

# NORTHWESTERN Banker Newsletter

Vol. 5 No. 15

Des Moines, Iowa

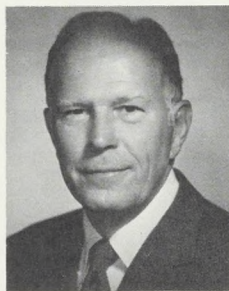
August 9, 1976

## Consumer Advocates and the Economy

After sharing his current thinking on the economy, Allen P. Stults, chairman, president and chief executive officer of the American National Bank and Trust Company, Chicago, warned Iowa Independent Bankers, meeting at Lake Okoboji in Iowa, of the dangers presented by consumer advocates.

Looking at the economy, Mr. Stults forecast a consensus estimate of real GNP and inflation of six plus six for a 12% increase in 1976 over 1975. He reminded delegates at their July 23 meeting that pre-tax corporate profits for 1976 are estimated at \$152.7 billion compared to an all-time high of \$132.1 billion in 1974. This will be a 31% increase over the \$116.8 billion in 1975. Major factors contributing to the gain are: housing starts up about 30% to 1.5 million; automobile production up over 20% to 10.5 million; retail appliance sales up from \$7 billion last year to \$8 billion this year, and home furnishings retail sales up from \$10 billion to \$11 billion. Capital spending is still lagging in real terms, but it will gain momentum as the recovery progresses. Over the longer term - late 1977 and early 1978, business prospects will continue to be favorable, although the rate of gain may slow.

Mr. Stults expressed concern over the fact that the long term economic problems are still with us,



ALLEN P. STULTS

including inflation, lack of increase in productivity, and government intervention. He suggested these three problem areas stem primarily from the relatively low level of economic literacy of the American public - and to an extent initiated by bureaucrats promoting misunderstanding - particularly in the area of corporate profits. The brand of "consumerism" being promulgated by some self-appointed saviors is prompting a general misunderstanding of how our free enterprise, capitalistic system functions and the role played by profits, according to Mr. Stults.

Reminding bankers that every employed person in our society is both a consumer and a producer, Mr. Stults added that "consumer-

ism" represents each productive citizen against himself.

The scenario is all too familiar, according to Mr. Stults. Consumer advocates and then the politicians and bureaucrats create a crisis through exaggeration. In many cases, the crisis is blamed on "profit hungry" corporations. The remedy prescribed is legislative controls on business. When controls endanger the financial structure of the company or industry, government subsidies will be requested, which, of course, require more controls! When the controls bring an industry to the brink of collapse, the government is urged to take over or subsidize still further, starting the vicious cycle on a second round.

The deluge of legislation inspired by "consumerism" is constraining company executives' power to make decisions affecting owners, employees and consumers, according to Mr. Stults. Stating that the cost of complying with the multitude of government regulations in dollars is truly outrageous, he cited a couple of examples. One, the 20 major oil companies reported that they spend about \$60 million per year just to meet government reporting requirements. Two, in the case of the American National Bank and Trust Company, it will

**CONSUMER ADVOCATES . . . .**

[Turn to page 2, please]

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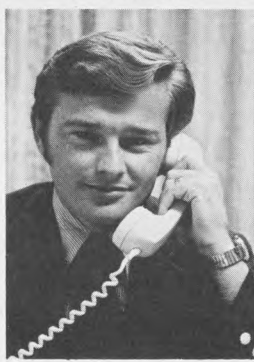
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**CONSUMER ADVOCATES . . . . .**  
[Continued from page 1]

spend \$200,000 annually to maintain and report information to comply with government audits, an affirmative action alone. This does not include compliance - just maintenance of records and preparation of reports.

Mr. Stults was critical of the fact that companies are being forced to serve as a vehicle for nearly all social reform which happens to take the misinformed public's fantasy. He believes companies should be socially responsible, but there is a limit to which they can and should be expected to perform. Expansion, modernization, and job creation can be jeopardized.

Concluding, Mr. Stults said that those advocating that "consumerism" is beneficial to the economy are a group of self-appointed, unqualified problem solvers who have authorized themselves to lead us from a place they don't under-

stand to a place where no one has ever been over roads that don't exist - and at a staggering cost. He reminded the Iowa bankers that ironically, it is our tax dollars which are supporting these efforts and we find ourselves in the ludicrous position of spending billions of dollars of our own money to protect ourselves against ourselves with the end result that everyone mistrusts everyone!

Mr. Stults suggested that bankers and businessmen stop running to Washington or to their state capitol for solutions to problems that can be made by the private sector. Secondly, he believes that the business sector should accept the responsibility to enhance the level of economic literacy of the American public.

**Rules CBCTs Illegal unless Approved as Branches**

U.S. District Court Judge Aubrey E. Robinson, Jr., recently ordered the Comptroller of the Currency to notify all national banks that operation of customer-bank communication terminals, unless they have been approved specifically as branches, is illegal.

The Comptroller's office has 10 days to decide whether to follow the

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Robinson order. It has already been granted an extension of time to August 20 to determine whether to appeal the original Robinson decision to the Supreme Court.

