

Questions Government Credit Allocation

Renewed inflation will inevitably bring renewed interest in government allocation of credit, cautioned the president of the American Bankers Association (ABA) in a speech given during the National Credit Conference.

W. Liddon McPeters, who is also president of The Security Bank, Corinth, Miss., warned more than 500 bank commercial lenders attending the conference, that it is nearly impossible for government to influence "by fiat" the flow of funds into a specific high priority area.

He questioned the ability of government programs of credit allocation to take into account regional and community differences in credit needs, and even the ability to reach a consensus of which areas of the economy are most deserving of special credit allocation.

"Credit controls put serious restrictions on the individual borrower's freedom of choice," he warned. Legislative efforts, such as introduced in 1975, would have directed credit to so called "national priority uses," he said.

"That legislation represented a serious infringement on the economic freedom of borrowers," he said.

"Credit controls tend to penalize consumers and small businesses,"

McPeters cautioned. "Each instance of government regulation introduces a distortion into the market—a distortion that makes the market less efficient," he added.

Even tax preferences and incentives," a subtle government involvement into the allocation of credit," Mr. McPeters stated, are not efficient.

"Tax incentives have the effect of channeling more funds into specific areas that government considers to have a high priority," Mr. McPeters stated, but, "in the end, credit goes where the demand is greatest—despite the artificial incentive established by government intervention."

"We cannot hope to forestall every change in government policy on the flow of credit in this nation," Mr. McPeters stated, "but, we must make sure that these changes take place in a natural evolutionary way—taking full advantage of market forces and avoiding the rigid, revolutionary shifts in policy that could wreak havoc in our economy," he concluded.

Justice Dept. Opposes NETS Mandatory Sharing

The United States Department of Justice announced March 7 it

objects to mandatory sharing in statewide electronic funds transfer systems. Its decision came in a letter sent to officials of NETS, Inc., in Lincoln, Nebr., which plans to be activated this spring on a statewide basis. The business review letter had been requested from the Justice Department June 2, 1975, when NETS was first being set up. It took 21 months for the reply to be sent to NETS.

Donald I. Baker, assistant attorney general in charge of the anti-trust division, signed the letter, although it was reported in Washington last week he was reluctant to do so and that the letter might come from someone else in the division. Mr. Baker goes out of office in May.

His letter said "investigation of the proposed joint venture (among Nebraska banks) did not yield enough evidence to support the need for such a system." He said the department "generally opposes mandatory sharing legislation principally because mandated sharing tends to undercut incentives to innovate and to create a 'free rider' problem with respect to those who join the system after it starts operating and thus avoid the initial risk taking."

That portion of the decision appears to be in conflict with NETS

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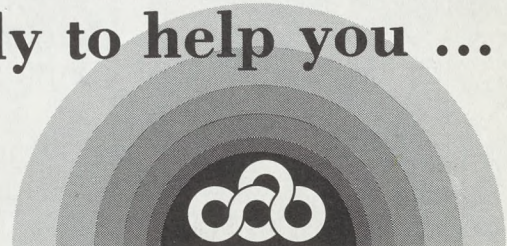
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Jack House Dies Suddenly

Funeral services were held in Kansas City last week for John C. House, Jr., 39, vice president of the United Missouri Bank of Kansas City, N.A. Mr. House, who was widely known in Iowa and other states as an officer of the correspondent bank division, was having dinner in Des Moines with banker friends when a piece of meat lodged in his throat. He died within minutes from strangulation despite efforts of a physician who was in the restaurant at the time.

Dallas Hosts NACHA Meet

The NACHA Conference on Marketing ACH Services will be

held at the Fairmont Hotel in Dallas March 20-22.

New Orleans Hosts ABA Instalment Credit Meeting

A major portion of the ABA national Instalment Credit Conference, to be held March 27-30 in New Orleans, will be devoted to the application of Reg B, plus other consumer credit legislative compliance requirements.

Iowa News

CEDAR RAPIDS: Jim Corell, former vice president, Peoples Bank & Trust Co., and his wife, Kaye, have opened the Mexican Steer Steak House in Buffalo, Wyo.

DAVENPORT: The Federal Reserve Board has approved acquisition of First Trust & Savings Bank here by Banks of Iowa, Inc., a Cedar Rapids multi bank holding company. First Trust held \$42 million in deposits at 1976 year-end.

