

This Issue:

BUSINESS IN NEBRASKA

THE LABOR FORCE, ITS EMPLOYMENT AND UNEMPLOYMENT

A state's most important resource is its human resource. In evaluating the state's past and present output of goods and services and its potential for the future, the composition and utilization of its human resource are important. Population developments in Nebraska—viewed as changes in number and in composition—have received considerable attention in *Business in Nebraska* and elsewhere. See, for example, the article on Nebraska's metropolitan and nonmetropolitan populations beginning on page 3. In that which follows below, a few of the aspects of the measurement of a population's labor force, employment, and unemployment are explained.

Information on the utilization and characteristics of our nation's human resource is available from a number of sources—for example, a household survey on the status of the labor force, a survey of nonfarm business establishments, and the official records of unemployment insurance programs. These three series are complementary, but not necessarily productive of the same estimates since they cover particular types of employment or unemployment.

By far the most commonly used and comprehensive data on the labor force and its utilization, and the object of much attention in today's affairs, is generated from a monthly survey of a sample of the nation's households. In the survey each individual 16 years of age or over is classified as employed, unemployed, or not in the labor force, according to his "activity and status" during the survey week.

The sum of the *employed* and *unemployed* is the *civilian labor force*. Adding the number of persons in the armed forces gives a *total labor force* figure that, although of limited use, is needed for certain purposes. Students, housewives, retired or disabled persons, those doing less than 15 hours of unpaid family work, the voluntary idle, and the unemployed who have not actively sought work in the preceding four weeks are classified as *not in the labor*

force. Persons are considered employed if during the survey week they were "at work" 15 or more hours, and either receiving pay or working without pay at least 15 hours a week on a family farm or in a family business, or were "with a job but not at work" for temporary reasons, such as bad weather, labor disputes, or vacation.

The household survey develops a mass of detail on the employed and unemployed. For example, separate figures are published for agricultural and for nonagricultural workers, by sex, color, marital status, age, class of worker, and hours worked. Personal characteristics of those "not in the labor force," including the 14- and 15-year-olds, are also collected, thus giving the labor market analysts some indication of the "labor reserve." Certain information is also available on workers employed part-time. Other information is provided on occupations such as professionals, craftsmen, and private household workers. Data are available on wage and salary, self-employed, and unpaid family workers. Social and economic characteristics of the unemployed, such as age, color, sex, marital and family status, industry attachment, and duration of unemployment, are developed.

Not all of the data described above are available in such detail for Nebraska. For the most part, state and local data cover the status of the labor force in terms of numbers of persons in the labor force employed—in three broad job categories: agricultural, nonagricultural wage and salary, and other nonagricultural—and unemployed. Some additional estimates are made of the number of *jobs* (not persons) by industries, but current methods of estimation prevent classification of the employed *persons* by industry without including some who are in more than one job.

The data in the table below permit a comparison of the Nebraska labor force and its employment over the mid-1971 through mid-1974 period. There has been a decrease in the rate of increase in the civilian labor force (Continued on page 7)

THE LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT IN NEBRASKA, 1971-1974

	Number of Persons				Percent of Change		
	1971	1972 (Fiscal Year Ending June 30)	1973	1974	1971- 1972	1972- 1973	1973- 1974
Total Civilian Labor Force	639,200	652,800	677,200	699,200	+2.1	+3.7	+3.2
Total Employment	616,400	629,900	655,200	675,000	+2.2	+4.0	+3.0
Agricultural ¹	91,500	88,700	89,200	90,900	-3.1	+0.6	+1.9
Nonagricultural Wage and Salary	455,300	470,200	495,000	512,100	+3.3	+5.3	+3.5
All Other Nonagricultural ²	69,600	71,000	71,000	72,000	+2.0	----	+1.4
Unemployment	22,800	22,900	22,000	24,200	+0.4	-3.9	+10.0
Unemployment Rate	3.6	3.5	3.2	3.5	----	----	----

¹ Agricultural estimates are furnished by the Statistical Reporting Service, U.S. Department of Agriculture.

² Includes proprietors, self-employed, and unpaid family workers in nonagricultural industries, and domestic workers in households.

Source: Nebraska Department of Labor, Division of Employment, *Thirty-seventh Annual Report*, December, 1974, p. 63.

NEBRASKA'S EXPORT PICTURE

Exports from Nebraska farms have increased dramatically in recent years. However, cancelled and renegotiated sales and other uncertainties about the export market could seriously affect the future incomes of Nebraska farmers.

Total exports of feed grains, wheat and flour, soybean and protein meal products, and meat products from the state in fiscal 1974 (year ending June 30, 1974) have been estimated by the Economic Research Service, USDA, at \$938 million. This represents a 354-percent increase since fiscal 1968 and an 85-percent increase over the previous year.

The \$938 million of exports accounts for just over 25 percent of the \$3,709 million value of the 1973 production of these commodities in Nebraska. These exports represent almost 17 percent of the exports from the Great Plains and over 6 percent of the value of exports from the United States of these products.

