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This Issue: BUSINESS IN NEBRASKA

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

BUSINESS FAILURES IN NEBRASKA

The expression "good news and bad news" has become a cliché, but it is quite descriptive of the 1973 statistics on business failures in Nebraska.[1] The bad news is that the state experienced a sharp increase in the number of commercial and industrial failures, which rose from 34 in 1972 to 64 last year. This experience is contrary to that of the West North Central Region, of which Nebraska is a part, and of the nation, both of which showed a reduction in the number of failures. It also reverses the 1972 situation, when the state participated in the national and regional declines.

The good news is that there was a conspicuous reduction in 1973 in the amount of dollar liabilities involved in Nebraska business failures, which dropped more than 25 percent from \$9.32 million in 1972 to \$6.93 million last year.[2] The state's percentage decrease was far greater than the regional decline of about 5 percent and was in sharp contrast to the national increase of nearly 15 percent. The 1973 figures are also in sharp contrast with 1972, when liabilities involved in Nebraska failures jumped 67 percent to a record level of \$9.32 million, while the regional total declined 19 percent and the national total increased only 4 percent.

[1]Counted as business failures are only those firms that ceased operations following assignment or bankruptcy, ceased with loss to creditors after such action as foreclosure or attachment, voluntarily withdrew leaving unpaid obligations, were involved in court actions such as receivership or reorganization, or voluntarily compromised with creditors.

[2]Dun & Bradstreet uses the term "liabilities" as virtually the equivalent of "current liabilities," including accounts and notes payable and all obligations held by banks, officers, affiliated companies, and the government. Long-term, publicly held obligations are excluded, and offsetting assets are ignored.

There is further good news for Nebraska in the fact that figures for the first quarter of 1974 show only four failures in the state, but these are averaging larger in size than last year. Nationally and in all other states of the region except South Dakota both the number and size of failures are running far ahead of last year.

FAILURES IN THE REGION AND THE NATION

Recent figures on number of failures and liabilities involved are presented in Tables 1 and 2 for the states of the region and for the nation.[3] Only two states (Kansas and Missouri) showed declines in both 1972 and 1973 in number and size of failures. Both the region, which in 1971 had registered more failures than in any year since 1938, and the nation had drops in both 1972 and 1973 in number of failures. Liabilities involved also declined in both years in the region but rose throughout the period nationally, establishing a new high record each year and topping \$2 billion for the first time in history. They had been below \$1 billion as recently as 1968.

In 1973 four of the seven states of the West North Central Region experienced declines in number of business failures, with percentage decreases ranging from 16 percent in Missouri to 57 percent in Iowa. Minnesota and North Dakota, along with Nebraska, recorded sizable percentage increases. Only Minnesota and the Dakotas showed larger total liabilities of failed firms in 1973 than in 1972.

South Dakota was the only state of the region with more failures in 1973 than in 1971, (Continued on page 2)

[3]Earlier figures were presented and analyzed in an article appearing in the March, 1971, issue of *Business in Nebraska*. Some of the material on causes and significance of failure is repeated below, but the earlier article contains a more complete analysis.

Table 1
NUMBER OF BUSINESS FAILURES
WEST NORTH CENTRAL STATES AND THE UNITED STATES

	Number				Percentage Change	
	1971	1972	1973	Total	1971-73	1972-73
United States	10,326	9,566	9,345	29,237	− 9.5	− 2.3
W.N.C. Region	690	527	497	1,714	−28.0	− 5.7
Nebraska	65	34	64	163	− 1.5	+ 88.2
Iowa	103	121	52	276	−50.0	− 57.0
Kansas	83	64	52	199	−37.3	− 18.7
Minnesota	294	185	212	691	−27.9	+ 14.6
Missouri	102	95	80	277	−21.6	− 15.8
North Dakota	30	8	23	61	−23.3	+187.5
South Dakota	13	20	14	47	+ 7.7	− 30.0

Source: Dun & Bradstreet, Inc.
Calculations by Bureau of Business Research.

