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PREPARED BY THE BUREAU OF BUSINESS RESEARCH IN THE COLLEGE OF BUSINESS ADMINISTRATION

INTERPRETING LABOR MARKET DEVELOPMENTS

One of the most commonly used indicators of the condition of the labor market is the unemployment rate—the percentage of the labor force without jobs. To calculate this measure of human resource underutilization, the size of the labor force must first be determined. Essentially, anyone *employed* or *actively seeking work* is counted as a member of the labor force. Of course, a person seeking a "better" job while actively working at one is not counted twice.

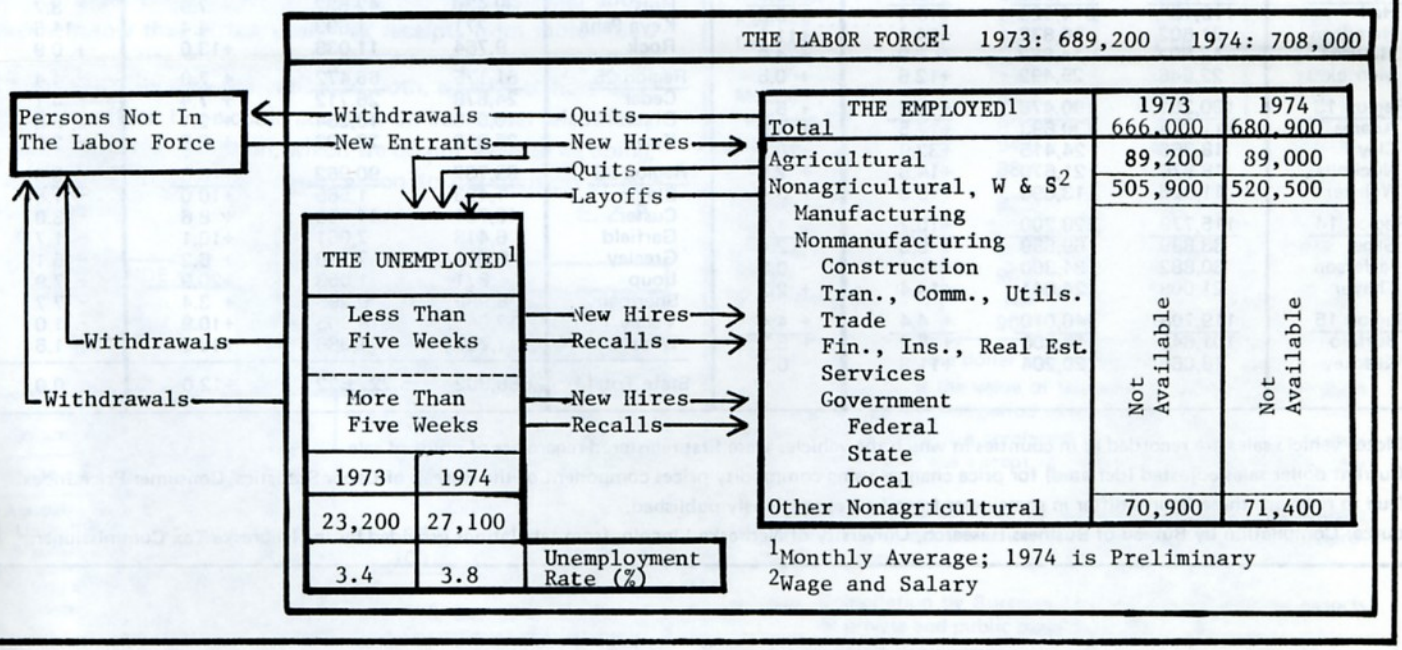
At a time when unemployment is so prevalent—and in an era when a commitment to orderly labor markets and relatively full employment has been made a matter of national policy by the (Full) Employment Act of 1946—it becomes increasingly necessary not only to understand the total unemployment rate but also to understand other aspects of the labor market situation.

The diagram at the bottom of this page shows a simplified flow of persons into and out of the labor force and into and out of its employed and unemployed components. The box in the center represents the unemployed, i.e., persons not working but seeking work, and the box at the right indicates the employed persons. The box in the upper left shows those who, at the time and under the circumstances, are not seeking work outside the home—such as students, children, retired persons, wives, or husbands. The group of persons not in the labor force may include, therefore, not only those without a desire for work but also those who have become disenchanted with opportunities for obtaining work and have withdrawn from the group that is actively seeking.

