

## INTERNATIONAL MONETARY RELATIONSHIPS - A NEW ERA?\*

In recent weeks, long-time observers of the international monetary scene could not fail to note once again the verity of Keynes' famous dictum about the primacy of intellectual notions entertained by academic scribblers over innovations launched by political practitioners. Professor Triffin of Yale University more than a dozen years ago starkly sketched the dangers looming on the horizon for an international monetary system grounded on one or two key currencies and defined in terms of gold as the ultimate medium by which to guarantee currency convertibility. Much of Triffin's analysis, with its emphasis on the aggravation of a series of crises fed by waning confidence in the stability of a jerry-built institutional system and the prediction of the latter's eventual collapse, has in fact been borne out by the international monetary record of the 1960s and early 1970s.

### BALANCE-OF-PAYMENTS ADJUSTMENT

A country whose aggregate autonomous<sup>1</sup> international expenditures differ from its autonomous international receipts is said to be in balance-of-payments disequilibrium. The principal immediate signs of disequilibrium are marked pressure on exchange rates—the prices of foreign currencies expressed in domestic money; the movement of monetary gold and short-term capital; changes in controls over foreign trade and payments; or a combination of these. By the nature of the case, disequilibrium cannot persist indefinitely in one direction.

When a country's autonomous international expenditures exceed its autonomous international receipts, it is in deficit disequilibrium. To fill the gap, foreign exchange (foreign moneys or claims thereon) in addition to that autonomously supplied in the market must be forthcoming. Typically, the additional supply would be furnished either by the export of monetary gold or by short-term borrowing abroad. But, as most vividly illustrated by the situation of the United States in recent years, neither of these is an inexhaustible source of financing balance-of-payments deficits.

Something, then, has to give. While the processes of balance-of-payments adjustment that will be operative in any particular case depend on the kind(s) of international monetary system in

effect, there are only a few general methods of adjustment available: exchange rate changes, changes in relative prices, changes in relative national income levels, and quantitative controls.

Moreover, changes may be the result of discretionary policy measures, or they may be automatically produced by market forces. For example, the devaluation of a currency relative to others is by administrative fiat, whereas its depreciation under a system of flexible—in the extreme case, freely fluctuating—exchange rates would be the outcome of interacting market forces. Generally speaking, if a country wants to avoid devaluation or depreciation, it has to be able to keep the prices of its internationally traded goods from rising faster than the rise in the weighted average of the goods prices of its trading partners. This is one respect in which the United States has fallen short of its goals; it helps to explain, though it does so far from fully, its balance-of-payments troubles in recent years.

In the framework for international monetary cooperation provided by the International Monetary Fund, in whose establishment at the end of World War II the United States was instrumental, one of the main principles is that of an adjustable peg: stability of exchange rates without their being unalterably fixed. Each member country is obliged to declare a par value of its currency in terms of gold (or dollars, whose price in terms of gold was fixed through most of the postwar period) and to refrain from changing the par value, except to correct a "fundamental disequilibrium." It is this principle which has increasingly come under a cloud, as shown below.

### TWO DEVALUATIONS

First the pound sterling, then the dollar, have had to abdicate their role as pivots of a system of essentially fixed exchange rates as envisaged by the institutional structure which the founders of the International Monetary Fund built into it. With the suspension of the convertibility of officially held dollars into gold in August, 1971, and the conclusion of the Smithsonian Agreement four months later,<sup>2</sup> a new era may have begun to dawn. As yet, its dominant features can be only dimly perceived. Instead of the hoped-for hard-won stability, based on greater (market-oriented) exchange-rate flexibility coupled with a more realistic official valuation of the U. S. dollar relative to the world's other widely used currencies, a succession of additional crises has startled official money managers and delighted some private ones. What was to be a once-for-all and fundamental reorientation assuring

\*The author wishes to acknowledge helpful comments and suggestions from his colleague, Professor Robert Allen, and from Dr. E. S. Wallace and Mrs. Dorothy Switzer of the Bureau of Business Research.

