

NORTHWESTERN Banker Newsletter

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Government Owes Citizens Better Facts

By JOHN CHRYSTAL
President
Iowa Savings Bank
Coon Rapids, Iowa

Ed. Note: Mr. Chrystal delivered the following as his President's Address to the 87th convention of the Iowa Bankers Association in Des Moines October 22.

THE first line of Charles Dicken's novel "The Tale of Two Cities" says, "—these are the best of times, these are the worst of times."

For Iowa bankers and their important customers — the farmer and businessmen — these words are currently appropriate. The "best" is easy to see. Bank earnings as related to capital are higher than at any time in modern banking history. Deposit growth is excellent. Both high earnings and deposit growth apparently will continue well in 1974.

The farmer has harvested a bumper crop which he will sell at record high prices. Livestock products have had record market values. Both high livestock and high grain prices apparently will continue through at least 1974. These increased prices are reflected in very substantially increased farm land values. Iowa and national manufacturers find the demand for their products at high prices outstripping the ability to produce. Labor enjoys greater wages and benefits than ever before. These may be, as Charles Dickens said, "the best of times."

These are not "the worst of times" as some would have us believe and yet our nation stirs with uneasiness and I join in that feeling. The problems this nation faces are



JOHN CHRYSTAL

problems that individual citizens can not solve — because they have been created by foolish governmental action and governmental inaction, contributed to by both political parties and several administrations.

An ounce of gold today will buy about three times as many American dollars as it would three years ago. It is a good question as to whether American agricultural product prices have risen in the world market or whether the dollar has fallen. Since world monetary values, like water, finally find a level, this extraordinary inflationary action will within the foreseeable future find its way to Iowa.

Confidence in the dollar has fallen, in my opinion, because our government has felt

for 10 years that it could spend \$30 billion each year in a 10-year war, without enacting economic controls to offset those military expenditures which were not economically reproductive. In addition, we currently arm here and abroad to keep our country safe to the tune of an \$80 billion defense budget. What does safe mean? Safe enough to be the policeman of the world? Safe enough to have meaningful world diplomatic effect? Safe enough to protect ourselves from attack or invasion? Or, so safe we damage our economy to an irreparable point? Whatever point of safety we desire, there is a price for this safety which no recent American government has presented as the necessary result of nearly unlimited military spending.

We are paying now in dollar devaluation and severe economic controls both possible alternative prices for fiscal irresponsibility. Our government did not tell us of these inevitable costs when it moved to be policeman of the world. The American public *is* capable of wise choosing — but it has needed to know such facts and needs to know them now.

A result of this inflation has been an astronomical rise in interest rates to borrowers. We have historically had one difference with the rest of the world, contributing to the historic economic health of the United States — the low cost of money. When money cost is not a prime factor in business decisions it is much easier to decide to remodel plants, call old manufacturing processes obsolete, to join new ventures or to increase farm size. Money cost is

(Turn to Page 3, please)

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1st of Chicago Sets Dates

The First National Bank of Chicago will host its 26th annual Correspondent Bank Conference in Chicago on November 19-20.

IOWA NEWS

COUNCIL BLUFFS: Funeral services were held recently for LaVerne Tollinger, longtime Bluffs banker and attorney. Mr. Tollinger, 83, retired as a vice president of the Council Bluffs Savings Bank in 1962.

DES MOINES: David Taylor, president, First Federal State Bank, has announced the appointment of Louis D. Nussbaum, retired partner of Peat, Marwick, Mitchell & Co., to the bank's board of directors and Donald J. Tew and Ronald Andersen as vice presidents. Mr. Tew most recently was vice president and director of First National Bank, West Des Moines, and prior to that was vice president-cashier at South Des Moines National Bank. Mr. Andersen, formerly an assistant vice president, succeeds Donald D. Keller in charge of installment loans. Mr. Keller retired recently as vice president and director.

DES MOINES: On Saturday evening, November 17, the first floor of the Financial Center, 666 Walnut Street, will be the scene of the annual Charity Ball. Iowa-Des Moines National Bank has donated the facilities for this function and the David H. Murdock Development Co. is donating the use of the parking ramps.

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DES MOINES: Glenn Abegg, 69, who retired from Bankers Trust Company in 1969 after 43 years of service, suffered a heart attack last week and is confined to Lutheran Hospital in Des Moines.

