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In This Issue

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The Nebraska Economy: What Next?

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The recovery from the recession of 1990-1991 in the United States generally has been forecast to proceed less than half as fast as the average recovery—at least in its early stages. The recent pause in economic activity has meant that for many businesses and households across the country, this doesn't yet feel much like recovery.

What does history tell us about the relative performance of the nation and the 10th Federal Reserve District during early recovery periods? The district generally has trailed the nation during early recovery periods. Since World War II employment growth in the first year following the end of a recession has averaged 3.6 percent for the nation and 3.3 percent for the district. During such periods Nebraska's employment growth at 2.2 percent has been the slowest of all district states. The 10th Federal Reserve District includes Colorado, Kansas, Nebraska, Oklahoma, and Wyoming, plus parts of Missouri and New Mexico.

This article is excerpted from a speech that Dr. Miller delivered on December 11, 1991 at an economic outlook conference cosponsored by the UNL Bureau of Business Research and the Nebraska Chamber of Commerce & Industry. Dr. Miller's views strictly are his and do not necessarily represent those of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Although Nebraska's economic performance is linked to that of the nation, the two do not move in lockstep. During the late 1980s economic growth in Nebraska trailed national growth. But as the national economy slowed and finally slipped into recession in 1990, Nebraska continued to thrive. Moreover, as the national recession ran its course and stumbled through the early months of its recovery in 1991, Nebraska's economic advance hardly faltered.

Three main economic indicators show that Nebraska's overall economic performance remains strong.

One main indicator is job growth. Growth in the state's total employment matched the pace of national employment growth by the late 1980s. In 1990 national employment growth slowed significantly, while Nebraska's employment grew even faster than in the preceding year. As the recession brought a decline in employment nationwide in 1991, Nebraska employment growth accelerated.

Another main economic indicator is growth in total personal income, adjusted for inflation. Nebraska's performance trailed the nation's in the late 1980s. But 1990 showed a reversal, as Nebraska's real personal income grew substantially faster than the nation's. In 1991 recession forced a decline in real income nationwide, but income in Nebraska grew even faster than in the year before.

The civilian unemployment rate widely is regarded as a good indicator of an economy's health. The behavior of the unemployment rate in the U.S. and Nebraska in recent years confirms the relative improvement of the state's economy. Nebraska's unemployment rate consistently has been below the national rate.

But unemployment in the state dropped further in 1990, at the same time that the national recession increased the U.S. rate. Although the national rate fell slightly in 1991 and the state's rate edged up, Nebraska's civilian unemployment rate remains less than half the national rate and is among the lowest for any state in the country.

Nebraska's economic health remains closely linked to the performance of its agricultural sector. Developments in the state's farm economy generally parallel those across the nation. Since the mid-1980s agriculture's story has been one of surging farm income, rising farmland values, declining farm debt, and growing farm exports. As a result, agriculture has been restored to a much more solid financial footing. But the farm sector's steady progress was interrupted in 1991.

After climbing to higher and higher levels in recent years, year-end farm income reports for 1991 likely will show a decline. The downturn will be due mainly to a decline in livestock prices, which had been the dominant source of income strength. Sluggish consumer demand for meat and bigger supplies are responsible for the price weakness. On the other hand, smaller crop inventories open prospects for stronger profits for crop producers. Nevertheless, farm income is projected to be off about 5.0 percent in 1991 and may slip somewhat further in 1992.

In spite of these income estimates, agriculture's gains in recent years have left it well positioned to weather such weakness. Farm balance sheets have improved substantially. The value of farmland—the sector's principal asset—has increased substantially since the mid-1980s both in Nebraska and in the nation. Although gains in land values may be slowing, they are expected to hold their own in the near term. On the other side of the balance sheet, farm debt also has declined since the mid-1980s, and the industry's debt-asset ratio is at its lowest since the mid-1970s. U.S. farm debt is expected to change little in the near term; thus, the sector will maintain its resiliency in the face of potential future shocks.