Feed grain exports from Nebraska in fiscal 1974 have been estimated at \$497 million, a 459-percent increase over fiscal 1968 and nearly a 105-percent increase over fiscal 1973. The value of exports of feed grains is almost 33 percent of the \$1,530 million value of 1973 production in the state. Nebraska provided nearly 35 percent of the value of feed grains exports from the Great Plains and almost 11 percent of those from the United States.

Exports of wheat and flour products from Nebraska in fiscal 1974 ranked second to those of feed grains at \$261 million. This was a 259-percent increase over fiscal 1968 exports and an 85-percent increase over those for fiscal 1973. The importance of foreign markets for wheat is underscored by the fact that over 76 percent of the value of 1973 production in Nebraska was exported. These exports accounted for nearly 8 percent of the value of wheat exports from the Great Plains and almost 6 percent of this value from the United States.

Soybean and protein meal products exports from the state in fiscal 1974 increased 693 percent since fiscal 1968 and 78 percent since fiscal 1973 to \$107 million. Exports from the state accounted for nearly 56 percent of the value of Nebraska's 1973 soybean crop. Nebraska provided almost 37 percent of the value of soybean and protein meal exports from the Great Plains but only just over 2 percent of the exports from the United States.

The estimated value of exports of meat products from Nebraska

in fiscal 1974 is \$73 million. This market has grown 131 percent since fiscal 1968 and nearly 20 percent since fiscal 1973, even though it accounted for only slightly more than 4 percent of the production value in the state for 1973. Nebraska supplied 14 percent of the meat products exported from the Great Plains and nearly 6 percent of meat exports from the United States last fiscal year.

The dollar values shown here have not been discounted for changes in agricultural prices since 1968. Increased dollar activity in exporting is evident, determining purchasing power changes would require deflating the export values.

Corn and sorghum production declined radically, soybean production decreased, and wheat production increased in Nebraska this year compared to 1973. There appears to be an increasing tendency for farmers to store grain instead of selling it for cash at harvest.

On the grain demand side, estimates in early fall 1974 indicated lower farrowing intentions and reduced numbers of cattle on feed in Nebraska as compared with a year ago. There was, however, an increase in the value of agricultural exports from the United States for July-August, 1974, due mostly to price increases. The export value of soybeans and soybean products increased, but the export volume of wheat and feed grains decreased during these months compared to the same period in 1973.

Several factors create uncertainties about the future of the export market for agricultural commodities. For example, developing countries may not be able to pay for historically high-priced grains. The future policies of the United States about the long-term loans and aid programs also will affect exports to these countries.

Developed countries may not choose to pay higher prices for agricultural exports from the United States. Also, future agricultural production levels of these countries and their commitment toward improved diets will affect the export market.

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*Reprinted with permission from *Farm, Ranch, and Home Quarterly*, Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln, Winter, 1974. P. W. Lytle is an Associate Professor and Dennis L. Nun is a graduate student in Agricultural Economics.

NEBRASKA'S AGRICULTURAL PRICES

The Nebraska Index of *Prices Received* by Farmers during the month ending at mid-December, 1974, was unchanged from November but down 8 percent from December, 1973.* The Crop Index was down 2 percent from the previous month but up 13 percent from a year ago. The Livestock Index was up slightly from the previous month but down 15 percent from a year earlier. The prices received by farmers reported on in these indexes refer to prices at the point of first sale out of farmers' hands, generally at a local market, and should not be confused with prices of specific grades or classes of commodities at central markets.

No Nebraska Index of *Prices Paid* by Farmers is available.

The U.S. Index of *Prices Received* by Farmers decreased 3 per-

**Nebraska Agricultural Prices*, Nebraska State-Federal Division of Agricultural Statistics, Lincoln, Nebraska, January 3, 1975.

cent to a level 177 percent of its January-December, 1967, average during the month ended December 15, 1974.* The index was 4 percent below that of a year ago. Contributing most to the decrease since mid-November were lower prices for Upland cotton, wheat, cattle, lettuce, and soybeans. Higher prices for hogs and eggs were partially offsetting.

The U.S. Index of *Prices Paid* by Farmers for Commodities and Services, Interest, Taxes, and Farm Wage Rates increased 0.5 percent to a level 179 percent of its January-December, 1967, average during the month ended December 15, 1974.* The index was 16 percent above that of a year ago. Feed prices were lower, while most other commodity group prices averaged higher.

The U.S. *Parity Ratio* of Prices Received to Prices Paid stood at 99 in mid-December, 1974, compared with 102 in mid-November and 120 in mid-December, 1973.

E. L. H.

METROPOLITAN AND NONMETROPOLITAN POPULATION GROWTH

The U.S. Bureau of the Census has recently combined into a single report all of the 1973 population estimates for metropolitan areas made in connection with the Federal-State Cooperative Program for population estimates.¹ This report reinforces earlier indications that since 1970, in sharp contrast to past trends, nonmetropolitan areas taken as a single group have grown faster than metropolitan areas taken as a single group.

