

NEBRASKA BUSINESS ACTIVITY 1962-1972

As a part of its program of maintaining and analyzing business indicators, the Bureau of Business Research makes annual estimates of gross state product (GSP) for major sectors of the Nebraska economy. GSP, like gross national product (GNP) at the national level, is intended as a summary measure of the value attached to economic activity carried out during a particular time period.

Unfortunately, the data available for constructing GSP estimates are not nearly so good as the data which can be used to construct measures of GNP. It has not been common practice, therefore, to publish official GSP estimates. Nevertheless, the Bureau makes such estimates for two important reasons.

First, in spite of the limitations of the data, GSP estimates probably are the best indicator of trends in aggregate economic activity in the state that it is possible to derive. Therefore, provided the limitations of GSP estimates are kept in mind, such estimates are a useful tool in analyzing the economic performance of the state.

The second important use of GSP estimates made by the Bureau is in evaluating and revising the composite monthly business indexes published in *Business in Nebraska*. The monthly indexes were designed, insofar as is feasible, to reflect changes in GSP. While annual estimates of GSP are not perfect, they are considerably better than estimates that can be made using only data that are available monthly. The annual estimates of GSP, therefore, are used as benchmarks for revising and evaluating the regularly published monthly index.

GROWTH 1962-1972

The table on page 2 shows changes in business activity by economic sector for selected time intervals during the period 1962-1972 for Nebraska and the nation. The sector breakdown is the same as that used for our monthly indexes, but the changes indicated in the table have been tied to changes in GSP estimates for Nebraska and to changes in GNP for the nation. Changes are shown for the entire ten-year period, the first five years of the period, the last five years of the period, and for each of the last three years of the period.

Historically, growth of economic activity in Nebraska has generally lagged behind the national growth rate. Over the last ten years, however, as shown in Part A of the table, that lag has been small, and over the last five years it has apparently disappeared and possibly even reversed to a position in which Nebraska is growing slightly faster than the nation. Nationally, GNP increased 107.3 percent from 1962 to 1972 compared with an increase in estimated GSP of 100.7 percent for Nebraska. From 1962 to 1967 the increase in GNP was 42.4 percent and the increase in GSP 35.1 percent. From 1967 to 1972 the increase in

GNP was 45.6 percent compared with an increase of 48.5 percent in Nebraska GSP.

In the 1962-1967 period Nebraska growth lagged well behind the nation in the construction, government, and distributive and services sectors, but exceeded the national average in agriculture and manufacturing. From 1967 to 1972 Nebraska growth was fairly close to the national average in all sectors except manufacturing, where the growth was substantially greater than in the national average.

In general, the stronger performance of the Nebraska economy in 1967-1972 than in the 1962-1967 period can probably be attributed largely to a continuing strong trend of manufacturing growth in the state and to favorable developments in agriculture. The rate of manufacturing expansion was strong during the entire decade of the 1960s, but the growth in the early part of the decade was on a smaller base than the later growth, and, therefore, had less impact on the overall growth of the economy. In addition, growth in manufacturing in Nebraska appeared to be largely unaffected by the 1970 recession, which resulted in manufacturing declines in much of the country.

In agriculture Nebraska grew faster relative to the nation in the 1962-1967 period than in the 1967-1972 period. Because of favorable price developments, however, the latter period was a generally better period for agriculture than was the earlier period, and, since the Nebraska economy is highly dependent on agriculture, the improving nationwide strength of agriculture in recent years has contributed significantly to stronger growth of the overall Nebraska economy.

It is likely that the future strength of the Nebraska economy will also depend on developments in agriculture and manufacturing. Because of strong foreign and domestic demand, both agriculture and manufacturing currently appear to be facing strong expansionary forces at the national level. There is, however, considerable uncertainty surrounding future demand, prices, and the relative demand for different commodities. Therefore, although the prospects for many Nebraska activities currently would seem favorable, there are many factors which could quickly change the outlook.

