business in nebraska

University of Nebraska News

No. 26
Vol. 50

Number 320, May 1971

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

EXPORTS OF NEBRASKA MANUFACTURED PRODUCTS

Analysis of data from a survey of Nebraska manufacturers who sell products in international markets indicates that many of the state's exporters encountered in 1970 more severe competition than had been experienced previously. Responses to the survey, fourth in a series conducted at two-year intervals by the Bureau of Business Research, show that although two-thirds of the exporters of manufactured products were able to achieve increased dollar volume of global sales last year, in most instances such success required heavier than usual investments of time, money, and marketing expertise.

In 1970 total exports of 51 Nebraska manufacturers amounted to \$25.3 million. These firms accounted for almost \$24 million of the state's estimated total exports of \$100.5 million in 1969, the most recent year for which U.S. Department of Commerce data on state totals are available.

Taken as a group the 51 exporters covered in the Bureau survey exhibited an overall increase in international sales of more than 44 percent from 1968 to 1970, with most of the gain being achieved between 1968 and 1969. From 1969 to 1970 the rate of increase dropped to six percent, scarcely enough to compensate for price inflation.

Last year one-third of the 51 Nebraska manufacturers suffered declines in dollar sales abroad. Seventeen of the 51 firms were classified as having a large volume of export business; five of these experienced decreases in international sales ranging from 57 percent to 7 percent. Of the eighteen exporters in the medium-size category six suffered decreases varying from 56 percent to 5 percent. Among the twelve small-volume exporters the situation was even more serious last year because half of them experienced a decline in foreign sales. There were four companies, two of large-volume and two of medium-volume export size, that managed to hold their own, maintaining export sales at the same level as in 1969.

Examination of data on four groups of identical manufacturing firms (shown in Table 1) reveals that: a group of 20 firms recorded dramatic export increases of more than 200 percent from 1963 to 1970 and also achieved a 16.3 percent gain last year; a group of 26 firms experienced a rise of almost 140 percent in the years 1964 to 1970, with increases last year of 16.9 percent; and a group of 44 manufacturers exhibited increases of almost 102 percent from 1966 to 1970, with gains of 17.6 percent from 1969 to 1970. Among manufacturers in all these groups, however, there was considerable diversity of export behavior. There were within each group one or more exporters who had declining sales, some whose business exhibited extreme fluctuations from year to year, a few that experienced an occasional spectacular upsurge in exports, and some with consistently higher sales each year. (Continued on page 2)

TABLE 1
VOLUME OF EXPORT SALES, IDENTICAL SAMPLE NEBRASKA MANUFACTURERS
SELECTED YEARS
(Rounded to Even Thousand Dollars)

	1963	1964	1965	1966	1967	1968	1969	1970	Total Export Sales	Percent Increase
					20 Firms				*1963-70*	*1963-70*
Export Sales	6,180	7,646	8,150	9,944	12,291	12,869	16,032	18,647	91,759	201.7
Mean	309	382	408	497	614	643	802	932	4,588	
Median	143	116	164	177	189	266	320	357		
					26 Firms				*1964-70*	*1964-70*
Export Sales		9,041	9,719	11,662	13,854	14,975	18,562	21,692	99,505	139.9
Mean		348	374	448	533	576	714	834	3,827	
Median		90	148	200	200	250	441	406		
						44 Firms			*1966-70*	*1966-70*
Export Sales				12,216	15,931	16,222	21,194	24,664	90,227	101.9
Mean				278	362	369	482	561	2,051	
Median				150	125	150	164	257		
							51 Firms		*1968-70*	*1968-70*
Export Sales						17,584	23,923	25,351	66,858	44.2
Mean						345	469	497	1,311	
Median						121	155	219		

Some figures may not add to total due to rounding.
Source: Mail survey and calculations by the Bureau of Business Research.

