

NORTHWESTERN Banker Newsletter

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July 28, 1975

Outline Future Farm Credit Needs

"Adequate credit is indispensable for today's farmers as they strive to meet the new level of demand for their production." U. S. Under Secretary of Agriculture J. Phil Campbell made this statement at the annual convention of the Iowa Independent Bankers at Lake Okoboji, Ia., last week.

"Farms are growing larger to remain competitive and the cost demands of production are growing at the same time," Mr. Campbell said. "Not only does larger, more efficient machinery need to be bought, but inflation exaggerates all the costs of production and the farmer finds he must have more and more credit to survive.

"Fortunately, the demand for American farm production has been high and is expected to remain high in the future. Still there will be ups and downs in effective demand and in prices and the successful farmer will take these into account as he plans his credit needs for the future."

Smart money management is a key ingredient in the mix that makes the successful modern farmer, the Under Secretary said.

Growth Potential

"Knowing that the growth potential of American agriculture has never been greater and that he is building equity for his old age,



J. Phil Campbell

the modern farmer has learned to live with the probability of permanent debt," the second-ranking U. S. Department of Agriculture official said. "In most businesses, profit is not large enough to recoup capital structure. Most large businesses found the solution to this problem in the corporate structure. But the profit level of farming has never been great enough to support the sale of stock on a broad basis in agriculture. And frankly we do not want large corporate domination of farming. We prefer the family farm for the bulk of agricultural production. The family farmer, who makes a living out of his own management and his own labor, is a tough competitor for corporate farming.

"Farmers have learned to live with a philosophy that is new to them: the idea of permanent debt.

"As the appreciation of land has made possible the additional credit needed to compete in modern

farming, farmers spend their active days building assets so that when retirement comes, they find themselves with quite a bit of equity for their old age.

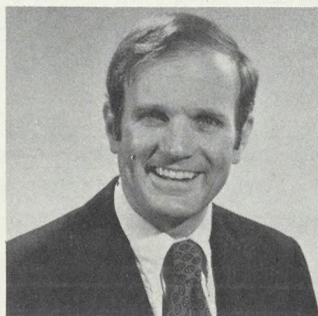
"They plan to clear operational expenses even if they may not always be able to reduce capital debt."

Reinvestment is a way of life on today's farm, Mr. Campbell said. Credit, he said, is as vital to the operation of the farm today as electricity and fuel are to the running of the farm machinery.

Credit Availability

"With credit, today's agriculture is a wonderful machine," the Under Secretary said. "Credit is one of the forces which has made it possible for world food production to keep ahead of world population increases. In the past two decades, 1954-73, food production has declined only once—in 1972. The trend rate for food production during that period was 2.8 per cent, compared with a 2 per cent trend rate of increase in world population. So the world per capita food production actually increased at a rate of 0.8 per cent a year over those 20 years. On average, the 3.8 billion people in the world in 1973 had about one-fifth more food to eat per person that did the 2.7 billion people inhabiting our planet in 1954."

FUTURE FARM CREDIT. . . .
[Turn to back page, please]



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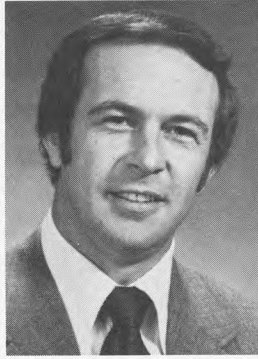
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Iowa News

BOYDEN: Controlling interest in the Farmers Savings Bank has been purchased by Mr. and Mrs. Wendell Rensink. He will become chairman on August 1, when he moves from the Dixon office of the First Trust and Savings Bank, Wheatland, where he has been manager. Glen Rensink will continue as president of the Boyden bank.

DES MOINES: C. Robert Brenton, president, Brenton Banks, Inc., Des Moines, and IBA treasurer, has been nominated for vice president of the Iowa Bankers Association. John Dean, president, Glenwood State Bank, has been nominated for treasurer. The official ballot will be mailed in September.

LEON: Carolyn Rice has been named cashier of the Decatur County State Bank.

MARION: First National Bank has applied for a state charter. The bank would be called First Bank and Trust Company of Marion.

OELWEIN: Stacy Ware has been named cashier of the Oelwein State Bank, replacing Richard Ramsey, who has accepted a job as director of the NEI Area Agency on Aging.

OTTUMWA: South Ottumwa has promoted Don Roemerman to

executive vice president, replacing Ralph Watson, who retired; Phil Drum to vice president and manager, personal loans, and Carl Dencklau to vice president.