The farm outlook remains generally favorable for both Nebraska and the nation, although 1991 and 1992 incomes are likely to be off slightly from the peak levels of recent years. Agriculture should continue to provide solid support for the performance of the Nebraska economy in the near term.

Manufacturing now employs over 13.0 percent of all nonfarm workers in Nebraska. In the late 1980s manufacturing employment in the state outperformed that of the nation. U.S. manufacturing employment fell in 1990 and 1991, but manufacturing employment in Nebraska continued to grow. Although growth slowed somewhat in 1991, factory jobs still were added at a healthy 2.7 percent rate.

Employment growth in Nebraska plants producing nondurable goods has been strong. Jobs in nondurables manufacturing in the state increased at about a 4.0 percent rate in 1990 and 1991—years in which national nondurables employment declined.

Employment in the state's food processing industry, a major component of nondurables manufacturing in Nebraska, also has been strong. Six of every ten nondurables manufacturing employees in Nebraska work in food processing plants. Job growth in this important industry was strong in 1990 and 1991—much stronger than in the industry nationally.

In terms of its share of total nonfarm employment, services are more important than manufacturing in both Nebraska and in the nation. Moreover, service employment grew rapidly in the economic expansion of the 1980s. Nebraska—Omaha in particular—has plugged into this growth in areas such as telecommunications and data processing.

Although the service sector typically suffers less in recessions than do other sectors of the economy, service employment growth in the nation slowed after 1989. In Nebraska, however, the number of service jobs continued to grow at a rapid 5.5 percent pace in 1990 and 1991.

The Nebraska economy should continue to be among the fastest growing states in the 10th Federal Reserve District in 1992. Nondurables manufacturing and services, anchors of the state's nonfarm economy, are likely to do well in a period of relatively slow national recovery. Farm incomes probably will not reach earlier peaks, but agriculture is likely to serve as a solid support for the Nebraska economy.

The context for any state's economic growth in 1992 is likely to be one of relatively slow national economic growth. We must remember that the national economy is the sea in which all of the state fish swim. Rapid, sustained growth for any state is difficult in the absence of strong national growth—not impossible, but difficult.

Whether Nebraska's recent strong growth is the beginning of something that will be sustained through the 1990s is a question that remains to be answered. The state's recent strong economic growth may be just an aberration that will be followed by a slide into the middle of the pack among the states.

In Nebraska, as in the rest of the district, the share of economic activity in metropolitan areas is both larger and faster growing than in nonmetro regions. The same is projected for the 1990s. Thus, the future performance of all the state economies in the district may depend most on how strongly the district's metropolitan areas grow. As we think about achieving the goal of more state economic growth, we need to keep in mind where it is that economic activity is both concentrated and fastest growing.

Nebraska's Changing Economy: A Review of the 1980s

Charles Lamphear
UNL Bureau of Business Research

During the 1980s a significant economic event occurred in Nebraska. For the first time, urban employment exceeded nonurban employment. In 1980 approximately 51 percent of the state's total employment was nonurban. Ten years later just over 46 percent was nonurban. During the 1980s employment growth in Nebraska was an urban phenomenon. Moreover, most of Nebraska's employment growth was concentrated in business establishments employing at least 100 workers.

This article reviews employment patterns during the 1980s. A forthcoming article will consider state urban and nonurban employment patterns for the 1990s.

Nebraska's employment totaled 868,075 at the beginning of the decade (1980), according to employment reports from the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce. Nebraska's employment reached 958,729 by 1989, according to BEA. Employment figures include both full-time and part-time jobs.

By the end of the 1980s Nebraska's nonurban employment had declined 1,885 jobs from the 1980 level of 445,571 jobs. The low point for the nonurban counties was 1986 when employment dropped to 420,116 jobs. Nebraska ended the decade with a nonurban job count of 443,686. Nonurban counties include all counties in the state except Dakota, Douglas, Lancaster, Sarpy, and Washington counties.