In particular, the energy crisis, whose severity has only recently been recognized, seems likely to change drastically the 1974 outlook. Even without this factor many analysts were projecting some recession nationally for the coming year, and the energy problem magnifies both the likelihood and severity of a downturn. With its lesser dependence on manufacturing, Nebraska should experience less impact than the nation from any decline in economic activity that does materialize, particularly if

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ECONOMIC GROWTH BY SECTOR 1962-1972
(percentage changes)

NEBRASKA								UNITED STATES							
A. Current Dollar Volume															
Period	Total	Nonagricultural Sectors						Period	Total	Nonagricultural Sectors					
		Agri-cultural Sector	Total	Con-struction	Manu-fac-turing	Distributive and Services	Government			Agri-cultural Sector	Total	Con-struction	Manu-fac-turing	Distributive and Services	Government
1962-67	36.1	30.7	36.1	18.3	49.8	33.9	35.7	1962-67	42.4	17.4	43.6	43.7	40.8	42.7	54.8
1967-72	48.5	38.9	50.5	59.1	47.8	48.3	60.8	1967-72	45.6	40.8	45.8	55.8	30.0	50.5	59.4
1962-72	100.7	81.5	104.8	88.3	121.4	98.7	118.2	1962-72	107.3	65.3	109.3	123.9	83.1	114.7	146.7
1969-70	5.2	-9.0	7.9	4.3	5.3	7.3	15.0	1969-70	5.1	6.6	5.0	6.9	-1.3	7.0	10.2
1970-71	8.3	9.4	8.1	3.8	6.1	9.2	7.7	1970-71	7.8	3.1	7.9	8.5	4.5	9.3	9.3
1971-72	10.4	20.6	8.8	15.3	11.2	8.2	6.0	1971-72	9.1	15.2	8.9	9.9	10.7	8.1	8.5
1971-72*	11.2	11.0	11.2	46.6	8.5	9.2	11.1	1971-72*	9.9	10.1	9.9	13.7	9.7	9.8	9.1
B. Constant-Dollar (Physical Volume)															
1962-67	23.0	25.9	22.4	1.5	39.9	21.5	15.5	1962-67	29.3	12.6	30.1	23.6	33.0	29.4	29.0
1967-72	16.9	6.4	19.0	14.1	24.3	18.3	16.3	1967-72	16.6	11.8	16.6	11.5	10.2	20.1	19.5
1962-72	43.8	34.0	45.7	15.8	73.9	43.7	34.3	1962-72	50.8	25.9	51.7	37.8	46.5	55.4	54.2

*Estimates based on indicators available monthly as originally published in the March, 1973, issue of *Business in Nebraska*.

(Continued from page 1)

priority in allocation of available energy resources is really given to agriculture as presently promised.

THE EFFECTS OF PRICE CHANGES

In comparing economic growth in different sectors of the economy and in comparing Nebraska growth to national growth it is appropriate to use current-dollar measures of economic activity. When there is substantial general price inflation, however, growth rates based on current-dollar measures overstate the real growth of the economy. Price inflation, for example, was greater in the 1967-1972 period than in the 1962-1967 period. Therefore, although current-dollar GNP increased 45.6 percent in the more recent period while it increased only 42.4 percent in the earlier period, it would not be accurate to infer that real growth has been stronger since 1967 than in the early 1960s.

To give a better indication of real growth patterns, price-deflated (physical-volume) measures of change for 1962-1972, 1962-1967, and 1967-1972 are shown in Part B of the table. In contrast to the faster growth of the overall dollar-volume of activity for the nation for the 1967-1972 period than for the 1962-1967 period, the physical-volume measures show the opposite pattern, a 16.9 percent growth in 1967-1972 compared with a 29.3 percent growth in 1962-1967.