The data presented in the accompanying table indicate a population growth from 1970 to 1973 of 4.3 percent for "All U.S. Nonmetropolitan Areas" compared with a growth of only 2.8 percent for "All U.S. Metropolitan Areas" for the same period. The table also reveals, however, that growth among different size classes of metropolitan areas has not been uniform.

The lag since 1970 in growth of metropolitan areas as a group has been the result of the lag in the largest size group of areas. Metropolitan areas with populations of more than 2 million when combined account for slightly more than a third of the total metropolitan population and, as a group, these areas were estimated to have had almost no population growth (0.1 percent) from 1970 to 1973. During this period these areas had a substantial net out-migration (over 1 million) to other areas. All but one of the other size classes (the 500,000 up to 1,000,000 class) of metropolitan areas listed in the table were estimated to have had population increases at rates somewhat faster than the rate for the "All Nonmetropolitan Areas" group. Generally the rate of growth was larger the smaller the size class; however, the 1 to 2 million size class had the fastest growth rate (5.2 percent) of any of the classes. The rapid growth of this class reflects the presence in this class of a number of rapidly growing metropolitan areas located in traditionally fast-growing parts of the country (such as

Miami and Tampa, Florida; San Jose and San Diego, California; and Denver, Colorado) and does not reflect a general overall trend for all areas in the class.

As might be expected, there is considerable variation in population growth rates among nonmetropolitan as well as metropolitan areas. The estimates for Nebraska nonmetropolitan areas, for example, show only an 0.8 percent increase in population from 1970 to 1973. The U.S. nonmetropolitan rate was 4.3 percent. The Nebraska nonmetropolitan growth from 1970 to 1973 follows, however, population losses in the 1950s and 1960s and despite the slow population growth rate, the net out-migration was estimated to have almost ceased during the 1970-1973 period following the substantial out-migration prior to 1970. Thus, although low birth rates and an elderly population continue to limit population growth in much of nonmetropolitan Nebraska, the prospects for population retention in these areas appear much better in the 1970s than they did in the 1960s.

In addition to improved population growth prospects in nonmetropolitan Nebraska, the growth rates of the Omaha and Lincoln metropolitan areas also appear to have increased since 1970. Both the Omaha and Lincoln areas were estimated to have grown at more than twice the rate of the "All U.S. Metropolitan Areas" group from 1970 to 1973. The Lincoln area had lagged behind and the Omaha area had approximated the national metropolitan area growth rate during the 1960s. A resurgence of growth in Omaha and Lincoln and an apparent switch from decline to growth in Nebraska's nonmetropolitan areas have combined to pull the growth rate of Nebraska's total population from a rate less than half that of the national rate in the 1960s to a rate approximating, or possibly even exceeding, the national rate in the 1970s.

Population estimates for 1974 are not yet available for all metropolitan areas. Preliminary data do suggest a continuation of Nebraska's trends.

VERNON RENSHAW

METROPOLITAN AND NONMETROPOLITAN POPULATIONS
APRIL 1, 1970, AND JULY 1, 1973

Metropolitan ¹ and Nonmetropolitan Areas	Provisional July 1, 1973 (000's)	Census April 1, 1970 (000's)	Change, 1970 to 1973		Net Migration 1970 to 1973	
			Number (000's)	Percent	Number	
					In(+)	Out(-)
All U.S. Metropolitan Areas	152,749.2	148,532.9	4,216.3	2.8	+465,400	+0.3
U.S. Metropolitan Areas of:						
2,000,000 and over	58,650.5	58,585.2	65.3	0.1	-1,161,300	-2.0
1,000,000 up to 2,000,000	26,466.1	25,161.3	1,304.8	5.2	+615,800	+2.4
500,000 up to 1,000,000	27,388.7	26,396.1	992.6	3.8	+290,200	+1.1
250,000 up to 500,000	22,185.3	21,208.3	977.0	4.6	+363,100	+1.7
Under 250,000	18,058.6	17,182.0	876.6	5.1	+357,600	+2.1
All U.S. Nonmetropolitan Areas	57,101.8	54,768.4	2,333.4	4.3	+1,199,400	+2.2
Nebraska Metropolitan Areas	763.3	710.6	52.7	7.4	+28,900	+4.1
Omaha SMSA ²	582.3	542.6	39.7	7.3	+20,500	+3.8
Lincoln SMSA ³	181.0	168.0	13.0	7.8	+8,400	+5.0
Nebraska Nonmetropolitan Areas	855.2	848.6	6.6	0.8	-1,600	-0.2

¹ Metropolitan areas are Standard Metropolitan Statistical Areas (SMSAs) as currently defined by the U.S. Office of Management and Budget. The size groups of SMSAs and percentage calculations are based on 1970 populations.

² Includes Douglas and Sarpy Counties, Nebraska, and Pottawattamie County, Iowa.

³ Includes Lancaster County, Nebraska.

Source: U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-25, No. 537, December, 1974, and Series P-26, No. 58, March, 1974.