Table 2
TOTAL LIABILITIES IN BUSINESS FAILURES
WEST NORTH CENTRAL STATES AND THE UNITED STATES

	Millions of Dollars				Percentage Change	
	1971	1972	1973	Total	1971-73	1972-73
U.S.	1,916.93	2,000.24	2,298.61	6,215.78	+ 19.9	+ 14.9
W.N.C.	92.25	74.61	71.05	237.91	− 23.0	− 4.8
Nebr.	5.58	9.32	6.93	21.83	+ 24.2	− 25.6
Iowa	7.57	11.92	5.90	25.39	− 22.1	− 50.5
Kans.	12.80	5.41	3.67	21.88	− 71.3	− 22.2
Minn.	35.55	26.40	30.61	92.56	− 13.9	+ 15.9
Mo.	28.67	18.66	16.31	63.64	− 43.1	− 22.6
N. Dak.	1.66	0.53	3.30	5.49	+ 98.8	+522.6
S. Dak.	0.42	2.37	4.33	7.12	+931.0	+ 82.7

Source: Dun & Bradstreet, Inc.
Calculations by Bureau of Business Research.

(Continued from page 1)
and Nebraska and the Dakotas were the only ones showing an increase over 1971 in liabilities involved in failures. For the three-year period as a whole Nebraska had fewer failures and a smaller total of liabilities in failed firms than any of the states in the region except the Dakotas.

AVERAGE SIZE OF FAILURES

With the number of failures rising and total liabilities falling in Nebraska in 1973, the state, of course, showed a substantial drop in average size of failures from the peak of $274,000 in 1972 to $108,000 in 1973. This drop contrasted sharply with an increase in average size to $143,000 in the region and $246,000 in the nation. The 1972 figures had been particularly disturbing in Nebraska, with the state showing an average failure size nearly twice that of the region and well above the $209,000 figure for the nation.

Chart 1 depicts the average size of failures in Nebraska, the region, and the nation over a longer period of time. Both the region and the nation show a distinct upward trend in size of failure. In Nebraska the average size fell from 1961 through 1964, rose from 1964 through 1968, and has been behaving erratically in the seventies.

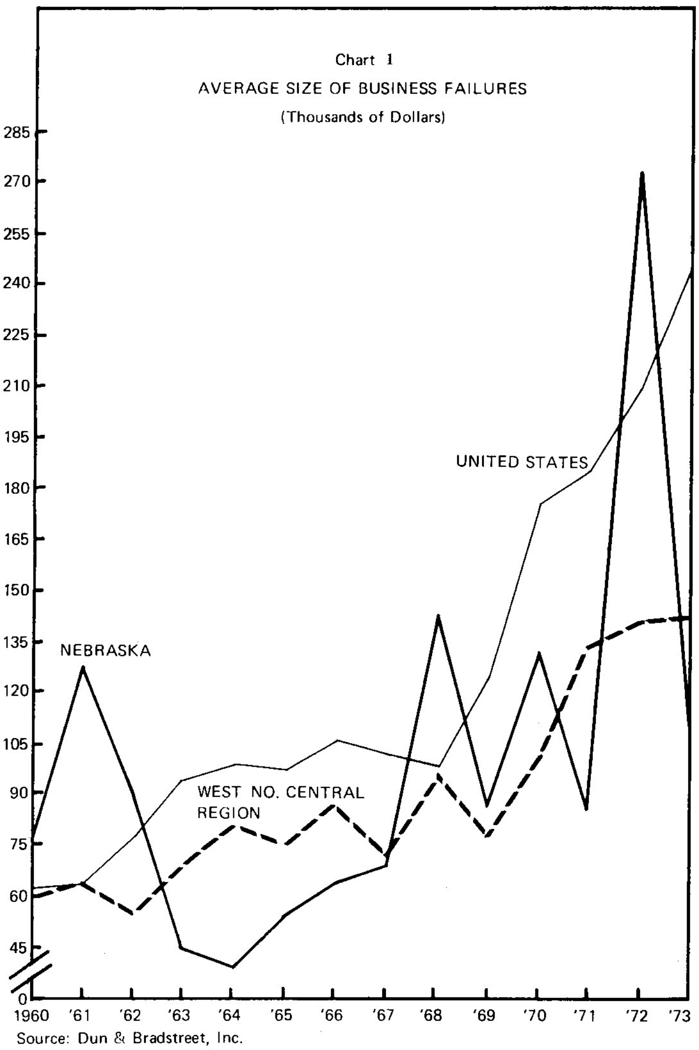
For the fourteen-year period as a whole the average size of failure has been $93,609 in Nebraska, $89,420 in the region, and $115,494 in the nation. In six of the fourteen years the average in Nebraska exceeded that in the region. Since one is accustomed to think of business size in Nebraska as being considerably smaller than in the nation, it is perhaps surprising at first glance to find that in five of the years the average size of failure was larger in the state than in the nation. This has been true only twice in the last decade, however, and it should be remembered that wholesale and retail failures account for more than half the total nationally, and probably a larger proportion in Nebraska, and that in these categories Nebraska firms are actually not much smaller than in the United States as a whole.

