

EMPLOYMENT IN NEBRASKA 1969-71

The most recent previous *Business in Nebraska* article dealing with employment covered the 1960-69 period and appeared in June, 1970. This month's article summarizes employment changes in the subsequent two years.

Among the most significant findings of the earlier article with regard to the decade of the sixties were the following:

1. The number of persons employed in agriculture dropped nearly one-third.
2. Only 30% of the net increase in total employment was in the private sector of the economy.
3. Nearly one-third of the increase in private nonagricultural employment was in manufacturing.
4. The increase in employment in the trade sector almost equaled the total employment increase for the state, and trade became for the first time the largest employment category.
5. The growth rate of nonagricultural employment in the state was significantly below that of the nation.

In all these respects developments of the past two years have been quite different:

1. There has been for the first time since 1959 a slight increase in agricultural employment.
2. More than half of the net increase in employment has been private.
3. Manufacturing employment has shown an actual decrease in each of the past two years.
4. Trade remains the largest category of employment, but the increase in employment in this sector was less than 28% of the total employment increase.
5. The state substantially exceeded the nation in growth rate of nonagricultural employment.

Perhaps the most surprising item in this summary is the decline in manufacturing employment. This decline, however, has been at a considerably slower rate in Nebraska than in the nation as a whole. In fact, all items in the following tabulation of percentage changes in employees on nonagricultural payrolls in selected categories for the 1969-71 period show a smaller decrease or a larger increase in the state than in the United States.¹ The trend of employment away from goods-producing industries and toward service-producing industries shown in this tabulation has been evident for many years. As we have been told by numerous writers, manufacturing is no longer a "growth industry," at least as far as

	Nebraska	United States
Goods-Producing Industries*	- 4.0	-7.2
Manufacturing	- 4.4	-7.7
Service-Producing Industries*	+ 5.8	+4.7
Trade	+ 4.3	+3.7
Selected Services	+ 7.3	+6.1
Government	+ 8.0	+5.4
State and Local	+10.7	+7.9
Total on Nonagricultural Payrolls	+ 3.4	+0.6

*In addition to agriculture, the goods-producing industries are manufacturing, mining, and construction. All other employment is in service-producing industries.

employment is concerned.

The figures on Nebraska employment for the 1969-71 period will be found in the table on page 2. It will be noted from this table that the state's labor force has grown by 26,000 in two years (4% as compared with the national rate of 3.2%) and that the total number of jobs has increased 18,400 (2.9% as compared with the national rate of 1.6%). The unemployment rate also rose from 2.4% in 1969 to 3.4% in 1971 but remained well below the national rate (5.9%).

Another significant fact to be noted from the table on page 2 is that nonagricultural employment, which was less than three times agricultural employment in 1960, was more than five times the agricultural figure in 1971.

The decline in manufacturing employment noted above has come in spite of slight increases in printing and publishing, machinery and equipment manufacturing, and food processing and is concentrated largely in the "other manufacturing" category. One of the years involved (1970) was a recession year, but the decline continued in 1971 in the nation as well as in the state.

As it was throughout the decade of the sixties, the increased employment in trade has been largely at the retail rather than the wholesale level. All categories of retail trade except apparel and home furnishings show increases.

As in the decade of the sixties also, the highest rate of growth in any of the categories of private employment has been in selected services, and in 1971 for the first time this area of employment exceeded manufacturing. There has been a somewhat surprising drop in the area of personal services, but all other segments of this category show increases.

The order of size of the leading private employment sectors in

(Continued on page 3)

¹For the national figures and comparison with other states see *Employment and Earnings* (U.S. Department of Labor), May, 1972.