<sup>1</sup>An autonomous transaction is one made for reasons independent of the state of the balance of payments. Goods and service exports are an example, for they are undertaken as a result of international cost and price comparisons. Long-term investments abroad are another.

<sup>2</sup>See *Business in Nebraska*, December 1972, p. 6.

the success of a new meshing of gears and celebrated by President Nixon as of singular historic significance, has already turned out to be a wobbly house built on shifting sands.

The combination of currency devaluations and revaluations topped by the 8 percent dollar devaluation and associated IMF-approved widening of the band of permissible exchange-rate fluctuations from 2 percent to 4½ percent in December, 1971, has proved to be an inadequate deterrent to billion-dollar waves of speculation on further changes in the par value of the U. S. dollar. President Nixon's second and even larger devaluation in February of this year, reflected in the increase in the official price of gold from \$38 to \$42.22 an ounce, has carried the implicit admission of another defeat of coordinated monetary management in the battle of wits and resources that has been waged for years with increasing ferocity between central banks (monetary authorities) and the men of affairs. In the continuing reassessment of their counterparts' ability and determination to defend existing arrangements, these men of affairs, Americans as well as foreigners, have gained skill and know when to call a bluff.

### THE FREE-MARKET TREND

After this renewed setback for the advocates of a regime of more flexible, though still relatively fixed rates of exchange, has the pendulum finally swung to the free-market side, signaling imminent victory for the growing number of prestigious economists who for years have preached the putative virtues of a system of completely flexible exchange rates? Certainly the trend has been unmistakably clear. Canada from 1950 to 1962 demonstrated that a single currency set free does not deprive traders and investors of a reasonably firm basis for their calculations of expected returns. Nor have other countries' international economic relationships withered on the vine when their central banks ceased to support the dollar at the lower intervention point.

In recent years the number of experimenters has grown notably. Canada returned to a floating dollar in the spring of 1970, Germany and the Netherlands unhitched the mark and the guilder in May, 1971—three months before the "capitulation" of the U. S. dollar—while several countries gave market forces of supply and demand fairly free play, creating the impression of mild chaos, between August and December of that year. Then, scarcely six months after the new anchoring embodied in the Smithsonian Accord, the pound sterling became a floating currency (albeit for reasons of weakness rather than strength), and briefly before President Nixon sprang his most recent surprise, the Swiss let their franc find its own (higher) value in a market free from official fetters and from a growing dollar glut converging on the central bank.

### FLEXIBILITY vs. CONTROLS

After Secretary Schultz's announcement of the new dollar parity, but in the wake of still another wave of speculation against the dollar, there followed a period unique in the postwar history of currency relationships: the closing for more than two weeks of most Western foreign exchange markets. Their reopening on March 19 may not signify, however, that finally all is well. Cooperation among central banks and governments—diversified and greatly intensified in the 1960s through a network of currency swaps, IMF supplemental borrowing arrangements, frequent consultation by members of Working Party III of the 23-member Organization for Economic Cooperation and Development (comprising all of the important non-Communist trading nations), and ad hoc government support of foreign currencies under attack—

unfailingly breaks down when fundamental economic policy interests clash.

The foremost issue pondered by the EEC finance ministers and central bankers during the crisis-ridden weeks of the immediate past has been whether or not a *united* approach to intervention by its members can finally succeed in establishing the sort of counterweight against the dollar which has been sorely lacking throughout the postwar period. During more than twenty years of almost chronic U. S. balance-of-payments deficits a swelling stream of footloose dollars has defied repeated attempts by concerned governments to contain it by the application of all manner of capital controls. Transactors in the Euro-dollar market, of course, are not hemmed in by considerations of national allegiance or the good of the world community, but follow the profit motive as they perceive it.

