

# NORTHWESTERN Banker

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## Fed Chairman Views Inflation Cures

*Arthur F. Burns, chairman, Board of Governors, Federal Reserve System, spoke recently on the subject, "The Basis for Lasting Prosperity." His remarks were made in the Pepperdine College Great Issues Series at Los Angeles. Here are some of the excerpts from that talk as they apply to controlling upward pressures on prices and wages.*

I would hope that every citizen will support the President's stern warning to business and labor to exercise restraint in pricing and wage demands. A full measure of success in the effort to restore our nation's economic health is, I believe, within our grasp, once we as a people demonstrate a greater concern for the public interest in our private decisions.

If further steps should prove necessary to reduce upward pressures on costs and prices, numerous other measures might be taken to improve the functioning of our markets. For example, liberalization of import quotas on oil and other commodities would serve this purpose. So also would a more vigorous enforcement of the anti-trust laws, or an expansion of Federal training programs to increase the supply of skilled workers where wages are rising with exceptional rapidity,

or the creation on a nation-wide scale of local productivity councils to seek ways of increasing efficiency, or a more aggressive pace in establishing computerized job banks, or the liberalization of depreciation allowances to stimulate plant modernization, or suspension of the Davis-Bacon Act to help restore order in the construction trades, or modification of the minimum wage laws in the interest of improving job opportunities for teenagers, or the establishment of national building codes to break down barriers to the adoption of modern production techniques in the construction industry, or compulsory arbitration of labor disputes in industries that vitally involve the public interest, and so on. We might bring under an income policy, also, the establishment of a high-level Price and Wage Review Board which, while lacking enforcement power, would have broad authority to investigate, advise, and recommend on price and wage changes.

Such additional measures as may be required can, of course, be determined best by the President and the Congress. What I see clearly is the need for our nation to recognize that we are dealing, practically speaking,

with a new problem—namely, persistent inflation in the face of substantial unemployment—and that the classical remedies may not work well enough or fast enough in this case. Monetary and fiscal policies can readily cope with inflation alone or with recession alone; but, within the limits of our national patience, they cannot by themselves now be counted on to restore full employment, without at the same time releasing a new wave of inflation. We, therefore, need to explore with an open mind what steps beyond monetary and fiscal policies may need to be taken by government to strengthen confidence of consumers and businessmen in the nation's future.

In the past two years we have come a long way, I believe, towards the creation of a foundation for a lasting and stable prosperity. Confidence has been restored in financial markets. Businesses have turned away from the imprudent practices of the past. Productivity gains have resumed. Our balance of trade has improved. The stage has been set for a recovery in production and employment—a recovery in which our needs for housing and public construction can be more fully met.

(Continued on back page)

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### IOWA NEWS

**ALTA VISTA:** Paul Hentges has been named president of the Alta Vista State Bank, succeeding the late Joe Menges. Mr. Hentges, who has been with the bank since 1943, has been cashier and managing officer.

**BAXTER:** Dr. James McKenzie has resigned as president of the State Savings Bank, a position he has held since 1949.

**DALLAS CENTER:** Kenneth R. Heisler has been promoted to senior vice president, Wayne R. Haines and David L. Morris to vice presidents, and Roger Winterhof to cashier at the Brenton State Bank.

**JEFFERSON:** William Fulcher and Larry Bergemann have been elected assistant cashiers at the Jefferson State Bank. Mr. Fulcher, who was also named manager of the Dana office, has been with the bank since 1969, and Mr. Bergemann joined the bank last September.

**LIBERTYVILLE:** Sam Watkins has resigned as president of the Libertyville Savings Bank, but will remain as a director. Keith Parker, who is a director and was formerly vice president, will succeed Mr. Watkins as president. Carl Jenkins was named vice president. Ila McCleary resigned from the board and has been replaced by Robert Stump, cashier.

**MARION:** J. Donald Weimer has resigned as a member of the Iowa State Senate representing the 22nd Senatorial District in Linn County.

A successor will be picked at a special election called for January 11 by Gov. Robert Ray, the first day it can be held under the law. Mr. Weimer, who is vice president of the First National Bank here, was re-elected a State Senator at last fall's election.

**OXFORD:** E. F. Miick has resigned as executive vice president, cashier, and member of the board of First Trust & Savings Bank, because of ill health. He has been with the bank since 1958.

