Victoria, Texas
Alvin I. Thomas	President, Prairie View A&M University, Prairie View, Texas
Gene M. Woodfin	Chairman of the Board, President, and Chief Executive Officer, Marathon Manufacturing Company, Houston, Texas

SAN ANTONIO BRANCH

Marshall Boykin III	Senior Partner, Wood, Boykin & Wolter, Lawyers, Corpus Christi, Texas
Richard W. Calvert	President, National Bank of Commerce of San Antonio, San Antonio, Texas
John H. Holcomb	Owner-Manager, Progreso Haciendas Company, Progreso, Texas
Ben R. Low	President, First National Bank of Kerrville, Kerrville, Texas
Pete Morales, Jr.	President and General Manager, Morales Feed Lots, Inc., Devine, Texas
Leon Stone	President, The Austin National Bank, Austin, Texas
Margaret Scarbrough Wilson	Chairman of the Board and Chief Executive Officer, Scarbroughs Stores, Austin, Texas

FEDERAL ADVISORY COUNCIL MEMBER

Ben F. Love	Chairman of the Board and Chief Executive Officer, Texas Commerce Bank, National Association, Houston, Texas
--------------------	--

Officers

January 1, 1976

Ernest T. Baughman
T. W. Plant
Robert H. Boykin
James L. Cauthen
Tony J. Salvaggio
Robert A. Brown
Joseph E. Burns
George C. Cochran, III
Leon W. Cowan
Ralph T. Green
C. J. Pickering
Carl H. Moore
W. M. Pritchett
Fredric W. Reed
Harry E. Robinson, Jr.
George F. Rudy
Rasco R. Story
Thomas R. Sullivan
E. W. Vorlop, Jr.
Sidney J. Alexander, Jr.
J. A. Clymer
Richard D. Ingram
William H. Kelly
Larry J. Reck
Neil B. Ryan
Jesse D. Sanders
Robert Smith, III
T. E. Spreng
E. A. Thaxton, Jr.
C. L. Vick
John C. Blake
Adrian W. Throop
Carla M. Warberg
Carroll D. Blake
Thomas H. Rust
Sammy T. Schulze
Millard E. Sweatt, Jr.

Fredric W. Reed
Forrest E. Coleman
Joel L. Koonce, Jr.

James L. Cauthen
Rasco R. Story
J. Z. Rowe
Vernon L. Bartee
Sammie C. Clay

Carl H. Moore
Thomas H. Robertson
Thomas C. Cole
Robert W. Schultz

FEDERAL RESERVE BANK OF DALLAS

President
First Vice President
Senior Vice President
Senior Vice President
Senior Vice President
General Auditor
Vice President
Vice President
Vice President
Vice President and Senior Economic Adviser
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President and General Counsel
Vice President
Vice President
Vice President and Controller
Assistant Vice President
Assistant Vice President
Assistant Vice President and Assistant Secretary
Assistant Vice President
Assistant Vice President
Assistant Vice President
Assistant Vice President
Assistant Vice President and Secretary
Assistant Vice President
Assistant Vice President
Assistant Vice President
Chief Examiner
Research Officer
Research Officer
Bank Relations Officer and Assistant Secretary
Personnel Officer
Assistant General Auditor
Assistant Counsel

EL PASO BRANCH

Vice President in Charge
Assistant Vice President
Operations Officer

HOUSTON BRANCH

Senior Vice President in Charge
Vice President
Assistant Vice President
Operations Officer
Operations Officer

SAN ANTONIO BRANCH

Vice President in Charge
Assistant Vice President
Operations Officer
Operations Officer