Recent events have confirmed the view of speculators that there are ever fewer "fixed points" in currency relationships, although resistance to *perfect* flexibility is still so strongly entrenched in official circles that quoted exchange rates cannot help but become markedly distorted from time to time. It is an inescapable fact that as long as central banks (monetary authorities) resist market forces while being inadequately equipped for the last-ditch fight with them, the latter can build up strength. When in this periodic nonzero-sum game official defenses break down for whatever reason—with the specter of domestic inflation being the strongest paralyzing force—private interests gain a victory by virtue of the fact that the long-postponed readjustments in currency values are now of more than nominal dimension. Yet such a victory would have been beyond their grasp if *continuing* exchange-rate adjustments had not been checked by the artificial lines of defense coinciding with the official intervention points (the points above and below parity at which central banks must sell or buy domestic currency to keep it from appreciating or depreciating further).

### FLOATING CURRENCIES

The last announced test for a workable transatlantic equilibrium of currency values has been the proposed *joint float* of the leading European currencies vis-à-vis the dollar. What are the mechanics involved in it?

The basic principle on which it is to be based derives from a long-standing plan of the EEC countries (the original six) to establish a common currency unit as the culmination in the endeavored harmonization of monetary policies. A timetable set in February, 1970, calls for the achievement of complete monetary union among these countries by 1980. As a first step, the Council of Ministers in Brussels in March, 1972, approved a proposal submitted by the EEC Commission to narrow margins of fluctuation of EEC currencies relative to the U. S. dollar from 2 1/4 percent on either side of the central values declared by the Smithsonian Agreement to 1 1/8 percent. This arrangement subsequently became known as the "snake in the tunnel": while the exchange rates of the EEC currencies were permitted to move within a 2 1/4 percent band of deviation from the declared values relative to each other, they were permitted to move jointly within a 4 1/2 percent band relative to the dollar.

In the new setting the joint float,<sup>3</sup> effective March 19, means

<sup>3</sup>It comprises the currencies of West Germany, France, Belgium, the Netherlands, Luxembourg, and Denmark. Britain, Ireland, and Italy have endorsed the *principle* of a joint float while declining to join the arrangements at this time. (It will be recalled that Denmark, Britain, and Ireland joined the 6-member EEC on January 1, 1973.)

that the exchange rates of EEC currencies are to be controlled by monetary authorities in such a way as to achieve the same movement as under the "snake" arrangement while moving jointly *without limit* relative to the dollar.<sup>4</sup> Assume that the German mark appreciates relative to the dollar because the quantity of marks demanded abroad exceeds the quantity supplied. This would be the signal for the other participants in the joint float to undertake intervention in their national markets to assure a rise of the exchange rates of *their* currencies parallel with that of the mark. Such intervention could occur in the form of sales of dollars from official reserves to the commercial foreign exchange markets. Reduced supplies of domestic currencies and increased supplies of dollars would allow the weaker currencies to "keep pace" (appreciate parallel) with the stronger currency.

#### PROBLEMS OF THE FUTURE

What problems might joint appreciation pose for the weaker EEC members? For one, they will have to use their perhaps none-too-ample monetary reserves to force their currencies up in the exchange markets. For another, joint appreciation will make the products of all participating countries less competitive relative to the products of the United States and Japan—to mention just two "heavyweights" in international trade. It was, in fact, this kind of consideration which rendered the "snake in the tunnel" arrangement inoperative earlier this year when Italy found it necessary to institute a two-tier foreign exchange market in an effort to protect the country's reserve position from increasing speculative pressure. (Payments arising from current transactions, such as imports, have been channeled through the official market, while the free market has accommodated settlements on capital account. Similar arrangements had already been used by Belgium and France.)

Immediately preceding the decision on the joint float Germany revalued the mark upward by about 3 percent, presumably the last in a long series of similar moves beginning in 1961. Aside from the Japanese yen, the mark has been the hardest of the major currencies of the world. Perhaps this latest upward adjustment was a necessary concession of Germany to Common Market partners with weaker currencies, including France, to gain their participation in the joint float under competitive conditions more favorable to them.