### NEBRASKA NEWS

**CLARKS:** Funeral services were held recently in Clarks for Hubert M. Burruss, 71. He had been president of the Bank of Clarks since 1952.

**LINCOLN:** Henry E. Ley took office on January 7 as Nebraska's director of banking. He was appointed by the new Governor, J. J. Exon, and has resigned as president and trust officer of the State National Bank and Trust Co. of Wayne to accept the appointment. Mr. Ley served as director of banking from January, 1964 to March 11, 1966, when he resigned to conduct his unsuccessful campaign for the Democratic nomination in the gubernatorial primary that year. He succeeds Edwin A. Langley, who served as director of banking the past two years under Gov. N. T. Tiemann, who was defeated last fall for reelection. Mr. Langley is returning to the practice of law in Lincoln with Nelson, Harding, Marchetti, Leonard & Tate law firm. He has also formed Labanco holding company which has purchased control of the Bank of

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Burwell from the Johnson family, owners and operators of the bank for many years.

**OMAHA:** Robert L. Gerlach has been named president of the First Westroads Bank, succeeding Darrell Green whose new position with the bank has not yet been announced. Mr. Gerlach has been vice president of Development Services, Inc., Rock Creek, Ohio.

**WATERLOO:** J. A. Petersen, Jr., and Roger Voorhees have purchased controlling interest in the Leshara State Bank from Paul Christensen, president and cashier. They have received permission from the Nebraska department of banking to move the bank charter to Waterloo where it will be known as Waterloo State Bank. The move is scheduled to take place in February.

### MINNESOTA NEWS

**ELBOW LAKE:** William Goetzinger, president and director of the First National Bank, has resigned from his positions and sold his interest in the bank to Orvin Amundson and Marvin Westrom. Mr. Amundson, who has been with the bank 23 years, was elected president, and Mr. Westrom, who has served the bank nine years, was elected vice president.

**FERGUS FALLS:** Douglas M. Johnson has been elected president and director of the Fergus Falls National Bank and Trust Company, effective



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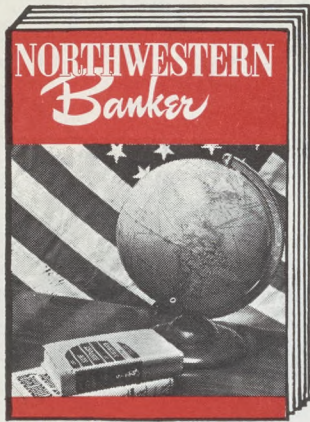
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January 15. He succeeds the late Silas Olson. Mr. Johnson has resigned as vice president in charge of the correspondent bank department at Midland National Bank in Minneapolis to accept this new appointment.

**LEWISVILLE:** Clifford Sparks has retired as president of the Merchants State Bank, after serving the bank for 34 years. The bank will be managed henceforth by Duane Gunderson, who has been with the bank since 1968.

#### ILLINOIS NEWS

**CHICAGO:** Walter E. Kjoss has been appointed vice chairman at Commercial National Bank. Robert G. Jewson has been promoted from executive vice president to fill Mr. Kjoss' former position as president and chief executive officer. Robert C. Gallagher has been elected vice president and continues as cashier.

**CHICAGO:** Lester Armour, 75, retired member of the board of Harris Trust and Savings Bank, died recently in Lake Forest. Formerly chairman of the Chicago National Bank, he became vice chairman at Harris Trust when Chicago National and Harris Trust merged in 1960. He retired from this position in 1963 but remained on the board until 1966.

**CHICAGO:** The following promotions have been announced at the Michigan Avenue National Bank: Samuel J. Partipilo to senior vice president, commercial loans; Walter F. Mullady, Jr., to senior vice president, correspondent banking; Robert F. Casey to senior vice president and controller; Robert W. Frederiksen to vice president, real estate loans; Ronald

B. Failing to assistant vice president, installment loans; Victor J. Cordes, assistant cashier, installment loans; Jean C. Bodine to assistant cashier, proof department; and Dennis Ciciora to manager, loan and discount department.