While the total unemployment rate is indicative of the general condition of the labor market, there is a great deal of information that it does not reveal about the labor market. It gives no information, for example, on how fast employers are hiring new workers. Nor does it tell how many workers are leaving their jobs or whether their separations are voluntary "quits" or nonvoluntary "layoffs." The total unemployment rate fails also to measure both the extent of underemployment[1] and the disenchantment. Just as important, the rate in no way gives any indication of either the term of or the reasons for the unemployment nor does it reveal anything about the structure of the unemployment. Thus, unemployment for "less than five weeks" is counted equal to that of "more than five weeks." Or, "teen-age" unemployment is counted equal to that of "adult heads of households." Or, blue- and while-collar workers are counted without differentiation. (All this is not to say that the matter has been overlooked by labor economists and governmental employment policy makers; it is only to remind or draw the attention (Continued on page 6)

[1] One aspect of the utilization of the labor resource is a condition called underemployment. Thus, for example, a person trained for and/or experienced in teaching in a secondary school but who is, for whatever reason, working as a clerk in a retail store, may be said to be underutilized and, hence, *underemployed*—even though currently employed.

FLOW OF LABOR FORCE PARTICIPANTS (WITH DATA FOR NEBRASKA)



[1] Monthly Average; 1974 is Preliminary
[2] Wage and Salary

TABLE 1

NET TAXABLE RETAIL SALES[1] IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS, 1973 AND 1974
BY COUNTIES, WITH PERCENTAGE CHANGES FOR SALES UNADJUSTED AND ADJUSTED FOR PRICE CHANGES

