

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

December 6, 1976

Burns Lists Uncertainties, Economic Goals

Federal Reserve Board Chairman Arthur F. Burns addressed the United States Senate Committee on Banking, Housing and Urban Affairs last month following the national election to give his regularly scheduled report. It was no surprise that he continued to stress the importance of fighting inflation. Dr. Burns quickly reviewed events of the immediate past, then aimed at future suggested policies.

He said inflation had been cut in half from 12% to 6% but "continued progress in unwinding inflation must remain a major objective of public policy, along with reestablishment of reasonably full employment and reasonably full utilization of our industrial capacity." Dr. Burns then noted, "The principal contribution that the Federal Reserve can now make to the achievement of our Nation's basic economic objectives is to adhere to a course of moderation in monetary policy."

The Fed Chairman stated, "I remain entirely optimistic about our Nation's ability to deal successfully with these problems. There are, however, uncertainties at the present time that cloud the prospects for a strong recovery of economic activity next year." He listed these

concerns as "the possibility that the pace of inflation may accelerate," and the "threat of a further increase of OPEC oil prices."

Dr. Burns noted that over the



past three months wholesale prices of industrial commodities have risen at an annual rate of 11%. Continuation of this would erode confidence and induce both businesses and consumers to slacken their spending.

Referring to world-wide concern with the same problems, Dr. Burns said, "In today's environment of deeply-ingrained inflationary expectations, traditional policies of economic stimulation might well be counter-productive. Fears of inflation would intensify, and the seeds of another recession may be sown."

Looking at the future, Dr. Burns said "the Federal Reserve Board continues to believe that structural changes in our economy would enhance the prospects for returning to reasonably full employment with-

out releasing a new wave of inflation." He said part of the recent problem is due to failure to attend to modernization and improvement of the Nation's industrial plant. More capital investment, and a reliance on equity funds in financing capital expenditures is needed, he said, adding "These objectives could be promoted by an overhaul of the structure of Federal taxation."

He also said government practices and programs affecting labor markets need to be reviewed. "For example," he stated, "the Federal minimum wage law is still pricing many teenagers out of the job market, and our present programs for unemployment compensation may be providing benefits on such a generous scale as to blunt incentives to work."

Other structural changes he reviewed would "reassess the nature and enforcement of our laws directed against restraint of trade by business firms; also the various restrictions in the Davis-Bacon Act, the proper role of trade unions in the public sector, the monopoly of first-class mail by the Postal Service, and the mass of governmental regulations that impede the competitive process and run up costs for business enterprises."

In his conclusion, Dr. Burns

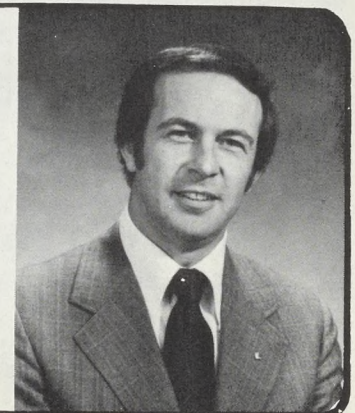
BURNS
[Turn to page 5, please]

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Iowa News

CENTERVILLE: The Federal Reserve Board has approved acquisition of Centerville National Bank by Hawkeye Bancorporation, Des Moines. It will become effective January 3, 1977. This will be the 15th bank member of Hawkeye, bringing total assets of the group to more than \$535 million.

CONRAD: H. D. Martin, executive vice president, First State Bank, who has been associated with that institution since 1945, was named president following the recent retirement of C. M. Evans. Mr. Evans recently completed 50 years with the bank. C. H. Brindle also retired from the board. Charles E. Neff, Beaman, and Marvin C. Brindle, Conrad, have been elected new directors.

DES MOINES: Paul D. Dunlap, president, Hawkeye Bancorporation, and Kenneth Myers, president, First Kansas Financial, Inc., Wichita, announced November 30

that negotiations between the two firms for acquisition of a major interest in Hawkeye have been terminated.

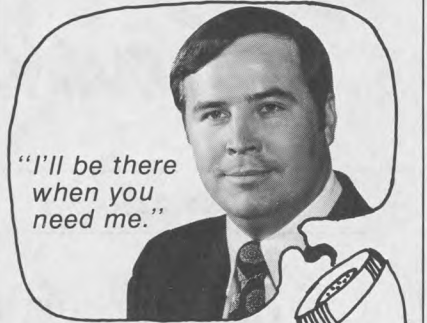
DES MOINES: The Central National Bank & Trust Co. will host an EFTS Seminar Thursday, December 9 at the Hyatt House in Des Moines. The Seminar starts with noon luncheon, followed by a discussion of investment services by CNB investment officers, a detailed review of EFTS—The Iowa Switch by Harry Lavigne, vice president of the host bank, and question and answer session with closing remarks by CNB President Ray Johnston. A social hour will conclude the afternoon program.

MAQUOKETA: Directors of Jackson State Bank at a recent board meeting increased surplus from \$1,000,000 to \$1,500,000 by transfer of \$500,000 from undivided profits. Capital is \$500,000 and undivided profits is in excess of \$1,000,000.