PALO: Controlling interest in the Palo Savings Bank has been purchased by Wayne Smith from C. L. Anderson and Associates of Sioux Falls, S. D. Mr. Smith is president of the First National Bank, Evansdale and vice president of the Sloan State Bank.

SIoux CITY: F. Forbes Olberg, chairman of the board and president of Banks of Iowa, Inc., a Cedar Rapids based holding company, and Gilbert C. Swanson, Jr., Omaha, have announced an agreement under which Banks of Iowa, Inc., will pay \$81.51 per share for the 104,281 shares of outstanding stock of First National Bank in Sioux City owned by Mr. Swanson. This represents approximately 95% of the outstanding shares of First National Bank in Sioux City.

The proposed transaction is subject to approval by the Board of Governors of the Federal Reserve System. If this approval is obtained and purchase of the shares of First National Bank in Sioux City is completed, Banks of Iowa will submit a tender offer to the remaining shareholders at \$81.51 per share.

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National Bank of Waterloo

City had assets of \$122,036,565 on June 30, 1975. Banks of Iowa had consolidated assets of \$564,455,132 on the same date.

Banks of Iowa currently has an application pending for approval by the Federal Reserve System to acquire 80.49% of the outstanding shares of Key City Bank and Trust Company, Dubuque, Ia.

Nebraska News

LINCOLN: Effective August 1, Alice M. Dittman will succeed her father, G. A. Frampton as president of Cornhusker bank. Mr. Frampton will continue as chairman. Mrs. Dittman will move from Kansas City to Lincoln. Her husband died April 24, 1975.

OCONTO: Charles Devine has joined The Farmers Bank. He formerly was principal at the North Loup Scotia High School.

OMAHA: Douglas County Bank and Trust Co. has elected John E. Kraft, president of a local car dealership to the board of directors. Harold E. Hyslop, rancher and cattle feeder from Broken Bow, has also been named to the board to succeed his father, Ernest Hyslop.

Minnesota News

BRAINERD: Darold L. Owens has been named vice president - commercial loan department of First National Bank. He formerly was with First Bank System, Edina and Minneapolis.

LITCHFIELD: Ronald A. Arndt

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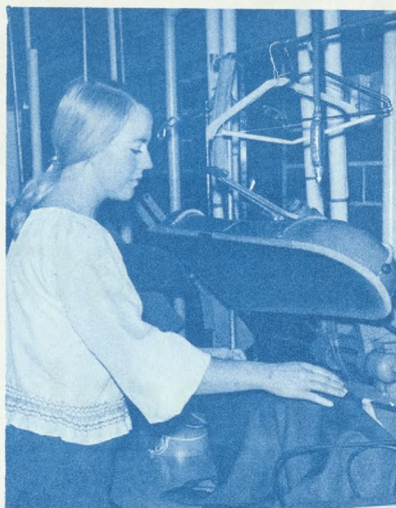
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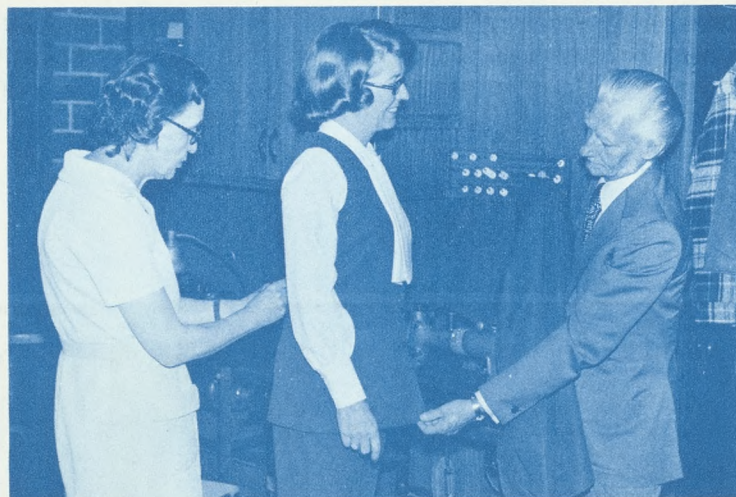
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FIRST NATIONAL LINCOLN

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has been named vice president of the Northwestern National Bank. He was assistant cashier of Northwestern National Bank, Owatonna.

MINNEAPOLIS: Funeral services were held for Mrs. George (Jane) S. Henry, 65, recently. She had recently moved to Dillon, Mont., from Wayzata, Minn., where George had taken a job with the State Bank and Trust Company in Dillon. Mr. Henry retired as vice president of First National Bank of Minneapolis, last year after serving 45 years with First Bank System. Burial was at Platte, S. D.

