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Nadler Sees Inflation Easing by Year-End

"We are in a recession and will remain there throughout 1970." This was one of the blunt statements made by Paul S. Nadler, professor of business administration at Rutgers University, when he addressed the Montana Bankers Association 67th annual convention June 20 at Many Glacier Hotel in Glacier National Park.

Dr. Nadler's comment was part of his talk taking a look at "The American Economy." He told his audience we are paying the hard way, but the right way, for the fiscal irresponsibility of 1968 when the federal budget ran up a \$26 billion deficit. In his talk, he covered these points to describe what is happening to the American economy:

1. Inflation will be a less significant issue by the end of this year.

2. We are still living with the tightest interest rates in 111 years and tight money supply.

3. The federal government knows how to spend money if it wants to. If we get in trouble, the government will spend.

4. Two areas are of particular importance now. More young adults are coming to the age at which they begin borrowing. There are also more people than ever in this nation over the age of 50



Dr. Paul S. Nadler

and they have 40% of the savings. He told the bankers, referring to inducements offered to draw savings, "You should be giving away Geritol and wheel chairs."

5. Look at the needs of society—for example, water and air pollution. We are a nation of capital shortage. Money is tight and will remain so for a year. Urban problems affect everyone. We keep talking about the black vs white problem when it's really a rural/urban problem. With the decrease in number of farms and farm workers, we get more people in the cities. More young people are going to college and are seeking jobs in think industries, rather than middle level jobs. Multi-family homes are needed.

6. The federal budget is feeling the pressure due to the bad year

for the stock market and with corporate earnings down and little in taxes to be paid on capital gains. However, the overall economy is pretty good and keeping the budget balanced.

7. In the economy itself, the Fed has started to look at the gauge of money control. What gets business spending down is to have the stock market hit, and it's really been hit. Government spending for the military has been put under wraps. Housing is down, right at a time when we have a housing shortage. When we don't build homes; we don't finance furnishings and when the neighbors see this, then savings go up as they are doing now.

Capital and equipment spending have slowed because industry leaders realize they made a mistake earlier. It won't pick up until customer spending goes up. As a result, American industry is operating only at 77% of capacity.

Meanwhile, the costs of education and all other services keep going up. The prices of goods are stable or going down. Inflation is receding and will be down from 4% level to 3% by 1971.

Dr. Nadler posed the theoretical question often seen in the press today, "Why not wage and price controls?" and answered

(Continued on back page)

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In the July Issue . . .

The July *Northwestern Banker* has two articles of special interest to bankers at this time. One tells "What Happened at Prairie City" as written exclusively for NWB by Collin Fritz, superintendent of banks in Iowa. In this article, he relates how the use of brokered funds for marginal loans led to the closing of the State Bank of Prairie City last February 22. He describes in detail how brokered funds work and why banks should be careful in dealing with those who offer them.

The other is the full presentation of the commencement address given by Gaylord A. Freeman, chairman, First National Bank of Chicago, at the Stonier Graduate School of Banking. He defines with clarity the background and development of current banking and economic problems and the role bankers must take in this outstanding article, "It's Time to Stand Up and Be Counted!"

Readers will find several other interesting feature articles in the July issue, as well as first-hand reports with pictures from the state

conventions of the Minnesota, Wyoming and Montana Bankers Associations.

IOWA NEWS

AUDUBON: Norman Rossow recently joined the First State Bank as assistant vice president. Mr. Rossow has recently been employed in a similar position at the Ida County State Bank, Ida Grove.

FORT DODGE: Frank C. Moeller, dean of Iowa bankers, died here this past week at the age of 86. Mr. Moeller became a bank messenger at the age of 14 and became president of Fort Dodge National Bank in 1936. He was elected chairman of the board of the bank in 1963.

OKOBOJI: Donald E. Gough of Waterloo, senior vice president, of Iowa Securities Co., was recently elected president of the Iowa Mortgage Bankers Association at the group's annual meeting. Vice president is Paul Ashby, vice president of Central National Bank & Trust Co., Des Moines,

Northeast Iowa Banks

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nb National Bank of Waterloo

and secretary-treasurer is Loren E. Dorr, senior vice president of Des Moines Savings & Loan Association.

NEBRASKA NEWS

BLAIR: Bob Duden has been appointed vice president at Washington County Bank. Mr. Duden comes to the bank from a similar position at Security Bank and Trust Co., Decorah, Iowa.