**CHICAGO:** The Illinois Bankers Association will conduct its 19th Annual Public Relations and Marketing Conference at the Pick-Congress Hotel January 21-22, according to Dean E. Kamper, president of the IBA public relations division and executive vice president, First National Bank, Belleville. There will be four clinics Thursday afternoon on Research, Public Relations, Advertising and Selling. On Friday morning Dr. Herbert True, president of True-Klemp Organization, South Bend, Ind., will speak on the subject "Can the Establishment Survive the 70's?" The conference will conclude with a "Marketing Mix in the Round" panel. Moderator will be Robert B. King, conference chairman and vice president, Citizens National Bank of Decatur. Panel members will be the the four clinic coordinators.

**OAK PARK:** Controlling interest in the Oak Park National Bank has been sold to the OPAR Corp., a Chicago-based one-bank holding company. Daniel C. McKay is president of OPAR. Principal sellers were John O'Laughlin, chairman of Oak Park National Bank, and Ray O'Laughlin, both of whom will remain active on the board.

**WINNETKA:** Rodger F. Morris has been appointed executive vice president of the Winnetka Bank.

#### SOUTH DAKOTA NEWS

**SIOUX FALLS:** T. M. Reardon, chairman, Western Bank, Sioux Falls, is

one of 12 bankers from through the nation named to the Federal Advisory Council of the Federal Reserve System. He will represent the 9th Federal Reserve District.

**WARNER:** A total of 150 shares out of 300 have been sold in the First State Bank to Charles Seaman and Elizabeth Duckworth. Sellers are C. L. Seaman and Adeline Seaman.

#### COLORADO NEWS

**DENVER:** Ronald M. Stephens, 38, died recently on a downtown street. He was operations officer for the Colorado National Bank with which he had been associated for 11 years.

**DENVER:** The directors of the United Bank of Denver have approved the transfer of \$3 million from undivided profits into the surplus account. The bank also announced that the capital account has been increased by the sale of a \$2 million, 10-year capital note to United Banks of Colorado, Inc. These actions increase the bank's capital and surplus to \$35 million and leave undivided profits of \$5.2 million.

**DENVER:** Bob Burch, president of the Rocky Mountain Oil and Gas Association and of the Tarryall Corp., Denver, has been named to the board of United Banks of Colorado, Inc. Mr. Burch is an independent oil operator and chairman of Mesa National Bank, Grand Junction, a recent affiliate of United Banks.

**LAKEWOOD:** William J. Garrison has been promoted from executive vice president to president of the United Bank of Lakewood. The bank also has four new directors: Roger C. Gifford, Vern Hagestad, Richard R.

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**MINTURN:** The Eagle Valley Bank recently held its official opening, after receiving its new charter. The bank is capitalized at \$100,000, with undivided profits of \$60,000 and surplus of \$50,000. Operating officer of the bank will be Mel Sorenson, vice president and cashier.

**WYOMING NEWS**

**JACKSON:** The board of directors of the Jackson State Bank recently announced the following promotions: Leo N. Chase, from cashier to vice president and cashier; Winona Flower, from assistant cashier to executive secretary; Virginia Blair, from assistant cashier to assistant vice president; Howard J. Baker, from loan officer to assistant vice president; and Laurene W. Sinn, from teller to assistant cashier.

**MONTANA NEWS**

**BOZEMAN:** D. R. (Sandy) Green died December 31. He was formerly president of the First National Bank, Bozeman.

**BRIDGER:** Syl C. Sorenson, 42, former president of the Bank of Bridger, has pleaded innocent to 37 counts of fraud against the government involving alleged embezzlement of \$2,390 from the bank. The plea was made before Federal District Court in Billings.

**Prime Continues Downward Trend**

The prime rate dropped last Wednesday, January 6, in major banks from 6¾% to 6½% when Chemical Bank of New York established the trend by being the first New

York bank to follow the lead set on January 4 by First Philadelphia Bank & Trust Co., Philadelphia. It was the first time since December, 1968 that the prime rate stood at 6½%.

Chemical also announced decreases in rates for consumer loans. Personal loans with life insurance now are 11.08% on an annual basis, compared with the previous level of 11.58%. Auto loans with life insurance will be 10.57%; the previous rate was 11.58%. Collateral loans without life insurance will be 10.07% on an annual rate; the previous rate was 11.08%. William Renchard, chairman of Chemical Bank, said his bank does "not want the consumer to be the forgotten man in the loan rate decreases."

**Inflation Cures...**

(Continued from Page 1)

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