

NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1182

Des Moines, Iowa

September 8, 1969

Explains Reasons for High Interest Rates

"Criticism of bank lending rates during the current tight-money period arises from widespread misunderstanding of the forces that cause those rates to move up or down."

This is the comment made by Tilden Cummings, president of Continental Illinois National Bank and Trust Company, Chicago.

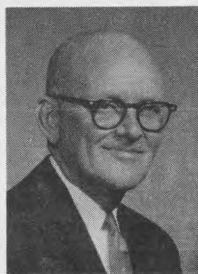
Public reaction against the banks has become sharpened since last June, he said, when the prime lending rate was raised to 8½%.

"While it is generally recognized that the price of a tangible commodity will rise inexorably when that item is in short supply (or fall when the supply is generous), there is surprisingly little comprehension the same factors influence money rates. In the case of banks, the problem is intensified during a tight-money period (such as we are now experiencing) by restraints that are imposed quite properly by the Federal Reserve Board as part of the effort to contain inflation."

Mr. Cummings cites three reasons why rising costs of bank credit are an effect and not a cause of tight money:

First, "when there is an exceptionally strong demand for goods and services, as at present, the prices of those goods and ser-

vices tend to increase. In a classic inflationary situation, demand continues to rise and businesses seek to obtain more credit in order to increase production. The increase in demand for credit tends to push up interest rates."



Tilden Cummings

Second, the public, once it's convinced that prices will continue to rise unchecked, develops a 'buy-now-before-prices-rise-again' psychology. "The awareness of this threat led the Administration and the Federal Reserve System to propose and institute a policy of restraint designed to slow the rapid escalation of prices," Mr. Cummings said.

Third, as part of the government's action, the Federal Reserve has used its power to cut the flow of funds available to banks for lending. This action may include selling government securities to dry up available dollars,

raising bank reserve requirements, or other steps to cut the lending ability of the banks. For example, the Federal Reserve has held down the interest rate ceiling that banks may pay on time deposits, and so billions of dollars have flowed out of the banks and into higher-paying investments.

"Thus credit becomes scarce in relation to demand," Mr. Cummings said. As a result, interest rates move upward. "In this situation, the banks become the most visible part of the (government's) restraining process. Consequently, (banks) are likely to receive the brunt of the criticism from those most affected by tight money."

Mr. Cummings comments were distributed to all members of his bank and to key Congressmen and Illinois legislators.

Messenger Service Case Gets Hearing...

The question of whether a national bank's armored car messenger service constitutes branch banking will be argued before the U. S. Supreme Court October 20.

The high court has agreed to hear one hour and 40 minutes of argument in the suit by First National Bank of Plant City, Fla. against State Comptroller Fred O. Dickinson, Jr. First National is appealing a decision by the U. S. (Continued on Page 4)

Always the **FIRST** to serve you

We're always ready. Loans, Securities, Trusts,
Transit & Collection Service, Operational Services,
Credit Information. We're ready with them first!

First National Bank of Omaha



GENE HAGEN

TOM HORN - JOHN DIFENDORF



Christy
Armstrong



Leo
Kane



Bob
Scott

'WE HAVE WHAT YOU WANT'
in a correspondent bank
american trust
and savings bank
9TH AND MAIN, DUBUQUE, IOWA
MEMBER: FDIC • FRS

IOWA NEWS

ALGONA: Gordon C. Hall has been named managing officer of the Security State Bank by Robert Isensee, who bought the bank recently. Mr. Isensee is president of United Home Bank, Mason City. Mr. Hall was until recently president of the Coralville Bank and Trust Company, where Mr. Isensee was chairman.

CLINTON: Clinton National Bank will hold a series of open houses in its newly remodeled and enlarged bank on September 15, 16 and 17.

DAVENPORT: Wayne H. Geadelmann has joined the First National Bank of Davenport as a vice president and trust officer. He was formerly a vice president and cashier at the Poweshiek County National Bank in Grinnell.