SIOUX CITY: Keith A. Roper, senior vice president, Security National Bank, has been elected treasurer of the bank's holding company, Security National Corporation.

WATERLOO: Dale DeKoster, president, Waterloo Savings Bank, and Henry T. Rutledge, chairman, Northwest Bancorporation of Minneapolis, announced recently that agreement in principle has been

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reached for acquisition of Waterloo Savings by Banco through exchange of 3.7 shares of Banco common for each of Waterloo Savings' 70,000 shares. Mr. DeKoster said his bank's directors will recommend to stockholders acceptance of the offer. Federal Reserve Board approval also must be obtained. Waterloo Savings has deposits of \$93.1 million September 30.

Robert Johnson Joins St. Joseph Bank

Robert E. Johnson has been elected executive vice president of Ameribanc, Inc., and senior vice president of its principal subsidiary, American National Bank, both of St. Joseph, Mo. Most recently he has been executive vice president since 1972 at Union National Bank of Springfield, Mo. Prior to that he was executive vice president in charge of the commercial banking division at The Omaha National Bank in Omaha.

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General Obligation Corporate Purpose Bonds

Dated: December 1, 1976

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1977) payable at the First Wisconsin National Bank of Milwaukee, Milwaukee, Wisconsin.

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

MATURITIES

<u>3.50%</u>		<u>4.75%</u>			
\$ 25,000	December 1, 1978	3.40	\$100,000	December 1, 1986*	4.75
	<u>3.60%</u>			<u>4.90%</u>	
25,000	December 1, 1979	3.60	125,000	December 1, 1987*	4.90
	<u>4.00%</u>			<u>5.00%</u>	
25,000	December 1, 1980	4.00	125,000	December 1, 1988*	5.00
	<u>4.10%</u>			<u>5.10%</u>	
50,000	December 1, 1981	4.10	150,000	December 1, 1989*	5.10
	<u>4.20%</u>			<u>5.25%</u>	
60,000	December 1, 1982	4.20	150,000	December 1, 1990*	5.25
	<u>4.35%</u>			<u>5.40%</u>	
75,000	December 1, 1983	4.35	150,000	December 1, 1991*	5.40
	<u>4.50%</u>			<u>5.50%</u>	
75,000	December 1, 1984	4.50	85,000	December 1, 1992*	5.50
	<u>4.60%</u>				
75,000	December 1, 1985	4.60			

*Optional in inverse order beginning December 1, 1985 at 101%.

LEGALITY TO BE APPROVED BY QUARLES & BRADY, ATTORNEYS, MILWAUKEE, WISCONSIN.

Edgerton is located in Rock County approximately 20 miles southeast of Madison. Transportation is served the City by U. S. highway No. 51, State highway No. 59, Interstate highway No. 90, the Chicago, Milwaukee, St. Paul and Pacific Railroads and a municipal airport. Edgerton has a viable industrial economy, which includes the recently located Dana Corporation, manufacturers of transportation equipment employing 1,000. The City also serves as a commercial and retail center to the prosperous rural economy of Rock County. Major agricultural products include corn, wheat, soybeans, peas for processing, chickens and eggs. In 1975, Rock County ranked first in the State in production of soybeans, second in the production of corn and third in the production of wheat.

These bonds are being issued for the purpose of financing street improvements, water system improvements, and to refund prior indebtedness. In the opinion of counsel, these bonds are legal and binding general obligations of Edgerton, Wisconsin, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATMENT

Equalized valuation, 1976	\$71,010,850
Assessed valuation, 1976	41,750,324
Direct debt, including this issue	1,763,000
Total direct, and overlapping debt	2,410,608
Population, 1976 estimate: 4,461	
	Direct debt per capita: \$395.20
	Total debt per capita: 540.37

Under Wisconsin Statutes, a City always receives 100% of the taxes levied for it, as the County assumes all delinquencies.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.

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McIntyre Schedules 3 Hearings on Branching

Three hearings have been scheduled this week by Sen. Thomas J. McIntyre (Dem., N.H.) "to explore the need for legislative initiatives in Congress to redefine Federal policy on multi-office banking, particularly as it applies to branching." Hearings are scheduled for today (Dec. 6) in Chicago, Dec. 7 in Dallas and Dec. 8 in San Francisco. The cities are located in states with three different branch statutes, he said.

Each meeting will feature several panels made up of bankers representing various viewpoints on branching, regulators, and academicians.

Convention Calendar

- ABA—American Bankers Association
- BMA—Bank Marketing Association
- IBAA—Independent Bankers Association of America
- Jan. 23-26—BMA Advertising Workshop, Fairmont Hotel, New Orleans.
- Feb. 6-9—ABA National Trust Conference, Fairmont Roosevelt, New Orleans.
- Feb. 6-9—ABA Insurance and Protection Division Risk Management in Banking Seminar, Doubletree Inn, Tucson, Ariz.
- Feb. 6-9—BMA CEO Community Bankers Seminar, Marco Beach Hotel, Marco Island, Fla.
- Feb. 13-15—ABA Bank Investments Conference, Peachtree Plaza Hotel, Atlanta.
- Feb. 20-26—ABA Operations/Automation Division Business of Banking School, New England Center for Continuing Education, Durham, N.H.
- Feb. 27-March 1—ABA Annual National Credit Conference, Palmer House, Chicago.
- Feb. 27-March 4—ABA National Personnel School, Marriott Hotel, Denver.
- March 13-17—Independent Bankers Association of America 47th Annual Convention, Washington Hilton.
- March 20-23—ABA National Trust Operations and Automation Workshop, Americana Hotel, Bal Harbour, Fla.
- March 27-30—ABA National Instalment Credit Conference, Hyatt Regency, New Orleans.

