

NORTHWESTERN Banker Newsletter

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October 18, 1976

Economics of the Presidential Candidates

As the Presidential campaign draws to a close, the economic philosophies of the candidates have become clearer, according to the Barometer of Business, published by Harris Trust and Savings Bank, Chicago. Comments from the publication follow:

There is a distinct difference between President Ford and Governor Carter on the appropriate role the government should play in accomplishing the major objectives of low unemployment, price stability and a healthy business expansion. Given the power of the next President over legislation, judicial and administrative appointments and the nature of government itself, the voters' choice on November 2 is likely to have a significant impact on the business climate for years to come.

Inflation and Unemployment

Needless to say, both candidates would prefer to have low inflation and low unemployment. Although eventually both objectives can be attained, it is doubtful that they can be achieved within the next two or three years. As a result, each candidate has had to choose between moderate policy stimulus with a gradual decline in unemployment in the hope of containing inflation, or a policy of rapid stimulus which would reduce unemployment faster in the near-term but risk accelerating inflation in future years. To their credit, each candidate has taken a clear stand in this area. President Ford has labeled inflation the number one problem and has set his sights on a moderate recovery accompanied by a slow decline in unemployment. Governor Carter has taken an opposite stand. He has indicated that a substantial reduction in unemployment is his first priority and has stated that he would take his chances with inflation. In this context, President Ford favors moderate increases in the money supply along the lines currently proposed by the

Federal Reserve, while Governor Carter wants to see the money supply grow faster than current Federal Reserve targets of 4½% - 7% per year.

Government Spending vs. Private Spending

In terms of whether income should be spent initially by the government or by those who earn it, the views of both candidates reflect concern about the size of the Federal government spending. President Ford has consistently submitted proposals for Federal spending which are far below Congressional goals and has vetoed numerous bills in an effort to slow the increases in Federal expenditures and thereby permit a greater portion of income to remain in the hands of those who earn it. Governor Carter has talked about limiting future Federal spending to 21% of GNP, less than the 23% that was expended in fiscal 1976. Furthermore, Governor Carter has talked of balancing the budget by 1981 even if it means scaling down or eliminating many of the spending programs that he supports.

Free Market vs. Government Regulation

Although both candidates have expressed faith in the free enterprise system and have criticized regulation and bureaucracy, there is a fundamental difference with respect to their economic philosophies in this area.

Governor Carter has a great deal of faith in the ability of government policies to solve economic problems, while President Ford has more trust in the efficiency of the free enterprise system to solve those problems. President Ford believes that the economy is over-regulated, and that this has led to a great deal of waste and inefficiency. He has initiated moves to deregulate many areas. Governor Carter, on the other

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[Turn to page 5, please]

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Iowa News

BELLEVUE: First National Bank has announced the following elections to officers of the bank: Alice M. Weimer to assistant cashier, and Sheri A. Drew and Barbara Hare to assistant loan officers.

DES MOINES: Paul Dunlap, president of Hawkeye Bancorporation, announced October 12 a proposal under which First Kansas Financial, Inc., Wichita, would acquire in excess of 50% of the outstanding stock of Hawkeye in a three-phase purchase over an 18-month period. The plan has been approved in principle by directors of both companies and now requires prior approval of the Federal Reserve Board and the United States District Court for the District of Kansas. Initially, the Kansas firm would buy from Hawkeye shareholders on a pro rata basis 700,000 outstanding shares at \$16.50 per share, then Hawkeye would issue First Kansas 750,000 new shares at

\$15.30 per share. The third phase, to be completed on or before July 1, 1978, provides for 510,000 new shares to First Kansas at \$18.00 per share. This would give Hawkeye \$20,665,000 of new money for acquisitions and capital of its banks. First Kansas Financial, Inc., is the successor to United Home Investment Corp., Wichita, which was reorganized under Chapter 10 bankruptcy by the United States District Court, which appointed a five-man board of experienced financial men to manage the firm's \$40 million of assets.

DES MOINES: St. Paul Hospital & Casualty Co., a Mutual of Omaha company, was inadvertently left out of the list of equipment and service firms to attend the Iowa Bankers Convention published in the October issue of the Northwestern Banker. Stan Gout and Paul Wold will be in attendance.

COUNCIL BLUFFS: First National Bank has announced the election of Brad Johnston as loan officer and Jackie Yochum as assistant cashier.

LEON: The Decatur County State Bank has received permission to establish an in town office at the west junction of Iowa #2 and US #69.

NEWTON: Jeff McLaughlin has

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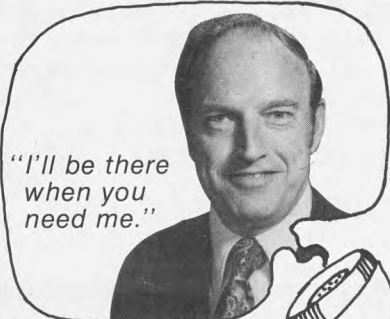
been elected assistant cashier and office manager of the Colonial Plaza branch office of Newton National Bank. He formerly was with the Plaza State Bank in Des Moines.

