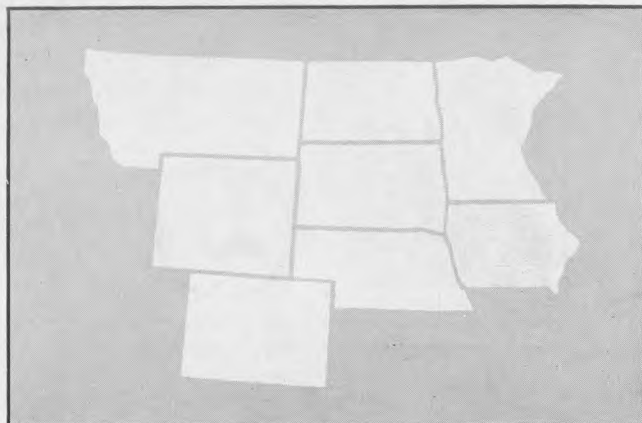


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1111

Des Moines, Iowa

August 5, 1968

Urge More Aggressive Farm Loan Policies

"Credit needs of American farmers are likely to exceed the combined cash requirements of the Viet Nam war and the anti-missile by 1980!"

This is the statement made by M. E. Wirth, Washington State University economist, before the second annual Rural Banking School held in Morris, Minnesota, last month. Bankers from Minnesota, North Dakota and South Dakota were in attendance.

Mr. Wirth explained his statement as follows:

"Farm credit needs are likely to reach \$125 billion within 12 short years and rural bankers can get a big share of the business if they will adopt more aggressive lending policies, and if they will organize to obtain access to national financial markets.

"Overly cautious loan policies, failure to pay competitive rates to attract savings deposits, and the insistence on unrealistically low loan-to-deposit ratios are obstacles to farm credit expansion for many unit banks.

"Some bankers are also handicapped by too little understand-

ing of the new farm managerial class and the advanced technology powering today's efficient farm operations.

"Today's farm manager substitutes sophisticated capital for land and labor to an increasing degree. Capital investments responsible for much of the mushrooming credit needs include mechanized or automated equipment, feed, livestock, fertilizer and other farm chemicals.

"Unless farmers can obtain credit at what they consider reasonable rates, they can turn to other options.

"The rural banking system may be excluded from the farm credit field to a large extent where such processes as vertical integration and contract farming become commonplace.

"Leasing equipment and machinery, instead of buying it, is another way farmers can reduce credit requirements. The remarkable increase in yields and output per manhour over the past 18 years is the product of a combined technological and managerial revolution.

"The process has been ac-

companied by a marked growth in farm assets, but little or no increase in farm income. Production assets per farm increased from around \$17,000 in 1950 to over \$73,000 in 1967. Much of this growth is accounted for by increases in the value of farm real estate—up 60% during the last 10 years.

"Total value of farm assets for the nation as a whole, increased about fivefold from 1940 to 1967. Nearly \$270 billion in assets were employed in farming in 1967, in spite of the exodus from the farm of some 4.8 million people since 1962.

"Even for the more efficient who have remained in farming, income for family spending has remained low in spite of mounting output because of forced savings on the part of farm families.

"They have had to plow income back into the farm to increase efficiency and reduce per-unit costs. This situation has resulted, according to a recent study, in an average net worth for farm families nearly five times greater than the

(Continued on Page 6)

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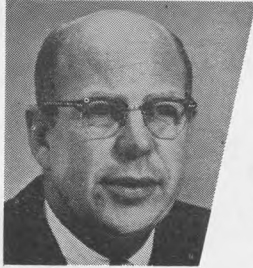
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IOWA NEWS

CEDAR FALLS: The seminar on "Use of Computers in Investment Decisions," which was scheduled for September 17, 1968, at the University of Northern Iowa, has been postponed. The seminar will be re-scheduled at a later date.

CEDAR RAPIDS: The board of directors of Life Investors, Inc., has approved an agreement to purchase Gains Guaranty. The purchase is subject to approval of stockholders of Gains Guaranty, and it is expected that it will be approved for completion by October 1.

DAVENPORT: The Federal Home Loan Bank Board has approved an application for First Federal Savings & Loan Association to establish a branch at 4004 Northwest Boulevard.

DES MOINES: The Federal Reserve has received an application from Bankers Trust Co. for a parking lot office at 1552 East Euclid Ave. (Eastgate Shopping Center).

KEOKUK: Wetherell Harrison Wagner McKlveen of Des Moines has been named the architectural firm for the State Central Savings Bank new drive-in, walk-up facility. Construction is to begin early this fall.

MANCHESTER: Robert J. Lyness of Ryan has been named to the board of directors of the Farmers and Merchants Savings Bank. The bank's board of directors also has created the new official position of honorary director. O. O. Smith has been designated as the first honorary director at the bank, in recognition of 27 years as a director.

