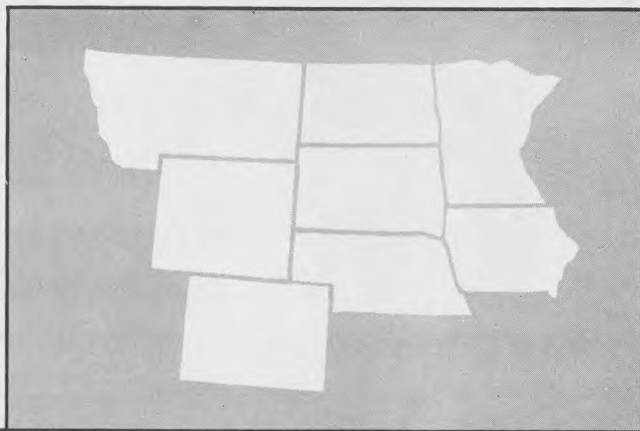


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1004

Des Moines, Iowa

November 28, 1966

Chicago Banker Says, "Balance the Budget"

A Chicago banker last week called for a balanced or surplus federal budget position and said a better mix of monetary and fiscal policy must be achieved to meet the country's economic problems.

David M. Kennedy, board chairman of Continental Illinois National Bank and Trust Company, spoke on "The Need for Economic Statesmanship" during a luncheon at the annual convention of the Television Bureau of Advertising in the Continental Plaza Hotel.

He said this proper mix of monetary policy (policies affecting the cost and availability of money) and fiscal policy (federal tax and expenditure policy) is necessary to arrive at the answer to several economic problems.

Achieving the desired balance calls for an expenditure cutback and also "may require the payment of taxes at a higher rate by all segments of the economy," he said.

The banker said the course of the private sector of the economy and the increase in commitments in the Viet Nam war are the two critical issues which will determine monetary and fiscal policy in the coming months.

As for the economy, Mr. Kennedy pointed to the tightness of

money, limitations of capacity, and the difficulty of finding skilled labor, but he said business continues to turn in a remarkable performance of production of goods and services.

Regarding Viet Nam expenditures in the months ahead, Mr. Kennedy said there appears to be some confusion on planned spending rates. It is complicated, he said, "by a 'credibility gap' arising out of well-meant but potentially harmful efforts by the government to manage the news we get.

Stressing that if monetary policy is precluded from further restraint, he said fiscal policy then must be used deliberately and vigorously, or price advance will get out of hand again. Fiscal policy is the ultimate weapon of control, he said.

"Thus, we come to the final step: The budget must be placed in a surplus condition immediately."

The alternative to a more balanced use of monetary and fiscal policy, given a continuing defense expenditure push, is a further move toward inflation, he said. This would mean the increasing possibility of direct controls in the economy.

Mr. Kennedy warned that "this

kind of regulation, of course, would be disturbing and disruptive to commercial banking and explains why there is such continuing insistence in both the Federal Reserve System and commercial banking for a more balanced use of fiscal and monetary policy."

NATIONAL NEWS

CHICAGO: Leo R. Gruber, president of the Drovers National Bank, died November 19 of a massive heart attack. He was 64 years old.

CHICAGO: Kenneth V. Zwiener, chairman of the Harris Trust and Savings Bank has been re-elected a Class A director of the Federal Reserve Bank of Chicago. He was elected for a term of three years commencing January 1, 1967.

DETROIT: Ray R. Eppert, chairman and chief executive officer of Burroughs Corporation, has announced plans to retire on February 1, 1967. Ray W. Macdonald, president, will succeed Mr. Eppert as chief executive officer. Mr. Eppert has been with Burroughs for 46 years.

KANSAS CITY: Eugene H. Adams, president of The First National

(Continued on back page)

SOUTH
OMAHA
STOCKYARDS NATIONAL BANK

*We're Here
When You Need Help*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





*We're here to help
you get what you want*

IOWA-DES MOINES NATIONAL BANK

Bob Buenneke Member Federal Deposit Insurance Corporation

IOWA NEWS

AMES: Union Story Trust and Savings Bank opened its new parking lot office last week. The facility is located at the North Grand Shopping Center.