(Continued from first page)

DIVERSITY IN EXPORT BUSINESS

Some of the variations among major product lines may be observed in Table 2 in which export sales of 44 identical manufacturers are grouped in 5 categories. Although the 44 firms as a whole more than doubled the dollar volume of exports in five years, there was no uniformity with respect to product classifications.

Export increases ranged from 32 percent for food and kindred products to 80 percent for metal products, 104 percent for machinery, 117 percent for chemicals and allied products, to a high of 141 percent for a group of 12 products classified as miscellaneous.

There was even less uniformity with respect to percentage changes from year to year. Export sales of machinery and metal products, for example, exhibited declines in 1967, whereas exports of chemicals gained almost 28 percent, and exports of food products increased 15 percent in the same year. There was also marked diversity in rates of change in yearly totals for the 44 firms as a group, with export sales increasing more than 30 percent from 1966 to 1967, dropping to less than 2 percent in the next year, rising again to above 30 percent from 1968 to 1969, but declining to slightly more than 16 percent in the following year.

Among 47 manufacturers who supplied data on the ratio of export sales to total sales extreme variation was further exhibited. Ratios ranged from high percentages of 50, 41, 35, and 30 percent to low percentages of three-fourths, one-half, one-fourth, and even one-eighth of one percent. The median ratio was five percent, close to the overall ratio of the 47 firms in 1970 (5.86 percent), based on estimated total sales of $411.5 million and actual export sales of $24.13 million.

In comparison of ratios of export sales to total sales it was found that 17 were higher, 16 were lower, and 15 were the same in 1970 as in 1969. In some instances export sales amounted to twice as large a proportion last year; in others the proportion was only half as much, with wide variations being shown in this respect as well as in other factors surveyed.

Of 57 firms reporting the number of years they have been in export business, one manufacturing plant has been exporting for 75 years, four for more than 40 years, and seven for more than 30 years. The 57 firms reported a total of 742 export years, an average of 13 years per firm; the median was eight years. No relationship can be established between years in the export business and volume of sales; some of the manufacturers with large volumes of international business have been exporting only a few years; some that have been exporting for many years do only a small volume of business abroad.

It was found that a larger proportion in 1970 than in previous surveys are employing export agents or foreign marketing specialists. Almost half of the 57 exporters supplying this data reported that they employ U.S.-based export agents, and more than a third employ export representatives based in foreign countries. A number of Nebraska firms have their own export specialists, and several have international marketing divisions. Six report having manufacturing plants abroad—two have plants in two countries—and six have joint venture plants in other countries. Several others have licensing arrangements with manufacturers in Canada, Mexico, and overseas.

More than half the respondents report that they have traveled in foreign countries and most of these are planning other trips. Of those who have not traveled abroad to seek business, more than half intend to do so. There are, however, some Nebraska exporters who have no travel intentions; of this group a few are now doing as much export business as the executives believe can be handled profitably; others have so little export business that they consider it futile to attempt to expand it and prefer to concentrate instead on the domestic market.

One generalization appears to be justified. With few exceptions it is the manufacturers in the large-volume export classification who are doing most of the traveling; some of them report that they developed high-volume sales in global markets through personal contacts and are convinced that such travel is necessary if they are to maintain their share of the foreign market; others contend that if they are to maintain high-level production and employment in their manufacturing plants they must expand export business, as they find domestic market possibilities are severely limited.

For whatever reasons, it is apparent from survey responses, some of which resemble a travelogue, that almost any day, any season of the year, representatives of Nebraska manufacturers may be found in such distant places as Australia, New Zealand, South Africa, the Far East, the Middle East, Libya, and Russia, as well as in the export markets that have in the past been the source of so much business—Western Europe, Japan, and South America.

