

# NORTHWESTERN Banker Newsletter

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November 29, 1976

## Butz Defends Farm Policies

*Earl L. Butz, former Secretary of Agriculture, spoke at the recent American Bankers Association Agricultural Credit Conference in New Orleans. Following are excerpts from his talk.*

With the government no longer competing against farmers, production records of U.S. farmers during the past few years have been phenomenal.

There is a great deal of agitation these days to get the government back into the "strategic reserve" position. Some people just have short memories. We were in that position for 40 years, except for war-time intervals. But, in those days we didn't call them reserves. We called them surpluses. Regardless of what we call them, government-owned commodities have the same negative impact on farm prices — and on incentives to increase production.

Once we quit trying to have "Big Daddy" run American agriculture from Washington, farmers moved quickly to demonstrate their superior managerial capacity and initiative.

In 1966, 1967, and 1968, farmers harvested an average annual wheat crop of 1.4 billion bushels. The 3-year average for corn was 4.5 billion bushels. For cotton, the

average annual production was 9.3 million bales.

For the 3-year period 1974, 1975, and 1976, the average annual production of wheat was 2.0 billion bushels, for corn 5.4 billion bushels and for cotton 10.0 million bales. And bear in mind that this includes the drought year of 1974.

This policy of abundant production means reasonably-priced food for American consumers. Any production plant, whether it is a farm, or a factory, or a foundry, has a higher unit cost of production when operated at only a fractional part of capacity. The American farm is no exception. The farm's lowest unit cost comes when the farm is producing fully. This opportunity is available under farm policy.

### All-Out Production

All-out American agricultural production requires export markets to help utilize the abundance. Otherwise, U.S. production would have to be cut back, which would lead to higher production costs and higher food prices. The average American family today gets food for 17 percent of take-home pay. This compares with 22 percent 25 years ago — a time when take-home pay was at a much lower level than now. Our positive food

policy allows Americans to eat better than any other people in the world.

Our food policy of PLENTY makes it possible to expand federal assistance to low income persons throughout the United States.

The cost of child nutrition programs, including the National School Lunch and School Breakfast programs, now runs more than \$2 billion each year. Over 25 million youngsters receive subsidized meals or milk under USDA child nutrition programs.

Shipments of food overseas under concessional terms continue at a lofty level. On top of this, our agricultural exports have risen from \$5.7 billion in the late 1960s to over \$22 billion this year.

The point is that none of these achievements would have been possible under a system of curtailment.

Now, let's take a hard look head on at this erroneous notion that the United States has a weak reserve system. We have the strongest reserve system we've ever had. Our reserves are in the hands of farmers — they're owned by country elevators — they're controlled by the trade — they're not piled up in government-owned steel bins somewhere in the midwest.

Let's put to rest, once and for all, the mistaken idea that consumers

(Turn to page 5, please)

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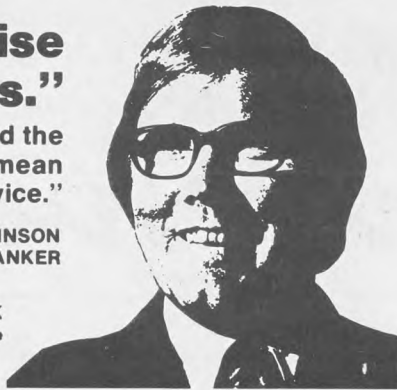
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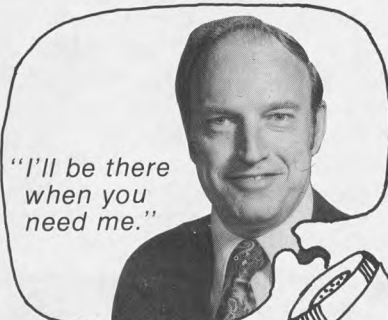


### Iowa News

**GLENWOOD:** Terry Geiger, 28, has been named president of the Mills County Bank here succeeding Jack Patrick who has become an executive of the First National Bank in Le Mars. Mr. Geiger has been associated with the Home State Bank in Beaver Crossing, Neb., for the past four years.

