

NORTHWESTERN Banker

Oldest Financial Journal Serving
The Central and Western States



No. 1131

Des Moines, Iowa

November 25, 1968

Explains Potential for Rural Banking

"If rural America is to prosper and to provide the kind of environment we all want to see, new economic opportunity must be found."

This is the statement made by Stanley R. Barber, president of the Wellman Savings Bank, Wellman, Iowa, before the 17th National Agricultural Credit Conference. Mr. Barber, who is immediate past president of the Independent Bankers Association, explained some of rural banking's opportunities and some of the ways a potential can best be fully realized.

"I would like to encourage adoption of what may be referred to as an "Area Development Concept." Since there simply aren't enough industries to provide each small town with its own industry, we need to work together with neighboring communities rather than merely compete with them. If our area is successful in attracting a new industry, we all benefit. Sure we'd rather have the plant in our town; but if it's in the next town, so be it. We'll send some of our people there to work, and they'll bring their

paycheck back for deposit in our bank.

"Bankers have to be, perhaps above all else, realists; and I suggest that sometimes in our eagerness to preserve our communities in areas which are declining, we refuse to face the basic facts of life—that there must be an economic justification for the existence of any business enterprise. A bank can't, in the long-run—and probably shouldn't, in the short-run—attempt to sustain and perpetuate any business enterprise, be it farming, commerce, manufacturing, or service, for which there is no economic justification.

"Having discussed "economic justification," I'd like to put in a plug for what, superficially, appears to be a condoning of inefficiency as a possible solution to some of our problems in rural America. I would like to espouse the theory of a practical country banker from Kansas. Cliff Stone, president of the Walnut Valley State Bank, El Dorado, Kansas, effectively points out that we may be missing the boat by

looking only at the trend toward bigness in agriculture. He suggests that we should, in fact, encourage the part-time farmer-industrial worker—the man who lives on the acreage, and who provides his family the advantages of country living, and who gains some of his livelihood from a modest farming operation and some from an industrial job in the nearby town. Granted, these small farm units are less efficient than the large operations, taken alone, but when they are accompanied by off-the-farm employment, a happy solution in many (although by no means all) of our declining rural areas can be achieved. This is in no way a cure-all, but it may be a partial solution to a declining agriculture in certain areas. Why not encourage rather than discourage this? Why should it be easier to get a 90% real estate loan on a nonproductive house in town than a 50% loan on a 40-acre farm which can at least partially carry itself? Mr. Stone states that expansion of the part-time farmer-industrial worker concept "offers many small banks and communities the op-

(Continued on Page 4)

There are so many ways we can help you
That's why over half the banks in Iowa are
—MNB correspondents

Forbes Olberg
Executive Vice President



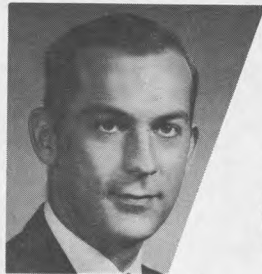
MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA 52401

MEMBER FDIC

The full service bank for the banks of Iowa





GARY STEVENSON

Correspondent matter? We'd like to show you we can do a little bit more . . . a little bit better.



Bankers Trust co.

SIXTH AND LOCUST, DES MOINES
Member F.N.S. & F.D.I.C.



BURGLAR ALARMS
Banks,

Holdup Cameras

Telephone 515 / 262-8209
2905 Delaware Ave.
Des Moines, Iowa

IOWA NEWS

CLINTON: Richard E. Weber has been named president of the Iowa State Savings Bank, succeeding Edward H. Stotesbery, Minneapolis, who has been associated with the bank for 15 years. Mr. Weber joined the bank last June as executive vice president and was formerly the president of the Citizens State Bank, Waterville, Minn.

DUBUQUE: The First National Bank of Dubuque has recently opened a temporary banking facility at 435 Kennedy Road, adjacent to the new Kennedy Mall Shopping Center. Construction of a perma-

nent bank building on this property will begin in the near future.

TRAER: John S. Bauch, Traer attorney, and two Tama County bankers, William J. Beohm, vice president of the Chelsea Savings Bank, and Melvin Kupka, president of the Clutier State Bank, have purchased or acquired options to buy a majority interest in the capital stock of the First National Bank of Traer. Mr. Bauch is now a stockholder in the bank and has served on the bank's board of directors for seven years. Mr. Beohm, who has been managing head of the Chelsea bank for about three years, has resigned his position there, effective January 1, and will move to Traer to become active in the First National. Mr. I. R. Branson, executive vice president and managing officer of the Traer bank since 1954, has announced his plans to retire January 1. He has been with the bank for more than 45 years.