Nebraska manufacturers have high regard for the neighboring

TABLE 2
DOLLAR VOLUME OF EXPORTS, IDENTICAL SAMPLES, NEBRASKA MANUFACTURERS
SELECTED INDUSTRIAL CLASSIFICATIONS, SELECTED YEARS
(Dollar Figures Rounded to Even Thousands)
44 Firms, 1966-70

Year	Metal Products (9 firms)	Percent Change	Machinery (9 firms)	Percent Change	Food and Kindred Products (9 firms)*	Percent Change	Chemicals and Allied Products (5 firms)	Percent Change	Miscellaneous (12 firms)	Percent Change	Total (44 firms)	Percent Change
1966	$ 2,845		$ 2,604		$1,621		$ 1,427		$ 3,719		$12,216	
1967	3,174	+11.6	3,826	+ 46.9	1,559	– 3.8	1,545	+ 8.3	5,827	+ 56.7	15,931	+ 30.4
1968	3,042	– 4.2	3,274	– 14.4	1,794	+15.1	1,975	+ 27.8	6,137	+ 5.3	16,222	+ 1.8
1969	4,105	+34.9	4,269	+ 30.4	2,015	+12.3	2,295	+ 16.2	8,510	+ 38.7	21,194	+ 30.6
1970	5,132	+25.0	5,315	+ 24.5	2,142	+ 6.3	3,102	+ 35.2	8,973	+ 5.4	24,664	+ 16.4
Total	$18,298		$19,288		$9,131		$10,344		$33,166		$90,227	
Percent Change 1966-70		+80.4		+104.1		+32.1		+117.4		+141.3		+101.9

*Small food processors only.
Source: Mail survey and calculations, Bureau of Business Research.

countries of Canada and Mexico as customers for a wide variety of products. Sales to these countries are credited with contributing significantly to Nebraska industrial development. Several Nebraska companies have wholly-owned manufacturing plants in Canada. A considerable number of the manufacturers who do not plan to seek increased business in other parts of the world are concentrating their efforts on Canada, Mexico, and Central America.

It is more difficult from the 1970 survey than from previous surveys to establish patterns of Nebraska export business, not only because variations among product lines are more marked, but also because great diversity is found among exporters within the same product classifications. Thus no significant relationship can be established between size of firm, number of years in export business, relative proportion of export to total sales, or among other major factors.

U.S. FIGURES ON NEBRASKA EXPORTS

The U.S. Department of Commerce has recently published estimates of the value of manufactured exports by state of origin. According to this report Nebraska passed the one hundred million dollar mark in export sales for the first time in history in 1969 with a total of $100.5 million.

As may be seen in Table 3 data from this report indicate that Nebraska exhibited a much higher rate of increase than the seven-state West North Central Region as a whole and an even greater rate of gain than the nation for the period 1966 to 1969. This state's exports rose from $61.6 million in 1966, an increase of 63 percent, compared with a regional gain of 50.9 percent and a national increase of only 37.1 percent. Nebraska held the same rank (fifth) among the seven states in the region in 1969 as in 1966; compared with the four states showing larger volume of exports it had a higher rate of increase than all except Missouri.

In dollar exports of manufactured food and kindred products, Nebraska ranked fourth among the states of the region. In this category the state experienced a 60 percent rate of increase compared with 27.6 in the region as a whole and only 13.2 in the entire United States. Kansas, with 84.6 percent, exhibited the highest rate of increase; Iowa, with total exports more than twice as great as Nebraska's, had the same rate of gain, whereas Minnesota and Missouri both experienced decreases in food product exports. Dollar figures for the Dakotas were not revealed.

Although in previous Department of Commerce surveys dollar estimates have been published for all major industrial classifications of Nebraska exports, the 1969 survey cites such values only for exports of food and kindred manufactured goods. Through inquiry to the official who prepared the 1969 report it was learned that the 1969 survey was done without reference to previous surveys. For all but the food category of Nebraska exports it was decided in 1969 that revelation of dollar totals might disclose information relating to the operations of individual companies. Therefore the value of Nebraska exports in other categories is expressed in terms of ranges, from those designated by the letter (S) signifying less than $1.0 billion through (V), $10.0 million but less than $25.0 million. Although somewhat different techniques were used in estimating the volume for the respective years, the Bureau of Business Research was assured that, generally speaking, totals reported for 1969 and 1966 are comparable. Figures on total exports and on exports of food and kindred manufactured products for 1966 and 1969 are shown in Table 3 for the United States and the states of the West North Central Region.

