

NORTHWESTERN Banker Newsletter

Vol. 5 No. 50

Des Moines, Iowa

April 11, 1977

Burns: Fed Must Lead Fight on Inflation

In a statement presented March 22 before the United States Senate committee on the budget, Federal Reserve Chairman Arthur F. Burns, in part of his presentation, gave these views on inflation:

A basic working premise of the Federal Reserve is that there is an urgent national need to create job opportunities for the millions of Americans who want to work but who nevertheless now find themselves idle. The solution of this problem, and especially amelioration of the difficulties that young people have in finding employment, is not to be found exclusively—or even mainly—in government programs aimed at enlarging aggregate demand.

It is of crucial importance that our citizens understand better than they do that inflation is itself a prime source of much of our nationwide unemployment. There is no doubt in my mind, as I read the record of the early 1970s, that inflationary distortions were the principal cause of the recent severe recession. Nor do I have much doubt that the expansion of employment now in process will be threatened if we fail to develop a strong anti-inflation policy.

That is why monetary policy, while fully supportive of economic

growth, has diligently sought to avoid the release of new inflationary forces. That is also why I have been so concerned that the Congress recognize the powerful



momentum that has been built into Federal spending by the "entitlement" programs enacted in the 1960s. We need to take great care in adding new permanent programs to the budget, lest they accentuate underlying budget pressures that will manifest themselves later on and create financial stresses that jeopardize economic growth and employment.

Fortunately, we have made considerable progress since 1974 in lowering the rate of inflation. Consumer prices rose about 5% last year, down from 12% two years earlier. But it is going to be difficult to achieve further significant reductions in the immediate future. Substantial amounts of idle capacity and manpower provide little

assurance that price pressures will not mount as the economic growth rate speeds up. Indeed, the historical record of business cycles in our country clearly demonstrates that the average level of sensitive commodity prices tends to start rising at or close to the very beginnings of a business-cycle upswing and that the prices of final goods and services gather substantial upward momentum well before full utilization of resources is achieved.

We are now witnessing, in fact, some disturbing manifestations of price pressures in our economy. The prices of basic commodities in wholesale markets have been moving up at a rapid pace since last fall. The wholesale prices of industrial commodities at all stages of processing have increased at an annual rate of 8% during the past half year. At the consumer level, even abstracting from the temporary impact of weather on some food items, there has been a tendency recently for prices of many goods and services to rise at an increased rate.

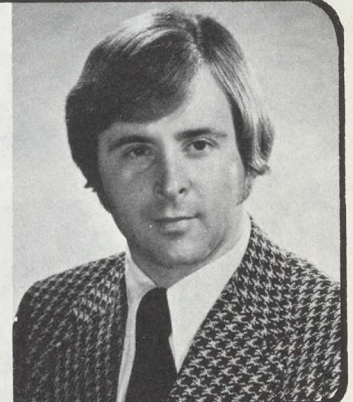
These developments suggest the need for great care in fashioning fiscal and monetary policies. Our official actions must not contribute to inflationary psychology. Not only that, but we need to convince both businessmen and consumers

BURNS
[Turn to back page, please]

When you choose a city correspondent,
do what over half of the banks in Iowa do
— bank at MNB.

Jerry Trudo
Assistant Vice President

Merchants National Bank 
222 Second Ave. S E Cedar Rapids, Iowa 52401 • A 'BANKS OF IOWA' BANK



Call your roving correspondent at Bankers Trust

Ben Eilders,
Senior Vice President

BANKERS TRUST
Des Moines, Iowa 50304
Use our toll-free WATS line: 800-362-1688
Member: F.D.I.C./Federal Reserve System

Iowa News

The Iowa legislature was considering several important matters last week affecting banks and other financial institutions.

- The House Ways and Means Committee recommended for passage a study bill which would substantially rewrite the Iowa Franchise Bill. Effects: Would increase the tax from \$6.8 million collected in 1976 to \$12.6 million. Would subject income from Iowa municipalities to the Franchise Tax. Would disallow deduction of federal income taxes. Would disallow de-

duction of Iowa Franchise taxes paid. Would increase most Franchise Tax rates. The Iowa Bankers Association estimates the bill would double the taxes paid by Iowa banks and other financial institutions, would increase rates municipalities would be forced to pay on municipal bonds, and would place a tax on a tax by eliminating federal tax deductibility.