DAVENPORT: Following an end to a construction strike in the Davenport area, Davenport Bank and Trust Company has broken ground for its new building, which will adjoin the main bank.

DES MOINES: A total of 240 bankers attending the annual installment credit conference of the IBA in Des Moines last week heard Insurance Commissioner Lorne Worthington say that he will set a rate for credit life commissions in the area of 60¢ to 85¢ on or about October 15. A complete report of the conference will appear in the October magazine issue.

IOWA CITY: G. Kurt Wayne has joined the Iowa State Bank and Trust Company as a loan officer. He was assistant vice president at Bankers Trust Company, Des Moines.

KNOXVILLE: The 3M Company has announced plans for the construction next year of a multi-million dollar manufacturing plant here. The plant, to employ approximately 200 persons, is expected to be operational by late 1971 and will be used by the firm's industrial special products department.

ONSLow: George H. Paulsen, cashier at the Onslow Savings Bank, has been named bank president. He has been a member of the bank's board of directors since 1927. Kenneth Kennedy, president of the bank

since 1962, has retired. E. J. Buresh, president of the Citizens Savings Bank of Anamosa since 1963, has purchased the interests of the Holst family in the bank and has been named to the board of directors. Others newly named to the board are Les Buresh and Guy Sleep, both are senior vice presidents of the Anamosa bank. Adolph Stampe has been promoted from assistant cashier to cashier.

URBANDALE: Application has been filed with the State Banking Department for the establishment of a new Brenton bank here. Organizers of the proposed Northwest Brenton Bank and Trust Company are William H. Brenton, C. Robert Brenton, J. C. Brenton, C. S. Johnson and David G. Wright, all of Des Moines. Mr. Wright, president of the Northwest Des Moines National Bank, an affiliate of the Brenton group, has announced the existing Urandale office of the Northwest Des Moines National will be replaced by the new bank.

NEBRASKA NEWS

OAKDALE: The First National Bank of Oakdale recently held an open house in its newly remodeled bank quarters. Merle D. Wagner, local businessman, has been elected to the board of directors. Barry Marsh also has joined the bank's staff.

OMAHA: The First National Bank's 11th annual Economic and Beef Cattle Forum will be held Thursday, September 11, at the Fontenelle Hotel here. For complete details, see the September *Northwestern Banker*.

POTTER: D. Fred Enevoldsen, president of the Potter State Bank, will be honored during the 1969 Potter Days celebration here September 12-13. Mr. Enevoldsen has been active in the celebration for nearly 40 years.

MINNESOTA NEWS

The Minnesota Bankers Association's 1969 district meetings will be held September 8-17 at seven locations throughout the state.

Featured speaker at the meetings, according to S. R. Wheaton, MBA president, will be nationally known author and consultant Harold Pluimer. Mr. Pluimer is author of a book "The Frontiers of Our Times," which will be his topic for the dinner program at the meetings.

Other program speakers and their



Bob Bueneke

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

**IOWA-DES MOINES
NATIONAL BANK**

Member Federal Deposit Insurance Corporation

1st LINCOLN ...Experts in Mortgage Loans

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



topics will include Mr. Wheaton, who will be discussing federal legislation; MBA Vice President Marvin R. Campbell, the MBA insurance and fringe benefit program; MBA Executive Vice President Kenneth A. Wales, state legislation; MBA Secretary Truman L. Jeffers, education, public relations and television advertising; Wayne F. Berthiaume, MBA publicity director, MBA film and staff training programs.

The district business meetings will include election of officers and directors, endorsement of MBA officers for 1970-71 and a report by the district councilman. In districts 7, 8 and 9, a councilman will be elected to take office in June, 1970.

Afternoon programs will conclude with a presentation by Dean F. Scott, MBA legal counsel, on "Regulation Z—Truth-in-Lending," followed by a question-answer period.