Nebraska's total employment growth in the 1980s was an urban phenomenon. The urban county employment growth of 92,539 jobs represented 102 percent of the state's total employment growth for the 1980-1989 period, indicating that urban employment more than offset the employment loss in the state's nonurban counties.

Over half (55.5 percent) of the employment growth in urban counties was concentrated in the service sector. Urban employment in the service sector increased 51,322. Table 1 summarizes changes in urban and nonurban employment by sector for the 1980-1989 period.

Did most of the employment growth during the 1980s come from small businesses, medium businesses, or large businesses? The issue of establishment size and job generation can be answered partially by examining data reported in *County Business Patterns*, published annually by the U.S. Department of Commerce. The data are somewhat incomplete, as *County Business Patterns* generally is limited to employment in businesses covered by the Federal Insurance Contributions Act (FICA). For example, the data exclude self-employed persons, domestic service workers, railroad employees, agricultural production workers, and most government employees. Even with these exclusions, the data provide a fairly accurate picture of employment patterns by sector. The study period used here is the postrecession years of the 1980s; that is, the period from 1984 to 1989.

County Business Patterns data show that Nebraska's employment increased 71,840 jobs during the 1984-1989 period. Table 2 shows that in 1984 the 500-or-more establishment size group represented about 16 percent of total employment, but accounted for over 35 percent of total employment growth for the 1984-1989 period. At the same time the 1-19 establishment size group represented nearly 34 percent of total employment in 1984, but accounted for less than 8 percent of total employment growth for the 1984-1989 period.

Table 1
Nebraska
Urban and Nonurban Employment for Selected Sectors
1980 and 1989

Sectors	Urban 1980	Urban 1989	Nonurban 1980	Nonurban 1989	Total 1980	Total 1989
Construction	18,770	22,996	23,896	18,610	42,666	41,606
Manufacturing	50,891	53,596	47,448	47,172	98,339	100,768
Transportation & Utilities	31,917	31,682	22,290	22,067	54,207	53,749
Wholesale Trade	26,430	30,255	25,005	24,357	51,435	54,612
Retail Trade	69,740	84,184	73,860	74,645	143,600	159,829
F.I.R.E.	39,495	50,045	19,518	22,157	59,013	72,202
Services	94,438	145,760	72,357	89,053	166,795	234,813
Federal, Civilian	11,421	11,889	5,729	5,803	17,150	17,692
Military	15,419	16,722	4,503	3,932	19,922	20,654
State & Local Government	56,568	59,113	57,707	59,860	114,275	118,973

Source: Bureau of Economic Analysis, U. S. Department of Commerce

The following is a summary of changes in Nebraska's employment patterns for the last half of the 1980s. This summary is based on statistics reported in *County Business Patterns*. The statistics have been condensed in Table 3.

Table 2
Nebraska Employment Growth by Establishment Size 1984-1989

Establishment Size	Employment 1984	Employment 1989	Employment Change
1 to 19	166,801	172,040	5,239
20 to 49	82,995	95,789	12,794
50 to 99	62,701	69,665	6,964
100 to 249	58,676	74,200	15,524
250 to 499	41,134	47,194	6,060
500 & over	79,978	105,237	25,259
Total	492,285	564,125	71,840

Source: Bureau of the Census, U. S. Department of Commerce, *County Business Patterns* annual reports

Manufacturing

- Growth in small manufacturing establishments was an urban phenomenon. The data may suggest that the urban counties provided the small manufacturing establishments a successful incubator-type environment.
- Total establishment growth was concentrated in the 250-499 employment range, and the growth was divided equally between urban and nonurban counties. It is important to remember, however, that the state's economic landscape is divided into five urban counties and 88 nonurban counties. Therefore, the state's growth in manufacturing establishments employing 250-499 persons was concentrated geographically in the urban counties.

