

NORTHWESTERN Banker Newsletter

Vol. 3 No. 56

Des Moines, Iowa

May 27, 1974

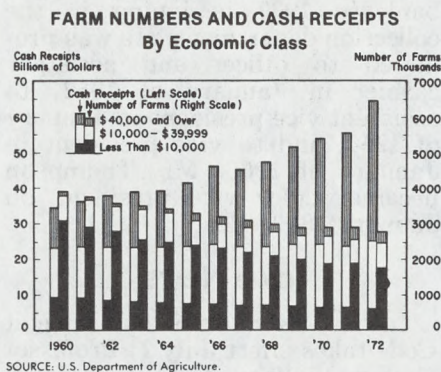
Control of Ag Production Is Shifting

Agricultural production increasingly is shifting into the hands of large commercial operators, but the degree of economic concentration in agriculture today is not nearly as great as in other industries, according to Dr. C. Edward Harshbarger and Dr. Sheldon W. Stahl of the Federal Reserve Bank of Kansas City.

Through the adoption of technology, new production and marketing patterns have emerged that have significantly altered the structure of agriculture. Farms with annual sales above \$40,000, while comprising a small percentage of the total number of farms in the United States, now account for more than 60 per cent of the output and receive nearly 50 per cent of the realized net farm income. And the marketing system, at least for certain commodities, seems to be focusing on new relationships between producers and processors that frequently skirt the open market pricing mechanism.

If these trends toward greater economic concentration and more coordinated marketing systems continue, which seems likely, how can the interests of individual producers, and ultimately the consum-

er, be protected? Many farmers have already been forced out of business, and increasing concentration will undoubtedly impinge on the



individual freedoms of farmers as more group action develops through mergers and collective bargaining. Furthermore, farmers will be faced with deciding if they want to maintain an open competitive market for their products—something that will require great effort and possibly special legislation.

The move to more closely coordinate the production, marketing, and servicing activities in the food industry has usually resulted in savings and improved quality because of better use of technology

and managerial expertise. On the other hand, to the extent that food processing and retailing have become more concentrated, it has encouraged expansive schemes to artificially differentiate products and capture larger market shares, pushing consumer prices up.

Therefore, given the increasing concern on the part of the public over both the ready availability of food and its price, economic policymakers should consider the matter of economic concentration in agriculture and its future implications carefully.

Farmland Values Rise

Farmland values in the midwest rose nearly 25 per cent in 1973, the sharpest annual increase in over half a century. The Federal Reserve Bank of Chicago, in its monthly review, "Business Conditions," says four factors converged last year to bring about the large gain.

- Current and prospective crop prices significantly increased net returns on farmland.
- Credit to finance farmland purchases was readily available.
- Pressures to enlarge farm size mounted as farmers added to their machinery inventories. (Tractor sales jumped 26 per cent in 1973.)

(Turn to back page, please)

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"Seek Quality Bonds Prior to Rate Decline"

"It's not a question of whether or not interest rates are going down. It's when and how much."

This was the comment made by William Hummer of Wayne Hummer & Company, Chicago, in talking before the Group 4 meeting of the Iowa Bankers Association. Mr. Hummer feels that short-term rates will turn down rather sharply by late June; medium-term rates will come down to some extent, and long-term rates will move down modestly.

Reasons for the decline in rates include lack of growth in exports, no big push for greater government spending, and consumer pessimism.

Mr. Hummer declared that the reason many forecasters were wrong about rates during the first part of 1974 can be attributed to worldwide inflation coupled with bank loan demand that exploded out of all proportion. He feels that now is the time for banks to move into federal agencies and government yielding up to 9%. Also, he feels that it is a good time to "lock in" 5% yields on AA tax-exempts offered on a short-term basis.

According to Mr. Hummer, emphasis should be on short maturities in this quality conscious market.

Roy A. Thompson

Funeral services were held recently for Roy A. Thompson, senior vice president for the midwest area group, business development department, of the United Missouri Bank of Kansas City.

Mr. Thompson, 56, joined the bank in 1937 beginning in the collection department. He was promoted to officer and assistant cashier in January of 1952, to assistant vice president in January of 1956, and to vice president in January of 1960. Mr. Thompson became senior vice president on January 18, 1971.