Following are the dates and locations for each district meeting:

- September 8—District 7, Country Club, Montevideo.
- September 9—District 2, Kato Ballroom, Mankato.
- September 10—District 1, Sheraton Rochester Hotel, Rochester.
- September 11—Districts 3, 4 and 5, Ambassador Motel, St. Louis Park.
- September 15—District 8, Coates Hotel, Virginia.
- September 16—District 9, Erie Jr. Club, Detroit Lakes.
- September 17—District 6, Germain Hotel, St. Cloud.

GLENCOE: Dennis Herzog has been promoted from assistant vice president to vice president at the First National Bank. L. H. Schlauderaff, who joined the bank on July 1, has been named assistant vice president.

HASTINGS: John Exley has resigned as vice president of the First National Bank of Hastings.

MINNEAPOLIS: Promotions and appointments of five officers and the assignment of additional responsibilities to a sixth have been announced by the National City Bank of Minneapolis. Ben E. Fellows, formerly comptroller-auditor, has been promoted to vice president and comptroller and was named secretary to the board of directors; Harriet B. Halvorson, formerly personnel director, to assistant vice president in charge of personnel administration; Michael J. Kelley, from credit manager to commercial lending officer; Thomas J. Freed, formerly accounting manager, to assistant comptroller. Douglas Peterson, formerly vice president at the Marquette National Bank, has joined National City Bank as assistant vice president in the commercial banking department. Rolf Bjelland, vice president, has been named to head the commercial banking department.

SOUTH DAKOTA NEWS

CANISTOTA: Charles Lambertz has been appointed assistant cashier at the Canistota office of the United National Bank of Vermillion, assuming the duties of Dennis Kasten, who has resigned.

GROTON: David Stulken, assistant cashier at the Britton office of the First National Bank of Aberdeen, has joined the bank's Groton office, succeeding David Erickson, who has joined a North Dakota bank.

VERMILLION: Thomas Long, vice president and manager of the United National Bank of Vermillion, Valley Springs office, has been appointed vice president and manager of the

bank's main office. John Stange, assistant cashier at the bank's Brandon office, has assumed Mr. Long's duties in Valley Springs. Marion F. Kelly has been appointed credit supervisor for the bank and its offices. He is a former FDIC bank examiner and most recently served as vice president and director of United National Bank of Brandon.

NORTH DAKOTA NEWS

BISMARCK: H. L. Thorndal, Jr., former North Dakota state commissioner of banking and financial institutions, has assumed the presidency of the state-owned Bank of North Dakota as of September 1.

LEEDS: Dale Streyle is the new president of the Farmers State Bank of Leeds. He is also cashier. New vice presidents of the bank are Raymond A. Lamb of Moorhead and Virgil F. Hegeholz of Fargo. The three men will also serve as directors, having purchased the bank interests of the Arne A. Gregor family, which had owned the bank since 1926.

MINOT: Fred Visina, formerly associated with a local credit company, has been named a loan officer at the First Western Bank. He has 10 years of experience in the finance field.

BANKS WANTED

WE HAVE A FILE OF OVER
400 "BUYERS" FOR ALL SIZES
OF BANKS.

"CONFIDENTIAL"
"PROFESSIONAL" SERVICE

For our "Listing Contract"
write to:

RAY E. REENTS CO.
1212 Oakmont Dr.
Springfield, Ill. 62704

Kirk Gross Co
BANK PLANNING
Waterloo, Iowa

CHILES & COMPANY

MEMBER, MIDWEST STOCK EXCHANGE

412 Farm Credit Building, Omaha, Nebraska 68102
Phone 346-6677 (Area Code 402) Teletype 402 348-1040

Other Offices Located in

LINCOLN
Nebraska

LEXINGTON
Nebraska

VERMILLION
South Dakota

BANK PREMIUMS

NORTHWESTERN BANKER will send you **FREE** with each order of 500 Silverline "Performer" Retractable Ball Pens:

A Polaroid Colorpack IV Camera with Built-In Timer (Model CP-#4). Retail Value \$39.95.