- The Senate is talking about re-instituting the Moneys and Credits tax which was abolished some years ago because it drives money out of the state.
- Some legislators want to order that interest be paid on escrow accounts, with FHA and VA loans exempt.
- The energy committee on April 6 voted to make lenders responsible for determining the thermal efficiency of any property on which they make loans.

* * *

The Bank Administration Institute (BAI) in conjunction with the Iowa Bankers Association will hold 4 Call Report Preparation Clinics in Iowa this month. The one-day clinics are designed to demonstrate the mechanics involved in completing the reports of condition and income required by the supervisory authorities. Topics to be discussed include: recent changes and revisions in call reports, loan loss reporting changes, common errors encountered in call reports and a question-and-answer period. Dates and locations follow:

April 20—Townhouse, Cedar Rapids.

April 21—Holiday Lodge, Clear Lake.

April 27—Buena Vista College, Storm Lake.

April 28—Merle Hay Travelodge, Des Moines.

Two conferences earlier scheduled for Ottumwa and Council Bluffs have been cancelled.

AINSWORTH: The merger of the

Ainsworth State Bank with the National Bank of Washington has been approved by the Office of the Comptroller of the Currency. The merged bank is known as the National Bank of Washington, the Ainsworth Office.

DES MOINES: The Iowa Bankers Association announced the cancellation of the State Banking Conference scheduled for April 13 at the Hyatt House in Des Moines.

LESTER: The Lester State Bank is scheduled to move to Rock Valley in adjoining Sioux County April 15. At that time, the name will be changed to Peoples Bank and Trust and an office retained at Lester, according to Stanley G. Smith, executive vice president. Wayne G. Wilke, president, has been named chairman and will manage the Lester Office. Joe Van Tol has resigned as vice president of First Dakota National Bank, Yankton, S.D., to become president of Peoples Bank and Trust in Rock Valley. Harold Meester continues as cashier at Rock Valley. Mr. Smith also is president of Rock Rapids State Bank in Rock Rapids.

MINEOLA: The Board of Governors of the Federal Reserve System has announced approval of the applications by Kruse Insurance Agency, Inc., here to become a bank holding company by acquiring Mineola State Bank and to engage in the sale of credit life and credit accident and health insurance directly related to extensions of credit by the bank.

Nebraska News

Here is the current status on banking legislation at the state-house:

LB77, known as the Omaha National facility bill, passed 31-14 and is in the Governor's office for signature. Defines attached facility as one within 200 feet of main building, connected by tubes or mechanical devices. Banks may

Our computer capabilities give you a lot of help for your money.



Bob Bueneke

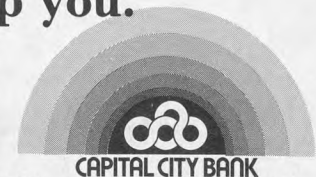
IOWA-Des Moines NATIONAL BANK

Member FDIC An Affiliate of Northwest Bancorporation **BANCO**

Jim is ready to help you.



As our new associate in the correspondent bank department, Jim Eick will show you that we do your kind of banking.



CAPITAL CITY BANK

Des Moines' second largest independent bank. Main Bank East Fifth and Locust 50309 515/244-5111



CARLETON D. BEH CO.

INVESTMENT SECURITIES

DES MOINES BUILDING

DES MOINES, IOWA

TELEPHONE
288-2152
AREA CODE 515

NEW ISSUE

\$400,000

MOODY'S: "A"

PENNINGTON COUNTY, MINNESOTA

General Obligation State-Aid Highway Bonds of 1977

Dated: May 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (May 1 and November 1, first coupon due May 1, 1978) 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>5.50%</u>			<u>4.10%</u>		
\$50,000	May 1, 1978	3.25	\$50,000	May 1, 1982	4.10
<u>4.75%</u>			<u>4.20%</u>		
50,000	May 1, 1979	3.50	75,000	May 1, 1983	4.20
<u>4.00%</u>			<u>4.30%</u>		
50,000	May 1, 1980	3.75	75,000	May 1, 1984	4.30
50,000	May 1, 1981	4.00			

LEGALITY TO BE APPROVED BY LE FEVERE, LEFLER, PEARSON, O'BRIEN & DRAWZ, ATTORNEYS, MINNEAPOLIS, MINNESOTA.