RATE OF FAILURE

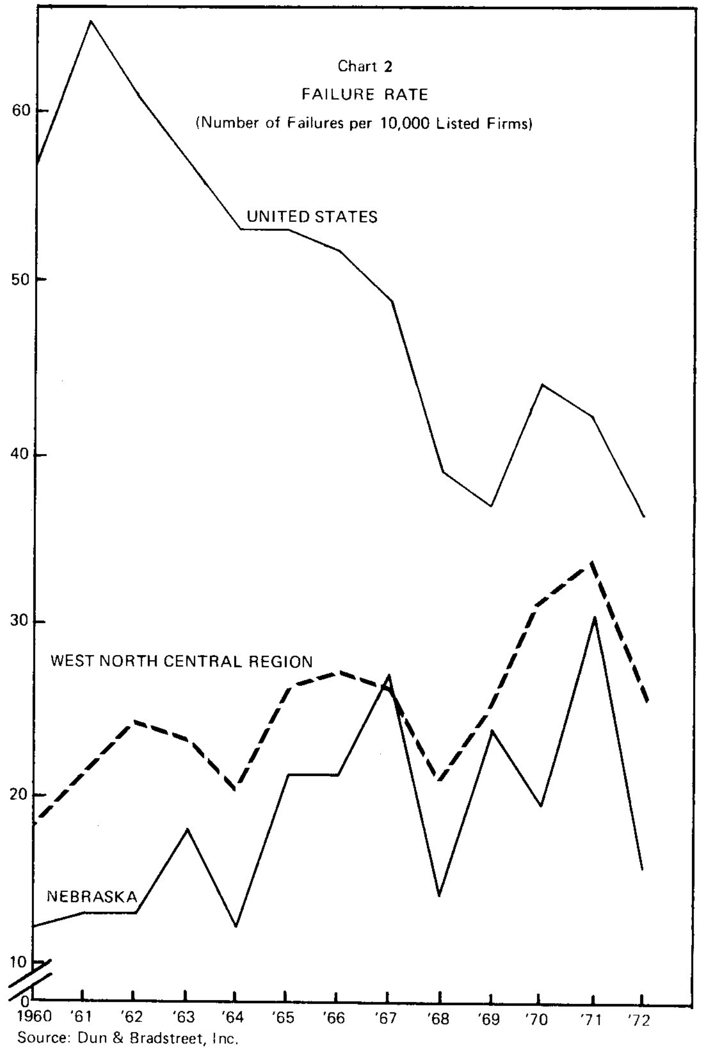
Just as average size of failures is more meaningful for comparative purposes than total liabilities, the rate of failure per 10,000 listed concerns[4] gives more significant information than is provided by data on the total number of failures. This rate nationally

(Continued on page 6)

[4] "Listed concerns" are firms included in the *Dun & Bradstreet Reference Book.* They do not by any means cover all business enterprises. Specifically excluded are financial institutions, insurance and real estate companies, railroads, amusements, small "one-man" services, the professions, and farmers. Alaska and Hawaii are not included in the national figures.



Source: Dun & Bradstreet, Inc.



Source: Dun & Bradstreet, Inc.