WAUKON: Pat J. Delaney will join the staff of the Farmers and

Merchants Savings Bank as assistant cashier and agricultural representative on December 2. He comes to the bank from the Security State Bank of Lake Park, Iowa, where he has served as agricultural representative and assistant cashier.

NEBRASKA NEWS

LINCOLN: A charter application for the Capital City National Bank has been approved by the Comptroller of the Currency. Richard L. Berkheimer is listed as the agent on the application.

MINNESOTA NEWS

BLOOMINGTON: Marquette National Bank has leased the E. R. Squibb building here to house its BankAmericard Center.

GONVICK: President G. A. Reito of the Northern State Bank has announced the promotions of Ordean Birkeland and Arlen Birkeland to vice president and cashier and vice president respectively. Both men have been associated with the bank for over 10 years and were currently serving as assistant cashiers.

LAKEFIELD: Leo A. Wald has joined the First State Bank and will be assisting in the bank's insurance department. He had formerly been associated with Bankers Life Insurance Company in Lemmon, S. D., as a fieldman.

MORA: John Troth has been named senior vice president of the Kanabec State Bank. He has been vice president at the Mitchell National Bank, Mitchell, S. D., since 1965.

STARBUCK: Edward S. Olson, 77, chairman of the board of the First National Bank of Starbuck, has died at the Minnewaska Hospital, where he had been a patient only a few days. Mr. Olson's illness had been of several weeks duration.

WORTHINGTON: The board of directors of the State Bank of Worthington has promoted William C. Henderson to vice president and cashier. Mr. Henderson has been cashier at the bank since 1964.

ILLINOIS NEWS

AURORA: A parking lot facility has been approved by the Comptroller of Currency for the Mer-



Bob Bueneke

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

**IOWA-DES MOINES
NATIONAL BANK**

Member Federal Deposit Insurance Corporation



**Tom Horn John Diefendorf Gene Hagen.....bring
the Security National Bank
personal service to every correspondent. Personally!**

SECURITY NATIONAL BANK

Sioux City, Iowa

1st LINCOLN ...First in Transit Service

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
12th & N Street • LINCOLN, NEBRASKA • Member: F.D.I.C.



chants National Bank of Aurora at 205 East Downer Place.

CHICAGO: "The NOW Banker... You" is the theme of the two-day fall conference of the Illinois Group of the National Association of Bank Women, Inc., to be held December 3-4 in Oak Brook, Ill.

CHICAGO: The FDIC has approved application of the Continental Illinois National Bank and Trust Company to establish an office in Amsterdam.

CHICAGO: Robert L. Vanderkolk has been appointed assistant auditor at the Beverly Bank. Mr. Vanderkolk has formerly been employed with the Northern Indiana Financial Service Corporation, a data processing firm serving seven banks in Indiana, and the accounting firm of Ernst and Ernst in Indianapolis, Ind.

CHICAGO: All American Life and Financial Corporation, a Delaware holding company, has increased its exchange offer to shareholders of the \$51 million deposit O'Hare International Bank.

The company's board announced its intention to increase the rate of exchange to 2-5/8 shares of All American for each outstanding share of O'Hare. Last July the rate of exchange was 2-1/2 shares of All American for each share of O'Hare stock.

The exchange is contingent on All American receiving 80% of the 230,000 shares of O'Hare outstanding.

CHICAGO: John V. Haas, formerly with Western Bancorporation, Los Angeles, has joined Pioneer Trust & Savings Bank, as vice president in charge of national accounts. Mr. Haas traveled the *Northwestern Banker* area at one time for Northern Trust Company, Chicago.

CHICAGO: More than 1,300 bankers from all areas of the U. S. are meeting in Chicago today (Nov. 25) and tomorrow (Nov. 26) at the 22nd annual Conference of Bank Correspondents, sponsored by the First National Bank of Chicago.

eral deposit insurance for the new Bank of Elmhurst here has been approved by the FDIC. Bank president is William T. Glova.

LANSING: Howard Berger, formerly installment loan officer at Mercantile National Bank, Chicago, has been named vice president in charge of the installment loan division of the First National Bank.

WASHINGTON: Work has started on the new building for the Washington State Bank. Completion is expected in June, 1969.

Holding Company Request

Registered bank holding companies want authority to expand into nonbanking activities if restrictions are not placed on the activities of one-bank holding companies by Congress next year.

