

## EXPORT OF NEBRASKA AGRICULTURAL PRODUCTS

At a time when farmers and businessmen, government officials, and community leaders alike have become increasingly aware of the paramount significance of agricultural export trade to the economic development of the state, recently published data on such exports in fiscal '71 may give Nebraskans some cause for concern.<sup>1</sup>

Although this state retained its tenth-place rank in agricultural exports and was the nation's fourth and the region's second largest supplier of feed grains, Nebraska's overall farm export record was disappointing. The rate of increase in sale of farm products abroad was less than a third as high in this state as the rate of gain in the seven-state West North Central Region as a whole and was considerably less than half as high as the rate of gain in the nation.

### COMPARISON WITH OTHER STATES

Whereas in Nebraska foreign sales of farm products rose only 6.4 percent from fiscal '70, rates of 21.5 percent and 16.7 percent, respectively, were recorded in the region and the nation. On the average the export sales of farm products in the other six states in the region increased at a rate almost four times that of the Nebraska rate of gain. Percentages of increase in these states ranged from a high of 35.4 in South Dakota to 17.3 in Iowa, which was sixth, yet had a rate of gain almost three times that of seventh-place Nebraska.

It is significant also that while farm exports of the region as a proportion of the U.S. total rose by 4.3 percent from fiscal '70 to fiscal '71, such exports from Nebraska as a share of the regional total declined by 12.4 percent. While regional agricultural exports as a share of the national total rose from 28 percent to 29.2 percent, Nebraska's exports as a share of the regional total declined from 14.5 percent to 12.7 percent.

Comparative figures for the five-year period from fiscal '66 through fiscal '71 are somewhat more favorable to Nebraska because the state's rate of increase in farm exports was almost as high as the rate for the region as a whole. Unfortunately, however, while regional exports as a proportion of the U.S. foreign sales increased by 9.4 percent, Nebraska's exports as a percentage of the regional sales actually declined 2.3 percent.

### NEBRASKA CHANGES 1970-71

Specifically, what happened with respect to Nebraska farm exports last year?

The state's agricultural exports reached a dollar volume of \$287.5 million to retain fourth place among the seven states in the region, but was at the bottom of the list in rate of increase over the previous fiscal year.

As a percentage of cash farm marketings, Nebraska farm exports increased at an appreciably lower rate than the region and somewhat lower than the nation. Pertinent to this comparison is the fact that cash farm marketings in this state were only slightly higher than in the previous year, in the region were more than 1 percent lower, but in the nation were almost 4 percent higher.

With an increase of less than 2 percent in export of feed grains, Nebraska lagged far behind the region, which recorded a gain of more than 18 percent, and the nation, which had an increase of almost 11 percent. Feed grains constitute the largest category of the state's agricultural exports, however, and sales amounted to more than \$102 million. Commercial sales (Continued on page 2)

TABLE 1  
VALUE OF EXPORT SHARES OF AGRICULTURAL COMMODITIES BY REGION AND STATES, UNITED STATES, AND RATE OF CHANGE, SELECTED FISCAL YEARS

	Year Ending June 30th			Percentage Increase	
	1966	1970	1971	1966-71	1970-71
	(Million Dollars)				
United States	6,680.9	6,646.3	7,759.0	+16.1	+16.7
West North Central	1,785.3	1,863.4	2,264.8	+26.6	+21.5
<b>Nebraska</b>	<b>232.3</b>	<b>270.3</b>	<b>287.5</b>	<b>+23.8</b>	<b>+ 6.4</b>
Iowa	426.1	504.8	591.9	+38.9	+17.3
Kansas	392.2	314.0	391.6	+ 0.2	+24.7
Minnesota	240.5	275.6	356.6	+48.3	+29.4
Missouri	204.3	216.3	275.1	+34.6	+27.2
North Dakota	205.6	195.0	243.7	+18.5	+25.0
South Dakota	84.3	87.4	118.4	+40.4	+35.4
West North Central as Percent of U.S. Total	26.7	28.0	29.2	+ 9.4	+ 4.3
<b>Nebraska as Percent of Regional Total</b>	<b>13.0</b>	<b>14.5</b>	<b>12.7</b>	<b>- 2.3</b>	<b>-12.4</b>

Source: U.S. Agricultural Export Shares by Regions and States, Fiscal Year, 1971, Economic Research Service, U.S. Department of Agriculture, Table 3. Computations by the Bureau of Business Research.