The Management "Overkill" in Universities

The following excerpts from a commencement address delivered at the University of New Mexico in June, 1973, by President Harold Enarson of the Ohio State University are published with permission from President Enarson and from the *Atlantic Economic Review,* in which the excerpts were reprinted. In my judgment President Enarson's remarks contain words of wisdom which all those interested in higher education in this state should ponder. E. S. W.

There is tempting heresy loose in the land. Very simply, it is the dangerous notion that state universities are simply another agency of state government, a unit to be policed, regulated, and whipped into a bureaucratic mold.

In this view, the university is simply a production unit in the knowledge industry, a kind of specialized factory processing human beings for strictly utilitarian ends. Clark Kerr, perhaps the most perceptive observer of the changing academic scene, is both precise and prophetic when he declares that the state-supported university is rapidly becoming "a regulated public utility."

Why have we come to this strange new vision of the university? For many reasons: because many believe that our business affairs are poorly managed, that we are guilty of competitive, self-serving expansion, that the faculty have become a protected featherbedding elite, and finally that reform is paralyzed by internal quarrels. It is a harsh indictment, and it is being pursued with varying degrees of fervor and favor in many of the 50 states.

The remedy is equally harsh. If self-regulation has failed, if the state universities are "out of control," then by all means impose the classic remedy of strong, external regulation.

Make no mistake about it. In state after state, a managerial revolution is steadily under way. It threatens to convert relatively free-standing, self-directing institutions of higher learning into homogenized state systems. The old faiths—academic freedom, institutional initiative, institutional flexibility—are pushed aside. The new articles of faith are control, coordination, efficiency, and something called "accountability."

Am I suggesting that productivity is of no moment in the university, that money doesn't matter, that the university is accountable to no one? Of course not. Plainly there are advantages in improved coordination, in the sharing of expensive library and computer resources, in the imaginative use of technology, in better classroom utilization, in better use of the time and talents of the faculty. But is this the managerial revolution? Not at all.

Has the managerial revolution made for the hiring of better teachers, for more inspired teaching, for more creative research, for better career counseling, for better organized curriculum, for a sharper sense of intellectual purpose? Has it made for better incentives to learning and intellectual growth? It has not. But has it put administrators on their toes? Are presidents, deans, and chairmen made more efficient, responsible, and to borrow the favorite "in" word of the managers—"accountable"? Again, no.

In my considered judgment, the managerial revolution creates the exact reverse of the goals that are sought. The impact of multiple sources of regulation on the university is to discourage flexibility, cripple initiative, dilute responsibility, and ultimately destroy true accountability.

For the most part, the managerial revolution has meant the triumph of technique over purpose. We witness management "overkill." The university which is regulated by everyone becomes by the most bitter of ironies, accountable to no one. The invasion of external authority makes it virtually impossible to fix responsibility on anyone for educational results. With everyone in the act, who is finally accountable?

All this is happening because we fail to grasp the essential nature of the university. It is not "just another organization." It is a very special kind of place. It is more like the Metropolitan Opera than the Metropolitan Life Insurance Company. It is more like a church than a factory, more like a research lab than the highway department. The university is an intensely human enterprise. And it is not so much managed as it is led.

The work that we do defies measurements that matter. Our "production site" is the classroom and the laboratory. Everything that really matters and makes a difference in the lives of students takes place behind closed doors—far beyond the reach of managers. The bell rings and the 50-minute intellectual transaction begins. It's all there—the excitement or the dullness, the discipline of good teaching or the time-consuming rambling, the eager attention or the slack-jawed stare.

The quality of the intellectual enterprise—which is the only true measure—is the direct charge of the faculty. It is the faculty members who must design the curriculum and the requirements; who must organize the courses of instruction; who must reshape courses and programs and stretch to be in tune with the times. It is the faculty that either has the future in its bones or has its bones in the way of the future. It is the faculty that must purge itself of the passionate true believers who prostitute academic freedom by promoting either the zealotry of the "new left" or the doctrines of the "old right." It is the individual faculty member who, in asking too little of himself, asks too little of his students—or the faculty member who, enthusiastic in his own subject, makes learning contagious.