Calculations by the Bureau of Business Research reveal significant changes in the proportions of food product exports to total exports. Whereas the national proportion dropped from 9 percent in 1966 to 7.4 percent in 1969, and the regional proportion declined from 19.4 to 16.4, the ratio in Nebraska remained relatively stable—decreasing only from 43.0 to 42.2 percent. Thus from 1966 to 1969 the percentage change in the ratio of manufactured food and food product exports to total manufactured exports was a decline of 17.8 percent in the United States, 15.5 percent in the region, but only 1.9 percent in Nebraska.

Iowa and Kansas, however, registered conspicuous gains in the proportion of food exports to total exports, with percentage increases from 17.7 to 23.2 and from 14.9 to 17.4, respectively. Percentage changes in the ratios for these states were increases of 31 percent in Iowa and 16.8 percent in Kansas. Ratios of exports of manufactured food products to total exports in Minnesota and Missouri exhibited sharp percentage declines—from 22.2 percent to 13.5 percent in Minnesota and from 14.8 percent to 8.4 percent in Missouri.

(Continued on page 6)

TABLE 3
*VALUE OF TOTAL AND FOOD AND KINDRED PRODUCTS
EXPORT SHIPMENTS BY MANUFACTURING FIRMS
UNITED STATES AND STATES OF WEST NORTH CENTRAL REGION
1966 AND 1969
(In Millions of Dollars)

	Total Exports		Percent Increase	Exports of Food & Kindred Products		Percent Change	Food & Kindred Products as %	Food & Kindred Products as %	Percent Change, Ratio of Food
	1966	1969	1966-69	1966	1969	1966-69	of Total, 1966	of Total, 1969	to Total 1966-69
United States	$21,299.2	$29,210.0	37.1	$1,908.1	$2,160.0	13.2	9.0	7.4	--17.8
West North Central	1,258.6	1,899.4	50.9	244.5	312.0	+27.6	19.4	16.4	--15.5
Nebraska	61.6	100.5	63.1	26.5	42.4	+60.0	43.0	42.2	-- 1.9
Iowa	336.9	412.0	22.3	59.6	95.4	+60.0	17.7	23.2	+31.1
Kansas	152.1	241.4	58.7	22.7	41.9	+84.6	14.9	17.4	+16.8
Minnesota	326.5	492.2	50.8	72.6	66.3	– 8.7	22.2	13.5	--39.2
Missouri	369.4	633.5	71.5	54.8	53.5	– 2.4	14.8	8.4	--43.2
North Dakota	2.5	6.8	172.0	1.9	(T)	n.a.	76.0	n.a.	n.a.
South Dakota	7.0	12.7	81.4	5.3	(U)	n.a.	75.7	n.a.	n.a.

*Estimated by manufacturers; value F.O.B. producing plant.
(T)=$1.0 million but less than $5.0 million; (U)=$5.0 million but less than $10.0 million; n.a.=Not available.

Source: *Survey of Origin of Exports by Manufacturing Establishments 1969,* U.S. Department of Commerce, 1971.
Calculations by the Bureau of Business Research.

Additional Changes

Last month we began the use of sales tax figures as the basis of estimating retail sales for Nebraska regions. This month additional changes are introduced as follows:

(1) The information formerly contained in Table 1 is now presented in Tables 1 and 2 below. A more logical basis of adjusting bank debits for price changes has been applied. (Another important change in these tables is planned for the near future.)

(2) Table 2 carried in previous issues has been dropped, but the figures it contained are depicted in the graph below.

(3) Table 3 is the same as the new table introduced last month to show changes in retail sales for the state's regions (not the cities), but is now accompanied by a map showing the boundaries of these regions.