Transportation

- Nearly all the state's growth in transportation and utilities establishments occurred in the 1-19 employment category. The growth was divided almost equally between the urban counties and the nonurban counties. Establishment growth in

Table 3
Changes in the Number of Nebraska Businesses by Establishment Size for Urban and Nonurban Counties 1984-1989

Establishment Size	Total	Manufacturing	Transportation & Utilities	Wholesale Trade	Retail Trade	F.I.R.E.	Services	Unclassified
1 to 19								
State	-493	2	220	-285	33	19	1,820	-2,416
Urban	863	16	113	55	310	92	924	-997
Nonurban	-1,356	-14	107	-340	-277	-73	896	-1,439
20 to 49								
State	399	-11	42	23	203	8	125	-32
Urban	300	3	51	-3	131	-8	93	-12
Nonurban	99	-14	-9	26	72	16	32	-20
50 to 99								
State	101	-9	21	4	17	-3	59	-
Urban	55	5	11	2	-8	3	33	-
Nonurban	46	-14	10	2	25	-6	26	-
100 to 249								
State	102	3	7	11	50	8	27	-
Urban	77	-5	5	12	34	8	24	-
Nonurban	25	8	2	-1	16	0	3	-
250 to 499								
State	16	16	0	7	-1	-5	3	-
Urban	6	8	0	6	-2	-5	1	-
Nonurban	10	8	0	1	1	0	2	-
500 & over								
State	26	1	0	1	0	5	20	-
Urban	23	-2	0	1	0	5	20	-
Nonurban	3	3	0	0	0	0	0	-
Total								
State	151	2	290	-239	302	32	2,054	-2,488
Urban	1,324	25	180	73	465	95	1,095	-989
Nonurban	-1,173	-23	110	-312	-163	-63	959	-1,495

Source: Bureau of the Census, U.S. Department of Commerce, *County Business Patterns* annual reports in transportation and utilities most likely reflects growth in transportation establishments.

Wholesale Trade

- Sharp losses in small (i.e., 1-19 employee) wholesale trade establishments occurred in Nebraska during the 1984-1989 period. The losses were concentrated in the state's nonurban counties.

Retail Trade

- The state's five urban counties added 310 retail establishments in the 1-19 employment category during the 1984-1989 period. Most of these new retail establishments were specialty stores.
- The nonurban counties lost 277 retail establishments from the 1-19 employment category. This observation reflects the fact that nonurban counties are losing family-operated retail establishments.
- The state added 203 retail establishments that employed 20-49 workers. Over half of these establishments were located in urban counties.

Finance, Insurance, & Real Estate (F.I.R.E. Group)

- Between 1984 and 1989 the state's nonurban counties lost 73 establishments employing 1-19 employees.
- The five urban counties added 92 establishments employing 1-19 workers.
- The state added eight establishments employing 100-249 workers. All were located in the state's urban counties.
- The state lost five establishments employing 250-499 workers. All were in the state's urban counties.
- The state gained five establishments employing 500 or more employees. All were located in the urban counties. This gain reflects an up-sizing of establishments in the 250-499 employee range. The urban counties lost five establishments from the 250-499 employment category.

Services

- The state added 1,820 service establishments employing 1-19 workers. Establishment growth was distributed almost equally between the urban and nonurban counties.
- The state added 20 establishments employing 500 or more employees. All were located in the urban counties. Most notable here is the fact that the growth in the number of large service establishments (i.e., 500 or more employees) was not due entirely to an up-sizing of establishments from the 250-499 employment category. The addition of 20 large service establishments reflects the fact that many leapfrogged from relatively small establishments to large enterprises. This leapfrogging phenomenon appeared to be limited to the state's urban counties.

Recent changes in Nebraska's economy emulate trends that are underway in the nation's economy as the nation adjusts to a global environment. Recent trends provide fairly reliable clues about future events. In a later issue of *Business in Nebraska*, we will consider future employment patterns in Nebraska.

