M E A S U R I N G   N E B R A S K A   B U S I N E S S

business in nebraska

University of Nebraska-Lincoln News

No. 28 Vol. 50 Number 321, June 1971

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

THE NEBRASKA ECONOMY IN THE SIXTIES 1. The State

New data have recently become available which can be used, along with figures previously issued, to measure performance of the Nebraska economy during the past decade. This article will deal with the state as a whole. A second will analyze changes in the counties and regions of the state. Figures summarizing basic changes in the state's population, employment, and income are presented in Table 1 on the next page, and some of them are depicted in the graphs below.

POPULATION

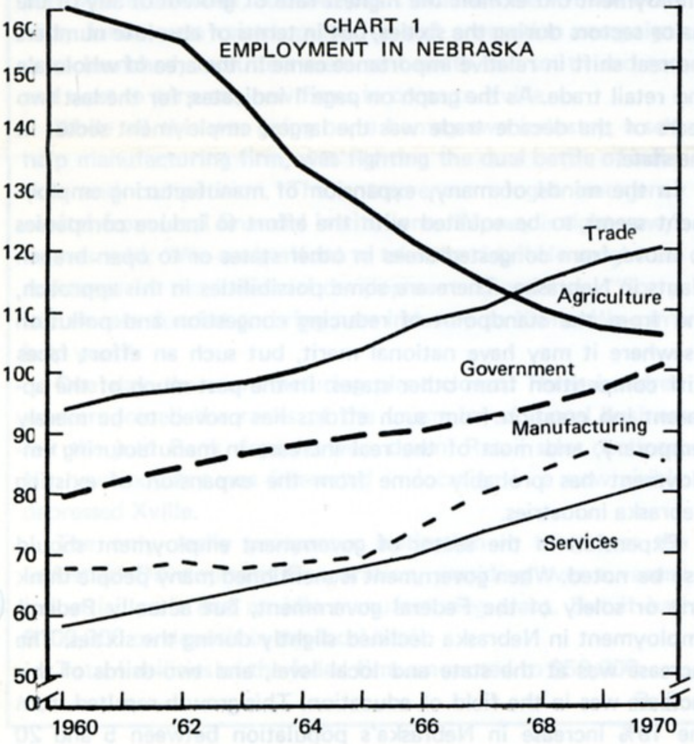
Nebraska's rate of population growth during the sixties was less than half the national rate and was also significantly below the state's growth rate of the fifties: 5.1% as compared with 6.5%. Details with regard to population change and migration have been presented in previous issues of this publication (February and April).

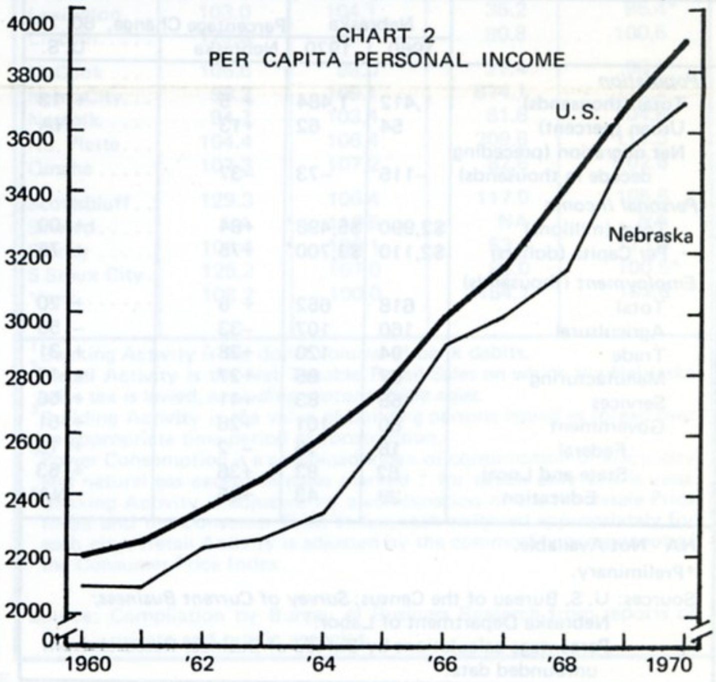
In these earlier articles an attempt was made to dispel at least three myths that seem to be widely believed. One of these is that growth has taken place only in the larger cities and their suburbs. The proportion of the population living in urban areas rose from 54% in 1960 to 62% in 1970, but the highest growth rate in Nebraska cities during the decade was in those of the 2,500 to 5,000 size class.