LINCOLN: John R. Jirton, vice president of the First National Bank of Morrill, was awarded the Nebraska Builder Award at commencement ceremonies at the University of Nebraska. The award is given annually as Nebraska's highest service recognition. Mr. Jirton is also a director of the Omaha National Bank.

OMAHA: James M. Prince has joined the staff of the Packers National Bank. Mr. Prince, formerly of Sioux City, Iowa, will serve as assistant vice president and marketing director.

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MINNESOTA NEWS

MINNEAPOLIS: Executives of three major industrial firms have been named to serve on the advisory committees of the First National Bank's North Side and West Broadway offices. They are: John R. Ashby, vice president and general manager, Ather-ton Division of Litton Industries; Roger L. Hale, vice president and director of the Tennant Company, and Gary B. Rappaport, president of Nap-co Industries, Inc.

SOUTH DAKOTA NEWS

ABERDEEN: Arlan Tengwell has been elected vice president and agricultural credit supervisor and Donald Hooper has been named vice president and trust officer at the First National Bank. Mr. Tengwell was formerly with Union Bank & Trust Company of Helena, Montana, and Mr. Hooper was with Great Falls National, Great Falls, Montana. All three banks are affiliated with North-west Bancorporation.

NORTH DAKOTA NEWS

BISMARCK: The Bismarck office of Dain, Kalman & Quail, Inc., was closed this past week. Del Schuler, who managed the branch, claimed the Bismarck office got squeezed out in the tight money market.

GRAND FORKS: Dennis D. Douville, cashier, has been promoted to vice president-cashier of Community Na-

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tional Bank. Mr. Douville is also state director of Bank Administration Institute.

ILLINOIS NEWS

CHICAGO: Russell T. Cramer, senior vice president, has been promoted to executive vice president at the Pioneer Trust & Savings Bank.

EDINBURG: A permit to organize has been issued to a group proposing to establish The Citizens Bank of Edin-burg. Total capitalization has been set at \$400,000.

EVANSTON: First National Bank & Trust Company has announced the promotions of Lee J. Cieslak from assistant trust officer to trust officer and of Patricia B. Ley to assistant trust officer.

COLORADO NEWS

BOULDER: Plans have been an-nounced for the transfer of the School of Bank Marketing from Northwestern University in Evanston, Illinois, to the campus of the University of Colo-

rado. The school, sponsored by the Bank Marketing Association, enrolls 225 students at its annual two-week session in June.

DENVER: Carolyn Kealiher of the First National Bank was recently honored as "Personnel Man of the Year" by the Colorado Society for Personnel Administration.

WYOMING NEWS

CASPER: Frank S. Graham, who at one time or another has owned 50 banks in the midwest and west, died here recently at the age of 91.

Mr. Graham has lived in Wyoming since 1951 and most recently served as chairman of the board of the Lan-der State Bank until 1969.

CHEYENNE: Harold Walters, presi-

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COMMERCE BANK of Kansas City

dent of the East Cheyenne National Bank, has announced the promotions of three officers. Gayle A. Gaskill and Joseph C. Barber have been named installment loan officers and Mrs. Janice Jones was promoted to assistant cashier.

CODY: Robert W. Frisby, senior vice president of the First State Bank, has announced that he will seek nomination for state representative on the Republican ticket.

LANDER: R. W. Finkbiner, president of the First National Bank here, has announced that an agreement has

been reached to sell the controlling interest of the bank to the Wyoming Bancorporation.

The 1970 Economy...

(Continued from Page 1)

by stating simply, "Because they don't work." He illustrated by citing a worker who wants an increase in pay, is denied, then goes across the street to another employer. Because the original employer really needs him, he rehires him for the increased pay, or even more, thus defeating any controls.

"Basically," Dr. Nadler said, the thing that defeats inflation is more goods and this is happening now. Also, more people are coming into the labor market and this will ease the labor pressure."

He looks for a turnaround in bonds but foresees little rise in the stock market. He looks for the Dow Jones average to remain around 700

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this year. "There are good stock buys," he added, "but they are not going anywhere and if you want to sleep well, buy stocks now and then forget them."

He attributes the gradual overcoming of the all-out inflation thinking and the reduction in inflationary effects to fiscal and monetary discipline that this nation didn't have two years ago.

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