<sup>1</sup>Foreign Agricultural Trade of the United States, October, 1971, Economic Research Service, U.S. Department of Agriculture.

constituted about 95 percent of the state's feed grain sales.

Nebraska's export sales of wheat and wheat flour increased by 51 percent to total more than \$78 million; 70 percent were commercial sales, up more than 77 percent, while regional and national rates of gain were much lower. In government program exports Nebraska exhibited a gain of more than 13 percent, whereas the region and nation had declines of 5 percent and 7 percent, respectively.

Three categories of farm exports that have always constituted high proportions of Nebraska's trade experienced sharp declines in fiscal '71. Foreign sales of Nebraska meats and meat products amounted to less than \$10 million, a decline of more than 9 percent, whereas regional sales rose 7 percent, and the total for the United States, 18 percent. The drop in Nebraska exports of hides and skins was almost 50 percent, five times as much as the average decrease in the seven-state region, and compared with a national increase of more than 18 percent. Similarly, exports of tallow dropped almost 20 percent in Nebraska, whereas the region and the nation showed large increases—13.6 and 28.0 percent, respectively.

A significant factor in Nebraska's export record was the drop of 12.6 percent in sale of soybeans in a year when the regional rate rose 20 percent and the national gain was almost as high, over 18 percent.

The state also lagged in export of soybean oil and protein meal, a decline of more than 9 percent, whereas the region and

the country as a whole exhibited rates of increase close to 40 percent.

Largely through commercial sales of dairy products, the state bettered the regional and national rates of increase, but the dollar volume amounted to less than a million dollars.

The factors which affect the extent of agricultural exports are diverse and interrelated, and regardless of which state produces the actual commodities moving into the export market, producers in all states benefit from a market greatly enlarged by foreign purchases. State, regional, and national figures do, however, give an indication of ways in which individual segments of the agricultural economy participate in export trade. Such data not only provide useful comparative figures for states within the same region but also identify commodity categories on which it might be advantageous to concentrate future export efforts.

Looking toward 1972, there are many uncertainties in the prospects for farm exports from the United States. There can be no doubt that prolonged dock strikes have had an adverse effect on exports of wheat and feed grain to our best customer, Japan, but Nebraska agricultural leaders moved quickly in attempts to counteract this problem during the recent visit to the state of the Japanese Wheat Mission. The prospect for future U.S. grain sales to Russia is good news because this should open sizable new markets for Nebraska feed grains, although any such gain may be offset in part by the anticipated decline in grain sales to European

(Continued on page 3)

TABLE 2  
VALUE OF EXPORT SHARES OF AGRICULTURAL COMMODITIES: U.S., WEST NORTH CENTRAL REGION, AND STATE,  
BY PRINCIPAL TYPES OF EXPORT, FISCAL 1971, AND PERCENTAGE CHANGE, FISCAL 1970 TO 1971  
AND RATIO TO CASH FARM MARKETINGS