A Note on the New Settlement Pattern

Charles Lamphear
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An article that appeared in the November-December issue of *Business in Nebraska* (*BIN*) entitled "Changing Places, Changing Faces: New Settlement Pattern Emerging in Nebraska" apparently has been misinterpreted by some *BIN* readers. Some believe it supports the Popper argument.

In the late 1980s Professors Frank and Deborah Popper, urban sociologists and geographers at Rutgers University in New Jersey, predicted that as a result of the largest, longest running environmental miscalculation in American history the Great Plains would become almost totally depopulated during the next several decades. They advocated converting the Plains into a national preserve to be called the Buffalo Commons.

Rest assured, the authors of the November-December *BIN* article do not support the Popper argument!

A central observation made in the November-December *BIN* article was that the emerging new settlement pattern will contain fewer economic centers (i.e., towns).

Apparently, some readers regard any decline in the number of economic centers as a loss in economic opportunity, especially for rural areas.

There is no theoretical or empirical evidence to support any direct connection between fewer economic centers and reduced economic opportunity. To the contrary, fewer centers can mean greater economic opportunity, especially for rural areas.

Increased economic opportunity is extremely difficult to achieve unless the economic growth policies/strategies for the area reflect the economic reality of the prevailing settlement pattern.

In recent years Nebraska has implemented near-term economic growth strategies that generally support the emerging new settlement pattern. What is lacking, however, is a state economic growth policy/strategy that exploits the new settlement pattern for Nebraska's long-term gain.

Review & Outlook

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National Outlook

An Economic Malaise

The descriptions of the present state of the economy are that it is weak, flat, or bottoming. The economy clearly needs a kick start. Monetary policy has been stretched to the absurd, however, with the discount rate now at 3.5 percent and the federal funds rate at 4.0 percent. Any further stimulus will have to come from fiscal policy. But fiscal policy is limited by our huge national debt and burgeoning deficits. No painless solutions are available.

The current debate is over whether we are in a recession or not. The answer may depend critically on where you are. In Massachusetts, long the main battleground for the 1990-1991 recession, unemployment is beginning to drop from its peaks; however, California unemployment increased to 7.8 percent in October. In Michigan, the announcement of the GM layoffs came on top of an already high unemployment rate of 9.7 percent in November. In the Great Plains we never did experience the recession, and yet Nebraska's consumer confidence appears to have been shaken. Much recent economic news has been negative.

- The Purchasing Managers Index dropped for the third month in a row in December to reach 46.5, a figure below their critical 50.0 percent level. This figure indicates that the purchasing managers see a contracting economy.
- U.S. auto sales in 1991 were 11.5 percent below lackluster 1990 sales levels.
- December sales for big retailers showed that same-store sales increased only 2.0 percent versus the recession lows of last year.
- Personal income in November dropped 0.5 percent.
- Housing starts in November dropped 2.1 percent.
- Consumer confidence in December stood at 52.4, a figure lower than during the depths of the 1981-1982 recession.

We are not technically in a recession. Real GDP increased in both the second and third quarters of 1991. The report on the fourth quarter is due at the end of this month. Even so, the economy is extremely weak. Further, the possibility of a second dip (or, in this case, a separate second recession) is a stronger possibility. One national forecasting firm assigns the chances of a second dip at 35.0 percent.

Table I
Employment in Nebraska

	Revised October 1991	Preliminary November 1991	% Change vs. Year Ago
Place of Work			
Nonfarm	783,172	784,828	4.1
Manufacturing	104,036	104,719	3.7
Durables	50,329	50,804	2.5
Nondurables	53,707	53,915	4.8
Mining	1,821	1,921	6.1
Construction	33,528	34,969	16.8
TCU*	46,506	46,420	0.5
Trade	196,904	196,014	3.3
Wholesale	51,408	51,408	0.3
Retail	145,496	144,195	4.4
FIRE**	50,171	50,196	3.4
Services	197,475	197,603	6.9
Government	152,731	152,986	0.8
Place of Residence			
Civilian Labor Force	855,769	841,667	-0.4
Unemployment Rate	2.3	2.8	