Based on physical-volume measures, the Nebraska economy also grew faster from 1962 to 1967 than from 1967 to 1972 (23 vs. 16.9 percent). The physical-volume measures, however, tend to understate the extent of improvement in the Nebraska economy relative to the national economy from the 1962-1967 period to the 1967-1972 period. In Nebraska agriculture, for example, physical volume increased only 6.4 percent 1967-1972 compared with a 25.9 percent increase 1962-1967. Because agricultural prices rose faster in the latter period, however, the dollar volume increased 38.9 percent 1967-1972 compared with a 30.7 percent increase 1962-1967. From the point of view of the farmer and those who depend on his well-being, the more recent period of strong prices is likely to be preferred to the earlier period of significant production increases with lagging prices, in spite of the fact that the farmer's contribution to real GSP was much greater in the earlier than in the later period.

REVISIONS AND EVALUATIONS

A table similar to the table above, showing annual changes for the 1967-1971 period, was published in the January, 1973, issue of *Business in Nebraska*. The changes for 1969-1970 and 1970-1971 are repeated here in Part A of the table because some of the data used in arriving at GSP and GNP measures for those years have been revised since the original table was published.

The largest revision is in the agricultural sector for Nebraska for the 1970-1971 period and is associated with a downward revision in cash receipts from farm marketings data for 1971. As published in January, 1973, the agricultural sector showed a 16.6 percent growth in GSP from 1970 to 1971. That figure has been revised to 9.4 percent. The revision in the growth rate of the national agricultural index for 1970-1971 was from 6.3 to 3.1 percent, and the revision in the growth rate for Nebraska manufacturing for 1969-1970 was from 2.2 to 5.3 percent. No other revisions were larger than one percentage point.

The changes shown for 1971-1972 are based on newly available data for 1972. These changes, however, can be compared with year-to-year changes indicated by our regularly published business indexes. For comparison purposes the year-to-date changes from 1971 to 1972 published for December, 1972, in the March, 1973, issue of *Business in Nebraska* are reproduced in the last lines of the Nebraska and United States sections of Part A of the table above. If our index is doing a good job of simulating changes in GNP and GSP, the two 1971-1972 changes shown in the table should correspond closely. A comparison of those values provides some encouragement, but also reveals some serious problems.

In the case of the overall dollar-volume index for the nation, the correspondence between our previously published index and the revised value is reasonably good, considering the limitations of the monthly data used to obtain the earlier figure. The earlier value was 9.9 percent compared to a revised value of 9.1 percent. In the case of the overall dollar-volume index for Nebraska the correspondence is also quite close. The originally published figure was 11.2 percent, while the revised number is 10.4 percent. Both for Nebraska and the nation, however, the correspondence of the

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originally published figures to the revised figures is generally not nearly so close for individual sectors as for the overall index.

For most sectors the problems with the Nebraska indexes are considerably greater than for the national indexes. The largest discrepancy is in the construction sector, where the originally published 1971-1972 change of 46.6 percent compares with a revised value of 15.3 percent. Other large discrepancies occur in the agricultural (11.0 vs. 20.6 percent), government (11.1 vs. 6.0 percent), and manufacturing (8.5 vs. 11.2 percent) sectors for Nebraska. The discrepancies in agriculture and government are due largely to revisions in data made available by Federal agencies and are largely beyond the direct control of our Bureau, although such revisions do raise questions about the advisability of using preliminary data supplied by various agencies.

The data available for determining GSP in agriculture on an annual basis are the best available for any sector, but on a monthly basis only the marketings data are available, and they do not necessarily correspond well to GSP in agriculture. An additional factor which could have contributed to the understatement of 1971-1972 growth by our index was the late harvest in 1972, which may have delayed some farm marketings into 1973 that were really associated with GSP arising in 1972. The major problem with the monthly agricultural index, however, is the inadequacy of preliminary data, which often results in substantial subsequent revisions.

As in the agricultural sector, the data available for making GSP estimates for the government sector are conceptually quite good. This is because nearly all GSP arising in the government sector is wages and salaries paid to government employees, and data on such wage and salary payments are readily available. Unfortunately the initial (quarterly) data the Bureau received on wages and salaries for 1972 were revised downward considerably when the annual data became available. Thus far we have no good indication of the reasons for the revisions, but there is currently no reason to suppose that it will be a major continuing problem.

