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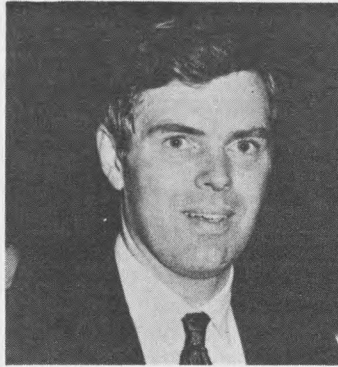
Des Moines, Iowa

July 26, 1971

## Fed President Calls for 'Incomes' Policy

Bruce K. MacLaury, president of the Minneapolis Federal Reserve Bank called for the adoption of an incomes policy to "restrain price and wage increases" and "allow a safer and speedier return to high levels of employment." Speaking to bankers and businessmen in Helena, Montana, Mr. MacLaury said he would be "ducking responsibility" not to state his belief that such policy is needed now. He joins Arthur Burns, chairman of the Federal Reserve Board of Governors, and other Federal Reserve officials who have advocated an incomes policy.

"Adoption of some form of incomes policy would help extricate this nation from the dilemma of excessive unemployment and continuing inflation in which we now find ourselves," said Mr. MacLaury. The newly appointed Fed president does not advocate mandatory price and wage controls as part of an incomes policy but asks that "the public interest be effectively represented in major decisions on prices and wages, including all forms of compensation." While the term "incomes policy" has been applied to several different kinds of proposals, including mandatory controls which he rejects, Mr. MacLaury spoke of it as a "temporary mechanism to ease the transition back to relative price stability" by reducing upward pressures on costs and prices. He suggests that the Construction Industry Stabilization Committee - a price and wage review board - appropriately modified, could serve as a pattern for other industries.



Bruce K. MacLaury

Mr. MacLaury indicated that his concern about persistent inflation is shared by directors of the Minneapolis bank and the Helena branch office and that their concern has dated back many months. In February, directors officially urged the Board of Governors that Federal Reserve System efforts for an incomes policy be continued and emphasized.

"There is no escape from the logic that wage increases in excess of productivity growth result in rising prices," said Mr. MacLaury. "This basic truth is the foundation on which a successful incomes policy in the long run must rest. But the long run in this sense can begin only after we have succeeded in reestablishing a degree of price stability that is not yet in sight."

At this juncture workers will not be willing to settle for wages that reflect only increased productivity when such increases are "eroded and made meaningless by inflation." Thus, Mr. MacLaury calls for review boards that might

work on a simple formula: wages not to exceed the cost of living plus some proportion - perhaps one half of the increase in trend productivity. Mr. MacLaury said he is less concerned about the particular mechanism adopted than "that some meaningful step be taken in this direction, and taken soon."

Mr. MacLaury pointed out that an incomes policy is not a substitute for appropriate monetary and fiscal policies, but will "shorten the delayed impact of an inflationary episode after excess demand has been eliminated," and hasten the return to a fuller utilization of resources.

In supporting action, David M. Lilly, chairman of the board of the Minneapolis Federal Reserve Bank, stated:

"The boards of directors of the Minneapolis Reserve Bank and its Helena Branch Office today called for the adoption of an incomes policy to bring additional force to bear on the persistent problems of inflation and unemployment. Board members represent key decision-makers in many areas of the Upper Midwest economy. They have been increasingly concerned by the persistence of wage and price increases plaguing business, industry and agriculture. Moreover, recent unemployment figures for the Ninth Federal Reserve District reveal the highest percentage of unemployed since 1961 - an unfortunate waste of resources in addition to an unhappy prospect for many returning servicemen.

"Our boards are convinced that

(Continued on back page)

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### NATIONAL NEWS

The Federal Reserve Board increased to 5 percent recently the discount rate it charges its member banks for borrowing. The board, in moving the rate upward from 4-3/4% said the action was "in recognition of increases that have taken place in other short-term interest rates..."

### IOWA NEWS

**CARLISLE:** The FDIC recently approved a parking lot office for the Hartford-Carlisle Savings Bank according to a recent announcement.

**DES MOINES:** The election of Collin W. Fritz as president of Central National Bank and Trust Company was announced July 20 by Bernhard C. Grangaard, chairman of the board, Mr. Grangaard has also been president and will continue as chairman and chief executive officer. Mr. Fritz is resigning as superintendent of banking in Iowa to assume his new duties August 1. Directors also promoted four officers: Dale C. Smith to executive vice president, Raymond G. Johnston and Ivan L. Johnson to senior vice presidents, and Joe D. Young to senior vice president and trust officer. Full details will be found in the August NORTHWESTERN BANKER.