That was made clear in a statement filed by the Association of Registered Bank Holding Companies with the Federal Reserve Board, which is drafting one-bank holding company legislation. The association emphasized registered companies are not seeking authority to expand in this direction but said "if it is decided that one-bank holding companies should be permitted to acquire such (non-banking) corporations, then as a matter of equity, registered bank holding companies should be given the same privilege."

The association also asked the Fed by regulatory action to "adopt a policy that will permit registered bank holding companies to engage in legitimate, modern-day activities related to banking." In short, it wants the Fed to broaden its interpretation of present statutes



Call
Howard Nielsen
for...

**Personal Attention
to All Your
Correspondent Needs**

CALL
402
AREA CODE
341-8765



Member Federal Deposit
Insurance Corporation

that permit registered companies to engage in activities of a "financial, fiduciary or insurance nature."

Merge Kansas City Banks

Directors of the \$43.6 million deposit Columbia National Bank and the \$38.2 million deposit Union National Bank, both of Kansas City, Missouri, have recently agreed to a merger that would form the fourth largest bank in Kansas City.

The new bank, Columbia Union National Bank and Trust Company, if approved by the Comptroller of the Currency and shareholders of both banks, would have three offices, retaining the charter of Union National Bank.

YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE, VAULT AND
TIMELOCK EXPERTS
F. E. DAVENPORT & CO.
OMAHA

For Decisive Action

Rely on NBC for all your correspondent needs.



Member FDIC

**National Bank
of Commerce**

Main Bank 13th & O Sts. / Patio Office 10th & O Sts. / Lincoln, Nebraska



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



Strengthening international banking connections and services through City National Bank's International Department has become quite a custom.



City National Bank

& Trust Company
Kansas City, Missouri

Member F.D.I.C.

Successful Surgery for Fred D. Cummings

Fred D. Cummings, vice president, Drivers National Bank, Chicago, is making a successful recovery from surgery on his hip at the Mayo Clinic in Rochester. Friends may write him during the next couple of weeks in care of Rochester Methodist Hospital, Room 426B, Rochester, Minnesota.

New Tax Ruling On Bank Loans...

The Internal Revenue Service has announced a new tax ruling that concerns the kinds of loans that banks using the uniform reserve ratio method may take into account in computing deductions for bad debts.

The Federal tax law allows certain taxpayers to deduct an amount called a "reserve" against possible future bad debts and take as annual tax deductions reasonable additions to that reserve.

For most banks, additions to the reserve are figured as a percentage

of outstanding loans. Actual bad debts are charged against the reserve instead of being deducted directly on the tax return.

The ruling spells out the kinds of loans that are to be excluded from total outstanding loans in computing an addition to the reserve.

The new rule will apply to tax years ending after November 30, 1968.

Stock Dividend Ruling...

Proposed stock dividends of national banks will not be approved where the market or book value of the dividend exceeds 100% of the bank's retained profits since the declaration of the last stock dividend, Acting Comptroller of Currency Justin T. Watson has ruled.

Rural Banking...

(Continued from Page 1)

portunity to turn a defensive position into an aggressive one" and adds that it would be advantageous to everyone—"with the exception of the agricultural productivity index calculator!" Is this an area

for development? I think it may well be.

"In conclusion I would like to observe that, if the country bank as we know it is to survive and serve the rural economy, we must sharpen our own management tools. We must adjust to changing conditions; we must take full advantage of the correspondent mechanism to handle a growing agriculture; and we must be sure the correspondent mechanism works for us. We must solve the problems of successor management and successor ownership if we expect to maintain our traditional system of unit banks in this country."

WANT ADS

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

AVAILABLE

Cash-Flow Budget and Farm Loan Application forms for the banker who wants to update his farm loan procedures. Samples for inspection. Farm Business Council, Inc., P.O. Box F, Urbana, Illinois 61801.

LISTENERS WANTED

La Salle National Bank, Chicago, offers brief, concise, informative and interesting stock market reports every hour on the half hour beginning at 9:30 a.m. as reported by Ed Cooper direct from the board room of Hornblower and Weeks-Hemphill, Noyes. These reports can keep you and your customers abreast of the changing market. Tune in WGN radio, 720 on your dial—a 50,000 watt, clear channel station serving the midwest. The Stock Market Report Show is just another service from La Salle National Bank. For a complete line of services, write or phone La Salle National Bank, 135 South La Salle Street, Chicago, Illinois 60690. (Area Code 312) STate 2-5200.

“ “ “ ”

Bank Under the Big



"The Bank That Cares"

CENTRAL NATIONAL BANK AND TRUST COMPANY

Member Federal Deposit Insurance Corporation

No. 1131 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 50¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.