The problems in construction and manufacturing may involve a variety of factors. The manufacturing sector is conceptually the most difficult sector to represent both monthly and annually. Therefore, the difference of less than three percentage points between the revised 1971-1972 change indicated in the table and the previously published change should not be regarded as especially disturbing. Because the annual data are conceptually more suitable for indicating GSP than are the monthly data, it is probably appropriate to place more confidence in the annual data, but the range of likely error in the annual estimates may well exceed the difference between the changes indicated by the annual and monthly data.

By far the most serious problem revealed by a comparison of the revised and originally published changes is in the construction sector. The monthly construction index is based on construction contract data "spread" over time in accordance with an assumed "normal" time pattern of actual construction. The annual GSP estimates for construction are based primarily on wage and salary data. The index based on the monthly construction contract data indicated a growth rate more than three times the rate indicated by the GSP estimates.

Several factors are probably contributing to this discrepancy, but considerable work will be needed to come to an adequate ap-

preciation of reasons for the magnitude of the difference between the two estimates. Aside from the possibility of inaccurate basic data, the major reasons for the discrepancy between the two indicators are probably the inflation in construction materials prices and changes in the structure of the Nebraska construction industry in ways that could invalidate either our methods of spreading construction contracts or our GSP estimates (or both).

Inflation in material prices would increase the dollar value of construction put in place, but would not increase wages or the other components of GSP in construction. The rapidly rising prices for such materials as lumber during 1972, therefore, would be expected to lead to an overstatement of the growth of GSP by our monthly index. The same problem, however, would be expected at the national level, and, while the overstatement in the national index was significant, it was not nearly as great as for Nebraska. It is likely, therefore, that the technique used by the Bureau to spread construction contracts over time has become obsolete for some important parts of the construction industry, and/or that the structure of construction activity in Nebraska has changed enough in the past several years relative to activity in the rest of the nation to impair seriously the accuracy of the changes shown by our GSP estimates.

Since the value of a construction contract and the time it is let provide no guarantee as to the actual timing of construction, it is inherently difficult to spread contracts by a standard formula and hope to reflect the actual pattern of construction. This is particularly true for some of the large contracts which have been issued in Nebraska in recent years. Further, there is always the possibility that fluctuations in the weather or changes in technology will alter the "normal" pattern of construction and make a given spreading technique obsolete. It is likely, therefore, that a large part of the apparent problem in our construction index lies in the procedures for spreading contracts to reflect actual construction. Certainly a review of the procedures is appropriate. In light of their inherent difficulties, however, the most appropriate solution to the problem may be to try alternative indicators, such as employment or wages and salaries, in the construction industry in place of the data on construction contracts in the index.

The latter part of this article has focused on the problems of business indicators and GSP estimates. The extent of the problems suggests caution when using such indicators, particularly those which attempt to measure individual sectors of the economy. Nevertheless, an analysis of economic indicators provides almost the only information that can be obtained about economic performance, and for broad, general comparisons indicators such as GSP estimates may provide a reasonably good perspective on economic growth in Nebraska. The Bureau will continue its efforts to make even better the figures which it publishes.

VERNON RENSHAW

BUSINESS AND ENERGY SAVING

Two booklets, which should be of interest to business organizations, have been issued recently by the Office of Energy Programs, U.S. Department of Commerce. "How To Start an Energy Management Program" and "Thirty-three Money-saving Ways to Conserve Energy in Your Business" may be ordered from: U.S. Department of Commerce, FCAT Br., Room 6880, Washington, D. C. 20230.

Copies are free upon request. Supplies are limited and orders for the booklets should be placed now.

Review and Outlook

Last month it was noted that the overall Nebraska dollar-volume index increased by more than ten percentage points from July to August, but that a decline was probable.