**DES MOINES:** John J. Hilliard, chairman of the IBA installment lending committee has announced that the dates for the annual Installment Lending Conference will be September 2 and 3 at the Hotel Savery in Des Moines.

**EXIRA:** Controlling interest in the Exchange State Bank was purchased on July 15 by John E. Goodenow and H. F. Schroeder from Ray M. Andersen, president of the bank. Mr. Goodenow is vice president and trust officer of Wall Lake Savings Bank at Wall Lake. Mr. Schroeder is a director of the Wall Lake bank, a prominent farmer in the area, owner of the elevator and member of the board of Group 21 commercial cattle feeding concern at Royal. They purchased all stock in the Exchange State Bank except directors' qualifying shares. Mr. Andersen will continue as president and no officer changes will be made. Mr. Andersen and his wife, Janet, have been elected directors, along with Frank Rasmussen, an Exira attorney; Mr. Goodenow and Mr. Schroeder.

**PLAINFIELD:** Donald E. Schrage has recently purchased controlling interest in the Farmers State Bank. There will be no major changes in the operation of the bank. H. C. Stevens, formerly president, will continue as chairman of the board. Mr. Schrage, who was executive vice president of the bank will now be president. Joe Johnson continues as cashier.

**OAKLAND:** Two new directors were named to the Oakland Savings Bank. They are Dr. John H. Spencer of Streator, Illinois, and Mrs. Gladys Brown of Lincoln, Nebraska.

### NEBRASKA NEWS

**GORDON:** Bob Strachan has been named loan officer at the First National Bank according to a recent announcement.

**JANSEN:** Rich W. Ellis has recently joined the bank staff of the State Bank of Jansen.

**KIMBALL:** The American National Bank has named Bruce L. Madden as assistant loan officer.

**OMAHA:** Albert Jay Freed has been elevated to manager of the North Side Bank's data processing department.

**PICKRELL:** The FDIC has approved an application for consent to exercise trust powers to the Pickrell State Bank.

### MINNESOTA NEWS

**BEAVER CREEK:** John J. Porter, formerly of Rock Rapids, Iowa, and later of Worthington, Minnesota, has been named cashier of the Beaver Creek State Bank according to E. J. Hanson, president. He replaces Harley Ladd who resigned. It was also announced that Oscar J. Bittner, a retired loan agent for Equitable Life of New York, has been elected a director of the bank replacing George A. Dunbar, deceased.

**GOLDEN VALLEY:** The first hearing for an application for a bank charter for a proposed First State Bank of Golden Valley has been changed from July 20 to Monday, July 26, at the State Capitol.

**GRAND RAPIDS:** An application has been filed for a charter for a new bank with the Minnesota Department of Commerce. Proposed capitalization for the new bank would be \$500,000. Vladimir Shipka, Jerry Miner and Robert Acheson are the incorporators.

**MINNEAPOLIS:** The two largest Minneapolis and St. Paul labor organizations recently pledged support to a campaign to organize Twin Cities area bank employees. The Minneapolis Central Labor Union Council and the St. Paul Trades and Labor Assembly passed resolutions to support efforts to organize about 10,000 employees in 70 banks. This year's campaign follows a similar, but

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— MNB correspondents

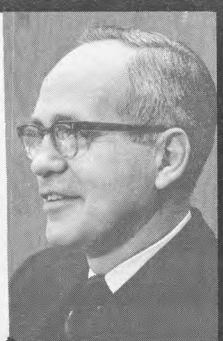
Bob O'Meara  
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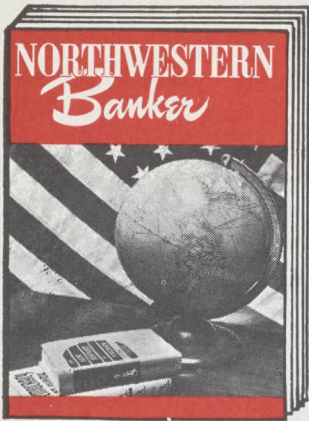
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abortive effort undertaken last summer by Local 12.

**OKLEE:** The Security State Bank recently opened for business in its new building recently. The new 40 by 50 foot banking facility is located on the same corner as the old building. Gene Beito is president of the bank that was founded in 1937.

**SAVAGE:** The board of directors of the Savage State Bank announced the purchase of the bank by John O. Kessler, III. Mr. Kessler, serving as chairman of the board of the Savage State Bank and the First National Bank of New Prague was named to the position of president of the Savage State Bank, succeeding Obert M. Udem, who has resigned.

