

# NORTHWESTERN Banker Newsletter

Vol. 7 No. 12

Des Moines, Iowa

July 17, 1978

## Outlines 8-Point Attack on Inflation

**I**NFLATION introduces an element of deceit into most of our economic dealings...We will not defeat inflation if we always take the short view... Cancer ignored does not become stationary, and neither does inflation. Inflation ignored accelerates.



H. C. WALLICH

These comments were part of the address delivered by Federal Reserve Governor Henry C. Wallich to students receiving their Masters of Business Administration degrees recently from the Fordham University Graduate School of Business. After delineating the problems and effects of inflation, Mr. Wallich offered this "Plan for Action":

A long view is needed on inflation. It is a view very different from that of the politician, who is under enormous pressure to do quickly something that looks good. If the people will not instruct their elected representatives to do the things that are needed to end inflation, if they turn them out of office because the remedies take time and are temporarily painful, we will keep getting a little more

employment and output now at the expense of much more unemployment and loss of output later. And we will get more inflation all along the way, down to its ultimate consequences.

We need to make the ending of inflation our first priority. That must be our overall policy. In the current circumstances, to implement it, we need to take a number of steps, some of which I shall list here.

1. We need to recognize that we are currently very close to full employment and accordingly must slow down the growth of the economy, gradually but firmly, to its long-term rate of  $3\frac{1}{4}$  -  $3\frac{1}{2}$  %.

2. We must limit the pending tax cut to what is needed to offset the effect of inflation on income brackets, perhaps on the order of \$10 billion.

3. We must work to bring the budget deficit for 1980 below \$40 billion.

4. Monetary policy must prevent increases in money growth that would fuel inflation and must gradually bring the growth of the monetary aggregates down to levels commensurate with the real growth rate of the economy.

5. We must stop adding to inflation by government actions such as protectionism, regulation,

farm price supports, minimum wage increases, and high government construction costs.

6. We must promote competition, through anti-trust action, and productivity through tax changes that stimulate investment.

7. We must maintain as strong a dollar internationally as our balance of payments will permit.

8. We would be wise to adopt an incomes policy that employs the tax system and the market mechanism, free from the taint of wage and price controls, commonly referred to as TIP.

The President's program of voluntary de-escalation of price and wage increases deserves everybody's support. But in our highly competitive environment, voluntary sacrifices on the part of labor and business have their limitations.

If inflation is a moral problem, we require a moral solution; that is, a recognition that public policies had led to serious inequities affecting people in different and unequal ways, and a commitment to new policies that will correct the cumulative distortions and contribute to desired economic progress. The policies I have proposed require taking a long-run view of inflation. Nothing will stop inflation overnight, and in the short run the gains will always seem dearly won. But without such a long-run approach, the damage will mount and the ultimate costs will escalate.

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### Iowa News

**BEDFORD:** Bedford National Bank recently opened its New Market Office, according to Bill Miller, vice president. A pork barbeque for the community highlighted the opening.

**BETTENDORF:** Bettendorf Bank and Trust Co. has announced it will construct a full-service branch office at 53rd and Brady Streets in Davenport.

**BLOOMFIELD:** Douglas Shanklin has been named assistant vice president of the Davis County Savings Bank. He comes to Bloomfield from the Wilton Savings Bank. Don Treharne has been promoted from assistant vice president to vice president of the bank.

**to one  
grow  
on**



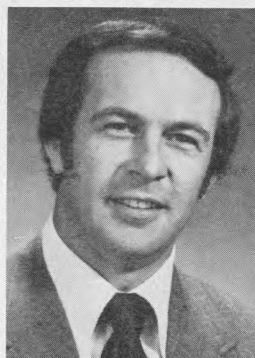
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**CHARLES CITY:** Citizens National Bank has announced the promotion of Craig A. Lynch to vice president and the appointment of Colin B. Robinson as vice president. Mr. Robinson formerly was with the First National Bank in Elbow Lake, Minn., as vice president.

**CORWITH:** Richard Halverson has been promoted to vice president of the Corwith State Bank. Hazel Lenz and Daniel Vicker have been elected assistant cashiers.

**CRESTON:** The promotion of Lee McNichols from cashier to vice president of the Iowa State Savings Bank has been announced by Joe Knock, president. He has been with the bank since 1970.

**DUMONT:** R. L. Harrison, president of the State Bank, has announced the following officer advancements: M. W. Thornburgh, senior vice president; Ruth Long, cashier; T. L. Harrison, assistant cashier and agricultural representative, and Sheril Brodbeck, assistant cashier.

**RED OAK:** Roger Ehmke has joined the Montgomery County National Bank as an instalment loan officer. For the past year he has been with North Central Adjustment Co. in Red Oak.