From August to September there was a drop of slightly more than 10 percentage points (from 184.6 to 174.3 percent of the 1967 average). Just as the July-to-August rise was primarily due to increased agricultural prices and farm marketings, the August-to-September drop was due largely to declines in these indicators. The agricultural index rose from a (revised) level of 181.9 in July to 242.1 in August, then dropped to 192.4 in September. Although the agricultural indicators caused most of the August-to-September drop, each of the other dollar-volume sector indexes

for Nebraska also declined over the period.

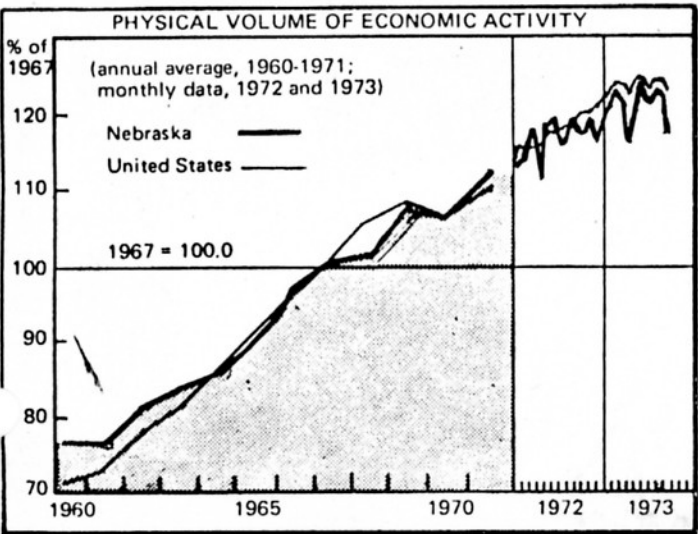
The overall dollar-volume index for the nation also declined from August to September (from 169.7 to 168.9), although not nearly so much as in Nebraska. Declines in agriculture, construction, and manufacturing more than offset increases in the government and distributive and services indexes for the nation. Although the manufacturing dollar-volume indexes declined for both Nebraska and the nation, the declines resulted from falling prices for certain agricultural processing industries. Both manufacturing physical-volume indexes registered increases from August to September. In contrast to agriculture-related prices other wholesale prices and consumer prices generally continued upward from August to September.

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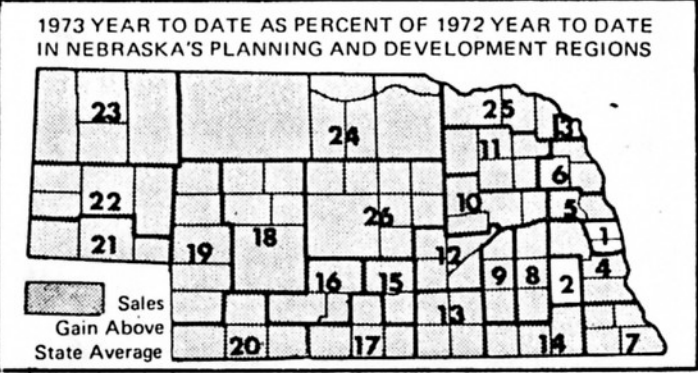
Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication, and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume 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				
September 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.
Indicator				
Dollar Volume	115.1	113.6	114.6	113.2
Agricultural	140.9	140.7	132.9	130.1
Nonagricultural	110.6	112.7	111.4	112.6
Construction	108.2	107.8	117.3	111.7
Manufacturing	113.3	119.9	113.6	118.8
Distributive	109.9	110.9	110.3	110.9
Government	111.2	107.9	110.5	108.1
Physical Volume	100.1	103.8	102.3	105.4
Agricultural	93.2	94.5	94.3	95.6
Nonagricultural	101.2	104.1	103.7	105.7
Construction	99.0	98.7	107.7	102.5
Manufacturing	98.6	107.5	101.6	108.8
Distributive	102.4	103.3	104.6	105.2
Government	100.9	102.2	101.5	102.8
2. CHANGE FROM 1967				
Indicator	Percent of 1967 Average			
	Nebraska	U.S.		
Dollar Volume	174.3	168.9		
Agricultural	192.4	197.9		
Nonagricultural	170.8	167.8		
Construction	212.7	172.4		
Manufacturing	168.1	156.8		
Distributive	166.4	171.7		
Government	177.5	174.6		
Physical Volume	117.7	122.5		
Agricultural	92.8	102.8		
Nonagricultural	122.7	123.2		
Construction	139.0	112.7		
Manufacturing	122.1	118.3		
Distributive	122.8	126.7		
Government	116.7	123.1		