(4) Table 4 now contains four business indicators for each city instead of eight, and the overall city index has been dropped. Bank debits, now separately adjusted for price changes for each city, are regarded as a better indicator of total business activity than the overall index previously published, and this figure is used as the basis for the graph accompanying the table. Electricity and Gas Consumption, equally weighted, have been combined into a single indicator. The other three indicators previously shown have been dropped because they depend in part on the weather, (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

February, 1971 Indicators	Percent of Same Month a Year Ago		Percent of Preceding Month	
	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume Index	93.5	108.2	107.8	102.5
Physical Volume Index	91.6	103.2	103.3	101.4
Bank debits (checks, etc.)	99.7	107.5	113.3	102.5
Construction activity	84.5	104.7	108.9	107.3
Retail sales	98.7	100.7	107.8	100.2
Life insurance sales	72.8	101.1	97.8	97.2
Cash farm marketings	91.6	99.7	99.9	108.9
Electricity produced	108.2	106.4	105.1	103.3
Newspaper advertising	93.7	92.7	99.7	97.8
Manufacturing employment	96.3	94.1	99.8	99.6
Other employment	102.0	101.4	100.3	100.2
Gasoline sales	90.2	100.4	108.1	90.8

2. CHANGES FROM THE 1948 AVERAGE

February, 1971 Indicators	Percent of 1948 Average	
	Nebraska	U.S.
Dollar Volume Index	349.9	459.4
Physical Volume Index	218.9	252.0
Bank debits (checks, etc.)	270.3	463.2
Construction activity	193.7	176.0
Retail sales	175.6	185.0
Life insurance sales	353.1	524.2
Cash farm marketings	169.5	166.8
Electricity produced	467.3	566.4
Newspaper advertising	167.9	149.1
Manufacturing employment	169.3	122.2
Other employment	156.6	178.4
Gasoline sales	262.7	245.3

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

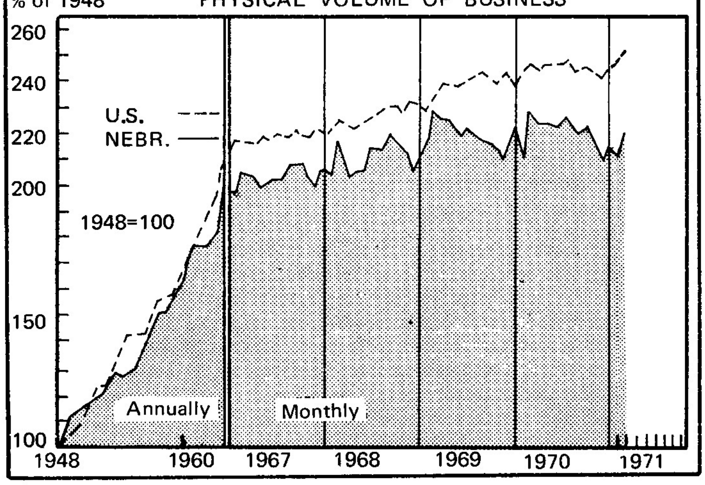
Region[2] Principal Retail Trade Center	February, 1971 as Percent of February, 1970	1971 Year to Date as Percent of 1970 Year to Date
The State	100.1	101.8
1 (Omaha)	104.0	103.3
2 (Lincoln)	93.8	98.6
3 (So. Sioux City)	100.0	104.4
4 (Nebraska City)	95.1	90.0
5 (Fremont)	103.6	102.4
6 (West Point)	86.1	95.1
7 (Falls City)	99.8	107.4
8 (Seward)	94.7	101.3
9 (York)	100.5	103.4
10 (Columbus)	86.2	94.8
11 (Norfolk)	95.8	100.1
12 (Grand Island)	103.5	102.0
13 (Hastings)	100.3	104.2
14 (Beatrice)	97.7	101.2
15 (Kearney)	106.0	105.1
16 (Lexington)	96.7	102.8
17 (Holdrege)	92.7	101.1
18 (North Platte)	111.2	108.4
19 (Ogallala)	111.1	114.7
20 (McCook)	100.3	100.2
21 (Sidney, Kimball)	88.3	94.1
22 (Scottsbluff)	102.0	103.0
23 (Alliance, Chadron)	106.5	107.9
24 (O'Neill)	109.3	105.3
25 (Hartington)	88.5	95.4
26 (Broken Bow)	103.8	104.1