JEFFERSON: Home State Bank has received approval to open an office at 1201 North Elm.

EAGLE GROVE: Larry Trepp, 39, has been named vice president of the Security Savings Bank. He had been assistant cashier and agricultural representative of the First National Bank of Waverly.

MASON CITY: John A. Bleakney has been named farm loan officer of the United Home Bank and Trust Co. He has been associated with the bank for the past 18 months as a trainee.

MINBURN: Application has been made by Dallas County Savings Bank to the state banking department to move its main office to Adel and retain an office in Minburn. A hearing date has not yet been scheduled.

OTTUMWA: Waxile Kitterman and Patricia M. Kutcher have been promoted at the Union Bank and Trust. Mr. Kitterman is now accounting officer and Ms. Kutcher is assistant cashier.

WAVERLY: Janice Johnson, mortgage and commercial loans department, and David Croy, manager, installment loan department, have been promoted to assistant cashiers at the First National Bank.

WEST LIBERTY: Gary Penningroth has been elected vice president and farm representative of the West Liberty State Bank. He had been with the First National Bank of West Union.

NEBRASKA NEWS

A Bank Training Seminar, to be held at New Tower Restaurant, 7764 Dodge, November 8, has been announced by Ed Ostransky, chairman, forum and seminar committee, Omaha chapter of the American Institute of Banking. The seminar, conducted by speakers William Rogers of Identiseal Corporation and Sgt. Abe Timmons of the Omaha Police Department, will follow a dinner served at 6:30 p.m.

CALLAWAY: L. S. Johnson, president, Seven Valleys State Bank, has announced that the bank has been purchased by Harold P. Stuckey, executive vice president, Lexington State Bank and Trust Company. Mr. Johnson will remain an employee. Mr. Stuckey said he will stay in Lexington. He has not yet named someone to manage the Callaway Bank.

LINCOLN: Mrs. C. Wheaton Battey, Sr., 73, died at a Lincoln hospital last week. Mr. Battey is former chairman of the First National Bank here. She is also survived by one daughter, Mrs. Harold W. Andersen of Omaha, and one son, Charles W. Battey, Jr., a former banker and now senior vice president of United Telecommunications of Kansas City.

OMAHA: Elias J. Eliopoulos and Thomas Cover have been named vice presidents of the First National Bank of Omaha. Mr. Eliopoulos is in operations and Mr. Cover is in personnel.

OMAHA: The American Institute of Banking is sponsoring "The Successful Woman," a conference at the Ramada Inn, 72nd and Grover Streets, on November 13.

The dinner program includes City Councilman Betty Abbott, Juvenile Court Judge Colleen Buckley, developer Madeline Jacobson, Lois Rood of the Eastern Nebraska Community Office of Retardation and the Mayor's committee on the status of women.

ILLINOIS NEWS

A discussion of federal legislation based on the Hunt Commission proposals, profit planning, and a progress report on the Illinois Bankers Association will be among highlights at the IBA's 28th annual Bank



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Management Conference, November 14-15, at the University of Illinois, Urbana. Details of the conference were announced by William H. Westrup, chairman, IBA committee on bank management and president, Downers Grove National Bank.

CHICAGO: Lincoln National Bank has announced several officer promotions: Lewis Richtiger to executive vice president; Harold B. Heuck to senior vice president and controller; Andrew J. Russo to senior vice president and cashier; Joseph P. Valenti to senior vice president, and Daniel C. Aiken to vice president.

CHICAGO: The Swiss Bank Corp. of Basel, Switzerland, has filed an application for permission to establish and maintain a banking office in the central business district of Chicago.

NORTHBROOK: An application for a permit to organize the Charter Bank of Techny, Willow and Shermer Roads, Northbrook (Techny), has been filed. Total capitalization of the new bank would be \$750,000, consisting of \$300,000 in capital, \$300,000 in surplus and \$150,000 in reserve. Applicants include: Louis W. Biegler, Larry L. McGregor, S. N. Tideman, Jr., Eugene E. White, all of Northfield; Allan E. Bulley, Jr., of Kenilworth, and David D. Reid of Northbrook.

MINNESOTA NEWS

COOK: Robert J. Francis has been elected president of the Farmers & Merchants State Bank. Bart Anderson was elected vice president and cashier. Mr. Francis has been with the bank for the last 18 years, serving as assistant cashier and vice president.