While the adoption of the joint float<sup>5</sup> has moved the EEC a step closer to the long-sought goal of a common European currency, many problems will have to be resolved before an integrated monetary system becomes operational. Above all, the monetary and fiscal authorities throughout the region would have to surrender their jealously guarded freedom to pursue independent policies to accomplish national objectives such as full employment and price stability, to whose attainment they may apply divergent standards. Temporary variations in economic conditions in the individual countries, alongside the more permanent

<sup>4</sup> At the final conference of monetary officials in mid-March the EEC gained from the United States the concession that this country would undertake intervention in the foreign exchange markets to temper the movement of exchange rates of major currencies relative to the dollar in order to maintain orderly conditions. The intervention presumably would take the form of sales of foreign currencies against the dollar and would be initiated when market demand for foreign currencies in the U.S. foreign exchange market exceeds the supply. This would give the new arrangement the character of a "dirty float."

<sup>5</sup> The Japanese yen may float more or less independently from the European currencies. It remains to be seen whether Sweden, Norway, Finland, Austria, and Switzerland will unofficially join the floating.

differences in the scale of economic and social priorities, will certainly militate against complete monetary integration—much as this would serve to keep short-term destabilizing capital movements in check. In the meantime, it is hoped that the monetary disturbances of the first quarter of 1973 will doubly impress the need for urgency upon the minds of the experts of the "Committee of Twenty" who at the 1972 Annual Meeting of the IMF were charged by this 125-member organization with the search for a lasting solution of international monetary problems.

From the standpoint of the United States, it remains true, as it has always been, that if relative stability of foreign exchange rates is insisted on, domestic prices must respond flexibly to international price trends. In recent years this trend has taken the form of a very substantial degree of inflation. If inflation is to be brought under control in the United States, flexibility in foreign exchange rates must be accepted as a way of life. Stable domestic prices and stable foreign exchange rates cannot both be permanently maintained if world prices are allowed to fluctuate freely.

W. E. KUHN

Professor of Economics

#### REVIEW

*Export or Die* by Charles J. Olson and Ray C. Ellis, the Dartnell Corporation, Chicago, Illinois, 1972. Hardbound. Price \$9.95.

In its drive to encourage businessmen to look for growth profits abroad, the Department of Commerce has commended this book, which appears to be especially timely because the international monetary situation is presently advantageous to U.S. exporters.

The book is intended to answer the questions of businessmen who are interested in getting into the export market but are afraid that exporting is too complicated and risky for small manufacturers. In case after case the authors show that small and medium-sized companies can compete successfully in world markets.

Ellis, who directed international operations in some 65 countries for a multinational manufacturing company, also has been a foreign trade consultant for the U.S. Department of Commerce and the State Department. He obtained from some 500 American manufacturers and exporters detailed information about their experiences in export trade and amplified this with pertinent case histories from his own experience.

A significant contribution to the usefulness of the book was made by coauthor Olson, who also has had broad experience in industry. He toured the world on a freighter, consulting foreign agencies representing cargo carriers and importers located in 40 leading world ports, to gain reliable information about overseas markets.

D. S.

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## Review and Outlook

Business activity in Nebraska maintained a strong pace in January with the overall dollar-volume index reaching a level of 160.9% of the 1967 base. This level represents a 3.4% increase from the (revised) December, 1972, level of 155.6 and a 13.2% increase from January, 1972.

A major contribution to the growth of this index has been a dramatic rise in the agricultural index, which increased 12.8% from December to January and 32.9% from January, 1972, to January, 1973. A large part of the agricultural growth can be accounted for by a 4% increase in prices from December to January and a 25.6% rise from January to January. In contrast with some earlier months, however, the agricultural physical-volume index

also increased in January—up 8% from December and 5.8% from January, 1972. This January increase in physical volume can be attributed in large part to poor fall harvest weather and a resultant delay of marketings that normally would have been made in the latter part of 1972.

Outside the agricultural sector growth was substantial but less spectacular. The Nebraska nonagricultural dollar-volume index in January was up 1.6% from December and 9.7% from January, 1972, equaling the national increase from December to January, but lagging behind the national increase of 11.9% from January, 1972.