	Wheat and Wheat Flour		Total Feed Grains		Soybeans		Soybean Oil and Protein Meal		Dairy Products	
	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71
United States	1,202.7	+27.7	1,101.8	+10.7	1,264.2	+18.3	640.1	+38.8	131.2	+20.5
Govt. Program	356.6	- 7.0	64.7	+ 3.2	-----	---	112.5	+34.4	105.1	+27.8
Commercial	837.1	+50.0	1,037.1	+11.2	1,264.2	+18.3	527.6	+37.8	26.1	- 1.9
West No. Central	591.8	+26.9	456.3	+18.5	445.8	+20.0	228.5	+39.8	59.4	+12.3
Govt. Program	179.9	- 5.1	23.9	- 1.2	----	---	39.8	+32.9	50.2	+22.1
Commercial	411.9	+49.0	432.4	+19.6	445.8	+20.0	188.7	+40.6	9.2	-22.0
Nebraska	78.2	+51.2	102.1	+ 1.7	19.9	-12.6	9.9	- 9.2	2.9	+20.8
Govt. Program	23.8	+13.3	5.5	-12.7	---	---	1.7	-15.0	2.1	+10.5
Commercial	54.4	+77.2	96.6	+ 2.7	19.9	-12.6	8.3	- 6.7	0.8	+60.0
	Meat and Meat Products		Hides and Skins		Lard and Tallow		Total Including All Others		Cash Farm Marketings	Total Exports as Percentage of Cash Farm Marketings
	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars	Percent Change Fiscal 1970-71	Millions of Dollars Fiscal '71	
United States	55.4	+11.0	186.0	+18.2	272.7	+ 28.0	7,759.0	+16.7	49,254	+15.75
Govt. Program	---	---	0.1	-50.0	26.9	+192.4	1,063.0	+ 8.5		
Commercial	55.4	+11.0	185.9	+18.3	245.8	+ 20.5	6,696.0	+18.2		
West No. Central	63.9	+ 7.4	56.4	- 9.8	101.7	+ 13.6	2,264.8	+21.5	12,651	+17.9
Govt. Program	---	---	---	---	9.2	+142.1	340.8	+ 6.2		
Commercial	63.9	+ 7.4	56.4	- 9.8	92.5	+ 7.9	1,924.0	+24.7		
Nebraska	9.8	- 9.3	9.1	-49.7	17.8	- 19.8	287.5	+ 6.4	1,968	+14.6
Govt. Program	---	---	---	---	1.8	+ 80.0	40.9	+15.2		
Commercial	9.8	- 9.3	9.1	-49.7	16.0	- 24.5	246.6	+ 5.0		

Source: Same as Table 1.

# The Small Business Administration

Everyone should know that the Small Business Administration is a permanent independent government agency designed to help small businesses grow and prosper. Not generally known, however, is the extent to which the services, programs, and resources of the agency have changed and expanded in a continuing attempt to adjust to the needs of the small businessman, needs which have changed rapidly since the SBA was established in 1953.

Through the years Bureau of Business Research staff members have referred many businessmen to the regional offices of the SBA, which has always responded promptly and as effectively as possible within agency restraints. The diverse services of the agency have been commended in numerous articles. Many SBA publications have been reviewed in *Business in Nebraska*, and cooperation between SBA and Bureau staff members has been ongoing. To this close relationship a new dimension has been added with the recent appointment of Dr. C. S. Miller, Dean of the College of Business Administration, to the Nebraska District Advisory Council of the Small Business Administration.

Because small businesses nationally make up more than 95 percent of the business population, more than 40 percent of the business activity, and provide work for more than 35 million people, it is obviously imperative that the small business sector of the economy be encouraged and assisted. In Nebraska, where the proportions are considerably larger than in the nation as a whole, there is evidence that many small enterprises need assistance.<sup>1</sup>

The primary purpose of the SBA is financial assistance to a small business, which it defines for purposes of making business loans as one that meets these general size standards:

*Wholesale*—annual sales from \$5 million to \$15 million, depending on the industry; *retail or service*—annual sales or receipts from \$1 million to \$5 million, depending on the industry; *construction*—annual sales or receipts of not more than \$5 million, averaged over a three-year period; *manufacturing*—from 250 to 1,500 employees, depending on the industry.

The agency examines past earnings records and future business

<sup>1</sup>See *Business in Nebraska*, March, 1971.

(Continued from page 2)

Common Market countries in the coming year.

Among other uncertainties, the Nebraska farmer has a considerable stake in the ultimate decision on Foreign Aid. Export of Nebraska feed grains and other agricultural products through government aid programs amounted to almost \$41 million, more than 14 percent of the state's total farm exports in fiscal '71. Finding outlets for products previously exported extensively under foreign aid programs will challenge farm leaders.

