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Sees Liquidity As Long-Term Problem

Citing liquidity as the banking system's "first and foremost" problem, A. W. Clausen, president of the Bank of America, has called upon the Joint Economic Committee of Congress to conduct a parallel re-examination of the nation's financial structure along with President Nixon's Commission on Financial Structures and Regulation.

Mr. Clausen, in testimony before the Joint Economic Committee, stated that many changes now evident in the U. S. economy are not merely transitory, but are symptomatic of a permanent fundamental readjustment of the economic mechanism. He singled out specific areas deserving the Committee's consideration as part of a long haul effort to preserve the flexibility and dynamism of U. S. financial institutions.

"The present financial system simply will be unable to provide enough credit and capital to carry out the tasks our society would like to undertake," Mr. Clausen said.

"Moreover, should we try to supply credit to meet all wants, inflation—already an ugly and stubborn antagonist—would re-accelerate and, could very well destroy the financial and economic system we know today."

In citing liquidity as the sys-

tem's "first and foremost" problem, Mr. Clausen said the extensive changes in the financial system over the past 30 years "are dwarfed by the relentless withdrawal of financial liquidity that has had its most dramatic impact on the banking system.



A. W. Clausen

"It is my judgment that the lack of liquidity linked to a worldwide shortage of money will be a chronic condition in the years ahead. A greater measure of liquidity control is critical to the success or failure of our political aspirations."

Mr. Clausen also urged the Committee to give serious consideration to the problems of the commercial banking industry in being forced to bear the lion's share of federal monetary policy.

"Banks have received an undeserved and unfavorable public image while their less-regulated brethren, unfettered and, in fact,

in some cases, subsidized, have emerged from the difficult tight money conditions of the past few years with their public image untouched."

On another major point, Mr. Clausen expressed the hope the Committee would "address itself to the issue of better coordination of monetary and fiscal efforts and their further removal, to the degree possible, from the political arena."

The Bank of America executive cautioned that "social unrest may mount during the fall election campaigns, while work stoppages attendant to major contract negotiations could easily add confusion and cause normal economic indicators to fluctuate erratically.

"If this should come to pass, we should view it in its proper perspective and recognize it does not necessarily mean the whole country is going to pieces but that it is merely a peculiarity of an election year when sensitivities are running high."

Turning to a short term aspect of the 1970 economy, Mr. Clausen said, "the long and pervasive deterioration of the securities markets may represent an unexpected positive development...the fact the speculative fervor of the sixties is now gone.

"Unrealistic paper appreciation has been corrected, and today's

(Continued on Page 4)



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IOWA NEWS

BRITT: Jerry A. Hickok has been advanced from vice president to president of the First State Bank. He succeeds Duane D. Prill, president for the past three years, who has resigned effective July 31 to become president of the Newton National Bank in Newton. Mr. Hickok joined the First State Bank in July, 1969, after serving as executive vice president of the Altoona State Bank, Altoona, where he had been eight years.

DECORAH: Robert J. Duden has resigned as vice president and cashier at Security Bank & Trust Company to accept a position with Washington County Bank in Blair, Nebr.

SPENCER: Larry Wenzl, executive vice president of Clay County National Bank, has announced the promotion of William H. Griggs to assistant vice president and manager of the installment loan department.

WATERLOO: R. L. Kilgore, president of the National Bank of Waterloo, has announced the appointment of John R. Sladek, 26-year old Iowa City attorney as trust representative. A graduate of the University of Iowa Law School, Mr. Sladek previously was employed for two years as assistant marketing representative with IBM's data processing division.

NEBRASKA NEWS

BELLEVUE: John S. Reinhart, pres-

ident of First National Bank, announces the election of Donald McMullen, vice president of the bank, to the board of directors. Mr. McMullen is in charge of the real estate mortgage department of the bank.

BLAIR: Robert J. Duden, formerly vice president and cashier at Security Bank & Trust Company in Decorah, Ia., has joined the Washington County Bank.

OMAHA: The United States National Bank officers and directors will be hosts on Saturday, July 25, to correspondent bankers and their wives at a special open house in connection with the opening of the bank's new building. The reception will be held in the new bank quarters at 1919 Douglas Street from 2 p.m. to 5 p.m., followed by a social hour and dinner starting at 6 p.m. at Ak-Sar-Ben Hall in West Omaha.

OMAHA: Morris F. Miller, chairman of The Omaha National Bank, has announced the election to the board of directors of Gordon Ellis, president of Fairmont Foods Company. Mr. Ellis replaces Stuart C. Sherwood, who joins the bank's Advisory Council.

Mr. Miller also announced the promotion of Second Vice President Gerald E. Gleason to vice president.

MINNESOTA NEWS

Bankers registered for the fourth annual Midwest Banking Institute checked in at the University of Min-

Northeast Iowa Banks

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nb National Bank of Waterloo

nesota Morris Campus yesterday and began classes today as the one-week school got underway. Classes will conclude Friday, July 24. The Institute is sponsored by the bankers associations of Minnesota, South Dakota, North Dakota and Wisconsin.

BUHL: Edward H. Roberts has purchased controlling interest in The First National Bank of Buhl from Charles W. Moore, Charles R. Moore and Dorothy A. Moore. Mr. Roberts is executive vice president of the bank and Charles W. Moore is president.

CALEDONIA: Thomas E. Jaeb resigned recently as president of Caledonia State Bank to become executive vice president and chief operating officer of the First Citizens Bank of Dallas, Tex. Mr. Jaeb has taken up his new duties. He was a member of the Minnesota Bankers Association council of administration.