**WALNUT:** Howard H. Hansell has joined the Walnut State Bank as vice president, succeeding Dwight Wuster who retired. Mr. Hansell formerly was cashier of the

Farmer's State Bank of Colesburg for eight years.

### Nebraska News

**CLARKSON:** Helen M. Mastney has been named assistant vice president of the Clarkson Bank. She has been with the bank for 17 years.

**COLUMBUS:** First National Bank and Trust Company has announced the appointment of John R. Scott as loan officer in the instalment lending department. He formerly was office manager of Postal Finance.

**DALTON:** Funeral services were held recently for Lyle Rabe, president of the Dalton State Bank. Theodore Panas was elected president of the bank.

**NORTH PLATTE:** A hearing will be held August 4 in Lincoln on an application by American Security Bank to open a southside branch office at B and Jeffers, according to E. Dean Niedan, chairman. The facility, which could be completed within 60 days after approval is obtained, would include four inside teller windows, a drive-up window, two drive-up kiosks and additional office space.

**OMAHA:** Cornhusker Bank of Omaha has changed its name to The Nebraska State Bank of Omaha.

**SPALDING:** Spalding City Bank has announced the addition of

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**NEW ISSUE**

**MOODY'S: "Baa-1"**

## \$1,700,000 OAKLAND OBLIGATION SCHOOL BUILDING BONDS General Obligation School Building Bonds

Dated: August 1, 1978

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due December 1, 1978) payable at the office of the School District Treasurer, Oakland, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

### MATURITIES

<u>6.00%</u>			<u>5.70%</u>		
\$25,000	June 1, 1980	5.00	\$100,000	June 1, 1992	5.70
55,000	June 1, 1981	5.00		<u>5.80%</u>	
60,000	June 1, 1982	5.05	110,000	June 1, 1993	5.80
65,000	June 1, 1983	5.10		<u>5.90%</u>	
65,000	June 1, 1984	5.15	115,000	June 1, 1994*	5.85
70,000	June 1, 1985	5.20	120,000	June 1, 1995*	5.90
75,000	June 1, 1986	5.25		<u>6.00%</u>	
80,000	June 1, 1987	5.30	125,000	June 1, 1996*	5.95
80,000	June 1, 1988	5.35	135,000	June 1, 1997*	6.00
85,000	June 1, 1989	5.40	150,000	June 1, 1998*	6.00
90,000	June 1, 1990	5.50			
95,000	June 1, 1991	5.60			

\*Optional in inverse order beginning June 1, 1993 at 100%.

LEGALITY TO BE APPROVED BY AHLERS, COONEY, DORWEILER, HAYNIE & SMITH, ATTORNEYS, DES MOINES, IOWA.

Oakland Community School District is located in Pottawattamie County about 25 miles east of the Omaha-Council Bluffs metropolitan area. Oakland has always been known as a prosperous District because of the quality livestock feeding industry. The Oakland Feeding Corporation, the largest in the State of Iowa, and the American Beef Packers Plant provide a ready cattle market for the surrounding area. Cattle marketing, corn and soybean production have greatly added to the District's economy. Major employers in the District include: American Beef Packers, 320 employees; Oakland Community School District, 57 employees and Northern Natural Gas, 40 employees. In addition, many residents commute to nearby employment in Omaha and Council Bluffs. There are two banks located in the District with deposits in excess of \$34,000,000.

These bonds are being issued under the provisions of Chapter 296, Code of Iowa, 1977, and were approved at a special election held May 16, 1978, for the purpose of constructing various additions to the existing high school building. In the opinion of counsel, these bonds are legal and binding general obligations of Oakland Community School District, Iowa, 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 STATEMENT

Actual & assessed value of taxable property, 1977	\$80,335,511
Direct debt, including this issue	2,080,000
Total direct, overlapping & underlying debt	2,327,923
Population, 1978 estimate: 2,600	Direct debt per capita: \$800.00
	Total debt per capita: 895.36
Area: 76,800 acres	Direct debt per acre: 25.64
	Total debt per acre: 30.31

Tax collections have approximated 102.3% 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.



4 Michael Pfeifer to its staff. He will work in the insurance, operational and loan departments.

**WEST POINT:** Layne L. Sander has been appointed agricultural representative of the First National Bank. He has been director of adult farm business management at Northeast Technical College in Norfolk for the past two years.

### Minnesota News

**BEMIDJI:** First National Bank has announced the addition of Dennis L. Schlagel to its staff as commercial loan officer. He came from the Argyle State Bank where he was cashier since 1974.

**DETROIT LAKES:** Phyllis Beyer has been elected vice president of the First National Bank. She joined the bank as a bookkeeper in 1960.

**FERGUS FALLS:** N. R. Lake has been promoted to senior vice president of the First National Bank.

**GOOD THUNDER:** The First National Bank has converted to a state banking institution and is now operating under the name of First State Bank of Good Thunder.