A second myth is that slow population growth and out-migration are necessarily bad, that net out-migration is itself a serious problem, rather than a symptom of other problems, and that the problem is becoming increasingly severe. Actually net out-migration, in comparison with the previous decade, fell by more than a third during the sixties, 78% of it came in the first six years of the decade, and in 1969-70 it slowed to a trickle.

A third myth is that migration is a one-way street. People seem to have visions of thousands of Nebraskans leaving the state each year and do not think at all of the movement in the opposite direction. That this is a misconception can be illustrated by the fact that California has the largest net in-migration of any state but also has the largest gross out-migration. The gross migration figure is at least five times the net figure, and in Nebraska the movement in the two directions is now approximately equal.

If Nebraska really wants a larger population growth, it needs to think about making conditions in the state more attractive, not just to prevent people from leaving, but to attract newcomers. Higher barriers to such inward movement in the form of increased out-of-state tuition charges for students in its institutions of higher learning are not a means of accomplishing this. The state does not hesitate to spend hundreds of thousands of dollars each year





to attract industry and athletes to the state. Perhaps it should consider doing the same to bring top students from other states in the hope that some of these better minds will remain and contribute to the state's progress.

EMPLOYMENT

One of the basic factors associated with retention and attraction of population is the opportunity for employment. During the past decade total employment in Nebraska increased at less than one-third the national rate. Unemployment was exported, however, in the form of out-migration, and in spite of the recession the state's unemployment rate in 1970 remained below 3%, about half the national figure.

Changes in the principal sectors of employment in the state are depicted in the graph on page 1. The dramatic feature that stands out in this picture is the drastic decline of 33% in agricultural employment. Even this large drop is substantially below the 56% decrease in the nation as a whole. It reflects the great increase in productivity in terms of output per man-hour.

When productivity increases are mentioned the average person's mind probably jumps immediately to factories and manufacturing, but this is another myth that needs to be dispelled. The growth of productivity in manufacturing came earlier and in recent years has been far less than the increased productivity in agriculture. National figures show that during the sixties the rate of increase in output per man-hour in agriculture was more than double that in manufacturing. For the entire postwar period this productivity figure has nearly doubled in manufacturing, while in agriculture it has increased 287%. In 1969 and 1970, for the first time, output per man-hour in agriculture exceeded that in manufacturing.

The phenomenal accomplishment of Nebraska agriculture in raising its gross income by more than two-thirds in a decade—nearly 70% above the national growth rate—while agricultural employment was dropping by one-third must certainly be recognized. The association of this dramatic change with application of agricultural research and education cannot be ignored.

TABLE 1
CHANGES IN THE NEBRASKA AND U. S. ECONOMY

	Nebraska		Percentage Change, '60-'70	
	1960	1970	Nebraska	U. S.
Population				
Total (thousands)	1,412	1,484	+ 5	+ 13
Urban (percent)	54	62	+13	NA
Net migration (preceding decade in thousands)	--115	--73	--37	-- --
Personal Income				
Total (millions)	$2,990	$5,498*	+84	+100
Per Capita (dollars)	$2,110	$3,700*	+75	+ 76
Employment (thousands)				
Total	618	652	+ 6	+ 20
Agricultural	160	107	--33	-- 56
Trade	94	120	+28	+ 31
Manufacturing	67	85	+27	+ 16
Services	58	83	+41	+ 56
Government	80	101	+26	+ 51
Federal	18	18	-- 2	+ 19
State and Local	62	83	+36	+ 63
Education	29	43	+45	NA

NA - Not Available.
*Preliminary.
Sources: U. S. Bureau of the Census; *Survey of Current Business;* Nebraska Department of Labor.
Percentage calculations by Bureau of Business Research from unrounded data.