MITCHELLVILLE: Farmers Savings Bank has hired Robert D. Gulling as cashier. He was with Bankers Trust Co.'s mortgage loan department in Des Moines.

NEVADA: Six promotions have been announced at the Nevada National Bank. Donald W. McHose has been named senior vice president; LeRoy A. Hansen and Don C. McHose, vice presidents; Keith



George Harnagel

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Independent Bankers To Meet In Las Vegas In 1969...

The 39th annual convention of the Independent Bankers Association will be held at the Sahara Hotel in Las Vegas on March 17, 18, and 19, 1969, according to Howard Bell, IBA executive secretary.

The 1969 convention had tentatively been planned for Washington, D.C., but Las Vegas was selected in order to obtain maximum participation by the membership in the convention. In 1970, the IBA will meet in Hawaii.

Loterbour, formerly bank auditor, cashier, and Delores McConnel, auditor. Inez Van Sickle has been elected the bank's new secretary.

SIDNEY: Joyce Moseley, who has been employed at the Fremont County Savings Bank since 1957, has been elected assistant cashier. Delores Jenkins, who was previously employed by the bank for a number of years, has been re-employed as bookkeeper.

WATERLOO: Dr. Russell S. Gerard has been appointed to the board of directors of Peoples Bank and Trust Company, and Rowland K. Sverdahl has been elected executive vice president. Mr. Sverdahl joined the bank in 1952 and was formerly a vice president.

NEBRASKA NEWS

LINCOLN: Attorneys for Duane Earl Pope have been allowed until August 12 to file a memorandum bearing on the prospective new sentencing of the convicted bank robber-killer. The Pope case was returned to the Lincoln Federal District Court after the U. S. Eighth Circuit Court of Appeals in St. Louis carried out a U. S. Supreme Court order and vacated the death sentence imposed on Pope in Nebraska.

OMAHA: Tom W. Allen has been named assistant trust officer at the First National Bank of Omaha. He was formerly employed with First Nebraska Securities, investment banking firm.

OMAHA: First National Bank of Omaha will hold its 10th Annual Beef Cattle Conference and Forum in Omaha on Thursday, September 12.

MINNESOTA NEWS

ALEXANDRIA: Herman Felt, vice

"Without BANKontrol..."



Two electronic control panels "direct" drive-up traffic at First National Bank, Mattoon, Ill.



Drive-up customers approach panel, stop and wait for directions to flash onto screen which will direct them to an available drive-up window.



Customers, directed by control panels, move easily and quickly to drive-up window to which the sign instructed them to go.

"We couldn't effectively handle peak traffic like this!"



Says
Melvin Lockard
President
First National Bank
Mattoon, Ill.



Traffic does "stack up" during peak periods (particularly on Fridays) but BANKontrol effectively directs customers to a drive-up window as soon as it becomes vacant. Thus, waiting time during peak periods is minimized.

Mr. Lockard agrees that drive-up customers of his bank are better served by the BANKontrol system, which "directs" customers to each of the bank's four drive-up windows. "We simply couldn't handle drive-up customers efficiently during peak periods," he says, because windows No. 1 and No. 3 would remain idle part of the time, blocked by confused customers, if these customers were not directed by BANKontrol.

"We can't do away with our peak periods (particularly on Fridays when payroll checks are cashed), but we can and have made it more convenient for our customers," says Mr. Lockard, "by speeding them through our drive-up facilities."

The utilization of BANKontrol by Mr. Lockard's bank is not unique. Other banks also have experienced a more efficient flow of traffic when using BANKontrol. We can document other instances where banks are able to handle a drive-up transaction every 60 seconds with BANKontrol. May we show you how BANKontrol can help solve a traffic problem at your bank?

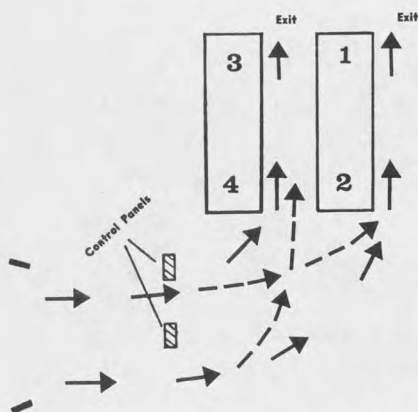


Diagram above shows traffic pattern in drive-up at First National Bank, Mattoon, Ill. Traffic enters in two lanes from street at left. Each lane can accommodate six autos. Two lanes, plus four windows, thus puts a total of 16 autos in the system at one time. Drive-up customer approaches control panel, stops, waits for instructions to move to any one of four windows. Without BANKontrol, windows No. 1 and No. 3 would not be fully utilized, thus causing slowdown in customer service.

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Phone AC 312/478-2432





president and cashier at the Alexandria State Bank, has been promoted to executive vice president. H. R. Rogers, who has been with the bank since February, 1967, as assistant vice president, has been elected vice president. Keith Goulet, formerly assistant cashier, has been named cashier.