Pennington County is located approximately 300 miles northwest of the Twin Cities and 40 miles northeast of Grand Forks. The county seat is Thief River Falls which serves as the major trade, medical and financial center for the primarily agriculturally oriented economy. Also located in the County are the smaller trade centers of Goodridge and St. Hilaire. Farm units in Pennington County are averaging over 400 acres in size with prices ranging from an estimated \$250-325 per acre on the east of \$300-400 per acre in the central and western portions of the County. Farming is well diversified with dairying and small grains providing the primary sources of farm income. Major employers located in Pennington County include: Arctic Enterprises, Inc. (snowmobiles and terrain vehicles, 600-1,000 employees); Bridgemans (milk processing, 65 employees); Forsbergs, Inc. (dry grain processing equipment, 65-70 employees); L. B. Hartz Wholesale, Inc. (wholesale food distributors, 140 employees); Hydra-Mac, Inc. (Mighty Mac loaders, 125 employees); Land-O-Lakes Creameries (milk, ice cream, seed, hatchery poultry processing, 25-155 employees) and Toreq (farm machinery, 40-60 employees). There are two banks in the County with deposits in excess of \$66,000,000.

These bonds are issued pursuant to M.S.A. Chapters 475 and 162. The proceeds of this issue will be used to finance paving and other improvements to various state-aid highways 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 Pennington 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, 1976-77	\$109,495,541
Assessed valuation, 1976-77	33,124,160
Direct debt, including this issue	2,440,000
Total direct, overlapping and underlying debt	10,193,531
Population, 1977 estimate: 14,600	Direct debt per capita: \$167.12
Area: 397,440	Total debt per capita: 821.47
	Direct debt per acre: 6.14
	Total debt per acre: 25.65

Tax collections have approximated 99.6% of taxes levied for the past five years.

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

The information contained in this circular is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.

CALL ON THE "PERFORMANCE TEAM"

where common transactions are handled uncommonly well.



FIRST NATIONAL LINCOLN

13th & M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.

still have two detached facilities—one within three miles of main office, and the other within the city limits.

LB385, the multi-bank holding company bill, is still held in committee on a 4-4 vote.

LB258, the state funds bill, is on the floor for first debate.

GENEVA: Timothy A. Rowan has been promoted to vice president of the Fillmore County Bank. He joined the bank in April of 1976.

HAY SPRINGS: William H. Riley, director of banking and finance in Nebraska, has announced that approval has been given to the First National Bank here to convert to a state chartered bank under the name of Northwestern State Bank of Hay Springs.

OMAHA: On advice of its bank counsel, The Omaha National Bank has withdrawn from NETS in view of the recent opinion handed down by the Justice Department that NETS could be subject to anti-trust action. Omaha National officials state strongly that their support is still with NETS and that the bank will continue working in any way it can to resolve the problem with Justice. Omaha National also has stated it plans to fully meet its commitment to build the NETS switch.

RUSHVILLE: Ron Peters has joined the First National Bank as assistant cashier. He formerly was a teacher in the Omaha school system.

STANTON: Rodney Schellpeper has been promoted from vice president to president of the First

National Bank here. He succeeds Val Beavers who became president of the First National Bank of Tekamah. Mr. Beavers continues as chairman of the Stanton bank. Mr. Schellpeper joined the bank in 1969 as a cashier.

Minnesota News

The following banks have increased their capital stock: Farmers State Bank of Nerstrand, from \$30,000 to \$33,000 by sale of new stock; First State Bank of Rushmore, from \$60,000 to \$120,000 by stock dividend, and First State Bank of Wheaton, from \$150,000 to \$300,000 by sale of new stock.

