

NORTHWESTERN Banker Newsletter

Vol. 3 No. 71

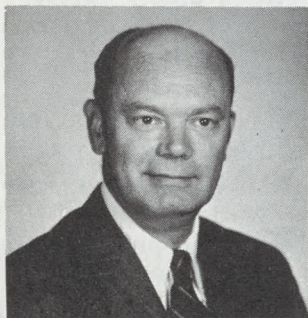
Des Moines, Iowa

September 9, 1974

"Good Economics = Good Politics"

The ailing economy will limp along until mid-1975, avoiding any serious recession, and then take a turn for the better.

That's the economic forecast presented by Harvey N. Daniels, vice president, economist and



Harvey N. Daniels

senior investment officer of the First National Bank of Minneapolis.

Near-term, however, he sees a declining rate of real output for the final quarter of this year as housing continues to weaken, imports exceed exports, consumer spending fails to pick up and businesses slow the pace of inventory accumulation.

Mr. Daniels expects the bad inflation experience of 1974 to continue into 1975, but with a gradually declining rate which will dip to 7 per cent by year-end. By comparison, the consumer inflation rate the first quarter of this year hit double digit proportions which took it to an all-time high of 12.2 per cent.

"The years of fiscal irresponsibility which produced repeated massive federal deficits must end if the U. S. economy is to survive," said Mr. Daniels. "In the conduct of monetary policy, periods of excessive stimulation which have fueled inflation need to be firmly and consistently avoided.

"There is reason to hope that good economics is, and increasingly will be, recognized as good politics. The public can have real hope that for the first time in decades effective discipline over federal spending decisions will be imposed."

An encouraging outlook was forecast for an increase in spendable personal income. The first quarter increase of 1974 was 4.9 per cent. That is expected to jump to 11.9 per cent during this, the third quarter, and continue to increase by about 10 per cent in 1975.

Bad news is predicted by Mr. Daniels in the rate of unemployment. He foresees an increase from the present rate of 5.3 to 6.5 per cent by the end of next year.

New housing starts are expected to begin a gradual increase starting next quarter and running throughout 1975. Starts at an annual rate of 1.626 million are forecast for the fourth quarter of 1975, still well below the estimated annual need for 2 million units, and far off the 1972 peak of 2.36 million.

Money rates, according to Mr. Daniels, should begin to trend downward before 1974 comes to an end. And overall, his forecast calls for an increase in current dollar Gross National Product growth of \$139 billion from the \$105 billion anticipated for 1974.

Long maturity bond yields are not expected to show more than a minor sympathetic (with money market rates) decline as investors heightened inflation expectations remain a very strong influence.

Minnesota Independents Reject Size Limit

Bruce W. Lloyd, president of the Heron State Bank, has been elected president of the Minnesota Independent Bankers at the annual convention held at Alexandria, Minn., last month. He succeeds Paul W. Bergien, chairman, Community State Bank, Alexandria.

Other officers elected for the ensuing year were first vice president, E. Milton Klohn, president of the Town & Country State Bank, Newport; second vice president, Richard H. Plunkett, chairman, Rochester Bank & Trust Company, and treasurer, Rolf B. Hage, president of the Westbrook State Bank.

Members voted down a resolution made by the Association's resolutions committee, which would bar a multibank firm from

(Turn to back page, please)

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Iowa News

ARNOLDS PARK: Douglas Noble has joined the Lakes National Bank. He previously was with the Sheffield Savings Bank.

DES MOINES: James S. Follon has been named assistant vice president in charge of instalment loans at Plaza State Bank.

INDEPENDENCE: Percy Sorg, 77, executive vice president of the Farmers State Savings Bank, died suddenly August 28 at the bank.

LATIMER: Ray Erpelding has joined the Latimer State Bank as executive vice president. He most recently was a bank examiner for the Iowa Department of Banking.

SIOUX CITY: Joe T. Grant, chairman of the First National

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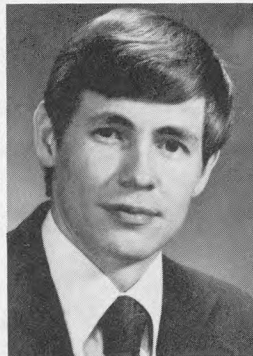
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Merchants National Bank 
Cedar Rapids, Iowa 52401 A BANKS OF IOWA BANK

Bank, will retire on September 16 after 37 years of service to the bank. He will remain a director and a member of the executive and loan committees as well as serving as a special consultant.

Lineup for IBA Convention

Seldom has the Iowa Bankers Association had such a great lineup for its annual convention to be held October 6-9 at the Fort Des Moines Hotel in Des Moines.