Region and County	Unadjusted for Price Changes: Thousands of Dollars 1973[3]	Unadjusted for Price Changes: Thousands of Dollars 1974	Unadjusted for Price Changes: Percent of Change	Adjusted[2] for Prices: Percent of Change
Region 1	1,576,232	1,709,586	+ 8.5	- 3.2
Douglas	1,470,643	1,595,956	+ 8.5	- 3.1
Sarpy	105,589	113,630	+ 7.6	- 3.9
Region 2	570,241	640,182	+12.3	+ 0.2
Lancaster	570,241	640,182	+12.3	+ 0.2
Region 3	35,185	39,137	+11.2	- 0.7
Dakota	35,185	39,137	+11.2	- 0.7
Region 4	117,067	127,021	+ 8.5	- 3.1
Cass	33,105	35,337	+ 6.7	- 4.7
Otoe	44,917	49,613	+10.5	- 1.4
Saunders	39,045	42,071	+ 7.7	- 3.8
Region 5	152,043	167,553	+10.2	- 1.6
Dodge	117,689	131,950	+12.1	+ 0.1
Washington	34,354	35,603	+ 3.6	- 7.5
Region 6	68,699	69,770	+ 1.6	- 9.3
Burt	25,751	27,249	+ 0.5	- 5.5
Cuming	31,176	30,752	- 1.4	-11.9
Thurston	11,772	11,769	0.0	-10.7
Region 7	73,102	76,107	+ 4.1	- 7.0
Johnson	12,089	13,014	+ 7.7	- 3.9
Nemaha	20,797	21,073	+ 1.3	- 9.5
Pawnee	7,496	7,758	+ 3.5	- 7.6
Richardson	32,720	34,262	+ 4.7	- 6.5
Region 8	87,873	99,944	+13.7	+ 1.6
Butler	17,830	20,828	+16.8	+ 4.3
Saline	34,128	38,651	+13.3	+ 1.1
Seward	35,915	40,465	+12.7	+ 0.6
Region 9	87,704	104,964	+19.7	+ 6.9
Fillmore	22,228	27,857	+25.3	+11.9
Polk	13,439	15,880	+18.2	+ 5.5
York	52,037	61,227	+17.7	+ 5.1
Region 10	146,887	164,049	+11.7	- 0.3
Boone	20,791	22,845	+ 9.9	- 1.9
Colfax	25,337	27,208	+ 7.4	- 4.1
Nance	8,767	9,440	+ 7.7	- 3.9
Platte	91,992	104,556	+13.7	+ 1.5
Region 11	179,244	207,320	+15.7	+ 3.3
Antelope	22,548	26,302	+16.6	+ 4.2
Madison	112,000	129,517	+15.6	+ 3.3
Pierce	15,807	18,484	+16.9	+ 4.4
Stanton	7,732	7,846	+ 1.5	- 9.4
Wayne	21,157	25,171	+19.0	+ 6.2
Region 12	237,329	281,236	+18.5	+ 5.8
Hall	179,187	214,020	+19.4	+ 6.6
Hamilton	21,602	26,872	+24.4	+11.1
Howard	13,894	14,852	+ 6.9	- 4.6
Merrick	22,646	25,492	+12.6	+ 0.5
Region 13	160,281	190,476	+18.8	+ 6.1
Adams	111,214	130,693	+17.5	+ 4.9
Clay	18,366	24,415	+32.9	+18.7
Nuckolls	18,876	21,670	+14.8	+ 2.5
Webster	11,825	13,698	+15.8	+ 3.4
Region 14	115,779	128,200	+10.7	- 1.1
Gage	63,889	69,859	+ 9.3	- 2.4
Jefferson	30,882	34,300	+11.1	- 0.8
Thayer	21,008	24,041	+14.4	+ 2.2
Region 15	119,708	140,010	+ 4.4	+ 4.4
Buffalo	101,643	119,806	+ 5.2	+ 5.2
Kearney	18,065	20,204	+11.8	- 0.1
Region 16	80,393	96,847	+20.5	+ 7.6
Dawson	68,505	81,961	+19.6	+ 6.8
Frontier	6,686	7,988	+19.5	+ 6.7
Gosper	5,202	6,898	+32.6	+18.4
Region 17	76,284	89,035	+16.7	+ 4.2
Franklin	11,039	13,283	+20.3	+ 7.2
Furnas	17,215	19,871	+15.4	+ 3.1
Harlan	10,919	11,991	+ 9.8	- 2.0
Phelps	37,111	43,890	+18.3	+ 5.6
Region 18	120,847	130,581	+ 8.1	- 3.5
Hooker	2,324	2,425	+ 4.3	- 6.8
Lincoln	113,622	123,437	+ 8.6	- 3.0
Logan	1,521	1,470	- 3.4	-15.7
McPherson	559	497	-11.1	-20.6
Thomas	2,821	2,752	- 2.4	-12.9
Region 19	66,127	85,709	+29.6	+15.7
Arthur	800	757	- 5.4	-15.5
Chase	15,924	22,185	+39.3	+24.4
Grant	2,395	2,557	+ 6.8	- 4.7
Keith	34,934	42,777	+22.5	+ 9.3
Perkins	12,074	17,433	+44.4	+28.9
Region 20	66,865	78,287	+17.1	+ 4.5
Dundy	7,172	8,417	+17.4	+ 4.8
Hayes	1,767	1,687	- 4.5	-14.8
Hitchcock	6,507	7,411	+13.9	+ 1.7
Red Willow	51,419	60,772	+18.2	+ 5.5
Region 21	56,675	67,910	+19.8	+ 7.0
Cheyenne	30,369	34,763	+14.5	+ 2.2
Deuel	7,342	8,627	+17.5	+ 4.9
Kimball	18,964	24,520	+29.3	+15.4
Region 22	151,285	178,754	+18.2	+ 5.5
Banner	1,208	1,181	- 2.2	-12.7
Garden	6,539	6,977	+ 6.7	- 4.7
Morrill	17,151	21,180	+23.5	+10.3
Scotts Bluff	126,387	149,416	+18.2	+ 5.6
Region 23	85,292	98,133	+15.1	+ 2.7
Box Butte	32,245	38,552	+19.6	+ 6.7
Dawes	24,793	28,864	+16.4	+ 3.9
Sheridan	25,948	28,309	+ 9.1	- 2.6
Sioux	2,306	2,408	+ 4.4	- 6.8
Region 24	92,248	100,377	+ 8.8	- 2.8
Boyd	6,726	7,808	+16.1	+ 3.6
Brown	14,218	16,012	+12.6	+ 0.5
Cherry	20,339	21,296	+ 4.7	- 6.5
Holt	39,430	42,532	+ 7.9	- 3.7
Keya Paha	1,771	1,693	- 4.4	-14.6
Rock	9,764	11,036	+13.0	+ 0.9
Region 25	61,175	65,472	+ 7.0	- 4.4
Cedar	24,878	26,712	+ 7.4	- 4.1
Dixon	10,345	10,564	+ 2.1	- 8.8
Knox	25,952	28,196	+ 8.6	- 3.0
Region 26	83,737	90,962	+ 8.6	- 3.0
Blaine	1,423	1,565	+10.0	- 1.8
Custer	40,781	44,300	+ 8.6	- 3.0
Garfield	6,413	7,061	+10.1	- 1.7
Greeley	6,961	7,396	+ 6.2	- 5.1
Loup	871	1,053	+20.9	+ 7.9
Sherman	8,989	9,296	+ 3.4	- 7.7
Valley	17,041	18,905	+10.9	- 1.0
Wheeler	1,258	1,386	+10.2	- 1.6
State Total	4,668,302	5,227,622	+12.0	0.0

[1] Motor vehicle sales are recorded as in counties in which the vehicles were first registered regardless of point of sale.