MARSHALL: Donald Aschbrenner, formerly senior vice president of the Drovers State Bank in South St. Paul, has moved to Marshall to become president of the Western State Bank. He replaces Art Persons, who was president of the Marshall bank for 18 years. Mr. Aschbrenner had been with Drovers State for six years and was in charge of all lending functions of the bank.

MINNEAPOLIS: James L. Reissner, Kenneth O. Martinson and William K. Stern have been appointed assistant vice presidents at First National



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Bank. Mr. Reissner is in the commercial banking division. Mr. Martinson and Mr. Stern have been at the West Broadway office.

OLIVIA: An application for a new state bank charter to be known as American State Bank of Olivia has been filed with the Minnesota Department of Commerce. A hearing date has not yet been scheduled. Named as organizers in the application are: Dave Gilchrist, Bob Rauenhurst, Charles Brown, Roger Heller, Clyde Ruebel and Ken Olson, all of Olivia. Also named is Dave Nicholson of St. Paul, president of Blackburn, Inc., which recently opened a plastics plant in Olivia. The total capital would be \$400,000.

VIRGINIA: Henry E. Quayle, auditor and assistant cashier of the First National Bank, retired recently after a 44-year career with the bank.

VIRGINIA: R. H. Willenbring, president of State Bank of Virginia, has announced the election of Dennis E. Klaboe as assistant vice president and manager of the installment loan department. He succeeds Robert E. Peterson, assistant vice president, who has been transferred to head an overall marketing program for the bank. Mr. Klaboe has moved to Virginia from Moorhead, where he was assistant cashier of the First National Bank. Both banks are affiliated with Northwest Bancorporation.

SOUTH DAKOTA NEWS

BROOKINGS: John S. Lasher, vice president and manager of the Northwestern National Bank, announced plans recently for a new bank building costing approximately \$750,000 to be located at 6th and Main, two blocks from the present location. Construction is to start in September.

SPEARFISH: The appointment of Fred

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Folkerts as vice president and manager of the branch here of the Bank of Belle Fourche was announced by F. L. Clarkson, president of the bank. Mr. Folkerts has been manager the past six years of the Midland branch of the Okaton State Bank, and previously was assistant manager for six years of the Corsica branch of the former Farmers and Merchants Bank of Platte.

NORTH DAKOTA NEWS

DICKINSON: F. L. Clarkson, chairman of the Liberty National Bank and Trust Company, has announced the election of Willis P. Fischer as president and director, R. T. Smith as vice president and cashier, Steven J. Kilwein as assistant vice president and ag representative, and L. Claude Mensing as a director.

Mr. Fischer, who has 40 years of experience with banks in Montana, Colorado and North Dakota, moves to Dickinson from Colorado Springs, Colo., where he has been president of the Western National Bank. Mr. Smith also is from Western National Bank and was cashier there. Mr. Kilwein is a native of Dickinson and joined the bank last February. Mr. Mensing is executive vice president of the First National Bank of Hettinger.

COLORADO NEWS

DENVER: Officials of The First National Bancorporation, Inc., said last week they intend to "vigorously defend" against the Justice Department's suit to block membership of The First National Bank of Greeley in Bancorporation. Montgomery Dorsey and Bruce D. Alexander, board chairman and president respectively, said in a prepared statement:

"The entire concept of bank holding companies, of which Bancorporation is one, came about in an effort to meet the ever-growing complexity of banking services demanded by the banking public.

"Particularly have bank holding companies shown their worth in non-branch banking states, of which Colorado is one of the few remaining. In such states, the growth and geographic spread of such holding companies is the only broad-based way by which banks may seek to improve and expand services throughout the state."

DENVER: Henry Clay Bulis, 72, who retired in 1962 as an assistant cashier of Central Bank & Trust Company, died recently.

WYOMING NEWS

LUSK: Ira Lamb, a well-known Wyoming businessman, was elected chairman of the board of the Lusk State Bank at a recent special meeting. He succeeds C. W. Erwin, who



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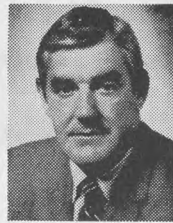


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founded the bank in 1924 and was active in the bank until recently when he moved to a nursing home in Cheyenne. Mr. Erwin was named chairman emeritus. All officers of the bank continue in their present posts.

RIVERTON: DuWayne Pfarr has been advanced from assistant vice president to vice president at American National Bank. He will head the agricultural loan department. Mr. Pfarr headed the Farmers Home Administration office in Riverton until joining the bank in November, 1969.

ILLINOIS NEWS

CHICAGO: Fred Newman, president of the Bank of Bellwood, Ill., has been elected president of the University National Bank here. He will continue to head the Bellwood bank.

CREST HILL: Roland W. Blaha, Illi-

nois commissioner of banks and trusts, has issued a charter for the organization of Heritage Bank, 1660 North Plainfield Road. Officers are listed as James N. Lesparre, chairman; John W. D'Arcy, president, and Robert A. McGrath, cashier and controller. Heritage Bank has capital stock of \$300,000, surplus of \$300,000 and reserves of \$150,000.

WINNETKA: Willerd J. Blumhardt has been promoted to senior vice president of the First National Bank. He joined the bank in October, 1967, moving to Winnetka from Rochester, Minn., where he had been assistant vice president of the Northwestern National Bank.

Liquidity Problem...

(Continued from Page 1)

equity price levels are much closer to what the asset underpinning can support. I personally welcome the fact that we are reacquiring a sense of basic values—of quality—in our securities markets."

Mr. Clausen concluded his testimony with a strong plea that the Committee members "keep uppermost in their minds the value of the market system in relation to our financial mechanism.

"The market system is directed toward releasing rather than shackling the energies and abilities of the individual, with powers of decisions dispersed among millions of people.

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