NEBRASKA CIVILIAN LABOR FORCE

Type of Employment	1969		1970		1971		Change 1969-71	
	Thousands of Persons*	Percent of Total	Thousands of Persons*	Percent of Total	Thousands of Persons*	Percent of Total	Thousands of Persons*	Percentage
Total Civilian Labor Force	658.5	100.0	671.4	100.0	684.6	100.0	+26.1	+ .
Unemployed	15.6	2.4	19.1	2.8	23.3	3.4	+ 7.7	+49.4
Total Employed	642.9	97.6	652.3	97.2	661.3	96.6	+18.4	+ 2.9
Government	97.4	14.8	101.0	15.1	105.2	15.4	+ 7.8	+ 8.0
Federal	18.1	2.8	17.5	2.6	17.4	2.6	- 0.7	- 3.9
State and Local	79.3	12.0	83.5	12.5	87.8	12.8	+ 8.5	+10.7
Education	40.4	6.1	42.5	6.3	44.6	6.5	+ 4.2	+10.4
Public Utilities	7.8	1.2	7.6	1.2	7.7	1.1	- 0.1	- 1.3
Other - State and Local	31.1	4.7	33.4	5.0	35.5	5.2	+ 4.4	+14.1
Total Private Employment	545.5	82.8	551.3	82.1	556.1	81.2	+10.6	+ 1.9
Agricultural ¹	107.6	16.3	106.5	15.9	108.2	15.8	+ 0.6	+ 0.6
Nonagricultural	437.9	66.5	444.8	66.2	447.9	65.4	+10.0	+ 2.3
Mining ²	1.7	0.3	1.6	0.2	1.6	0.2	- 0.1	- 5.9
Construction	25.2	3.8	24.6	3.7	24.5	3.6	- 0.7	- 2.8
Manufacturing	86.7	13.2	85.0	12.7	82.9	12.1	- 3.8	- 4.4
Construction Materials	3.8	0.6	3.5	0.5	3.3	0.5	- 0.5	-13.2
Metals	7.9	1.2	7.2	1.1	6.7	1.0	- 1.2	-15.2
Machinery and Equipment	22.8	3.5	23.7	3.5	23.2	3.4	+ 0.4	+ 1.8
Food	26.4	4.0	26.5	4.0	26.9	3.9	+ 0.5	+ 1.9
Meat	11.5	1.7	11.5	1.7	12.0	1.8	+ 0.5	+ 4.3
Dairy	2.9	0.4	2.9	0.4	2.9	0.4	0.0	0.0
Grain Mill	4.3	0.7	4.5	0.7	4.7	0.7	+ 0.4	+ 9.3
Bakery	1.7	0.3	1.7	0.3	1.7	0.2	0.0	0.0
Other Food	6.0	0.9	5.9	0.9	5.6	0.8	- 0.4	- 6.7
Printing and Publishing	6.3	0.9	6.3	0.9	6.5	0.9	+ 0.2	+ 3.2
Chemicals	2.4	0.4	2.3	0.4	2.2	0.3	- 0.2	- 8.3
Other Manufacturing ³	17.1	2.6	15.5	2.3	14.1	2.1	- 3.0	-17.5
Transp., Com., & Utilities	36.7	5.6	37.2	5.5	36.9	5.4	+ 0.2	+ 0.5
Railroads	13.2	2.0	12.9	1.9	12.6	1.8	- 0.6	- 4.5
Motor Freight & Warehousing	8.0	1.2	8.2	1.2	8.0	1.2	0.0	0.0
Other Transportation ⁴	3.1	0.5	3.1	0.5	3.2	0.5	+ 0.1	+ 3.2
Communications	8.8	1.3	9.4	1.4	9.5	1.4	+ 0.7	+ 8.0
Other Utilities ⁵	3.6	0.6	3.6	0.5	3.6	0.5	0.0	0.0
Trade	117.3	17.8	120.8	18.0	122.4	17.9	+ 5.1	+ 4.3
Wholesale	26.1	4.0	26.6	4.0	26.3	3.9	+ 0.2	+ 0.7
Retail	91.2	13.8	94.2	14.0	96.1	14.0	+ 4.9	+ 5.3
Bldg. Sup. & Farm Equip.	6.9	1.0	7.1	1.1	7.1	1.0	+ 0.2	+ 2.9
General Merchandise	15.4	2.3	16.4	2.4	17.0	2.5	+ 1.6	+10.4
Food	11.9	1.8	12.0	1.8	12.1	1.8	+ 0.2	+ 1.7
Automotive ⁶	15.3	2.3	15.6	2.3	15.7	2.3	+ 0.4	+ 2.6
Apparel	5.1	0.8	5.0	0.7	5.0	0.7	- 0.1	- 2.0
Home Furnishings	3.7	0.6	3.6	0.5	3.7	0.5	0.0	0.0
Eating and Drinking Places	21.8	3.3	23.2	3.5	23.4	3.4	+ 1.6	+ 7.3
Other Retail	11.1	1.7	11.3	1.7	12.1	1.8	+ 1.0	+ 9.0
Finance, Ins., & Real Estate	27.9	4.2	29.0	4.3	29.7	4.3	+ 1.8	+ 6.5
Services	79.1	12.0	82.9	12.3	84.9	12.4	+ 5.8	+ 7.3
Hotels and Lodgings	4.8	0.7	5.3	0.8	5.1	0.7	+ 0.3	+ 6.3
Personal Services	6.4	1.0	6.2	0.9	6.1	0.9	- 0.3	- 4.7
Business Services	7.3	1.1	8.0	1.2	8.1	1.2	+ 0.8	+11.0
Repair Services	3.4	0.5	3.6	0.5	3.9	0.6	+ 0.5	+14.7
Entertainment, Recreation	4.7	0.7	4.8	0.7	4.8	0.7	+ 0.1	+ 2.1
Professional Services ⁷	27.9	4.2	30.0	4.5	31.8	4.6	+ 3.9	+14.0
Priv. Schools & Organizations	22.1	3.4	22.2	3.3	22.3	3.3	+ 0.2	+ 0.9
Agricultural Services ⁸	2.5	0.4	2.8	0.4	2.8	0.4	+ 0.3	+12.0
All Other Private ⁹	63.3	9.6	63.7	9.5	65.0	9.5	+ 1.7	+ 2.7
Total Nonagricultural	535.3	81.3	545.8	81.3	553.1	80.8	+17.8	+ 3.3