[2] Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.

[3] Due to revisions these figures differ in some cases from figures previously published.

Source: Compilation by Bureau of Business Research, University of Nebraska-Lincoln, from tabulations provided by the Nebraska Tax Commissioner.

NET TAXABLE RETAIL SALES, 1973-1974

Net Taxable Retail Sales made by Nebraska firms were $5,228 million in 1974 (Table 1, page 2). This represented a 12.0 percent gain over the 1973 dollar volume of $4,668 million. The increased dollar-volume activity, however, reflects a mixture of changes in the real or physical volume and the level of prices.

The *commodities* component of the Consumer Price Index rose 12.0 percent from 1973 to 1974. Estimates of population show an increase from 1973 to 1974 of 1.0 percent.

After discounting the 1973-1974 growth in dollar sales (12.0 percent) for the general rise in commodity prices (12.0 percent), there remains only a constant level of real or physical volume of taxable retail activity. Further discounting for the estimated 1.0 percent in population leaves a 1.0 percent fall in goods purchased on the average or per person.

Despite some lack of representation of the commodities component of the Consumer Price Index and some impreciseness in the population estimates, real taxable retail activity per person—*as measured in 1973 dollars*—fell from $3,046 in 1973 to $3,026 in 1974, or 0.7 percent. Not all persons shared equally, of course, in the decline in real consumption of retail commodities. There is, nevertheless, ample indication that the real consumption *on the average or per person* fell during 1974.

First quarter 1975 data indicate that, although there was a rise in the dollar volume of retail activity from first quarter 1974, the gain was only about 1.5 percent. Thus, when deflated for the rise in the level of prices, the dollar volume increase becomes a physical volume decrease. The 1973 to 1974 quarterly percentage changes in constant-dollar sales were: first quarter, +4.5; second quarter, +3.7; third quarter, +1.2; and fourth quarter, -0.7. Converted to a constant dollar change, the first quarter, 1974, to first quarter, 1975, change becomes an 8.7 percent *decline.* The recession was beginning to be felt to a major degree in the retail sector of the state's economy in the third quarter of 1974, and has become even more evident in the first quarter of 1975.

Analysis of the 1973 to 1974 changes reveals that 12 of the state's Planning and Development regions experienced declines in real sales volumes. Real volume decreases in such large volume regions as Region 1 (Douglas, Sarpy), Region 4 (Cass, Otoe, Saunders), Region 5 (Dodge, Washington), and Region 10 (Boone, Colfax, Nance, Platte), when combined with a miniscule increase in Region 2 (Lancaster), offset real volume increases in large volume Regions 11 (Antelope, Madison, Pierce, Stanton, Wayne), 12 (Hall, Hamilton, Howard, Merrick), and 13 (Adams, Clay, Nuckolls, Webster). Percentagewise, the regional gains in real volumes ranged from 0.2 (Region 2) to 15.7 (Region 19) with losses ranging from 0.3 (Region 10) to 9.3 (Region 6).

Countywise, gains in real volumes ranged from 0.1 percent (Dodge) to 28.9 percent (Perkins). Losses ranged from 0.1 percent (Kearney) to 20.6 percent (McPherson). As expectable, most of the larger relative increases and decreases occurred in the small volume counties. Over one-half, or 48, of the state's counties had declines in real volume of sales. There is, however, no particular commonness as to geographic location of these counties throughout the state.

Excluding motor vehicle sales, real volumes of retail sales in 19 of the state's 30 major trading centers increased from 1973 to 1974 (Table 2, page 3). Only 4 (Hastings, Nebraska City, Ogallala, and York) had percentage gains less than those of the regions that they served. Also only 4 (Beatrice, Broken Bow, Falls City, and Seward) had percentage declines that were greater than their region's. Thus, in general, the trading centers had changes that were more favorable than those of the regions they served. E.L.H.