It is a truism that in an international trade war there are no winners, only losers. The rising tide of protectionism manifest in U.S. trade policies is evoking, therefore, vigorous warnings that this country cannot afford to become embroiled in a trade war. Our principal trading partners, Japan and the Common Market countries, have developed great commercial strength. If trade barriers go up in the United States, we will find that competition can adversely affect Nebraska agricultural exports.

DOROTHY SWITZER

prospects of the applicant to determine whether he has the ability to repay the loan and any other debts out of company profits. Loans may be used for business construction, expansion, or conversion; purchase of machinery, equipment, facilities, supplies, or materials; and for working capital.

## TYPES OF SBA LOANS

The SBA is not designed to compete with, but rather to supplement, the private banking system. When the financing is not otherwise available on reasonable terms, SBA may guarantee up to 90 percent or \$350,000, whichever is less, of a bank loan to a small firm.

If the entire loan is not obtainable from a private lender and if an SBA guaranteed loan is not available, SBA will then consider advancing funds on an immediate participation basis with a bank. SBA will consider making a direct loan only when these other forms of financing are not obtainable. The agency's share of an immediate participation loan may not, at the present time, exceed \$150,000. Direct loans may not exceed \$100,000 and at times may not be available due to Federal fiscal restraints.

Interest rates on SBA's portion of immediate participation, as well as direct loans, may not exceed 5½ percent. Within certain limitations the bank sets the interest rate on guaranteed loans and its portion of immediate participation loans.

### Pool Loans

Many are unaware of an important SBA program known as Pool Loans, under which loans are made to corporations formed and capitalized by groups of small business companies for purchasing raw materials, equipment, inventory, or supplies for the use of their individual businesses. These loans also may be made to obtain the benefits of research and development or to establish facilities for these purposes.

### Economic Opportunity Loans

Economic opportunity loans (EOL) make it possible for the disadvantaged who have the capability and the desire to own their own businesses to become part of the economic life of the nation, with both prospective and established small businessmen being eligible for assistance. An important consideration is the provision of management assistance as well as financial aid.

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## Review and Outlook

Nebraska's economy continued to show strength in September. The dollar and physical volume indexes continued at levels above last year's, being up 10 and 4 percent, respectively.

Retail activity appears to have staged a comeback, rising to a September level 8 percent above that of last year, after adjusting for price level changes. Adding push to the state's continuing general expansion were gains in construction activity and life insurance sales. Cash farm marketings, when deflated for price level change, fell below last September's level for the first time in seven months. Reflecting the net effect of these developments, bank debits, after

adjustment for price level change, showed a real gain in September of about 8 percent over the same month of last year.

In September manufacturing employment was at a level above that of last year for the first time in over a year. Contrarily, other employment was slightly below that of the same month last year for the first time in over a year. Electricity production moved to within 3 percent of last September's level reflecting, in part, the improvement in industrial activity.

The state's net taxable retail sales continued to rise over last year's levels. September's dollar volume of such sales, (Continued on page 5)

All figures on Table 1 and 2 are adjusted for seasonal changes, which means that the month-to-month ratios are relative to the normal or expected changes. Figures in Table 1 (except the first line) are adjusted where appropriate for price changes. Gasoline sales for Nebraska are for road use only; for the United States they are production in the previous month. E. L. HAUSWALD

### NEBRASKA'S ECONOMIC INDICATORS

#### 1. CHANGES FROM PREVIOUS YEAR AND PREVIOUS MONTH

SEPTEMBER, 1971	Percent of Same Month a Year Ago		Percent of Preceding Month	
	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume Index . . . .	110.3	116.2	106.9	100.9
Physical Volume Index . . . .	104.3	110.5	106.4	100.7
Bank debits (checks, etc.) . . . .	108.0	109.5	104.0	100.6
Construction activity . . . . .	114.9	132.1	108.0	104.2
Retail sales . . . . .	108.0	108.8	109.0	100.5
Life insurance sales . . . . .	95.5	106.5	107.0	99.7
Cash farm marketings . . . . .	95.3	111.8	104.3	101.3
Electricity produced . . . . .	96.9	105.2	94.6	104.2
Newspaper advertising . . . . .	NA	NA	NA	NA
Manufacturing employment . . . . .	101.1	96.3	103.2	100.5
Other employment . . . . .	99.5	101.9	99.9	100.4
Gasoline sales . . . . .	102.2	NA	95.7	NA