The language of higher learning is so pretentious that we easily shrink from its exhortations. But it is an intellectual tradition that we transmit; it is professional competence that we demand; it is the sense of human possibility that we communicate; it is the insistence on intellectual rigor, in art and in science, that we proclaim. If this is conceit, make the most of it. For the university is not, cannot be, the prisoner of the new managers.

But neither can the public university be the captive of the faculty. It is the people that we serve, and their public interest that we seek to advance. Everyone has a stake in the work of the university—parents, students, faculty, governors, legislators, business, the professions, taxpayers, trustees, even presidents. Slowly, clumsily, we in the universities have evolved our own special forms of "participators management." It will do no good for any of us to rail against external intervention. Instead, our challenge and opportunity is to devise wider and deeper networks of consultation. If consultation with faculty is necessary and desirable, so by the same token is university consultation with governors, legislators, and state coordinating boards.

Yes, universities are a very special kind of place. They are fragile as truth itself is fragile. They exist by public sufferance, and it is a marvel that the public at large supports with its dollars an institution that is independent, free-standing, openly critical of the conventional wisdom, friendly to disputation, enchanted with controversy, hospitable to those who "think otherwise." May it always be so.

Review and Outlook

The data in Table 1 show Nebraska to be doing well, as compared with a year ago, and doing better than the nation, both for the month of March and for the first quarter of the year. This is true of every sector of the economy shown except construction and government.

In dollar volume of business the state is 13.3 percent better than in March, 1973; in the agricultural sector it is 17.4 percent better. Manufacturing in Nebraska shows the greatest gain, 26.0 percent. Construction, 8.7 percent below last year, is the only industry which is declining.

The March physical volume figures, also shown in Table 1, which avoid the direct effects of inflation, are still 2.7 percent above a year ago in the state; agriculture is 7.4 percent higher; and, again, only construction is down, by 17.2 percent. Similar comparisons are evident for the quarter.

The United States as a whole, however, shows a definite decline in physical volume. Every sector shown is down except manufacturing and government activity, both for the month and for the quarter. Does this mean that a real recession is under way in national business conditions? Only time will tell. If so, Nebraska will feel the effects sooner or later.

In the indexes based upon 1967, shown in Table 2, Nebraska remains well above the nation in every category except the physical volume of government activity. We are riding high in the state at the moment, but such (Continued on page 5)

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

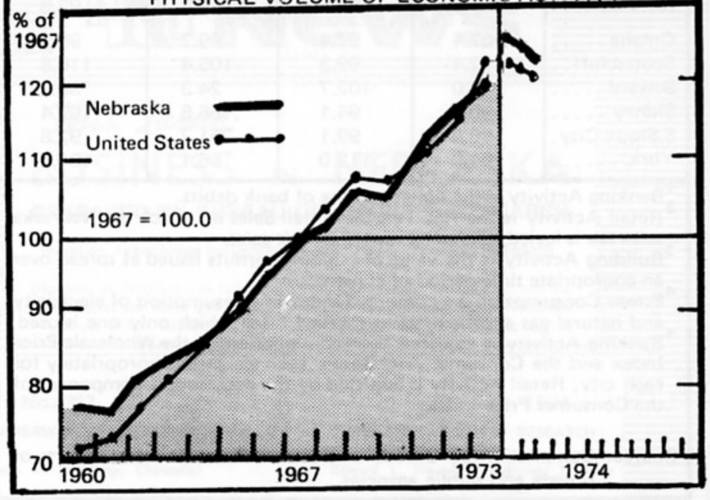
1. CHANGE FROM PREVIOUS YEAR

March, 1974	Current Month as Percent of Same Month Previous Year		1974 Year to Date as Percent of 1973 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	113.3	110.3	117.2	111.4
Agricultural	117.4	112.7	135.5	130.8
Nonagricultural	112.5	110.2	113.5	110.7
Construction	91.3	97.2	93.9	98.0
Manufacturing	126.0	118.5	125.0	119.7
Distributive	112.5	107.9	114.0	108.1
Government	104.1	108.1	105.3	108.0
Physical Volume	102.7	98.8	103.9	99.6
Agricultural	107.4	92.6	110.4	99.0
Nonagricultural	101.9	99.0	102.8	99.6
Construction	82.8	88.2	85.0	88.6
Manufacturing	106.9	101.1	105.5	102.1
Distributive	102.1	97.8	103.8	98.4
Government	101.8	103.5	101.6	103.3