TABLE 2

NET TAXABLE RETAIL SALES[1] IN SELECTED NEBRASKA TRADING CENTERS, 1973 AND 1974 WITH PERCENTAGE CHANGES FOR SALES UNADJUSTED AND ADJUSTED FOR PRICE CHANGES

Trade Center	Region[2]	Unadjusted for Price Changes: Thousands of Dollars 1973	Unadjusted for Price Changes: Thousands of Dollars 1974	Unadjusted for Price Changes: Percent of Increase	Adjusted for Prices[3]: Percent of Change	Trade Center	Region[2]	Unadjusted for Price Changes: Thousands of Dollars 1973	Unadjusted for Price Changes: Thousands of Dollars 1974	Unadjusted for Price Changes: Percent of Increase	Adjusted for Prices[3]: Percent of Change
Alliance	23	26,258	30,744	17.1	+ 4.5	Lincoln	2	508,799	583,426	14.7	+ 2.4
Beatrice	14	47,390	52,114	10.0	- 1.8	McCook	20	41,789	49,806	19.2	+ 6.4
Bellevue	1	60,097	66,355	10.5	- 1.4	Nebraska City	4	26,832	30,923	15.2	+ 2.9
Broken Bow	26	23,879	25,792	8.0	- 3.6	Norfolk	11	84,897	99,684	17.4	+ 4.8
Chadron	23	18,281	21,488	17.5	+ 5.0	North Platte	18	93,756	103,929	10.9	- 1.0
Columbus	10	68,556	78,458	14.4	+ 2.2	Ogallala	19	27,381	34,064	24.4	+11.1
Fairbury	14	21,382	23,880	11.7	- 0.3	O'Neill	24	21,404	24,223	13.2	+ 1.0
Falls City	7	21,303	22,098	3.7	- 7.4	Omaha	1	1,308,993	1,446,744	10.5	- 1.3
Fremont	5	86,703	99,771	15.1	+ 2.7	Scottsbluff	22	81,554	96,126	17.9	+ 5.2
Grand Island	12	155,613	190,089	22.2	+ 9.1	Seward	8	22,648	24,346	7.5	- 4.0
Hartington	25	8,236	9,642	17.1	+ 4.5	Sidney	21	23,272	25,826	11.0	- 0.9
Hastings	13	97,295	114,714	17.9	+ 5.3	So.Sioux City	3	23,587	25,596	8.5	- 3.1
Holdrege	17	29,012	34,187	17.8	+ 5.2	West Point	6	15,191	16,554	9.0	- 2.7
Kearney	15	73,919	88,674	20.0	+ 7.1	York	9	39,129	45,161	15.4	+ 3.0
Kimball	21	15,541	20,020	28.8	+15.0	Total 30 Centers		3,099,508	3,516,753	13.5	+ 1.3
Lexington	16	26,811	32,319	20.5	+ 7.6	Total State		4,108,701	4,669,100	13.6	+ 1.5

[1] Excluding motor vehicle sales.
[2] Nebraska Planning and Development Regions.
[3] Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.

Source: Compilations by Bureau of Business Research from special tabulations provided by Nebraska Tax Commissioner.

Review and Outlook

Both the Nebraska and U.S. indexes of economic activity were higher in April with respect to dollar volume, but lower for physical volume than a year ago. Thus, after price level change is taken out, what appears to be improvement disappears. In agricultural production Nebraska was in considerably less favorable position than the U.S., when compared with April, 1974. In construction the opposite was true, with the state better off than the nation. The same observation applies to manufacturing—as it has for some time. Nebraska does not have much manufacturing, comparatively speaking, but what it does have is diversified and, as a whole, is doing well.

On the 1967 base (Table 2), Nebraska is in a much better position than the nation. The physical volume index for the state actually turned up in April, but was still declining for the U.S. Except for agriculture, all industrial groups in Nebraska were higher than they had been in March. Except for governmental activity, all industrial groups were lower for the nation. Whether the state is actually "turning the corner" out of the recession sooner than the nation, we cannot say as yet.

With respect to taxable retail sales (Table 3), as adjusted, i.e., deflated, for price level change, the state was still running below 1974 in the April returns. Most of the larger cities of Nebraska, however, were close to 100 percent of last year—except Omaha, which was down almost 10 percent. Broken Bow and Sidney were the only cities worse off than Omaha (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.

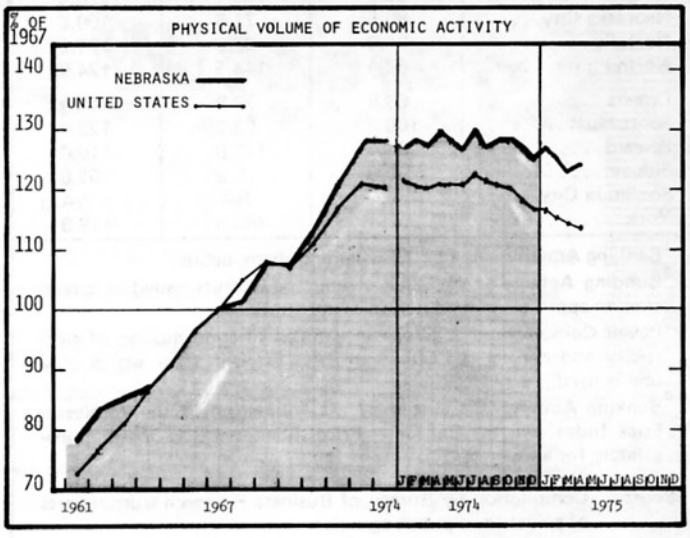
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