Features:

Elegantly tooled 24 Banded caps in Metallic Gold and Chrome colors

Hartley Blue Ink Medium Point Brass Cartridge

Butyrate Barrell with midjet metal nose tip. Barrell colors: Red, Black, Royal Blue and Green.

4 lines of copy in Silver ink at no extra charge

500 Pens 27¢ each
Cello wrapped 2¢ additional
Fine Point Refills 2¢ each.

NORTHWESTERN BANKER
306 - 15th Street
Des Moines, Iowa 50309

COLORADO NEWS

DENVER: Ownership of the Union National Bank has returned to Denver after 14 months, with the purchase of the Union National Bank Corporation by Stuarco Oil Company, Inc., from Vickers Trust of Wichita. Stuarco is a privately owned crude-oil producing and drilling company. No changes in bank personnel have been announced.

LITTLETON: Brig. Gen. Thomas P. Corwin, retired commander of the Air Force Accounting and Finance



Center in Denver, and Robert L. Pen-nock have been named directors of the Arapahoe Valley Bank here. Gen. Corwin is currently vice president and treasurer of the C. A. Nor-gren Company, Littleton, and Mr. Pen-nock is vice president and general manager of Honeywell's photographic division.

RIFLE: The Rifle Bank Agency, Inc., has purchased 448 of the outstanding 500 shares of stock in the First National Bank here from Mads Anderson and associates.

WYOMING NEWS

GILLETTE: Ground has been broken here for the new bank building of the

First National Bank. The \$300,000 structure is scheduled to be completed in January, 1970.

SHERIDAN: The old First National Bank building here was razed recently to make way for a modern new one-story structure to house the bank.

Hearing...

(Continued from Page 1)

Fifth Circuit Court of Appeals last September that its messenger service constituted branch banking in violation of Florida state law.

Following the decision, First National and the Comptroller of the Currency brought appeals to the high court. In addition, numerous 'friend of the court' briefs were filed in support of both positions. However, oral arguments before the high court will be limited to attorneys for First National, Dickinson and the U. S. Solicitor General, who will represent the Comptroller.

WANT ADS

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

FOR SALE

Burroughs Auto Reader, Style A4001, for sensintronic. Price \$500. National Bank of North Chicago, North Chicago, Illinois 60064.

POSITION AVAILABLE

Progressive Wyoming bank seeks young college-trained man with minimum of two years experience. Note teller experience valuable. Send resume to File WCB, in care of the **NORTHWESTERN BANKER**, 306 - 15th Street, Des Moines, Iowa 50309.

WANTED

Experienced operations man for \$16 million bank located in Western Illinois. Job will lead to cashier position in two to three years. Send resume to File IBB, in care of the

NORTHWESTERN BANKER, 306 15th Street, Des Moines, Iowa 50309.

\$10.00 IS

The price of a personal, air mail subscription to the Crouse Farm Business Reports. They help keep loan officers and ag representatives ahead of the changing farm picture. Samples available. Farm Business Council, Inc., P.O. Box F, Urbana, Illinois 61801.

POSITION AVAILABLE

Need Vice President for Denver Suburban bank. Background in commercial lending and installment operations necessary. Excellent living and working conditions. Send resume and photograph to A. J. Cueny, president, Golden State Bank, Golden, Colorado 80401.

INCREASE 1969 PROFITS

Cy Kirk and Max Roy, vice presidents of LaSalle National Bank, Chicago, are prepared to assist you and your bank in planning increased profits for 1969. Whether it is an analysis of your bond portfolio or a cost study of your general banking services, LaSalle National Bank has the facilities to serve your every need. Call Cy or Max today at (Area Code 312) 782-5200 for immediate action.

Bank Under the Big C "The Bank That Cares"

CENTRAL NATIONAL BANK AND TRUST COMPANY
Member Federal Deposit Insurance Corporation

No. 1182 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.