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Fed Official Sees Inflation Easing

CHICAGO—According to Charles J. Scanlon, president of the Federal Reserve Bank of Chicago, the stage appears set for a gradual easing of inflationary pressures in 1970. In the 1969 Annual Report of the Reserve Bank he warns, however, that the distortions built into wage-cost-price relationships in recent years will not be corrected easily or quickly.

New records were set in 1969 for most measures of economic activity both in the nation and in the Seventh Federal Reserve District—which includes all of Iowa and major portions of Illinois, Indiana, Michigan and Wisconsin.

The impact of monetary and fiscal policies, designed to stem the tide of inflation, was increasingly evident as 1969 progressed. Especially noteworthy in the second half of the year were the slower rise in federal spending, postponement of many construction projects, a leveling in retail trade and employment and a slight decline in industrial production. The rate of price inflation had not moderated by year-end.

Shortages of both skilled and readily trainable workers continued in nearly all centers. Average gains in worker compensation

Large banks show greatest impact of monetary restraint

	Changes from November 1968 to November 1969					
	Banks with deposits over \$500 million		Other weekly reporting banks		Other member banks	
	(million dollars)	(percent)	(million dollars)	(percent)	(million dollars)	(percent)
Total assets	+ 534	+ 1.7	+326	+ 3.4	+1,249	+ 6.0
Loans	+1,193	+ 7.1	+298	+ 5.9	+1,203*	+11.5
Government securities	- 921	-24.4	- 231	-17.5	- 528	-12.7
Other securities	+ 17	+ 0.5	+ 76	+ 5.4	+ 315	+ 9.3
Demand deposits	+ 277	+ 2.3	+ 27	+ 0.7	+ 119	+ 1.5
Time deposits	-1,901	-14.7	-102	- 2.2	+ 562	+ 5.2
Other liabilities†	+1,858	+46.9	+331	+93.0	+ 310	+55.6

*Includes federal funds sold.
†Includes borrowings and liabilities to foreign branches.

were larger than in 1968 and much larger than in the early 1960's. Output per man-hour rose only slightly in 1969.

The important producer equipment industries of the Seventh District continued to operate at a high level throughout the year. In marked contrast, production of most consumer durable goods—especially autos—was reduced in the fourth quarter as consumers became more cautious on new commitments.

Farm income rose in 1969, reflecting both higher prices and increased marketings, with livestock farmers faring better than crop farmers. A sharp increase in farm operating expenses, however, held down the increase in net farm income. Farm debt rose much less than in earlier years.

Restrictive credit policy limited the growth of commercial bank assets to 3%, compared to a postwar record of 12% for 1968.

Time deposits declined at most banks and demand deposits increased only slightly. Large denomination certificates of deposit outstanding declined sharply as ceiling interest rates were well below market rates.

To accommodate the 8% rise in loans, many banks reduced investments. Large banks turned to nondeposit sources of funds, including repurchase agreements, federal funds, Eurodollars, and commercial paper. Banks also made greater use of borrowing privileges at the Federal Reserve Bank.

Total mortgage debt outstanding rose by a record amount in 1969, and net corporate security issues also reached a new high. Demand for credit from most borrowers was strong throughout the year, despite the highest interest rates in modern times. Most interest rates were at or near long-term highs at year-end.

The overheated U. S. economy is responding grudgingly to restrictive fiscal and monetary policies. Nevertheless, the transition to stable economic growth has begun. Results thus far indicate the goal can be achieved, but the new year again provides a test of the nation's ability and determination to handle its economic problems effectively.

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IOWA NEWS

ALTOONA: Earl Freel has been named executive vice president and Wayne B. Rowland vice president and cashier of the Altoona State Bank. Stockholders also voted a \$50,000 stock dividend which will increase capital stock to \$150,000.

MASON CITY: Stanley B. Laures has been elected assistant vice president of the First National Bank. He has been with the bank since 1966 in the farm department.

NEW LONDON: The New London State Bank has elected G. Robert Ballman, formerly cashier, to executive vice president and cashier.

SHELBY: Farmers Savings Bank has announced the election of Dean Lindstrom as executive vice president and cashier. He comes from the First State Bank of Loomis, Nebr.

SUMNER: Paul M. Sorg, 75, president of First National Bank since April, 1969, died suddenly. February 8. He

had been a banker for 56 years, 53 of them at the Sumner bank. He was a cousin of Percy E. Sorg, executive vice president at Farmers State Savings Bank, Independence.

URBANDALE: The Federal Deposit Insurance Corporation has approved application for the Northwest Brenton Bank and Trust Company bank in Urbandale.

NEBRASKA NEWS

BELLEVUE: Gary L. Park, comptroller of the Bank of Bellevue, has been promoted to vice president and comptroller. He joined the bank in 1968.

NEBRASKA CITY: Jamie Haworth has joined the Otoe County National Bank as cashier. He was previously with the Sidney National Bank at Sidney.

NORFOLK: The new Bank of Norfolk opened its doors for business on February 10. Exterior of the building is not yet complete. Open house is planned when remodeling is finished.

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Duane W. Acklie is president of the bank. The capital accounts total \$450,000. This is Norfolk's third bank.