#### 2. CHANGES FROM THE 1948 AVERAGE

SEPTEMBER, 1971	Percent of 1948 Average	
	Nebraska	U.S.
Dollar Volume Index . . . .	396.8	503.1
Physical Volume Index . . . .	218.1	262.2
Bank debits (checks, etc.) . . . .	302.5	501.0
Construction activity . . . . .	217.0	213.2
Retail sales . . . . .	173.6	201.9
Life insurance sales . . . . .	400.4	503.0
Cash farm marketings . . . . .	236.9	169.0
Electricity produced . . . . .	462.0	593.9
Newspaper advertising . . . . .	NA	NA
Manufacturing employment . . . . .	172.1	121.4
Other employment . . . . .	152.4	180.0
Gasoline sales . . . . .	262.7	250.2

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

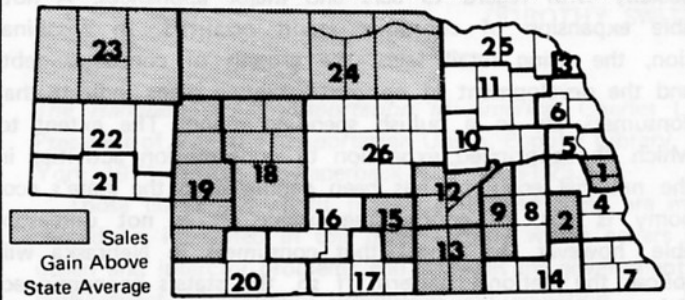
Region <sup>2</sup> and Principal Retail Trade Center	September, 1971 as Percent of September, 1971	1971 Year to Date as Percent of 1970 Year to Date
<i>The State</i>	115.0	107.8
1 (Omaha) . . . . .	116.7	107.9
2 (Lincoln) . . . . .	121.0	111.5
3 (So. Sioux City) . . . . .	109.3	102.1
4 (Nebraska City) . . . . .	110.4	102.5
5 (Fremont) . . . . .	107.6	106.5
6 (West Point) . . . . .	118.7	101.5
7 (Falls City) . . . . .	114.7	105.7
8 (Seward) . . . . .	108.4	105.8
9 (York) . . . . .	117.6	108.9
10 (Columbus) . . . . .	108.7	104.4
11 (Norfolk) . . . . .	114.5	104.7
12 (Grand Island) . . . . .	119.9	109.3
13 (Hastings) . . . . .	111.2	109.1
14 (Beatrice) . . . . .	116.0	106.2
15 (Kearney) . . . . .	118.8	111.7
16 (Lexington) . . . . .	109.5	107.5
17 (Holdrege) . . . . .	108.4	107.4
18 (North Platte) . . . . .	116.3	112.9
19 (Ogallala) . . . . .	123.2	112.6
20 (McCook) . . . . .	105.4	104.9
21 (Sidney, Kimball) . . . . .	105.8	101.2
22 (Scottsbluff) . . . . .	112.3	105.4
23 (Alliance, Chadron) . . . . .	107.8	108.5
24 (O'Neill) . . . . .	124.8	111.5
25 (Hartington) . . . . .	105.8	99.9
26 (Broken Bow) . . . . .	99.5	105.2