*Figures are monthly averages rounded to the nearest hundred; therefore, changes of 100 are not significant and percentages for such changes have not been calculated. The figure for unemployment includes a few hundred each year involved in labor-management disputes.

- ¹Agricultural employment includes all hired agricultural workers, farm owners, operators, and unpaid family workers.
- ²Includes crude petroleum and natural gas, stone quarries, and sand and gravel pits.
- ³Includes furniture and fixtures; textile products and apparel; paper and allied products; petroleum, rubber, and leather; ordnance and accessories; scientific instruments; and miscellaneous manufacturing.
- ⁴Includes local and intercity passenger service, air transportation, pipelines, and services allied to transportation.
- ⁵Includes privately owned electric, gas, water, and steam supply companies and irrigation systems. Employees of governmental units supplying these services are included in Government.
- ⁶Includes service stations.
- ⁷Includes medical and other health services, legal services, and miscellaneous services.
- ⁸Includes horticultural and animal husbandry services and hatcheries.
- ⁹Includes proprietors, self-employed, and unpaid family workers in nonagricultural industries, and domestic workers in private households.

Source: Nebraska Department of Labor, Division of Employment, and Calculations by Bureau of Business Research.

Review Report

Proceedings, Nebraska Water Resources and Irrigation Development Seminar for the 70's, Leslie F. Sheffield, Editor, University of Nebraska-Lincoln, 1972, 392 pp. Available at \$3.00 per copy from Dr. Sheffield, Ag Hall 107, College of Agriculture, East Campus, Lincoln, 68508.

Presentations, panel discussions, and group sessions of what has been widely described as one of the most significant conferences on water resources ever held in Nebraska are recorded in full in this volume. The proceedings of the seminar held at the Nebraska Center, March 2-3, 1972, have been skillfully edited by Dr. Sheffield, who also was general chairman of the 39-member committee appointed by University President D. B. Varner to plan the event.

Divergent opinions and points of view expressed at the meeting are, of course, reflected in the report, which was prepared in part from tape recordings of the seminar sessions. There appears to have been unanimous acceptance, however, of the challenge to work together in the future—a challenge issued by President Varner in appointing an on-going water conference committee.