The decline of 53,000 in agricultural employment was more than offset by increase in other sectors of the economy, with the result that total employment exhibited a net increase of 34,000 during the decade. This would seem to indicate that 87,000 new jobs were created, but actually the figure was much larger than this. There is a tendency to lose sight of the fact that in employment as well as in migration there are two aspects of a net change. Jobs had to be created to offset, not only the decline in agricultural employment, but also, among other things, the jobs lost from closing of the air base and later the Job Corps in Lincoln, from reductions in railroad and packing house employment in Omaha, and from the business failures and reorganizations discussed in these pages in March.

Another widely held belief that must be labeled a myth is the idea that the decline in agricultural employment has been and must be offset by increasing manufacturing employment. The facts prove otherwise. During the sixties the net increase in employment was 26,000 in trade, 25,000 in service occupations, 21,000 in government, and only 18,000 in manufacturing. The rate of increase in all these categories except manufacturing, however, was below the national rate. Thus if Nebraska could merely achieve the national growth rate in these areas, even without further expansion of manufacturing, increases in nonagricultural employment would greatly exceed the decline in agricultural employment. Expansion of the service industries, including recreation and other amenities of life, would seem to be a fertile field for such efforts. These industries are expected to be the growth leaders of the future, and in this area Nebraska fell far behind the national growth pattern in the sixties. Trade and service industries are generally believed to be dependent on the basic industries of agriculture and manufacturing, but considerable independent development may be possible.

Still another myth, which seems to have resulted from a newspaper headline referring to employment in the month of January, is the frequently heard statement that manufacturing employment now exceeds agricultural employment in Nebraska, whereas on an annual basis it is actually about 20% less. Manufacturing employment did exhibit the highest rate of growth of any of the major sectors during the sixties, but in terms of absolute numbers the real shift in relative importance came in the area of wholesale and retail trade. As the graph on page 1 indicates, for the last two years of the decade trade was the largest employment sector in the state.

In the minds of many, expansion of manufacturing employment seems to be equated with the effort to induce companies to move from congested areas in other states or to open branch plants in Nebraska. There are some possibilities in this approach, and from the standpoint of reducing congestion and pollution elsewhere it may have national merit, but such an effort faces stiff competition from other states. In the past much of the apparent job creation from such efforts has proved to be merely temporary, and most of the real increase in manufacturing employment has probably come from the expansion of existing Nebraska industries.

Expansion in the sector of government employment should also be noted. When government is mentioned many people think first or solely of the Federal government, but actually Federal employment in Nebraska declined slightly during the sixties. The increase was at the state and local level, and two-thirds of this increase was in the field of education. This growth resulted from the 19% increase in Nebraska's population between 5 and 20 years of age (while total population grew only 5%) and from the fact that a larger proportion of these young people enrolled in public rather than private schools and colleges.

INCOME

Only preliminary estimates of state personal income for 1970 are presently available, with no detailed breakdown. In this discussion, therefore, the revised figures for 1969 will be used, and the ten-year comparison will be made with 1959.

During this time span Nebraska ranked 32nd among the 50 states in rate of growth in total personal income. This was a significant jump from 46th place in the 1948-59 period, when only Iowa, Mississippi, and the Dakotas showed slower growth rates. In the more recent decade the increase was about 90% in Nebraska and 95% in the nation, whereas in the earlier period the respective rates were 37% and 67%. Thus the increase in the rate of growth was 142% for Nebraska and 41% for the nation. Nevertheless, the state dropped from 32nd place among the states in the total amount of personal income in 1959 to 33rd in 1969, having surpassed West Virginia but fallen behind Arizona and Mississippi.

Since population grew less rapidly in the state than in the nation, however, Nebraska's per capita personal income growth from 1959 to 1969 was 83% as compared with the national figure of 71%. The dollar gap between state and nation was narrowed from $185 to $151, and the state jumped from a rank of 27th to 20th among the states, passing Colorado, Missouri, Montana, New Hampshire, Oregon, Wisconsin, and Wyoming.

Thus another myth can be dispelled—the idea, which becomes particularly prominent at times of planning public expenditures and taxation, that Nebraska is a poor state. On both a per capita and percentage of income basis Nebraska ranks well below the national average in state and local taxation and expenditures.

