

# NORTHWESTERN Banker Newsletter

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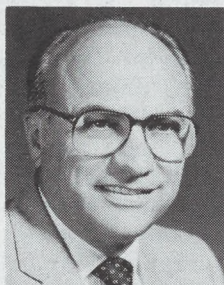
## At Nebraska Convention:

### Clayton Yeutter Says '84 Farm Key 'Is Not Making Money, It's Surviving'

THE GENERAL agricultural outlook "is not very encouraging.

There is light at the end of the tunnel in the long run, but it will still be tough in the short run."

That was the capsule assessment of the current farm outlook given by Dr. Clayton Yeutter



DR. C. YEUTTER

at the 87th annual convention of the Nebraska Bankers Association in Lincoln in early May. Dr. Yeutter, a native of Eustis, Nebr., where he still owns a family farm, is president and chief executive officer of the Chicago Mercantile Exchange and is considered to be one of the leading ag authorities in the nation.

Further in his talk at the NBA, Dr. Yeutter stated, "The key in 1984-85 is not making money in agriculture, but surviving," and he believes that will be accomplished through teamwork between professional, astute farm operators and their local bankers. He continued by saying, "The deterioration in cash flow and net worth will probably put greater pressure on bankers and farmers next winter than it did this

past winter." Dr. Yeutter praised the domestic demand as "the bright spot. We're in the midst of a very healthy economic recovery. Indicators are very strong. A healthy economy is favorable to demand for food. People have money and they're out spending it."

On another front, Dr. Yeutter stressed that employment figures show how well the American economy is doing in relation to other nations. "Ten European nations have lost three million jobs in the past 10 years," he said, "while Japan has created three million more jobs. But, the United States has created 15 million more jobs in the past 10 years. The entire net gain is in small businesses—none of it is in companies like GE and GM."

Dr. Yeutter said "we're still paying the price of the Carter embargo" in foreign demand, along with a strong U.S. dollar. He hopes for China to offer a bright spot in the export markets for American grain, because he expects "no significant increase in prices" domestically. "All we can hope for is bad weather elsewhere," he said ruefully.

New directions for farm policy may be established in 1985 when present farm policy expires within the federal government. Dr. Yeut-

ter's organization is currently paying for research being done by the American Entrepreneurial Institute, which is to have proposals for farm policy ready this fall to be presented to national leaders. "Although we don't know what will be in any list of suggestions," he noted, "I would say that a farm program of the future will have a substantially reduced ticket price—there'll be no more big PIK programs. They'll be more market-oriented. We won't be able to have farmers sell grain to the government—at least at the high prices we've had so far. The dairy program will be sharply curtailed in 1985. A substantial number of dairy producers won't survive the 1980s. These subsidies we now have can't go on.

"To have a healthy American ag economy, we *must* become a dominant exporter. We don't have the bodies here in this country to support American agriculture. A national priority should be promoting exports. Our ag exports have been declining and we'd better find out how to turn this around.

"For example, in beef we must aggressively compete for market share, even if it cuts into the share of Canada and Australia. We badly need a new round of GAT negotiations. It's time we had this with other countries. This will come up at the Economic Summit meeting in two months in London because we've made sure it's on the agenda. We

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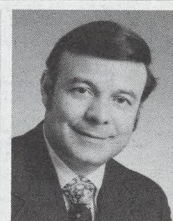
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have to take a whack at this with other nations and keep up the pressure. If we falter, our own American agriculture will suffer more."

Dr. Yeutter continued, "We in agriculture have to assert ourselves with Congress to be against curtailing of foreign imports, like textiles. This hurts our soybean exports to China. The United States has had a long-time hang-up about long-term agreements, except for Russia, but we have to be pragmatic. While we've sat idle for five to six years, we've let Australia, Argentina and others negotiate long-term deals with our customers.

"Also, in the export arena, we see the need for refinancing of LDC purchases. We must meet these credit needs or we won't be able to sell

them.

"The best thing we can do to generate business down the road is to keep our economy going. If we don't keep the engine running, then foreign nations won't recover either. The deficits *must* come down. Here I go back to my long-term point—*farmers must be good marketers!* They like to be good farmers, but they *must* be good businessmen.

"The key in 1984-85 is not making money in agriculture, but surviving. If you don't work with your customers, they won't survive. Flexibility is a key. Keep them flexible. Help them to know how to manage their risks, as well as yours. If *you* learn how to use futures for risk management for your bank, then you can better teach your farmers how to do the same. Cattle, hogs, corn and wheat options will be available in the next few months as an additional risk management tool. What good does it do to foreclose? There are no borrowers out there anyway. I know you can't keep *all* your borrowers, and some will fail in our kind

of system."

In closing, Dr. Yeutter stated, "I expect these bad times to bottom out next winter. There may be more problems then, but agriculture should improve in '85 and gradually improve through the rest of the '80s—not like the glory days of the '70s—but at least better than more recently. Hang in there. Be good bankers! I wish I could bring better news, but living through these times will make us better farmers and better bankers." □

## Iowa News

Two teleconference workshops will be held the end of this month at ten locations around the state. A Lien Law Workshop will be held May 29 and a Public Funds Workshop is set for May 31.

