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Says Economy Now On Comeback Trail

"The economy has taken the first step on the comeback trail, and the recession of 1970 is giving way to recovery in 1971," Gaylord Freeman, chairman of The First National Bank of Chicago, said last week.

"The uncertainty and pessimism that has discouraged us all is unwarranted," Mr. Freeman said, as he ticked off a string of upward economic indicators for the four months ended March 31:

Industrial production—rising at a 7% annual rate, "...which may well be maintained for the balance of the year."

Housing starts—up 43% over the same period last year.

Employment—"...has begun to show some signs of improvement."

Personal income—rising by an 8.7% annual rate.

Retail sales—up better than 5%; "Easter sales were excellent, and the coming months are expected to produce further gains."

Automobile sales—up 13% in the first quarter over the year-ago pace.

Progress in curbing inflation "has been erratic, disappointingly slow and incomplete," Mr. Freeman said, "but consumer prices in the past three months have behaved very much better,



Gaylord Freeman

rising at an annual rate of 2.7%.

"In the best of circumstances, we will be fortunate to hold inflation to a 4% rate in 1971," he observed, "but on the heels of a 5.9% rise in 1970, this would be a significant achievement."

The record \$28.5 billion first quarter rise in GNP "strongly suggests that the economy has taken the first step on the comeback trail," he noted. "As the year progresses, rising output and sales will begin to lift employment and an accelerating rise in output per man hour will help offset the still-rapid climb in labor costs, enabling a recovery in corporate profits."

Expansive fiscal and monetary policies over the past year "not only have initiated and sustained the recovery, but they also assure its continuation," Mr. Freeman said.

Short-term interest rates "probably have seen their lows," he observed, but "a substantial further drop in long-term rates is likely to await convincing evidence that the current effort to get the economy expanding will not provoke another burst of inflation—and that is far from certain."

Termining even more aggressive stimulative policies such as tax cuts or reinstatement of the investment tax credit "inappropriate," Mr. Freeman said "current business developments are encouraging."

"If the Administration has the fortitude to continue to resist the pleas for even more expansive policies, the initial phase of the recovery may be disappointing to some, but...the recovery could run well into late 1972 or even 1973 before the brakes will need to be applied perceptibly again," he concluded.

Burns Addresses Banking Committee

At the conclusion of a statement he presented last Monday (April 26) to the U. S. House of Representatives Banking and Currency Committee, Arthur F. Burns, chairman of the Board of Governors of the Federal Reserve System, stated the Board's opposition

(Continued on back page)

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IOWA NEWS

CRESCO: Controlling interest in the Cresco State Bank has been sold to A. M. Saylor, chairman and president of the First National Bank in Hampton. He is also a director of Wright County State Bank, Clarion. Selling their stock are Ray Farnsworth, president, and his brother, Paul, vice president. Both men will continue to operate the bank until the end of this year after which they plan to retire. The Cresco State Bank has been under the management of the Farnsworth family since 1869.

DES MOINES: Directors of Valley Bank & Trust voted April 28 to join Banks of Iowa, Inc., the Cedar Rapids firm owning Merchants National Bank. The merger requires acceptance by 80% of the 12,500 shares of Valley stock outstanding. Officers and directors of Valley would continue operating the bank as at present. Valley stockholders will be offered 17 shares of BofI stock for each share now held, which requires issuance of 170,000 shares at current bid of \$22.50, a total of \$3,825,000. Purchasing all Valley stock would require 212,500 shares from BofI, valued at \$4,781,250 present price. Banks of Iowa last fall announced

acquisition of Union Bank & Trust, Ottumwa and is awaiting SEC approval for issuance of 195,000 shares for Union B&T stock.

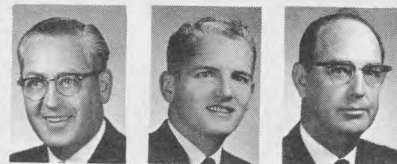
DONNELLSON: Robert A. Leisy has been appointed executive vice president on the staff of the Citizens State Bank effective July 1, according to a recent announcement by John R. Howes, chairman of the board. Mr. Leisy is now affiliated with the State Capitol Bank of Oklahoma City, Okla.

