

NORTHWESTERN Banker Newsletter

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March 15, 1976

Fed Governor Gives Blueprint for Economy

In an address last month before the Dallas Council on World Affairs in Dallas, Tex., Philip E. Coldwell, member of the Federal Reserve Board of Governors, outlined his "Blueprint for the Development of the United States Economy."

Gov. Coldwell reviewed factors contributing to the current economic recovery, the need for increasing capital spending to sustain the recovery, the need for tax reform to strengthen consumer spending and capital spending, and the need for a gain in construction.

He listed inflation as "one of the greatest uncertainties." A major factor that could affect inflation, Gov. Coldwell noted, is "major union contracts coming up for renegotiation." and if these "can be kept at or below the pace in 1975, then the United States has an excellent opportunity to develop a broadly based and relatively balanced recovery with lower inflationary pressures and return to high-level resource utilization ... Such a prognosis, however, must be qualified according to the changing picture of Government finance."

Gov. Coldwell said further that "another major financing question for the nation in this coming year must be that of commercial bank policy." He decried publication of confidential reports on banks,

reminding his audience that "banking is a risk industry. Unless bankers take risks, they cannot support their communities nor the industries and businesses making up those communities. Bankers expect to have some losses ... If risk taking is to be eliminated in the banking industry, banks will no longer serve the nation and the nation's economic recovery would be less than assured. In fact, an abortion of the recovery would be possible."

"Tax policy is also a major question in the financial arena for 1976," Gov. Coldwell said, and "we should mention monetary policy as one of the uncertainties of the coming year."

In concluding, the Fed Governor stated, "In my opinion, we need the following actions:

"**First**, a tax reform measure to stimulate business investment.

"**Secondly**, legislation just extending the tax reductions of the past six to 12 months into the remaining part of 1976; any further reductions should be matched by spending cuts.

"**Third**, a parsimonious budget and expenditure level for the Federal Government with a blueprint of reduced Government spending wherever possible and declining employment ceilings on the Federal establishment.

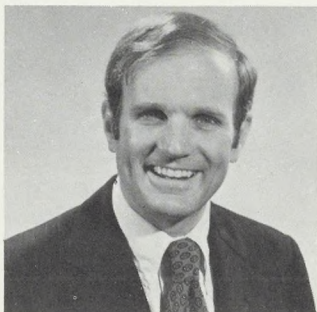
"**Fourth**, Congress should support the reduction in the Government spending, with a clear and impenetrable ceiling, and at the same time, establish as quickly as possible its tax reform proposals so that the uncertainty can be eliminated.

"**Fifth**, we the American people, our elected representatives, and the media should give up this mania of introspection by excessive publicity and disclosure. Harm which can be done by such disclosure is such that private, personal or corporate competitive data may be released, and we could hamper our relationships with buyers and sellers abroad, interfere with the normal patterns of trade, and disturb the normal, historical export programs of this country in technological goods.

"**Sixth**, I think it would be most helpful if the United States and other principal industrial nations abroad were to fully implement the Jamaica Agreement to bring greater stability to the exchange rates through intervention and through more closely coordinated monetary and fiscal policies on an international scale.

"Obviously, this blueprint will not guarantee recovery, prosperity, or a lasting improvement in the national wellbeing. But failure to move in the directions outlined will

ECONOMY
[Turn to page 3, please]



George Milligan

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IBAA Convention Begins In Honolulu, Hawaii

The annual national convention of the Independent Bankers Association of America is underway at the Sheraton Waikiki in Honolulu, Hawaii. It will run through March 18.

Senate To Hold Hearings On Young Farmer Act

Hearings are scheduled to be held later this month on the Young Farmer Homestead Act of 1975, Senate bill SF2589. The bill would provide a vehicle for a government agency to buy farmland and lease it back to young farmers for a seven year period with the option of buying the land at the end of the period for 75% of the original appraised value. This bill will be among agricultural subjects to be discussed at an ABA meeting in Chicago, March 16.

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Iowa News

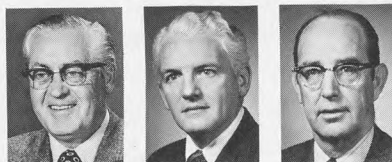
Registrations are being accepted now for the Executive Management Conference being sponsored by the Iowa Bankers Association August 19-21 at The Broadmoor Hotel in Colorado Springs. This will be the IBA's third top level management conference.

CLARION: Donald Fox has been elected to the board of Brenton Bank and Trust Company. He is vice president and cashier of the bank.

COLFAX: Charles Stinson, executive vice president, has been named president of the First National Bank. He succeeds Howard Bell, Jr., who was elected chairman. After 59 years with the bank, Mr. Bell asked to be relieved of some of his responsibilities. He will continue to serve on a part-time basis.

DES MOINES: The 90th annual Iowa Bankers Convention will be held October 24-27 here as scheduled, but headquarters have been moved back to the Hotel Fort Des Moines in downtown. The convention had tentatively been scheduled for the Hilton Inn (across from the airport), site of the 1975 convention.