The 25-member committee was set up to plan future annual conferences and to deal with pertinent interim issues. Made up of a broad-based assembly of interested agencies, institutions, and individuals (including farmers and ranchers), the committee will focus attention on continuing effort toward wise development, utilization, management, and conservation of the state's water resources.

Within the scope of this review it is impossible to call attention to the many significant and salient points reported in the seminar proceedings. One paragraph from the thought-provoking presentation of University Chancellor James Zumberge may be cited, however, to typify the stimulating ideas expressed:

... With respect to the use of water by man we know that each year the per capita consumption, or the use of water, has been increasing. We also know that the single largest consumptive use of water is for irrigation agriculture. About 84 percent of the total consumptive use of water in the United States goes for irrigation agriculture and this makes it the single largest item on the water balance sheet for the 48 contiguous states And when we talk about using more of it in this area we have to pay particular attention to that balance sheet to be sure we treat our underground water supply as a renewable resource rather than as a nonrenewable resource.

It is evident from the published report of the seminar that important steps have been taken to develop improved communications between public and private interests involved in Nebraska's water resources. This should lead to improved coordination of efforts. In this connection the editor points out:

The end objective is not merely to expand irrigation and increase the use of our water resources, but to achieve sound growth of the state's economy through well-planned and properly-engineered use of our water resources in such a way that they will benefit all Nebraskans for many, many years to come.

The *Proceedings* of the seminar deserve a wide readership, and it is hoped that interested persons and organizations will procure a copy from Dr. Sheffield.

DOROTHY SWITZER

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EMPLOYMENT (cont'd)

Nebraska is now: (1) trade; (2) agriculture; (3) services; (4) manufacturing. These four categories account for 72 percent of private employment in the state.

In the governmental area Federal employment in the state continues to drop, but state and local employment is still increasing. During the sixties most of the increase in state and local government employment was in the field of education, but this has not been true for the past two years.

Since 1971 figures are presently available for less than half the counties in the state, it is not yet possible to pinpoint geographically the decline in manufacturing employment for this two-year period. Most of it apparently took place in Hall County, however, which lost 2,250 manufacturing jobs (35% of the 1969 total). Smaller decreases in 12 other counties were almost exactly offset by small increases in 13 counties. Lancaster County (Lincoln) remained approximately stable. Of the counties for which 1971 data are lacking, only Douglas and Sarpy had as many as 1,000 manufacturing jobs in 1969. It appears probable, therefore, that the rest of the decline took place in the Omaha metropolitan area. Manufacturing employment in this area, including Pottawattamie County, Iowa, increased slightly in 1970 but dropped about 2,000 in 1971. Separate 1971 figures for Douglas and Sarpy counties are not yet available.

During most of the decade of the sixties out-migration from Nebraska apparently stemmed from the lack of job opportunities in the state. According to estimates by the Bureau of the Census, however, a pattern of net in-migration has been established in recent years. The latest of these estimates shows net in-migration of about 4,500 persons for the period July 1, 1971, to July 1, 1972, and an annual average net in-migration of about the same number for the past four years. If this pattern is to be maintained and the loss of population in the most productive age groups is to be avoided, attempts should be made to reverse the recent decline in manufacturing employment. Since goods-producing industries are no longer the principal avenue of national growth, however, the greatest hope for future expansion appears to lie in increased efforts devoted to stimulating employment opportunities in the service-producing sectors of the state's economy.

E. S. WALLACE

Review and Outlook

The Nebraska economy continued a pattern of strong growth in June. Table 1 shows that the overall dollar-volume index for the state was up 10.3% over June of 1971. This compares with an average dollar-volume growth of 11.1% for the first six months of the year shown in the year-to-date column of the same table. Among the individual sectors shown in Table 1 the growth rates from June to June also are reasonably close to the respective average growth rates for the first six months of the year. The agriculture, construction, and distributive and services sector growth rates were slightly below their six-month averages for June, while manufacturing and government sector growth rates were slightly ahead of their six-month averages in June. As was true for the

earlier months of the year the largest June-to-June growth rate for any of the sectors was in construction (47.7%).