**MASON CITY:** Harold G. Haver has been named president-elect of United Home Bank & Trust Co. by the board and will join that bank on December 13. He currently is a senior vice president at Marquette National Bank, Minneapolis. Mr. Haver is expected to be named president of the bank at the annual meeting in January when current President Robert H. Isensee, who plans retirement during 1977, will be named chairman and chief executive officer.

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**OGDEN:** Robert A. Steen has been elected vice president and loan officer of City State Bank. He has been senior examiner with the Federal Reserve Bank of Chicago, which he joined in 1970.

### Nebraska News

About 51,000 monthly payments to Nebraskans for Social Security, U.S. railroad retirement, and U.S. Civil Service annuities will be deposited electronically in area financial institutions, beginning December 1, according to Robert D. Hamilton, vice president in charge of the Omaha Branch of the Federal Reserve Bank of Kansas City.

**OMAHA:** Security National Bank of Omaha has announced the appointment of Jerry Anderson as senior vice president in charge of the commercial loan department, and the appointment of the following new assistant vice presidents: Connie Austin, manager of the Forty-first and Dodge Streets office; R. John Burford, Jr., who will now be in charge of installment loans, and Paul R. Handley, in charge of operations.

### Minnesota News

**HOPKINS:** William Wilkening has been named president and director of the Northwestern National Bank

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## National Bank of Waterloo

of Hopkins. Mr. Wilkening, 44, moves to the post from a position of vice president/banking of Northwest Bancorporation (Banco). He replaces Richard Klingen, who has become executive vice president of the Northwestern National Bank of St. Paul.

### Illinois News

**CHICAGO:** Lyndon D. Comstock has been elected president and chief officer of O'Hare International Bank. He succeeds S. P. Tomaso who has been a bank director for six years and has been serving as interim president since last January. Mr. Tomaso will continue as a director. Mr. Comstock has been president and chief executive officer of Lake Shore Financial Corporation and subsidiary, Hackley Union National Bank and Trust Company, Muskegon, Mich., for the past 10 years.

**CHICAGO:** Clarence E. (Bud) Cross has been promoted to assistant vice president of the First National Bank. He travels Iowa and Minnesota for the bank.

**PEORIA:** Commercial National Bank has announced the promotions of Dale L. Meyer to assistant

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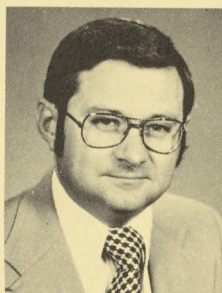


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5. What are the new rules on joint tenancy ownership; and what requirements must be met for these new rules to benefit wives?
6. How does the new tax credit and marital deduction alter estate planning needs?



Neil E. Harl

Neil E. Harl is a lawyer-economist who grew up on a farm. His understanding of peoples' concerns and problems plus years of experience in teaching, conducting seminars and meetings makes him one of the most sought after speakers in the country. He has spoken in 30 states on estate planning, business organization and other legal and economic topics. His audiences have included farmers, lenders, insurance agents; plus bar association groups in 15 states. Harl has received three awards from the American Agricultural Economics Association—The Outstanding Extension Program Award in 1970, the Excellence in Communicating Research Results in 1975, and the Distinguished Undergraduate Teacher Award in 1976. In 1973 he received the Outstanding Teacher Award at ISU. In 1976, he was named Charles F. Curtiss Distinguished Professor in Agriculture at Iowa State University.

Harl has been at ISU since 1964 working in research, graduate and undergraduate teaching and extension. He holds B.S. and Ph.D. degrees from Iowa State, plus a law degree from the University of Iowa. He is a member of several honorary fraternities and is a member of the Iowa State Bar Association, American Bar Association and the American Agricultural Economics Association.

## ABOUT THE AUTHOR

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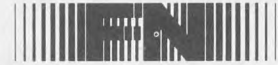


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### Colorado News

**MONTROSE:** The First National Bancorporation has purchased 99.36% of the outstanding shares of the First National Bank here in a stock trade valued at \$3.1 million.