Speakers include Neil Armstrong, the first man on the moon; Mary Roebling, the first woman chief executive of a major bank; Elliott Richardson, former U. S. Attorney-General, Secretary of Defense, Secretary of HEW; Tom Brokaw, NBC White House correspondent, Jesse Owens, the black athlete who sent Hitler into a rage, and a dozen more leading economists, agricultural experts, bankers, government and educational leaders.

Minnesota News

Minnesota District Meetings begin next week. Dates and places are: Group 1, Sept. 16, Kahler Hotel, Rochester; Group 2, Sept. 17, Orchid Inn, Sleepy Eye; Group 7, Sept. 18, Ramada Inn, Marshall; Groups 3, 4 and 5, Sept. 23, Midland Hills Country Club, St. Paul; Group 6, Sept. 24, Madden's, Brainerd; Group 8, Sept. 25, Holiday Inn, Grand Rapids; Group 9, Sept. 26, Eagles Club, East Grand Forks.



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IOWA-DES MOINES NATIONAL BANK 

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CLOQUET: Donald W. Pykkonen has been elected assistant vice president of the First National Bank here.

MINNEAPOLIS: Clarence Adams has been named president of Banco Financial Corporation, a newly formed Banco subsidiary, according to Henry T. Rutledge, chairman of Northwest Bancorporation.

Nebraska News

LINCOLN: Approval has been granted to NBC Co. to retain stock of City National Bank of Hastings; LBE Co., Lincoln; and Crete State Bank.

LINCOLN: First National-Lincoln will host its 14th annual Correspondent Bank Conference on Friday and Saturday, September 13-14.

Illinois News

What foreign buyers expect of Illinois producers, a view of what exports mean to Illinois agriculture, and an appearance by Robert J. Williams, state agriculture director, will be among the features at the 28th annual IBA agricultural credit conference, September 18-19, at the Ramada Inn in Champaign.

CHICAGO: Allen F. McGuire has been elected auditor of the Aetna State Bank.

CHICAGO: W. James Armstrong, senior vice president, has been appointed head of the banking department at Northern Trust Co.



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CHICAGO RIDGE: An application for a permit to organize the Chicago Ridge State Bank has been filed.

NORTHPARK: An application for a permit to organize the North Park Bank in unincorporated Winnebago County has been filed. Total capitalization of the new bank will be \$750,000.

PEORIA: A one-day marketing seminar for Illinois community banks will be held Wednesday, September 11, at the Peoria Hilton Hotel. The program, which is sponsored by the marketing and public relations division of IBA in cooperation with the ABA, is designed for top executives of small and medium size community banks.

PEORIA: An application for a permit to organize the American Bank & Trust Company here has been filed.

ber 9-13. The programs include the official welcome by Henry Schelle, SBA president, a presentation on kidnap/extortion by the Federal Bureau of Investigation, and open discussion regarding the South Dakota Pledging Law, Electronic Funds Transfer and Direct Return of Unpaid Items, followed by the business meeting. Registration will be from 2-4 p.m. each day. Social hour begins at 6:30 p.m. and the banquet at 7:30 p.m. Dates and places follow:

Sept. 9, Group 2, Sheraton Motor Inn, Aberdeen.

Sept. 10, Group 4, Citizens Bank, Mobridge; banquet, Mobridge Country Club.

Sept. 11, Group 5, Holiday Inn of the Northern Black Hills, Spearfish.

Sept. 12, Group 3, Holiday Inn, Mitchell.

Sept. 13, Group 1, Staurolite Inn, Brookings.

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TEA: An application from the Valley Exchange Bank, Lennox, for an office here has been approved. Certificate of authority has not been issued.

Colorado News

DENVER: Two officers have been elected at the United Bank of Skyline. They are Ralph C. Pedersen, cashier, and Patricia Cavaliere, commercial loan officer.

NORTHGLENN: R. K. McCoy has been elected senior vice president, director and member of the executive committee of the First National Bank.

South Dakota News

The 1974 Group Meetings of the South Dakota Bankers Association are being held this week, September 9-13.

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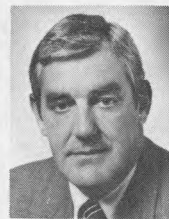
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Minnesota Independents...
(Continued from page 1)

controlling more than 5 per cent of the state's bank deposits. A "grandfather" clause would have been established for firms whose present percentage exceeds 5 per cent. In addition, the proposed legislation would have, for all intents, bared overseas banks, as well as out-of-state institutions from conducting a banking business in Minnesota.

Regarding the proposed Minnesota correspondent bank, officials disclosed that negotiations are continuing in the Comptroller's office on a ruling permitting national banks in Minnesota to buy shares in the Independent State Bank.

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