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

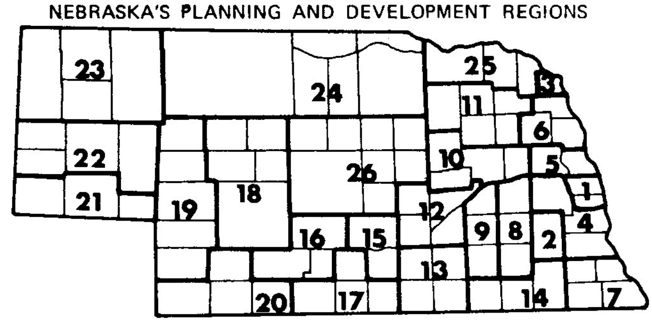
[2]"Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

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) rate changes, and other chance factors not associated with real changes in business activity.

(5) Retail Activity in Table 4 is now based on sales tax data instead of on a sample of merchants reporting directly to us and is adjusted for price changes. Sales of motor vehicles are not included, however, because all such sales for the county are reported in the county seat, and some of the cities in Table 4 are not county seats.

(6) The comparison with the preceding month in Table 4 has been discontinued because it is felt that this information is not important enough to justify the space devoted to it.

(7) Three additional cities (Bellevue, Lexington, Seward) have been added to Table 4.

Three different figures on retail sales changes for the state as a whole are now presented in our tables, and the reasons for the differences should be noted: The figure in Table 1 differs from the one in Table 4 because it includes motor vehicle sales. The figure in Table 3 also includes motor vehicles but differs from the others because it is not adjusted for price changes.

The changes in content and format of the statistical information presented on these two pages will leave additional space in future issues for meaningful comments on trends in business activity in the state, its regions, and its cities.

E. S. W.

Business Summary

In February nearly all of Nebraska's economic indicators were below their last year's levels. While the U.S. has been registering at least slight year-to-year gains for the last several months, Nebraska has been below last year's levels. Thus, for the third consecutive month, the state's economic activity has lagged that of the U.S., but some improvement has occurred. Although both the dollar volume and physical volume indexes for February marked the state as at about 6% below last year, these were both nearer 100% than in recent months.

Leading the comeback indicators were bank debits and one of its major contributors, retail sales; both were nearly back to last year's levels. Life insurance sales were off substantially; cash farm marketings were down but to a lesser degree. Manufacturing employment continued to move upward. Other employment, as in recent months, remained above last year's levels.

The state's February volume of net taxable retail sales was markedly lower than last year's. In Table 3 this year's level, unadjusted for price change, is only 100.1% of last year's. When adjusted for price change, as shown in Table 1, the level of real sales has actually dropped 1.3%. Only Regions 15, 18, 19, 23, and 24 show sales gains in excess of the price level rise.