EXPLANATION OF DATA IN TABLES 1 THROUGH 5

Numerous questions have been asked about the data in Tables 1 through 5 on pages 5 and 6. A series of these questions and the answers to them are offered with the hope that they will make the "Review and Outlook" section—especially its tables—more understandable.

Q. What does a figure in Table 1, such as 108.6 for Dollar Volume for Nebraska, mean?

A. The figure, which is often called an index or index number, means that the dollar volume of the overall activity of Nebraska's economy in October, 1974, was at a level 108.6 percent of the level in October, 1973. Or, that the overall dollar volume was at a level 8.6 percent above that of the same month of the previous year.

In the case of a figure less than 100.0—such as that of 91.9 for the dollar volume of the agricultural component of the overall index—the percentage change is obtained by subtracting the figure from 100.0. Thus, the dollar volume of the agricultural sector in October, 1974, which was at a level 91.9 percent of that in October, 1973, was 8.1 percent below that of October, 1973.

Q. What does the "dollar volume" indicator or index in Tables 1 and 2 represent?

A. This index is a representative measure of change in income generated (or "value added" which is value of production) by the state's economy or sector of the economy specified. At the national level the most commonly used measure of total income generated (which is essentially the same as the value of final goods and services produced) is Gross National Product (GNP). The measure corresponding most nearly to GNP at the state level is Gross State Product (GSP). The Nebraska dollar volume index is the best estimate available of Nebraska's GSP. (A detailed discussion of the technical aspects of this index appeared in the March, 1972, issue of *Business in Nebraska*.)

Q. What is the difference between "dollar volume" and "physical volume" in Tables 1 and 2?

A. Using various statistical techniques, the dollar volume activity is converted to a physical volume activity. The latter is also often referred to as a "real" volume. Sometimes—as in the case of retail sales, which is one component of the distributive sector's index—dollar volumes are adjusted or "deflated" for changes that occur as a result of changes in prices. Thus, for example, the difference between the figure of 108.9 for the distributive sector's dollar volume index in October, 1974, and the figure of 97.3 for its physical or real volume index comes about as a result of deflation, or "taking out" of the dollar volume index change due to change in prices. The physical or real volume index is, therefore, a measure of the change in the activity represented as if prices had not changed on the average or as if dollar values were not being used as a measure.

Q. How do the figures shown in Table 2 differ from those in Table 1?

A. Table 1 shows a comparison of the level of the activity in the specified month of the current year with the level in the same month of the previous year, whereas Table 2 shows a comparison of the level in the specified month of the current year with the level of the average month of 1967. Thus in Table 1 the same month of the previous year is taken as the "base period" against which the change in the activity is compared, whereas in Table 2

the average month of 1967 is taken as the "base period."

Q. What if a figure for a certain activity for Nebraska is larger than that for the same activity for the United States?

A. This means only that the percentage change from the base period in the activity has been greater for Nebraska, not that the level of activity is greater.

Q. What is included in the distributive indicator or index shown in Tables 1 and 2?

A. As explained in "Notes for Tables 1 and 2" at the top of the Tables on page 5, the distributive index represents a composite of wholesale and retail trade; transportation, communication, and utilities; finance, insurance, and real estate, and selected services.

Q. What are the data in Table 3?

A. The indexes in Table 3 measure the levels of net taxable retail sales (those on which state retail sales taxes are paid) for the state, its 26 planning and development regions, and a group of the state's principal trading centers. As in previous tables, the figures are indexes or "percent of" expressions, which measure the current level of the activity in terms of that of a base period. The percentage changes can also be obtained, as explained above.

Q. Why do "Sales in Regions" (columns 2 and 3 of Table 3) include motor vehicle sales and "City Sales" (column 1) exclude such sales, as noted in footnote number 2 to the table?

A. The sales tax on a motor vehicle is paid at the point of its registration, which is the county seat of the county in which the purchaser resides, regardless of the point of sale. Thus, for comparisons among trading centers, some of which are not county seats but all of which are points of sale of motor vehicles, it is necessary to adjust the county seats' "city sales" by excluding all motor vehicle "sales"—some of which are merely recorded registrations. Although there is still some lack of conformity of county and regional points of registration with points of sale, the extent to which this occurs is relatively small. Thus county and regional comparisons of the net taxable retail sales figures that include motor vehicle sales are practical and motor vehicle sales are not excluded.

Q. Are the indexes for Net Taxable Retail Sales (NTRS) in Table 3 for dollar or physical (real) volumes?

A. Both the city and regional dollar volumes of NTRS that are used to calculate the indexes shown in Table 3 have been "deflated" or "adjusted for price changes." Thus these indexes represented changes in the retail activity as if there had been no change in the level of prices—which is to say, as if prices on the average had remained the same from one period to another.

Q. What price index is used to adjust (deflate) the dollar volume of NTRS in Table 3?

A. The index for the commodity component of the U.S. Bureau of Labor Statistics' Consumer Price Index is used to adjust or convert the dollar volume of NTRS to a physical or real volume. Index numbers for the overall Consumer Price Index and its commodity component are presented in Table 5, as well as other indexes used in adjusting other series.