Table 2 shows the distribution of personal income in the state. The principal shift during the decade has been a reduction in the proportion of income going to proprietors and an increase in the percentage received by property owners, with labor's proportion remaining constant. It should be noted also that in 1959 proprietorship income was evenly divided between farm and nonfarm proprietors, while in 1969 65% of the total was in the farm sector. These changes, however, are probably temporary, resulting from a good crop year and the beginning of a recession in the national economy in 1969. In the preceding year the farm and nonfarm shares of proprietorship income were still about equal.

Figures on the origin of personal earnings in the state are presented in Table 3. (The concept of "earnings" differs from "income" in excluding property income and transfer payments.) These figures indicate little change during the decade, with slight increases in relative importance of state and local government, services, and manufacturing as sources of earnings offset by slight declines in relative importance of trade, transportation, communications, and public utilities, and the Federal government. Rates of increase in total earnings were above average in services, state and local government, manufacturing, and construction, about average in agriculture, and below average in the other sectors.

TABLE 2
DISTRIBUTION AND INCREASE OF PERSONAL INCOME IN NEBRASKA

	Percentage of Total				Percentage Increase in	
	1959		1969		Current Dollars	Constant Dollars*
Labor		57		57	88	54
Proprietors						
Farm	12		13		95	60
Nonfarm	12		7		24	2
Total		24		20	61	32
Property		14		17	117	77
Net Transfer Payments		5		6	128	87
Total		100		100	88	54

*Implicit price deflator for personal consumption experditures used in converting current dollars to constant dollars.
Source: *Survey of Current Business.*
Calculations by Bureau of Business Research.

TABLE 3
ORIGIN AND INCREASE OF PERSONAL EARNINGS* IN NEBRASKA

	Percentage of Total				Percentage Increase
	1959		1969		
Farming		17		17	88
Trade		20		18	68
Manufacturing		15		16	97
Construction		6		6	91
Finance, Insurance, Real Estate		5		5	81
Transportation, Public Utilities, Communications		10		8	46
Government					
Federal	7		6		55
Civilian	(4)		(3)		59
Military	(3)		(3)		51
State and Local	8		10		146
Total		15		16	104
Other Services		11		13	119
Other		1		1	11
TOTAL		100		100	86

*Includes labor and proprietorship income. Excludes property income and transfer payments.
Source: Calculated by Bureau of Business Research from unpublished data furnished by U.S. Department of Commerce, Office of Business Economics.

In appraising performance of the Nebraska economy in the sixties, figures from the censuses of manufacturing, trade, and services should also be examined. These are presented in Table 4, along with comparable figures on agriculture. These censuses are taken only every four or five years, and the most recent one was in 1967. More recent data on agriculture are available, but those for 1958 and 1967 are used in order to cover the same time span. Results of the 1969 Census of Agriculture will be published later this year and will be analyzed at that time.

Manufacturing shows the highest rate of increase for the 1958-67 period, much higher than the national rate, but Nebraska manufacturing is still an extremely small part of the state's economy; its proportion of the national total remains practically unchanged from 1958 at four-tenths of one percent. Agricultural income also grew at a faster rate in Nebraska than in the nation. Trade and services show growth rates significantly below the national figures.

ANALYSIS OF INCOME CHANGES

The Office of Business Economics uses a technique known as shift-share analysis to identify the factors associated with changes in total personal income in states and regions. This technique breaks such changes into three parts—national-growth effect, component-mix effect, and regional-share effect—and measures the contribution of each to the change that has taken place.

The first of these indicates the extent to which income in an

(Continued on page 6)

Review and Outlook

On the map below the shaded portions are those regions whose taxable retail sales for the first quarter of 1971 exceeded the previous year by more than 5%. The figures are presented in the second column of Table 3. Since these figures are not adjusted for price changes, the shaded areas roughly indicate the regions that experienced an increase in the physical volume of retail activity. It will be noted, however, that seven of the regions fell short of even last year's dollar mark.