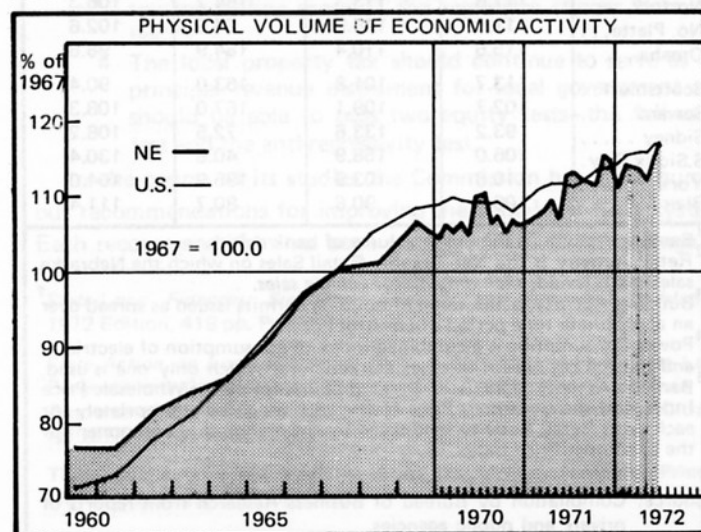
From June, 1971, to June, 1972, the overall dollar-volume index for the United States increased by 8.8%, a rate which exactly equaled the average growth rate of the index for the first six months of the year. The U.S. manufacturing sector growth rate picked up in June from the growth rate of earlier months, while the agriculture and construction sectors lagged behind earlier growth rates. As in Nebraska, construction remained the fastest growing national sector showing a growth of 13.6% from June, 1971, to June, 1972.

In examining the change in physical-volume indexes in Table 1 (Continued on page 5)

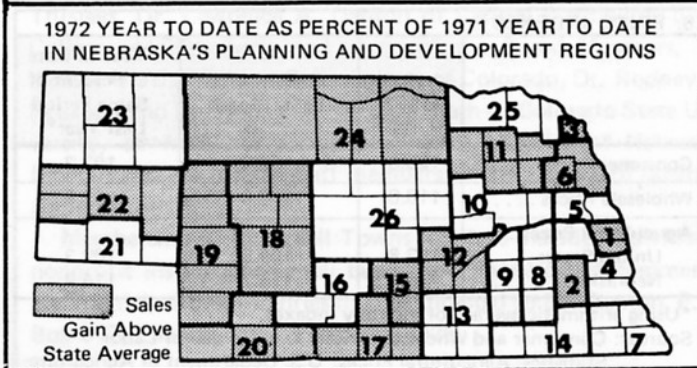
Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication, and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5. E. L. HAUSWALD

ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
June, 1972	Current Month as Percent of Same Month Previous Year		1972 Year to Date as Percent of 1971 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	110.3	108.8	111.1	108.8
Agricultural	112.3	106.0	113.9	108.2
Nonagricultural	110.0	108.9	110.6	108.8
Construction	147.7	113.6	148.6	116.5
Manufacturing	108.9	108.4	107.9	107.5
Distributive	107.3	108.7	109.0	108.7
Government	109.4	108.6	108.7	108.6
Physical Volume	104.1	105.0	105.4	104.6
Agricultural	94.6	96.6	99.6	99.0
Nonagricultural	106.0	105.3	106.4	104.8
Construction	140.2	107.9	139.2	109.1
Manufacturing	105.0	104.7	104.0	103.9
Distributive	104.3	105.7	105.5	105.2
Government	103.2	103.7	103.1	103.3
2. CHANGE FROM 1967				
June, 1972	Percent of 1967 Average			
	Nebraska		U.S.	
Indicator	Nebraska		U.S.	
Dollar Volume	148.8		145.3	
Agricultural	131.1		129.2	
Nonagricultural	152.3		145.9	
Construction	196.9		167.8	
Manufacturing	139.9		126.7	
Distributive	148.1		151.6	
Government	171.2		157.3	
Physical Volume	116.9		116.6	
Agricultural	103.9		104.4	
Nonagricultural	119.5		117.0	
Construction	142.7		121.6	
Manufacturing	118.4		107.5	
Distributive	118.5		121.3	
Government	116.5		118.6	