LONE TREE: William P. Ashton, age 79, died recently after a short illness. He was director of the Farmers & Merchants Savings Bank of Lone Tree. He began employment at the bank in 1931 and when retired in January, 1969, he continued as a director until his death.

MOUNT AYR: Craig Riggs was recently elected an executive vice president of the Tingley State Savings Bank during a board meeting. He was formerly affiliated with the Seymour State Bank for over two years.

NEBRASKA NEWS

OMAHA: The 74th annual convention of the Nebraska Bankers Association



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is being held today and tomorrow at the Omaha Hilton Hotel. A complete report with pictures will be published in the June *Northwestern Banker*.

SCHUYLER: King V. Hostick has purchased controlling interest of the Schuyler State Bank and was elected president recently. He has been vice president of the State Bank of Cerro Gordo in Cerro Gordo, Ill. He is a native of Springfield, Ill.

WILCOX: Wayne Ziebarth, a successful farmer-feeder from Wilcox and a Nebraska state senator, has been elected as a new member of the board at the First National Bank, Wilcox, according to Winton Buckley, president.

ILLINOIS NEWS

CHICAGO: B. Arthur Russell has been elected to the board of the Uptown National Bank according to a recent announcement. Mr. Russell serves as president and director of Russell Enterprises, Inc.

DECATUR: Lester F. Buchanan has been named property manager of the Millikin National Bank. His responsibilities entail managing of the Millikin Building and Millikin Court.

NAPERVILLE: First Ogden Corporation will hold its second annual educational program for directors of client banks Tuesday, May 4 at the Glen Ellyn Holiday Inn, starting at 6:30 p.m.

STERLING: A permit to organize has been issued to a group of applicants proposing to establish the Lincolnway State Bank in Sterling. Total capitalization is listed at \$500,000. Organizers are Henry L. Hoffman, Rock Falls; Karl J. Wentsel, John W. Bowman, F. Wesley Bogott, Robert A. Prophet, D. K. Ruth, William E. Arnold - all of Sterling.

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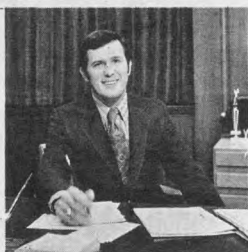
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MINNESOTA NEWS

MONTGOMERY: Citizens State Bank has been sold for an undisclosed price to Voyageur Bank Group of Eau Claire, Wis., which owns and operates banks in three other Minnesota and Wisconsin Cities. Stock interests in the bank that had been owned by Lyle J. Stotesbery, chairman of Citizens State, were purchased by the Voyageur group, according to Robert Hadland, president. Citizens State had deposits and capital of more than \$10 million at the end of 1970.

MINNEAPOLIS: Bruce K. MacLaury, a deputy under-secretary of the Treasury, was named president of the Federal Bank of Minneapolis. He succeeds the late Hugh A. Galusha, who died during a snowmobile trip through a Wyoming mountain pass in January. At 39, Mr. MacLaury is the youngest man to head the 9th Federal Reserve District which the bank in Minneapolis oversees.

MINNEAPOLIS: Carl R. Pohlad, president, Marquette National Bank, last week notified all BankAmericard merchants that "Effective immediately the BankAmericard Center will suspend indefinitely the acceptance of all new applications for credit cards. This step is being taken to avoid the possible influx of applications to BankAmericard which may develop as a result of the recent suspension of all new credit activities by certain retailers in this state. This action is also taken pending the possible enactment of legislation more favorable toward conducting bank credit card business in the State of Minnesota."

Dayton's department store was among the largest retailers discon-

tinuing issuance of credit cards to new customers.

The Minnesota Attorney General previously ruled that credit card sales must be classified under the simple interest usury rate of 8-1/2% and not as installment credit sales.

MINNEAPOLIS: The Marquette National Bank of Minneapolis has announced the election of two new vice presidents and three additional bank officers. Richard Egan was elected a vice president in the mortgage department. Byron Loving was elected vice president and manager of the credit department. Dale Harris was elected assistant vice president and BankAmericard manager. William Rosacker was named correspondent bank officer and Robert Biastock, formerly assistant credit manager, has been promoted to commercial loan officer.