3. NET TAXABLE RETAIL SALES ¹ OF NEBRASKA REGIONS (Unadjusted for Price Changes)		
Region ² and Principal Retail Trade Center	September, 1973 as percent of September, 1972	1973 Year to Date as percent of 1972 Year to Date
<i>The State</i>	113.5	115.6
1 (Omaha)	105.9	109.7
2 (Lincoln)	109.6	114.4
3 (So. Sioux City)	102.3	100.2
4 (Nebraska City)	123.1	120.8
5 (Fremont)	117.2	116.3
6 (West Point)	133.1	124.3
7 (Falls City)	119.7	117.7
8 (Seward)	125.2	122.7
9 (York)	129.9	124.9
10 (Columbus)	121.4	123.4
11 (Norfolk)	112.1	122.6
12 (Grand Island)	121.6	118.8
13 (Hastings)	115.2	116.2
14 (Beatrice)	117.9	119.4
15 (Kearney)	121.5	116.7
16 (Lexington)	113.9	121.0
17 (Holdrege)	120.9	120.5
18 (North Platte)	117.6	119.5
19 (Ogallala)	128.8	122.8
20 (McCook)	123.4	120.4
21 (Sidney, Kimball)	115.6	117.5
22 (Scottsbluff)	123.1	120.0
23 (Alliance, Chadron)	114.8	118.0
24 (O'Neill)	115.6	123.1
25 (Hartington)	124.4	128.6
26 (Broken Bow)	117.4	120.3



¹Sales on which sales taxes are collected by retailers located in the state, including motor vehicle sales.
²"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.



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In spite of the August-to-September declines for a number of the business indicators, most indicators remained well above 1972 levels. The overall Nebraska dollar-volume index for Nebraska increased 15.1 percent from September, 1972, to September, 1973. The comparable increase for the nation was 13.6 percent. Even after the sharp August-to-September declines, the agricultural index remained 40.9 percent above September, 1972, in Nebraska and 40.7 percent above the previous September for the nation. All this increase was the result of higher prices, however, since both state and national agricultural physical-volume indexes declined from September, 1972, to September, 1973.

Currently the economic outlook appears quite uncertain both in Nebraska and in the nation as a whole. The declines in several economic indicators from August to September should not necessarily be taken to imply a general economic slowdown, since in most cases those declines followed abnormally large increases from July to August. The potential problems posed by the "energy crisis," however, suggest that it would be very difficult to sustain the kind of growth that occurred in the first half of 1973 into 1974. Perhaps the more relevant question is whether or not 1974 will bring declines in economic activity.

Retail activity represents one indicator which could be important in determining the future course of business activity. Total retail sales for Nebraska as shown in Table 3 were 13.5 percent greater in September, 1973, than in September, 1972. Within Nebraska retail activity remained higher in relation to 1972 levels in the nonmetropolitan than in the metropolitan regions.