3. NET TAXABLE RETAIL SALES ¹ OF NEBRASKA REGIONS (Unadjusted for Price Changes)		
Region ² and Principal Retail Trade Center	June, 1972 as Percent of June, 1972	1972 Year to Date as Percent of 1971 Year to Date
<i>The State</i>	111.4	113.3
1 (Omaha)	112.7	114.0
2 (Lincoln)	110.9	114.2
3 (So. Sioux City)	147.8	124.2
4 (Nebraska City)	111.5	111.4
5 (Fremont)	103.7	112.4
6 (West Point)	118.5	114.8
7 (Falls City)	102.5	107.4
8 (Seward)	107.1	107.6
9 (York)	108.3	110.1
10 (Columbus)	113.1	109.2
11 (Norfolk)	116.0	116.0
12 (Grand Island)	115.4	113.7
13 (Hastings)	108.5	110.6
14 (Beatrice)	104.8	108.1
15 (Kearney)	113.8	114.7
16 (Lexington)	105.4	110.8
17 (Holdrege)	109.2	113.4
18 (North Platte)	116.7	115.8
19 (Ogallala)	114.7	114.5
20 (McCook)	110.1	114.5
21 (Sidney, Kimball)	113.8	112.7
22 (Scottsbluff)	106.2	117.0
23 (Alliance, Chadron)	110.0	111.9
24 (O'Neill)	105.5	114.8
25 (Hartington)	117.3	110.9
26 (Broken Bow)	101.0	108.0



¹Sales 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.



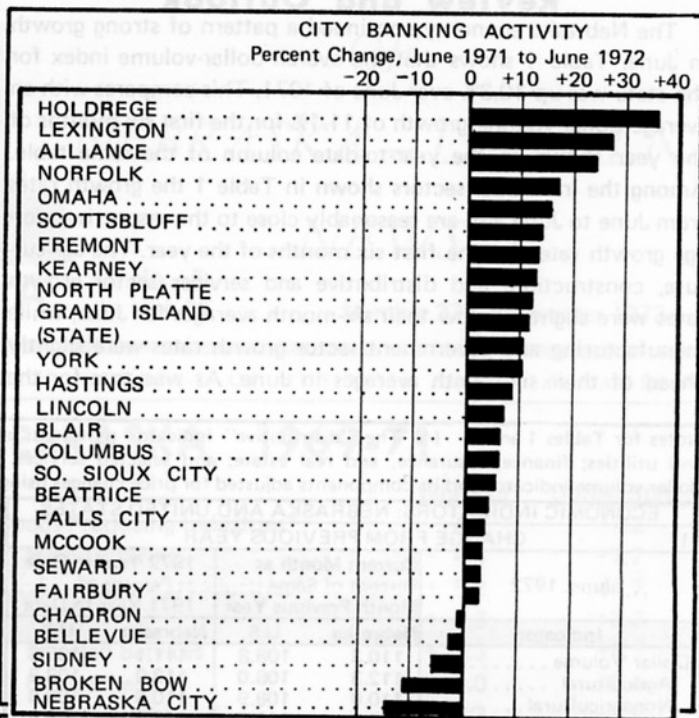
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 an apparent "paradox" emerges. Whereas growth of the Nebraska dollar volume exceeded the growth of the U.S. dollar volume from June, 1971, to June, 1972, (10.3% vs. 8.8%), the Nebraska physical-volume growth lagged behind U.S. physical-volume growth over the same period (4.1% vs. 5.0%). This "paradox" is the result of a much larger June-to-June increase in agricultural prices received in Nebraska than was true for the nation as a whole (18.7% vs. 9.8%—see Table 5).

Comparison of year-to-year changes in the Nebraska and U.S. economies can often show a picture somewhat different from a comparison of month-to-month changes. The contrast can be seen by comparing the index numbers shown for June in Table 2 with the comparable numbers for May published in last month's *Business in Nebraska*. In May the Nebraska dollar volume stood at 144.9% of the 1967 average compared with a level of 148.8% for June shown in Table 2. Small revisions in U.S. data have placed the U.S. dollar-volume index in May at 145.0% of the 1967 average (down from the published figure of 145.2%) compared with 145.3% in June. Thus from May to June the Nebraska growth rate was much larger relative to the national average than was the case from last June to this June. The fact that the June-to-June growth of the Nebraska dollar-volume index was below the comparable average growth for the first six months of 1972 over 1971 is more a reflection of the fact that June, 1971, was a month of high business activity than it is of a slackening of growth during June, 1972. As can be seen in the chart on page 4, the strong May to June growth in the Nebraska economy has brought the Nebraska physical-volume index up to a level slightly above that of the U.S. physical-volume index for the first time this year.