CHARITON: First State Bank has received FDIC approval for a parking lot office at the corner of Court and Main Streets. Approval from the Iowa Banking Board was received several weeks ago.

DES MOINES: Jack L. Baughman has been named an account executive with Dean Witter & Co. here. He has been with Insurance Company of North America.

KALONA: Larry Kern, who has been an assistant vice president with the Coralville Bank and Trust Company, has joined the Farmers Savings Bank of Kalona as an assistant cashier.

MOORHEAD: Earl D. Pratt, Sr., 73, recently retired executive vice president of the Moorhead State Bank, died recently.

NEWTON: The new drive-in facility of the Newton National Bank, located at the corner of First Avenue East and East Fourth Street, was officially opened for business last week.

WEST UNION: The Farmers Savings Bank of West Union is doing business in its new building. The grand opening will be delayed until all new fixtures are installed.

NEBRASKA NEWS

LINCOLN: The Cornhusker Conference of NABAC met recently here with Frank Sibert, vice president of the South Omaha Stockyards National Bank as featured speaker. He spoke on the current livestock situation.

OMAHA: John M. Olafson has been promoted to assistant business development officer at the Omaha National Bank. He has been with the bank since 1961 and has been assigned to the business development department.

RED CLOUD: Funeral services were held last week for C. Miner Sherwood, 75, who died at a hospital here. Mr. Sherwood was president of the Peoples-Webster County Bank in Red Cloud at the time of his death and had celebrated 50 years in banking in 1963.

WAUSA: G. E. Gunderson, vice president of the Commercial State Bank, has been promoted to executive vice president and elected to the board of directors of the bank. N. T. "Nobby" Tiemann, recently elected Governor of Nebraska, will continue as president.

MINNESOTA NEWS

HASTINGS: The First National Bank recently observed its 110th Anniversary by treating the community to coffee and birthday cake at the bank.

KANDIYOHI: Home State Bank has increased surplus from \$75,000 to \$100,000.

LAKE LILLIAN: Leon Jacobson has joined the staff of the First State Bank. He was named executive vice president.

MINNEAPOLIS: First National Bank headed a syndicate that last week purchased \$750,000 in building bonds from Independent School District 152 at Moorhead, Minn. Net interest cost of the bonds was 4.2498%.

MINNEAPOLIS: New president of the investment bankers' Minnesota Advisory Council for Municipal Finance is Nicholas V. Schaps, vice president and co-manager of the municipal department at J. M. Dain & Company, Inc.

Other officers are John Coulter, First National Bank of Minneapolis, first vice president; Robert R. Sander, Juran & Moody, Inc., second vice president; William H. Thayer, Woodard-Elwood & Co., third vice president; DeLos V. Steenson, Piper, Jaffray & Hopwood, treasurer; and James F. Tegen, Merrill Lynch, Pierce, Fenner & Smith, Inc., secretary.

MINNEAPOLIS: Harold C. Core, 77, former vice president of the Federal Reserve Bank of Minneapolis, died last week. He served



CHRISTY ARMSTRONG LEO KANE LEO SCHLUETER

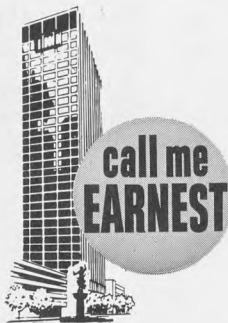
'WE HAVE WHAT YOU WANT

in a correspondent bank'

**american trust
and savings bank**

9TH AND MAIN, DUBUQUE, IOWA

MEMBER: FDIC • FRS

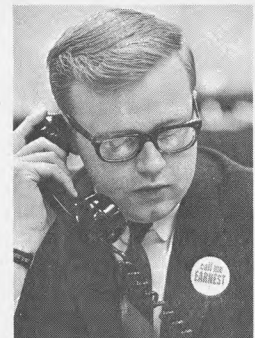


Jarry Parker is deeply Earnest

If you're earnestly seeking better correspondent banking service, it's high time you got in touch with Jarry Parker and his associates at Commerce Trust. They don't fool around. For example, they see that transit mail is picked up 40 times a day at the main post office. Isn't this the earnest service you want and deserve? Call us soon.