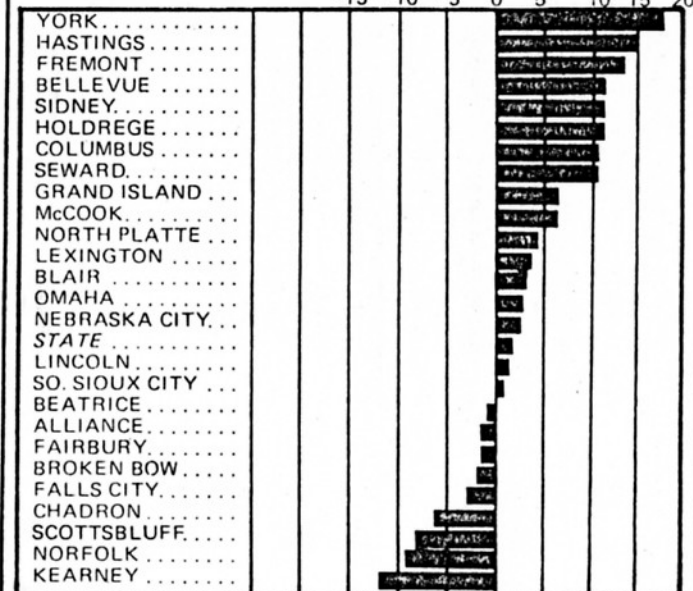
The figures in Tables 1 and 2 reflect for the first time annual "benchmark" data for 1972 and revised benchmark data for earlier years. A discussion of the annual data appears in the accompanying article on business activity during the 1962-1972 period. The major effect of incorporating the new annual data into the monthly index has been some adjustment in the level of most of the sector indexes appearing in Table 2 (Percent of 1967 Average). The extent of the adjustments in most cases can readily be seen by comparing the newly revised August values with those published in *Business in Nebraska* last month. The revised August dollar-volume figures for Nebraska compared with the originally published figures were 242.1 vs. 247.0 in agriculture, 216.7 vs. 234.1 in construction, 171.1 vs. 164.2 in manufacturing, 168.6 vs. 171.6 in distributive and services, 180.0 vs. 182.3 in government, and 184.6 vs. 186.8 for the total. The comparable comparisons for the national dollar-volume indexes were 218.1 vs. 215.3 in agriculture, 176.5 vs. 179.8 in construction, 158.4 vs. 158.3 in manufacturing, 170.7 vs. 172.3 in distributive and services, 173.6 vs. 173.6 in government, and 169.7 vs. 170.5 for the total. A complete set of revised monthly data is available at the Bureau. V.R.

5. PRICE INDEXES

September, 1973	Index* (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	135.5	107.4	105.5
Wholesale Prices	140.2	116.6	112.6
Agricultural Prices			
United States	192.4	148.8	136.4
Nebraska	207.3	151.2	141.0

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

CITY BANKING ACTIVITY
Percent Change Sept. 1972 to Sept. 1973



Source: Table 4 below.

4. SEPTEMBER CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago			
	Banking Activity ¹	Retail Activity ²	Building Activity ³	Power Consumption ⁴
	(Adjusted for Price Change) ⁵			
<i>The State</i>	102.6	103.0	118.4	103.4
Alliance	98.4	105.8	132.2	106.9
Beatrice	99.8	102.3	120.9	109.9
Bellevue	111.7	93.7	352.5	116.6
Blair	104.0	102.0	178.8	104.9
Broken Bow	98.3	101.4	830.7	108.7
Chadron	93.3	106.2	145.0	116.3
Columbus	110.6	103.2	130.6	118.6
Fairbury	98.4	104.8	138.7	101.2
Falls City	97.8	111.6	21.0	100.0
Fremont	113.8	107.3	152.8	110.4
Grand Island	106.0	107.8	129.1	97.8
Hastings	114.9	104.7	85.8	107.2
Holdrege	111.5	110.9	202.7	118.0
Kearney	86.6	109.3	89.0	110.5
Lexington	104.4	108.2	479.5	111.5
Lincoln	101.7	100.5	68.0	101.7
McCook	105.9	109.0	25.7	124.4
Nebr. City	103.1	110.3	65.2	111.5
Norfolk	90.1	96.7	118.8	116.5
No. Platte	104.7	108.2	427.5	118.5
Omaha	103.4	97.3	78.8	99.5
Scottsbluff	90.6	109.2	105.0	104.1
Seward	110.5	105.7	73.8	110.9
Sidney	111.6	94.2	521.6	114.5
S.Sioux City	100.2	88.9	582.6	103.9
York	117.9	128.3	389.5	111.4

¹ Banking Activity is the dollar volume of bank debits.
² Retail Activity is the Net Taxable Retail Sales on which the Nebraska sales tax is levied, excluding motor vehicle sales.
³ Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
⁴ Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
⁵ 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.