The retail sales data in Table 3 show that net taxable retail sales in June were 11.4% above the level of June, 1971. This compares with a six-month average growth rate of 13.3% shown in the year-to-date column. As in the case of the overall dollar-volume index, however, the "slackening" of the growth rate in June can be accounted for more by a high level of activity in June, 1971, than by a slowing of the month-to-month growth during 1972. Among individual regions the pattern of June growth was mixed with most regions following the state pattern of a "slowing" growth in June, but with some of the regions showing a June-to-June growth exceeding the year-to-date average.

The city business indicators in Table 4 show that banking activity as well as retail and building activity continued strong in June for the state and most of its cities. There are, however, some significant variations among cities in the June-to-June growth of the indicators, particularly in the case of building activity. Holdrege, Lexington, and Alliance show the strongest growth pattern in general business activity.

V. R.



The State and Its Trading Centers	Percent of Same Month a Year Ago			
	Banking Activity ¹	Retail Activity ²	Building Activity ³	Power Consumption ⁴
	(Adjusted for Price Change) ⁵			
<i>The State</i>	110.7	107.9	121.9	100.4
Alliance	123.5	108.8	50.0	83.1
Beatrice	104.1	104.0	222.8	93.5
Bellevue	98.4	112.5	67.3	109.2*
Broken Bow . . .	88.7	99.9	393.3	88.0
Chadron	99.4	109.8	57.7	97.0
Columbus	106.5	104.9	148.2	99.5
Fairbury	102.0	95.5	179.3	96.0*
Falls City	103.8	101.1	1,012.7	90.8
Fremont	113.4	99.7	56.0	91.4*
Grand Island . .	111.3	113.5	253.5	99.6
Hastings	108.7	100.4	80.0	108.2
Holdrege	136.2	106.2	85.9	109.2
Kearney	113.3	108.1	87.7	95.6
Lexington	127.1	108.0	564.1	89.5
Lincoln	107.1	106.7	144.5	110.6
McCook	103.2	108.4	68.2	105.0
Nebr. City	86.6	105.1	111.4	115.9
Norfolk	117.6	113.3	164.2	106.3
No. Platte	111.9	116.3	34.0	102.6
Omaha	115.6	110.4	184.9	98.6
Scottsbluff . . .	113.7	101.8	163.0	90.4
Seward	102.7	109.1	167.0	108.3
Sidney	93.2	133.6	72.5	108.2
S.Sioux City . .	106.0	158.9	40.5	130.4
York	110.6	103.9	195.9	104.0
Blair	106.6	90.6	80.7	111.4

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.

	Index ¹ (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	125.0	102.9	103.3
Wholesale Prices	118.8	103.9	103.9
Agricultural Prices			
United States	123.8	109.8	109.3
Nebraska	126.2	118.7	114.2

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

State and Local Problems: Review Report

FISCAL PROGRAMS

Two recent publications of the Advisory Commission on Intergovernmental Relations (ACIR) contain a wealth of information that can be used to improve state and local revenue systems, strengthen local government, assist in specific program areas, and promote action on areawide problems.¹

Because growth of demands on the state and local financial sectors has escalated in the past few years, there is increased need for information pertaining to Federal, state, and local fiscal relations. For this reason the 1972 edition of the Advisory Commission's annual publication of state and local finances has been expanded and improved by additional tables to show: (1) historical changes in sources of state and local general revenue, (2) state restrictions on local property tax and debt powers, (3) state educational finance effort and state-local public assistance burden, and (4) state programs for general local government support (unconditional revenue sharing).