**MANKATO:** Minneapolis businessman Irwin Jacobs has announced plans to buy four southern Minnesota banks owned by Daniel and Thomas Coughlan of Mankato. The purchase would give Mr. Jacobs controlling interest in the National Bank of Commerce, Mankato; Valley National Bank, North Mankato; The Citizens State Bank, St. James; and the Farmers State Bank, Sherburn.

**MINNETONKA:** The new Ridgedale State Bank has named Frederick Winston president and chief executive officer. He formerly was head of the Asian division of

the international department of First National Bank of Minneapolis. The bank also announced the following elections: Robert C. Arneson, executive vice president; Ralph G. Pitzrick, cashier and vice president, and Barbara J. Anderson, administrative assistant. Mr. Arneson formerly was vice president of Americana State Bank of Edina. Mr. Pitzrick was cashier and operations officer of the Golden Valley State Bank. Mrs. Anderson formerly was with the First National Bank of Minnetonka and was marketing officer at American State Bank of Edina.

**OWATONNA:** The First National Bank has announced the promotions of Boyd W. Hanson to cashier and Carl J. Sehnert to vice president and as manager of the timepay department. Lloyd D. Ratkovich, vice president, has joined the bank from the First Security State Bank of St. Paul.

**ST. PAUL:** Gary Woeltge has been elected president of the Heritage State Bank of North St. Paul. He began his banking career with the First National Bank of St. Paul in 1967. Most recently he has been vice president of finance for Barber's Hairstyling for Men & Women, Inc.

**WINONA:** Three officer promotions have been announced by the First Northwestern National Bank. They are: Roger E. Przybylski and Ronald R. Stoskopf to vice presidents and Vicki Decker to marketing officer.

### North Dakota News

**BISMARCK:** United States Court of Appeals for the Eighth Circuit has ordered returned to U.S. District Court the common law issue of whether or not the name First Bank of North Dakota, N.A. used by First System Banks in Fargo, Grand Forks, Jamestown,

## Bankers Service

### LOAN ACTIVITY BULLETIN

**Who:** names of all debtors in the county recorded during the period  
**What:** name of secured party  
**When:** the date the loan was filed with the Secretary of State  
**Where:** location where loan made



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### Colorado News

**AURORA:** Vincent Schmitz, CPA, has been appointed vice president in charge of a newly formed business and commercial department at the Aurora National Bank. Mr. Schmitz was an organizer of the bank and has served on its executive and loan committees.

**DENVER:** First Security Bank, to be located within a radius of one-half mile of the intersection of East Arapahoe Road and South Holly Street, has filed an application for charter with the state banking board. Incorporators and stockholders of the proposed bank are Jack C. Kent, Charles H. Smukler, Richard L. Eason, Alan R. Harmon and Leigh H. Norgren.

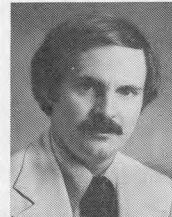
**DENVER:** Norman J. Neuhalfen has been named vice president of the new Women's Bank in Denver.

## COULSON STEINMETZ AND LEWIS

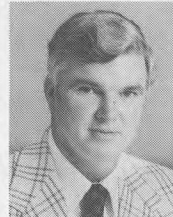
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He previously was vice president of the Citizens Bank of Aurora.

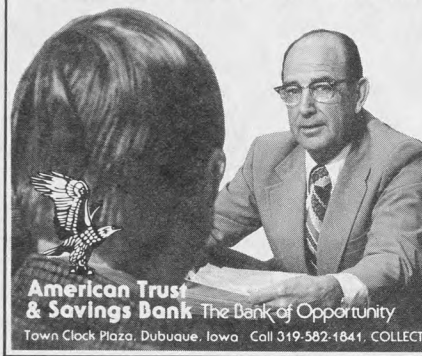
**Illinois News**

**HOFFMAN ESTATES:** Suburban Bank of Hoffman Estates has received regulatory approval to establish its headquarters at the 275 South Roselle Road office now under construction in nearby Schaumburg. The bank will change its name to Suburban Bank of Hoffman-Schaumburg at the time of moving into the new location late next month.

**NORRIDGE:** The Federal Reserve System has announced its approval of the application of PDB Investment Corporation, Chicago, to become a bank holding company by acquiring Plaza Drive-In Bank here.

**NORTHBROOK:** The Northbrook Trust and Savings Bank has

**"Opportunity Talks..." Robert Scott, Correspondent Banker**



received consent to establish a facility in the White Plains Shopping Center at Dundee and Landwehr Roads here.