Thomas E. Salsbery, senior partner in the law firm of Davis, Hockenberg, Wine, Brown & Koehn, Des Moines, will present the Lien Law Workshop with Randy Steig, executive director of the Iowa Bankers Association, answering questions on implementation and review forms.

Frank Camp, with the same firm, will address the Public Funds workshop, with Randy Steig answering questions.

For more information and registration contact Judi Carber at the Iowa Bankers Association.

ALBIA: Charles Wray has been promoted to vice president of Peoples National Bank and Trust Co. Mr. Wray has been serving in the bank's Eddyville branch office.



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**ANKENY:** Dale C. Froehlich has been elected president and chief executive officer of Ankeny State Bank. He replaces Dean E. Minor who resigned to accept a similar position in Lompoc, Calif. Mr. Froehlich previously served as vice president in the correspondent bank division of Merchants National Bank, Cedar Rapids, for five years, and most recently was with SCI Group, Inc., in Cedar Rapids. In other action, Bob Van Diest was elected chairman and Donald L. Davis was elected vice chairman of the bank and trust officer.

**FORT DODGE:** J.P. Mansfield III has joined the staff of United Central Bank here as executive vice president. He most recently served as head of the lending division of First Bank Minneapolis, Minn. since 1982. His primary responsibility at United Central is credit administration for all phases of lending.

### Nebraska News

The Mid Plans Group of the National Association of Bank Women will hold its executive night on May 22 at the Omaha Country Club. The dinner will begin at 6:30 p.m. with guest speaker Helen Boosalis. Mrs. Boosalis was mayor of Lincoln from 1975 to 1983. In June, 1983 she was appointed director for the Nebraska Department on Aging. Her topic for the evening will be "Aging is for Everyone."

**LINCOLN:** Nebraska Attorney General Paul Douglas was acquitted earlier this month by the State Supreme Court on charges that led to his impeachment last March by the state legislature. The judges voted 4-3 to convict Mr. Douglas of one of the charges and unanimously cleared him of four other charges, but Nebraska law requires at least five votes to convict. Had he been convicted of one count, he would have been removed from office.

**LINCOLN:** Randy Helgren has been elected correspondent bank officer of National Bank of Commerce. He joined the correspondent bank division of the bank in March after serving four years as president and CEO of the State Bank of Palmer.

**LINCOLN:** Terry L. King has been named president and a director of Havelock Bank. Mr. King, 37, is a graduate of the University of Nebraska. From 1973 to 1981 he served in various capacities in investments and lending with the National Bank of Commerce in Lincoln. From 1981 until he joined the staff of Havelock Bank, Mr. King was president of the Northgate National Bank in Hutchinson, Kansas.

**OMAHA:** Hy-Vee Food Stores, headquartered in Chariton, Ia., has purchased and installed ATMs in its seven Omaha stores. Hy-Vee has offered availability of the machines to all financial institutions in the metropolitan area and so far, 21 of them have signed with Hy-Vee to allow their debit card holders access to these ATMs. The lead bank in the group is Norwest Banks of Omaha.

**SHELTON:** First State Bank has announced the promotions of Jack M. Riley to senior vice president, Brad Gangwish to vice president and cashier, and Cathi Lewis to assistant cashier.

### Minnesota News

**COLOGNE:** State Bank of Cologne has named Gary D. Radel chief executive officer. Lester G. Mellgren, president of the bank since 1974, will become chief administrative officer and vice chairman. Mr. Radel most recently was senior loan officer of First National Bank of Montevideo.

**ELK RIVER:** Duane Kropuenske has joined First National Bank of Elk River as vice president with primary responsibility for new business development, marketing, new product research and development and various lending activities. He has previously served at banks in Robbinsdale, Albert Lea and Waseca.

### Illinois News

**AURORA:** Aurora National Bank will celebrate 50 years of service to the community on June 10 with an open house at the main bank from 1:00 to 5:00 p.m. The anniversary week finale will be held June 16 with

a special drawing at 11:00 a.m. for a trip for two to the Caribbean Islands, an Apple home computer and a 1984 Gold Olympic Coin set.

**CHICAGO:** Mid-Citco Incorporated acquired assets and assumed liabilities of the defunct United of America Bank on April 27, as approved by the FDIC, Comptroller and Commissioner of Banks of Illinois. United of America was closed April 27 by state banking examiners and was reopened by Mid-Citco April 30.

### Wisconsin News

**ABBOTSFORD:** Norman B. Kommer, president of Abbotsford State Bank for the past ten years, has resigned effective May 31. Ronald D. Stephens has been elected to replace

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4 Mr. Kommer as president and a director. Mr. Stephens has been associated with the bank since 1977, most recently as vice president. Mr. Kommer has resigned to accept a position with First American National Bank of Wausau.

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