Iowa News

Iowa's new Consumer Credit Code takes effect July 1. Professor George Wallace, College of Law, State University of Iowa and Nathaniel Butler, attorney who worked with commissioners on Uniform State Laws in drafting the Code, will conduct three hour workshop sessions during June. Dates and places follow: Monday, June 3—Ottumwa, Coliseum, 9 a.m. and Iowa City, Highlander Inn, 2 p.m.; Tuesday, June 4—Dubuque, Julien Motor Inn, 9 a.m. and Waterloo, Ramada Inn, 2 p.m.; Wednesday, June 5—Fort Dodge, Starlite Village, 9 a.m. and Des Moines, Hotel Fort Des Moines, 2 p.m.; Thursday, June 6—Sioux City,

Auditorium, 9 a.m. and Council Bluffs, Abraham Lincoln High School cafeteria, 2 p.m.

DES MOINES: Collin Fritz has been promoted from executive vice president to vice chairman of Central National Bancshares, Inc., holding company of the Central National Bank and Trust Company and three other Iowa banks. He has resigned as president of the Central National Bank and Trust Company of Des Moines and will devote full time to activities in Central National Bancshares, Inc., according to B. C. Grangaard, chairman and president of Central National Bancshares.

Raymond G. Johnston has been promoted from senior vice president of the bank to president and has been elected a director.

E. Robert Welsch has been elected vice president and personnel director and Kenneth Hall has been transferred from his previous position as manager of the Motor Bank to customer services officer. Mr. Welsch has been senior vice president of the Citizens Fidelity Bank & Trust Company in Louisville, Ky.

MADRID: The City State Bank is holding a 40th anniversary celebration open house on Thursday, May 30.

Nebraska News

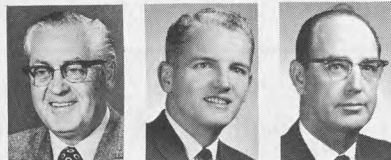
GRETNA: The Federal Reserve Bank of Kansas City has announced its approval of the application by Gretna Capital Co., for prior approval of the formation of a bank holding company through the acquisition of 100 per cent of the voting shares of the Gretna State Bank.

OMAHA: The following appointments have been announced by The Omaha National Bank: John J. Hughes and Raymond I. Howell, executive vice presidents; Leslie A. Patten, vice president and controller; George A. Grieb, vice president retail division operations; Delmar J. Olson, vice president and senior area representative in the correspondent bank department; Stephen A. Colgan and Karry A. Johnson, operations officer; Michael J. Dahir, William F. Kabourek, Janice Larkin and Gary D. Maples, assistant commercial loan officers. Mr. Hughes is head of commercial banking and Mr. Howell is in charge of retail division operations.

The Omaha National Corp., the bank's holding company, also

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announced the appointment of Robert E. Myers as planning officer and Melvin R. Katskee, assistant counsel.

OMAHA: Vollis E. Summerlin has been named second vice president in the instalment loan division of the First National Bank. He formerly was with the United Virginia Bank of Newport News, Va.

OMAHA: Dan L. Lastavich has been elected a vice president of Chiles, Heider & Co., Inc., an Omaha-based investment banking firm. He formerly was vice president and resident manager of the Omaha office of Dain, Kalman & Quail, Inc.

Minnesota News

The following Minnesota Banks have increased their capital stock by stock dividend: Golden Valley State Bank, from \$250,000 to \$500,000; Pine River State Bank, from \$25,000 to \$100,000, and Farmers State Bank of Eyota, from \$30,000 to \$100,000. Dundas State Bank has increased its capital from \$135,000 to \$160,000 by sale of new stock.

CLARKFIELD: Leo Alexander has joined the Farmers & Merchants State Bank as insurance manager and loan officer.

Illinois News

William O. Kurtz, president, Metropolitan Bank & Trust Company, Chicago, was elected president of the Illinois Bankers Association during the 83rd annual convention in Peoria May 21. He succeeds James P. Ghiglieri, president, Citizens National Bank, Toluca. Other officers are: Vice Pres.—Arthur F. Busboom, president, Bank of Rantoul; 2nd vice pres.—Ray G. Livasy, president,

Millikin National Bank, Decatur, and Treas.—H. Hurst Gibson, president, City National Bank & Trust Co., Rockford.