HAMBURG: Ronald R. Corey has

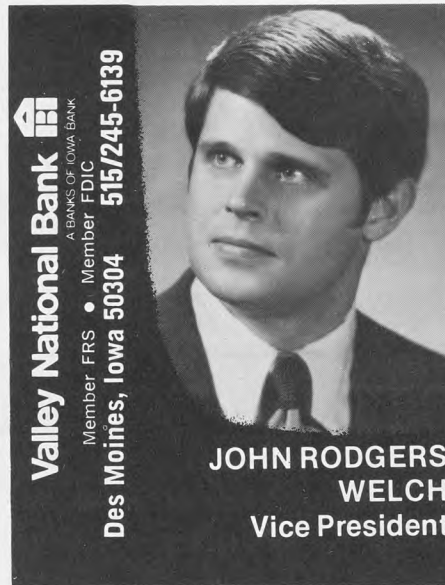


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**JOHN RODGERS
WELCH**
Vice President

been named assistant vice president of the Iowa State Bank. He previously was with the Fremont County Savings Bank in Sidney.

JEFFERSON: Jefferson State Bank will hold a grand opening for the public to view its new facilities on Sunday, March 21, from 1 to 7 p.m.

LANSING: John C. Brophy has been elected chairman of the Kerndt Brothers Savings Bank. Kathy Connelly and Diana Moritz have been promoted to assistant cashiers.

Nebraska News

GRAND ISLAND: The Nebraska Department of Banking, in conjunction with the Conference of State Bank Supervisors (CSBS), is co-sponsoring a Computer Audit and Control Conference for bankers on March 29-April 2 at the Holiday Inn-Midtown here. Recent advances in bank automation, including the upsurge in nationwide EFTS activity have been incorporated in the conference.

OGALLALA: C. R. Hilderbrand was advanced from vice president and cashier to president of the First National Bank, succeeding the late M. G. Keller. Larry L. Callen was elected executive vice president and cashier and Douglas B. Teaford was advanced to vice president.

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OMAHA: Dr. Donald R. Hakala, from the Department of Banking and Finance at the University of Nebraska at Omaha, will present a seminar for the Omaha chapter of the American Institute of Banking (AIB), entitled "Personal Financial Planning." The seminar will be held Tuesday, March 16, at the Old Mill Holiday Inn, I-680 at Dodge Street. Cocktail hour will be at 6:30 p.m., dinner at 7 p.m. followed by the program at 8.

Illinois News

The 1976 Illinois Bankers Association Group Meetings begin this week. The dates and places follow:

Group 1, March 16, Sears Tower, Chicago.

Group 3, March 17, Oakbrook Sheraton Inn.

Group 2, March 18, Joliet Sheraton.

Group 4, April 7, Emerald Hills, Sterling.

Minnesota News

The Minnesota legislature on March 4 passed SF 733 and sent it to the Governor for signature. The bill provides that lenders may charge up to 5% over the Fed discount rate on all business and ag loans, thus eliminating these loans from the state's 8% usury ceiling.

The consumer banking facilities bill (EFT) has been passed out of committee in both the Senate and the House and is expected to reach the floor this week.

BLAINE: Dean R. Tollefson has been elected president and managing officer of the First Northtown National Bank here succeeding the late James E. Dorsey, Jr. Mr. Tollefson formerly was president and managing officer of First Merchants State Bank of Saint Paul.

CARLTON: Carlton National Bank has announced the following pro-

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motions: Odin Roberts from loan officer to vice president, Diane Hoffmocker from cashier to vice president and cashier, and Renee C. Line from assistant cashier to assistant vice president.

MINNEAPOLIS: Twin City Federal Savings and Loan has installed its "Happy Machine," (POS terminals) in several locations on the University of Minnesota campus.

PINE CITY: The Board of Governors of the Federal Reserve System has announced its denial of the application of P.B.C., Inc., here to become a bank holding company through acquisition of The First National Bank of Pine City.

ST. PAUL: The First National Bank will hold its annual Correspondent Bank Conference March 30 at the St. Paul Hilton. The theme for the all-day meeting will be "Profit Improvement - 76."

ST. PAUL: William J. Bohnhoff has been elected president and managing officer of the First Merchants State Bank succeeding Dean R. Tollefson who is now president and managing officer of the First Northtown National Bank in Blaine. Mr. Bohnhoff formerly was vice president and senior credit

officer at the First Southdale National Bank of Edina.

South Dakota News

The South Dakota Bankers Association will hold its Agricultural Conference at the Holiday Inn, Mitchell, April 6-7. Registration begins at 8:30 a.m., Tuesday, April 6, followed by the first business meeting at 9:30. Topics to be discussed include: the grain outlook, livestock outlook, irrigation systems, foreclosure, easement and water rights, legislative overview, and how to relate to farm and ranch customers. The meeting will adjourn at noon on Wednesday, April 7.

Colorado News

The Colorado Bankers Association annual Agricultural Credit Conference is underway at the Broadmoor Hotel in Colorado Springs. The conference will run from March 14-17.

ECONOMY [Continued from page 1]

certainly hamper recovery and could mean a slower than necessary pace of recovery for the United States economy, and therefore, a lower rate of utilization of human and material resources in this nation."



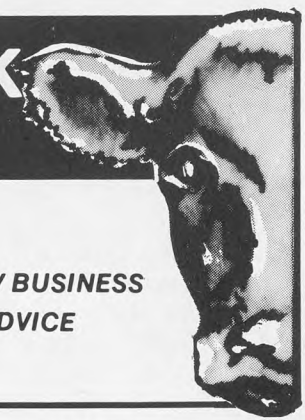
Don Jordahl

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