* Transportation, Communication, and Utilities
** Finance, Insurance, and Real Estate
Source: Nebraska Department of Labor

Table II
City Business Indicators
September 1991 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	2.6	0.3
Alliance	-1.2	-56.5
Beatrice	1.7	-32.7
Bellevue	6.2	53.0
Blair	6.2	-40.9
Broken Bow	2.3	-83.3
Chadron	-4.2	860.4
Columbus	2.9	-10.1
Fairbury	5.7	-38.9
Falls City	2.2	-64.4
Fremont	0.4	9.2
Grand Island	3.2	157.8
Hastings	1.6	8.6
Holdrege	6.0	-91.4
Kearney	2.6	24.5
Lexington	-0.6	14.1
Lincoln	2.7	-10.7
McCook	6.9	-12.8
Nebraska City	1.3	-47.0
Norfolk	2.7	15.8
North Platte	0.1	6.4
Ogallala	-1.6	122.9
Omaha	6.2	-11.4
Scottsbluff/Gering	4.6	114.4
Seward	0.8	-17.0
Sidney	4.7	307.7
South Sioux City	4.7	34.1
York	-1.4	-55.4

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used

(2) Building activity is the value of building permits issued as a spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Cost Index is used to adjust construction activity for price changes

Sources: Nebraska Department of Labor and reports from private and public agencies

It is difficult to be optimistic in light of recent bad economic news. Perhaps the most hopeful scenario is that we will waddle along for awhile before we see strong growth.

Nebraska Outlook

Nebraska had a very good year in 1991. Employment was strong, especially in construction. Total nonfarm employment (jobs) grew 4.1 percent in November as compared to year ago. Construction employment grew 16.8 percent (Table I).

Perhaps it is easiest to outline Nebraska's strengths by making comparisons to other areas. In October, the most recent month for complete information, Nebraska had the lowest state unemployment rate at 2.2 percent according to the U.S. Bureau of Labor Statistics. The next lowest were Hawaii and South Dakota at 2.9 percent. Since that report, Nebraska's unemployment rate increased to 2.8 percent in November. Nevertheless, Nebraska's rate contrasts sharply to five states and the District of Columbia with rates above 8.0 percent. The highest unemployment rate was in West Virginia at 9.3

Table III
Price Indices

	November 1991	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U*			
(1982-84 = 100)			
All Items	137.8	3.0	4.3
Commodities	127.8	1.2	3.3
Services	148.3	4.4	5.2
Producer Price Index			
(1982 = 100)			
Finished Goods	122.3	-0.5	2.4
Intermediate Materials	114.1	-3.2	0.2
Crude Materials	99.7	-14.6	-6.6
Ag Index of Prices Received			
(1977 = 100)			
Nebraska-	145	-5.8	-5.6
Crops	121	9.0	-6.6
Livestock	160	-12.1	-5.0
United States	139	-4.1	-1.9
Crops	124	0.0	2.5
Livestock	154	-7.2	-5.5

U* = All urban consumers
Source: U.S. Bureau of Labor Statistics, Nebraska Department of Agriculture