STANTON: Elmer F. Timson is the new president of First National Bank. Timson and Associates purchased 100% of the stock of former President Leon E. Langemeier in January. Mr. Timson formerly was executive vice president and cashier of the bank. Rodney Schellpaper was named cashier.

SCRIBNER: James Lutes, formerly executive vice president of the Scribner Bank, has been elected president. Mr. Lutes came to the bank in 1966 from Kearney.

SPRINGFIELD: Elected chairman of the board of the Springfield State Bank was James Latham, formerly vice president. He succeeds the late Otto Nielsen. Robert Iske continues as president and chief executive officer and Glenn M. Adair was promoted to cashier.

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MINNESOTA NEWS

LAKE ELMO: E. A. Beutel has been promoted from cashier to executive vice president at the State Bank of Lake Elmo. B. W. Beutel has been named cashier. E. A. Beutel has been with the bank since 1915.

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LEWISVILLE: Clifford Sparks, executive vice president of Merchants State Bank, has been named president, succeeding C. B. Pauley, who is now chairman. Henry F. Keehn has been named vice president.

MINNEAPOLIS: The Third Northwestern National Bank has promoted Floyd W. Brown from assistant cashier to cashier.

TWIN LAKES: Arlen P. Gaasedelen of Albert Lea has purchased all outstanding stock of the Twin Lakes State Bank from Mr. and Mrs. A. J. Knutson and Phillip D. Stewart. Mr. Gaasedelen has been an officer of the Twin Lakes bank since 1963.

COLORADO NEWS

GREELEY: Richard E. Feldhus has been promoted to vice president in the commercial lending department at the Greeley National Bank. He came to the bank from Chadron, Nebr. in 1967.

WESTMINSTER: The new Citizens Bank opened last week in temporary headquarters in the North Gate Shopping Center. A new building will be constructed later this year. Donald K. Hogoboom, formerly president of the Security Bank in Casper, is president.

NORTH DAKOTA NEWS

CARRINGTON: Gary G. Miller has been advanced from vice president and cashier of the First National

Bank to president and cashier. A new member of the board is John A. Held, who is associated with Held Motor Sales here. James D. Stewart, a director, was elected vice president and Ray Kelly was named assistant cashier.

ELLENDALE: Franklin G. Larson of Valley City has purchased controlling interest in the First National Bank of Ellendale. No personnel changes are anticipated at this time. Mr. Larson purchased the First National Bank of Oakes about one year ago and is chairman of that bank.

MARION: Officials at the FDIC have approved the application of State Bank of Marion to operate an office at Dickey, N. D.

Advisory Committee Appointed...

John R. Burt, Regional Administrator of National Banks for the Tenth National Bank Region, Kansas City, has announced the selection of six new members of his Advisory Committee on Banking Policies and Practices to serve two-year terms. They are:

H. D. Kosman, president, Scottsbluff National, Scottsbluff, Nebr.; Thomas R. Smith, president, First National, Perry, Ia.; Milton Tootle, Jr., president, American National, St. Joseph, Mo.; Ray Evans, president, Traders National, Kansas City, Mo.; A. J. Collins, president, Hutchinson National, Hutchinson, Kan.; A. Dwight Button, chairman, Fourth National, Wichita, Kan.

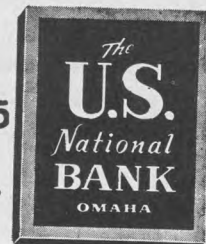
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ILLINOIS NEWS

CHICAGO: Robert C. Reule, manager, commercial lending department, and Clarence J. Lehecka, vice president-comptroller, were elected senior vice presidents of Merchandise National Bank. Others promoted were: Joseph P. O'Connor, controller; William R. Mayer, William E. Mason and Thomas E. Klawitter, assistant vice president; William A. Lipinski, auditor; Mrs. LaVerne T. Mann, Irwin A. Klopferd and Bernard J. Christiansen, assistant cashier.

CHICAGO: Richard M. Pollack has been appointed vice president and controller, according to James E. Thompson, chairman of the Sears

Bank & Trust Company.

LA GRANGE: At the La Grange State Bank, Roy M. Quick was advanced from president to vice chairman of the board and was succeeded as president by Walden C. Cummins, Jr., who was senior vice president. Don-

LA GRANGE PARK: Robert E. Gooding, president and chief executive officer of Bank of La Grange Park since its organization in 1962, has been elected chairman of the board of the bank. Succeeding him as president is Clyde E. Borman, who has been executive vice president and chief operating officer of the bank since last September 11. Previously, Mr. Borman spent 16 years in his

native Alton, Ill., as vice president and director of Alton Banking & Trust Co., and five years as president and director of Citizens Bank & Trust Co., Park Ridge. Mr. Gooding also is president of Gooding Rubber Co., La Grange and Pittsburgh, Pa., a major distributor for Goodyear Tire & Rubber Co.

WESTMONT: Marcel L. Levesque was advanced from vice president and cashier of the Bank of Westmont to become president. He replaces G. Ward Stearns, who resigned to accept appointment as president of the Bank of Naperville. Walter Bard Carroll, attorney and real estate broker, was added to the bank board. Other officer promotions included: Thomas R. Olson and Richard M. Lang, from assistant cashier to assistant vice president, and Ronald A. Kowalski to cashier.

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