Because of the large contribution of the rapidly rising agricultural index to Nebraska growth, however, the overall dollar-

(Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication, and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

### ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

#### 1. CHANGE FROM PREVIOUS YEAR

January, 1973	Current Month as Percent of Same Month Previous Year		1973 Year to Date as Percent of 1972 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
<b>Indicator</b>				
Dollar Volume	113.2	112.4	113.2	112.4
Agricultural	132.9	125.5	132.9	125.5
Nonagricultural	109.7	111.9	109.7	111.9
Construction	132.1	111.7	132.1	111.7
Manufacturing	110.7	114.1	110.7	114.1
Distributive	108.5	111.8	108.5	111.8
Government	105.6	108.6	105.6	108.6
Physical Volume	105.3	107.2	105.3	107.2
Agricultural	105.8	104.5	105.8	104.5
Nonagricultural	105.2	107.3	105.2	107.3
Construction	124.7	105.4	124.7	105.4
Manufacturing	103.7	108.5	103.7	108.5
Distributive	104.6	107.9	104.6	107.9
Government	102.9	103.3	102.9	103.3

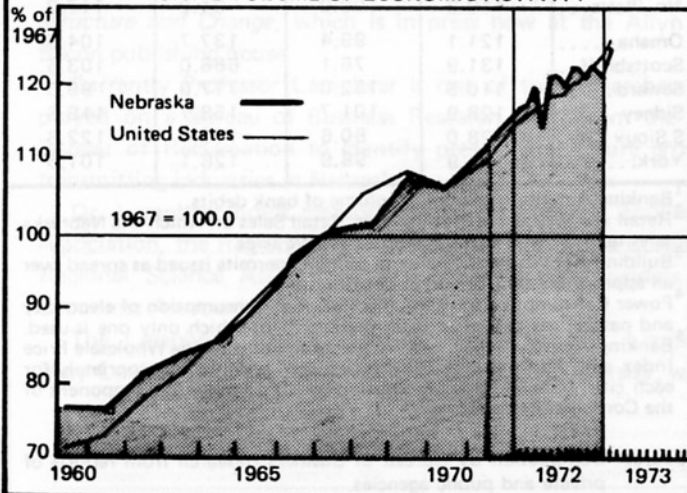
#### 2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	160.9	157.7
Agricultural	171.3	164.9
Nonagricultural	158.9	157.5
Construction	203.6	176.1
Manufacturing	143.8	137.2
Distributive	156.8	164.0
Government	172.2	169.2
Physical Volume	119.5	122.5
Agricultural	108.8	113.4
Nonagricultural	121.7	122.8
Construction	142.4	123.2
Manufacturing	115.7	112.8
Distributive	122.8	128.4
Government	117.4	121.6

### 3. NET TAXABLE RETAIL SALES<sup>1</sup> OF NEBRASKA REGIONS (Unadjusted for Price Changes)

Region <sup>2</sup> and Principal Retail Trade Center	January, 1973 as Percent of January, 1972	1973 Year to Date as Percent of 1972 Year to Date
<i>The State</i>	110.3	110.3
1 (Omaha)	104.8	104.8
2 (Lincoln)	110.7	110.7
3 (So. Sioux City)	98.3	98.3
4 (Nebraska City)	117.4	117.4
5 (Fremont)	109.2	109.2
6 (West Point)	117.6	117.6
7 (Falls City)	111.7	111.7
8 (Seward)	113.4	113.4
9 (York)	116.5	116.5
10 (Columbus)	114.3	114.3
11 (Norfolk)	119.7	119.7
12 (Grand Island)	114.4	114.4
13 (Hastings)	107.7	107.7
14 (Beatrice)	114.9	114.9
15 (Kearney)	116.2	116.2
16 (Lexington)	117.9	117.9
17 (Holdrege)	116.7	116.7
18 (North Platte)	115.1	115.1
19 (Ogallala)	120.9	120.9
20 (McCook)	118.3	118.3
21 (Sidney, Kimball)	111.0	111.0
22 (Scottsbluff)	101.9	101.9
23 (Alliance, Chadron)	112.4	112.4
24 (O'Neill)	126.0	126.0
25 (Hartington)	124.9	124.9
26 (Broken Bow)	112.7	112.7