Q. What measures other than those for retail sales in Table 3 permit comparisons of change between or among the various trading centers?

A. City indexes are shown in Table 4. (Continued on page 7)

Review and Outlook

One might suppose, from the figures in the tables in this issue, as compared with those for the previous issue, that things were somewhat better both in the state and the nation in October than they were in September. That may have been the case, but we must remember that it was in November that adverse developments really began. As has been true in recent months, the October dollar volume of business was up from the same month in the previous year by a percentage roughly equivalent to the rise in prices. This was true for the volume of business generally, but did not apply to agriculture. As a whole the farmers in the United States had very little rise in prices received since October, 1973, (Table 5), but in Nebraska these prices were down nearly 11

percent. Thus with prices down 11 percent and dollar volume of agricultural activity down in Nebraska slightly more than 8 percent, the physical volume had increased almost 3 percent.

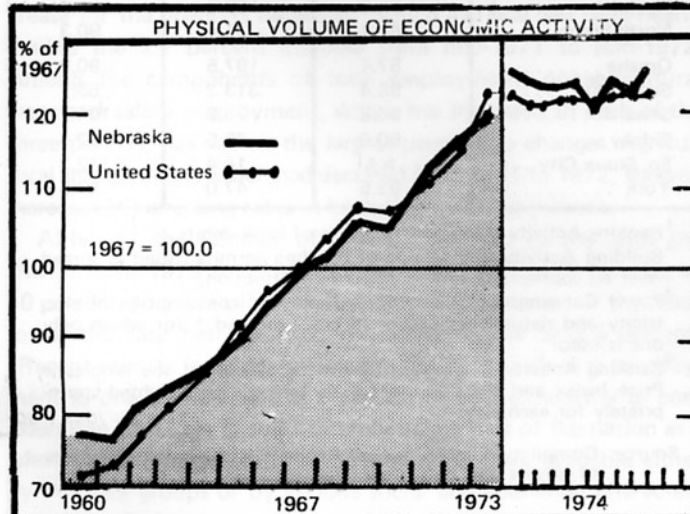
Manufacturing in the state continued to be a strong activity, having increased over the year by almost 30 percent in dollar volume and by almost 4 percent in physical volume. For the first time during 1974, the level of the physical volume of manufacturing in the nation dropped in October to a level slightly below that of the same month in the previous year. This probably presages what the November figures will show—namely a substantial fall from 1973 starting in November. Whether a similar development will occur in Nebraska is yet to be seen.

All the Nebraska figures relative (Continued on page 6)

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				
Indicator	October, 1974		1974 Year to Date as Percent of 1973 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	108.6	111.7	111.5	111.1
Agricultural	91.9	102.6	106.9	106.1
Nonagricultural	113.2	112.1	112.6	111.3
Construction	108.1	98.9	96.4	99.7
Manufacturing	129.9	122.1	126.1	119.8
Distributive	108.9	109.0	111.1	108.8
Government	109.6	108.2	107.6	108.5
Physical Volume	99.9	98.1	102.2	99.2
Agricultural	102.9	102.2	108.7	97.7
Nonagricultural	99.4	98.0	101.0	99.3
Construction	93.6	85.7	85.3	88.2
Manufacturing	103.9	98.3	106.2	101.0
Distributive	97.3	97.3	100.4	98.2
Government	104.4	104.1	103.0	103.7

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	204.2	192.3
Agricultural	224.8	235.6
Nonagricultural	200.2	190.7
Construction	220.3	172.4
Manufacturing	232.2	196.3
Distributive	188.6	188.1
Government	197.2	193.3
Physical Volume	125.5	121.5
Agricultural	124.8	125.7
Nonagricultural	125.7	121.3
Construction	122.4	95.8
Manufacturing	135.3	118.8
Distributive	123.3	123.0
Government	123.4	128.7



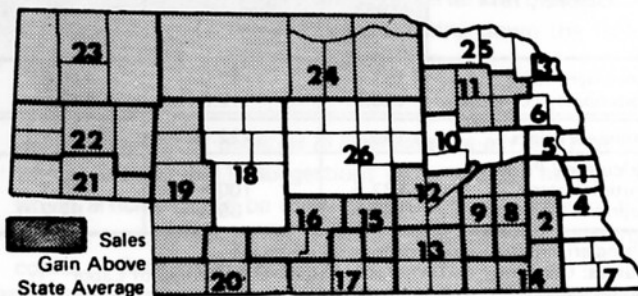
3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)			
Region Number ¹ and City	City Sales ²		Sales in Region ²
	Oct., 1974 as percent of Oct., 1973	Oct., 1974 as percent of Oct., 1973	Year to Date '74 as percent of Year to Date '73
<i>The State</i>	99.6	97.5	100.9
1 Omaha	97.7	96.1	97.4
Bellevue	104.1		
2 Lincoln	100.9	99.4	101.4
3 So. Sioux City	91.9	95.5	99.5
4 Nebraska City	96.8	92.4	98.6
5 Fremont	100.9	96.9	100.2
Blair	93.2		
6 West Point	88.3	76.3	94.0
7 Falls City	99.4	87.3	94.9
8 Seward	114.1	106.5	102.1
9 York	89.7	102.5	107.2
10 Columbus	97.6	94.8	100.0
11 Norfolk	98.2	93.3	103.4
12 Grand Island	113.0	110.4	106.2
13 Hastings	109.6	107.2	106.6
14 Beatrice	92.6	95.4	101.1
Fairbury	101.1		
15 Kearney	106.2	99.8	104.5
16 Lexington	116.3	108.7	107.4
17 Holdrege	97.5	97.4	105.4
18 North Platte	100.5	95.2	97.6
19 Ogallala	96.3	117.4	116.1
20 McCook	99.1	96.0	108.2
21 Sidney	94.3	94.4	108.4
Kimball	97.0		
22 Scottsbluff	105.2	104.4	105.8
23 Alliance	101.9	93.3	103.4
Chadron	101.9		
24 O'Neill	89.4	82.4	101.0
25 Hartington	106.8	89.9	97.0
26 Broken Bow	97.3	89.5	98.9