NORTHFIELD: Harry A. Shearer has been named president of the Northfield National Bank, effective August 1. He most recently was president of the First State Bank of Babbitt.

PLUMMER: Burt Amundson, former executive vice president of the First State Bank, Wykoff, has been named executive vice president of the Plummer State Bank.

ST. CLAIR: Florene Zavoral has been named president of the St. Clair State Bank, succeeding her late husband, Robert, who died on June 21.

ST. PAUL: James W. Reagan will advance from executive vice president to president of American National Bank and Trust Company on November 1. John F. Price, who now serves as chairman, president and chief executive officer, will continue as chairman and chief executive officer. Before joining the bank, Mr. Reagan was with W. R. Grace.

Don Carmody,



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Illinois News

ADDISON: Leslie J. Gomora has been named chief executive officer of First Security Bank. His title will be executive vice president, and he succeeds Donald L. Patten, who recently accepted the presidency of the newly-formed Bank of Creve Coeur, Ill.

North Dakota News

DEVILS LAKE: Bruce G. Parks has been named vice president of the First National Bank. He formerly was cashier of the Bank of Dallas, Dallas, Wisc.

MINOT: First National Bank has named Stephen B. Mays as assistant cashier, and Richard A. Campbell as instalment loan officer.

MINOT: Union National Bank has made three staff promotions. Larry Jochim has been named assistant vice president; Jim Anderson, assistant manager, personal banking center, and Rodney Smette, instalment loan officer. Charles Johnson has joined the timepay department.

ROLLA: First Bank of Rolla has named Peter B. Hollister as vice president and Steven Grell as

manager of the timepay department.

WAHPETON: David A. Lee has been named vice president of the Wahpeton National Bank. Mr. Lee formerly was an assistant vice president in the commercial loans department of Merchants National Bank and Trust Company in Fargo.

South Dakota News

ABERDEEN: Notice has been given to the Comptroller for a proposed merger between Aberdeen National Bank and the Spink County Bank, Redfield.

HURON: The South Dakota Bankers Association has announced the following dates and places for the 1975 Group Meetings:

Sept. 8—Gr. 4—Mobridge
Sept. 9—Gr. 5—Rapid City
Sept. 10—Gr. 3—Chamberlain
Sept. 11—Gr. 1—Brookings
Sept. 12—Gr. 2—Watertown

All meetings start at 4 p.m.; social hour at 6:30 p.m., and banquet at 7:30 p.m.

Wyoming News

KEMMERER: Robert D. Gregg has been named vice president of the First National Bank. He formerly was in Pueblo, Colo.



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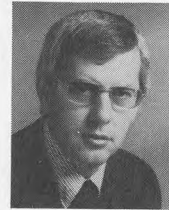
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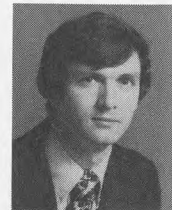
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FUTURE FARM CREDIT. . . . [Continued from page 1]

As to the availability of credit, Mr. Campbell said that farmer borrowers must always compete with nonfarm borrowers for available funds and that the cost of farm credit, like other types of credit, is determined mainly by supply and demand in the general economy.

At present, he said, lenders seem to have adequate loan funds to meet farmer credit that is growing because of increasing production costs and anticipated somewhat lower income.

While expressing unbridled optimism for the future of farming in America, Mr. Campbell noted that "caution has always been a working word in a good farmer manager's vocabulary."

"Smart farmers today," he said, "are the good managers who are using the unprecedented profits from 1972, 1973, 1974 and 1975 to consolidate their financial position so that they may withstand any future shocks that the weather or the markets may deal out to them. The people who extend them credit would be the first to agree.

Good Profit

"While not every farmer in every enterprise will always succeed regardless of location, today's markets tell the farmer he can expect a good profit with close management. And this hasn't been

true in agriculture, other than in World Wars I and II, except in the last few years."

Good profits, Mr. Campbell concluded, are good news for the whole farm community, not only on the production line and in the banks but in the stores and among the services along Main Street.

"We are in the midst of a public debate today which will decide the farm policy of the future," Mr. Campbell said. "Future farm policy will determine whether farmers are again relegated to peasant status and dependent upon the U. S. Treasury—which would certainly cause a tremendous slowdown in overall farm production in the United States—or whether farmers will be allowed to continue producing for expanded markets at home and abroad without government-mandated surpluses to drive down the prices of farm products to a nonprofit level."

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