Planning Natural Resource Development, an Introductory Guide, George A. Pavelis, Economic Research Service, U.S. Department of Agriculture, 1972. Single copies free from the Department, Washington, D. C. 20250.

The main purpose of this report is to help public officials who do no actual planning, but who make important decisions regarding projects, better understand and judge the comparative merits of development programs. With the current emphasis on natural resource development there is an obvious need for description and illustration of principles for making rational decisions on the scope, content, and scale of such proposals.

It is thought that this guide may be useful in explaining resource planning in a way that shows planning itself to be a series of compromises and a process of identifying and balancing alternatives. If this were generally understood, all concerned—legislators, policymaking officials, and interested citizens—could then more readily evaluate the merits of the many different alternatives proposed for their consideration.

The bibliography of selected references on natural resource planning is a valuable addition to the guide.

D.S.
State Water-Rights Laws and Related Subjects: A Supplemental Bibliography, 1959 to Mid-1967, Miscellaneous Publication No. 1248, Economic Research Service, U.S. Department of Agriculture, 1972, U.S. Government Printing Office, Washington, D.C. 20402. Price \$1.00.

Growing interest in laws concerning state water rights and related subjects has caused state and Federal agencies, universities, legislative and executive study committees and others to prepare a number of publications on such subjects.

This bibliography supplements one on the same subject published in 1962 and is based on a survey of the literature published from 1959 to mid-1967 and on responses to formal inquiries sent to agencies concerned with water resources and to law schools, water-resource centers or institutes, and agricultural colleges.

Included in the supplement are citations by major topics of more recent publications on state water-rights laws. Also cited are related works on Federal, interstate, and international matters involving or affecting water rights. A publications index by subjects and states and an author index add to the usefulness of the bibliography.

D.S.

The Accessible City by Wilfred Owen, The Brookings Institution, 1773 Massachusetts Ave. N.W., Washington, D. C. 20036, 1972. 150 pages, \$6.50, cloth.

A combined program to redesign the cities and guide new growth into planned communities is the only lasting solution to urban congestion, according to the author of this worldwide study of automobile traffic jams and transit remedies. Mr. Owen used more than a hundred major cities on five continents as a "global laboratory," concluding that since America's existing cities cannot be abandoned new principles should be applied to the process of rebuilding them. As he sees it, the key requirement is to match transportation capacity to the traffic-generating characteristics of the city, old or new, and to use investments in transportation to connect many separate city centers dispersed in an urban region, taking advantage of space without overrunning it.

D.S.

Tax Incentives and Capital Spending, Gary Fromm, editor, the Brookings Institution, 1775 Massachusetts Ave., N.W., Washington, D. C. 20036. Paperback, \$3.50.

With findings to support verdicts ranging from "effective" to "disappointing," reports of four studies included in this book yield no conclusive answers to the double question, "Are Federal incentives a useful way of influencing spending by business for plant and equipment, or is the resulting loss of tax revenue too high a price to pay for the results usually achieved?" The authors sought to assign precise values to the effects of tax incentives and liberalized depreciation, but differences in theoretical approaches and sectoral and historical coverage make it difficult to compare the results. Presumably, however, the studies may result in more sharply-focused further research.

D.S.

Merchandise Control, Office of Management Assistance, Small Business Administration, U.S. Government Printing Office, Washington, D. C., 1971. 67 pp., \$2.00.

This manual is designed to strengthen and improve the management capabilities of small businessmen through education and training. It includes a lesson plan, lecture text, visual and audio-visual aids, handout materials, problem cases, do-it-yourself assignments, and an annotated bibliography for training on merchandise control. It will be found useful by small business managers and owners.

D.S.

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