### PHYSICAL VOLUME OF ECONOMIC ACTIVITY

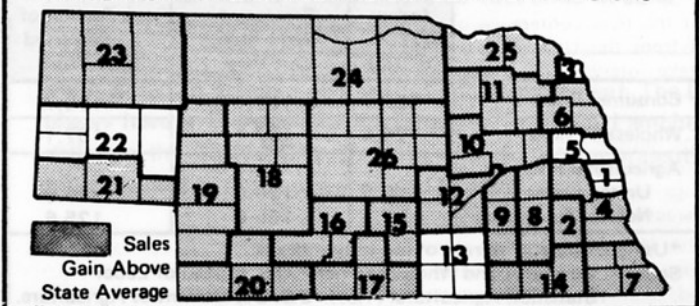


<sup>1</sup>Sales on which sales taxes are collected by retailers located in the state, including motor vehicle sales.

<sup>2</sup>"Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

Source: Compilations by Bureau of Business Research from data provided by the Nebraska Tax Commissioner.

### 1973 YEAR TO DATE AS PERCENT OF 1972 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4)

volume index increased more in Nebraska from January, 1972, to January, 1973 than it did nationally (13.2% vs. 12.4%).

Among the individual nonagricultural sectors of the Nebraska economy the pattern of activity was somewhat mixed. The construction dollar-volume index in January was somewhat below its peak 1972 level (208.2 in September), but was a substantial 32.1% higher than the January, 1972, level. The manufacturing index was also down slightly in January from December, but was up 10.7% from January, 1972. The distributive and services index, by contrast, was up 3% from December to January, but grew less rapidly than construction or manufacturing from January, 1972 to January, 1973 (8.5%). A major reason for the December to January increase in the distributive and services index from December to January was an improvement in the unfavorable weather which apparently kept Nebraska from sharing fully in the strong national expansion of retail business activity in December.

As shown in Table 3, retail trade in Nebraska increased 10.3% from January, 1972, to January, 1973. A major factor in this growth was an increase of about 30% in motor vehicle sales. Among the 26 state planning and development regions 21 had increases in retail activity exceeding the 10.3% state average. Generally the smaller trade centers of the state had the larger percentage increases in sales, while the largest centers had average or below average growth. The Omaha area in particular had a growth rate less than half of the state rate from January, 1972, to January, 1973 (4.8% vs. 10.3%).

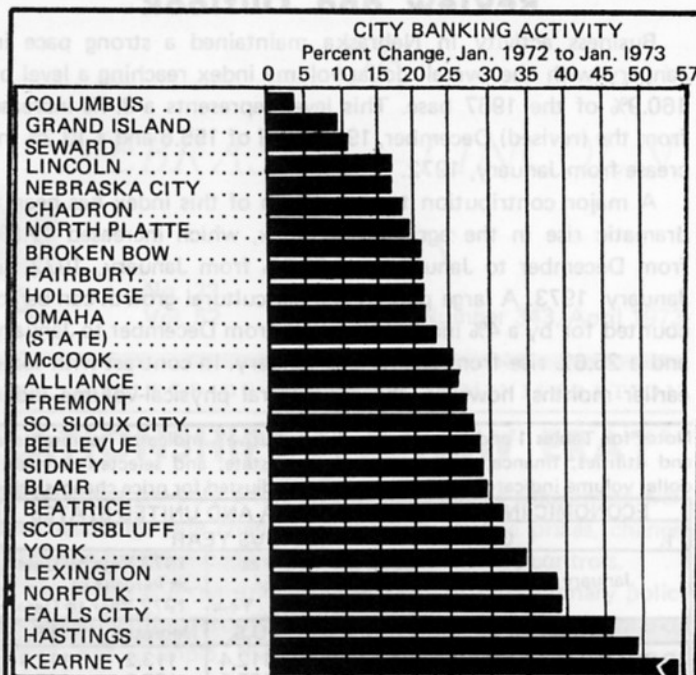
In Table 5 (City Business Indicators) the increase in retail activity for the state is shown to be only 3% for the period January, 1972 to January, 1973. The difference between the 3% and 10.3% rates is attributable partly to inflation, which is allowed for in Table 5 but not in Table 3 and partly to the rapid growth of motor vehicle sales, which are included in Table 3 but not in Table 5. (Data on motor vehicle sales are not available for individual cities because the sales data are based on county registration records instead of automobile dealer sales reports.)