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 the Nebraska Department of Revenue.

1974 YEAR TO DATE AS PERCENT OF 1973 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 5) to 1967 (Table 2) showed a higher figure in October than they did in September, except for the physical volume in the "government" industry. The same is not true for the nation, however. For the United States manufacturing and distribution were down from September, even though the average for all industries was up slightly in physical volume.

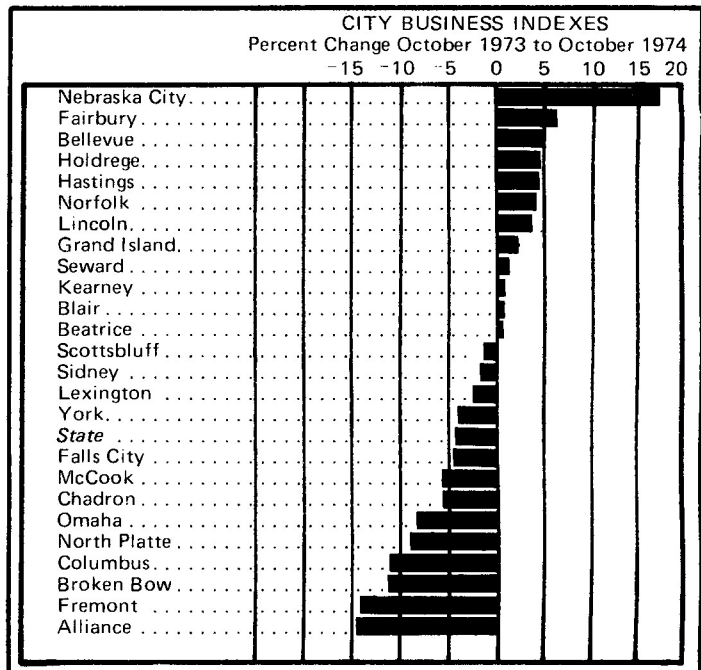
The retail sales figures in Table 2 for October show the level in physical volume (dollar volume price adjusted) to be only slightly lower for the state by regions (including motor vehicle sales) than for the same month a year ago, but 2.5 percent lower for the cities (not including motor vehicle sales). Among the cities the gains in retail sales were mostly in those localities along or near the Interstate. Omaha, however, dropped more than 2 percent from a year ago, and some of the most westerly Interstate cities did not do so well—such as Ogallala, Sidney, and Kimball. Scottsbluff, Alliance, Chadron, and Hartington are not along the Interstate, but did well. South Sioux City, York, Beatrice, and O'Neill were down quite a bit. The Ogallala region, however, did better than the city itself.

The city business indexes in the chart are based on retail sales as well as the series for banking activity and power consumption shown in the table below the chart. Generally both banking activity (price adjusted) and power consumption dropped from last year. The various cities showed remarkable diversity, as usual, in their movements. The largest differences among the cities—again as usual—was in building activity. This series is not adjusted for price changes. Even considering inflation this series shows a considerable advance, which has characterized it during the second half of the year, in the cities of Nebraska.

The present condition of a simultaneous inflation and recession, which threatens to become a depression, is most puzzling. The government is running huge deficits, which in effect pushes money out into circulation. What becomes of this money? To say that the excess is absorbed by the oil-producing nations is no solution, because much of that returns to us in the form of investment. It has been reported that the United States is receiving 25 percent of the Arabian investment. The "working man" is not getting as much in purchasing power as before; investment in new capital goods is not booming; and investment in inventories is high, yet starting to decline. Perhaps the "upper middle class" and the "wealthy" are getting it. The volume of sales of large cars has increased, but other evidence of high spending among the higher income people is lacking.

Undoubtedly there is a considerable tension between the inflationary and the recessionary situations. Eventually one of the two may give way, but which one? It would seem that if the recession continues, and especially

(Continued on page 7)



Source: Table 4 below.