Illinois News

CHICAGO: Donald D. Anderson has been elected vice president and auditor for Michigan Avenue National Bank. He joined the bank as auditor in 1971.

CHICAGO: Promotions at Merchandise National Bank have been announced for Martin K. Lavelle, to senior vice president; Charles G. Obalil, to vice president, and Nick Pullia, to assistant vice president.

DECATUR: Millikin Bancshares, Inc., here has received permission

to become a bank holding company by acquiring the Millikin National Bank of Decatur. In a related matter, the Fed also approved the application of the estate of James Milliken, deceased, to acquire 55% of the voting shares of Millikin Bancshares, Inc.

MASON CITY: A charter has been issued to the 1st State Bank, 123 West Elm Street. The state bank's total capitalization of \$600,000 will consist of \$240,000 in capital and surplus and \$120,000 in reserve. Officers are: Carl H. Biedenbarn, chairman; Emerson W. Leinweber, president; Richard C. Stone, vice president; and David L. Spinner, cashier.

ROCKFORD: The Comptroller has approved a charter for The Guarantee National Bank of Rockford. Wesley E. Lindberg is listed as agent.

North Dakota News


BOWMAN: The First National Bank has approval to locate a branch at 319 South Main Street.

BOWBELLS: Daniel Linster has resigned as Burke County agent to become farm loan administrator at First National Bank here.

South Dakota News

The South Dakota banking commission has approved the following:

- Branch office at Crooks for Farmers State Bank, Lyons.
- Branch office at Worthing for First American Bank, Canton.



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HURON: Charles E. Barkl, 102, who served as president of Farmers and Merchants Bank from 1926 to 1947 and chairman and honorary chairman since that year, died recently.

Nebraska News

LINCOLN: A collection of 20 bronze sculptures representing "Twenty Decades of American History" go on display for two weeks starting December 8 at the National Bank of Commerce. The sculptures are the work of noted artist Auldwin Thomas Schomberg of Englewood, Colo.

LINCOLN: Howard Hadley, 80, who retired in 1960 as senior vice president and trust officer at First National Lincoln, died recently. A graduate of the University of Nebraska, Mr. Hadley had worked for many years at Continental National Bank of Lincoln, then continued with First National following merger of those two institutions a number of years ago. He is survived by his wife, Irene W. Hadley.

PERU: Ted Bahe, a former Wayne city councilman, officially has been named president of the Bank of Peru, following a change in ownership. Mr. Bahe, 37, was vice president at the First National Bank and Trust Company, Wayne, before leaving the post earlier this year. Don Yates, formerly executive vice president and cashier, is the new cashier at the First National Bank of Syracuse.

WISNER: The Federal Reserve has approved formation of Citizens National Corporation as a holding Federal Reserve Bank of St. Louis

company, and its acquisition of 80% or more of voting shares of Citizens National Bank.

Minnesota News

ALBERT LEA: James M. Schindle has been elected assistant cashier of Freeborn National Bank. He will be assistant manager of the retail banking department.

FAIRMONT: Christian F. Holden, 85, president of the Martin County National Bank since 1954, died recently. He had been associated with the bank for 57 years.

VIRGINIA: Dennis Moe has joined Northern State Bank as an assistant cashier in installment loans.

Colorado News

DENVER: Richard A. Kirk, 46, has been elected president, a director and chief operating officer of United Bank of Denver. John D. Hershner, 61, will continue as chairman and chief executive officer of the bank. Mr. Kirk has been with the bank since 1963, serving as executive vice president since 1974.

DENVER: Bridget C. Fisher, an employee of Colorado National Bank since 1968, and currently manager of the commercial credit department, has been elected vice president.

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BURNS [Continued from page 1]

stressed that these and other structural reforms "could often be accomplished with no adverse impact on the Federal budget. I cannot stress too strongly the importance of being cautious in launching new Federal programs with a potentially large budgetary impact. There is a clear need for fiscal discipline at the present stage of our struggle with inflation." Noting the value of reform of Congressional budgetary procedures, he said the next step "would be to move toward zero-base budgeting."

Dr. Burns concluded by saying, "Progress in the field of structural

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policies is a matter of urgency. Our Nation cannot long tolerate high rates of unemployment and inflation. The policies for stimulating employment on which we have relied heavily in the past—such as budget deficits and easy credit—cannot work well in an environment that has become highly sensitive to inflationary fears and expectations. The Board, therefore, urges the Congress to move ahead on structural policies that promise to strengthen competitive forces in our markets and to open new opportunities for expansion of production and employment.”

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