MINNEAPOLIS: The 1977 Minnesota Bankers Association 15th Annual Lending Conference will be held April 20-21 at the Hotel Leamington in downtown Minneapolis, according to conference chairman David J. Delaney, president of the First National Bank of Navarre.

The first day will include an update on state legislation; the Uniform Commercial Code; lending laws and regulations; the Equal Credit Opportunity Act, usury legislation and implementation, and a new feature section where a panel of prominent bank attorneys will answer questions from the audience relating to bank laws and regulations.

The next session will include a program on the techniques of bank lending and Dr. Paul S. Nadler will speak on "The Outlook for Bank Lending." He is professor of business at Rutgers University in New Brunswick, N.J.

During the morning and afternoon sessions, bankers will be able to attend three or four workshops on written loan policies, bank

examinations, collection procedures and loan pricing analysis.

The lending conference is sponsored by the lending committee of the Minnesota Bankers Association, chaired by James T. Gowan, First National Bank, St. Paul.

North Dakota News

LISBON: Farmers State Bank has increased its capital stock from \$500,000 to \$1 million by stock dividend.

MANDAN: The application of Mandan Security Bank to increase its capital stock from \$100,000 to \$750,000 by stock dividend has been approved.

Wyoming News

CHEYENNE: American National Bank has announced the promotions of Karla Semler to assistant comptroller and Sharon A. Duni-vent to real estate loan officer.

Illinois News

April 21-22 are the dates of the annual Illinois Bankers Association Trust Conference at the Continental Regency in Peoria. The Impact of the Tax Reform Act on the Trust Industry will be the topic of discussion. The conference will divide into two workshops, one on the application of the carryover basis rules under tax reform, satisfying the reporting requirements and

When your customer owns equipment but needs cash, perhaps a "Leaseback" is the answer. Fees for you and loss-free, high yield loans if you want them.



"DICK" SELLON

Investigate
LeasePlan
by

First Insured Services, Inc.

545 - 31st Street • 282-5008
Des Moines, Iowa 50312



"DUANE" DEVAULT

Valley National Bank
A BANKS OF IOWA BANK
Member FRS • Member FDIC
Des Moines, Iowa 50304 515/245-6139

JOHN RODGERS WELCH
Vice President

Over 80 banks have discovered the opportunities we offer with correspondent services.

Why not join them?

Call 319-582-1841 collect



Robert Scott, one of our Men of Opportunity



American Trust & Savings Bank

Town Clock Plaza, Dubuque, Iowa
Member: FDIC & Federal Reserve System

post mortem decision involving employee benefit participation, and the other on generation skipping trusts, joint tenancy, accumulation trusts, instalment payments of federal estate tax, and dealing with special valuation of farms for estate tax purposes. Friday's activities will include a general session on trust personnel, experience and education.

LOCKPORT: An application by Old Canal Bankshares, Inc., to become a bank holding company through acquisition of Heritage First National Bank has been denied.

BURNS
[Continued from page 1]

that a break with the past is underway—particularly, that our nation's finances will henceforth be handled with greater prudence than they have in the past.

The task of effecting a transition to a noninflationary environment is one to which the Federal Reserve must make a major contribution. The monetary growth ranges established during the past two years have been considerably higher than they should be over the long run. Ideally, the combination of increases in the money stock and increases in velocity should approx-

imate the economy's longer-term growth rate of physical output, which is about 3½%. If we could come close to such an alignment, the trend of the general price level would tend to stabilize and inflation would be a thing of the past.

We are, of course, a long way from the objective and, as a practical matter, we cannot move to it in one fell swoop. The shock of adjustment would be too abrupt in view of the need to keep the economy moving along a satisfactory path of expansion. But, the difficulties inherent in moving swiftly to appropriate growth rates for money do not mean we should be acquiescent. Rather, a policy of gradual reduction in monetary growth rates toward levels consistent with reasonable price stability must be adhered to. The Federal Reserve has, in fact, been gradually lowering its projected growth ranges for the monetary aggregates. We know that we must do better in order to lay a foundation for lasting prosperity. I assure you that we will be striving in that direction.