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Banking Activity ¹ (Adjusted for Price Change) ⁴	Building Activity ²	Power Consumption ³
The State	90.7	131.5	96.1
Alliance	73.2	370.2	76.5
Beatrice	102.9	89.9	111.1
Bellevue	108.6	102.6	99.9*
Blair	91.6	616.5	98.8
Broken Bow	81.6	5.4	86.4
Chadron	85.0	120.3	100.6
Columbus	76.1	205.0	97.1
Fairbury	91.5	245.5	145.0*
Falls City	85.0	273.2	107.2
Fremont	80.6	113.5	64.9*
Grand Island	92.0	142.0	101.3
Hastings	108.2	164.0	87.6
Holdrege	104.1	255.2	121.4
Kearney	92.3	90.5	106.0
Lexington	81.1	55.8	92.1
Lincoln	103.8	201.1	108.0
McCook	88.9	63.4	96.5
Nebraska City	144.7	53.6	104.3
Norfolk	86.2	169.8	151.6
North Platte	82.4	31.4	90.3
Omaha	87.4	197.5	90.2
Scottsbluff	98.4	313.2	85.7
Seward	96.8	73.9	104.3
Sidney	90.0	75.5	122.4
So. Sioux City	NA	18.4	112.3
York	92.5	47.0	99.5

¹Banking Activity is the dollar volume of bank debits.
²Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
³Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
⁴Banking 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.

October, 1974	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	153.0	112.0	110.8
Commodity component	150.7	112.9	112.0
Wholesale Prices	170.2	122.7	118.4
Agricultural Prices			
United States	187.5	100.3	108.1
Nebraska	180.1	89.3	97.2

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

Indexes are calculated for three activities: banking, building, and power consumption. As explained in the footnotes to Table 4, banking activity has been adjusted (deflated) for price change by using, in this instance, an index that is a combination of the consumer and wholesale price indexes (presented in Table 5). The indexes of the other two activities are determined as explained in the other footnotes of Table 4.

Q. How can a comparison be made of one city or region with another or with the state? Or the state with the nation as a whole?

A. The only comparison appropriate is that of the percent of change of one with the percent of change of the other. The indexes do not represent the absolute volume of the activity. They are only expressions of the relative change in the absolute. Thus, for example, in Table 3 the index of NTRS—as adjusted for price level change—of 97.7 for the city of Omaha, when compared with that of 100.9 for the city of Lincoln, shows that the level of the sales in Omaha in October, 1974, was 97.7 percent of, or 2.3 percent lower than, its level in October, 1974. Lincoln's situation in October, 1974, was 100.9 percent of, or 0.9 percent greater than, its October, 1973, situation. Thus Omaha had a lesser rate or percentage growth (in this case actually a decrease) than Lincoln, not that Omaha had a lesser physical volume of sales.

Q. How does the Bureau of Business Research get the data used in Tables 1 and 2? In Tables 3 and 4?

A. Data in Tables 1 and 2 are taken from reports of, or provided by, various Federal and state agencies and private organizations. Data for retail activity shown in Table 3 are obtained from the Nebraska Tax Commissioner's office, which provides special tabulations of net taxable retail sales dollar volumes in the form of totals for places and counties. The NTRS data are then processed in the Bureau of Business Research where the indexes of change are calculated. Data for banking activity are provided by the local banks; data for building activity are provided by municipal offices responsible for the issue of building permits; and data for power activity are provided by the local electric and natural

gas utility companies. In most instances local Chamber of Commerce personnel secure these data from the local sources and forward them to the Bureau of Business Research, where the data are processed in such a way as to avoid disclosure of any one particular informant's figures.

Q. What makes up the "city business indexes" depicted in the bar chart at the top of page 5?

A. The city index is a composite index of the individual indexes of banking activity (weighted 0.4), retail sales (weighted 0.4), and power consumption (weighted 0.2).

Q. Is there a "consumer price index" for Nebraska and/or any of its localities? What about an index of prices paid for goods and services purchased by farmers?

A. There are no such indexes for Nebraska or any of its localities. It is necessary, therefore, to use national indexes which are as representative as those for any non-Nebraska locality for which such indexes are calculated.

Q. Why are the latest data shown in the Review and Outlook section of Business in Nebraska three months old?

A. As noted above, much of the data used to calculate the indexes are originally collected by government agencies and business organizations which must process the data before it is made available to the Bureau. A lag, therefore, is necessitated. A lag of three months, however, is not very long. Take, for example, the case of Net Taxable Retail Sales. The taxable dollar sales made by merchants in, say, October are reported to the Tax Commissioner in late November (some reports may even be "late"); these reports must be processed in the Tax Commissioner's office in December; the special tabulations provided the Bureau of Business Research are not received by the Bureau until mid-January, and further processing is required; and then the Bureau reports the October activity in early February in the February issue of *Business in Nebraska*. Although some local data are available earlier (for example, banking activity) and could be published with a shorter lag period, for purposes of comparison all data used are for the same period.