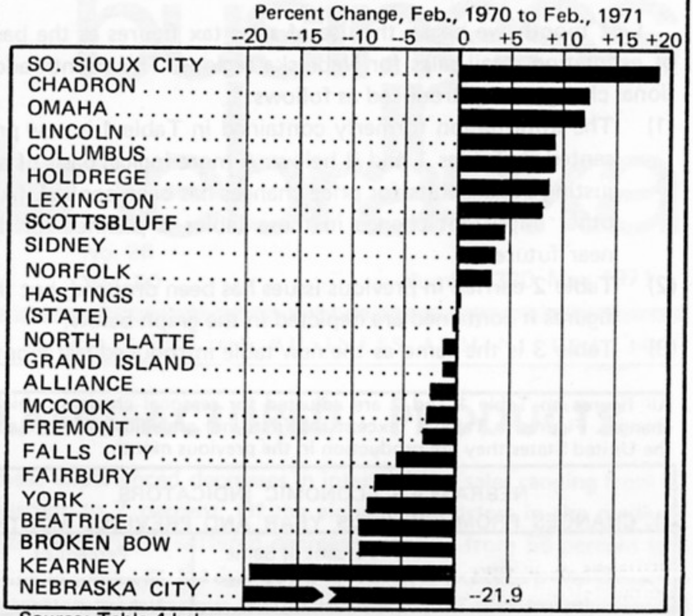
Six of the twenty-six regions reported 1971 year-to-date unadjusted sales running below that of 1970 for the same two-month period. Regions 4 and 21 experienced the largest sales decline. If adjusted for price change, the real drops would be considerably more.

Real banking activity, i.e., bank debits adjusted for price level changes, is indicative of the levels of February activity in the state's major trading centers. About half of the centers shown in Table 4 had levels of activity above last year's. Only six of the twenty-four reported retail sales adjusted for price change above last February's.

E. L. H.

CITY BANKING ACTIVITY

Percent Change, Feb., 1970 to Feb., 1971



Source: Table 4 below.

4. FEBRUARY, 1971, CITY BUSINESS INDICATORS

The State and its Trading Centers	Banking Activity[1] (Adjusted for Price Change)[5]	Retail Activity[2] (Adjusted for Price Change)[5]	Building Activity[3]	Power Consumption[4]
The State	99.7	95.5	97.5	104.2
Alliance	97.9	125.2	57.0	112.4
Beatrice	90.8	95.0	99.0	100.9
Bellevue	NA	108.4	NA	NA
Broken Bow	90.6	99.5	133.0	110.6
Chadron	111.7	90.0	458.1	112.2
Columbus	108.9	82.2	72.9	106.8
Fairbury	92.4	97.0	57.9	103.0*
Falls City	94.3	98.0	51.6	86.2*
Fremont	96.4	97.1	259.0	103.7*
Grand Island	98.6	101.8	134.8	93.8
Hastings	100.1	96.2	47.9	112.1
Holdrege	108.2	84.9	166.5	93.9
Kearney	80.9	96.8	58.4	113.6
Lexington	107.7	98.2	37.1	97.5*
Lincoln	109.0	87.4	74.8	102.7
McCook	96.7	95.5	30.7	109.4
Nebr. City	78.1	104.5	NA	109.3
Norfolk	103.3	90.6	81.4	108.8
No. Platte	98.8	109.8	167.4	107.0
Omaha	111.4	98.7	93.9	104.2
Scottsbluff	104.6	91.6	139.7	96.0
Seward	NA	98.8	NA	NA
Sidney	103.6	107.3	153.4	107.4
S.Sioux City	118.6	99.2	NA	111.8
York	92.0	99.9	173.8	110.0

Percent of Same Month a Year Ago

[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)

Nebraska export trade in manufactured products tripled in the sixties, according to Department of Commerce figures, with 63 percent of the increase occurring from 1966 to 1969, a period in which 44 manufacturers surveyed by the Bureau of Business Research exhibited a much higher rate of gain in exports—73.5 percent. This overall increase by the 44 firms was accomplished despite a decline in 1967 of almost 4 percent experienced by a group of nine food processors, and declines in 1968 of more than 14 percent and more than four percent, respectively, by a group of machinery producers and a group of metal products firms, there being nine firms in each group.

PORTENTS OF THE FUTURE

The Department of Commerce estimates that $100 million in export sales is the equivalent of 12,700 jobs in manufacturing and supportive industries, trades, and services. On the basis of this significant relationship between volume of export trade and employment figures, there is then reason for concern because, as has been noted, 51 Nebraska manufacturers (representing a broad spectrum of product classifications and including many notably successful exporters) reported exports in 1970 —a year of inflation—only six percent higher than in the previous year.