WANT ADS

Rates 40 cents per word per insertion. Minimum: 12 words
NORTHWESTERN BANKER
306 15th St., Des Moines, Iowa

POSITION AVAILABLE

Number two person in agricultural loan department. Some experience required. Salary negotiable. Written application should be sent to First National Bank, Dubuque, IA 52001, Attn: Personnel Department.

SERVING PROFESSIONALLY

Banking, Financial & Business Personnel
Iowa and Nationwide

CAPITAL PERSONNEL SERVICE

204 Securities Bldg. 515-283-2545
Des Moines, Iowa 50309

POSITION AVAILABLE

Consumer loan manager for \$22MM bank in south-east Iowa. Write: Personnel Officer, Security State Bank, Keokuk, IA 52632 or phone 319/524-4355.

Call on us!

Toll free 800-362-1615
Correspondent Bank Department

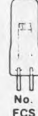
"C" Central National Bank & Trust Company
DES MOINES, IOWA

AFFILIATED WITH CENTRAL NATIONAL BANKSHARES, INC.



EDDIE A. WOLF WILLIAM B. GREAVES RUSSELL G. PLAGER RAYMOND SCHNEIDER

Norelco Microfilm Lamps NO. FCS



LOTS	6-24	\$5.10
OF:	24-48	4.32
	48-72	4.08
	72-96	3.93
	120-UP	3.68

We prepay any shipment over \$100.00 net. Minimum order, \$25.00 net. Write for special prices on other lamps. Your satisfaction guaranteed. Please save for future reference.

Sitler's SUPPLIES, INC.

P.O. Box 10-Z 702 E. Washington St.
Washington, Iowa 52353
Ph. 319-653-2123

DO YOU NEED ME??

Banker experienced in all phases of banking desires position as managing officer of rural area bank. Will consider second man if opportunity to advance in near future exists. Resume upon request. All replies confidential. Write Box OJS, c/o NORTHWESTERN BANKER, 306 15th Street, Des Moines, IA 50309.

BANKERS PERSONNEL SEARCH, INC.

321 Stephens Building
Des Moines, Iowa 50309
515/282-4446 or 515/961-5419
Harriette Allison, President
Employer Paid Fee Confidential
Bank Personnel Only

SALE, LEASE OR LEASE PURCHASE

Preconstructed financial buildings with all name brand bank equipment included. Permanent and temporary structures available. 12' x 30', 2-28' x 70' with full basement. SON CORPORATION, Box 684, Wichita, Ks. 67201-316/942-8167.

POSITION WANTED

May, 1977, graduate of I.S.U. in ag business wishes a bank trainee position. Contact: Dean Conrad, 1279 Hawthorne, Ames, IA 50010-515/292-6115.

COMMERCIAL LOANS - BANK

A large sized suburban Montana bank needs an experienced loan officer with both new business and strong commercial credit background. This position requires 3-5 years experience in commercial bank lending, including commercial real estate lending. Opportunity to join a progressive management team. For confidential consideration, submit your resume, including salary history to Box CCB, c/o NORTHWESTERN BANKER, 306 15th Street, Des Moines, IA 50309.

POSITION AVAILABLE

Number two person in instalment loan department. Three to four years experience is desired. Salary negotiable. Written application should be sent to First National Bank, Dubuque, IA 52001, Attn: Personnel Department.

BANKERS WANTED

COM'L LOAN—Several spots in the midwest. 3-5 years experience and formal analysis required.

SR. COM'L LOAN—Must be able to handle executive loan officer position in large bank in 2 years.

INVESTMENT OFFICER—Prefer 10 years banking and heavy bond experience.

JR. AGRIC LOAN—Agri-related degree and farm background preferred.

AGRIBIZ LOAN—Must have executive experience in heavy ag loans.

C.E.O.—Small bank in small Missouri town for absentee owner.

LEASING—2 positions in midwest. Heavy equipment experience required. Must supervise.

Send resume, reason for change, salary history, and photo in complete confidence. Banking Only.

TOM HAGAN & ASSOCIATES

Box 12346, N.K.C., MO 64116
(816) 474-6874

"IT TAKES A BANKER TO KNOW ONE"

Vol. 5 No. 50 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25 cents per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579) manuscripts, mail items to above address.