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

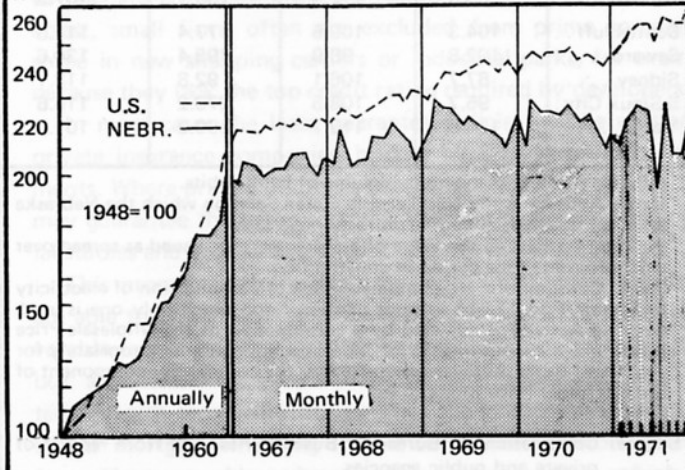
<sup>2</sup>"Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

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

#### 1971 YEAR TO DATE AS PERCENT OF 1970 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



#### PHYSICAL VOLUME OF BUSINESS



(Continued from page 4)

unadjusted for price level change, was 15 percent above the same month last year. One of the major forces contributing to this surge has been the well-known increase in motor vehicle sales. As shown in the tabulation below, these were up 16 percent over last year. Year to year, the relative gains in net taxable motor vehicle sales, although somewhat erratic, have been notable. The impact of the imposition

**Motor Vehicle Sales: 1971 as Percent of 1970**

January	106.2	April	122.0	July	123.5
February	102.3	May	112.1	August	99.5*
March	105.5	June	109.5	September	116.2

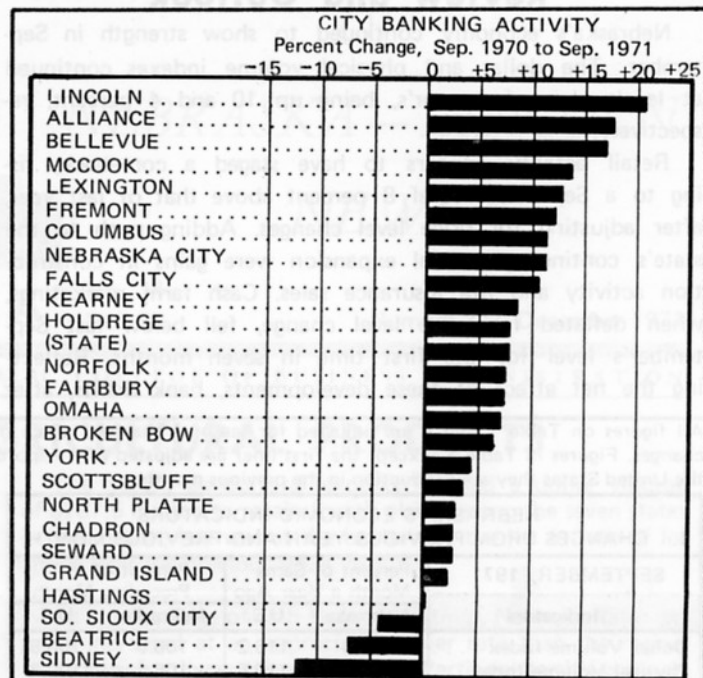
\*August, 1970 sales were unusually high.

of the surcharge on imports, the realignment of foreign currencies, the expressed intent to remove the Federal excise tax on motor vehicles, the automotive industry's promise to reimburse current buyers retroactively for the amount of the tax—all these have combined to boost automotive sales.

Year to date the dollar volume of net taxable retail sales was nearly 8 percent greater than that of the same nine months of last year. This leaves a considerable real gain after adjustment for price level changes. Table 3 and the map on page 4 show ten of the state's twenty-six planning and development regions percentagewise ahead of last year by more than the state as a whole.

Retail activity in a number of the state's major trading centers was markedly higher for September of this year than for the same month of last year. Eleven of the twenty-five centers shown in Table 4 had real gains of more than 11 percent, which was the gain of the state as a whole. Leading gainers were York, +19.7%; Grand Island, +17.8%; and Beatrice, +17.1%. Falling below last year's September levels were Broken Bow, -1.8%; Chadron, -8.9%; and Seward, -1.1%.