EDWARD L. HAUSWALD

THE LABOR FORCE (Continued from page 1)

and two of its three components. Total employment, although still increasing, increased during the June 20, 1973-June 30, 1974 fiscal year by only 3.0 percent compared with a 4.0 percent increase for the previous fiscal year, which increase had been nearly double the 2.2 percent increase from mid-1971 to mid-1972. Among the components of total employment, nonagricultural wage and salary employment, which has increased in each of the three periods, has shown the largest percentage changes. Agricultural employment, which had declined from 1971 to 1972, showed increases at increasing rates in both the following periods.

Although the number of unemployed has varied, with the change from 1973 to 1974 being an increase of 2,200 persons, or 10 percent, to a rate of unemployment of 3.5 percent of the labor force, the rate has remained remarkably close to 3.5 percent. [Recent reports indicate, however, a rise in the rate of unemployment to one between 4 and 5 percent. Although worthy of consideration, this rate is still favorably below that of the nation as a whole.] No firm estimates of unemployment are available either by industry groups or by various social and economic character-

istics; hence, no comparisons of other than the total rate can be made between Nebraska and the nation.

EDWARD L. HAUSWALD

REVIEW AND OUTLOOK (Continued from page 6)

if it deepens into a depression, the price structure must change and prices come down. The rebates the automobile manufacturers are giving may be straws in the wind. The weakness in farm prices is another. Consumer inability to buy should make itself felt. Even the most stubborn monopolist or cartel can be expected to make price concessions rather than shutting down the factories or stores altogether for an extended period.

E. Z. P.

NOTE: Readers of *Business in Nebraska* are advised that the Bureau welcomes (1) suggestions as to subject matter for which articles would be useful, (2) questions on any of the data or articles published, and (3) requests for additional copies of *Business in Nebraska*.

NEBRASKA FARM NUMBERS CONTINUE DECLINE

It has recently been reported that "the number of farming units in Nebraska during 1974 totaled 69,000. This was 1,000 fewer than the previous year. The preliminary estimate for 1975 is 68,000 farms.

"Declining farm numbers have been the result of consolidation of farms. Total land in farms has changed only slightly to 48,000,000 acres for 1975.

"The average size for 1975 is estimated at 706 acres, compared with 697 acres in 1974 and 687 acres in 1973. The 1975 estimate is 118 acres greater than the estimate for 1965."¹

Data shown below indicate that the number of farms has stabilized in only two of the Plains Region's seven states.

Plains Region	1973 Number	Percent Change	1974 Number	Percent Change	1975* Number
Minnesota	118,000	0.00	118,000	0.00	118,000
Iowa	139,000	0.72	138,000	0.73	137,000
Missouri	139,000	0.00	139,000	0.00	139,000
N. Dakota	42,000	1.19	41,500	1.20	41,000
S. Dakota	44,000	1.13	43,500	1.18	43,000
NEBRASKA	70,000	1.18	69,000	1.45	68,000
Kansas	84,000	1.19	83,000	1.20	82,000

*Estimated

Minnesota and Missouri are reported as having changes of less than 500. Iowa, Nebraska, and Kansas each had a decrease of 1,000 farms from 1973 to 1974, and are estimated to have experienced similar declines from 1974 to 1975. North and South Dakota each show decreases of 500 from 1973 to 1974 and from 1974 to 1975. For those states for which declines from 1974 to 1975 are estimated, the figures as given indicate a rate of decrease from 1974 to 1975 equal to the rate of decrease from 1973 to 1974. This does not conform to the long-term trend of past declines in the rate of decrease. There is, therefore, no indication or expectation of a major slowdown in the consolidation of farms in Nebraska.

¹See *Number of Farms and Land in Farms*, Nebraska State-Federal Division of Agricultural Statistics, Lincoln, Nebraska, January 7, 1975.

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SMALL BUSINESS INSTITUTE AT UNIVERSITY OF NEBRASKA-LINCOLN

The Small Business Administration (SBA) and the College of Business Administration are cooperating in a business consulting service. The Small Business Institute (SBI) is a national program through which small businesses receive assistance from a university's school of business.

The SBI program at the UN-L College of Business Administration is now in its second year of operation. The program is supported through the SBA by a contract of \$250 per case, with these funds used to cover costs of supplies and transportation.

Students from the College of Business Administration, working with faculty members, investigate problems of accounting, finance, marketing, and management. The student-faculty teams work directly with the businessman to arrive at a solution to his company's problem.

The institute not only serves the businessman but also provides real experience for the students, who do their work under the supervision of a faculty member and, usually, as a part of a specific course in their curriculum. During the past semester five teams were involved in this program, interacting with businessmen in the restaurant, motel, retail, campground, and service fields.

GREAT PLAINS FEDERAL TAX INSTITUTE

The Twelfth Annual Meeting of the Great Plains Federal Tax Institute was held December 2 and 3 at the Nebraska Center for Continuing Education. More than 400 attorneys, certified public accountants, and executives were brought abreast of major tax developments by speakers versed in the specific areas of taxation. This institute is held on an annual basis during the first week of December. For further information write: Great Plains Federal Tax Institute, Nebraska Center for Continuing Education, University of Nebraska-Lincoln, Lincoln, Nebraska 68503.

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