All but four of the regions showed an increase in the dollar volume of retail sales for March as compared with the preceding year. This was a marked improvement from February, when twelve of the regions were below the 1970 figure. The largest increases in March over the preceding year were in the Omaha and Columbus regions.

City retail sales figures, adjusted for price level change but excluding motor vehicle sales, as presented in the second column of Table 4, likewise present a better picture in March than in February, with a state total nearly 3 percent above 1970, as compared with nearly 5% below in February. In the earlier month most of the cities fell below the previous year's level, but in March this was true of only five. Bellevue, Broken Bow, Chadron, Columbus, Holdrege, and Seward had gains of ten percent or more.

On a comparative basis with the previous year city banking ac-

(Continued on page 5)

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

E. L. HAUSWALD

NEBRASKA'S ECONOMIC INDICATORS
1. CHANGES FROM PREVIOUS YEAR AND PREVIOUS MONTH

MARCH, 1971	Percent of Same Month a Year Ago		Percent of Preceding Month	
Indicators	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume Index	104.3	112.5	109.3	102.4
Physical Volume Index	102.2	104.6	103.9	101.2
Bank debits (checks, etc.)	110.2	110.0	109.7	100.9
Construction activity	82.0	104.0	102.5	97.7
Retail sales	107.7	104.2	94.4	102.2
Life insurance sales	91.7	110.2	118.8	104.9
Cash farm marketings	124.9	103.9	162.5	103.3
Electricity produced	98.4	107.8	90.1	99.8
Newspaper advertising	90.8	92.7	92.9	94.9
Manufacturing employment	96.6	93.9	101.3	99.7
Other employment	101.7	101.4	101.4	100.2
Gasoline sales	131.9	102.4	93.6	102.7

2. CHANGES FROM THE 1948 AVERAGE

MARCH, 1971	Percent of 1948 Average	
Indicators	Nebraska	U.S.
Dollar Volume Index	382.5	470.4
Physical Volume Index	227.4	254.9
Bank debits (checks, etc.)	296.6	467.5
Construction activity	198.6	172.0
Retail sales	165.8	189.0
Life insurance sales	419.4	550.0
Cash farm marketings	275.5	172.3
Electricity produced	421.1	565.3
Newspaper advertising	155.9	141.5
Manufacturing employment	171.5	121.8
Other employment	158.8	178.7
Gasoline sales	245.8	252.0

3. NET TAXABLE RETAIL SALES[1] OF NEBRASKA REGIONS
(Unadjusted for Price Changes)

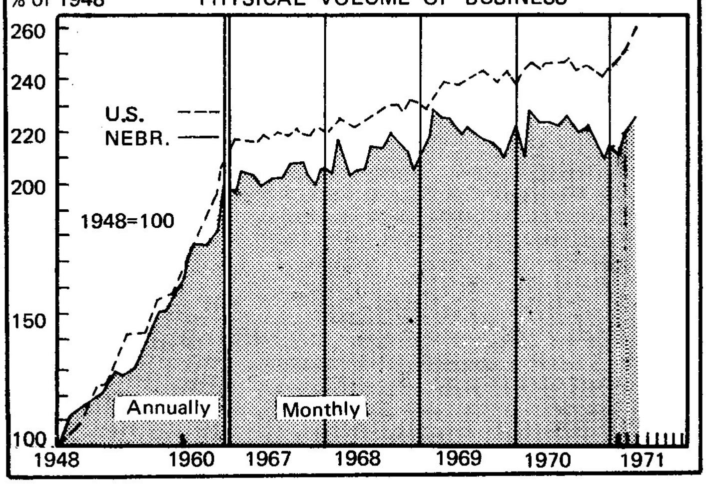
Region[2] and Principal Retail Trade Center	March, 1971 as Percent of March, 1970	Year to Date 1971 as Percent of Year to Date 1970
The State	107.8	104.0
1 (Omaha)	113.4	106.9
2 (Lincoln)	101.1	99.5
3 (So. Sioux City)	109.5	106.2
4 (Nebraska City)	105.5	95.6
5 (Fremont)	105.1	103.4
6 (West Point)	103.7	98.1
7 (Falls City)	105.8	106.8
8 (Seward)	96.3	99.5
9 (York)	99.3	101.9
10 (Columbus)	113.5	101.1
11 (Norfolk)	106.0	102.2
12 (Grand Island)	102.6	102.1
13 (Hastings)	109.7	107.1
14 (Beatrice)	97.3	99.6
15 (Kearney)	110.5	107.0
16 (Lexington)	105.8	103.9
17 (Holdrege)	109.1	103.6
18 (North Platte)	111.9	110.1
19 (Ogallala)	111.8	113.6
20 (McCook)	101.9	100.8
21 (Sidney, Kimball)	105.4	98.0
22 (Scottsbluff)	106.1	104.1
23 (Alliance, Chadron)	108.5	108.1
24 (O'Neill)	112.6	106.2
25 (Hartington)	95.5	95.4
26 (Broken Bow)	102.5	103.4