It may be of interest to conjecture as to the condition of the state's economy in October. Based on certain known developments in the national economy, the outlook for the state in October is a continuation of the September situation. Nationally the economy was expansionary in October. Sales of cars were a record 934,000. Steel output edged up so that mills were operating at more than 50 percent of capacity for the first time in three months. Personal income showed further increases. The Federal Reserve Board's index of industrial production climbed. The unemployment rate declined. Corporate profits were reported up in most industries. Construction activity continued on an upswing. Consumer buying expectations were reported as positive, especially with regard to cars and major appliances. A notable expansion of consumer credit occurred. In combination, the rising retail sales, the growth of consumer debt, and the development of optimistic buying plans indicate that consumers are in a bullish spending mood. The extent to which the continued expansion of consumption activities in the national economy has been paralleled in the state's economy is not, of course, measurable. It is not unreasonable, however, to expect that consumers in Nebraska will follow the national pattern. If so, the state's economic activity would have continued to expand in October. E. L. H.



Source: Table 4 below.

**4. SEPTEMBER, 1971, CITY BUSINESS INDICATORS**

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>			
<i>The State</i>	108.3	110.9	146.7	104.6
Alliance . . . .	117.5	107.9	323.7	77.6*
Beatrice . . . .	93.7	117.1	229.1	98.4
Bellevue . . . .	116.9	112.5	116.9	96.4*
Broken Bow . . .	105.8	98.2	76.2	94.9
Chadron . . . .	102.9	91.1	68.2	104.2
Columbus . . . .	111.0	107.7	33.2	93.3
Fairbury . . . .	107.8	109.9	47.5	108.5*
Falls City . . . .	110.4	114.6	295.0	103.0
Fremont . . . .	112.6	102.6	48.5	102.6
Grand Island . .	102.2	117.8	123.5	103.2
Hastings . . . .	100.2	110.1	179.6	101.3
Holdrege . . . .	108.4	119.4	108.7	105.0
Kearney . . . .	108.9	117.5	270.6	96.1
Lexington . . . .	113.4	103.8	275.4	101.0*
Lincoln . . . .	120.7	116.3	184.6	98.8
McCook . . . .	114.1	107.8	184.9	100.1
Nebr. City . . . .	110.8	108.6	158.8	101.4
Norfolk . . . .	108.1	111.5	159.0	107.9
No. Platte . . . .	103.2	114.2	448.0	104.3
Omaha . . . .	106.6	112.4	153.1	107.5
Scottsbluff . . .	104.3	109.5	177.4	111.6
Seward . . . .	102.8	98.9	195.4	130.6
Sidney . . . .	87.7	106.1	92.8	118.1
S.Sioux City . . .	95.7	108.5	273.2	116.6
York . . . .	104.8	119.7	190.2	101.0

<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.

### *Development Loans*

Significant SBA programs not yet utilized fully in Nebraska make loans to state and local development companies; the "501 Program" makes loans to State Development Companies (SDC) for use in supplying long-term loans and equity capital to small business concerns, and the "502 Program" offers Local Development Companies (LDC) an opportunity to assist in the planned economic growth of a community by promoting and assisting the growth and development of small business enterprises in the area. The LDC may be organized on either a profit or a nonprofit basis and the corporation must have a minimum of 25 stockholders or members.

### *Disaster Loans*

The disaster loan program of the SBA makes low-interest loans to repair physical damage and overcome economic injury suffered by victims of disasters. Such loans may be for as long as 30 years. When disaster strikes, the SBA can move quickly to lend money to individuals, business concerns of any size, and nonprofit organizations so that they can repair or replace damaged structures, furnishings, machinery, equipment, and inventory. The agency makes its share of the loan at a low rate and the bank can charge no more than 8 percent interest on its share.