FREMONT: Rick Lewis, manager of the Farmers Savings Bank since last summer, has been elected executive vice president and a director of the bank.

NEWTON: The Newton National Bank has filed an application with the regional administrator of national banks in Kansas City to change the bank name to First Newton National Bank.

WILTON: Rodney Burnett has been advanced from senior vice president to president at Wilton Savings Bank. Ronald W. Follmann has been elected vice president of the bank.

Nebraska News

The Nebraska Bankers Association will conduct its annual Ag Conference March 23-24 at the Holiday Inn, Kearney. The Ag

Outlook theme will focus on two main topics—water and grain and livestock.

The morning program on the Water Outlook will be covered by:

- Gerald R. Svoboda, resident geologist, U. of Nebr.—"Nebraska Ground Water."

- Mike Jess, deputy director, state dept. of water resources—"Use of Water in Nebraska."

- David Aiken, U. of N. extension water law specialist—"Nebraska Water Law."

- Merlin R. Newman, senior field rep., John Hancock Mutual Life Ins. Co., Yankton, S.D.—"Forecast for Land Prices and Values."

The luncheon speaker will be Robert A. Olson, U. of N. professor of agronomy—"Inside Look at Agriculture in Red China."


The afternoon program on Forecast '77 - Grain & Livestock Production will feature these speakers:

- Randy Thompson, marketing analyst, and Gary Meyer, vice president, on grain outlook.

- Steve Treadway, partner and manager, D & S Farms, Brush, Colo., on livestock.

The NBA Group 5 annual meeting will conclude the program.

LINCOLN: Jerry D. Schiermeyer resigned as chairman, president and chief executive officer of National Bank of Commerce March 8. Mr. Schiermeyer announced he had negotiated the sale of his stock in NBC affiliated banks and was resigning from his posts. James F. Nissen was advanced from executive vice president to the presidency of the bank. James Stuart, Jr., a member of the board and NBC Co., has been named president of the holding company. Glenn Yaussi will be chairman of both the bank and the holding company. Mr. Schiermeyer said his future plans will be announced at a later date.

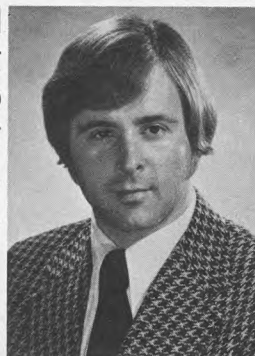


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MATURITIES

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\$145,000	February 1, 1978	3.30		\$180,000	February 1, 1982	4.10
150,000	February 1, 1979	3.60			<u>4.20%</u>	
	<u>4.20%</u>			190,000	February 1, 1983	4.20
160,000	February 1, 1980	3.80			<u>4.30%</u>	
	<u>4.00%</u>			200,000	February 1, 1984	4.30
170,000	February 1, 1981	3.95			<u>4.40%</u>	
				55,000	February 1, 1985	4.40

LEGALITY TO BE APPROVED BY FAEGRE AND BENSON, ATTORNEYS, MINNEAPOLIS, MINNESOTA.

Waseca County is located in southeastern Minnesota approximately 75 miles south of the Minneapolis/St. Paul Metropolitan Area and 50 miles north of the Iowa border. Slightly more than one-half of the County's total assessed valuation is agricultural property. In general, crops are more important to the total agricultural picture than livestock. In 1974, Waseca County farmers realized a combined cash income of \$43,205,000 from crops, compared to \$15,802,000 from livestock and livestock products and \$40,000 in government payments. The City of Waseca, in addition to being the Waseca County Seat, is the largest municipality in the County and as such is the heart of most commercial and industrial activity. Major employers in the city include the following: E. F. Johnson Company; General Food Corporation Food Products Division; Brown Printing Company; Herter's, Inc.; Corchran, Inc.; Waseca Mutual Insurance Co. and Dean's Speciality Supply Co. The combined deposits of the six banks in the County totaled \$79,058,000 as of December 31, 1976.

These bonds are issued pursuant to M.S.A. Chapter 475 and M.S.A. Chapter 162.181. The proceeds of this issue will be used to finance paving and other improvements to various state-aid roads in the County. The debt service is actually paid from the County's annual allotments from the Minnesota State-Aid Highway Trust Fund. The Trust Fund receives its money from motor vehicle registration fees, gasoline taxes and insurance premiums, among others. In the opinion of counsel, these bonds are also legal and binding general obligations of Waseca County, Minnesota, 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 should the allotments prove insufficient.