**House Continues Work on Bank Reform B:!!**

The House Banking Committee was continuing its work last month on markup of the banking reform bill, now known as Financial Institutions Regulatory Act of 1978 (instead of the previous title, Safe Banking Act). Among items considered were these:

- A prohibition of large bank holding companies from selling insurance or acquiring subsidiaries that engage in insurance activities. Four exceptions are: for sales of credit-related and disability insurance; for H.C.s and subsidiaries in towns under 5,000; in other communities where adequate insurance agencies do not exist, and H.C.s with assets under \$50 million. All existing insurance activities as of June 6, 1978 would be grandfathered.
- Prohibition of preferential loans by a correspondent bank to any executive officer, director or 10% stockholder of a bank for which it holds a correspondent account.

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**House Moves to Cut Capital Gains Tax**

The House Ways and Means Committee is expected to resume work this week on the tax bill that apparently will come out of committee with a reduction in the top rate on capital gains tax from 49% down to 35%. Committee Chairman Al Ullman (D., Ore.) said last week the Carter administration has not shown good reason why the tax bill should not proceed and has offered no workable alternative attractive enough to the 37-member committee.

A previous proposal by Rep. William Steiger (R., Wis.) to cut the top rate to 25% was sidetracked for the 35% level. President Carter and his staff oppose both proposals as being "huge tax windfalls for



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millionaires and two bits for the average American."

In drumming up support for the 35% amendment offered by Rep. James Jones (D., Okla.) and which is now termed the "Jones-Ullman compromise," Chairman Ullman stated "People want more freedom to move in the investment arena. We do need to ease up" on capital gains.

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### POSITION WANTED

Recent accounting graduate from rural background desires management trainee position. Previous bank experience. Write File ADY, c/o Northwestern Banker.

### POSITION AVAILABLE

Vice President, #2 position in \$14,000,000 bank, community of 2,100 near Springfield, Illinois. Prefer some ag lending background. Contact L. Wenzl, 2401 University, Des Moines, Iowa 50311.

### FOR SALE

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### POSITION AVAILABLE IMMEDIATELY

Trust officer to head trust department for \$50MM central Iowa bank. Legal degree and trust experience preferred. Write File ADT, c/o Northwestern Banker.

### POSITION AVAILABLE

Loan Officer, minimum 2 years banking experience. Contact: Larry Wenzl, First Federal State Bank, 2401 University, Des Moines Ia. 50311. 277-6441.

### INSTALLMENT LOANS

Bank seeks aggressive individual with at least 3 years installment lending experience. Growth oriented, \$30 million bank is located in a city noted for its quality of life. Send resume and salary history in confidence to file ADU, c/o Northwestern Banker.

### POSITION AVAILABLE

MARKETING OFFICER WANTED in mid-sized mid-state Wisconsin town. Responsibilities to be divided between managing call program and making majority of commercial calls, working with advertising committee and agency to manage advertising marketing plan, and being responsible for various bank promotions relating to established program in bank. Position open immediately. Banking experience more desirable than marketing experience at this stage, but must have knowledge of commercial call programs and must be proven caller himself. Write File ADW, c/o Northwestern Banker.

### POSITION AVAILABLE

Need cashier and assistant vice president for \$14MM bank in rural eastern Nebraska. Operations and ag loan experience necessary. Write file ADM, c/o Northwestern Banker.

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### POSITION AVAILABLE

Experienced installment loan person, general insurance licenses desirable, and/or operations experience. \$15MM Bank. Contact: Farmers & Merchants State Bank, New York Mills, Minn. 56567. (218) 385-2300.

### POSITION WANTED

Loan officer with 15 years experience in agri-business, commercial, and real estate lending. Background includes both community and correspondent banking. Resume and references on request. Write file ADP, c/o Northwestern Banker.

### POSITION AVAILABLE IMMEDIATELY

Vice President, #2 in bank. Should have commercial/ag loan, operations experience. \$19 million eastern Neb. bank. Write File ADQ, c/o Northwestern Banker.

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**AUDIT** - Looking for 2 yrs. exp. Audit a must. Will be in charge of internal audit dept. of \$100mm+ bank. Salary \$18,000.

**EXEC. V.P.** - IA. bank wants an aggressive person who has had total responsibility. Will be involved in all mgt. Marketing exp. a big plus. Salary \$32,000.

**EXEC. V.P.** - Exp. needed in all areas. Commercial & consumer lending with agri emphasis a must. Ill. location. Salary \$28,000.

**TRUST** - Several positions are currently available. Openings include administration, operations and investments. Salaries \$15-30K.

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### POSITION AVAILABLE

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**LOAN OFFICER**—\$20MM bank close to metro area. Handle instalments, R.E., and some commercial credits .....\$20,000

**AUDITOR**—Excellent opportunity for junior officer with limited experience. \$50MM K.C. suburban bank .....\$15,000

**COMM'L LOAN**—\$200MM metro area bank seeks addition to staff. Prefer 5 yrs. lending experience with 6 figure credits .....\$28,000

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A brief sampling of our current openings. All inquiries held in confidence.

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