Residents of major or natural disaster areas as determined by the President or Secretary of Agriculture are eligible for loans to provide capital and pay financial obligations (except bank loans) that the borrower would have been able to meet if not for the disaster, the SBA loan rate being 3 percent.

### *Displaced Business Loans*

Small concerns that suffer substantial economic loss as a result of being displaced by, or because of their proximity to, Federally-aided urban renewal projects and other construction are eligible for Displaced Business Loans. Such loans are made to help the firms relocate or reestablish, and reasonable upgrading of the business in the course of relocation is permitted.

### LEASE GUARANTEE PROGRAM

One of the most important services of the SBA is an insurance policy issued to a small businessman guaranteeing to his landlord that rent payments will be made. It is, in effect, a new type of credit assistance in which the agency cooperates with private insurance companies to help small businessmen obtain leases in choice business locations.

The SBA is seeking to widen participation in this program which can give invaluable assistance to small firms that are trying to relocate advantageously. As Nebraska small businessmen will attest, small firms often are excluded from prime commercial space in new shopping centers or industrial parks, for example, because they lack the top credit rating required by developers.

In most cases the lease guarantee policies will be written by private insurance companies, backed by SBA reinsurance agreements. Where private insurance participation is not available, SBA may guarantee the leases directly. Premiums are based on actuarial studies and are payable in advance with no refunds.

This program benefits not only those small businessmen who are able to obtain desirable commercial or industrial space at favorable terms enabling them to be competitive with larger firms, but also landlords, who benefit by having a wider choice of tenants with top credit ratings. Thus the landlord may be able to secure mortgage financing from institutional investors on more favorable terms. Also advantaged are urban centers, which gain

because increased numbers of firms can qualify as lessees of available commercial space, and rural centers, which benefit by having an additional means of attracting industrial and commercial enterprises.

### MINORITY ENTERPRISE PROGRAM

In recent years the SBA has been bringing all the agency's services together in a coordinated thrust to make more sound business opportunities available to minority individuals. Since minorities comprise 15 percent of the nation's population, yet own only 3¼ percent of the country's five million small businesses, the main objective of the Minority Enterprise Program is to help close the gap in business ownership between minority individuals and other Americans.

### MANAGEMENT ASSISTANCE

Managerial deficiencies are blamed for 90 percent of the nation's business failures; many of these failures could have been avoided if the necessary management assistance had been available to the owners at the right time. The SBA has, therefore, as one of its principal objectives provision of management assistance services keyed to strengthening the capabilities of small businessmen. It endeavors to identify management problems, develop alternative solutions, and help implement and expand plans.

This program is executed principally through two volunteer programs: SCORE—a volunteer service corps of retired executives who offer their services to help small businesses solve their problems and ACE—an active corps of executives under the coordination of Management Assistance officers who staff the agency's counseling program.

Members of both SCORE and ACE assist the small businessman by helping him to plan soundly for new ventures, and by counseling, guiding, and training him in the solution of his current problems. Their services are free, except for reimbursement for out-of-pocket expenses.

In addition to the expertise available through the Management Assistance officer in each regional SBA office, the agency devotes its resources to instructing existing and prospective small businesses through four types of training—workshops for prospective business owners, and management courses, conferences, and problem clinics for existing owners.

A wide variety of useful materials, including visual aids, to facilitate management training has been developed by the SBA and these are being updated regularly. New publications on appropriate topics are being added from time to time to the hundreds of management assistance publications prepared for small businessmen. These materials and publications are available at nominal cost.

Inquiries about the manifold services of the Small Business Administration should be directed to the Regional Field Office, 215 North 17th Street, Omaha. Information may be obtained also from Dean Miller and the Bureau of Business Research.

DOROTHY SWITZER

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*The Handbook of Transportation in America*, Charles Luna, President of United Transportation Union, Popular Library, New York, 1971. Pocket-size paperback, 282 pp., \$1.25.

Those concerned about mass transit, and there are many, should be interested in this general study which covers both urban and intercity problems and analyzes the government role with respect to investment, promotion, and regulation. D. S.