[1] Sales on which sales taxes are collected by retailers located in the state, *including motor vehicle sales.*

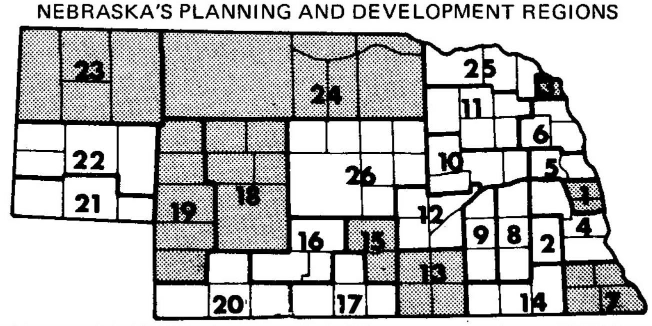
[2] "Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

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

PHYSICAL VOLUME OF BUSINESS



NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4)
tivity (shown in the first column of Table 4) was also much better in March than in February. After adjustment for price level change, in the earlier month eleven of the reporting cities were above and twelve below the previous year, while in March eighteen were above and only five below. Lincoln, Scottsbluff, South Sioux City, and Holdrege had the most favorable showing. The state total in February was about equal to the 1970 level, but in March it was nearly ten percent above the previous year.

Building activity, however, showed a less favorable comparison with the previous year in March than in February, dropping from 97.5 percent to 90.5. Thirteen of the twenty cities for which comparison is possible had lower ratios in March than in February.

For the twenty-three cities power consumption showed exactly the same relationship to the previous year in March as in April. Nine cities showed higher ratios in March, with fourteen lower.

The gap between state and nation in growth of physical volume of business, as depicted in the graph on page 4, narrowed from February to March. Only five of the ten business indicators in Table 1, however, (retail sales, cash farm marketings, gasoline sales, and both categories of employment) showed in March a ratio to the previous year higher in Nebraska than in the nation. Six of the ten Nebraska indicators (bank debits, retail sales, life insurance sales, cash farm marketings, manufacturing employment, and gasoline sales) made a better showing in relation to the previous year in March than in February.

In summary, the March figures seem to indicate some improvement in the Nebraska economy, but no pronounced upward surge as yet is evident.

E. S. W.

A TRUE STORY

Once there was a community, Xville, which decided that if it was to thrive and grow, it must attract new industry. An industrial development corporation was formed, an industrial park was established, suitable plant facilities were made available, funds were raised, publicity and promotion campaigns were launched, recruiters were sent north and south and east and west to persuade new firms to come to Xville.