The factual information is introduced by a narrative section discussing major developments in 1971 influencing the state-local fiscal system. This contains a set of four criteria drawn from recommendations adopted by the Commission which, when taken together, constitute what it describes as "the elements for a high-quality state-local fiscal system."

The four policy characteristics are based on the assumption that a high quality state-local revenue system can be achieved most effectively by shifting to the state primary responsibility for financing education and by making balanced use of the three prime tax measures—property, income, and sales. The policy recommendations are listed below:

1. The state tax system should be able to generate sufficient revenue to finance most of the costs of public elementary and secondary education as well as "traditional" state programs.
2. The personal income tax should stand out as the single most important revenue instrument in the state tax system capable of producing close to 25 percent of total state-local tax revenue.
3. The general sales tax should serve as the other major state tax capable of producing between 20 and 25 percent of total state-local tax revenue without imposing an extraordinary burden on low income families. (The Commission says, "the exemption of food and drugs or the provision of income tax credits can go a long way toward pulling most of the regressive stinger from this tax.")
4. The local property tax should continue to serve as the principal revenue instrument for local government and should be able to pass two equity tests—the full value test and the anti-regressivity test.

In the course of its studies the Commission has made numerous recommendations for improving the state-local fiscal system. Each recommendation has been converted to legislative language

¹*State-Local Finances: Significant Features and Suggested Legislation*, 1972 Edition, 419 pp. Price \$3.00.

State Action on Local Problems, 1971, A Summary of New State Laws, Programs and Constitutional Amendments Designed to Strengthen the Response of States to the Needs of their Local Governments and Citizenry, 1972, 24 pp. Price 40 cents.

These publications are available from the U.S. Government Printing Office, Washington, D. C., 20402.

introduced by a policy statement for the consideration of state tax policy makers.

Suggested legislation includes separate bills providing for: a uniform personal income tax; a state broad-based sales tax; property tax organization and administration; assessment notification, review, and appeal procedure; a real estate transfer tax; and property tax relief for low-income families.

The second publication for review here, *State Action on Local Problems, 1971*, is based on the assumption that if the nation is to deal effectively with its urban and rural problems the states must be actively engaged.

In assessing state constitutional and statutory action on local government problems in 1971 the report makes some cogent general observations:

1. The fiscal crunch continued to bedevil state budget-balancing efforts. By the year's end 40 states had a full-fledged income tax, 45 had a broad-based sales tax, and 36 had both.
2. Despite fiscal problems, 12 states adopted tax-relief measures for low-income and elderly residents.
3. The series of innovative actions taken by the Minnesota legislature provided the outstanding fiscal case study of 1971.²
4. The states continued to exercise more initiative in housing, education, environmental quality, criminal justice, and transportation, recognizing the importance of state leadership in these functional areas.
5. Consumer protection appeared to be the major new program area of legislative concern in 1971.

Both publications have considerable merit for persons interested in problems of state and local finance and in the kinds of legislative action that may be needed to help solve such problems.

D. S.

²The Minnesota action is described in full in the 1972 edition of *State-Local Finances* reviewed above.

SMALL TOWNS INSTITUTE

Readers may be interested to know of the Small Towns Institute which has been organized to help revitalize and preserve the quality of life in the nation's countryside communities.

The Institute, which has headquarters in Ellensburg, Washington, publishes *Small Town*, a news journal designed to bring together the ideas and programs of a broad spectrum of people who are actively seeking a new prosperity for rural America.

Dr. Randall T. Klemme, vice-president and corporate economist of Northern Natural Gas Company, Omaha, is a member of the Institute's Advisory Board. The vice-president of the Board of Trustees, Dr. Lawrence A. Danton of Central Washington State College at Ellensburg, and three of the Board Members, Dr. Arthur Norris, Western State College of Colorado, Dr. Rodney D. Peterson and Dr. Ronald A. Wykstra, both of Colorado State University, all hold doctorates from the University of Nebraska-Lincoln and are former staff members of the College of Business Administration.

Membership in the Small Towns Institute includes individuals nonprofit institutions, small businesses, chambers of commerce, and municipalities. Inquiries may be directed to Dr. Danton, P. O. Box 517, Ellensburg, Washington 98926.