EDINA: Warren R. Hinze, formerly president of First State Bank of St. Paul, has been elected president and director of the First Edina National Bank. He succeeds Eugene Oredson, who will become chairman of the bank's board of directors, until his retirement in 1969.

MINNEAPOLIS: Ernest J. Taylor, former manager of the Industrial Credit Company office in Mankato, has been named vice president in charge of installment loans at National City Bank.

MINNEAPOLIS: Thomas C. Jackson, formerly vice president and director of the First Edina National Bank, has been elected president and director of the First Produce State Bank, effective August 15. He succeeds the late Roland L. St. Clair, who was president of the bank from 1962 until his death on July 16, 1968.

MINNEAPOLIS: James M. Dain, 80, founder and honorary board chairman of Dain, Kalman and Quail, Inc., died July 29 at Abbott Hospital here.

ST. ANTHONY: Dan A. Burrill has been elected president of the State Bank of St. Anthony, succeeding Allan R. Burrill, who has been named chairman of the bank's board of directors. The new president will continue as an executive officer at the bank. He is also vice president and a director of the State Bank of Burrill, Minn., where Allan Burrill is president and a director.

ILLINOIS NEWS

CHICAGO: Exchange National Bank has made application to the Federal Reserve to establish an overseas branch in Tel Aviv, Israel.

NORTH DAKOTA NEWS

ALAMO: The new American State Bank recently held a grand opening in its new \$20,000 building. The bank has been operating its station here in a rented camping trailer since last winter.

GRAND FORKS: Goodwin Helseth has been elected assistant cashier of the Community National Bank. He joined the bank in February, 1967, after being associated with the First National Bank of Fargo.

TURTLE LAKE: The State Banking Board has approved application of the Bank of Turtle Lake to open a paying and receiving station at Butte.

SOUTH DAKOTA NEWS

MILLER: Carl Johanson has been elected executive vice president and cashier of the Hand County State Bank. He has been cashier at the bank for several years.

COLORADO NEWS

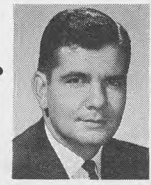
COLORADO SPRINGS: Nelson A. (Buz) Rieger, assistant vice president at the Exchange National Bank since 1964, has been elected vice president in the commercial department at the bank. Eldon G. Pritz, executive vice president and general manager of the Intermountain Mortgage Company, recently acquired by the bank, has been elected vice president and mortgage loan officer. Norman F. Peterson, assistant manager of Intermountain, has been

YOUR STATE BANKERS ASSOCIATION
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OMAHA

elected assistant mortgage loan officer.

DENVER: Robert L. Magnie has joined the staff of the Denver U. S. National Bank in the petroleum and natural resources section.

DENVER: Charles A. Baer, senior vice president and trust officer of the Colorado National Bank, has been named executive vice president and director of Colorado CNB Bankshares, Inc. Gilbert J. Mueller, director of the Colorado National, has been elected to the CNB Bankshares board. Other new officers of CNB Bankshares are Harold Kountze, Jr., secretary, and Kenneth Nording, treasurer. Harold E. Angelo has been named to the position vacated by Mr. Baer. David C. Wilhelm has



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been elected a director of Colorado National. Mr. Kountze also has been named a vice president and cashier on the bank staff and Dale Browning an assistant vice president and assistant cashier.

MONTANA NEWS

BUTTE: John J. Burke, Sr., 77, chairman of the board of the Metals Bank and Trust Company, has died in a Butte hospital. He was a past president of the Montana Bankers Association.

WYOMING NEWS

LANDER: Harry K. Hime, 89, re-

tired vice president of the First National Bank of Lander, has died in Bishop Randall Hospital, following a three-week illness. He was a native of Indianola, Iowa, and had been in banking here for 46 years.

WISCONSIN NEWS

EAU CLAIRE: The American National Bank and Trust Company will open a new facility in Washington, Wisc., on August 19. The new office will operate out of a temporary structure until the permanent building is finished around the first of the year. John Christenson will be manager of the office. He is presently assistant cashier with the American National here.

Farm Loan Policies...

(Continued from Page 1)

average for non-farm families.

"Farm debt for the nation's farmers today totals nearly \$50 billion, about half in real estate debt and half in non-real estate debt. Judging by the current growth rate, this figure could be \$125 billion by 1980.

"Since much of the money farmers borrow on long-term real estate mortgage is paid off in the short period of 10 to 12 years, it makes sense to give more attention to management skills and a proven record.

"Real estate loans have been

traditionally based on the idea of a typical operator of a typical farm. But for today's typical operator, the loan may be too high; for the efficient operator, it could be much too low.

"More and more banks are hiring agricultural advisers to handle credit to farmers, and this measure is the first logical step in preparing to expand future farm credit operations."

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