Commerce Trust Company

Kansas City's Oldest and Largest Bank
Member Federal Deposit Insurance Corporation



with the Fed from 1916 until his retirement in 1954.

ST. PAUL: Denver W. Swanson, vice president and head of the St. Paul Insurance Companies' Agency Division, will retire on November 30. He will be succeeded as head of production and marketing activities by Waverly G. Smith, secretary, currently in charge of the Market Department.

WILLMAR: Bank of Willmar last week celebrated its 90th anniversary with a week long open house. Drawings were held during the week to give away 90 turkeys.

NORTH DAKOTA NEWS

FARGO: A reminder to forward advance registrations to Warren DeKrey, vice president, First National Bank & Trust Company of Fargo, for the Ag. Credit Conference in Fargo, December 8 and 9.

ROLLA: Dennis Fast recently joined the First Bank of Rolla. He has been with the First Bank of Langdon.

SOUTH DAKOTA NEWS

ABERDEEN: The Executive Council of the Upper Midwest Agricultural Credit Council has announced that Aberdeen will be the site for the organization's annual conference on June 21-23, at the Holiday Inn.

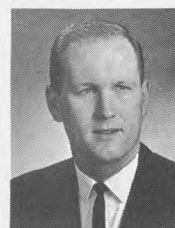
BLUNT: Harry Glans, president of the Dakota State Bank, and his wife have returned from a two week trip to Hawaii. Mr. Glans recently completed his 50th year with the bank and the trip was a gift from the bank.

BROOKINGS: The Northwestern National Bank's new drive-in facility was opened for business recently. Art Wilber, assistant cashier, is manager of the auto bank.

REDFIELD: Fred Garland has been added to the staff of the Redfield Branch, First National Bank of Aberdeen. He has been with the First National Bank in Milbank,



JOHN DIEFENDORF and GENE HAGEN
Represent



**The Bank for Personal
Service in Sioux City**



SECURITY NATIONAL BANK

Sixth and Pierce Sioux City, Iowa Member FDIC

and will work primarily in the insurance department of the bank.

SIOUX FALLS: Curt Lovre, president of the Northwestern National Bank, has been elected second vice president of the Sioux Falls Chamber of Commerce.

COLORADO NEWS

DENVER: Directors of four Denver area banks declared dividends last week. One announced a substantial increase and two others inaugurated dividends for the first time since their organization.

It was the First National Bank of Denver which rewarded stockholders with the increase. Paying a dividend for the first time are the First Westland National Bank and the Northeast Colorado National Bank.

The Central Bank and Trust Company was the fourth bank declaring a dividend.

5% Certificates Subject Of Treasury Meetings

Representatives of various financial institutions will meet with Treasury officials in Washington this week. Subject of the meetings will be the proposed new high yielding savings certificate and ways of minimizing its impact on banks and savings and loan associations.

Goal of the Treasury Department is to raise between \$1 and \$2 billion during 1967 outside of the banking system. Purpose is to help finance Viet Nam and Federal programs in the least inflationary way -- that is, without the creation of too much new credit through the banking system.

Method for obtaining the funds is the proposed new savings certificate or note which would pay a rate of about 5%. Treasury officials

DO YOU

Want to buy, sell or trade
bank equipment or fixtures?



Let Mighty Mite
NORTHWESTERN BANKER
WANT ADS
Do the job for you!

WORLD'S FINEST

complete line of
financial equipment from
one reliable source.



CEDAR RAPIDS, IOWA 52406

1st LINCOLN ...Expert Administration of
Employee Profit Sharing Trusts
FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
12th & N Street • LINCOLN, NEBRASKA • Member: F.D.I.C.



Always the First to Serve You!

First National Bank of Omaha

16 TH & FARNAM - OMAHA, NEBRASKA

Member Federal Deposit Insurance Corporation



currently plan to limit the new certificate to persons who purchase U. S. Savings E bonds under the payroll savings plan. The 5% rate compares with a 4.15% currently being paid on Series E bonds.