OSKALOOSA: Donald L. Rouwenhurst has joined the Iowa Trust & Savings Bank as agricultural representative. He had been employed by the Uniroyal Chemical Division of Uniroyal.

RED OAK: Mark R. Mayne has been elected president and Winfield G. Mayne vice chairman of the Montgomery County National Bank, according to W. S. Mayne, chairman. Mark Mayne previously was vice president, metropolitan function, Manufacturers & Traders Trust Company in Buffalo, N.Y. He worked with major corporations headquartered in the western New York area.

SIOUX CITY: Toy National Bank has announced the following promotions: Kenneth D. Kelly to vice president and cashier, Carolyn Yockey and Marlene Nelligan to assistant cashiers, Vern Cummins to assistant manager of the personal loan department, and Sandra K. Goebel to assistant real estate loan officer.

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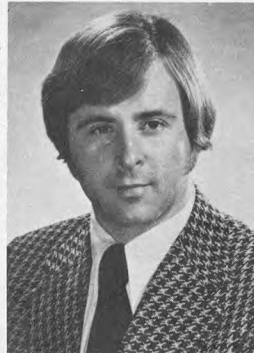
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MOODY'S: "A"

\$1,940,000 OAK CREEK, WISCONSIN

General Obligation Notes

Dated: October 1, 1976

Denomination: \$5,000

Both principal and semiannual interest (April 1 and October 1, first coupon due April 1, 1977) payable at a bank to be designated.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

MATURITIES

<u>5.25%</u>			<u>4.50%</u>		
\$150,000	October 1, 1977	3.30	\$230,000	October 1, 1982	4.40
<u>5.50%</u>			<u>4.60%</u>		
150,000	October 1, 1978	3.70	230,000	October 1, 1983	4.55
150,000	October 1, 1979	3.90	<u>4.70%</u>		
<u>5.20%</u>			230,000	October 1, 1984	4.70
150,000	October 1, 1980	4.10	<u>4.90%</u>		
<u>4.50%</u>			250,000	October 1, 1985	4.85
150,000	October 1, 1981	4.25	<u>5.00%</u>		
			250,000	October 1, 1986	5.00

LEGALITY TO BE APPROVED BY FOLEY AND LARDNER, ATTORNEYS, MILWAUKEE, WISCONSIN.

Oak Creek, Wisconsin, is situated immediately south of Milwaukee on the shore of Lake Michigan and covers an area of about 29 square miles. Oak Creek is a residential and industrial community. A. C. Electronics is the largest industry and employs about 6,400 people in its Oak Creek plant. Other industrial firms include Allis-Chalmers Manufacturing Co., Peter Cooper Corporation, A & M Division, Vulcan Materials Co., Hynite Corporation, Metalspum Products, Wisconsin Electric Power Company, Superior Die Set Corporation, Western Machine Company and National Steel Corporation. The City is served by Interstate Highway 94 and two railroads.

These bonds are being issued under the provisions of Wisconsin Statutes, as amended. In the opinion of counsel, these bonds are legal and binding general obligations of Oak Creek, Wisconsin, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Equalized valuation, 1975	\$235,672,466
Assessed valuation, 1975	79,775,130
Direct debt, including this issue	8,790,000
Total direct and overlapping debt	9,060,000
Population, 1976 est.: 15,000	
	Direct debt per capita: \$586.00
	Total debt per capita: 604.00

Tax collections have approximated 100% of taxes levied because the County absorbs any delinquencies.

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SIOUX RAPIDS: R. D. Stewart has been appointed executive vice president of the First State Bank, according to Don Rehnstrom, president. Jerry Wahlert of Jewell has joined the staff as manager of the First State Insurance Agency.

Nebraska News

NIOBRARA: Steve Wright has been named president of the Bank of Niobrara. He formerly was vice president of the First State Bank in Hawarden, Iowa.

HAWKEYE: William Tjaden has joined the Citizens Savings Bank. He previously was assistant vice president of the First State Bank of Rockford.

Minnesota News

Richard Plunkett, in a surprise move, recently submitted his resignation as president of the Independent Bankers Association of Minnesota. Mr. Plunkett, president of the Rochester Bank and Trust Co., was elected president of the association on August 3. Norbert McCrady, executive secretary of the association, said Mr.

Plunkett listed "personal reasons" for his resignation.

Jerry Jubie, president of the First State Bank of Floodwood, has assumed the presidency. He was association vice president.

CHISAGO: Alan G. Atha has purchased the Chisago State Bank here from Mrs. Ethel C. Muus. He has been elected president and has assumed active management. Mr. Atha, who has owned banks in South Dakota, is a former examiner for the Federal Deposit Insurance Corporation (FDIC).

HAMPTON: Ron Beck has joined the State Bank of Hampton. He formerly was with a bank in Menahga.

MINNEAPOLIS: W. Merton Dresser has been named president and chief executive officer of the Fourth Northwestern National Bank, Minneapolis. Mr. Dresser succeeds Wendell L. Olson who moved to chairman. Mr. Dresser formerly was executive vice president and director.