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	188.6	177.6
Agricultural	205.4	197.6
Nonagricultural	185.3	176.8
Construction	175.5	170.7
Manufacturing	196.4	172.1
Distributive	182.2	178.3
Government	186.6	182.5
Physical Volume	123.4	121.0
Agricultural	111.6	102.2
Nonagricultural	125.7	121.7
Construction	108.3	105.4
Manufacturing	129.1	116.8
Distributive	127.3	124.6
Government	120.2	126.3

PHYSICAL VOLUME OF ECONOMIC ACTIVITY



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

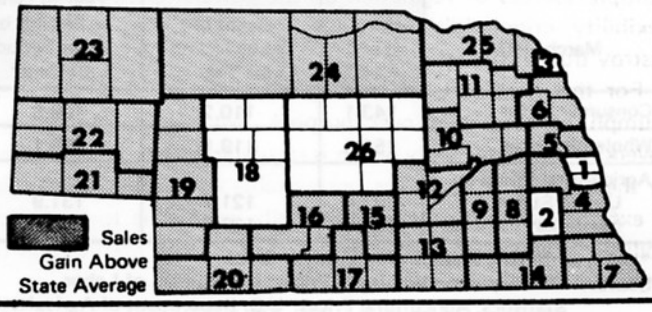
Region[2] and Principal Retail Trade Center	March, 1974 as percent of March, 1973	1974 Year to Date as percent of 1973 Year to Date
The State	110.8	116.6
1 (Omaha)	101.2	111.1
2 (Lincoln)	108.6	112.7
3 (So. Sioux City)	121.3	111.4
4 (Nebraska City)	114.2	122.2
5 (Fremont)	111.3	118.7
6 (West Point)	108.6	119.7
7 (Falls City)	120.0	118.9
8 (Seward)	124.5	123.8
9 (York)	122.4	127.0
10 (Columbus)	118.1	120.8
11 (Norfolk)	117.2	119.7
12 (Grand Island)	110.8	118.7
13 (Hastings)	127.1	124.5
14 (Beatrice)	116.6	120.9
15 (Kearney)	124.2	121.2
16 (Lexington)	128.8	123.2
17 (Holdrege)	121.6	123.0
18 (North Platte)	114.9	116.0
19 (Ogallala)	122.8	133.5
20 (McCook)	116.9	132.7
21 (Sidney, Kimball)	121.0	129.2
22 (Scottsbluff)	116.2	121.3
23 (Alliance, Chadron)	121.9	119.4
24 (O'Neill)	116.0	119.4
25 (Hartington)	112.2	116.8
26 (Broken Bow)	114.9	116.3

[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.

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



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advantages are ephemeral and can disappear as fast as they come. The agricultural situation in Nebraska dropped off from February, the index on the 1967 base sliding from 222.4 to 205.4 in dollar volume.

Taxable retail sales, shown in Table 3, were above those in March, 1973, by 10.8 percent, which is about the same as the rise in retail prices. They were held down, however, by the figures for the Omaha, Lincoln, and West Point areas, the only ones below the state average. The areas along the Interstate Highway did best, Lexington leading the way with a rise of 28.8 percent. It should be noted, however, that for the state as a whole and for all but seven of the regions the March growth from last year was less than the growth for the first quarter as a whole.

Retail activity in the cities themselves, shown in Table 4, was mixed. Omaha and Bellevue dropped considerably in these figures, which in this table are corrected for price inflation. Blair, close to Omaha, also dropped substantially. Nine of the cities show a lower physical volume of retail activity than last year.

The general city business indexes in the chart above the table show Norfolk and Holdrege leading in overall activity. The extraordinary drop noted last month in South Sioux City bank debits continues and drags this city's index down to the bottom. Bellevue's difficulties are also continuing. The state average of city data shows a bare margin over March of last year.

Traffic in the state, as reported by the Department of Roads, was 2.7 percent below a year ago, although motor fuel importation and manufacturing in February (probably for March consumption) was up 3 percent from 1973.