Table IV
Net Taxable Retail Sales of Nebraska Regions and Cities

Region Number and City (1)		City Sales (2) September 1991 (000s)	City Sales (2) % Change vs. Year Ago	Region Sales (2) September 1991 (000s)	Region Sales (2) % Change vs. Year Ago	Region Sales (2) YTD % Change vs. Year Ago
NEBRASKA		963,789	1.5	1,075,794	1.0	2.6
1	Omaha	322,274	1.5	392,919	1.2	2.3
	Bellevue	12,928	-0.8	*	*	*
	Blair	5,108	3.0	*	*	*
2	Lincoln	140,864	3.2	157,471	1.9	1.5
3	South Sioux City	6,269	-6.5	8,549	-2.5	-6.2
4	Nebraska City	4,565	6.8	21,854	6.3	5.5
6	Fremont	18,584	7.2	32,849	3.5	3.4
	West Point	3,466	13.6	*	*	*
7	Falls City	2,507	5.2	9,555	-1.9	3.2
8	Seward	4,378	-4.7	14,821	-0.4	-1.5
9	York	7,625	-1.2	16,119	-0.6	0.5
10	Columbus	16,767	9.7	28,665	1.5	1.2
11	Norfolk	20,011	-3.9	35,497	-4.6	0.1
	Wayne	3,374	-1.1	*	*	*
12	Grand Island	34,510	1.0	47,807	-2.0	0.7
13	Hastings	15,377	0.3	24,668	-1.3	1.4
14	Beatrice	8,564	12.3	18,072	-0.3	-1.4
	Fairbury	2,683	-8.9	*	*	*
15	Kearney	21,016	4.9	29,660	3.3	4.0
16	Lexington	6,265	2.2	16,838	2.8	2.9
17	Holdrege	5,085	10.3	8,478	2.4	0.6
18	North Platte	16,875	0.7	21,531	0.4	5.2
19	Ogallala	5,607	-2.3	11,510	0.8	-4.2
20	McCook	7,693	-1.5	10,794	-5.5	0.3
21	Sidney	5,257	43.4	9,245	18.9	7.7
	Kimball	1,792	-4.1	*	*	*
22	Scottsbluff/Gering	19,494	9.6	26,866	5.9	4.8
23	Alliance	5,036	-3.4	14,272	4.3	2.8
	Chadron	3,264	11.1	*	*	*
24	O'Neill	3,964	-14.1	14,656	-4.4	0.1
	Valentine	2,883	2.4	*	*	*
25	Hartington	1,715	9.3	8,480	-1.6	-0.3
26	Broken Bow	3,459	6.1	11,836	2.2	-0.1

(1) See Figure II of previous *Business in Nebraska* issues for regional composition
(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales
*Within an already designated region
Compiled from data provided by the Nebraska Department of Revenue

percent. Alaska and Rhode Island were both at 9.0 percent. Michigan and Massachusetts rounded out the list of states with rates over 8.0 percent.

Perhaps more disturbing are the states that are in the 7.1 percent to 7.9 percent unemployment rate category. Four of the six states in this category are among the largest in the nation—California, Illinois, Texas, and Florida. They are joined by Arkansas and Mississippi.

In contrast, the Plains states of Nebraska, the Dakotas, Minnesota, Iowa, Kansas, and Colorado had unemployment rates below 5.0 percent. Wyoming's unemployment rate grew to 5.6 percent in October. Missouri's unemployment rate increased to 6.4 percent in that month.

Retail sales in Nebraska have not been especially strong during 1991. Automobiles reflect the bust in consumer confidence. Motor vehicle net taxable retail sales were 3.5 percent below year-ago levels in September. September total net taxable retail sales increased a mere 1.0 percent versus last year. On a year-to-date basis, the gain was 2.6 percent, a figure insufficient to keep pace with inflation.

Prospects for 1992 are that we are unlikely to match the high job growth rates we experienced in 1991. There are two basic reasons for this statement: Nebraska's agricultural income is likely to fall, and both national and international markets for Nebraska's produce have been weakened by economic malaise.

In the longer run, Nebraska faces two retarding factors that will impact its growth rates: we are running out of workers to be employed in new nonagricultural jobs, and a new development game is now in place, wherein localities are using cash incentives to attract additional employment. Nebraska has stayed out of this game to date, but legislation passed last year authorizes local Nebraska communities to participate with limits. In any event, it is unlikely that in the future Nebraska will be as successful in the hypercompetitive jobs attraction arena as it was in 1990 and 1991.

Let's make it clear—our outlook is that Nebraska will grow in 1992, but not as rapidly as we did in 1991. We expect a growth rate slowdown, not an absolute downturn.

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