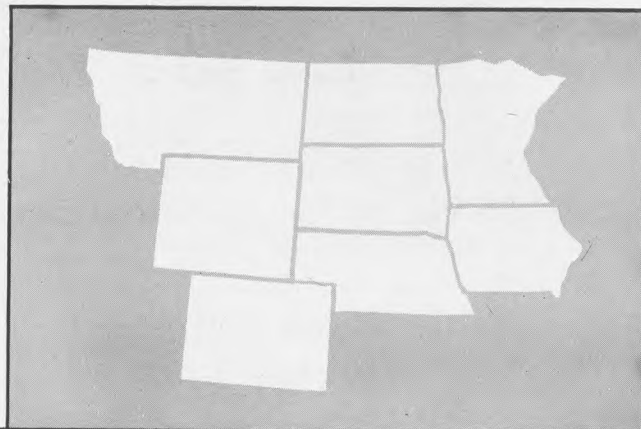


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1041

Des Moines, Iowa

July 3, 1967

Banker Advocates 'Some' Tax Boost

The United States is in a serious fiscal dilemma because it is trying to provide both 'guns and butter' without limit, David M. Kennedy, chairman of the board, Continental Illinois National Bank and Trust Company, said recently.

The Chicago banker spoke at commencement exercises of the Stonier Graduate School of Banking, Rutgers University. He advocated 'some tax increase' to fight erosion of the dollar.

'I do not mean to be blindly critical of government and the very difficult related political and social problems of today,' Mr. Kennedy said. He is serving now as chairman of the President's Commission on Budget Concepts, which will recommend budget procedures to the President, the Budget Bureau and Congress.

Mr. Kennedy told the graduating class that the fiscal dilemma resulted from the fact that no priorities are being established, and thus the deficit for next year is estimated from \$12 billion to as much as \$28 billion.

'This puts the Federal Reserve in a very difficult position,' Mr. Kennedy said. 'It wants to encourage a resurgence of the private economy and a growth in the money supply, including savings. On the other hand, private credit

demands continue high and are soaking all available funds. Then there is the huge government deficit ahead.

'Thus, should Federal Reserve policy be tight to fight inflation? If so, will it choke off the economy? Indeed, if money becomes very tight, will Congress repeat last fall's Alice-in-Wonderland adventure by attempting to legislate artificial interest rates?

'Also, if the Federal Reserve tried to limit monetary growth to fight inflation, what would this mean in terms of the Treasury's deficit problem? The deficit must be financed. The important question is how it is to be financed. If it is financed out of savings, then where is the money left over to rebuild the liquidity of and finance the growth of private economy? What does this mean for you and me as bankers trying to run sound, conservative banks and meet legitimate credit needs of our customers? If the deficit is not financed out of savings, then will it be financed out of excessive money creation? How much of this will the banks have to absorb?

'Of course the ready answer to the dilemma is fiscal policy. I intensely dislike higher taxes and only hope the pressures in

Congress are strong enough to really cut spending. But given the huge deficit prospect and the political realities, it seems to me--as I said several years ago--that some tax increase was and is needed as part of the package to fight the erosion of the dollar.'

Mr. Kennedy said he was 'particularly worried' about the possibility that deficits, inflation, social programs and war may lead to an attempt at solution by direct controls.

'Too few have taken the time to analyze just how ineffective direct controls are over a period of time,' he said, 'just as too few have really looked at political pressures and realities in the problems of government today of private and public ownership.'

William McChesney Martin, chairman of the Fed, last week called for Congressional action to raise taxes. Gardner Ackley, economic advisor to the President, suggested similar action shortly after Mr. Martin's statement was made public.

The Congress has been conducting hearings in an effort to determine what President Johnson's tax recommendations will be. Although he has previously suggested a 6% income surtax, indications are that his specific

(Continued on back page)

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IOWA NEWS

BURLINGTON: David J. Gehring-er, vice president in the installment loan department at the Burlington Bank & Trust Co., has resigned. Mr. Gehring-er, who has been with the bank since 1947, has not announced his future plans.

CHARITON: M.J. Grogan has been named manager of the drive-in facility and vice president of the First State Bank. Mr. Grogan retired from full-time banking in Chariton last year after 45 years in the business.

DAVENPORT: Philip T. Roderick has joined Northwest Bank and Trust Co. as vice president in charge of the real estate department. He has been active in banking and in real estate in Indiana.

DES MOINES: Bank Investors Co., whose quarters were destroyed in a fire at Iowa Realty Co. last week, is conducting business as usual, according to Richard C. Newlin, executive vice president. Quarters have been set up at 3521 Beaver Avenue in Des Moines in

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(effective July 1, 1967)

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the Greater Iowa Building. Bank Investors telephone number is 277-6405.

FORT MADISON: Roy G. Wedding-ton has been advanced to president of the Lee County Savings Bank, succeeding the late R.L. Schneider, who died in May. J.F. Simmens has also been promoted from cashier to executive vice president and cashier.

LOWDEN: W.H. Witte was recently honored upon retiring as the president of the American Trust and Savings Bank. Mr. Witte, who will continue as the bank's chairman, has been in banking since 1917. William Stout succeeds him as president.

OTTUMWA: Charles D. Stinard, Jr., has been named head of the trust department of the First National Bank.

SIBLEY: Marvin Simpson has assumed the position of manager of the Iowa Great Lakes Office at Arnolds Park for the First National Bank of Sibley.

WEST CHESTER: Harry A. Dusen-bery, a director of the West Chester Savings Bank since 1940, died recently at the age of 77.