Statement of Condition

	Dec. 31, 1975	Dec. 31, 1974
ASSETS		
Gold certificate account	\$ 422,062,397	\$ 571,896,174
Special Drawing Rights certificate account	19,000,000	14,000,000
Federal Reserve notes of other Banks	110,300,237	91,552,993
Other cash	16,053,214	11,290,277
Loans and securities:		
Loans	200,000	23,100,000
Federal agency obligations	310,412,000	213,143,000
U.S. Government securities	4,433,099,000	3,628,948,000
Total loans and securities	<u>4,743,711,000</u>	<u>3,865,191,000</u>
Cash items in process of collection	835,120,787	636,429,457
Bank premises	11,761,334	11,867,825
Operating equipment	2,234,384	—
Other assets	66,719,535	44,799,947
TOTAL ASSETS	<u>\$6,226,962,888</u>	<u>\$5,247,027,673</u>
LIABILITIES		
Federal Reserve notes in actual circulation	\$3,009,711,816	\$2,707,174,505
Deposits:		
Member bank—reserve accounts	1,666,305,414	1,744,688,075
U.S. Treasury—general account	389,303,570	105,184,903
Foreign	14,443,000	15,950,000
Other	61,759,282	29,973,726
Total deposits	<u>2,131,811,266</u>	<u>1,895,796,704</u>
Deferred availability cash items	565,839,777	498,101,362
Other liabilities	51,260,044	47,636,602
Interdistrict settlement account	364,544,485	—
TOTAL LIABILITIES	<u>6,123,167,388</u>	<u>5,148,709,173</u>
CAPITAL ACCOUNTS		
Capital paid in	51,897,750	49,159,250
Surplus	51,897,750	49,159,250
TOTAL CAPITAL ACCOUNTS	<u>103,795,500</u>	<u>98,318,500</u>
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	<u>\$6,226,962,888</u>	<u>\$5,247,027,673</u>

Earnings and Expenses

	1975	1974
CURRENT EARNINGS		
Loans	\$ 518,909	\$ 7,493,763
U.S. Government securities	295,895,909	265,390,908
Foreign currencies	300,698	375,117
All other	38,096	124,080
TOTAL CURRENT EARNINGS	<u>296,753,612</u>	<u>273,383,868</u>
CURRENT EXPENSES		
Current operating expenses	27,671,218	25,837,157
Assessment for expenses of Board of Governors	1,846,600	2,244,000
Federal Reserve currency:		
Original cost, including shipping charges	1,591,712	1,426,390
Cost of redemption, including shipping charges	37,325	42,808
Total	<u>31,146,855</u>	<u>29,550,355</u>
Less reimbursement for certain fiscal agency and other expenses	1,569,640	1,382,209
NET EXPENSES	<u>29,577,215</u>	<u>28,168,146</u>
PROFIT AND LOSS		
Current net earnings	267,176,397	245,215,722
Additions to current net earnings:		
Profit on sales of U.S. Government securities (net)	1,734,021	—
All other	182,844	96,935
Total additions	<u>1,916,865</u>	<u>96,935</u>
Deductions from current net earnings:		
Loss on sales of U.S. Government securities (net)	—	1,842,938
All other	13,377,866	2,030,752
Total deductions	<u>13,377,866</u>	<u>3,873,690</u>
Net additions or deductions (—)	<u>-11,461,001</u>	<u>-3,776,755</u>
Net earnings before dividends and payments to U.S. Treasury	255,715,396	241,438,967
Dividends paid	3,028,166	2,851,470
Payments to U.S. Treasury (interest on F.R. notes)	249,948,730	235,544,447
Transferred to surplus	2,738,500	3,043,050
Surplus, January 1	49,159,250	46,116,200
Surplus, December 31	<u>\$ 51,897,750</u>	<u>\$ 49,159,250</u>

Volume of Operations

Federal Reserve Bank of Dallas
Head Office and Branches Combined

	Number of Pieces Handled ¹		Dollar Amount	
	1975	1974	1975	1974
Loans	100	1,399	444,841,000	6,435,710,744
Currency received and counted	292,661,307	274,046,247	2,792,896,730	2,462,883,140
Coin received and counted	672,728,036	544,944,954	96,629,681	76,927,884
Checks handled:				
U.S. Government checks	54,989,981	45,737,654	20,480,845,942	16,853,950,760
Postal money orders	11,447,592	11,194,241	465,915,531	412,317,507
All other ²	684,189,694	649,491,104	254,294,132,860	240,200,922,222
Collection items handled:				
U.S. Government coupons paid	236,359	240,068	147,535,213	152,026,335
All other	240,062	492,361	301,513,428	359,913,522
Issues, redemptions, and exchanges				
of U.S. Government securities	12,141,570	12,523,406	63,685,106,110	28,694,989,147
Transfers of funds	1,109,590	868,323	1,693,936,700,560	1,527,020,506,556
Food stamps redeemed	160,021,426	200,508,178	575,051,952	499,445,468

¹Packaged items handled as a single item are counted as one piece.

²Exclusive of checks drawn on the F.R. Banks.