The highest court has already granted a stay until October 4 of a Chicago appeals court ruling the operations of CBCTs by the First National Bank of Chicago and the Continental Bank, Chicago, violate Illinois branching laws. However, the Supreme Court has not yet said whether it will hear the Illinois case or not.

**Senate Panel Votes To Let Towns, States Earn Checking Interest by '77**

The Senate Banking, Housing and Urban Affairs Committee has voted to permit states and cities to begin earning interest on demand deposit funds by July, 1977. It also agreed to let savings banks and s&ls grant their consumer depositors interest bearing checking accounts in New York and New Jersey.

**Bloom To Serve as Acting Comptroller**

In accordance with his previously announced intentions, Comptroller of the Currency James E. Smith

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retired from office July 30. Robert Bloom, First Deputy Comptroller for Policy, has assumed the duties of the office as acting Comptroller until the President's nominee, Stanley E. Shirk, is confirmed by the Senate.

### Iowa News

**BURLINGTON:** Burlington Bank & Trust Co. has announced the promotion of Frank J. Delaney, Jr., to assistant trust officer.

**CHEROKEE:** Funeral services were held recently for Earnest Wilcox of Marcus, a director of the Central Trust and Savings Bank.

**SWEA CITY:** James Rasmussen has been elected assistant cashier of the Swea City State Bank. Mr. Rasmussen, with the bank for two years, also will continue as farm representative.

### Nebraska News

**BYRON:** William H. Riley, director of banking and finance, has announced the chartering of The Byron State Bank. Proposed capital for the new bank is \$307,500. The stockholders of the new bank are former shareholders of the Byron Cooperative Credit Association, which will be dissolved.

**CHAMBERS:** Chambanco, Inc., has received approval to become a bank holding company through

acquisition of 100%, less directors' qualifying shares, of the voting stock of Chambers State Bank.

**HASTINGS:** Hastings State Company has received approval to become a bank holding company through acquisition of Hastings State Bank.

**LINCOLN:** The Federal Reserve System has announced its approval of the application of United Bancshares of Nebraska, Inc., here to become a bank holding company through acquisition of First Westroads Bank, Inc., Omaha.

**LINCOLN:** The Nebraska Bankers Association has announced a change in dates for its Agricultural Credit Symposium. The meeting is now scheduled for October 3-5 at the Lincoln Hilton Hotel, instead of the earlier announced dates in late September.

The NBA also will stage the "Great Nebraska Brain Robbery" November 11-12 at the Lincoln Hilton. Further details on the meeting, subtitled "NBA Advertising and Personal Selling Conference," will be sent to all Nebraska banks in coming weeks.

**OMAHA:** Richard C. Zoeter has been promoted to cashier and William H. Henning to assistant cashier of the First Westroads Bank.

### Minnesota News

**MINNEAPOLIS:** Robert W. Hasebrook has been elected senior vice president and a member of the five-man management committee at Marquette National Bank. He was with United States National Bank of Omaha for a number of years until his resignation earlier this year as executive vice president.

**WELLS:** The Uggen family and all other stockholders have sold their stock of the People's State Bank here to the Wayne F. Smith family from Iowa. Michael W. Smith will serve as vice president and director. Glen Uggen will remain as president and director as will all other personnel. The Smith family operates three banks in Iowa—Sloan State Bank, First National Bank of Evansdale and the Palo Savings Bank. Newlin Bank Sales, Inc., served as broker in the transaction.

### North Dakota News

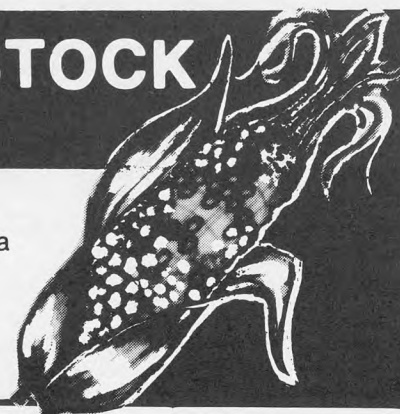
**BISMARCK:** H. L. Thorndal, president of the Bank of North Dakota, has announced the following five promotions: Allan Nosbusch to comptroller, Craig Sorenson to auditor, Cecilia Wanner to assistant auditor and Alyce Starck and Sharon Wehner to assistant cashiers.

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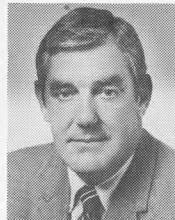






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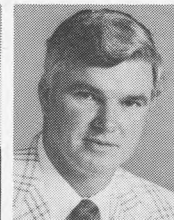
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### POSITION AVAILABLE

Wanted by southeastern Iowa medium-sized bank—loan officer with some previous experience in commercial and consumer lending. Salary open. Write Box MRB, c/o NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309.

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### MARKETING REPRESENTATIVE

Eastern Iowa bank has opening for qualified person to market data processing bank applications. Must have marketing degree and minimum of one year bank operations experience. Send resume to Box SNR, c/o NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309.

### POSITION AVAILABLE

Cashier with either ag or instalment loan exposure. Small bank in northwestern Illinois. Presently \$10MM bank. Excellent growth opportunity. Write in confidence. Personal interview arranged. Answer: Rochelle State Bank, Box 438, Rochelle, Ill. 61068. Attention of Ray Foster.

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