April, 1975	Current Month as Percent of Same Month Previous Year		1975 Year to Date as Percent of 1974 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	102.3	103.6	103.4	105.4
Agricultural	73.1	80.5	75.4	82.4
Nonagricultural	106.0	89.2	109.9	106.5
Construction	106.0	89.2	115.7	92.5
Manufacturing	113.0	101.3	113.6	105.7
Distributive	106.6	106.5	107.6	107.4
Government	111.7	109.7	111.7	109.2
Physical Volume	94.3	94.3	96.7	95.2
Agricultural	73.1	87.0	86.2	94.7
Nonagricultural	98.3	94.5	98.6	95.2
Construction	95.7	80.6	102.9	82.3
Manufacturing	98.6	87.6	97.4	89.4
Distributive	96.8	96.6	97.1	96.9
Government	106.2	104.9	106.0	104.9

2. CHANGE FROM 1967

	Percent of 1967 Average	
Indicator	Nebraska	U.S.
Dollar Volume	204.4	184.0
Agricultural	177.0	174.3
Nonagricultural	209.2	184.4
Construction	189.2	151.7
Manufacturing	243.9	172.3
Distributive	198.4	189.4
Government	214.3	204.4
Physical Volume	124.1	113.9
Agricultural	103.5	101.9
Nonagricultural	127.6	114.3
Construction	101.7	81.6
Manufacturing	140.5	102.1
Distributive	125.1	119.4
Government	130.2	134.5

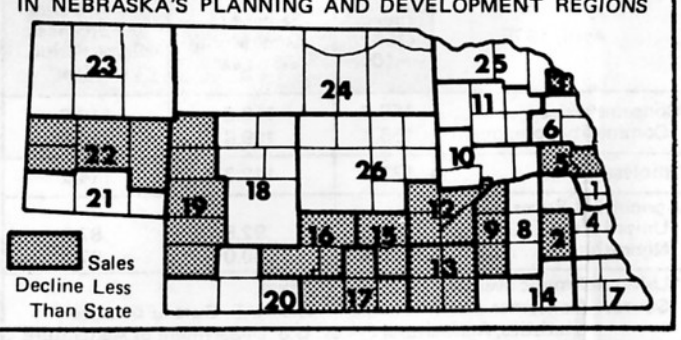


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)

Region Number[1] and City	City Sales[2]	Sales in Region[2]	
	April, 1975 as percent of April, 1974	April, 1975 as percent of April, 1974	Year to Date '75 as percent of Year to Date '74
The State	95.2	93.6	92.0
1 Omaha	90.7	91.7	91.3
Bellevue	94.2		
2 Lincoln	97.6	97.4	94.0
3 So. Sioux City	98.1	99.7	92.5
4 Nebraska City	98.1	89.6	84.8
5 Fremont	92.1	90.0	93.9
Blair	99.3		
6 West Point	93.1	83.3	80.9
7 Falls City	93.0	87.7	85.5
8 Seward	124.5	104.7	90.6
9 York	98.9	93.8	95.1
10 Columbus	95.7	93.1	90.0
11 Norfolk	95.8	88.4	90.6
12 Grand Island	98.8	98.6	99.5
13 Hastings	98.2	99.9	95.8
14 Beatrice	97.6	91.2	87.7
Fairbury	96.2		
15 Kearney	94.9	96.9	96.9
16 Lexington	102.2	95.0	94.2
17 Holdrege	105.4	96.7	92.7
18 North Platte	98.2	93.5	96.4
19 Ogallala	96.2	103.6	98.1
20 McCook	97.9	91.3	89.0
21 Sidney	88.5	93.1	91.2
Kimball	102.5		
22 Scottsbluff	97.1	97.9	95.5
23 Alliance	110.5	95.1	90.6
Chadron	95.0		
24 O'Neill	92.8	87.3	81.4
25 Hartington	101.5	91.5	84.7
26 Broken Bow	89.7	87.9	85.4

[1] See region map below.
[2] Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals *exclude* motor vehicle sales.
Compiled from data provided by Nebraska Department of Revenue.