OWATONNA: Robert A. Rylance, a native of Aberdeen, S. Dak., has been elected assistant cashier and manager of the First National Bank of Owatonna. He succeeds Donald W. Hutchinson, who has resigned to become assistant vice president of the First Security Bank of Livingston, Montana.

REDWOOD FALLS: New president of the State Bank of Redwood Falls is L. K. (Pete) Iverson, according to a recent announcement by the board of directors. Mr. Iverson was formerly vice president of the Citizens State Bank of Rugby, N. Dak. since 1965. He replaces Gene Sipe who resigned as bank president to assume a similar post with First National, Crookston.

WISCONSIN NEWS

MILWAUKEE: Edward E. Watson, chairman of Boston Store, has been

elected a director of the Marine National Exchange Bank in Milwaukee. Mr. Watson is also vice president of Federated Department Stores, Inc., of Cincinnati, Ohio, of which the Boston Store is a division.

COLORADO NEWS

AURORA: Dr. James M. Liggett, a Denver native and Aurora dentist for 15 years has been named a director of the United Bank of Aurora.

DENVER: Three widely known Colorado bank officers have become investors in Nordenco Inc., the holding company which owns the North Denver Bank, according to Leo Van Dittie, president and chairman. They are Delano E. Scott, president, Routt County National at Steamboat Springs; Bryon Wilson, president of Palisades National at Palisades, and J. B. McKeever, executive vice president of the First National Bank of Holly.

FORT COLLINS: Harry G. Lohr, senior vice president of the First National Bank at Fort Collins has announced his retirement after 25 years service with the bank. Mr. Lohr started his banking career in 1946.

SOUTHGLENN: Frank P. Gardiner has resigned as chairman of the board of the First National Bank of Southglenn effective immediately. Mr. Gardiner, a senior vice president of The First National Bank of Denver, resigned to devote more time to his responsibilities as head of The

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First's commercial and industrial loan division. George C. Gibson, partner with the law firm of Hughes & Dorsey and a director of the First of Southglenn since 1965 was named chairman, succeeding Mr. Gardiner, who will remain as director.

MONTANA NEWS

FORSYTH: In keeping pace with growth of the First State Bank of Forsyth, Richard J. Niemiste has recently assumed the duties as new installment loan officer. He was associated for seven years in affiliated banks in Minnesota, with most recent employment with First National Bank of Virginia, Minn.

WYOMING NEWS

LARAMIE: State Treasurer Jim Griffith has announced the appointment of a new five-member Investment Advisory Council which will advise the State Treasurer and the Wyoming Investment Board. Members of the

Investment Advisory Council are Harold Hellbaum, legislator and investment counselor in Chugwater; Don C. Davis, vice president, Wyoming National Bank, Casper; Auburn Dowdy, vice president and trust officer, First National Bank and Trust, Cheyenne; Kenneth G. Hamm, Rock Springs, attorney; and Jerry W. Housel, Cody attorney. The appointment of all five members will become effective May 20.

LUSK: The promotion of Marjorie Sanders to assistant cashier of the Stockmans National Bank of Lusk has been announced by Andrew McMaster, president. Prior to coming to the bank, Mrs. Sanders was employed by Loffland Bros. in Venezuela and Chili, South America.

Burns ...

(Continued from Page 1)

to H.R. 3287 proposed by Rep. Gonzales. It would prohibit any insured bank from making a loan to finance the purchase of stock or obligations of another bank. Mr. Burns stated: "A flat prohibition of this kind would reduce flows of capital into banking and severely restrict ownership of banks, eliminating potential entry by those who cannot afford to buy bank stock without a bank loan. The Board therefore recommends against enactment of H.R. 3287. Nevertheless, while H.R. 3287 is too restrictive, some additional controls over bank loans on bank stock are needed. We believe Congress should authorize one or more of the regulatory agencies to prescribe regulations applicable to all insured banks, with a view to ensuring that loans made to finance the purchase of bank stock meet sound banking standards and are not used as devices to promote

the interests of speculators or the lending bank to the detriment of the purchased banks."

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