The banking activity data shown in Table 5 provide a sharp contrast to the data on retail activity in the same table. Even after adjustment for price increases banking activity for the state increased 23.5% from January, 1972, to January, 1973 compared to the 3% increase in retail activity. All the cities showed increases in banking activity with three cities (Falls City, Hastings, and Kearney) having increases in excess of 40%.

Possibly the major reason for the strong growth of banking activity as compared with retail activity in January was a large increase in agricultural marketings in January. The farm income from high marketings may have stimulated retail activity more in the months following January than in January itself. V. R.

	Index* (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices . . . . .	127.7	103.7	103.7
Wholesale Prices . . . . .	124.5	107.1	107.1
Agricultural Prices . . . . .			
United States . . . . .	145.5	120.0	120.0
Nebraska . . . . .	157.4	125.6	125.6

\*Using arithmetic average of monthly indexes.  
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.



Source: Table 4 below.

The State and its Trading Centers	Percent of Same Month a Year Ago			
	Banking Activity <sup>1</sup>	Retail Activity <sup>2</sup>	Building Activity <sup>3</sup>	Power Consumption <sup>4</sup>
	(Adjusted for Price Change) <sup>5</sup>			
The State	123.5	103.0	159.3	105.4
Alliance . . . . .	125.7	102.6	210.6	109.8
Beatrice . . . . .	131.4	105.9	77.5	103.8
Bellevue . . . . .	128.7	88.0	32.1	101.8*
Blair . . . . .	129.8	132.2	82.3	114.7
Broken Bow . . . . .	120.7	109.9	107.4	111.3
Chadron . . . . .	118.4	96.5	238.6	100.5
Columbus . . . . .	103.8	104.0	153.3	107.3
Fairbury . . . . .	121.0	108.4	76.9	100.9*
Falls City . . . . .	146.5	113.7	57.2	103.0
Fremont . . . . .	126.8	96.1	204.0	89.0*
Grand Island . . . . .	109.1	103.5	163.2	104.4
Hastings . . . . .	149.4	99.8	54.0	108.4
Holdrege . . . . .	121.0	98.4	753.0	101.0
Kearney . . . . .	156.7	106.4	393.1	110.3
Lexington . . . . .	138.0	110.3	211.8	111.8
Lincoln . . . . .	117.1	105.1	210.6	106.9
McCook . . . . .	125.1	113.3	640.4	111.9
Nebr. City . . . . .	117.1	108.8	68.4	105.3
Norfolk . . . . .	139.5	104.3	74.4	101.8
No. Platte . . . . .	119.3	109.0	34.2	117.2
Omaha . . . . .	121.1	99.4	137.7	104.5
Scottsbluff . . . . .	131.9	76.1	668.0	103.6
Seward . . . . .	110.5	132.0	717.0	99.3
Sidney . . . . .	128.9	101.7	158.7	118.6
S.Sioux City . . . . .	128.0	80.6	117.4	122.6
York . . . . .	134.9	98.9	126.1	101.5

<sup>1</sup>Banking Activity is the dollar volume of bank debits.  
<sup>2</sup>Retail Activity is the Net Taxable Retail Sales on which the Nebraska sales tax is levied, excluding motor vehicle sales.  
<sup>3</sup>Building Activity is the value of building permits issued as spread over an appropriate time period of construction.  
<sup>4</sup>Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked \* for which only one is used.  
<sup>5</sup>Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city; Retail Activity is adjusted by the commodity component of the Consumer Price Index.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

# Promotions to Full Professor

## DR. F. CHARLES LAMPHEAR

A faculty member of the Department of Economics since 1966, Dr. F. Charles Lamphear has been promoted from associate professor to full professor. He graduated cum laude with the B.S. degree from Kansas State University in 1962, received the M.A. degree in 1964 and the Ph.D. in 1967 from the same institution.