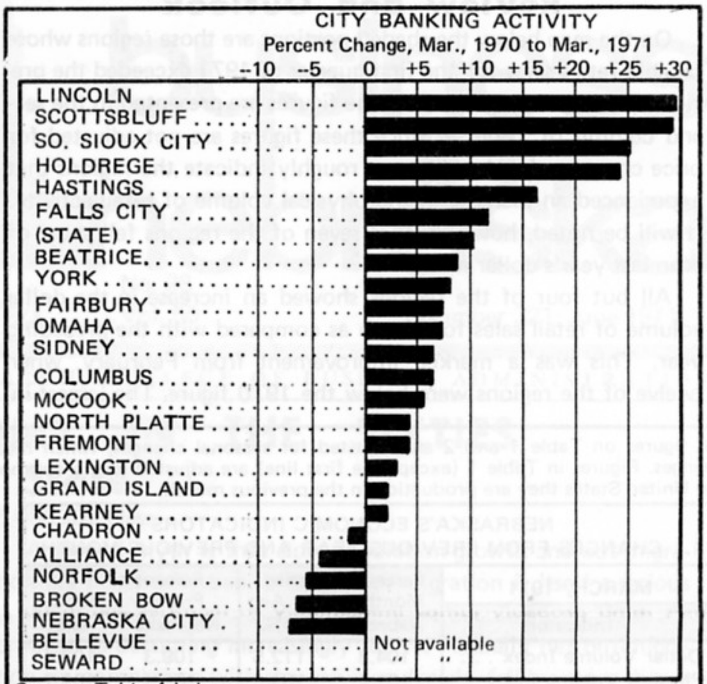
While all this was going on, a homegrown industry, a self-help manufacturing firm, was fighting the dual battle of inflation and competition. The entrepreneur sought emergency capital from local financial institutions. "Money is tight now," he was told; "We can't afford to take the risk." He sought the assistance of the industrial development corporation. "Sorry, but we are funded to bring new industry to Xville. We can't help you."

One day the manufacturing plant closed. Three hundred workers joined the ranks of the unemployed. Local business felt the jolt. Bank deposits were down. Retail sales declined. No new industry was interested in locating in a now visibly depressed Xville.

The only really prosperous institution in town was the Industrial Development Corporation, presiding over a vacant industrial park and an idle manufacturing plant. But it had $100,000 on deposit in the local bank.

Total liabilities of the failed firm amounted to $50,000.

D. S.



Source: Table 4 below.

4. MARCH, 1971, CITY BUSINESS INDICATORS

The State and Its Trading Centers	Banking Activity[1]	Retail Activity[2]	Building Activity[3]	Power Consumption[4]
	Percent of Same Month a Year Ago			
	(Adjusted for Price Change)[5]			
The State	110.2	102.8	90.5	104.2
Alliance	95.3	97.5	75.2	102.3
Beatrice	108.7	94.0	101.0	92.6
Bellevue	NA	111.3	NA	NA
Broken Bow	93.8	110.0	247.9	118.3
Chadron	98.7	111.8	NA	117.4
Columbus	106.4	115.5	71.4	103.7
Fairbury	107.3	100.3	49.3	102.0*
Falls City	106.9	106.4	48.2	105.0
Fremont	104.3	101.2	122.0	100.7*
Grand Island	101.8	98.6	110.4	111.2
Hastings	115.9	108.8	51.5	110.7
Holdrege	124.4	114.6	149.4	115.8
Kearney	101.6	104.7	60.8	110.4
Lexington	103.0	104.1	35.2	95.4*
Lincoln	129.8	92.7	80.8	100.5
McCook	105.6	98.0	27.4	98.1
Nebr. City	93.2	109.1	674.1	112.2
Norfolk	94.7	103.4	61.6	104.6
No. Platte	104.4	106.4	209.6	117.3
Omaha	107.3	107.2	82.6	102.8
Scottsbluff	129.3	106.4	117.0	105.6
Seward	NA	110.6	NA	NA
Sidney	106.4	100.1	53.3	113.8
S.Sioux City	125.2	107.0	83.0	100.5*
York	108.2	100.0	154.7	102.6

[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.

(Continued from page 3)
area would have grown if each of its income components had grown at the same rate in that area as in the nation. On the average, this national-growth effect accounted for more than 90% of the total income changes in the states from 1959-69. In Nebraska, however, it accounted for 105.5%, because if the income components in the state had grown at national rates the state's total personal income would have been $137 million greater at the end of the period than it actually was.

The other two factors account for geographical differences in income growth. The component-mix effect depends on whether the industries or types of income in an area are growing rapidly or slowly in the nation as a whole. The regional-share effect depends on whether these income components are growing more rapidly or more slowly in the area than in the nation. For example, agricultural income has been growing faster in Nebraska than in the United States as a whole. This would have a positive regional-share effect. This type of income, however, showed the smallest growth rate nationally during the sixties of any major income component. Thus Nebraska's heavy dependence on agriculture would have a negative component-mix effect.