HALLOCK: John D. Carpenter has been elected president and director of The Northwestern State Bank, Hallock. He was formerly president and chairman of the board of the First National Bank of Hay Springs, Nebr.

MONTANA NEWS

GREAT FALLS: The Great Falls

National Bank has changed its name to the Northwestern National Bank of Great Falls.

MISSOULA: Mark Lyons has joined the staff of the First State Bank as a loan officer.

BETTER FACTS...

(Continued from Page 1)

now a prime factor in those decisions. Low money costs as compared to the rest of the world have been a part of the very blood of an ever changing American economy — we ought not let that economic benefit pass.

The Hunt Commission and the Federal Reserve system say that limiting rates payable to savers is obsolete, meaningless, and that such rate limits should be eliminated. To that I reply boloney! High interest rates for savers mean high interest rates to borrowers and result in a declining quality of bank loan and investment portfolios as banks seek offsetting income. It means a dislocation, or at least a relocation, of funds for investment in this nation. Certainly it means quick flows of money to areas of high return and from areas of low return.

Does this augur well for Iowa and agriculture? I believe not. The relaxing of limits of both borrowed and saved money must inevitably lead to major changes in our financial structure, not just of banks, but of the whole structure — including much greater active participation in the actual deposit, lending, money management, and allocation function of our financial industry by government.

A financial industry without restraints is dangerous for all of us and yet we are now throwing off the fetters with increasing speed, governmental sanction, and large bank encouragement. This country is reacting to foolishly created economic problems instead of correcting them.

Agricultural prices this year have fueled the fires of inflation more than any other ingredient of the economy. The blame for this fact must be laid at the door of either the

Bureau of the Budget or the U.S.D.A., whichever is in charge of U.S. agricultural policy. Before the spring plantings of 1973, the thousands on the Agricultural Department staff certainly should have been able to provide the Secretary with the amount of grain on hand in the United States, as well as the projected livestock members.

The dollar was already falling precipitously in value. Crop estimates or yields in the southern hemisphere were available. It appeared that even with a high yield in 1973 that grain supplies would be very tight. With those facts in hand our government unbelievably restricted tilled acres in 1973, instead of raising the sealing prices and asking for full production. Very near to the date I got a large government check, \$90.00 per acre for idling land on my farm, new crop corn was nearly \$3.00 per bushel, new crop soybeans \$8.00 a bushel, and cattle and hogs were in very short supply.

To solve the price problem our government implemented temporary price freezes and embargoes. Temporary, that is, until it was obvious that embargoes struck at dollar stability and freezes caused greater shortages than no freezes. Now the livestock producer is faced with the most unstable future in his life caused by an extreme shortage of feed grains. Even to achieve this short grain supply, the U.S.D.A. predicted, in early spring, the second largest yield per acre in history—instead of an average of the last five or ten years. An intentional planner couldn't have messed up the market situation more this past year. With governmental experts like this we don't need economic enemies. And there is no chance that the

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BERNIE MILLER

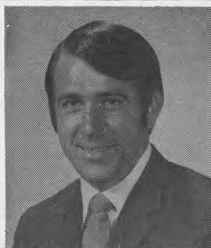
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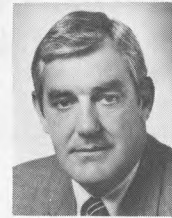
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situation can improve before the harvest of 1974, and I believe not then.

We have severe shortages of machines, gasoline, repairs and, perhaps most important of all for next year's increased acreage, a shortage of nitrogen fertilizer. How our economy came upon these sudden shortages is a puzzle to me. National economic planning is one thing this country ought to provide instead of the current startling disparities.

What does all this mean? I believe it means a serious economic readjustment is headed our way. We have to hope that it may be cushioned.

Fortunately, for once, agricultural America will be in better shape than the rest of the country. Our products are and will be in short supply the world over — the world's population grows 80,000,000 per year and they want more and better food without the ability to produce it. The Great Midwest can.

What can you and I do? We can demand of our government that we are presented the facts from which to make a judgment. We can ask our existing lawmakers to demand to know the plans and projections for the future that we may attempt to control our own destiny instead of drifting with the economic tides in no direction. You and I and our customers deserve no less.— **End**

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