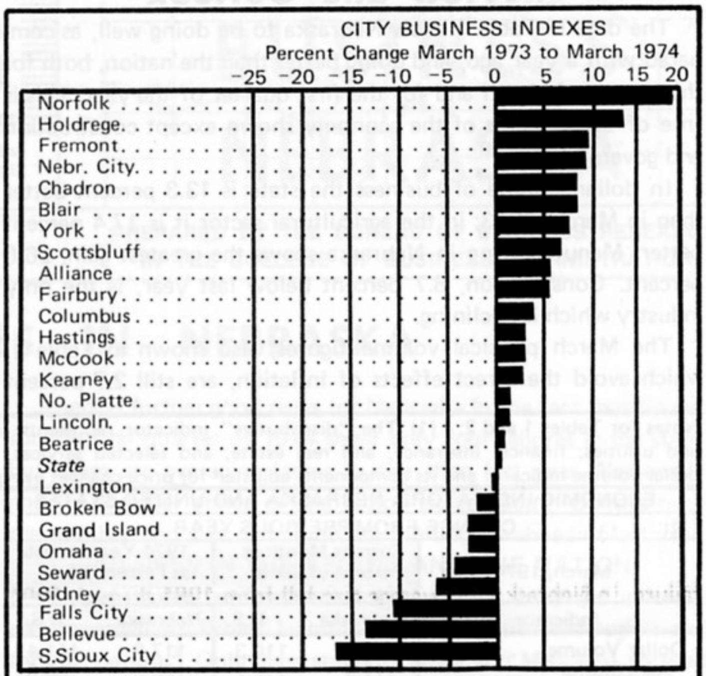
Figures on price changes are given in Table 5. The warning about the dangers of increasing inflation sounded recently by Arthur Burns of the Federal Reserve Board should be taken very seriously. There are many examples, not only in underdeveloped nations such as those in South America, but even in the most developed countries of Europe, of rampaging inflation destroying the value of the existing money unit. Inflation has a momentum of its own and is as hard to stop as an automobile racing downhill with poor brakes. In France in 1964 there were two kinds of francs—the old kind, and the new kind, set up to replace the old, which was worth 100 times as much. One had to watch that he did not get old francs in change.

This could happen to the dollar. All debts in fixed dollar terms, such as bonds, savings deposits, and mortgages, would be virtually wiped out by such inflation. This is very hard on those with such investments and on those with fixed pensions, but is favorable to corporations with bonded indebtedness and others owing debts if their incomes rise more rapidly than the price level. E. Z. P.

5. PRICE INDEXES

March, 1974	Index* (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	143.1	110.2	109.8
Wholesale Prices	154.5	119.1	120.1
Agricultural Prices			
United States	193.4	121.7	131.9
Nebraska	184.0	109.3	122.5

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



Source: Table 4 below.

4. MARCH CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago: Banking Activity[1] (Adjusted for Price Change)[5]	Retail Activity[2] (Adjusted for Price Change)[5]	Building Activity[3]	Power Consumption[4]
The State	101.0	100.5	76.8	97.6
Alliance	105.2	104.5	51.7	107.7
Beatrice	104.3	96.6	181.6	100.0
Bellevue	76.9	92.6	119.2	92.1
Blair	130.3	93.4	94.2	91.9
Broken Bow .	97.4	99.9	79.7	95.7
Chadron	106.7	111.8	279.0	102.4
Columbus . . .	108.2	102.1	126.0	98.3
Fairbury	101.5	109.0	35.0	105.3
Falls City . . .	74.6	102.5	326.8	95.4
Fremont	110.5	103.0	131.5	122.2
Grand Island.	96.9	102.6	69.3	86.6
Hastings	99.1	113.6	84.2	88.9
Holdrege . . .	131.8	105.6	59.3	93.3
Kearney	92.7	113.5	162.1	101.2
Lexington. . .	88.1	110.4	418.2	102.7
Lincoln	104.3	98.9	23.7	97.6
McCook	101.8	106.2	66.9	98.5
Nebr. City . .	111.6	113.5	398.0	96.4
Norfolk	111.0	114.4	231.4	145.7
No. Platte . . .	100.3	105.2	215.8	93.5
Omaha	102.4	92.4	69.7	95.9
Scottsbluff . .	112.4	99.3	105.4	110.6
Seward	86.0	102.7	24.3	98.4
Sidney	90.4	94.1	186.6	102.4
S.Sioux City .	50.6	99.1	251.7	92.8
York	104.0	112.0	56.1	104.4