It has been established by other Bureau surveys and studies that expanded export trade accounted for much of the increased employment in Nebraska manufacturing in the 1960s. Preliminary data from the Division of Employment of the Nebraska Department of Labor show that manufacturing employment in 1970 compared with 1969 declined by 1,500 workers (1.3 percent), however, with durable goods manufacture accounting for 87 percent of the loss. Employment decreased in all subsegments of durable products except furniture and fixtures, which remained the same, and machinery and equipment, which increased from a total of 22,800 to 24,100 (5.7 percent).

Employment in manufacture of nondurable goods as a whole declined only slightly (0.5 percent) in 1970 compared with 1969, but employment in the chemicals subsegment increased 4.2 percent, whereas in food manufacture it increased only 0.4 percent. Employment in processing of meat, dairy, and bakery products was unchanged, and among all food products only employment in grain milling exhibited an increase—200 persons, 4.6 percent.

From these figures it is evident that Nebraska employment remained relatively stable in 1970 in manufacture of food products, a category which, as we have seen, accounted for almost the same proportion of Nebraska's total export sales in 1970 as in 1969. These facts should give added impetus to processing expansion within the state of a larger proportion of the crops, livestock, and other products of Nebraska agriculture, and to a more diligent effort to expand foreign markets for these products.

Although manufactured food and kindred products face competition in foreign markets, the competition for foods of superior quality has not been fully tested. An extremely high proportion of Nebraska meat exports are variety meats (beef and pork livers, tongues, hearts—and horsemeat), but with increased use of containerized air and ocean shipment there is an opportunity to market choice cuts of Nebraska beef, pork, lamb, and poultry much more extensively than at present. It has been known for some years that as foreign countries become affluent they provide increased market potential for high quality foods, particularly frozen food specialties and convenience foods. This market has neither been fully explored nor fully exploited by Nebraska exporters.

U N I V E R S I T Y O F N E B R A S K A N E W S
Published three times in January, 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., May 17, 1971 No. 26

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.

Examination of data in Table 3 shows that from 1966 to 1969 Nebraska lagged the states of Iowa and Kansas in proportion of manufactured food product exports to total exports; Nebraska had a slight decline (1.9 percent), whereas Iowa had an increase of 16.8 percent. Nebraska and Iowa exhibited, however, the same rate of increase (60 percent) in total volume of food product exports, but Kansas surpassed them with an increase of 84.6 percent. For the year 1969 Iowa had a total sales volume 125 percent greater than Nebraska, which indicates that there should b an opportunity for Nebraska to expand global sales of such products in the early seventies. If Iowa food products are in high demand, why not Nebraska's?

DIVERSITY IN INDUSTRY

There are obvious advantages in having diversified industry. The Nebraska economy has profited immeasurably from development of machinery, metal products, chemicals and allied products, electronic and electrical equipment, instruments, paper products, and a wide range of other manufactures that contributed to the state's dramatic expansion of exports in the sixties. Some of these categories of Nebraska manufacture have been spectacularly successful in international markets.

Nebraska manufacturers have been quick to make product changes to meet changing needs. Makers of products that have begun to saturate the market or have outlived their usefulness due to rapidly expanding technology are now adding new product lines and are experimenting with production of innovative items for which it is hoped there will be both domestic and international demand. Results of these efforts should be reflected in improved export figures by 1972, if not in 1971.

NEBRASKA INDUSTRY MONTH

As the month of May has been officially designated as Nebraska Industry month, this would seem to be an appropriate time for communities throughout the state to appraise the opportunities for economic development through expansion of existing industries, to encourage manufacture of new products, anc to give special attention to the development of manufacturing plants that would more effectively and extensively utilize the products of Nebraska agriculture.

DOROTHY SWITZER