1975 YEAR TO DATE AS PERCENT OF 1974 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4)

in this activity. Seward's ratio of price-adjusted city sales to April, 1974, seems out of line. The 24.5 percent increase, however, appears to be the result of an unusual combination of a large drop in sales in 1974 and a jump this year. Seward's city activity also affects that of the region of which it is the principal center. Region 8, therefore, had the highest ratio of any in April. Only Region 19 (Ogallala), in addition to Region 8, reported monthly sales volumes above last year's in April. On the whole, the dip below last year was less than it had been in March—which may be a favorable sign.

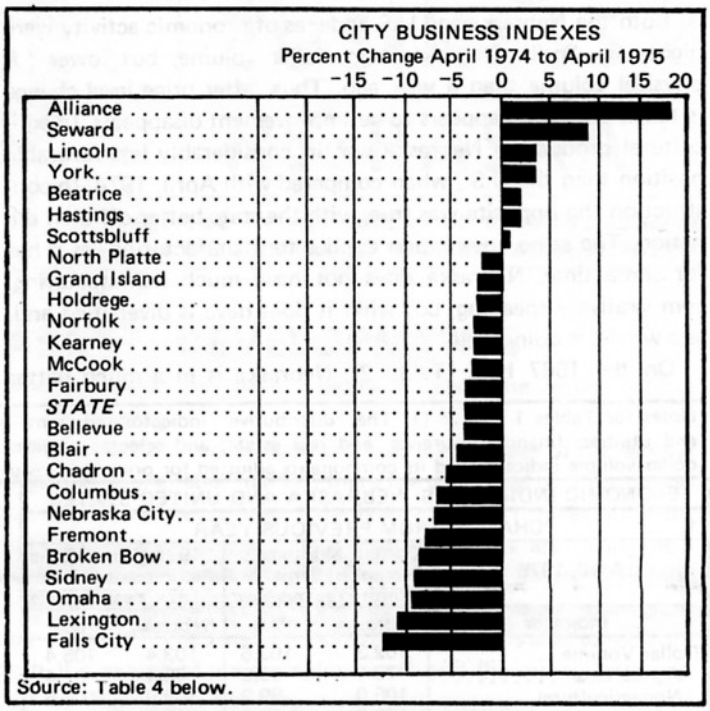
The other city business indicators (Table 4) were not as yet very optimistic. Banking activity was further below last year than it had been in March. Building activity for the state and many of its principal centers was actually lower than last year, although in recent months it has been higher than the year before. Power consumption in the state and most of its major centers continues to be above last year's level.

In banking activity the city of Alliance stands out with almost a 20 percent rise in bank debits over last year (on a price-adjusted basis). For that center increases in building, power usage, and retail sales were also reported. Lincoln was also above last year in banking, building, and power usage, and only slightly down in retail sales. Omaha was the only city that dropped below last year in all of the four activities. Fall City's excessively low retail sales ratio and Lexington's miniscule building activity ratio bring them below Omaha in the combined index shown on the chart above Table 4.

In Table 5 consumer prices are shown to have been about 10 percent above April, 1974, and wholesale prices were almost 13 percent above; yet agricultural prices were below last year in the U.S. The remarkable figure in this table is the index of agricultural prices in Nebraska. For the first time in twelve months that index was not below that of the same month of the previous year. This reflects the spring rise in livestock prices, which have heavy weight in the state's index. Livestock prices, however, have fallen somewhat since April.

Traffic on Nebraska streets and roads, according to a report from the State Department of Roads, has been running about 2 percent below that of last year. Tax receipts from motor fuels are consistent with these data. Either the rising price of motor fuels or an *increase in* conservation, or both, appears to have been *having some* effect. If we could conserve on our power (electricity and natural gas) consumption, which we do not seem to be doing, we would be making a real contribution to the solution of our energy problem.

E. Z. P.



Source: Table 4 below.

4. APRIL CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago: Banking Activity[1] (Adjusted for Price Changes)[4]	Building Activity[2]	Power Consumption[3]
The State	92.8	96.8	109.4
Alliance	119.6	179.2	125.5
Beatrice	104.2	77.9	123.1
Bellevue	96.1	97.6	111.9*
Blair	84.0	178.3	96.8
Broken Bow	78.1	132.5	127.4
Chadron	95.3	49.9	113.0
Columbus	79.2	141.9	124.0*
Fairbury	83.7	279.6	98.2
Falls City	71.7	118.9	119.5
Fremont	89.0	84.4	102.2*
Grand Island	94.9	78.6	120.0
Hastings	98.0	73.1	147.3
Holdrege	90.4	64.7	118.3
Kearney	93.2	96.4	123.3
Lexington	88.5	10.5	130.6
Lincoln	103.6	161.6	109.9
McCook	89.5	109.1	118.4
Nebraska City	86.5	71.6	109.0
Norfolk	94.9	80.6	121.3
North Platte	88.4	144.5	124.9
Omaha	88.9	73.8	99.2
Scottsbluff	100.0	83.2	123.4
Seward	91.4	113.9	119.0
Sidney	90.8	75.9	102.8
So. Sioux City	NA	NA	NA
York	90.4	380.5	119.3

[1] Banking Activity is the dollar volume of bank debits.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

[4] Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city.