For most of the nation the regional-share effect is the chief explanatory factor for geographical variations in income growth. For Nebraska, however, this is not the case. Of the 26 states with income growth rates below the national average during the past decade, the only ones for which the regional-share effect was positive were Nebraska, Oregon, and Alabama. These states, along with Iowa and Oklahoma, were the only slow-growth states in which the component-mix effect was more important than the regional-share effect. In Nebraska the positive influence of the regional-share effect was $15 million and the negative influence of the component-mix effect was $153 million.

Thus Nebraska's below-average rate of income growth is attributable almost entirely to its heavy dependence on sources of income that are growing slowly in the nation as a whole. In addition to agriculture, food processing, nonfarm proprietors' income, and transportation, communications, and public utilities were heavy contributors to the negative component-mix effect.

Moving Nebraska to a higher rate of income growth relative to the rest of the nation will involve changing the structure of its economy so as to derive a larger portion of its income from sources with high national growth rates. Some of these fast-growing income components that may have possibilities for development in the state are services, machinery and instruments manufacturing, construction, and the finance, insurance and real estate area.

TABLE 4
INCOME IN SELECTED SECTORS OF THE NEBRASKA ECONOMY

	Millions of Dollars		Percentage Increase	
	1958	1967	Nebraska	U. S.
Agriculture				
Realized Gross Farm Income	1,308	1,930	48	29
Manufacturing				
Value Added	536	1,150	115	85
Trade				
Wholesale Sales	2,969	4,385	48	61
Retail Sales	1,730	2,555	48	55
Selected Services				
Total Receipts	192	323	68	86

Sources: U. S. Department of Commerce, Census of Business; Census of Manufacturing. U. S. Department of Agriculture, State Estimates of Farm Income, 1949-1967.

UNIVERSITY OF NEBRASKA–LINCOLN NEWS
Published three times in February, September, October, and December, and twice in other months, by the University of Nebraska Office of Publications, Nebraska Hall, Lincoln, Nebraska 68508. Second class postage paid at Lincoln, Nebraska.

Vol. 50 Lincoln, Nebr., June 16, 1971 No. 28

BUSINESS IN NEBRASKA
Issued monthly by the University of Nebraska-Lincoln as a public service and mailed free within the state upon request. Material published herein may be reproduced with proper credit.

CONCLUSION

The picture that emerges from this examination of economic changes in Nebraska during the past decade is one of a state growing more slowly than the nation of which it is a part principally because its economy is made up largely of slow-growth components. In addition, some of its existing sources of income have been growing less rapidly in the state than in the nation. Notable among these are: finance, insurance, and real estate; transportation, communications, and public utilities; state and local government; food processing; and property income.

Nebraska is and will remain largely an agricultural state because this is the area of its greatest comparative advantage. For this reason continued increase in agricultural productivity is essential for the state's prosperity. In addition, however, a larger portion of the raw materials produced by agriculture can be processed within the state. Export markets, which now account for from 15% to 25% of cash farm marketings, can be greatly expanded, not only for the products of agriculture but for the output of existing and new manufacturing establishments. Expansion of native industries can be encouraged in many ways by financial institutions and by government. Recreational facilities, tourist attractions, facilities to provide the culture and amenities of life, and service industries in general can be developed. And educational institutions, to provide both vocational and industrial training and the higher education and research essential for the attraction of many industries, can be expanded.

In short, if greater economic growth in the decade ahead is really desired, a more balanced and diversified economy must be created. Basic to all this is a more positive, progressive, economically intelligent attitude and policy on the part of community leaders, government, and the general public. The final myth that still remains to be dispelled is the ancient "lump of labor" or "lump of business" fallacy—the idea that there is only a certain amount of business or a certain number of jobs to be shared and that if one person, one business, one community, or one state gets more, others must get less. Rivalry that impedes the progress of another is a bane to both. We cannot prosper unless our neighbors and our customers, both at home and abroad, prosper; we cannot become richer in a world of want. Cooperative endeavor and intelligent planning are the keys to future economic progress.

E. S. WALLACE