Officials of the financial industry have expressed concern that the new 5% securities will introduce new competition in an already tight savings market. S&Ls in particular are worried about the impact on their industry. Bankers, however, though concerned, have not manifested their feelings to the extent or degree of the savings and loans.

NATIONAL NEWS

(Continued from front page)

Bank of Denver, and Fred W. Gilmore, president of the Union Stock Yards Company of Omaha, have been re-elected to serve 3-year terms as directors of the Federal Reserve Bank of Kansas City.

NEW YORK: First National City Bank has announced plans to lease a 24-story office building to be erected on Wall Street near the East River. The bank will occupy the first 17 floors of the building and the 24th floor.

Citibank will utilize the space to consolidate the activities of several operating departments now in three New York City locations. The bank's downtown headquarters will be maintained in the 55 Wall Street building it has occupied since 1908.

Completion of the new structure is scheduled for 1968.

PHOENIX: Directors of the Valley National Bank of Arizona have

declared a 10% stock dividend.

Also announced was the election of three new vice presidents. They are: Charles H. Bartlett, Jr., manager of the international department; Richard A. Fletcher, an officer in the home office commercial lending division; and B. Paul Jones, nationally-recognized securities analyst.

SAN FRANCISCO: Bank of America has announced that Eileene E. Palmer, West Newton, Mass., is the grand prize winner of the Travelers Cheques Sweepstakes. Prize is a Castle in Spain for two...for two weeks.

Also announced was the election of Robert D. Andrews as an advertising officer in the head office. He will be associated with Advertising Manager Jack Little.

SAN FRANCISCO: The Wells Fargo Bank has opened a representative office in Mexico City--the bank's first in Latin America.

TULSA: Joseph P. Byrd, Jr., retired senior vice president of the First National Bank and Trust Company, died recently. Mr. Byrd, who retired in 1959 after 50 years of banking, also served as vice chairman of the First National for a time.

He became one of the midwest's best known bankers while heading the First National's correspondent bank department for 12 years.

BULLETINS...

MINNEAPOLIS: J. M. Dain & Company has announced the appointment of George H. Penland as a registered representative.

OMAHA: John F. Davis, president of First National Bank, has been elected president of Ak-Sar-Ben. He has been a member of the board of governors since 1952.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.
NORTHWESTERN BANKER
306 15th St., Des Moines, Iowa

NEED EQUIPMENT?

You select the machine or equipment, new or used, from any supplier. We will buy and lease to you. For details call or write Pioneer Leasing Company, Box 467, Norfolk, Nebraska. Phone (area code 402) 371-2123.

PRESIDENT WANTED

For bank of nearly \$5 million assets in Northern Iowa county seat town. Must have solid agricultural background. Age 40-50 preferred. Need man now. Write Box XAC, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

HELP WANTED

In developing an all request mailing lists--based on Trade Area Surveys--that can help you become more competitive for the farm and ranch business in the area served by your bank. The Farm Picture, P.O. Box F, Urbana, Ill. 61801.

POSITION WANTED

Employer of energetic, experienced and capable all-around banker offers the services of this man to bankers in the mid-western area. He will guide your bank in many facets of banking. Our staff will support him in every way possible. Of course, we all know about this ad, because we're after as much correspondent bank business as we can manage. Excellent references. Write, wire, or phone Cy Kirk in Des Moines at 277-2602. Or call La Salle National Bank, 135 S. La Salle Street, Chicago, Illinois 60690. STate 2-5200 (area code 312).

**BIG
BIG**

things are happening at CENTRAL NATIONAL...

things that mean even better service to Iowa banks.



CENTRAL NATIONAL BANK AND TRUST COMPANY

Member Federal Deposit Insurance Corporation

YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE, VAULT AND
TIMELOCK EXPERTS

F. E. DAVENPORT & CO.
OMAHA

No. 1004 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscription 50¢ per copy, \$4 per year. Second class postage paid at Des Moines, Iowa. Address all mail (subscriptions, changes of address, Forms 3579, manuscripts, mail items) to above address.