MINNETONKA: Catherine M. Varner has been elected cashier of the National Bank of Minnetonka.

MOORHEAD: American State

Bank has received permission to exercise full trust powers.

RIDGEDALE: National City Bank has appointed Thomas H. Hackett vice president.

SAVAGE: Robert Johnson has been appointed president of the Security State Bank. He formerly was cashier of the Citizens State Bank of Minneapolis for nine years.

SPICER: Green Lake State Bank has received permission to establish a facility at 125 North Highway No. 23 here.

WAYZATA: Richard D. Bliss has been elected instalment loan officer of the First National Bank.

Illinois News

FREEBURG: First National Bank has received permission to establish a branch office at 202 South State Street here.

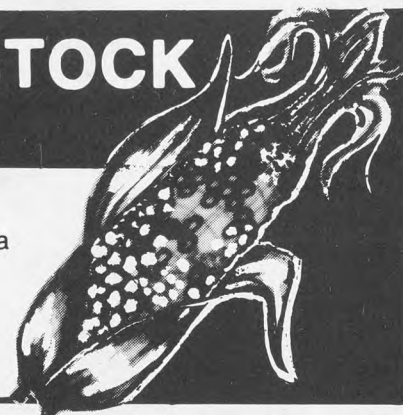
GIBSON CITY: First National Bank and Trust Company has received permission to establish a branch at 128 North Sangamon Avenue.

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GLEN ELLYN: Bell Federal S&L of Chicago has opened a branch here.

PEORIA: The Northwest Bank of Peoria has received permission to exercise limited trust powers.

STREATOR: The Union National Bank has received permission to establish a branch office at 316-318 N. Boomington Street here.

WESTERN SPGS.: Mid-America Federal S&L of Cicero has opened a branch here.

South Dakota News

SIOUX FALLS: Funeral services were held recently for Leland Rempel, 57, retired vice president and trust officer of Northwestern National Bank.

North Dakota News

BISMARCK: The North Dakota Industrial Commission (governing board of the bank) has authorized the Bank of North Dakota to increase its capital from \$8 million to \$10 million by a transfer from undivided profits.

WILTON: A. W. Borner has joined the First State Bank here as vice president in charge of agricultural and instalment loans. He formerly was vice president and ag representative at the State Bank of Burleigh County in Bismarck.

Colorado News

MONTROSE: The Federal Reserve Board has approved the application of First National Bancorporation, Inc., Denver, to acquire the First National Bank of Montrose, on the ground that the benefits the community will receive from the transaction outweigh any anti-competitive factors.

CANDIDATES
[Continued from page 1]

hand, has advocated standby wage and price controls, a reinstatement of price supports for farmers, and

selective tax incentives and spending policies to aid in fighting unemployment, capacity constraints and housing problems. Governor Carter's philosophy calls for active moves by the Federal government to allocate resources to particular areas of need, while the thrust of President Ford's philosophy is to let the market system allocate those resources.

In summary, the two Presidential candidates have substantial differences in economic philosophies. If their actions as President were to reflect these differences, the economic environment in 1980 could be considerably different, depending on who is elected. Under President Ford there would likely be continued emphasis on controlling inflation through a moderate recovery and a heavy reliance on free markets to allocate resources. Under a Carter administration the economy would be likely to witness more economic stimulus, a faster

decline in unemployment but also rising inflationary pressures in the latter 1970s. More government influence in allocating resources and less reliance on free markets would seemingly characterize a Carter Administration.

In a nutshell, the difference between the candidates' economic philosophies suggests that while President Ford views Federal government policies as the cause of a number of our current problems, Governor Carter looks to government policies as a potential solution.

Montana News

FROMBERG: Directors of the American National Bank of Powell, Wyo., have assumed ownership and operation of Clark's Fork National Bank here. Purchase was from the main stockholder, First Security Bank of Bozeman. The American National group now owns

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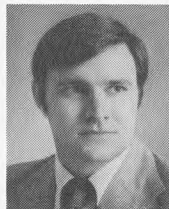
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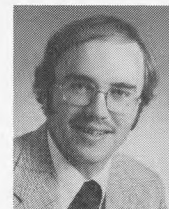
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Jim McLaughlin
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234-2673

or has option on 11% of the stock of Clark's Fork National. A one-bank holding company, Clark's Fork Stock Company, will be formed to operate the bank, according to George Cooke, president of American National and one of the organizing group.

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COM'L LOAN—Bank of \$12MM in Ozark area. Needs 5 yrs. experience in commercial lending and business development ... \$18-20,000
COM'L LOAN—Eastern Ia. location. Must be able to become E. V. P. in 5 yrs. \$20,000
REAL ESTATE LOAN—Two places in suburban K. C. area for good exper. \$18,000
AGRI-LOAN—Need department head for small rural Ks. bank \$18,000
JUNIOR OPERATIONS—Several places in Ks., Mo., and Nebr. Need 3-5 yrs. operations, plus some supervisory exper. \$12-15,000
ADV. & BUSINESS DEV.—Must have bank exper. in both areas. Metro location \$20,000
AUDITOR—Two places for jr. auditors ... \$12-14,000