FINANCIAL STATEMENT

Market value, 1975-76		\$301,086,677
Assessed valuation, 1975-76		70,215,409
Direct debt, including this issue		1,644,000
Total direct, overlapping and underlying debt		8,075,931
Population, 1977 estimate:	17,563	
Area:	276,480 acres	
		Direct debt per capita: \$ 93.61
		Total debt per capita: 459.83
		Direct debt per acre: 5.95
		Total debt per acre: 29.21

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OMAHA: The Midplains Group of the NABW will have an Executive Night dinner Tuesday, Mar. 29, at the Holiday Inn at 72nd & Grover Sts. Women bank officers of the Omaha-Council Bluffs area will invite their bank presidents to hear the speaker, Mrs. Betty Steele, immediate past president of NABW, who is vice president-secretary and director of Brenton Banks, Inc., Des Moines. The dinner is at 7 p.m.

Minnesota News

BLAINE: Terry Pratt has joined First Northtown National Bank in this Minneapolis suburban town as vice president and cashier. For the past 20 years he has been with First Merchants National Bank of St. Paul.

DULUTH: Lyle F. Bourdon has been elected president and managing officer of Duluth National Bank. He succeeds Roy W. Olson, who retired February 28 after more than 47 years with the bank. Mr. Bourdon was advanced from vice president.

MINNEAPOLIS: The preliminary plans for a major downtown project

were announced March 3 by D. H. Ankeny, Jr., president of First National Bank, and by Gerald D. Hines, owner of Gerald D. Hines Interests, of Houston, Tex. The project will be in excess of 1,000,000 square feet, located on the block across 2nd Avenue from the present First Minneapolis main office building. Mr. Hines said the project will be an office and retail complex. The Pillsbury Company has executed a letter of intent for approximately 400,000 square feet in the complex for its new world headquarters. First Minneapolis and First Bank System also will occupy major space in the project.

ST. PAUL: Laurence R. Kennedy, vice president in the banks and bankers division of the First National Bank, will assume new duties March 28 with First Bank System headquarters in Minneapolis as vice president and manager of credit review and credit control.

Illinois News

CHICAGO: Northern Trust Company has announced plans to open a banking office at Oak Street near Michigan Avenue in early 1978.

CHICAGO: Since passage of the Foreign Banking Office Act by the Illinois legislature in 1973, 45 foreign banks have established installations in Chicago, and 22 are full-fledged branches.

Colorado News

The Colorado legislature is considering a compromise EFTS bill prepared by the Colorado Bankers Association which has been drawn to reconcile differences between the Convenience Banking Association and the Independent Bankers of Colorado. EFT bills have failed in the legislature the past four years due to differences between the two organizations and among members of the legislature. The proposed bill, the Bank Electronic Funds Act, authorizes mandatory sharing of terminals by any bank within the state. However, it also allows

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different banks or bank holding companies to set up their own EFT systems. The Colorado Division of Banking would have control of and broad powers over the EFT systems.

North Dakota News

LANGDON: Darwin Ronngren has been elected president of First Bank of Langdon to succeed Myles L. Johnson, who has retired. Mr. Ronngren began his banking career in 1960 with the Jamestown National Bank. He was president and managing officer of the First National Bank of Lidgerwood.

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MANDATORY SHARING.

[Continued from page 1]

and ITS (in Iowa), for both systems do require a higher payment from those who join the system late so that they actually share retrospectively in developmental costs.

The Justice letter says "anti-trust laws generally favor individual action" but that a joint venture approach can be approved "where the financial risks of a venture are so great as to exceed the limits of any one institution." Justice then stated that its investigations show that individual banks are capable of developing their own EFT systems.

The threat of legal action was contained in the final paragraph of the letter from Mr. Baker when it was stated "Thus, we are unable to state a present intention not to institute legal action to challenge the creation or operation of the NETS joint venture." Since William Riley, Nebraska director of banking, has not yet directed Nebraska banks to comply with the mandatory sharing statute enacted

by the Nebraska legislature January 1, 1976, the possibility is that the Justice Department could bring action first against ITS in Iowa or TYME in Wisconsin, both of which are presently operational.

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