At the business session, IBA members voted to adopt a resolution which in effect leads to a distinct change in the previous position opposing any change in the present unit bank structure in Illinois. The amended resolution as adopted, after referring to various competitive factors today, states: "Take immediate steps to develop a plan for possible structure change which could adequately compete with these developments. Such resulting plan would then be submitted to the membership of the association by mail ballot for approval. Until the membership approves such plan, the officers and administration of the association shall continue to oppose any structure change. However, realizing the importance of expediency, this action should be completed before the year-end of 1974 at the latest."

A resolution presented by Mr. Ghiglieri was voted down. It would permit branching within 10 miles of the home city, or up to 50 miles for multi-bank holding companies, providing for one new office per year, and granting home office protection.

Further details will be published in following issues.

CHICAGO: H. Robert Bartell, Jr., is resigning as state commissioner of banks and trust companies June 1 to become president of the Federal Home Loan Bank of Chicago. Mr. Bartell, 39, was appointed commissioner by former Gov. Richard V. Ogilvie in 1971. No successor has been named.

CHICAGO: Joseph Butler has been appointed executive vice president of Sears Bank and Trust Company. He was senior vice president.

CHICAGO: The Drovers National Bank has announced the following changes: Chester J. Sepiol, assistant cashier, appointed assistant vice president, and Joseph E. Brniak, appointed an assistant cashier.

CHICAGO: The third Mid-America Lending Workshop will be held June 5-7 at the Palmer House. The commercial lending division of the American Bankers Association is sponsor. Theme is the Energy Crisis.

ROSELLE: An application for a permit to organize the First Colonial Bank has been filed. Total capitalization would be \$1 million. Applicants include James R. Modrall, Barrington Hills; C. Paul Johnson, Chicago; E. F. Schwarzer, Robert J. Allen, and Gary Pileski, all of Roselle, and Olga Kowaliuk, South Elgin.

Colorado News

DENVER: United Bank of Denver has announced the following promotions: Robert L. Wagner, assistant vice president, commercial banking; Dennis M. Foley and Gerald F. Koch, assistant vice presidents, personal banking, and Shirley I. Baird, personal banking officer.



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Wyoming News

CASPER: Conrad G. Flohr, formerly vice president and cashier with the First State Bank, Kimball, Nebr., has been named an assistant vice president of the Wyoming National Bank.

CHEYENNE: The following promotions at the East Cheyenne National Bank have been announced: Gayle A. Gaskill to cashier, Janice Jones to assistant vice president and Robert Morrison to loan officer.

North Dakota News

COOPERSTOWN: Vern Schroeder has been named assistant cashier and manager of the timepay department of the First State Bank.

South Dakota News

FLANDREAU: Several staff promotions have been announced at the Farmers State Bank following the death of Thomas J. Hart who had been bank president since 1969. Kenneth Duncan was named president and Dwayne Halse was promoted to executive vice president. Robert Reiter was promoted to cashier, vice president and director. Dick Emter, Kenneth LaPlante and Ilene Cloud were advanced to assistant cashiers. Kenneth Luvaas recently joined the bank.

LEAD: Wallace (Wally) Furze recently announced his candidacy for the Republican nomination for Lawrence County commissioner. He is vice president and manager of the Lead office of the First National Bank of the Black Hills.

WATERTOWN: A. J. Dondelinger has announced that a group headed by Deryl F. Hamann of Omaha, Nebr., has purchased control of Farmers & Merchants Investment Co., a one-bank holding company which owns controlling stock of Farmers and Merchants Bank & Trust here. Mr. Hamann will become chairman and chief executive officer. Wayne E. Bredeson will remain president and chief operating officer. No other personnel changes are contemplated.

Farmland Values

(Continued from Page 1)

•Farmland prices have increased faster than the rate of inflation, leading investors to view farmland as a good hedge against inflation.

The levels of farm income and interest rates will be the most important factors affecting farmland demand in 1974. Through the first quarter, farmland values in the Seventh District states of Illinois, Indiana, Iowa, Michigan, and Wisconsin continued to rise at an accelerated rate. However, an increasing proportion of district bankers foresee stabilizing land prices in the months ahead.

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Vol. 3 No. 56 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all main subscriptions, changes of address (Form 3579) manuscripts, mail items to above address.