### South Dakota News

**OKATON:** Funeral services were held recently for Marvin M. Grosz, vice president and Midland Branch manager. Mr. Grosz joined the bank in 1960 at the Okaton office as assistant cashier and manager of the insurance agency. In 1970 he was promoted to vice president and manager of the Midland Office.

### Farmers Grain & Livestock To Hold Symposiums

J. Dawson Ahalt, Deputy to the Director of Agriculture Economics, U.S. Department of Agriculture, and Laura Lee Heuser, co-founder, Women for the Survival of Agriculture, will be among the top speakers featured at a unique new series of farm marketing symposiums December 2-4 at the Raddisson South Hotel in Minneapolis. The symposium will be sponsored by Farmers Grain and Livestock Corporation of Des Moines, Ia.

Similar sessions will be held through March in Merrillville, Ind.; Champaign, Ill.; Memphis, Tenn.; Cedar Rapids, Ia.; Dayton, Ohio; Peoria, Ill.; Wichita, Kan., and Des Moines, Ia.

### AGRICULTURE . . . . . (Continued from page 1)

are threatened because farmers won't sell their commodities. Farmers didn't produce wheat and corn and soybeans just to store and look at them. They're for sale. I've seen no bread shelf empty because farmers wouldn't sell wheat. I've seen no ships idle in ports because wheat, or other grain, was not available to be loaded.

We have a wonderful mechanism in America that allows us to get wheat when we need it. It's called price, and if wheat doesn't seem to be coming to market fast enough, just put another quarter-a-bushel on the price, and watch it come out of the bins.

A lot of our U.S. grain is fed to livestock to make more desirable steaks and roasts for America's dinner table. Large numbers of cattle are in the nation's feedlots right now being finished for the market. We have an estimated year's food reserve for America on the hoof — in barnyards and feedlots, in pastures and on the range.

As for international reserves, it's quite true that the world does need a better system of international grain reserves. For decades, nations of the world let the United States and Canada carry most of the grain reserves. However, these two countries didn't carry these reserves as the result of any carefully thought out plan or agreement. We did it as the embarrassing result of an ill-conceived farm policy. We did our dead

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level best not to hold farm commodities as a reserve.

Two years ago, at the World Wheat Council in London, the United States proposed international guidelines on food reserves, whereby each country would predetermine its own method of reserve accumulation and management.

Other nations have been slow to adopt these recommendations. Many still expect the United States and Canada will continue to bear the lion's share of reserves.

Such an attitude is unrealistic and completely behind the times. It's high time that major food purchasing nations assume some responsibility for their own needs, including reserves. The best and most efficient way to do this is through the market system. But, of course, as long as other nations believe American taxpayers will provide the reserves they need, there is no incentive for them to

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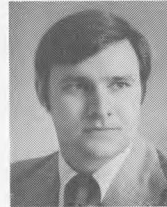
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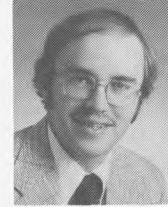
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assume the responsibility for themselves.

The market system is based on a philosophy of free enterprise profit. Only as farmers see a chance for profit will they continue to produce the abundance which has made American agriculture the envy of the world. This lesson has not yet been learned by agriculture in some social and economic and political systems.

Too many people seem to believe that world food conferences produce food, or that the Department of Agriculture produces food, or even that political platforms or national conventions produce food.

The plain truth is that only farmers produce food and they do it only when they have the incentive and the managerial freedom to achieve their individual economic goals.

## ATTENTION AG BANKERS

Cattle-Fax, Denver, Colo., will be holding a series of Cattle Market Outlook meetings throughout Illinois.

- Galesburg - December 6, Holiday Inn
- Sterling - December 7, Emerald Hills Country Club
- DeKalb - December 8, DeKalb County Farm Building

Meetings start at 7:30 p.m. and end at 9:30 p.m.

### Speaker

Dick McDougal, president, Cattle-Fax, and vice president, American National Cattlemen's Association.

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