[1] Banking Activity is the dollar volume of bank debits.
[2] Retail Activity is the Net Taxable Retail Sales on which the Nebraska sales tax is levied, *excluding motor vehicle sales.*
[3] Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
[4] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
[5] Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city; Retail Activity is adjusted by the commodity component of the Consumer Price Index.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(Continued from page 3)
reached the highest level of the century at 154 in 1932 and then, with a small upturn in 1938-39, dropped to a century low of 4 in 1945. From that year to the post-World War II peak of 64 in 1961 the trend was upward. As shown in Chart 2, since that date the trend has again been downward, with the rate falling in 1972 to its lowest level in two decades. 1973 figures are not yet available.

There has been no consistency whatever in the direction of movement from year to year between the Nebraska and national rates during the period covered by the chart, and not much consistency between the regional and national rates. The state and regional trends have been upward, contrary to the national trend. State and regional rates have shown the same direction of movement from year to year except in 1962-63, 1966-67, and 1970.

The Nebraska failure rate has been substantially below the national rate throughout the period and has exceeded the regional rate only in 1967.

CAUSES OF FAILURE

Dun & Bradstreet classifies more than 90 percent of business failures as due to managerial incompetence and inexperience. *Causes of Failure,* published by the Small Business Administration, is more specific and makes evident the fact that in many instances ultimate demise was built in when the business was started. There may have been lack of advance planning with regard to location, market, competition, prospect of a trained labor force, and—perhaps most important—provision of adequate working capital to survive the start-up period, which is often longer than anticipated.

Data compiled by Dun & Bradstreet show that about one-third of business failures occur in the first three years of operation, more than half in the first five years, and more than three-fourths in the first ten years. Thus unfortunately the increase in number of new business incorporations reported in these pages last month is likely to portend an increase in failures in the next few years.

The figures on number of incorporations cannot be compared directly, however, with those on the number of failures presented here because failures constitute only 2 or 3 percent of business discontinuances. As defined here, failure represents only the final legal admission of business demise. It does not include less formal withdrawals from business in which the owner has managed to pay off his creditors and is therefore able to discontinue operations without legal action. In such voluntary discontinuance the owner has usually lost his own capital—and perhaps his courage—but the closing is not officially classified as a business failure.

There are also numerous cases in which the owners of locally inaugurated businesses are forced to sell out at a loss to larger firms. The business itself is ultimately successful, but the loss falls on persons with innovative ideas and venturesome spirit who were unable to assemble the long-term venture capital and short-term working capital to see the enterprise through its critical formative years. For this reason current interest rates of unprecedented height, intentionally contrived in what the author regards as a misguided means of controlling inflation, are of particularly serious concern to entrepreneurs.

FAILURES AND ECONOMIC ACTIVITY

Whatever the causes of business failure, its consequences are serious, both to the individuals involved and to the community. Failure is drastic evidence of significant economic, social, and psychic loss. Failures involving liabilities of nearly $7 million in one year and nearly $22 million in the past three years in Nebraska cannot be ignored, yet as pointed out above they represent only a small proportion of total economic activity and account for only a small fraction of the turnover in the business population.

United efforts of appropriate state and Federal agencies, financial institutions, business associations, and community organizations will be needed to reverse the upward trend in the failure rate in Nebraska and to keep it below the regional and national levels. It is to be hoped that vigorous activity by such groups will enable the many new businesses now being started to survive the critical first few years and thus to avoid becoming statistics in future columns listing business failures. Nebraskans need to become as concerned with preserving existing enterprises as with enticing new ones.

E. S. WALLACE

Part of the research and writing for this article was done by Dorothy Switzer prior to her retirement a year ago, but space was not available for publication at that time. Her work has been updated and revised on the basis of new information that was not available to her.

UNL News

This Issue:
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