### SOUTH DAKOTA NEWS

**HURON:** Neil Milner, executive manager of the SDBA, has announced that The Federal Reserve is planning a series of meetings in South Dakota on August 9, 10 and 11, in which the new Federal Reserve President, Bruce MacLaury, will be in attendance. The meeting dates, places and times are as follows: August 9 - Ramada Inn, 4:30 p.m., Sioux Falls; August 10 - Arrowhead Country Club, 4:30 p.m., Rapid City, and August 11 - Ward Motor Inn, 4:30 p.m., Aberdeen. All South Dakota bankers are encouraged to attend these meetings whether or not they are members of the Federal Reserve.

### COLORADO NEWS

**BOULDER:** The 21st annual Colorado School of Banking will be held August 1-13 on the University of Colorado campus, sponsored by the Colorado Bankers Association in cooperation with the Colorado University school of business. Approximately 170 bankers from 18 states will attend the school, one of five regional schools in the nation. Emphasis in the school is placed on basic policy and managerial problems

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**DENVER:** The Colorado State Bank recently announced the formation of a trust department under the direction of Vernon T. Reece, Jr., who was named vice president and trust officer. This expansion of service to customers is in connection with the move into the new bank building across from its present banking quarters. Mr. Reece was formerly manager of the Colorado Business Development Corporation.

**DENVER:** Perry B. Hendricks well-known area banker died recently after a brief illness at the age of 80. He was a former vice president of the U.S. National Bank of Omaha. Later he traveled for 15 years in Wyoming, Colorado and South Dakota as a representative of the U.S. Check Book Company.

**LAKESWOOD:** The United Bank of Lakewood announced the promotion of Ronald A. Dahlberg to vice president in charge of personal banking and marketing. He joined the bank in 1968 and became an assistant vice president last January.

### ILLINOIS NEWS

**CHICAGO:** Thomas D. Stocks, Jr., has joined the bank as vice president of operations at the Lake View Trust and Savings Bank. Robert E. Herbstler was named vice president in the loan division. O. J. Dollard was named assistant vice president and Raymond W. Kinzie

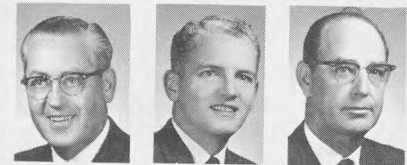
was named vice president and trust officer. Spyros Xintaris was elected a trust officer and Peter D. Walter was named assistant trust officer.

**GALATIA:** The Galatia Community State Bank recently received approval from the FDIC for deposit insurance. Total capital accounts are \$400,000. Cecil B. Pulliam is president.

**LANSING:** Gilbert Bettinardi has been elected vice president at the First National Bank. Terrence A. Noreus has been elected trust officer.

**LOUIS:** Ronald W. Wallace has been elected president of the Union National Bank. He replaces Louis A. Engelhard who is retiring after 45 years of service with the bank.

**MONTICELLO:** The First State Bank of Monticello recently received FDIC approval for a motor facility.



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Leo  
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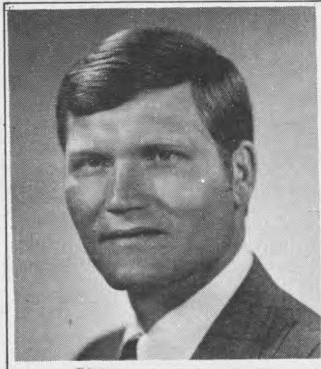
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### Incomes Policy

(Continued from Page 1)

monetary policy has, throughout the first half year, provided ample liquidity to facilitate a potential economic recovery. Further credit easing, we feel, would only risk releasing new inflationary pressures — thus our call for an incomes policy to augment prudent monetary and fiscal policies to help speed the transition back to more stable prices without prolonging the period of excess slack in our economy.”

### ILLINOIS NEWS

Continued from page 3

**OAK BROOK:** Application for a permit to organize a new state bank to be known as the First Security Bank of Oak Brook. The proposed capitalization for the new bank would be \$1,000,000 which would consist of \$400,000 capital stock, \$400 surplus and \$200,000 reserve. Capital would be raised by the sale of 40,000 shares of stock at \$25 per share.

**ROCKFORD:** Ellip P. Waller has been named vice president in the banking department of the Illinois National Bank and Trust. He was recently affiliated with the accounting firm of Price Waterhouse and Company as a consultant.

**WHEATON:** Todd A. Freedlund has been named auditor at the Wheaton National Bank according to a recent announcement.

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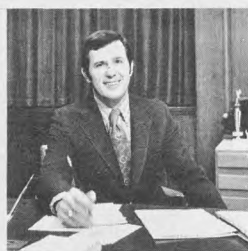
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