Professor Lamphear, who held an N.D.E.A. fellowship at his alma mater, was an economics major throughout his undergraduate and graduate studies, specializing in regional and urban economics, location economics, statistics, and microeconomics.

His experience at Kansas State University included the years 1960-62 as a research assistant studying the economic impact of highways on Kansas farms, the year 1964-65 as a research assistant studying the stability of interregional trade coefficients, and 1965-66 as an instructor of economics.

In 1966 Professor Lamphear served as a professional consultant, Office of Economic Analysis, state of Kansas, and in the summer of 1968 participated in a computer science institute at the University of Colorado. In 1971 he was faculty supervisor for the University

of Nebraska-Lincoln Student Internship Program of the Nebraska Department of Economic Development. This past year he developed in the Department of Economics a graduate program in regional and location economics.

Dr. Lamphear is coauthor of two important publications of the Bureau of Business Research, *The Economic Impact of Irrigated Agriculture on the Economy of Nebraska*, published in 1968 and *Refinement of the Nebraska Input-Output Model*, published the following year. He is coauthor of a number of other publications and articles in scholarly journals and has presented several papers and invited lectures. Professor Lamphear is also coauthor of a forthcoming text, *Urban Regional Economics: Structure and Change*, which is in press now at the Allyn and Bacon publishing house.

Currently Professor Lamphear is one of two researchers employed on a Bureau of Business Research grant from the U.S. Bureau of Reclamation to identify present and future growth-transmitting industries in Nebraska.

Dr. Lamphear holds membership in the Midwest Economics Association, the Regional Science Association, the Mid-Continent Regional Science Association, and the Nebraska Business and Economic Association.

The Lamphears live at 1350 Meadow Dale. Mrs. Lamphear (Kay Louise) is also a graduate of Kansas State University, where



## DR. RICHARD M. HODGETTS

Dr. Richard M. Hodgetts, who has been a faculty member of the Department of Management since 1966, has been promoted from associate professor to full professor. He received the B.S. degree in management from New York University in 1963, the M.B.A. degree from Indiana University in 1964, and the Ph.D. degree, with major fields in organization and management theory, sociology, and economics, from the University of Oklahoma in 1968.

From 1959-60 Professor Hodgetts worked on the trading floor of the New York Stock Exchange and in 1966, just prior to coming to Nebraska, he served as an administrative assistant to the Control Division of the Apollo Program in Houston.

His postdoctoral educational participation includes a conference sponsored by General Electric on "Decision Analysis: Foundation of Rational Management" at Stanford University in the summer of 1970 and a case-writing seminar sponsored by Harvard University in October, 1971, at Brigham Young University.

Professor Hodgetts is author or coauthor of six books, including *Top Management Simulation*, published by the General Learning Press in 1970, *Social Issues in Business*, published by Macmillan and Company in 1972, and his forthcoming *Administrative Policy* to be published by John Wiley and Sons next year. He is also the author or coauthor of some 20 articles in professional journals.

He has become known to many Nebraska businessmen through leadership given to a number of management development and business supervision seminars.

Dr. Hodgetts, who is an active member of the Academy of Management and the Midwest Business Administration Association, also holds membership in Beta Gamma Sigma, business administration honorary, and Delta Sigma Pi, professional business fraternity. His community activities include membership in the downtown Lincoln Sertoma Club, which he serves as program chairman.

Professor Hodgetts and his wife Sally, a graduate of the University of Nebraska, are expecting their first child in June. They reside at 7721 North Hazelwood Drive.



she majored in dietetics and institutional management. The Lamphears have a five-year old son, Douglas. Professor Lamphear is active in the Capital City Christian Church, serving presently as treasurer, and has been a deacon and trustee.