NEBRASKA NEWS

KEARNEY: William E. Jensen has been named assistant cashier at the First National Bank.

LINCOLN: Kent P. Kratz has been named vice president and trust

officer at the National Bank of Commerce.

MINDEN: Calvin S. Rogers, 85, president of the First National Bank, died recently. He was associated with the bank for many years.

OMAHA: Frederick J. Bennett was recently named second vice president of the Omaha National Bank, effective June 29. He will act as administrative assistant to Morris F. Miller, bank president.

OMAHA: Louis E. Carney and Richard J. Ward have been elected assistant cashiers at Center Bank, according to R.E. Stanley, president.

MINNESOTA NEWS

FAIRMONT: John T. Cashin joined the First National Bank last week as vice president. He was previously vice president and cashier of the First National Bank of Blue Earth.

MINNEAPOLIS: The Council of Administration of the Minnesota Bankers Association has promoted Truman L. Jeffers to secretary of the association. He has been with the association since 1961, most recently as assistant secretary and publicity director.

MINNEAPOLIS: The appointment of Lester G. Gable as vice president of the Federal Reserve Bank of Minneapolis, effective July 1, was announced last week by Hugh Galusha, president. Mr. Gable,

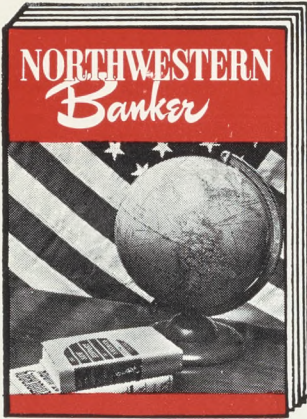


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who will head the bank's examination department, succeeds Roger K. Grobel, vice president. Mr. Gable has been with the bank since 1957, and has served as chief examiner since 1964.

MINNEAPOLIS: Edward J. O'Brien has been named State Savings Bond director for Minnesota. He succeeds Glen R. Johnson, now national director for the U.S. Savings Bond Division in Washington, D.C.

ROCHESTER: The First National Bank recently announced the promotions of G. William Jude from assistant vice president to vice president, and Starr Kirklin from assistant cashier to assistant vice president. Mr. Jude has been with the bank since 1958 and Mr. Kirklin since 1964.

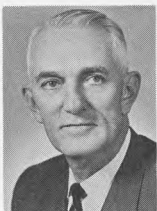
ST. LOUIS PARK: Warren Phifer has been appointed assistant vice president of Citizens State Bank. Mr. Phifer has been an account executive for James Talcott, Inc., in Minneapolis. Robert Johnson was elected an assistant cashier.

ST. PAUL: Robert L. Smith has been advanced to cashier of the Phalen Park State Bank. He joined the bank last year as assistant cashier.

NORTH DAKOTA NEWS

BISMARCK: William J. Daner has officially been named full-time executive secretary of the North Dakota Bankers Association. He has served in a part-time capacity.

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SOUTH DAKOTA NEWS

WEBSTER: Rodney W. Fouberg has joined the staff of the Security Bank as its agricultural representative.

COLORADO NEWS

DENVER: Four men have been promoted to assistant vice president at the Colorado National Bank. They are Louis K. Clain, Melvin E. Emeigh, E. Bowman McLean and Leon A. Winters.

DENVER: Maurice D. Olson, currently agricultural representative in the livestock loan department, has been elected assistant vice president in the Denver U.S. National Bank. Mr. Olson joined the bank in 1963 as a credit representative.

WYOMING NEWS

CHEYENNE: The State Board of Deposits announced recently that

it would raise the interest rates on Wyoming state government funds deposited in commercial banks and savings and loan associations from 3% to 3½% effective October 1. State Treasurer Mrs. Minnie Mitchell said the new rate would apply to \$11 million in state funds.

NEWCASTLE: Ned Oyler, vice president of the National Bank of Newcastle since 1964, has resigned to become an executive officer of the First National Bank of Eagle, Colo.

NATIONAL NEWS

CHICAGO: Robert E. Lawler has joined Harris Trust and Savings bank as assistant vice president in the installment loan division.

LOS ANGELES: Louis Schaefer, head of United California Bank's statewide installment credit activities, has been advanced to senior vice president. Neal Moore, formerly auditor, has been named senior vice president-operations.

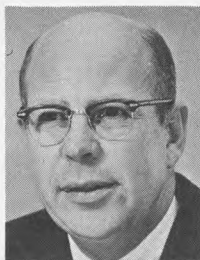
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Tax Increase

(Continued from front page)
tax proposals will not be made known until after the July 4th holiday.

U.C.C. Amendments

Amendments to the Uniform Commercial Code have been made by the Iowa legislature and have become law with the Governor's signature.

Effective July 1, the amendments are contained in Senate File 561. The bill basically covers four matters:

1. An increase in filing fees for UCC 1 and UCC 3, from \$1 to \$1.50.

2. An additional fee of \$1 when filings are made on forms not conforming to standards prescribed by the Secretary of State.

3. A flat rate of \$2 for filing an information request, on an approved form, and otherwise \$3, regardless of the number of entries reported thereon. Copies will be provided, upon further request, for a fee of \$1 per page. In this way, it will be unnecessary for the office to extend credit.

4. Rules and regulations con-

cerning filing may be promulgated by the Secretary of State.

The guide to procedure under Article IX of the Code, previously distributed, is being updated, amended and expanded to include other related statutes.



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