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

5. PRICE INDEXES

April, 1975	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	158.6	110.2	110.8
Commodity component	155.7	109.8	110.6
Wholesale Prices	172.1	112.7	114.2
Agricultural Prices			
United States	171.1	92.5	87.0
Nebraska	171.0	100.0	87.4

*Using arithmetic average of monthly indexes.

Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(Continued from page 1)

of the users of labor market indicators.

Looking again at the diagram, as circumstances change persons who are not currently in the labor force begin looking for employment. Students, women interested in careers or in supplementing family incomes, retirees wanting to start working again, and those simply becoming of working age may be joined by those no longer disenchanted. Such "new entrants" may flow directly into the employed group as "new hires." Some, however, do not find immediate employment. These become new entrants into the unemployed group and stay in that group for "less than five weeks" or, if less fortunate, for "more than five weeks" before moving on into the employed group as "new hires." Conversely, some will become "withdrawals" from the employed group and some will become disenchanted as to their chances and withdraw from the unemployed group. Thus, new entrants become additions to the labor force, withdrawals become reductions, and the difference is the net change in the labor force.

Among those working, many will voluntarily leave their jobs for one reason or another and either seek new positions or withdraw. These become a flow labeled "quits." Some persons will be involuntarily terminated, involuntarily retired, or laid off temporarily, and forced to seek new positions. These become a flow labeled "layoffs." The combined flow of "quits" and "layoffs" expressed as a percent of total employment is technically called "the separation rate."

Even as some employers are reducing their work force, others will be expanding production and hiring employees, of which some will be new entrants and some the unemployeds. Still other employers, pulling out of a slump, will be recalling workers previously laid off. New hires may well be a combination of recalls and new entrants. The combined flow of "new hires" and "recalls" expressed as a percent of total employment is technically called "the accession rate."

Unemployment rises and falls as the sum of separations and new entrants into the labor force exceeds or falls short of total accessions and withdrawals from the labor force. Thus unemployment does not rise merely because employers fire and lay off as a result of reduced production. It may rise in a period when employers as a group are actually hiring and recalling more than firing and laying off—if, for example, new entrants to the labor force exceed withdrawals.

The flow of workers between jobs is very large in the United States. In the manufacturing sector, which employs roughly a fifth of the total labor force, an average of 4.6 percent of the workers left their jobs each month in 1973. Thus more than one-half the jobs were vacated by workers quitting or being laid off during the year. At the same time, however, manufacturers added to their work force at the rate of 4.8 percent a month.

The flows of workers from and into jobs are large relative to both the size of the labor force and the number of workers unemployed at any one time. It is, of course, only the difference between the flows that determines the change in the rate of unemployment. In 1973 the unemployment rate reached its high for the year in February, averaging 5.1 percent. Its low for the year came in October at 4.6 percent. The rate, however, stayed within a half-point range despite turnovers averaging more than 4.5 percent a month.

Even when the unemployment rate reached 6.0 percent in October, 1974, the manufacturing sector, which had been separating workers during the first ten months of the year at a monthly rate of 4.7 percent, had, at the same time, been adding workers at the rate of 4.3 percent. On the average, the rate at which employers added workers to their payrolls (the accession rate) was almost equal to the rate at which they lost workers (the separation rate). It appears, then, that this labor market was not out of balance to any major degree in 1973 and even for a part of 1974.

The rise in unemployment in 1974, therefore, must reflect to a considerable extent a failure of the economy to expand sufficiently to absorb the net inflow of persons into the labor force rather than an actual downturn in the number of jobs.

Consider the developments for Nebraska (see figures on Diagram, page 1). The 18,800 increase in the average monthly labor force from 1973 to 1974 went into increases in both employment, up 14,900, and unemployment, up 3,900. Note, however, that the rate of unemployment also increased, from 3.4 to 3.8 percent. Thus not only did more persons enter the labor force than withdrew, but also accessions failed to exceed separations by enough to absorb the net inflow to the labor force.

EDWARD L. HAUSWALD

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